



Comprehensive Annual Financial Report

Fiscal year ended June 30, 2012



CITY OF PALM SPRINGS, CALIFORNIA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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CITY OF PALM SPRINGS
FINANCIAL STATEMENTS

JUNE 30, 2012

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Comprehensive Annual Financial Report

INTRODUCTORY SECTION

Fiscal year ended June 30, 2012





City of Palm Springs

Department of Finance & Treasury

3200 E. Tahquitz Canyon Way • Palm Springs, California 92262
Tel: (760) 323-8229 • Fax: (760) 322-8320 • Web: www.palmsprings-ca.gov

December 17, 2012

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, 2012, 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 are accurate in all material respects and are 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 Assets 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 is considered to be financially accountable for the Community Redevelopment Agency of the City of Palm Springs, and 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 44,552 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 an 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.

Transient Occupancy Tax was the bright spot this year, with collections up 14.9% compared to the prior year. This significant increase can be attributed to the combination of increased marketing efforts internationally and to the drive market, increased airline routes and seat capacity, the recent remodeling of several hotels, and continuing TOT audits of all hotels, motels, and vacation rental properties.

Sales Tax collections increased about 25.9%. Retail sales and Restaurants continue to show strong numbers, helping to explain why our decreases are much lower than other area cities, Riverside County, Southern California, and California as a whole. Beginning April 1, 2012, we began collecting an additional 1% as a result of 'Measure J' which was approved in November, 2011 by the citizens of Palm Springs. See more on 'Measure J' below.

Property Taxes in the General Fund decreased by 1.6% over the prior year. Overall, these revenues have decreased a total of \$2.9 million or 14.9% since the 2007-2008 fiscal year. This is primarily the result of property tax reassessments being greater than the increases from new commercial and residential development. Though property taxes have traditionally been our

largest source of General Fund revenue, it has now dropped to #3 behind transient occupancy taxes and sales taxes, so this continues to be our largest area of concern on the revenue-side of our budget.

Overall, the total revenue from the General Fund modestly increased from \$66.0 million in Fiscal Year 2010-2011 to \$69.9 million in Fiscal Year 2011-2012.

These 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. Fortunately, in anticipation of the decrease in revenues and increasing expenses going back four years ago, the City implemented an aggressive multi-year Budget Reduction Plan that resulted in decreases of \$20 million in expenditures, primarily in personnel costs, workers' compensation, health and liability insurance, vehicle replacement, and energy costs.

MAJOR INITIATIVES FOR THE YEAR

In an attempt to find a way to finance a variety of public works projects in light of the severe reduction of local revenues combined with the confiscation of funds by the State of California, the City Council put a ballot measure before the voters of Palm Springs in November of 2011 to increase the sales, transactions, and use tax by an additional 1% for 25 years. Measure J was strongly supported by Palm Springs business and tourism sectors, and passed with a 57.48% 'yes' vote, and the additional 1% sales tax went into effect on April 1, 2012. Measure J is now helping to finance a \$43 million bond that paid for the City's purchase of assets as part of the planned implementation of the Museum Market Plaza Specific Plan. 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. Forever Marilyn, the iconic 26-foot sculpture of Marilyn Monroe has been placed on the corner of the site for one year as the overall project ramps up. Thousands of tourists have been coming by plane and car to visit and take photos of the statue, and this one attraction is also bringing patrons into our downtown businesses, restaurants, and hotels.

In addition to funding the Museum Market Plaza Specific Plan, the Measure J sales tax revenue are funding about \$5 million per year in various capital projects throughout the City. Chief among these is \$3 million going towards much needed streets resurfacing, repairs, and reconstruction. Another \$1.7 million has been allocated to 18 other public works thus far with others yet to be determined. Over the coming 25 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, public parking, vehicle replacement, and a variety of public works projects.

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.

FOR THE FUTURE

Downtown development plans include the creation of the Museum Market Plaza on the site of the Desert Fashion Plaza which was closed twenty years ago in 1992. Plans are also on track for a new Kimpton Hotel to be an anchor for this site. The Hilton and other hotels in the downtown area have renovation projects in progress or planned.

The City was also selected as the site for the western campus for the College of the Desert expansion. Phase I includes a \$43,000,000 budget of bond funds going towards 50,000 square feet of new LEED Gold certified buildings that will break ground in the Spring of 2013 and be completed in the Winter of 2014. At full build-out the site is planned to accommodate 650,000 square feet of new building space. This will allow greater educational opportunities for the citizens of Palm Springs and their children. It will likely bring additional commercial development to north Palm Springs.

Once the general national and local economic conditions 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 double in the 2013-2014 fiscal year versus the last fiscal year without Measure J.

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, 2011 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. Purchases 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 tax, and use tax, the City is forming a eleven-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 2011-2012 expenditures was calculated at \$121,848,991. Appropriations subject to limitation totaled \$59,889,536, or \$61,959,455 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, 2012, the total remaining principal on the long-term debt of the City and its related entities is \$233,893,389.

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 account group statements and schedules are included in the financial section of this report. The City's independent auditors, Lance Soll & Lunghard, LLP, have issued an unqualified 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, 2011. This was the 23rd 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, 2012

CITY COUNCIL

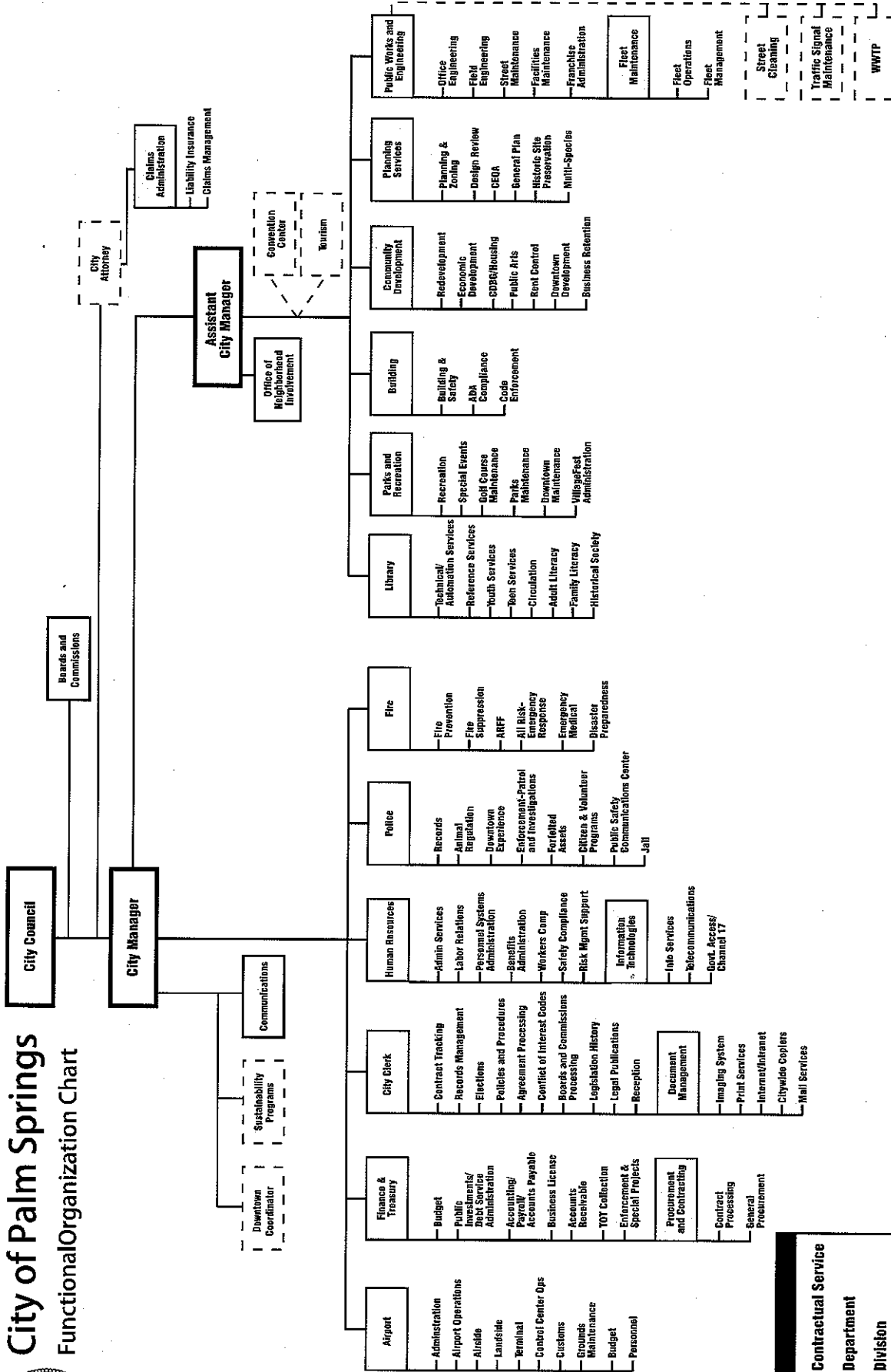
Stephen P. Pougnet, Mayor
Ginny Foat, Mayor Pro Tem
Rick Hutcheson
Paul Lewin
Chris Mills

EXECUTIVE MANAGEMENT

City Manager	David H. Ready
Assistant City Manager	Thomas Wilson
City Clerk	James L. Thompson
Director of Animal Control	Leslie Tisdale
Director of Building and Safety	Terry Tatum
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	Vacant
Director of Parks, Recreation and Facilities	Vicki Oltean
Director of Planning Services	Craig Ewing
Director of PS Int'l Airport	Thomas Nolan
Director of Public Works/City Engineer	David J. Barakian
Fire Chief	Scott Ventura
Police Chief	Alberto Franz III



City of Palm Springs Functional Organization Chart



[---] = Contractual Service
 [] = Department
 [] = Division

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, 2011

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



Christopher P. Mouill

President

Jeffrey R. Enos

Executive Director

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Comprehensive Annual Financial Report

FINANCIAL SECTION

Fiscal year ended June 30, 2012





CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

INDEPENDENT AUDITORS' REPORT

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

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 the City of Palms Springs, California, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Palm Springs, California's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Housing Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 14 - "Successor Agency Trust for Assets of the Former Redevelopment Agency." The note provides information on the dissolution of the Redevelopment Agency and the new formed Successor Agency.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012, on our consideration of the City of Palm Springs, California'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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.



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

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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Palm Springs, California's financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Lance, Solt & Lughard, LLP

Brea, California
December 17, 2012

CITY OF PALM SPRINGS
Management's Discussion and Analysis
June 30, 2012

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, 2012. 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.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2012

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

	Government-wide <u>Statements</u>	<u>Fund Statements</u>		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
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	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • 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.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2012

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 Community Redevelopment Agency (dissolved January 31, 2012) and the 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.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2012

- *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.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2012

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	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 125,973	\$ 138,375	\$ 35,472	\$ 36,373	\$ 161,445	\$ 174,748
Capital assets	266,664	233,461	121,016	123,756	387,680	357,217
Total assets	392,637	371,836	156,488	160,129	549,125	531,965
Deferred Outflows	-	-	909	-	909	-
Long-term debt outstanding	187,878	184,290	33,493	33,741	221,371	218,031
Other liabilities	19,067	25,346	8,018	6,047	27,085	31,393
Total liabilities	206,945	209,636	41,511	39,788	248,456	249,424
Net position:						
Invested in capital assets (net of debt)	124,797	92,188	86,255	88,813	211,052	181,001
Restricted	53,291	59,241	4,025	4,027	57,316	63,268
Unrestricted	7,604	10,771	25,606	27,502	33,210	38,273
Total net position	\$ 185,692	\$ 162,200	\$ 115,886	\$ 120,342	\$ 301,578	\$ 282,542

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2012

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

Table 2
Changes in Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	\$ 11,872	\$ 12,232	\$ 31,355	\$ 29,625	\$ 43,227	\$ 41,857
Operating contributions & grants	7,382	6,886	0	29	7,382	6,915
Capital contributions & grants	16,382	13,272	2,315	483	18,697	13,755
General revenues:						
Property taxes & tax increment	24,229	25,786	0	0	24,229	25,786
Sales taxes	12,130	9,633	0	0	12,130	9,633
Transient occupancy taxes	17,874	15,731	0	0	17,874	15,731
Other taxes	13,071	12,534	0	0	13,071	12,534
Gain on sale of capital asset	0	0	0	0	0	0
Other general revenues	5,207	4,861	495	632	5,702	5,493
Total revenues	<u>\$ 108,147</u>	<u>\$ 100,935</u>	<u>\$ 34,165</u>	<u>\$ 30,769</u>	<u>\$ 142,312</u>	<u>\$ 131,704</u>
Program expenses						
General government	\$ 13,324	\$ 10,150	\$ 0	\$ 0	\$ 13,324	\$ 10,150
Culture and convention center	5,996	6,167	0	0	5,996	6,167
Public safety	36,490	36,069	0	0	36,490	36,069
Public Works	36,661	22,102	0	0	36,661	22,102
Parks and recreation	9,728	8,903	0	0	9,728	8,903
Library	2,169	2,265	0	0	2,169	2,265
Interest	7,553	10,669	0	0	7,553	10,669
Airport	0	0	24,990	24,527	24,990	24,527
Wastewater	0	0	5,968	5,863	5,968	5,863
Golf Course	0	0	5,663	5,441	5,663	5,441
Total expenses	<u>\$ 111,921</u>	<u>\$ 96,325</u>	<u>\$ 36,621</u>	<u>\$ 35,831</u>	<u>\$ 148,542</u>	<u>\$ 132,156</u>
Excess (deficiency) before special items and transfers	(3,774)	4,610	(2,456)	(5,062)	(6,230)	(452)
Transfers	2	590	(2)	(590)	0	0
Gain on redevelopment dissolution	31,772	0	(1,227)	0	30,545	0
Increase (decrease) in net position	<u>28,000</u>	<u>5,200</u>	<u>(3,685)</u>	<u>(5,652)</u>	<u>24,315</u>	<u>(452)</u>
Beginning net position	162,518	157,015	120,341	125,993	282,859	283,008
Restatement of net position	(4,826)	303	(770)	0	(5,596)	303
Ending net position	<u>\$ 185,692</u>	<u>\$ 162,518</u>	<u>\$ 115,886</u>	<u>\$ 120,341</u>	<u>\$ 301,578</u>	<u>\$ 282,859</u>

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2012

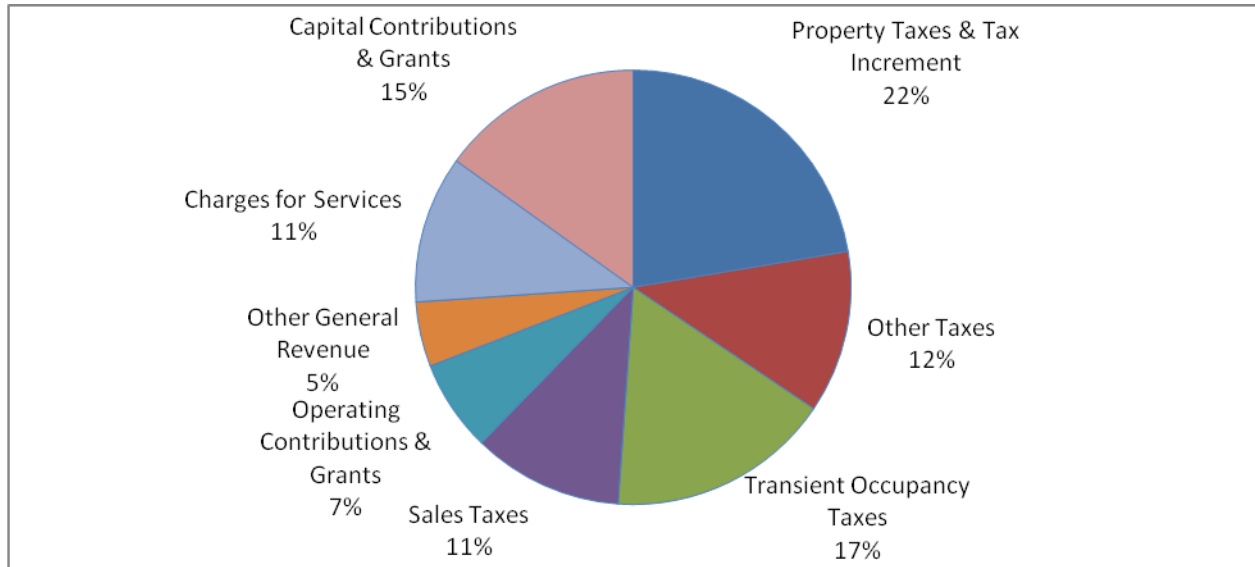
The increase or decrease in net position can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. This figures change includes a \$32 million one-time gain on the dissolution of redevelopment which essentially is an accounting adjustment. After excluding this redevelopment factor, net position of the City's governmental activities decreased by about 5% (\$153.9 million compared to \$162.5 million for the 2010-2011 fiscal year).

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

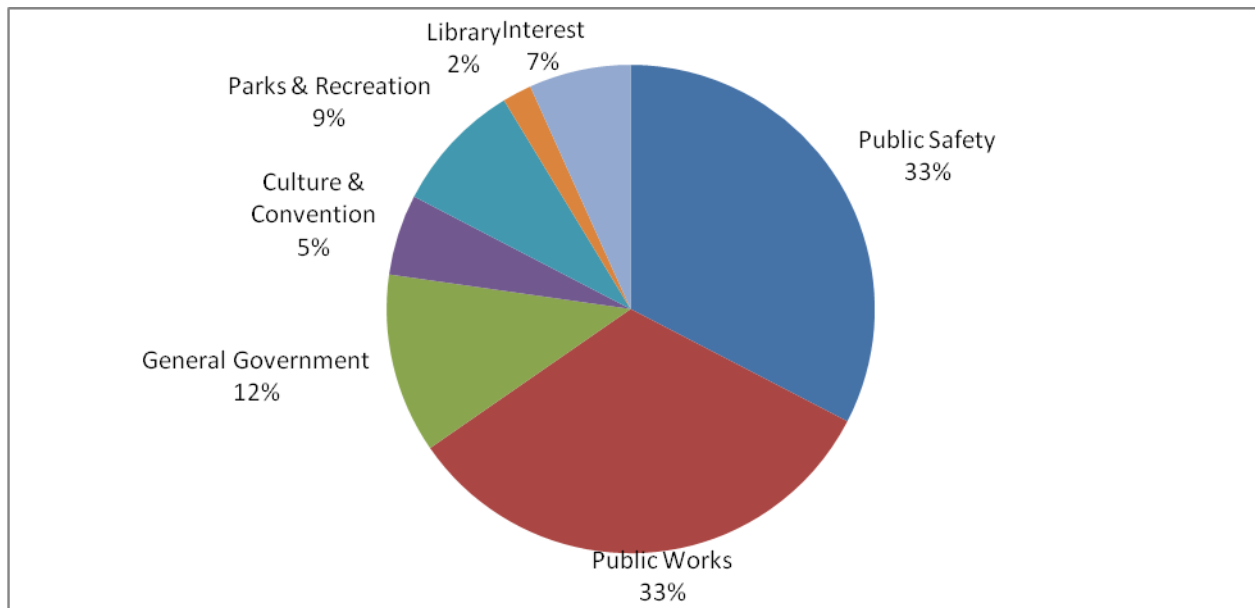
- Largely because of a voter-approved 1% increase which went into effect on April 1, 2012, Sales Tax collections were up 25.9% compared to the prior fiscal year. By itself, the normal Bradley-Burns Sales Tax was up 5.7%.
- The Transient Occupancy Tax (TOT) collections were up 13.6% compared to the prior fiscal year due to higher occupancy per room and higher revenue per room rates.
- Program expenses were decreased in all categories as part of the City's planned \$20 million, three-year budget reduction plan. These decreases helped offset expense increases for items such as PERS, utilities, and public works expenses.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2012

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities



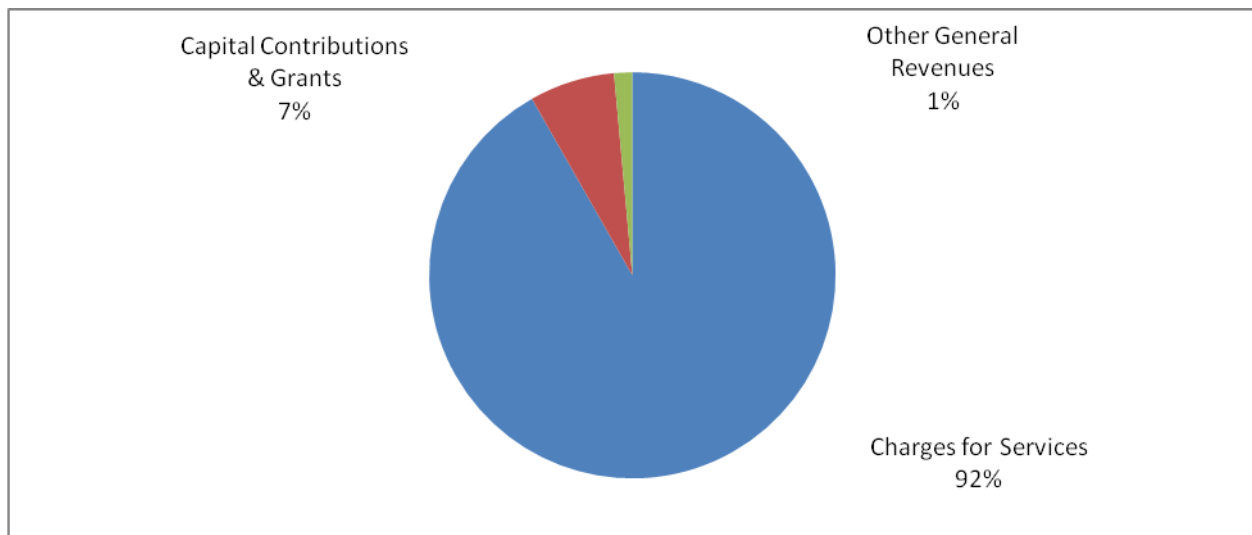
CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2012

Business-Type Activities

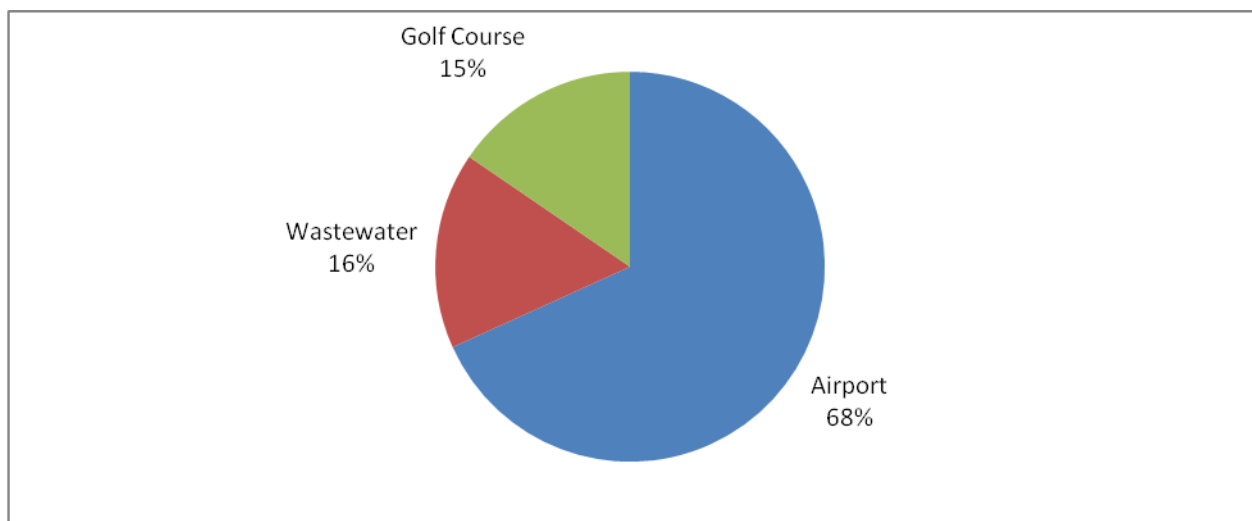
Revenues of the City's business-type activities (see Table 2) were higher than the previous year, increasing 11.0% from \$30.8 million to \$34.2 million.

