



Comprehensive Annual Financial Report

Fiscal year ended June 30, 2015



CITY OF PALM SPRINGS, CALIFORNIA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared By:
Finance Department

Geoffrey Kiehl

Director of Finance and Treasurer

Nancy E. Klukan

Assistant Director of Finance

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CITY OF PALM SPRINGS
FINANCIAL STATEMENTS

JUNE 30, 2015

TABLE OF CONTENTS

	<u>Page(s)</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i
List of Principal Officials	viii
Organization Chart	ix
Certificate of Achievement for Excellence in Financial Reporting	x
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1
Management's Discussion and Analysis (unaudited)	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities.....	20
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	25
Statement of Revenues, Expenditures and Changes in Fund Balances — Governmental Funds.....	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	29
Statement of Net Position — Proprietary Funds	30
Statement of Revenues, Expenses and Changes in Net Position — Proprietary Funds	31
Statement of Cash Flows — Proprietary Funds	32
Statement of Net Position — Fiduciary Funds.....	33
Statement of Changes in Net Position — Fiduciary Funds	34
Notes to Financial Statements.....	35
Required Supplemental Information:	
Pension Information:	
Schedule of Changes in Net Pension Liability and Related Ratios — Miscellaneous Plan - Agent Multiple-Employer Plan	86
Schedule of Plan Contributions — Miscellaneous Plan — Agent Multiple-Employer Plan.....	87
Schedule of Changes in Net Pension Liability and Related Ratios — Safety Plan - Agent Multiple-Employer Plan	88
Schedule of Plan Contributions — Safety Plan - Agent Multiple-Employer Plan	89

CITY OF PALM SPRINGS
FINANCIAL STATEMENTS

JUNE 30, 2015

TABLE OF CONTENTS

	<u>Page(s)</u>
Budgetary Comparison Schedules:	
Budgetary Comparison Schedule – General Fund	90
Budgetary Comparison Schedule – Measure A Improvements.....	91
Budgetary Comparison Schedule – Housing.....	92
Notes to Required Supplemental Information.....	93
Combining and Individual Fund Financial Statements and Schedules:	
Nonmajor Governmental Funds:	
Descriptions of Nonmajor Governmental Funds	94
Combining Balance Sheet	96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	104
Budgetary Comparison Schedules – Special Revenue Funds	
Forfeiture	111
Safety Augmentation.....	112
Special Development	113
CSA 152	114
Recycling AB 929	115
Villagefest.....	116
Neighborhood Involvements	117
Parking	118
Gas Tax.....	119
Drainage Construction	120
Community Development Block Grant.....	121
Master Lease	122
Air Quality Management.....	123
Public Arts	124
Library	125
Quimby Act Fees.....	126
Special Projects	127
CFD Public Safety #1	128
Business Improvement District	129
Park Maintenance District	130
Emergency Response.....	131
Sustainability	132
Special Grants.....	133
Budgetary Comparison Schedules – Capital Project Funds	
Capital Projects	134
Parking Projects	135
Measure J	136
Budgetary Comparison Schedules – Debt Service Funds	
General Debt Service.....	137
Special Assessments	138

CITY OF PALM SPRINGS
FINANCIAL STATEMENTS

JUNE 30, 2015

TABLE OF CONTENTS

	<u>Page(s)</u>
Internal Service Funds:	
Description of Internal Service Funds	139
Combining Statement of Net Position	140
Combining Statement of Revenues, Expenses and Changes in Net Position	142
Combining Statement of Cash Flows.....	144
Fiduciary Funds:	
Description of Fiduciary Funds	147
Combining Statement of Net Position	
All Agency Funds.....	148
Combining Statement of Changes in Assets and Liabilities	
All Agency Funds.....	149

STATISTICAL SECTION

Table of Contents	151
Net Position by Component.....	153
Changes in Net Position	154
Fund Balances of Governmental Funds.....	156
Changes in Fund Balances of Governmental Funds.....	157
Assessed Value and Estimated Actual Value of Taxable Property.....	158
Direct and Overlapping Property Tax Rates.....	159
Principal Property Taxpayers	160
Property Tax Levies and Collections	161
Ratios of Outstanding Debt by Type.....	162
Ratios of General Bonded Debt Outstanding	164
Direct and Overlapping Debt	165
Legal Debt Margin Information	167
Pledged — Revenue Coverage.....	168
Demographic and Economic Statistics	170
Principal Employers	171
Full-time Equivalent City Employees by Department	172
Operating Indicators by Function.....	173
Capital Asset Statistics by Function	174

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Comprehensive Annual Financial Report

INTRODUCTORY SECTION

Fiscal year ended June 30, 2015





City of Palm Springs

Department of Finance & Treasury

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December 30, 2015

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, 2015, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. This report has been reformatted to comply with the new financial reporting model outlined in the Governmental Accounting Standards Board (GASB) Statement 34, which significantly changes the content and format of the City's financial statements.

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

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

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

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

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

GENERAL INFORMATION

The City of Palm Springs, incorporated in 1938, is located in the western part of the Coachella Valley, one of the fastest growing regions of the State. The full time population of 46,281 increases substantially in the tourist season (approximately November through May) with the influx of part-time residents and hotel visitors.

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

ECONOMIC CONDITION AND OUTLOOK

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

Transient Occupancy Tax (TOT), or 'hotel, motel and vacation rental tax,' is now the City's #1 revenue source. TOT has consistently been the bright spot each of the last few years, with the 2014-2015 fiscal year collections up 92% compared to the 2008-2009 fiscal year. This significant increase can be attributed to the combination of increased marketing efforts internationally, nationally and to the drive market, increased airline routes and seat capacity made through the City's and Conventional and Visitor Bureau's Airline Incentive Programs, the recent remodeling of several hotels accomplished in conjunction with the City's Hotel Incentive Program, and continuing TOT audits of all hotels, motels, and vacation rental properties.

The traditional Bradley-Burns Sales Tax, including the Triple Flip ERAF reimbursement, is estimated at \$12.2 million for the 2015-2016 fiscal year. This represents a 26% increase over the 2009-2010 fiscal year. Retail sales and restaurants continue to show strong numbers. The 2015-2016 fiscal year estimate relates to the visible growth in the economy with most businesses experiencing increases, and with new businesses emerging. Although the overall economy is coming out of a slowdown phase, the City continues to experience a more rapid recovery than other parts of the County and anticipates a growth in sales tax as the construction of the Downtown Revitalization Project, which will include restaurants, retail establishments, and Kimpton Palomar, AC by Marriott, Park Hotel and the Hyatt Andaz hotels, which are expected to open between the spring of 2016 and 2017.

On November 8, 2011, Palm Springs voters approved Measure J, a local revenue measure increasing the local sales and use tax by one percent (1%), to maintain local community services and economically revitalize the downtown area. With the strong support of the business

and tourism sectors, resulting in a 57.58% 'Yes' vote, the approval of Measure J means for each dollar spent in Palm Springs, the sales tax increases by one cent. To date, \$42.2 million in funds have been collected. A special nine-member citizens' oversight commission was created to review revenues and expenditures, and make capital projects recommendations to the City Council. Measure J helps finance a bond to pay for the City's purchase of assets as part of the planned implementation of the Downtown Revitalization Project. This project is going to be a major boon to business activity and employment for the downtown area, the City of Palm Springs, and the Coachella Valley as a whole. Of note, approximately two-thirds of all sales taxes come from people who are not citizens of Palm Springs.

Property Taxes in the General Fund, which represent 20% of all operating fund revenue, increased by \$1.1 million, or 6.2% over the prior year. Though property taxes have traditionally been the City's largest source of General Fund revenue, three years ago in fiscal year 2012-2013 it dropped behind transient occupancy taxes and sales taxes. This year, secured roll property taxes, as projected, are expected to increase \$435,000, which is a 2.4% increase over the prior year's actuals before one-time revenues related to the dissolution of redevelopment. These two years of increases is due to new construction activity, modest increases in assessed valuations, and a decline in the numbers of residential properties subject to AB-8 reassessments. Additional planned new construction and the continued strengthening of existing property values is expected to provide additional revenue growth in the coming years.

Overall, the total revenue from the General Fund increased from \$93.0 million in the 2013-2014 fiscal year to \$97.3 million in the 2014-2015 fiscal year. Most of the increases are due to higher property taxes (including \$2.0 million in one-time money related to the redevelopment dissolution process) and net hotel (TOT) taxes after incentive rebates. Some of this increase is also attributed to this being the first full year of the medical cannabis taxes and an increase in the Measure J add-on sales taxes. All of these Measure J revenues have been transferred to the special Measure J Capital Projects Fund.

Other than property tax, TOT and Measure J 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, even with the likelihood of the Federal Reserve starting to gradually increase interest rates, inflation increases continue to be very modest which has kept many expense increases moderately low.

MAJOR INITIATIVES FOR THE YEAR

As part of the Palm Springs Downtown Revitalization Conceptual Master Plan, proceeds from \$44,965,000 in lease revenue bonds have been used to acquire parking structures of mostly subterranean parking totaling 1,042 parking spaces; two parcels designated for future expansion of the Desert Art Museum; and to develop the infrastructure of newly acquired streets and pedestrian thoroughfares. Additionally, \$31,750,000 was used for the purchase of assets including the parking structure; \$10,750,000 was set aside for the cost of renovating and improving the public improvements; and \$500,000 was set aside in a reserve account. Phase I Improvements are expected to be completed by the developer in the spring of 2016, and final construction on the project is anticipated to be complete by the spring of 2017. An additional parcel for a new outdoor public event space is in the process of being acquired and will be developed into an arena for concerts, movie showings, and other events. This public event

space is being funded by a combination of Measure J sales taxes and Quimby funds. Plans are being finalized for two or three new hotels that will be anchors for this site. Currently under construction, the 154-room Kimpton Palomar Hotel will be at the corner of Tahquitz Canyon Way and Belardo near the public event space. One or two additional hotels, the AC by Marriott and/or the Park Hotel, will bring the expected site development to a number between a total of 300 and 450 new hotel rooms.

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

In addition to the Downtown Revitalization Project, there are several hotel projects that are in the works. The Dolce Selene Palms Hotel is a planned 210-room hotel that will be next to the Convention Center, helping to increase the number of convention hotel rooms that are in high demand. The Hyatt Andaz on the Port Lawrence site is a mixed-use project in the uptown on North Palm Canyon that will have a 150-room luxury boutique hotel and retail space. Other developments include the new Arrive Hotel, a 32-room boutique hotel on north Palm Canyon due to be completed in the spring of 2016; and 750 Lofts, a 38-room boutique hotel with eight, two-story lofts, a restaurant, and spa in the trendy North Palm Canyon area.

Much of this recent and proposed activity is due in part to the highly successful Hotel Incentive Program. This program was created as an economic jumpstart, incentivizing hoteliers to refurbish older properties or build new hotels. The basic premise of the program is that a hotel developer or owner commits a certain expenditure amount per hotel room, and the City may then agree to a partial return of Transient Occupancy Taxes (TOT) over a period of time. There are approximately 16 active participants in the program at this time that have already accounted for the capital investment of \$200+ million to these hotel projects. A total of ten hotels received a partial return of TOT amounting to \$1.1 million in 2014-2015, with the Hard Rock Hotel, The Sparrows, Triada (a Marriott Autograph Collection hotel in the Uptown Design District), and Skylark joining the list following the completion of their renovations. This is the fourth year of partial returns of TOT.

In an effort to bolster our local economy, the Palm Springs International Airport continues to implement a \$1 million marketing support program as an incentive for airlines to add new routes or extend the current length of existing routes. The addition of new airlines Frontier and Virgin America, and the addition of new routes and the extension of existing routes from current carriers, has helped add 25% to the airlines' overall seat capacity at Palm Springs International Airport. Jet Blue begins their non-stop service from New York's JFK to PSP in January 2016.

Service began last December for the new downtown trolley called 'The Buzz' – a group of four free trolleys that continuously travel a circular route on Thursdays through Sundays going from the Riviera Hotel in the uptown area, through the downtown area and Spencer's Restaurant along the mountainside, down south to the Saguaro Hotel & Smoke Tree, and back to the north side. As expected, the Buzz has become a popular means for tourists and locals to get to the major hot spots in Palm Springs in a relaxing manner while helping to reduce urban vehicle traffic, and recently gained City Council approval for another 12-month contract extension.

FOR THE FUTURE

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

For the 2015-2016 fiscal year it is anticipated that 18 hotels will be qualified to receive partial returns of their TOT amounting to an estimated \$1.5 million under the Hotel Incentive Program. Hotels expected to be added to the list of hotels that have qualified by completing their renovations are Palm Mountain, Colt Inn (formerly Alpine Gardens), and Palm Springs Hotel. New hotels include a new 32-room boutique Arrive Hotel, 750 Lofts, and Orchid Tree are expected to qualify to receive returns of TOT, and new hotels mentioned previously which may qualify to participate are the Kimpton Palomar, the AC by Marriott, The Park Hotel, The Dolce Selene across from the convention center, and the Hyatt Andaz on the Port Lawrence site.

The College of the Desert's plans for a West Valley campus has shifted from building an all new facility on the north side of town, to the possible acquisition and redevelopment of the nearly vacant Palm Springs Mall. The Camelot Theatres, Kaplan College, and a Jack in the Box restaurant are remaining businesses on the site. Located across from Palm Springs High School to the south, East Tahquitz Canyon Way to the north, and Farrell Drive to the east, this property is in the heart of the City and would be an ideal, centrally-located site for a new community college. Also, the City and COD are in discussions regarding the possible creation of a shared library. COD currently has \$38 million in bond funds set aside for this West Valley campus project and they are in discussions with the owner of the Mall regarding its possible purchase.

Progress on the Airport Master Plan will continue in 2015-2016 with an environmental impact review of the airport's expansion plans. This review is expected to receive FAA approval by the by spring of 2016. Driven by increases in tourism and population growth in the Coachella Valley, projections indicate a 10% increase in airline passengers over the next five years, and a 21% increase over the next ten years. Airline passenger traffic has increased 27% over the last five years, and has increased 40% over the last ten years. The airport is serviced by ten (10) major airlines, with direct flights to eighteen (18) cities throughout the United States & Canada.

As the general national and local economic conditions continues to improve, the City should see an increase in revenues in a number of categories including property taxes, sales taxes, transient occupancy taxes, new development and permit fees, etc. Thanks to Measure J, sales taxes alone should be in the \$25 - 26 million range in the 2016-2017 fiscal year, which is nearly double what was received in the 2012-2013 fiscal year.

FINANCIAL INFORMATION

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

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

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

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

As part of the passage of the Measure J increase of 1% to the sales, transactions and use tax, the City formed a nine-member citizens' oversight commission to review all projected revenues and recommended expenditures, oversee and monitor Measure J expenditures, and review the independent audit of revenues and expenditures from Measure J. Also, a separate financial review is prepared and presented by a second independent accounting firm to the City Council.

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 2014-2015 expenditures was calculated at \$136,034,338. Appropriations subject to limitation totaled \$83,546,419, or \$52,487,919 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, 2015, the total remaining principal on the long-term debt of the City and its related entities is \$250,001,744.

OTHER INFORMATION

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

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palm Springs for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the 26th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily-readable and efficiently-organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Geoffrey S. Kiehl
Director of Finance and Treasurer

CITY OF PALM SPRINGS

List of Principal Officials

June 30, 2015

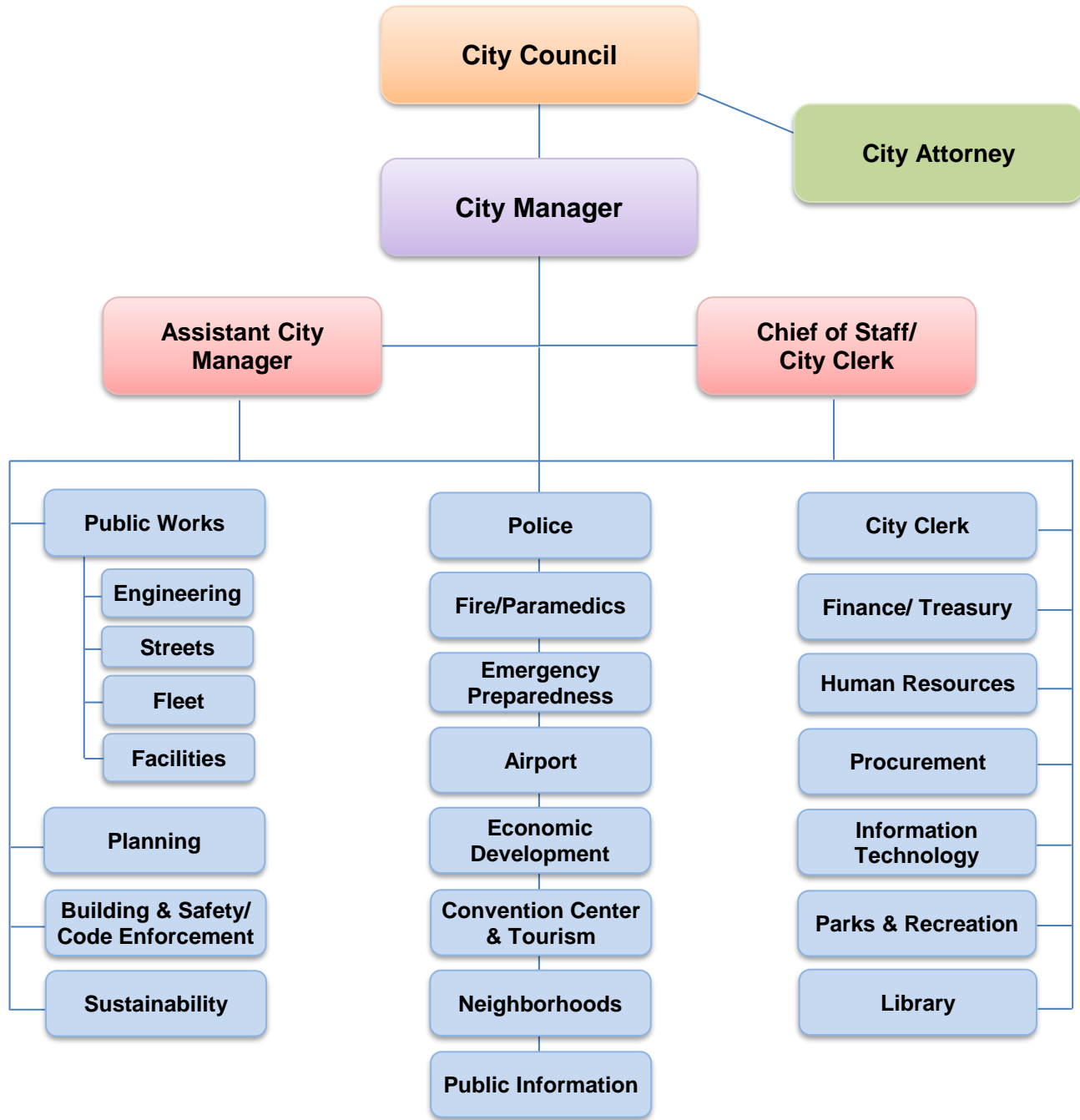
CITY COUNCIL

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

EXECUTIVE MANAGEMENT

City Manager	David H. Ready
Chief of Staff/City Clerk	James L. Thompson
Assistant City Manager/Engineer	Marcus Fuller
Director of Animal Control	Leslie Tisdale
Director of Building and Safety	James Zicaro
Director of Community/Economic Dev	Vacant
Director of Finance and Treasurer	Geoffrey S. Kiehl
Director of Human Resources	Perry Madison
Director of Library Services	Regina Kays
Director of Maintenance and Facilities	Patrick Sweeney
Director of Recreation	Vicki Oltean
Director of Planning Services	Flinn Fagg
Director of PS Int'l Airport	Thomas Nolan
Fire Chief	Blake Goetz, Interim
Police Chief	Alberto Franz III

City of Palm Springs Organizational Chart





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, 2014

Executive Director/CEO



Comprehensive Annual Financial Report

FINANCIAL SECTION

Fiscal year ended June 30, 2015



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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund, Measure A Improvements Fund, and Housing Fund, the schedules of changes in net pension liability and related ratios, and the schedules of plan contributions 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.



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

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2015 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.

Brea California
December 30, 2015

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CITY OF PALM SPRINGS
Management's Discussion and Analysis
June 30, 2015

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, 2015. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2015

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, 2015

Reporting the City as a Whole

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

These two statements report the City's net position and changes in them. The net position – the difference between assets and liabilities – is one way to measure the City's financial health. Over time, *increases and decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. Other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads should be considered, to assess the *overall health* of the City.

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

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

Reporting the City's Major Funds

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

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2015

- *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, 2015

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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 131,260	\$ 156,274	\$ 50,867	\$ 46,752	\$ 182,127	\$ 203,026
Capital assets	258,181	252,115	116,464	119,587	374,645	371,702
Total assets	389,441	408,389	167,331	166,339	556,772	574,728
Deferred Outflows	10,917	-	2,056	752	12,973	752
Long-term debt outstanding	316,993	206,708	42,035	30,438	359,028	237,146
Other liabilities	11,010	20,961	7,474	7,605	18,484	28,566
Total liabilities	328,003	227,669	49,509	38,043	377,512	265,712
Deferred Inflows	18,450	-	3,262	-	21,712	-
Net position:						
Net investment in capital assets	106,476	105,492	90,468	90,776	196,944	196,268
Restricted	50,160	64,475	4,125	4,038	54,285	68,513
Unrestricted	(102,731)	10,753	22,023	34,234	(80,708)	44,987
Total net position	\$ 53,905	\$ 180,720	\$ 116,616	\$ 129,048	\$ 170,521	\$ 309,768

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2015

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

Table 2
Changes in Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 13,705	\$ 14,725	\$ 38,262	\$ 35,758	\$ 51,967	\$ 50,483
Operating contributions & grants	3,470	5,862	-	-	3,470	5,862
Capital contributions & grants	2,936	1,448	2,180	11,789	5,116	13,237
General revenues:						
Property taxes & tax increment	21,295	21,065	-	-	21,295	21,065
Sales taxes	25,368	24,113	-	-	25,368	24,113
Transient occupancy taxes	24,696	22,249	-	-	24,696	22,249
Other taxes	14,688	14,143	-	-	14,688	14,143
Gain on sale of capital asset	86	(238)	-	-	86	(238)
Other general revenues	6,185	6,093	1,286	690	7,471	6,783
Total revenues	\$ 112,429	\$ 109,460	\$ 41,728	\$ 48,237	\$ 154,157	\$ 157,697
Program expenses						
General government	\$ 14,354	\$ 17,735	\$ -	\$ -	\$ 14,354	\$ 17,735
Culture and convention center	8,042	6,886	-	-	8,042	6,886
Public safety	42,911	42,043	-	-	42,911	42,043
Public Works	26,800	26,598	-	-	26,800	26,598
Parks and recreation	9,009	8,919	-	-	9,009	8,919
Library	2,308	2,718	-	-	2,308	2,718
Interest	7,154	5,346	-	-	7,154	5,346
Airport	-	-	25,811	25,580	25,811	25,580
Wastewater	-	-	6,693	7,119	6,693	7,119
Golf Course	-	-	5,371	5,528	5,371	5,528
Total expenses	\$ 110,578	\$ 110,245	\$ 37,875	\$ 38,227	\$ 148,453	\$ 148,472
Excess (deficiency) before special items and transfers	1,851	(785)	3,853	10,010	5,704	9,225
Transfers	(412)	(2,551)	412	2,551	-	-
Extraordinary loss	-	(2,586)	-	-	-	(2,586)
Increase (decrease) in net position	1,439	(5,922)	4,265	12,561	5,704	6,639
Beginning net position	180,726	186,648	129,048	116,487	309,774	303,135
Restatement of net position	(128,260)	-	(16,697)	-	(144,957)	-
Ending net position	\$ 53,905	\$ 180,726	\$ 116,616	\$ 129,048	\$ 170,521	\$ 309,774

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2015

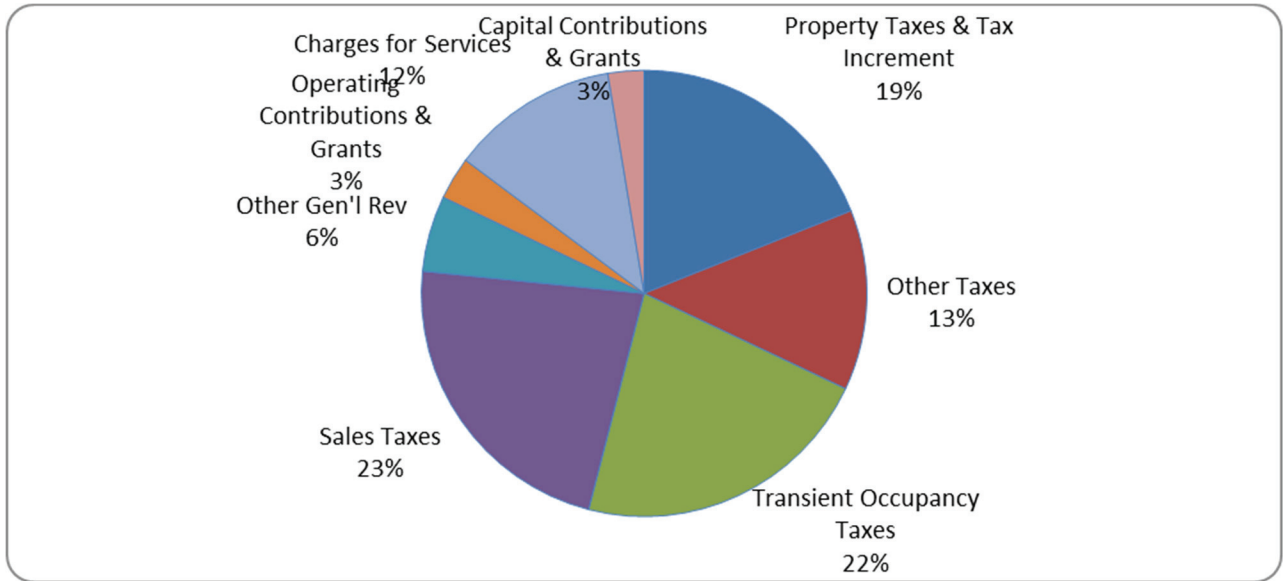
The increase or decrease in net position can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. The net position of the City's governmental activities decreased by about 70.1% (\$54.0 million compared to \$180.7 million for the 2013-2014 fiscal year).

