



Comprehensive Annual Financial Report

Fiscal year ended June 30, 2013



CITY OF PALM SPRINGS, CALIFORNIA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared By:
Finance Department

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FINANCIAL STATEMENTS

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City of Palm Springs

Department of Finance & Treasury

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December 20, 2013

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, 2013, 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 Position showing the total net equity of the City, including infrastructure, and the Statement of Activities that shows the cost of providing government services. Both of these statements have been prepared using the accrual basis of accounting, used by most businesses, as compared to the modified accrual method used in fund financial statements (the traditional governmental financial reports). A reconciliation report is provided to account for the differences between the two reporting methods.

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

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

The City of Palm Springs provides a full range of services including public safety, highways and streets, sanitation, culture and recreation, aviation, public improvements, planning and zoning,

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

GENERAL INFORMATION

The City of Palm Springs, incorporated in 1938, is located in the western part of the Coachella Valley, one of the fastest growing regions of the State. The full time population of 45,907 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 8.5% compared to the prior year. This significant increase can be attributed to the combination of increased marketing efforts internationally and to the drive market, a \$200 million in reinvestment in the City's hotel stock made through the Hotel Incentive Program, increased airline routes and seat capacity made through the Airline Incentive Program which led to WestJet, United, Alaska, Frontier, Allegiant, and Virgin America adding or expanding service, and the continuing TOT audits of all hotels, motels, and vacation rental properties.

Sales Tax collections increased about 7.1%. Retail sales and Restaurants continue to show strong numbers, adding to gains from the last three years. 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 increased by \$0.4 million or 2.3% over the prior year. Overall, these revenues had decreased a total of \$2.9 million or 14.9% since the 2007-2008 fiscal year, so this modest rebound was a welcome relief. This is primarily the result of increases from new commercial and residential development being greater than the decreases from property tax reassessments. Though property taxes have traditionally been our largest

source of General Fund revenue, last fiscal year it 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 increased significantly from \$69.7 million in Fiscal Year 2011-2012 to \$83.7 million in Fiscal Year 2012-2013. However, much of this increase is attributed to the increase of the new Measure J add-on sales tax from \$2 million in 2011-2012 to \$11 million in 2012-2013. All of these revenues are being transferred to a special Measure J Capital Projects Fund.

Other than TOT and sales taxes, revenue increases have been relatively modest compared to the steady increases in a variety of areas such as pensions, health care, and utilities costs over the last several years. Fortunately, the increases in TOT and sales taxes combined with the implementation of an aggressive multi-year Budget Reduction Plan that resulted in \$20 million of expenditure reductions helped the City weather the Great Recession.

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 to two years 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 \$15 million per year in various capital projects throughout the City. Chief among these is \$4 million going towards much needed streets resurfacing, repairs, and reconstruction. Another \$1.7 million has been allocated to 55 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, bicycle lanes, property acquisition for preservation, 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 Hotel Zoso has been converted to a new Hard Rock Hotel, which has partnered with Goldenvoice, the producers of the Coachella Music Festival, to bring popular music acts to Palm Springs. New hotels include a new 32-room boutique Arrive Hotel, the Sparrows Hotel, and a Marriott Autograph Collection hotel in the Uptown Design District. 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 2014 and be completed in the Winter of 2015. 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.

As the general national and local economic conditions continues to improve, the City should see an increase in revenues in a number of categories including property taxes, sales taxes, transient occupancy taxes, new development and permit fees, etc. Thanks to Measure J, sales taxes alone should be in the \$22 - 25 million range in the 2014-2015 fiscal year, which is about double what was received in the 2012-2013 fiscal year.

FINANCIAL INFORMATION

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

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

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2012 provided no instances of material weaknesses in the internal control structure or significant 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 2012-2013 expenditures was calculated at \$127,707,125. Appropriations subject to limitation totaled \$72,266,270, or \$55,440,855 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, 2013, the total remaining principal on the long-term debt of the City and its related entities is \$234,316,554.

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. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and the related OMB Circular A-133. The auditor's report on the general purpose financial statements and combining, individual fund and schedules are included in the financial section of this report. The City's independent auditors, Lance, Soll & Lunghard, LLP, have issued an unmodified opinion. The auditor's reports related specifically to the single audit are included in the Single Audit Report.

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palm Springs for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the 24th 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

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CITY OF PALM SPRINGS

List of Principal Officials

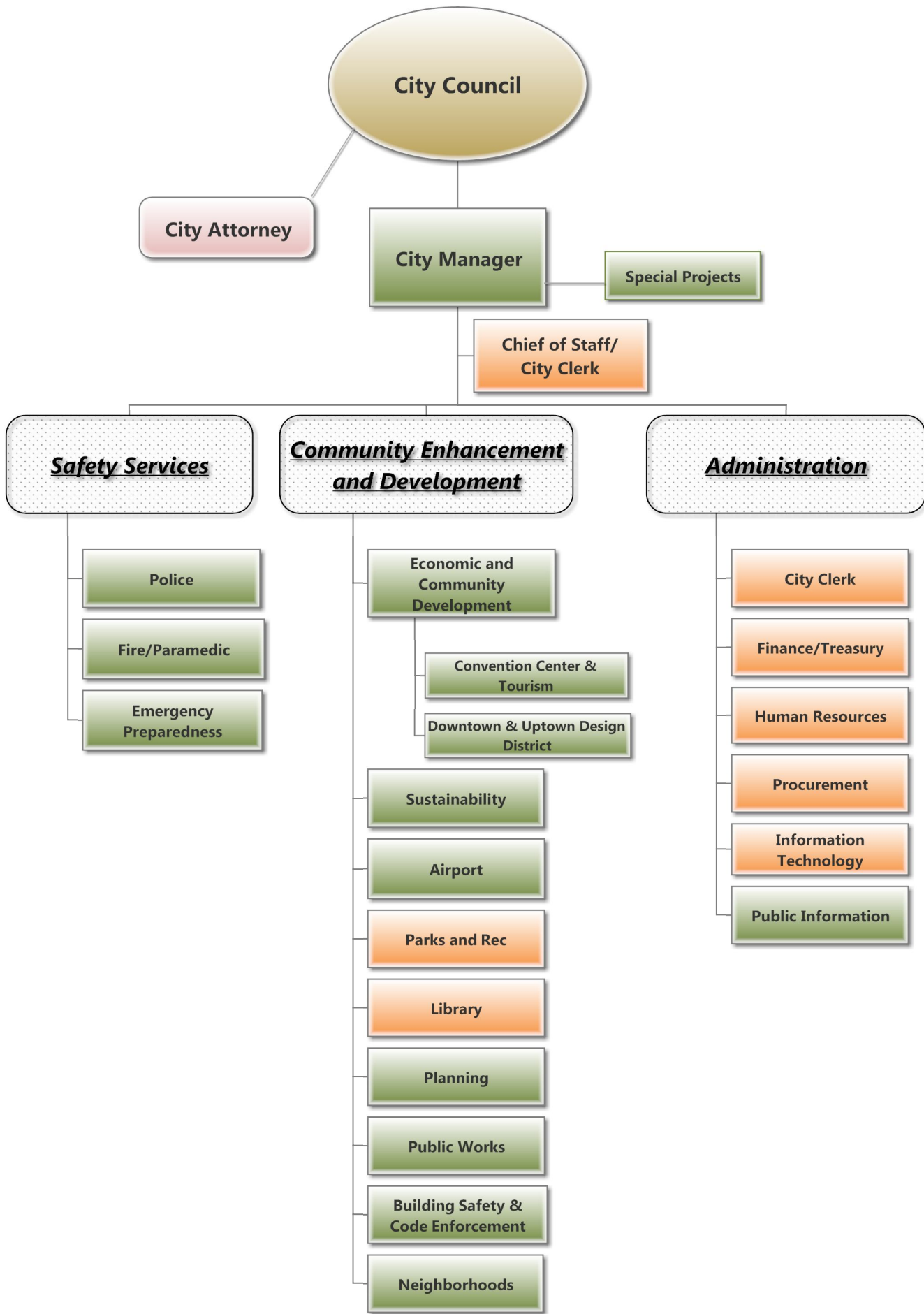
June 30, 2013

CITY COUNCIL

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

EXECUTIVE MANAGEMENT

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





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Palm Springs
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Palm Springs, California, (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palm Springs, California, as of June 30, 2013, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Housing fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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



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

Other Reporting Required by *Government Auditing Standards*

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

Lance, Soll & Lughard, LLP

Brea, California
December 20, 2013

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CITY OF PALM SPRINGS
Management's Discussion and Analysis
June 30, 2013

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, 2013. 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.

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, 2013

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, 2013

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, deferred outflow of resources 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 plus deferred outflow of resources less 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 one separate legal entity in its report –the City of Palm Springs Financing Authority. Although legally separate, this "component unit" is important because the City is financially accountable for it.

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, 2013

- *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, 2013

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	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 138,359	\$ 125,973	\$ 40,254	\$ 35,472	\$ 178,613	\$ 161,445
Capital assets	256,978	266,664	114,475	121,016	371,453	387,680
Total assets	395,337	392,637	154,729	156,488	550,066	549,125
Deferred Outflows	-	-	831	909	831	909
Long-term debt outstanding	200,394	187,878	33,922	33,493	234,316	221,371
Other liabilities	8,300	19,067	5,150	8,018	13,450	27,085
Total liabilities	208,694	206,945	39,072	41,511	247,766	248,456
Net position:						
Net investment in						
capital assets	119,130	124,797	82,089	86,255	201,219	211,052
Restricted	59,250	53,291	4,778	4,025	64,028	57,316
Unrestricted	8,263	7,604	29,620	25,606	37,883	33,210
Total net position	\$ 186,643	\$ 185,692	\$ 116,487	\$ 115,886	\$ 303,130	\$ 301,578

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2013

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

Table 2
Changes in Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 12,632	\$ 11,872	\$ 33,615	\$ 31,355	\$ 46,247	\$ 43,227
Operating contributions & grants	5,193	7,382	-	-	5,193	7,382
Capital contributions & grants	5,093	16,382	2,290	2,315	7,383	18,697
General revenues:						
Property taxes & tax increment	18,655	24,229	-	-	18,655	24,229
Sales taxes	21,948	12,130	-	-	21,948	12,130
Transient occupancy taxes	19,396	17,874	-	-	19,396	17,874
Other taxes	13,842	13,071	-	-	13,842	13,071
Gain on sale of capital asset	161	-	-	-	161	-
Other general revenues	4,934	5,207	60	495	4,994	5,702
Total revenues	<u>\$ 101,854</u>	<u>\$ 108,147</u>	<u>\$ 35,965</u>	<u>\$ 34,165</u>	<u>\$ 137,819</u>	<u>\$ 142,312</u>
Program expenses						
General government	\$ 13,505	\$ 13,324	\$ -	\$ -	\$ 13,505	\$ 13,324
Culture and convention center	5,961	5,996	-	-	5,961	5,996
Public safety	38,070	36,490	-	-	38,070	36,490
Public Works	14,674	36,661	-	-	14,674	36,661
Parks and recreation	12,150	9,728	-	-	12,150	9,728
Library	2,125	2,169	-	-	2,125	2,169
Interest	5,565	7,553	-	-	5,565	7,553
Airport	-	-	25,582	24,990	25,582	24,990
Wastewater	-	-	5,712	5,968	5,712	5,968
Golf Course	-	-	5,948	5,663	5,948	5,663
Total expenses	<u>\$ 92,050</u>	<u>\$ 111,921</u>	<u>\$ 37,242</u>	<u>\$ 36,621</u>	<u>\$ 129,292</u>	<u>\$ 148,542</u>
Excess (deficiency) before special items and transfers	\$ 9,804	\$ (3,774)	\$ (1,277)	\$ (2,456)	\$ 8,527	\$ (6,230)
Transfers	(1,952)	2	1,952	(2)	-	-
Gain on redevelopment dissolution	(6,936)	31,772	(74)	(1,227)	(7,010)	30,545
Increase (decrease) in net position	<u>916</u>	<u>28,000</u>	<u>601</u>	<u>(3,685)</u>	<u>1,517</u>	<u>24,315</u>
Beginning net position	185,692	162,518	115,886	120,341	301,578	282,859
Restatement of net position	35	(4,826)	-	(770)	35	(5,596)
Ending net position	<u>\$ 186,643</u>	<u>\$ 185,692</u>	<u>\$ 116,487</u>	<u>\$ 115,886</u>	<u>\$ 303,130</u>	<u>\$ 301,578</u>

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2013

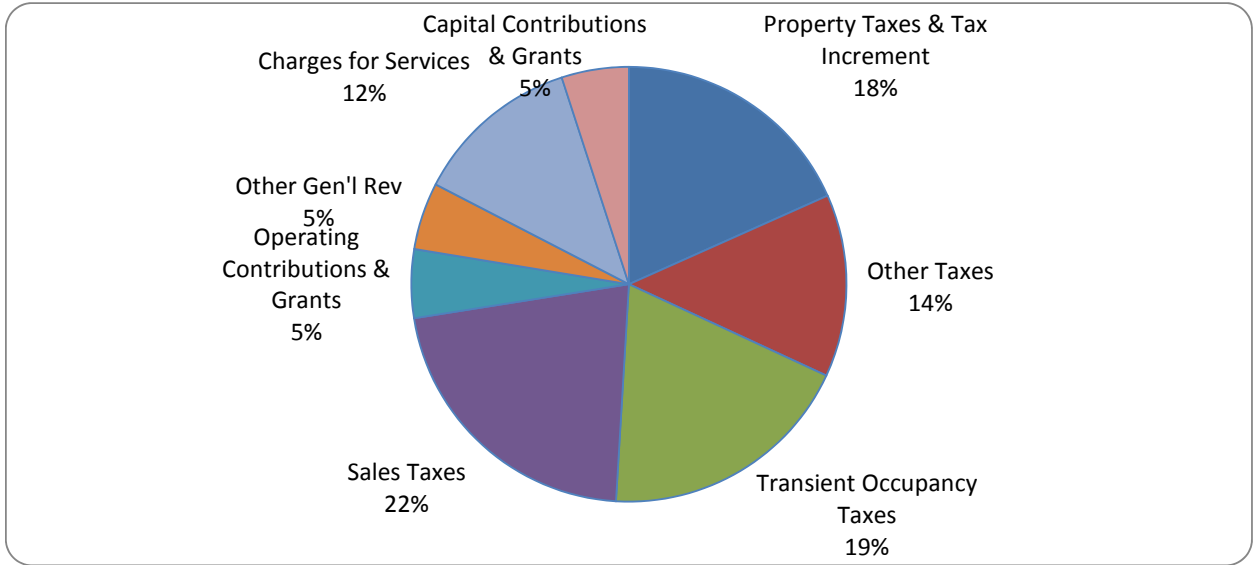
The increase or decrease in net position can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. The net position of the City's governmental activities increased by about 0.5% (\$186.6 million compared to \$185.7 million for the 2011-2012 fiscal year).

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

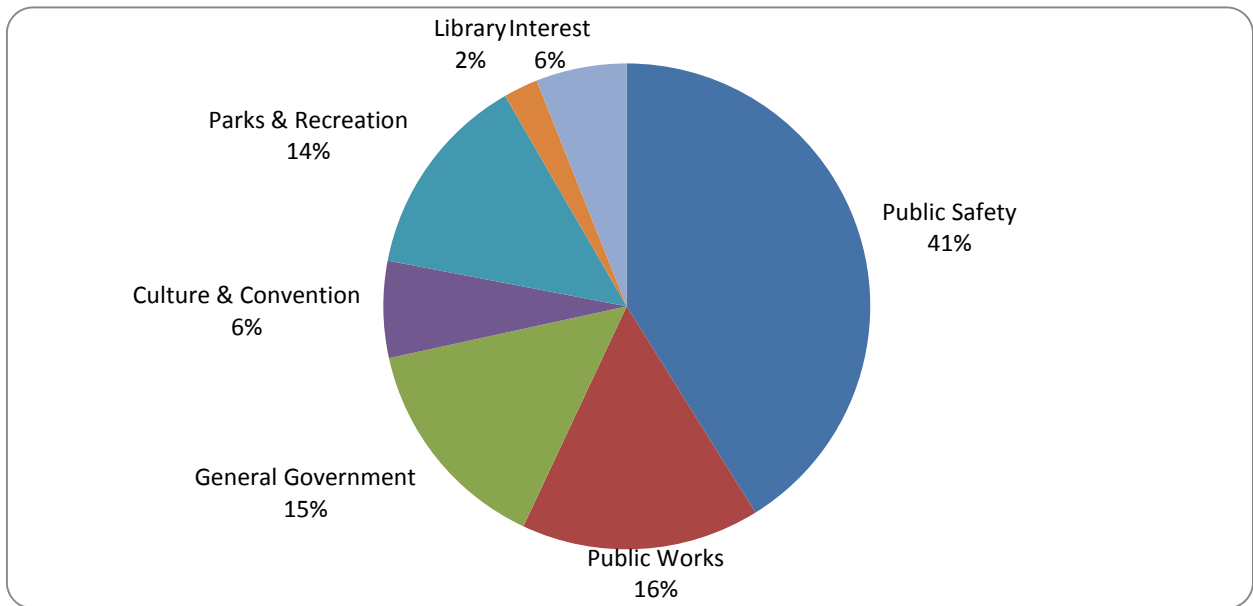
- The Transient Occupancy Tax (TOT) collections were up 8.5% compared to the prior fiscal year due to higher occupancy per room and higher revenue per room rates. This continues to be the city's top source of revenue.
- The significant increase in the voter-approved 1% add-on sales tax revenue is offset dollar-for-dollar in the form interfund transfers out to a special capital fund to spend and manage these funds. By itself, the normal Bradley-Burns Sales Tax was up 7.1%.
- Program expenses were fairly flat in all categories except public works, where expenses were down 60% due to a number of expenses in the prior year not reoccurring. These decreases helped offset expense increases for items such as CalPERS, legal, water, and utilities expenses.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2013

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities



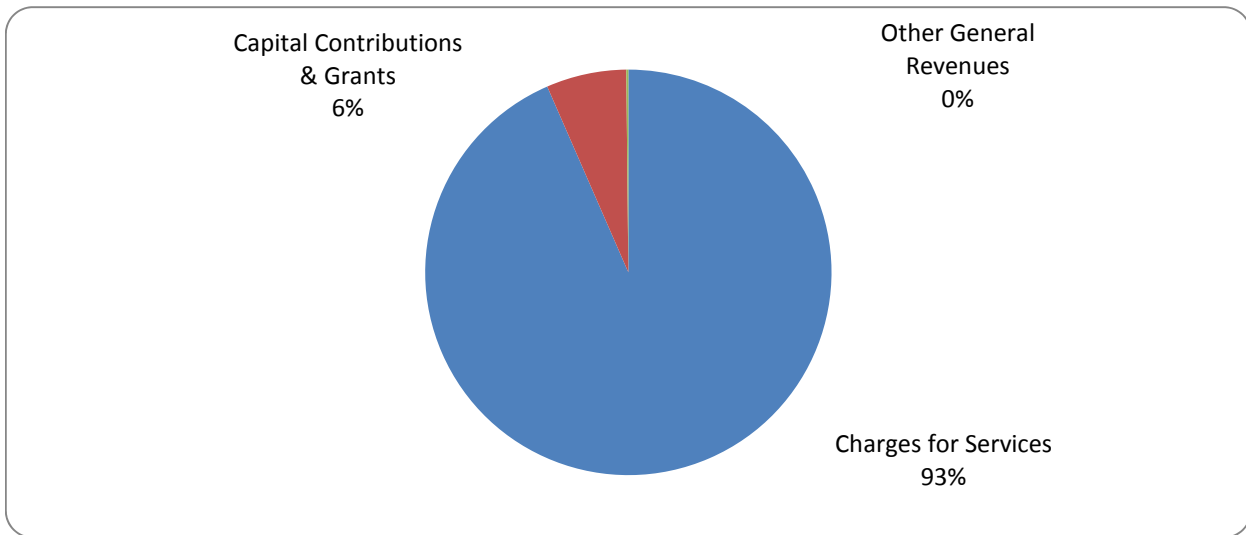
CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2013

Business-Type Activities

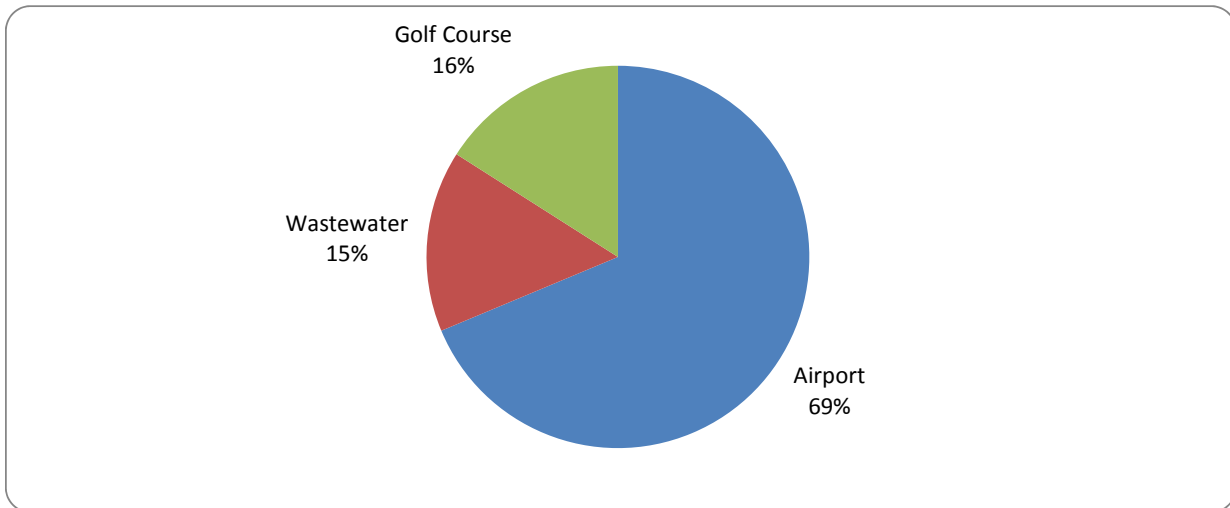
Revenues of the City's business-type activities (see Table 2) were higher than the previous year, increasing 5.3% from \$34.2 million to \$36.0 million.

