Comprehensive Annual Financial Report

Fiscal year ended June 30, 2014

CITY OF PALM SPRINGS, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared By:
Finance Department

Geoffrey Kiehl

Director of Finance and Treasurer

Nancy E. Klukan

Assistant Director of Finance

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CITY OF PALM SPRINGS

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City of Palm Springs

Department of Finance & Treasury

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December 18, 2014

To the citizens of The City of Palm Springs, California:

The comprehensive annual financial report (CAFR) of the City of Palm Springs for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. This report has been reformatted to comply with the new financial reporting model outlined in the Governmental Accounting Standards Board (GASB) Statement 34, which significantly changes the content and format of the City's financial statements.

The report includes the City's government-wide financial statements and fund financial statements. The government-wide financial statements include two statements: the Statement of Net Position showing the total net equity of the City, including infrastructure, and the Statement of Activities that shows the cost of providing government services. Both of these statements have been prepared using the accrual basis of accounting, used by most businesses, as compared to the modified accrual method used in fund financial statements (the traditional governmental financial reports). A reconciliation report is provided to account for the differences between the two reporting methods.

In addition, the reporting model includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. The new statements, combined with other information, are further analyzed in a narrative called ***Management's Discussion and Analysis*** (MD&A). The MD&A provides "financial highlights" and a financial interpretation of trends, fluctuations and variances in the financial data. The MD&A further discusses any events or decisions that significantly affect the financial condition of the City.

The City of Palm Springs is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget (OMB) Circular A-133, ***Audits of State, Local Governments, and Non-Profit Organizations.*** Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separate report.

The City of Palm Springs provides a full range of services including public safety, highways and streets, sanitation, culture and recreation, aviation, public improvements, planning and zoning, community development and general administrative services. In addition to general government

activities, the City serves as the Successor Agency for the former Community Redevelopment Agency of the City of Palm Springs, and is considered to be financially accountable for the Palm Springs Financing Authority; therefore, these activities are included in the reporting entity.

GENERAL INFORMATION

The City of Palm Springs, incorporated in 1938, is located in the western part of the Coachella Valley, one of the fastest growing regions of the State. The full time population of 46,135 increases substantially in the tourist season (approximately November through May) with the influx of part-time residents and hotel visitors.

At 96.2 square miles, the City is one of the largest in area in the State.

ECONOMIC CONDITION AND OUTLOOK

As with most municipalities, the City of Palm Springs struggled to ride the wave of this 'Great Recession' which is deep and persistent. After experiencing almost across-the-board decreases in most of our revenue categories for the past several years, we have seen a rebound in what are now our top two revenue categories: transient occupancy taxes and sales taxes. These revenue increases are evidence of the multi-year recovery of our tourist industry which is the financial lifeblood of our City. However, property tax revenues continue to languish as a result of the continuing softness in the real estate market locally, statewide, and throughout the nation. But thanks to new development and the strengthening of property values, this important revenue category is poised for a modest rebound.

Transient Occupancy Tax (TOT), or 'hotel and vacation rental tax,' is now the City's #1 revenue source. TOT has consistently been the bright spot each of the last few years, with the 2013-2014 fiscal year collections up 71.6% compared to the 2008-2009 fiscal year. This significant increase can be attributed to the combination of increased marketing efforts internationally, nationally and to the drive market, increased airline routes and seat capacity made through the City's and Conventional and Visitor Bureau's Airline Incentive Programs, the recent remodeling of several hotels accomplished in conjunction with the City's Hotel Incentive Program, and continuing TOT audits of all hotels, motels, and vacation rental properties.

The traditional Bradley-Burns Sales Tax, including the Triple Flip ERAF reimbursement, is estimated at $11.5 million for the 2014-2015 fiscal year. This represents a 40% increase over the 2009-2010 fiscal year. Retail sales and restaurants continue to show strong numbers. The 2014-2015 fiscal year estimate relates to the visible growth in the economy with most businesses experiencing increases, and with new businesses emerging. Although the overall economy is coming out of a slowdown phase, the City continues to experience a more rapid recovery than other parts of the County and anticipates a growth in sales tax as the construction of the Downtown Revitalization Project, which will include restaurants, retail establishments, and Kimpton Palomar and AC by Marriott hotels, is on track to open in the spring of 2016.

On November 8, 2011, Palm Springs voters approved Measure J, a local revenue measure increasing the local sales and use tax by one percent (1%), to maintain local community services and economically revitalize the downtown area. With the strong support of the business and tourism sectors, resulting in a 57.58% 'Yes' vote, the approval of Measure J means for each

dollar spent in Palm Springs, the sales tax increases by one cent. To date, $28.4 million in funds have been collected. A special nine-member citizens' oversight commission was created to review revenues and expenditures, and make capital projects recommendations to the City Council. Measure J helps finance a bond to pay for the City's purchase of assets as part of the planned implementation of the Downtown Revitalization Project. This project is going to be a major boon to business activity and employment for the downtown area, the City of Palm Springs, and the Coachella Valley as a whole. Of note, approximately two-thirds of all sales taxes come from people who are not citizens of Palm Springs.

Property Taxes in the General Fund, which represent 19% of all operating fund revenue, increased by $1.5 million, or 8.8% over the prior year. Though property taxes have traditionally been the City's largest source of General Fund revenue, two years ago in fiscal year 2012-2013 it dropped behind transient occupancy taxes and sales taxes. This year, property taxes, as adopted, are expected to increase $667,000, which is a 3.9% increase over the prior year's budget before one-time revenues related to the dissolution of redevelopment. These two years of increases is due to new construction activity, modest increases in assessed valuations, and a decline in the numbers of residential properties subject to AB-8 reassessments. Additional planned new construction and the continued strengthening of existing property values is expected to provide additional revenue growth in the coming years.

Overall, the total revenue from the General Fund increased from $86.4 million in the 2012-2013 fiscal year to $93.0 million in the 2013-2014 fiscal year. However, much of this increase is attributed to the increase of the new Measure J add-on sales tax from $11 million in 2012-2013, to $12.6 million in 2013-2014. All of these Measure J revenues have been transferred to the special Measure J Capital Projects Fund. Also, the City received $2.9 million in one-time money related to the redevelopment dissolution process.

Other than TOT and sales taxes, revenue increases have been relatively modest compared to the steady increases in a variety of areas such as pensions, health care, and utilities costs over the last several years. In this last year, an exception was the increases seen in the area of development services fees, which signifies an upcoming increase in a variety of other revenue categories as construction and business activity is expected to increase. Fortunately, inflation increases continue to be very modest which has kept many expense increases moderately low.

MAJOR INITIATIVES FOR THE YEAR

As part of the Palm Springs Downtown Revitalization Conceptual Master Plan, proceeds from $44,965,000 in lease revenue bonds have been used to acquire parking structures of mostly subterranean parking totaling 1,042 parking spaces; two parcels designated for future expansion of the Desert Art Museum; and to develop the infrastructure of newly acquired streets and pedestrian thoroughfares. Additionally, $31,750,000 was used for the purchase of assets including the parking structure; $10,750,000 was set aside for the cost of renovating and improving the public improvements; and $500,000 was set aside in a reserve account. Phase I Improvements are expected to be completed by the developer in the spring of 2015, and final construction on the project is anticipated to be complete in the spring of 2016. An additional parcel for a new outdoor public event space is in the process of being acquired and will be developed into an arena for concerts, movie showings, and other events. This public event space is being funded by a combination of Measure J sales taxes and Quimby funds. Plans are

also on track for two new hotels that will be anchors for this site. The Kimpton Palomar Hotel will be a 154-room hotel directly on the site and the AC by Marriott will be a 135-room hotel on one of the interior blocks near the public event space on Belardo.

The following is a summary of new developments or programs that are coming to or have recently been completed in Palm Springs. The City continues to advance, as various new developments become part of Palm Springs. The City is fortunate to have had a positive impact with regards to development during the past few years of economic flux.

In addition to the Downtown Revitalization Project, there are several hotel projects that are in the works. The Dolce Selene Palms Hotel is a planned 200-room hotel that will be next to the Convention Center, helping to increase the number of convention hotel rooms that are in high demand. The Port Lawrence project is a mixed-use project on North Palm Canyon that will have a 150-room hotel and retail space. Other developments include the Orchid Tree hotel, a 98-room hotel on Cahuilla Road; the Arrive Hotel, a 32-room boutique hotel on north Palm Canyon; the Alcazar Lofts, a 38-room boutique hotel in the trendy North Palm Canyon area; the new Palm Springs Hotel, a boutique hotel in the North Palm Springs area; and the Palm Mountain resort, which is expanding their current operation via a 20-room expansion. Additional activity includes the November reopening of the old Spanish Inn as Triada, a Marriott Autograph Collection hotel, after being closed for about 20 years; the rehabilitation and rebranding of the former Hotel Zoso as the Hard Rock Hotel Palm Springs; the rehabilitation and rebranding of the former Holiday Inn as the Saguaro Hotel; the rehabilitation and rebranding of the former Howard Johnson's as the ACE Hotel; and the reconstruction and opening of the Sparrows boutique hotel which is receiving national attention.

Much of this recent and proposed activity is due in part to the highly successful Hotel Incentive Program. This program was created as an economic jumpstart, incentivizing hoteliers to refurbish older properties or build new hotels. The basic premise of the program is that a hotel developer or owner commits a certain expenditure amount per hotel room, and the City may then agree to a partial return of Transient Occupancy Taxes (TOT) over a period of time. There are approximately 17 active participants in the program at this time that have already accounted for the capital investment of $220 million to these hotel projects. A total of six hotels received a partial return of TOT in 2013-2014, with the Palm Springs Hilton and the Barefoot Inn joining the list following the completion of their renovations. This is the third year of partial returns of TOT.

In an effort to bolster our local economy, the Palm Springs International Airport continues to implement a $1 million marketing support program as an incentive for airlines to add new routes or extend the current length of existing routes. The addition of new airlines Frontier and Virgin America, and the addition of new routes and the extension of existing routes from current carriers, has helped add 25% to the airlines' overall seat capacity at Palm Springs International Airport.

Service begins this month for the new downtown trolley called 'The Buzz' – a group of four free trolleys that will continuously travel a circular route on Thursdays through Sundays going from the Riviera Hotel in the uptown area, through the downtown area and Spencer's Restaurant along the mountainside, down south to the Saguaro Hotel & Smoke Tree, and back to the north side. The Buzz is expected to be a popular means for tourists and locals to get to the major hot spots in Palm Springs in a relaxing manner while helping to reduce urban vehicle traffic.

FOR THE FUTURE

In addition to funding the Downtown Revitalization Project, the Measure J sales tax revenues are funding about $10 million per year in various capital projects throughout the City. Chief among these is the funding of greatly needed streets resurfacing, repairs, and reconstruction. The City is also in the process of bonding Measure A funds to accelerate these street projects, with the expectation that a total of $17 million in funds will be available for these projects over the next year and a half. Over the coming 23 years, the use of these general revenue sales taxes are planned to go towards a variety of areas including but not limited to police, fire, library renovation, park safety and improvements, street resurfacing, repair, and reconstruction, bicycle lanes, property acquisition for preservation, public parking, vehicle replacement, a variety of public works projects and a variety of projects suggested by Palm Springs citizens.

For the 2014-2015 fiscal year it is anticipated that 15 hotels will be qualified to receive partial returns of their TOT under the Hotel Incentive Program. Hotels expected to be added to the list of hotels that have qualified by completing their renovations are The Hard Rock Hotel, Palms Springs Hotel, Los Arboles, The Monroe, D-Resort, and Skylark. New hotels include a new 32-room boutique Arrive Hotel, the Sparrows Hotel, and Triada, a Marriott Autograph Collection hotel in the Uptown Design District. In 2015-2016, Cody's Inn (formerly Alpine Gardens) and the Colony Palms are expected to qualify to receive returns of TOT, and new hotels mentioned previously which may qualify to participate are the Kimpton Palomar, the AC by Marriott, The Dolce, the Orchid Tree, Alcazar Lofts, and the Port Lawrence hotel.

The College of the Desert's plans for a West Valley campus has shifted from building an all new facility on the north side of town, to the possible acquisition and redevelopment of the nearly vacant Palm Springs Mall. The Camelot Theatres, Kaplan College, and a Jack in the Box restaurant are remaining businesses on the site. Located across from Palm Springs High School to the south, East Tahquitz Canyon Way to the north, and Farrell Drive to the east, this property is in the heart of the City and would be an ideal, centrally-located site for a new community college. Also, the City and COD are in discussions regarding the possible creation of a shared library. COD currently has $43 million in bond funds set aside for this West Valley campus project and they are in discussions with the owner of the Mall regarding its possible purchase.

Progress on the Airport Master Plan will continue in 2014-2015 with an environmental impact review of the airport's expansion plans. The environmental review is expected to be complete in spring 2015. Driven by increases in tourism and population growth in the Coachella Valley, projections indicate a 3% increase in airline passengers over the next five years and a 35% increase to the number of airline passengers over the next ten years. Airline passenger traffic has increased 29% over the last five years. The airport is serviced by ten (10) major airlines, with direct flights to seventeen (17) cities throughout the United States and Canada.

As the general national and local economic conditions continues to improve, the City should see an increase in revenues in a number of categories including property taxes, sales taxes, transient occupancy taxes, new development and permit fees, etc. Thanks to Measure J, sales taxes alone should be in the $24 - 26 million range in the 2015-2016 fiscal year, which is nearly double what was received in the 2012-2013 fiscal year.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal, state and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the City.

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2014 provided no instances of material weaknesses in the internal control structure or signification violations of applicable laws and regulations.

Financial and Budgetary Controls. In addition, the City maintains financial and budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Purchase orders that would result in an overrun of a department line item account may not be processed until either a budget transfer from another account is processed, or after a budget amendment is processed which requires City Council approval. Encumbered amounts and unspent budgeted appropriations are reviewed and carried over at year end at the discretion of the City Manager.

As part of the passage of the Measure J increase of 1% to the sales, transactions and use tax, the City formed a nine-member citizens' oversight commission to review all projected revenues and recommended expenditures, oversee and monitor Measure J expenditures, and review the independent audit of revenues and expenditures from Measure J.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Appropriation Limitation. As required by Article XIII B of the California Constitution, the City's appropriation limitation for 2013-2014 expenditures was calculated at $135,131,752. Appropriations subject to limitation totaled $75,476,567, or $59,655,185 below the City's legal appropriation limit. All of the City's proprietary funds are exempt, as are federal funds.

Debt Administration. As of June 30, 2014, the total remaining principal on the long-term debt of the City and its related entities is $248,957,972.

OTHER INFORMATION

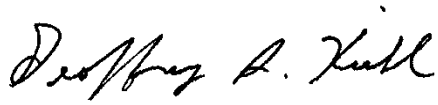
Independent Audit. State statute requires an annual audit by independent certified public accountants. The accounting firm of Lance, Soll & Lunghard was selected by the City Council with the recommendation of the Finance Director and a Review Committee after a formal Request for Proposal process. Subsequently, a contract was entered into with Lance, Soll & Lunghard, LLP to perform audit services for the City and Redevelopment Agency. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and the related OMB Circular A-133. The auditor's report on the general purpose financial statements and combining, individual fund and schedules are included in the financial section of this report. The City's independent auditors, Lance, Soll & Lunghard, LLP, have issued an unmodified opinion. The auditor's reports related specifically to the single audit are included in the Single Audit Report.

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palm Springs for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. This was the 25th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily-readable and efficiently-organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments. The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire Finance Department staff. Special recognition is given to Nancy Klukan, Assistant Director of Finance, Rita Gustafson, Accounting Supervisor, and all the Accounting Division staff for their services in the coordination and preparation of this year's report. Our independent auditors, Lance, Soll, & Lunghard, provided expertise and advice in preparing an outstanding report this year.

Respectfully submitted,



Geoffrey S. Kiehl
Director of Finance and Treasurer

CITY OF PALM SPRINGS

List of Principal Officials

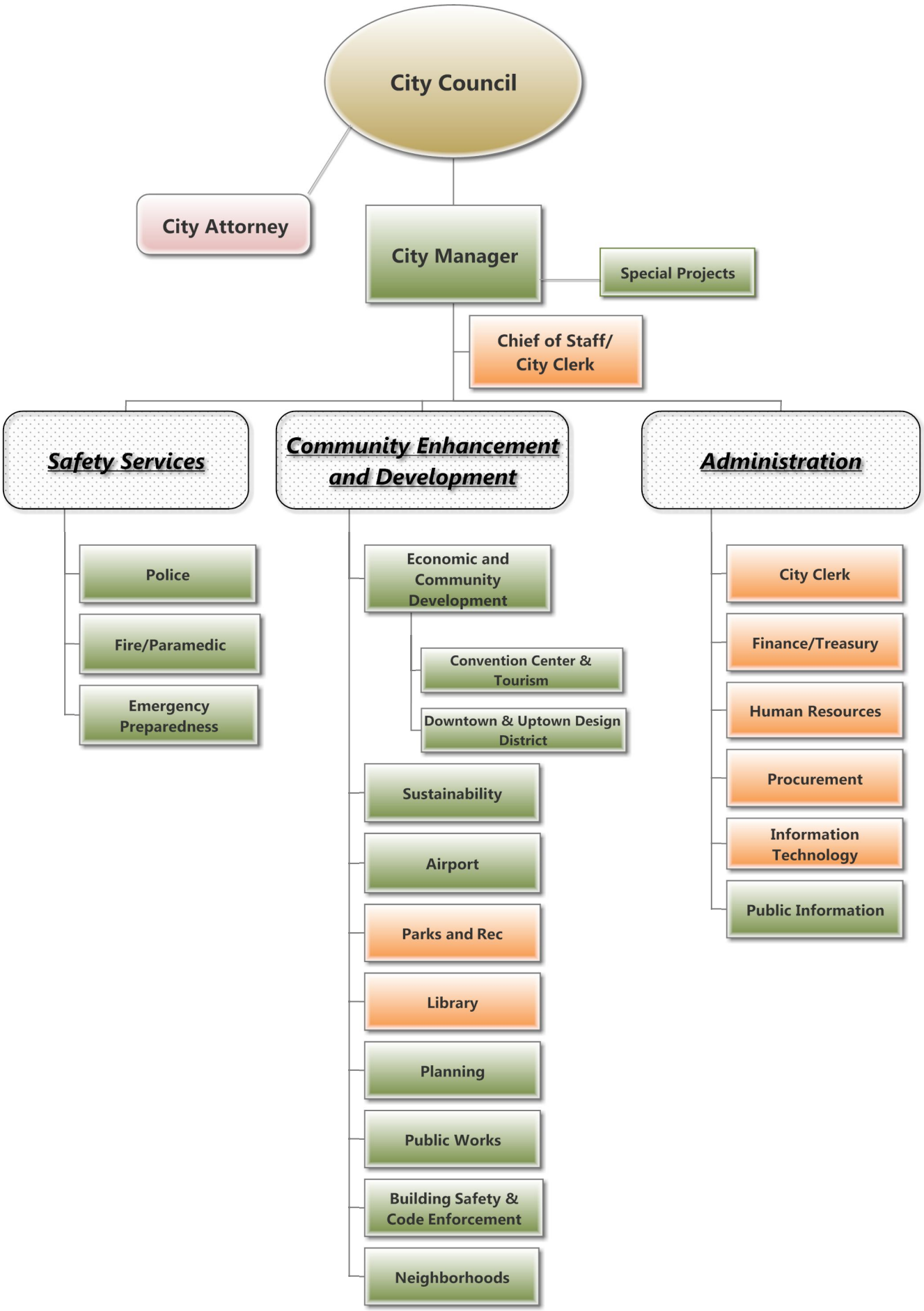
June 30, 2014

CITY COUNCIL

Stephen P. Pougnet, Mayor
Chris Mills, Mayor Pro Tem
Ginny Foat
Rick Hutcheson
Paul Lewin

EXECUTIVE MANAGEMENT

City Manager	David H. Ready
Chief of Staff/City Clerk	James L. Thompson
Director of Animal Control	Leslie Tisdale
Director of Building and Safety	James Zicaro
Director of Community/Economic Dev	John Raymond
Director of Finance and Treasurer	Geoffrey S. Kiehl
Director of Human Resources	Perry Madison
Director of Library Services	Regina Kays
Director of Maintenance and Facilities	Patrick Sweeney
Director of Recreation	Vicki Oltean
Director of Planning Services	Margo Wheeler
Director of PS Int'l Airport	Thomas Nolan
Director of Public Works/City Engineer	David J. Barakian
Fire Chief	John Allen
Police Chief	Alberto Franz III


City Council
City Attorney
City Manager
Special Projects
Chief of Staff/ City Clerk
Safety Services
Community Enhancement and Development
Administration
Police
Fire/Paramedic
Emergency Preparedness
Economic and Community Development
Convention Center & Tourism
Downtown & Uptown Design District
Sustainability
Airport
Parks and Rec
Library
Planning
Public Works
Building Safety & Code Enforcement
Neighborhoods
City Clerk
Finance/Treasury
Human Resources
Procurement
Information Technology
Public Information

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Palm Springs
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

• David E. Hale, CPA, CFP
• Donald G. Slater, CPA
• Richard K. Kikuchi, CPA
• Susan F. Matz, CPA
• Bryan S. Gruber, CPA
• Deborah A. Harper, CPA
• Gary A. Cates, CPA
• Michael D. Mangold, CPA
• David S. Myers, CPA

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Palm Springs, California, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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.

LSL CERTIFIED PUBLIC ACCOUNTANTS
vpb A Division of LSL, CPAs
vilmure, peeler & boucher

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palm Springs, California, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the General and Housing Funds budgetary comparison information be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

LSL
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vilmure, peeler & boucher

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2014 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 the City's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
December 18, 2014

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CITY OF PALM SPRINGS
Management's Discussion and Analysis
June 30, 2014

The following discussion and analysis of the financial performance of the City of Palm Springs provides an overview of the City's financial activities for the fiscal year ended June 30, 2014. 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 Position 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 non-major 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* uses 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, such as the water and sewer system.
    - *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

	Government-wide Statements	Fund 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 position • Statement of activities	• Balance sheet • Statement of revenues, expenditures and changes in fund balances	• Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net position
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 Position 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 position and changes in them. The net position – the difference between assets and liabilities – is one way to measure the City's financial health. Over time, *increases and decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. Other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads should be considered, to assess the *overall health* of the City.

In the Statement of Net Position 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, transient occupancy taxes, property taxes, state subventions, and other revenues finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of the services accounted for in these funds.
- Component units – The City includes two separate legal entities in its report – the Successor Agency to the Community Redevelopment Agency and the City of Palm Springs Financing Authority. Although legally separate, these "component units" are important because the City is financially accountable for them.

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* – Most of 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 Position and the Statement of Activities) and *governmental funds* in the 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 Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used 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 Net Position. 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 position* follows:

Table 1
Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 156,274	$ 138,359	$ 44,112	$ 40,254	$ 200,386	$ 178,613
Capital assets	252,120	256,978	119,587	114,475	371,707	371,453
Total assets	408,394	395,337	163,699	154,729	572,093	550,066
Deferred Outflows	-	-	752	831	752	831
Long-term debt outstanding	218,734	200,394	30,224	33,922	248,958	234,316
Other liabilities	8,935	8,300	5,179	5,150	14,114	13,450
Total liabilities	227,669	208,694	35,403	39,072	263,072	247,766
Net position:						
Invested in capital assets (net of debt)	107,218	119,130	90,776	82,089	197,994	201,219
Restricted	64,475	59,250	4,038	4,779	68,513	64,029
Unrestricted	9,032	8,263	34,234	29,620	43,266	37,883
Total net position	$ 180,725	$ 186,643	$ 129,048	$ 116,488	$ 309,773	$ 303,131

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

Table 2
Changes in Net Position (in thousands)

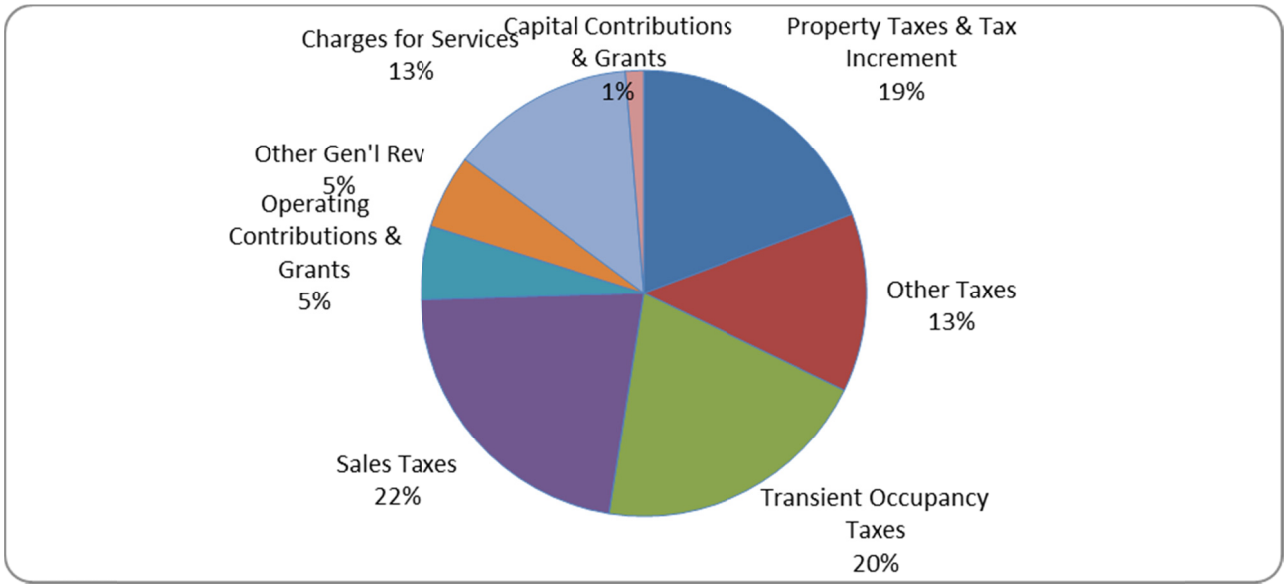
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	$ 14,725	$ 12,632	$ 35,758	$ 33,615	$ 50,483	$ 46,247
Operating contributions & grants	5,862	5,193	-	-	5,862	5,193
Capital contributions & grants	1,448	5,093	11,789	2,290	13,237	7,383
General revenues:						
Property taxes & tax increment	21,065	18,655	-	-	21,065	18,655
Sales taxes	24,113	21,948	-	-	24,113	21,948
Transient occupancy taxes	22,249	19,396	-	-	22,249	19,396
Other taxes	14,143	13,842	-	-	14,143	13,842
Gain on sale of capital asset	(238)	161	-	-	(238)	161
Other general revenues	6,092	4,934	690	60	6,782	4,994
Total revenues	$ 109,459	$ 101,854	$ 48,237	$ 35,965	$ 157,696	$ 137,819
Program expenses						
General government	$ 17,734	$ 13,505	$ -	$ -	$ 17,734	$ 13,505
Culture and convention center	6,885	5,961	-	-	6,885	5,961
Public safety	42,042	38,070	-	-	42,042	38,070
Public Works	26,597	14,674	-	-	26,597	14,674
Parks and recreation	8,918	12,150	-	-	8,918	12,150
Library	2,718	2,125	-	-	2,718	2,125
Interest	5,346	5,565	-	-	5,346	5,565
Airport	-	-	25,580	25,582	25,580	25,582
Wastewater	-	-	7,119	5,712	7,119	5,712
Golf Course	-	-	5,528	5,948	5,528	5,948
Total expenses	$ 110,240	$ 92,050	$ 38,227	$ 37,242	$ 148,467	$ 129,292
Excess (deficiency) before special items and transfers	(781)	9,804	10,010	(1,277)	9,229	8,527
Transfers	(2,551)	(1,952)	2,551	1,952	-	-
Extraordinary loss	(2,586)	(6,936)	-	(74)	(2,586)	(7,010)
Increase (decrease) in net position	(5,918)	916	12,561	601	6,643	1,517
Beginning net position	186,643	185,692	116,487	115,886	303,130	301,578
Restatement of net position	-	35	-	-	-	35
Ending net position	$ 180,725	$ 186,643	$ 129,048	$ 116,487	$ 309,773	$ 303,130

The increase or decrease in net position can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. The net position of the City's governmental activities decreased by about 3.2% ($180.7 million compared to $186.6 million for the 2012-2013 fiscal year).

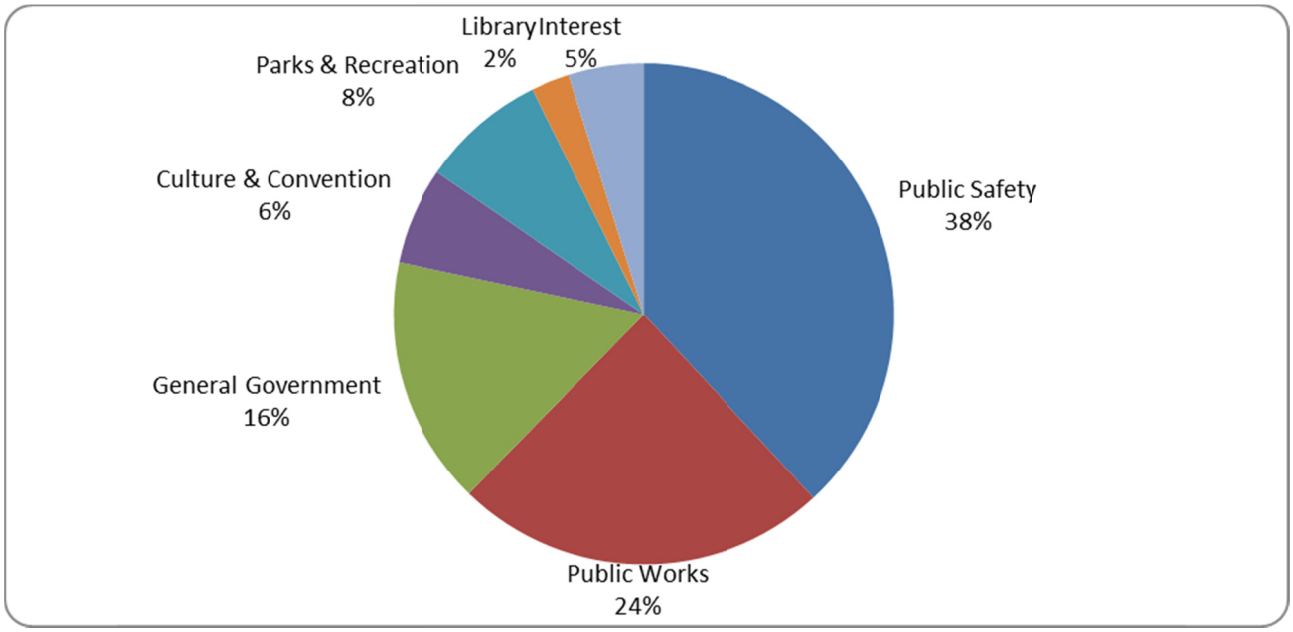
The reasons for significant changes in the revenues and expenses of the City's governmental activities presented above are as follows:

- The Transient Occupancy Tax (TOT) collections were up 14.7% compared to the prior fiscal year due to higher occupancy per room and higher revenue per room rates. This continues to be the city's top source of revenue. TOT increases are also reflective of the success of the City's Hotel Incentive Program, which has incentivized hoteliers to refurbish older properties or build new hotels in exchange for the partial return of their TOT. Seventeen hotels are currently at some stage of the participation process and six hotels received the partial return of their TOT in the 2013-2014 fiscal year. This is the third year of partial TOT returns.
- The significant increase in the voter-approved 1% add-on sales tax revenue is offset dollar-for-dollar in the form interfund transfers out to a special capital fund to spend and manage these funds. By itself, the normal Bradley-Burns Sales Tax was up 4.1%.
- Program expenses were up a total of 19.8%, with the most notable increases being in the area of public works which experienced an almost doubling of total expenses. The main areas for public works increases was $6 million in increased capital projects and funding of the downtown revitalization project and an increase of almost $6 million for an energy efficiency restoration project. The confiscation of City funds by the State Department of Finance and extraordinary legal expenses accounted for the other major increases in overall expenditures. These increases were offset in part by significant decreases in expenditures in the area of parks and recreation.