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

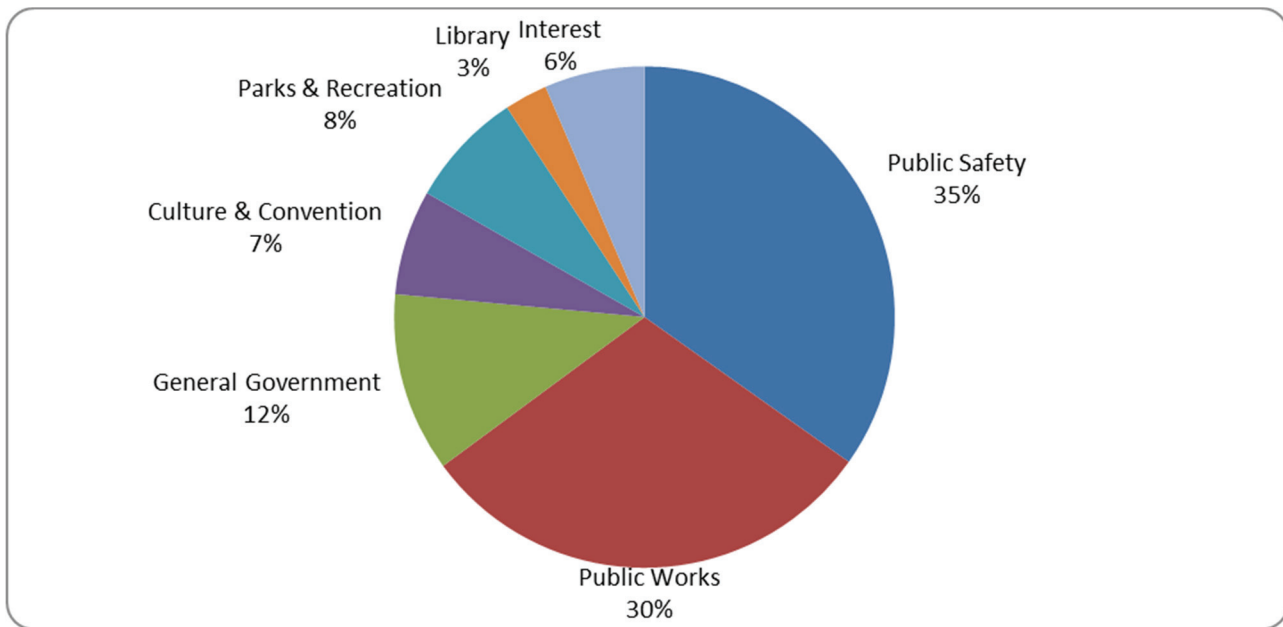
- The \$126.8 million restatement of fund balance for the unfunded long-term net CalPERS net pension liability per GASB 68 was far and away the #1 reason for the decline.
- The Transient Occupancy Tax (TOT) collections were up 11% compared to the prior fiscal year due to higher occupancy per room and higher revenue per room rates. This continues to be the city's top source of revenue. TOT increases are also reflective of the success of the City's Hotel Incentive Program, which has incentivized hoteliers to refurbish older properties or build new hotels in exchange for the partial return of their TOT. Sixteen hotels are currently at some stage of the participation process and ten hotels received the partial return of their TOT in the 2014-2015 fiscal year. This is the fourth year of partial TOT returns.
- The significant increase in the voter-approved 1% add-on sales tax revenue is offset dollar-for-dollar in the form of interfund transfers out to a special capital fund to spend and manage these funds. By itself, the normal Bradley-Burns Sales Tax was up 5%.
- Program expenses were almost flat, up just a total of 0.3%. Modest increases across the board for employee compensation and capital costs. These increases were offset in part by a \$1.5 million reversal of an extraordinary expense recorded in the previous fiscal year under general government.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2015

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities



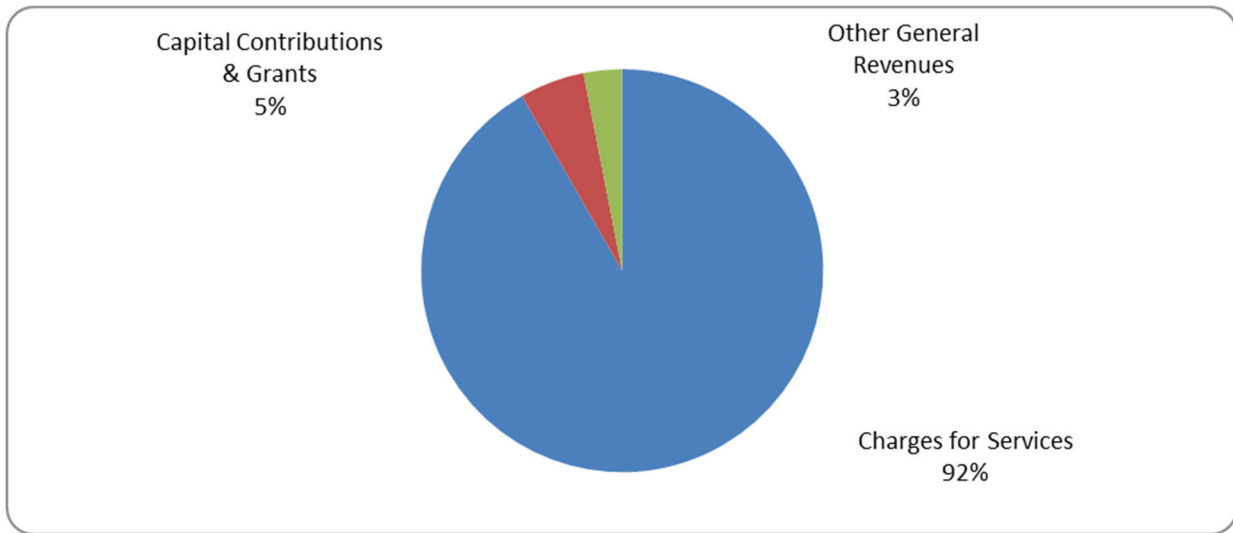
CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2015

Business-Type Activities

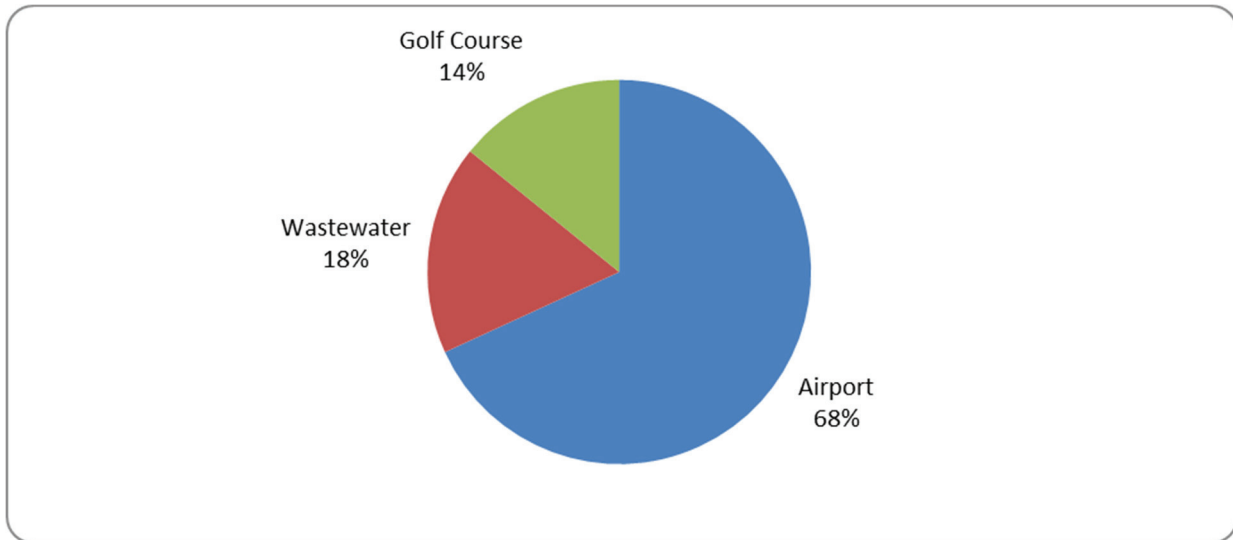
Revenues of the City's business-type activities (see Table 2) were lower than the previous year, decreasing 13.5% from \$48.2 million to \$41.7 million, mainly due to a \$9.5 million capital grant decrease at the airport. Increased air traffic, helped by the City's and CVB's airline incentive programs, led to record revenues. Wastewater Treatment Plant service charges & Golf sales were also significantly higher.

Expenses were lower than the previous year, decreasing 0.8% from \$38.2 million to \$37.9 million. Lower energy costs and depreciation expenses offset higher personnel costs.

Revenues by Source – Business-type Activities



Expenses by Function – Business-type Activities



CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2015

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 \$15 million, while total fund balance reached \$25.8 million. As a measure of the general fund's liquidity, unreserved fund balance represents 16.3% of total general fund expenditures and interfund transfers out (excluding Measure J sales tax), while total fund balance represents 28.8% of that same amount.

Total General Fund revenue increased from \$93.0 million to \$97.3 million. Among the more significant changes:

- The Measure J add-on sales tax increased from \$12.6 million to \$12.9 million. All of these monies have been transferred to a Measure J Capital Projects special fund.
- Transient Occupancy Tax (TOT) increased from \$22.2 million to \$24.7 million. The one-year increase is 11%, the two-year increase is 13.7%, and the three-year increase is 43.4%. These amounts are after the reduction of TOT for rebates to Hotel Incentive Program participants.
- The regular Bradley-Burns sales tax increased from \$11.0 million to \$11.4 million.
- Normal property taxes increased from \$18.1 million to \$19.2 million, while one-time distributions relating to the unwinding of redevelopment accounted for another \$1.5 million.
- The City's new Medical Cannabis tax brought in almost \$1.1 million in its first full fiscal year.
- Utility user taxes increased from \$7.1 million to \$7.4 million.
- Charges for services increased from \$5.0 million to \$5.3 million.
- Licenses and permits (Building and other) decreased from \$3.4 million to \$3.3 million.

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

Total General Fund expenditures and transfers out increased from \$93.5 million to \$97.2 million. This is reflective of significant increases in legal costs and CalPERS, as well as some modest increases in employee salary and health care costs due to compensation agreements with our seven employee bargaining groups. Programatically, the area of Public Safety had the largest increases, while the area of General Government accounted for some savings.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2015

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

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

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

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

Major Enterprise Funds. The Unrestricted net position of the **Airport, Wastewater and Golf Course Funds** total \$22.0 million, representing a decrease of \$12.4 million from last year's total. The \$16.7 million restatement of fund balance for the long-term CalPERS net pension liability per GASB 68 was far and away the #1 reason for the decline.

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 \$0.6 million. It was mainly from mid-year increases in charges for services and various taxes.

Mostly due to various regular and one-time property taxes of \$3.6 million more than budgeted, transient occupancy taxes (TOT) of \$3.3 million more than budgeted, and Measure J sales taxes of \$1.8 more than budgeted, actual revenues received were \$10.3 million over the adopted budget in the General Fund. TOT and sales taxes have a symbiotic relationship driven by the tourist industry, the City's top economic driver. Tourism was again at record levels in 2014-2015 and the increased numbers of tourists helped fuel business activity with the City's restaurants, retail establishments, and art galleries, all of which helped bolster the City's Bradley-Burns and Add-On (aka Measure J) sales taxes. The increase in tourism is explained in part from the marketing efforts of the City's Hotel Incentive Program, Economic Recovery Program, joint City and Convention and Visitor Bureau Airline Incentive Programs, and PS Resorts efforts and programs directed at promoting tourism in the downtown and uptown areas.

On the expenditure side, the overall budget increased by about \$10.3 million, mostly due to the addition of funds due to negotiated salary increases for the various employee bargaining units, 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 \$10.3 million under budget. All categories of expenditures showed a positive variance compared to the final budget, with the actual total \$10 million under the final budget. The savings were primarily the result of anticipated revenue increase not being allocated, salary savings from position vacancies and various cost cutting measures.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2015

In 2014-2015 the City Council approved 4-year negotiated salary agreements with all represented and non-represented employee groups. This is a summary of the net compensation increases by fiscal year.

Negotiated Net Compensation Increases By Bargaining Group	Actual for FY 14-15	Actual for FY 15-16	Actual for FY 16-17	Actual for FY 17-18
Police - Regular	+1%	+0%	+1%	+1%
Police - Management	+1%	+0%	+2%	+1%
Fire - Regular	+0%	+2%	+0%	+1%
Fire - Management	+0%	+2%	+0%	+2%
General Unit	+0%	+2%	+0%	+2%
Management Association of Palm Springs	+0%	+2%	+0%	+2%
Executive / Non-Represented	+0%	+2%	+0%	+2%

After employee salaries, employee pension costs are the next largest expense category for the City. Employer rates for all public agencies are determined annually for the upcoming fiscal year by the State's CalPERS Board and the summary of known and estimated rate increases for Palm Springs is as follows:

Employer PERS Rate Increases By Group	Actual for FY 14-15	Actual for FY 15-16	Actual for FY 16-17	Estimated for FY 17-18
Police & Fire (Safety)	+4.555%	+2.846%	+4.728%	+3.796%
Non-Safety (Miscellaneous)	+2.574%	+2.262%	+1.628%	+2.142%

CAPITAL ASSETS

There was an increase in total capital assets from one fiscal year to the next fiscal year representing a net increase of \$2.9 million to \$374.6 million.

Capital Assets
(in thousands, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Buildings	\$ 54,185	\$ 56,046	\$ 18,978	\$ 7,625	\$ 73,163	\$ 63,671
Improvements	32,390	34,342	49,992	63,732	82,382	98,074
Furniture and equipment	13,967	5,569	1,794	2,536	15,761	8,105
Vehicles	4,167	4,182	1,250	697	5,417	4,879
Infrastructure	100,495	103,749	7,712	8,259	108,207	112,008
Right-of-way	16,680	16,680	-	-	16,680	16,680
Land	30,654	25,345	36,738	36,738	67,392	62,083
Construction in progress	5,643	6,207	-	-	5,643	6,207
Total	\$ 258,181	\$ 252,120	\$ 116,464	\$ 119,587	\$ 374,645	\$ 371,707

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

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2015

LONG-TERM DEBT

As of June 30, 2015, the City's total outstanding debt long-term debt was \$359.0 million, which is \$110.1 million greater than the prior year primarily due to the implementation of Governmental Standards Board Statement No. 68 (GASB 68), which shows the City's net pension liabilities on the Statement of Net Position. The City has no General Obligation debt. During the fiscal year, the City issued \$6.245 million in bonds secured by Measure A sales tax revenues to fund street improvements and refinanced \$6.275 million of special assessment bonds. Subsequent to fiscal year end, the City converted \$6.56 million outstanding variable rate demand certificates of participation to fixed rate debt through the issuance of \$5.68 million in lease revenue bonds. In July 2014, Standard & Poor's raised the City's issuer rating from AA- to AA+ and raised the City's general fund lease rating from A+ to AA. The table below summarizes the information presented in Note 5 in the Notes to the Basic Financial Statements.

Long Term Debt
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Compensated absences	\$ 5,915	\$ 5,350	\$ 730	\$ 661	\$ 6,645	\$ 6,011
Claims and judgments	6,499	5,054	-	-	6,499	5,054
Leases	1,874	2,321	7	93	1,881	2,414
Certificates of participation (COPS)	6,915	7,160	18,161	20,433	25,076	27,593
Tax Allocation Bonds	-	-	-	-	-	-
Lease Revenue Bonds	141,545	142,142	8,502	9,037	150,047	151,179
Special Assessment Bonds	6,585	7,405	-	-	6,585	7,405
Pension Obligation Bonds	19,572	19,852	-	-	19,572	19,852
Net OPEB Obligation	33,696	29,450	-	-	33,696	29,450
Total	\$ 222,601	\$ 218,734	\$ 27,400	\$ 30,224	\$ 250,001	\$ 248,958

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 \$374 million and the legal debt margin is \$257 million. See the Statistical Section accompanying the financial statements. The City's total outstanding long-term debt at June 30, 2015, was \$250.0 million, which reflects the implementation of Governmental Accounting Standards Board Statement No. 68 (GASB 68), which shows the City's net pension liabilities on the statement of net position.

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, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 83,681,128	\$ 46,146,961	\$ 129,828,089
Receivables:			
Accounts	11,863,305	2,824,988	14,688,293
Notes and loans	7,125,729	-	7,125,729
Accrued interest	1,152,350	64,005	1,216,355
Special assessments	6,649,741	-	6,649,741
Internal balances	2,640,000	(2,640,000)	-
Deposits	200,000	-	200,000
Due from other governments	-	329,114	329,114
Advances to Successor Agency	6,243,153	-	6,243,153
Inventories	112,675	16,597	129,272
Land held for resale	638,904	-	638,904
Restricted assets:			
Cash and investments	6,595,998	-	6,595,998
Cash with fiscal agent	4,357,129	4,125,236	8,482,365
Capital assets not being depreciated	52,977,357	36,737,609	89,714,966
Capital assets, net of depreciation	205,203,752	79,726,542	284,930,294
Total Assets	389,441,221	167,331,052	556,772,273
Deferred Outflows of Resources:			
Deferred charge on refunding	2,685,431	673,785	3,359,216
Deferred pension related items	8,231,623	1,382,619	9,614,242
Total Deferred Outflows of Resources	10,917,054	2,056,404	12,973,458
Liabilities:			
Accounts payable	8,773,417	4,963,751	13,737,168
Accrued liabilities	894,718	157,324	1,052,042
Accrued interest	921,097	1,710,058	2,631,155
Unearned revenue	337,996	143,410	481,406
Deposits payable	44,639	500,000	544,639
Due to other governments	37,745	-	37,745
Noncurrent liabilities:			
Due within one year	13,755,584	2,102,276	15,857,860
Due in more than one year	175,149,547	25,297,917	200,447,464
Net OPEB liability	33,696,420	-	33,696,420
Net pension liability	94,391,799	14,634,540	109,026,339
Total Liabilities	328,002,962	49,509,276	377,512,238
Deferred Inflows of Resources:			
Deferred pension related items	18,450,364	3,261,612	21,711,976
Total Deferred Inflows of Resources	18,450,364	3,261,612	21,711,976
Net Position:			
Net investment in capital assets	106,475,801	90,467,867	196,943,668
Restricted for:			
Community development projects	11,035,577	-	11,035,577
Public safety	2,594,808	-	2,594,808
Parks and recreation	2,539,969	-	2,539,969
Public works	24,803,949	-	24,803,949
Debt service	4,823,934	4,125,236	8,949,170
Library	329,979	-	329,979
Lease	2,272,572	-	2,272,572
Special projects	1,759,169	-	1,759,169
Unrestricted	(102,730,809)	22,023,465	(80,707,344)
Total Net Position	\$ 53,904,949	\$ 116,616,568	\$ 170,521,517

CITY OF PALM SPRINGS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 14,353,882	\$ 4,151,215	\$ 481,394	\$ -
Public safety	42,911,251	3,256,962	-	47,230
Cultural and convention center	8,041,954	-	-	-
Parks and recreation	9,008,961	1,911,290	227,163	1,822,872
Public works	26,799,641	4,344,298	2,761,343	1,066,134
Library	2,308,501	41,075	62	-
Interest on long-term debt	7,153,434	-	-	-
Total Governmental Activities	110,577,624	13,704,840	3,469,962	2,936,236
Business-Type Activities:				
Airport	25,811,396	23,900,962	-	2,180,401
Wastewater	6,693,464	9,524,542	-	-
Golf Course	5,370,771	4,836,445	-	-
Total Business-Type Activities	37,875,631	38,261,949	-	2,180,401
Total Primary Government	\$ 148,453,255	\$ 51,966,789	\$ 3,469,962	\$ 5,116,637

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

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (9,721,273)	\$ -	\$ (9,721,273)
(39,607,059)	-	(39,607,059)
(8,041,954)	-	(8,041,954)
(5,047,636)	-	(5,047,636)
(18,627,866)	-	(18,627,866)
(2,267,364)	-	(2,267,364)
(7,153,434)	-	(7,153,434)
(90,466,586)	-	(90,466,586)
-	269,967	269,967
-	2,831,078	2,831,078
-	(534,326)	(534,326)
-	2,566,719	2,566,719
(90,466,586)	2,566,719	(87,899,867)
21,294,978	-	21,294,978
24,695,585	-	24,695,585
25,367,807	-	25,367,807
3,186,955	-	3,186,955
7,389,193	-	7,389,193
4,111,558	-	4,111,558
3,920,259	-	3,920,259
2,211,049	299,716	2,510,765
54,954	986,504	1,041,458
86,492	-	86,492
(412,270)	412,270	-
91,906,560	1,698,490	93,605,050
1,439,974	4,265,209	5,705,183
180,724,692	129,048,253	309,772,945
(128,259,717)	(16,696,894)	(144,956,611)
\$ 53,904,949	\$ 116,616,568	\$ 170,521,517

CITY OF PALM SPRINGS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds			Capital Projects Funds
	General	Measure A	Housing	Measure J
		Improvements		
Assets				
Pooled cash and investments	\$ 19,956,634	\$ 10,284,821	\$ 1,035,313	\$ 9,091,886
Receivables:				
Accounts	7,794,643	553,085	-	2,119,400
Notes and loans	513,827	-	6,611,902	-
Accrued interest	793,259	14,445	1,987	13,419
Special assessments	-	-	-	-
Deposits	200,000	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	2,110,000	-	49,950	-
Land held for resale	49,950	-	588,954	-
Restricted assets:				
Cash and investments	-	6,595,998	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	1,609,428	-	3,721,628	-
Total Assets	\$ 33,027,741	\$ 17,448,349	\$ 12,009,734	\$ 11,224,705
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 4,655,534	\$ 405,146	\$ 235	\$ 642,270
Accrued liabilities	794,821	1,169	2,283	6,652
Unearned revenues	-	-	-	-
Deposits payable	10,745	-	33,894	-
Due to other governments	-	-	37,745	-
Due to other funds	-	-	-	-
Advances from other funds	49,950	-	900,000	-
Total Liabilities	5,511,050	406,315	974,157	648,922
Deferred Inflows of Resources				
Unavailable revenues	1,761,587	31,825	-	-
Total Deferred Inflows of Resources	1,761,587	31,825	-	-
Fund Balances				
Nonspendable:				
Advances to other funds	2,110,000	-	-	-
Deposits	200,000	-	-	-
Advance to Successor Agency	1,609,428	-	-	-
Restricted for:				
Community development projects	-	-	11,035,577	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	17,010,209	-	-
Debt service	-	-	-	-
Library	-	-	-	-
Lease	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Public safety	111,312	-	-	-
Parks and recreation	69,195	-	-	-
Public works	152,907	-	-	10,575,783
Capital Projects	-	-	-	-
Continuing appropriations	5,308,857	-	-	-
General government	400,822	-	-	-
Library	700	-	-	-
Deficit reduction	34,316	-	-	-
PEG fees	771,913	-	-	-
Unassigned	14,985,654	-	-	-
Total Fund Balances	25,755,104	17,010,209	11,035,577	10,575,783
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 33,027,741	\$ 17,448,349	\$ 12,009,734	\$ 11,224,705

CITY OF PALM SPRINGS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Debt Service Funds		Other Governmental Funds	Total Governmental Funds
	General Debt Service	Special Assessments		
Assets				
Pooled cash and investments	\$ -	\$ 1,227,655	\$ 20,808,388	\$ 62,404,697
Receivables:				
Accounts	-	15,099	1,262,705	11,744,932
Notes and loans	-	-	-	7,125,729
Accrued interest	-	1,572	18,796	843,478
Special assessments	-	6,649,741	-	6,649,741
Deposits	-	-	-	200,000
Due from other funds	-	-	202,199	202,199
Advances to other funds	-	-	-	2,159,950
Land held for resale	-	-	-	638,904
Restricted assets:				
Cash and investments	-	-	-	6,595,998
Cash and investments with fiscal agents	3,314,128	288,026	-	3,602,154
Advance to Successor Agency	-	-	912,097	6,243,153
Total Assets	\$ 3,314,128	\$ 8,182,093	\$ 23,204,185	\$ 108,410,935
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 22,546	\$ -	\$ 1,466,214	\$ 7,191,945
Accrued liabilities	-	-	39,779	844,704
Unearned revenues	-	-	336,611	336,611
Deposits payable	-	-	-	44,639
Due to other governments	-	-	-	37,745
Due to other funds	-	-	202,199	202,199
Advances from other funds	-	-	-	949,950
Total Liabilities	22,546	-	2,044,803	9,607,793
Deferred Inflows of Resources				
Unavailable revenues	-	6,649,741	152,104	8,595,257
Total Deferred Inflows of Resources	-	6,649,741	152,104	8,595,257
Fund Balances				
Nonspendable:				
Advances to other funds	-	-	-	2,110,000
Deposits	-	-	-	200,000
Advance to Successor Agency	-	-	-	1,609,428
Restricted for:				
Community development projects	-	-	-	11,035,577
Public safety	-	-	2,594,808	2,594,808
Parks and recreation	-	-	2,539,969	2,539,969
Public works	-	-	7,793,740	24,803,949
Debt service	3,291,582	1,532,352	-	4,823,934
Library	-	-	329,979	329,979
Lease	-	-	2,272,572	2,272,572
Special projects	-	-	1,759,169	1,759,169
Assigned to:				
Public safety	-	-	-	111,312
Parks and recreation	-	-	-	69,195
Public works	-	-	-	10,728,690
Capital Projects	-	-	3,769,153	3,769,153
Continuing appropriations	-	-	-	5,308,857
General government	-	-	-	400,822
Library	-	-	-	700
Deficit reduction	-	-	-	34,316
PEG fees	-	-	-	771,913
Unassigned	-	-	(52,112)	14,933,542
Total Fund Balances	3,291,582	1,532,352	21,007,278	90,207,885
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,314,128	\$ 8,182,093	\$ 23,204,185	\$ 108,410,935