Expenses were slightly higher than the previous year, increasing 2% from \$35.9 million to \$36.6 million.

Revenues by Source – Business-type Activities



Expenses by Function – Business-type Activities



CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2012

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 \$13.0 million, while total fund balance reached \$19.8 million. As a measure of the general fund's liquidity, unassigned fund balance represents 18.9% of total general fund expenditures and interfund transfers out, while total fund balance represents 28.8% of that same amount.

Total General Fund revenue increased from \$66.7 million to \$69.7 million. Among the more significant changes:

- Transient Occupancy Tax (TOT) increased from \$15.7 million to \$17.9 million. The one-year increase is 13.6%, and the two-year increase is 33.6%.
- Sales taxes increased from \$9.6 million to \$12.1 million
- Property taxes decreased slightly from \$16.7 million to \$16.5 million
- Licenses and permits (Building and other) increased from \$2.5 million to \$2.9 million
- Charges for services increased from \$4.3 million to \$7.0 million
- Utility user taxes was almost unchanged at \$6.9 million

The generally trend of positive increases in most major revenue categories point to the possible end of what we call 'The Great Recession' which has economically devastated most sectors of our economy over the last four years. This year the City set record levels for transient occupancy and sales taxes, even after strong increases in each of the last two 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 some signs of modest recovery as evidenced by the increases various building and planning permit fees and licenses, indicating a gradual recovery in the real estate market. The two revenue categories that continue to languish are property taxes and investment earnings. Residential and commercial real estate markets are also showing some signs of recovery, but it will likely be several years before this translates into property tax revenues returning to historic high levels. And historically low interest rates and 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 \$62.4 million to \$68.6 million. This is reflective of the City's planned transfer of the new voter-approved district sales tax to the new Measure J Capital Projects Fund. Also, there were increases to other areas such as PERS and utilities expenses.

The other Major Governmental Funds include the **Special Assessments Debt Service, Successor Housing, and Capital Projects.**

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

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2012

The financial effects on the City as a result of the dissolution of the Community Redevelopment Agency are still in flux as the State Department of Finance continues its review of prior actions by the Agency. Most of the issues associated with the dissolution of the Agency are expected to be resolved during the 2012-2013 fiscal year. The Housing Fund will remain until all assets have been liquidated and the debt has been retired. It is unlikely that any new housing projects will be permitted to the State to be initiated.

The Capital Projects Fund includes both projects funded by transfers from the General Fund, by grants, and as a one-time expenses this year the acquisition of assets related to the rejuvenation of a shopping center in the heart of downtown that has substantially been closed for twenty years. As part of the City's agreement with the developer of the Museum Market Plaza, the City acquired land and improvements which are reflected in the financial statements as a \$43 million public works expense.

Major Enterprise Funds. The Unrestricted net position of the **Airport, Wastewater and Golf Course Funds** total \$25.6 million, a decrease of \$1.6 million from last year's total of \$27.2 million.

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 \$1.03 million. It was mainly from one-time funds from the closeout of the Economic Recovery Plan Fund, to record unanticipated contributions, and to an increase in the Transient Occupancy Tax budget for resort fees.

On the expenditure side, the overall budget increased by about \$5.9 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 \$1.6 million under budget.

Mostly due to higher than anticipated transient occupancy taxes, sales taxes, and interfund transfers in from other funds, there was \$6.5 million more in actual revenues received over the final budget for revenues in the General Fund.

All categories of expenditures showed a positive variance compared to the final budget, with the actual total \$1.6 million under the final budget. The savings were primarily the result of salary savings from position vacancies and various cost cutting measures.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2012

CAPITAL ASSETS

There was a 7.9% increase in total capital assets from one fiscal year to the next fiscal year representing a net increase of \$30.4 million to \$387.6 million.

Capital Assets
(in thousands, net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Buildings	\$ 61,098	\$ 38,962	\$ 18,882	\$ 13,413	\$ 79,980	\$ 52,375
Improvements	40,034	43,142	52,876	58,756	92,910	101,898
Furniture and equipment	2,004	2,105	2,190	2,003	4,194	4,108
Vehicles	3,903	4,025	975	1,139	4,878	5,164
Infrastructure	106,907	82,287	9,355	11,707	116,262	93,994
Right-of-way	16,537	16,544	0	0	16,537	16,544
Land	31,414	30,301	36,738	36,738	68,152	67,039
Construction in progress	4,767	16,095	0	0	4,767	16,095
Total	<u>\$ 266,664</u>	<u>\$ 233,461</u>	<u>\$ 121,016</u>	<u>\$ 123,756</u>	<u>\$ 387,680</u>	<u>\$ 357,217</u>

For more detailed information on capital asset activity, see the Capital Assets Note 5 in the Notes to the Basic Financial Statements.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2012

LONG-TERM DEBT

As of June 30, 2012, the City had bonded and certificates of participation debt outstanding of \$234.8 million. The City has no General Obligation debt. The table below summarizes the information presented in Note 6 in the Notes to the Basic Financial Statements.

Long Term Debt
(in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Compensated absences	\$ 5,078	\$ 5,477	\$ 693	\$ 785	\$ 5,771	\$ 6,262
Claims and judgments	3,872	3,743	238	0	4,110	3,743
Certificates of participation (COPS)	7,605	7,810	24,477	24,964	32,082	32,774
					0	0
Tax Allocation Bonds	0	44,080	0	0	0	44,080
Lease Revenue Bonds	134,262	89,382	10,046	9,980	144,308	99,362
Special Assessment Bonds	8,060	8,410	0	0	8,060	8,410
Pension Obligation Bonds	<u>40,472</u>	<u>35,302</u>	<u>0</u>	<u>0</u>	<u>40,472</u>	<u>35,302</u>
Total	<u>\$ 199,349</u>	<u>\$ 194,204</u>	<u>\$ 35,454</u>	<u>\$ 35,729</u>	<u>\$ 234,803</u>	<u>\$ 229,933</u>

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 \$334 million and the legal debt margin is \$195 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, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 54,628,730	\$ 34,969,832	\$ 89,598,562
Receivables:			
Accounts	12,219,557	1,872,803	14,092,360
Notes and loans	6,828,563	-	6,828,563
Accrued interest	1,113,553	28,199	1,141,752
Special assessments	8,116,697	-	8,116,697
Internal balances	5,880,333	(5,880,333)	-
Prepaid costs	-	139,524	139,524
Deposits	200,000	-	200,000
Due from other governments	-	299,695	299,695
Inventories	149,960	17,106	167,066
Land held for resale	722,429	-	722,429
Restricted assets:			
Cash with fiscal agent	10,321,297	4,024,930	14,346,227
Advances to Successor Agency	4,773,628	-	4,773,628
Net pension asset	21,018,238	-	21,018,238
Capital assets not being depreciated	52,717,979	36,737,608	89,455,587
Capital assets, net of depreciation	213,946,045	84,278,791	298,224,836
Total Assets	392,637,009	156,488,155	549,125,164
Deferred Outflows of Resources:			
Deferred charge on refunding	-	908,990	908,990
Total Deferred Outflows of Resources	-	908,990	908,990
Liabilities:			
Accounts payable	4,944,250	3,570,671	8,514,921
Accrued liabilities	637,335	85,946	723,281
Accrued interest	1,761,908	1,900,516	3,662,424
Unearned revenue	119,563	-	119,563
Deposits payable	4,812	500,000	504,812
Due to other governments	128,931	-	128,931
Noncurrent liabilities:			
Due within one year	11,470,239	1,961,210	13,431,449
Due in more than one year	187,878,285	33,492,645	221,370,930
Total Liabilities	206,945,323	41,510,988	248,456,311
Net Position:			
Net investment in capital assets	124,797,484	86,255,293	211,052,777
Restricted for:			
Public safety	1,698,792	-	1,698,792
Parks and recreation	2,696,295	-	2,696,295
Public works	31,541,017	-	31,541,017
Debt service	12,995,538	4,024,930	17,020,468
Lease	196,842	-	196,842
Library	2,704,639	-	2,704,639
Special projects	1,457,744	-	1,457,744
Unrestricted	7,603,335	25,605,934	33,209,269
Total Net Position	\$ 185,691,686	\$ 115,886,157	\$ 301,577,843

CITY OF PALM SPRINGS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government:				
Governmental Activities:				
General government	\$ 11,680,752	\$ 3,517,758	\$ 1,073,462	\$ -
Public safety	36,489,937	2,878,838	974,905	9,297,659
Cultural and convention center	5,995,613	-	326,177	-
Parks and recreation	9,728,209	1,370,673	-	313,239
Public works	36,660,915	4,045,121	5,005,039	6,771,288
Lease	1,643,117	-	-	-
Library	2,168,904	59,501	2,252	-
Interest on long-term debt	7,553,342	-	-	-
Total Governmental Activities	111,920,789	11,871,891	7,381,835	16,382,186
Business-Type Activities:				
Airport	24,990,169	20,342,504	-	2,315,123
Wastewater	5,967,510	5,965,340	-	-
Golf Course	5,662,881	5,046,766	-	-
Total Business-Type Activities	36,620,560	31,354,610	-	2,315,123
Total Primary Government	\$ 148,541,349	\$ 43,226,501	\$ 7,381,835	\$ 18,697,309

General Revenues:

Taxes:

Property taxes, levied for general purpose

Tax increment

Transient occupancy taxes

Sales taxes

Franchise taxes

Utility users tax

Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

**Extraordinary gain/(loss) on dissolution
of redevelopment agency (Note 14)**

Transfers

Total General Revenues, Extraordinary Items and Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (7,089,532)	\$ -	\$ (7,089,532)
(23,338,535)	-	(23,338,535)
(5,669,436)	-	(5,669,436)
(8,044,297)	-	(8,044,297)
(20,839,467)	-	(20,839,467)
(1,643,117)	-	(1,643,117)
(2,107,151)	-	(2,107,151)
(7,553,342)	-	(7,553,342)
(76,284,877)	-	(76,284,877)
-	(2,332,542)	(2,332,542)
-	(2,170)	(2,170)
-	(616,115)	(616,115)
-	(2,950,827)	(2,950,827)
(76,284,877)	(2,950,827)	(79,235,704)
16,733,031	-	16,733,031
7,496,284	-	7,496,284
17,874,173	-	17,874,173
12,130,059	-	12,130,059
3,007,511	-	3,007,511
6,879,047	-	6,879,047
3,184,405	-	3,184,405
3,505,007	-	3,505,007
1,583,805	333,192	1,916,997
117,096	161,417	278,513
31,771,682	(1,227,000)	30,544,682
2,450	(2,450)	-
104,284,550	(734,841)	103,549,709
27,999,673	(3,685,668)	24,314,005
162,517,731	120,341,648	282,859,379
(4,825,718)	(769,823)	(5,595,541)
\$ 185,691,686	\$ 115,886,157	\$ 301,577,843

CITY OF PALM SPRINGS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

		Special Revenue Fund	Capital Projects Fund	Debt Service Fund
	General	Housing	Capital Projects	Special Assessments
Assets:				
Pooled cash and investments	\$ 15,385,469	\$ 1,238,172	\$ -	\$ 1,617,801
Receivables:				
Accounts	6,903,381	-	2,383,745	56,962
Notes and loans	-	6,828,563	-	-
Accrued interest	793,259	401	-	1,233
Special assessments	-	-	-	8,116,697
Deposits	200,000	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	1,210,000	49,950	-	-
Land held for resale	49,950	672,479	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	1,109,307
Advances to Successor Agency	-	4,773,628	-	-
Total Assets	\$ 24,542,059	\$ 13,563,193	\$ 2,383,745	\$ 10,902,000
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,807,001	\$ 468	\$ 738,017	\$ -
Accrued liabilities	552,313	36,265	-	-
Unearned revenues	-	-	119,563	-
Deposits payable	4,812	-	-	-
Due to other governments	-	128,931	-	-
Due to other funds	-	-	792,977	-
Advances from other funds	49,950	-	-	-
Total Liabilities	3,414,076	165,664	1,650,557	-
Deferred Inflows of Resources				
Unavailable revenues	1,343,259	-	-	8,116,697
Total Deferred Inflows of Resources	1,343,259	-	-	8,116,697
Fund Balances:				
Nonspendable:				
Land held for resale	-	672,479	-	-
Notes and loans	-	11,602,191	-	-
Advances to other funds	1,210,000	49,950	-	-
Deposits	200,000	-	-	-
Restricted for:				
Community development projects	-	1,072,909	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	2,785,303
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Public safety	39,898	-	-	-
Parks and recreation	50,687	-	-	-
Public works	19,911	-	-	-
Capital Projects	-	-	733,188	-
Continuing appropriations	1,663,921	-	-	-
General government	301,192	-	-	-
Library	17,376	-	-	-
Anticipated future obligations	1,500,000	-	-	-
Deficit reduction	1,740,050	-	-	-
Unassigned	13,041,689	-	-	-
Total Fund Balances	19,784,724	13,397,529	733,188	2,785,303
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 24,542,059	\$ 13,563,193	\$ 2,383,745	\$ 10,902,000

CITY OF PALM SPRINGS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	Other Governmental Funds	Total Governmental Funds
Assets:		
Pooled cash and investments	\$ 22,427,424	\$ 40,668,866
Receivables:		
Accounts	2,848,455	12,192,543
Notes and loans	-	6,828,563
Accrued interest	17,749	812,642
Special assessments	-	8,116,697
Deposits	-	200,000
Due from other funds	4,225,062	4,225,062
Advances to other funds	-	1,259,950
Land held for resale	-	722,429
Restricted assets:		
Cash and investments with fiscal agents	9,211,990	10,321,297
Advances to Successor Agency	-	4,773,628
Total Assets	\$ 38,730,680	\$ 90,121,677
 Liabilities, Deferred Inflows of Resources and Fund Balances:		
Liabilities:		
Accounts payable	\$ 915,368	\$ 4,460,854
Accrued liabilities	21,874	610,452
Unearned revenues	-	119,563
Deposits payable	-	4,812
Due to other governments	-	128,931
Due to other funds	191,752	984,729
Advances from other funds	-	49,950
Total Liabilities	1,128,994	6,359,291
 Deferred Inflows of Resources		
Unavailable revenues	164,292	9,624,248
Total Deferred Inflows of Resources	164,292	9,624,248
 Fund Balances:		
Nonspendable:		
Land held for resale	-	672,479
Notes and loans	-	11,602,191
Advances to other funds	-	1,259,950
Deposits	-	200,000
Restricted for:		
Community development projects	-	1,072,909
Public safety	1,698,792	1,698,792
Parks and recreation	2,696,295	2,696,295
Public works	18,143,488	18,143,488
Debt service	10,210,235	12,995,538
Lease	196,842	196,842
Library	2,704,639	2,704,639
Special projects	1,457,744	1,457,744
Assigned to:		
Public safety	-	39,898
Parks and recreation	-	50,687
Public works	-	19,911
Capital Projects	483,407	1,216,595
Continuing appropriations	-	1,663,921
General government	-	301,192
Library	-	17,376
Anticipated future obligations	-	1,500,000
Deficit reduction	-	1,740,050
Unassigned	(154,048)	12,887,641
Total Fund Balances	37,437,394	74,138,138
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 38,730,680	\$ 90,121,677

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CITY OF PALM SPRINGS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2012

Fund balances of governmental funds		\$ 74,138,138
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.		260,433,606
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Bonds payable	\$ (144,107,197)	
Unamortized bond premiums/discounts	(2,146,305)	
Compensated Absences	<u>(4,919,466)</u>	(151,172,968)
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.		(20,249,594)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(1,730,027)
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.		9,624,248
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.		<u>14,648,283</u>
Net Position of governmental activities		<u>\$ 185,691,686</u>

CITY OF PALM SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General	Special Revenue Fund Housing	Capital Projects Fund Capital Projects	Debt Service Fund Special Assessments
Revenues:				
Taxes	\$ 57,410,481	\$ -	\$ -	\$ -
Assessments	-	-	-	885,410
Licenses and permits	2,357,573	-	109,697	-
Intergovernmental	4,603,466	-	16,335,615	-
Charges for services	4,443,087	-	-	-
Use of money and property	307,868	19,407	(5,575)	18,997
Fines and forfeitures	-	-	-	-
Contributions	53,562	-	-	-
Miscellaneous	547,699	3,867	64,850	-
Total Revenues	69,723,736	23,274	16,504,587	904,407
Expenditures:				
Current:				
General government	9,957,068	79,754	149,271	19,709
Public safety	30,287,353	-	1,178,986	-
Community development	2,816,914	-	135,956	-
Parks and recreation	8,354,839	-	13,248	-
Public works	7,347,007	-	59,735,998	18,837
Lease	-	-	-	-
Library	2,035,379	-	38,378	-
Debt service:				
Principal retirement	1,625,000	-	-	350,000
Interest and fiscal charges	2,150,662	92,759	-	423,452
Pass-through agreement payments	-	-	-	-
Total Expenditures	64,574,222	172,513	61,251,837	811,998
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,149,514	(149,239)	(44,747,250)	92,409
Other Financing Sources (Uses):				
Transfers in	1,544,814	-	-	-
Transfers out	(4,031,712)	-	-	-
Lease revenue bonds issued	-	-	43,000,000	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	(2,486,898)	-	43,000,000	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 14)	(1,605,000)	13,546,768	-	-
Net Change in Fund Balances	1,057,616	13,397,529	(1,747,250)	92,409
Fund Balances, Beginning of Year, as previously reported	18,727,108	-	2,480,438	2,692,894
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as restated	18,727,108	-	2,480,438	2,692,894
Fund Balances, End of Year	\$ 19,784,724	\$ 13,397,529	\$ 733,188	\$ 2,785,303

CITY OF PALM SPRINGS

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 9,894,029	\$ 67,304,510
Assessments	463,181	1,348,591
Licenses and permits	446,097	2,913,367
Intergovernmental	6,325,019	27,264,100
Charges for services	2,592,947	7,036,034
Use of money and property	1,665,409	2,006,106
Fines and forfeitures	104,838	104,838
Contributions	242,527	296,089
Miscellaneous	379,717	996,133
Total Revenues	22,113,764	109,269,768
Expenditures:		
Current:		
General government	658,165	10,863,967
Public safety	3,726,418	35,192,757
Community development	-	2,952,870
Parks and recreation	601,664	8,969,751
Public works	6,961,910	74,063,752
Lease	1,484,855	1,484,855
Library	-	2,073,757
Debt service:		
Principal retirement	1,824,784	3,799,784
Interest and fiscal charges	3,912,687	6,579,560
Pass-through agreement payments	1,948,429	1,948,429
Total Expenditures	21,118,912	147,929,482
Excess (Deficiency) of Revenues Over (Under) Expenditures	994,852	(38,659,714)
Other Financing Sources (Uses):		
Transfers in	7,211,844	8,756,658
Transfers out	(4,722,496)	(8,754,208)
Lease revenue bonds issued	25,945,000	68,945,000
Bond premium	2,361,102	2,361,102
Payment to refunded bond escrow agent	(24,264,400)	(24,264,400)
Total Other Financing Sources (Uses)	6,531,050	47,044,152
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 14)	(23,245,086)	(11,303,318)
Net Change in Fund Balances	(15,719,184)	(2,918,880)
Fund Balances, Beginning of Year, as previously reported	53,548,429	77,448,869
Restatements	(391,851)	(391,851)
Fund Balances, Beginning of Year, as restated	53,156,578	77,057,018
Fund Balances, End of Year	\$ 37,437,394	\$ 74,138,138

See Notes to Financial Statements

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, 2012**

Net change in fund balances - total governmental funds \$ (2,918,880)

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	\$ 48,406,654	
Depreciation	(11,922,610)	
Gain/(loss) on sale of capital assets	<u>(8,226)</u>	36,475,818

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	3,799,784	
Amortization of bond premiums	214,797	
Bonds issued	(68,945,000)	
Bond premiums on bonds issued	(2,361,102)	
Bonds defeased	<u>23,540,000</u>	(43,751,521)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. (11,510)

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. 393,670

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. (5,260,797)

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. (1,218,588)

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. 1,216,481

Extraordinary gains and losses relating to long term liabilities transferred to the Successor Agency are reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.