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities

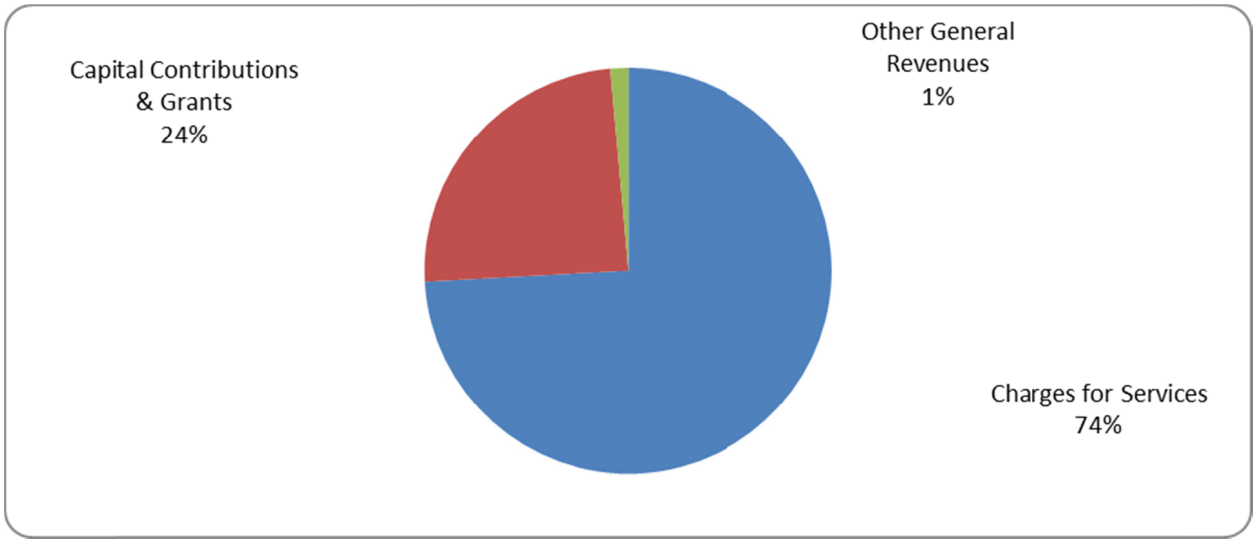


Business-Type Activities

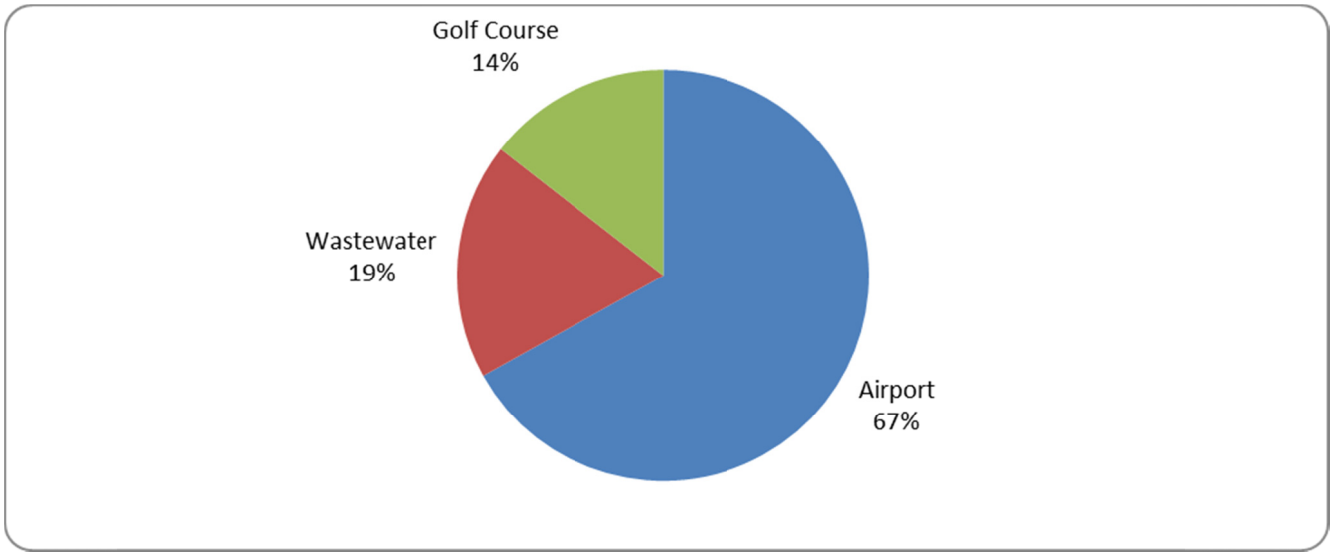
Revenues of the City's business-type activities (see Table 2) were higher than the previous year, increasing 34.1% from $36.0 million to $48.2 million, mainly due to a $9.5 million capital grant increase. Increased air traffic, helped by the City's and CVB's airline incentive programs, led to record revenues.

Expenses were higher than the previous year, increasing 4.6% from $37.2 million to $38.2 million.

Revenues by Source – Business-type Activities



Expenses by Function – Business-type 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, unassigned fund balance of the general fund was $13.2 million, while total fund balance reached $23.3 million. As a measure of the general fund's liquidity, unreserved fund balance represents 16.3% of total general fund expenditures and interfund transfers out (excluding Measure J sales tax), while total fund balance represents 28.8% of that same amount.

Total General Fund revenue increased from $83.7 million to $93.0 million. Among the more significant changes:

- The Measure J add-on sales tax increased from $11.0 million to $12.6 million. All of these monies have been transferred to a Measure J Capital Projects special fund.
- Transient Occupancy Tax (TOT) increased from $19.4 million to $22.2 million. The one-year increase is 14.7%, the two-year increase is 24.5%, and the three-year increase is 41.4%.
- The regular Bradley-Burns sales tax remained the same at $11.0 million.
- Normal property taxes increased from $16.4 million to $17.8 million, while one-time distributions relating to the unwinding of redevelopment accounted for another $1.5 million.
- The City's new Medical Cannabis tax brought in almost $0.5 million in its first six months.
- Licenses and permits (Building and other) increased from $2.4 million to $3.4 million.
- Charges for services increased from $4.5 million to $5.3 million.
- Utility user taxes were almost unchanged at $7.1 million.

The general trend of positive increases in all of our major revenue categories point to the end of what we call 'The Great Recession' which has economically devastated most sectors of our economy over the last six years. This year the City set record levels for transient occupancy and sales taxes, even after strong increases in each of the last four fiscal years, which points to a full-on recovery of our tourism industry which is the lifeblood of the Coachella Valley. Also, the building industry continues to show signs of healthy recovery as evidenced by the increases various building and planning permit fees and licenses, indicating a gradual recovery in the real estate market. Even property taxes, our hardest hit revenue source during the recession, have shown significant increases recently. Residential and commercial real estate markets are showing good signs of recovery, but it will likely be several years before this translates into property tax revenues returning to historic high levels. The one revenue category that continues to languish is investment earnings. And historically low interest rates have limited the City's ability to generate interest income on permissible fixed income securities that are a key component of funding debt service obligations.

Total General Fund expenditures and transfers out increased from $81.2 million to $93.5 million. This is reflective of an increase in City's interfund transfers by $5 million, most significantly to Measure J Capital Projects Fund and the Golf Operations Fund. Also, there were increases in other areas such as legal costs, PERS, health care costs, utilities expenses, and a extraordinary loss related to redevelopment. Programatically, the areas of Public Safety and Public Works had the largest increases.

The other Major Governmental Funds include the **Special Assessments Debt Service** and **Housing.**

The Special Assessments Debt Service aggregates the City's five 1913/1915 assessment districts.

The financial effects on the City as a result of the dissolution of the Community Redevelopment Agency are nearing a completion as the State Department of Finance and the City's Oversight Board continue the unwinding of the Agency. Most of the issues associated with the dissolution of the Agency were resolved during the 2012-2013 fiscal year, and some final cash payments were being made during the 2013-2014 fiscal year. A finding of completion has been received and a property disposition plan has been approved, so the City is disposing of its remaining assets. The Successor Housing Fund will remain. However, it is unlikely that any new housing projects will be permitted by the State to be initiated for a few years.

The Capital Projects Fund includes both projects funded by transfers from the General Fund and by grants.

Major Enterprise Funds. The Unrestricted net position of the **Airport**, **Wastewater and Golf Course Funds** total $34.2 million, representing an increase of $4.6 million from last year's total. The main cause of this increase is due to the $2.8 million interfund transfer from the General Fund to the Golf Course Fund to supplement the fund for legacy operations losses due to severe flooding which occurred in past years.

GENERAL FUND BUDGET

There was only a minor difference between the original budget and final budget for revenue in the General Fund. The increase was $3.3 million. It was mainly from one-time funds from the dissolution of redevelopment, increases in development services fees, the new Medical Cannabis Tax which went into effect on January 1st, and to record unanticipated contributions.

On the expenditure side, the overall budget increased by about $7.3 million, mostly due to the addition of funds due to the carry-forward of encumbrances and continuing appropriations, and employee leave cash-outs at the time of separation at an amount larger than expected. The final expenditures were about $4.9 million under budget.

Mostly due to higher than anticipated transient occupancy taxes (TOT), there was $3.3 million more in actual revenues received over the adopted budget in the General Fund. TOT and sales taxes have a symbiotic relationship driven by the tourist industry, the City's top economic driver. Tourism was again at record levels in 2013-2014 and the increased numbers of tourists helped fuel business activity with the City's restaurants, retail establishments, and art galleries, all of which helped bolster the City's Bradley-Burns and Add-On sales taxes. The increase in tourism is explained in part from the marketing efforts of the City's Hotel Incentive Program, Economic Recovery Program, joint City and Convention and Visitor Bureau Airline Incentive Programs, and PS Resorts efforts and programs directed at promoting tourism in the downtown and uptown areas.

All categories of expenditures showed a positive variance compared to the final budget, with the actual total $4.9 million under the final budget. The savings were primarily the result of salary savings from position vacancies and various cost cutting measures.

CAPITAL ASSETS

There was a very small increase in total capital assets from one fiscal year to the next fiscal year representing a net increase of $0.25 million to $371.7 million.

Capital Assets
(in thousands, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Buildings	$ 56,046	$ 58,311	$ 7,625	$ 18,354	$ 63,671	$ 76,665
Improvements	34,342	36,976	63,732	47,775	98,074	84,751
Furniture and equipment	5,569	2,522	2,536	1,979	8,105	4,501
Vehicles	4,182	3,865	697	822	4,879	4,687
Infrastructure	103,749	108,413	8,259	8,807	112,008	117,220
Right-of-way	16,680	16,545	-	-	16,680	16,545
Land	25,345	27,931	36,738	36,738	62,083	64,669
Construction in progress	6,207	2,415	-	-	6,207	2,415
Total	$ 252,120	$ 256,978	$ 119,587	$ 114,475	$ 371,707	$ 371,453

For more detailed information on capital asset activity, see the Capital Assets Note 4 in the Notes to the Basic Financial Statements.

LONG-TERM DEBT

As of June 30, 2014, the City had bonded and certificates of participation debt outstanding of $249.0 million. The City has no General Obligation debt. The table below summarizes the information presented in Note 5 in the Notes to the Basic Financial Statements.

Long Term Debt
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Compensated absences	$ 5,350	$ 5,244	$ 661	$ 706	$ 6,011	$ 5,950
Claims and judgments	5,053	4,819	-	-	5,053	4,819
Leases	2,321	2,840	93	167	2,414	3,007
Certificates of participation	7,160	7,390	20,433	23,501	27,593	30,891
(COPS)					-	-
Net OPEB Obligation	29,450	24,715	-	-	29,450	24,715
Tax Allocation Bonds	-	-	-	-	-	-
Lease Revenue Bonds	142,143	127,619	9,037	9,548	151,180	137,167
Special Assessment Bonds	7,405	7,700	-	-	7,405	7,700
Pension Obligation Bonds	19,852	20,067	-	-	19,852	20,067
Total	$ 218,734	$ 200,394	$ 30,224	$ 33,922	$ 248,958	$ 234,316

State statutes limit the amount of general obligation debt a city may issue to 15% of its total assessed valuation. The current debt limitation for the City is $350 million and the legal debt margin is $221 million. The City has no outstanding general obligation debt. See the Statistical Section accompanying the financial statements.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Department of Finance, City of Palm Springs, 3200 E. Tahquitz Canyon Way, Palm Springs, CA 92263; or visit our website at www.ci.palm-springs.ca.us or call us at (760) 323-8229.

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CITY OF PALM SPRINGS

STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Assets:			
Cash and investments	$ 80,312,978	$ 39,930,822	$ 120,243,800
Receivables:			
Accounts	12,561,916	2,170,231	14,732,147
Notes and loans	6,673,815	-	6,673,815
Accrued interest	1,172,597	68,178	1,240,775
Special assessments	7,429,262	-	7,429,262
Internal balances	2,640,000	(2,640,000)	-
Prepaid costs	-	144,421	144,421
Deposits	200,000	-	200,000
Due from other governments	-	383,517	383,517
Advances to Successor Agency	6,243,153	-	6,243,153
Inventories	126,120	16,764	142,884
Land held for resale	638,904	-	638,904
Restricted assets:			
Cash with fiscal agent	16,770,076	4,038,239	20,808,315
Net pension asset	21,504,815	-	21,504,815
Capital assets not being depreciated	48,232,040	36,737,608	84,969,648
Capital assets, net of depreciation	203,887,567	82,849,347	286,736,914
Total Assets	**408,393,243**	**163,699,127**	**572,092,370**
Deferred Outflows of Resources:			
Deferred charge on refunding	-	752,187	752,187
Total Deferred Outflows of Resources	**-**	**752,187**	**752,187**
Liabilities:			
Accounts payable	7,092,791	2,701,538	9,794,329
Accrued liabilities	733,797	129,588	863,385
Accrued interest	1,003,518	1,778,857	2,782,375
Unearned revenue	1,457	68,980	70,437
Deposits payable	42,856	500,000	542,856
Due to other governments	60,258	-	60,258
Noncurrent liabilities:			
Due within one year	12,306,000	2,426,162	14,732,162
Due in more than one year	206,427,874	27,797,936	234,225,810
Total Liabilities	**227,668,551**	**35,403,061**	**263,071,612**
Net Position:			
Net investment in capital assets	107,217,515	90,775,976	197,993,491
Restricted for:			
Community development projects	12,687,374	-	12,687,374
Public safety	2,182,405	-	2,182,405
Parks and recreation	2,385,544	-	2,385,544
Public works	31,486,036	-	31,486,036
Debt service	11,666,912	4,038,239	15,705,151
Lease	198,138	-	198,138
Library	2,231,048	-	2,231,048
Special projects	1,637,695	-	1,637,695
Unrestricted	9,032,025	34,234,038	43,266,063
Total Net Position	**$ 180,724,692**	**$ 129,048,253**	**$ 309,772,945**

See Notes to Financial Statements

CITY OF PALM SPRINGS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Contributions and Grants**	**Capital Contributions and Grants**
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	$ 17,734,430	$ 3,640,512	$ 923,541	$ -
Public safety	42,041,061	2,930,416	2,642,641	104,130
Cultural and convention center	6,884,266	-	-	-
Parks and recreation	8,832,666	1,775,662	952	209,932
Public works	26,594,799	6,339,972	2,294,189	1,134,347
Library	2,718,241	38,517	124	-
Interest on long-term debt	5,435,432	-	-	-
Total Governmental Activities	**110,240,895**	**14,725,079**	**5,861,447**	**1,448,409**
Business-Type Activities:				
Airport	25,580,134	23,017,582	-	11,788,567
Wastewater	7,118,541	8,220,813	-	-
Golf Course	5,527,984	4,519,169	-	-
Total Business-Type Activities	**38,226,659**	**35,757,564**	**-**	**11,788,567**
Total Primary Government	**$ 148,467,554**	**$ 50,482,643**	**$ 5,861,447**	**$ 13,236,976**

General Revenues:
Taxes:
Property taxes, levied for general purpose
Transient occupancy taxes
Sales taxes
Franchise taxes
Utility users tax
Other taxes
Motor vehicle in lieu - unrestricted
Use of money and property
Other
Gain on sale of capital asset
Extraordinary loss
Transfers

Total General Revenues, Extraordinary Items and Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See Notes to Financial Statements

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (13,170,377)	$ -	$ (13,170,377)
(36,363,874)	-	(36,363,874)
(6,884,266)	-	(6,884,266)
(6,846,120)	-	(6,846,120)
(16,826,291)	-	(16,826,291)
(2,679,600)	-	(2,679,600)
(5,435,432)	-	(5,435,432)
(88,205,960)	**-**	**(88,205,960)**
-	9,226,015	9,226,015
-	1,102,272	1,102,272
-	(1,008,815)	(1,008,815)
-	**9,319,472**	**9,319,472**
(88,205,960)	**9,319,472**	**(78,886,488)**
21,065,170	-	21,065,170
22,249,462	-	22,249,462
24,113,415	-	24,113,415
3,111,067	-	3,111,067
7,154,521	-	7,154,521
3,877,008	-	3,877,008
3,673,718	-	3,673,718
2,336,973	526,158	2,863,131
80,795	164,542	245,337
(238,179)	-	(238,179)
(2,585,890)	-	(2,585,890)
(2,550,758)	2,550,758	-
82,287,302	**3,241,458**	**85,528,760**
(5,918,658)	12,560,930	6,642,272
186,643,350	116,487,323	303,130,673
$ 180,724,692	**$ 129,048,253**	**$ 309,772,945**

See Notes to Financial Statements

CITY OF PALM SPRINGS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

		Special Revenue Funds	Capital Projects Funds	Debt Service Funds
	General	**Housing**	**Measure J**	**Special Assessments**
Assets:				
Pooled cash and investments	$ 18,184,225	$ 1,753,571	$ 12,119,093	$ 1,432,043
Receivables:				
Accounts	7,374,775	-	1,909,100	51,906
Notes and loans	-	6,673,815	-	-
Accrued interest	793,259	2,979	21,885	2,222
Special assessments	-	-	-	7,429,262
Deposits	200,000	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	1,210,000	49,950	-	-
Land held for resale	49,950	588,954	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	918,422
Advance to Successor Agency	1,609,428	3,721,628	-	-
Total Assets	**$ 29,421,637**	**$ 12,790,897**	**$ 14,050,078**	**$ 9,833,855**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 4,120,434	$ 5,611	$ 637,037	$ 184
Accrued liabilities	649,349	3,811	2,379	-
Deposits payable	9,013	33,843	-	-
Due to other governments	-	60,258	-	-
Due to other funds	-	-	-	-
Advances from other funds	49,950	-	-	-
Total Liabilities	**4,828,746**	**103,523**	**639,416**	**184**
Deferred Inflows of Resources:				
Unavailable revenues	1,313,199	-	-	7,429,262
Total Deferred Inflows of Resources	**1,313,199**	**-**	**-**	**7,429,262**
Fund Balances:				
Nonspendable:				
Notes and loans	1,609,428	-	-	-
Advances to other funds	1,210,000	-	-	-
Deposits	200,000	-	-	-
Restricted for:				
Community development projects	-	12,687,374	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	13,410,662	-
Debt service	-	-	-	2,404,409
Library	-	-	-	-
Lease	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Public safety	21,296	-	-	-
Public works	7,458	-	-	-
Capital Projects	-	-	-	-
Continuing appropriations	4,762,351	-	-	-
General government	319,750	-	-	-
Library	15,805	-	-	-
Deficit reduction	1,350,000	-	-	-
PEG fees	584,234	-	-	-
Unassigned	13,199,370	-	-	-
Total Fund Balances	**23,279,692**	**12,687,374**	**13,410,662**	**2,404,409**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 29,421,637**	**$ 12,790,897**	**$ 14,050,078**	**$ 9,833,855**

See Notes to Financial Statements

CITY OF PALM SPRINGS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	Other Governmental Funds	Total Governmental Funds
Assets:		
Pooled cash and investments	$ 28,526,241	$ 62,015,173
Receivables:		
Accounts	3,206,563	12,542,344
Notes and loans	-	6,673,815
Accrued interest	40,955	861,300
Special assessments	-	7,429,262
Deposits	-	200,000
Due from other funds	220,726	220,726
Advances to other funds	-	1,259,950
Land held for resale	-	638,904
Restricted assets:		
Cash and investments with fiscal agents	9,130,413	10,048,835
Advance to Successor Agency	912,097	6,243,153
Total Assets	**$ 42,036,995**	**$ 108,133,462**
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	$ 1,163,389	$ 5,926,655
Accrued liabilities	40,131	695,670
Deposits payable	-	42,856
Due to other governments	-	60,258
Due to other funds	220,726	220,726
Advances from other funds	-	49,950
Total Liabilities	**1,424,246**	**6,996,115**
Deferred Inflows of Resources:		
Unavailable revenues	2,216,753	10,959,214
Total Deferred Inflows of Resources	**2,216,753**	**10,959,214**
Fund Balances:		
Nonspendable:		
Notes and loans	-	1,609,428
Advances to other funds	-	1,210,000
Deposits	-	200,000
Restricted for:		
Community development projects	-	12,687,374
Public safety	2,182,405	2,182,405
Parks and recreation	2,385,544	2,385,544
Public works	18,075,374	31,486,036
Debt service	9,262,503	11,666,912
Library	2,231,048	2,231,048
Lease	198,138	198,138
Special projects	1,637,695	1,637,695
Assigned to:		
Public safety	-	21,296
Public works	-	7,458
Capital Projects	2,446,752	2,446,752
Continuing appropriations	-	4,762,351
General government	-	319,750
Library	-	15,805
Deficit reduction	-	1,350,000
PEG fees	-	584,234
Unassigned	(23,463)	13,175,907
Total Fund Balances	**38,395,996**	**90,178,133**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 42,036,995**	**$ 108,133,462**

See Notes to Financial Statements

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CITY OF PALM SPRINGS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Fund balances of governmental funds		$ 90,178,133
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		240,219,516
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Bonds payable	$ (135,886,718)	
Unamortized bond premiums/discounts	(1,847,225)	
Compensated Absences	(5,161,251)	(142,895,194)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.		(29,450,205)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(907,986)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		10,959,214
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		12,621,214
Net Position of governmental activities		**$ 180,724,692**

CITY OF PALM SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

		Special Revenue Fund	Capital Project Fund	Debt Service Fund
	General	**Housing**	**Measure J**	**Special Assessments**
Revenues:				
Taxes	$ 78,811,698	$ -	$ -	$ -
Assessments	-	-	-	576,333
Licenses and permits	3,372,637	-	-	-
Intergovernmental	4,750,452	-	-	-
Charges for services	5,302,707	-	-	-
Use of money and property	404,039	26,165	133,136	14,424
Fines and forfeitures	-	-	-	-
Contributions	14,958	-	-	-
Miscellaneous	355,173	6,135	-	-
Total Revenues	**93,011,664**	**32,300**	**133,136**	**590,757**
Expenditures:				
Current:				
General government	16,246,457	386,678	-	15,605
Public safety	33,528,709	-	-	-
Cultural and convention center	2,571,871	-	-	-
Parks and recreation	7,208,798	-	-	-
Public works	8,650,011	-	5,950,908	17,007
Library	2,291,523	-	-	-
Debt service:				
Principal retirement	1,970,000	-	-	295,000
Interest and fiscal charges	2,074,302	-	-	393,133
Total Expenditures	**74,541,671**	**386,678**	**5,950,908**	**720,745**
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,469,993	(354,378)	(5,817,772)	(129,988)
Other Financing Sources (Uses):				
Transfers in	887,500	-	12,623,919	-
Transfers out	(18,994,180)	-	(3,184,310)	(1,944)
Total Other Financing Sources (Uses)	**(18,106,680)**	**-**	**9,439,609**	**(1,944)**
Net Change in Fund Balances	363,313	(354,378)	3,621,837	(131,932)
Fund Balances, Beginning of Year	22,916,379	13,041,752	9,788,825	2,536,341
Fund Balances, End of Year	**$ 23,279,692**	**$ 12,687,374**	**$ 13,410,662**	**$ 2,404,409**

See Notes to Financial Statements

CITY OF PALM SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	$ 2,758,945	$ 81,570,643
Assessments	872,682	1,449,015
Licenses and permits	851,058	4,223,695
Intergovernmental	3,749,123	8,499,575
Charges for services	3,329,327	8,632,034
Use of money and property	1,636,976	2,214,740
Fines and forfeitures	127,672	127,672
Contributions	473,419	488,377
Miscellaneous	23,440	384,748
Total Revenues	**13,822,642**	**107,590,499**
Expenditures:		
Current:		
General government	497,087	17,145,827
Public safety	3,112,077	36,640,786
Cultural and convention center	1,374,855	3,946,726
Parks and recreation	1,214,673	8,423,471
Public works	6,181,930	20,799,856
Library	261,263	2,552,786
Debt service:		
Principal retirement	2,179,570	4,444,570
Interest and fiscal charges	2,179,616	4,647,051
Total Expenditures	**17,001,071**	**98,601,073**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,178,429)	8,989,426
Other Financing Sources (Uses):		
Transfers in	4,818,257	18,329,676
Transfers out	(600,000)	(22,780,434)
Total Other Financing Sources (Uses)	**4,218,257**	**(4,450,758)**
Net Change in Fund Balances	1,039,828	4,538,668
Fund Balances, Beginning of Year	37,356,168	85,639,465
Fund Balances, End of Year	**$ 38,395,996**	**$ 90,178,133**

See Notes to Financial Statements

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CITY OF PALM SPRINGS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds		$ 4,538,668
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 costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	$ 3,538,377	
Depreciation	(11,678,256)	(8,139,879)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repayments	4,444,570	
Amortization of bond premiums/discounts	149,540	4,594,110
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		712,043
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(68,263)
Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.		(4,735,175)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		1,611,070
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.		(1,845,342)
Extraordinary loss		(2,585,890)
Change in net position of governmental activities		**$ (5,918,658)**

CITY OF PALM SPRINGS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities - Enterprise Funds			
	Airport	**Wastewater**	**Golf Course**	**Totals**
Assets:				
Current:				
Cash and investments	$ 25,632,040	$ 14,298,782	$ -	$ 39,930,822
Receivables:				
Accounts	2,047,931	6,923	115,377	2,170,231
Accrued interest	43,661	24,517	-	68,178
Prepaid costs	-	-	144,421	144,421
Due from other governments	-	383,517	-	383,517
Inventories	16,764	-	-	16,764
Net pension asset	-	-	-	-
Restricted:				
Cash with fiscal agent	4,038,239	-	-	4,038,239
Total Current Assets	**31,778,635**	**14,713,739**	**259,798**	**46,752,172**
Noncurrent:				
Advances to other funds	-	-	-	-
Capital assets - net of accumulated depreciation	76,368,319	37,441,606	5,777,030	119,586,955
Total Noncurrent Assets	**76,368,319**	**37,441,606**	**5,777,030**	**119,586,955**
Total Assets	**108,146,954**	**52,155,345**	**6,036,828**	**166,339,127**
Deferred Outflows of Resources:				
Deferred charge on refunding	311,546	-	440,641	752,187
Total Deferred Outflows of Resources	**311,546**	**-**	**440,641**	**752,187**
Total Assets and Deferred Outflows of Resources	**$ 108,458,500**	**$ 52,155,345**	**$ 6,477,469**	**$ 167,091,314**
Liabilities and Net Position:				
Liabilities:				
Current:				
Accounts payable	$ 1,146,985	$ 1,406,013	$ 148,540	$ 2,701,538
Accrued liabilities	129,588	-	-	129,588
Accrued interest	590,887	-	1,187,970	1,778,857
Unearned revenues	62,298	6,682	-	68,980
Deposits payable	-	-	500,000	500,000
Accrued compensated absences	482,039	-	-	482,039
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	1,330,000	-	614,123	1,944,123
Total Current Liabilities	**3,741,797**	**1,412,695**	**2,450,633**	**7,605,125**
Noncurrent:				
Advances from other funds	-	-	2,640,000	2,640,000
Accrued compensated absences	178,893	-	-	178,893
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	19,103,416	-	8,515,627	27,619,043
Total Noncurrent Liabilities	**19,282,309**	**-**	**11,155,627**	**30,437,936**
Total Liabilities	**23,024,106**	**1,412,695**	**13,606,260**	**38,043,061**
Net Position:				
Net investment in capital assets	56,246,449	37,441,606	(2,912,079)	90,775,976
Restricted for debt service	4,038,239	-	-	4,038,239
Unrestricted	25,149,706	13,301,044	(4,216,712)	34,234,038
Total Net Position	**85,434,394**	**50,742,650**	**(7,128,791)**	**129,048,253**
Total Liabilities and Net Position	**$ 108,458,500**	**$ 52,155,345**	**$ 6,477,469**	**$ 167,091,314**