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CITY OF PALM SPRINGS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Fund balances of governmental funds	\$ 90,207,885
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	240,154,997
Deferred outflows of resources related to the following long-term activities:	
Deferred charge on refunding of bonds	2,685,431
Deferred pension contributions made after the measurement date	7,826,489
Deferred inflows of resources related to the following long-term activities:	
Deferred difference between projected and actual earnings on pension investments	(17,494,651)
Long-term debt, net pension liability and compensated absences that have not been included in the governmental fund activity:	
Bonds payable	\$ (129,137,460)
Unamortized bond premiums/discounts	(7,014,727)
Net pension liability	(90,103,605)
Compensated Absences	<u>(5,712,200)</u>
	(231,967,992)
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.	(33,696,420)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(708,737)
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.	8,595,257
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>(11,697,310)</u>
Net Position of governmental activities	<u>\$ 53,904,949</u>

CITY OF PALM SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General	Special Revenue Funds		Capital Project Fund
		Measure A Improvements	Housing	Measure J
Revenues				
Taxes	\$ 83,178,285	\$ 1,953,838	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	3,352,034	-	-	-
Intergovernmental	4,450,902	320,014	-	-
Charges for services	5,680,862	-	-	-
Use of money and property	345,394	70,608	10,351	71,416
Fines and forfeitures	-	-	-	-
Contributions	21,392	-	-	-
Miscellaneous	265,988	-	9,205	-
Total Revenues	97,294,857	2,344,460	19,556	71,416
Expenditures				
Current:				
General government	12,152,043	-	171,353	-
Public safety	34,854,927	-	-	-
Cultural and convention center	3,066,359	-	-	-
Parks and recreation	7,336,767	-	-	-
Public works	9,474,651	2,024,601	-	12,571,396
Library	2,407,766	-	-	-
Debt service:				
Principal retirement	2,375,000	-	-	-
Interest and fiscal charges	2,204,770	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Expenditures	73,872,283	2,024,601	171,353	12,571,396
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,422,574	319,859	(151,797)	(12,499,980)
Other Financing Sources (Uses)				
Transfers in	887,500	-	-	12,854,984
Transfers out	(21,834,662)	-	-	(3,189,883)
Refunding bonds issued	-	-	-	-
Bonds issued	-	6,245,000	-	-
Bond premium	-	535,287	-	-
Payment to refunded bond escrow agent	-	-	-	-
Bond discount	-	-	-	-
Total Other Financing Sources (Uses)	(20,947,162)	6,780,287	-	9,665,101
Net Change in Fund Balances	2,475,412	7,100,146	(151,797)	(2,834,879)
Fund Balances, Beginning of Year, as Previously Reported	23,279,692	9,910,063	12,687,374	13,410,662
Restatements	-	-	(1,500,000)	-
Fund Balances, Beginning of Year, as Restated	23,279,692	9,910,063	11,187,374	13,410,662
Fund Balances, End of Year	\$ 25,755,104	\$ 17,010,209	\$ 11,035,577	\$ 10,575,783

See Notes to Financial Statements

CITY OF PALM SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Debt Service Funds		Other Governmental Funds	Total Governmental Funds
	General Debt Service	Special Assessments		
Revenues				
Taxes	\$ -	\$ -	\$ 913,953	\$ 86,046,076
Assessments	-	790,036	709,068	1,499,104
Licenses and permits	-	-	986,850	4,338,884
Intergovernmental	-	-	5,110,660	9,881,576
Charges for services	-	-	2,990,527	8,671,389
Use of money and property	1,123	10,958	1,621,099	2,130,949
Fines and forfeitures	-	-	283,767	283,767
Contributions	-	-	859,486	880,878
Miscellaneous	-	-	161,941	437,134
Total Revenues	1,123	800,994	13,637,351	114,169,757
Expenditures				
Current:				
General government	127,298	-	188,854	12,639,548
Public safety	-	-	3,314,273	38,169,200
Cultural and convention center	-	-	1,845,883	4,912,242
Parks and recreation	-	-	1,327,612	8,664,379
Public works	-	34,854	5,977,824	30,083,326
Library	-	-	786,496	3,194,262
Debt service:				
Principal retirement	1,896,601	300,000	647,659	5,219,260
Interest and fiscal charges	2,673,553	590,249	118,904	5,587,476
Payment to refunded bond escrow agent	5,924,616	1,220,441	-	7,145,057
Total Expenditures	10,622,068	2,145,544	14,207,505	115,614,750
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,620,945)	(1,344,550)	(570,154)	(1,444,993)
Other Financing Sources (Uses)				
Transfers in	3,962,093	-	3,088,702	20,793,279
Transfers out	-	(25,868)	(734,700)	(25,785,113)
Refunding bonds issued	45,550,000	6,645,000	-	52,195,000
Bonds issued	-	-	-	6,245,000
Bond premium	4,841,701	-	-	5,376,988
Payment to refunded bond escrow agent	(49,703,770)	(6,086,693)	-	(55,790,463)
Bond discount	-	(59,946)	-	(59,946)
Total Other Financing Sources (Uses)	4,650,024	472,493	2,354,002	2,974,745
Net Change in Fund Balances	(5,970,921)	(872,057)	1,783,848	1,529,752
Fund Balances, Beginning of Year, as Previously Reported	9,262,503	2,404,409	19,223,430	90,178,133
Restatements	-	-	-	(1,500,000)
Fund Balances, Beginning of Year, as Restated	9,262,503	2,404,409	19,223,430	88,678,133
Fund Balances, End of Year	\$ 3,291,582	\$ 1,532,352	\$ 21,007,278	\$ 90,207,885

See Notes to Financial Statements

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CITY OF PALM SPRINGS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds	\$ 1,529,752
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	\$ 12,074,642
Depreciation	(12,073,411)
Loss on sale of capital assets	(65,750)
	<u>(64,519)</u>
Repayment on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal and lease repayments	4,939,259
Amortization of bond premiums/discounts	149,450
Refunding bonds issued	(52,195,000)
Bonds issued	(6,245,000)
Premiums/discounts on new debt	(5,317,042)
Payments to Escrow Agent for refunded debt to be held in escrow	62,935,520
	<u>4,267,187</u>
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.	199,249
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.	(550,949)
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.	(4,246,215)
Pension obligation expenses is an expenditure in the governmental funds, but reduce the Net Pension Liability in the statement of net position.	590,633
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.	(2,363,957)
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.	<u>2,078,793</u>
Change in net position of governmental activities	<u>\$ 1,439,974</u>

CITY OF PALM SPRINGS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Airport	Wastewater	Golf Course	Totals	
Assets					
Current:					
Cash and investments	\$ 28,391,694	\$ 17,755,267	\$ -	\$ 46,146,961	\$ 21,276,431
Receivables:					
Accounts	2,529,593	5,701	289,694	2,824,988	118,373
Accrued interest	40,127	23,878	-	64,005	308,872
Due from other governments	-	329,114	-	329,114	-
Inventories	16,597	-	-	16,597	112,675
Restricted:					
Cash with fiscal agent	4,125,236	-	-	4,125,236	754,975
Total Current Assets	35,103,247	18,113,960	289,694	53,506,901	22,571,326
Noncurrent:					
Advances to other funds	-	-	-	-	1,430,000
Capital assets, net of accumulated depreciation	74,434,008	36,591,588	5,438,555	116,464,151	18,026,112
Total Noncurrent Assets	74,434,008	36,591,588	5,438,555	116,464,151	19,456,112
Total Assets	109,537,255	54,705,548	5,728,249	169,971,052	42,027,438
Deferred Outflows of Resources					
Deferred charge on refunding	267,040	-	406,745	673,785	-
Deferred pension related items	1,382,619	-	-	1,382,619	405,134
Total Deferred Outflows of Resources	1,649,659	-	406,745	2,056,404	405,134
Liabilities					
Current:					
Accounts payable	3,703,224	1,017,984	242,543	4,963,751	1,581,472
Accrued liabilities	157,324	-	-	157,324	50,014
Accrued interest	527,439	-	1,182,619	1,710,058	212,360
Unearned revenues	140,068	3,342	-	143,410	1,385
Deposits payable	-	-	500,000	500,000	-
Accrued compensated absences	365,562	-	-	365,562	186,457
Accrued claims and judgments	-	-	-	-	2,816,038
Bonds, notes, and capital leases	1,175,000	-	561,714	1,736,714	854,953
Total Current Liabilities	6,068,617	1,021,326	2,486,876	9,576,819	5,702,679
Noncurrent:					
Advances from other funds	-	-	2,640,000	2,640,000	-
Accrued compensated absences	364,562	-	-	364,562	15,991
Accrued claims and judgments	-	-	-	-	3,682,663
Bonds, notes, and capital leases	16,986,227	-	7,947,128	24,933,355	39,484,642
Net pension liability	14,634,540	-	-	14,634,540	4,288,194
Total Noncurrent Liabilities	31,985,329	-	10,587,128	42,572,457	47,471,490
Total Liabilities	38,053,946	1,021,326	13,074,004	52,149,276	53,174,169
Deferred Inflows of Resources					
Deferred pension related items	3,261,612	-	-	3,261,612	955,713
Total Deferred Inflows of Resources	3,261,612	-	-	3,261,612	955,713
Net Position					
Net investment in capital assets	56,539,821	36,591,588	(2,663,542)	90,467,867	3,828,083
Restricted for debt service	4,125,236	-	-	4,125,236	-
Unrestricted	9,206,299	17,092,634	(4,275,468)	22,023,465	(15,525,393)
Total Net Position	\$ 69,871,356	\$ 53,684,222	\$ (6,939,010)	\$ 116,616,568	\$ (11,697,310)

CITY OF PALM SPRINGS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Airport	Wastewater	Golf Course	Totals	
Operating Revenues					
Sales and service charges	\$ -	\$ 9,524,542	\$ -	\$ 9,524,542	\$ 38,200,240
Landing fees	3,374,880	-	-	3,374,880	-
Miscellaneous	3,064,375	-	24,337	3,088,712	250
Sale of electricity	-	-	-	-	171,810
Green fees and cart rentals	-	-	4,836,445	4,836,445	-
Rentals	13,678,136	-	-	13,678,136	-
Concessions	939,756	-	-	939,756	-
Passenger facility charges	3,736,615	-	-	3,736,615	-
Total Operating Revenues	24,793,762	9,524,542	4,860,782	39,179,086	38,372,300
Operating Expenses					
Administration and general	1,350,263	2,832	1,917	1,355,012	2,842,253
Personnel services	9,231,093	35,142	-	9,266,235	3,046
Materials and supplies	355,192	22,980	-	378,172	-
Maintenance shop operations	-	-	-	-	2,650,528
Facilities maintenance	-	-	-	-	3,513,637
Retirement	-	-	-	-	12,505,801
Other claims and insurance	-	556,878	-	556,878	4,860,563
Depreciation expense	7,355,780	1,690,467	338,476	9,384,723	1,093,043
Heat, light and power	1,567,219	356,805	-	1,924,024	1,594,020
Other charges and services	4,770,920	4,028,360	4,595,603	13,394,883	2,189
Cogeneration	-	-	-	-	1,274,880
Medical, health, and life insurance	-	-	-	-	6,879,217
Workers compensation	-	-	-	-	2,363,305
Total Operating Expenses	24,630,467	6,693,464	4,935,996	36,259,927	39,582,482
Operating Income (Loss)	163,295	2,831,078	(75,214)	2,919,159	(1,210,182)
Nonoperating Revenues (Expenses)					
Interest revenue	189,222	110,494	-	299,716	80,100
Interest expense	(1,180,929)	-	(434,775)	(1,615,704)	(1,914,657)
Contributions	69,367	-	-	69,367	-
Gain (loss) on disposal of capital assets	-	-	-	-	86,492
Total Nonoperating Revenues (Expenses)	(922,340)	110,494	(434,775)	(1,246,621)	(1,748,065)
Income (Loss) Before Transfers and Contributions	(759,045)	2,941,572	(509,989)	1,672,538	(2,958,247)
Transfers in	-	-	699,770	699,770	4,579,564
Transfers out	(287,500)	-	-	(287,500)	-
Capital contribution	2,180,401	-	-	2,180,401	457,476
Changes in Net Position	1,133,856	2,941,572	189,781	4,265,209	2,078,793
Net Position, Beginning of Year, as Previously Reported	85,434,394	50,742,650	(7,128,791)	129,048,253	12,621,214
Restatements	(16,696,894)	-	-	(16,696,894)	(26,397,317)
Net Position, Beginning of Year, as Restated	68,737,500	50,742,650	(7,128,791)	112,351,359	(13,776,103)
Net Position, End of Year	\$ 69,871,356	\$ 53,684,222	\$ (6,939,010)	\$ 116,616,568	\$ (11,697,310)

CITY OF PALM SPRINGS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Airport	Wastewater	Golf Course	Totals	
Cash Flows from Operating Activities					
Cash received from customers and users	\$ 21,325,662	\$ 9,522,424	\$ 4,662,128	\$ 35,510,214	\$ 13,445
Cash received from/(paid to) interfund service provided	-	-	-	-	12,647,165
Cash paid to suppliers for goods and services	(13,340,449)	(5,388,194)	(4,323,283)	(23,051,926)	(9,600,063)
Cash paid to employees for services	(1,464,432)	(2,832)	(1,917)	(1,469,181)	(2,875,812)
Cash received from (payments to) others	3,064,375	54,403	24,337	3,143,115	1,445,113
Net Cash Provided (Used) by Operating Activities	9,585,156	4,185,801	361,265	14,132,222	1,629,848
Cash Flows from Non-Capital Financing Activities					
Cash transfers in	-	-	699,770	699,770	4,579,564
Cash transfers out	(287,500)	-	-	(287,500)	-
Grant Subsidies	2,180,401	-	-	2,180,401	-
Principal paid on non-capital debt	-	-	-	-	(279,673)
Interest paid on non-capital debt	-	-	-	-	(938,042)
Net Cash Provided (Used) by Non-Capital Financing Activities	1,892,901	-	699,770	2,592,671	3,361,849
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(5,416,191)	(840,449)	-	(6,256,640)	(6,761,588)
Principal paid on capital debt	(2,310,000)	-	(620,908)	(2,930,908)	(529,149)
Interest paid on capital debt	(1,162,060)	-	(440,127)	(1,602,187)	(857,617)
Proceeds from sales of capital assets	64,089	-	-	64,089	86,492
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,824,162)	(840,449)	(1,061,035)	(10,725,646)	(8,061,862)
Cash Flows from Investing Activities					
Interest received	192,756	111,133	-	303,889	82,525
Net Cash Provided (Used) by Investing Activities	192,756	111,133	-	303,889	82,525
Net Increase (Decrease) in Cash and Cash Equivalents	2,846,651	3,456,485	-	6,303,136	(2,987,640)
Cash and Cash Equivalents at Beginning of Year	29,670,279	14,298,782	-	43,969,061	25,019,046
Cash and Cash Equivalents at End of Year	\$ 32,516,930	\$ 17,755,267	\$ -	\$ 50,272,197	\$ 22,031,406
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ 163,295	\$ 2,831,078	\$ (75,214)	\$ 2,919,159	\$ (1,210,182)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities					
Depreciation	7,355,780	1,690,467	338,476	9,384,723	1,093,043
(Increase) decrease in accounts receivable	(481,662)	1,222	(174,317)	(654,757)	(98,801)
(Increase) decrease in due from other governments	-	54,403	-	54,403	-
(Increase) decrease in inventory	167	-	-	167	13,445
(Increase) decrease in net pension asset	-	-	-	-	21,504,815
(Increase) decrease in prepaid expense	-	-	144,421	144,421	-
(Increase) decrease in deferred outflows	(162,127)	-	-	(162,127)	(47,507)
(Increase) decrease in deferred inflows	3,261,612	-	-	3,261,612	955,713
Increase (decrease) in accounts payable	2,556,239	(388,029)	94,003	2,262,213	415,336
Increase (decrease) in accrued liabilities	27,736	-	-	27,736	11,887
Increase (decrease) in customer deposits	-	-	33,896	33,896	-
Increase (decrease) in unearned revenue	77,770	(3,340)	-	74,430	(72)
Increase (decrease) in net pension liability	(3,282,846)	-	-	(3,282,846)	(22,466,750)
Increase (decrease) in claims and judgments	-	-	-	-	1,444,863
Increase (decrease) in compensated absences	69,192	-	-	69,192	14,058
Total Adjustments	9,421,861	1,354,723	436,479	11,213,063	2,840,030
Net Cash Provided (Used) by Operating Activities	\$ 9,585,156	\$ 4,185,801	\$ 361,265	\$ 14,132,222	\$ 1,629,848

See Notes to Financial Statements

CITY OF PALM SPRINGS

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2015

	<u>Agency Funds</u>	<u>Private Purpose Trust Funds</u> <u>Successor Agency</u>
Assets		
Pooled cash and investments	\$ 1,154,263	\$ 3,506,798
Receivables:		
Accounts	-	5,500
Accrued interest	-	4,189
Land held for resale	-	1,482,346
Restricted assets:		
Cash and investments with fiscal agents	-	1,127,979
Capital assets:		
Capital assets, not being depreciated	-	4,503,347
Capital assets, net of accumulated depreciation	-	740,871
Total Assets	<u>\$ 1,154,263</u>	<u>11,371,030</u>
Liabilities		
Accounts payable	\$ -	1,858,953
Accrued interest	-	606,713
Deposits payable	1,154,263	-
Long-term liabilities:		
Due in one year	-	1,025,000
Due in more than one year	-	43,978,370
Total Liabilities	<u>\$ 1,154,263</u>	<u>47,469,036</u>
Net Position		
Held in trust for other purposes		(36,098,006)
Total Net Position		<u>\$ (36,098,006)</u>

CITY OF PALM SPRINGS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2015

	<u>Private Purpose Trust Funds</u>
	<u>Successor Agency</u>
Additions	
Taxes	\$ 3,093,197
Interest and change in fair value of investments	18,064
Miscellaneous	158,000
Total Additions	<u>3,269,261</u>
Deductions	
Program costs	113,340
Administrative expenses	250,000
Interest and fiscal charges	2,522,686
Depreciation expense	30,870
DOF due diligence review payments	642,590
Loss on disposal of land held for resale	886,486
Total Deductions	<u>4,445,972</u>
Changes in Net Position	<u>(1,176,711)</u>
Net Position, Beginning of Year, as Previously Reported	(36,421,295)
Restatement of Net Position	1,500,000
Net Position, Beginning of Year, as Restated	<u>(34,921,295)</u>
Net Position, End of Year	<u>\$ (36,098,006)</u>

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 (the Authority). These blended components units are discussed below and are included in the reporting entity because of the significance of their operation and financial relationship with the City.

Blended Component Units

City of Palm Springs Financing Authority

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

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

b. Government-Wide and Fund Financial Statements

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

Note 1: Summary of Significant Accounting Policies (Continued)

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 agency 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.

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.

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

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

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

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 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.

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.

- 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 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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

f. Investments

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

g. Inventories

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

h. Capital Assets

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

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

The following schedule summarizes capital asset useful lives:

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

i. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and governmental balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government reports the deferred charge on refunding in the 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, the government reports deferred outflows of resources for pension contributions made after the actuarial measurement date which will be expensed in the following year.

In addition to liabilities, the statement of net position and governmental balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item that arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. 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. In addition, the government has deferred inflows relating to the net pension liability reported in the government-wide statement of net position. These inflows are the result of the net difference between projected and actual earnings on pension plan investments. This amount is deferred and amortized straight-line over a five-year period.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

n. Claims and Judgments

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

o. Fund Equity

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

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

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

Committed include amounts that can only be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes. The General Fund is the only fund that should report this category of fund balance, unless a negative fund balance exists.

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 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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

p. Use of Estimates

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

q. Deficit Fund Equity /Net Position

The following funds reported a deficit in fund balances/net position as of June 30, 2015:

Fund	Deficit
CSA 152	\$ (12,137)
Special Grants	(39,975)
Golf Course	(6,939,010)
Facilities Maintenance	(1,257,592)
Employee Benefits	(17,642,407)
Cogeneration Plant	(3,064,969)
Successor Agency	(36,098,006)

The deficits will be recovered through future revenues and transfers.

Note 2: Cash and Investments

Cash and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 94,634,255
Business-type activities	50,272,197
Fiduciary activities	<u>5,789,040</u>
Total cash and investments	<u>\$ 150,695,492</u>

Cash and investments as of June 30, 2015, consist of the following:

Cash on hand	\$ 3,950
Deposits with financial institutions	9,184,245
Investments	<u>141,507,297</u>
Total cash and investments	<u>\$ 150,695,492</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.

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 2: Cash and Investments (Continued)

Deposits

At June 30, 2015, the carrying amount of the City's demand deposits was \$9,184,245 and the bank balance was \$9,433,894. The \$249,649 difference represents outstanding checks, deposits in transit, and other reconciling items.

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

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

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 2: Cash and Investments (Continued)

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
Medium-Term Corporate Notes	5 Years
Repurchase Agreements	1 Year
Financial Futures/Option Contracts	None
Negotiable Certificates of Deposit	None
Local Agency Investment Fund (LAIF)	None

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. For purposes of the schedule shown below, any callable securities are assumed to be held to maturity.

Investment Type	Fair Value	Remaining Maturity (in Months)		
		12 Months or Less	13-24 Months	25-60 Months
Local Agency Investment Fund	\$ 38,593,131	\$ 38,593,131	\$ -	\$ -
Federal Agency Securities	44,978,855	999,710	39,985,635	3,993,510
Medium Term Notes	1,010,308	200,145	810,163	-
Mutual Funds -Money Market	56,925,003	33,308,001	23,617,002	-
	<u>\$ 141,507,297</u>	<u>\$ 73,100,987</u>	<u>\$ 64,412,800</u>	<u>\$ 3,993,510</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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 2: Cash and Investments (Continued)

Investment Type:	Fair Value	Minimum Credit Rating	Rating as of Year End		
			AAA	AA+	Not Rated
Local Agency Investment Fund	\$ 38,593,131	N/A	\$ -	\$ -	\$ 38,593,131
Federal Agency Securities	44,978,855	AA+	-	44,978,855	-
Medium Term Notes	1,010,308	A	1,010,308	-	-
Mutual Funds -Money Market	56,925,003	AAA	56,925,003	-	-
	<u>\$ 141,507,297</u>		<u>\$ 57,935,311</u>	<u>\$ 44,978,855</u>	<u>\$ 38,593,131</u>

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	\$ 9,996,420
Federal Home Loan Mortgage Corp.	Federal Agency Securities	15,972,140
Federal National Mortgage Assoc.	Federal Agency Securities	12,493,030

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 City's designee selects the investment under the terms of the applicable trust agreement, acquires the investment, and delivers to the Trustee 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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 2: Cash and Investments (Continued)

Investment in State Investment Pool

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

Note 3: Interfund Receivables, Payables and Transfers

Due To/Due From

Interfund receivable and payable balances at June 30, 2015, are as follows:

	Due to Other Nonmajor Funds
Governmental Funds:	
Nonmajor Governmental Funds	\$ 202,199
Totals	<u>\$ 202,199</u>

Interfund balances are the result of short-term borrowing to cover negative cash balances at June 30, 2015.

Advances

The City has authorized several interfund advances to be used for the operations of the funds receiving the advances. At June 30, 2015, the outstanding advances are:

	Advances to Other Funds		Advances from Other Funds
Governmental Funds:			
General Fund	\$ 2,110,000	(a) (d)	\$ 49,950 (c)
Housing Fund	49,950	(c)	900,000 (d)
Enterprise Funds:			
Golf Course	-		2,640,000 (a) (b)
Internal Service Funds	<u>1,430,000</u>	(b)	<u>-</u>
Totals	<u>\$ 3,589,950</u>		<u>\$ 3,589,950</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, 2015, 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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

- (c) The Housing Fund advanced \$49,950 to the General Fund for the purchase of two pieces of land held for resale.
- (d) The General Fund loaned \$900,000 to the Housing Successor Fund of the Former Redevelopment agency relating to funds loaned by the General Fund to the Former Agency. The loan was initially held as a liability to the Successor Agency of the Former Agency; however, during the year ended June 30, 2015, the California Department of Finance determined that the advance was not an obligation of the Successor Agency.

Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity

Transfers In	Transfers Out	Amount
General Fund	Nonmajor Governmental Funds	\$ 600,000 (a)
	Airport Enterprise Fund	287,500 (d)
Measure J Fund	General Fund	12,854,984 (g)
General Debt Service Fund	Measure J Fund	3,189,883 (f)
	General Fund	772,210 (f)
Nonmajor Governmental Funds	General Fund	3,062,834 (b)
	Special Assessments Fund	25,868 (c)
Internal Service Fund	General Fund	4,444,864 (h)
	Nonmajor Governmental Funds	134,700 (i)
Golf Course Enterprise Fund	General Fund	699,770 (e)
		<u>\$ 26,072,613</u>

- (a) Transfers from Nonmajor Governmental Funds to the General Fund were for reimbursement of costs and other transfers.
- (b) Transfers from the General Fund to Nonmajor Governmental Funds were for debt service and operational costs.
- (c) Transfers from the Special Assessments Fund to Nonmajor Governmental Funds were for capital projects.
- (d) Transfers from the Airport Fund to the General Fund were for reimbursement of operational costs.
- (e) Transfers from the General Fund to the Golf Course were for operational costs.
- (f) Transfers from the Measure J fund and the General Fund to General Debt Service Fund were for debt service.
- (g) Transfers from the General Fund to the Measure J fund were for capital projects.