Long-term liabilities		<u>43,075,000</u>
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Change in net position of governmental activities \$ 27,999,673

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 18,727,108	\$ 18,727,108	\$ 18,727,108	\$ -
Resources (Inflows):				
Taxes	50,693,845	50,809,632	57,410,481	6,600,849
Licenses and permits	2,152,400	2,255,319	2,357,573	102,254
Intergovernmental	4,997,000	5,001,665	4,603,466	(398,199)
Charges for services	4,391,188	4,462,483	4,443,087	(19,396)
Use of money and property	259,500	259,510	307,868	48,358
Contributions	-	53,562	53,562	-
Miscellaneous	307,500	340,523	547,699	207,176
Transfers in	887,500	1,544,814	1,544,814	-
Amounts Available for Appropriation	82,416,041	83,454,616	89,995,658	6,541,042
Charges to Appropriation (Outflow):				
General government	9,711,045	11,472,451	9,957,068	1,515,383
Public safety	29,090,702	30,335,984	30,287,353	48,631
Cultural and convention center	2,633,761	2,915,290	2,816,914	98,376
Parks and recreation	8,567,077	8,935,969	8,354,839	581,130
Public works	7,574,994	7,788,135	7,347,007	441,128
Library	2,051,834	2,099,679	2,035,379	64,300
Debt service:				
Principal retirement	1,625,000	1,625,000	1,625,000	-
Interest and fiscal charges	2,586,263	2,586,263	2,150,662	435,601
Transfers out	2,042,451	3,992,984	4,031,712	(38,728)
Extraordinary loss on dissolution of redevelopment agency (Note 14)	-	-	1,605,000	(1,605,000)
Total Charges to Appropriations	65,883,127	71,751,755	70,210,934	1,540,821
Budgetary Fund Balance, June 30	\$ 16,532,914	\$ 11,702,861	\$ 19,784,724	\$ 8,081,863

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CITY OF PALM SPRINGS

**BUDGETARY COMPARISON STATEMENT
HOUSING
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Use of money and property	-	-	19,407	19,407
Miscellaneous	-	-	3,867	3,867
Extraordinary gain on dissolution of of redevelopment agency (Note 14)	-	-	13,546,768	13,546,768
Amounts Available for Appropriation	-	-	13,570,042	13,570,042
Charges to Appropriation (Outflow):				
General government	-	162,630	79,754	82,876
Debt service:				
Interest and fiscal charges	-	92,759	92,759	-
Total Charges to Appropriations	-	255,389	172,513	82,876
Budgetary Fund Balance, June 30	\$ -	\$ (255,389)	\$ 13,397,529	\$ 13,652,918

CITY OF PALM SPRINGS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2012

	Business-Type Activities - Enterprise Funds			
	Airport	Wastewater	Golf Course	Totals
Assets:				
Current:				
Cash and investments	\$ 22,815,399	\$ 12,154,433	\$ -	\$ 34,969,832
Receivables:				
Accounts	1,701,242	2,869	168,692	1,872,803
Accrued interest	18,423	9,776	-	28,199
Prepaid costs	-	-	139,524	139,524
Due from other governments	-	299,695	-	299,695
Inventories	17,106	-	-	17,106
Net pension asset	-	-	-	-
Restricted:				
Cash with fiscal agent	4,024,930	-	-	4,024,930
Total Current Assets	28,577,100	12,466,773	308,216	41,352,089
Noncurrent:				
Advances to other funds	-	-	-	-
Capital assets - net of accumulated depreciation	76,483,509	37,641,007	6,891,883	121,016,399
Total Noncurrent Assets	76,483,509	37,641,007	6,891,883	121,016,399
Total Assets	\$ 105,060,609	\$ 50,107,780	\$ 7,200,099	\$ 162,368,488
Deferred Outflows of Resources				
Deferred charge on refunding	\$ 400,558	\$ -	\$ 508,432	\$ 908,990
Total Deferred Outflows of Resources	400,558	-	508,432	908,990
Liabilities:				
Current:				
Accounts payable	1,731,018	1,836,317	3,336	3,570,671
Accrued liabilities	85,946	-	-	85,946
Accrued interest	702,144	-	1,198,372	1,900,516
Deposits payable	-	-	500,000	500,000
Due to other funds	-	-	3,240,333	3,240,333
Accrued compensated absences	382,464	-	-	382,464
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	1,010,000	-	568,746	1,578,746
Total Current Liabilities	3,911,572	1,836,317	5,510,787	11,258,676
Noncurrent:				
Advances from other funds	-	-	2,640,000	2,640,000
Accrued compensated absences	310,285	-	-	310,285
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	23,467,044	-	9,715,316	33,182,360
Total Noncurrent Liabilities	23,777,329	-	12,355,316	36,132,645
Total Liabilities	27,688,901	1,836,317	17,866,103	47,391,321
Net Position:				
Net investment in capital assets	52,006,465	37,641,007	(3,392,179)	86,255,293
Restricted for debt service	4,024,930	-	-	4,024,930
Unrestricted	21,740,871	10,630,456	(6,765,393)	25,605,934
Total Net Position	\$ 77,772,266	\$ 48,271,463	\$(10,157,572)	\$ 115,886,157

CITY OF PALM SPRINGS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2012

	<u>Governmental Activities- Internal Service Funds</u>
Assets:	
Current:	
Cash and investments	\$ 13,959,864
Receivables:	
Accounts	27,014
Accrued interest	300,911
Prepaid costs	-
Due from other governments	-
Inventories	149,960
Net pension asset	21,018,238
Restricted:	
Cash with fiscal agent	-
Total Current Assets	<u>35,455,987</u>
Noncurrent:	
Advances to other funds	1,430,000
Capital assets - net of accumulated depreciation	6,230,418
Total Noncurrent Assets	<u>7,660,418</u>
Total Assets	<u>\$ 43,116,405</u>
Deferred Outflows of Resources	
Deferred charge on refunding	\$ -
Total Deferred Outflows of Resources	<u>-</u>
Liabilities:	
Current:	
Accounts payable	483,396
Accrued liabilities	26,883
Accrued interest	31,881
Deposits payable	-
Due to other funds	-
Accrued compensated absences	45,485
Accrued claims and judgments	2,852,945
Bonds, notes, and capital leases	615,050
Total Current Liabilities	<u>4,055,640</u>
Noncurrent:	
Advances from other funds	-
Accrued compensated absences	113,985
Accrued claims and judgments	1,019,004
Bonds, notes, and capital leases	23,279,493
Total Noncurrent Liabilities	<u>24,412,482</u>
Total Liabilities	<u>28,468,122</u>
Net Position:	
Net investment in capital assets	5,396,919
Restricted for debt service	-
Unrestricted	9,251,364
Total Net Position	<u><u>\$ 14,648,283</u></u>

CITY OF PALM SPRINGS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds			
	Airport	Wastewater	Golf Course	Totals
Operating Revenues:				
Sales and service charges	\$ -	\$ 5,965,340	\$ -	\$ 5,965,340
Landing fees	1,889,409	-	-	1,889,409
Miscellaneous	2,665,035	-	12,181	2,677,216
Sale of electricity	-	-	-	-
Green fees and cart rentals	-	-	5,046,766	5,046,766
Rentals	12,219,081	-	29	12,219,110
Concessions	465,621	-	-	465,621
Passenger facility charge	3,252,594	-	-	3,252,594
Total Operating Revenues	20,491,740	5,965,340	5,058,976	31,516,056
Operating Expenses:				
Administration and general	1,238,458	1,860	3,623	1,243,941
Personnel services	7,916,435	28,294	-	7,944,729
Materials and supplies	151,130	-	-	151,130
Maintenance and supplies	-	-	-	-
Maintenance shop operations	-	-	-	-
Facilities maintenance	-	-	-	-
Retirement	-	-	-	-
Other claims and insurance	-	596,332	-	596,332
Depreciation expense	8,086,622	1,379,258	532,498	9,998,378
Heat, light and power	1,581,753	265,262	-	1,847,015
Other charges and services	4,530,872	3,696,504	4,630,726	12,858,102
Cogeneration	-	-	-	-
Medical, health, and life insurance	-	-	-	-
Workers compensation	-	-	-	-
Total Operating Expenses	23,505,270	5,967,510	5,166,847	34,639,627
Operating Income (Loss)	(3,013,530)	(2,170)	(107,871)	(3,123,571)
Nonoperating Revenues (Expenses):				
Intergovernmental	2,315,123	-	-	2,315,123
Interest revenue	216,439	116,724	-	333,163
Interest expense	(1,484,899)	-	(496,034)	(1,980,933)
Contributions	-	-	-	-
Total Nonoperating Revenues (Expenses)	1,046,663	116,724	(496,034)	667,353
Income (Loss) Before Transfers	(1,966,867)	114,554	(603,905)	(2,456,218)
Transfers in	-	-	285,050	285,050
Transfers out	(287,500)	-	-	(287,500)
Extraordinary loss on dissolution of redevelopment agency (Note 14)	-	(1,227,000)	-	(1,227,000)
Changes in Net Position	(2,254,367)	(1,112,446)	(318,855)	(3,685,668)
Net Position:				
Beginning of Year, as previously reported	80,532,498	49,383,909	(9,574,759)	120,341,648
Restatements	(505,865)	-	(263,958)	(769,823)
Beginning of Fiscal Year, as restated	80,026,633	49,383,909	(9,838,717)	119,571,825
End of Fiscal Year	\$ 77,772,266	\$ 48,271,463	\$ (10,157,572)	\$ 115,886,157

See Notes to Financial Statements

CITY OF PALM SPRINGS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Governmental Activities- Internal Service Funds
Operating Revenues:	
Sales and service charges	\$ 33,888,094
Landing fees	-
Miscellaneous	4,479
Sale of electricity	36,439
Green fees and cart rentals	-
Rentals	-
Concessions	-
Passenger facility charge	-
Total Operating Revenues	<u>33,929,012</u>
Operating Expenses:	
Administration and general	1,759,621
Personnel services	-
Materials and supplies	-
Maintenance and supplies	-
Maintenance shop operations	2,385,573
Facilities maintenance	3,521,411
Retirement	9,908,334
Other claims and insurance	3,547,695
Depreciation expense	953,897
Heat, light and power	1,463,291
Other charges and services	2,329
Cogeneration	755,868
Medical, health, and life insurance	5,842,939
Workers compensation	1,489,654
Total Operating Expenses	<u>31,630,612</u>
Operating Income (Loss)	<u>2,298,400</u>
Nonoperating Revenues (Expenses):	
Intergovernmental	-
Interest revenue	87,429
Interest expense	(1,177,069)
Contributions	7,721
Total Nonoperating Revenues (Expenses)	<u>(1,081,919)</u>
Income (Loss) Before Transfers	1,216,481
Transfers in	-
Transfers out	-
Extraordinary loss on dissolution of redevelopment agency (Note 14)	-
Changes in Net Position	<u>1,216,481</u>
Net Position:	
Beginning of Year, as previously reported	13,905,959
Restatements	(474,157)
Beginning of Fiscal Year, as restated	<u>13,431,802</u>
End of Fiscal Year	<u>\$ 14,648,283</u>

See Notes to Financial Statements

CITY OF PALM SPRINGS

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds			
	Airport	Wastewater	Golf Course	Totals
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 20,168,714	\$ 6,001,017	\$ 5,031,435	\$ 31,201,166
Cash received from/(paid to) interfund service provided	-	-	-	-
Cash paid to suppliers for goods and services	(5,117,771)	(3,309,698)	(4,821,918)	(13,249,387)
Cash paid to employees for services	(9,401,913)	(30,556)	-	(9,432,469)
Net Cash Provided (Used) by Operating Activities	5,649,030	2,660,763	209,517	8,519,310
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	-	285,050	285,050
Cash transfers in	(287,500)	-	-	(287,500)
Repayment received from other funds	-	-	1,062,717	1,062,717
Principal paid on non-capital debt	-	-	-	-
Interest paid on non-capital debt	-	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(287,500)	-	1,347,767	1,060,267
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(2,583,441)	(3,830,803)	(844,056)	(7,258,300)
Principal paid on capital debt	(886,933)	-	(212,433)	(1,099,366)
Interest paid on capital debt	(1,516,070)	-	(500,796)	(2,016,866)
Intergovernmental	2,315,123	-	-	2,315,123
Contributions	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,671,321)	(3,830,803)	(1,557,285)	(8,059,409)
Cash Flows from Investing Activities:				
Interest received	239,143	132,798	-	371,941
Net Cash Provided (Used) by Investing Activities	239,143	132,798	-	371,941
Net Increase (Decrease) in Cash and Cash Equivalents	2,929,352	(1,037,242)	(1)	1,892,109
Cash and Cash Equivalents at Beginning of Year	23,910,977	13,191,675	1	37,102,653
Cash and Cash Equivalents at End of Year	\$ 26,840,329	\$ 12,154,433	\$ -	\$ 38,994,762
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (3,013,530)	\$ (2,170)	\$ (107,871)	\$ (3,123,571)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	8,086,622	1,379,258	532,498	9,998,378
(Increase) decrease in accounts receivable	(323,026)	20,549	(27,541)	(330,018)
(Increase) decrease in inventories	574	-	-	574
(Increase) decrease in net pension asset	-	-	-	-
(Increase) decrease in due from other governments	-	15,128	-	15,128
(Increase) decrease in prepaid expense	-	-	9,177	9,177
Increase (decrease) in accounts payable	1,145,410	1,248,400	(196,746)	2,197,064
Increase (decrease) in accrued liabilities	(154,333)	(402)	-	(154,735)
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in compensated absences	(92,687)	-	-	(92,687)
Total Adjustments	8,662,560	2,662,933	317,388	11,642,881
Net Cash Provided (Used) by Operating Activities	\$ 5,649,030	\$ 2,660,763	\$ 209,517	\$ 8,519,310

CITY OF PALM SPRINGS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2012

	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ -
Cash received from/(paid to) interfund service provided	33,932,332
Cash paid to suppliers for goods and services	(29,224,685)
Cash paid to employees for services	(1,826,692)
Net Cash Provided (Used) by Operating Activities	<u>2,880,955</u>
Cash Flows from Non-Capital Financing Activities:	
Cash transfers out	-
Cash transfers in	-
Repayment received from other funds	-
Principal paid on non-capital debt	(200,182)
Interest paid on non-capital debt	(877,514)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(1,077,696)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(659,736)
Principal paid on capital debt	(434,648)
Interest paid on capital debt	(190,975)
Intergovernmental	-
Contributions	7,721
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,277,638)</u>
Cash Flows from Investing Activities:	
Interest received	99,329
Net Cash Provided (Used) by Investing Activities	<u>99,329</u>
Net Increase (Decrease) in Cash and Cash Equivalents	624,950
Cash and Cash Equivalents at Beginning of Year	13,334,914
Cash and Cash Equivalents at End of Year	<u>\$ 13,959,864</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 2,298,400
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	953,897
(Increase) decrease in accounts receivable	3,320
(Increase) decrease in inventories	969
(Increase) decrease in net pension asset	(286,436)
(Increase) decrease in due from other governments	-
(Increase) decrease in prepaid expense	-
Increase (decrease) in accounts payable	(151,039)
Increase (decrease) in accrued liabilities	(62,488)
Increase (decrease) in claims and judgments	128,915
Increase (decrease) in compensated absences	(4,583)
Total Adjustments	<u>582,555</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,880,955</u>

CITY OF PALM SPRINGS

STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2012

	<u>Agency Funds</u>	<u>Private Purpose Trust Funds</u>
Assets:		
Pooled cash and investments	\$ 889,931	\$ 14,433,871
Receivables:		
Accrued interest	-	11,258
Restricted assets:		
Cash and investments with fiscal agents	-	4,428,432
	<u>889,931</u>	<u>18,873,561</u>
Total Assets	\$ 889,931	18,873,561
Liabilities:		
Accounts payable	\$ -	\$ 1,857,633
Accrued liabilities	-	4,716
Accrued interest	-	780,304
Deposits payable	889,931	-
Long-term liabilities:		
Due in one year	-	1,050,000
Due in more than one year	-	46,798,628
	<u>889,931</u>	<u>50,491,281</u>
Total Liabilities	\$ 889,931	50,491,281
Net Position:		
Held in trust for historical society		305,311
Held in trust for other purposes		<u>(31,923,031)</u>
Total Net Position		\$ (31,617,720)

CITY OF PALM SPRINGS

STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2012

	Private Purpose Trust Funds
Additions:	
Taxes	\$ 2,352,404
Interest and change in fair value of investments	<u>28,223</u>
Total Additions	<u>2,380,627</u>
Deductions:	
Administrative expenses	211,945
Interest expense	1,854,419
Reimbursement of prior taxes to County	<u>1,691,223</u>
Total Deductions	<u>3,757,587</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 14)	(30,544,682)
Changes in Net Position	(31,921,642)
Net Position - Beginning of the Year	<u>303,922</u>
Net Position - End of the Year	<u>\$ (31,617,720)</u>

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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), the Community Redevelopment Agency (Agency) of the City of Palm Springs, and the Palm Springs Financing Authority (Authority). These blended component 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

Community Redevelopment Agency of the City of Palm Springs

The Community Redevelopment Agency's financial activity commenced in September, 1972. The primary purpose of the Agency is to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational and public facilities. The City Council is the governing board and has financial accountability over the operations of the Agency. The Agency's financial data and transactions are included with the special revenue fund type, debt service fund type and capital projects fund type. Revenues of the Agency consist primarily of property tax allocations on the incremental increase of property values in the redevelopment area and interest income. The Agency was dissolved as of January 31, 2012 through the Supreme Court decision on Assembly Bill 1X26. See Note 13 and Note 14 for more information on the dissolution.

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 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 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 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

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

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.

The City's fiduciary funds are custodial in nature (assets equal liabilities) 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 revenues and expenditures related to the development of facilities within the City for citizens of low or moderate income means.

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

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 plan and related capital expenditures, such as trunk lines.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 to pay estimated installment payments of the enforceable obligations until the obligations of the former redevelopment agency are paid in full and the 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

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

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.

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 14-17	30% Advance
January 20-26	Collection No. 1
April 12-15	10% Advance
May 19-25	Collection No. 2
August 9-12	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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

i. 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.

j. 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. 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.

k. 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.

l. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 2: Stewardship, Compliance, and Accountability

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, 2012, there were no expenditures that exceeded appropriation at the fund level for the General Fund and Major Special Revenue Funds.

c. Deficit Fund Equity /Net Position

The following fund reported a deficit in fund balances/net position as of June 30, 2012:

Fund	Deficit
CSA 152	\$ (154,048)
Golf Course	(10,157,572)

The deficits will be recovered through future revenues and transfers.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 3: Cash and Investments

Cash and investments as of June 30, 2012, are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 103,944,789
Fiduciary funds:	
Cash and investments	19,752,234
Total cash and investments	<u>\$ 123,697,023</u>

Cash and investments as of June 30, 2012, consist of the following:

Cash on hand	\$ 4,000
Deposits with financial institutions	5,245,916
Investments	118,447,107
Total cash and investments	<u>\$ 123,697,023</u>

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, 2012, the carrying amount of the City's demand deposits was \$5,245,916 and the bank balance was \$7,426,550. The \$2,180,634 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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 3: Cash and Investments (Continued)

Authorized Investment Type	*Authorized by Investment Policy	*Maximum Maturity	*Maximum Percentages of Portfolio	*Maximum Investment in One Issuer
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	60%	None
Bankers' Acceptances	Yes	180 Days	40%	20%
Commercial Paper	Yes	270 Days	15%	None
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	No	1 Year	None	30%
Reverse Purchase Agreements	No	92 Days	20% of base	None
Medium-Term Notes	Yes	5 years	20%	None
Mutual Funds investing in eligible securities	No	N/A	20%	10%
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.

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	None
U.S. Agency Securities	None
Bankers' Acceptances	30 Days
Commercial Paper	180 Days
Money Market Mutual Funds	None
Investment Agreements	None
Local Agency Bonds	None
Corporate Notes	None
Medium Term Notes	None
Repurchase Agreements	None
Financial Futures/Option Contracts	None
California Asset Management Program	None
Negotiable Certificates of Deposit	None
Local Agency Investment Fund (LAIF)	None

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 3: Cash and Investments (Continued)

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.

Investment Type	Fair Value	Remaining Maturity (in Months)		
		12 Months or Less	13-24 Months	25-60 Months
Local Agency Investment Fund	\$ 15,018	\$ 15,018	\$ -	\$ -
Federal Agency Securities	38,086,865	-	38,086,865	-
Medium Term Notes	1,718,605	-	991,960	726,645
Mutual Funds -Money Market	60,071,375	60,071,375	-	-
Fiscal Agent				
Mutual Funds -Money Market	7,699,797	7,699,797	-	-
Federal Agency Securities	8,389,765	425,184	7,964,581	-
Medium Term Notes	678,073	678,073	-	-
US Treasuries	1,787,609	1,787,609	-	-
	<u>\$ 118,447,107</u>	<u>\$ 70,677,056</u>	<u>\$ 47,043,406</u>	<u>\$ 726,645</u>

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
Local Agency Investment Fund	\$ 15,018	N/A	\$ -	\$ -	\$ 15,018
Federal Agency Securities	38,086,865	AA+	-	38,086,865	-
Medium Term Notes	1,718,605	A	1,718,605	-	-
Mutual Funds -Money Market	60,071,375	AAA	60,071,375	-	-
Fiscal Agent					
Mutual Funds -Money Market	7,699,797	AAA	7,699,797	-	-
Federal Agency Securities	8,389,765	N/A	-	8,389,765	-
Medium Term Notes	678,073	N/A	678,073	-	-
US Treasuries	1,787,609	N/A	-	1,787,609	-
	<u>\$ 118,447,107</u>		<u>\$ 70,167,850</u>	<u>\$ 48,264,239</u>	<u>\$ 15,018</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 3: Cash and Investments (Continued)**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 Farm Credit Bank	Federal Agency Securities	\$ 8,011,880
Federal Home Loan Bank	Federal Agency Securities	10,427,139
Federal Home Loan Mortgage Corp.	Federal Agency Securities	9,977,721
Federal National Mortgage Assoc.	Federal Agency Securities	18,059,890

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.

A provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction account at all FDIC-insured institutions. This provision was effective from December 31, 2010 and will remain effective until December 31, 2012. Noninterest-bearing transaction accounts is defined as an account (1) with respect to which interest is neither accrued nor paid; (2) on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic media transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and (3) on which the FDIC-insured depository institutions does not reserve the right to require advance notice of an intended withdrawal. As of June 30, 2012, the City maintains cash deposits that are temporarily covered by this provision.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 3: Cash and Investments (Continued)

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 4: Interfund Receivables, Payables and Transfers

Due to/Due From

Interfund receivable and payable balances at June 30, 2012, are as follows:

	Due from Other Funds	Due to Other Funds
Governmental Funds:		
Capital Projects Fund	\$ 792,977	\$ -
Nonmajor Governmental Funds	191,752	4,225,062
Enterprise Fund:		
Golf Course	<u>3,240,333</u>	<u>-</u>
Totals	<u>\$ 4,225,062</u>	<u>\$ 4,225,062</u>

Interfund balances are the result of short-term borrowing to cover negative cash balances at June 30, 2012.

Advances

The City has authorized several interfund advances to be used for the operations of the funds receiving the advances. At June 30, 2012, 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	<u>1,430,000 (b)</u>	<u>-</u>
Totals	<u>\$ 2,689,950</u>	<u>\$ 2,689,950</u>

- (a) The Golf Course Fund initially received \$2,000,000 from the General Fund at 6% over 20 years. At June 30, 2012, 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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 4: Interfund Receivables, Payables and Transfers (Continued)

Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,257,314 (a)
	Airport Enterprise Fund	287,500 (a)
Nonmajor Governmental Funds	General Fund	3,746,662 (b)
	Nonmajor Governmental Funds	3,465,182 (c)
Golf Course Enterprise Fund	General Fund	<u>285,050 (d)</u>
		<u>\$ 9,041,708</u>

(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 between Nonmajor Governmental Funds were for various purposes.