Expenses were slightly higher than the previous year, increasing 1.7% from \$36.6 million to \$37.2 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, 2013

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 \$12.8 million, while total fund balance reached \$22.9 million. As a measure of the general fund's liquidity, unassigned fund balance represents 18.2% of total general fund expenditures and interfund transfers out (excluding Measure J sales tax), while total fund balance represents 32.7% of that same amount.

Total General Fund revenue increased from \$69.7 million to \$83.7 million. Among the more significant changes:

- The Measure J add-on sales tax was in place for a full-year for the first time and increased from \$2 million to \$11 million. All of these monies have been transferred to a Measure J Capital Projects special fund.
- Transient Occupancy Tax (TOT) increased from \$18.1 million to \$19.4 million. The one-year increase is 8.5%, the two-year increase is 23.8%, and the three-year increase is 45.0%.
- The regular Bradley-Burns sales tax increased from \$10.2 million to \$11.0 million.
- Property taxes increased slightly from \$16.0 million to \$16.4 million.
- Licenses and permits (Building and other) were almost unchanged at \$2.4 million.
- Charges for services increased from \$4.1 million to \$4.7 million.
- Utility user taxes were almost unchanged at \$7.1 million.

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

Total General Fund expenditures and transfers out increased from \$68.6 million to \$81.2 million. This is reflective of the City's transfer of \$11 million from the new voter-approved district add-on sales tax to the new Measure J Capital Projects Fund. Also, there were increases in other areas such as PERS and utilities expenses.

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

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

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2013

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

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

Major Enterprise Funds. The Unrestricted net position of the **Airport, Wastewater and Golf Course Funds** total \$29.6 million, an increase of 15%.

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 \$0.4 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 and charges for services.

On the expenditure side, the overall budget increased by about \$3.1 million, mostly due to the addition of funds due to the carry-forward of encumbrances and continuing appropriations, and employee leave cash-outs at the time of separation at an amount larger than expected. The final expenditures were about \$4.1 million under budget, excluding transfers and extraordinary items.

Mostly due to higher than anticipated transient occupancy taxes, sales taxes, and interfund transfers in from other funds, there was \$7.9 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, 2013

CAPITAL ASSETS

There was a 4.2% decrease in total capital assets from one fiscal year to the next fiscal year representing a net decrease of \$16.2 million to \$371.5 million.

Capital Assets
(in thousands, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Buildings	\$ 58,311	\$ 61,098	\$ 18,354	\$ 18,882	\$ 76,665	\$ 79,980
Improvements	36,976	40,034	47,775	52,876	84,751	92,910
Furniture and equipment	2,522	2,004	1,979	2,190	4,501	4,194
Vehicles	3,865	3,903	822	975	4,687	4,878
Infrastructure	108,413	106,907	8,807	9,355	117,220	116,262
Right-of-way	16,545	16,537	-	-	16,545	16,537
Land	27,931	31,414	36,738	36,738	64,669	68,152
Construction in progress	2,415	4,767	-	-	2,415	4,767
Total	\$256,978	\$266,664	\$114,475	\$121,016	\$371,453	\$387,680

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, 2013

LONG-TERM DEBT

As of June 30, 2013, the City had bonded and certificates of participation debt outstanding of \$234.3 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)					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Compensated absences	\$ 5,244	\$ 5,078	\$ 706	\$ 693	\$ 5,950	\$ 5,771
Claims and judgments	4,819	3,872	-	-	4,819	3,872
Leases	-	-	167	238	167	238
Certificates of participation (COPS)	7,390	7,605	23,501	24,477	30,891	32,082
Net OPEB Obligation	24,715	20,250	-	-	24,715	20,250
Tax Allocation Bonds	-	-	-	-	-	-
Lease Revenue Bonds	130,459	134,262	9,548	10,046	140,007	144,308
Special Assessment Bonds	7,700	8,060	-	-	7,700	8,060
Pension Obligation Bonds	<u>20,067</u>	<u>20,222</u>	<u>-</u>	<u>-</u>	<u>20,067</u>	<u>20,222</u>
Total	<u>\$ 200,394</u>	<u>\$ 199,349</u>	<u>\$ 33,922</u>	<u>\$ 35,454</u>	<u>\$ 234,316</u>	<u>\$ 234,803</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 \$201 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, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 66,371,978	\$ 37,724,986	\$ 104,096,964
Receivables:			
Accounts	11,964,373	1,705,503	13,669,876
Notes and loans	6,744,848	-	6,744,848
Accrued interest	1,152,913	62,755	1,215,668
Special assessments	7,771,235	-	7,771,235
Internal balances	4,530,235	(4,530,235)	-
Prepaid costs	248,750	213,768	462,518
Deposits	200,000	-	200,000
Due from other governments	-	286,387	286,387
Advances to Successor Agency	6,873,284	-	6,873,284
Inventories	158,668	13,531	172,199
Land held for resale	722,429	-	722,429
Restricted assets:			
Cash with fiscal agent	10,343,070	4,777,681	15,120,751
Net pension asset	21,277,296	-	21,277,296
Capital assets not being depreciated	46,890,192	36,737,608	83,627,800
Capital assets, net of depreciation	210,087,904	77,736,930	287,824,834
Total Assets	395,337,175	154,728,914	550,066,089
Deferred Outflows of Resources:			
Deferred charge on refunding	-	830,588	830,588
Total Deferred Outflows of Resources	-	830,588	830,588
Liabilities:			
Accounts payable	5,768,785	2,677,537	8,446,322
Accrued liabilities	563,087	103,094	666,181
Accrued interest	1,715,884	1,869,335	3,585,219
Unearned revenue	160,380	-	160,380
Deposits payable	6,586	500,000	506,586
Due to other governments	84,762	-	84,762
Noncurrent liabilities:			
Due within one year	13,778,601	1,810,130	15,588,731
Due in more than one year	186,615,740	32,112,083	218,727,823
Total Liabilities	208,693,825	39,072,179	247,766,004
Net Position:			
Net investment in capital assets	119,129,764	82,089,205	201,218,969
Restricted for:			
Public safety	1,937,615	-	1,937,615
Parks and recreation	2,391,912	-	2,391,912
Public works	39,058,640	-	39,058,640
Debt service	11,807,734	4,777,681	16,585,415
Lease	197,168	-	197,168
Library	2,307,809	-	2,307,809
Special projects	1,549,653	-	1,549,653
Unrestricted	8,263,055	29,620,437	37,883,492
Total Net Position	\$ 186,643,350	\$ 116,487,323	\$ 303,130,673

CITY OF PALM SPRINGS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 11,981,549	\$ 3,552,667	\$ 1,021,328	\$ -
Public safety	38,070,130	2,843,908	1,607,151	1,733,270
Cultural and convention center	5,961,041	-	-	-
Parks and recreation	12,150,464	1,614,526	581	644,213
Public works	14,674,398	4,582,804	2,562,700	2,715,781
Lease	1,521,607	-	-	-
Library	2,125,382	38,172	856	-
Interest on long-term debt	5,565,437	-	-	-
Total Governmental Activities	92,050,008	12,632,077	5,192,616	5,093,264
Business-Type Activities:				
Airport	25,581,945	21,745,074	-	2,290,385
Wastewater	5,711,562	7,019,449	-	-
Golf Course	5,948,442	4,850,343	-	-
Total Business-Type Activities	37,241,949	33,614,866	-	2,290,385
Total Primary Government	\$ 129,291,957	\$ 46,246,943	\$ 5,192,616	\$ 7,383,649
General Revenues:				
Taxes:				
Property taxes, levied for general purpose				
Transient occupancy taxes				
Sales taxes				
Franchise taxes				
Utility users tax				
Other taxes				
Motor vehicle in lieu - unrestricted				
Use of money and property				
Other				
Gain on sale of capital asset				
Extraordinary gain/(loss)				
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**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (7,407,554)	\$ -	\$ (7,407,554)
(31,885,801)	-	(31,885,801)
(5,961,041)	-	(5,961,041)
(9,891,144)	-	(9,891,144)
(4,813,113)	-	(4,813,113)
(1,521,607)	-	(1,521,607)
(2,086,354)	-	(2,086,354)
(5,565,437)	-	(5,565,437)
(69,132,051)	-	(69,132,051)
-	(1,546,486)	(1,546,486)
-	1,307,887	1,307,887
-	(1,098,099)	(1,098,099)
-	(1,336,698)	(1,336,698)
(69,132,051)	(1,336,698)	(70,468,749)
18,655,013	-	18,655,013
19,396,331	-	19,396,331
21,948,058	-	21,948,058
3,024,692	-	3,024,692
7,093,712	-	7,093,712
3,722,359	-	3,722,359
3,537,631	-	3,537,631
1,217,844	(122,318)	1,095,526
178,958	182,232	361,190
161,770	-	161,770
(6,935,586)	(74,215)	(7,009,801)
(1,952,165)	1,952,165	-
70,048,617	1,937,864	71,986,481
916,566	601,166	1,517,732
185,691,686	115,886,157	301,577,843
35,098	-	35,098
\$ 186,643,350	\$ 116,487,323	\$ 303,130,673

CITY OF PALM SPRINGS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>
		<u>Housing</u>	<u>Special Assessments</u>
Assets:			
Pooled cash and investments	\$ 17,407,162	\$ 2,025,120	\$ 1,592,853
Receivables:			
Accounts	7,087,511	-	15,648
Notes and loans	-	6,744,848	-
Accrued interest	793,259	3,355	2,795
Special assessments	-	-	7,771,235
Prepaid costs	248,750	-	-
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	-	-	925,539
Advance to Successor Agency	2,011,785	3,721,628	-
Total Assets	\$ 29,008,417	\$ 13,217,380	\$ 10,308,070
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 4,237,580	\$ 53,936	\$ 494
Accrued liabilities	454,663	36,930	-
Unearned revenues	-	-	-
Deposits payable	6,586	-	-
Due to other governments	-	84,762	-
Due to other funds	-	-	-
Advances from other funds	49,950	-	-
Total Liabilities	4,748,779	175,628	494
Deferred Inflows of resources:			
Unavailable revenues	1,343,259	-	7,771,235
Total Deferred Inflows of Resources	1,343,259	-	7,771,235
Fund Balances:			
Nonspendable:			
Prepaid costs	248,750	-	-
Land held for resale	-	672,479	-
Notes and loans	2,011,785	10,466,476	-
Advances to other funds	1,210,000	49,950	-
Deposits	200,000	-	-
Restricted for:			
Community development projects	-	1,852,847	-
Public safety	-	-	-
Parks and recreation	-	-	-
Public works	-	-	-
Debt service	-	-	2,536,341
Lease	-	-	-
Library	-	-	-
Special projects	-	-	-
Assigned to:			
Public safety	88,570	-	-
Parks and recreation	68,452	-	-
Public works	50,750	-	-
Capital Projects	-	-	-
Continuing appropriations	2,549,662	-	-
General government	193,135	-	-
Library	20,148	-	-
Anticipated future obligations	1,350,000	-	-
Deficit reduction	1,753,058	-	-
PEG fees	368,771	-	-
Unassigned	12,803,298	-	-
Total Fund Balances	22,916,379	13,041,752	2,536,341
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 29,008,417	\$ 13,217,380	\$ 10,308,070

CITY OF PALM SPRINGS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:		
Pooled cash and investments	\$ 31,305,378	\$ 52,330,513
Receivables:		
Accounts	4,557,322	11,660,481
Notes and loans	-	6,744,848
Accrued interest	45,772	845,181
Special assessments	-	7,771,235
Prepaid costs	-	248,750
Deposits	-	200,000
Due from other funds	2,220,104	2,220,104
Advances to other funds	-	1,259,950
Land held for resale	-	722,429
Restricted assets:		
Cash and investments with fiscal agents	9,417,531	10,343,070
Advance to Successor Agency	1,139,871	6,873,284
Total Assets	<u>\$ 48,685,978</u>	<u>\$ 101,219,845</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 778,849	\$ 5,070,859
Accrued liabilities	38,237	529,830
Unearned revenues	160,380	160,380
Deposits payable	-	6,586
Due to other governments	-	84,762
Due to other funds	329,869	329,869
Advances from other funds	-	49,950
Total Liabilities	<u>1,307,335</u>	<u>6,232,236</u>
Deferred Inflows of resources:		
Unavailable revenues	233,650	9,348,144
Total Deferred Inflows of Resources	<u>233,650</u>	<u>9,348,144</u>
Fund Balances:		
Nonspendable:		
Prepaid costs	-	248,750
Land held for resale	-	672,479
Notes and loans	-	12,478,261
Advances to other funds	-	1,259,950
Deposits	-	200,000
Restricted for:		
Community development projects	-	1,852,847
Public safety	1,937,615	1,937,615
Parks and recreation	2,391,912	2,391,912
Public works	26,016,888	26,016,888
Debt service	9,271,393	11,807,734
Lease	2,307,809	2,307,809
Library	197,168	197,168
Special projects	1,549,653	1,549,653
Assigned to:		
Public safety	-	88,570
Parks and recreation	-	68,452
Public works	-	50,750
Capital Projects	3,657,054	3,657,054
Continuing appropriations	-	2,549,662
General government	-	193,135
Library	-	20,148
Anticipated future obligations	-	1,350,000
Deficit reduction	-	1,753,058
PEG fees	-	368,771
Unassigned	(184,499)	12,618,799
Total Fund Balances	<u>47,144,993</u>	<u>85,639,465</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 48,685,978</u>	<u>\$ 101,219,845</u>

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CITY OF PALM SPRINGS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Fund balances of governmental funds		\$ 85,639,465
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.		250,945,285
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Bonds payable	\$ (140,214,320)	
Unamortized bond premiums/discounts	(2,113,733)	
Compensated Absences	<u>(5,092,988)</u>	(147,421,041)
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.		(24,715,030)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(1,620,029)
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.		9,348,144
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>14,466,556</u>
Net Position of governmental activities		<u>\$ 186,643,350</u>

CITY OF PALM SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	General	Special Revenue Funds Housing	Debt Service Funds Special Assessments
Revenues:			
Taxes	\$ 71,163,884	\$ -	\$ -
Assessments	-	-	747,516
Licenses and permits	2,395,767	-	-
Intergovernmental	4,667,803	-	-
Charges for services	4,741,818	-	-
Use of money and property	77,562	(5,687)	20,934
Fines and forfeitures	750	-	-
Contributions	21,595	-	-
Miscellaneous	607,550	2,147	-
Total Revenues	83,676,729	(3,540)	768,450
Expenditures:			
Current:			
General government	10,258,480	352,237	16,705
Public safety	31,639,896	-	-
Cultural and convention center	2,890,229	-	-
Parks and recreation	9,962,784	-	-
Public works	6,382,836	-	20,104
Lease	-	-	-
Library	1,983,175	-	-
Debt service:			
Principal retirement	1,910,000	-	360,000
Interest and fiscal charges	2,135,526	-	407,723
Total Expenditures	67,162,926	352,237	804,532
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,513,803	(355,777)	(36,082)
Other Financing Sources (Uses):			
Transfers in	887,500	-	-
Transfers out	(14,039,496)	-	(212,880)
Notes and loans issued	-	-	-
Total Other Financing Sources (Uses)	(13,151,996)	-	(212,880)
Extraordinary gain/(loss)	(230,152)	-	-
Net Change in Fund Balances	3,131,655	(355,777)	(248,962)
Fund Balances, Beginning of Year, as previously reported	19,784,724	13,397,529	2,785,303
Restatements	-	-	-
Fund Balances, Beginning of Year, as restated	19,784,724	13,397,529	2,785,303
Fund Balances, End of Year	\$ 22,916,379	\$ 13,041,752	\$ 2,536,341

CITY OF PALM SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:		
Taxes	\$ 2,676,281	\$ 73,840,165
Assessments	635,191	1,382,707
Licenses and permits	670,759	3,066,526
Intergovernmental	8,729,548	13,397,351
Charges for services	3,009,068	7,750,886
Use of money and property	1,194,468	1,287,277
Fines and forfeitures	98,221	98,971
Contributions	675,273	696,868
Miscellaneous	16,121	625,818
Total Revenues	<u>17,704,930</u>	<u>102,146,569</u>
Expenditures:		
Current:		
General government	257,624	10,885,046
Public safety	3,688,026	35,327,922
Cultural and convention center	77,307	2,967,536
Parks and recreation	1,995,461	11,958,245
Public works	9,071,884	15,474,824
Lease	1,374,855	1,374,855
Library	445,762	2,428,937
Debt service:		
Principal retirement	1,994,596	4,264,596
Interest and fiscal charges	2,075,179	4,618,428
Total Expenditures	<u>20,980,694</u>	<u>89,300,389</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,275,764)</u>	<u>12,846,180</u>
Other Financing Sources (Uses):		
Transfers in	14,962,573	15,850,073
Transfers out	(3,549,862)	(17,802,238)
Notes and loans issued	490,000	490,000
Total Other Financing Sources (Uses)	<u>11,902,711</u>	<u>(1,462,165)</u>
Extraordinary gain/(loss)	<u>(93,257)</u>	<u>(323,409)</u>
Net Change in Fund Balances	<u>8,533,690</u>	<u>11,060,606</u>
Fund Balances, Beginning of Year, as previously reported	38,170,582	74,138,138
Restatements	<u>440,721</u>	<u>440,721</u>
Fund Balances, Beginning of Year, as restated	<u>38,611,303</u>	<u>74,578,859</u>
Fund Balances, End of Year	<u>\$ 47,144,993</u>	<u>\$ 85,639,465</u>

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, 2013**

Net change in fund balances - total governmental funds \$ 11,060,606

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	\$ 8,926,703	
Depreciation	(11,592,393)	
Gain/(loss) on sale of capital assets	<u>195,169</u>	(2,470,521)

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	3,775,909	
Amortization of bond premiums/discounts	<u>149,540</u>	3,925,449

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 109,998

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. (173,522)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense. (4,465,436)

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. (276,104)

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. (181,727)

Extraordinary gains and losses (6,612,177)

Change in net position of governmental activities \$ 916,566

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 19,784,724	\$ 19,784,724	\$ 19,784,724	\$ -
Resources (Inflows):				
Taxes	63,469,416	63,606,977	71,163,884	7,556,907
Licenses and permits	2,612,400	2,614,812	2,395,767	(219,045)
Intergovernmental	4,531,240	4,591,339	4,667,803	76,464
Charges for services	4,362,495	4,518,143	4,741,818	223,675
Use of money and property	241,500	241,500	77,562	(163,938)
Fines and forfeitures	-	-	750	750
Contributions	-	21,595	21,595	-
Miscellaneous	148,724	168,519	607,550	439,031
Transfers in	887,500	887,500	887,500	-
Amounts Available for Appropriation	<u>96,037,999</u>	<u>96,435,109</u>	<u>104,348,953</u>	<u>7,913,844</u>
Charges to Appropriation (Outflow):				
General government	10,464,340	11,698,278	10,258,480	1,439,798
Public safety	31,542,469	32,476,509	31,639,896	836,613
Cultural and convention center	2,788,376	3,042,724	2,890,229	152,495
Parks and recreation	9,907,717	10,374,123	9,962,784	411,339
Public works	7,073,154	7,239,922	6,382,836	857,086
Library	2,304,932	2,337,010	1,983,175	353,835
Debt service:				
Principal retirement	1,910,000	1,910,000	1,910,000	-
Interest and fiscal charges	2,135,526	2,135,526	2,135,526	-
Transfers out	10,042,451	11,893,451	14,039,496	(2,146,045)
Extraordinary loss	-	-	230,152	(230,152)
Total Charges to Appropriations	<u>78,168,965</u>	<u>83,107,543</u>	<u>81,432,574</u>	<u>1,674,969</u>
Budgetary Fund Balance, June 30	<u>\$ 17,869,034</u>	<u>\$ 13,327,566</u>	<u>\$ 22,916,379</u>	<u>\$ 9,588,813</u>