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

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

- (h) Transfers from the General Fund to Internal Service Funds for the purchase of vehicles, and to cover future risk management costs.
- (i) Transfers from the Nonmajor Governmental Funds to the Internal Service Fund were for the costs of investigating new energy development processes.

Note 4: Capital Assets

Governmental Activities	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 25,344,924	\$ -	\$ 5,308,999	\$ -	\$ 30,653,923
Construction in progress	6,206,670	(6,106,723)	5,543,041	-	5,642,988
Right-of-way	16,680,446	-	-	-	16,680,446
Total Capital Assets, Not Being Depreciated	<u>48,232,040</u>	<u>(6,106,723)</u>	<u>10,852,040</u>	<u>-</u>	<u>52,977,357</u>
Capital assets, being depreciated:					
Buildings	94,451,907	-	-	9,683	94,442,224
Improvements	74,143,962	-	1,504,127	153,243	75,494,846
Furniture and equipment	15,135,973	3,145,355	5,859,934	43,152	24,098,110
Vehicles	14,570,792	-	810,502	590,519	14,790,775
Infrastructure	227,173,794	2,961,368	-	-	230,135,162
Total capital assets, being depreciated	<u>425,476,428</u>	<u>6,106,723</u>	<u>8,174,563</u>	<u>796,597</u>	<u>438,961,117</u>
Less accumulated depreciation for:					
Buildings	(38,406,226)	-	(1,856,424)	(5,229)	(40,257,421)
Improvements	(39,802,512)	-	(3,400,054)	(97,755)	(43,104,811)
Furniture and equipment	(9,566,656)	-	(601,680)	(37,344)	(10,130,992)
Vehicles	(10,389,014)	-	(825,940)	(590,519)	(10,624,435)
Infrastructure	(123,424,453)	-	(6,215,253)	-	(129,639,706)
Total accumulated depreciation	<u>(221,588,861)</u>	<u>-</u>	<u>(12,899,351)</u>	<u>(730,847)</u>	<u>(233,757,365)</u>
Total capital assets, being depreciated, net	<u>203,887,567</u>	<u>6,106,723</u>	<u>(4,724,788)</u>	<u>65,750</u>	<u>205,203,752</u>
Governmental activities capital assets, net	<u>\$ 252,119,607</u>	<u>\$ -</u>	<u>\$ 6,127,252</u>	<u>\$ 65,750</u>	<u>\$ 258,181,109</u>

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

General government	\$ 722,675
Cultural and convention center	3,165,084
Public safety	705,978
Public works	6,613,692
Parks and recreation	434,864
Library	164,015
Internal Service	<u>1,093,043</u>
Total depreciation	<u>\$ 12,899,351</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 4: Capital Assets (Continued)

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 36,737,609	\$ -	\$ -	\$ -	\$ 36,737,609
Capital assets, being depreciated:					
Buildings	35,991,774	14,331,665	-	-	50,323,439
Improvements	204,862,377	(13,526,136)	5,209,588	-	196,545,829
Machinery and equipment	5,099,097	(805,529)	354,600	-	4,648,168
Motor vehicles	2,406,868	-	697,730	5,278	3,099,320
Subsurface lines	27,387,700	-	-	-	27,387,700
Total capital assets, being depreciated	275,747,816	-	6,261,918	5,278	282,004,456
Less accumulated depreciation for:					
Buildings	(28,366,977)	(1,928,768)	(1,049,984)	-	(31,345,729)
Improvements	(141,130,510)	1,928,768	(7,351,624)	-	(146,553,366)
Machinery and equipment	(2,562,766)	-	(290,891)	-	(2,853,657)
Motor vehicles	(1,710,191)	-	(144,469)	(5,278)	(1,849,382)
Subsurface lines	(19,128,025)	-	(547,755)	-	(19,675,780)
Total accumulated depreciation	(192,898,469)	-	(9,384,723)	(5,278)	(202,277,914)
Total capital assets, being depreciated, net	82,849,347	-	(3,122,805)	-	79,726,542
Business-type activities capital assets, net	\$ 119,586,956	\$ -	\$ (3,122,805)	\$ -	\$ 116,464,151

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

Airport	\$ 7,355,776
Wastewater	1,690,470
Golf course	338,477
Total depreciation	<u>\$ 9,384,723</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 5: Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015, (including unamortized discounts and refunding costs) are as follows:

Governmental Activities	Beginning Balance (restated)	Defeased	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences payable	\$ 5,349,641	\$ -	\$ 4,828,572	\$ 4,263,565	\$ 5,914,648	\$ 4,693,280
Claims and Judgments payable	5,053,838	-	3,816,003	2,371,140	6,498,701	2,816,038
Special assessment debt	7,405,000	7,105,000	6,645,000	300,000	6,645,000	420,000
Capital lease-CaLease/OshKosh	459,483	-	-	106,005	353,478	111,708
Capital lease-Motorola	1,861,748	-	-	341,333	1,520,415	356,181
Notes payable:						
Capital One Public Financing - Chevron	18,402,793	-	-	280,000	18,122,793	315,326
Chino Cinega Foundation Note Payable	432,508	-	-	61,229	371,279	65,209
Bonds Payable, net:						
2004 Lease Revenue Bonds	53,145,000	53,145,000	-	-	-	-
2012A Lease Revenue Bonds	21,595,000	-	-	1,200,000	20,395,000	1,255,000
2007 Refunding Lease Revenue Bonds	4,162,806	-	-	474,841	3,687,965	240,093
2007 Pension Obligation Bonds	19,851,857	-	-	279,673	19,572,184	277,749
2012B Measure J Lease Revenue Bonds	42,585,000	-	-	1,285,000	41,300,000	1,335,000
2014 Lease Revenue Bonds	-	-	45,550,000	1,175,000	44,375,000	650,000
2015 Measure A Sales Tax Revenue Bonds	-	-	6,245,000	-	6,245,000	865,000
Certificates of Participation:						
2002A Taxable Variable Rate Certificates of Participation	7,160,000	-	-	245,000	6,915,000	355,000
Unamortized Premiums/(Discounts)						
Special Assessment Debt	-	-	(59,946)	-	(59,946)	-
2012A Lease Revenue Bonds	467,545	-	-	77,292	390,253	-
2014 Lease Revenue Bonds	-	-	4,841,701	-	4,841,701	-
2007 Refunding Lease Revenue	(28,230)	-	-	(2,171)	(26,059)	-
2012B Measure J	1,379,680	-	-	72,248	1,307,432	-
2015 Measure A	-	-	535,287	-	535,287	-
Total governmental long-term liabilities, net	<u>\$ 189,283,669</u>	<u>\$ 60,250,000</u>	<u>\$ 72,401,617</u>	<u>\$ 12,530,155</u>	<u>\$ 188,905,131</u>	<u>\$ 13,755,584</u>

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

Business-type Activities	Beginning Balance (restated)	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	\$ 660,932	\$ 504,637	\$ 435,445	\$ 730,124	\$ 365,562
Capital leases payable	92,556	-	85,749	6,807	6,807
Airport Revenue bonds payable:					
1998 Airport PFC Revenue Bonds	6,950,000	-	1,395,000	5,555,000	435,000
2006 Airport PFC Revenue Bonds	8,565,000	-	555,000	8,010,000	455,000
2008 Airport PFC Revenue Bonds	5,400,000	-	360,000	5,040,000	285,000
Unamortized discount	(481,584)	-	(37,811)	(443,773)	-
Airport Revenue bonds payable, net	20,433,416	-	2,272,189	18,161,227	1,175,000
2007 Refunding Lease	9,037,194	-	535,159	8,502,035	554,907
Total business-type long-term liabilities, net	<u>\$ 30,224,098</u>	<u>\$ 504,637</u>	<u>\$ 3,328,542</u>	<u>\$ 27,400,193</u>	<u>\$ 2,102,276</u>

Note 5: Long-Term Liabilities (Continued)

Special Assessment Debt with Government Commitment

At June 30, 2015, the City of Palm Springs has one outstanding Assessment District (A.D.) Improvement Refunding Bond ("Bonds") originally issued in the amount of \$6,645,000 pursuant to the Improvement Bond Act of 1915. The proceeds of the Bond were used to refund outstanding obligations of the City of Palm Springs with respect to its Assessment District No. 161, Assessment District No. 162 and Assessment District No 164, to pay costs related to the issuance of the Bonds, and make a deposit to a Reserve Fund for the Bonds.

A.D. 161

\$4,752,500 Bonds issued February 5, 2004; Bonds mature between September 2, 2005 and September 2, 2024 in amounts ranging from \$117,500 through \$245,000; Bonds maturing on any March 2 or September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 102% of principal amount; secured by special assessment billed on the tax roll and sent to property owners; interest rates range between 1.65% and 5.65%; reserve of \$394,802 is required which is fully funded at June 30, 2015. This bond was refunded in the current year by the Limited Obligation Refunding Improvement Bonds Consolidated Reassessment District 2015-1.

A.D. 162

\$1,300,000 bonds issued November 10, 2004; bonds mature between September 2, 2006 and September 2, 2022, in amounts ranging from \$39,000 through \$65,000; bonds maturing on any March 2 or September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 102% of principal amount; secured by special assessment billed on the tax roll and sent to property owners; interest rates range between 2.60% and 5.60%; reserve of \$156,847 is required which is fully funded at June 30, 2015. This bond was refunded in the current year by the Limited Obligation Refunding Improvement Bonds Consolidated Reassessment District 2015-1.

A.D. 164

\$3,806,000 bonds issued July 12, 2005; bonds mature between September 2, 2007 and September 2, 2030 in amounts ranging from \$95,000 through \$215,000; bonds maturing on any September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 103% of principal amount; secured by special assessment billed on the tax roll and sent to property owners; interest rates range between 3.00% and 5.15%; reserve of \$366,773 is required which is fully funded at June 30, 2015. This bond was refunded in the current year by the Limited Obligation Refunding Improvement Bonds Consolidated Reassessment District 2015-1.

A.D. 2015-1

\$6,645,000 bonds issued April 1, 2015, bonds mature between September 2, 2016 and September 2, 2030 in amounts ranging from \$210,000 through \$520,000, bonds maturing on any September 2 may be redeemed prior to its fixed maturity date, at the option of the City, at rates ranging from 100% to 103% of the principal amount. The balance of this bond at June 30, 2015 is:

\$6,645,000

Total Special Assessment Debt with Government Commitment

\$6,645,000

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5: Long-Term Liabilities (Continued)

Annual requirements to amortize outstanding special assessment debt as of June 30, 2015, are as follows:

June 30	A.D. 2015-1	
	Principal	Interest
2016	\$ 420,000	\$ 159,492
2017	370,000	170,420
2018	380,000	164,863
2019	385,000	157,213
2020	385,000	149,513
2021-2025	2,075,000	600,278
2026-2030	2,420,000	251,466
2031-2035	210,000	3,806
Total	<u>\$ 6,645,000</u>	<u>\$ 1,657,051</u>

The City in effect reduced its aggregate debt service payments by \$1,566,755 over the remaining maturity period of the A.D. 2015-1 bonds to obtain an economic gain of \$2,835,418 (difference between the present values of the debt service payments on the old and new debt).

Capital Lease Obligations

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, 2015, is \$353,478.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 5: Long-Term Liabilities (Continued)

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

Year Ending June 30	OshKosh#2
2016	\$ 130,725
2017	130,725
2018	130,725
Subtotal	392,175
Less: Amount representing interest	(38,697)
Total	<u>\$ 353,478</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, 2015, is \$1,520,415.

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

Year Ending June 30	
2016	\$ 422,319
2017	422,319
2018	422,319
2019	422,319
2020	211,160
Subtotal	1,900,436
Less: Amount representing interest	(380,021)
Total	<u>\$ 1,520,415</u>

Notes Payable

Capital One Public Financing

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

\$18,122,793

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 5: Long-Term Liabilities (Continued)

Chino Cinega Foundation

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

\$371,279

Annual requirements to amortize outstanding notes payable as of June 30, 2015, is as follows:

Year Ending June 30	Capital One Note		Chino Cinega Note		Total
	Principal	Interest	Principal	Interest	
2016	\$ 315,326	\$ 705,353	\$ 65,209	\$ 24,133	\$ 1,110,022
2017	362,835	693,470	69,448	19,894	1,145,647
2018	413,605	679,745	73,962	15,380	1,182,692
2019	467,677	664,053	78,770	10,573	1,221,072
2020	525,387	646,262	83,890	5,453	1,260,992
2021-2026	4,569,941	3,368,987	-	-	7,938,928
2027-2031	6,202,344	1,800,521	-	-	8,002,865
2032-2034	5,265,678	343,293	-	-	5,608,971
	<u>\$ 18,122,793</u>	<u>\$ 8,901,684</u>	<u>\$ 371,279</u>	<u>\$ 75,433</u>	<u>\$ 27,471,189</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. This bond was refunded with the issuance of the 2014 Lease Revenue Refunding Bonds during the fiscal year ending June 30, 2015.

2012 A Convention Center Lease Revenue Bonds

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

The bonds accrue interest at rates between 2.00% and 5.00%. The principal amounts mature between November 1, 2012 and November 1, 2025, in amounts ranging from \$500,000 to \$2,865,000. The required reserve for the 2004A and 2012A Convention Center Lease Revenue Bonds is \$5,646,097. At June 30, 2015, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2015, is \$20,395,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5: Long-Term Liabilities (Continued)**2014 A Convention Center Lease Revenue Bonds**

On July 24, 2014, the City of Palm Springs Financing Authority issued \$45,550,000 Lease Revenue Bonds, Series A to provide funds to provide for the current refunding of the Lease Revenue Bonds, 2004. 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 3.50% and 5.00%. The principal amounts mature between November 1, 2014 and August 1, 2035, in amounts ranging from \$650,000 to \$4,825,000. The required reserve for the 2014A Convention Center Lease Revenue Bonds is \$5,005,938. At June 30, 2015, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2015, is \$44,375,000.

The City in effect reduced its aggregate debt service payments by \$22,528,329 over the remaining maturity period of the 2014 A Convention Center Lease Revenue Bonds to obtain an economic gain of \$17,974,052 (difference between the present values of the debt service payments on the old and new debt).

The total convention center bonds outstanding at June 30, 2015, were \$64,770,000.

Future requirements to amortize outstanding convention center bonds as of June 30, 2015, are as follows:

June 30	2012 Convention Center Lease Revenue Bonds		2014 Convention Center Lease Revenue Refunding Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 1,255,000	\$ 698,338	\$ 650,000	\$ 2,081,581
2017	1,305,000	659,938	665,000	2,055,281
2018	1,280,000	621,163	760,000	2,022,981
2019	1,370,000	581,413	750,000	1,985,231
2020	1,420,000	539,563	780,000	1,946,981
2021-2025	10,900,000	1,781,945	1,695,000	9,299,531
2026-2030	2,865,000	71,625	13,390,000	7,994,406
2031-2035	-	-	20,860,000	3,570,684
2036-2040	-	-	4,825,000	60,313
Total	<u>\$ 20,395,000</u>	<u>\$ 4,953,985</u>	<u>\$ 44,375,000</u>	<u>\$ 31,016,989</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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 5: Long-Term Liabilities (Continued)

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

The activities associated with the police building project and cogeneration plant are governmental activities while the activities of the golf course are business-type activities. The outstanding 2007 Refunding Lease Revenue Bonds at June 30, 2015, are reflected in the accompanying financial statements as follows:

	Balance at June 30, 2015
Governmental activities:	
Police building project & master lease	\$ 1,370,765
Cogeneration plant fund	2,317,200
	<u>3,687,965</u>
Less unamortized discount	(26,059)
Total governmental activities	<u>\$ 3,661,906</u>
Business-type activities	
Golf Course fund	<u>\$ 8,502,035</u>

The bonds relating to the Golf Course fund had deferred refunding charges of \$406,746 at June 30, 2015.

Future requirements to amortize outstanding 2007 Refunding Lease Revenue Bonds as of June 30, 2015, are as follows:

June 30	2007 Refunding Lease Revenue Bonds	
	Principal	Interest
2016	\$ 795,000	\$ 551,738
2017	825,000	519,938
2018	860,000	486,938
2019	895,000	451,678
2020	935,000	414,088
2021-2025	5,355,000	1,367,713
2026-2030	<u>2,525,000</u>	<u>171,675</u>
Total	<u>\$ 12,190,000</u>	<u>\$ 3,963,768</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5: Long-Term Liabilities (Continued)**2015 Local Measure A Sales Tax Revenue Bonds**

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

The total Sales Tax Revenue bonds outstanding at June 30, 2015, is \$6,245,000 including \$535,287 of unamortized premium.

Fiscal Year June 30	Principal	Interest
2016	\$ 865,000	\$ 234,444
2017	905,000	193,700
2018	930,000	166,550
2019	950,000	147,950
2020	990,000	109,950
2021-2025	<u>1,605,000</u>	<u>109,750</u>
Totals	<u>\$ 6,245,000</u>	<u>\$ 962,344</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.

The total Lease Revenue bonds outstanding at June 30, 2015, is \$41,300,000 including \$1,307,432 of unamortized premium.

Fiscal Year June 30	Principal	Interest
2016	\$ 1,335,000	\$ 1,876,263
2017	1,390,000	1,823,863
2018	1,445,000	1,769,363
2019	1,500,000	1,712,663
2020	1,560,000	1,653,763
2021-2025	8,850,000	7,263,763
2026-2030	11,240,000	4,947,688
2031-2035	13,980,000	2,256,238
2036-2039	<u>-</u>	<u>69,031</u>
Totals	<u>\$ 41,300,000</u>	<u>\$ 23,372,635</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 5: Long-Term Liabilities (Continued)

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.

The balance outstanding as of June 30, 2015, was \$19,572,184 including accreted interest of \$1,114,084.

Year Ending June 30	Series A-1		Series A-2	
	Principal	Interest	Principal	Interest
2016	\$ -	\$ 814,648	\$ 277,749	\$ 206,370
2017	-	814,648	289,840	191,483
2018	-	814,648	299,827	175,657
2019	605,000	814,648	-	159,077
2020	695,000	782,159	-	159,077
2021-2025	3,690,000	3,422,880	497,090	717,538
2026-2030	1,305,000	2,430,628	1,853,175	495,707
2031-2035	8,495,000	1,706,467	450,419	25,647
Total	\$ 14,790,000	\$ 11,600,726	\$ 3,668,100	\$ 2,130,556

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5: Long-Term Liabilities (Continued)**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 a 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, 2015, the outstanding balance is \$6,915,000.

Future requirements to amortize outstanding certificates of participation as of June 30, 2015, are as follows:

<u>June 30</u>	<u>2002A Taxable Variable Rate</u>	
	<u>Principal</u>	<u>Est. Interest</u>
2016	\$ 355,000	\$ 13,475
2017	375,000	12,745
2018	400,000	11,970
2019	430,000	11,140
2020	455,000	10,255
2021-2025	2,770,000	35,850
2026-2029	2,130,000	6,570
Total	<u>\$ 6,915,000</u>	<u>\$ 102,005</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5: Long-Term Liabilities (Continued)

Compensated Absences

This liability represents the total unpaid vacation and compensation time earned by employees of the City in its general fund to be paid from future resources.

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, 2015, is \$6,807.

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

<u>Year Ending June 30</u>	
2016	<u>\$ 6,837</u>
Subtotal	6,837
Less: Amount representing interest	<u>(30)</u>
Total	<u><u>\$ 6,807</u></u>

Note 5: Long-Term Liabilities (Continued)

Bonds Payable

1998 Airport Passenger Facility Charge Revenue Bonds

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

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

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

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

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

The required reserve for the 1998 Airport Passenger Facility Charge Revenue Bonds is \$849,497. At June 30, 2015, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2015, is \$5,555,000. The bonds had \$109,534 of unamortized discount.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5: Long-Term Liabilities (Continued)**2006 Airport Passenger Facility Charge Revenue Bonds**

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

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

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

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

<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, 2015, with the redemption price at 103% for the amount of \$200,000.

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 \$961,610. At June 30, 2015, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2015, is \$8,010,000. The bonds had \$134,605 of unamortized discount and \$267,040 deferred refunding charges.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5: Long-Term Liabilities (Continued)**2008 Airport Passenger Facility Charge Revenue Bonds**

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

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

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

<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, 2015, with the redemption price at 103% for the amount of \$130,000.

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, 2015, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2015, is \$5,040,000 net of \$199,634 unamortized discount.

Future requirements to amortize outstanding business-type bonds payable (excluding \$443,773 of unamortized discounts and \$267,040 of deferred refunding charges) as of June 30, 2015, are as follows:

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5: Long-Term Liabilities (Continued)

Fiscal Year Ending June 30	1998 PFC Airport Bonds		2006 PFC Airport Bonds		2008 PFC Airport Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 435,000	\$ 294,888	\$ 455,000	\$ 428,569	\$ 285,000	\$ 310,700
2017	455,000	272,594	480,000	403,435	305,000	293,000
2018	480,000	249,275	505,000	376,717	325,000	274,100
2019	505,000	224,675	530,000	348,513	345,000	154,000
2020	535,000	198,162	560,000	318,811	365,000	331,970
2021-2025	3,145,000	532,963	3,295,000	1,082,649	2,180,000	770,003
2026-2030	-	-	2,185,000	171,911	1,235,000	97,012
Total	<u>\$ 5,555,000</u>	<u>\$ 1,772,557</u>	<u>\$ 8,010,000</u>	<u>\$ 3,130,605</u>	<u>\$ 5,040,000</u>	<u>\$ 2,230,785</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, 2015, principal and interest remaining on the PFC bonds was \$25,738,947. For the current year, principal and interest paid and total PFC revenues were \$3,472,060 and \$3,750,772, respectively.

Note 6: Claims and Judgments

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

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

The claims and judgments liability reported in the Internal Service Risk Management Fund is based on the requirements of Governmental Accounting Standards Board Statements No. 10 and 30, which requires that a liability for claims and judgments be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2015, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$6,498,701, of which \$2,816,038 represents the current portion.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 6: Claims and Judgments (Continued)

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

Changes in the claims and judgments payable amounts in fiscal years ended June 30, 2014 and 2015, 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
2013-2014	\$ 4,819,043	\$ 3,192,027	\$ (2,957,232)	\$ 5,053,838
2014-2015	5,053,838	3,816,003	(2,371,140)	6,498,701

Note 7: Defined Benefit Pension Plan (PERS)

a. Agent Multiple-Employer Defined Benefit Plans

General Information about the Pension Plans

Plan Description, Benefits Provided and Employees Covered

The City of Palm Springs 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 its executive office: 400 P Street, Sacramento, California 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

	Miscellaneous Plan*	Safety Plan*
Hire date	Prior to January 1, 2013	Prior to January 1, 2013
Benefit formula	2.7% @ 55	3.0% @ 50
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	2.000% - 2.700%, 50 yrs - 55+ yrs, respectively	3.000%, 50+ yrs
Required employee contribution rates	8.000%	9.000%
Required employer contribution rates	20.494%	34.075%

* This plan is closed to new entrants. Subsequent to January 1, 2013, there all new entrants are part of the PEPRA plans.

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms of the Plan:

Description	Number of members	
	Miscellaneous	Safety
Active members	257	134
Transferred members	130	33
Terminated members	174	17
Retired members and beneficiaries	441	245
Total	1,002	429

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the employer contributions recognized as a reduction to the net pension liability for the Miscellaneous and Safety Plan were \$3,834,378 and \$4,602,200, respectively.

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

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS determined this difference was deemed immaterial to the Agent Multiple-Employer Defined Benefit Pension Plan. More information can be found on the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7: Defined Benefit Pension Plan (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period for the Miscellaneous agent multiple-employer plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2013 (Valuation Date) (1)	\$ 187,341,608	\$ 131,051,155	\$ 56,290,453
Changes Recognized for the Measurement Period:			
Service Cost	3,620,370	-	3,620,370
Interest on the Total Pension Liability	13,835,783	-	13,835,783
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contribution from the Employer	-	3,834,378	(3,834,378)
Contributions from Employees	-	1,523,877	(1,523,877)
Net Investment Income (2)	-	22,411,505	(22,411,505)
Benefit Payments including Refunds of Employee Contributions	(9,349,367)	(9,349,367)	-
Net Changes During 2013-14	8,106,786	18,420,393	(10,313,607)
Balance at: 6/30/2014 (Measurement Date) (1)	\$ 195,448,394	\$ 149,471,548	\$ 45,976,846

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7: Defined Benefit Pension Plan (Continued)

The following table shows the changes in net pension liability recognized over the measurement period for the Safety agent multiple-employer plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2013 (Valuation Date) (1)	\$ 220,012,072	\$ 145,914,152	\$ 74,097,920
Changes Recognized for the Measurement Period:			
Service Cost	3,785,830	-	3,785,830
Interest on the Total Pension Liability	16,202,972	-	16,202,972
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contribution from the Employer	-	4,602,200	(4,602,200)
Contributions from Employees	-	1,392,329	(1,392,329)
Net Investment Income (2)	-	25,042,700	(25,042,700)
Benefit Payments including Refunds of Employee Contributions	(11,730,688)	(11,730,688)	-
Net Changes During 2013-14	8,258,114	19,306,541	(11,048,427)
Balance at: 6/30/2014 (Measurement Date) (1)	\$ 228,270,186	\$ 165,220,693	\$ 63,049,493

(1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.

(2) Net of administrative expenses.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.5%)	Discount Rate +1% (8.5%)
Miscellaneous Plan:			
Plan's Net Pension Liability/(Assets)	\$ 70,411,944	\$ 45,976,846	\$ 25,638,328
Safety Plan:			
Plan's Net Pension Liability/(Assets)	\$ 93,019,127	\$ 63,049,493	\$ 38,394,262

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7: Defined Benefit Pension Plan (Continued)

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the Miscellaneous agent multiple-employer plan, as of the start of the measurement period (July 1, 2013), the net pension liability was \$56,290,453. For the measurement period ending June 30, 2014 (the measurement date), the City incurred a pension expense/(income) of (\$10,313,607) for the Plan.