(d) Transfers from the General Fund to the Gold Course were for operational costs.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 5: Capital Assets

Governmental Activities	Beginning Balance	Adjustments *	Adjusted Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:							
Land	\$ 30,301,157	\$ (2,978,297)	\$ 27,322,860	\$ -	\$ 4,090,788	\$ -	\$ 31,413,648
Construction in progress	16,094,814	-	16,094,814	(15,391,167)	4,063,255	-	4,766,902
Right-of-way	16,544,454	-	16,544,454	-	-	(7,025)	16,537,429
Total Capital Assets, Not Being Depreciated	62,940,425	(2,978,297)	59,962,128	(15,391,167)	8,154,043	(7,025)	52,717,979
Capital assets, being depreciated:							
Buildings	74,859,377	-	74,859,377	-	23,680,438	-	98,539,815
Improvements	73,034,749	-	73,034,749	-	201,006	-	73,235,755
Furniture and equipment	8,877,460	-	8,877,460	-	300,997	-	9,178,457
Vehicles	12,894,744	-	12,894,744	-	673,182	(329,024)	13,238,902
Infrastructure	186,951,307	-	186,951,307	15,391,167	16,056,724	(70,205)	218,328,993
Total capital assets, being depreciated	356,617,637	-	356,617,637	15,391,167	40,912,347	(399,229)	412,521,922
Less accumulated depreciations for:							
Buildings	(35,897,640)	-	(35,897,640)	-	(1,544,756)	-	(37,442,396)
Improvements	(29,892,882)	-	(29,892,882)	-	(3,309,104)	-	(33,201,986)
Furniture and equipment	(6,772,791)	-	(6,772,791)	-	(400,788)	-	(7,173,579)
Vehicles	(8,869,938)	-	(8,869,938)	-	(795,300)	329,024	(9,336,214)
Infrastructure	(104,664,147)	-	(104,664,147)	-	(6,826,559)	69,004	(111,421,702)
Total accumulated depreciation	(186,097,398)	-	(186,097,398)	-	(12,876,507)	398,028	(198,575,877)
Total capital assets, being depreciated, net	170,520,239	-	170,520,239	15,391,167	28,035,840	(1,201)	213,946,045
Governmental activities capital assets, net	\$ 233,460,664	\$ (2,978,297)	\$ 230,482,367	\$ -	\$ 36,189,883	\$ (8,226)	\$ 266,664,024

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

General government	\$ 236,150
Cultural and convention center	3,178,699
Public safety	1,372,232
Public works	7,394,891
Parks and recreation	526,877
Library	167,658
Total depreciation	<u>\$ 12,876,507</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 5: Capital Assets (Continued)

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 36,737,608	\$ -	\$ -	\$ -	\$ 36,737,608
Capital assets, being depreciated:					
Buildings	40,238,037	2,441,978	4,395,012	-	47,075,027
Improvements	174,428,440	477,268	1,406,529	-	176,312,237
Machinery and equipment	3,831,256	(1,102,710)	1,456,759	-	4,185,305
Motor vehicles	2,397,580	(12,000)	-	-	2,385,580
Subsurface lines	29,192,236	(1,804,536)	-	-	27,387,700
Total capital assets, being depreciated	<u>250,087,549</u>	<u>-</u>	<u>7,258,300</u>	<u>-</u>	<u>257,345,849</u>
Less accumulated depreciations for:					
Buildings	(26,825,073)	(354,313)	(1,013,710)	-	(28,193,096)
Improvements	(115,672,271)	351,844	(8,115,361)	-	(123,435,788)
Machinery and equipment	(1,828,456)	2,469	(168,425)	-	(1,994,412)
Motor vehicles	(1,258,118)	-	(153,128)	-	(1,411,246)
Subsurface lines	(17,484,762)	-	(547,754)	-	(18,032,516)
Total accumulated depreciation	<u>(163,068,680)</u>	<u>-</u>	<u>(9,998,378)</u>	<u>-</u>	<u>(173,067,058)</u>
Total capital assets, being depreciated, net	<u>87,018,869</u>	<u>-</u>	<u>(2,740,078)</u>	<u>-</u>	<u>84,278,791</u>
Business-type activities capital assets, net	<u>\$ 123,756,477</u>	<u>\$ -</u>	<u>\$ (2,740,078)</u>	<u>\$ -</u>	<u>\$ 121,016,399</u>

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

Airport	\$ 8,086,622
Wastewater	1,379,258
Golf course	<u>532,498</u>
Total depreciation	<u>\$ 9,998,378</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 6: Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2012, (including unamortized discounts and refunding costs) are as follows:

Governmental Activities	Beginning Balance	Defeased	Additions	Deletions	Transfers to the Successor Agency of the Former RDA *	Ending Balance	Due Within One Year
Compensated absences payable	\$ 5,477,189	\$ -	\$ 3,563,667	\$ 3,961,920	\$ -	\$ 5,078,936	\$ 3,673,844
Claims and Judgments payable	3,743,034	-	2,902,585	2,773,670	-	3,871,949	2,852,945
Net OPEB Obligation	14,988,797	-	5,260,797	-	-	20,249,594	-
Special assessment debt with government commitment	8,410,000	-	-	350,000	-	8,060,000	360,000
Capital lease obligations-CaLease/OshKosh	1,007,241	-	-	173,742	-	833,499	182,440
Capital lease obligations-Motorola	2,802,722	-	-	300,401	-	2,502,321	313,469
Notes payable	44,288	-	-	21,487	-	22,801	22,801
Bonds Payable:							
2001 Housing Tax Allocation Bonds	3,810,000	-	-	270,000	(3,540,000)	-	-
2004 Tax Allocation Bonds, Series A	11,290,000	-	-	440,000	(10,850,000)	-	-
2004 Tax Allocation Bonds, Series B	7,925,000	-	-	170,000	(7,755,000)	-	-
2007 Tax Allocation Bonds Series A, B, C	21,055,000	-	-	125,000	(20,930,000)	-	-
2001 Lease Revenue Bonds	24,475,000	(23,540,000)	-	935,000	-	-	-
2004 Lease Revenue Bonds	55,330,000	-	-	690,000	-	54,640,000	730,000
2012 Lease Revenue Bonds	-	-	23,980,000	-	-	23,980,000	1,180,000
Unamortized bond premium	-	-	699,421	77,292	-	622,129	-
2007 Refunding Lease Revenue Bonds	5,757,989	-	-	553,803	-	5,204,186	582,130
Unamortized bond discount	(34,743)	-	-	(2,171)	-	(32,572)	-
2007 Pension Obligation Bonds	20,312,658	-	109,029	200,182	-	20,221,505	222,610
2012 Measure J Bonds	-	-	44,965,000	-	-	44,965,000	1,135,000
Unamortized bond premium	-	-	1,661,681	137,505	-	1,524,176	-
Certificates of Participation:							
2002A Taxable Variable Rate Certificates of Participation	7,810,000	-	-	205,000	-	7,605,000	215,000
Total governmental long-term liabilities, net	<u>\$ 194,204,175</u>	<u>\$ (23,540,000)</u>	<u>\$ 83,142,180</u>	<u>\$ 11,382,831</u>	<u>\$ (43,075,000)</u>	<u>\$ 199,348,524</u>	<u>\$ 11,470,239</u>

*As a result of the dissolution of the redevelopment agency, indebtedness of the former redevelopment agency was transferred to the Successor Agency. See Note 14 for disclosures for indebtedness.

Government compensated absences are generally liquidated by the General Fund.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 6: Long-Term Liabilities (Continued)

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 785,436	\$ 225,045	\$ 317,732	\$ 692,749	\$ 382,464
Capital leases payable	-	294,452	56,204	238,248	70,876
Airport Revenue bonds payable:					
1998 Airport PFC Revenue Bonds	9,435,000	-	355,000	9,080,000	375,000
2006 Airport PFC Revenue Bonds	10,150,000	-	370,000	9,780,000	390,000
2008 Airport PFC Revenue Bonds	6,410,000	-	240,000	6,170,000	245,000
Unamortized discount	(586,517)	-	(34,962)	(552,956)	-
Airport Revenue bonds payable, net	25,408,483	-	930,038	24,477,044	1,010,000
2007 Refunding Lease	10,522,011	-	476,197	10,045,814	497,870
2007 Refunding Lease, net	10,522,011	-	476,197	10,045,814	497,870
Total business-type long-term liabilities	\$ 36,715,930	\$ 519,497	\$ 1,780,171	\$ 35,453,855	\$ 1,961,210

Special Assessment Debt with Government Commitment

At June 30, 2012, the City of Palm Springs has four outstanding Assessment District (A.D.) Improvement Bonds ("Bonds") issued in the aggregate amount of \$8,910,000 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. If a delinquency occurs in the payment of any assessment installment, the City, at or before the end of the fiscal year of delinquency, has a duty to transfer into the redemption fund the amount of the delinquency out of available funds of the City.

A.D. 157/158

\$2,345,000 Bonds issued August 9, 2001; Bonds mature between September 2, 2002 and September 2, 2012 in amounts ranging from \$95,000 through \$290,000; 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 tax bills sent to property owners; interest rates range between 3.80% and 5.70%; reserve of \$160,000 is required which is fully funded at June 30, 2012.

\$80,000

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 tax bills sent to property owners; interest rates range between 1.65% and 5.65%; reserve of \$349,988 is required which is fully funded at June 30, 2012.

3,690,000

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 6: Long-Term Liabilities (Continued)

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 tax bills sent to property owners; interest rates range between 2.60% and 5.60%; reserve of \$99,298 is required which is fully funded at June 30, 2012.

1,035,000

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 tax bills sent to property owners; interest rates range between 3.00% and 5.15%; reserve of \$277,144 is required which is fully funded at June 30, 2012.

3,255,000

Total Special Assessment Debt with Government Commitment

\$8,060,000

Annual requirements to amortize outstanding special assessment debt as of June 30, 2012, are as follows:

June 30	A.D. 157/158		A.D. 161		A.D. 162		A.D. 164	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 80,000	\$ 2,280	\$ 130,000	\$ 193,445	\$ 40,000	\$ 53,778	\$ 110,000	\$ 158,220
2014	-	-	140,000	187,668	40,000	52,028	115,000	153,438
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
2018-2022	-	-	910,000	705,628	255,000	193,091	755,000	582,175
2023-2027	-	-	1,180,000	422,110	330,000	115,595	950,000	371,278
2028-2030	-	-	885,000	76,699	240,000	20,720	950,000	100,940
Total	<u>\$ 80,000</u>	<u>\$ 2,280</u>	<u>\$ 3,690,000</u>	<u>\$ 2,108,728</u>	<u>\$ 1,035,000</u>	<u>\$ 579,773</u>	<u>\$ 3,255,000</u>	<u>\$ 1,794,319</u>

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.

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**

Note 6: Long-Term Liabilities (Continued)

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, 2012, is \$177,966.

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, 2012, is \$655,533.

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

Year Ending June 30	OshKosh#1	OshKosh#2
2013	\$ 95,169	\$ 130,725
2014	95,169	130,725
2015	-	130,725
2016	-	130,725
2017	-	130,725
2018	-	130,725
Subtotal	190,338	784,350
Less: Amount representing interest	(12,372)	(128,817)
Total	<u>\$ 177,966</u>	<u>\$ 655,533</u>

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. At June 30, 2012, the City recorded the proceeds from lease in Capital Projects major governmental fund.

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, 2012, is \$2,502,321.

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**

Note 6: Long-Term Liabilities (Continued)

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

<u>Year Ending June 30</u>	
2013	\$ 422,320
2014	422,319
2015	422,320
2016	422,319
2017	422,319
2018-2019	<u>844,639</u>
Subtotal	2,956,236
Less: Amount representing interest	<u>(453,915)</u>
Total	<u><u>\$ 2,502,321</u></u>

Notes Payable

The City entered into an agreement in November 2001 with the California Energy Commission to borrow \$183,763. The note accrues interest at 6% per annum. Semi-annual payments of \$11,916 are required through the end of the note in June 2013.

\$22,801

Annual requirements to amortize outstanding notes payable as of June 30, 2012, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	<u>\$ 22,801</u>	<u>\$ 1,031</u>	<u>\$ 23,832</u>

Bonds Payable

Governmental Activities:

2001 Convention Center Lease Revenue Bonds

In 2001, the Palm Springs Financing Authority issued \$14,315,000 of serial bonds and \$14,225,000 of term bonds to provide for the advance refunding of the 1991 Series A Lease Revenue Bonds. The serial bonds accrue interest at rates between 3.50% and 5.25% and mature between November 1, 2002 and November 1, 2019. The first portion of term bonds with principal of \$5,600,000 accrue interest at a rate of 5.00% and mature on November 1, 2022. The second portion of term bonds with principal of \$2,735,000 accrue interest at 4.75% and mature on November 1, 2023. The third portion of term bonds with principal of \$5,890,000 accrue interest at a rate of 5.00% and mature on November 1, 2025. These bonds were fully redeemed at June 30, 2012.

2004 A Convention Center Lease Revenue Bonds

On May 13, 2004, the 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

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**

Note 6: Long-Term Liabilities (Continued)

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, 2012 is \$54,640,000.

2012 A Convention Center Lease Revenue Bonds

On February 1, 2012, the 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 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 5.00%. 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 2004 and 2012 Convention Center Lease Revenue Bonds is \$5,561,626. At June 30, 2012, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2012 is \$23,980,000.

The total convention center bonds outstanding at June 30, 2012, were \$78,620,000.

Future requirements to amortize outstanding convention center bonds as of June 30, 2012, are as follows:

June 30	2004 Convention Center Lease Revenue Bonds		2012 Convention Center Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 730,000	\$ 2,958,462	\$ 1,180,000	\$ 777,063
2014	765,000	2,921,088	1,205,000	753,213
2015	835,000	2,881,087	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
2018-2022	5,320,000	13,179,900	7,035,000	2,685,388
2023-2027	4,455,000	12,185,113	10,800,000	910,319
2028-2032	20,230,000	8,557,175	-	-
2033-2036	20,570,000	2,338,600	-	-
Total	<u>\$ 54,640,000</u>	<u>\$ 50,654,869</u>	<u>\$ 23,980,000</u>	<u>\$ 7,213,422</u>

2007 Refunding Lease Revenue Bonds

On July 25, 2007, the 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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 6: Long-Term Liabilities (Continued)

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.

The outstanding 2007 Refunding Lease Revenue Bonds at June 30, 2012, are reflected in the accompanying financial statements as follows:

	Balance at June 30, 2012
Governmental activities:	
Police building project & master lease	\$ 2,332,074
Cogeneration plant fund	2,872,112
Less unamortized discount	(32,572)
Total governmental activities	<u>\$ 5,171,614</u>
Business-type activities	
Golf Course fund	\$ 10,045,814
Less unamortized discount & refund charge	(508,432)
Total business-type activities	<u>\$ 9,537,382</u>

Future requirements to amortize outstanding 2007 Refunding Lease Revenue Bonds as of June 30, 2012, are as follows:

June 30	2007 Refunding Lease Revenue Bonds	
	Principal	Interest
2013	\$ 1,080,000	\$ 676,700
2014	970,000	632,150
2015	1,010,000	592,138
2016	795,000	551,738
2017	825,000	519,938
2018-2022	4,690,000	2,045,726
2023-2027	5,880,000	846,362
Total	<u>\$ 15,250,000</u>	<u>\$ 5,864,752</u>

2012 Lease Revenue Refunding Bonds, Series B

On June 6, 2012, the 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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 6: Long-Term Liabilities (Continued)

The total Lease Revenue bonds outstanding at June 30, 2012, is \$46,626,681, including \$1,661,681 of unamortized premium.

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2012 - 2013	\$ 1,135,000	\$ 1,814,862
2013 - 2014	1,245,000	1,939,313
2014 - 2015	1,285,000	1,901,963
2015 - 2016	1,335,000	1,850,563
2016 - 2017	1,390,000	1,797,163
2017 - 2022	7,820,000	8,106,813
2022 - 2027	9,720,000	6,205,788
2027 - 2032	12,280,000	3,657,088
2032 - 2035	<u>8,755,000</u>	<u>804,238</u>
Totals	<u>\$ 44,965,000</u>	<u>\$ 28,077,791</u>

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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 6: Long-Term Liabilities (Continued)

The balance outstanding as of June 30, 2012, was \$20,221,505 including accreted interest of \$1,038,066.

Year Ending June 30	Series A-1		Series A-2	
	Principal	Interest	Principal	Interest
2013	\$ -	\$ 814,648	\$ 222,610	\$ 244,594
2014	-	814,648	241,808	232,996
2015	-	814,648	260,920	220,277
2016	-	814,648	277,749	206,370
2017	-	814,648	289,840	191,483
2018-2022	2,090,000	3,858,706	683,061	811,965
2023-2027	4,205,000	2,990,818	584,207	661,344
2028-2032	1,835,000	2,359,062	1,833,244	259,394
2033-2037	6,660,000	762,842	-	-
Total	<u>\$ 14,790,000</u>	<u>\$ 14,044,668</u>	<u>\$ 4,393,439</u>	<u>\$ 2,828,423</u>

Certificates of Participation

2002A Taxable Variable Rate Certificates of Participation

On July 29, 2002, the Financing Authority issued \$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, 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 is valid through July 31, 2012. The City is required to pay Union Bank an annual commitment fee for the letter of credit 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, 2012, the outstanding balance is \$7,605,000.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 6: Long-Term Liabilities (Continued)

Future requirements to amortize outstanding certificates of participation as of June 30, 2012, are as follows:

June 30	2002A Taxable Variable Rate	
	Principal	Interest
2013	\$ 215,000	\$ 106,470
2014	230,000	103,460
2015	245,000	100,240
2016	355,000	96,810
2017	375,000	91,840
2018-2022	2,290,000	372,960
2023-2027	3,140,000	190,260
2028	755,000	10,570
Total	<u>\$ 7,605,000</u>	<u>\$ 1,072,610</u>

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, 2012 is \$238,248.

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

Year Ending June 30	
2013	\$ 82,048
2014	82,050
2015	82,049
2016	13,674
Subtotal	259,821
Less: Amount representing interest	(21,573)
Total	<u>\$ 238,248</u>

Note 6: 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 \$851,908. At June 30, 2012, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2012, is \$9,080,000 net of \$137,541 of unamortized discount.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 6: 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:

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

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:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
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 \$962,168. At June 30, 2012, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2012, is \$9,780,000 net of \$164,596 of unamortized discount and \$400,558 deferred refunding charges.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 6: 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:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
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%

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:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
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, 2012, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2012, is \$6,170,000 net of \$249,418 unamortized discount.

Future requirements to amortize outstanding business-type bonds payable (excluding \$551,555 of unamortized discounts and \$400,558 of deferred refunding charges) as of June 30, 2012, are as follows:

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 6: 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
2013	\$ 375,000	\$ 484,338	\$ 390,000	\$ 524,765	\$ 245,000	\$ 378,748
2014	390,000	465,119	410,000	504,160	260,000	365,365
2015	415,000	445,131	430,000	482,105	280,000	350,075
2016	435,000	423,863	455,000	458,539	285,000	333,125
2017	455,000	401,569	480,000	433,408	305,000	315,425
2018-2022	2,680,000	1,627,476	2,810,000	1,735,413	1,825,000	1,262,855
2023-2027	3,505,000	826,651	3,670,000	846,375	2,465,000	583,280
2028-2032	825,000	45,374	1,135,000	46,759	505,000	16,413
Total	<u>\$ 9,080,000</u>	<u>\$ 4,719,521</u>	<u>\$ 9,780,000</u>	<u>\$ 5,031,524</u>	<u>\$ 6,170,000</u>	<u>\$ 3,605,286</u>

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, 2012, principal and interest remaining on the PFC bonds was \$38,386,331. For the current year, principal and interest paid and total PFC revenues were \$2,412,253 and \$3,252,594, respectively.

Note 7: 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, 2012, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$3,871,949, of which \$2,852,945 represents the current portion.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 7: 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, 2011 and 2012, 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
2010-2011	\$ 2,653,395	\$ 2,627,334	\$ (1,537,695)	\$ 3,743,034
2011-2012	3,743,034	2,902,585	(2,773,670)	3,871,949

Note 8: 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 19.430 % for non-safety employees, and 30.822% 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 2011-2012, the City's annual pension cost was \$9,400,955 and the City actually contributed \$9,687,391. The required contribution was determined as part of the June 30, 2009, 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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 8: Defined Benefit Pension Plan (PERS) (Continued)

The City's change in net pension asset for the year ended June 30, 2012, were as follows (amounts in thousands):

	Misc.	Safety	Total
Annual required contribution	\$ (4,464)	\$ (5,224)	\$ (9,688)
Interest on beginning net pension asset	714	893	1,607
Adjustment to the annual required contribution	(586)	(735)	(1,321)
Annual pension cost	(4,336)	(5,066)	(9,402)
Contributions made	4,464	5,224	9,688
Change in net pension asset	128	158	286
Net pension asset, beginning of year	9,209	11,523	20,732
Net pension asset, end of year	<u>\$ 9,337</u>	<u>\$ 11,681</u>	<u>\$ 21,018</u>

The City's contribution for 2012 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 (Amount in thousands)

Fiscal Year	Annual Pension Cost (APC)	Annual Required Contribution (ARC)	Percentage of APC Contributed	Net Pension Asset
6/30/2010				
Misc.	\$ 3,791	\$ 3,938	104%	\$ 9,072
Safety	4,518	4,702	104%	11,350
Total	<u>\$ 8,309</u>	<u>\$ 8,640</u>	104%	<u>\$ 20,422</u>
6/30/2011				
Misc.	\$ 3,514	\$ 3,651	104%	\$ 9,210
Safety	4,312	4,485	104%	11,522
Total	<u>\$ 7,826</u>	<u>\$ 8,136</u>	104%	<u>\$ 20,732</u>
6/30/2012				
Misc.	\$ 4,336	\$ 4,464	103%	\$ 9,337
Safety	5,066	5,224	103%	11,681
Total	<u>\$ 9,402</u>	<u>\$ 9,688</u>	103%	<u>\$ 21,018</u>

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**

Note 8: 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)}
6/30/2009						
Misc.	\$ 148,807	\$ 130,340	\$ 18,467	87.6%	\$ 18,441	100.1%
Safety	176,638	147,067	29,571	83.3%	14,531	203.5%
Total	<u>\$ 325,445</u>	<u>\$ 277,407</u>	<u>\$ 48,038</u>	<u>85.2%</u>	<u>\$ 32,972</u>	145.7%
6/30/2010						
Misc.	\$ 155,789	\$ 134,896	\$ 20,893	86.6%	\$ 18,135	115.2%
Safety	184,335	152,290	32,045	82.6%	13,459	238.1%
Total	<u>\$ 340,124</u>	<u>\$ 287,186</u>	<u>\$ 52,938</u>	<u>84.4%</u>	<u>\$ 31,594</u>	167.6%
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	<u>\$ 359,320</u>	<u>\$ 297,775</u>	<u>\$ 61,545</u>	<u>82.9%</u>	<u>\$ 30,731</u>	200.3%

Note 9: 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 387 eligible active employees and 142 enrolled eligible retirees at June 30, 2012. 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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 9: 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, 2012, 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 \$1,599,058 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:

	<u>June 30, 2012</u>
Annual required contribution	\$ 7,137,459
Interest on net OPEB obligation	674,496
Adjustment to annual required contributions	<u>(952,100)</u>
Annual OPEB cost (expense)	6,859,855
Contributions made	<u>(1,599,058)</u>
Increase in net OPEB obligation	5,260,797
Net OPEB Obligation, Beginning of Year	<u>14,988,797</u>
Net OPEB Obligation, End of Year	<u><u>\$ 20,249,594</u></u>

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, 2012, were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 6,152,030	18.9%	\$ 10,108,157
6/30/2011	6,710,092	27.3%	14,988,797
6/30/2012	6,859,855	23.3%	20,249,594

Funding Status and Progress

As of June 30, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$99,590,050, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$99,590,050 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 \$26,309,954 and UAAL as a % of covered payroll was 378.5%

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

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 9: 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%

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 4.5% 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 9.5% graded down by .5% per year with an ultimate rate of 5%. 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, 2012, is 27 years. It is assumed the City's payroll will increase 3.25% per year.