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CITY OF PALM SPRINGS

BUDGETARY COMPARISON STATEMENT
HOUSING
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 13,397,529	\$ 13,397,529	\$ 13,397,529	\$ -
Resources (Inflows):				
Taxes	462,868	462,868	-	(462,868)
Use of money and property	-	26,953	(5,687)	(32,640)
Miscellaneous	-	2,147	2,147	-
Amounts Available for Appropriation	13,860,397	13,889,497	13,393,989	(495,508)
Charges to Appropriation (Outflow):				
General government	201,179	367,772	352,237	15,535
Total Charges to Appropriations	201,179	367,772	352,237	15,535
Budgetary Fund Balance, June 30	\$ 13,659,218	\$ 13,521,725	\$ 13,041,752	\$ (479,973)

CITY OF PALM SPRINGS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Airport</u>	<u>Wastewater</u>	<u>Golf Course</u>	<u>Totals</u>
Assets:				
Current:				
Cash and investments	\$ 24,631,082	\$ 13,093,904	\$ -	\$ 37,724,986
Receivables:				
Accounts	1,479,881	8,500	217,122	1,705,503
Accrued interest	41,542	21,213	-	62,755
Prepaid costs	-	-	213,768	213,768
Due from other governments	-	286,387	-	286,387
Inventories	13,531	-	-	13,531
Net pension asset	-	-	-	-
Restricted:				
Cash with fiscal agent	4,777,681	-	-	4,777,681
Total Current Assets	30,943,717	13,410,004	430,890	44,784,611
Noncurrent:				
Advances to other funds	-	-	-	-
Capital assets - net of accumulated depreciation	71,462,864	36,691,157	6,320,517	114,474,538
Total Noncurrent Assets	71,462,864	36,691,157	6,320,517	114,474,538
Total Assets	102,406,581	50,101,161	6,751,407	159,259,149
Deferred Outflows of Resources:				
Deferred charge on refunding	356,052	-	474,536	830,588
Total Deferred Outflows of Resources	356,052	-	474,536	830,588
Total Assets and Deferred Outflows of Resources	\$ 102,762,633	\$ 50,101,161	\$ 7,225,943	\$ 160,089,737
Liabilities and Net Position:				
Liabilities:				
Current:				
Accounts payable	\$ 1,764,555	\$ 645,056	\$ 267,926	\$ 2,677,537
Accrued liabilities	103,094	-	-	103,094
Accrued interest	676,097	-	1,193,238	1,869,335
Deposits payable	-	-	500,000	500,000
Due to other funds	-	-	1,890,235	1,890,235
Accrued compensated absences	382,464	-	-	382,464
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	1,060,000	-	367,666	1,427,666
Total Current Liabilities	3,986,210	645,056	4,219,065	8,850,331
Noncurrent:				
Advances from other funds	-	-	2,640,000	2,640,000
Accrued compensated absences	323,828	-	-	323,828
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	22,440,605	-	9,347,650	31,788,255
Total Noncurrent Liabilities	22,764,433	-	11,987,650	34,752,083
Total Liabilities	26,750,643	645,056	16,206,715	43,602,414
Net Position:				
Net investment in capital assets	48,318,311	36,691,157	(2,920,263)	82,089,205
Restricted for debt service	4,777,681	-	-	4,777,681
Unrestricted	22,915,998	12,764,948	(6,060,509)	29,620,437
Total Net Position	76,011,990	49,456,105	(8,980,772)	116,487,323
Total Liabilities and Net Position	\$ 102,762,633	\$ 50,101,161	\$ 7,225,943	\$ 160,089,737

See Notes to Financial Statements

CITY OF PALM SPRINGS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			
	Airport	Wastewater	Golf Course	Totals
Operating Revenues:				
Sales and service charges	\$ -	\$ 7,019,449	\$ -	\$ 7,019,449
Landing fees	1,967,414	-	-	1,967,414
Miscellaneous	2,800,602	-	35,234	2,835,836
Sale of electricity	-	-	-	-
Green fees and cart rentals	-	-	4,850,343	4,850,343
Rentals	12,969,573	-	-	12,969,573
Concessions	737,171	-	-	737,171
Passenger facility charges	3,417,312	-	-	3,417,312
Total Operating Revenues	21,892,072	7,019,449	4,885,577	33,797,098
Operating Expenses:				
Administration and general	1,377,368	1,568	4,121	1,383,057
Personnel services	8,308,976	28,403	-	8,337,379
Materials and supplies	225,174	-	-	225,174
Maintenance shop operations	-	-	-	-
Facilities maintenance	-	-	-	-
Retirement	-	-	-	-
Other claims and insurance	-	648,589	-	648,589
Depreciation expense	7,998,608	1,541,721	571,365	10,111,694
Heat, light and power	1,755,721	352,382	-	2,108,103
Other charges and services	4,476,227	3,138,899	4,896,346	12,511,472
Cogeneration	-	-	-	-
Medical, health, and life insurance	-	-	-	-
Workers compensation	-	-	-	-
Total Operating Expenses	24,142,074	5,711,562	5,471,832	35,325,468
Operating Income (Loss)	(2,250,002)	1,307,887	(586,255)	(1,528,370)
Nonoperating Revenues (Expenses):				
Intergovernmental	2,290,385	-	-	2,290,385
Interest revenue	(73,288)	(49,030)	-	(122,318)
Interest expense	(1,439,871)	-	(476,610)	(1,916,481)
Contributions	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	777,226	(49,030)	(476,610)	251,586
Income (Loss) Before Transfers	(1,472,776)	1,258,857	(1,062,865)	(1,276,784)
Transfers in	-	-	2,239,665	2,239,665
Transfers out	(287,500)	-	-	(287,500)
Extraordinary gain/(loss)	-	(74,215)	-	(74,215)
Changes in Net Position	(1,760,276)	1,184,642	1,176,800	601,166
Net Position:				
Beginning of Year	77,772,266	48,271,463	(10,157,572)	115,886,157
End of Fiscal Year	\$ 76,011,990	\$ 49,456,105	\$ (8,980,772)	\$ 116,487,323

CITY OF PALM SPRINGS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	Governmental Activities- Internal Service Funds
Operating Revenues:	
Sales and service charges	\$ 35,666,468
Landing fees	-
Miscellaneous	65
Sale of electricity	42,410
Green fees and cart rentals	-
Rentals	-
Concessions	-
Passenger facility charges	-
	<hr/>
Total Operating Revenues	35,708,943
	<hr/>
Operating Expenses:	
Administration and general	2,512,850
Personnel services	-
Materials and supplies	-
Maintenance shop operations	2,619,630
Facilities maintenance	3,794,523
Retirement	9,835,520
Other claims and insurance	3,005,498
Depreciation expense	943,018
Heat, light and power	1,690,315
Other charges and services	4,252
Cogeneration	759,568
Medical, health, and life insurance	6,234,172
Workers compensation	3,268,637
	<hr/>
Total Operating Expenses	34,667,983
	<hr/>
Operating Income (Loss)	1,040,960
	<hr/>
Nonoperating Revenues (Expenses):	
Intergovernmental	-
Interest revenue	(69,433)
Interest expense	(1,206,547)
Contributions	35,984
Gain (loss) on disposal of capital assets	17,309
	<hr/>
Total Nonoperating Revenues (Expenses)	(1,222,687)
	<hr/>
Income (Loss) Before Transfers	(181,727)
	<hr/>
Transfers in	-
Transfers out	-
Extraordinary gain/(loss)	-
	<hr/>
Changes in Net Position	(181,727)
	<hr/>
Net Position:	
Beginning of Year	14,648,283
	<hr/>
End of Fiscal Year	\$ 14,466,556
	<hr/> <hr/>

CITY OF PALM SPRINGS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Airport</u>	<u>Wastewater</u>	<u>Golf Course</u>	<u>Totals</u>
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 22,113,433	\$ 7,027,126	\$ 4,837,147	\$ 33,977,706
Cash received from/(paid to) interfund service provided	-	-	-	-
Cash paid to suppliers for goods and services	(6,420,010)	(5,331,131)	(4,710,121)	(16,461,262)
Cash paid to employees for services	(9,655,653)	(29,971)	-	(9,685,624)
Net Cash Provided (Used) by Operating Activities	<u>6,037,770</u>	<u>1,666,024</u>	<u>127,026</u>	<u>7,830,820</u>
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	-	-	2,239,665	2,239,665
Cash transfers out	(287,500)	-	-	(287,500)
Repayment made to other funds	-	-	(1,350,098)	(1,350,098)
Principal paid on non-capital debt	-	-	-	-
Interest paid on non-capital debt	-	-	-	-
Extraordinary gain/loss	-	(74,215)	-	(74,215)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(287,500)</u>	<u>(74,215)</u>	<u>889,567</u>	<u>527,852</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(2,977,963)	(591,871)	-	(3,569,834)
Principal paid on capital debt	(931,933)	-	(568,746)	(1,500,679)
Interest paid on capital debt	(1,465,918)	-	(447,847)	(1,913,765)
Intergovernmental	2,290,385	-	-	2,290,385
Contribution	-	-	-	-
Proceeds from sales of capital assets	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,085,429)</u>	<u>(591,871)</u>	<u>(1,016,593)</u>	<u>(4,693,893)</u>
Cash Flows from Investing Activities:				
Interest received	(96,407)	(60,467)	-	(156,874)
Net Cash Provided (Used) by Investing Activities	<u>(96,407)</u>	<u>(60,467)</u>	<u>-</u>	<u>(156,874)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>2,568,434</u>	<u>939,471</u>	<u>-</u>	<u>3,507,905</u>
Cash and Cash Equivalents at Beginning of Year	26,840,329	12,154,433	-	38,994,762
Cash and Cash Equivalents at End of Year	<u>\$ 29,408,763</u>	<u>\$ 13,093,904</u>	<u>\$ -</u>	<u>\$ 42,502,667</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (2,250,002)	\$ 1,307,887	\$ (586,255)	\$ (1,528,370)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	7,998,608	1,541,721	571,365	10,111,694
(Increase) decrease in accounts receivable	221,361	(5,631)	(48,430)	167,300
(Increase) decrease in inventory	3,575	-	-	3,575
(Increase) decrease in due from other governments	-	13,308	-	13,308
(Increase) decrease in prepaid expense	-	-	(74,244)	(74,244)
Increase (decrease) in accounts payable	33,537	(1,191,261)	264,590	(893,134)
Increase (decrease) in accrued liabilities	17,148	-	-	17,148
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in compensated absences	13,543	-	-	13,543
Total Adjustments	<u>8,287,772</u>	<u>358,137</u>	<u>713,281</u>	<u>9,359,190</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,037,770</u>	<u>\$ 1,666,024</u>	<u>\$ 127,026</u>	<u>\$ 7,830,820</u>

CITY OF PALM SPRINGS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2013

	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ -
Cash received from/(paid to) interfund service provided	35,432,065
Cash paid to suppliers for goods and services	(31,265,351)
Cash paid to employees for services	(1,567,472)
	<u>2,599,242</u>
Net Cash Provided (Used) by Operating Activities	2,599,242
Cash Flows from Non-Capital Financing Activities:	
Cash transfers in	-
Cash transfers out	-
Repayment made to other funds	-
Principal paid on non-capital debt	(153,937)
Interest paid on non-capital debt	(1,035,542)
Extraordinary gain/loss	-
	<u>(1,189,479)</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,189,479)
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(745,412)
Principal paid on capital debt	(452,759)
Interest paid on capital debt	(107,030)
Intergovernmental	-
Contribution	35,984
Proceeds from sales of capital assets	17,309
	<u>(1,251,908)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,251,908)
Cash Flows from Investing Activities:	
Interest received	(76,254)
	<u>(76,254)</u>
Net Cash Provided (Used) by Investing Activities	(76,254)
Net Increase (Decrease) in Cash and Cash Equivalents	81,601
Cash and Cash Equivalents at Beginning of Year	<u>13,959,864</u>
Cash and Cash Equivalents at End of Year	\$ 14,041,465
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	<u>\$ 1,040,960</u>
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	943,018
(Increase) decrease in accounts receivable	(276,878)
(Increase) decrease in inventory	(8,708)
(Increase) decrease in due from other governments	(259,058)
(Increase) decrease in prepaid expense	-
Increase (decrease) in accounts payable	214,530
Increase (decrease) in accrued liabilities	6,374
Increase (decrease) in claims and judgments	947,094
Increase (decrease) in compensated absences	(8,090)
	<u>1,558,282</u>
Total Adjustments Net Cash Provided (Used) by Operating Activities	\$ 2,599,242

CITY OF PALM SPRINGS

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2013

	<u>Agency Funds</u>	<u>Private- Purpose Trust Fund</u> <u>Private Purpose Trust Funds</u>
Assets:		
Pooled cash and investments	\$ 809,253	\$ 11,944,680
Receivables:		
Accrued interest	-	9,958
Land held for resale	-	3,861,239
Restricted assets:		
Cash and investments with fiscal agents	-	3,653,071
Capital assets:		
Capital assets, not being depreciated	-	1,917,457
Capital assets, net of accumulated depreciation	-	802,611
Total Assets	<u>\$ 809,253</u>	<u>22,189,016</u>
Liabilities:		
Accounts payable	\$ -	1,857,633
Accrued interest	-	771,015
Deposits payable	809,253	-
Long-term liabilities:		
Due in one year	-	1,105,000
Due in more than one year	-	47,793,284
Total Liabilities	<u>\$ 809,253</u>	<u>51,526,932</u>
Net Position:		
Held in trust for historical society		250,782
Held in trust for other purposes		<u>(29,588,698)</u>
Total Net Position		<u>\$ (29,337,916)</u>

CITY OF PALM SPRINGS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2013

	<u>Private- Purpose Trust Fund</u> <u>Private Purpose Trust Funds</u>
Additions:	
Taxes	\$ 8,472,960
Interest and change in fair value of investments	(96,165)
Miscellaneous	79,000
	<u>8,455,795</u>
Total Additions	8,455,795
Deductions:	
Administrative expenses	332,231
Interest expense	4,009,879
Depreciation expense	30,870
Reimbursement of prior taxes	7,701,692
DOF due diligence review payments	1,111,120
	<u>13,185,792</u>
Total Deductions	13,185,792
Extraordinary gain/(loss)	<u>7,009,801</u>
Changes in Net Position	2,279,804
Net Position - Beginning of the Year	<u>(31,617,720)</u>
Net Position - End of the Year	<u>\$ (29,337,916)</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), 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

City of Palm Springs Financing Authority

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

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

b. Government-wide and Fund Financial Statements

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal year and other revenues when collected within one year of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Fiduciary Funds/Accounts

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

- Historical Society - This account is used to account for monies held in trust by the City for various purposes related to the Palm Springs Historical Society.
- Successor Agency of the Former Redevelopment Agency – This fund is used to account for the assets and liabilities of the former redevelopment agency and is allocated revenue until the obligations of the former redevelopment agency are paid in full and any assets have been liquidated.

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

d. Property Taxes

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

The property tax calendar is as follows:

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

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

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

e. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

f. Cash and Investments

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

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

g. Inventories

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

Note 1: Summary of Significant Accounting Policies (Continued)

h. Capital Assets

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

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

The following schedule summarizes capital asset useful lives:

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

i. Deferred outflows/inflows of resources

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

j. Net position flow assumption

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

k. Fund balance flow assumptions

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

l. Land Held for Resale

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

m. Compensated Absences

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

If material, a proprietary fund liability is accrued for all leave benefits relating to the operations of the proprietary funds. A current liability is accrued in the governmental funds for material leave benefits due on demand to governmental fund employees that have terminated prior to year end.

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

n. Claims and Judgments

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability (including incurred but not reported) has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the internal service fund that accounts for the City's self insurance activities.

o. Fund Equity

The City Council adopted resolution 22928 in conformity with Governmental Accounting Auditing Standards Board (GASB) Statement 54. In the fund financial statements, governmental funds report the following fund balance classifications:

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

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

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance or resolution.

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

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

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted or unrestricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

p. Use of Estimates

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

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, 2013, 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 funds reported a deficit in fund balances/net position as of June 30, 2013:

Fund	Deficit
CSA 152	\$ 177,641
Special Grants	6,858
Golf Course	8,980,772
Successor Agency	29,588,698

The deficits will be recovered through future revenues and transfers.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 3: Cash and Investments

Cash and investments as of June 30, 2013, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 119,217,715
Fiduciary funds:	
Cash and investments	<u>16,407,004</u>
Total cash and investments	<u>\$ 135,624,719</u>

Cash and investments as of June 30, 2013, consist of the following:

Cash on hand	\$ 8,000
Deposits with financial institutions	15,239,974
Investments	<u>120,376,745</u>
Total cash and investments	<u>\$ 135,624,719</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, 2013, the carrying amount of the City's demand deposits was \$15,239,974 and the bank balance was \$15,795,513. The \$555,539 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, 2013

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	5 Years
U.S. Agency Securities	5 Years
Bankers' Acceptances	180 Days
Commercial Paper	270 Days
Money Market Mutual Funds	None
Investment Agreements	None
Local Agency Bonds	None
Corporate Notes	5 Years
Medium Term Notes	5 Years
Repurchase Agreements	1 Year
Financial Futures/Option Contracts	None
California Asset Management Program	None
Negotiable Certificates of Deposit	None
Local Agency Investment Fund (LAIF)	None

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

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	\$ 15,027	\$ 15,027	\$ -	\$ -
Federal Agency Securities	44,208,190	-	995,080	43,213,110
Medium Term Notes	1,677,875	-	995,080	682,795
Cal Trust -Money Market	56,189,661	56,189,661	-	-
Fiscal Agent				
Mutual Funds -Money Market	10,609,298	10,609,298	-	-
Federal Agency Securities	7,676,694	7,676,694	-	-
	<u>\$ 120,376,745</u>	<u>\$ 74,490,680</u>	<u>\$ 1,990,160</u>	<u>\$ 43,895,905</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+	A-1	Not Rated
Local Agency Investment Fund	\$ 15,027	N/A	\$ -	\$ -	\$ -	\$ 15,027
Federal Agency Securities	44,208,190	AA+	-	44,208,190	-	-
Medium Term Notes	1,677,875	A	682,795	-	995,080	-
Cal Trust -Money Market	56,189,661	AAA	56,189,661	-	-	-
Fiscal Agent						
Mutual Funds -Money Market	10,609,298	AAA	10,609,298	-	-	-
Federal Agency Securities	7,676,694	N/A	-	7,676,694	-	-
	<u>\$ 120,376,745</u>		<u>\$ 67,481,754</u>	<u>\$ 51,884,884</u>	<u>\$ 995,080</u>	<u>\$ 15,027</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

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 Home Loan Bank	Federal Agency Securities	\$ 8,802,700
Federal Home Loan Mortgage Corp.	Federal Agency Securities	17,755,960
Federal National Mortgage Assoc.	Federal Agency Securities	12,729,260

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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

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

Investment in State Investment Pool

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

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 4: Interfund Receivables, Payables and Transfers

Due to/Due From

Interfund receivable and payable balances at June 30, 2013, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
Nonmajor Governmental Funds	\$ 2,220,104	\$ 329,869
Enterprise Fund:		
Golf Course	-	1,890,235
Totals	<u>\$ 2,220,104</u>	<u>\$ 2,220,104</u>

Interfund balances are the result of short-term borrowing to cover negative cash balances at June 30, 2013.

Advances

The City has authorized several interfund advances to be used for the operations of the funds receiving the advances. At June 30, 2013, the outstanding advances are:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
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 payable at 6% over 20 years. The City has elected to not accrue any interest and the Golf Course has not made any interest payments. At June 30, 2013, 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, 2013

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	\$ 600,000 (a)
	Airport Enterprise Fund	287,500 (a)
Nonmajor Governmental Funds	General Fund	11,799,831 (b)
	Special Assessments Fund	212,880 (c)
	Nonmajor Governmental Funds	2,949,862 (d)
Golf Course Enterprise Fund	General Fund	<u>2,239,665 (e)</u>
		<u>\$ 18,089,738</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. The majority of this amount, \$11,046,045, relates to transfers to the Measure J fund.

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

(d) Transfers between Nonmajor Governmental Funds were for various purposes.