As of June 30, 2015, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ -	\$ 10,246,898
City contributions subsequent to the measurement date	4,343,728	-
Total	<u>\$ 4,343,728</u>	<u>\$ 10,246,898</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7: Defined Benefit Pension Plan (Continued)

The amount of \$4,343,728 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (2,561,724)
2016	(2,561,724)
2017	(2,561,724)
2018	(2,561,726)
Total	\$ (10,246,898)

For the Safety agent multiple-employer plan, as of the start of the measurement period (July 1, 2013), the net pension liability was \$74,097,920. For the measurement period ending June 30, 2014 (the measurement date), the City incurred a pension expense/(income) of (\$11,048,427) for the Plan.

As of June 30, 2015, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ -	\$ 11,465,078
City contributions subsequent to the measurement date	5,270,514	-
Total	\$ 5,270,514	\$ 11,465,078

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7: Defined Benefit Pension Plan (Continued)

The amount of \$5,270,514 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (2,866,269)
2016	(2,866,269)
2017	(2,866,269)
2018	(2,866,271)
Total	<u>\$ (11,465,078)</u>

Note 8: Other Post-Retirement Health Care Benefits

Plan Description

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

Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of 450 eligible active employees and 171 enrolled eligible retirees at June 30, 2015. 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, 2015

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

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

As of June 30, 2015, 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 \$2,827,548 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, 2015</u>
Annual required contribution	\$ 7,318,721
Interest on net OPEB obligation	1,178,009
Adjustment to annual required contributions	<u>(1,422,967)</u>
Annual OPEB cost (expense)	7,073,763
Contributions made	<u>(2,827,548)</u>
Increase in net OPEB obligation	4,246,215
 Net OPEB Obligation, Beginning of Year	 <u>29,450,205</u>
 Net OPEB Obligation, End of Year	 <u><u>\$ 33,696,420</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2015, were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 6,843,865	34.8%	\$ 24,715,030
6/30/2014	7,222,728	34.4%	29,450,205
6/30/2015	7,073,763	32.4%	33,696,420

Funding Status and Progress

As of June 30, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$107,153,093, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$107,153,093 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 \$30,169,887 and UAAL as a % of covered payroll was 355.2%.

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, 2015

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

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

Schedule of Funding Progress

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (a)	Actuarial Asset Value (b)	Unfunded AAL (UAAL) [(a) - (b)]	Funded Ratio [(a)/(b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll [((b)-(a))/(c)]
6/30/2011	\$ 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%
6/30/2015	107,153,093	-	107,153,093	0.0%	30,169,887	355.2%

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 8.0% 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, 2015, is 24 years. It is assumed the City's payroll will increase 3.25% per year.

Note 9: Leasehold Interest

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

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

Note 9: Leasehold Interest (Continued)

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

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

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

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

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

The City and PS Venture Caballeros/Amado, LLC (a partnership including Enterprise) entered into an Amended and Restated Sublease, dated February 9, 2006, where the City as the Master Lessee and 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, 2015

Note 9: Leasehold Interest (Continued)

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

Note 10: Construction Commitments

The City has active construction projects as of June 30, 2015. 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	\$ 8,123,108	\$ 14,325,582
Wastewater Treatment Plant	22,873,760	987,401
Chevron/Energy/Cogen	1,823,915	588,378
Airport	7,058,345	3,709,374
Bridges	3,116,343	3,075,947
Downtown Parking	3,191	1,761,763
Police Building	109,969	88,671
	<u>\$ 43,108,631</u>	<u>\$ 24,537,116</u>

Note 11: 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 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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 11: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

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

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

a. Cash and Investments

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

Cash and investments pooled with the City	\$ 3,506,798
Cash and investments with fiscal agent	<u>1,127,979</u>
	<u>\$ 4,634,777</u>

b. Capital Assets

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

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 4,503,347	\$ -	\$ -	\$ -	\$ 4,503,347
Total capital assets, not being depreciated	<u>4,503,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,503,347</u>
Capital assets, being depreciated:					
Buildings	1,543,483	-	-	-	1,543,483
Total capital assets, being depreciated	<u>1,543,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,543,483</u>
Less accumulated depreciations for:					
Buildings	(771,742)	-	(30,870)	-	(802,612)
Total accumulated depreciation	<u>(771,742)</u>	<u>-</u>	<u>(30,870)</u>	<u>-</u>	<u>(802,612)</u>
Total capital assets, being depreciated, net	<u>771,741</u>	<u>-</u>	<u>(30,870)</u>	<u>-</u>	<u>740,871</u>
Total Capital Assets, Net	<u>\$ 5,275,088</u>	<u>\$ -</u>	<u>\$ (30,870)</u>	<u>\$ -</u>	<u>\$ 5,244,218</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 11: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

c. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2015, follows:

Fiduciary Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Advances from the City of Palm Springs	\$ 8,373,284	\$ -	\$ 1,500,000	\$ 6,873,284	\$ -
2001 Housing Tax Allocation Bond	2,965,000	-	2,965,000	-	-
2004 Tax Allocation Bonds, Series A	9,905,000	-	9,905,000	-	-
2004 Tax Allocation Bonds, Series B	7,385,000	-	7,385,000	-	-
2007 Tax Allocation Bonds, Series A, B, C	20,665,000	-	145,000	20,520,000	155,000
2014 Tax Allocation Refunding Bonds	-	15,635,000	-	15,635,000	870,000
Unamortized Bond Premium	-	1,975,086	-	1,975,086	-
Total	<u>\$ 49,293,284</u>	<u>\$ 17,610,086</u>	<u>\$ 21,900,000</u>	<u>\$ 45,003,370</u>	<u>\$ 1,025,000</u>

Advances from the City of Palm Springs

The Successor Agency has an advance from the City of Palm Springs Housing Fund in the amount of \$6,873,284 as of June 30, 2015. \$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.

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 2001 Housing Tax Allocation Bonds was refunded by the 2014 Tax Allocation Refunding Bonds during the year ending June 30, 2015.

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.

Note 11: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

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 2004 Series A and B bonds were refunded by the 2014 Tax Allocation Refunding Bonds during the year ending June 30, 2015.

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, 2015**

Note 11: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

The balance outstanding as of June 30, 2015, is \$20,520,000. Future requirements to amortize are as follows:

June 30	Series A		Series B		Series C	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ -	\$ 619,225	\$ -	\$ 117,293	\$ 155,000	\$ 366,088
2017	-	619,225	-	117,293	160,000	357,284
2018	350,000	612,225	60,000	115,451	170,000	348,061
2019	340,000	598,213	65,000	111,613	185,000	337,379
2020	345,000	584,084	70,000	107,468	195,000	325,198
2021-2025	1,530,000	2,739,766	410,000	465,795	1,180,000	1,414,587
2026-2030	4,050,000	2,139,625	555,000	319,179	1,605,000	972,709
2031-2035	6,155,000	808,125	750,000	121,285	2,190,000	367,991
Total	<u>\$ 12,770,000</u>	<u>\$ 8,720,488</u>	<u>\$ 1,910,000</u>	<u>\$ 1,475,377</u>	<u>\$ 5,840,000</u>	<u>\$ 4,489,297</u>

2014 Subordinate Tax Allocation Refunding Bonds

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

The total bond balance outstanding at June 30, 2015, is \$15,635,000 including \$1,975,086 of unamortized premium.

Fiscal Year	Principal	Interest
June 30		
2016	\$ 870,000	\$ 695,800
2017	940,000	659,600
2018	985,000	621,100
2019	1,010,000	576,150
2020	1,070,000	524,150
2021-2025	4,530,000	1,972,100
2026-2030	2,735,000	1,228,875
2031-2035	3,495,000	454,625
Totals	<u>\$ 15,635,000</u>	<u>\$ 6,732,400</u>

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

Note 11: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

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 \$57,572,562, payable through September 2034. For the current year, principal and interest paid and total property tax revenues were \$2,522,686 and \$3,093,197, respectively.

d. Insurance

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

e. Commitments and Contingencies

Developer Agreement

In January 2000, the Former Community Redevelopment Agency entered into a Disposition and Development Agreement with VIP Motor Cars, the operators of an auto dealership, to provide rehabilitation assistance to expand and upgrade the dealership. The developer is required to make improvements to the site at a cost of at least \$2,000,000. After improvements are made, the agreement obligates the Agency to pay up to \$1,000,000 based on sales tax revenues generated in excess of a base sales tax revenue threshold. The payments are due annually commencing on the first anniversary 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, 2015, for this agreement.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 12: Restatement of Net Position and Fund Balances

Governmental and Business-Type Activities Net Position Restatements

As discussed in Note 1 to the financial statements, the City adopted Statement of Governmental Accounting Standards Board No. 65, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, as of July 1, 2014. The City has recognized an actuarially determined net pension liability in the fund balance in the following funds which have been restated for:

Statement of Net Position	
Governmental activities	
To account for the net pension liability under GASB No. 68	\$ (126,759,717)
Business-Type Activities	
To account for the net pension liability under GASB No. 68	<u>(16,696,894)</u>
	<u>\$ (143,456,611)</u>

During year ended June 30, 2015, the Department of Finance ruled that an advance of \$1,500,000 was not an obligation of the Successor Agency. The Housing Fund restated its beginning balance of net position as follows:

Fund balance, beginning as previously reported	\$ 12,687,374
Restatements	<u>(1,500,000)</u>
Fund balance, beginning as restated	<u>\$ 11,187,374</u>

Successor Agency Net Position Restatements

The Successor Agency restated its beginning balance of net position as follows:

Net position, beginning as previously reported	\$ (36,421,295)
Restatements	<u>1,500,000</u>
Net position, beginning as restated	<u>\$ (34,921,295)</u>

Note 13: Hotel Incentive Program Payment Obligations

The City has a Hotel Incentive Program, which has incentivized hoteliers to refurbish older properties or build new hotels in exchange for the partial return of their TOT. During the year ended June 30, 2015, TOT revenues were reduced by \$1,127,867 under agreements entered into by the City with the following ten hotels:

Hotel Incentive Payment Obligations:	<u>Incentive Amount</u>	<u>End of Agreement</u>
Colony Palms	\$ 195,986	February 28, 2021
Skylark	5,150	February 28, 2024
Hyatt	102,668	April 30, 2022
Saguaro	184,940	April 30, 2022
Hilton	126,950	April 30, 2023
Riviera	309,448	May 31, 2022
Hard Rock	94,326	September 30, 2023
Sparrows	28,498	September 30, 2023
Triada	69,986	October 31, 2019
Barefoot Inn	9,915	December 31, 2022
Total	<u><u>\$ 1,127,867</u></u>	

Note 14: Subsequent Events

Issuance of Debt

On December 8, 2015, the City Public Financing Authority issued Lease Revenue Bonds in the amount of \$5,680,000 to refinance the 2002 Series A Taxable Variable Rate lease and related outstanding certificates of participation obligations. The bonds range in interest of 2% to 5%, and mature on November 1, 2027.

State Controller's Office Review

The State Controller's Office performed a review of the assets transferred between the City and Successor Agency, for the period February 1, 2012 through December 31, 2014. As a result of this review, the State Controller's Office reached some conclusions in which were in conflict with prior determinations made by the Department of Finance. At this time, it is unclear what the outcome will be relating to this issue.

Advocates for Better Community Development

An action was brought against the City challenging the City's approval of a residential development known as the 750 Lofts Project; and the associated land use entitlements including a General Plan Amendment and Planned Development District, amount others. The petition alleges that the City failed to perform adequate environmental review of the project under the California Environmental Quality Act ("CEQA"); and that the Planned Development District violated the State's planning and zoning laws. On November 2, 2015, the petition was served to the City.

Matosantos, Ana (State of California) and PS Housing Investors, LP

An action was brought by the City and the Successor Agency against the State of California and PS Housing Investors arising out of a loan of \$1.5 million made by the former Redevelopment Agency to PS Housing Investors. The loan was approved by the Board of the former Redevelopment Agency on June 15, 2011, with a final funding agreement executed on August 3, 2011. Due to State Laws ABX1-26 and AB 1484, adopted February 1, 2012 and June 27, 2012 respectively, the State Department of Finance (DOF) was ordered to review all obligations entered into by the former Redevelopment Agency that occurred after January 1, 2011; to determine if the obligations were allowed. The result of the DOF's review determined that the \$1.5 million loan to PS Investors was voided by ABX1-26, and therefore ordered the City to recover the funds loaned. The City and Successor Agency contested the DOF's determination. On March 4, 2013, the DOF sent a final demand threatening to offset the \$1.5 million from the City's and Successor Agency's sales and property tax distributions. In conjunction, the DOF filed a cause of action against PS Housing Investor's ordering the repayment of the loan. As a result of this, on July 16, 2013, PS Housing Investors filed a motion against the City on negligence damages; which, on October 24, 2014, was dismissed by the court. On October 20, 2015, the case was transferred to Riverside County; in which, the City expects to prevail.

CITY OF PALM SPRINGS

MISCELLANEOUS PLAN - AGENT MULTIPLE-EMPLOYER PLAN
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

MEASUREMENT PERIOD (1)	2015
TOTAL PENSION LIABILITY	
Service Cost	\$ 3,620,370
Interest	13,835,783
Benefit Payments, Including Refunds of employee Contributions	(9,349,367)
Net Change in Total Pension Liability	8,106,786
Total Pension Liability - Beginning	187,341,608
Total Pension Liability - Ending (a)	\$ 195,448,394
PLAN FIDUCIARY NET POSITION	
Contribution - Employer	\$ 3,834,378
Contribution - Employee	1,523,877
Net Investment Income (2)	22,411,505
Benefit Payments, Including Refunds of Employee Contributions	(9,349,367)
Net Change in Fiduciary Net Position	18,420,393
Plan Fiduciary Net Position - Beginning	131,051,155
Plan Fiduciary Net Position - Ending (b)	\$ 149,471,548
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 45,976,846
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.48%
Covered-Employee Payroll	\$ 18,377,720
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	250.18%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit.

Changes of Assumptions: There were no changes in assumptions.

CITY OF PALM SPRINGS

**PENSION PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Actuarially Determined Contribution	\$ 4,343,728
Contribution in Relation to the Actuarially Determined Contribution	(4,343,728)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll (3) (4)	\$ 18,377,720
Contributions as a Percentage of Covered-Employee Payroll (3)	23.64%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Assets valuation method	5-year smoothed market
Inflation	2.75%
Salary Increases	4.5% average, including inflation of 3.0%
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.
Retirement age	Minimum 50 years
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF PALM SPRINGS

**SAFETY PLAN - AGENT MULTIPLE-EMPLOYER PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

MEASUREMENT PERIOD (1)	2015
TOTAL PENSION LIABILITY	
Service Cost	\$ 3,785,830
Interest	16,202,972
Benefit Payments, Including Refunds of employee Contributions	(11,730,688)
Net Change in Total Pension Liability	8,258,114
Total Pension Liability - Beginning	220,012,072
Total Pension Liability - Ending (a)	\$ 228,270,186
PLAN FIDUCIARY NET POSITION	
Contribution - Employer	\$ 4,602,200
Contribution - Employee	1,392,329
Net Investment Income (2)	25,042,700
Benefit Payments, Including Refunds of Employee Contributions	(11,730,688)
Net Change in Fiduciary Net Position	19,306,541
Plan Fiduciary Net Position - Beginning	145,914,152
Plan Fiduciary Net Position - Ending (b)	\$ 165,220,693
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 63,049,493
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.38%
Covered-Employee Payroll	\$ 13,414,624
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	470.01%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit.

Changes of Assumptions: There were no changes in assumptions.

CITY OF PALM SPRINGS

**PENSION PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Actuarially Determined Contribution	\$ 5,270,514
Contribution in Relation to the Actuarially Determined Contribution	(5,270,514)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll (3) (4)	\$ 13,414,624
Contributions as a Percentage of Covered-Employee Payroll (3)	39.29%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Assets valuation method	5-year smoothed market
Inflation	2.75%
Salary Increases	4.5% average, including inflation of 3.0%
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.
Retirement age	Minimum 50 years
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 23,279,692	\$23,279,692	\$ 23,279,692	\$ -
Resources (Inflows)				
Taxes	73,511,178	73,768,314	83,178,285	9,409,971
Licenses and permits	3,018,676	3,024,023	3,352,034	328,011
Intergovernmental	4,513,240	4,525,178	4,450,902	(74,276)
Charges for services	4,956,384	5,262,643	5,680,862	418,219
Use of money and property	193,500	193,500	345,394	151,894
Contributions	-	21,392	21,392	-
Miscellaneous	168,843	169,928	265,988	96,060
Transfers in	887,500	887,500	887,500	-
Amounts Available for Appropriations	110,529,013	111,132,170	121,462,049	10,329,879
Charges to Appropriation (Outflow)				
General government	13,445,904	18,329,744	12,152,043	6,177,701
Public safety	35,639,339	36,469,974	34,854,927	1,615,047
Cultural and convention center	2,891,050	3,080,195	3,066,359	13,836
Parks and recreation	7,499,670	7,868,744	7,336,767	531,977
Public works	9,718,049	10,151,959	9,474,651	677,308
Library	2,471,981	2,499,786	2,407,766	92,020
Debt service:				
Principal retirement	2,035,000	3,210,000	2,375,000	835,000
Interest and fiscal charges	3,610,251	2,435,251	2,204,770	230,481
Transfers out	13,378,254	21,979,678	21,834,662	145,016
Total Charges to Appropriations	90,689,498	106,025,331	95,706,945	10,318,386
Budgetary Fund Balance, June 30	\$ 19,839,515	\$ 5,106,839	\$ 25,755,104	\$ 20,648,265

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 MEASURE A IMPROVEMENTS
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,910,063	\$ 9,910,063	\$ 9,910,063	\$ -
Resources (Inflows):				
Taxes	2,048,000	2,048,000	1,953,838	(94,162)
Intergovernmental	-	35,000	320,014	285,014
Use of money and property	35,000	35,000	70,608	35,608
Bonds issued	-	6,155,787	6,245,000	89,213
Bond premium	-	-	535,287	535,287
Amounts Available for Appropriations	11,993,063	18,183,850	19,034,810	850,960
Charges to Appropriations (Outflow):				
Public works				
Engineering	2,083,000	23,153,161	2,024,601	21,128,560
Total Charges to Appropriations	2,083,000	23,153,161	2,024,601	21,128,560
Budgetary Fund Balance, June 30	\$ 9,910,063	\$ (4,969,311)	\$ 17,010,209	\$ 21,979,520

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
HOUSING
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 11,187,374	\$ 11,187,374	\$ 11,187,374	\$ -
Resources (Inflows):				
Use of money and property	10,000	10,000	10,351	351
Miscellaneous	-	-	9,205	9,205
Amounts Available for Appropriations	11,197,374	11,197,374	11,206,930	9,556
Charges to Appropriations (Outflow):				
General government				
Housing	311,615	211,822	171,353	40,469
Total Charges to Appropriations	311,615	211,822	171,353	40,469
Budgetary Fund Balance, June 30	\$ 10,885,759	\$ 10,985,552	\$ 11,035,577	\$ 50,025

Note 1: Budgets and Budgetary Accounting

a. Budgetary Control and Accounting

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

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

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

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

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.

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.

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

DEBT SERVICE FUNDS

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

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

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds			
	Forfeiture	Safety Augmentation	Special Development	CSA 152
Assets				
Pooled cash and investments	\$ 369,157	\$ 611,674	\$ 1,509,392	\$ -
Receivables:				
Accounts	-	73,287	-	151,643
Accrued interest	507	814	2,368	-
Due from other funds	-	-	202,199	-
Advance to Successor Agency	-	-	-	-
Total Assets	\$ 369,664	\$ 685,775	\$ 1,713,959	\$ 151,643
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 24,096	\$ -	\$ -	\$ 20,341
Accrued liabilities	-	6,901	-	1,851
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	127,022
Total Liabilities	24,096	6,901	-	149,214
Deferred Inflows of Resources				
Unavailable revenues	7,814	5,090	-	14,566
Total Deferred Inflows of Resources	7,814	5,090	-	14,566
Fund Balances				
Restricted for:				
Public safety	337,754	673,784	-	-
Parks and recreation	-	-	-	-
Public works	-	-	1,713,959	-
Leases	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	(12,137)
Total Fund Balances	337,754	673,784	1,713,959	(12,137)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 369,664	\$ 685,775	\$ 1,713,959	\$ 151,643

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Recycling AB 929	Villagefest	Neighborhood Involvements	Parking
Assets				
Pooled cash and investments	\$ 997,457	\$ 157,583	\$ 11,341	\$ 276,174
Receivables:				
Accounts	33,254	3,610	-	4,552
Accrued interest	1,413	-	-	-
Due from other funds	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	<u>\$ 1,032,124</u>	<u>\$ 161,193</u>	<u>\$ 11,341</u>	<u>\$ 280,726</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 4,810	\$ 3,125	\$ -	\$ 25,086
Accrued liabilities	2,301	3,827	-	275
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>7,111</u>	<u>6,952</u>	<u>-</u>	<u>25,361</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	-	154,241	-	-
Public works	1,025,013	-	11,341	255,365
Leases	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,025,013</u>	<u>154,241</u>	<u>11,341</u>	<u>255,365</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,032,124</u>	<u>\$ 161,193</u>	<u>\$ 11,341</u>	<u>\$ 280,726</u>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds			
	Gas Tax	Drainage Construction	Community Development Block Grant	Master Lease
Assets				
Pooled cash and investments	\$ 1,497,648	\$ 998,464	\$ -	\$ 329,979
Receivables:				
Accounts	-	-	122,534	-
Accrued interest	1,912	1,359	-	-
Due from other funds	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	\$ 1,499,560	\$ 999,823	\$ 122,534	\$ 329,979
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 32,894	\$ 1,233	\$ 85,678	\$ -
Accrued liabilities	57	258	512	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	35,857	-
Total Liabilities	32,951	1,491	122,047	-
Deferred Inflows of Resources				
Unavailable revenues	-	-	487	-
Total Deferred Inflows of Resources	-	-	487	-
Fund Balances				
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	1,466,609	998,332	-	-
Leases	-	-	-	329,979
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	1,466,609	998,332	-	329,979
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,499,560	\$ 999,823	\$ 122,534	\$ 329,979

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Air Quality Management	Public Arts	Library	Quimby Act Fees
Assets				
Pooled cash and investments	\$ 74,265	\$ 241,749	\$ 2,270,854	\$ 2,384,220
Receivables:				
Accounts	15,020	91	-	-
Accrued interest	122	323	2,851	3,237
Due from other funds	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	\$ 89,407	\$ 242,163	\$ 2,273,705	\$ 2,387,457
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 9,012	\$ 792	\$ 1,133	\$ 1,729
Accrued liabilities	-	1,280	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	9,012	2,072	1,133	1,729
Deferred Inflows of Resources				
Unavailable revenues	-	91	-	-
Total Deferred Inflows of Resources	-	91	-	-
Fund Balances				
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	2,385,728
Public works	80,395	240,000	-	-
Leases	-	-	-	-
Library	-	-	2,272,572	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	80,395	240,000	2,272,572	2,385,728
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 89,407	\$ 242,163	\$ 2,273,705	\$ 2,387,457

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds			
	Special Projects	CFD Public Safety #1	Business Improvement District	Energy Efficiency Loan
Assets				
Pooled cash and investments	\$ 1,798,637	\$ 354,533	\$ 1,859	\$ 500,000
Receivables:				
Accounts	99,607	8,367	-	-
Accrued interest	-	457	-	-
Due from other funds	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	\$ 1,898,244	\$ 363,357	\$ 1,859	\$ 500,000
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 47,510	\$ -	\$ -	\$ -
Accrued liabilities	-	13,067	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	47,510	13,067	-	-
Deferred Inflows of Resources				
Unavailable revenues	91,565	-	-	-
Total Deferred Inflows of Resources	91,565	-	-	-
Fund Balances				
Restricted for:				
Public safety	-	350,290	-	-
Parks and recreation	-	-	-	-
Public works	-	-	1,859	500,000
Leases	-	-	-	-
Library	-	-	-	-
Special projects	1,759,169	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	1,759,169	350,290	1,859	500,000
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,898,244	\$ 363,357	\$ 1,859	\$ 500,000

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Park Maintenance District	Emergency Response	Sustainability	Special Grants
Assets				
Pooled cash and investments	\$ 147,638	\$ 1,140,178	\$ 376,601	\$ -
Receivables:				
Accounts	2,646	95,560	101,676	32,673
Accrued interest	-	1,503	1,243	-
Due from other funds	-	-	-	-
Advance to Successor Agency	-	-	912,097	-
Total Assets	\$ 150,284	\$ 1,237,241	\$ 1,391,617	\$ 32,673
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 2,666	\$ 4,261	\$ 36,067	\$ 837
Accrued liabilities	-	-	2,301	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	39,320
Total Liabilities	2,666	4,261	38,368	40,157
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	32,491
Total Deferred Inflows of Resources	-	-	-	32,491
Fund Balances				
Restricted for:				
Public safety	-	1,232,980	-	-
Parks and recreation	-	-	-	-
Public works	147,618	-	1,353,249	-
Leases	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	(39,975)
Total Fund Balances	147,618	1,232,980	1,353,249	(39,975)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 150,284	\$ 1,237,241	\$ 1,391,617	\$ 32,673

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Capital Projects Funds		Total Other Governmental Funds
	Capital Projects	Parking Projects	
Assets			
Pooled cash and investments	\$ 4,270,219	\$ 488,766	\$ 20,808,388
Receivables:			
Accounts	518,185	-	1,262,705
Accrued interest	-	687	18,796
Due from other funds	-	-	202,199
Advance to Successor Agency	-	-	912,097
Total Assets	\$ 4,788,404	\$ 489,453	\$ 23,204,185
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 1,164,944	\$ -	\$ 1,466,214
Accrued liabilities	7,149	-	39,779
Unearned revenues	336,611	-	336,611
Due to other funds	-	-	202,199
Total Liabilities	1,508,704	-	2,044,803
Deferred Inflows of Resources			
Unavailable revenues	-	-	152,104
Total Deferred Inflows of Resources	-	-	152,104
Fund Balances			
Restricted for:			
Public safety	-	-	2,594,808
Parks and recreation	-	-	2,539,969
Public works	-	-	7,793,740
Leases	-	-	329,979
Library	-	-	2,272,572
Special projects	-	-	1,759,169
Assigned to:			
Capital Projects	3,279,700	489,453	3,769,153
Unassigned	-	-	(52,112)
Total Fund Balances	3,279,700	489,453	21,007,278
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,788,404	\$ 489,453	\$ 23,204,185