See Notes to Financial Statements

CITY OF PALM SPRINGS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Governmental Activities- Internal Service Funds
Assets:	
Current:	
Cash and investments	$ 18,297,805
Receivables:	
Accounts	19,572
Accrued interest	311,297
Prepaid costs	-
Due from other governments	-
Inventories	126,120
Net pension asset	21,504,815
Restricted:	
Cash with fiscal agent	6,721,241
Total Current Assets	**46,980,850**
Noncurrent:	
Advances to other funds	1,430,000
Capital assets - net of accumulated depreciation	11,900,091
Total Noncurrent Assets	**13,330,091**
Total Assets	**60,310,941**
Deferred Outflows of Resources:	
Deferred charge on refunding	-
Total Deferred Outflows of Resources	**-**
Total Assets and Deferred Outflows of Resources	**$ 60,310,941**
Liabilities and Net Position:	
Liabilities:	
Current:	
Accounts payable	$ 1,166,136
Accrued liabilities	38,127
Accrued interest	95,532
Unearned revenues	1,457
Deposits payable	-
Accrued compensated absences	131,873
Accrued claims and judgments	3,101,315
Bonds, notes, and capital leases	510,079
Total Current Liabilities	**5,044,519**
Noncurrent:	
Advances from other funds	-
Accrued compensated absences	56,517
Accrued claims and judgments	1,952,523
Bonds, notes, and capital leases	40,636,168
Total Noncurrent Liabilities	**42,645,208**
Total Liabilities	**47,689,727**
Net Position:	
Net investment in capital assets	7,488,229
Restricted for debt service	-
Unrestricted	5,132,985
Total Net Position	**12,621,214**
Total Liabilities and Net Position	**$ 60,310,941**

See Notes to Financial Statements

CITY OF PALM SPRINGS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds			
	Airport	**Wastewater**	**Golf Course**	**Totals**
Operating Revenues:				
Sales and service charges	$ -	$ 8,220,813	$ -	$ 8,220,813
Landing fees	2,027,810	-	-	2,027,810
Miscellaneous	3,017,625	-	22,538	3,040,163
Sale of electricity	-	-	-	-
Green fees and cart rentals	-	-	4,519,169	4,519,169
Rentals	13,618,048	-	-	13,618,048
Concessions	865,880	-	-	865,880
Passenger facility charges	3,630,223	-	-	3,630,223
Total Operating Revenues	**23,159,586**	**8,220,813**	**4,541,707**	**35,922,106**
Operating Expenses:				
Administration and general	1,352,878	6,766	4,128	1,363,772
Personnel services	8,820,234	46,433	-	8,866,667
Materials and supplies	275,672	-	-	275,672
Maintenance shop operations	-	-	-	-
Facilities maintenance	-	-	-	-
Retirement	-	-	-	-
Other claims and insurance	-	548,017	-	548,017
Depreciation expense	7,581,238	1,573,573	573,897	9,728,708
Heat, light and power	1,789,640	316,246	-	2,105,886
Other charges and services	4,428,452	4,627,506	4,494,058	13,550,016
Cogeneration	-	-	-	-
Medical, health, and life insurance	-	-	-	-
Workers compensation	-	-	-	-
Total Operating Expenses	**24,248,114**	**7,118,541**	**5,072,083**	**36,438,738**
Operating Income (Loss)	(1,088,528)	1,102,272	(530,376)	(516,632)
Nonoperating Revenues (Expenses):				
Interest revenue	341,885	184,273	-	526,158
Interest expense	(1,332,020)	-	(455,901)	(1,787,921)
Gain (loss) on disposal of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	**(990,135)**	**184,273**	**(455,901)**	**(1,261,763)**
Income (Loss) Before Transfers and Contributions	(2,078,663)	1,286,545	(986,277)	(1,778,395)
Transfers in	-	-	2,838,258	2,838,258
Transfers out	(287,500)	-	-	(287,500)
Capital contribution	11,788,567	-	-	11,788,567
Changes in Net Position	9,422,404	1,286,545	1,851,981	12,560,930
Net Position:				
Beginning of Year	76,011,990	49,456,105	(8,980,772)	116,487,323
End of Fiscal Year	**$ 85,434,394**	**$ 50,742,650**	**$ (7,128,791)**	**$ 129,048,253**

See Notes to Financial Statements

CITY OF PALM SPRINGS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2014

	Governmental Activities- Internal Service Funds
Operating Revenues:	
Sales and service charges	$ 37,436,442
Landing fees	-
Miscellaneous	1,243
Sale of electricity	44,179
Green fees and cart rentals	-
Rentals	-
Concessions	-
Passenger facility charges	-
Total Operating Revenues	**37,481,864**
Operating Expenses:	
Administration and general	1,375,496
Personnel services	10,400
Materials and supplies	-
Maintenance shop operations	2,596,164
Facilities maintenance	3,650,065
Retirement	10,973,876
Other claims and insurance	3,526,427
Depreciation expense	927,242
Heat, light and power	1,401,845
Other charges and services	3,491
Cogeneration	5,929,419
Medical, health, and life insurance	6,767,743
Workers compensation	2,672,390
Total Operating Expenses	**39,834,558**
Operating Income (Loss)	(2,352,694)
Nonoperating Revenues (Expenses):	
Interest revenue	152,293
Interest expense	(1,649,964)
Gain (loss) on disposal of capital assets	(238,179)
Total Nonoperating Revenues (Expenses)	**(1,735,850)**
Income (Loss) Before Transfers and Contributions	(4,088,544)
Transfers in	1,900,000
Transfers out	-
Capital contribution	343,202
Changes in Net Position	(1,845,342)
Net Position:	
Beginning of Year	14,466,556
End of Fiscal Year	**$ 12,621,214**

See Notes to Financial Statements

CITY OF PALM SPRINGS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds			
	Airport	**Wastewater**	**Golf Course**	**Totals**
Cash Flows from Operating Activities:				
Cash received from customers and users	$ 19,632,976	$ 8,229,072	$ 4,620,914	$ 32,482,962
Cash received from/(paid to) interfund service provided	-	-	-	-
Cash paid to suppliers for goods and services	(15,905,074)	(4,777,245)	(4,510,202)	(25,192,521)
Cash paid to employees for services	(1,398,238)	(6,766)	(4,128)	(1,409,132)
Cash received from (payments to) others	3,017,625	(97,130)	22,538	2,943,033
Net Cash Provided (Used) by Operating Activities	**5,347,289**	**3,347,931**	**129,122**	**8,824,342**
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	-	-	2,838,258	2,838,258
Cash transfers out	(287,500)	-	-	(287,500)
Grant Subsidies	11,788,567	-	-	11,788,567
Repayment made to other funds	-	-	(1,890,235)	(1,890,235)
Principal paid on non-capital debt	-	-	-	-
Interest paid on non-capital debt	-	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	**11,501,067**	**-**	**948,023**	**12,449,090**
Cash Flows from Capital and Related Financing Activities:				
Proceeds from capital debt	-	-	-	-
Acquisition and construction of capital assets	(12,486,694)	(2,324,021)	(30,410)	(14,841,125)
Principal paid on capital debt	(3,105,000)	-	(585,566)	(3,690,566)
Interest paid on capital debt	(1,334,912)	-	(461,169)	(1,796,081)
Proceeds from sales of capital assets	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	**(16,926,606)**	**(2,324,021)**	**(1,077,145)**	**(20,327,772)**
Cash Flows from Investing Activities:				
Interest received	339,766	180,968	-	520,734
Net Cash Provided (Used) by Investing Activities	**339,766**	**180,968**	**-**	**520,734**
Net Increase (Decrease) in Cash and Cash Equivalents	**261,516**	**1,204,878**	**-**	**1,466,394**
Cash and Cash Equivalents at Beginning of Year	29,408,763	13,093,904	-	42,502,667
Cash and Cash Equivalents at End of Year	**$ 29,670,279**	**$ 14,298,782**	**$ -**	**$ 43,969,061**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (1,088,528)	$ 1,102,272	$ (530,376)	$ (516,632)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	7,581,238	1,573,573	573,897	9,728,708
(Increase) decrease in accounts receivable	(568,050)	1,577	101,745	(464,728)
(Increase) decrease in due from other governments	-	(97,130)	-	(97,130)
(Increase) decrease in inventory	(3,233)	-	-	(3,233)
(Increase) decrease in net pension asset	-	-	-	-
(Increase) decrease in prepaid expense	-	-	69,347	69,347
Increase (decrease) in accounts payable	(617,570)	760,957	(119,386)	24,001
Increase (decrease) in accrued liabilities	26,494	-	-	26,494
Increase (decrease) in customer deposits	-	-	33,895	33,895
Increase (decrease) in unearned revenue	62,298	6,682	-	68,980
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in compensated absences	(45,360)	-	-	(45,360)
Total Adjustments	**6,435,817**	**2,245,659**	**659,498**	**9,340,974**
Net Cash Provided (Used) by Operating Activities	**$ 5,347,289**	**$ 3,347,931**	**$ 129,122**	**$ 8,824,342**

See Notes to Financial Statements

CITY OF PALM SPRINGS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from customers and users	$ 34,005
Cash received from/(paid to) interfund service provided	13,892,305
Cash paid to suppliers for goods and services	(13,413,623)
Cash paid to employees for services	(1,338,486)
Cash received from (payments to) others	236,038
Net Cash Provided (Used) by Operating Activities	**(589,761)**
Cash Flows from Non-Capital Financing Activities:	
Cash transfers in	1,900,000
Cash transfers out	-
Grant Subsidies	343,202
Repayment made to other funds	-
Principal paid on non-capital debt	(215,711)
Interest paid on non-capital debt	(952,005)
Net Cash Provided (Used) by Non-Capital Financing Activities	**1,075,486**
Cash Flows from Capital and Related Financing Activities:	
Proceeds from capital debt	18,402,793
Acquisition and construction of capital assets	(7,061,883)
Principal paid on capital debt	(330,853)
Interest paid on capital debt	(698,282)
Proceeds from sales of capital assets	31,353
Net Cash Provided (Used) by Capital and Related Financing Activities	**10,343,128**
Cash Flows from Investing Activities:	
Interest received	148,728
Net Cash Provided (Used) by Investing Activities	**148,728**
Net Increase (Decrease) in Cash and Cash Equivalents	**10,977,581**
Cash and Cash Equivalents at Beginning of Year	14,041,465
Cash and Cash Equivalents at End of Year	**$ 25,019,046**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	$ (2,352,694)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	927,242
(Increase) decrease in accounts receivable	284,320
(Increase) decrease in due from other governments	
(Increase) decrease in inventory	32,548
(Increase) decrease in net pension asset	191,438
(Increase) decrease in prepaid expense	-
Increase (decrease) in accounts payable	49,253
Increase (decrease) in accrued liabilities	4,870
Increase (decrease) in customer deposits	-
Increase (decrease) in unearned revenue	1,457
Increase (decrease) in claims and judgments	234,795
Increase (decrease) in compensated absences	37,010
Total Adjustments	**1,762,933**
Net Cash Provided (Used) by Operating Activities	**$ (589,761)**

See Notes to Financial Statements

CITY OF PALM SPRINGS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Agency Funds	Private Purpose Trust Funds
Assets:		
Pooled cash and investments	$ 951,487	$ 2,563,899
Receivables:		
Accounts	-	5,500
Accrued interest	-	3,121
Land held for resale	-	3,861,239
Restricted assets:		
Cash and investments with fiscal agents	-	3,772,033
Capital assets:		
Capital assets, not being depreciated	-	4,503,347
Capital assets, net of accumulated depreciation	-	771,741
Total Assets	**$ 951,487**	**15,480,880**
Liabilities:		
Accounts payable	$ -	1,857,633
Accrued interest	-	751,258
Deposits payable	951,487	-
Long-term liabilities:		
Due in one year	-	1,165,000
Due in more than one year	-	48,128,284
Total Liabilities	**$ 951,487**	**51,902,175**
Net Position:		
Held in trust for other purposes		(36,421,295)
Total Net Position		**$ (36,421,295)**

See Notes to Financial Statements

CITY OF PALM SPRINGS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2014

	Private Purpose Trust Funds
Additions:	
Taxes	$ 5,401,901
Interest and change in fair value of investments	122,463
Miscellaneous	258,215
Total Additions	**5,782,579**
Deductions:	
Refunds of contributions	529,194
Administrative expenses	250,000
Interest expense	2,345,290
Contributions to other governments	1,600,000
Depreciation expense	30,870
Reimbursement of prior taxes	2,539,000
DOF due diligence review payments	8,157,494
Total Deductions	**15,451,848**
Extraordinary gain/(loss)	2,585,890
Changes in Net Position	**(7,083,379)**
Net Position - Beginning of the Year	(29,337,916)
Net Position - End of the Year	**$ (36,421,295)**

See Notes to Financial Statements

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

The basic financial statements of the City of Palm Springs, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting principles are described below.

a. Description of Reporting Entity

The City of Palm Springs was incorporated in 1938 under the general laws of the State of California. Effective July 12, 1994, the City of Palm Springs became a Charter City which was approved by the citizens of the City of Palm Springs on June 7, 1994. The City operates under the Council-Manager form of government.

As required by generally accepted accounting principles, the financial statements of the City of Palm Springs include the financial activities of the City (the primary government), and the Palm Springs Financing Authority (Authority). These blended components units are discussed below and are included in the reporting entity because of the significance of their operation and financial relationship with the City.

Blended Component Units

City of Palm Springs Financing Authority

The City of Palm Springs Financing Authority was created by a joint exercise of joint powers agreement between the City of Palm Springs and the Former Community Redevelopment Agency of the City of Palm Springs on February 1, 1991. The purpose of the Authority is to provide, through the issuance of debt, financing necessary for various capital improvements. The Authority is administered by the Board who are the members of the City Council and the Mayor. The Authority's sole source of income is installment sale, loan and lease payments received from the City and Former Community Redevelopment Agency which are used to meet the debt service requirements on debt issues. The Authority is blended into various funds of the City. The dissolution of the Former Agency, and the assignment of the joint powers agreement to the City acting as successor agency to the Former Agency, will not affect the validity of the joint powers agreement.

Since the City Council serves as the governing board for these component units, all of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the primary government. The Palm Springs Financing Authority issues separate component unit financial statements. Upon completion, the financial statements of this component unit can be obtained at City Hall.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and

Note 1: Summary of Significant Accounting Policies (Continued)

intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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, or 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 latter are excluded from the government-wide financial statements. Major individual governmental funds and the 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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements 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 tax revenues to be available if they are collected within 60 days of the end of the current fiscal year and other revenues when collected within one year 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 and claims and judgments are recorded only when payment is due.

The primary revenue sources susceptible to accrual are property taxes, sales taxes, highway user taxes, state gas tax subventions, intergovernmental revenues, franchise fees, transient occupancy tax, charges for services, and interest associated with the current fiscal period and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Note 1: Summary of Significant Accounting Policies (Continued)

The City's fiduciary funds are custodial in nature and do not involve measurement of results of operations. The Private Purpose Trust Funds and the Agency Fund are reported using accrual basis of accounting.

The City reports the following major governmental funds:

General Fund - This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Housing Fund - To account for housing revenues from the former redevelopment agency and expenditures related to the development of facilities within the City for citizens of low or moderate income means as required by California Redevelopment Law.

Measure J Fund – To account for the costs related to various Measure J Projects.

Special Assessments Debt Service Fund - This debt service fund is used to account for the payment of principal and interest on 1915 Act Assessment District Bond issues.

The City of Palm Springs reports the following major enterprise funds:

Airport Fund - This fund is used to account for operations of the City's international airport.

Wastewater Fund - This fund is used to account for operation of the City's wastewater treatment plant and related capital expenditures.

Golf Course Fund - This fund is used to account for operations of the City's two municipal golf courses.

Additionally, the City reports the following fund types:

Special Revenue Funds — These funds are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

Capital Projects Funds — Capital Projects Funds are used to account for the purchase or construction of major capital facilities which are not financed by proprietary funds.

Capital projects funds are ordinarily not used to account for the acquisition of furniture, fixtures, machinery, equipment, and other relatively minor or comparatively short-lived capital assets.

General Debt Service Fund - To account for the payment of principal and interest on the City's general debt issues.

Internal Service Funds - These funds are used to account for motor vehicle replacement, facilities maintenance, employee benefits, risk management, retiree health insurance and the City's cogeneration plant. Departments of the City are charged for the services provided or benefits received from these funds.

Note 1: Summary of Significant Accounting Policies (Continued)

Fiduciary Funds/Accounts

Private-Purpose Trust Funds – The City has Private-Purpose Trust Funds.

- Historical Society - This account is used to account for monies held in trust by the City for various purposes related to the Palm Springs Historical Society.

- Successor Agency of the Former Redevelopment Agency – This fund is used to account for the assets and liabilities of the former redevelopment agency and is allocated revenue until the obligations of the former redevelopment agency are paid in full and any assets have been liquidated.

Agency Fund — This fund is used to account for monies held for various purposes ranging from bid bonds to donations for animal shelter activities.

As a general rule the effect of inter fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other governmental funds. Elimination of these charges would distort the direct costs and program revenues reported for the function concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) fines, forfeits and penalties, 3) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function and 4) other miscellaneous revenues that directly benefit a particular function and do not fit into any other category. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 airport, wastewater and golf enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating 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 unrestricted resources as they are needed.

The City Council adopts and amends committed fund balance amounts through a resolution. The City Manager authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted to him through a resolution. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to be used first, then unrestricted. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned and then unassigned.

Note 1: Summary of Significant Accounting Policies (Continued)

d. Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus the increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. City property tax revenues are recognized when levied on the government-wide statements, and to the extent that they result in current receivables within 60 days in the governmental funds financial statements.

The property tax calendar is as follows:

Lien Date	January 1
Levy Date:	July 1
Due Date:	November 1, February 1
Delinquent Date	December 11, April 11

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

December 10-13	30% Advance
January 21-24	Collection No. 1
April 8-12	10% Advance
May 20-23	Collection No. 2
August 5-8	Collection No. 3

e. Cash and Cash Equivalents

For purposes of the statement of cash flows, 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, and have an original maturity date of three months or less.

f. Cash and Investments

Cash equivalents represent the proprietary funds' share in the cash and investment pool of the City of Palm Springs.

Investments are reported at fair value, except for certain certificates of deposit and investment agreements that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments. The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

g. Inventories

Inventories are stated at average cost. Physical counts of inventory are taken on a cyclical basis during each fiscal year with perpetual records adjusted to actual.

Note 1: Summary of Significant Accounting Policies (Continued)

h. Capital Assets

Capital assets (including infrastructure) greater than $5,000 are capitalized and recorded at cost or at the estimated fair value of the assets at the time of acquisition where complete historical records have not been maintained. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets include property, plant, equipment, infrastructure assets (roads, bridges, curbs and gutters, streets and sidewalks, medians, sewer and storm drains). Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements and in the fund financial statements of the proprietary funds. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

The following schedule summarizes capital asset useful lives:

Buildings and Improvements	3-60 Years
Machinery, Furniture and Equipment	3-20 Years
Motor Vehicles	5-30 Years
Meters, Metering vaults, Subsurface lines	50 Years
Infrastructure:	
Pavement	25 Years
Curbs and gutters	50 Years
Sidewalks	50 Years
Other	25-75 Years

i. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and governmental balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and governmental balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category.

Note 1: Summary of Significant Accounting Policies (Continued)

Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from multiple sources: property taxes, special assessments, accrued interest and amounts due from other governments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

j. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

k. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

l. Land Held for Resale

Land held for resale represents land, structures, and their related improvements that were acquired for resale in accordance with the objective of the Redevelopment Project. Land held for resale is valued at the lower of cost or the estimated realizable value determined at the date a disposition and development agreement is executed. A portion of fund balance is classified as nonspendable for land held for resale to indicate that a portion of fund balance is not available for future expenditures.

m. Compensated Absences

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City.

Note 1: Summary of Significant Accounting Policies (Continued)

Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

If material, a proprietary fund liability is accrued for all 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 fund employees that have terminated prior to year end.

All other amounts will be recorded in the government-wide financial statements. These noncurrent amounts will be recorded as fund expenditures in the year in which they paid or become due on demand to terminated employees.

n. 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 (including incurred but not reported) has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the internal service fund that accounts for the City's self insurance activities.

o. Fund Equity

The City Council adopted resolution 22928 in conformity with Governmental Accounting Auditing Standards Board (GASB) Statement 54. In the fund financial statements, governmental funds report 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 editors, 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 only for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned include amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The Finance Director and/or Treasurer is authorized to assign amounts to a specific purpose, which was established by the governing body in resolution.

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. Restricted or unrestricted amounts are to be considered spent when

Note 1: Summary of Significant Accounting Policies (Continued)

an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

p. Use of Estimates

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

q. Deficit Fund Equity /Net Position

The following funds reported a deficit in fund balances/net position as of June 30, 2014:

Fund	Deficit
Special Grants	$ (23,394)
Golf Course	(7,128,791)
Cogeneration Plant	(2,406,631)
Successor Agency	(36,421,295)
Community Development Block Grant	(69)

The deficits will be recovered through future revenues and transfers.

Note 2: Cash and Investments

Cash and investments as of June 30, 2014, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	$ 141,052,115
Fiduciary funds:	
Cash and investments	7,287,419
Total cash and investments	$ 148,339,534

Cash and investments as of June 30, 2014, consist of the following:

Cash on hand	$ 9,000
Deposits with financial institutions	12,271,661
Investments	136,058,873
Total cash and investments	$ 148,339,534

Note 2: Cash and Investments (Continued)

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures.

Interest income earned on pooled cash and investments is allocated quarterly to the funds based on the month-end cash and investment balances. Proceeds obtained from long-term debt issuances including construction, lease payment and reserve fund balances are held by the City or by fiscal agents on behalf of the City and invested in the City's name. Interest income on proceeds of debt is credited directly to the related fund, as defined by the Bond Indenture.

Deposits

At June 30, 2014, the carrying amount of the City's demand deposits was $12,271,661 and the bank balance was $12,898,017. The $626,356 difference represents outstanding checks, deposits in transit, and other reconciling items.

Investments Authorized by the California Government Code and the City's Investment Policy Under provisions of the City's investment policy and in accordance with Section 53601 of the California Government Code, the City may invest in the types of investments listed in the table below. The table also identifies certain provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	*Authorized by Investment Policy	*Maximum Maturity	*Maximum Percentages of Portfolio	*Maximum Investment in One Issuer
Local Agency Bonds	Yes	5 years	15%	5%
U.S. Treasury Obligations	Yes	5 years	100%	None
U.S. Agency Securities	Yes	5 years	60%	None
Bankers' Acceptances	Yes	180 Days	20%	5%
Commercial Paper	Yes	270 Days	15%	None
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	No	1 Year	None	5%
Reverse Purchase Agreements	No	92 Days	20% of base	None
Medium-Term Notes	Yes	5 years	20%	5%
Mutual Funds investing in eligible securities	No	N/A	10%	5%
Money Market Mutual Funds	Yes	N/A	10%	None
Mortgage Pass-Through Securities	Yes	5 years	10%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	Yes	N/A	None	None

* Based on State Law requirements or investment policy requirements, whichever is more restrictive.

Note 2: Cash and Investments (Continued)

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 table below 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 and concentration of credit risk.

Authorized Investment Type	Maximum Maturity
U.S. Treasury Obligations	5 Years
U.S. Agency Securities	5 Years
Bankers' Acceptances	180 Days
Commercial Paper	270 Days
Money Market Mutual Funds	None
Investment Agreements	None
Local Agency Bonds	None
Corporate Notes	5 Years
Medium Term Notes	5 Years
Repurchase Agreements	1 Year
Financial Futures/Option Contracts	None
California Asset Management Program	None
Negotiable Certificates of Deposit	None
Local Agency Investment Fund (LAIF)	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. For purposes of the schedule shown below, any callable securities are assumed to be held to maturity.

Note 2: Cash and Investments (Continued)

Investment Type	Fair Value	Remaining Maturity (in Months) 12 Months or Less	13-24 Months	25-60 Months
Negotiable Certificates of Deposit	$ 1,856,946	$ -	$ 200,000	$ 1,656,946
Local Agency Investment Fund	30,024,027	30,024,027	-	-
Federal Agency Securities	45,715,524	43,814,604	-	1,900,920
Medium Term Notes	1,657,917	1,003,510	-	654,407
Fiscal Agent				
Mutual Funds -Money Market	56,804,459	56,804,459	-	-
	$ 136,058,873	$131,646,600	$ 200,000	$ 4,212,273

Disclosures Relating to Credit Risk

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

Investment Type:	Fair Value	Minimum Credit Rating	Rating as of Year End AAA	AA+	Not Rated
Negotiable Certificates of Deposit	$ 1,856,946	N/A	$ -	$ -	$ 1,856,946
Local Agency Investment Fund	30,024,027	N/A	-	-	30,024,027
Federal Agency Securities	45,715,524	AA+	-	45,715,524	-
Medium Term Notes	1,657,917	A	-	-	-
Fiscal Agent					
Mutual Funds -Money Market	56,804,459	AAA	56,804,459	-	-
	$ 136,058,873		$ 56,804,459	$ 45,715,524	$ 31,880,973

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Securities	$ 14,944,340
Federal Home Loan Mortgage Corp.	Federal Agency Securities	10,942,590
Federal National Mortgage Assoc.	Federal Agency Securities	14,925,494

Note 2: Cash and Investments (Continued)

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.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

The City Treasurer may waive the collateral requirement for deposits that are fully insured up to $250,000 by the FDIC.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 3: Interfund Receivables, Payables and Transfers

Due To/Due From

Interfund receivable and payable balances at June 30, 2014, are as follows:

	Due to Other Nonmajor Funds
Governmental Funds:	
Nonmajor Governmental Funds	$ 220,726
Totals	$ 220,726

Note 3: Interfund Receivables, Payables and Transfers (Continued)

Interfund balances are the result of short-term borrowing to cover negative cash balances at June 30, 2014.

Advances

The City has authorized several interfund advances to be used for the operations of the funds receiving the advances. At June 30, 2014, the outstanding advances are:

	Advances to Other Funds		Advances from Other Funds	
Governmental Funds:				
General Fund	$ 1,210,000	(a)	$ 49,950	(c)
Housing Fund	49,950	(c)	-	
Enterprise Funds:				
Golf Course	-		2,640,000	(a) (b)
Internal Service Funds	1,430,000	(b)	-	
Totals	$ 2,689,950		$ 2,689,950	

(a) The Golf Course Fund initially received $2,000,000 from the General Fund payable at 6% over 20 years. The City has elected to not accrue any interest and the Golf Course has not made any interest payments. At June 30, 2014, the outstanding balance is $1,210,000.

(b) The Employee Benefits Internal Service Fund advanced $1,430,000 to the Golf Course Fund to provide funds for the operation and debt service of the Golf Course. There are no stipulated interest rates or repayment dates.

(c) The Housing Fund advanced $49,950 to the General Fund for the purchase of two pieces of land held for resale.

Note 3: Interfund Receivables, Payables and Transfers (Continued)

Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity

Transfers In	Transfers Out	Amount	
General Fund	Nonmajor Governmental Funds	$ 600,000	(a)
	Airport Enterprise Fund	287,500	(d)
Measure J Fund	General Fund	12,623,919	(g)
Nonmajor Governmental Funds	General Fund	1,632,003	(b)
	Measure J Fund	3,184,310	(f)
	Special Assessments Fund	1,944	(c)
Internal Service Fund	General Fund	1,900,000	(h)
Golf Course Enterprise Fund	General Fund	2,838,258	(e)
		$ 23,067,934	

(a) Transfers from Nonmajor Governmental Funds to the General Fund were for reimbursement of costs and other transfers.

(b) Transfers from the General Fund to Nonmajor Governmental Funds were for debt service and operational costs.

(c) Transfers from the Special Assessments Fund to Nonmajor Governmental Funds were for capital projects.

(d) Transfers from the Airport Fund to the General Fund were for reimbursement of operational costs.

(e) Transfers from the General Fund to the Golf Course were for operational costs.

(f) Transfers from the Measure J fund to Nonmajor governmental funds were for operational costs.

(g) Transfers from the General Fund to the Measure J fund were for capital projects.

(h) Transfers from the General Fund to Internal Service Funds for the purchase of vehicles, and to cover future risk management costs.

Note 4: Capital Assets

Governmental Activities	Beginning Balance	Transfers to Successor Agency	Balance	Transfers	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:							
Land	$ 27,930,814	$ (2,585,890)	$ 25,344,924	$ -	$ -	$ -	$ 25,344,924
Construction in progress	2,414,845	-	2,414,845	-	3,791,825	-	6,206,670
Right-of-way	16,544,533	-	16,544,533	-	135,913	-	16,680,446
Total Capital Assets, Not Being Depreciated	46,890,192	(2,585,890)	44,304,302	-	3,927,738	-	48,232,040
Capital assets, being depreciated:							
Buildings	97,061,572	-	97,061,572	(3,078,303)	468,638	-	94,451,907
Improvements	73,449,306	-	73,449,306	-	694,656	-	74,143,962
Furniture and equipment	10,129,270	-	10,129,270	2,967,332	3,060,779	1,021,408	15,135,973
Vehicles	13,792,270	-	13,792,270	110,971	979,528	311,977	14,570,792
Infrastructure	225,704,873	-	225,704,873	-	1,468,921	-	227,173,794
Total capital assets, being depreciated	420,137,291	-	420,137,291	-	6,672,522	1,333,385	425,476,428
Less accumulated depreciation for:							
Buildings	(38,750,790)	-	(38,750,790)	2,257,419	(1,912,855)	-	(38,406,226)
Improvements	(36,472,661)	-	(36,472,661)	-	(3,329,851)	-	(39,802,512)
Furniture and equipment	(7,607,615)	-	(7,607,615)	(2,257,419)	(455,669)	(754,047)	(9,566,656)
Vehicles	(9,927,333)	-	(9,927,333)	-	(773,658)	(311,977)	(10,389,014)
Infrastructure	(117,290,988)	-	(117,290,988)	-	(6,133,465)	-	(123,424,453)
Total accumulated depreciation	(210,049,387)	-	(210,049,387)	-	(12,605,498)	(1,066,024)	(221,588,861)
Total capital assets, being depreciated, net	210,087,904	-	210,087,904	-	(5,932,976)	267,361	203,887,567
Governmental activities capital assets, net	$ 256,978,096	$ (2,585,890)	$ 254,392,206	$ -	$ (2,005,238)	$ 267,361	$ 252,119,607

Depreciation expense was charged in the following functions in the Statement of Activities:

General government	$ 676,963
Cultural and convention center	3,093,557
Public safety	1,369,611
Public works	5,955,742
Parks and recreation	434,543
Library	147,840
Internal Service	927,242
Total depreciation	$ 12,605,498

Note 4: Capital Assets (Continued)

Business-type Activities	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	$ 36,737,608	$ -	$ -	$ -	$ 36,737,608
Capital assets, being depreciated:					
Buildings	47,598,239	(13,930,486)	2,324,021	-	35,991,774
Improvements	179,286,409	13,124,957	12,451,011	-	204,862,377
Machinery and equipment	4,257,754	805,529	35,814	-	5,099,097
Motor vehicles	2,376,589	-	30,279	-	2,406,868
Subsurface lines	27,387,700	-	-	-	27,387,700
Total capital assets, being depreciated	260,906,691	-	14,841,125	-	275,747,816
Less accumulated depreciation for:					
Buildings	(29,244,420)	1,928,768	(1,051,325)	-	(28,366,977)
Improvements	(131,511,005)	(1,928,768)	(7,690,737)	-	(141,130,510)
Machinery and equipment	(2,278,684)	-	(284,082)	-	(2,562,766)
Motor vehicles	(1,555,381)	-	(154,810)	-	(1,710,191)
Subsurface lines	(18,580,271)	-	(547,754)	-	(19,128,025)
Total accumulated depreciation	(183,169,761)	-	(9,728,708)	-	(192,898,469)
Total capital assets, being depreciated, net	77,736,930	-	5,112,417	-	82,849,347
Business-type activities capital assets, net	$ 114,474,538	$ -	$ 5,112,417	$ -	$ 119,586,955

Depreciation expense was charged in the following programs of the primary government:

Airport	$ 7,581,238
Wastewater	1,573,573
Golf course	573,897
Total depreciation	$ 9,728,708

Note 5: Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014, (including unamortized discounts and refunding costs) are as follows:

Governmental Activities	Ending Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences payable	$ 5,244,366	$ 3,845,540	$ 3,740,265	$ 5,349,641	$ 3,815,347
Claims and Judgments payable	4,819,043	3,192,027	2,957,232	5,053,838	3,101,315
Net OPEB Obligation	24,715,030	7,222,728	2,487,553	29,450,205	-
Special assessment debt with government commitment	7,700,000	-	295,000	7,405,000	300,000
Capital lease obligations-CaLease/OshKosh	651,060	-	191,577	459,483	106,005
Capital lease obligations-Motorola	2,188,852	-	327,104	1,861,748	341,333
Notes payable:					
Capital One Public Financing - Chevron	-	18,402,793	-	18,402,793	280,000
Chino Cinega Foundation Note Payable	490,000	-	57,492	432,508	61,229
Bonds Payable, net:					
2004 Lease Revenue Bonds	53,910,000	-	765,000	53,145,000	835,000
2012A Lease Revenue Bonds	22,800,000	-	1,205,000	21,595,000	1,200,000
Unamortized bond premium	544,837	-	77,292	467,545	-
2007 Refunding Lease Revenue Bonds	4,622,056	-	459,250	4,162,806	474,851
Unamortized bond discount	(30,401)	-	(2,171)	(28,230)	-
2007 Pension Obligation Bonds	20,067,568	-	215,711	19,851,857	260,920
2012B Measure J Lease Revenue Bonds	43,830,000	-	1,245,000	42,585,000	1,285,000
Unamortized bond premium	1,451,928	-	72,248	1,379,680	-
Certificates of Participation:					
2002A Taxable Variable Rate Certificates of Participation	7,390,000	-	230,000	7,160,000	245,000
Total governmental long-term liabilities, net	$ 200,394,339	$ 32,663,088	$ 14,323,553	$ 218,733,874	$ 12,306,000

The liability for pension-related debt and compensated absences are fully liquidated by the general fund.