Note 10: 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 10: 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 \$1,374,855. 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 sublandlord 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 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 Community Redevelopment Agency bonds. The Agency now leases the parcel from the City of Palm Springs.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 10: Leasehold Interest (Continued)

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

Note 11: Construction Commitments

The City has active construction projects as of June 30, 2012. 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:

	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Streets and drainage	\$ 5,657,402	\$ 3,564,415
Facilities and equipment	5,949,276	2,084,027
Traffic signal projects	422,548	167,000
Landscapes	164,999	111,975
Bridges	7,839,843	2,831,475
	<u>\$ 20,034,068</u>	<u>\$ 8,758,892</u>

Note 12: Restatement Fund Balance and Net Position

Beginning fund balance and net position has been restated as follows:

Governmental Funds:

Housing - Special Revenue Fund

To correct the notes and loans receivable balance \$ (391,851)

Governmental Activities:

To properly restate the capital asset land balance (2,978,297)

Implementation of GASB 63 - recognition of debt issuance costs (1,455,570)

\$ (4,825,718)

Business Type Activities:

Implementation of GASB 63 - recognition of debt issuance costs \$ (769,823)

Note 13: California Redevelopment Agency Dissolution

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB 1X 26 and 27 (*California Redevelopment Association v. Matosantos*). AB 1X 26 dissolves redevelopment agencies effective October 1, 2011. AB 1X 27 gave redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amounted to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments totaled \$400 million, annually. Each city or county's share of these payments was determined based on its proportionate share of state-wide tax increment.

Note 13: California Redevelopment Agency Dissolution (Continued)

On August 17, 2011 the Supreme Court issued a stay of the implementation of AB X1 26 and 27 which allowed a redevelopment agency to continue if it adopted an AB X1 27 ordinance. However, because of the effect of the stay order, the authority for the Redevelopment Agency to engage in most activities was suspended.

The Supreme Court heard oral arguments on November 10, 2011 and on December 29, 2011 announced its decision in *California Redevelopment Association v. Matosantos*. The court upheld AB 1X 26 which dissolves redevelopment agencies, but invalidated in its entirety AB 1X 27 which allowed redevelopment agencies to continue as long as they made the required payments. AB X1 26 established deadlines for the process of Redevelopment Agency dissolution and the handling of existing obligations. The full text of AB 1X 26 may be obtained from the California legislative information website maintained by the Legislative Counsel of the State of California at: <http://www.leginfo.ca.gov/bilinfo.html>.

As of January 31, 2012 the Redevelopment Agency has been dissolved and the City of Palm Springs has elected to become the Successor Agency. The Successor Agency will be responsible for winding down the remaining activities of the dissolved Redevelopment Agency.

Note 14: 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.

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).

In future fiscal years, successor agencies will only be allocated 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

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.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in the governmental funds - increase to net position of the Succesory Agency Trust Fund	\$ 11,303,318
Total extraordinary loss reported in the enterprise funds - increase to net position of the Succesory Agency Trust Fund	1,227,000
Long-term debt reported in the government-wide financial statements - decrease to net position of the Successor Agency Trust Fund	<u>(43,075,000)</u>
Net decrease to net position of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary loss reported in the Statement of Changes in Fiduciary Net Position)	<u><u>\$ (30,544,682)</u></u>

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

a. Cash and investments

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

Cash and investments pooled with the City	\$ 14,128,560
Cash and investments with fiscal agent	<u>4,428,432</u>
	<u>\$ 18,556,992</u>

b. Long-Term Debt

The following debt was transferred from the Redevelopment Agency to the Successor Agency as of February 1, 2012 as a result of the dissolution.

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2012, follows:

	Beginning Balance	Transfers from Former Redevelopment Agency	Additions	Repayments	Ending Balance	Due Within One Year
<u>Fiduciary Activities</u>						
Advances from the City of Palm Springs	\$ -	\$ 4,773,628	\$ -	\$ -	\$ 4,773,628	\$ -
2001 Housing Tax Allocation Bonds	-	3,540,000	-	-	3,540,000	280,000
2004 Tax Allocation Bonds, Series A	-	10,850,000	-	-	10,850,000	460,000
2004 Tax Allocation Bonds, Series B	-	7,755,000	-	-	7,755,000	180,000
2007 Tax Allocation Bonds, Series A, B, C	-	20,930,000	-	-	20,930,000	130,000
Total	<u>\$ -</u>	<u>\$47,848,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$47,848,628</u>	<u>\$1,050,000</u>

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 \$4,773,628 as of June 30, 2012. \$3,216,456 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.

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 make six loans to the Agency. The refunding met the requirements of an in-substance defeasance, and, consequently, the old debt has been removed from the financial statements. The new 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 liability was transferred to the Successor Agency upon dissolution of the Redevelopment Agency.

The required reserve for the 2001 Housing Tax Allocation Bonds is \$468,105 and as of June 30, 2012, the reserve was fully funded. The amount of bonds outstanding at June 30, 2012, is 3,540,000.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

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 liability was transferred to the Successor Agency upon dissolution of the Redevelopment 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 \$1,037,200 and \$614,256, respectively. As of June 30, 2012, both reserves were fully funded. The amount of bonds outstanding at June 30, 2012, for the 2004 Series A and B bonds is \$10,850,000 and \$7,755,000, respectively.

Future requirements to amortize as of June 30, 2012 are as follows:

June 30	2001 Housing Bond		2004 Series A Revenue Bonds		2004 Series B Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 280,000	\$ 178,868	\$ 460,000	\$ 562,927	\$ 180,000	\$ 428,256
2014	295,000	165,027	485,000	539,302	190,000	419,006
2015	310,000	150,086	510,000	514,428	200,000	409,256
2016	325,000	134,049	535,000	488,302	205,000	399,132
2017	340,000	116,921	560,000	460,928	220,000	388,506
2018-2022	1,990,000	283,747	3,260,000	1,831,621	1,270,000	1,752,234
2023-2027	-	-	2,315,000	982,988	1,660,000	1,349,309
2028-2032	-	-	1,565,000	543,812	2,190,000	800,401
2033-2034	-	-	1,160,000	98,175	1,640,000	145,187
Total	<u>\$ 3,540,000</u>	<u>\$ 1,028,698</u>	<u>\$ 10,850,000</u>	<u>\$ 6,022,483</u>	<u>\$ 7,755,000</u>	<u>\$ 6,091,287</u>

2007 Tax Allocation Bonds Series A, B, C

On September 7, 2007, the 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 liability was transferred to the Successor Agency upon dissolution of the Redevelopment Agency.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

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.

The balance outstanding as of June 30, 2012, is \$20,930,000. Future requirements to amortize are as follows:

June 30	Series A		Series B		Series C	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ -	\$ 619,225	\$ -	\$ 117,293	\$ 130,000	\$ 389,706
2014	-	619,225	-	117,293	135,000	382,299
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
2018-2022	1,595,000	2,921,763	350,000	535,803	980,000	1,621,286
2023-2027	2,020,000	2,598,901	460,000	412,369	1,330,000	1,253,991
2028-2032	5,270,000	1,657,000	620,000	247,176	1,820,000	753,293
2033-2034	3,885,000	297,375	480,000	45,444	1,395,000	137,355
Total	\$ 12,770,000	\$ 10,571,164	\$ 1,910,000	\$ 1,827,257	\$ 6,250,000	\$ 5,635,775

On June 14, 2012, Moody's Investors Service ("Moody's") downgraded all California tax allocation bonds rated 'Baa3' and above. As such, the Bonds' insured rating was downgraded from 'A3' to 'Ba1' and underlying rating was downgraded from 'A3' to 'Ba1'. According to Moody's, all California tax allocation bond ratings remain on review for possible withdrawal.

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

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

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 indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the various bonds is \$74,251,664, payable through September 2034. For the current year, principal and interest paid and total property tax revenues were \$3,350,454 and \$9,848,688, respectively.

a. Joint Powers Agreement

On February 1, 1991, the City and the Former Community Redevelopment Agency formed the City of Palm Springs Financing Authority (Authority) by the execution of a joint exercise of powers agreement. The Authority is a joint exercise of powers authority organized and existing under and by virtue of the Joint Exercise of Powers Act. Pursuant to the Act, the Authority is authorized to issue revenue bonds to be repaid from the proceeds of public obligations acquired by the Authority.

b. 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 7.

c. 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 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, 2012, for this agreement.

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

Reversal of Transfers of Assets

On April 20, 2012, pursuant to Health and Safety Code Section 34167.5, the California State Controller issued an order to cities, counties, and agencies, directly or indirectly receiving assets from a redevelopment agency after January 1, 2011, to reverse the transfer and return assets to successor agency. The California State Controller will specifically review and audit cities, counties, and public agencies to ensure that all applicable asset transfers have been reversed. In fiscal year 2010-2011, the Agency repaid advances totaling \$2,011,785 and transferred capital assets to the City. This transaction has not been reviewed by the California State Controller as of the date of this report and the reversal of this transaction is not reflected in these financial statements. Upon the Controller's review, any assets, if applicable, would be transferred to the Successor Agency in accordance with the order.

At June 30, 2012, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

d. Subsequent Events

Assembly Bill 1484 established a requirement for the successor agency to remit to the County auditor-controller three payments as determined by the auditor-controller which consist of a payment to be made in July 2012 for taxing entities' share of December 2011 property tax distribution to redevelopment agency/successor agency, a payment to be made in November 2012 related to Low-Moderate Income Housing Fund Due Diligence Review for unencumbered cash, and a payment to be made in April 2013 related to the other Redevelopment Funds Due Diligence Review for unencumbered cash. As of the date of the report the payment in July 2012 was zero. In addition, the Low-Moderate Income Housing Due Diligence Review resulted in an amount due of \$9,189,521 which has been confirmed by the Department of Finance. The other Redevelopment Funds Due Diligence Review resulted in an amount due of \$4,127,192, which has not been confirmed by the Department of Finance.

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.

Indian Gaming Special Distribution Fund – To account for revenues and costs related to SB621 Grant Awards. This grant is funded by payments from the Indian Casinos into a statewide fund to mitigate the impact on City services from the Indian Casinos.

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.

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS

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.

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.

Economic Recovery Plan Fund – To account for revenues and costs related to the economic recovery plan.

City Leased Property Fund – To account for revenues and related costs of City leased properties.

Low and Moderate Housing Fund – To account for revenue and expenditures related to the development of facilities within the City for citizens of low or moderate income means.

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

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.

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.

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

Community Redevelopment Agency Capital Projects Fund – To account for the economic realization and redevelopment of the City through acquisition and development of City property determined to be in a declining condition.

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.

Community Redevelopment Agency Debt Service Fund - This fund is used to account for the payment of principal and interest on general long-term debt of the Community Redevelopment Agency.

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds			
	Forfeiture	Safety Augmentation	Indian Gaming Special Distribution	Special Development
Assets:				
Pooled cash and investments	\$ 400,073	\$ 26,072	\$ -	\$ 152,868
Receivables:				
Accounts	-	83,527	-	-
Accrued interest	323	-	-	673
Due from other funds	-	-	-	700,000
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 400,396	\$ 109,599	\$ -	\$ 853,541
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 837	\$ -	\$ -
Accrued liabilities	-	5,116	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	5,953	-	-
Deferred Inflows of Resources				
Unavailable revenues	7,814	-	-	-
Total Deferred Inflows of Resources	7,814	-	-	-
Fund Balances:				
Restricted for:				
Public safety	392,582	103,646	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	853,541
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	392,582	103,646	-	853,541
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 400,396	\$ 109,599	\$ -	\$ 853,541

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	<u>Special Revenue Funds</u>			
	<u>CSA 152</u>	<u>Recycling AB 929</u>	<u>Villagefest</u>	<u>Neighborhood Involvements</u>
Assets:				
Pooled cash and investments	\$ -	\$ 281,131	\$ 20,957	\$ 6,425
Receivables:				
Accounts	156,478	36,751	-	-
Accrued interest	-	862	-	-
Due from other funds	-	800,000	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 156,478</u>	<u>\$ 1,118,744</u>	<u>\$ 20,957</u>	<u>\$ 6,425</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ 4,350	\$ 1,180	\$ 2,244	\$ -
Accrued liabilities	4,911	-	1,657	-
Due to other funds	144,787	-	-	-
Total Liabilities	154,048	1,180	3,901	-
Deferred Inflows of Resources				
Unavailable revenues	156,478	-	-	-
Total Deferred Inflows of Resources	156,478	-	-	-
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	17,056	-
Public works	-	1,117,564	-	6,425
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	<u>(154,048)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(154,048)</u>	<u>1,117,564</u>	<u>17,056</u>	<u>6,425</u>
Total Liabilities, deferred inflows of resources, and Fund Balances	<u>\$ 156,478</u>	<u>\$ 1,118,744</u>	<u>\$ 20,957</u>	<u>\$ 6,425</u>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds			
	Parking	Gas Tax	Measure A Improvements	Drainage Construction
Assets:				
Pooled cash and investments	\$ 172,134	\$ 975,664	\$ 8,977,769	\$ 1,108,569
Receivables:				
Accounts	92	134,256	474,771	-
Accrued interest	-	718	6,337	921
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 172,226	\$ 1,110,638	\$ 9,458,877	\$ 1,109,490
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ 23,772	\$ 295	\$ 658,818	\$ 15,757
Accrued liabilities	265	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	24,037	295	658,818	15,757
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	148,189	1,110,343	8,800,059	1,093,733
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	148,189	1,110,343	8,800,059	1,093,733
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 172,226	\$ 1,110,638	\$ 9,458,877	\$ 1,109,490

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	Special Revenue Funds			
	Community Development Block Grant	Master Lease	Air Quality Management	Public Arts
Assets:				
Pooled cash and investments	\$ 24,450	\$ 196,838	\$ 58,927	\$ 367,350
Receivables:				
Accounts	77,341	-	13,935	-
Accrued interest	-	-	51	288
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	4	-	-
Total Assets	\$ 101,791	\$ 196,842	\$ 72,913	\$ 367,638
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ 72,701	\$ -	\$ 8,495	\$ 1,258
Accrued liabilities	725	-	-	725
Due to other funds	-	-	-	-
Total Liabilities	73,426	-	8,495	1,983
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	28,365	-	64,418	365,655
Debt service	-	-	-	-
Lease	-	196,842	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	28,365	196,842	64,418	365,655
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 101,791	\$ 196,842	\$ 72,913	\$ 367,638

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Special Revenue Funds</u>			
	<u>Library</u>	<u>Quimby Act Fees</u>	<u>Special Projects</u>	<u>CFD Public Safety #1</u>
Assets:				
Pooled cash and investments	\$ 2,703,183	\$ 2,680,812	\$ 1,262,195	\$ 258,833
Receivables:				
Accounts	2	-	218,921	8,744
Accrued interest	2,228	2,167	-	193
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 2,705,413</u>	<u>\$ 2,682,979</u>	<u>\$ 1,481,116</u>	<u>\$ 267,770</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ 774	\$ 3,740	\$ 23,372	\$ 605
Accrued liabilities	-	-	-	4,737
Due to other funds	-	-	-	-
Total Liabilities	774	3,740	23,372	5,342
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Public safety	-	-	-	262,428
Parks and recreation	-	2,679,239	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
Lease	-	-	-	-
Library	2,704,639	-	-	-
Special projects	-	-	1,457,744	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>2,704,639</u>	<u>2,679,239</u>	<u>1,457,744</u>	<u>262,428</u>
Total Liabilities, deferred inflows of resources, and Fund Balances	<u>\$ 2,705,413</u>	<u>\$ 2,682,979</u>	<u>\$ 1,481,116</u>	<u>\$ 267,770</u>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	Special Revenue Funds			
	Business Improvement District	Energy Efficiency Loan	Park Maintenance District	Emergency Response
Assets:				
Pooled cash and investments	\$ 9,619	\$ -	\$ 241,008	\$ 823,645
Receivables:				
Accounts	-	-	3,672	114,299
Accrued interest	10	-	-	681
Due from other funds	-	500,000	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 9,629	\$ 500,000	\$ 244,680	\$ 938,625
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ 3,700	\$ -	\$ 17,970	\$ 4,861
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	3,700	-	17,970	4,861
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Public safety	-	-	-	933,764
Parks and recreation	-	-	-	-
Public works	5,929	500,000	226,710	-
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	5,929	500,000	226,710	933,764
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 9,629	\$ 500,000	\$ 244,680	\$ 938,625

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Special Revenue Funds</u>			
	<u>Sustainability</u>	<u>Special Grants</u>	<u>Economic Recovery Plan</u>	<u>City Leased Property</u>
Assets:				
Pooled cash and investments	\$ 327,657	\$ -	\$ -	\$ 120
Receivables:				
Accounts	112,367	57,659	-	-
Accrued interest	1,905	-	-	-
Due from other funds	1,500,000	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 1,941,929</u>	<u>\$ 57,659</u>	<u>\$ -</u>	<u>\$ 120</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ 38,219	\$ 2,751	\$ -	\$ 120
Accrued liabilities	2,167	1,571	-	-
Due to other funds	-	46,965	-	-
Total Liabilities	<u>40,386</u>	<u>51,287</u>	<u>-</u>	<u>120</u>
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Public safety	-	6,372	-	-
Parks and recreation	-	-	-	-
Public works	1,901,543	-	-	-
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,901,543</u>	<u>6,372</u>	<u>-</u>	<u>-</u>
Total Liabilities, deferred inflows of resources, and Fund Balances	<u>\$ 1,941,929</u>	<u>\$ 57,659</u>	<u>\$ -</u>	<u>\$ 120</u>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	Special	Capital Project Funds		
	Revenue Fund			
	Low and	Parking	Measure J	Community
	Moderate	Projects		Redevelopment
	Housing			Agency
Assets:				
Pooled cash and investments	\$ -	\$ 483,015	\$ 596,733	\$ -
Receivables:				
Accounts	-	-	1,353,800	-
Accrued interest	-	392	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ -	\$ 483,407	\$ 1,950,533	\$ -
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 29,519	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	29,519	-
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	1,921,014	-
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	483,407	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	483,407	1,921,014	-
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ -	\$ 483,407	\$ 1,950,533	\$ -

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Debt Service Funds		Total Governmental Funds
	General Debt Service	Community Redevelopment Agency	
Assets:			
Pooled cash and investments	\$ 271,377	\$ -	\$ 22,427,424
Receivables:			
Accounts	1,840	-	2,848,455
Accrued interest	-	-	17,749
Due from other funds	725,062	-	4,225,062
Restricted assets:			
Cash and investments with fiscal agents	9,211,986	-	9,211,990
Total Assets	\$ 10,210,265	\$ -	\$ 38,730,680
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Accounts payable	\$ 30	\$ -	\$ 915,368
Accrued liabilities	-	-	21,874
Due to other funds	-	-	191,752
Total Liabilities	30	-	1,128,994
Deferred Inflows of Resources			
Unavailable revenues	-	-	164,292
Total Deferred Inflows of Resources	-	-	164,292
Fund Balances:			
Restricted for:			
Public safety	-	-	1,698,792
Parks and recreation	-	-	2,696,295
Public works	-	-	18,143,488
Debt service	10,210,235	-	10,210,235
Lease	-	-	196,842
Library	-	-	2,704,639
Special projects	-	-	1,457,744
Assigned to:			
Capital Projects	-	-	483,407
Unassigned	-	-	(154,048)
Total Fund Balances	10,210,235	-	37,437,394
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 10,210,265	\$ -	\$ 38,730,680

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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, 2012**

	Special Revenue Funds			
	Forfeiture	Safety Augmentation	Indian Gaming Special Distribution	Special Development
Revenues:				
Taxes	\$ -	\$ 716,829	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	565,068	-
Charges for services	-	26,877	-	89,999
Use of money and property	3,677	171	-	6,826
Fines and forfeitures	50,658	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	54,335	743,877	565,068	96,825
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	65,504	689,333	565,068	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	65,504	689,333	565,068	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,169)	54,544	-	96,825
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Lease revenue bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 14)	-	-	-	-
Net Change in Fund Balances	(11,169)	54,544	-	96,825
Fund Balances, Beginning of Year	403,751	49,102	-	756,716
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	403,751	49,102	-	756,716
Fund Balances, End of Year	\$ 392,582	\$ 103,646	\$ -	\$ 853,541

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

(Continued)

	Special Revenue Funds			
	CSA 152	Recycling AB 929	Villagefest	Neighborhood Involvements
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	143,852	-	-	-
Licenses and permits	-	-	385,267	-
Intergovernmental	-	25,196	-	-
Charges for services	-	150,142	-	-
Use of money and property	-	9,912	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	8,505
Miscellaneous	-	1,021	11,315	-
Total Revenues	143,852	186,271	396,582	8,505
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	408,907	-
Public works	300,330	55,517	-	4,269
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	300,330	55,517	408,907	4,269
Excess (Deficiency) of Revenues Over (Under) Expenditures	(156,478)	130,754	(12,325)	4,236
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Lease revenue bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 14)	-	-	-	-
Net Change in Fund Balances	(156,478)	130,754	(12,325)	4,236
Fund Balances, Beginning of Year	2,430	986,810	29,381	2,189
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	2,430	986,810	29,381	2,189
Fund Balances, End of Year	\$ (154,048)	\$ 1,117,564	\$ 17,056	\$ 6,425

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds			
	Parking	Gas Tax	Measure A Improvements	Drainage Construction
Revenues:				
Taxes	\$ -	\$ -	\$ 1,680,916	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	60,830
Intergovernmental	-	1,323,588	2,735,408	-
Charges for services	1,325	-	-	-
Use of money and property	-	4,961	73,946	10,641
Fines and forfeitures	54,180	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	55,505	1,328,549	4,490,270	71,471
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	221,922	25,767	3,839,925	99,482
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	221,922	25,767	3,839,925	99,482
Excess (Deficiency) of Revenues Over (Under) Expenditures	(166,417)	1,302,782	650,345	(28,011)
Other Financing Sources (Uses):				
Transfers in	198,087	-	-	-
Transfers out	-	(600,000)	-	-
Lease revenue bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	198,087	(600,000)	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 14)	-	-	-	-
Net Change in Fund Balances	31,670	702,782	650,345	(28,011)
Fund Balances, Beginning of Year	116,519	407,561	8,149,714	1,121,744
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	116,519	407,561	8,149,714	1,121,744
Fund Balances, End of Year	\$ 148,189	\$ 1,110,343	\$ 8,800,059	\$ 1,093,733

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

(Continued)

	Special Revenue Funds			
	Community Development Block Grant	Master Lease	Air Quality Management	Public Arts
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	828,625	-	56,451	-
Charges for services	-	-	-	148,225
Use of money and property	677	1,272,082	545	3,075
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	295
Miscellaneous	11,000	-	-	-
Total Revenues	840,302	1,272,082	56,996	151,595
Expenditures:				
Current:				
General government	-	2,480	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	830,170	-	46,000	209,025
Lease	-	1,374,855	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	213,921	-	-
Interest and fiscal charges	-	37,493	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	830,170	1,628,749	46,000	209,025
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,132	(356,667)	10,996	(57,430)
Other Financing Sources (Uses):				
Transfers in	-	374,267	-	-
Transfers out	-	-	-	-
Lease revenue bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	-	374,267	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 14)	-	-	-	-
Net Change in Fund Balances	10,132	17,600	10,996	(57,430)
Fund Balances, Beginning of Year	18,233	179,242	53,422	423,085
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	18,233	179,242	53,422	423,085
Fund Balances, End of Year	\$ 28,365	\$ 196,842	\$ 64,418	\$ 365,655