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CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Forfeiture	Safety Augmentation	Special Development	CSA 152
Revenues				
Taxes	\$ -	\$ 913,953	\$ -	\$ -
Assessments	-	-	-	287,754
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	190,614	-
Use of money and property	2,290	3,115	11,456	-
Fines and forfeitures	180,180	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	182,470	917,068	202,070	287,754
Expenditures				
Current:				
General government	-	-	-	-
Public safety	152,961	699,798	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	302,320
Public works	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	152,961	699,798	-	302,320
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,509	217,270	202,070	(14,566)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	29,509	217,270	202,070	(14,566)
Fund Balances, Beginning of Year	308,245	456,514	1,511,889	2,429
Fund Balances, End of Year	\$ 337,754	\$ 673,784	\$ 1,713,959	\$ (12,137)

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Recycling AB 929	Villagefest	Neighborhood Involvements	Parking
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	499,491	-	-
Intergovernmental	11,710	-	-	-
Charges for services	132,054	-	-	2,349
Use of money and property	20,768	-	-	-
Fines and forfeitures	-	-	-	103,587
Contributions	-	-	15,487	-
Miscellaneous	-	14,278	-	-
Total Revenues	164,532	513,769	15,487	105,936
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and convention center	260,817	-	-	-
Parks and recreation	-	492,134	9,261	-
Public works	-	-	-	329,158
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	260,817	492,134	9,261	329,158
Excess (Deficiency) of Revenues Over (Under) Expenditures	(96,285)	21,635	6,226	(223,222)
Other Financing Sources (Uses)				
Transfers in	-	-	-	305,964
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	305,964
Net Change in Fund Balances	(96,285)	21,635	6,226	82,742
Fund Balances, Beginning of Year	1,121,298	132,606	5,115	172,623
Fund Balances, End of Year	\$ 1,025,013	\$ 154,241	\$ 11,341	\$ 255,365

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Gas Tax	Drainage Construction	Community Development Block Grant	Master Lease
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	283,828	-	-
Intergovernmental	1,209,147	-	537,741	-
Charges for services	-	-	-	-
Use of money and property	10,269	5,472	413	1,513,909
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	1,219,416	289,300	538,154	1,513,909
Expenditures				
Current:				
General government	-	-	-	3,019
Public safety	-	-	-	-
Cultural and convention center	-	-	-	1,374,855
Parks and recreation	-	-	-	-
Public works	1,075,449	2,223	538,085	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	245,097
Interest and fiscal charges	-	-	-	9,804
Total Expenditures	1,075,449	2,223	538,085	1,632,775
Excess (Deficiency) of Revenues Over (Under) Expenditures	143,967	287,077	69	(118,866)
Other Financing Sources (Uses)				
Transfers in	-	-	-	250,707
Transfers out	(600,000)	-	-	-
Total Other Financing Sources (Uses)	(600,000)	-	-	250,707
Net Change in Fund Balances	(456,033)	287,077	69	131,841
Fund Balances, Beginning of Year	1,922,642	711,255	(69)	198,138
Fund Balances, End of Year	\$ 1,466,609	\$ 998,332	\$ -	\$ 329,979

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Air Quality Management	Public Arts	Library	Quimby Act Fees
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	57,240	-	-	-
Charges for services	-	250,453	-	432,976
Use of money and property	572	1,412	13,913	15,896
Fines and forfeitures	-	-	-	-
Contributions	-	-	227,225	-
Miscellaneous	-	-	-	-
Total Revenues	57,812	251,865	241,138	448,872
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and convention center	-	210,211	-	-
Parks and recreation	-	-	-	226,740
Public works	74,195	-	-	-
Library	-	-	199,614	-
Debt service:				
Principal retirement	-	-	-	61,229
Interest and fiscal charges	-	-	-	28,113
Total Expenditures	74,195	210,211	199,614	316,082
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,383)	41,654	41,524	132,790
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(16,383)	41,654	41,524	132,790
Fund Balances, Beginning of Year	96,778	198,346	2,231,048	2,252,938
Fund Balances, End of Year	\$ 80,395	\$ 240,000	\$ 2,272,572	\$ 2,385,728

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Special Projects	CFD Public Safety #1	Business Improvement District	Energy Efficiency Loan
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	421,114	200	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	309,000	-	-	-
Use of money and property	1,545	1,764	-	-
Fines and forfeitures	-	-	-	-
Contributions	616,774	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	927,319	422,878	200	-
Expenditures				
Current:				
General government	-	-	-	-
Public safety	376,356	669,046	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	240,555	-	-	-
Public works	188,934	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	805,845	669,046	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	121,474	(246,168)	200	-
Other Financing Sources (Uses)				
Transfers in	-	297,557	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	297,557	-	-
Net Change in Fund Balances	121,474	51,389	200	-
Fund Balances, Beginning of Year	1,637,695	298,901	1,659	500,000
Fund Balances, End of Year	\$ 1,759,169	\$ 350,290	\$ 1,859	\$ 500,000

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Park Maintenance District	Emergency Response	Sustainability	Special Grants
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	295,339
Charges for services	148,510	1,120,808	403,763	-
Use of money and property	-	7,019	6,057	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	116,163	29,500
Total Revenues	148,510	1,127,827	525,983	324,839
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	914,878	-	277,256
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	173,871	-	786,332	-
Library	-	-	-	64,164
Debt service:				
Principal retirement	-	341,333	-	-
Interest and fiscal charges	-	80,987	-	-
Total Expenditures	173,871	1,337,198	786,332	341,420
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,361)	(209,371)	(260,349)	(16,581)
Other Financing Sources (Uses)				
Transfers in	-	323,606	-	-
Transfers out	-	-	(134,700)	-
Total Other Financing Sources (Uses)	-	323,606	(134,700)	-
Net Change in Fund Balances	(25,361)	114,235	(395,049)	(16,581)
Fund Balances, Beginning of Year	172,979	1,118,745	1,748,298	(23,394)
Fund Balances, End of Year	\$ 147,618	\$ 1,232,980	\$ 1,353,249	\$ (39,975)

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Capital Projects Funds		Total Other Governmental Funds
	Capital Projects	Parking Projects	
Revenues			
Taxes	\$ -	\$ -	\$ 913,953
Assessments	-	-	709,068
Licenses and permits	203,531	-	986,850
Intergovernmental	2,999,483	-	5,110,660
Charges for services	-	-	2,990,527
Use of money and property	2,259	2,970	1,621,099
Fines and forfeitures	-	-	283,767
Contributions	-	-	859,486
Miscellaneous	2,000	-	161,941
Total Revenues	3,207,273	2,970	13,637,351
Expenditures			
Current:			
General government	185,835	-	188,854
Public safety	223,978	-	3,314,273
Cultural and convention center	-	-	1,845,883
Parks and recreation	56,602	-	1,327,612
Public works	2,809,269	308	5,977,824
Library	522,718	-	786,496
Debt service:			
Principal retirement	-	-	647,659
Interest and fiscal charges	-	-	118,904
Total Expenditures	3,798,402	308	14,207,505
Excess (Deficiency) of Revenues Over (Under) Expenditures	(591,129)	2,662	(570,154)
Other Financing Sources (Uses)			
Transfers in	1,910,868	-	3,088,702
Transfers out	-	-	(734,700)
Total Other Financing Sources (Uses)	1,910,868	-	2,354,002
Net Change in Fund Balances	1,319,739	2,662	1,783,848
Fund Balances, Beginning of Year	1,959,961	486,791	19,223,430
Fund Balances, End of Year	\$ 3,279,700	\$ 489,453	\$ 21,007,278

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 FORFEITURE
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 308,245	\$ 308,245	\$ 308,245	\$ -
Resources (Inflows)				
Use of money and property	2,000	2,000	2,290	290
Fines and forfeitures	-	180,180	180,180	-
Amounts Available for Appropriations	310,245	490,425	490,715	290
Charges to Appropriations (Outflow)				
Public safety	2,000	486,147	152,961	333,186
Total Charges to Appropriations	2,000	486,147	152,961	333,186
Budgetary Fund Balance, June 30	\$ 308,245	\$ 4,278	\$ 337,754	\$ 333,476

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SAFETY AUGMENTATION
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 456,514	\$ 456,514	\$ 456,514	\$ -
Resources (Inflows)				
Taxes	857,756	857,756	913,953	56,197
Use of money and property	1,000	1,000	3,115	2,115
Amounts Available for Appropriations	1,315,270	1,315,270	1,373,582	58,312
Charges to Appropriations (Outflow)				
Public safety	858,757	895,705	699,798	195,907
Total Charges to Appropriations	858,757	895,705	699,798	195,907
Budgetary Fund Balance, June 30	\$ 456,513	\$ 419,565	\$ 673,784	\$ 254,219

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SPECIAL DEVELOPMENT
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,511,889	\$ 1,511,889	\$ 1,511,889	\$ -
Resources (Inflows)				
Charges for services	-	190,614	190,614	-
Use of money and property	-	-	11,456	11,456
Amounts Available for Appropriations	1,511,889	1,702,503	1,713,959	11,456
Charges to Appropriations (Outflow)				
Public works	-	1,579,980	-	1,579,980
Total Charges to Appropriations	-	1,579,980	-	1,579,980
Budgetary Fund Balance, June 30	\$ 1,511,889	\$ 122,523	\$ 1,713,959	\$ 1,591,436

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 CSA 152
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,429	\$ 2,429	\$ 2,429	\$ -
Resources (Inflows)				
Assessments	398,208	398,208	287,754	(110,454)
Amounts Available for Appropriations	400,637	400,637	290,183	(110,454)
Charges to Appropriations (Outflow)				
Parks and recreation	398,208	398,208	302,320	95,888
Total Charges to Appropriations	398,208	398,208	302,320	95,888
Budgetary Fund Balance, June 30	\$ 2,429	\$ 2,429	\$ (12,137)	\$ (14,566)

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 RECYCLING AB 929
 YEAR ENDED JUNE 30, 2015

	<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	\$ 1,121,298	\$ 1,121,298	\$ 1,121,298	\$ -
Resources (Inflows)				
Intergovernmental	-	-	11,710	11,710
Charges for services	148,000	148,000	132,054	(15,946)
Use of money and property	7,000	21,337	20,768	(569)
Amounts Available for Appropriations	<u>1,276,298</u>	<u>1,290,635</u>	<u>1,285,830</u>	<u>(4,805)</u>
Charges to Appropriations (Outflow)				
Cultural and convention center	279,152	1,290,635	260,817	1,029,818
Total Charges to Appropriations	<u>279,152</u>	<u>1,290,635</u>	<u>260,817</u>	<u>1,029,818</u>
Budgetary Fund Balance, June 30	<u>\$ 997,146</u>	<u>\$ -</u>	<u>\$ 1,025,013</u>	<u>\$ 1,025,013</u>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 VILLAGEFEST
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 132,606	\$ 132,606	\$ 132,606	\$ -
Resources (Inflows)				
Licenses and permits	435,000	484,900	499,491	14,591
Miscellaneous	11,000	14,000	14,278	278
Amounts Available for Appropriations	578,606	631,506	646,375	14,869
Charges to Appropriations (Outflow)				
Parks and recreation	467,846	522,231	492,134	30,097
Total Charges to Appropriations	467,846	522,231	492,134	30,097
Budgetary Fund Balance, June 30	\$ 110,760	\$ 109,275	\$ 154,241	\$ 44,966

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 NEIGHBORHOOD INVOLVEMENTS
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,115	\$ 5,115	\$ 5,115	\$ -
Resources (Inflows)				
Contributions	-	15,487	15,487	-
Amounts Available for Appropriations	5,115	20,602	20,602	-
Charges to Appropriations (Outflow)				
Cultural and convention center	-	1,500	-	1,500
Parks and recreation	-	19,052	9,261	9,791
Total Charges to Appropriations	-	20,552	9,261	11,291
Budgetary Fund Balance, June 30	\$ 5,115	\$ 50	\$ 11,341	\$ 11,291

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PARKING
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 172,623	\$ 172,623	\$ 172,623	\$ -
Resources (Inflows)				
Charges for services	1,500	1,500	2,349	849
Fines and forfeitures	60,500	60,500	103,587	43,087
Transfers in	305,964	305,964	305,964	-
Amounts Available for Appropriations	540,587	540,587	584,523	43,936
Charges to Appropriations (Outflow)				
Public works	367,964	376,322	329,158	47,164
Total Charges to Appropriations	367,964	376,322	329,158	47,164
Budgetary Fund Balance, June 30	\$ 172,623	\$ 164,265	\$ 255,365	\$ 91,100

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,922,642	\$ 1,922,642	\$ 1,922,642	\$ -
Resources (Inflows)				
Intergovernmental	1,183,500	1,183,500	1,209,147	25,647
Use of money and property	6,000	6,000	10,269	4,269
Amounts Available for Appropriations	3,112,142	3,112,142	3,142,058	29,916
Charges to Appropriations (Outflow)				
Public works	589,500	2,512,141	1,075,449	1,436,692
Transfers out	600,000	600,000	600,000	-
Total Charges to Appropriations	1,189,500	3,112,141	1,675,449	1,436,692
Budgetary Fund Balance, June 30	\$ 1,922,642	\$ 1	\$ 1,466,609	\$ 1,466,608

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 DRAINAGE CONSTRUCTION
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 711,255	\$ 711,255	\$ 711,255	\$ -
Resources (Inflows)				
Licenses and permits	130,000	130,000	283,828	153,828
Use of money and property	5,000	5,000	5,472	472
Amounts Available for Appropriations	846,255	846,255	1,000,555	154,300
Charges to Appropriations (Outflow)				
Public works	350,000	688,074	2,223	685,851
Total Charges to Appropriations	350,000	688,074	2,223	685,851
Budgetary Fund Balance, June 30	\$ 496,255	\$ 158,181	\$ 998,332	\$ 840,151

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (69)	\$ (69)	\$ (69)	\$ -
Resources (Inflows)				
Intergovernmental	317,336	328,232	537,741	209,509
Use of money and property	-	412	413	1
Amounts Available for Appropriations	317,267	328,575	538,085	209,510
Charges to Appropriations (Outflow)				
General government	317,336	580,735	538,085	42,650
Total Charges to Appropriations	317,336	580,735	538,085	42,650
Budgetary Fund Balance, June 30	\$ (69)	\$ (252,160)	\$ -	\$ 252,160

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 MASTER LEASE
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 198,138	\$ 198,138	\$ 198,138	\$ -
Resources (Inflows)				
Use of money and property	1,520,385	1,520,385	1,513,909	(6,476)
Transfers in	250,707	250,707	250,707	-
Amounts Available for Appropriations	1,969,230	1,969,230	1,962,754	(6,476)
Charges to Appropriations (Outflow)				
General government	3,850	3,850	3,019	831
Cultural and convention center	1,512,341	1,512,341	1,374,855	137,486
Debt service:				
Principal retirement	245,097	245,097	245,097	-
Interest and fiscal charges	9,804	9,804	9,804	-
Total Charges to Appropriations	1,771,092	1,771,092	1,632,775	138,317
Budgetary Fund Balance, June 30	\$ 198,138	\$ 198,138	\$ 329,979	\$ 131,841

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY MANAGEMENT
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 96,778	\$ 96,778	\$ 96,778	\$ -
Resources (Inflows)				
Intergovernmental	60,800	60,800	57,240	(3,560)
Use of money and property	500	500	572	72
Amounts Available for Appropriations	158,078	158,078	154,590	(3,488)
Charges to Appropriations (Outflow)				
Public works	61,300	116,300	74,195	42,105
Total Charges to Appropriations	61,300	116,300	74,195	42,105
Budgetary Fund Balance, June 30	\$ 96,778	\$ 41,778	\$ 80,395	\$ 38,617

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PUBLIC ARTS
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 198,346	\$ 198,346	\$ 198,346	\$ -
Resources (Inflows)				
Charges for services	180,000	238,145	250,453	12,308
Use of money and property	2,000	2,000	1,412	(588)
Amounts Available for Appropriations	380,346	438,491	450,211	11,720
Charges to Appropriations (Outflow)				
Cultural and convention center	295,350	438,491	210,211	228,280
Total Charges to Appropriations	295,350	438,491	210,211	228,280
Budgetary Fund Balance, June 30	\$ 84,996	\$ -	\$ 240,000	\$ 240,000

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 LIBRARY
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,231,048	\$ 2,231,048	\$ 2,231,048	\$ -
Resources (Inflows)				
Use of money and property	10,000	10,000	13,913	3,913
Contributions	1,100	228,263	227,225	(1,038)
Amounts Available for Appropriations	2,242,148	2,469,311	2,472,186	2,875
Charges to Appropriations (Outflow)				
Library	11,100	2,469,311	199,614	2,269,697
Total Charges to Appropriations	11,100	2,469,311	199,614	2,269,697
Budgetary Fund Balance, June 30	\$ 2,231,048	\$ -	\$ 2,272,572	\$ 2,272,572

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 QUIMBY ACT FEES
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,252,938	\$ 2,252,938	\$ 2,252,938	\$ -
Resources (Inflows)				
Charges for services	189,400	189,400	432,976	243,576
Use of money and property	-	-	15,896	15,896
Amounts Available for Appropriations	2,442,338	2,442,338	2,701,810	259,472
Charges to Appropriations (Outflow)				
Parks and recreation	100,000	904,062	226,740	677,322
Debt service:				
Principal retirement	-	-	61,229	(61,229)
Interest and fiscal charges	89,400	89,400	28,113	61,287
Total Charges to Appropriations	189,400	993,462	316,082	677,380
Budgetary Fund Balance, June 30	\$ 2,252,938	\$ 1,448,876	\$ 2,385,728	\$ 936,852

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SPECIAL PROJECTS
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,637,695	\$ 1,637,695	\$ 1,637,695	\$ -
Resources (Inflows)				
Charges for services	100,000	309,000	309,000	-
Use of money and property	-	-	1,545	1,545
Contributions	100,000	616,774	616,774	-
Amounts Available for Appropriations	1,837,695	2,563,469	2,565,014	1,545
Charges to Appropriations (Outflow)				
Public safety	100,000	530,294	376,356	153,938
Parks and recreation	100,000	512,703	240,555	272,148
Public works	-	1,520,676	188,934	1,331,742
Total Charges to Appropriations	200,000	2,563,673	805,845	1,757,828
Budgetary Fund Balance, June 30	\$ 1,637,695	\$ (204)	\$ 1,759,169	\$ 1,759,373

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 CFD PUBLIC SAFETY #1
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 298,901	\$ 298,901	\$ 298,901	\$ -
Resources (Inflows)				
Assessments	343,000	373,000	421,114	48,114
Use of money and property	2,000	2,000	1,764	(236)
Transfers in	297,557	297,557	297,557	-
Amounts Available for Appropriations	941,458	971,458	1,019,336	47,878
Charges to Appropriations (Outflow)				
Public safety	642,556	691,122	669,046	22,076
Total Charges to Appropriations	642,556	691,122	669,046	22,076
Budgetary Fund Balance, June 30	\$ 298,902	\$ 280,336	\$ 350,290	\$ 69,954

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 BUSINESS IMPROVEMENT DISTRICT
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,659	\$ 1,659	\$ 1,659	\$ -
Resources (Inflows)				
Assessments	-	200	200	-
Amounts Available for Appropriations	1,659	1,859	1,859	-
Charges to Appropriations (Outflow)				
Cultural and convention center	-	1,859	-	1,859
Total Charges to Appropriations	-	1,859	-	1,859
Budgetary Fund Balance, June 30	\$ 1,659	\$ -	\$ 1,859	\$ 1,859

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PARK MAINTENANCE DISTRICT
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 172,979	\$ 172,979	\$ 172,979	\$ -
Resources (Inflows)				
Charges for services	150,002	150,002	148,510	(1,492)
Amounts Available for Appropriations	322,981	322,981	321,489	(1,492)
Charges to Appropriations (Outflow)				
Public works	150,002	322,983	173,871	149,112
Total Charges to Appropriations	150,002	322,983	173,871	149,112
Budgetary Fund Balance, June 30	\$ 172,979	\$ (2)	\$ 147,618	\$ 147,620

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 EMERGENCY RESPONSE
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,118,745	\$ 1,118,745	\$ 1,118,745	\$ -
Resources (Inflows)				
Charges for services	1,035,000	1,035,000	1,120,808	85,808
Use of money and property	3,000	3,000	7,019	4,019
Transfers in	323,606	323,606	323,606	-
Amounts Available for Appropriations	2,480,351	2,480,351	2,570,178	89,827
Charges to Appropriations (Outflow)				
Public safety	978,542	1,032,572	914,878	117,694
Debt service:				
Principal retirement	341,334	341,334	341,333	1
Interest and fiscal charges	80,987	80,987	80,987	-
Total Charges to Appropriations	1,400,863	1,454,893	1,337,198	117,695
Budgetary Fund Balance, June 30	\$ 1,079,488	\$ 1,025,458	\$ 1,232,980	\$ 207,522

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SUSTAINABILITY
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,748,298	\$ 1,748,298	\$ 1,748,298	\$ -
Resources (Inflows)				
Charges for services	440,000	440,000	403,763	(36,237)
Use of money and property	5,000	5,000	6,057	1,057
Miscellaneous	-	20,699	116,163	95,464
Amounts Available for Appropriations	2,193,298	2,213,997	2,274,281	60,284
Charges to Appropriations (Outflow)				
Public works	767,342	1,161,605	786,332	375,273
Transfers out	-	-	134,700	(134,700)
Total Charges to Appropriations	767,342	1,161,605	921,032	240,573
Budgetary Fund Balance, June 30	\$ 1,425,956	\$ 1,052,392	\$ 1,353,249	\$ 300,857

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SPECIAL GRANTS
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (23,394)	\$ (23,394)	\$ (23,394)	\$ -
Resources (Inflows)				
Intergovernmental	200,000	436,167	295,339	(140,828)
Miscellaneous	-	29,500	29,500	-
Amounts Available for Appropriations	176,606	442,273	301,445	(140,828)
Charges to Appropriations (Outflow)				
Public safety	200,000	466,384	277,256	189,128
Library	-	64,680	64,164	516
Total Charges to Appropriations	200,000	531,064	341,420	189,644
Budgetary Fund Balance, June 30	\$ (23,394)	\$ (88,791)	\$ (39,975)	\$ 48,816

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,959,961	\$ 1,959,961	\$ 1,959,961	\$ -
Resources (Inflows)				
Licenses and permits	86,500	203,531	203,531	-
Intergovernmental	-	9,238,566	2,999,483	(6,239,083)
Use of money and property	-	-	2,259	2,259
Miscellaneous	-	2,000	2,000	-
Transfers in	-	1,910,868	1,910,868	-
Amounts Available for Appropriations	2,046,461	13,314,926	7,078,102	(6,236,824)
Charges to Appropriations (Outflow)				
General government	86,500	841,768	185,835	655,933
Public safety	-	454,680	223,978	230,702
Cultural and convention center	-	1,528,941	-	1,528,941
Parks and recreation	-	503,474	56,602	446,872
Public works	-	18,068,244	2,809,269	15,258,975
Library	-	522,718	522,718	-
Total Charges to Appropriations	86,500	21,919,825	3,798,402	18,121,423
Budgetary Fund Balance, June 30	\$ 1,959,961	\$ (8,604,899)	\$ 3,279,700	\$ 11,884,599

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PARKING PROJECTS
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 486,791	\$ 486,791	\$ 486,791	\$ -
Resources (Inflows)				
Use of money and property	3,303	3,303	2,970	(333)
Amounts Available for Appropriations	490,094	490,094	489,761	(333)
Charges to Appropriations (Outflow)				
Public works	3,303	217,384	308	217,076
Total Charges to Appropriations	3,303	217,384	308	217,076
Budgetary Fund Balance, June 30	\$ 486,791	\$ 272,710	\$ 489,453	\$ 216,743

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 MEASURE J
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 13,410,662	\$ 13,410,662	\$ 13,410,662	\$ -
Resources (Inflows)				
Use of money and property	-	-	71,416	71,416
Transfers in	11,000,000	13,000,000	12,854,984	(145,016)
Amounts Available for Appropriations	24,410,662	26,410,662	26,337,062	(73,600)
Charges to Appropriations (Outflow)				
Public works	9,370,018	23,210,665	12,571,396	10,639,269
Transfers out	-	-	3,189,883	(3,189,883)
Total Charges to Appropriations	9,370,018	23,210,665	15,761,279	7,449,386
Budgetary Fund Balance, June 30	\$ 15,040,644	\$ 3,199,997	\$ 10,575,783	\$ 7,375,786

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 GENERAL DEBT SERVICE
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,262,503	\$ 9,262,503	\$ 9,262,503	\$ -
Resources (Inflows)				
Use of money and property	5,753,251	5,753,251	1,123	(5,752,128)
Transfers in	3,972,211	3,972,211	3,962,093	(10,118)
Refunding bonds issued	-	-	45,550,000	45,550,000
Bond premium	-	-	4,841,701	4,841,701
Amounts Available for Appropriations	18,987,965	18,987,965	63,617,420	44,629,455
Charges to Appropriations (Outflow)				
General government	153,100	154,375	127,298	27,077
Debt service:				
Principal retirement	3,931,601	3,931,601	1,896,601	2,035,000
Interest and fiscal charges	5,632,723	5,631,723	2,673,553	2,958,170
Payment to refunded bond escrow agent	-	-	5,924,616	(5,924,616)
Payment to refunded bond escrow agent	-	-	49,703,770	(49,703,770)
Total Charges to Appropriations	9,717,424	9,717,699	60,325,838	(50,608,139)
Budgetary Fund Balance, June 30	\$ 9,270,541	\$ 9,270,266	\$ 3,291,582	\$ (5,978,684)