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	$ 706,292	$ 469,761	$ 515,121	$ 660,932	$ 482,039
Capital leases payable	167,372	-	74,816	92,556	78,974
Airport Revenue bonds payable:					
1998 Airport PFC Revenue Bonds	8,705,000	-	1,755,000	6,950,000	415,000
2006 Airport PFC Revenue Bonds	9,390,000	-	825,000	8,565,000	555,000
2008 Airport PFC Revenue Bonds	5,925,000	-	525,000	5,400,000	360,000
Unamortized discount	(519,395)	-	(37,811)	(481,584)	-
Airport Revenue bonds payable, net	23,500,605	-	3,067,189	20,433,416	1,330,000
2007 Refunding Lease	9,547,944	-	510,750	9,037,194	535,149
Total business-type long-term liabilities, net	$ 33,922,213	$ 469,761	$ 4,167,876	$ 30,224,098	$ 2,426,162

Note 5: Long-Term Liabilities (Continued)

Special Assessment Debt with Government Commitment

At June 30, 2014, the City of Palm Springs has three outstanding Assessment District (A.D.) Improvement Bonds ("Bonds") originally issued in the aggregate amount of $9,858,500 pursuant to the Improvement Bond Act of 1915. The proceeds of the Bonds were used to fund construction of street improvements, sewage collection systems, and other public improvements within the A.D.

A.D. 161	
$4,752,500 Bonds issued February 5, 2004; Bonds mature between September 2, 2005 and September 2, 2024 in amounts ranging from $117,500 through $245,000; Bonds maturing on any March 2 or September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 102% of principal amount; secured by special assessment billed on the tax roll and sent to property owners; interest rates range between 1.65% and 5.65%; reserve of $394,802 is required which is fully funded at June 30, 2014.	$3,420,000
A.D. 162	
$1,300,000 bonds issued November 10, 2004; bonds mature between September 2, 2006 and September 2, 2022, in amounts ranging from $39,000 through $65,000; bonds maturing on any March 2 or September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 102% of principal amount; secured by special assessment billed on the tax roll and sent to property owners; interest rates range between 2,60% and 5.60%; reserve of $156,847 is required which is fully funded at June 30, 2014.	955,000
A.D. 164	
$3,806,000 bonds issued July 12, 2005; bonds mature between September 2, 2007 and September 2, 2030 in amounts ranging from $95,000 through $215,000; bonds maturing on any September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 103% of principal amount; secured by special assessment billed on the tax roll and sent to property owners; interest rates range between 3.00% and 5.15%; reserve of $366,773 is required which is fully funded at June 30, 2014.	3,030,000
Total Special Assessment Debt with Government Commitment	$7,405,000

Note 5: Long-Term Liabilities (Continued)

Annual requirements to amortize outstanding special assessment debt as of June 30, 2014, are as follows:

June 30	A.D. 161		A.D. 162		A.D. 164	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 140,000	$ 181,368	$ 40,000	$ 50,218	$ 120,000	$ 148,325
2016	150,000	174,585	45,000	48,240	125,000	142,873
2017	155,000	167,225	45,000	46,103	130,000	137,070
2018	165,000	159,303	50,000	43,773	140,000	130,790
2019	170,000	150,843	50,000	41,248	145,000	124,020
2020-2024	1,015,000	603,516	275,000	165,146	820,000	504,610
2025-2029	1,315,000	282,018	365,000	76,860	1,050,000	268,965
2030-2034	310,000	8,758	85,000	2,380	500,000	26,008
Total	$ 3,420,000	$ 1,727,616	$ 955,000	$ 473,968	$ 3,030,000	$ 1,482,661

Capital Lease Obligations

Fire Vehicles Lease (OshKosh #1)

In 2006, the City entered into a lease agreement for the financing of the acquisition of two Pierce Quantum fire apparatus. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease) and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The vehicles were acquired under this lease agreement are recorded in the Motor Vehicle Replacement Fund, as motor vehicles for total cost of $821,559.

The financing was obtained from OshKosh Capital, for $821,559 with an interest rate of 4.6% and annual payments ranging from $95,169 to $258,667 through the end of the lease (August 2013). The outstanding balance at June 30, 2014, is $0.

Fire Vehicles Lease (OshKosh #2)

In 2008, the City entered into a lease agreement for the financing of the acquisition of two Pierce Quantum fire apparatus. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease) and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The vehicles were acquired under this lease agreement are recorded in the Motor Vehicle Replacement Fund, as motor vehicles for total cost of $993,592.

The financing was obtained from OshKosh Capital, for $913,648 with an interest rate of 5.38% and annual payments of $130,725 through the end of the lease (October 2017). The outstanding balance at June 30, 2014, is $459,483.

Note 5: Long-Term Liabilities (Continued)

The calculation of the present value of the future lease payments is as follows:

Year Ending June 30	OshKosh#2
2015	$ 130,725
2016	130,725
2017	130,725
2018	130,725
Subtotal	522,900
Less: Amount representing interest	(63,417)
Total	$ 459,483

Motorola Communications Equipment

In December 2008, the City entered into a lease agreement for the financing of the acquisition of Motorola communications equipment. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease) and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The total cost of the equipment acquired under the lease agreement was $3,366,478.

The financing was obtained from Municipal Finance Corporation in December 2008, for $3,366,478 with an interest rate of 4.35% and annual payments of $422,319 through the end of the lease (December 2019). The outstanding balance at June 30, 2014, is $1,861,748

The calculation of the present value of the future lease payments is as follows:

Year Ending June 30	
2015	$ 422,319
2016	422,319
2017	422,319
2018	422,319
2019	422,319
2020	211,160
Subtotal	2,322,755
Less: Amount representing interest	(461,007)
Total	$ 1,861,748

Notes Payable

Capital One Public Financing

The City entered into an agreement with Chevron Energy Solutions Co., In July 2013, for the amount of $18,402,793 for the purpose of financing the energy conservation measures project. The equipment portion of the agreement of $6,000,000 matures on August 1, 2029 and has an annual interest rate at 3.34% annum. The property and land portion of the project matures on August 1, 2033 and has an interest rate at 4.2% annum. $18,402,793

Note 5: Long-Term Liabilities (Continued)

Chino Cinega Foundation

To purchase property, the City entered into an agreement on September 10, 2012 with the Chino Cinega Foundation to borrow $490,000. The note accrues interest at 6.5% per annum. Annual payments of $89,342 are required through 2019 and a final payment of $83,890 is required for 2020. $432,508

Annual requirements to amortize outstanding notes payable as of June 30, 2014, is as follows:

	Capital One Note		Chino Cinega Note		
Year Ending June 30	Principal	Interest	Principal	Interest	Total
2015	$ 280,000	$ 721,317	$ 61,229	$ 28,113	$ 1,090,659
2016	315,326	705,353	65,209	24,133	1,110,021
2017	362,835	693,470	69,448	19,894	1,145,647
2018	413,605	679,745	73,962	15,380	1,182,692
2019	467,677	664,053	78,770	10,573	1,221,073
2020-25	3,275,004	3,006,658	83,890	5,453	6,371,005
2026-30	5,243,150	2,237,103	-	-	7,480,253
2031-34	8,045,196	915,302	-	-	8,960,498
	$ 18,402,793	$ 9,623,001	$ 432,508	$ 103,546	$ 28,561,848

Bonds Payable

Governmental Activities:

2004 A Convention Center Lease Revenue Bonds

On May 13, 2004, the City of Palm Springs Financing Authority issued $62,395,000 Lease Revenue Bonds, 2004 Series A to finance the Convention Center Expansion Project and to provide funds for the advance refunding of the 1997 Convention Center Bonds. The bonds accrue interest at rates between 3.00% and 5.25%. The principal amounts mature between November 1, 2004 and November 1, 2036, in amounts ranging from $450,000 to $5,565,000. The amount of bonds outstanding at June 30, 2014, is $53,145,000.

2012 A Convention Center Lease Revenue Bonds

On February 1, 2012, the City of Palm Springs Financing Authority issued $23,980,000 Lease Revenue Bonds, Series A to provide funds to provide for the current refunding of the Lease Revenue Bonds, 2001 Series A. The bonds are payable from the revenues pledged under the Indenture of Trust, consisting primarily of lease payments to be made by the City of Palm Springs to the Authority as rental for City owned Convention Center and from certain funds held under the Indenture of Trust and insurance or condemnation awards.

The bonds accrue interest at rates between 2.00% and 5.00%. The principal amounts mature between November 1, 2012 and November 1, 2025, in amounts ranging from $500,000 to $2,865,000. The required reserve for the 2004A and 2012A Convention Center Lease Revenue Bonds is $5,646,097. At June 30, 2014, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2014, is $21,595,000.

Note 5: Long-Term Liabilities (Continued)

The total convention center bonds outstanding at June 30, 2014, were $74,740,000.

Future requirements to amortize outstanding convention center bonds as of June 30, 2014, are as follows:

June 30	2004 Convention Center Lease Revenue Bonds		2012 Convention Center Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2015	$ 835,000	$ 2,881,088	$ 1,200,000	$ 729,163
2016	850,000	2,838,963	1,255,000	698,338
2017	885,000	2,794,481	1,305,000	659,938
2018	1,000,000	2,745,000	1,280,000	621,163
2019	1,000,000	2,692,500	1,370,000	581,413
2020-2024	3,810,000	12,693,773	9,580,000	2,132,020
2025-2029	11,415,000	11,317,488	5,605,000	261,113
2030-2034	22,515,000	6,207,987	-	-
2035-2039	10,835,000	604,038	-	-
Total	$ 53,145,000	$ 44,775,318	$ 21,595,000	$ 5,683,148

2007 Refunding Lease Revenue Bonds

On July 25, 2007, the City of Palm Springs Financing Authority issued $20,365,000 Refunding Lease Revenue Bonds, Series 2007 to defease the remaining $19,095,000 and $1,930,000 of 1996 Multiple Capital Facilities Refunding Certificates of Participation and 1998 Multiple Capital Facilities Refunding Certificates of Participation respectively.

The Bonds consist of $17,840,000 of serial bonds and $2,525,000 of term bonds. The serial bonds accrue interest at rates between 4.00% and 5.00% and mature between April 1, 2008 and April 1, 2027, in amounts ranging from $795,000 and $1,205,000. The only portion of the term bonds with principal of $2,525,000 accrues interest at a rate of 4.50% and matures on April 1, 2017.

The Bonds maturing on April 1, 2017, (Term Bonds) are subject to mandatory redemption, in part by lot, from sinking fund payments commencing on April 1, 2026.

The activities associated with the police building project and cogeneration plant are governmental activities while the activities of the golf course are business-type activities.

Note 5: Long-Term Liabilities (Continued)

The outstanding 2007 Refunding Lease Revenue Bonds at June 30, 2014, are reflected in the accompanying financial statements as follows:

	Balance at June 30, 2014
Governmental activities:	
Police building project & master lease	$ 1,702,462
Cogeneration plant fund	2,460,344
	4,162,806
Less unamortized discount	(28,230)
Total governmental activities	$ 4,134,576
Business-type activities	
Golf Course fund	$ 9,037,194

The bonds relating to the Golf Course fund had deferred refunding charges of $440,641 at June 30, 2014.

Future requirements to amortize outstanding 2007 Refunding Lease Revenue Bonds as of June 30, 2014, are as follows:

June 30	2007 Refunding Lease Revenue Bonds	
	Principal	Interest
2015	$ 1,010,000	$ 592,138
2016	795,000	551,737
2017	825,000	519,938
2018	860,000	486,937
2019	895,000	451,678
2020-2024	5,120,000	1,609,675
2025-2029	3,695,000	343,800
Total	$ 13,200,000	$ 4,555,903

2012 Lease Revenue Refunding Bonds, Series B

On June 6, 2012, the City of Palm Springs Financing Authority issued $44,965,000 Lease Revenue Bonds, Series B to provide funds for the financing and acquisition and construction of public improvements. The bonds are payable from the revenues pledged under the Indenture of Trust, consisting primarily of lease payments to be made by the City of Palm Springs to the Authority as rental for certain City owned property and from certain funds held under the Indenture of Trust and insurance or condemnation awards.

The bonds accrue interest at rates between 2.00% and 5.25%. The principal amounts mature between June 1, 2013 and June 1, 2035, in amounts ranging from $1,135,000 to $3,050,000.

Note 5: Long-Term Liabilities (Continued)

The total Lease Revenue bonds outstanding at June 30, 2014, is $42,585,000 including $467,545 of unamortized premium.

Fiscal Year June 30	Principal	Interest
2015	$ 1,285,000	$ 1,901,963
2016	1,335,000	1,850,563
2017	1,390,000	1,797,163
2018	1,445,000	1,741,563
2019	1,500,000	1,683,763
2020-2024	8,475,000	7,451,262
2025-2029	10,730,000	5,200,536
2030-2034	13,375,000	2,558,737
2035-2039	3,050,000	138,063
Totals	$ 42,585,000	$ 24,323,613

2007 Taxable Pension Obligation Bonds

On April 1, 2007, the City of Palm Springs pursuant to an Agreement with the California Statewide Communities Development Authority issued $19,832,588 of Pension Obligation Bonds. The aggregate total amount of the bonds for all agencies were $87,475,699 which includes $65,140,000 of Series A-1 current interest and $22,335,699 of Series A-2 capital appreciation bonds. The issuance of the bonds provided monies to meet the City's obligation to pay the City's unfunded accrued actuarial liability ("UAAL") to the California Public Employees Retirement System ("PERS"). The City's obligation includes, among others, the requirement to amortize the unfunded accrued liability over a multi-year period. On April 1, 2007, the City contributed $19,382,434 of the bond proceeds to PERS to fund a portion of the unfunded liability for the Miscellaneous and Safety Plans that provides retirement benefits to the City employees and public safety officers.

Interest on Series A-1 Current Interest Bonds of $14,790,000, is payable on June 1 and December 1, commencing December 1, 2007. The rate of interest varies from 5.37% to 5.56% per annum. Principal is payable in annual installments ranging from $605,000 to $2,430,000 commencing on June 1, 2019 and ending on June 1, 2035.

Optional Redemption: The Series A-1 Current Interest Bonds maturing on or before June 1, 2017 will not be subject to optional redemption. The bonds maturing on June 2, 2021, June 1, 2026 and June 1, 2035, are subject to optional redemption prior to maturity at the option of the Authority, or in part on any date at a redemption price equal to the greater of (1) 100% of principal to be redeemed or (2) present value of the remaining debt service discounted at Treasury Rate plus 12.5 basis points, plus accrued and unpaid interest on the Redeemable Term Bonds being redeemed to the date fixed for redemption.

Note 5: Long-Term Liabilities (Continued)

The balance outstanding as of June 30, 2014, was $19,851,857 including accreted interest of $1,132,836.

Year Ending June 30	Series A-1		Series A-2	
	Principal	Interest	Principal	Interest
2015	$ -	$ 814,648	$ 260,920	$ 220,277
2016	-	814,648	277,749	206,370
2017	-	814,648	289,840	191,483
2018	-	814,648	299,827	175,657
2019	605,000	814,648	-	159,077
2020-2024	3,210,000	3,597,223	497,090	745,635
2025-2029	2,480,000	2,566,631	935,623	575,078
2030-2034	6,065,000	2,043,317	1,367,972	77,255
2035-2039	2,430,000	134,962	-	-
Total	$ 14,790,000	$ 12,415,373	$ 3,929,021	$ 2,350,832

Certificates of Participation

2002A Taxable Variable Rate Certificates of Participation

On July 29, 2002, pursuant to a lease agreement with the City of Palm Springs Financing Authority, the City executed and delivered $8,000,000 Taxable Variable Rate Demand Certificates of Participation to provide funds to reimburse the City for the costs of acquisition of the downtown parking projects site and to provide funds to construct a parking structure and furnish, equip, and improve the site.

The certificates accrue interest at variable rates not to exceed 12%. The variable interest rate may be converted to a fixed rate at the election of the City. Principal amounts mature between August 2010 and August 2027, in amounts ranging from $190,000 to $755,000.

The certificates are subject to mandatory sinking account redemption from lease payments made by the City at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date, without premium. Under an irrevocable letter of credit issued by Union Bank of California in the amount of $8,152,548, the trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of the Demand Certificates delivered to it. The letter of credit was valid through July 31, 2012. On June 29, 2012 the letter of credit was amended to expire on July 31, 2015, with a change in the amount to $7,750,016. The City is required to pay Union Bank an quarterly commitment fee for the letter of credit of 1.25% of the amount. California State Teachers' Retirement System (STRS) has provided a confirming letter of credit in the same amount, which renews annually each July. The City is required to pay STRS an annual commitment fee of 0.25% of the amount, per annum based on 365 days. The current interest rate on these certificates ranged between 1.35% - 2.5%. At June 30, 2014, the outstanding balance is $7,160,000.

Note 5: Long-Term Liabilities (Continued)

Future requirements to amortize outstanding certificates of participation as of June 30, 2014, are as follows:

June 30	2002A Taxable Variable Rate	
	Principal	Est. Interest
2015	$ 245,000	$ 14,075
2016	355,000	13,475
2017	375,000	12,745
2018	400,000	11,970
2019	430,000	11,140
2020-2024	2,600,000	41,220
2025-2029	2,755,000	11,455
Total	$ 7,160,000	$ 116,080

Business-type Activities:

Capital Lease Obligation

Golf Course Maintenance Equipment

In 2011, the City entered into a lease agreement for the financing of the acquisition of 33 pieces of maintenance equipment for service at the Tahquitz Creek Legends and Resort Golf Courses. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease) and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The equipment was acquired under this lease agreement and is recorded in the Golf Course Fund.

The financing was obtained from Turf Star Inc., for $294,452 with an interest rate of 5.42% and annual payments ranging from $13,675 to $82,049 through the end of the lease. The outstanding balance at June 30, 2014, is $92,556.

The calculation of the present value of the future lease payments is as follows:

Year Ending June 30	
2015	$ 82,050
2016	13,674
Subtotal	95,724
Less: Amount representing interest	(3,168)
Total	$ 92,556

Note 5: Long-Term Liabilities (Continued)

Bonds Payable

1998 Airport Passenger Facility Charge Revenue Bonds

On June 1, 1998, the Authority issued $12,720,000 Airport Passenger Facility Charge Revenue Bonds, Series 1998 (1998 PFC Bonds) to provide funds to finance certain improvements to the airport. These bonds were issued simultaneously with the 1998 Airport Revenue Bonds which were also issued to finance certain improvements to the airport.

The Bonds consist of $3,640,000 of serial bonds and $9,080,000 of term bonds. The serial bonds accrue interest at rates between 4.25% and 5.10% and mature between January 1, 2001 and January 1, 2012, in amounts ranging from $145,000 to $355,000.

The first portion of term bonds with principal of $2,550,000 accrue interest at 5.125% and mature on January 1, 2018. The second portion of term bonds with principal of $2,200,000 accrue interest at a rate of 5.25% and mature on January 1, 2022. The third portion of term bonds with principal of $4,330,000 accrue interest at a rate of 5.50% and mature on January 1, 2028.

Bonds maturing on January 1, 2018, January 1, 2022, and January 1, 2028, are subject to mandatory redemption, in part by lot, on January 1 in each year commencing January 1, 2013, with respect to bonds maturing January 1, 2018, commencing January 1, 2019, with respect to bonds maturing January 1, 2022, and commencing January 1, 2023, with respect to bonds maturing January 1, 2028, from mandatory sinking account payments at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date fixed for redemption in the aggregate respective principal amounts and on January 1 in the respective years; provided, however, that (i) in lieu of redemption thereof, the bonds may be purchased pursuant to the provisions of the Indenture, and (ii) if some but not all of the bonds have been redeemed pursuant to the optional or special redemption provisions, the total amount of sinking accounts payments to be made subsequent to such redemption will be reduced in an amount equal to the principal amount of the bonds so redeemed, by reducing each such future sinking account payment in integral multiples of $5,000, in a manner designated by the Authority, in the case of an optional redemption, or in inverse order, in the case of a special redemption.

The bonds maturing January 1, 2028, are subject to special mandatory redemption, in part by lot each January 1 from certain excess revenues at a redemption price equal to the principal amount thereof to be redeemed, plus a premium, together with accrued interest thereon to the date fixed for redemption. The redemption price relating to redemption dates January 1, 1999 to January 1, 2007 is 103%; January 1, 2008 is 102%; January 1, 2009 is 101%; and January 1, 2010 and thereafter is 100%.

The required reserve for the 1998 Airport Passenger Facility Charge Revenue Bonds is $849,497. At June 30, 2014, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2014, is $6,950,000. The bonds had $119,492 of unamortized discount.

Note 5: Long-Term Liabilities (Continued)

2006 Airport Passenger Facility Charge Revenue Bonds

On April 19, 2006, the City issued $12,115,000 Airport Passenger Facility Charge Revenue Bonds, Series 2006 (2006 PFC Bonds) to provide funds to finance certain improvements to the airport.

The Bonds consist of $3,865,000 of serial bonds and $8,250,000 of term bonds. The serial bonds accrue interest at rates between 4.40% and 5.40% and mature between July 1, 2007 and July 1, 2016, in amounts ranging from $310,000 to $480,000.

The first portion of term bonds with principal of $2,185,000 accrue interest at 5.45% and mature on July 1, 2020. The second portion of term bonds with principal of $6,065,000 accrue interest at a rate of 5.55% and mature on July 1, 2028.

Bonds maturing on July 1, 2028, are subject to mandatory redemption, in part by lot, on July 1 of each year commencing July 1, 2007, from certain excess PFC Revenues at a redemption price equal to the principal amount thereof to be redeemed, plus a premium and accrued interest thereon to the date fixed for redemption as follows:

Redemption Dates	Redemption Prices
Each July 1 prior to July 1, 2014	103%
July 1, 2014	102%
July 1, 2015	101%
July 1, 2016 and thereafter	100%

A special redemption was made on July 1, 2014, with the redemption price at 103% for the amount of $125,000.

The bonds are subject to special mandatory redemption, in whole, on any date as a result of actions taken by the Federal Aviation Administration (FAA) to reduce the City's authority to collect passenger facility charges under the special agreement with the FAA from proceeds of refunding obligations of from any available funds of the Airport at a redemption price equal to the principal amount thereof together with accrued interest thereon to the date fixed for redemption.

Bonds maturing on or after July 1, 2015, are subject to redemption prior to maturity on any date on or after July 1, 2014, in whole or in part, in a manner determined by the City, from prepayments made at the option of the City pursuant to the at a redemption price equal to the principal amount thereof to be redeemed, plus a premium and accrued interest thereon to the date fixed for redemption as follows:

Redemption Dates	Redemption Prices
July 1, 2014 through June 30, 2015	102%
July 1, 2015 through June 30, 2016	101%
July 1, 2016 and thereafter	100%

The required reserve for the 2006 Airport Passenger Facility Charge Revenue Bonds is $961,610. At June 30, 2014, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2014, is $8,565,000. The bonds had $145,822 of unamortized discount and $311,546 deferred refunding charges.

Note 5: Long-Term Liabilities (Continued)

2008 Airport Passenger Facility Charge Revenue Bonds

On May 14, 2008, the City issued $6,895,000 Airport Passenger Facility Charge Revenue Bonds, to refund in their entirety the remaining $7,125,000 of the Authority Airport Revenue Bonds, Series 1998 (1998 GAR Bonds), issued to finance certain improvements to the Airport.

The Bonds consist of $6,895,000 of term bonds. The first portion of term bonds with principal of $1,145,000 accrues interest at 5.30% and matures on July 1, 2013. The second portion of term bonds with principal of $1,540,000 accrues interest of 6.00% and matures on July 1, 2018. The third portion of term bonds with principal of $2,050,000 accrues interest at 6.40% and matures on July 1, 2023. The fourth portion of the term bonds with principal of $2,160,000 accrues interest of 6.50% and matures on July 1, 2027.

The Bonds are subject to special mandatory redemption, in part by lot each July 1, beginning July 1, 2009, from certain excess PFC Revenues, defined herein as "Remaining Revenues", in inverse order of maturity, pro-rata with the 2006 PFC Bonds, at a redemption price equal to the principal amount thereof to be redeemed, plus a premium together with accrued interest thereon to the date fixed for redemption as follows:

Redemption Dates	Redemption Prices
Each July 1 prior to July 1, 2014	103%
July 1, 2014	102%
July 1, 2015	101%
July 1, 2016 and each July 1 thereafter	100%

A special redemption was made on July 1, 2014, with the redemption price at 103% for the amount of $80,000.

The Bonds maturing on or after July 1, 2018, are subject to redemption prior to maturity on any date on or after July 1, 2014, in whole or in part, in a manner determined by the City, from prepayments made at the option of the City pursuant to the Indenture at a redemption price equal to the principal amount thereof to be redeemed, plus a premium, together with accrued interest thereon to the date fixed for redemption as follows:

Redemption Dates	Redemption Prices
July 1, 2014 through June 30, 2015	102%
July 1, 2015 through June 30, 2016	101%
July 1, 2016 and thereafter	100%

The required reserve for the 2008 Airport Passenger Facility Charge Revenue Bonds is $644,000. At June 30, 2014, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2014, is $5,400,000 net of $216,270 unamortized discount.

Future requirements to amortize outstanding business-type bonds payable (excluding $481,584 of unamortized discounts and $311,546 of deferred refunding charges) as of June 30, 2014, are as follows:

Note 5: Long-Term Liabilities (Continued)

Fiscal Year Ending June 30	1998 PFC Airport Bonds		2006 PFC Airport Bonds		2008 PFC Airport Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 415,000	$ 370,056	$ 555,000	$ 459,078	$ 360,000	$ 332,850
2016	435,000	348,786	455,000	435,506	285,000	315,900
2017	455,000	326,494	480,000	410,375	305,000	298,200
2018	480,000	303,176	505,000	383,654	325,000	279,300
2019	505,000	278,576	530,000	385,450	345,000	259,200
2020-2024	2,980,000	1,008,325	3,125,000	1,264,616	2,050,000	931,610
2025-2029	1,680,000	113,300	2,915,000	337,718	1,730,000	211,575
Total	$ 6,950,000	$ 2,748,713	$ 8,565,000	$ 3,676,397	$ 5,400,000	$ 2,628,635

Pledged Revenues

The PFC Bonds are payable from the revenues pledged under the Indenture consisting primarily of Installment Payments to be made by the City of Palm Springs. The City's obligation to make installment payments is payable solely from Passenger Facilities charges ("PFC Revenues") imposed by the City under the authority of its Federal Aviation Act and regulation. As of June 30, 2014, principal and interest remaining on the PFC bonds was $29,968,745. For the current year, principal and interest paid and total PFC revenues were $4,439,915 and $3,630,223, respectively.

Note 6: Claims and Judgments

The City is exposed to various risks of loss related to its operation, including losses associated with errors and omissions, injuries to employees and members of the public. The City's Internal Service Risk Management Fund is used to account for and finance its uninsured risks of loss. The City purchases commercial insurance from The Everest National Insurance Company (ENIC) for general liability claims. Under this policy, ENIC covers claims in excess of the City's self-insured retention of $300,000 per occurrence and provides general liability coverage up to $10,000,000 per claim.

The City of Palm Springs purchases commercial workers' compensation insurance from Safety National Casualty Corporation. Under this policy, employers recover claims in excess of the City's self insured retention of $1,000,000 and provides employer's liability coverage up to $50,000,000 in addition to workers' compensation statutory limits.

The claims and judgments liability reported in the Internal Service Risk Management Fund is based on the requirements of Governmental Accounting Standards Board Statements No. 10 and 30, which requires that a liability for claims and judgments be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2014, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to $5,053,838, of which $3,101,315 represents the current portion.

Note 6: Claims and Judgments (Continued)

During the past three fiscal (claims) years, none of the above programs of protection have had any settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage in the prior year.