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

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 5: Capital Assets

Governmental Activities	Beginnig Balance	Adjustments	Transfers to Successor Agency	Balance	Transfers	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:								
Land	\$ 31,413,648	\$ -	\$ (5,778,696)	\$ 25,634,952	\$ -	\$ 2,304,522	\$ 8,660	\$ 27,930,814
Construction in progress	4,766,902	(4,147,180)	-	619,722	(2,074,597)	3,869,720	-	2,414,845
Right-of-way	16,537,429	-	-	16,537,429	-	7,104	-	16,544,533
Total Capital Assets, Not Being Depreciated	52,717,979	(4,147,180)	(5,778,696)	42,792,103	(2,074,597)	6,181,346	8,660	46,890,192
Capital assets, being depreciated:								
Buildings	98,539,815	-	(1,543,483)	96,996,332	-	193,470	128,230	97,061,572
Improvements	73,235,755	-	-	73,235,755	-	213,551	-	73,449,306
Furniture and equipment	9,178,457	-	-	9,178,457	-	1,009,093	58,280	10,129,270
Vehicles	13,238,902	-	-	13,238,902	-	748,116	194,748	13,792,270
Infrastructure	218,328,993	3,741,557	-	222,070,550	2,074,597	1,559,726	-	225,704,873
Total capital assets, being depreciated	412,521,922	3,741,557	(1,543,483)	414,719,996	2,074,597	3,723,956	381,258	420,137,291
Less accumulated depreciation for:								
Buildings	(37,442,396)	-	(710,002)	(36,732,394)	-	(2,018,396)	-	(38,750,790)
Improvements	(33,201,986)	-	-	(33,201,986)	-	(3,270,675)	-	(36,472,661)
Furniture and equipment	(7,173,579)	-	-	(7,173,579)	-	(434,036)	-	(7,607,615)
Vehicles	(9,336,214)	-	-	(9,336,214)	-	(783,164)	192,045	(9,927,333)
Infrastructure	(111,421,702)	-	-	(111,421,702)	-	(5,869,286)	-	(117,290,988)
Total accumulated depreciation	(198,575,877)	-	(710,002)	(197,865,875)	-	(12,375,557)	192,045	(210,049,387)
Total capital assets, being depreciated, net	213,946,045	3,741,557	(833,481)	216,854,121	2,074,597	(8,651,601)	189,213	210,087,904
Governmental activities capital assets, net	\$ 266,664,024	\$ (405,623)	\$ (6,612,177)	\$ 259,646,224	\$ -	\$ (2,470,255)	\$ 197,873	\$ 256,978,096

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

General government	\$ 662,719
Cultural and convention center	3,028,466
Public safety	1,340,794
Public works	5,830,432
Parks and recreation	425,400
Library	144,728
Internal Service	943,018
Total depreciation	<u>\$ 12,375,557</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 5: Capital Assets (Continued)

<u>Business-type Activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 36,737,608	\$ -	\$ -	\$ 36,737,608
Capital assets, being depreciated:				
Buildings	47,075,027	523,212	-	47,598,239
Improvements	176,312,237	2,974,172	-	179,286,409
Machinery and equipment	4,185,305	72,449	-	4,257,754
Motor vehicles	2,385,580	-	8,991	2,376,589
Subsurface lines	27,387,700	-	-	27,387,700
Total capital assets, being depreciated	<u>257,345,849</u>	<u>3,569,833</u>	<u>8,991</u>	<u>260,906,691</u>
Less accumulated depreciation for:				
Buildings	(28,193,096)	(1,051,324)	-	(29,244,420)
Improvements	(123,435,788)	(8,075,217)	-	(131,511,005)
Machinery and equipment	(1,994,412)	(284,272)	-	(2,278,684)
Motor vehicles	(1,411,246)	(153,126)	(8,991)	(1,555,381)
Subsurface lines	(18,032,516)	(547,755)	-	(18,580,271)
Total accumulated depreciation	<u>(173,067,058)</u>	<u>(10,111,694)</u>	<u>(8,991)</u>	<u>(183,169,761)</u>
Total capital assets, being depreciated, net	<u>84,278,791</u>	<u>(6,541,861)</u>	<u>-</u>	<u>77,736,930</u>
Business-type activities capital assets, net	<u>\$ 121,016,399</u>	<u>\$ (6,541,861)</u>	<u>\$ -</u>	<u>\$ 114,474,538</u>

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

Airport	\$ 7,998,608
Wastewater	1,541,721
Golf course	<u>571,365</u>
Total depreciation	<u>\$ 10,111,694</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 6: Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013, (including unamortized discounts and refunding costs) are as follows:

<u>Governmental Activities</u>	<u>Ending Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences payable	\$ 5,078,936	\$ 3,794,657	\$ 3,629,227	\$ 5,244,366	\$ 3,747,437
Claims and Judgments payable	3,871,949	4,800,555	3,853,461	4,819,043	4,796,033
Net OPEB Obligation	20,249,594	6,843,865	2,378,429	24,715,030	-
Special assessment debt with government commitment	8,060,000	-	360,000	7,700,000	295,000
Capital lease obligations-CaLease/OshKosh	833,499	-	182,439	651,060	191,577
Capital lease obligations-Motorola	2,502,321	-	313,469	2,188,852	327,104
Notes payable					
California Energy Commission	22,801	-	22,801	-	-
Chino Cinega Foundation Note Payable	-	490,000	-	490,000	57,492
Bonds Payable, net:					
2004 Lease Revenue Bonds	54,640,000	-	730,000	53,910,000	765,000
2012A Lease Revenue Bonds	23,980,000	-	1,180,000	22,800,000	1,205,000
Unamortized bond premium	622,129	-	77,292	544,837	-
2007 Refunding Lease Revenue Bonds	5,204,186	-	582,128	4,622,058	677,150
Unamortized bond discount	(32,572)	-	(2,171)	(30,401)	-
2007 Pension Obligation Bonds	20,221,505	68,673	222,610	20,067,568	241,808
2012B Measure J Lease Revenue Bonds	44,965,000	-	1,135,000	43,830,000	1,245,000
Unamortized bond premium	1,524,176	-	72,248	1,451,928	-
Certificates of Participation:					
2002A Taxable Variable Rate Certificates of Participation	7,605,000	-	215,000	7,390,000	230,000
Total governmental long-term liabilities, net	<u>\$ 199,348,524</u>	<u>\$ 15,997,750</u>	<u>\$ 14,951,933</u>	<u>\$ 200,394,341</u>	<u>\$ 13,778,601</u>

Government compensated absences are generally liquidated by the General Fund.

<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	\$ 692,749	\$ 515,981	\$ 502,438	\$ 706,292	\$ 382,464
Capital leases payable	238,248	-	70,876	167,372	74,816
Airport Revenue bonds payable:					
1998 Airport PFC Revenue Bonds	9,080,000	-	375,000	8,705,000	390,000
2006 Airport PFC Revenue Bonds	9,780,000	-	390,000	9,390,000	410,000
2008 Airport PFC Revenue Bonds	6,170,000	-	245,000	5,925,000	260,000
Unamortized discount	(552,956)	-	(33,561)	(519,395)	-
Airport Revenue bonds payable, net	24,477,044	-	976,439	23,500,605	1,060,000
2007 Refunding Lease	10,045,814	-	497,870	9,547,944	292,850
Total business-type long-term liabilities, net	<u>\$ 35,453,855</u>	<u>\$ 515,981</u>	<u>\$ 2,047,623</u>	<u>\$ 33,922,213</u>	<u>\$ 1,810,130</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 6: Long-Term Liabilities (Continued)

Special Assessment Debt with Government Commitment

At June 30, 2013, the City of Palm Springs has three outstanding Assessment District (A.D.) Improvement Bonds ("Bonds") originally issued in the aggregate amount of \$9,858,500 pursuant to the Improvement Bond Act of 1915. The proceeds of the Bonds were used to fund construction of street improvements, sewage collection systems, and other public improvements within the A.D.

A.D. 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%; no reserve is required as Bond was paid in full as of June 30, 2013.

\$ -

A.D. 161

\$4,752,500 Bonds issued February 5, 2004; Bonds mature between September 2, 2005 and September 2, 2024 in amounts ranging from \$117,500 through \$245,000; Bonds maturing on any March 2 or September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 102% of principal amount; secured by special assessment billed on the tax roll and sent to property owners; interest rates range between 1.65% and 5.65%; reserve of \$349,988 is required which is fully funded at June 30, 2013.

3,560,000

A.D. 162

\$1,300,000 bonds issued November 10, 2004; bonds mature between September 2, 2006 and September 2, 2022, in amounts ranging from \$39,000 through \$65,000; bonds maturing on any March 2 or September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 102% of principal amount; secured by special assessment billed on the tax roll and sent to property owners; interest rates range between 2.60% and 5.60%; reserve of \$99,298 is required which is fully funded at June 30, 2013.

995,000

A.D. 164

\$3,806,000 bonds issued July 12, 2005; bonds mature between September 2, 2007 and September 2, 2030 in amounts ranging from \$95,000 through \$215,000; bonds maturing on any September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 103% of principal amount; secured by special assessment billed on the tax roll and sent to property owners; interest rates range between 3.00% and 5.15%; reserve of \$277,144 is required which is fully funded at June 30, 2013.

3,145,000

Total Special Assessment Debt with Government Commitment

\$7,700,000

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 6: Long-Term Liabilities (Continued)

Annual requirements to amortize outstanding special assessment debt as of June 30, 2013, are as follows:

June 30	A.D. 161		A.D. 162		A.D. 164	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 140,000	\$ 187,668	\$ 40,000	\$ 52,028	\$ 115,000	\$ 153,438
2014	140,000	181,368	40,000	50,218	120,000	148,325
2015	150,000	174,585	45,000	48,240	125,000	142,873
2016	155,000	167,225	45,000	46,103	130,000	137,070
2017	165,000	159,303	50,000	43,773	140,000	130,790
2018-2023	960,000	656,420	265,000	179,514	785,000	544,405
2024-2028	1,245,000	354,108	345,000	96,740	1,000,000	321,518
2029-2033	605,000	34,606	165,000	9,380	730,000	57,680
Total	<u>\$ 3,560,000</u>	<u>\$ 1,915,283</u>	<u>\$ 995,000</u>	<u>\$ 525,996</u>	<u>\$ 3,145,000</u>	<u>\$ 1,636,099</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.

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, 2013, is \$90,984.

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, 2013, is \$560,076.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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>	<u>OshKosh#1</u>	<u>OshKosh#2</u>
2014	\$ 95,170	\$ 130,725
2015	-	130,725
2016	-	130,725
2017	-	130,725
2018	-	130,725
Subtotal	95,170	653,625
Less: Amount representing interest	<u>(4,186)</u>	<u>(93,549)</u>
Total	<u>\$ 90,984</u>	<u>\$ 560,076</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.

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, 2013, is \$2,188,852.

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

<u>Year Ending June 30</u>	
2014	\$ 422,319
2015	422,319
2016	422,319
2017	422,319
2018	422,319
2019	<u>422,319</u>
Subtotal	2,533,914
Less: Amount representing interest	<u>(345,062)</u>
Total	<u>\$ 2,188,852</u>

Notes Payable

California Energy Commission

The City entered into an agreement in November 2001 with the California Energy Commission to borrow \$183,763. The note accrued interest at 6% per annum. Semi-annual payments of \$11,916 were required through the end of the note in June 2013. The note was paid off as of June 30, 2013.

\$ -

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 6: Long-Term Liabilities (Continued)

Chino Cinega Foundation

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

Annual requirements to amortize outstanding notes payable as of June 30, 2013, is as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 57,492	\$ 31,850	\$ 89,342
2015	61,229	28,113	89,342
2016	65,209	24,133	89,342
2017	69,448	19,894	89,342
2018	73,962	15,380	89,342
2019-2020	162,660	16,026	178,686
	<u>\$ 490,000</u>	<u>\$ 135,396</u>	<u>\$ 625,396</u>

Bonds Payable

Governmental Activities:

2004 A Convention Center Lease Revenue Bonds

On May 13, 2004, the City of Palm Springs Financing Authority issued \$62,395,000 Lease Revenue Bonds, 2004 Series A to finance the Convention Center Expansion Project and to provide funds for the advance refunding of the 1997 Convention Center Bonds. The bonds accrue interest at rates between 3.00% and 5.25%. The principal amounts mature between November 1, 2004 and November 1, 2036, in amounts ranging from \$450,000 to \$5,565,000. The amount of bonds outstanding at June 30, 2013, is \$53,910,000.

2012 A Convention Center Lease Revenue Bonds

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

The bonds accrue interest at rates between 2.00% and 5.00%. The principal amounts mature between November 1, 2012 and November 1, 2025, in amounts ranging from \$500,000 to \$2,865,000. The required reserve for the 2004A and 2012A Convention Center Lease Revenue Bonds is \$5,561,626. At June 30, 2013, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2013, is \$22,800,000.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 6: Long-Term Liabilities (Continued)

The total convention center bonds outstanding at June 30, 2013, were \$76,710,000.

Future requirements to amortize outstanding convention center bonds as of June 30, 2013, are as follows:

June 30	2004 Convention Center Lease Revenue Bonds		2012 Convention Center Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
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	1,000,000	2,745,000	1,280,000	621,163
2019-2023	4,560,000	12,917,325	8,305,000	2,434,725
2024-2028	7,840,000	11,847,000	8,250,000	539,819
2029-2033	21,340,000	7,414,000	-	-
2034-2038	15,835,000	1,337,463	-	-
Total	<u>\$ 53,910,000</u>	<u>\$ 47,696,407</u>	<u>\$ 22,800,000</u>	<u>\$ 6,436,359</u>

2007 Refunding Lease Revenue Bonds

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

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

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

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

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 6: Long-Term Liabilities (Continued)

The outstanding 2007 Refunding Lease Revenue Bonds at June 30, 2013, are reflected in the accompanying financial statements as follows:

	Balance at June 30, 2013
Governmental activities:	
Police building project & master lease	\$ 2,022,438
Cogeneration plant fund	2,599,620
	<u>4,622,058</u>
Less unamortized discount	(30,401)
Total governmental activities	<u>\$ 4,591,657</u>
Business-type activities	
Golf Course fund	<u>\$ 9,547,944</u>

The bonds relating to the Golf Course fund had deferred refunding charges of \$474,536 at June 30, 2013.

Future requirements to amortize outstanding 2007 Refunding Lease Revenue Bonds as of June 30, 2013, are as follows:

June 30	2007 Refunding Lease Revenue Bonds	
	Principal	Interest
2014	\$ 970,000	\$ 632,150
2015	1,010,000	592,138
2016	795,000	551,738
2017	825,000	519,938
2018	860,000	486,937
2019-2023	4,900,000	1,833,476
2024-2028	4,810,002	571,675
Total	<u>\$ 14,170,002</u>	<u>\$ 5,188,052</u>

2012 Lease Revenue Refunding Bonds, Series B

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

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

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 6: Long-Term Liabilities (Continued)

The total Lease Revenue bonds outstanding at June 30, 2013, is \$45,281,928, including \$1,451,928 of unamortized premium.

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
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 - 2018	1,445,000	1,741,563
2018 - 2023	8,130,000	7,794,013
2023 - 2028	10,225,000	5,704,488
2028 - 2033	12,810,000	3,125,825
2033 - 2038	<u>5,965,000</u>	<u>408,038</u>
Totals	<u>\$ 43,830,000</u>	<u>\$ 26,262,929</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, 2013

Note 6: Long-Term Liabilities (Continued)

The balance outstanding as of June 30, 2013, was \$20,067,568 including accreted interest of \$1,106,739.

Year Ending June 30	Series A-1		Series A-2	
	Principal	Interest	Principal	Interest
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	-	814,648	299,827	175,657
2019-2023	2,765,000	3,746,473	497,090	773,732
2024-2028	3,530,000	2,760,216	935,623	628,212
2029-2033	3,850,000	2,257,146	1,367,972	155,101
2034-2038	4,645,000	392,946	-	-
Total	<u>\$ 14,790,000</u>	<u>\$ 13,230,021</u>	<u>\$ 4,170,829</u>	<u>\$ 2,583,828</u>

Certificates of Participation

2002A Taxable Variable Rate Certificates of Participation

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

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

The certificates are subject to mandatory sinking account redemption from lease payments made by the City at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date, without premium. Under an irrevocable letter of credit issued by Union Bank of California in the amount of \$8,152,548, the trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of the Demand Certificates delivered to it. The letter of credit was valid through July 31, 2012. On June 29, 2012 the letter of credit was amended to expire on July 31, 2015 with a change in the amount to \$7,750,016. The City is required to pay Union Bank an quarterly commitment fee for the letter of credit of 1.25% of the amount. California State Teachers' Retirement System (STRS) has provided a confirming letter of credit in the same amount, which renews annually each July. The City is required to pay STRS an annual commitment fee of 0.25% of the amount, per annum based on 365 days. The current interest rate on these certificates ranged between 1.35% - 2.5%. At June 30, 2013, the outstanding balance is \$7,390,000.

CITY OF PALM SPRINGS

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

Note 6: Long-Term Liabilities (Continued)

Future requirements to amortize outstanding certificates of participation as of June 30, 2013, are as follows:

June 30	2002A Taxable Variable Rate	
	Principal	Est. Interest
2014	\$ 230,000	\$ 100,240
2015	245,000	96,810
2016	355,000	91,840
2017	375,000	86,590
2018	400,000	80,990
2019-2023	2,440,000	306,740
2024-2028	3,345,000	99,470
Total	<u>\$ 7,390,000</u>	<u>\$ 862,680</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, 2013, is \$167,372.

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

Year Ending June 30	
2014	\$ 82,050
2015	82,049
2016	13,674
Subtotal	177,773
Less: Amount representing interest	(10,401)
Total	<u>\$ 167,372</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, 2013, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2013, is \$8,705,000 net of \$129,450 of unamortized discount.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

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%

A special redemption was made on July 1, 2013 with the redemption price at 103% for the amount of \$415,000.

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

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

<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, 2013, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2013, is \$9,390,000. The bonds had \$157,039 of unamortized discount and \$356,052 deferred refunding charges.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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%

A special redemption was made on July 1, 2013 with the redemption price at 103% for the amount of \$265,000.

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

<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, 2013, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2013, is \$5,925,000 net of \$232,906 unamortized discount.

Future requirements to amortize outstanding business-type bonds payable (excluding \$519,395 of unamortized discounts and \$356,052 of deferred refunding charges) as of June 30, 2013, are as follows:

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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
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	480,000	378,250	505,000	406,686	325,000	296,525
2019-2023	2,825,000	1,487,376	2,960,000	1,577,228	1,935,000	1,144,565
2024-2028	3,705,000	633,875	3,875,000	637,001	2,535,000	421,458
2029-2033	-	-	275,000	7,631	-	-
Total	<u>\$ 8,705,000</u>	<u>\$ 4,235,183</u>	<u>\$ 9,390,000</u>	<u>\$ 4,506,758</u>	<u>\$ 5,925,000</u>	<u>\$ 3,226,538</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, 2013, principal and interest remaining on the PFC bonds was \$35,988,479. For the current year, principal and interest paid and total PFC revenues were \$2,397,851 and \$3,417,312, 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, 2013, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$4,819,043, of which \$4,796,033 represents the current portion.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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, 2012 and 2013, 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
2011-2012	\$ 3,743,034	\$ 2,902,585	\$ (2,773,670)	\$ 3,871,949
2012-2013	3,871,949	4,800,555	(3,853,461)	4,819,043

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 2012-2013, the City's annual pension cost was \$7,877,228 and the City actually contributed \$8,136,285. The required contribution was determined as part of the June 30, 2010, 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, 2013

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

The City's change in net pension asset for the year ended June 30, 2013, were as follows (amounts in thousands):

	Misc.	Safety	Total
Annual required contribution	\$ (3,651,724)	\$ (4,484,561)	\$ (8,136,285)
Interest on beginning net pension asset	723,635	905,279	1,628,914
Adjustment to the annual required contribution	(608,551)	(761,306)	(1,369,857)
Annual pension cost	(3,536,640)	(4,340,588)	(7,877,228)
Contributions made	3,651,724	4,484,561	8,136,285
Change in net pension asset	115,084	143,973	259,057
Net pension asset, beginning of year	9,337,222	11,681,017	21,018,239
Net pension asset, end of year	<u>\$ 9,452,306</u>	<u>\$ 11,824,990</u>	<u>\$ 21,277,296</u>

The City's contribution for 2013 was equal to the annual required contribution, which was more than the annual pension cost as a result of the pension obligation bond transaction.

Trend Information for PERS (Amounts in thousands)

Fiscal Year	Annual Pension Cost (APC)	Annual Required Contribution (ARC)	Percentage of APC Contributed	Net Pension Asset
6/30/2011				
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>
6/30/2013				
Misc.	\$ 3,536	\$ 3,651	103%	\$ 9,452
Safety	4,341	4,485	103%	11,825
Total	<u>\$ 7,877</u>	<u>\$ 8,136</u>	103%	<u>\$ 21,277</u>

CITY OF PALM SPRINGS

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

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 $\{[(b)-(a)]/(c)\}$
6/30/2010						
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>	84.4%	<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>	82.9%	<u>\$ 30,731</u>	200.3%
6/30/2012						
Misc.	\$ 171,722	\$ 142,578	\$ 29,144	83.0%	\$ 17,529	166.3%
Safety	200,656	160,561	40,095	80.0%	12,562	319.2%
Total	<u>\$ 372,378</u>	<u>\$ 303,139</u>	<u>\$ 69,239</u>	81.4%	<u>\$ 30,091</u>	230.1%

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 450 eligible active employees and 158 enrolled eligible retirees at June 30, 2013. 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, 2013

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, 2013, 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 \$2,378,429 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, 2013</u>
Annual required contribution	\$ 6,919,257
Interest on net OPEB obligation	809,984
Adjustment to annual required contributions	<u>(885,376)</u>
Annual OPEB cost (expense)	6,843,865
Contributions made	<u>(2,378,429)</u>
Increase in net OPEB obligation	4,465,436
Net OPEB Obligation, Beginning of Year	<u>20,249,594</u>
Net OPEB Obligation, End of Year	<u>\$ 24,715,030</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, 2013, were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 6,710,092	27.3%	\$ 14,988,797
6/30/2012	6,859,855	23.3%	20,249,594
6/30/2013	6,843,865	34.8%	24,715,030

Funding Status and Progress

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

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

CITY OF PALM SPRINGS

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

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%
6/30/2013	106,506,259	-	106,506,259	0.0%	34,035,753	312.9%

Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 4.0% investment rate of return, which is based on assumed long-term investment returns on plan assets and on the City's assets, as appropriate, and an annual healthcare cost trend rate of 8.5% graded down by .5% per year with an ultimate rate of 6%. The UAAL is being amortized as a level percentage of projected payroll over 30 years, on a closed amortization period. The remaining amortization period at June 30, 2013, is 26 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 \$1,374,885. In April 2004, the City and the Indian allottees approved a Settlement Agreement and new lease amendment that changed how the overall lease was calculated. These actions were intended to settle potential litigation brought by the allottees against the City for an alleged underpayment of rent as it related to the calculation of the percentage rent. The 2004 amendment reduced or eliminated most or all of the rent percentages in favor of a higher Guaranteed Annual Rent (GAR) of \$1,200,000 in 2004, and traded a substantial immediate increase in the GAR in return for receiving no additional rent from the Suitt parcel when it developed.