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SPECIAL ASSESSMENTS
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,404,409	\$ 2,404,409	\$ 2,404,409	\$ -
Resources (Inflows)				
Assessments	726,514	726,514	790,036	63,522
Use of money and property	10,020	10,020	10,958	938
Refunding bonds issued	-	152,405	6,645,000	6,492,595
Amounts Available for Appropriations	3,140,943	3,293,348	9,850,403	6,557,055
Charges to Appropriations (Outflow)				
Public works	56,623	779,103	34,854	744,249
Debt service:				
Principal retirement	300,000	700,000	300,000	400,000
Interest and fiscal charges	379,911	532,316	590,249	(57,933)
Payment to refunded bond escrow agent	-	-	1,220,441	(1,220,441)
Transfers out	-	-	25,868	(25,868)
Payment to refunded bond escrow agent	-	-	6,086,693	(6,086,693)
Bond discount	-	-	59,946	(59,946)
Total Charges to Appropriations	736,534	2,011,419	8,318,051	(6,306,632)
Budgetary Fund Balance, June 30	\$ 2,404,409	\$ 1,281,929	\$ 1,532,352	\$ 250,423

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, 2015

	<u>Motor Vehicle Replacement</u>	<u>Facilities Maintenance</u>	<u>Employee Benefits</u>	<u>Risk Management</u>
Assets				
Current:				
Cash and investments	\$ 3,335,435	\$ 1,517,214	\$ 274,201	\$ 11,605,520
Receivables:				
Accounts	-	-	-	18,201
Accrued interest	3,337	-	293,463	12,072
Inventories	112,675	-	-	-
Restricted:				
Cash with fiscal agent	-	-	-	-
Total Current Assets	3,451,447	1,517,214	567,664	11,635,793
Noncurrent:				
Advances to other funds	-	-	1,430,000	-
Capital assets, net of accumulated depreciation	4,181,561	-	-	-
Total Noncurrent Assets	4,181,561	-	1,430,000	-
Total Assets	7,633,008	1,517,214	1,997,664	11,635,793
Deferred Outflows of Resources				
Deferred pension related items	111,479	211,677	-	81,978
Total Deferred Outflows of Resources	111,479	211,677	-	81,978
Liabilities				
Current:				
Accounts payable	283,984	118,675	-	320,082
Accrued liabilities	14,053	25,484	-	10,477
Accrued interest	-	-	67,887	-
Unearned revenues	-	-	-	-
Accrued compensated absences	62,818	102,453	-	21,186
Accrued claims and judgments	-	-	-	2,816,038
Bonds, notes, and capital leases	111,708	-	277,749	-
Total Current Liabilities	472,563	246,612	345,636	3,167,783
Noncurrent:				
Accrued compensated absences	-	-	-	15,991
Accrued claims and judgments	-	-	-	3,682,663
Bonds, notes, and capital leases	241,770	-	19,294,435	-
Net pension liability	1,179,963	2,240,524	-	867,707
Total Noncurrent Liabilities	1,421,733	2,240,524	19,294,435	4,566,361
Total Liabilities	1,894,296	2,487,136	19,640,071	7,734,144
Deferred Inflows of Resources				
Deferred pension related items	262,980	499,347	-	193,386
Total Deferred Inflows of Resources	262,980	499,347	-	193,386
Net Position				
Net investment in capital assets	3,828,083	-	-	-
Unrestricted	1,759,128	(1,257,592)	(17,642,407)	3,790,241
Total Net Position	\$ 5,587,211	\$ (1,257,592)	\$ (17,642,407)	\$ 3,790,241

CITY OF PALM SPRINGS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

	<u>Retiree Health Insurance</u>	<u>Cogeneration Plant</u>	<u>Totals</u>
Assets			
Current:			
Cash and investments	\$ 873,225	\$ 3,670,836	\$ 21,276,431
Receivables:			
Accounts	18,878	81,294	118,373
Accrued interest	-	-	308,872
Inventories	-	-	112,675
Restricted:			
Cash with fiscal agent	-	754,975	754,975
Total Current Assets	892,103	4,507,105	22,571,326
Noncurrent:			
Advances to other funds	-	-	1,430,000
Capital assets, net of accumulated depreciation	-	13,844,551	18,026,112
Total Noncurrent Assets	-	13,844,551	19,456,112
Total Assets	892,103	18,351,656	42,027,438
Deferred Outflows of Resources			
Deferred pension related items	-	-	405,134
Total Deferred Outflows of Resources	-	-	405,134
Liabilities			
Current:			
Accounts payable	512	858,219	1,581,472
Accrued liabilities	-	-	50,014
Accrued interest	-	144,473	212,360
Unearned revenues	1,385	-	1,385
Accrued compensated absences	-	-	186,457
Accrued claims and judgments	-	-	2,816,038
Bonds, notes, and capital leases	-	465,496	854,953
Total Current Liabilities	1,897	1,468,188	5,702,679
Noncurrent:			
Accrued compensated absences	-	-	15,991
Accrued claims and judgments	-	-	3,682,663
Bonds, notes, and capital leases	-	19,948,437	39,484,642
Net pension liability	-	-	4,288,194
Total Noncurrent Liabilities	-	19,948,437	47,471,490
Total Liabilities	1,897	21,416,625	53,174,169
Deferred Inflows of Resources			
Deferred pension related items	-	-	955,713
Total Deferred Inflows of Resources	-	-	955,713
Net Position			
Net investment in capital assets	-	-	3,828,083
Unrestricted	890,206	(3,064,969)	(15,525,393)
Total Net Position	\$ 890,206	\$ (3,064,969)	\$ (11,697,310)

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015**

	<u>Motor Vehicle Replacement</u>	<u>Facilities Maintenance</u>	<u>Employee Benefits</u>	<u>Risk Management</u>
Operating Revenues				
Sales and service charges	\$ 3,172,968	\$ 4,023,538	\$ 13,575,723	\$ 12,345,441
Miscellaneous	170	-	-	-
Sale of electricity	-	-	-	-
Total Operating Revenues	<u>3,173,138</u>	<u>4,023,538</u>	<u>13,575,723</u>	<u>12,345,441</u>
Operating Expenses				
Administration and general	110,937	48,344	-	2,679,972
Source of supply	-	-	-	-
Maintenance shop operations	2,650,528	-	-	-
Facilities maintenance	-	3,512,337	1,300	-
Retirement	-	-	12,505,801	-
Other claims and insurance	5,000	24,505	-	2,483,476
Depreciation expense	851,794	-	-	-
Heat, light and power	-	-	-	-
Other charges and services	2,189	-	-	-
Cogeneration	-	-	-	-
Medical, health, and life insurance	-	-	-	6,879,217
Workers compensation	-	-	-	2,363,305
Total Operating Expenses	<u>3,620,448</u>	<u>3,585,186</u>	<u>12,507,101</u>	<u>14,405,970</u>
Operating Income (Loss)	<u>(447,310)</u>	<u>438,352</u>	<u>1,068,622</u>	<u>(2,060,529)</u>
Nonoperating Revenues (Expenses)				
Interest revenue	17,207	1,260	313	58,024
Interest expense	(24,720)	-	(938,042)	-
Gain (loss) on disposal of capital assets	21,349	-	-	-
Total Nonoperating Revenues (Expenses)	<u>13,836</u>	<u>1,260</u>	<u>(937,729)</u>	<u>58,024</u>
Income (Loss) Before Transfers and contributions	<u>(433,474)</u>	<u>439,612</u>	<u>130,893</u>	<u>(2,002,505)</u>
Transfers in	1,000,000	-	-	3,444,864
Capital contribution	-	-	-	-
Changes in Net Position	<u>566,526</u>	<u>439,612</u>	<u>130,893</u>	<u>1,442,359</u>
Net Position, Beginning of Year, as Previously Reported	6,366,933	859,063	3,731,515	3,337,869
Restatements	<u>(1,346,248)</u>	<u>(2,556,267)</u>	<u>(21,504,815)</u>	<u>(989,987)</u>
Net Position, Beginning of Year, as Restated	<u>5,020,685</u>	<u>(1,697,204)</u>	<u>(17,773,300)</u>	<u>2,347,882</u>
Net Position, End of Year	<u>\$ 5,587,211</u>	<u>\$ (1,257,592)</u>	<u>\$ (17,642,407)</u>	<u>\$ 3,790,241</u>

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Retiree Health Insurance</u>	<u>Cogeneration Plant</u>	<u>Totals</u>
Operating Revenues			
Sales and service charges	\$ 2,462,750	\$ 2,619,820	\$ 38,200,240
Miscellaneous	-	80	250
Sale of electricity	-	171,810	171,810
Total Operating Revenues	<u>2,462,750</u>	<u>2,791,710</u>	<u>38,372,300</u>
Operating Expenses			
Administration and general	-	3,000	2,842,253
Source of supply	3,046	-	3,046
Maintenance shop operations	-	-	2,650,528
Facilities maintenance	-	-	3,513,637
Retirement	-	-	12,505,801
Other claims and insurance	2,301,963	45,619	4,860,563
Depreciation expense	-	241,249	1,093,043
Heat, light and power	-	1,594,020	1,594,020
Other charges and services	-	-	2,189
Cogeneration	-	1,274,880	1,274,880
Medical, health, and life insurance	-	-	6,879,217
Workers compensation	-	-	2,363,305
Total Operating Expenses	<u>2,305,009</u>	<u>3,158,768</u>	<u>39,582,482</u>
Operating Income (Loss)	<u>157,741</u>	<u>(367,058)</u>	<u>(1,210,182)</u>
Nonoperating Revenues (Expenses)			
Interest revenue	-	3,296	80,100
Interest expense	-	(951,895)	(1,914,657)
Gain (loss) on disposal of capital assets	-	65,143	86,492
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(883,456)</u>	<u>(1,748,065)</u>
Income (Loss) Before Transfers and contributions	157,741	(1,250,514)	(2,958,247)
Transfers in	-	134,700	4,579,564
Capital contribution	-	457,476	457,476
Changes in Net Position	<u>157,741</u>	<u>(658,338)</u>	<u>2,078,793</u>
Net Position, Beginning of Year, as Previously Reported	732,465	(2,406,631)	12,621,214
Restatements	<u>-</u>	<u>-</u>	<u>(26,397,317)</u>
Net Position, Beginning of Year, as Restated	<u>732,465</u>	<u>(2,406,631)</u>	<u>(13,776,103)</u>
Net Position, End of Year	<u>\$ 890,206</u>	<u>\$ (3,064,969)</u>	<u>\$ (11,697,310)</u>

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015**

	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits	Risk Management
Cash Flows from Operating Activities				
Cash received from customers and users	\$ 13,445	\$ -	\$ -	\$ -
Cash received from/(paid to) interfund service provided	3,172,968	566,106	649,665	3,086,793
Cash paid to suppliers for goods and services	(2,541,400)	(24,505)	-	(2,232,929)
Cash paid to employees for services	(122,342)	(47,196)	-	(2,703,274)
Cash received from (payments to) others	170	-	-	1,444,863
Net Cash Provided (Used) by Operating Activities	522,841	494,405	649,665	(404,547)
Cash Flows from Non-Capital Financing Activities				
Cash transfers in	1,000,000	-	-	3,444,864
Principal paid on non-capital debt	-	-	(279,673)	-
Interest paid on non-capital debt	-	-	(938,042)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	1,000,000	-	(1,217,715)	3,444,864
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(810,503)	-	-	-
Principal paid on capital debt	(106,005)	-	-	-
Interest paid on capital debt	(24,720)	-	-	-
Proceeds from sales of capital assets	21,349	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(919,879)	-	-	-
Cash Flows from Investing Activities				
Interest received	17,660	1,260	1,218	59,091
Net Cash Provided (Used) by Investing Activities	17,660	1,260	1,218	59,091
Net Increase (Decrease) in Cash and Cash Equivalents	620,622	495,665	(566,832)	3,099,408
Cash and Cash Equivalents at Beginning of Year	2,714,813	1,021,549	841,033	8,506,112
Cash and Cash Equivalents at End of Year	\$ 3,335,435	\$ 1,517,214	\$ 274,201	\$ 11,605,520
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (447,310)	\$ 438,352	\$ 1,068,622	\$ (2,060,529)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities				
Depreciation	851,794	-	-	-
(Increase) decrease in accounts receivable	-	-	-	(16,126)
(Increase) decrease in inventory	13,445	-	-	-
(Increase) decrease in net pension asset	-	-	21,504,815	-
(Increase) decrease in deferred outflows	(13,072)	(24,822)	-	(9,613)
(Increase) decrease in deferred inflows	262,980	499,347	-	193,386
Increase (decrease) in accounts payable	113,634	54,905	(418,957)	247,455
Increase (decrease) in accrued liabilities	2,683	6,112	-	3,092
Increase (decrease) in deferred revenue	-	-	-	-
Increase (decrease) in net pension liability	(264,692)	(502,598)	(21,504,815)	(194,645)
Increase (decrease) in claims and judgments	-	-	-	1,444,863
Increase (decrease) in compensated absences	3,379	23,109	-	(12,430)
Total Adjustments	970,151	56,053	(418,957)	1,655,982
Net Cash Provided (Used) by Operating Activities	\$ 522,841	\$ 494,405	\$ 649,665	\$ (404,547)

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	Retiree Health Insurance	Cogeneration Plant	Totals
Cash Flows from Operating Activities			
Cash received from customers and users	\$ -	\$ -	\$ 13,445
Cash received from/(paid to) interfund service provided	2,461,297	2,710,336	12,647,165
Cash paid to suppliers for goods and services	(2,304,497)	(2,496,732)	(9,600,063)
Cash paid to employees for services	-	(3,000)	(2,875,812)
Cash received from (payments to) others	-	80	1,445,113
Net Cash Provided (Used) by Operating Activities	156,800	210,684	1,629,848
Cash Flows from Non-Capital Financing Activities			
Cash transfers in	-	134,700	4,579,564
Principal paid on non-capital debt	-	-	(279,673)
Interest paid on non-capital debt	-	-	(938,042)
Net Cash Provided (Used) by Non-Capital Financing Activities	-	134,700	3,361,849
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	-	(5,951,085)	(6,761,588)
Principal paid on capital debt	-	(423,144)	(529,149)
Interest paid on capital debt	-	(832,897)	(857,617)
Proceeds from sales of capital assets	-	65,143	86,492
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(7,141,983)	(8,061,862)
Cash Flows from Investing Activities			
Interest received	-	3,296	82,525
Net Cash Provided (Used) by Investing Activities	-	3,296	82,525
Net Increase (Decrease) in Cash and Cash Equivalents	156,800	(6,793,303)	(2,987,640)
Cash and Cash Equivalents at Beginning of Year	716,425	11,219,114	25,019,046
Cash and Cash Equivalents at End of Year	\$ 873,225	\$ 4,425,811	\$ 22,031,406
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 157,741	\$ (367,058)	\$ (1,210,182)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities			
Depreciation	-	241,249	1,093,043
(Increase) decrease in accounts receivable	(1,381)	(81,294)	(98,801)
(Increase) decrease in inventory	-	-	13,445
(Increase) decrease in net pension asset	-	-	21,504,815
(Increase) decrease in deferred outflows	-	-	(47,507)
(Increase) decrease in deferred inflows	-	-	955,713
Increase (decrease) in accounts payable	512	417,787	415,336
Increase (decrease) in accrued liabilities	-	-	11,887
Increase (decrease) in deferred revenue	(72)	-	(72)
Increase (decrease) in net pension liability	-	-	(22,466,750)
Increase (decrease) in claims and judgments	-	-	1,444,863
Increase (decrease) in compensated absences	-	-	14,058
Total Adjustments	(941)	577,742	2,840,030
Net Cash Provided (Used) by Operating Activities	\$ 156,800	\$ 210,684	\$ 1,629,848

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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:

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 AGENCY FUNDS
JUNE 30, 2015

	<u>Special Deposits</u>	<u>Totals</u>
Assets		
Pooled cash and investments	\$ 1,154,263	\$ 1,154,263
Total Assets	<u>\$ 1,154,263</u>	<u>\$ 1,154,263</u>
Liabilities		
Deposits payable	\$ 1,154,263	\$ 1,154,263
Total Liabilities	<u>\$ 1,154,263</u>	<u>\$ 1,154,263</u>

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2015

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2015</u>
<u>Special Deposits</u>				
Assets				
Pooled cash and investments	\$ 951,487	\$ 326,746	\$ 123,970	\$ 1,154,263
Total Assets	<u>\$ 951,487</u>	<u>\$ 326,746</u>	<u>\$ 123,970</u>	<u>\$ 1,154,263</u>
Liabilities				
Deposits payable	\$ 951,487	\$ 326,746	\$ 123,970	\$ 1,154,263
Total Liabilities	<u>\$ 951,487</u>	<u>\$ 326,746</u>	<u>\$ 123,970</u>	<u>\$ 1,154,263</u>
<u>Totals - All Agency Funds</u>				
Assets				
Pooled cash and investments	\$ 951,487	\$ 326,746	\$ 123,970	\$ 1,154,263
Total Assets	<u>\$ 951,487</u>	<u>\$ 326,746</u>	<u>\$ 123,970</u>	<u>\$ 1,154,263</u>
Liabilities				
Deposits payable	\$ 951,487	\$ 326,746	\$ 123,970	\$ 1,154,263
Total Liabilities	<u>\$ 951,487</u>	<u>\$ 326,746</u>	<u>\$ 123,970</u>	<u>\$ 1,154,263</u>

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Comprehensive Annual Financial Report

STATISTICAL SECTION

Fiscal year ended June 30, 2015



CITY OF PALM SPRINGS
FINANCIAL STATEMENTS
JUNE 30, 2015
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.

TABLE OF CONTENTS

	<u>PAGE</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	151
Revenue Capacity	
These schedules contain trend information to help the reader assess the government's most significant current local revenue source, the property tax.	158
Debt Capacity	
These schedules contain present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	162
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	170
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	173

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CITY OF PALM SPRINGS

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities:										
Net investment in capital assets	\$ 106,475,801	\$ 107,217,515	\$ 119,129,764	\$ 124,797,484	\$ 92,188,168	\$ 73,197,631	\$ 73,048,922	\$ 74,644,178	\$ 68,392,428	\$ 89,544,865
Restricted	50,159,957	64,475,152	59,250,531	53,290,867	59,544,531	63,883,617	65,682,688	68,039,523	51,461,583	47,008,169
Unrestricted	(102,730,809)	9,032,025	8,263,055	7,603,335	10,785,032	19,934,024	34,860,168	43,003,704	56,957,112	28,383,927
Total governmental activities net position	\$ 53,904,949	\$ 180,724,692	\$ 186,643,350	\$ 185,691,686	\$ 162,517,731	\$ 157,015,272	\$ 173,591,778	\$ 185,687,405	\$ 176,811,123	\$ 164,936,961
Business-type activities:										
Net investment in capital assets	\$ 90,467,867	\$ 90,775,976	\$ 82,089,205	\$ 86,255,293	\$ 88,813,375	\$ 94,457,741	\$ 102,404,738	\$ 98,206,074	\$ 98,785,796	\$ 93,694,049
Restricted	4,125,236	4,038,239	4,777,681	4,024,930	4,026,199	4,288,145	3,633,197	3,517,715	3,836,949	-
Unrestricted	22,023,465	34,234,038	29,620,437	25,605,934	27,502,074	27,247,535	24,737,228	23,222,716	24,572,187	16,849,508
Total business-type activities net position	\$ 116,616,568	\$ 129,048,253	\$ 116,487,323	\$ 115,886,157	\$ 120,341,648	\$ 125,993,421	\$ 130,775,163	\$ 124,946,505	\$ 127,194,932	\$ 110,543,557
Primary government:										
Net investment in capital assets	\$ 196,943,668	\$ 197,993,491	\$ 201,218,969	\$ 211,052,777	\$ 181,001,543	\$ 167,655,372	\$ 175,453,660	\$ 172,850,252	\$ 167,178,224	\$ 183,238,914
Restricted	54,285,193	68,513,391	64,028,212	57,315,797	63,570,730	68,171,762	69,315,885	71,557,238	55,298,532	47,008,169
Unrestricted	(80,707,344)	43,266,063	37,883,492	33,209,269	38,287,106	47,181,559	59,597,396	66,226,420	81,529,299	45,233,435
Total primary government net position	\$ 170,521,517	\$ 309,772,945	\$ 303,130,673	\$ 301,577,843	\$ 282,859,379	\$ 283,008,693	\$ 304,366,941	\$ 310,633,910	\$ 304,006,055	\$ 275,480,518

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental activities:										
General government	\$ 14,353,882	\$ 17,734,430	\$ 11,981,549	\$ 11,680,752	\$ 10,149,638	\$ 11,784,609	\$ 15,700,926	\$ 10,720,946	\$ 12,278,124	\$ 12,664,186
Public safety	42,911,251	42,041,061	38,070,130	36,489,937	36,069,196	39,310,585	38,382,590	35,442,942	33,968,442	30,377,849
Cultural and convention center	8,041,954	6,884,266	7,482,648	7,638,730	7,651,982	7,369,435	7,693,125	5,511,222	7,580,033	5,894,286
Parks and recreation	9,008,961	8,832,666	12,150,464	9,728,209	8,903,287	7,052,825	9,532,099	9,433,992	7,275,052	7,056,619
Public works	26,799,641	26,594,799	14,674,398	36,660,915	22,102,401	25,469,426	21,959,270	21,749,956	19,329,974	15,178,234
Library	2,308,501	2,718,241	2,125,382	2,168,904	2,265,212	2,041,643	2,937,321	2,772,268	2,332,577	2,562,084
Interest on long-term debt	7,153,434	5,435,432	5,565,437	7,553,342	9,183,561	11,967,641	14,636,613	11,609,448	7,764,472	8,416,117
Total governmental activities expenses	110,577,624	110,240,895	92,050,008	111,920,789	96,325,277	104,996,164	110,841,944	97,240,774	90,528,674	82,149,375
Business-type activities:										
Airport	25,811,396	25,580,134	25,581,945	24,990,169	24,526,812	24,586,610	24,637,583	23,842,294	21,631,538	20,154,371
Wastewater	6,693,464	7,118,541	5,711,562	5,967,510	5,863,229	6,126,747	5,854,655	5,191,967	4,658,947	3,617,124
Golf Course	5,370,771	5,527,984	5,948,442	5,662,881	5,441,285	5,153,882	5,374,561	4,664,759	3,872,346	3,615,866
Total business-type activities expenses	37,875,631	38,226,659	37,241,949	36,620,560	35,831,326	35,867,239	35,866,799	33,699,020	30,162,831	27,387,361
Total primary government expenses	148,453,255	148,467,554	129,291,957	148,541,349	132,156,603	140,863,403	146,708,743	130,939,794	120,691,505	109,536,736
Program revenues:										
Governmental activities:										
Charges for services:										
General government	4,151,215	3,640,512	3,552,667	3,517,758	3,606,184	3,904,814	1,868,359	1,811,973	1,527,808	2,985,457
Public safety	3,256,962	2,930,416	2,843,908	2,878,838	2,847,413	3,072,280	1,922,028	1,922,714	1,614,245	1,387,079
Cultural and convention center	-	-	-	-	-	-	359,103	402,890	1,644,443	342,570
Parks and recreation	1,911,290	1,775,662	1,614,526	1,370,673	1,376,238	1,223,793	1,823,445	2,033,797	814,512	1,502,694
Public works	4,344,298	6,339,972	4,582,804	4,045,121	4,359,177	2,644,951	3,249,898	6,367,211	7,968,799	8,064,647
Lease	-	-	-	-	-	-	-	-	-	-
Library	41,075	38,517	38,172	59,501	42,727	42,126	124,726	222,349	386,807	212,725
Operating grants and contributions	3,469,962	5,861,447	5,192,616	7,381,835	6,886,447	6,425,017	9,480,506	11,559,384	9,595,013	9,148,403
Capital grants and contributions	2,936,236	1,448,409	5,093,264	16,382,186	13,271,770	3,212,335	6,269,961	4,202,582	5,135,785	6,955,885
Total governmental activities program revenues	20,111,038	22,034,935	22,917,957	35,635,912	32,389,956	20,525,316	25,098,026	28,522,900	28,687,412	30,599,460
Business-type activities:										
Charges for services:										
Airport	23,900,962	23,017,582	21,745,074	20,342,504	18,747,127	18,998,409	18,465,121	19,531,818	17,938,788	14,581,454
Wastewater	9,524,542	8,220,813	7,019,449	5,965,340	6,045,209	5,928,827	6,006,812	6,007,109	7,456,041	6,428,919
Golf Course	4,836,445	4,519,169	4,850,343	5,046,766	4,832,305	4,687,694	4,130,497	2,261,723	3,210,941	2,887,216
Operating grants and contributions	-	-	-	29,056	29,056	-	-	-	299,718	283,674
Capital grants and contributions	2,180,401	11,788,567	2,290,385	2,315,123	483,618	523,239	10,051,905	2,446,631	16,394,397	6,005,185
Total business-type activities program revenues	40,442,350	47,546,131	35,905,251	33,669,733	30,137,315	30,138,169	38,654,335	30,247,481	45,299,885	30,186,448
Total primary government program revenues	60,553,388	69,581,066	58,823,208	69,305,645	62,527,271	50,663,485	63,752,361	58,770,381	73,987,297	60,785,908