Changes in the claims and judgments payable amounts in fiscal years ended June 30, 2013 and 2014, for the Risk Management Fund are as follows:

Fiscal Year Ending	Beginning of Fiscal Year Liability	Current Year Claims and Change in Estimates	Claims Payments	Balance at Fiscal Year End
2012-2013	$ 3,871,949	$ 4,800,555	$ (3,853,461)	$ 4,819,043
2013-2014	4,819,043	3,192,027	(2,957,232)	5,053,838

Note 7: Defined Benefit Pension Plan (PERS)

a. California Public Employees' Retirement System Plan Description

The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office — 400 P Street — Sacramento, CA 95814.

Participants are required to contribute 8% (9% for safety employees) 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 at an actuarially determined rate; the current rate is 20.494% for non-safety employees, and 34.075% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

For fiscal year 2013-2014, the City's annual pension cost was $8,109,844 and the City actually contributed $8,337,363. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary depending on age, service and type of employment and (c) 3.00% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.75%.

The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on a closed basis. The amortization period was 30 years, based on a 15 year smoothed market asset valuation method.

Note 7: Defined Benefit Pension Plan (PERS) (Continued)

The City's change in net pension asset for the year ended June 30, 2014, were as follows:

	Misc.	Safety	Total
Annual required contribution	$ 3,766,330	$ 4,571,033	$ 8,337,363
Interest on beginning net pension asset	(732,554)	(916,437)	(1,648,991)
Adjustment to the annual required contribution	631,480	789,992	1,421,472
Annual pension cost	3,665,256	4,444,588	8,109,844
Contributions made	(3,766,330)	(4,571,033)	(8,337,363)
Change in net pension asset	(101,074)	(126,445)	(227,519)
Net pension (asset), beginning of year	(9,452,306)	(11,824,990)	(21,277,296)
Net pension (asset), end of year	$ (9,553,380)	$ (11,951,435)	$ (21,504,815)

The City's contribution for 2014 was equal to the annual required contribution, which was more than the annual pension cost as a result of the pension obligation bond transaction.

Trend Information for PERS (Amounts in thousands)

Fiscal Year	Annual Pension Cost (APC)	Annual Required Contribution (ARC)	Percentage of APC Contributed	Net Pension Asset
6/30/2012				
Misc.	$ 4,336	$ 4,464	103%	$ 9,337
Safety	5,066	5,224	103%	11,681
Total	$ 9,402	$ 9,688	103%	$ 21,018
6/30/2013				
Misc.	$ 3,536	$ 3,651	103%	$ 9,452
Safety	4,341	4,485	103%	11,825
Total	$ 7,877	$ 8,136	103%	$ 21,277
6/30/2014				
Misc.	$ 3,665	$ 3,766	103%	$ 9,553
Safety	4,445	4,571	103%	11,951
Total	$ 8,110	$ 8,337	103%	$ 21,504

Note 7: Defined Benefit Pension Plan (PERS) (Continued)

Schedule of Funding Progress (In Thousands)

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (b)	Actuarial Asset Value (a)	Unfunded AAL (UAAL) [(b)-(a)]	Funded Rate [(a)/(b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll {((b)-(a))/(c)}
6/30/2011						
Misc.	$ 165,015	$ 140,038	$ 24,977	84.9%	$ 17,410	143.5%
Safety	194,305	157,737	36,568	81.2%	13,321	274.5%
Total	$ 359,320	$ 297,775	$ 61,545	82.9%	$ 30,731	200.3%
6/30/2012						
Misc.	$ 171,722	$ 142,578	$ 29,144	83.0%	$ 17,529	166.3%
Safety	200,656	160,561	40,095	80.0%	12,562	319.2%
Total	$ 372,378	$ 303,139	$ 69,239	81.4%	$ 30,091	230.1%
6/30/2013						
Misc.	$ 178,413	$ 130,446	$ 47,967	73.1%	$ 17,322	276.9%
Safety	210,259	145,635	64,624	69.3%	12,825	503.9%
Total	$ 388,672	$ 276,081	$ 112,591	71.0%	$ 30,147	373.5%

Note 8: Other Post-Retirement Health Care Benefits

Plan Description

The City provides retiree medical benefits under the CalPERS health plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of 450 eligible active employees and 171 enrolled eligible retirees at June 30, 2014. These amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The actual contribution is based on projected pay-as-you-go financing requirements.

Note 8: Other Post-Retirement Health Care Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

As of June 30, 2014, the most recent actuarial valuation date, the City did not use the trust fund to administer the financing and payment of benefits for its OPEB. Instead the City paid $3,961,288 in benefits on a pay-as-you-go basis during the fiscal year. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	June 30, 2014
Annual required contribution	$ 7,354,035
Interest on net OPEB obligation	988,601
Adjustment to annual required contributions	(1,119,908)
Annual OPEB cost (expense)	7,222,728
Contributions made	(2,487,553)
Increase in net OPEB obligation	4,735,175
Net OPEB Obligation, Beginning of Year	24,715,030
Net OPEB Obligation, End of Year	$ 29,450,205

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2014, were as follows:

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	$ 6,859,855	23.3%	$ 20,249,594
6/30/2013	6,843,865	34.8%	24,715,030
6/30/2014	7,222,728	54.8%	29,450,205

Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $106,506,259, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $106,506,259 million and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 0 percent. The annual covered payroll was $34,035,753 and UAAL as a % of covered payroll was 312.9%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared

Note 8: Other Post-Retirement Health Care Benefits (Continued)

with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Schedule of Funding Progress

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (a)	Actuarial Asset Value (b)	Unfunded AAL (UAAL) [(a) - (b)]	Funded Ratio [(a)/(b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll [((b)-(a))/(c)]
6/30/2009	$ 77,025,425	$ -	$ 77,025,425	0.0%	$ 31,245,000	246.5%
6/30/2011	99,590,050	-	99,590,050	0.0%	26,309,954	378.5%
6/30/2013	106,506,259	-	106,506,259	0.0%	34,035,753	312.9%

Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 4.0% investment rate of return, which is based on assumed long-term investment returns on plan assets and on the City's assets, as appropriate, and an annual healthcare cost trend rate of 8.5% graded down by .5% per year with an ultimate rate of 6%. The UAAL is being amortized as a level percentage of projected payroll over 30 years, on a closed amortization period. The remaining amortization period at June 30, 2014, is 26 years. It is assumed the City's payroll will increase 3.25% per year.

Note 9: Leasehold Interest

SENCA Palm Springs, Inc., a California Corporation, was the lessee under Business Lease No. PSL-315 and a certain letter dated May 1, 1984, which are collectively referred to as the "Master Lease," which totaled 30.85 acres. Under this Master Lease, the Agua Caliente (Palm Springs) Reservation was the "lessor" while SENCA was the "lessee."

On September 28, 1989, the City of Palm Springs entered into an agreement with SENCA to assume SENCA's lease. The agreement provided for, among other things, the assignment by SENCA to the City of all of SENCA's right, title and interest in and to the Master Lease and the three subleases in exchange for $3,000,000. In addition, the City subleased to SENCA the remainder of the Master Lease Property (the "New Sublease Property"). The swap saved the City hundreds of thousands of dollars per year in lease payments and allowed SENCA to not have to make any lease payments on the undeveloped portion of land until it developed. The City assumed the responsibility of collecting the rent of the three remaining subleases: Wyndham Hotel, Convention Center and Voss Properties. However, SENCA's interest in that sublease was eventually sold to Tom and Jacqueline Suitt. Until the site is developed, the

Note 9: Leasehold Interest (Continued)

rent was $1 per year, with a percentage lease calculated in the original 1989 lease amendment applied once the property developed. It was anticipated in the original (1984) and amended (1989) leases that the allottees would be entitled to rental income from the property once developed. Voss Properties eventually went into foreclosure, and the sublease was turned into a direct lease with the Bureau of Indian Affairs. The basic rent of $470,450 for the Renaissance Palm Springs Hotel, formerly the Wyndham Hotel has been adjusted by increases in the Consumer Price Index to $981,077.

The Convention Center's basic rent of $225,000 is now $401,000. The rents paid to the City are due each December 20th for the succeeding calendar year. The next CPI adjustment will affect the December 20, 2014, payment for the fiscal year ending June 30, 2015. The subleases expire in 2059.

Subsequently, the City pays the lessor in accordance with the Master Lease. Basic rent is adjusted every five years using the "Base Index" (Price Index of December, 1984) issued by the Bureau of Labor Statistics of the United States Department of Labor. The current annual rent is $1,374,885. In April 2004, the City and the Indian allottees approved a Settlement Agreement and new lease amendment that changed how the overall lease was calculated. These actions were intended to settle potential litigation brought by the allottees against the City for an alleged underpayment of rent as it related to the calculation of the percentage rent. The 2004 amendment reduced or eliminated most or all of the rent percentages in favor of a higher Guaranteed Annual Rent (GAR) of $1,200,000 in 2004, and traded a substantial immediate increase in the GAR in return for receiving no additional rent from the Suitt parcel when it developed.

The pre-amendment rent for the whole 30 acres would have been about $900,000. Just as in the 1989 amendment, the rent should be adjusted in five years (2010) by CPI in an amount not to exceed 30%. Most importantly, the new lease requires a reappraisal of the property (as defined in Addendum 2 and referenced in Article 2 of the original and amended leases) in the year 2014, with the new GAR to be calculated at 8% of the new value.

In late 2004, Suitt entered negotiations with Enterprise California ("Enterprise") for Enterprise to acquire Suitt's position in the sublease and negotiate a new sublease with the City. Enterprise and Suitt then approached the City regarding a lease assumption. Suitt was not a party to any of the 2003-04 negotiations between the allottees and the City that resulted in the Master Lease amendment and their original negotiations with Enterprise were based on their understanding of the terms of the controlling Master Lease (essentially, the 1989 lease) and their sublease.

The City and PS Venture Caballeros/Amado, LLC (a partnership including Enterprise) entered into an Amended and Restated Sublease, dated February 9, 2006, where the City as the Master Lessee and sublandord subleased to PS Venture the Suitt portion of the Master Lease Property, specifically a 9.62 acre parcel of land ("Sublease Land") located at the southeast corner of Avenida Caballeros and Amado Road. Enterprise proposed to construct 234 mid-rise condominiums and town homes on the site and spent over $7,600,000 on acquisition of the lease and entitlement over the previous two years.

At its June 27, 2007, meeting, the Former Community Redevelopment Agency of the City of Palm Springs approved acquiring the sublease of a 9.62 acre parcel for future development of public and/or private facilities and paid $7,804,000 for the parcel, which was the fair market value of the land. The transaction was finalized prior to the deadline of October 4, 2007, using 2007 Tax Allocation bonds. The Successor Agency now leases the parcel from the City of Palm Springs.

Note 9: Leasehold Interest (Continued)

The Master Lease and subleases are considered for accounting purposes to be operating leases.

Note 10: Construction Commitments

The City has active construction projects as of June 30, 2014. The projects include streets and drainage, facilities and equipment, traffic signal projects, landscapes and bridges. At fiscal year end, the City's encumbrances with contractors were as follows:

	Spent-to-date	Remaining Commitment
Streets and drainage	$ 25,581,657	$ 1,385,264
Wastewater Treatment Plant	2,433,223	879,081
Chevron/Energy/Cogen	-	511,503
Airport	3,091,809	265,045
Bridges	1,796,638	671,307
Library	225,715	1,040,840
	$ 33,129,042	$ 4,753,040

Note 11: Extraordinary Gain/Loss

During the year ended June 30, 2014, the City incurred extraordinary gains (losses) as follows:

Governmental Activities:	
Department of Finance ruling on assets to be transferred to the Successor Agency:	$ (2,585,890)
	$ (2,585,890)

Note 12: Successor Agency Trust For Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Palm Springs that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 4, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 23071.

Note 12: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies are only allocating revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

a. Cash and Investments

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

Cash and investments pooled with the City	$	2,563,899
Cash and investments with fiscal agent		3,772,033
	$	6,335,932

Note 12: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

b. Capital Assets

Capital Assets reported in the accompanying financial statements consisted of the following:

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	$ 1,917,457	$ 2,585,890	$ -	$ -	$ 4,503,347
Total capital assets, not being depreciated	1,917,457	2,585,890	-	-	4,503,347
Capital assets, being depreciated:					
Buildings	1,543,483	-	-	-	1,543,483
Total capital assets, being depreciated	1,543,483	-	-	-	1,543,483
Less accumulated depreciations for:					
Buildings	(740,872)	-	(30,870)	-	(771,742)
Total accumulated depreciation	(740,872)	-	(30,870)	-	(771,742)
Total capital assets, being depreciated, net	802,611	-	(30,870)	-	771,741
Total Capital Assets, Net	$ 2,720,068	$ 2,585,890	$ (30,870)	$ -	$ 5,275,088

c. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2014, follows:

Fiduciary Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Advances from the City of Palm Springs	$ 6,873,284	$ 1,500,000	$ -	$ 8,373,284	$ -
2001 Housing Tax Allocation Bond	3,260,000	-	295,000	2,965,000	310,000
2004 Tax Allocation Bonds, Series A	10,390,000	-	485,000	9,905,000	510,000
2004 Tax Allocation Bonds, Series B	7,575,000	-	190,000	7,385,000	200,000
2007 Tax Allocation Bonds, Series A, B, C	20,800,000	-	135,000	20,665,000	145,000
Total	$ 48,898,284	$ 1,500,000	$ 1,105,000	$ 49,293,284	$ 1,165,000

Advances from the City of Palm Springs

The Successor Agency has an advance from the City of Palm Springs Housing Fund in the amount of $8,373,284 as of June 30, 2014. $2,164,456 of the balance relates to a loan from the Housing Fund to pay the County “Supplemental” Educational Revenue Augmentation Fund (SERAF) from fiscal years 2009-2010 and 2010-2011.

In fiscal year 2013-2014, the Department of Finance ruled that the Successor Agency owed an additional $1,500,000 of excess cash of the former Redevelopment Agency. The City loaned this amount to the Successor Agency, which was added to the Advances from the City of Palm Springs.

Note 12: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

2001 Housing Tax Allocation Bonds

On July 19, 2001, the Redevelopment Agency issued $5,805,000 of 2001 Housing Tax Allocation Bonds to provide funds to refund the 1991 Series B Tax Allocation Bonds issued by the Palm Springs Financing Authority. Proceeds from the 1991 bonds were used to (i) provide funds to refund certain existing indebtedness of the Agency, (ii) to establish a reserve account for the Bonds and (iii) to pay the expenses of the Agency in connection with the issuance of the Bonds. The bonds consist of $4,550,000 of serial bonds and $1,255,000 of term bonds. The serial bonds accrue interest at rates between 3.50% and 5.375% and mature between August 1, 2002 and August 1, 2018. The term bonds accrue interest at a rate of 5.50% and mature on August 1, 2021.

The required reserve for the 2001 Housing Tax Allocation Bonds is $468,081 and as of June 30, 2014, the reserve was fully funded. The amount of bonds outstanding at June 30, 2014, is $2,965,000.

2004 Tax Allocation Bonds, Series A and B

The Redevelopment Agency issued $14,240,000 of Tax Allocation Bonds, 2004 Series A and $9,075,000 of Tax Allocation Bonds, 2004 Series B on June 4, 2004. The bond proceeds were used to advance refund the 1994 Tax Allocation Bonds, Series A and B of the Palm Springs Financing Authority (a component unit of the City of Palm Springs) and to finance additional redevelopment activities of the Agency.

The 2004 Series A bonds consist of $9,200,000 of serial bonds and $5,040,000 of term bonds. The serial bonds accrue interest at rates between 3% and 5.30% and mature between September 1, 2004 and September 1, 2021. The first portion of term bonds with principal of $1,560,000 accrues interest at a rate of 5.50% and matures on September 1, 2023. The second portion of term bonds with principal of $3,480,000 accrues interest at a rate of 5.50% and matures on September 1, 2034.

The 2004 Series B bonds consist of $4,195,000 of serial bonds and $4,880,000 of term bonds. The serial bonds accrue interest at rates between 2% and 5.60% and mature between September 1, 2004 and September 1, 2023. The term bond accrues interest at a rate of 5.75% and matures through September 1, 2034.

The required reserve for the 2004 Series A and B bonds is $898,145 and $614,256, respectively. As of June 30, 2014, both reserves were fully funded. The amount of bonds outstanding at June 30, 2014, for the 2004 Series A and B bonds is $9,905,000 and $7,385,000, respectively.

Note 12: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

Future requirements to amortize as of June 30, 2014, are as follows:

June 30	2001 Housing Bond		2004 Series A Revenue Bonds		2004 Series B Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 310,000	$ 150,086	$ 510,000	$ 514,428	$ 200,000	$ 409,256
2016	325,000	134,049	535,000	488,303	205,000	399,131
2017	340,000	116,921	560,000	460,928	220,000	388,506
2018	360,000	98,631	590,000	432,178	230,000	377,026
2019	375,000	79,103	615,000	401,438	240,000	364,596
2020-2024	1,255,000	106,012	3,615,000	1,467,706	1,410,000	1,606,383
2025-2029	-	-	1,330,000	781,825	1,855,000	1,148,419
2030-2034	-	-	1,740,000	362,175	2,445,000	534,031
2035-2039	-	-	410,000	11,275	580,000	16,675
Total	$ 2,965,000	$ 684,802	$ 9,905,000	$ 4,920,256	$ 7,385,000	$ 5,244,023

2007 Tax Allocation Bonds Series A, B, C

On September 7, 2007, the Former Community Redevelopment Agency issued $12,770,000 TAB Series A, $1,910,000 TAB Series B, and $6,495,000 Series C. The Bonds were issued to finance redevelopment activities of the Agency within, or of benefit to, the Agency's Merged Project Area No. 1, capitalize interest in the Series A Bonds, satisfy a portion of the reserve requirement for the Bonds, and provide for the costs of issuing the Bonds.

The Series A Bonds consist of $2,715,000 of serial bonds and $10,055,000 of term bonds. The serial bonds accrue interest at rates between 4.00% and 4.50% and mature between September 1, 2017 and September 1, 2025 in amounts ranging from $150,000 to $615,000. The first portion of the term bonds with principal of $5,000,000 accrues interest at a rate of 5.00% and matures on September 1, 2030. The second portion of the term bonds with principal of $5,055,000 accrues interest at a rate of 5.00% and matures on September 1, 2034.

The Series B Bonds consist of $1,910,000 in term bonds. The first portion of the term bonds with principal of $1,910,000 accrues interest at a rate of 6.141% and matures on September 1, 2034.

The Series C Bonds consist of $6,495,000 in term bonds. The term bonds with principal of $1,140,000 accrues interest at a rate of 5.59% and matures on September 1, 2017. The second portion of the term bonds with principal of $5,355,000 accrues interest at a rate of 6.411% and matures on September 1, 2034.

The Series A, B and C Bonds shall also be subject to redemption, in part by lot, on September 1 in each year, from Sinking Account payments made by the Agency pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased pursuant to the Indenture.

Note 12: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

The balance outstanding as of June 30, 2014, is $20,665,000. Future requirements to amortize are as follows:

June 30	Series A		Series B		Series C	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ -	$ 619,225	$ -	$ 117,293	$ 145,000	$ 374,473
2016	-	619,225	-	117,293	155,000	366,088
2017	-	619,225	-	117,293	160,000	357,284
2018	350,000	619,225	60,000	115,451	170,000	348,061
2019	340,000	598,213	65,000	111,613	185,000	337,379
2020-2024	1,260,000	2,800,513	390,000	490,359	1,110,000	1,487,993
2025-2029	3,615,000	2,328,963	520,000	352,186	1,505,000	1,072,400
2030-2034	5,850,000	1,101,250	705,000	165,961	2,065,000	504,385
2035-2039	1,355,000	33,875	170,000	5,220	490,000	15,707
Total	$ 12,770,000	$ 9,339,714	$ 1,910,000	$ 1,592,669	$ 5,985,000	$ 4,863,770

Pledged Revenues

The City has pledged a portion, as security for bonds issued, either directly or through the Palm Springs Financing Authority, a portion of future tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects and accomplish Low and Moderate Income Housing projects. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the various bonds is $67,565,234, payable through September 2039. For the current year, principal and interest paid and total property tax revenues were $3,450,290 and $5,401,901, respectively.

d. Insurance

The Successor Agency is covered under the City of Palm Springs's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 6.

e. Commitments and Contingencies

Developer Agreement

In January 2000, the Former Community Redevelopment Agency entered into a Disposition and Development Agreement with VIP Motor Cars, the operators of an auto dealership, to provide rehabilitation assistance to expand and upgrade the dealership. The developer is required to make improvements to the site at a cost of at least $2,000,000. After improvements are made, the agreement obligates the Agency to pay up to $1,000,000 based on sales tax revenues generated in excess of a base sales tax revenue threshold. The payments are due annually commencing on the first anniversary

Note 12: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

of the agreement and ending the earlier of either a period of twelve years or until the $1,000,000 has been expended.

In May 2003, the Disposition and Development Agreement with VIP Motor Cars was amended. The amendment recalculates the financial assistance formula for the renovation and expansion of the auto dealership and extends the term of the agreement for twelve years for property improvements. The developer is required to make improvements to the site at the cost of $1,700,000. The agreement is for a period of twelve years or until the $1,700,000 is rebated, whichever is sooner.

No liability has been reflected in the accompanying financial statements at June, 30, 2014, for this agreement.

Note 13: Subsequent Events

On July 24, 2014, the City of Palm Springs Public Financing Authority issued $45,550,000 Leave Revenue Series A Refunding Bonds. The proceeds from the issuance were used to refund a portion of the Leave Revenue Bonds, 2004 series, which were used to fund capital projects related to the expansion of the convention center project. Interest on the bonds range between 3.5% to 5.0% and the final maturity date is August 1, 2035.

On July 22, 2014, the Successor Agency to the Palm Springs Community Redevelopment Agency issued $15,635,000 Subordinate Tax Allocation Refunding Bonds. The proceeds from the issuance were used to refund the 2001 and 2004 Series A and B Housing Tax Allocation Bonds. Interest on the bonds range between 3.0% and 5.0% and the final maturity date is August 1, 2034.

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 22,916,379	$22,916,379	$ 22,916,379	$ -
Resources (Inflows):				
Taxes	66,496,838	68,956,704	78,811,698	9,854,994
Licenses and permits	2,404,028	2,490,591	3,372,637	882,046
Intergovernmental	4,518,890	4,634,878	4,750,452	115,574
Charges for services	4,311,530	4,882,249	5,302,707	420,458
Use of money and property	239,500	239,500	404,039	164,539
Contributions	-	14,958	14,958	-
Miscellaneous	168,843	191,828	355,173	163,345
Transfers in	887,500	887,500	887,500	-
Amounts Available for Appropriations	**101,943,508**	**105,214,587**	**116,815,543**	**11,600,956**
Charges to Appropriation (Outflow):				
General government	13,022,515	18,037,179	16,246,457	1,790,722
Public safety	33,920,892	35,009,163	33,528,709	1,480,454
Cultural and convention center	2,798,579	2,894,629	2,571,871	322,758
Parks and recreation	7,423,626	7,813,606	7,208,798	604,808
Public works	8,913,151	9,563,418	8,650,011	913,407
Library	2,427,335	2,471,775	2,291,523	180,252
Debt service:				
Principal retirement	1,970,000	1,970,000	1,970,000	-
Interest and fiscal charges	2,074,301	2,074,301	2,074,302	(1)
Transfers out	11,320,668	16,910,902	18,994,180	(2,083,278)
Total Charges to Appropriations	**83,871,067**	**96,744,973**	**93,535,851**	**3,209,122**
Budgetary Fund Balance, June 30	**$ 18,072,441**	**$ 8,469,614**	**$ 23,279,692**	**$ 14,810,078**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
HOUSING
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 13,041,752	$ 13,041,752	$13,041,752	$ -
Resources (Inflows):				
Taxes	4,430,321	4,430,321	-	(4,430,321)
Use of money and property	-	-	26,165	26,165
Miscellaneous	-	-	6,135	6,135
Amounts Available for Appropriations	**17,472,073**	**17,472,073**	**13,074,052**	**(4,398,021)**
Charges to Appropriation (Outflow):				
General government	327,856	346,026	386,678	(40,652)
Total Charges to Appropriations	**327,856**	**346,026**	**386,678**	**(40,652)**
Budgetary Fund Balance, June 30	**$ 17,144,217**	**$ 17,126,047**	**$12,687,374**	**$ (4,438,673)**

See Notes to Required Supplementary Information

Note 1: Budgets and Budgetary Accounting

a. Budgetary Control and Accounting

The adopted budget of the City consists of a resolution specifying the total appropriation for each departmental activity, (e.g., Police Administration, Airport Administration, Street Maintenance, etc.).

Total appropriations for each fund may only be increased or decreased by the City Council by passage of a resolution amending the budget, with the exception of budget adjustments which involve offsetting revenues and expenditures. In cases involving offsetting revenues and expenditures, the City Manager is authorized to increase or decrease an appropriation for a specific purpose where said appropriation is offset by unbudgeted revenue which is designated for said specific purpose.

The City Manager has authority to adjust the amounts appropriated between the departments and activities of a fund, objects with each departmental activity and between accounts within the objects, provided, however, that the total appropriations for each fund may not exceed the amounts provided in the budget resolution.

The level on which expenditures may not legally exceed appropriations is the fund level. Budgets for the various funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are legally adopted for the general, special revenue, debt service, capital projects, and proprietary fund types.

b. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2014, the Housing Fund reported the following:

	Budget	Actual	Variance
General Government	$ 346,026	$ 386,678	$ (40,652)

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DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted or committed to expenditure for particular purposes.

The City of Palm Springs has the following Nonmajor Special Revenue Funds:

Forfeiture Fund – To account for revenues and costs related to special narcotics investigations and seizure of assets as a result of these investigations.

Safety Augmentation Fund – To account for revenues and costs related to Proposition 172, which authorized a special ½ % sales tax to be used for safety purposes only.

Special Development Fund – To account for revenues and costs related to special building fees assessed on tracts in Specific Plan I in the South Palm Canyon areas.

CSA 152 Fund – To account for revenues and costs related to the implementation of the National Pollutant Discharge Elimination System. This program is designed to reduce pollutants entering the various storm channels and washes throughout the community.

Recycling AB 929 Fund – To account for revenues and costs related to the operations of the City's recycling activities.

Villagefest Fund – To account for revenues and costs related to the Palm Springs Villagefest.

Neighborhood Involvements – To account for revenues and costs related to specific neighborhood improvement groups.

Parking Fund – To account for revenues and costs related to the parking lot facilities located within the City.

Gas Tax Fund – To account for revenues received from the State of California and other sources to be used for street maintenance and improvements only.

Measure A Improvements Fund – To account for revenue received from the State of California from a special ½ % sales tax to be used for street maintenance and improvements only.

Drainage Construction Fund – To account for revenue received from fees assessed on new construction for purposes of building and maintaining a drainage and flood control system within the City.

Community Development Block Grant Fund – To account for revenue and costs related to the activities approved and funded by the Block Grant Program.

Master Lease Fund – To account for revenue and expenditures related to the Master Lease held by the City on land adjacent to the Convention Center.

Air Quality Management Fund – To account for revenue received from the County for enacting air quality improvement policies.

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS

Public Arts Fund – To account for revenue and expenditures related to fees collected on new construction for the purpose of procuring art objects for public health.

Library Fund – To account for revenues received for various purposes related to the library activities.

Quimby Act Fees Fund – To account for revenues and costs related to the Quimby Act Park Fees which are intended to pay for future parks and recreational activities.

Special Projects Fund – To account for revenue and expenditures of deposits received from developers on a project specific basis.

CFD Public Safety #1 Fund – To account for revenues and related costs pertaining to special taxes levied in a community facilities district within the City.

Business Improvement District Fund – The Business District was established as a "special benefit assessment district" which allows the City to assess business within a defined geographic area for specific purpose. The BID Program, originally initiated by the downtown and uptown business association & Main Street Palm Springs, to improve the quality of life and economic vitality of the area.

Energy Efficiency Loan Fund – To account for revenues and costs of the Energy Efficient Loan Program 811.

Park Maintenance District Fund – To account for revenues and related costs for the special assessments levied for the various Landscape, Lighting and Parkway Maintenance Districts within the City.

Emergency Response Fund – To account for revenues and expenditures for 911 emergency responses.

Sustainability Fund – To account for revenues and related costs for sustainability.

Special Grants Fund - To account for grant revenues and related costs of special grants.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the purchase or construction of major capital facilities which are not financed by Proprietary Funds or Trust Funds. Capital Projects Funds are ordinarily not used to account for the acquisition of furniture, fixtures, machinery, equipment, and other relatively minor or comparatively short-lived capital assets.

Capital Projects - To account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

Parking Projects Fund – To account for payments into the Fund from In Lieu parking fees charges, and to account for the Capital expenditures for parking improvements.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

General Debt Service Fund – To account for the payment of principal and interest on the City's long-term debt issues.