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds			
	Library	Quimby Act Fees	Special Projects	CFD Public Safety #1
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	317,679
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	90	222,234	296,106	-
Use of money and property	25,521	25,039	341	1,644
Fines and forfeitures	-	-	-	-
Contributions	833	-	228,394	-
Miscellaneous	21,255	-	-	-
Total Revenues	47,699	247,273	524,841	319,323
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	344,130	550,713
Parks and recreation	-	30,312	162,445	-
Public works	-	-	29,607	-
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	-	30,312	536,182	550,713
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,699	216,961	(11,341)	(231,390)
Other Financing Sources (Uses):				
Transfers in	-	-	38,728	267,430
Transfers out	-	-	-	-
Lease revenue bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	-	-	38,728	267,430
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 14)	-	-	-	-
Net Change in Fund Balances	47,699	216,961	27,387	36,040
Fund Balances, Beginning of Year	2,656,940	2,462,278	1,430,357	226,388
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	2,656,940	2,462,278	1,430,357	226,388
Fund Balances, End of Year	\$ 2,704,639	\$ 2,679,239	\$ 1,457,744	\$ 262,428

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

(Continued)

	Special Revenue Funds			
	Business Improvement District	Energy Efficiency Loan	Park Maintenance District	Emergency Response
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	1,650	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	216,606	993,525
Use of money and property	283	-	-	6,241
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	1,933	-	216,606	999,766
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	831,290
Parks and recreation	-	-	-	-
Public works	37,018	-	189,313	-
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	300,400
Interest and fiscal charges	-	-	-	121,921
Pass-through agreement payments	-	-	-	-
Total Expenditures	37,018	-	189,313	1,253,611
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,085)	-	27,293	(253,845)
Other Financing Sources (Uses):				
Transfers in	-	-	-	345,199
Transfers out	-	-	-	-
Lease revenue bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	345,199
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 14)	-	-	-	-
Net Change in Fund Balances	(35,085)	-	27,293	91,354
Fund Balances, Beginning of Year	41,014	500,000	199,417	842,410
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	41,014	500,000	199,417	842,410
Fund Balances, End of Year	\$ 5,929	\$ 500,000	\$ 226,710	\$ 933,764

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds			
	Sustainability	Special Grants	Economic Recovery Plan	City Leased Property
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	790,683	-	-
Charges for services	447,818	-	-	-
Use of money and property	52,687	-	-	(2,072)
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	7,949	-	-	-
Total Revenues	508,454	790,683	-	(2,072)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	680,380	-	-
Parks and recreation	-	-	-	-
Public works	564,619	121,824	-	-
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	564,619	802,204	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,165)	(11,521)	-	(2,072)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(657,314)	(908,984)
Lease revenue bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(657,314)	(908,984)
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 14)	-	-	-	-
Net Change in Fund Balances	(56,165)	(11,521)	(657,314)	(911,056)
Fund Balances, Beginning of Year	1,957,708	17,893	657,314	911,056
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	1,957,708	17,893	657,314	911,056
Fund Balances, End of Year	\$ 1,901,543	\$ 6,372	\$ -	\$ -

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

(Continued)

	Special	Capital Projects Funds		
	Revenue Fund			
	Low and	Parking	Measure J	Community
	Moderate	Projects		Redevelopment
	Housing			Agency
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	75,672	4,283	-	13,312
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	4,500
Miscellaneous	1,000	-	-	-
Total Revenues	76,672	4,283	-	17,812
Expenditures:				
Current:				
General government	66,913	-	-	476,955
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	38,629	2,155	29,519	316,819
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	270,000	-	-	-
Interest and fiscal charges	98,834	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	474,376	2,155	29,519	793,774
Excess (Deficiency) of Revenues Over (Under) Expenditures	(397,704)	2,128	(29,519)	(775,962)
Other Financing Sources (Uses):				
Transfers in	-	-	1,950,533	908,984
Transfers out	-	-	-	(2,556,198)
Lease revenue bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	-	-	1,950,533	(1,647,214)
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 14)	(22,108,716)	-	-	(1,626,675)
Net Change in Fund Balances	(22,506,420)	2,128	1,921,014	(4,049,851)
Fund Balances, Beginning of Year	22,898,271	481,279	-	4,049,851
Restatements	(391,851)	-	-	-
Fund Balances, Beginning of Year, as Restated	22,506,420	481,279	-	4,049,851
Fund Balances, End of Year	\$ -	\$ 483,407	\$ 1,921,014	\$ -

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	<u>Debt Service Funds</u>		<u>Total Governmental Funds</u>
	<u>General Debt Service</u>	<u>Community Redevelopment Agency</u>	
Revenues:			
Taxes	\$ -	\$ 7,496,284	\$ 9,894,029
Assessments	-	-	463,181
Licenses and permits	-	-	446,097
Intergovernmental	-	-	6,325,019
Charges for services	-	-	2,592,947
Use of money and property	72,870	3,075	1,665,409
Fines and forfeitures	-	-	104,838
Contributions	-	-	242,527
Miscellaneous	-	326,177	379,717
Total Revenues	72,870	7,825,536	22,113,764
Expenditures:			
Current:			
General government	101,080	10,737	658,165
Public safety	-	-	3,726,418
Parks and recreation	-	-	601,664
Public works	-	-	6,961,910
Lease	-	110,000	1,484,855
Library	-	-	-
Debt service:			
Principal retirement	305,463	735,000	1,824,784
Interest and fiscal charges	939,423	2,715,016	3,912,687
Pass-through agreement payments	-	1,948,429	1,948,429
Total Expenditures	1,345,966	5,519,182	21,118,912
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,273,096)	2,306,354	994,852
Other Financing Sources (Uses):			
Transfers in	572,418	2,556,198	7,211,844
Transfers out	-	-	(4,722,496)
Lease revenue bonds issued	25,945,000	-	25,945,000
Bond premium	2,361,102	-	2,361,102
Payment to refunded bond escrow agent	(24,264,400)	-	(24,264,400)
Total Other Financing Sources (Uses)	4,614,120	2,556,198	6,531,050
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 14)	-	490,305	(23,245,086)
Net Change in Fund Balances	3,341,024	5,352,857	(15,719,184)
Fund Balances, Beginning of Year	6,869,211	(5,352,857)	53,548,429
Restatements	-	-	(391,851)
Fund Balances, Beginning of Year, as Restated	6,869,211	(5,352,857)	53,156,578
Fund Balances, End of Year	\$ 10,210,235	\$ -	\$ 37,437,394

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 FORFEITURE
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 403,751	\$ 403,751	\$ 403,751	\$ -
Resources (Inflows):				
Use of money and property	2,000	2,000	3,677	1,677
Fines and forfeitures	-	50,658	50,658	-
Amounts Available for Appropriation	405,751	456,409	458,086	1,677
Charges to Appropriation (Outflow):				
Public safety	2,000	330,745	65,504	265,241
Total Charges to Appropriations	2,000	330,745	65,504	265,241
Budgetary Fund Balance, June 30	\$ 403,751	\$ 125,664	\$ 392,582	\$ 266,918

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SAFETY AUGMENTATION
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 49,102	\$ 49,102	\$ 49,102	\$ -
Resources (Inflows):				
Taxes	631,865	659,752	716,829	57,077
Charges for services	-	26,877	26,877	-
Use of money and property	20,000	20,000	171	(19,829)
Amounts Available for Appropriation	700,967	755,731	792,979	37,248
Charges to Appropriation (Outflow):				
Public safety	651,865	755,731	689,333	66,398
Total Charges to Appropriations	651,865	755,731	689,333	66,398
Budgetary Fund Balance, June 30	\$ 49,102	\$ -	\$ 103,646	\$ 103,646

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
 INDIAN GAMING SPECIAL DISTRIBUTION
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	565,067	565,068	565,068	-
Amounts Available for Appropriation	565,067	565,068	565,068	-
Charges to Appropriation (Outflow):				
Public safety	565,067	565,068	565,068	-
Total Charges to Appropriations	565,067	565,068	565,068	-
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SPECIAL DEVELOPMENT
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 756,716	\$ 756,716	\$ 756,716	\$ -
Resources (Inflows):				
Charges for services	-	89,999	89,999	-
Use of money and property	-	-	6,826	6,826
Amounts Available for Appropriation	756,716	846,715	853,541	6,826
Charges to Appropriation (Outflow):				
Public works	-	651,744	-	651,744
Total Charges to Appropriations	-	651,744	-	651,744
Budgetary Fund Balance, June 30	\$ 756,716	\$ 194,971	\$ 853,541	\$ 658,570

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE

CSA 152

YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,430	\$ 2,430	\$ 2,430	\$ -
Resources (Inflows):				
Assessments	363,247	363,247	143,852	(219,395)
Amounts Available for Appropriation	365,677	365,677	146,282	(219,395)
Charges to Appropriation (Outflow):				
Public works	363,247	469,232	300,330	168,902
Total Charges to Appropriations	363,247	469,232	300,330	168,902
Budgetary Fund Balance, June 30	\$ 2,430	\$ (103,555)	\$ (154,048)	\$ (50,493)

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
 RECYCLING AB 929
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 986,810	\$ 986,810	\$ 986,810	\$ -
Resources (Inflows):				
Intergovernmental	-	25,196	25,196	-
Charges for services	124,595	124,595	150,142	25,547
Use of money and property	15,000	15,000	9,912	(5,088)
Miscellaneous	-	1,021	1,021	-
Amounts Available for Appropriation	1,126,405	1,152,622	1,173,081	20,459
Charges to Appropriation (Outflow):				
Public works	213,019	330,582	55,517	275,065
Total Charges to Appropriations	213,019	330,582	55,517	275,065
Budgetary Fund Balance, June 30	\$ 913,386	\$ 822,040	\$ 1,117,564	\$ 295,524

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 VILLAGEFEST
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 29,381	\$ 29,381	\$ 29,381	\$ -
Resources (Inflows):				
Licenses and permits	400,388	403,388	385,267	(18,121)
Miscellaneous	14,250	14,250	11,315	(2,935)
Amounts Available for Appropriation	444,019	447,019	425,963	(21,056)
Charges to Appropriation (Outflow):				
Parks and recreation	414,638	417,638	408,907	8,731
Total Charges to Appropriations	414,638	417,638	408,907	8,731
Budgetary Fund Balance, June 30	\$ 29,381	\$ 29,381	\$ 17,056	\$ (12,325)

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
NEIGHBORHOOD INVOLVEMENTS
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,189	\$ 2,189	\$ 2,189	\$ -
Resources (Inflows):				
Contributions	-	8,505	8,505	-
Amounts Available for Appropriation	2,189	10,694	10,694	-
Charges to Appropriation (Outflow):				
Public works	-	10,644	4,269	6,375
Total Charges to Appropriations	-	10,644	4,269	6,375
Budgetary Fund Balance, June 30	\$ 2,189	\$ 50	\$ 6,425	\$ 6,375

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PARKING
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 116,519	\$ 116,519	\$ 116,519	\$ -
Resources (Inflows):				
Charges for services	1,500	1,500	1,325	(175)
Fines and forfeitures	70,000	70,000	54,180	(15,820)
Transfers in	198,087	198,087	198,087	-
Amounts Available for Appropriation	386,106	386,106	370,111	(15,995)
Charges to Appropriation (Outflow):				
Public works	269,510	284,135	221,922	62,213
Total Charges to Appropriations	269,510	284,135	221,922	62,213
Budgetary Fund Balance, June 30	\$ 116,596	\$ 101,971	\$ 148,189	\$ 46,218

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 407,561	\$ 407,561	\$ 407,561	\$ -
Resources (Inflows):				
Intergovernmental	1,213,129	1,388,590	1,323,588	(65,002)
Use of money and property	20,000	20,000	4,961	(15,039)
Amounts Available for Appropriation	1,640,690	1,816,151	1,736,110	(80,041)
Charges to Appropriation (Outflow):				
Public works	633,129	1,216,151	25,767	1,190,384
Transfers out	600,000	600,000	600,000	-
Total Charges to Appropriations	1,233,129	1,816,151	625,767	1,190,384
Budgetary Fund Balance, June 30	\$ 407,561	\$ -	\$ 1,110,343	\$ 1,110,343

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
MEASURE A IMPROVEMENTS
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,149,714	\$ 8,149,714	\$ 8,149,714	\$ -
Resources (Inflows):				
Taxes	1,415,000	1,415,000	1,680,916	265,916
Intergovernmental	11,000	2,221,750	2,735,408	513,658
Use of money and property	75,000	75,000	73,946	(1,054)
Amounts Available for Appropriation	9,650,714	11,861,464	12,639,984	778,520
Charges to Appropriation (Outflow):				
Public works	1,501,000	18,917,158	3,839,925	15,077,233
Total Charges to Appropriations	1,501,000	18,917,158	3,839,925	15,077,233
Budgetary Fund Balance, June 30	\$ 8,149,714	\$ (7,055,694)	\$ 8,800,059	\$ 15,855,753

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 DRAINAGE CONSTRUCTION
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,121,744	\$ 1,121,744	\$ 1,121,744	\$ -
Resources (Inflows):				
Licenses and permits	240,000	240,000	60,830	(179,170)
Use of money and property	-	-	10,641	10,641
Amounts Available for Appropriation	1,361,744	1,361,744	1,193,215	(168,529)
Charges to Appropriation (Outflow):				
Public works	23,000	1,093,991	99,482	994,509
Total Charges to Appropriations	23,000	1,093,991	99,482	994,509
Budgetary Fund Balance, June 30	\$ 1,338,744	\$ 267,753	\$ 1,093,733	\$ 825,980

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 18,233	\$ 18,233	\$ 18,233	\$ -
Resources (Inflows):				
Intergovernmental	545,809	455,001	828,625	373,624
Use of money and property	-	262	677	415
Miscellaneous	-	11,000	11,000	-
Amounts Available for Appropriation	564,042	484,496	858,535	374,039
Charges to Appropriation (Outflow):				
Public works	545,932	1,181,843	830,170	351,673
Total Charges to Appropriations	545,932	1,181,843	830,170	351,673
Budgetary Fund Balance, June 30	\$ 18,110	\$ (697,347)	\$ 28,365	\$ 725,712

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
 MASTER LEASE
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 179,242	\$ 179,242	\$ 179,242	\$ -
Resources (Inflows):				
Use of money and property	1,258,252	1,258,252	1,272,082	13,830
Transfers in	-	374,267	374,267	-
Amounts Available for Appropriation	1,437,494	1,811,761	1,825,591	13,830
Charges to Appropriation (Outflow):				
General government	6,250	6,250	2,480	3,770
Lease	1,374,855	1,374,855	1,374,855	-
Debt service:				
Principal retirement	213,921	213,921	213,921	-
Interest and fiscal charges	37,493	37,493	37,493	-
Total Charges to Appropriations	1,632,519	1,632,519	1,628,749	3,770
Budgetary Fund Balance, June 30	\$ (195,025)	\$ 179,242	\$ 196,842	\$ 17,600

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY MANAGEMENT
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 53,422	\$ 53,422	\$ 53,422	\$ -
Resources (Inflows):				
Intergovernmental	62,500	62,500	56,451	(6,049)
Use of money and property	500	500	545	45
Amounts Available for Appropriation	116,422	116,422	110,418	(6,004)
Charges to Appropriation (Outflow):				
Public works	63,000	63,000	46,000	17,000
Total Charges to Appropriations	63,000	63,000	46,000	17,000
Budgetary Fund Balance, June 30	\$ 53,422	\$ 53,422	\$ 64,418	\$ 10,996

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PUBLIC ARTS
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 423,085	\$ 423,085	\$ 423,085	\$ -
Resources (Inflows):				
Charges for services	206,000	206,000	148,225	(57,775)
Use of money and property	20,000	20,000	3,075	(16,925)
Contributions	-	295	295	-
Amounts Available for Appropriation	649,085	649,380	574,680	(74,700)
Charges to Appropriation (Outflow):				
Public works	283,926	430,406	209,025	221,381
Total Charges to Appropriations	283,926	430,406	209,025	221,381
Budgetary Fund Balance, June 30	\$ 365,159	\$ 218,974	\$ 365,655	\$ 146,681

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 LIBRARY
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,656,940	\$ 2,656,940	\$ 2,656,940	\$ -
Resources (Inflows):				
Charges for services	-	-	90	90
Use of money and property	15,000	20,466	25,521	5,055
Contributions	2,000	2,000	833	(1,167)
Miscellaneous	-	-	21,255	21,255
Amounts Available for Appropriation	2,673,940	2,679,406	2,704,639	25,233
Charges to Appropriation (Outflow):				
Library	17,000	2,576,895	-	2,576,895
Total Charges to Appropriations	17,000	2,576,895	-	2,576,895
Budgetary Fund Balance, June 30	\$ 2,656,940	\$ 102,511	\$ 2,704,639	\$ 2,602,128

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 QUIMBY ACT FEES
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,462,278	\$ 2,462,278	\$ 2,462,278	\$ -
Resources (Inflows):				
Charges for services	-	-	222,234	222,234
Use of money and property	-	-	25,039	25,039
Amounts Available for Appropriation	2,462,278	2,462,278	2,709,551	247,273
Charges to Appropriation (Outflow):				
Parks and recreation	-	176,830	30,312	146,518
Total Charges to Appropriations	-	176,830	30,312	146,518
Budgetary Fund Balance, June 30	\$ 2,462,278	\$ 2,285,448	\$ 2,679,239	\$ 393,791

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SPECIAL PROJECTS
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,430,357	\$ 1,430,357	\$ 1,430,357	\$ -
Resources (Inflows):				
Charges for services	100,000	296,081	296,106	25
Use of money and property	-	-	341	341
Contributions	-	228,394	228,394	-
Transfers in	-	-	38,728	38,728
Amounts Available for Appropriation	1,530,357	1,954,832	1,993,926	39,094
Charges to Appropriation (Outflow):				
Public safety	100,000	495,875	344,130	151,745
Parks and recreation	-	251,428	162,445	88,983
Public works	-	1,243,131	29,607	1,213,524
Total Charges to Appropriations	100,000	1,990,434	536,182	1,454,252
Budgetary Fund Balance, June 30	\$ 1,430,357	\$ (35,602)	\$ 1,457,744	\$ 1,493,346

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 CFD PUBLIC SAFETY #1
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 226,388	\$ 226,388	\$ 226,388	\$ -
Resources (Inflows):				
Assessments	295,000	303,000	317,679	14,679
Use of money and property	2,000	2,000	1,644	(356)
Transfers in	267,430	267,430	267,430	-
Amounts Available for Appropriation	790,818	798,818	813,141	14,323
Charges to Appropriation (Outflow):				
Public safety	563,380	576,880	550,713	26,167
Total Charges to Appropriations	563,380	576,880	550,713	26,167
Budgetary Fund Balance, June 30	\$ 227,438	\$ 221,938	\$ 262,428	\$ 40,490

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 BUSINESS IMPROVEMENT DISTRICT
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 41,014	\$ 41,014	\$ 41,014	\$ -
Resources (Inflows):				
Assessments	-	1,650	1,650	-
Use of money and property	-	263	283	20
Amounts Available for Appropriation	41,014	42,927	42,947	20
Charges to Appropriation (Outflow):				
Public works	-	42,644	37,018	5,626
Total Charges to Appropriations	-	42,644	37,018	5,626
Budgetary Fund Balance, June 30	\$ 41,014	\$ 283	\$ 5,929	\$ 5,646

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
 PARK MAINTENANCE DISTRICT
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 199,417	\$ 199,417	\$ 199,417	\$ -
Resources (Inflows):				
Charges for services	295,835	295,835	216,606	(79,229)
Amounts Available for Appropriation	495,252	495,252	416,023	(79,229)
Charges to Appropriation (Outflow):				
Public works	295,835	495,252	189,313	305,939
Total Charges to Appropriations	295,835	495,252	189,313	305,939
Budgetary Fund Balance, June 30	\$ 199,417	\$ -	\$ 226,710	\$ 226,710

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY RESPONSE
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 842,410	\$ 842,410	\$ 842,410	\$ -
Resources (Inflows):				
Charges for services	925,000	925,000	993,525	68,525
Use of money and property	-	-	6,241	6,241
Transfers in	345,199	345,199	345,199	-
Amounts Available for Appropriation	2,112,609	2,112,609	2,187,375	74,766
Charges to Appropriation (Outflow):				
Public safety	847,878	847,878	831,290	16,588
Debt service:				
Principal retirement	300,400	300,400	300,400	-
Interest and fiscal charges	121,921	121,921	121,921	-
Total Charges to Appropriations	1,270,199	1,270,199	1,253,611	16,588
Budgetary Fund Balance, June 30	\$ 842,410	\$ 842,410	\$ 933,764	\$ 91,354

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SUSTAINABILITY
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,957,708	\$ 1,957,708	\$ 1,957,708	\$ -
Resources (Inflows):				
Charges for services	354,632	354,632	447,818	93,186
Use of money and property	64,500	64,500	52,687	(11,813)
Miscellaneous	-	7,949	7,949	-
Amounts Available for Appropriation	2,376,840	2,384,789	2,466,162	81,373
Charges to Appropriation (Outflow):				
Public works	704,110	1,030,299	564,619	465,680
Total Charges to Appropriations	704,110	1,030,299	564,619	465,680
Budgetary Fund Balance, June 30	\$ 1,672,730	\$ 1,354,490	\$ 1,901,543	\$ 547,053

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SPECIAL GRANTS
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 17,893	\$ 17,893	\$ 17,893	\$ -
Resources (Inflows):				
Intergovernmental	611,167	927,875	790,683	(137,192)
Amounts Available for Appropriation	629,060	945,768	808,576	(137,192)
Charges to Appropriation (Outflow):				
Public safety	611,167	1,101,194	680,380	420,814
Public works	-	143,135	121,824	21,311
Total Charges to Appropriations	611,167	1,244,329	802,204	442,125
Budgetary Fund Balance, June 30	\$ 17,893	\$ (298,561)	\$ 6,372	\$ 304,933

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 CITY LEASED PROPERTY
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 911,056	\$ 911,056	\$ 911,056	\$ -
Resources (Inflows):				
Use of money and property	87,896	-	(2,072)	(2,072)
Amounts Available for Appropriation	998,952	911,056	908,984	(2,072)
Charges to Appropriation (Outflow):				
Public works	87,896	-	-	-
Transfers out	-	908,984	908,984	-
Total Charges to Appropriations	87,896	908,984	908,984	-
Budgetary Fund Balance, June 30	\$ 911,056	\$ 2,072	\$ -	\$ (2,072)

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
 LOW AND MODERATE HOUSING - SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 22,506,420	\$ 22,506,420	\$ 22,506,420	\$ -
Resources (Inflows):				
Taxes	3,215,600	3,215,600	-	(3,215,600)
Use of money and property	75,000	75,000	75,672	672
Miscellaneous	10,000	10,000	1,000	(9,000)
Amounts Available for Appropriation	25,807,020	25,807,020	22,583,092	(3,223,928)
Charges to Appropriation (Outflow):				
General government	348,516	349,978	66,913	283,065
Public works	2,110,000	2,164,500	38,629	2,125,871
Debt service:				
Principal retirement	270,000	270,000	270,000	-
Interest and fiscal charges	191,593	98,834	98,834	-
Extraordinary loss on dissolution of redevelopment agency (Note 14)	-	-	22,108,716	(22,108,716)
Total Charges to Appropriations	2,920,109	2,883,312	22,583,092	(19,699,780)
Budgetary Fund Balance, June 30	\$ 22,886,911	\$ 22,923,708	\$ -	\$ (22,923,708)