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

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

The City and PS Venture Caballeros/Amado, LLC (a partnership including Enterprise) entered into an Amended and Restated Sublease, dated February 9, 2006, where the City as the Master Lessee and 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 Former Community Redevelopment Agency of the City of Palm Springs approved acquiring the sublease of a 9.62 acre parcel for future development of public and/or private facilities and paid \$7,804,000 for the parcel, which was the fair market value of the land. The transaction was finalized prior to the deadline of October 4, 2007 using 2007 Tax Allocation bonds. The Successor Agency now leases the parcel from the City of Palm Springs.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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, 2013. 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	\$ 23,383,316	\$ 4,774,145
Traffic signal projects	205,039	42,482
Landscapes	140,435	17,505
Bridges	<u>6,558,229</u>	<u>2,081,810</u>
	<u>\$ 30,287,019</u>	<u>\$ 6,915,942</u>

Note 12: Extraordinary Gain/Loss

During the year ended June 30, 2013 the City incurred extraordinary gains (losses) as follows:

Governmental Funds:

General Fund

Department of Finance ruling on disallowed costs related to the Successor Agency \$ (230,152)

Other Governmental Funds

Department of Finance ruling on disallowed costs related to the Successor Agency (93,257)

Total Governmental Funds (323,409)

Governmental Activities:

Department of Finance ruling on assets to be transferred to the Successor Agency: (6,612,177)

Business-Type Activities:

Wastewater Fund

Department of Finance ruling on disallowed costs related to the Successor Agency (74,215)

\$ (7,009,801)

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 13: Restatement Fund Balance and Net Position

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

Governmental Funds:

Measure A Improvements - Special Revenue	
To correct prior year expenditures	<u>\$ 161,489</u>
Capital Projects - Capital Projects	
To correct prior year expenditures	<u>279,232</u>
	<u>\$ 440,721</u>
Net position:	
Capital Assets	<u>\$ (405,623)</u>
To properly reflect beginning balance	<u>(405,623)</u>
Total restatement	<u>\$ 35,098</u>

Note 14: Subsequent Events

In July, 2013 the City entered into an agreement with Chevron Energy Solutions Co. for the amount of \$18,402,793 for the purpose of financing the energy conservation measures project. This consists of an equipment lease and a project lease. The equipment lease of \$6,000,000 matures on August 1, 2029 and has an interest rate at 3.34%. The project lease of \$12,402,793 matures on August 1, 2033 and has an interest rate at 4.20%.

Note 15: 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).

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

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

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

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

During the year ended June 30, 2013, the transfer of the assets and liabilities of the former redevelopment agency 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 during the year ended June 30, 2013, 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 net position increase in the Successor Agency is as follows:

Net increase to net position of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the Statement of Changes in Fiduciary Net Position)	<u><u>\$ 7,009,801</u></u>
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a. Cash and investments

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

Cash and investments pooled with the City	\$ 11,693,898
Cash and investments with fiscal agent	<u>3,653,071</u>
	<u><u>\$ 15,346,969</u></u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

b. Capital Assets

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

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ -	\$ 1,917,457	\$ -	\$ -	\$ 1,917,457
Total capital assets, not being depreciated	-	1,917,457	-	-	1,917,457
Capital assets, being depreciated:					
Buildings	-	1,543,483	-	-	1,543,483
Total capital assets, being depreciated	-	1,543,483	-	-	1,543,483
Less accumulated depreciations for:					
Buildings	-	710,002	(30,870)	-	740,872
Total accumulated depreciation	-	710,002	(30,870)	-	740,872
Total capital assets, being depreciated, net	-	833,481	(30,870)	-	802,611
Total Capital Assets, Net	\$ -	\$ 2,750,938	\$ (30,870)	\$ -	\$ 2,720,068

c. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2013, follows:

Fiduciary Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Advances from the City of Palm Springs	\$ 4,773,628	\$ 3,151,656	\$ 1,052,000	\$ 6,873,284	\$ -
2001 Housing Tax Allocation Bond	3,540,000	-	280,000	3,260,000	295,000
2004 Tax Allocation Bonds, Series A	10,850,000	-	460,000	10,390,000	485,000
2004 Tax Allocation Bonds, Series B	7,755,000	-	180,000	7,575,000	190,000
2007 Tax Allocation Bonds, Series A, B, C	20,930,000	-	130,000	20,800,000	135,000
Total	\$ 47,848,628	\$ 3,151,656	\$ 2,102,000	\$ 48,898,284	\$ 1,105,000

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

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 \$3,721,628 as of June 30, 2013. \$2,164,456 of the balance relates to a loan from the Housing Fund to pay the County "Supplemental" Educational Revenue Augmentation Fund (SERAF) from fiscal years 2009-2010 and 2010-2011.

In fiscal year 2012-2013, the City returned \$3,151,656 to the Successor Agency, which was added back to the Advances from the City of Palm Springs, as a result of the State Controller's Office and Department of Finance ruling that payments in the prior year from the Successor Agency to the City were disallowed.

2001 Housing Tax Allocation Bonds

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

The required reserve for the 2001 Housing Tax Allocation Bonds is \$468,105 and as of June 30, 2013, the reserve was fully funded. The amount of bonds outstanding at June 30, 2013, is \$3,260,000.

2004 Tax Allocation Bonds, Series A and B

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

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

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

The required reserve for the 2004 Series A and B bonds is \$1,037,200 and \$614,256, respectively. As of June 30, 2013, both reserves were fully funded. The amount of bonds outstanding at June 30, 2013, for the 2004 Series A and B bonds is \$10,390,000 and \$7,575,000, respectively.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

Future requirements to amortize as of June 30, 2013 are as follows:

June 30	2001 Housing Bond		2004 Series A Revenue Bonds		2004 Series B Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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	360,000	98,631	590,000	432,177	230,000	377,026
2019-2023	1,630,000	185,116	3,430,000	1,655,744	1,335,000	1,681,561
2024-2028	-	-	1,835,000	868,863	1,755,000	1,251,969
2029-2033	-	-	1,650,000	455,399	2,315,000	670,882
2034-2038	-	-	795,000	44,413	1,125,000	65,693
Total	\$ 3,260,000	\$ 849,830	\$ 10,390,000	\$ 5,459,556	\$ 7,575,000	\$ 5,663,031

2007 Tax Allocation Bonds Series A, B, C

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

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

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

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

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

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

The balance outstanding as of June 30, 2013, is \$20,800,000. Future requirements to amortize are as follows:

June 30	Series A		Series B		Series C	
	Principal	Interest	Principal	Interest	Principal	Interest
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
2014	-	619,225	-	117,293	160,000	357,284
2018	350,000	612,225	60,000	115,451	170,000	348,061
2019-2023	1,445,000	2,858,063	370,000	513,695	1,045,000	1,557,072
2024-2028	2,770,000	2,484,376	490,000	383,199	1,415,000	1,166,000
2029-2033	5,555,000	1,386,375	660,000	207,874	1,940,000	632,766
2034-2038	2,650,000	134,000	330,000	20,573	955,000	62,026
Total	\$ 12,770,000	\$ 9,951,939	\$ 1,910,000	\$ 1,709,964	\$ 6,120,000	\$ 5,246,069

Pledged Revenues

The City has pledged a portion, as security for bonds issued, either directly or through the Palm Springs Financing Authority, a portion of future tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects and accomplish Low and Moderate Income Housing projects. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the various bonds is \$70,905,389, payable through September 2034. For the current year, principal and interest paid and total property tax revenues were \$3,346,275 and \$8,472,960, respectively.

d. Insurance

The Successor Agency is covered under the City of Palm Springs's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 7.

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

e. Commitments and Contingencies

Developer Agreement

In January 2000, the Former Community Redevelopment Agency entered into a Disposition and Development Agreement with VIP Motor Cars, the operators of an auto dealership, to provide rehabilitation assistance to expand and upgrade the dealership. The developer is required to make improvements to the site at a cost of at least \$2,000,000. After improvements are made, the agreement obligates the Agency to pay up to \$1,000,000 based on sales tax revenues generated in excess of a base sales tax revenue threshold. The payments are due annually commencing on the first anniversary 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, 2013, for this agreement.

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 was reviewed by the California State Controller as of the date of this report and the reversal of this transaction and the return of capital assets is reflected in these financial statements.

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DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

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.

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds			
	Forfeiture	Safety Augmentation	Special Development	CSA 152
Assets:				
Pooled cash and investments	\$ 339,511	\$ 260,724	\$ 245,289	\$ -
Receivables:				
Accounts	-	61,370	-	180,071
Accrued interest	570	373	2,012	-
Due from other funds	-	-	1,050,000	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	\$ 340,081	\$ 322,467	\$ 1,297,301	\$ 180,071
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 635	\$ -	\$ -	\$ 4,156
Accrued liabilities	-	6,384	-	1,739
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	171,746
Total Liabilities	635	6,384	-	177,641
Deferred Inflows of Resources:				
Unavailable revenues	7,814	-	-	180,071
Total Deferred Inflows of Resources	7,814	-	-	180,071
Fund Balances:				
Restricted for:				
Public safety	331,632	316,083	-	-
Parks and recreation	-	-	-	-
Public works	-	-	1,297,301	-
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	(177,641)
Total Fund Balances	331,632	316,083	1,297,301	(177,641)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 340,081	\$ 322,467	\$ 1,297,301	\$ 180,071

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>Recycling AB 929</u>	<u>Villagefest</u>	<u>Neighborhood Involvements</u>	<u>Parking</u>
Assets:				
Pooled cash and investments	\$ 270,866	\$ 82,596	\$ 4,604	\$ 169,757
Receivables:				
Accounts	38,651	505	-	6,588
Accrued interest	1,853	-	-	-
Due from other funds	850,000	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	<u>\$ 1,161,370</u>	<u>\$ 83,101</u>	<u>\$ 4,604</u>	<u>\$ 176,345</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 24,878	\$ 4,035	\$ -	\$ 18,628
Accrued liabilities	1,068	2,764	-	119
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>25,946</u>	<u>6,799</u>	<u>-</u>	<u>18,747</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	-	-	-	-
Parks and recreation	-	76,302	-	-
Public works	1,135,424	-	4,604	157,598
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,135,424</u>	<u>76,302</u>	<u>4,604</u>	<u>157,598</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,161,370</u>	<u>\$ 83,101</u>	<u>\$ 4,604</u>	<u>\$ 176,345</u>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds			
	Gas Tax	Measure A Improvements	Drainage Construction	Community Development Block Grant
Assets:				
Pooled cash and investments	\$ 1,011,845	\$ 8,326,255	\$ 1,092,858	\$ 1,832
Receivables:				
Accounts	94,422	361,058	-	35,428
Accrued interest	1,518	13,089	1,775	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	\$ 1,107,785	\$ 8,700,402	\$ 1,094,633	\$ 37,260
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 39,854	\$ 123,870	\$ 883	\$ 30,234
Accrued liabilities	-	630	-	336
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	39,854	124,500	883	30,570
Deferred Inflows of Resources:				
Unavailable revenues	-	45,765	-	-
Total Deferred Inflows of Resources	-	45,765	-	-
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	1,067,931	8,530,137	1,093,750	6,690
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	1,067,931	8,530,137	1,093,750	6,690
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,107,785	\$ 8,700,402	\$ 1,094,633	\$ 37,260

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Master Lease	Air Quality Management	Public Arts	Library
Assets:				
Pooled cash and investments	\$ 197,167	\$ 75,172	\$ 334,696	\$ 2,304,522
Receivables:				
Accounts	-	14,302	-	42
Accrued interest	-	118	532	3,823
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	1	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	\$ 197,168	\$ 89,592	\$ 335,228	\$ 2,308,387
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 10,082	\$ 4,015	\$ 578
Accrued liabilities	-	-	1,612	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	10,082	5,627	578
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	79,510	329,601	-
Debt service	-	-	-	-
Lease	197,168	-	-	-
Library	-	-	-	2,307,809
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	197,168	79,510	329,601	2,307,809
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 197,168	\$ 89,592	\$ 335,228	\$ 2,308,387

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds			
	Quimby Act Fees	Special Projects	CFD Public Safety #1	Business Improvement District
Assets:				
Pooled cash and investments	\$ 2,338,480	\$ 1,548,688	\$ 280,825	\$ 4,615
Receivables:				
Accounts	-	3,550	20,063	-
Accrued interest	3,852	-	434	10
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	<u>\$ 2,342,332</u>	<u>\$ 1,552,238</u>	<u>\$ 301,322</u>	<u>\$ 4,625</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 25,925	\$ 2,360	\$ 9,572	\$ 855
Accrued liabilities	797	225	5,682	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>26,722</u>	<u>2,585</u>	<u>15,254</u>	<u>855</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	-	-	286,068	-
Parks and recreation	2,315,610	-	-	-
Public works	-	-	-	3,770
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	1,549,653	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,315,610</u>	<u>1,549,653</u>	<u>286,068</u>	<u>3,770</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,342,332</u>	<u>\$ 1,552,238</u>	<u>\$ 301,322</u>	<u>\$ 4,625</u>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Energy Efficiency Loan	Park Maintenance District	Emergency Response	Sustainability
Assets:				
Pooled cash and investments	\$ 500,000	\$ 234,445	\$ 907,615	\$ 258,972
Receivables:				
Accounts	-	5,192	99,602	118,177
Accrued interest	-	-	1,453	1,774
Due from other funds	-	-	-	320,104
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	1,139,871
Total Assets	\$ 500,000	\$ 239,637	\$ 1,008,670	\$ 1,838,898
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 38,144	\$ 4,838	\$ 16,537
Accrued liabilities	-	-	-	2,107
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	38,144	4,838	18,644
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Public safety	-	-	1,003,832	-
Parks and recreation	-	-	-	-
Public works	500,000	201,493	-	1,820,254
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	500,000	201,493	1,003,832	1,820,254
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 500,000	\$ 239,637	\$ 1,008,670	\$ 1,838,898

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds	Capital Projects Funds		
	Special Grants	Capital Projects	Parking Projects	Measure J
Assets:				
Pooled cash and investments	\$ -	\$ 1,801,569	\$ 484,083	\$ 8,228,392
Receivables:				
Accounts	65,554	1,837,246	-	1,615,501
Accrued interest	-	-	795	11,791
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	\$ 65,554	\$ 3,638,815	\$ 484,878	\$ 9,855,684
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 35,984	\$ 299,598	\$ -	\$ 58,746
Accrued liabilities	-	6,661	-	8,113
Unearned revenues	-	160,380	-	-
Due to other funds	36,428	-	-	-
Total Liabilities	72,412	466,639	-	66,859
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	9,788,825
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	3,172,176	484,878	-
Unassigned	(6,858)	-	-	-
Total Fund Balances	(6,858)	3,172,176	484,878	9,788,825
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 65,554	\$ 3,638,815	\$ 484,878	\$ 9,855,684

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Debt Service Funds	Total Governmental Funds
	General Debt Service	
Assets:		
Pooled cash and investments	\$ -	\$ 31,305,378
Receivables:		
Accounts	-	4,557,322
Accrued interest	-	45,772
Due from other funds	-	2,220,104
Restricted assets:		
Cash and investments with fiscal agents	9,417,530	9,417,531
Advance to Successor Agency	-	1,139,871
Total Assets	\$ 9,417,530	\$ 48,685,978
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 24,442	\$ 778,849
Accrued liabilities	-	38,237
Unearned revenues	-	160,380
Due to other funds	121,695	329,869
Total Liabilities	146,137	1,307,335
Deferred Inflows of Resources:		
Unavailable revenues	-	233,650
Total Deferred Inflows of Resources	-	233,650
Fund Balances:		
Restricted for:		
Public safety	-	1,937,615
Parks and recreation	-	2,391,912
Public works	-	26,016,888
Debt service	9,271,393	9,271,393
Lease	-	197,168
Library	-	2,307,809
Special projects	-	1,549,653
Assigned to:		
Capital Projects	-	3,657,054
Unassigned	-	(184,499)
Total Fund Balances	9,271,393	47,144,993
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,417,530	\$ 48,685,978

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Forfeiture	Safety Augmentation	Special Development	CSA 152
Revenues:				
Taxes	\$ -	\$ 789,707	\$ -	\$ -
Assessments	-	-	-	293,455
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	28,283	445,916	-
Use of money and property	2,716	1,272	(2,156)	-
Fines and forfeitures	24,192	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	26,908	819,262	443,760	293,455
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	87,858	606,825	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	317,048
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	87,858	606,825	-	317,048
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,950)	212,437	443,760	(23,593)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Notes and loans issued	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Extraordinary gain/(loss)	-	-	-	-
Net Change in Fund Balances	(60,950)	212,437	443,760	(23,593)
Fund Balances, Beginning of Year	392,582	103,646	853,541	(154,048)
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	392,582	103,646	853,541	(154,048)
Fund Balances, End of Year	\$ 331,632	\$ 316,083	\$ 1,297,301	\$ (177,641)

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Recycling AB 929	Villagefest	Neighborhood Involvements	Parking
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	422,518	-	-
Intergovernmental	-	-	-	-
Charges for services	147,944	-	-	1,476
Use of money and property	(3,621)	-	-	-
Fines and forfeitures	-	-	-	74,029
Contributions	-	-	7,095	-
Miscellaneous	-	10,725	-	-
Total Revenues	144,323	433,243	7,095	75,505
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	373,997	-	-
Public works	126,463	-	8,916	246,058
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	126,463	373,997	8,916	246,058
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,860	59,246	(1,821)	(170,553)
Other Financing Sources (Uses):				
Transfers in	-	-	-	179,962
Transfers out	-	-	-	-
Notes and loans issued	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	179,962
Extraordinary gain/(loss)	-	-	-	-
Net Change in Fund Balances	17,860	59,246	(1,821)	9,409
Fund Balances, Beginning of Year	1,117,564	17,056	6,425	148,189
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	1,117,564	17,056	6,425	148,189
Fund Balances, End of Year	\$ 1,135,424	\$ 76,302	\$ 4,604	\$ 157,598

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Gas Tax	Measure A Improvements	Drainage Construction	Community Development Block Grant
Revenues:				
Taxes	\$ -	\$ 1,886,574	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	106,503	-
Intergovernmental	1,080,214	906,867	-	468,372
Charges for services	-	-	-	-
Use of money and property	(1,890)	(33,042)	(3,718)	263
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	1,078,324	2,760,399	102,785	468,635
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	520,736	3,191,810	102,768	490,310
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	520,736	3,191,810	102,768	490,310
Excess (Deficiency) of Revenues Over (Under) Expenditures	557,588	(431,411)	17	(21,675)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(600,000)	-	-	-
Notes and loans issued	-	-	-	-
Total Other Financing Sources (Uses)	(600,000)	-	-	-
Extraordinary gain/(loss)	-	-	-	-
Net Change in Fund Balances	(42,412)	(431,411)	17	(21,675)
Fund Balances, Beginning of Year	1,110,343	8,800,059	1,093,733	28,365
Restatements	-	161,489	-	-
Fund Balances, Beginning of Year, as Restated	1,110,343	8,961,548	1,093,733	28,365
Fund Balances, End of Year	\$ 1,067,931	\$ 8,530,137	\$ 1,093,750	\$ 6,690

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Master Lease	Air Quality Management	Public Arts	Library
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	54,621	-	-
Charges for services	-	-	151,592	88
Use of money and property	1,272,078	508	2,558	(10,905)
Fines and forfeitures	-	-	-	-
Contributions	-	-	2,605	1,437
Miscellaneous	-	-	-	-
Total Revenues	1,272,078	55,129	156,755	(9,380)
Expenditures:				
Current:				
General government	2,922	-	-	-
Public safety	-	-	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	40,037	192,809	-
Lease	1,374,855	-	-	-
Library	-	-	-	387,450
Debt service:				
Principal retirement	226,350	-	-	-
Interest and fiscal charges	28,939	-	-	-
Total Expenditures	1,633,066	40,037	192,809	387,450
Excess (Deficiency) of Revenues Over (Under) Expenditures	(360,988)	15,092	(36,054)	(396,830)
Other Financing Sources (Uses):				
Transfers in	361,314	-	-	-
Transfers out	-	-	-	-
Notes and loans issued	-	-	-	-
Total Other Financing Sources (Uses)	361,314	-	-	-
Extraordinary gain/(loss)	-	-	-	-
Net Change in Fund Balances	326	15,092	(36,054)	(396,830)
Fund Balances, Beginning of Year	196,842	64,418	365,655	2,704,639
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	196,842	64,418	365,655	2,704,639
Fund Balances, End of Year	\$ 197,168	\$ 79,510	\$ 329,601	\$ 2,307,809