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CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds			
	Forfeiture	**Safety Augmentation**	**Special Development**	**CSA 152**
Assets:				
Pooled cash and investments	$ 323,940	$ 397,661	$ 1,288,550	$ -
Receivables:				
Accounts	-	71,825	-	178,276
Accrued interest	576	635	2,613	-
Due from other funds	-	-	220,726	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	**$ 324,516**	**$ 470,121**	**$ 1,511,889**	**$ 178,276**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 8,457	$ -	$ -	$ 5,130
Accrued liabilities	-	8,517	-	2,212
Due to other funds	-	-	-	168,505
Total Liabilities	**8,457**	**8,517**	**-**	**175,847**
Deferred Inflows of Resources:				
Unavailable revenues	7,814	5,090	-	-
Total Deferred Inflows of Resources	**7,814**	**5,090**	**-**	**-**
Fund Balances:				
Restricted for:				
Public safety	308,245	456,514	-	-
Parks and recreation	-	-	-	-
Public works	-	-	1,511,889	2,429
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**308,245**	**456,514**	**1,511,889**	**2,429**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 324,516**	**$ 470,121**	**$ 1,511,889**	**$ 178,276**

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014 (CONTINUED)

	Special Revenue Funds			
	Recycling AB 929	Villagefest	Neighborhood Involvements	Parking
Assets:				
Pooled cash and investments	$ 1,092,238	$ 139,615	$ 5,115	$ 210,992
Receivables:				
Accounts	34,016	-	-	73
Accrued interest	1,907	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	**$ 1,128,161**	**$ 139,615**	**$ 5,115**	**$ 211,065**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 5,033	$ 2,976	$ -	$ 38,321
Accrued liabilities	1,830	4,033	-	121
Due to other funds	-	-	-	-
Total Liabilities	**6,863**	**7,009**	**-**	**38,442**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	**-**	**-**	**-**	**-**
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	132,606	-	-
Public works	1,121,298	-	5,115	172,623
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**1,121,298**	**132,606**	**5,115**	**172,623**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 1,128,161**	**$ 139,615**	**$ 5,115**	**$ 211,065**

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds			
	Gas Tax	**Measure A Improvements**	**Drainage Construction**	**Community Development Block Grant**
Assets:				
Pooled cash and investments	$ 1,787,963	$ 10,222,469	$ 709,361	$ -
Receivables:				
Accounts	142,664	535,774	-	95,449
Accrued interest	2,730	17,406	1,894	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	**$ 1,933,357**	**$ 10,775,649**	**$ 711,255**	**$ 95,449**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 10,715	$ 642,724	$ -	$ 81,089
Accrued liabilities	-	4,421	-	968
Due to other funds	-	-	-	12,943
Total Liabilities	**10,715**	**647,145**	**-**	**95,000**
Deferred Inflows of Resources:				
Unavailable revenues	-	218,441	-	518
Total Deferred Inflows of Resources	**-**	**218,441**	**-**	**518**
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	1,922,642	9,910,063	711,255	-
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	(69)
Total Fund Balances	**1,922,642**	**9,910,063**	**711,255**	**(69)**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 1,933,357**	**$ 10,775,649**	**$ 711,255**	**$ 95,449**

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014 (CONTINUED)

	Special Revenue Funds			
	Master Lease	Air Quality Management	Public Arts	Library
Assets:				
Pooled cash and investments	$ 198,135	$ 90,756	$ 201,400	$ 2,228,615
Receivables:				
Accounts	-	14,727	183	-
Accrued interest	-	151	375	3,583
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	3	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	**$ 198,138**	**$ 105,634**	**$ 201,958**	**$ 2,232,198**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ 8,856	$ 1,437	$ 1,150
Accrued liabilities	-	-	1,992	-
Due to other funds	-	-	-	-
Total Liabilities	**-**	**8,856**	**3,429**	**1,150**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	183	-
Total Deferred Inflows of Resources	**-**	**-**	**183**	**-**
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	96,778	198,346	-
Debt service	-	-	-	-
Lease	198,138	-	-	-
Library	-	-	-	2,231,048
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**198,138**	**96,778**	**198,346**	**2,231,048**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 198,138**	**$ 105,634**	**$ 201,958**	**$ 2,232,198**

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds			
	Quimby Act Fees	**Special Projects**	**CFD Public Safety #1**	**Business Improvement District**
Assets:				
Pooled cash and investments	$ 2,251,181	$ 1,665,350	$ 291,298	$ 1,659
Receivables:				
Accounts	-	46,170	15,148	-
Accrued interest	3,829	-	461	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	**$ 2,255,010**	**$ 1,711,520**	**$ 306,907**	**$ 1,659**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 2,072	$ 37,440	$ 666	$ -
Accrued liabilities	-	762	7,340	-
Due to other funds	-	-	-	-
Total Liabilities	**2,072**	**38,202**	**8,006**	**-**
Deferred Inflows of Resources:				
Unavailable revenues	-	35,623	-	-
Total Deferred Inflows of Resources	**-**	**35,623**	**-**	**-**
Fund Balances:				
Restricted for:				
Public safety	-	-	298,901	-
Parks and recreation	2,252,938	-	-	-
Public works	-	-	-	1,659
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	1,637,695	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**2,252,938**	**1,637,695**	**298,901**	**1,659**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 2,255,010**	**$ 1,711,520**	**$ 306,907**	**$ 1,659**

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014 (CONTINUED)

	Special Revenue Funds			
	Energy Efficiency Loan	Park Maintenance District	Emergency Response	Sustainability
Assets:				
Pooled cash and investments	$ 500,000	$ 183,865	$ 1,028,437	$ 747,745
Receivables:				
Accounts	-	3,372	92,415	104,006
Accrued interest	-	-	1,719	2,235
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	912,097
Total Assets	**$ 500,000**	**$ 187,237**	**$ 1,122,571**	**$ 1,766,083**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ 14,258	$ 3,826	$ 15,955
Accrued liabilities	-	-	-	1,830
Due to other funds	-	-	-	-
Total Liabilities	**-**	**14,258**	**3,826**	**17,785**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	**-**	**-**	**-**	**-**
Fund Balances:				
Restricted for:				
Public safety	-	-	1,118,745	-
Parks and recreation	-	-	-	-
Public works	500,000	172,979	-	1,748,298
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**500,000**	**172,979**	**1,118,745**	**1,748,298**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 500,000**	**$ 187,237**	**$ 1,122,571**	**$ 1,766,083**

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds	Capital Projects Funds		Debt Service Funds	
	Special Grants	Capital Projects	Parking Projects	General Debt Service	Total Governmental Funds
Assets:					
Pooled cash and investments	$ -	$ 2,317,298	$ 485,950	$ 156,648	$ 28,526,241
Receivables:					
Accounts	42,841	1,829,624	-	-	3,206,563
Accrued interest	-	-	841	-	40,955
Due from other funds	-	-	-	-	220,726
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	9,130,410	9,130,413
Advance to Successor Agency	-	-	-	-	912,097
Total Assets	**$ 42,841**	**$ 4,146,922**	**$ 486,791**	**$ 9,287,058**	**$ 42,036,995**
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	$ 9,022	$ 249,707	$ -	$ 24,555	$ 1,163,389
Accrued liabilities	-	6,105	-	-	40,131
Due to other funds	39,278	-	-	-	220,726
Total Liabilities	**48,300**	**255,812**	**-**	**24,555**	**1,424,246**
Deferred Inflows of Resources:					
Unavailable revenues	17,935	1,931,149	-	-	2,216,753
Total Deferred Inflows of Resources	**17,935**	**1,931,149**	**-**	**-**	**2,216,753**
Fund Balances:					
Restricted for:					
Public safety	-	-	-	-	2,182,405
Parks and recreation	-	-	-	-	2,385,544
Public works	-	-	-	-	18,075,374
Debt service	-	-	-	9,262,503	9,262,503
Lease	-	-	-	-	198,138
Library	-	-	-	-	2,231,048
Special projects	-	-	-	-	1,637,695
Assigned to:					
Capital Projects	-	1,959,961	486,791	-	2,446,752
Unassigned	(23,394)	-	-	-	(23,463)
Total Fund Balances	**(23,394)**	**1,959,961**	**486,791**	**9,262,503**	**38,395,996**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 42,841**	**$ 4,146,922**	**$ 486,791**	**$ 9,287,058**	**$ 42,036,995**

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CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	Forfeiture	Safety Augmentation	Special Development	CSA 152
Revenues:				
Taxes	$ -	$ 843,710	$ -	$ -
Assessments	-	-	-	524,663
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	29,109	195,809	-
Use of money and property	2,089	1,991	18,779	-
Fines and forfeitures	52,807	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**54,896**	**874,810**	**214,588**	**524,663**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	78,283	734,379	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	344,593
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**78,283**	**734,379**	**-**	**344,593**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,387)	140,431	214,588	180,070
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	(23,387)	140,431	214,588	180,070
Fund Balances, Beginning of Year	331,632	316,083	1,297,301	(177,641)
Fund Balances, End of Year	**$ 308,245**	**$ 456,514**	**$ 1,511,889**	**$ 2,429**

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014 (CONTINUED)

	Special Revenue Funds			
	Recycling AB 929	Villagefest	Neighborhood Involvements	Parking
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Assessments	-	-	-	-
Licenses and permits	-	459,895	-	-
Intergovernmental	12,769	-	-	-
Charges for services	144,447	-	-	1,444
Use of money and property	17,260	-	-	-
Fines and forfeitures	-	-	-	74,865
Contributions	-	-	6,248	-
Miscellaneous	-	12,150	-	-
Total Revenues	**174,476**	**472,045**	**6,248**	**76,309**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	415,741	-	-
Public works	188,602	-	5,737	274,746
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**188,602**	**415,741**	**5,737**	**274,746**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,126)	56,304	511	(198,437)
Other Financing Sources (Uses):				
Transfers in	-	-	-	213,462
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**213,462**
Net Change in Fund Balances	(14,126)	56,304	511	15,025
Fund Balances, Beginning of Year	1,135,424	76,302	4,604	157,598
Fund Balances, End of Year	**$ 1,121,298**	**$ 132,606**	**$ 5,115**	**$ 172,623**

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	Gas Tax	**Measure A Improvements**	**Drainage Construction**	**Community Development Block Grant**
Revenues:				
Taxes	$ -	$ 1,915,235	$ -	$ -
Assessments	-	-	-	-
Licenses and permits	-	-	201,604	-
Intergovernmental	1,496,769	145,007	-	223,567
Charges for services	-	-	-	-
Use of money and property	16,226	122,405	15,571	599
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**1,512,995**	**2,182,647**	**217,175**	**224,166**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	58,284	802,721	599,670	230,925
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**58,284**	**802,721**	**599,670**	**230,925**
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,454,711	1,379,926	(382,495)	(6,759)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(600,000)	-	-	-
Total Other Financing Sources (Uses)	**(600,000)**	**-**	**-**	**-**
Net Change in Fund Balances	854,711	1,379,926	(382,495)	(6,759)
Fund Balances, Beginning of Year	1,067,931	8,530,137	1,093,750	6,690
Fund Balances, End of Year	**$ 1,922,642**	**$ 9,910,063**	**$ 711,255**	**$ (69)**

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014 (CONTINUED)

	Special Revenue Funds			
	Master Lease	Air Quality Management	Public Arts	Library
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	56,507	-	-
Charges for services	-	-	182,241	2
Use of money and property	1,272,080	503	1,461	32,991
Fines and forfeitures	-	-	-	-
Contributions	-	-	1,830	1,076
Miscellaneous	-	-	-	-
Total Revenues	**1,272,080**	**57,010**	**185,532**	**34,069**
Expenditures:				
Current:				
General government	2,682	-	-	-
Public safety	-	-	-	-
Cultural and convention center	1,374,855	-	-	-
Parks and recreation	-	-	-	-
Public works	-	39,742	316,787	-
Library	-	-	-	110,830
Debt service:				
Principal retirement	237,445	-	-	-
Interest and fiscal charges	19,600	-	-	-
Total Expenditures	**1,634,582**	**39,742**	**316,787**	**110,830**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(362,502)	17,268	(131,255)	(76,761)
Other Financing Sources (Uses):				
Transfers in	363,472	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	**363,472**	**-**	**-**	**-**
Net Change in Fund Balances	970	17,268	(131,255)	(76,761)
Fund Balances, Beginning of Year	197,168	79,510	329,601	2,307,809
Fund Balances, End of Year	**$ 198,138**	**$ 96,778**	**$ 198,346**	**$ 2,231,048**

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	Quimby Act Fees	**Special Projects**	**CFD Public Safety #1**	**Business Improvement District**
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Assessments	-	-	347,569	450
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	472,507	291,549	-	-
Use of money and property	30,955	12,034	1,458	4
Fines and forfeitures	-	-	-	-
Contributions	-	464,265	-	-
Miscellaneous	-	-	-	-
Total Revenues	**503,462**	**767,848**	**349,027**	**454**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	339,977	606,296	-
Cultural and convention center	-	-	-	-
Parks and recreation	476,792	284,526	-	-
Public works	-	55,303	-	2,565
Library	-	-	-	-
Debt service:				
Principal retirement	57,492	-	-	-
Interest and fiscal charges	31,850	-	-	-
Total Expenditures	**566,134**	**679,806**	**606,296**	**2,565**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,672)	88,042	(257,269)	(2,111)
Other Financing Sources (Uses):				
Transfers in	-	-	270,102	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**270,102**	**-**
Net Change in Fund Balances	(62,672)	88,042	12,833	(2,111)
Fund Balances, Beginning of Year	2,315,610	1,549,653	286,068	3,770
Fund Balances, End of Year	**$ 2,252,938**	**$ 1,637,695**	**$ 298,901**	**$ 1,659**

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014 (CONTINUED)

	Special Revenue Funds			
	Energy Efficiency Loan	Park Maintenance District	Emergency Response	Sustainability
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	175,095	1,072,111	765,013
Use of money and property	-	-	5,376	7,840
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	8,290
Total Revenues	**-**	**175,095**	**1,077,487**	**781,143**
Expenditures:				
Current:				
General government	-	-	-	227,774
Public safety	-	-	861,679	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	203,609	-	625,325
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	327,104	-
Interest and fiscal charges	-	-	95,215	-
Total Expenditures	**-**	**203,609**	**1,283,998**	**853,099**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(28,514)	(206,511)	(71,956)
Other Financing Sources (Uses):				
Transfers in	-	-	321,424	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**321,424**	**-**
Net Change in Fund Balances	-	(28,514)	114,913	(71,956)
Fund Balances, Beginning of Year	500,000	201,493	1,003,832	1,820,254
Fund Balances, End of Year	**$ 500,000**	**$ 172,979**	**$ 1,118,745**	**$ 1,748,298**

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Capital Projects Funds		Debt Service Funds	
	Special Grants	Capital Projects	Parking Projects	General Debt Service	Total Governmental Funds
Revenues:					
Taxes	$ -	$ -	$ -	$ -	$ 2,758,945
Assessments	-	-	-	-	872,682
Licenses and permits	-	189,559	-	-	851,058
Intergovernmental	336,928	1,477,576	-	-	3,749,123
Charges for services	-	-	-	-	3,329,327
Use of money and property	-	12,236	2,918	62,200	1,636,976
Fines and forfeitures	-	-	-	-	127,672
Contributions	-	-	-	-	473,419
Miscellaneous	-	3,000	-	-	23,440
Total Revenues	**336,928**	**1,682,371**	**2,918**	**62,200**	**13,822,642**
Expenditures:					
Current:					
General government	-	138,168	-	128,463	497,087
Public safety	294,669	196,794	-	-	3,112,077
Cultural and convention center	-	-	-	-	1,374,855
Parks and recreation	-	37,614	-	-	1,214,673
Public works	-	2,432,316	1,005	-	6,181,930
Library	58,795	91,638	-	-	261,263
Debt service:					
Principal retirement	-	-	-	1,557,529	2,179,570
Interest and fiscal charges	-	-	-	2,032,951	2,179,616
Total Expenditures	**353,464**	**2,896,530**	**1,005**	**3,718,943**	**17,001,071**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,536)	(1,214,159)	1,913	(3,656,743)	(3,178,429)
Other Financing Sources (Uses):					
Transfers in	-	1,944	-	3,647,853	4,818,257
Transfers out	-	-	-	-	(600,000)
Total Other Financing Sources (Uses)	**-**	**1,944**	**-**	**3,647,853**	**4,218,257**
Net Change in Fund Balances	(16,536)	(1,212,215)	1,913	(8,890)	1,039,828
Fund Balances, Beginning of Year	(6,858)	3,172,176	484,878	9,271,393	37,356,168
Fund Balances, End of Year	**$ (23,394)**	**$ 1,959,961**	**$ 486,791**	**$ 9,262,503**	**$ 38,395,996**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
FORFEITURE
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 331,632	$ 331,632	$ 331,632	$ -
Resources (Inflows):				
Use of money and property	2,000	2,000	2,089	89
Fines and forfeitures	-	52,807	52,807	-
Amounts Available for Appropriations	**333,632**	**386,439**	**386,528**	**89**
Charges to Appropriation (Outflow):				
Public safety	2,000	386,439	78,283	308,156
Total Charges to Appropriations	**2,000**	**386,439**	**78,283**	**308,156**
Budgetary Fund Balance, June 30	**$ 331,632**	**$ -**	**$ 308,245**	**$ 308,245**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
SAFETY AUGMENTATION
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 316,083	$ 316,083	$ 316,083	$ -
Resources (Inflows):				
Taxes	735,884	735,884	843,710	107,826
Charges for services	-	28,797	29,109	312
Use of money and property	1,000	1,000	1,991	991
Amounts Available for Appropriations	**1,052,967**	**1,081,764**	**1,190,893**	**109,129**
Charges to Appropriation (Outflow):				
Public safety	736,884	811,827	734,379	77,448
Total Charges to Appropriations	**736,884**	**811,827**	**734,379**	**77,448**
Budgetary Fund Balance, June 30	**$ 316,083**	**$ 269,937**	**$ 456,514**	**$ 186,577**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
SPECIAL DEVELOPMENT
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 1,297,301	$ 1,297,301	$ 1,297,301	$ -
Resources (Inflows):				
Charges for services	-	195,810	195,809	(1)
Use of money and property	-	-	18,779	18,779
Amounts Available for Appropriations	**1,297,301**	**1,493,111**	**1,511,889**	**18,778**
Charges to Appropriation (Outflow):				
Public works	-	1,389,365	-	1,389,365
Total Charges to Appropriations	**-**	**1,389,365**	**-**	**1,389,365**
Budgetary Fund Balance, June 30	**$ 1,297,301**	**$ 103,746**	**$ 1,511,889**	**$ 1,408,143**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
CSA 152
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ (177,641)	$ (177,641)	$ (177,641)	$ -
Resources (Inflows):				
Assessments	385,906	385,906	524,663	138,757
Amounts Available for Appropriations	**208,265**	**208,265**	**347,022**	**138,757**
Charges to Appropriation (Outflow):				
Public works	385,906	640,433	344,593	295,840
Total Charges to Appropriations	**385,906**	**640,433**	**344,593**	**295,840**
Budgetary Fund Balance, June 30	**$ (177,641)**	**$ (432,168)**	**$ 2,429**	**$ 434,597**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
RECYCLING AB 929
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 1,135,424	$ 1,135,424	$ 1,135,424	$ -
Resources (Inflows):				
Intergovernmental	-	-	12,769	12,769
Charges for services	138,000	138,537	144,447	5,910
Use of money and property	7,000	8,849	17,260	8,411
Amounts Available for Appropriations	**1,280,424**	**1,282,810**	**1,309,900**	**27,090**
Charges to Appropriation (Outflow):				
Public works	1,145,000	1,147,386	188,602	958,784
Total Charges to Appropriations	**1,145,000**	**1,147,386**	**188,602**	**958,784**
Budgetary Fund Balance, June 30	**$ 135,424**	**$ 135,424**	**$ 1,121,298**	**$ 985,874**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
VILLAGEFEST
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 76,302	$ 76,302	$ 76,302	$ -
Resources (Inflows):				
Licenses and permits	421,500	421,500	459,895	38,395
Miscellaneous	9,200	9,200	12,150	2,950
Amounts Available for Appropriations	**507,002**	**507,002**	**548,347**	**41,345**
Charges to Appropriation (Outflow):				
Parks and recreation	433,346	433,346	415,741	17,605
Total Charges to Appropriations	**433,346**	**433,346**	**415,741**	**17,605**
Budgetary Fund Balance, June 30	**$ 73,656**	**$ 73,656**	**$ 132,606**	**$ 58,950**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
NEIGHBORHOOD INVOLVEMENTS
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 4,604	$ 4,604	$ 4,604	$ -
Resources (Inflows):				
Contributions	-	6,248	6,248	-
Amounts Available for Appropriations	**4,604**	**10,852**	**10,852**	**-**
Charges to Appropriation (Outflow):				
Public works	-	10,802	5,737	5,065
Total Charges to Appropriations	**-**	**10,802**	**5,737**	**5,065**
Budgetary Fund Balance, June 30	**$ 4,604**	**$ 50**	**$ 5,115**	**$ 5,065**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
PARKING
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 157,598	$ 157,598	$ 157,598	$ -
Resources (Inflows):				
Charges for services	1,500	1,500	1,444	(56)
Fines and forfeitures	60,500	73,364	74,865	1,501
Transfers in	213,462	213,462	213,462	-
Amounts Available for Appropriations	**433,060**	**445,924**	**447,369**	**1,445**
Charges to Appropriation (Outflow):				
Public works	259,696	312,185	274,746	37,439
Total Charges to Appropriations	**259,696**	**312,185**	**274,746**	**37,439**
Budgetary Fund Balance, June 30	**$ 173,364**	**$ 133,739**	**$ 172,623**	**$ 38,884**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 1,067,931	$ 1,067,931	$ 1,067,931	$ -
Resources (Inflows):				
Intergovernmental	1,398,078	1,398,078	1,496,769	98,691
Use of money and property	6,000	6,000	16,226	10,226
Amounts Available for Appropriations	**2,472,009**	**2,472,009**	**2,580,926**	**108,917**
Charges to Appropriation (Outflow):				
Public works	798,078	1,874,013	58,284	1,815,729
Transfers out	600,000	600,000	600,000	-
Total Charges to Appropriations	**1,398,078**	**2,474,013**	**658,284**	**1,815,729**
Budgetary Fund Balance, June 30	**$ 1,073,931**	**$ (2,004)**	**$ 1,922,642**	**$ 1,924,646**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
MEASURE A IMPROVEMENTS
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1, as restated	$ 8,530,137	$ 8,530,137	$ 8,530,137	$ -
Resources (Inflows):				
Taxes	1,794,000	1,915,235	1,915,235	-
Intergovernmental	-	212,407	145,007	(67,400)
Use of money and property	60,000	60,000	122,405	62,405
Amounts Available for Appropriations	**10,384,137**	**10,717,779**	**10,712,784**	**(4,995)**
Charges to Appropriation (Outflow):				
Public works	1,854,000	15,682,092	802,721	14,879,371
Total Charges to Appropriations	**1,854,000**	**15,682,092**	**802,721**	**14,879,371**
Budgetary Fund Balance, June 30	**$ 8,530,137**	**$ (4,964,313)**	**$ 9,910,063**	**$ 14,874,376**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
DRAINAGE CONSTRUCTION
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 1,093,750	$ 1,093,750	$ 1,093,750	$ -
Resources (Inflows):				
Licenses and permits	23,000	23,000	201,604	178,604
Use of money and property	-	-	15,571	15,571
Amounts Available for Appropriations	**1,116,750**	**1,116,750**	**1,310,925**	**194,175**
Charges to Appropriation (Outflow):				
Public works	23,000	937,744	599,670	338,074
Total Charges to Appropriations	**23,000**	**937,744**	**599,670**	**338,074**
Budgetary Fund Balance, June 30	**$ 1,093,750**	**$ 179,006**	**$ 711,255**	**$ 532,249**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 6,690	$ 6,690	$ 6,690	$ -
Resources (Inflows):				
Intergovernmental	311,205	317,336	223,567	(93,769)
Use of money and property	-	600	599	(1)
Amounts Available for Appropriations	**317,895**	**324,626**	**230,856**	**(93,770)**
Charges to Appropriation (Outflow):				
Public works	311,205	483,016	230,925	252,091
Total Charges to Appropriations	**311,205**	**483,016**	**230,925**	**252,091**
Budgetary Fund Balance, June 30	**$ 6,690**	**$ (158,390)**	**$ (69)**	**$ 158,321**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
MASTER LEASE
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 197,168	$ 197,168	$ 197,168	$ -
Resources (Inflows):				
Use of money and property	1,272,177	1,272,177	1,272,080	(97)
Transfers in	363,472	363,472	363,472	-
Amounts Available for Appropriations	**1,832,817**	**1,832,817**	**1,832,720**	**(97)**
Charges to Appropriation (Outflow):				
General government	3,750	3,750	2,682	1,068
Community development	1,374,855	1,374,855	1,374,855	-
Debt service:				
Principal retirement	237,445	237,445	237,445	-
Interest and fiscal charges	19,599	19,599	19,600	(1)
Total Charges to Appropriations	**1,635,649**	**1,635,649**	**1,634,582**	**1,067**
Budgetary Fund Balance, June 30	**$ 197,168**	**$ 197,168**	**$ 198,138**	**$ 970**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
AIR QUALITY MANAGEMENT
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 79,510	$ 79,510	$ 79,510	$ -
Resources (Inflows):				
Intergovernmental	54,500	54,500	56,507	2,007
Use of money and property	500	500	503	3
Amounts Available for Appropriations	**134,510**	**134,510**	**136,520**	**2,010**
Charges to Appropriation (Outflow):				
Public works	55,000	94,964	39,742	55,222
Total Charges to Appropriations	**55,000**	**94,964**	**39,742**	**55,222**
Budgetary Fund Balance, June 30	**$ 79,510**	**$ 39,546**	**$ 96,778**	**$ 57,232**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
PUBLIC ARTS
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 329,601	$ 329,601	$ 329,601	$ -
Resources (Inflows):				
Charges for services	160,000	160,000	182,241	22,241
Use of money and property	2,000	2,000	1,461	(539)
Contributions	-	1,830	1,830	-
Amounts Available for Appropriations	**491,601**	**493,431**	**515,133**	**21,702**
Charges to Appropriation (Outflow):				
Public works	429,639	448,006	316,787	131,219
Total Charges to Appropriations	**429,639**	**448,006**	**316,787**	**131,219**
Budgetary Fund Balance, June 30	**$ 61,962**	**$ 45,425**	**$ 198,346**	**$ 152,921**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
LIBRARY
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 2,307,809	$ 2,307,809	$ 2,307,809	$ -
Resources (Inflows):				
Charges for services	-	-	2	2
Use of money and property	30,000	30,000	32,991	2,991
Contributions	1,100	2,052	1,076	(976)
Amounts Available for Appropriations	**2,338,909**	**2,339,861**	**2,341,878**	**2,017**
Charges to Appropriation (Outflow):				
Library	31,100	2,360,075	110,830	2,249,245
Total Charges to Appropriations	**31,100**	**2,360,075**	**110,830**	**2,249,245**
Budgetary Fund Balance, June 30	**$ 2,307,809**	**$ (20,214)**	**$ 2,231,048**	**$ 2,251,262**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
QUIMBY ACT FEES
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 2,315,610	$ 2,315,610	$ 2,315,610	$ -
Resources (Inflows):				
Charges for services	239,400	239,400	472,507	233,107
Use of money and property	-	-	30,955	30,955
Amounts Available for Appropriations	**2,555,010**	**2,555,010**	**2,819,072**	**264,062**
Charges to Appropriation (Outflow):				
Parks and recreation	150,000	1,055,796	476,792	579,004
Debt service:				
Principal retirement	57,492	57,492	57,492	-
Interest and fiscal charges	31,908	31,908	31,850	58
Total Charges to Appropriations	**239,400**	**1,145,196**	**566,134**	**579,062**
Budgetary Fund Balance, June 30	**$ 2,315,610**	**$ 1,409,814**	**$ 2,252,938**	**$ 843,124**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
SPECIAL PROJECTS
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 1,549,653	$ 1,549,653	$ 1,549,653	$ -
Resources (Inflows):				
Charges for services	100,000	291,550	291,549	(1)
Use of money and property	-	-	12,034	12,034
Contributions	-	464,265	464,265	-
Amounts Available for Appropriations	**1,649,653**	**2,305,468**	**2,317,501**	**12,033**
Charges to Appropriation (Outflow):				
Public safety	100,000	489,678	339,977	149,701
Parks and recreation	-	427,126	284,526	142,600
Public works	-	1,400,875	55,303	1,345,572
Total Charges to Appropriations	**100,000**	**2,317,679**	**679,806**	**1,637,873**
Budgetary Fund Balance, June 30	**$ 1,549,653**	**$ (12,211)**	**$ 1,637,695**	**$ 1,649,906**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
CFD PUBLIC SAFETY #1
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 286,068	$ 286,068	$ 286,068	$ -
Resources (Inflows):				
Assessments	343,000	344,000	347,569	3,569
Use of money and property	2,000	2,000	1,458	(542)
Transfers in	270,102	270,102	270,102	-
Amounts Available for Appropriations	**901,170**	**902,170**	**905,197**	**3,027**
Charges to Appropriation (Outflow):				
Public safety	605,718	624,930	606,296	18,634
Total Charges to Appropriations	**605,718**	**624,930**	**606,296**	**18,634**
Budgetary Fund Balance, June 30	**$ 295,452**	**$ 277,240**	**$ 298,901**	**$ 21,661**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
BUSINESS IMPROVEMENT DISTRICT
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 3,770	$ 3,770	$ 3,770	$ -
Resources (Inflows):				
Assessments	-	450	450	-
Use of money and property	-	4	4	-
Amounts Available for Appropriations	**3,770**	**4,224**	**4,224**	**-**
Charges to Appropriation (Outflow):				
Public works	-	4,224	2,565	1,659
Total Charges to Appropriations	**-**	**4,224**	**2,565**	**1,659**
Budgetary Fund Balance, June 30	**$ 3,770**	**$ -**	**$ 1,659**	**$ 1,659**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
PARK MAINTENANCE DISTRICT
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 201,493	$ 201,493	$ 201,493	$ -
Resources (Inflows):				
Charges for services	199,700	175,971	175,095	(876)
Amounts Available for Appropriations	**401,193**	**377,464**	**376,588**	**(876)**
Charges to Appropriation (Outflow):				
Public works	199,700	377,466	203,609	173,857
Total Charges to Appropriations	**199,700**	**377,466**	**203,609**	**173,857**
Budgetary Fund Balance, June 30	**$ 201,493**	**$ (2)**	**$ 172,979**	**$ 172,981**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
EMERGENCY RESPONSE
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 1,003,832	$ 1,003,832	$ 1,003,832	$ -
Resources (Inflows):				
Charges for services	1,035,000	1,035,000	1,072,111	37,111
Use of money and property	5,000	5,000	5,376	376
Transfers in	321,424	321,424	321,424	-
Amounts Available for Appropriations	**2,365,256**	**2,365,256**	**2,402,743**	**37,487**
Charges to Appropriation (Outflow):				
Public safety	939,103	966,249	861,679	104,570
Debt service:				
Principal retirement	327,105	327,105	327,104	1
Interest and fiscal charges	95,216	95,216	95,215	1
Total Charges to Appropriations	**1,361,424**	**1,388,570**	**1,283,998**	**104,572**
Budgetary Fund Balance, June 30	**$ 1,003,832**	**$ 976,686**	**$ 1,118,745**	**$ 142,059**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
SUSTAINABILITY
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 1,820,254	$ 1,820,254	$ 1,820,254	$ -
Resources (Inflows):				
Charges for services	430,000	430,000	765,013	335,013
Use of money and property	5,000	5,000	7,840	2,840
Miscellaneous	-	8,290	8,290	-
Amounts Available for Appropriations	**2,255,254**	**2,263,544**	**2,601,397**	**337,853**
Charges to Appropriation (Outflow):				
General government	-	-	227,774	(227,774)
Public works	1,091,615	1,120,621	625,325	495,296
Total Charges to Appropriations	**1,091,615**	**1,120,621**	**853,099**	**267,522**
Budgetary Fund Balance, June 30	**$ 1,163,639**	**$ 1,142,923**	**$ 1,748,298**	**$ 605,375**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
SPECIAL GRANTS
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ (6,858)	$ (6,858)	$ (6,858)	$ -
Resources (Inflows):				
Intergovernmental	228,464	422,893	336,928	(85,965)
Amounts Available for Appropriations	**221,606**	**416,035**	**330,070**	**(85,965)**
Charges to Appropriation (Outflow):				
Public safety	228,464	430,931	294,669	136,262
Library	-	60,000	58,795	1,205
Total Charges to Appropriations	**228,464**	**490,931**	**353,464**	**137,467**
Budgetary Fund Balance, June 30	**$ (6,858)**	**$ (74,896)**	**$ (23,394)**	**$ 51,502**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 3,172,176	$ 3,172,176	$ 3,172,176	$ -
Resources (Inflows):				
Licenses and permits	-	189,559	189,559	-
Intergovernmental	-	1,855,828	1,477,576	(378,252)
Use of money and property	-	-	12,236	12,236
Miscellaneous	-	3,000	3,000	-
Transfers in	-	-	1,944	1,944
Amounts Available for Appropriations	**3,172,176**	**5,220,563**	**4,856,491**	**(364,072)**
Charges to Appropriation (Outflow):				
General government	-	911,436	138,168	773,268
Public safety	-	486,867	196,794	290,073
Cultural and convention center	-	28,941	-	28,941
Parks and recreation	-	321,514	37,614	283,900
Public works	-	13,614,815	2,432,316	11,182,499
Library	-	614,358	91,638	522,720
Total Charges to Appropriations	**-**	**15,977,931**	**2,896,530**	**13,081,401**
Budgetary Fund Balance, June 30	**$ 3,172,176**	**$(10,757,368)**	**$ 1,959,961**	**$ 12,717,329**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
PARKING PROJECTS
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 484,878	$ 484,878	$ 484,878	$ -
Resources (Inflows):				
Use of money and property	4,000	4,000	2,918	(1,082)
Amounts Available for Appropriations	**488,878**	**488,878**	**487,796**	**(1,082)**
Charges to Appropriation (Outflow):				
Public works	4,000	218,081	1,005	217,076
Total Charges to Appropriations	**4,000**	**218,081**	**1,005**	**217,076**
Budgetary Fund Balance, June 30	**$ 484,878**	**$ 270,797**	**$ 486,791**	**$ 215,994**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
MEASURE J
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 9,788,825	$ 9,788,825	$ 9,788,825	$ -
Resources (Inflows):				
Use of money and property	-	-	133,136	133,136
Transfers in	9,300,000	11,000,000	12,623,919	1,623,919
Amounts Available for Appropriations	**19,088,825**	**20,788,825**	**22,545,880**	**1,757,055**
Charges to Appropriation (Outflow):				
Public works	9,684,459	19,361,569	5,950,908	13,410,661
Transfers out	-	-	3,184,310	(3,184,310)
Total Charges to Appropriations	**9,684,459**	**19,361,569**	**9,135,218**	**10,226,351**
Budgetary Fund Balance, June 30	**$ 9,404,366**	**$ 1,427,256**	**$13,410,662**	**$ 11,983,406**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
GENERAL DEBT SERVICE
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 9,271,393	$ 9,271,393	$ 9,271,393	$ -
Resources (Inflows):				
Use of money and property	4,443,301	4,443,301	62,200	(4,381,101)
Transfers in	3,663,543	3,663,543	3,647,853	(15,690)
Amounts Available for Appropriations	**17,378,237**	**17,378,237**	**12,981,446**	**(4,396,791)**
Charges to Appropriation (Outflow):				
General government	115,100	150,021	128,463	21,558
Community development	291,000	291,000	-	291,000
Debt service:				
Principal retirement	3,527,529	3,527,529	1,557,529	1,970,000
Interest and fiscal charges	4,173,215	4,138,294	2,032,951	2,105,343
Total Charges to Appropriations	**8,106,844**	**8,106,844**	**3,718,943**	**4,387,901**
Budgetary Fund Balance, June 30	**$ 9,271,393**	**$ 9,271,393**	**$ 9,262,503**	**$ (8,890)**

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENTS
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Budgetary Fund Balance, July 1	$ 2,536,341	$ 2,536,341	$ 2,536,341	$ -
Resources (Inflows):				
Assessments	741,514	741,514	576,333	(165,181)
Use of money and property	11,820	12,366	14,424	2,058
Amounts Available for Appropriations	**3,289,675**	**3,290,221**	**3,127,098**	**(163,123)**
Charges to Appropriation (Outflow):				
General government	32,200	29,750	15,605	14,145
Public works	33,000	969,430	17,007	952,423
Debt service:				
Principal retirement	295,000	295,000	295,000	-
Interest and fiscal charges	393,134	393,134	393,133	1
Transfers out	-	-	1,944	(1,944)
Total Charges to Appropriations	**753,334**	**1,687,314**	**722,689**	**964,625**
Budgetary Fund Balance, June 30	**$ 2,536,341**	**$ 1,602,907**	**$ 2,404,409**	**$ 801,502**

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency of a government to other departments or agencies on a cost reimbursement basis.