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,480,438	\$ 2,480,438	\$ 2,480,438	\$ -
Resources (Inflows):				
Licenses and permits	-	109,711	109,697	(14)
Intergovernmental	-	3,655,229	16,335,615	12,680,386
Use of money and property	-	-	(5,575)	(5,575)
Miscellaneous	-	64,850	64,850	-
Lease revenue bonds issued	-	43,000,000	43,000,000	-
Amounts Available for Appropriation	2,480,438	49,310,228	61,985,025	12,674,797
Charges to Appropriation (Outflow):				
General government	-	561,430	149,271	412,159
Public safety	-	1,692,943	1,178,986	513,957
Cultural and convention center	-	242,204	135,956	106,248
Parks and recreation	-	352,522	13,248	339,274
Public works	-	74,540,875	59,735,998	14,804,877
Library	-	1,098,400	38,378	1,060,022
Total Charges to Appropriations	-	78,488,374	61,251,837	17,236,537
Budgetary Fund Balance, June 30	\$ 2,480,438	\$ (29,178,146)	\$ 733,188	\$ 29,911,334

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PARKING PROJECTS
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 481,279	\$ 481,279	\$ 481,279	\$ -
Resources (Inflows):				
Use of money and property	-	-	4,283	4,283
Amounts Available for Appropriation	481,279	481,279	485,562	4,283
Charges to Appropriation (Outflow):				
Public works	22,054	236,236	2,155	234,081
Total Charges to Appropriations	22,054	236,236	2,155	234,081
Budgetary Fund Balance, June 30	\$ 459,225	\$ 245,043	\$ 483,407	\$ 238,364

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
MEASURE J
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Transfers in	-	1,950,533	1,950,533	-
Amounts Available for Appropriation	-	1,950,533	1,950,533	-
Charges to Appropriation (Outflow):				
Public works	-	1,950,533	29,519	1,921,014
Total Charges to Appropriations	-	1,950,533	29,519	1,921,014
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 1,921,014	\$ 1,921,014

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT AGENCY - CAPITAL PROJECT FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,049,851	\$ 4,049,851	\$ 4,049,851	\$ -
Resources (Inflows):				
Use of money and property	50,500	53,332	13,312	(40,020)
Contributions	-	4,500	4,500	-
Miscellaneous	2,011,785	2,011,785	-	(2,011,785)
Transfers in	-	908,984	908,984	-
Amounts Available for Appropriation	6,112,136	7,028,452	4,976,647	(2,051,805)
Charges to Appropriation (Outflow):				
General government	855,390	556,738	476,955	79,783
Public works	1,082,100	303,344	316,819	(13,475)
Transfers out	-	4,182,873	2,556,198	1,626,675
Extraordinary loss on dissolution of redevelopment agency (Note 14)	-	-	1,626,675	(1,626,675)
Total Charges to Appropriations	1,937,490	5,042,955	4,976,647	66,308
Budgetary Fund Balance, June 30	\$ 4,174,646	\$ 1,985,497	\$ -	\$ (1,985,497)

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
GENERAL DEBT SERVICE
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,869,211	\$ 6,869,211	\$ 6,869,211	\$ -
Resources (Inflows):				
Use of money and property	4,615,263	4,615,263	72,870	(4,542,393)
Transfers in	572,418	572,418	572,418	-
Lease revenue bonds issued	-	-	25,945,000	25,945,000
Bond premium	-	-	2,361,102	2,361,102
Amounts Available for Appropriation	12,056,892	12,056,892	35,820,601	23,763,709
Charges to Appropriation (Outflow):				
General government	127,100	128,003	101,080	26,923
Lease	291,000	291,000	-	291,000
Debt service:				
Principal retirement	1,930,463	1,930,463	305,463	1,625,000
Interest and fiscal charges	2,839,118	2,839,118	939,423	1,899,695
Payment to refunded bond escrow agent	-	-	24,264,400	(24,264,400)
Total Charges to Appropriations	5,187,681	5,188,584	25,610,366	(20,421,782)
Budgetary Fund Balance, June 30	\$ 6,869,211	\$ 6,868,308	\$ 10,210,235	\$ 3,341,927

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENTS
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,692,894	\$ 2,692,894	\$ 2,692,894	\$ -
Resources (Inflows):				
Assessments	834,453	834,453	885,410	50,957
Use of money and property	19,450	19,493	18,997	(496)
Amounts Available for Appropriation	3,546,797	3,546,840	3,597,301	50,461
Charges to Appropriation (Outflow):				
General government	38,200	39,579	19,709	19,870
Public works	42,250	975,676	18,837	956,839
Debt service:				
Principal retirement	350,000	350,000	350,000	-
Interest and fiscal charges	423,452	423,452	423,452	-
Total Charges to Appropriations	853,902	1,788,707	811,998	976,709
Budgetary Fund Balance, June 30	\$ 2,692,895	\$ 1,758,133	\$ 2,785,303	\$ 1,027,170

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT AGENCY - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (5,352,857)	\$ (5,352,857)	\$ (5,352,857)	\$ -
Resources (Inflows):				
Taxes	12,862,400	12,641,620	7,496,284	(5,145,336)
Use of money and property	10,000	10,000	3,075	(6,925)
Miscellaneous	197,600	197,600	326,177	128,577
Transfers in	-	3,103,377	2,556,198	(547,179)
Extraordinary gain on dissolution of redevelopment agency (Note 14)	-	-	490,305	(490,305)
Amounts Available for Appropriation	7,717,143	10,599,740	5,519,182	(6,061,168)
Charges to Appropriation (Outflow):				
General government	426,000	149,000	10,737	138,263
Lease	110,000	110,000	110,000	-
Debt service:				
Principal retirement	2,793,103	3,853,112	735,000	3,118,112
Interest and fiscal charges	4,077,292	2,903,767	2,715,016	188,751
Pass-through agreement payments	8,249,058	5,820,187	1,948,429	3,871,758
Transfers out	-	2,890,874	-	2,890,874
Total Charges to Appropriations	15,655,453	15,726,940	5,519,182	10,207,758
Budgetary Fund Balance, June 30	\$ (7,938,310)	\$ (5,127,200)	\$ -	\$ 4,146,590

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, 2012

	Governmental Activities - Internal Service Funds			
	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits	Risk Management
Assets:				
Current:				
Cash and investments	\$ 3,106,558	\$ 815,918	\$ 514,320	\$ 5,879,331
Receivables:				
Accounts	604	271	-	1,773
Accrued interest	2,561	-	293,496	4,854
Inventories	149,960	-	-	-
Net pension asset	-	-	21,018,238	-
Total Current Assets	3,259,683	816,189	21,826,054	5,885,958
Noncurrent:				
Advances to other funds	-	-	1,430,000	-
Capital assets - net of accumulated depreciation	4,110,266	-	-	-
Total Noncurrent Assets	4,110,266	-	1,430,000	-
Total Assets	\$ 7,369,949	\$ 816,189	\$ 23,256,054	\$ 5,885,958
Liabilities:				
Current:				
Accounts payable	\$ 217,483	\$ 92,053	\$ -	\$ 111,990
Accrued liabilities	7,967	14,013	-	4,903
Accrued interest	-	-	-	-
Accrued compensated absences	2,877	14,290	-	28,318
Accrued claims and judgments	-	-	-	2,852,945
Bonds, notes, and capital leases	182,440	-	226,610	-
Total Current Liabilities	410,767	120,356	226,610	2,998,156
Noncurrent:				
Accrued compensated absences	51,785	46,172	-	16,028
Accrued claims and judgments	-	-	-	1,019,004
Bonds, notes, and capital leases	651,059	-	19,994,895	-
Total Noncurrent Liabilities	702,844	46,172	19,994,895	1,035,032
Total Liabilities	1,113,611	166,528	20,221,505	4,033,188
Net Position:				
Net investment in capital assets	3,276,767	-	-	-
Unrestricted	2,979,571	649,661	3,034,549	1,852,770
Total Net Position	\$ 6,256,338	\$ 649,661	\$ 3,034,549	\$ 1,852,770

CITY OF PALM SPRINGS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2012

	Governmental Activities - Internal Service Funds		
	Retiree Health Insurance	Cogeneration Plant	Totals
Assets:			
Current:			
Cash and investments	\$ 377,195	\$ 3,266,542	\$ 13,959,864
Receivables:			
Accounts	12,688	11,678	27,014
Accrued interest	-	-	300,911
Inventories	-	-	149,960
Net pension asset	-	-	21,018,238
Total Current Assets	389,883	3,278,220	35,455,987
Noncurrent:			
Advances to other funds	-	-	1,430,000
Capital assets - net of accumulated depreciation	-	2,120,152	6,230,418
Total Noncurrent Assets	-	2,120,152	7,660,418
Total Assets	\$ 389,883	\$ 5,398,372	\$ 43,116,405
Liabilities:			
Current:			
Accounts payable	\$ -	\$ 61,870	\$ 483,396
Accrued liabilities	-	-	26,883
Accrued interest	-	31,881	31,881
Accrued compensated absences	-	-	45,485
Accrued claims and judgments	-	-	2,852,945
Bonds, notes, and capital leases	-	206,000	615,050
Total Current Liabilities	-	299,751	4,055,640
Noncurrent:			
Accrued compensated absences	-	-	113,985
Accrued claims and judgments	-	-	1,019,004
Bonds, notes, and capital leases	-	2,633,539	23,279,493
Total Noncurrent Liabilities	-	2,633,539	24,412,482
Total Liabilities	-	2,933,290	28,468,122
Net Position:			
Net investment in capital assets	-	2,120,152	5,396,919
Unrestricted	389,883	344,930	9,251,364
Total Net Position	\$ 389,883	\$ 2,465,082	\$ 14,648,283

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011**

	Governmental Activities - Internal Service Funds			
	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits	Risk Management
Operating Revenues:				
Sales and service charges	\$ 2,884,051	\$ 3,659,283	\$ 11,211,896	\$ 11,205,602
Miscellaneous	4,479	-	-	-
Sale of electricity	-	-	-	-
Total Operating Revenues	2,888,530	3,659,283	11,211,896	11,205,602
Operating Expenses:				
Administration and general	93,046	96,534	-	1,567,041
Maintenance shop operations	2,385,573	-	-	-
Facilities maintenance	-	3,518,911	2,500	-
Retirement	-	-	9,908,334	-
Other claims and insurance	4,719	22,213	-	1,668,591
Depreciation expense	829,183	-	-	-
Heat, light and power	-	-	-	-
Other charges and services	2,329	-	-	-
Cogeneration	-	-	-	-
Medical, health, and life insurance	-	-	-	5,842,939
Workers compensation	-	-	-	1,489,654
Total Operating Expenses	3,314,850	3,637,658	9,910,834	10,568,225
Operating Income (Loss)	(426,320)	21,625	1,301,062	637,377
Nonoperating Revenues (Expenses):				
Interest revenue	29,974	-	3,805	50,647
Interest expense	(52,153)	-	(986,543)	-
Contributions	7,721	-	-	-
Total Nonoperating Revenues (Expenses)	(14,458)	-	(982,738)	50,647
Changes in Net Position	(440,778)	21,625	318,324	688,024
Net Position:				
Beginning of Year, as originally reported	6,697,116	628,036	3,102,078	1,164,746
Restatements	-	-	(385,853)	-
Beginning of Fiscal Year, as restated	6,697,116	628,036	2,716,225	1,164,746
End of Fiscal Year	\$ 6,256,338	\$ 649,661	\$ 3,034,549	\$ 1,852,770

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011**

	Governmental Activities - Internal Service Funds		
	Retiree Health Insurance	Cogeneration Plant	Totals
Operating Revenues:			
Sales and service charges	\$ 1,826,827	\$ 3,100,435	\$ 33,888,094
Miscellaneous	-	-	4,479
Sale of electricity	-	36,439	36,439
Total Operating Revenues	1,826,827	3,136,874	33,929,012
Operating Expenses:			
Administration and general	-	3,000	1,759,621
Maintenance shop operations	-	-	2,385,573
Facilities maintenance	-	-	3,521,411
Retirement	-	-	9,908,334
Other claims and insurance	1,807,226	44,946	3,547,695
Depreciation expense	-	124,714	953,897
Heat, light and power	-	1,463,291	1,463,291
Other charges and services	-	-	2,329
Cogeneration	-	755,868	755,868
Medical, health, and life insurance	-	-	5,842,939
Workers compensation	-	-	1,489,654
Total Operating Expenses	1,807,226	2,391,819	31,630,612
Operating Income (Loss)	19,601	745,055	2,298,400
Nonoperating Revenues (Expenses):			
Interest revenue	-	3,003	87,429
Interest expense	-	(138,373)	(1,177,069)
Contributions	-	-	7,721
Total Nonoperating Revenues (Expenses)	-	(135,370)	(1,081,919)
Changes in Net Position	19,601	609,685	1,216,481
Net Position:			
Beginning of Year, as originally reported	370,282	1,943,701	13,905,959
Restatements	-	(88,304)	(474,157)
Beginning of Fiscal Year, as restated	370,282	1,855,397	13,431,802
End of Fiscal Year	\$ 389,883	\$ 2,465,082	\$ 14,648,283

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012

	Governmental Activities - Internal Service Funds			
	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits	Risk Management
Cash Flows from Operating Activities:				
Cash received from/(paid to) interfund service provided	\$ 2,887,926	\$ 3,659,012	\$ 11,211,896	\$ 11,203,829
Cash paid to suppliers for goods and services	(2,524,248)	(3,573,788)	(10,197,570)	(8,899,204)
Cash paid to employees for services	(110,586)	(154,257)	-	(1,558,849)
Net Cash Provided (Used) by Operating Activities	253,092	(69,033)	1,014,326	745,776
Cash Flows from Non-Capital Financing Activities:				
Principal paid on non-capital debt	-	-	(200,182)	-
Interest paid on non-capital debt	-	-	(877,514)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	(1,077,696)	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(659,736)	-	-	-
Principal paid on capital debt	(173,742)	-	-	-
Interest paid on capital debt	(52,153)	-	-	-
Contributions	7,721	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(877,910)	-	-	-
Cash Flows from Investing Activities:				
Interest received	34,665	-	4,657	57,004
Net Cash Provided (Used) by Investing Activities	34,665	-	4,657	57,004
Net Increase (Decrease) in Cash and Cash Equivalents	(590,153)	(69,033)	(58,713)	802,780
Cash and Cash Equivalents at Beginning of Year	3,696,711	884,951	573,033	5,076,551
Cash and Cash Equivalents at End of Year	\$ 3,106,558	\$ 815,918	\$ 514,320	\$ 5,879,331
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (426,320)	\$ 21,625	\$ 1,301,062	\$ 637,377
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	829,183	-	-	-
(Increase) decrease in accounts receivable	(604)	(271)	-	(1,773)
(Increase) decrease in inventories	969	-	-	-
(Increase) decrease in net pension asset	-	-	(286,436)	-
Increase (decrease) in accounts payable	(132,596)	(32,664)	(300)	(26,935)
Increase (decrease) in accrued liabilities	(14,503)	(39,010)	-	(8,975)
Increase (decrease) in claims and judgments	-	-	-	128,915
Increase (decrease) in compensated absences	(3,037)	(18,713)	-	17,167
Total Adjustments	679,412	(90,658)	(286,736)	108,399
Net Cash Provided (Used) by Operating Activities	\$ 253,092	\$ (69,033)	\$ 1,014,326	\$ 745,776

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012**

	Governmental Activities - Internal Service Funds		
	Retiree Health Insurance	Cogeneration Plant	Totals
Cash Flows from Operating Activities:			
Cash received from/(paid to) interfund service provided	\$ 1,827,639	\$ 3,142,030	\$ 33,932,332
Cash paid to suppliers for goods and services	(1,807,226)	(2,222,649)	(29,224,685)
Cash paid to employees for services	-	(3,000)	(1,826,692)
Net Cash Provided (Used) by Operating Activities	20,413	916,381	2,880,955
Cash Flows from Non-Capital Financing Activities:			
Principal paid on non-capital debt	-	-	(200,182)
Interest paid on non-capital debt	-	-	(877,514)
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	(1,077,696)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	-	(659,736)
Principal paid on capital debt	-	(260,906)	(434,648)
Interest paid on capital debt	-	(138,822)	(190,975)
Contributions	-	-	7,721
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(399,728)	(1,277,638)
Cash Flows from Investing Activities:			
Interest received	-	3,003	99,329
Net Cash Provided (Used) by Investing Activities	-	3,003	99,329
Net Increase (Decrease) in Cash and Cash Equivalents	20,413	519,656	624,950
Cash and Cash Equivalents at Beginning of Year	356,782	2,746,886	13,334,914
Cash and Cash Equivalents at End of Year	\$ 377,195	\$ 3,266,542	\$ 13,959,864
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 19,601	\$ 745,055	\$ 2,298,400
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	-	124,714	953,897
(Increase) decrease in accounts receivable	812	5,156	3,320
(Increase) decrease in inventories	-	-	969
(Increase) decrease in net pension asset	-	-	(286,436)
Increase (decrease) in accounts payable	-	41,456	(151,039)
Increase (decrease) in accrued liabilities	-	-	(62,488)
Increase (decrease) in claims and judgments	-	-	128,915
Increase (decrease) in compensated absences	-	-	(4,583)
Total Adjustments	812	171,326	582,555
Net Cash Provided (Used) by Operating Activities	\$ 20,413	\$ 916,381	\$ 2,880,955

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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
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2012

	<u>Historical Society</u>	<u>Successor Agency</u>	<u>Totals</u>
Assets:			
Pooled cash and investments	\$ 305,311	\$ 14,128,560	\$ 14,433,871
Receivables:			
Accrued interest	-	11,258	11,258
Restricted assets:			
Cash and investments with fiscal agents	-	4,428,432	4,428,432
Total Assets	305,311	18,568,250	18,873,561
Liabilities:			
Accounts payable	-	1,857,633	1,857,633
Accrued liabilities	-	4,716	4,716
Accrued interest	-	780,304	780,304
Long-term liabilities:			
Due in one year	-	1,050,000	1,050,000
Due in more than one year	-	46,798,628	46,798,628
Total Liabilities	-	50,491,281	50,491,281
Net Position:			
Held in trust for historical society	305,311	-	305,311
Held in trust for other purposes	-	(31,923,031)	(31,923,031)
Total Net Position	\$ 305,311	\$ (31,923,031)	\$ (31,617,720)

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Historical Society</u>	<u>Successor Agency</u>	<u>Totals</u>
Additions:			
Taxes	\$ -	\$ 2,352,404	\$ 2,352,404
Interest and change in fair value of investments	1,389	26,834	28,223
Total Additions	1,389	2,379,238	2,380,627
Deductions:			
Administrative expenses	-	211,945	211,945
Interest expense	-	1,854,419	1,854,419
Reimbursement of prior taxes to County	-	1,691,223	1,691,223
Total Deductions	-	3,757,587	3,757,587
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 14)	-	(30,544,682)	(30,544,682)
Changes in Net Position	1,389	(31,923,031)	(31,921,642)
Net Position - Beginning of the Year	303,922	-	303,922
Net Position - End of the Year	\$ 305,311	\$ (31,923,031)	\$ (31,617,720)

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2012

	<u>Balance 7/1/2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2012</u>
<u>Special Deposits</u>				
Assets:				
Pooled cash and investments	\$ 921,102	\$ -	\$ 31,171	\$ 889,931
Total Assets	<u>\$ 921,102</u>	<u>\$ -</u>	<u>\$ 31,171</u>	<u>\$ 889,931</u>
Liabilities:				
Deposits payable	\$ 921,102	\$ -	\$ 31,171	\$ 889,931
Total Liabilities	<u>\$ 921,102</u>	<u>\$ -</u>	<u>\$ 31,171</u>	<u>\$ 889,931</u>
 <u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 921,102	\$ -	\$ 31,171	\$ 889,931
Total Assets	<u>\$ 921,102</u>	<u>\$ -</u>	<u>\$ 31,171</u>	<u>\$ 889,931</u>
Liabilities:				
Deposits payable	\$ 921,102	\$ -	\$ 31,171	\$ 889,931
Total Liabilities	<u>\$ 921,102</u>	<u>\$ -</u>	<u>\$ 31,171</u>	<u>\$ 889,931</u>



Comprehensive Annual Financial Report

STATISTICAL SECTION

Fiscal year ended June 30, 2012



CITY OF PALM SPRINGS
FINANCIAL STATEMENTS
JUNE 30, 2012
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 Seven Fiscal Years
(accrual basis of accounting)**

	2012	2011	2010	2009	2008	2007	2006
Governmental activities:							
Invested in capital assets, net of related debt	\$ 124,797,484	\$ 92,188,168	\$ 73,197,631	\$ 73,048,922	\$ 74,644,178	\$ 68,392,428	\$ 89,544,865
Restricted	53,290,867	59,544,531	63,883,617	65,682,688	68,039,523	51,461,583	47,008,169
Unrestricted	<u>7,603,335</u>	<u>10,785,032</u>	<u>19,934,024</u>	<u>34,860,168</u>	<u>43,003,704</u>	<u>56,957,112</u>	<u>28,383,927</u>
Total governmental activities net position	<u>\$ 185,691,686</u>	<u>\$ 162,517,731</u>	<u>\$ 157,015,272</u>	<u>\$ 173,591,778</u>	<u>\$ 185,687,405</u>	<u>\$ 176,811,123</u>	<u>\$ 164,936,961</u>
Business-type activities:							
Invested in capital assets, net of related debt	\$ 86,255,293	\$ 88,813,375	\$ 94,457,741	\$ 102,404,738	\$ 98,206,074	\$ 98,785,796	\$ 93,694,049
Restricted	4,024,930	4,026,199	4,288,145	3,633,197	3,517,715	3,836,949	-
Unrestricted	<u>25,605,934</u>	<u>27,502,074</u>	<u>27,247,535</u>	<u>24,737,228</u>	<u>23,222,716</u>	<u>24,572,187</u>	<u>16,849,508</u>
Total business-type activities net position	<u>\$ 115,886,157</u>	<u>\$ 120,341,648</u>	<u>\$ 125,993,421</u>	<u>\$ 130,775,163</u>	<u>\$ 124,946,505</u>	<u>\$ 127,194,932</u>	<u>\$ 110,543,557</u>
Primary government:							
Invested in capital assets, net of related debt	\$ 211,052,777	\$ 181,001,543	\$ 167,655,372	\$ 175,453,660	\$ 172,850,252	\$ 167,178,224	\$ 183,238,914
Restricted	57,315,797	63,570,730	68,171,762	69,315,885	71,557,238	55,298,532	47,008,169
Unrestricted	<u>33,209,269</u>	<u>38,287,106</u>	<u>47,181,559</u>	<u>59,597,396</u>	<u>66,226,420</u>	<u>81,529,299</u>	<u>45,233,435</u>
Total primary government net position	<u>\$ 301,577,843</u>	<u>\$ 282,859,379</u>	<u>\$ 283,008,693</u>	<u>\$ 304,366,941</u>	<u>\$ 310,633,910</u>	<u>\$ 304,006,055</u>	<u>\$ 275,480,518</u>