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013**

	Special Revenue Funds			
	Quimby Act Fees	Special Projects	CFD Public Safety #1	Business Improvement District
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	341,286	450
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	293,225	291,459	-	-
Use of money and property	(7,502)	(15,707)	1,720	46
Fines and forfeitures	-	-	-	-
Contributions	-	664,136	-	-
Miscellaneous	-	-	-	-
Total Revenues	285,723	939,888	343,006	496
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	331,220	597,880	-
Cultural and convention center	-	-	-	-
Parks and recreation	1,139,352	460,352	-	-
Public works	-	56,407	-	2,655
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,139,352	847,979	597,880	2,655
Excess (Deficiency) of Revenues Over (Under) Expenditures	(853,629)	91,909	(254,874)	(2,159)
Other Financing Sources (Uses):				
Transfers in	-	-	278,514	-
Transfers out	-	-	-	-
Notes and loans issued	490,000	-	-	-
Total Other Financing Sources (Uses)	490,000	-	278,514	-
Extraordinary gain/(loss)	-	-	-	-
Net Change in Fund Balances	(363,629)	91,909	23,640	(2,159)
Fund Balances, Beginning of Year	2,679,239	1,457,744	262,428	5,929
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	2,679,239	1,457,744	262,428	5,929
Fund Balances, End of Year	\$ 2,315,610	\$ 1,549,653	\$ 286,068	\$ 3,770

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Energy Efficiency Loan	Park Maintenance District	Emergency Response	Sustainability
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	173,395	1,023,344	452,346
Use of money and property	-	-	6,165	3,044
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	4,396
Total Revenues	-	173,395	1,029,509	459,786
Expenditures:				
Current:				
General government	-	-	-	90
Public safety	-	-	858,544	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	198,612	-	447,728
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	313,469	-
Interest and fiscal charges	-	-	108,851	-
Total Expenditures	-	198,612	1,280,864	447,818
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(25,217)	(251,355)	11,968
Other Financing Sources (Uses):				
Transfers in	-	-	321,423	-
Transfers out	-	-	-	-
Notes and loans issued	-	-	-	-
Total Other Financing Sources (Uses)	-	-	321,423	-
Extraordinary gain/(loss)	-	-	-	(93,257)
Net Change in Fund Balances	-	(25,217)	70,068	(81,289)
Fund Balances, Beginning of Year	500,000	226,710	933,764	1,901,543
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	500,000	226,710	933,764	1,901,543
Fund Balances, End of Year	\$ 500,000	\$ 201,493	\$ 1,003,832	\$ 1,820,254

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Capital Projects Funds		
	Special Grants	Capital Projects	Parking Projects	Measure J
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	141,738	-	-
Intergovernmental	835,776	5,383,698	-	-
Charges for services	-	-	-	-
Use of money and property	-	(12,524)	3,585	(24,561)
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	1,000	-	-
Total Revenues	835,776	5,513,912	3,585	(24,561)
Expenditures:				
Current:				
General government	-	129,362	-	-
Public safety	849,006	356,693	-	-
Cultural and convention center	-	77,307	-	-
Parks and recreation	-	21,760	-	-
Public works	-	2,923,602	2,114	203,811
Lease	-	-	-	-
Library	-	58,312	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	849,006	3,567,036	2,114	203,811
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,230)	1,946,876	1,471	(228,372)
Other Financing Sources (Uses):				
Transfers in	-	212,880	-	11,046,045
Transfers out	-	-	-	(2,949,862)
Notes and loans issued	-	-	-	-
Total Other Financing Sources (Uses)	-	212,880	-	8,096,183
Extraordinary gain/(loss)	-	-	-	-
Net Change in Fund Balances	(13,230)	2,159,756	1,471	7,867,811
Fund Balances, Beginning of Year	6,372	733,188	483,407	1,921,014
Restatements	-	279,232	-	-
Fund Balances, Beginning of Year, as Restated	6,372	1,012,420	483,407	1,921,014
Fund Balances, End of Year	\$ (6,858)	\$ 3,172,176	\$ 484,878	\$ 9,788,825

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Debt Service Funds	Total Governmental Funds
	General Debt Service	
Revenues:		
Taxes	\$ -	\$ 2,676,281
Assessments	-	635,191
Licenses and permits	-	670,759
Intergovernmental	-	8,729,548
Charges for services	-	3,009,068
Use of money and property	16,139	1,194,468
Fines and forfeitures	-	98,221
Contributions	-	675,273
Miscellaneous	-	16,121
Total Revenues	16,139	17,704,930
Expenditures:		
Current:		
General government	125,250	257,624
Public safety	-	3,688,026
Cultural and convention center	-	77,307
Parks and recreation	-	1,995,461
Public works	-	9,071,884
Lease	-	1,374,855
Library	-	445,762
Debt service:		
Principal retirement	1,454,777	1,994,596
Interest and fiscal charges	1,937,389	2,075,179
Total Expenditures	3,517,416	20,980,694
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,501,277)	(3,275,764)
Other Financing Sources (Uses):		
Transfers in	2,562,435	14,962,573
Transfers out	-	(3,549,862)
Notes and loans issued	-	490,000
Total Other Financing Sources (Uses)	2,562,435	11,902,711
Extraordinary gain/(loss)	-	(93,257)
Net Change in Fund Balances	(938,842)	8,533,690
Fund Balances, Beginning of Year	10,210,235	38,170,582
Restatements	-	440,721
Fund Balances, Beginning of Year, as Restated	10,210,235	38,611,303
Fund Balances, End of Year	\$ 9,271,393	\$ 47,144,993

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 FORFEITURE
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 392,582	\$ 392,582	\$ 392,582	\$ -
Resources (Inflows):				
Use of money and property	2,000	2,000	2,716	716
Fines and forfeitures	-	24,192	24,192	-
Amounts Available for Appropriation	394,582	418,774	419,490	716
Charges to Appropriation (Outflow):				
Public safety	2,000	291,433	87,858	203,575
Total Charges to Appropriations	2,000	291,433	87,858	203,575
Budgetary Fund Balance, June 30	\$ 392,582	\$ 127,341	\$ 331,632	\$ 204,291

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SAFETY AUGMENTATION
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 103,646	\$ 103,646	\$ 103,646	\$ -
Resources (Inflows):				
Taxes	631,865	651,865	789,707	137,842
Charges for services	-	28,283	28,283	-
Use of money and property	20,000	20,000	1,272	(18,728)
Amounts Available for Appropriation	755,511	803,794	922,908	119,114
Charges to Appropriation (Outflow):				
Public safety	600,716	699,670	606,825	92,845
Total Charges to Appropriations	600,716	699,670	606,825	92,845
Budgetary Fund Balance, June 30	\$ 154,795	\$ 104,124	\$ 316,083	\$ 211,959

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SPECIAL DEVELOPMENT
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 853,541	\$ 853,541	\$ 853,541	\$ -
Resources (Inflows):				
Charges for services	-	445,916	445,916	-
Use of money and property	-	-	(2,156)	(2,156)
Amounts Available for Appropriation	853,541	1,299,457	1,297,301	(2,156)
Charges to Appropriation (Outflow):				
Public works	-	1,097,661	-	1,097,661
Total Charges to Appropriations	-	1,097,661	-	1,097,661
Budgetary Fund Balance, June 30	\$ 853,541	\$ 201,796	\$ 1,297,301	\$ 1,095,505

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE

CSA 152

YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (154,048)	\$ (154,048)	\$ (154,048)	\$ -
Resources (Inflows):				
Assessments	394,750	394,750	293,455	(101,295)
Amounts Available for Appropriation	240,702	240,702	139,407	(101,295)
Charges to Appropriation (Outflow):				
Public works	394,750	577,622	317,048	260,574
Total Charges to Appropriations	394,750	577,622	317,048	260,574
Budgetary Fund Balance, June 30	\$ (154,048)	\$ (336,920)	\$ (177,641)	\$ 159,279

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 RECYCLING AB 929
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,117,564	\$ 1,117,564	\$ 1,117,564	\$ -
Resources (Inflows):				
Charges for services	133,010	133,010	147,944	14,934
Use of money and property	11,000	11,000	(3,621)	(14,621)
Amounts Available for Appropriation	1,261,574	1,261,574	1,261,887	313
Charges to Appropriation (Outflow):				
Public works	144,010	418,642	126,463	292,179
Total Charges to Appropriations	144,010	418,642	126,463	292,179
Budgetary Fund Balance, June 30	\$ 1,117,564	\$ 842,932	\$ 1,135,424	\$ 292,492

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 VILLAGEFEST
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 17,056	\$ 17,056	\$ 17,056	\$ -
Resources (Inflows):				
Licenses and permits	400,388	400,388	422,518	22,130
Miscellaneous	14,250	14,250	10,725	(3,525)
Amounts Available for Appropriation	431,694	431,694	450,299	18,605
Charges to Appropriation (Outflow):				
Parks and recreation	431,863	431,863	373,997	57,866
Total Charges to Appropriations	431,863	431,863	373,997	57,866
Budgetary Fund Balance, June 30	\$ (169)	\$ (169)	\$ 76,302	\$ 76,471

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
NEIGHBORHOOD INVOLVEMENTS
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,425	\$ 6,425	\$ 6,425	\$ -
Resources (Inflows):				
Contributions	-	7,095	7,095	-
Amounts Available for Appropriation	6,425	13,520	13,520	-
Charges to Appropriation (Outflow):				
Public works	-	13,470	8,916	4,554
Total Charges to Appropriations	-	13,470	8,916	4,554
Budgetary Fund Balance, June 30	\$ 6,425	\$ 50	\$ 4,604	\$ 4,554

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
PARKING
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 148,189	\$ 148,189	\$ 148,189	\$ -
Resources (Inflows):				
Charges for services	1,500	1,500	1,476	(24)
Fines and forfeitures	60,500	73,500	74,029	529
Transfers in	-	-	179,962	179,962
Amounts Available for Appropriation	210,189	223,189	403,656	180,467
Charges to Appropriation (Outflow):				
Public works	241,962	268,300	246,058	22,242
Total Charges to Appropriations	241,962	268,300	246,058	22,242
Budgetary Fund Balance, June 30	\$ (31,773)	\$ (45,111)	\$ 157,598	\$ 202,709

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,110,343	\$ 1,110,343	\$ 1,110,343	\$ -
Resources (Inflows):				
Intergovernmental	1,252,999	1,108,957	1,080,214	(28,743)
Use of money and property	8,000	8,000	(1,890)	(9,890)
Amounts Available for Appropriation	2,371,342	2,227,300	2,188,667	(38,633)
Charges to Appropriation (Outflow):				
Public works	660,999	1,627,300	520,736	1,106,564
Transfers out	-	-	600,000	(600,000)
Total Charges to Appropriations	660,999	1,627,300	1,120,736	506,564
Budgetary Fund Balance, June 30	\$ 1,710,343	\$ 600,000	\$ 1,067,931	\$ 467,931

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
MEASURE A IMPROVEMENTS
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 8,961,548	\$ 8,961,548	\$ 8,961,548	\$ -
Resources (Inflows):				
Taxes	1,546,000	1,546,000	1,886,574	340,574
Intergovernmental	-	-	906,867	906,867
Use of money and property	60,000	60,000	(33,042)	(93,042)
Amounts Available for Appropriation	10,567,548	10,567,548	11,721,947	1,154,399
Charges to Appropriation (Outflow):				
Public works	1,606,000	16,841,996	3,191,810	13,650,186
Total Charges to Appropriations	1,606,000	16,841,996	3,191,810	13,650,186
Budgetary Fund Balance, June 30	\$ 8,961,548	\$ (6,274,448)	\$ 8,530,137	\$ 14,804,585

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 DRAINAGE CONSTRUCTION
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,093,733	\$ 1,093,733	\$ 1,093,733	\$ -
Resources (Inflows):				
Licenses and permits	23,000	23,000	106,503	83,503
Use of money and property	-	-	(3,718)	(3,718)
Amounts Available for Appropriation	1,116,733	1,116,733	1,196,518	79,785
Charges to Appropriation (Outflow):				
Public works	23,000	1,017,512	102,768	914,744
Total Charges to Appropriations	23,000	1,017,512	102,768	914,744
Budgetary Fund Balance, June 30	\$ 1,093,733	\$ 99,221	\$ 1,093,750	\$ 994,529

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 28,365	\$ 28,365	\$ 28,365	\$ -
Resources (Inflows):				
Intergovernmental	311,205	311,205	468,372	157,167
Use of money and property	-	-	263	263
Amounts Available for Appropriation	339,570	339,570	497,000	157,430
Charges to Appropriation (Outflow):				
Public works	311,205	655,389	490,310	165,079
Total Charges to Appropriations	311,205	655,389	490,310	165,079
Budgetary Fund Balance, June 30	\$ 28,365	\$ (315,819)	\$ 6,690	\$ 322,509

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
 MASTER LEASE
 YEAR ENDED JUNE 30, 2013**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 196,842	\$ 196,842	\$ 196,842	\$ -
Resources (Inflows):				
Use of money and property	1,273,077	1,273,077	1,272,078	(999)
Transfers in	-	-	361,314	361,314
Amounts Available for Appropriation	<u>1,469,919</u>	<u>1,469,919</u>	<u>1,830,234</u>	<u>360,315</u>
Charges to Appropriation (Outflow):				
General government	4,250	4,490	2,922	1,568
Lease	1,374,855	1,374,855	1,374,855	-
Debt service:				
Principal retirement	226,350	226,350	226,350	-
Interest and fiscal charges	28,936	28,936	28,939	(3)
Total Charges to Appropriations	<u>1,634,391</u>	<u>1,634,631</u>	<u>1,633,066</u>	<u>1,565</u>
Budgetary Fund Balance, June 30	<u>\$ (164,472)</u>	<u>\$ (164,712)</u>	<u>\$ 197,168</u>	<u>\$ 361,880</u>

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY MANAGEMENT
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 64,418	\$ 64,418	\$ 64,418	\$ -
Resources (Inflows):				
Intergovernmental	62,500	62,500	54,621	(7,879)
Use of money and property	500	500	508	8
Amounts Available for Appropriation	127,418	127,418	119,547	(7,871)
Charges to Appropriation (Outflow):				
Public works	63,000	80,000	40,037	39,963
Total Charges to Appropriations	63,000	80,000	40,037	39,963
Budgetary Fund Balance, June 30	\$ 64,418	\$ 47,418	\$ 79,510	\$ 32,092

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PUBLIC ARTS
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 365,655	\$ 365,655	\$ 365,655	\$ -
Resources (Inflows):				
Charges for services	206,000	206,000	151,592	(54,408)
Use of money and property	20,000	20,000	2,558	(17,442)
Contributions	-	2,605	2,605	-
Amounts Available for Appropriation	591,655	594,260	522,410	(71,850)
Charges to Appropriation (Outflow):				
Public works	322,061	533,316	192,809	340,507
Total Charges to Appropriations	322,061	533,316	192,809	340,507
Budgetary Fund Balance, June 30	\$ 269,594	\$ 60,944	\$ 329,601	\$ 268,657

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 LIBRARY
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,704,639	\$ 2,704,639	\$ 2,704,639	\$ -
Resources (Inflows):				
Charges for services	-	-	88	88
Use of money and property	30,000	30,000	(10,905)	(40,905)
Contributions	1,100	1,681	1,437	(244)
Amounts Available for Appropriation	2,735,739	2,736,320	2,695,259	(41,061)
Charges to Appropriation (Outflow):				
Library	31,100	2,727,789	387,450	2,340,339
Total Charges to Appropriations	31,100	2,727,789	387,450	2,340,339
Budgetary Fund Balance, June 30	\$ 2,704,639	\$ 8,531	\$ 2,307,809	\$ 2,299,278

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 QUIMBY ACT FEES
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,679,239	\$ 2,679,239	\$ 2,679,239	\$ -
Resources (Inflows):				
Charges for services	-	293,225	293,225	-
Use of money and property	-	15,000	(7,502)	(22,502)
Notes and loans issued	-	-	490,000	490,000
Amounts Available for Appropriation	2,679,239	2,987,464	3,454,962	467,498
Charges to Appropriation (Outflow):				
Parks and recreation	-	1,908,645	1,139,352	769,293
Total Charges to Appropriations	-	1,908,645	1,139,352	769,293
Budgetary Fund Balance, June 30	\$ 2,679,239	\$ 1,078,819	\$ 2,315,610	\$ 1,236,791

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SPECIAL PROJECTS
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,457,744	\$ 1,457,744	\$ 1,457,744	\$ -
Resources (Inflows):				
Charges for services	100,000	291,459	291,459	-
Use of money and property	-	-	(15,707)	(15,707)
Contributions	-	664,136	664,136	-
Amounts Available for Appropriation	1,557,744	2,413,339	2,397,632	(15,707)
Charges to Appropriation (Outflow):				
Public safety	100,000	465,398	331,220	134,178
Parks and recreation	-	609,164	460,352	148,812
Public works	-	1,335,287	56,407	1,278,880
Total Charges to Appropriations	100,000	2,409,849	847,979	1,561,870
Budgetary Fund Balance, June 30	\$ 1,457,744	\$ 3,490	\$ 1,549,653	\$ 1,546,163

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 CFD PUBLIC SAFETY #1
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 262,428	\$ 262,428	\$ 262,428	\$ -
Resources (Inflows):				
Assessments	306,000	326,000	341,286	15,286
Use of money and property	2,000	2,000	1,720	(280)
Transfers in	-	-	278,514	278,514
Amounts Available for Appropriation	570,428	590,428	883,948	293,520
Charges to Appropriation (Outflow):				
Public safety	586,514	632,681	597,880	34,801
Total Charges to Appropriations	586,514	632,681	597,880	34,801
Budgetary Fund Balance, June 30	\$ (16,086)	\$ (42,253)	\$ 286,068	\$ 328,321

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
BUSINESS IMPROVEMENT DISTRICT
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,929	\$ 5,929	\$ 5,929	\$ -
Resources (Inflows):				
Assessments	-	450	450	-
Use of money and property	-	30	46	16
Amounts Available for Appropriation	5,929	6,409	6,425	16
Charges to Appropriation (Outflow):				
Public works	-	6,106	2,655	3,451
Total Charges to Appropriations	-	6,106	2,655	3,451
Budgetary Fund Balance, June 30	\$ 5,929	\$ 303	\$ 3,770	\$ 3,467

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
 PARK MAINTENANCE DISTRICT
 YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 226,710	\$ 226,710	\$ 226,710	\$ -
Resources (Inflows):				
Charges for services	219,000	219,000	173,395	(45,605)
Amounts Available for Appropriation	445,710	445,710	400,105	(45,605)
Charges to Appropriation (Outflow):				
Public works	219,000	445,710	198,612	247,098
Total Charges to Appropriations	219,000	445,710	198,612	247,098
Budgetary Fund Balance, June 30	\$ 226,710	\$ -	\$ 201,493	\$ 201,493

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY RESPONSE
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 933,764	\$ 933,764	\$ 933,764	\$ -
Resources (Inflows):				
Charges for services	965,000	965,000	1,023,344	58,344
Use of money and property	5,000	5,000	6,165	1,165
Transfers in	-	-	321,423	321,423
Amounts Available for Appropriation	1,903,764	1,903,764	2,284,696	380,932
Charges to Appropriation (Outflow):				
Public safety	869,103	885,690	858,544	27,146
Debt service:				
Principal retirement	313,469	313,469	313,469	-
Interest and fiscal charges	108,851	108,851	108,851	-
Total Charges to Appropriations	1,291,423	1,308,010	1,280,864	27,146
Budgetary Fund Balance, June 30	\$ 612,341	\$ 595,754	\$ 1,003,832	\$ 408,078

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SUSTAINABILITY
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,901,543	\$ 1,901,543	\$ 1,901,543	\$ -
Resources (Inflows):				
Charges for services	484,000	484,000	452,346	(31,654)
Use of money and property	30,000	30,000	3,044	(26,956)
Miscellaneous	-	4,396	4,396	-
Amounts Available for Appropriation	2,415,543	2,419,939	2,361,329	(58,610)
Charges to Appropriation (Outflow):				
General government	-	-	90	(90)
Public works	751,919	1,202,692	447,728	754,964
Extraordinary gain/(loss)	-	-	93,257	(93,257)
Total Charges to Appropriations	751,919	1,202,692	541,075	661,617
Budgetary Fund Balance, June 30	\$ 1,663,624	\$ 1,217,247	\$ 1,820,254	\$ 603,007