The City of Palm Springs has the following Internal Service Funds:

Motor Vehicle Replacement Fund – To account for costs related to operations of the central garage and fleet maintenance system, which provides vehicles for most of the City departments. Costs are recovered through a monthly user fee charged to City departments.

Facilities Maintenance Fund – To account for costs related to operations and maintenance of City facilities. Costs are recovered through a monthly user fee charged to City departments using the service.

Employee Benefits Fund – To account for costs and liabilities related to public employees' retirement system and federal taxes. Costs are recovered through a monthly employee benefit charge based upon gross payroll.

Risk Management Fund – To account for costs and liabilities related to health, life, dental, disability, and public liability insurance coverage paid by the City on behalf of City employees and the City operating funds. Costs are recovered via monthly charges based upon gross payroll and benefits derived from insurance coverage.

Retiree Health Insurance Fund – To account for the costs of providing health insurance to qualifying retirees.

Cogeneration Plant Fund – To account for costs of the two cogeneration plants located in the City. Costs are recovered through a user fee based upon electrical consumption. These fees are charged to each department on a monthly basis.

CITY OF PALM SPRINGS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2014

	Governmental Activities - Internal Service Funds			
	Motor Vehicle Replacement	**Facilities Maintenance**	**Employee Benefits**	**Risk Management**
Assets:				
Current:				
Cash and investments	$ 2,714,813	$ 1,021,549	$ 841,033	$ 8,506,112
Receivables:				
Accounts	-	-	-	2,075
Accrued interest	3,790	-	294,368	13,139
Inventories	126,120	-	-	-
Net pension asset	-	-	21,504,815	-
Restricted:				
Cash with fiscal agent	-	-	-	-
Total Current Assets	**2,844,723**	**1,021,549**	**22,640,216**	**8,521,326**
Noncurrent:				
Advances to other funds	-	-	1,430,000	-
Capital assets - net of accumulated depreciation	4,222,852	-	-	-
Total Noncurrent Assets	**4,222,852**	**-**	**1,430,000**	**-**
Total Assets	**$ 7,067,575**	**$ 1,021,549**	**$ 24,070,216**	**$ 8,521,326**
Liabilities and Net Position:				
Liabilities:				
Current:				
Accounts payable	$ 170,350	$ 63,770	$ 418,957	$ 72,627
Accrued liabilities	11,370	19,372	-	7,385
Accrued interest	-	-	67,887	-
Unearned revenues	-	-	-	-
Accrued compensated absences	41,607	55,541	-	34,725
Accrued claims and judgments	-	-	-	3,101,315
Bonds, notes, and capital leases	106,005	-	260,920	-
Total Current Liabilities	**329,332**	**138,683**	**747,764**	**3,216,052**
Noncurrent:				
Accrued compensated absences	17,832	23,803	-	14,882
Accrued claims and judgments	-	-	-	1,952,523
Bonds, notes, and capital leases	353,478	-	19,590,937	-
Total Noncurrent Liabilities	**371,310**	**23,803**	**19,590,937**	**1,967,405**
Total Liabilities	**700,642**	**162,486**	**20,338,701**	**5,183,457**
Net Position:				
Net investment in capital assets	3,763,369	-	-	-
Unrestricted	2,603,564	859,063	3,731,515	3,337,869
Total Net Position	**6,366,933**	**859,063**	**3,731,515**	**3,337,869**
Total Liabilities, and Net Position	**$ 7,067,575**	**$ 1,021,549**	**$ 24,070,216**	**$ 8,521,326**

CITY OF PALM SPRINGS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2014

	Governmental Activities - Internal Service Funds		
	Retiree Health Insurance	**Cogeneration Plant**	**Totals**
Assets:			
Current:			
Cash and investments	$ 716,425	$ 4,497,873	$ 18,297,805
Receivables:			
Accounts	17,497	-	19,572
Accrued interest	-	-	311,297
Inventories	-	-	126,120
Net pension asset	-	-	21,504,815
Restricted:			
Cash with fiscal agent	-	6,721,241	6,721,241
Total Current Assets	**733,922**	**11,219,114**	**46,980,850**
Noncurrent:			
Advances to other funds	-	-	1,430,000
Capital assets - net of accumulated depreciation	-	7,677,239	11,900,091
Total Noncurrent Assets	**-**	**7,677,239**	**13,330,091**
Total Assets	**$ 733,922**	**$ 18,896,353**	**$ 60,310,941**
Liabilities and Net Position:			
Liabilities:			
Current:			
Accounts payable	$ -	$ 440,432	$ 1,166,136
Accrued liabilities	-	-	38,127
Accrued interest	-	27,645	95,532
Unearned revenues	1,457	-	1,457
Accrued compensated absences	-	-	131,873
Accrued claims and judgments	-	-	3,101,315
Bonds, notes, and capital leases	-	143,154	510,079
Total Current Liabilities	**1,457**	**611,231**	**5,044,519**
Noncurrent:			
Accrued compensated absences	-	-	56,517
Accrued claims and judgments	-	-	1,952,523
Bonds, notes, and capital leases	-	20,691,753	40,636,168
Total Noncurrent Liabilities	**-**	**20,691,753**	**42,645,208**
Total Liabilities	**1,457**	**21,302,984**	**47,689,727**
Net Position:			
Net investment in capital assets	-	3,724,860	7,488,229
Unrestricted	732,465	(6,131,491)	5,132,985
Total Net Position	**732,465**	**(2,406,631)**	**12,621,214**
Total Liabilities, and Net Position	**$ 733,922**	**$ 18,896,353**	**$ 60,310,941**

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014

	Governmental Activities - Internal Service Funds			
	Motor Vehicle Replacement	**Facilities Maintenance**	**Employee Benefits**	**Risk Management**
Operating Revenues:				
Sales and service charges	$ 3,202,772	$ 3,970,214	$ 12,377,519	$ 12,436,232
Miscellaneous	1,208	-	-	35
Sale of electricity	-	-	-	-
Total Operating Revenues	**3,203,980**	**3,970,214**	**12,377,519**	**12,436,267**
Operating Expenses:				
Administration and general	109,596	57,151	-	1,019,045
Source of supply	-	-	-	-
Maintenance shop operations	2,596,164	-	-	-
Facilities maintenance	-	3,648,790	1,275	-
Retirement	-	-	10,973,876	-
Other claims and insurance	3,407	23,305	-	1,402,625
Depreciation expense	794,050	-	-	-
Heat, light and power	-	-	-	-
Other charges and services	3,491	-	-	-
Cogeneration	-	-	-	-
Medical, health, and life insurance	-	-	-	6,767,743
Workers compensation	-	-	-	2,672,390
Total Operating Expenses	**3,506,708**	**3,729,246**	**10,975,151**	**11,861,803**
Operating Income (Loss)	(302,728)	240,968	1,402,368	574,464
Nonoperating Revenues (Expenses):				
Interest revenue	32,686	(127)	2,658	87,525
Interest expense	(34,320)	-	(953,118)	-
Gain (loss) on disposal of capital assets	15,525	-	-	-
Total Nonoperating Revenues (Expenses)	**13,891**	**(127)**	**(950,460)**	**87,525**
Income (Loss) Before Transfers and Contributions	(288,837)	240,841	451,908	661,989
Transfers in	500,000	-	-	1,400,000
Capital contribution	343,202	-	-	-
Changes in Net Position	554,365	240,841	451,908	2,061,989
Net Position:				
Beginning of Year	5,812,568	618,222	3,279,607	1,275,880
End of Fiscal Year	**$ 6,366,933**	**$ 859,063**	**$ 3,731,515**	**$ 3,337,869**

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014

	Governmental Activities - Internal Service Funds		
	Retiree Health Insurance	**Cogeneration Plant**	**Totals**
Operating Revenues:			
Sales and service charges	$ 2,299,212	$ 3,150,493	$ 37,436,442
Miscellaneous	-	-	1,243
Sale of electricity	-	44,179	44,179
Total Operating Revenues	**2,299,212**	**3,194,672**	**37,481,864**
Operating Expenses:			
Administration and general	-	189,704	1,375,496
Source of supply	10,400	-	10,400
Maintenance shop operations	-	-	2,596,164
Facilities maintenance	-	-	3,650,065
Retirement	-	-	10,973,876
Other claims and insurance	2,051,471	45,619	3,526,427
Depreciation expense	-	133,192	927,242
Heat, light and power	-	1,401,845	1,401,845
Other charges and services	-	-	3,491
Cogeneration	-	5,929,419	5,929,419
Medical, health, and life insurance	-	-	6,767,743
Workers compensation	-	-	2,672,390
Total Operating Expenses	**2,061,871**	**7,699,779**	**39,834,558**
Operating Income (Loss)	237,341	(4,505,107)	(2,352,694)
Nonoperating Revenues (Expenses):			
Interest revenue	-	29,551	152,293
Interest expense	-	(662,526)	(1,649,964)
Gain (loss) on disposal of capital assets	-	(253,704)	(238,179)
Total Nonoperating Revenues (Expenses)	**-**	**(886,679)**	**(1,735,850)**
Income (Loss) Before Transfers and Contributions	237,341	(5,391,786)	(4,088,544)
Transfers in	-	-	1,900,000
Capital contribution	-	-	343,202
Changes in Net Position	237,341	(5,391,786)	(1,845,342)
Net Position:			
Beginning of Year	495,124	2,985,155	14,466,556
End of Fiscal Year	**$ 732,465**	**$ (2,406,631)**	**$ 12,621,214**

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014

	Governmental Activities - Internal Service Funds			
	Motor Vehicle Replacement	**Facilities Maintenance**	**Employee Benefits**	**Risk Management**
Cash Flows from Operating Activities:				
Cash received from customers and users	$ 32,548	$ -	$ -	$ -
Cash received from/(paid to) interfund service provided	3,222,783	321,424	1,593,806	3,261,099
Cash paid to suppliers for goods and services	(2,651,611)	(166,231)	-	(1,378,143)
Cash paid to employees for services	(106,028)	(39,712)	-	(1,003,042)
Cash received from (payments to) others	1,208	-	-	234,830
Net Cash Provided (Used) by Operating Activities	**498,900**	**115,481**	**1,593,806**	**1,114,744**
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	500,000	-	-	1,400,000
Principal paid on non-capital debt	-	-	(215,711)	-
Grant Subsidies	343,202	-	-	-
Interest paid on non-capital debt	-	-	(952,005)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	**843,202**	**-**	**(1,167,716)**	**1,400,000**
Cash Flows from Capital and Related Financing Activities:				
Proceeds from capital debt	-	-	-	-
Acquisition and construction of capital assets	(979,528)	-	-	-
Principal paid on capital debt	(191,577)	-	-	-
Interest paid on capital debt	(34,320)	-	-	-
Proceeds from sales of capital assets	15,525	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	**(1,189,900)**	**-**	**-**	**-**
Cash Flows from Investing Activities:				
Interest received	33,241	(127)	2,191	83,872
Net Cash Provided (Used) by Investing Activities	**33,241**	**(127)**	**2,191**	**83,872**
Net Increase (Decrease) in Cash and Cash Equivalents	**185,443**	**115,354**	**428,281**	**2,598,616**
Cash and Cash Equivalents at Beginning of Year	2,529,370	906,195	412,752	5,907,496
Cash and Cash Equivalents at End of Year	**$ 2,714,813**	**$ 1,021,549**	**$ 841,033**	**$ 8,506,112**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (302,728)	$ 240,968	$ 1,402,368	$ 574,464
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	794,050	-	-	-
(Increase) decrease in accounts receivable	20,011	-	-	265,000
(Increase) decrease in inventory	32,548	-	-	-
(Increase) decrease in net pension asset	-	-	191,438	-
Increase (decrease) in accounts payable	(50,788)	(144,037)	-	22,962
Increase (decrease) in accrued liabilities	2,239	1,111	-	1,520
Increase (decrease) in deferred revenue	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	234,795
Increase (decrease) in compensated absences	3,568	17,439	-	16,003
Total Adjustments	**801,628**	**(125,487)**	**191,438**	**540,280**
Net Cash Provided (Used) by Operating Activities	**$ 498,900**	**$ 115,481**	**$ 1,593,806**	**$ 1,114,744**

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014

	Governmental Activities - Internal Service Funds		
	Retiree Health Insurance	**Cogeneration Plant**	**Totals**
Cash Flows from Operating Activities:			
Cash received from customers and users	$ 1,457	$ -	$ 34,005
Cash received from/(paid to) interfund service provided	2,298,521	3,194,672	13,892,305
Cash paid to suppliers for goods and services	(2,063,264)	(7,154,374)	(13,413,623)
Cash paid to employees for services	-	(189,704)	(1,338,486)
Cash received from (payments to) others	-	-	236,038
Net Cash Provided (Used) by Operating Activities	**236,714**	**(4,149,406)**	**(589,761)**
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	-	-	1,900,000
Principal paid on non-capital debt	-	-	(215,711)
Grant Subsidies	-	-	343,202
Interest paid on non-capital debt	-	-	(952,005)
Net Cash Provided (Used) by Non-Capital Financing Activities	**-**	**-**	**1,075,486**
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital debt	-	18,402,793	18,402,793
Acquisition and construction of capital assets	-	(6,082,355)	(7,061,883)
Principal paid on capital debt	-	(139,276)	(330,853)
Interest paid on capital debt	-	(663,962)	(698,282)
Proceeds from sales of capital assets	-	15,828	31,353
Net Cash Provided (Used) by Capital and Related Financing Activities	**-**	**11,533,028**	**10,343,128**
Cash Flows from Investing Activities:			
Interest received	-	29,551	148,728
Net Cash Provided (Used) by Investing Activities	**-**	**29,551**	**148,728**
Net Increase (Decrease) in Cash and Cash Equivalents	**236,714**	**7,413,173**	**10,977,581**
Cash and Cash Equivalents at Beginning of Year	479,711	3,805,941	14,041,465
Cash and Cash Equivalents at End of Year	**$ 716,425**	**$ 11,219,114**	**$ 25,019,046**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	$ 237,341	$ (4,505,107)	$ (2,352,694)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	-	133,192	927,242
(Increase) decrease in accounts receivable	(691)	-	284,320
(Increase) decrease in inventory	-	-	32,548
(Increase) decrease in net pension asset	-	-	191,438
Increase (decrease) in accounts payable	(1,393)	222,509	49,253
Increase (decrease) in accrued liabilities	-	-	4,870
Increase (decrease) in deferred revenue	1,457	-	1,457
Increase (decrease) in claims and judgments	-	-	234,795
Increase (decrease) in compensated absences	-	-	37,010
Total Adjustments	**(627)**	**355,701**	**1,762,933**
Net Cash Provided (Used) by Operating Activities	**$ 236,714**	**$ (4,149,406)**	**$ (589,761)**

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FIDUCIARY FUNDS

Fiduciary Funds account for assets held by a governmental entity for other parties, as trustee or as an agent, which cannot be used to finance a governmental entity's own operating programs. Fiduciary Funds include the following:

Historical Society Fund – This fund is used to account for monies held in trust by the City for various purposes related to the Palm Springs Historical Society.

Successor Agency of the Former Redevelopment Agency Fund – This fund serves as custodian for assets and liabilities of the Successor Agency Trust pending distribution to the appropriate taxing entities and the payment of enforceable obligations.

Special Deposits Agency Fund – To account for monies held in trust by the City for various purposes ranging from bid bonds to donations for animal shelter activities.

CITY OF PALM SPRINGS

COMBINING STATEMENT OF NET POSITION
ALL PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2014

	Historical Society	Successor Agency	Totals
Assets:			
Pooled cash and investments	$ -	$ 2,563,899	$ 2,563,899
Receivables:			
Accounts	-	5,500	5,500
Accrued interest	-	3,121	3,121
Land held for resale	-	3,861,239	3,861,239
Restricted assets:			
Cash and investments with fiscal agents	-	3,772,033	3,772,033
Capital assets:			
Capital assets, not being depreciated	-	4,503,347	4,503,347
Capital assets, net of accumulated depreciation	-	771,741	771,741
Total Assets	**-**	**15,480,880**	**15,480,880**
Liabilities:			
Accounts payable	-	1,857,633	1,857,633
Accrued interest	-	751,258	751,258
Long-term liabilities:			
Due in one year	-	1,165,000	1,165,000
Due in more than one year	-	48,128,284	48,128,284
Total Liabilities	**-**	**51,902,175**	**51,902,175**
Net Position:			
Held in trust for other purposes	-	(36,421,295)	(36,421,295)
Total Net Position	**$ -**	**$ (36,421,295)**	**$ (36,421,295)**

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
YEAR ENDED JUNE 30, 2014

	Historical Society	Successor Agency	Totals
Additions:			
Taxes	$ -	$ 5,401,901	$ 5,401,901
Interest and change in fair value of investments	-	122,463	122,463
Miscellaneous	-	258,215	258,215
Total Additions	**-**	**5,782,579**	**5,782,579**
Deductions:			
Refunds of contributions	250,782	278,412	529,194
Administrative expenses	-	250,000	250,000
Contractual services	-	2,345,290	2,345,290
Contributions to other governments	-	1,600,000	1,600,000
Depreciation expense	-	30,870	30,870
DOF due diligence review payments	-	2,539,000	2,539,000
Reimbursement of prior taxes	-	8,157,494	8,157,494
Total Deductions	**250,782**	**15,201,066**	**15,451,848**
Extraordinary gain/(loss)	**-**	2,585,890	2,585,890
Changes in Net Position	**(250,782)**	**(6,832,597)**	**(7,083,379)**
Net Position - Beginning of the Year	250,782	(29,588,698)	(29,337,916)
Net Position - End of the Year	**$ -**	**$ (36,421,295)**	**$ (36,421,295)**

CITY OF PALM SPRINGS

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2014

	Special Deposits	Totals
Assets:		
Pooled cash and investments	$ 951,487	$ 951,487
Total Assets	**$ 951,487**	**$ 951,487**
Liabilities:		
Deposits payable	$ 951,487	$ 951,487
Total Liabilities	**$ 951,487**	**$ 951,487**

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2014

	Balance 7/1/2013	Additions	Deductions	Balance 6/30/2014
Special Deposits				
Assets:				
Pooled cash and investments	$ 809,253	$ 263,214	$ 120,980	$ 951,487
Total Assets	**$ 809,253**	**$ 263,214**	**$ 120,980**	**$ 951,487**
Liabilities:				
Deposits payable	$ 809,253	$ 263,214	$ 120,980	$ 951,487
Total Liabilities	**$ 809,253**	**$ 263,214**	**$ 120,980**	**$ 951,487**
Totals - All Agency Funds				
Assets:				
Pooled cash and investments	$ 809,253	$ 263,214	$ 120,980	$ 951,487
Total Assets	**$ 809,253**	**$ 263,214**	**$ 120,980**	**$ 951,487**
Liabilities:				
Deposits payable	$ 809,253	$ 263,214	$ 120,980	$ 951,487
Total Liabilities	**$ 809,253**	**$ 263,214**	**$ 120,980**	**$ 951,487**

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CITY OF PALM SPRINGS
FINANCIAL STATEMENTS
JUNE 30, 2014
STATISTICAL SECTION

This part of the City of Palm Springs comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, and note disclosures says about the government's overall financial health.

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CITY OF PALM SPRINGS

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities:									
Net investment in capital assets	$ 107,217,515	$ 119,129,764	$ 124,797,484	$ 92,188,168	$ 73,197,631	$ 73,048,922	$ 74,644,178	$ 68,392,428	$ 89,544,865
Restricted	64,475,152	59,250,531	53,290,867	59,544,531	63,883,617	65,682,688	68,039,523	51,461,583	47,008,169
Unrestricted	9,032,025	8,263,055	7,603,335	10,785,032	19,934,024	34,860,168	43,003,704	56,957,112	28,383,927
Total governmental activities net position	$ 180,724,692	$ 186,643,350	$ 185,691,686	$ 162,517,731	$ 157,015,272	$ 173,591,778	$ 185,687,405	$ 176,811,123	$ 164,936,961
Business-type activities:									
Net investment in capital assets	$ 90,775,976	$ 82,089,205	$ 86,255,293	$ 88,813,375	$ 94,457,741	$ 102,404,738	$ 98,206,074	$ 98,785,796	$ 93,694,049
Restricted	4,038,239	4,777,681	4,024,930	4,026,199	4,288,145	3,633,197	3,517,715	3,836,949	-
Unrestricted	34,234,038	29,620,437	25,605,934	27,502,074	27,247,535	24,737,228	23,222,716	24,572,187	16,849,508
Total business-type activities net position	$ 129,048,253	$ 116,487,323	$ 115,886,157	$ 120,341,648	$ 125,993,421	$ 130,775,163	$ 124,946,505	$ 127,194,932	$ 110,543,557
Primary government:									
Net investment in capital assets	$ 197,993,491	$ 201,218,969	$ 211,052,777	$ 181,001,543	$ 167,655,372	$ 175,453,660	$ 172,850,252	$ 167,178,224	$ 183,238,914
Restricted	68,513,391	64,028,212	57,315,797	63,570,730	68,171,762	69,315,885	71,557,238	55,298,532	47,008,169
Unrestricted	43,266,063	37,883,492	33,209,269	38,287,106	47,181,559	59,597,396	66,226,420	81,529,299	45,233,435
Total primary government net position	$ 309,772,945	$ 303,130,673	$ 301,577,843	$ 282,859,379	$ 283,008,693	$ 304,366,941	$ 310,633,910	$ 304,006,055	$ 275,480,518

The City of Palm Springs has elected to show only nine years of data for this schedule.

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:									
Governmental activities:									
General government	$ 17,734,430	$ 11,981,549	$ 11,680,752	$ 10,149,638	$ 11,784,609	$ 15,700,926	$ 10,720,946	$ 12,278,124	$ 12,664,186
Public safety	42,041,061	38,070,130	36,489,937	36,069,196	39,310,585	38,382,590	35,442,942	33,968,442	30,377,849
Cultural and convention center	6,884,266	7,482,648	7,638,730	7,651,982	7,369,435	7,693,125	5,511,222	7,580,033	5,894,286
Parks and recreation	8,832,666	12,150,464	9,728,209	8,903,287	7,052,825	9,532,099	9,433,992	7,275,052	7,056,619
Public works	26,594,799	14,674,398	36,660,915	22,102,401	25,469,426	21,959,270	21,749,956	19,329,974	15,178,234
Library	2,718,241	2,125,382	2,168,904	2,265,212	2,041,643	2,937,321	2,772,268	2,332,577	2,562,084
Interest on long-term debt	5,435,432	5,565,437	7,553,342	9,183,561	11,967,641	14,636,613	11,609,448	7,764,472	8,416,117
Total governmental activities expenses	110,240,895	92,050,008	111,920,789	96,325,277	104,996,164	110,841,944	97,240,774	90,528,674	82,149,375
Business-type activities:									
Airport	25,580,134	25,581,945	24,990,169	24,526,812	24,586,610	24,637,583	23,842,294	21,631,538	20,154,371
Wastewater	7,118,541	5,711,562	5,967,510	5,863,229	6,126,747	5,854,655	5,191,967	4,658,947	3,617,124
Golf Course	5,527,984	5,948,442	5,662,881	5,441,285	5,153,882	5,374,561	4,664,759	3,872,346	3,615,866
Total business-type activities expenses	38,226,659	37,241,949	36,620,560	35,831,326	35,867,239	35,866,799	33,699,020	30,162,831	27,387,361
Total primary government expenses	148,467,554	129,291,957	148,541,349	132,156,603	140,863,403	146,708,743	130,939,794	120,691,505	109,536,736
Program revenues:									
Governmental activities:									
Charges for services:									
General government	3,640,512	3,552,667	3,517,758	3,606,184	3,904,814	1,868,359	1,811,973	1,527,808	2,985,457
Public safety	2,930,416	2,843,908	2,878,838	2,847,413	3,072,280	1,922,028	1,922,714	1,614,245	1,387,079
Cultural and convention center	-	-	-	-	-	359,103	402,890	1,644,443	342,570
Parks and recreation	1,775,662	1,614,526	1,370,673	1,376,238	1,223,793	1,823,445	2,033,797	814,512	1,502,694
Public works	6,339,972	4,582,804	4,045,121	4,359,177	2,644,951	3,249,898	6,367,211	7,968,799	8,064,647
Lease	-	-	-	-	-	-	-	-	-
Library	38,517	38,172	59,501	42,727	42,126	124,726	222,349	386,807	212,725
Operating grants and contributions	5,861,447	5,192,616	7,381,835	6,886,447	6,425,017	9,480,506	11,559,384	9,595,013	9,148,403
Capital grants and contributions	1,448,409	5,093,264	16,382,186	13,271,770	3,212,335	6,269,961	4,202,582	5,135,785	6,955,885
Total governmental activities program revenues	22,034,935	22,917,957	35,635,912	32,389,956	20,525,316	25,098,026	28,522,900	28,687,412	30,599,460
Business-type activities:									
Charges for services:									
Airport	23,017,582	21,745,074	20,342,504	18,747,127	18,998,409	18,465,121	19,531,818	17,938,788	14,581,454
Wastewater	8,220,813	7,019,449	5,965,340	6,045,209	5,928,827	6,006,812	6,007,109	7,456,041	6,428,919
Golf Course	4,519,169	4,850,343	5,046,766	4,832,305	4,687,694	4,130,497	2,261,723	3,210,941	2,887,216
Operating grants and contributions	-	-	-	29,056	-	-	-	299,718	283,674
Capital grants and contributions	11,788,567	2,290,385	2,315,123	483,618	523,239	10,051,905	2,446,831	16,394,397	6,005,185
Total business-type activities program revenues	47,546,131	35,905,251	33,669,733	30,137,315	30,138,169	38,654,335	30,247,481	45,299,885	30,186,448
Total primary government program revenues	69,581,066	58,823,208	69,305,645	62,527,271	50,663,485	63,752,361	58,770,381	73,987,297	60,785,908

CITY OF PALM SPRINGS

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

	2014 (continued)	2013 (continued)	2012 (continued)	2011 (continued)	2010 (continued)	2009 (continued)	2008 (continued)	2007 (continued)	2006 (continued)
Net revenues (expenses):									
Governmental activities	(88,205,960)	(69,132,051)	(76,284,877)	(63,935,321)	(84,470,848)	(85,743,918)	(68,717,874)	(61,841,262)	(51,549,915)
Business-type activities	9,319,472	(1,336,698)	(2,950,827)	(5,694,011)	(5,729,070)	2,787,536	(3,451,539)	15,137,054	2,799,087
Total net revenues (expenses)	(78,886,488)	(70,468,749)	(79,235,704)	(69,629,332)	(90,199,918)	(82,956,382)	(72,169,413)	(46,704,208)	(48,750,828)
General revenues and other changes in net position:									
Governmental activities:									
Taxes:									
Property taxes	21,065,170	18,655,013	24,229,315	25,786,509	24,547,656	30,747,373	32,558,462	28,272,695	22,933,538
Sales tax	24,113,415	21,948,058	12,130,059	9,633,250	8,221,763	8,796,538	9,138,355	9,798,032	8,842,715
Transient occupancy taxes	22,249,462	19,396,331	17,874,173	15,731,036	13,370,831	12,753,078	14,464,485	14,465,639	14,677,511
Other taxes	14,142,596	13,840,763	13,070,963	12,533,135	12,185,850	10,709,406	11,201,740	12,070,400	11,005,477
Motor vehicle in lieu, unrestricted	3,673,718	3,537,631	3,505,007	3,797,122	3,942,507	4,180,689	4,056,920	3,640,542	3,398,819
Use of money and property	2,336,973	1,217,844	1,583,805	860,532	5,537,407	1,610,201	4,580,865	1,678,144	984,833
Other general revenues	80,795	178,958	117,096	203,793	28,328	7,241,006	2,293,329	3,804,702	1,413,164
Gain on sale of capital asset	(238,179)	161,770	-	-	-	-	-	-	
Extraordinary gain/(loss)	(2,585,890)	(6,935,586)	31,771,682	-	-	-	-	-	-
Transfers	(2,550,758)	(1,952,165)	2,450	589,848	(500,000)	(2,140,000)	(700,000)	(14,730)	(500,000)
Total governmental activities	82,287,302	70,048,617	104,284,550	69,135,225	67,334,342	73,898,291	77,594,156	73,715,424	62,756,057
Business-type activities:									
Use of money and property	526,158	(122,318)	333,192	336,189	436,926	900,328	1,625,626	1,498,991	808,752
Other revenue	164,542	182,232	161,417	295,897	10,402	1,150	317,450	-	-
Extraordinary gain/(loss)	-	(74,215)	(1,227,000)	-	-	-	-	-	-
Transfers	2,550,758	1,952,165	(2,450)	(589,848)	500,000	2,140,000	700,000	14,730	500,000
Total business-type activities	3,241,458	1,937,864	(734,841)	42,238	947,328	3,041,478	2,643,076	1,513,721	1,308,752
Total primary government	85,528,760	71,986,481	103,549,709	69,177,463	68,281,670	76,939,769	80,237,232	75,229,145	64,064,809
Changes in net position									
Governmental activities	(5,918,658)	916,566	27,999,673	5,199,904	(17,136,506)	(11,845,627)	8,876,282	11,874,162	11,206,142
Business-type activities	12,560,930	601,166	(3,685,668)	(5,651,773)	(4,781,742)	5,829,014	(808,463)	16,650,775	4,107,839
Total primary government	$ 6,642,272	$ 1,517,732	$ 24,314,005	$ (451,869)	$ (21,918,248)	$ (6,016,613)	$ 8,067,819	$ 28,524,937	$ 15,313,981

The City of Palm Springs has elected to show only nine years of data for this schedule.