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

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	2012	2011	2010	2009	2008	2007	2006
Expenses:							
Governmental activities:							
General government	\$ 11,680,752	\$ 10,149,638	\$ 11,784,609	\$ 15,700,926	\$ 10,720,946	\$ 12,278,124	\$ 12,664,186
Public safety	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	5,995,613	6,167,127	5,589,972	7,693,125	5,511,222	7,580,033	5,894,286
Parks and recreation	9,728,209	8,903,287	7,052,825	9,532,099	9,433,992	7,275,052	7,056,619
Public works	36,660,915	22,102,401	25,469,426	21,959,270	21,749,956	19,329,974	15,178,234
Lease	1,643,117	1,484,855	1,779,463	-	-	-	-
Library	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	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	<u>111,920,789</u>	<u>96,325,277</u>	<u>104,996,164</u>	<u>110,841,944</u>	<u>97,240,774</u>	<u>90,528,674</u>	<u>82,149,375</u>
Business-type activities:							
Airport	24,990,169	24,526,812	24,586,610	24,637,583	23,842,294	21,631,538	20,154,371
Wastewater	5,967,510	5,863,229	6,126,747	5,854,655	5,191,967	4,658,947	3,617,124
Golf Course	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	<u>36,620,560</u>	<u>35,831,326</u>	<u>35,867,239</u>	<u>35,866,799</u>	<u>33,699,020</u>	<u>30,162,831</u>	<u>27,387,361</u>
Total primary government expenses	<u>148,541,349</u>	<u>132,156,603</u>	<u>140,863,403</u>	<u>146,708,743</u>	<u>130,939,794</u>	<u>120,691,505</u>	<u>109,536,736</u>
Program revenues:							
Governmental activities:							
Charges for services:							
General government	3,517,758	3,606,184	3,904,814	1,868,359	1,811,973	1,527,808	2,985,457
Public safety	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	1,370,673	1,376,238	1,223,793	1,823,445	2,033,797	814,512	1,502,694
Public works	4,045,121	4,359,177	2,644,951	3,249,898	6,367,211	7,968,799	8,064,647
Lease	-	-	-	-	-	-	-
Library	59,501	42,727	42,126	124,726	222,349	386,807	212,725
Operating grants and contributions	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	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	<u>35,635,912</u>	<u>32,389,956</u>	<u>20,525,316</u>	<u>25,098,026</u>	<u>28,522,900</u>	<u>28,687,412</u>	<u>30,599,460</u>
Business-type activities:							
Charges for services:							
Airport	20,342,504	18,747,127	18,998,409	18,465,121	19,531,818	17,938,788	14,581,454
Wastewater	5,965,340	6,045,209	5,928,827	6,006,812	6,007,109	7,456,041	6,428,919
Golf Course	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	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	<u>33,669,733</u>	<u>30,137,315</u>	<u>30,138,169</u>	<u>38,654,335</u>	<u>30,247,481</u>	<u>45,299,885</u>	<u>30,186,448</u>
Total primary government program revenues	<u>69,305,645</u>	<u>62,527,271</u>	<u>50,663,485</u>	<u>63,752,361</u>	<u>58,770,381</u>	<u>73,987,297</u>	<u>60,785,908</u>

CITY OF PALM SPRINGS

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

	2012 (continued)	2011 (continued)	2010 (continued)	2009 (continued)	2008 (continued)	2007 (continued)	2006 (continued)
Net revenues (expenses):							
Governmental activities	(76,284,877)	(63,935,321)	(84,470,848)	(85,743,918)	(68,717,874)	(61,841,262)	(51,549,915)
Business-type activities	<u>(2,950,827)</u>	<u>(5,694,011)</u>	<u>(5,729,070)</u>	<u>2,787,536</u>	<u>(3,451,539)</u>	<u>15,137,054</u>	<u>2,799,087</u>
Total net revenues (expenses)	<u>(79,235,704)</u>	<u>(69,629,332)</u>	<u>(90,199,918)</u>	<u>(82,956,382)</u>	<u>(72,169,413)</u>	<u>(46,704,208)</u>	<u>(48,750,828)</u>
General revenues and other changes in net position:							
Governmental activities:							
Taxes:							
Property taxes	24,229,315	25,786,509	24,547,656	30,747,373	32,558,462	28,272,695	22,933,538
Sales tax	12,130,059	9,633,250	8,221,763	8,796,538	9,138,355	9,798,032	8,842,715
Transient occupancy taxes	17,874,173	15,731,036	13,370,831	12,753,078	14,464,485	14,465,639	14,677,511
Other taxes	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	3,505,007	3,797,122	3,942,507	4,180,689	4,056,920	3,640,542	3,398,819
Use of money and property	1,583,805	860,532	5,537,407	1,610,201	4,580,865	1,678,144	984,833
Other general revenues	117,096	203,793	28,328	7,241,006	2,293,329	3,804,702	1,413,164
Extraordinary gain/(loss)	31,771,682	-	-	-	-	-	-
Transfers	<u>2,450</u>	<u>589,848</u>	<u>(500,000)</u>	<u>(2,140,000)</u>	<u>(700,000)</u>	<u>(14,730)</u>	<u>(500,000)</u>
Total governmental activities	<u>104,284,550</u>	<u>69,135,225</u>	<u>67,334,342</u>	<u>73,898,291</u>	<u>77,594,156</u>	<u>73,715,424</u>	<u>62,756,057</u>
Business-type activities:							
Use of money and property	333,192	336,189	436,926	900,328	1,625,626	1,498,991	808,752
Other revenue	161,417	295,897	10,402	1,150	317,450	-	-
Extraordinary gain/(loss)	(1,227,000)	-	-	-	-	-	-
Transfers	<u>(2,450)</u>	<u>(589,848)</u>	<u>500,000</u>	<u>2,140,000</u>	<u>700,000</u>	<u>14,730</u>	<u>500,000</u>
Total business-type activities	<u>(734,841)</u>	<u>42,238</u>	<u>947,328</u>	<u>3,041,478</u>	<u>2,643,076</u>	<u>1,513,721</u>	<u>1,308,752</u>
Total primary government	<u>103,549,709</u>	<u>69,177,463</u>	<u>68,281,670</u>	<u>76,939,769</u>	<u>80,237,232</u>	<u>75,229,145</u>	<u>64,064,809</u>
Changes in net position							
Governmental activities	27,999,673	5,199,904	(17,136,506)	(11,845,627)	8,876,282	11,874,162	11,206,142
Business-type activities	<u>(3,685,668)</u>	<u>(5,651,773)</u>	<u>(4,781,742)</u>	<u>5,829,014</u>	<u>(808,463)</u>	<u>16,650,775</u>	<u>4,107,839</u>
Total primary government	<u>\$ 24,314,005</u>	<u>\$ (451,869)</u>	<u>\$ (21,918,248)</u>	<u>\$ (6,016,613)</u>	<u>\$ 8,067,819</u>	<u>\$ 28,524,937</u>	<u>\$ 15,313,981</u>

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

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	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	1,410,000	3,015,000	-	-	-	-	-
Assigned	5,333,035	3,932,735	-	-	-	-	-
Unassigned	<u>13,041,689</u>	<u>11,779,373</u>	-	-	-	-	-
Total general fund	<u>\$ 19,784,724</u>	<u>\$ 18,727,108</u>	<u>\$ 10,644,340</u>	<u>\$ 12,720,615</u>	<u>\$ 17,284,859</u>	<u>\$ 13,192,029</u>	<u>\$ 6,465,072</u>
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	12,324,620	13,290,989	-	-	-	-	-
Restricted	40,966,247	46,253,542	-	-	-	-	-
Committed	-	1,568,370	-	-	-	-	-
Assigned	1,216,595	2,961,717	-	-	-	-	-
Unassigned	<u>(154,048)</u>	<u>(5,352,857)</u>	-	-	-	-	-
Total all other governmental funds	<u>\$ 54,353,414</u>	<u>\$ 58,721,761</u>	<u>\$ 74,166,466</u>	<u>\$ 86,554,844</u>	<u>\$ 90,918,366</u>	<u>\$ 74,927,404</u>	<u>\$ 80,663,235</u>

The City of Palm Springs has elected to show only seven 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 Seven Fiscal Years
(modified accrual basis of accounting)**

	2012	2011	2010	2009	2008	2007	2006
Revenues:							
Taxes	\$ 68,653,101	\$ 72,408,230	\$ 72,253,106	\$ 72,269,596	\$ 75,916,291	\$ 72,093,648	\$ 67,085,805
Licenses and permits	2,913,367	3,119,482	2,714,339	3,068,452	3,858,530	5,044,241	5,098,958
Fines and penalties	104,838	107,824	270,853	824,131	781,656	1,167,855	944,495
Use of money and property	2,006,106	2,349,620	5,004,081	7,485,174	7,237,922	4,327,432	3,031,815
Intergovernmental	27,264,100	20,914,362	10,338,051	15,049,300	15,936,047	9,651,107	8,847,596
Charges for services	7,036,034	7,068,669	6,715,640	5,038,889	6,190,461	8,138,350	6,486,118
Other	<u>1,292,222</u>	<u>3,265,240</u>	<u>2,929,498</u>	<u>5,496,259</u>	<u>5,849,485</u>	<u>6,027,493</u>	<u>418,714</u>
Total revenues	<u>109,269,768</u>	<u>109,233,427</u>	<u>100,225,568</u>	<u>109,231,801</u>	<u>115,770,392</u>	<u>106,450,126</u>	<u>91,913,501</u>
Expenditures							
Current:							
General government	10,863,967	9,562,837	11,362,793	14,090,558	14,217,987	13,056,812	12,756,285
Public safety	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	2,952,870	2,966,030	2,455,668	4,756,377	3,946,989	5,319,373	9,797,133
Parks and recreation	8,969,751	8,772,280	7,725,705	8,608,714	8,023,314	7,242,156	7,096,167
Public works	74,063,752	40,578,391	23,473,774	23,788,035	29,593,755	16,305,743	20,190,731
Lease	1,484,855	1,484,855	1,779,463	1,601,000	-	-	-
Library	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	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	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	<u>1,948,429</u>	<u>7,201,757</u>	<u>12,027,631</u>	<u>7,440,446</u>	<u>7,087,437</u>	<u>5,505,436</u>	<u>3,973,940</u>
Total expenditures	<u>147,929,482</u>	<u>117,487,767</u>	<u>114,450,221</u>	<u>118,208,742</u>	<u>119,056,636</u>	<u>97,458,928</u>	<u>97,563,328</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(38,659,714)</u>	<u>(8,254,340)</u>	<u>(14,224,653)</u>	<u>(8,976,941)</u>	<u>(3,286,244)</u>	<u>8,991,198</u>	<u>(5,649,827)</u>
Other financing sources (uses):							
Transfers in	8,756,658	9,726,647	28,298,755	20,150,156	11,938,365	11,029,443	12,229,942
Transfers out	(8,754,208)	(9,136,799)	(29,098,755)	(23,140,156)	(13,538,365)	(12,564,443)	(13,214,342)
Debt issued	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	<u>(24,264,400)</u>	-	-	-	-	-	-
Total other financing sources (uses)	<u>47,044,152</u>	<u>589,848</u>	<u>(800,000)</u>	<u>299,175</u>	<u>23,370,036</u>	<u>(1,535,000)</u>	<u>2,821,600</u>
Extraordinary gain/loss	<u>(11,303,318)</u>	-	-	-	-	-	-
Net change in fund balances	<u>\$ (2,918,880)</u>	<u>\$ (7,664,492)</u>	<u>\$ (15,024,653)</u>	<u>\$ (8,677,766)</u>	<u>\$ 20,083,792</u>	<u>\$ 7,456,198</u>	<u>\$ (2,828,227)</u>
Debt service as a percentage of noncapital expenditures	10.4%	13.1%	14.1%	15.6%	13.6%	15.5%	11.7%

The City of Palm Springs has elected to show only seven 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
2003	\$ 2,814,102	\$ 677,970	\$ 103,823	\$ 1,806,363	\$ 5,402,258	0.30241
2004	3,077,820	795,382	106,121	1,989,620	5,968,943	0.29565
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

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 Nonunitary, 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)**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
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	0.10207	0.08745	0.08903	0.07851	0.07732	0.02616	0.04091	0.05259	0.06000	0.00000
Coachella Valley Water District	0.08000	0.08000	0.06000	0.04000	0.04000	0.02080	0.02080	0.02080	0.02080	0.02080
Desert Community College	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01994	0.00000	0.00000
Desert Water Agency	0.08000	0.08000	0.08000	0.08000	0.08000	0.08000	0.06000	0.06000	0.06000	0.07000
Palm Springs Unified B & I 1992-A	0.10451	0.13224	0.12628	0.06007	0.05468	0.05912	0.05012	0.05715	0.06052	0.06002
San Geronio Pass Memorial Hospital	0.10365	0.09914	0.10676	0.03365	0.03272	0.03272	0.00000	0.00000	0.00000	0.00000
Total Direct and Overlapping Tax Rates	1.49018	1.49878	1.48202	1.31218	1.30467	1.23875	1.19178	1.21048	1.20132	1.15082
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	1.06000	1.07000
Total Direct Rate (Note 5)	0.36319	0.37071	0.38020	0.37320	0.36688	0.34726	0.32631	0.31188	0.29565	0.30241

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.

Source: HDL Coren & Cone (Riverside County Assessor)

CITY OF PALM SPRINGS

**Principal Property Tax Payers
Current Year and Nine Years ago**

<u>Taxpayer</u>	<u>2012</u>		<u>2003</u>	
	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>
Tenet Health System Desert Inc.	\$117,240,091	1.32%	\$ 87,121,709	1.61%
Windpower Partners 1993 LP	78,049,267	0.88%	-	0.00%
Indigo Generation LLC	63,900,000	0.72%	-	0.00%
Donahue Schriber Realty Group	58,312,444	0.66%	-	0.00%
Endure Investment	46,200,240	0.52%	-	0.00%
San Gorgonio Westwinds II	40,637,000	0.46%	35,840,000	0.66%
John Wessman	32,766,363	0.37%	-	0.00%
HH Palm Springs	32,450,000	0.37%	-	0.00%
Sun California Management	31,795,777	0.36%	-	0.00%
Walmart Real Estate Business Trust	28,694,514	0.32%	-	0.00%
Skywest Airlines	-	0.00%	36,532,030	0.68%
Pacific Monarch Resorts	-	0.00%	36,093,319	0.67%
Time Warner Entertainment	-	0.00%	33,388,561	0.62%
AP APH Palm Springs	-	0.00%	31,836,239	0.59%
Alaska Airlines	-	0.00%	26,995,276	0.50%
RPS Resort Corporation	-	0.00%	25,343,285	0.47%
Palm Springs Marquis and Villas Inc	-	0.00%	24,876,835	0.46%
PSH Holdings Inc	-	0.00%	23,051,527	0.43%
	<u>\$530,045,696</u>	5.98%	<u>\$ 361,078,781</u>	6.69%

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Source: HDL Coren & Cone (Riverside County Assessor)

CITY OF PALM SPRINGS

**Property Tax Levies and Collections
Last Seven 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	1	\$ 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		
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%

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 seven 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 Seven Fiscal Years**

Fiscal Year Ended June 30	Governmental Activities				Total Governmental Activities
	Pension Obligation Bond (1)	General Obligation Bonds	Tax Allocation Bonds	Loans and Leases	
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

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

CITY OF PALM SPRINGS

**Ratios of Outstanding Debt by Type
Last Seven 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	0.11696	4,313	
* Personal Income				1,669,663,000				
* Total Population				45,279				

CITY OF PALM SPRINGS

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Total	Percent of Assessed Value (1)	Per Capita
	Pension Obligation Bond (2)	General Obligation Bonds	Tax Allocation Bonds			
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	0	156,616	1.77%	3,459

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

CITY OF PALM SPRINGS
Direct and Overlapping Debt
June 20, 2012

City Assessed Valuation	\$	8,908,042,044
Redevelopment Agency Incremental Valuation		1,517,446,517
	\$	<u>7,390,595,527</u>

	Percentage Applicable (1)	Outstanding Debt 6/30/12	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Desert Community College District	23.582%	\$ 320,591,264	\$ 75,601,832
Banning Unified School District	0.280%	46,024,000	128,867
Palm Springs Unified School District	56.845%	325,482,451	185,020,499
San Geronio Memorial Hospital District	0.101%	107,885,000	108,964
City of Palm Springs 1915 Act Bonds	100%	8,060,000	8,060,000
Total overlapping debt repaid with property taxes		<u>808,042,715</u>	<u>268,920,162</u>

Ratios to 2010-2011 Assessed Valuation:
Total overlapping tax and assessment debt 3.02%

Direct and Overlapping General Fund Debt:			
Riverside County General Fund Obligations	5.095%	655,042,180	33,374,399
Riverside County Pension Obligations	5.095%	357,540,000	18,216,663
Riverside County Board of Education Certificates of Participation	5.095%	5,055,000	257,552
Mt. San Jacinto Community College District General Fund Obligation	0.009%	11,950,000	1,076
City of Palm Springs General Fund Obligations	100%	146,440,000	146,440,000
City of Palm Springs Pension Obligations	100%	19,183,438	19,183,438
Coachella Valley County Water District Storm Water Unit	0.223%	1,410,000	3,144

Less: Riverside County Self-Supporting Obligations		631,571
Total Net Direct and Overlapping General Fund Debt	\$	<u>1,196,620,618</u>
	\$	<u>216,844,701</u>

Total Direct Debt		\$ 165,623,438
Total Gross Overlapping Debt		320,772,996
Total Net Overlapping Debt		320,141,425

Gross Combined Total Debt		486,396,434
Net Combined Total Debt		485,764,863

Ratios to Adjusted Assessed Valuation:
Total Direct Debt (\$165,623,438) 2.24%
Gross Combined Total Debt 6.58%
Net Combined Total Debt 6.57%

State School Building and Repayable as of 6/30/12 \$0

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 Seven Fiscal Years
(in Thousands of Dollars)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assessed Valuation	\$ 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%
Adjusted assessed valuation	2,215,253	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%
Debt limit	332,288	344,808	364,943	384,295	369,174	322,931	278,168
Total net debt applicable to limit: General Obligation Bonds	136,394	93,373	95,655	97,667	99,939	102,319	107,733
Legal debt Margin	<u>\$ 195,894</u>	<u>\$ 251,435</u>	<u>\$ 269,288</u>	<u>\$ 286,628</u>	<u>\$ 269,235</u>	<u>\$ 220,612</u>	<u>\$ 170,435</u>
Total Debt applicable to the limit as a percentage of debt limit	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 seven 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 Seven Fiscal Years**

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
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	-	-	-	-

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 seven years of information has been presented, prior years are unavailable.

CITY OF PALM SPRINGS

**Pledged-Revenue Coverage
Last Seven Fiscal Years
(Continued)**

Airport Revenue Bonds						
Airport Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	
			Principal	Interest		
\$ 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	1438003	3.16	

CITY OF PALM SPRINGS
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	43,948	1,164,635	26,500	5.0%
2003	44,506	1,191,098	26,763	5.0%
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%

Sources:

HDL Coren and Cone

CITY OF PALM SPRINGS
Principal Employers
Current Year

Employer	2012	
	Number of Employees	Percent of Total Employment
Spa Casino	1000-4999	4-22%
Desert Regional Med Ctr Rehab	1000-4999	4-22%
Care Fusion	250-499	1-2%
Palm Springs Personnel	250-499	1-2%
Desert Sun	250-499	1-2%
Palm Springs Riviera Resort	250-499	1-2%
Savoury's Inc	250-499	1-2%
Agua Caliente Band of Indians	100-249	.5-1%
Eat at the Desert	100-249	.5-1%
Hilton Palm Springs Resorts	100-249	.5-1%
Knott's Soak City Waterpark	100-249	.5-1%
Le Parker Meridien Palm Springs	100-249	.5-1%
Las Casuelas Terraza	100-249	.5-1%
Lowe's	100-249	.5-1%
Palm Canyon Resort and Spa	100-249	.5-1%
Palm Springs Follies	100-249	.5-1%
Palm Springs High School	100-249	.5-1%
Premier Healthcare	100-249	.5-1%
Riverside County Civil Court	100-249	.5-1%
Stater Bros Markets	100-249	.5-1%
UPS Customer Ctr	100-249	.5-1%
Viceroy Palm Springs	100-249	.5-1%
VIP Motor Cars LTD	100-249	.5-1%
Palm Springs Police Dept	100-249	.5-1%
Renaissance	100-249	.5-1%
Hyatt Regency-Palm Springs	100-249	.5-1%
Home Depot	100-249	.5-1%
US Post Office	100-249	.5-1%
Tarbell Realtors	100-249	.5-1%
Coldwell Banker	100-249	.5-1%

"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 2003 information not available.

CITY OF PALM SPRINGS

**Full - Time Equivalent City Employees By Department
Last Seven Fiscal Years**

<u>Department</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Administration	34.25	34.75	43.25	48.75	46.30	44.70	45.90
Growth Management	20.20	22.20	28.45	34.95	34.95	34.85	37.85
Quality of Life	37.25	38.25	46.00	56.25	53.90	52.65	48.90
Public Safety	172.50	184.50	208.50	214.50	215.50	207.50	195.50
Public Works & Engineering	27.50	27.00	32.00	32.75	30.60	30.10	30.10
Airport	66.50	64.50	63.50	69.50	69.65	68.15	67.00
Golf Course	0.00	0.00	0.00	0.50	0.50	0.50	0.50
Motor Vehicle	7.00	7.00	8.00	9.00	9.00	9.00	10.00
Facilities Maintenance	13.50	12.50	14.50	14.50	14.50	14.00	14.00
Risk Management	2.75	3.25	3.25	3.25	3.25	3.25	3.15
Low & Moderate Income Housing	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	0.05	0.05	0.00
Total	<u>385.75</u>	<u>398.25</u>	<u>452.00</u>	<u>488.50</u>	<u>485.00</u>	<u>471.25</u>	<u>455.25</u>

Only seven years has been presented, prior years unavailable.

Source: City Budget Department

CITY OF PALM SPRINGS

**Operating Indicators by Function
Last Seven Fiscal Years**

	<u>Fiscal Year</u> <u>2012</u>	<u>Fiscal Year</u> <u>2011</u>	<u>Fiscal Year</u> <u>2010</u>	<u>Fiscal Year</u> <u>2009</u>	<u>Fiscal Year</u> <u>2008</u>	<u>Fiscal Year</u> <u>2007</u>	<u>Fiscal Year</u> <u>2006</u>
Police:							
Arrests	3360	3528	4564	4319	4908	4,152	3,897
Parking Citations	2585	1936	2977	2896	2987	3,125	2,875
Fire:							
Number of Emergency Calls	8263	7777	7400	7054	6,928	6,876	6,772
Inspections	1425	4204	3808	2907	3,889	2,025	576
Public Works:							
Street resurfacing (sq feet)	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	3229	3171	1755	2001	1,331	1,055	1,423
Number of facility rentals	195	276	955	968	1,138	165	163
Airport:							
Passengers serviced	1,668,554	1,483,051	1,499,637	1,453,921	1,591,458	1,595,417	1,478,616
Flights	58,792	61,584	68,772	68,805	77,859	93,201	92,668
Sewer:							
New Connections	112	62	102	122	166	258	566
Ave Daily sewage treatment	5698	5700	6491	6491	6491	6,491	6,500
Golf Course:							
Golf rounds played	103,653	99,592	80,699	82,966	83,705	83,979	44,039

Only seven 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 Seven Fiscal Years

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

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

Source: City of Palm Springs