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SPECIAL GRANTS
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,372	\$ 6,372	\$ 6,372	\$ -
Resources (Inflows):				
Intergovernmental	547,427	869,277	835,776	(33,501)
Amounts Available for Appropriation	553,799	875,649	842,148	(33,501)
Charges to Appropriation (Outflow):				
Public safety	547,427	1,028,721	849,006	179,715
Total Charges to Appropriations	547,427	1,028,721	849,006	179,715
Budgetary Fund Balance, June 30	\$ 6,372	\$ (153,072)	\$ (6,858)	\$ 146,214

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 1,012,420	\$ 1,012,420	\$ 1,012,420	\$ -
Resources (Inflows):				
Licenses and permits	-	141,746	141,738	(8)
Intergovernmental	-	563,446	5,383,698	4,820,252
Use of money and property	-	-	(12,524)	(12,524)
Miscellaneous	-	1,000	1,000	-
Transfers in	-	-	212,880	212,880
Amounts Available for Appropriation	1,012,420	1,718,612	6,739,212	5,020,600
Charges to Appropriation (Outflow):				
General government	-	941,239	129,362	811,877
Public safety	-	602,014	356,693	245,321
Cultural and convention center	-	106,248	77,307	28,941
Parks and recreation	-	340,274	21,760	318,514
Public works	-	15,549,151	2,923,602	12,625,549
Library	-	672,670	58,312	614,358
Total Charges to Appropriations	-	18,211,596	3,567,036	14,644,560
Budgetary Fund Balance, June 30	\$ 1,012,420	\$(16,492,984)	\$ 3,172,176	\$ 19,665,160

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PARKING PROJECTS
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 483,407	\$ 483,407	\$ 483,407	\$ -
Resources (Inflows):				
Use of money and property	-	-	3,585	3,585
Amounts Available for Appropriation	483,407	483,407	486,992	3,585
Charges to Appropriation (Outflow):				
Public works	12,114	226,195	2,114	224,081
Total Charges to Appropriations	12,114	226,195	2,114	224,081
Budgetary Fund Balance, June 30	\$ 471,293	\$ 257,212	\$ 484,878	\$ 227,666

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 MEASURE J
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,921,014	\$ 1,921,014	\$ 1,921,014	\$ -
Resources (Inflows):				
Use of money and property	-	-	(24,561)	(24,561)
Transfers in	-	-	11,046,045	11,046,045
Amounts Available for Appropriation	1,921,014	1,921,014	12,942,498	11,021,484
Charges to Appropriation (Outflow):				
Public works	4,700,000	4,832,555	203,811	4,628,744
Transfers out	-	-	2,949,862	(2,949,862)
Total Charges to Appropriations	4,700,000	4,832,555	3,153,673	1,678,882
Budgetary Fund Balance, June 30	\$ (2,778,986)	\$ (2,911,541)	\$ 9,788,825	\$ 12,700,366

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
GENERAL DEBT SERVICE
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$10,210,235	\$10,210,235	\$ 10,210,235	\$ -
Resources (Inflows):				
Use of money and property	4,444,526	4,444,526	16,139	(4,428,387)
Transfers in	-	-	2,562,435	2,562,435
Amounts Available for Appropriation	14,654,761	14,654,761	12,788,809	(1,865,952)
Charges to Appropriation (Outflow):				
General government	126,100	126,426	125,250	1,176
Lease	291,000	291,000	-	291,000
Debt service:				
Principal retirement	2,729,777	2,729,777	1,454,777	1,275,000
Interest and fiscal charges	5,110,222	5,110,222	1,937,389	3,172,833
Total Charges to Appropriations	8,257,099	8,257,425	3,517,416	4,740,009
Budgetary Fund Balance, June 30	\$ 6,397,662	\$ 6,397,336	\$ 9,271,393	\$ 2,874,057

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENTS
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,785,303	\$ 2,785,303	\$ 2,785,303	\$ -
Resources (Inflows):				
Assessments	829,073	829,073	747,516	(81,557)
Use of money and property	8,650	8,708	20,934	12,226
Amounts Available for Appropriation	3,623,026	3,623,084	3,553,753	(69,331)
Charges to Appropriation (Outflow):				
General government	32,000	32,079	16,705	15,374
Public works	38,000	967,585	20,104	947,481
Debt service:				
Principal retirement	360,000	360,000	360,000	-
Interest and fiscal charges	407,723	407,723	407,723	-
Transfers out	-	-	212,880	(212,880)
Total Charges to Appropriations	837,723	1,767,387	1,017,412	749,975
Budgetary Fund Balance, June 30	\$ 2,785,303	\$ 1,855,697	\$ 2,536,341	\$ 680,644

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, 2013

	<u>Governmental Activities - Internal Service Funds</u>			
	<u>Motor Vehicle Replacement</u>	<u>Facilities Maintenance</u>	<u>Employee Benefits</u>	<u>Risk Management</u>
Assets:				
Current:				
Cash and investments	\$ 2,529,370	\$ 906,195	\$ 412,752	\$ 5,907,496
Receivables:				
Accounts	20,011	-	-	267,075
Accrued interest	4,345	-	293,901	9,486
Inventories	158,668	-	-	-
Net pension asset	-	-	21,277,296	-
Total Current Assets	<u>2,712,394</u>	<u>906,195</u>	<u>21,983,949</u>	<u>6,184,057</u>
Noncurrent:				
Advances to other funds	-	-	1,430,000	-
Capital assets - net of accumulated depreciation	4,037,374	-	-	-
Total Noncurrent Assets	<u>4,037,374</u>	<u>-</u>	<u>1,430,000</u>	<u>-</u>
Total Assets	<u>\$ 6,749,768</u>	<u>\$ 906,195</u>	<u>\$ 23,413,949</u>	<u>\$ 6,184,057</u>
Liabilities and Net Position:				
Liabilities:				
Current:				
Accounts payable	\$ 221,138	\$ 207,807	\$ -	\$ 49,665
Accrued liabilities	9,131	18,261	-	5,865
Accrued interest	-	-	66,774	-
Accrued compensated absences	3,104	19,159	-	21,507
Accrued claims and judgments	-	-	-	4,796,033
Bonds, notes, and capital leases	191,577	-	241,808	-
Total Current Liabilities	<u>424,950</u>	<u>245,227</u>	<u>308,582</u>	<u>4,873,070</u>
Noncurrent:				
Accrued compensated absences	52,767	42,746	-	12,097
Accrued claims and judgments	-	-	-	23,010
Bonds, notes, and capital leases	459,483	-	19,825,760	-
Total Noncurrent Liabilities	<u>512,250</u>	<u>42,746</u>	<u>19,825,760</u>	<u>35,107</u>
Total Liabilities	<u>937,200</u>	<u>287,973</u>	<u>20,134,342</u>	<u>4,908,177</u>
Net Position:				
Net investment in capital assets	3,386,314	-	-	-
Unrestricted	2,426,254	618,222	3,279,607	1,275,880
Total Net Position	<u>5,812,568</u>	<u>618,222</u>	<u>3,279,607</u>	<u>1,275,880</u>
Total Liabilities, and Net Position	<u>\$ 6,749,768</u>	<u>\$ 906,195</u>	<u>\$ 23,413,949</u>	<u>\$ 6,184,057</u>

CITY OF PALM SPRINGS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

	Governmental Activities - Internal Service Funds		
	Retiree Health Insurance	Cogeneration Plant	Totals
Assets:			
Current:			
Cash and investments	\$ 479,711	\$ 3,805,941	\$ 14,041,465
Receivables:			
Accounts	16,806	-	303,892
Accrued interest	-	-	307,732
Inventories	-	-	158,668
Net pension asset	-	-	21,277,296
Total Current Assets	496,517	3,805,941	36,089,053
Noncurrent:			
Advances to other funds	-	-	1,430,000
Capital assets - net of accumulated depreciation	-	1,995,437	6,032,811
Total Noncurrent Assets	-	1,995,437	7,462,811
Total Assets	\$ 496,517	\$ 5,801,378	\$ 43,551,864
Liabilities and Net Position:			
Liabilities:			
Current:			
Accounts payable	\$ 1,393	\$ 217,923	\$ 697,926
Accrued liabilities	-	-	33,257
Accrued interest	-	29,081	95,855
Accrued compensated absences	-	-	43,770
Accrued claims and judgments	-	-	4,796,033
Bonds, notes, and capital leases	-	126,430	559,815
Total Current Liabilities	1,393	373,434	6,226,656
Noncurrent:			
Accrued compensated absences	-	-	107,610
Accrued claims and judgments	-	-	23,010
Bonds, notes, and capital leases	-	2,442,789	22,728,032
Total Noncurrent Liabilities	-	2,442,789	22,858,652
Total Liabilities	1,393	2,816,223	29,085,308
Net Position:			
Net investment in capital assets	-	1,995,437	5,381,751
Unrestricted	495,124	989,718	9,084,805
Total Net Position	495,124	2,985,155	14,466,556
Total Liabilities, and Net Position	\$ 496,517	\$ 5,801,378	\$ 43,551,864

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2013**

	Governmental Activities - Internal Service Funds			
	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits	Risk Management
Operating Revenues:				
Sales and service charges	\$ 3,107,844	\$ 3,844,747	\$ 11,118,277	\$ 12,242,161
Miscellaneous	50	-	-	15
Sale of electricity	-	-	-	-
Total Operating Revenues	3,107,894	3,844,747	11,118,277	12,242,176
Operating Expenses:				
Administration and general	105,349	57,863	-	2,343,440
Maintenance shop operations	2,619,630	-	-	-
Facilities maintenance	-	3,790,806	3,717	-
Retirement	-	-	9,835,520	-
Other claims and insurance	6,876	27,517	-	949,334
Depreciation expense	818,304	-	-	-
Heat, light and power	-	-	-	-
Other charges and services	3,206	-	-	-
Cogeneration	-	-	-	-
Medical, health, and life insurance	-	-	-	6,234,172
Workers compensation	-	-	-	3,268,637
Total Operating Expenses	3,553,365	3,876,186	9,839,237	12,795,583
Operating Income (Loss)	(445,471)	(31,439)	1,279,040	(553,407)
Nonoperating Revenues (Expenses):				
Interest revenue	(8,138)	-	1,560	(23,483)
Interest expense	(43,454)	-	(1,035,542)	-
Contributions	35,984	-	-	-
Gain (loss) on disposal of capital assets	17,309	-	-	-
Total Nonoperating Revenues (Expenses)	1,701	-	(1,033,982)	(23,483)
Changes in Net Position	(443,770)	(31,439)	245,058	(576,890)
Net Position:				
Beginning of Year	6,256,338	649,661	3,034,549	1,852,770
End of Fiscal Year	\$ 5,812,568	\$ 618,222	\$ 3,279,607	\$ 1,275,880

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2013**

	Governmental Activities - Internal Service Funds		
	Retiree Health Insurance	Cogeneration Plant	Totals
Operating Revenues:			
Sales and service charges	\$ 2,081,845	\$ 3,271,594	\$ 35,666,468
Miscellaneous	-	-	65
Sale of electricity	-	42,410	42,410
Total Operating Revenues	2,081,845	3,314,004	35,708,943
Operating Expenses:			
Administration and general	-	6,198	2,512,850
Maintenance shop operations	-	-	2,619,630
Facilities maintenance	-	-	3,794,523
Retirement	-	-	9,835,520
Other claims and insurance	1,976,604	45,167	3,005,498
Depreciation expense	-	124,714	943,018
Heat, light and power	-	1,690,315	1,690,315
Other charges and services	-	1,046	4,252
Cogeneration	-	759,568	759,568
Medical, health, and life insurance	-	-	6,234,172
Workers compensation	-	-	3,268,637
Total Operating Expenses	1,976,604	2,627,008	34,667,983
Operating Income (Loss)	105,241	686,996	1,040,960
Nonoperating Revenues (Expenses):			
Interest revenue	-	(39,372)	(69,433)
Interest expense	-	(127,551)	(1,206,547)
Contributions	-	-	35,984
Gain (loss) on disposal of capital assets	-	-	17,309
Total Nonoperating Revenues (Expenses)	-	(166,923)	(1,222,687)
Changes in Net Position	105,241	520,073	(181,727)
Net Position:			
Beginning of Year	389,883	2,465,082	14,648,283
End of Fiscal Year	\$ 495,124	\$ 2,985,155	\$ 14,466,556

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2013**

	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	\$ 3,088,487	\$ 3,845,018	\$ 11,118,277	\$ 11,976,874
Cash paid to suppliers for goods and services	(2,634,765)	(3,702,569)	(10,098,295)	(10,514,468)
Cash paid to employees for services	(102,976)	(52,172)	-	(1,406,126)
Net Cash Provided (Used) by Operating Activities	350,746	90,277	1,019,982	56,280
Cash Flows from Non-Capital Financing Activities:				
Principal paid on non-capital debt	-	-	(153,937)	-
Interest paid on non-capital debt	-	-	(1,035,542)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	(1,189,479)	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(745,412)	-	-	-
Principal paid on capital debt	(182,439)	-	-	-
Interest paid on capital debt	(43,454)	-	66,774	-
Contribution	35,984	-	-	-
Proceeds from sales of capital assets	17,309	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(918,012)	-	66,774	-
Cash Flows from Investing Activities:				
Interest received	(9,922)	-	1,155	(28,115)
Net Cash Provided (Used) by Investing Activities	(9,922)	-	1,155	(28,115)
Net Increase (Decrease) in Cash and Cash Equivalents	(577,188)	90,277	(101,568)	28,165
Cash and Cash Equivalents at Beginning of Year	3,106,558	815,918	514,320	5,879,331
Cash and Cash Equivalents at End of Year	\$ 2,529,370	\$ 906,195	\$ 412,752	\$ 5,907,496
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (445,471)	\$ (31,439)	\$ 1,279,040	\$ (553,407)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	818,304	-	-	-
(Increase) decrease in accounts receivable	(19,407)	271	-	(265,302)
(Increase) decrease in inventories	(8,708)	-	-	-
(Increase) decrease in net pension asset	-	-	(259,058)	-
Increase (decrease) in accounts payable	3,655	115,754	-	(62,325)
Increase (decrease) in accrued liabilities	1,164	4,248	-	962
Increase (decrease) in claims and judgments	-	-	-	947,094
Increase (decrease) in compensated absences	1,209	1,443	-	(10,742)
Total Adjustments	796,217	121,716	(259,058)	609,687
Net Cash Provided (Used) by Operating Activities	\$ 350,746	\$ 90,277	\$ 1,019,982	\$ 56,280

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2013**

	Governmental Activities - Internal Service Funds		
	Retiree Health Insurance	Cogeneration Plant	Totals
Cash Flows from Operating Activities:			
Cash received from/(paid to) interfund service provided	\$ 2,077,727	\$ 3,325,682	\$ 35,432,065
Cash paid to suppliers for goods and services	(1,975,211)	(2,340,043)	(31,265,351)
Cash paid to employees for services	-	(6,198)	(1,567,472)
Net Cash Provided (Used) by Operating Activities	102,516	979,441	2,599,242
Cash Flows from Non-Capital Financing Activities:			
Principal paid on non-capital debt	-	-	(153,937)
Interest paid on non-capital debt	-	-	(1,035,542)
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	(1,189,479)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	-	(745,412)
Principal paid on capital debt	-	(270,320)	(452,759)
Interest paid on capital debt	-	(130,350)	(107,030)
Contribution	-	-	35,984
Proceeds from sales of capital assets	-	-	17,309
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(400,670)	(1,251,908)
Cash Flows from Investing Activities:			
Interest received	-	(39,372)	(76,254)
Net Cash Provided (Used) by Investing Activities	-	(39,372)	(76,254)
Net Increase (Decrease) in Cash and Cash Equivalents	102,516	539,399	81,601
Cash and Cash Equivalents at Beginning of Year	377,195	3,266,542	13,959,864
Cash and Cash Equivalents at End of Year	\$ 479,711	\$ 3,805,941	\$ 14,041,465
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 105,241	\$ 686,996	\$ 1,040,960
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	-	124,714	943,018
(Increase) decrease in accounts receivable	(4,118)	11,678	(276,878)
(Increase) decrease in inventories	-	-	(8,708)
(Increase) decrease in net pension asset	-	-	(259,058)
Increase (decrease) in accounts payable	1,393	156,053	214,530
Increase (decrease) in accrued liabilities	-	-	6,374
Increase (decrease) in claims and judgments	-	-	947,094
Increase (decrease) in compensated absences	-	-	(8,090)
Total Adjustments	(2,725)	292,445	1,558,282
Net Cash Provided (Used) by Operating Activities	\$ 102,516	\$ 979,441	\$ 2,599,242

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FIDUCIARY FUNDS

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

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

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

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

CITY OF PALM SPRINGS

COMBINING STATEMENT OF NET POSITION
 ALL PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2013

	Historical Society	Successor Agency	Totals
Assets:			
Pooled cash and investments	\$ 250,782	\$ 11,693,898	\$ 11,944,680
Receivables:			
Accrued interest	-	9,958	9,958
Land held for resale	-	3,861,239	3,861,239
Restricted assets:			
Cash and investments with fiscal agents	-	3,653,071	3,653,071
Capital assets:			
Capital assets, not being depreciated	-	1,917,457	1,917,457
Capital assets, net of accumulated depreciation	-	802,611	802,611
Total Assets	250,782	21,938,234	22,189,016
Liabilities:			
Accounts payable	-	1,857,633	1,857,633
Accrued interest	-	771,015	771,015
Long-term liabilities:			
Due in one year	-	1,105,000	1,105,000
Due in more than one year	-	47,793,284	47,793,284
Total Liabilities	-	51,526,932	51,526,932
Net Position:			
Held in trust for historical society	250,782	-	250,782
Held in trust for other purposes	-	(29,588,698)	(29,588,698)
Total Net Position	\$ 250,782	\$ (29,588,698)	\$ (29,337,916)

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
YEAR ENDED JUNE 30, 2013

	Historical Society	Successor Agency	Totals
Additions:			
Taxes	\$ -	\$ 8,472,960	\$ 8,472,960
Interest and change in fair value of investments	(54,529)	(41,636)	(96,165)
Miscellaneous	-	79,000	79,000
Total Additions	(54,529)	8,510,324	8,455,795
Deductions:			
Administrative expenses	-	332,231	332,231
Contractual services	-	4,009,879	4,009,879
Depreciation expense	-	30,870	30,870
DOF due diligence review payments	-	7,701,692	7,701,692
Reimbursement of prior taxes	-	1,111,120	1,111,120
Total Deductions	-	13,185,792	13,185,792
Extraordinary gain/(loss)	-	7,009,801	7,009,801
Changes in Net Position	(54,529)	2,334,333	2,279,804
Net Position - Beginning of the Year	305,311	(31,923,031)	(31,617,720)
Net Position - End of the Year	\$ 250,782	\$ (29,588,698)	\$ (29,337,916)

CITY OF PALM SPRINGS

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2013

	<u>Special Deposits</u>	<u>Totals</u>
Assets:		
Pooled cash and investments	\$ 809,253	\$ 809,253
Total Assets	<u>\$ 809,253</u>	<u>\$ 809,253</u>
Liabilities:		
Deposits payable	\$ 809,253	\$ 809,253
Total Liabilities	<u>\$ 809,253</u>	<u>\$ 809,253</u>

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2013

	<u>Balance 7/1/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2013</u>
<u>Special Deposits</u>				
Assets:				
Pooled cash and investments	\$ 889,931	\$ -	\$ 80,678	\$ 809,253
Total Assets	<u>\$ 889,931</u>	<u>\$ -</u>	<u>\$ 80,678</u>	<u>\$ 809,253</u>
Liabilities:				
Deposits payable	\$ 889,931	\$ -	\$ 80,678	\$ 809,253
Total Liabilities	<u>\$ 889,931</u>	<u>\$ -</u>	<u>\$ 80,678</u>	<u>\$ 809,253</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 889,931	\$ -	\$ 80,678	\$ 809,253
Total Assets	<u>\$ 889,931</u>	<u>\$ -</u>	<u>\$ 80,678</u>	<u>\$ 809,253</u>
Liabilities:				
Deposits payable	\$ 889,931	\$ -	\$ 80,678	\$ 809,253
Total Liabilities	<u>\$ 889,931</u>	<u>\$ -</u>	<u>\$ 80,678</u>	<u>\$ 809,253</u>

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CITY OF PALM SPRINGS
FINANCIAL STATEMENTS
JUNE 30, 2013
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 Eight Fiscal Years
(accrual basis of accounting)**

	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities:								
Net investment in capital assets	\$ 119,129,764	\$ 124,797,484	\$ 92,188,168	\$ 73,197,631	\$ 73,048,922	\$ 74,644,178	\$ 68,392,428	\$ 89,544,865
Restricted	59,250,531	53,290,867	59,544,531	63,883,617	65,682,688	68,039,523	51,461,583	47,008,169
Unrestricted	<u>8,263,055</u>	<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>\$ 186,643,350</u>	<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:								
Net investment in capital assets	\$ 82,089,205	\$ 86,255,293	\$ 88,813,375	\$ 94,457,741	\$ 102,404,738	\$ 98,206,074	\$ 98,785,796	\$ 93,694,049
Restricted	4,777,681	4,024,930	4,026,199	4,288,145	3,633,197	3,517,715	3,836,949	-
Unrestricted	<u>29,620,437</u>	<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>\$ 116,487,323</u>	<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:								
Net investment in capital assets	\$ 201,218,969	\$ 211,052,777	\$ 181,001,543	\$ 167,655,372	\$ 175,453,660	\$ 172,850,252	\$ 167,178,224	\$ 183,238,914
Restricted	64,028,212	57,315,797	63,570,730	68,171,762	69,315,885	71,557,238	55,298,532	47,008,169
Unrestricted	<u>37,883,492</u>	<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>\$ 303,130,673</u>	<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 eight years of data for this schedule.