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	2014	2013	2012	2011 *	2010	2009	2008	2007	2006
General fund:									
Reserved	$ -	$ -	$ -	$ -	$ 3,913,779	$ 5,664,944	$ 5,402,822	$ 3,972,662	$ 4,045,302
Unreserved	-	-	-	-	6,730,561	7,055,671	11,882,037	9,219,367	2,419,770
Nonspendable	3,019,428	3,670,535	1,410,000	3,015,000	-	-	-	-	-
Assigned	7,060,894	6,442,546	5,333,035	3,932,735	-	-	-	-	-
Unassigned	13,199,370	12,803,298	13,041,689	11,779,373	-	-	-	-	-
Total general fund	$ 23,279,692	$ 22,916,379	$ 19,784,724	$ 18,727,108	$10,644,340	$ 12,720,615	$ 17,284,859	$ 13,192,029	$ 6,465,072
All other governmental funds:									
Reserved	$ -	$ -	$ -	$ -	$66,575,321	$ 55,281,667	$ 71,505,398	$ 31,258,664	$ 39,126,531
Unreserved, reported in:									
Debt Service	-	-	-	-	(4,740,053)	-	-	2,641,321	(433,447)
Special revenue funds	-	-	-	-	11,031,984	7,903,147	9,168,338	28,090,940	20,109,521
Capital projects funds	-	-	-	-	1,299,214	23,370,030	10,244,630	12,936,479	21,860,630
Nonspendable	-	11,188,905	12,324,620	13,290,989	-	-	-	-	-
Restricted	64,475,152	48,061,626	40,966,247	46,253,542	-	-	-	-	-
Committed	-	-	-	1,568,370	-	-	-	-	-
Assigned	2,446,752	3,657,054	1,216,595	2,961,717	-	-	-	-	-
Unassigned	(23,463)	(184,499)	(154,048)	(5,352,857)	-	-	-	-	-
Total all other governmental funds	$ 66,898,441	$ 62,723,086	$ 54,353,414	$ 58,721,761	$74,166,466	$ 86,554,844	$ 90,918,366	$ 74,927,404	$ 80,663,235

The City of Palm Springs has elected to show only nine years of data for this schedule.

* The City implemented GASB 54 in 2011 and as a result has classified fund balance differently than in previous years.

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:									
Taxes	$ 83,019,658	$ 75,222,872	$ 68,653,101	$ 72,408,230	$ 72,253,106	$ 72,269,596	$ 75,916,291	$ 72,093,648	$ 67,085,805
Licenses and permits	4,223,695	3,066,526	2,913,367	3,119,482	2,714,339	3,068,452	3,858,530	5,044,241	5,098,958
Fines and penalties	127,672	98,971	104,838	107,824	270,853	824,131	781,656	1,167,855	944,495
Use of money and property	2,214,740	1,287,277	2,006,106	2,349,620	5,004,081	7,485,174	7,237,922	4,327,432	3,031,815
Intergovernmental	8,499,575	13,397,351	27,264,100	20,914,362	10,338,051	15,049,300	15,936,047	9,651,107	8,847,596
Charges for services	8,632,034	7,750,886	7,036,034	7,068,669	6,715,640	5,038,889	6,190,461	8,138,350	6,486,118
Other	873,125	1,322,686	1,292,222	3,265,240	2,929,498	5,496,259	5,849,485	6,027,493	418,714
Total revenues	107,590,499	102,146,569	109,269,768	109,233,427	100,225,568	109,231,801	115,770,392	106,450,126	91,913,501
Expenditures									
Current:									
General government	17,145,827	10,885,046	10,863,967	9,562,837	11,362,793	14,090,558	14,217,987	13,056,812	12,756,285
Public safety	36,640,786	35,327,922	35,192,757	32,864,416	38,472,546	38,116,499	34,720,156	33,438,801	30,153,554
Cultural and convention center	3,946,726	4,342,391	4,437,725	4,450,885	4,235,131	6,357,377	3,946,989	5,319,373	9,797,133
Parks and recreation	8,423,471	11,958,245	8,969,751	8,772,280	7,725,705	8,608,714	8,023,314	7,242,156	7,096,167
Public works	20,799,856	15,474,824	74,063,752	40,578,391	23,473,774	23,788,035	29,593,755	16,305,743	20,190,731
Library	2,552,786	2,428,937	2,073,757	2,290,305	2,177,906	2,924,851	2,744,643	2,232,037	2,481,292
Debt service:									
Principal retirement	4,444,570	4,264,596	3,799,784	3,799,956	4,264,044	3,793,289	4,209,378	6,975,994	3,362,576
Interest and fiscal charges	4,647,051	4,618,428	6,579,560	7,966,940	10,710,691	13,088,973	9,963,603	7,382,576	7,751,650
Bond issuance costs	-	-	-	-	-	-	887,426	-	-
Payment to bond escrow	-	-	-	-	-	-	3,661,948	-	-
Pass-through payments	-	-	1,948,429	7,201,757	12,027,631	7,440,446	7,087,437	5,505,436	3,973,940
Total expenditures	98,601,073	89,300,389	147,929,482	117,487,767	114,450,221	118,208,742	119,056,636	97,458,928	97,563,328
Excess (deficiency) of revenues over (under) expenditures	8,989,426	12,846,180	(38,659,714)	(8,254,340)	(14,224,653)	(8,976,941)	(3,286,244)	8,991,198	(5,649,827)
Other financing sources (uses):									
Transfers in	18,329,676	15,850,073	8,756,658	9,726,647	28,298,755	20,150,156	11,938,365	11,029,443	12,229,942
Transfers out	(22,780,434)	(17,802,238)	(8,754,208)	(9,136,799)	(29,098,755)	(23,140,156)	(13,538,365)	(12,564,443)	(13,214,342)
Debt issued	-	490,000	68,945,000	-	-	3,366,478	24,935,036	-	3,806,000
Bond premium	-	-	2,361,102	-	-	-	-	-	-
Proceeds from sale of asset	-	-	-	-	-	(77,303)	35,000	-	-
Payment to refunded bond escrow agent	-	-	(24,264,400)	-	-	-	-	-	-
Total other financing sources (uses)	(4,450,758)	(1,462,165)	47,044,152	589,848	(800,000)	299,175	23,370,036	(1,535,000)	2,821,600
Extraordinary gain/loss	-	(323,409)	(11,303,318)	-	-	-	-	-	-
Net change in fund balances	$ 4,538,668	$ 11,060,606	$ (2,918,880)	$ (7,664,492)	$ (15,024,653)	$ (8,677,766)	$ 20,083,792	$ 7,456,198	$ (2,828,227)
Debt service as a percentage of noncapital expenditures	10.1%	11.1%	10.4%	13.1%	14.1%	15.6%	13.6%	15.5%	11.7%

The City of Palm Springs has elected to show only nine years of data for this schedule.

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	Residential	Commercial	Industrial	Other (Note 2)	Total Net Taxable Assessed Value	Total Direct Rate
2005	$ 3,419,689	$ 718,447	$ 119,050	$ 2,134,526	$ 6,391,712	0.31188
2006	4,196,079	790,639	135,500	2,295,588	7,417,806	0.32631
2007	4,972,103	855,103	149,627	2,634,657	8,611,490	0.34726
2008	5,749,317	964,864	180,165	2,950,286	9,844,632	0.36688
2009	5,889,013	1,099,120	197,160	3,062,564	10,247,857	0.37320
2010	5,527,341	1,168,445	196,399	2,839,637	9,731,822	0.38020
2011	5,239,135	1,034,191	193,415	2,728,132	9,194,873	0.37071
2012	5,143,126	962,594	193,140	2,562,149	8,861,009	0.37071
2013	5,190,305	995,874	192,704	2,522,431	8,901,314	0.35272
2014	5,664,830	1,008,814	188,103	2,845,274	9,707,021	0.22399

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

Note 2: Includes government owned, institutional, miscellaneous, recreational, vacant, SBE Nonuntiary, cross reference, unsecured, exempt, and unknown.

Source: HDL Coren & Cone (Riverside County Assessor)

CITY OF PALM SPRINGS

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Basic Levy (Note 1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates (Note 2)										
Banning Unified School	0.11284	0.10207	0.10207	0.08745	0.08903	0.07851	0.07732	0.02616	0.04091	0.05259
Coachella Valley Water District	0.10000	0.08000	0.08000	0.08000	0.06000	0.04000	0.04000	0.02080	0.02080	0.02080
Desert Community College	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01994
Desert Water Agency	0.10000	0.10000	0.08000	0.08000	0.08000	0.08000	0.08000	0.08000	0.06000	0.06000
Palm Springs Unified B & I 1992-A	0.12961	0.09351	0.10451	0.13224	0.12628	0.06007	0.05468	0.05912	0.05012	0.05715
San Gorgonio Pass Memorial Hospital	0.11896	0.11572	0.10365	0.09914	0.10676	0.03365	0.03272	0.03272	0.00000	0.00000
Total Direct and Overlapping Tax Rates	1.58136	1.51125	1.49018	1.49878	1.48202	1.31218	1.30467	1.23875	1.19178	1.21048
City Share of 1% Levy (Note 3)	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505
Redevelopment Rate (Note 4)	-	-	1.08000	1.08000	1.08000	1.08000	1.08000	1.08000	1.06000	1.06000
Total Direct Rate (Note 5)	0.22399	0.35272	0.36319	0.37071	0.38020	0.37320	0.36688	0.34726	0.32631	0.31188

Note 1: In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. The 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

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

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

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

Note 5: Total Direct Rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed

Source: HDL Coren & Cone (Riverside County Assessor)

CITY OF PALM SPRINGS

Principal Property Tax Payers
Current Year and Nine Years ago

Taxpayer	2014 Taxable Assessed Value	2014 Percent of Total City Taxable Assessed Value	2005 Taxable Assessed Value	2005 Percent of Total City Taxable Assessed Value
Tenet Health System Desert Inc.	$120,134,941	1.29%	$ 91,991,606	1.44%
Mountain View Power Partners IV	104,683,975	1.12%	27,171,676	0.43%
TKG Smoke Tree Commons LLC	58,374,201	0.63	-	0.00%
Windpower Partners 1993 LP	53,965,612	0.58	30,731,518	0.48%
Endure Investment	48,066,714	0.52	-	0.00%
Indigo Generation LLC	46,900,000	0.50	85,958,000	1.34%
Riviera Reincarnate	39,974,773	0.43	-	0.00%
HH Palm Springs	39,847,320	0.43	-	0.00%
Skywest Airlines INC	35,044,875	0.38	-	0.00%
Walmart Real Estate Business Trust	32,423,691	0.35	-	0.00%
San Gorgonio Westwinds II LLC	-		49,161,600	0.77%
Skywest Airlines INC	-		40,424,808	0.63%
Pacific Monarch Resorts INC	-		37,551,212	0.59%
AP APH Palm Springs	-		36,892,355	0.58%
John Wessman	-		33,549,032	0.52%
Desert Sun Publishing Co			24,508,044	0.38%
	$579,416,102	6.22%	$ 457,939,851	7.16%

The amounts shown above include assessed value data for the City

Source: HDL Coren & Cone (Riverside County Assessor)

CITY OF PALM SPRINGS

Property Tax Levies and Collections
Last Nine Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2006	$ 14,798,548	$ 13,930,235	94.13%	$ 591,281	$ 14,521,516	98.13%
2007	16,810,790	15,325,800	91.17%	756,370	16,082,170	95.67%
2008	17,805,189	1	0.00%	1	-	0.00%
2009	-	1	-	1	-	0.00%
2010	37,164,518	34,897,314	93.90%	1,377,973	36,275,287	97.61%
2011	36,589,289	33,749,104	92.24%	617,134	34,366,238	93.92%
2012	31,699,331	26,581,718	83.86%	1,613,650	28,195,368	88.95%
2013	34,832,425	27,301,032	78.38%	1,440,591	28,741,623	82.51%
2014	35,213,010	33,764,807	95.89%	1,432,979	35,197,786	99.96%

NOTE:
The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies. Only nine years of information has been presented, prior years are unavailable.

Source: Riverside County Auditor Controller's Office

1 - County of Riverside was unable to provide this information.

CITY OF PALM SPRINGS

Ratios of Outstanding Debt by Type

Last Nine Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				
	Pension Obligation Bond (1)	General Obligation Bonds	Tax Allocation Bonds	Loans and Leases	Total Governmental Activities
2006	$ -	$ 107,732,568	$ 26,950,000	$ 698,048	$ 135,380,616
2007	19,832,588	102,319,055	26,220,000	490,125	148,861,768
2008	19,832,588	99,938,944	46,640,000	275,748	166,687,280
2009	20,328,619	97,667,830	45,860,000	3,486,462	167,342,911
2010	20,349,536	95,654,919	45,045,000	4,327,846	165,377,301
2011	20,312,658	93,372,989	44,080,000	3,854,251	161,619,898
2012	20,221,505	136,394,186	-	3,358,621	159,974,312
2013	20,067,568	132,552,058	-	3,329,912	155,949,538
2014	19,851,587	128,647,806	-	21,156,532	169,655,925

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Only nine years of information has been presented, prior years are unavailable.

CITY OF PALM SPRINGS

Ratios of Outstanding Debt by Type

Last Nine Fiscal Years
(Continued)

Business-type Activities						
Airport Revenue Bonds	Certificates of Participation	Leases	Total Business-type Activities	Total Primary Govt	Percentage of Personal Income (1)	Debt Per Capita (1)
$ 29,113,602	$ 11,788,191	$ -	$ 40,901,793	$ 176,282,409	0.12767	$ 3,784
28,907,043	11,537,303	-	40,444,346	189,306,114	0.13727	4,448
29,095,000	11,846,058	-	40,941,058	207,628,338	0.15072	4,884
27,965,000	11,422,169	-	39,387,169	206,730,080	0.14773	4,787
27,305,000	10,980,081	-	38,285,081	203,662,382	0.14487	4,184
25,995,000	10,522,011	-	36,517,011	198,136,909	0.11245	4,054
25,030,000	10,045,814	238,248	35,314,062	195,288,374	114.65268	4,233
24,020,000	9,547,944	167,372	33,735,316	189,684,854	111.36289	4,112
20,915,000	9,037,194	92,556	30,044,750	199,700,675	117	4,329

* Personal Income	1,703,304
* Total Population	46,135

CITY OF PALM SPRINGS

Ratio of General Bonded Debt Outstanding
Last Nine Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt: Pension Obligation Bond (2)	General Obligation Bonds	Tax Allocation Bonds	Total	Percent of Assessed Value (1)	Per Capita
2006	$ -	$ 107,733	$ 26,950	$ 134,683	1.82%	$ 3,171
2007	19,832	102,320	26,200	148,352	1.72%	3,493
2008	19,832	99,938	46,640	166,410	1.69%	3,918
2009	20,328	97,667	45,860	163,855	1.60%	3,858
2010	20,350	95,655	45,045	161,050	1.65%	3,380
2011	20,313	93,373	44,080	157,766	1.72%	3,484
2012	20,222	136,394	-	156,616	1.77%	3,395
2013	20,068	132,552	-	152,620	1.71%	3,308
2014	19,852	128,648	-	148,500	1.53%	3,219

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California. Only nine years of information has been presented, prior years are unavailable.

CITY OF PALM SPRINGS

Direct and Overlapping Debt
June 30, 2014

City Assessed Valuation		$ 9,348,416,796	
		$ 9,348,416,796	
	Percentage Applicable (1)	Outstanding Debt 6/30/14	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Desert Community College District	14.518%	$ 316,283,162	$ 45,917,989
Banning Unified School District	0.177%	45,074,000	79,781
Palm Springs Unified School District	39.804%	371,527,895	147,882,963
San Gorgonio Memorial Hospital District	0.070%	114,405,000	80,084
Riverside County Assessment District No. 167	100%	395,000	395,000
City of Palm Springs 1915 Act Bonds	100%	7,405,000	7,405,000
Total overlapping debt repaid with property taxes		855,090,057	201,760,817
Direct and Overlapping General Fund Debt:			
Riverside County General Fund Obligations	4.460%	692,656,315	30,892,472
Riverside County Pension Obligations	4.460%	334,515,000	14,919,369
Riverside County Board of Education Certificates of Participation	4.460%	2,700,000	120,420
Mt. San Jacinto Community College District General Fund Obligation	0.006%	11,390,000	683
City of Palm Springs General Fund Obligations	100%	137,685,000	137,685,000
City of Palm Springs Pension Obligations	100%	18,719,020	18,719,020
Less: Riverside County Self-Supporting Obligations			414,038
Total Net Direct and Overlapping General Fund Debt		$ 1,197,665,335	$ 201,922,926
Overlapping Tax Increment Debt (Successor Agencies)			
City of Palm Springs Tax Allocation Bonds	100%	$ 40,920,000	$ 40,920,000
Riverside County Tax Allocation Bonds	.264-4.370%	$ 199,800,462	$ 1,831,434
Total Overlapping Tax Increment Debt		$ 240,720,462	$ 42,751,434
Total Direct Debt			$ 156,404,020
Total Gross Overlapping Debt			290,445,195
Total Net Overlapping Debt			290,031,157
Gross Combined Total Debt			446,849,215
Net Combined Total Debt			446,435,177

Ratios to Adjusted Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	2.16%
Total Direct Debt ($156,404,021)	1.67%
Gross Combined Total Debt	4.78%
Net Combined Total Debt	4.78%
Ratios to Redevelopment Successor Agencies Incremental Valuation ($1,533,080,876)	
Total Overlapping Tax Increment Debt	2.79%

AB ($450)

Notes:
1 For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the porting of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

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CITY OF PALM SPRINGS

Legal Debt Margin Information
Last Nine Fiscal Years
(in Thousands of Dollars)

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Assessed Valuation	$ 9,320,889	$ 8,901,314	$ 8,861,010	$ 9,194,873	$ 9,731,822	$ 10,247,857	$ 9,844,632	$ 8,611,490	$ 7,417,806
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,330,222	2,225,329	2,215,253 0	2,298,718	2,432,956	2,561,964	2,461,158	2,152,873	1,854,452
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	349,533	333,799	332,288 0	344,808	364,943	384,295	369,174	322,931	278,168
Total net debt applicable to limit: General Obligation Bonds	128,648	132,552	136,394 0	93,373	95,655	97,667	99,939	102,319	107,733
Legal debt Margin	$ 220,885	$ 201,247	$ 195,894	$ 251,435	$ 269,288	$ 286,628	$ 269,235	$ 220,612	$ 170,435
Total Debt applicable to the limit as a percentage of debt limit	**36.8%**	**39.7%**	**41.0%**	**27.1%**	**26.2%**	**25.4%**	**27.1%**	**31.7%**	**38.7%**

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state. Only nine years of information has been provided, prior years are unavailable.

Source: City Finance Department
HDL Coren & Cone (Riverside County Tax Assessor)

CITY OF PALM SPRINGS

Pledged-Revenue Coverage
Last NIne Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service Principal	Debt Service Interest	Coverage
2006	$ 7,335,285	$ 710,000	$ 1,394,621	3.49
2007	9,580,238	730,000	1,370,994	4.56
2008	12,308,827	755,000	1,862,249	4.70
2009	14,093,345	780,000	2,458,686	4.35
2010	18,376,003	815,000	2,426,481	5.67
2011	16,214,162	965,000	2,389,109	4.83
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses. Only nine years of information has been presented, prior years are unavailable.

CITY OF PALM SPRINGS

Pledged-Revenue Coverage
Last Nine Fiscal Years
(Continued)

Airport Revenue Bonds					
Airport Revenue	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
$ 21,206,763	$ 11,467,523	$ 9,739,240	$ 888,000	$ 1,733,111	3.72
34,659,634	17,493,314	17,166,320	460,000	1,387,562	9.29
26,418,356	19,854,497	6,563,859	1,310,000	1,616,318	2.24
28,958,090	14,493,317	14,464,773	1,130,000	1,629,824	5.24
19,769,064	14,245,793	5,523,271	660,000	1,546,136	2.50
19,724,924	14,612,198	5,112,726	1,310,000	1,502,770	1.82
23,023,302	15,418,648	7,604,654	965,000	1,438,003	3.16
24,109,169	16,143,466	7,965,703	1,010,000	1,387,851	3.32
35,290,038	16,666,876	18,623,162	3,105,000	1,332,020	4.20

CITY OF PALM SPRINGS

Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2004	44,938	$ 1,227,218	$ 27,309	4.6%
2005	45,878	1,277,067	27,836	4.1%
2006	46,638	1,334,743	28,619	3.8%
2007	46,795	1,363,589	29,140	4.6%
2008	46,992	1,374,982	29,260	6.5%
2009	47,653	1,376,376	28,883	10.6%
2010	48,040	1,728,191	35,974	11.5%
2011	45,279	1,669,663	36,875	10.6%
2012	45,712	1,714,109	37,498	7.4%
2013	46,135	1,703,304	36,920	6.4%

Sources:
HDL Coren and Cone
Note: This statistic is a year behind due to the nature of the demographic study

CITY OF PALM SPRINGS
Principal Employers
Current Year

Employer	2014 Number of Employees	2014 Percent of Total Employment
Western Pacific Roofing Corporation	100-249	1-1.9%
Care Fusion	250-499	.4-.9%
V I P Motor Cars Ltd	100-249	1-1.9%
Lowe's Home Improvement	100-249	1-1.9%
Home Depot	100-249	1-1.9%
Stater Bros Markets	100-249	1-1.9%
Walmart Supercenter	250-499	.4-.9%
Saks Fifth Avenue	100-249	1-1.9%
US Post Office	100-249	1-1.9%
Desert Sun	250-499	.4-.9%
Tarbell Realtors	100-249	1-1.9%
Coldwell Banker	100-249	1-1.9%
Ups Customer Center	100-249	1-1.9%
Palm Springs High School	100-249	1-1.9%
Kaplan College	250-499	.4-.9%
Agua Caliente Band of Indians	100-249	1-1.9%
Cancer Center of Palm Springs	100-249	1-1.9%
Desert Regional Medical Center	1,000-4,999	3.8-19%
Palm Springs Health Care	100-249	1-1.9%
California Nursing & Rehab Center	100-249	1-1.9%
Leisure Living Home & Care	100-249	1-1.9%
Premier Care Center	100-249	1-1.9%
Palm Spring Follies	100-249	1-1.9%
Spa Casino	1,000-4,999	3.8-19%
Hard Rock Hotel - Palm Springs	500-999	.4-.9%
Palm Springs Riviera Resort	250-499	.4-.9%
Viceroy Palm Springs Hotel	100-249	1-1.9%
Hyatt - Palm Springs	100-249	1-1.9%
Ace Hotel & Swim Club	100-249	1-1.9%
Le Parker Meridien - Palm Springs	100-249	1-1.9%
Hilton - Palm Springs	100-249	1-1.9%
Palm Canyon Resort and Spa	100-249	1-1.9%
Savoury's Inc	250-499	.4-.9%
Las Casuelas Terraza	100-249	1-1.9%
Circa 59	100-249	1-1.9%
City of Palm Springs City Hall	250-499	.4-.9%
Palm Springs Personnel	250-499	.4-.9%
Riverside County Civil Court	100-249	1-1.9%
Palm Springs Police Dept	100-249	1-1.9%

"Total Employment" as used above represents the total employment of all employers located within City limits.

Information is presented as a range as specific employer and percentage totals are not available

Source: State Employment Development Department

* Year 2005 information not available.

CITY OF PALM SPRINGS

Full - Time Equivalent City Employees By Department
Last Nine Fiscal Years

Department	2014	2013	2012	2011	2010	2009	2008	2007	2006
Administration	36.25	35.75	34.25	34.75	43.25	48.75	46.30	44.70	45.90
Growth Management	24.29	20.80	20.20	22.20	28.45	34.95	34.95	34.85	37.85
Quality of Life	54.50	53.25	37.25	38.25	46.00	56.25	53.90	52.65	48.90
Public Safety	174.50	178.50	172.50	184.50	208.50	214.50	215.50	207.50	195.50
Public Works & Engineering	20.33	20.00	27.50	27.00	32.00	32.75	30.60	30.10	30.10
Airport	67.00	66.50	66.50	64.50	63.50	69.50	69.65	68.15	67.00
Golf Course	0.00	0.00	0.00	0.00	0.00	0.50	0.50	0.50	0.50
Motor Vehicle	0.00	7.00	7.00	7.00	8.00	9.00	9.00	9.00	10.00
Facilities Maintenance	13.00	13.50	13.50	12.50	14.50	14.50	14.50	14.00	14.00
Risk Management	3.25	3.25	2.75	3.25	3.25	3.25	3.25	3.25	3.15
Low & Moderate Income Housing	3.38	3.70	4.30	4.30	4.55	4.55	6.80	6.50	2.35
Wastewater Treatment Plant	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.00
Total	396.50	402.25	385.75	398.25	452.00	488.50	485.00	471.25	455.25

Only nine years has been presented, prior years unavailable.

Source: City Budget Department

CITY OF PALM SPRINGS

Operating Indicators by Function
Last Nine Fiscal Years

	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
Police:									
Arrests	4,257	3,090	3360	3528	4564	4319	4908	4,152	3,897
Parking Citations	3,178	2,796	2585	1936	2977	2896	2987	3,125	2,875
Fire:									
Number of Emergency Calls	8,798	8,455	8263	7777	7400	7054	6,928	6,876	6,772
Inspections	3,902	3,385	1425	4204	3808	2907	3,889	2,025	576
Public Works:									
Street resurfacing (sq feet)	3,136,862	2,638,360	2,468,300	3,049,441	3,286,000	3,580,270	3,688,258	4,025,450	2,759,517
Parks and Recreation:									
Number of recreation classes	2,964	3,715	3229	3171	1755	2001	1,331	1,055	1,423
Number of facility rentals	167	160	195	276	955	968	1,138	165	163
Airport:									
Passengers serviced	1,852,606	1,751,973	1,668,554	1,483,051	1,499,637	1,453,921	1,591,458	1,595,417	1,478,616
Flights	52,993	51,586	58,792	61,584	68,772	68,805	77,859	93,201	92,668
Sewer:									
New Connections	120	114	112	62	102	122	166	258	566
Ave Daily sewage treatment	6,042	6,033	5698	5700	6491	6491	6491	6,491	6,500
Golf Course:									
Golf rounds played	87,981	95,177	103,653	99,592	80,699	82,966	83,705	83,979	44,039

Only nine years of information has been presented, prior years are unavailable.

Source: City of Palm Springs

CITY OF PALM SPRINGS

Capital Asset Statistics
By Function

Last Nine Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police:									
Stations	1	1	1	1	1	1	1	1	1
Fire:									
Fire Stations	4	4	4	5	5	5	5	5	5
Public Works:									
Streets (miles)	270	270	270	270	270	270	270	270	270
Streetlights	405	367	367	367	367	365	360	218	218
Traffic signals	84	84	84	84	84	81	81	76	76
Parks and recreation:									
Parks	10	10	10	10	9	8	8	8	8
Community centers	3	3	3	3	2	2	2	2	2
Airport:									
Runway (feet)	14,952	14,952	14,952	14,952	14,952	14,952	14,952	14,952	14,952
Gates	16	16	16	16	16	16	16	11	11
Wastewater:									
Sanitary sewers (miles)	264	264	264	250	260	260	260	260	260
Storm sewers (miles)	52	52	52	50	50	50	50	50	50
Maximum daily treatment capacity (thousands of gallons)	10,900	10,900	10,900	10,900	10,900	10,900	10,900	10,900	10,900
Cogeneration:									
Cogeneration plants	1	2	2	1	1	1	1	1	1
Golf Course:									
Municipal golf courses	2	2	2	2	2	2	2	2	2
Convention Center:									
Square feet	261,000	261,000	261,000	261,000	250,000	250,000	250,000	250,000	250,000
Meeting rooms	19	19	19	19	13	13	13	13	13

Only nine years of information has been presented, prior years are not available.

Source: City of Palm Springs