CITY OF PALM SPRINGS

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net revenues (expenses):										
Governmental activities	(90,466,586)	(88,205,960)	(69,132,051)	(76,284,877)	(63,935,321)	(84,470,848)	(85,743,918)	(68,717,874)	(61,841,262)	(51,549,915)
Business-type activities	2,566,719	9,319,472	(1,336,698)	(2,950,827)	(5,694,011)	(5,729,070)	2,787,536	(3,451,539)	15,137,054	2,799,087
Total net revenues (expenses)	(87,899,867)	(78,886,488)	(70,468,749)	(79,235,704)	(69,629,332)	(90,199,918)	(82,956,382)	(72,169,413)	(46,704,208)	(48,750,828)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	21,294,978	21,065,170	18,655,013	24,229,315	25,786,509	24,547,656	30,747,373	32,558,462	28,272,695	22,933,538
Sales tax	25,367,807	24,113,415	21,948,058	12,130,059	9,633,250	8,221,763	8,796,538	9,138,355	9,798,032	8,842,715
Transient occupancy taxes	24,695,585	22,249,462	19,396,331	17,874,173	15,731,036	13,370,831	12,763,078	14,464,485	14,465,639	14,677,511
Other taxes	14,687,706	14,142,596	13,840,763	13,070,963	12,533,135	12,185,850	10,709,406	11,201,740	12,070,400	11,005,477
Motor vehicle in lieu, unrestricted	3,920,259	3,673,718	3,537,631	3,505,007	3,797,122	3,942,507	4,180,689	4,056,920	3,640,542	3,398,819
Use of money and property	2,211,049	2,336,973	1,217,844	1,583,805	860,532	5,537,407	1,610,201	4,580,865	1,678,144	984,833
Other general revenues	54,954	80,795	178,958	117,096	203,793	28,328	7,241,006	2,293,329	3,804,702	1,413,164
Gain on sale of capital asset	86,492	(238,179)	161,770	-	-	-	-	-	-	-
Extraordinary gain/(loss)	-	(2,585,890)	(6,935,586)	31,771,682	-	(500,000)	(2,140,000)	(700,000)	(14,730)	(500,000)
Transfers	(412,270)	(2,550,758)	(1,952,165)	2,450	589,848	(500,000)	(2,140,000)	(700,000)	(14,730)	(500,000)
Total governmental activities	91,906,560	82,287,302	70,048,617	104,284,550	69,135,225	67,334,342	73,898,291	77,594,156	73,715,424	62,756,057
Business-type activities:										
Use of money and property	299,716	526,158	(122,318)	333,192	336,189	436,926	900,328	1,625,626	1,498,991	808,752
Other revenue	986,504	164,542	182,232	161,417	295,897	10,402	1,150	317,450	-	-
Extraordinary gain/(loss)	-	-	(74,215)	(1,227,000)	-	-	-	-	-	-
Transfers	412,270	2,550,758	1,952,165	(2,450)	(589,848)	500,000	2,140,000	700,000	14,730	500,000
Total business-type activities	1,698,490	3,241,458	1,937,864	(734,841)	42,238	947,328	3,041,478	2,643,076	1,513,721	1,308,752
Total primary government	93,605,050	85,528,760	71,986,481	103,549,709	69,177,463	68,281,670	76,939,769	80,237,232	75,229,145	64,064,809
Changes in net position										
Governmental activities	1,439,974	(5,918,658)	916,566	27,999,673	5,199,904	(17,136,506)	(11,845,627)	8,876,282	11,874,162	11,206,142
Business-type activities	4,265,209	12,560,930	601,166	(3,685,668)	(5,651,773)	(4,781,742)	5,829,014	(808,463)	16,650,775	4,107,839
Total primary government	\$ 5,705,183	\$ 6,642,272	\$ 1,517,732	\$ 24,314,005	\$ (451,869)	\$ (21,918,248)	\$ (6,016,613)	\$ 8,067,819	\$ 28,524,937	\$ 15,313,981

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	2015	2014	2013	2012	2011 *	2010	2009	2008	2007	2006
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,913,779	\$ 5,664,944	\$ 5,402,822	\$ 3,972,662	\$ 4,045,302
Unreserved	-	-	-	-	-	6,730,561	7,055,671	11,882,037	9,219,367	2,419,770
Nonspendable	3,919,428	3,019,428	3,670,535	1,410,000	3,015,000	-	-	-	-	-
Assigned	6,850,022	7,060,894	6,442,546	5,333,035	3,932,735	-	-	-	-	-
Unassigned	14,985,654	13,199,370	12,803,298	13,041,689	11,779,373	-	-	-	-	-
Total general fund	\$ 25,755,104	\$ 23,279,692	\$ 22,916,379	\$ 19,784,724	\$ 18,727,108	\$ 10,644,340	\$ 12,720,615	\$ 17,284,859	\$ 13,192,029	\$ 6,465,072
All other governmental funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,575,321	\$ 55,281,667	\$ 71,505,398	\$ 31,258,664	\$ 39,126,531
Unreserved, reported in:										
Debt Service	-	-	-	-	-	(4,740,053)	-	-	2,641,321	(433,447)
Special revenue funds	-	-	-	-	-	11,031,984	7,903,147	9,168,338	28,090,940	20,109,521
Capital projects funds	-	-	-	-	-	1,299,214	23,370,030	10,244,630	12,936,479	21,860,630
Nonspendable	-	-	11,188,905	12,324,620	13,290,989	-	-	-	-	-
Restricted	50,159,957	64,475,152	48,061,626	40,966,247	46,253,542	-	-	-	-	-
Committed	-	-	-	-	1,568,370	-	-	-	-	-
Assigned	14,344,936	2,446,752	3,657,054	1,216,595	2,961,717	-	-	-	-	-
Unassigned	(52,112)	(23,463)	(184,499)	(154,048)	(5,352,857)	-	-	-	-	-
Total all other governmental funds	\$ 64,452,781	\$ 66,898,441	\$ 62,723,086	\$ 54,353,414	\$ 58,721,761	\$ 74,166,466	\$ 86,554,844	\$ 90,918,366	\$ 74,927,404	\$ 80,663,235

* The City 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 Ten Fiscal Years
(modified accrual basis of accounting)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Taxes	\$ 86,046,076	\$ 83,019,658	\$ 75,222,872	\$ 68,653,101	\$ 72,408,230	\$ 72,253,106	\$ 72,269,596	\$ 75,916,291	\$ 72,093,648	\$ 67,085,805
Licenses and permits	4,338,884	4,223,695	3,066,526	2,913,367	3,119,482	2,714,339	3,068,452	3,858,530	5,044,241	5,098,958
Fines and penalties	283,767	127,672	98,971	104,838	107,824	270,853	824,131	781,656	1,167,855	944,495
Use of money and property	2,130,949	2,214,740	1,287,277	2,006,106	2,349,620	5,004,081	7,485,174	7,327,922	4,327,432	3,031,815
Intergovernmental	9,881,576	8,499,575	13,397,351	27,264,100	20,914,362	10,338,051	15,049,300	15,936,047	9,651,107	8,847,596
Charges for services	8,671,389	8,632,034	7,750,886	7,036,034	7,068,669	6,715,640	5,038,889	6,190,461	8,136,350	6,486,118
Other	2,817,116	873,125	1,322,686	1,292,222	3,265,240	2,929,498	5,496,259	5,849,485	6,027,493	418,714
Total revenues	<u>114,169,757</u>	<u>107,590,499</u>	<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	12,639,548	17,145,827	10,885,046	10,863,967	9,562,837	11,362,793	14,090,558	14,217,987	13,056,812	12,756,285
Public safety	38,169,200	36,640,786	35,327,922	35,192,757	32,864,416	38,472,546	38,116,499	34,720,156	33,438,801	30,153,554
Cultural and convention center	4,912,242	3,946,726	4,342,391	4,437,725	4,450,885	4,235,131	6,357,377	3,946,989	5,319,373	9,797,133
Parks and recreation	8,664,379	8,423,471	11,958,245	8,969,751	8,772,280	7,725,705	8,608,714	8,023,314	7,242,156	7,096,167
Public works	30,083,326	20,799,856	15,474,824	74,063,752	40,578,391	23,473,774	23,788,035	29,593,755	16,305,743	20,190,731
Library	3,194,262	2,552,786	2,428,937	2,073,757	2,290,305	2,177,906	2,924,851	2,744,643	2,232,037	2,481,292
Debt service:										
Principal retirement	5,219,260	4,444,570	4,264,596	3,799,784	3,799,956	4,264,044	3,793,289	4,209,378	6,975,994	3,362,576
Interest and fiscal charges	5,587,476	4,647,051	4,618,428	6,579,560	7,966,940	10,710,691	13,088,973	9,963,603	7,382,576	7,751,650
Bond issuance costs	-	-	-	-	-	-	-	887,426	-	-
Payment to bond escrow	7,145,057	-	-	-	-	-	-	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>115,614,750</u>	<u>98,601,073</u>	<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>(1,444,993)</u>	<u>8,989,426</u>	<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	20,793,279	18,329,676	15,850,073	8,756,658	9,726,647	28,298,755	20,150,156	11,938,365	11,029,443	12,229,942
Transfers out	(25,785,113)	(22,780,434)	(17,802,238)	(8,754,208)	(9,136,799)	(29,098,755)	(23,140,156)	(13,538,365)	(12,564,443)	(13,214,342)
Debt issued	58,440,000	-	490,000	68,945,000	-	-	3,366,478	24,935,036	-	3,806,000
Bond premium	5,376,988	-	-	2,361,102	-	-	-	-	-	-
Bond discount	(59,946)	-	-	-	-	-	-	-	-	-
Proceeds from sale of asset	-	-	-	-	-	-	(77,303)	35,000	-	-
Payment to refunded bond escrow agent	(55,790,463)	-	-	(24,264,400)	-	-	-	-	-	-
Total other financing sources (uses)	<u>2,974,745</u>	<u>(4,450,758)</u>	<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	-	-	(323,409)	(11,303,318)	-	-	-	-	-	-
Net change in fund balances	<u>\$ 1,529,752</u>	<u>\$ 4,538,668</u>	<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	10.1%	10.1%	11.1%	10.4%	13.1%	14.1%	15.6%	13.6%	15.5%	11.7%

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
2006	\$ 4,196,079	\$ 790,639	\$ 135,500	\$ 2,295,588	\$ 7,417,806	0.32870
2007	4,972,103	855,103	149,627	2,634,657	8,611,490	0.34905
2008	5,749,317	964,864	180,165	2,950,286	9,844,632	0.36904
2009	5,889,013	1,099,120	197,160	3,062,564	10,247,857	0.37569
2010	5,527,341	1,168,445	196,399	2,839,637	9,731,822	0.38182
2011	5,239,135	1,034,191	193,415	2,728,132	9,194,873	0.37482
2012	5,143,126	962,594	193,140	2,562,149	8,861,009	0.36581
2013	5,190,305	995,874	192,704	2,522,431	8,901,314	0.35452
2014	5,664,830	1,008,814	188,103	2,845,274	9,707,021	0.22399
2015	6,255,962	1,014,168	182,092	2,523,552	9,975,774	0.22389

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)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
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	0.10956	0.11284	0.10207	0.10207	0.08745	0.08903	0.07851	0.07732	0.02616	0.04091
Coachella Valley Water District	0.10000	0.10000	0.08000	0.08000	0.08000	0.06000	0.04000	0.04000	0.02080	0.02080
Desert Community College	0.02325	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995
Desert Water Agency	0.10000	0.10000	0.10000	0.08000	0.08000	0.08000	0.08000	0.08000	0.08000	0.06000
Palm Springs Unified B & I 1992-A	0.10160	0.12961	0.09351	0.10451	0.13224	0.12628	0.06007	0.05468	0.05912	0.05012
San Geronio Pass Memorial Hospital	0.11296	0.11896	0.11572	0.10365	0.09914	0.10676	0.03365	0.03272	0.03272	0.00000
Total Direct and Overlapping Tax Rates	1.54737	1.58136	1.51125	1.49018	1.49878	1.48202	1.31218	1.30467	1.23875	1.19178
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
Total Direct Rate (Note 5)	0.22389	0.22399	0.35452	0.36581	0.37482	0.38182	0.37569	0.36904	0.34905	0.32870

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

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

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

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

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

Source: HDL Coren & Cone (Riverside County Assessor)

CITY OF PALM SPRINGS

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

<u>Taxpayer</u>	<u>2015</u>		<u>2006</u>	
	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>
Tenet Health System Desert Inc.	\$ 110,442,234	1.11%	\$ 94,019,177	1.27%
TKG Smoke Tree Commons LLC	61,681,537	0.62	-	0.00%
Mountain View Power Partners IV	59,729,011	0.60	31,771,324	0.43%
Windpower Partners 1993 LP	58,353,996	0.58	35,840,745	0.48%
AL California LLC	50,012,984	0.50	-	0.00%
Indigo Generation LLC	46,600,000	0.47	81,800,000	1.10%
Riviera Reincarnate	42,650,234	0.43	-	0.00%
HH Palm Springs	40,028,226	0.40	-	0.00%
Skywest Airlines INC	33,215,131	0.33	41,781,056	0.56%
Walmart Real Estate Business Trust	32,431,209	0.33	-	0.00%
San Gorgonio Westwinds II LLC	-		51,301,041	0.69%
John Wessman	-		43,276,548	0.58%
Pacific Monarch Resorts INC	-		38,322,815	0.52%
AP APH Palm Springs	-		37,555,819	0.51%
Desert Sun Publishing Co	-		24,847,713	0.33%
	<u>\$ 535,144,562</u>	6.22%	<u>\$ 480,516,238</u>	6.47%

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 Ten 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	0.00%	1		0.00%
2010	37,164,518	34,897,314	1	1,377,973	36,275,287	97.61%
2011	36,589,289	33,749,104	92.24%	617,134	34,366,238	93.92%
2012	31,699,331	26,581,718	83.86%	1,613,650	28,195,368	88.95%
2013	34,832,425	27,301,032	78.38%	1,440,591	28,741,623	82.51%
2014	35,213,010	33,764,807	95.89%	1,432,979	35,197,786	99.96%
2015	34,215,678	32,782,699	95.81%	1,452,247	34,234,946	100.06%

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.

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 Ten 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
2014	19,851,587	128,647,806	-	21,156,532	169,655,925
2015	19,572,184	136,551,633	-	20,367,964	176,491,781

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF PALM SPRINGS

**Ratios of Outstanding Debt by Type
Last Ten 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	114.65268	4,233	
24,020,000	9,547,944	167,372	33,735,316	189,684,854	111.36289	4,112	
20,915,000	9,037,194	92,556	30,044,750	199,700,675	117.24312	4,329	
18,161,227	8,502,035	6,807	26,670,069	203,161,850	126.00904	4,404	
* Personal Income				1,612,280			
* Total Population				46,135			

CITY OF PALM SPRINGS

**Ratio of General Bonded Debt Outstanding
Last Ten 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	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	1.51%	3,493
2008	19,832	99,938	46,640	166,410	1.62%	3,918
2009	20,328	97,667	45,860	163,855	1.68%	3,858
2010	20,350	95,655	45,045	161,050	1.75%	3,380
2011	20,313	93,373	44,080	157,766	1.78%	3,484
2012	20,222	136,394	-	156,616	1.76%	3,395
2013	20,068	132,552	-	152,620	1.57%	3,308
2014	19,852	128,648	-	148,500	1.53%	3,219
2015	19,572	136,552	-	156,124	1.57%	3,384

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

CITY OF PALM SPRINGS
Direct and Overlapping Debt
June 30, 2015

City Assessed Valuation		\$ 9,981,059,009	
		\$ 9,981,059,009	
	Percentage Applicable (1)	Outstanding Debt 6/30/15	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Desert Community College District	14.659%	\$ 308,619,492	\$ 45,240,531
Banning Unified School District	0.165%	43,876,945	72,397
Palm Springs Unified School District	40.126%	354,019,218	142,053,751
San Geronio Memorial Hospital District	0.062%	114,010,000	70,686
Riverside County Assessment District No. 167	100%	275,000	275,000
City of Palm Springs 1915 Act Bonds	100%	6,645,000	6,645,000
		827,445,655	194,357,365
Total overlapping debt repaid with property taxes			
Direct and Overlapping General Fund Debt:			
Riverside County General Fund Obligations	4.421%	961,952,082	42,527,902
Riverside County Pension Obligations	4.421%	320,470,000	14,167,979
Riverside County Board of Education Certificates of Participation	4.421%	1,835,000	81,125
Mt. San Jacinto Community College District General Fund Obligation	0.006%	70,000,000	4,200
City of Palm Springs General Fund Obligations	100%	125,175,000	125,175,000
City of Palm Springs Pension Obligations	100%	18,458,100	18,458,100
		1,497,890,182	200,079,857
Total Net Direct and Overlapping General Fund Debt			
Less: Riverside County Self-Supporting Obligations			334,449
			200,079,857
Overlapping Tax Increment Debt (Successor Agencies)			
Riverside County Tax Allocation Bonds	.239-100%	\$ 229,809,302	\$ 37,719,618
		\$ 229,809,302	\$ 37,719,618
Total Overlapping Tax Increment Debt			
Total Direct Debt			\$ 203,161,850
Total Gross Overlapping Debt			288,858,189
Total Net Overlapping Debt			288,523,740
Gross Combined Total Debt			492,020,039
Net Combined Total Debt			491,685,590
<u>Ratios to Adjusted Assessed Valuation:</u>			
Total Overlapping Tax and Assessment Debt	1.95%		
Total Direct Debt (\$156,404,021)	1.44%		
Gross Combined Total Debt	4.33%		
Net Combined Total Debt	4.33%		
<u>Ratios to Redevelopment Successor Agencies Incremental Valuation (\$1,645,790,888)</u>			
Total Overlapping Tax Increment Debt	2.29%		

AB (\$475)

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 Ten Fiscal Years
(in Thousands of Dollars)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Assessed Valuation	\$ 9,975,774	\$ 9,320,889	\$ 8,901,314	\$ 8,861,010	\$ 9,194,873	\$ 9,731,822	\$ 10,247,857	\$ 9,844,632	\$ 8,611,490	\$ 7,417,806
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,493,944	2,330,222	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%	15%	15%
Debt limit	374,092	349,533	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	136,552	128,648	132,552	136,394	93,373	95,655	97,667	99,939	107,733	107,733
Legal debt Margin	\$ 237,540	\$ 220,885	\$ 201,247	\$ 195,894	\$ 251,435	\$ 269,288	\$ 286,628	\$ 269,235	\$ 215,198	\$ 170,435

Total Debt applicable to the limit as a percentage of debt limit **36.5%** **36.8%** **39.7%** **41.0%** **27.1%** **26.2%** **25.4%** **27.1%** **33.4%** **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.

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

CITY OF PALM SPRINGS

**Pledged-Revenue Coverage
Last Ten 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	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-

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.

CITY OF PALM SPRINGS

**Pledged-Revenue Coverage
Last Ten 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	
35,290,038	16,666,876	18,623,162	3,105,000	1,332,020	4.20	
24,793,762	24,630,467	163,295	2,310,000	1,180,929	0.05	

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>
2005	45,878	\$ 1,277,067	\$ 27,836	4.1%
2006	46,638	1,334,743	28,619	3.8%
2007	46,795	1,363,589	29,140	4.6%
2008	46,992	1,374,982	29,260	6.5%
2009	47,653	1,376,376	28,883	10.6%
2010	48,040	1,728,191	35,974	11.5%
2011	45,279	1,669,663	36,875	10.6%
2012	45,712	1,714,109	37,498	7.4%
2013	46,135	1,703,304	36,920	6.4%
2014	46,135	1,612,280	34,947	6.8%

Sources:

HDL Coren and Cone

Note: This statistic is a year behind due to the nature of the demographic study

**CITY OF PALM SPRINGS
Principal Employers
Current Year**

Employer	2015	
	Number of Employees	Percent of Total Employment
Desert Regional Medical Center	1,000-4,999	2.67 - 13.34%
Spa Resort Casino	1,000-4,999	2.67 - 13.34%
Hard Rock Hotel - Palm Springs	500-999	1.33 - 2.67%
Care Fusion	250-499	0.67 - 1.33%
City of Palm Springs City Hall	250-499	0.67 - 1.33%
Desert Sun	250-499	0.67 - 1.33%
Kaplan College	250-499	0.67 - 1.33%
Palm Springs Personnel	250-499	0.67 - 1.33%
Palm Springs Riviera Resort	250-499	0.67 - 1.33%
Savoury's Inc	250-499	0.67 - 1.33%
Walmart Supercenter	250-499	0.67 - 1.33%
Ace Hotel & Swim Club	100-249	0.27 - 0.66%
Agua Caliente Band of Indians	100-249	0.27 - 0.66%
Airport Terminal Service Inc	100-249	0.27 - 0.66%
California Nursing & Rehab Center	100-249	0.27 - 0.66%
Circa 59	100-249	0.27 - 0.66%
Hilton - Palm Springs	100-249	0.27 - 0.66%
Home Depot	100-249	0.27 - 0.66%
Hyatt - Palm Springs	100-249	0.27 - 0.66%
Las Casuelas Terraza	100-249	0.27 - 0.66%
Le Parker Meridien - Palm Springs	100-249	0.27 - 0.66%
Lowe's Home Improvement	100-249	0.27 - 0.66%
Palm Canyon Resort & Spa	100-249	0.27 - 0.66%
Palm Springs Health Care	100-249	0.27 - 0.66%
Palm Springs High School	100-249	0.27 - 0.66%
Palm Springs Police Dept	100-249	0.27 - 0.66%
Parker Palm Springs Hotel	100-249	0.27 - 0.66%
Premier Care Center	100-249	0.27 - 0.66%
Renaissance - Palm Springs	100-249	0.27 - 0.66%
Riverside County Civil Court	100-249	0.27 - 0.66%
Stater Bros Markets	100-249	0.27 - 0.66%
Triada Palm Springs	100-249	0.27 - 0.66%
UPS Customer Center	100-249	0.27 - 0.66%
US Post Office	100-249	0.27 - 0.66%
V I P Motor Cars	100-249	0.27 - 0.66%
Western Pacific Roofing Corp	100-249	0.27 - 0.66%
Wet 'n' Wild	100-249	0.27 - 0.66%

"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 2006 information not available.

CITY OF PALM SPRINGS

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

<u>Department</u>	<u>2015</u>	<u>2014</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	36.25	36.25	35.75	34.25	34.75	43.25	48.75	46.30	44.70	45.90
Growth Management	24.29	24.29	20.80	20.20	22.20	28.45	34.95	34.95	34.85	37.85
Quality of Life	54.50	54.50	53.25	37.25	38.25	46.00	56.25	53.90	52.65	48.90
Public Safety	174.50	174.50	178.50	172.50	184.50	208.50	214.50	215.50	207.50	195.50
Public Works & Engineering	20.33	20.33	20.00	27.50	27.00	32.00	32.75	30.60	30.10	30.10
Airport	67.00	67.00	66.50	66.50	64.50	63.50	69.50	69.65	68.15	67.00
Golf Course	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	0.50	0.50
Motor Vehicle	8.00	8.00	7.00	7.00	7.00	8.00	9.00	9.00	9.00	10.00
Facilities Maintenance	13.00	13.00	13.50	13.50	12.50	14.50	14.50	14.50	14.00	14.00
Risk Management	3.25	3.25	3.25	2.75	3.25	3.25	3.25	3.25	3.25	3.15
Low & Moderate Income Housing	3.38	3.38	3.70	4.30	4.30	4.55	4.55	6.80	6.50	2.35
Wastewater Treatment Plant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.00
Total	<u>404.50</u>	<u>404.50</u>	<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>

Source: City Budget Department

CITY OF PALM SPRINGS

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

	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
Police:										
Arrests	3,608	4,257	3,090	3360	3528	4564	4319	4908	4,152	3,897
Parking Citations	3,826	3,178	2,796	2585	1936	2977	2896	2987	3,125	2,875
Fire:										
Number of Emergency Calls	9,753	8,798	8,455	8263	7777	7400	7054	6,928	6,876	6,772
Inspections	3,389	3,902	3,385	1425	4204	3808	2907	3,889	2,025	576
Public Works:										
Street resurfacing (sq feet)	2,875,700	3,136,862	2,638,360	2,468,300	3,049,441	3,286,000	3,580,270	3,688,258	4,025,450	2,759,517
Parks and Recreation:										
Number of recreation classes	2,642	2,964	3,715	3229	3171	1755	2001	1,331	1,055	1,423
Number of facility rentals	144	167	160	195	276	955	968	1,138	165	163
Airport:										
Passengers serviced	1,914,402	1,852,606	1,751,973	1,668,554	1,483,051	1,499,637	1,453,921	1,591,458	1,595,417	1,478,616
Flights	55,823	52,993	51,586	58,792	61,584	68,772	68,805	77,859	93,201	92,668
Sewer:										
New Connections	175	120	114	112	62	102	122	166	258	566
Ave Daily sewage treatment	6,042	6,042	6,033	5698	5700	6491	6491	6491	6,491	6,500
Golf Course:										
Golf rounds played	98,866	87,981	95,177	103,653	99,592	80,699	82,966	83,705	83,979	44,039

Source: City of Palm Springs

CITY OF PALM SPRINGS

Capital Asset Statistics
By Function

Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police: Stations	1	1	1	1	1	1	1	1	1	1
Fire: Fire Stations	4	4	4	4	5	5	5	5	5	5
Public Works: Streets (miles)	270	270	270	270	270	270	270	270	270	270
Streetslights	405	405	367	367	367	367	365	360	218	218
Traffic signals	84	84	84	84	84	84	81	81	76	76
Parks and recreation: Parks	10	10	10	10	10	9	8	8	8	8
Community centers	3	3	3	3	3	2	2	2	2	2
Airport: Runway (feet)	14,952	14,952	14,952	14,952	14,952	14,952	14,952	14,952	14,952	14,952
Gates	16	16	16	16	16	16	16	16	11	11
Wastewater: Sanitary sewers (miles)	264	264	264	264	250	260	260	260	260	260
Storm sewers (miles)	52	52	52	52	50	50	50	50	50	50
Maximum daily treatment capacity (thousands of gallons)	10,900	10,900	10,900	10,900	10,900	10,900	10,900	10,900	10,900	10,900
Cogeneration: Cogeneration plants	1	1	2	2	1	1	1	1	1	1
Golf Course: Municipal golf courses	2	2	2	2	2	2	2	2	2	2
Convention Center: Square feet	261,000	261,000	261,000	261,000	261,000	250,000	250,000	250,000	250,000	250,000
Meeting rooms	19	19	19	19	19	13	13	13	13	13

Source: City of Palm Springs