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:								
Governmental activities:								
General government	\$ 11,981,549	\$11,680,752	\$10,149,638	\$ 11,784,609	\$15,700,926	\$10,720,946	\$12,278,124	\$12,664,186
Public safety	38,070,130	36,489,937	36,069,196	39,310,585	38,382,590	35,442,942	33,968,442	30,377,849
Cultural and convention center	5,961,041	5,995,613	6,167,127	5,589,972	7,693,125	5,511,222	7,580,033	5,894,286
Parks and recreation	12,150,464	9,728,209	8,903,287	7,052,825	9,532,099	9,433,992	7,275,052	7,056,619
Public works	14,674,398	36,660,915	22,102,401	25,469,426	21,959,270	21,749,956	19,329,974	15,178,234
Lease	1,521,607	1,643,117	1,484,855	1,779,463	-	-	-	-
Library	2,125,382	2,168,904	2,265,212	2,041,643	2,937,321	2,772,268	2,332,577	2,562,084
Interest on long-term debt	5,565,437	7,553,342	9,183,561	11,967,641	14,636,613	11,609,448	7,764,472	8,416,117
Total governmental activities expenses	<u>92,050,008</u>	<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	25,581,945	24,990,169	24,526,812	24,586,610	24,637,583	23,842,294	21,631,538	20,154,371
Wastewater	5,711,562	5,967,510	5,863,229	6,126,747	5,854,655	5,191,967	4,658,947	3,617,124
Golf Course	5,948,442	5,662,881	5,441,285	5,153,882	5,374,561	4,664,759	3,872,346	3,615,866
Total business-type activities expenses	<u>37,241,949</u>	<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>129,291,957</u>	<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	3,552,667	3,517,758	3,606,184	3,904,814	1,868,359	1,811,973	1,527,808	2,985,457
Public safety	2,843,908	2,878,838	2,847,413	3,072,280	1,922,028	1,922,714	1,614,245	1,387,079
Cultural and convention center	-	-	-	-	359,103	402,890	1,644,443	342,570
Parks and recreation	1,614,526	1,370,673	1,376,238	1,223,793	1,823,445	2,033,797	814,512	1,502,694
Public works	4,582,804	4,045,121	4,359,177	2,644,951	3,249,898	6,367,211	7,968,799	8,064,647
Lease	-	-	-	-	-	-	-	-
Library	38,172	59,501	42,727	42,126	124,726	222,349	386,807	212,725
Operating grants and contributions	5,192,616	7,381,835	6,886,447	6,425,017	9,480,506	11,559,384	9,595,013	9,148,403
Capital grants and contributions	5,093,264	16,382,186	13,271,770	3,212,335	6,269,961	4,202,582	5,135,785	6,955,885
Total governmental activities program revenues	<u>22,917,957</u>	<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	21,745,074	20,342,504	18,747,127	18,998,409	18,465,121	19,531,818	17,938,788	14,581,454
Wastewater	7,019,449	5,965,340	6,045,209	5,928,827	6,006,812	6,007,109	7,456,041	6,428,919
Golf Course	4,850,343	5,046,766	4,832,305	4,687,694	4,130,497	2,261,723	3,210,941	2,887,216
Operating grants and contributions	-	-	29,056	-	-	-	299,718	283,674
Capital grants and contributions	2,290,385	2,315,123	483,618	523,239	10,051,905	2,446,831	16,394,397	6,005,185
Total business-type activities program revenues	<u>35,905,251</u>	<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>58,823,208</u>	<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 Eight Fiscal Years
(accrual basis of accounting)**

	2013 (continued)	2012 (continued)	2011 (continued)	2010 (continued)	2009 (continued)	2008 (continued)	2007 (continued)	2006 (continued)
Net revenues (expenses):								
Governmental activities	(69,132,051)	(76,284,877)	(63,935,321)	(84,470,848)	(85,743,918)	(68,717,874)	(61,841,262)	(51,549,915)
Business-type activities	<u>(1,336,698)</u>	<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>(70,468,749)</u>	<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	18,655,013	24,229,315	25,786,509	24,547,656	30,747,373	32,558,462	28,272,695	22,933,538
Sales tax	21,948,058	12,130,059	9,633,250	8,221,763	8,796,538	9,138,355	9,798,032	8,842,715
Transient occupancy taxes	19,396,331	17,874,173	15,731,036	13,370,831	12,753,078	14,464,485	14,465,639	14,677,511
Other taxes	13,840,763	13,070,963	12,533,135	12,185,850	10,709,406	11,201,740	12,070,400	11,005,477
Motor vehicle in lieu, unrestricted	3,537,631	3,505,007	3,797,122	3,942,507	4,180,689	4,056,920	3,640,542	3,398,819
Use of money and property	1,217,844	1,583,805	860,532	5,537,407	1,610,201	4,580,865	1,678,144	984,833
Other general revenues	178,958	117,096	203,793	28,328	7,241,006	2,293,329	3,804,702	1,413,164
Gain on sale of capital asset	161,770							
Extraordinary gain/(loss)	(6,935,586)	31,771,682	-	-	-	-	-	-
Transfers	<u>(1,952,165)</u>	<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>70,048,617</u>	<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	(122,318)	333,192	336,189	436,926	900,328	1,625,626	1,498,991	808,752
Other revenue	182,232	161,417	295,897	10,402	1,150	317,450	-	-
Extraordinary gain/(loss)	(74,215)	(1,227,000)	-	-	-	-	-	-
Transfers	<u>1,952,165</u>	<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>1,937,864</u>	<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>71,986,481</u>	<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	916,566	27,999,673	5,199,904	(17,136,506)	(11,845,627)	8,876,282	11,874,162	11,206,142
Business-type activities	<u>601,166</u>	<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>\$ 1,517,732</u>	<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 eight years of data for this schedule.

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	2013	2012	2011 *	2010	2009	2008	2007	2006
General fund:								
Reserved	\$ -	\$ -	\$ -	\$ 3,913,779	\$ 5,664,944	\$ 5,402,822	\$ 3,972,662	\$ 4,045,302
Unreserved	-	-	-	6,730,561	7,055,671	11,882,037	9,219,367	2,419,770
Nonspendable	3,670,535	1,410,000	3,015,000	-	-	-	-	-
Assigned	6,442,546	5,333,035	3,932,735	-	-	-	-	-
Unassigned	<u>12,803,298</u>	<u>13,041,689</u>	<u>11,779,373</u>	-	-	-	-	-
Total general fund	<u>\$ 22,916,379</u>	<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	11,188,905	12,324,620	13,290,989	-	-	-	-	-
Restricted	48,061,626	40,966,247	46,253,542	-	-	-	-	-
Committed	-	-	1,568,370	-	-	-	-	-
Assigned	3,657,054	1,216,595	2,961,717	-	-	-	-	-
Unassigned	<u>(184,499)</u>	<u>(154,048)</u>	<u>(5,352,857)</u>	-	-	-	-	-
Total all other governmental funds	<u>\$ 62,723,086</u>	<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 eight 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 Eight Fiscal Years
(modified accrual basis of accounting)**

	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:								
Taxes	\$ 75,222,872	\$ 68,653,101	\$ 72,408,230	\$ 72,253,106	\$ 72,269,596	\$ 75,916,291	\$ 72,093,648	\$ 67,085,805
Licenses and permits	3,066,526	2,913,367	3,119,482	2,714,339	3,068,452	3,858,530	5,044,241	5,098,958
Fines and penalties	98,971	104,838	107,824	270,853	824,131	781,656	1,167,855	944,495
Use of money and property	1,287,277	2,006,106	2,349,620	5,004,081	7,485,174	7,237,922	4,327,432	3,031,815
Intergovernmental	13,397,351	27,264,100	20,914,362	10,338,051	15,049,300	15,936,047	9,651,107	8,847,596
Charges for services	7,750,886	7,036,034	7,068,669	6,715,640	5,038,889	6,190,461	8,138,350	6,486,118
Other	1,322,686	1,292,222	3,265,240	2,929,498	5,496,259	5,849,485	6,027,493	418,714
Total revenues	<u>102,146,569</u>	<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	10,885,046	10,863,967	9,562,837	11,362,793	14,090,558	14,217,987	13,056,812	12,756,285
Public safety	35,327,922	35,192,757	32,864,416	38,472,546	38,116,499	34,720,156	33,438,801	30,153,554
Cultural and convention center	2,967,536	2,952,870	2,966,030	2,455,668	4,756,377	3,946,989	5,319,373	9,797,133
Parks and recreation	11,958,245	8,969,751	8,772,280	7,725,705	8,608,714	8,023,314	7,242,156	7,096,167
Public works	15,474,824	74,063,752	40,578,391	23,473,774	23,788,035	29,593,755	16,305,743	20,190,731
Lease	1,374,855	1,484,855	1,484,855	1,779,463	1,601,000	-	-	-
Library	2,428,937	2,073,757	2,290,305	2,177,906	2,924,851	2,744,643	2,232,037	2,481,292
Debt service:								
Principal retirement	4,264,596	3,799,784	3,799,956	4,264,044	3,793,289	4,209,378	6,975,994	3,362,576
Interest and fiscal charges	4,618,428	6,579,560	7,966,940	10,710,691	13,088,973	9,963,603	7,382,576	7,751,650
Bond issuance costs	-	-	-	-	-	887,426	-	-
Payment to bond escrow	-	-	-	-	-	3,661,948	-	-
Pass-through payments	-	1,948,429	7,201,757	12,027,631	7,440,446	7,087,437	5,505,436	3,973,940
Total expenditures	<u>89,300,389</u>	<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>12,846,180</u>	<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	15,850,073	8,756,658	9,726,647	28,298,755	20,150,156	11,938,365	11,029,443	12,229,942
Transfers out	(17,802,238)	(8,754,208)	(9,136,799)	(29,098,755)	(23,140,156)	(13,538,365)	(12,564,443)	(13,214,342)
Debt issued	490,000	68,945,000	-	-	3,366,478	24,935,036	-	3,806,000
Bond premium	-	2,361,102	-	-	-	-	-	-
Proceeds from sale of asset	-	-	-	-	(77,303)	35,000	-	-
Payment to refunded bond escrow agent	-	(24,264,400)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,462,165)</u>	<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>(323,409)</u>	<u>(11,303,318)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 11,060,606</u>	<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	11.1%	10.4%	13.1%	14.1%	15.6%	13.6%	15.5%	11.7%

The City of Palm Springs has elected to show only eight 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
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
2013	5,190,305	995,874	192,704	2,522,431	8,901,314	0.35272

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)**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
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	0.10207	0.08745	0.08903	0.07851	0.07732	0.02616	0.04091	0.05259	0.06000
Coachella Valley Water District	0.08000	0.08000	0.08000	0.06000	0.04000	0.04000	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	0.01995	0.01994	0.00000
Desert Water Agency	0.10000	0.08000	0.08000	0.08000	0.08000	0.08000	0.08000	0.06000	0.06000	0.06000
Palm Springs Unified B & I 1992-A	0.09351	0.10451	0.13224	0.12628	0.06007	0.05468	0.05912	0.05012	0.05715	0.06052
San Geronimo Pass Memorial Hospital	0.11572	0.10365	0.09914	0.10676	0.03365	0.03272	0.03272	0.00000	0.00000	0.00000
Total Direct and Overlapping Tax Rates	1.51125	1.49018	1.49878	1.48202	1.31218	1.30467	1.23875	1.19178	1.21048	1.20132
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
Total Direct Rate (Note 5)	0.35272	0.36319	0.37071	0.38020	0.37320	0.36688	0.34726	0.32631	0.31188	0.29565

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>2013</u>		<u>2004</u>	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Tenet Health System Desert Inc.	\$ 120,583,408	1.35%	\$ 88,293,823	1.48%
Windpower Partners 1993 LP	93,003,850	1.04%	-	0.00%
TKG Smoke Tree Commons LLC	58,297,231	0.65%	-	0.00%
Indigo Generation LLC	56,800,000	0.64%	190,088,000	3.18%
Riviera Reincarnate	48,315,372	0.54%	-	0.00%
Endure Investment	47,124,237	0.53%	-	0.00%
HH Palm Springs	39,066,000	0.44%	-	0.00%
Skywest Airlines INC	35,205,134	0.40%	-	0.00%
Walmart Real Estate Business Trust	29,268,402	0.33%	-	0.00%
San Gorgonio Westwinds II LLC	28,435,000	0.32%	50,000,000	0.84%
Skywest Airlines INC	-	0.00%	43,273,859	0.72%
Pacific Monarch Resorts INC	-	0.00%	37,176,702	0.62%
Time Warner Entertainment	-	0.00%	33,005,105	0.55%
AP APH Palm Springs	-	0.00%	32,472,963	0.54%
John Wessman	-	0.00%	31,270,875	0.52%
RPS Resort Corporation	-	0.00%	23,333,368	0.39%
Palm Springs Mall	-	0.00%	21,791,232	0.37%
	<u>\$556,098,634</u>	6.24%	<u>\$ 550,705,927</u>	9.21%

The amounts shown above include assessed value data for the City

Source: HDL Coren & Cone (Riverside County Assessor)

CITY OF PALM SPRINGS

**Property Tax Levies and Collections
Last Eight Fiscal Years**

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

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 eight 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 Eight 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
2013	20,067,568	132,552,058	-	3,329,912	155,949,538

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

CITY OF PALM SPRINGS

Ratios of Outstanding Debt by Type

**Last Eight Fiscal Years
(Continued)**

Business-type Activities				Total Business-type Activities	Total Primary Govt	Percentage of Personal Income (1)	Debt Per Capita (1)
Airport Revenue Bonds	Certificates of Participation	Leases					
\$ 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	113.92996	4,272	
24,020,000	9,547,944	167,372	33,735,316	189,684,854	110.66091	4,150	
* Personal Income				1,714,109			
* Total Population				45,712			

CITY OF PALM SPRINGS

**Ratio of General Bonded Debt Outstanding
Last Eight 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	-	156,616	1.77%	3,426
2013	20,068	132,552	-	152,620	1.71%	3,339

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

CITY OF PALM SPRINGS
Direct and Overlapping Debt
June 30, 2013

City Assessed Valuation		\$	8,989,325,626	
		<u>\$</u>	<u>8,989,325,626</u>	
	Percentage Applicable (1)	Outstanding Debt 6/30/13		Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:				
Desert Community College District	14.595%	\$ 318,557,917	\$	46,493,528
Banning Unified School District	0.198%	45,599,000		90,286
Palm Springs Unified School District	40.609%	313,993,479		127,509,612
San Geronio Memorial Hospital District	0.081%	108,170,000		87,618
Riverside County Assessment District No. 167	100%	505,000		505,000
City of Palm Springs 1915 Act Bonds	100%	7,700,000		7,700,000
		<u>794,525,396</u>		<u>182,386,044</u>
Total overlapping debt repaid with property taxes				
Ratios to 2012-2013 Assessed Valuation:				
Total overlapping tax and assessment debt	2.03%			
Direct and Overlapping General Fund Debt:				
Riverside County General Fund Obligations	4.458%	640,243,149		28,542,040
Riverside County Pension Obligations	4.458%	346,970,000		15,459,898
Riverside County Board of Education Certificates of Participation	4.458%	3,900,000		173,862
Mt. San Jacinto Community College District General Fund Obligation	0.008%	11,675,000		934
City of Palm Springs General Fund Obligations	100%	142,100,000		142,100,000
City of Palm Springs Pension Obligations	100%	18,960,828		18,960,828
				<u>485,687</u>
Less: Riverside County Self-Supporting Obligations				
Total Net Direct and Overlapping General Fund Debt		<u>\$ 1,163,848,977</u>	\$	<u>204,751,875</u>
Total Direct Debt			\$	161,060,828
Total Gross Overlapping Debt				270,394,967
Total Net Overlapping Debt				269,909,280
Gross Combined Total Debt				431,455,795
Net Combined Total Debt				430,970,108
Ratios to Adjusted Assessed Valuation:				
Total Direct Debt (\$161,060,828)	1.79%			
Gross Combined Total Debt	4.80%			
Net Combined Total Debt	4.79%			

State School Building and Repayable as of 6/30/13 -

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 portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

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 Eight Fiscal Years
(in Thousands of Dollars)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assessed Valuation	\$ 8,901,314	\$ 8,861,010	\$ 9,194,873	\$ 9,731,822	\$ 10,247,857	\$ 9,844,632	\$ 8,611,490	\$ 7,417,806
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,225,329	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%	15%
Debt limit	333,799	332,288	344,808	364,943	384,295	369,174	322,931	278,168
Total net debt applicable to limit: General Obligation Bonds	132,552	136,394	93,373	95,655	97,667	99,939	102,319	107,733
Legal debt Margin	<u>\$ 201,247</u>	<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	39.7%	41.0%	27.1%	26.2%	25.4%	27.1%	31.7%	38.7%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state. Only eight 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 Eight 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	-	-	-	-
2013	-	-	-	-

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

CITY OF PALM SPRINGS

**Pledged-Revenue Coverage
Last Eight 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	1,438,003	3.16	
24,109,169	16,143,466	7,965,703	1,010,000	1,387,851	3.32	

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>
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%
2012	45,712	1,714,109	37,498	7.4%

Sources:

HDL Coren and Cone

CITY OF PALM SPRINGS
Principal Employers
Current Year

Employer	2013	
	Number of Employees	Percent of Total Employment
Western Pacific Roofing Corp	100-249	.4-.9%
Care Fusion	250-499	1-1.9%
VIP Motor Cars Ltd	100-249	.4-.9%
Lowe's Home Improvement	100-249	.4-.9%
Stater Bros Markets	100-249	.4-.9%
Walmart Supercenter	250-499	1-1.9%
US Post Office	100-249	.4-.9%
Desert Sun	250-499	1-1.9%
Coldwell Banker	100-249	.4-.9%
Tarbell Realtors	100-249	.4-.9%
Ups Customer Ctr	100-249	.4-.9%
Palm Springs High School	100-249	.4-.9%
Kaplan College	250-499	1-1.9%
Agua Caliente Band of Indians	100-249	.4-.9%
Premier Healthcare	100-249	.4-.9%
Desert Regional Medical Ctr	1000-4999	3.8-19%
Palm Springs Health Care	100-249	.4-.9%
Leisure Living Home & Care	100-249	.4-.9%
California Nursing & Rehab Ctr	100-249	.4-.9%
Palm Springs Follies	100-249	.4-.9%
Knott's Soak City Palm Springs	100-249	.4-.9%
Spa Casino	1000-4999	3.8-19%
Le Parker Meridien-Palm Spgs	100-249	.4-.9%
Hyatt-Palm Springs	100-249	.4-.9%
Ace Hotel & Swim Club	100-249	.4-.9%
Hilton-Palm Springs Resorts	100-249	.4-.9%
Viceroy Palm Springs Hotel	100-249	.4-.9%
Palm Canyon Resort & Spa	100-249	.4-.9%
Palm Springs Riviera Resort	250-499	1-1.9%
Savoury's Inc	250-499	1-1.9%
Las Casuelas Terraza	100-249	.4-.9%
Eat At The Desert	100-249	.4-.9%
Palm Springs Personnel	250-499	1-1.9%
Palm Springs Police Department	100-249	.4-.9%
Riverside Cnty Municipal Court	100-249	.4-.9%

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

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

Source: State Employment Development Department

* Year 2003 information not available.

CITY OF PALM SPRINGS

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

<u>Department</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Administration	35.75	34.25	34.75	43.25	48.75	46.30	44.70	45.90
Growth Management	20.80	20.20	22.20	28.45	34.95	34.95	34.85	37.85
Quality of Life	53.25	37.25	38.25	46.00	56.25	53.90	52.65	48.90
Public Safety	178.50	172.50	184.50	208.50	214.50	215.50	207.50	195.50
Public Works & Engineering	20.00	27.50	27.00	32.00	32.75	30.60	30.10	30.10
Airport	66.50	66.50	64.50	63.50	69.50	69.65	68.15	67.00
Golf Course	0.00	0.00	0.00	0.00	0.50	0.50	0.50	0.50
Motor Vehicle	7.00	7.00	7.00	8.00	9.00	9.00	9.00	10.00
Facilities Maintenance	13.50	13.50	12.50	14.50	14.50	14.50	14.00	14.00
Risk Management	3.25	2.75	3.25	3.25	3.25	3.25	3.25	3.15
Low & Moderate Income Housing	3.70	4.30	4.30	4.55	4.55	6.80	6.50	2.35
Wastewater Treatment Plant	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.00
Total	<u>402.25</u>	<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 eight years has been presented, prior years unavailable.

Source: City Budget Department

CITY OF PALM SPRINGS

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

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

Only eight 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 Eight Fiscal Years

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

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

Source: City of Palm Springs