NEW ISSUE – BOOK-ENTRY **RATINGS**

INSURED BONDS RATING: S&P: "AA" (stable outlook)

UNINSURED BONDS AND UNDERLYING RATING: S&P: "A+"

(See "CONCLUDING INFORMATION - Ratings on the Bonds" herein)

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS - Tax Matters" herein.

RIVERSIDE COUNTY **STATE OF CALIFORNIA**

$15,635,000
SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY
2014 SUBORDINATE TAX ALLOCATION REFUNDING BONDS

Dated: Date of Delivery **Due: September 1 as Shown on the inside cover page**

The cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "RISK FACTORS" herein for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

Proceeds from the sale of the Successor Agency to the Palm Springs Community Redevelopment Agency (the "Successor Agency") 2014 Subordinate Tax Allocation Refunding Bonds (the "Bonds") will be used to (i) refinance certain outstanding obligations of the Community Redevelopment Agency of the City of Palm Springs (the "Former Agency"), (ii) purchase a debt service reserve fund insurance policy to satisfy the reserve requirement for the Bonds, and (iii) provide for the costs of issuing the Bonds.

The Bonds will be issued under an Indenture of Trust, dated as of July 1, 2014 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as Trustee (the "Trustee"). The Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of certain tax increment revenues of the Former Agency's Merged Project No. 1 and Merged Project No. 2, on a subordinate basis to certain obligations of the Former Agency to remain outstanding, and a pledge of amounts in certain funds and accounts established under the Indenture (see "SECURITY FOR THE BONDS" and "RISK FACTORS").

Interest on the Bonds is payable on March 1, 2015 and semiannually thereafter on September 1 and March 1 of each year until maturity. The Bonds are subject to optional and sinking account redemption prior to maturity (see "THE BONDS - General Provisions" and "THE BONDS - Redemption" herein).

The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City of Palm Springs, the County of Riverside, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Palm Springs, the County of Riverside, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

The scheduled payment of principal of and interest on the Bonds maturing September 1, in the years 2022 through and including 2034 (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by **ASSURED GUARANTY MUNICIPAL CORP.** See "MUNICIPAL BOND INSURANCE" and "APPENDIX H - SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

ASSURED GUARANTY MUNICIPAL

The payment of scheduled debt service on the Bonds maturing September 1 in the years 2015 through and including 2021 is not insured. All of the Bonds are secured by a Municipal Bond Debt Service Reserve Insurance Policy issued by Assured Guaranty Municipal Corp.

The Bonds are being offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed on for the Successor Agency by Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, Los Angeles, California, as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about August 14, 2014 (see "APPENDIX G - THE BOOK-ENTRY SYSTEM" herein).

The date of the Official Statement is July 22, 2014.

STIFEL

$15,635,000
SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY
2014 SUBORDINATE TAX ALLOCATION REFUNDING BONDS

MATURITY SCHEDULE

Maturity Date September 1	Principal Amount	Interest Rate	Reoffering Yield	CUSIP®† (69667A)
2015	$ 870,000	4.00%	0.30%	AA4
2016	940,000	4.00	0.55	AB2
2017	985,000	4.00	0.83	AC0
2018	1,010,000	5.00	1.18	AD8
2019	1,070,000	5.00	1.54	AE6
2020	1,120,000	3.00	1.81	AF3
2021	1,155,000	5.00	2.08	AG1
2022*	870,000	5.00	2.34	AH9
2023*	910,000	3.00	2.56	AJ5
2024*	475,000	5.00	2.70	AK2
2025*	495,000	5.00	2.89 C	AL0
2026*	520,000	5.00	3.04 C	AM8
2027*	545,000	5.00	3.18 C	AN6
2028*	575,000	5.00	3.26 C	AP1
2029*	600,000	5.00	3.34 C	AQ9
2030*	630,000	5.00	3.41 C	AR7
2031*	665,000	5.00	3.48 C	AS5
2032*	695,000	5.00	3.55 C	AT3
2033*	730,000	5.00	3.61 C	AU0
2034*	775,000	5.00	3.66 C	AV8

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* Insured Bonds.

C Yield to the first optional call date of September 1, 2024.

 CUSIP data herein is provided by CUSIP Global Services Bureau, operated by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency and are included solely for the convenience of the holders of the Bonds. None of the Successor Agency, the Financial Advisor or the Underwriter takes any responsibility for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the offer and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Successor Agency in any press release and in any oral statement made with the approval of an authorized officer of the Successor Agency or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Successor Agency to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the Successor Agency, the Financial Advisor or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Involvement of Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Information Subject to Change. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or any other entity described or referenced herein since the date hereof. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

Web Page. The City of Palm Springs maintains a website. However, the information maintained on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX H - SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

SUCCESSOR AGENCY TO THE
PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY

PALM SPRINGS, CALIFORNIA

CITY COUNCIL AND SUCCESSOR AGENCY BOARD

Steve Pougnet, *Mayor*
Rick Hutcheson, *Mayor Pro Tem*
Ginny Foat, *Councilmember*
Paul Lewin, *Councilmember*
Christopher Mills, *Councilmember*

CITY AND SUCCESSOR AGENCY STAFF

David H. Ready, Esq., Ph.D., *City Manager*
James L. Thompson, *Chief of Staff/City Clerk*
Geoffrey S. Kiehl, *Director of Finance and Treasurer*
John S. Raymond, *Director of Community & Economic Development*
Douglas C. Holland, *City Attorney*

PROFESSIONAL SERVICES

Bond Counsel
Jones Hall
A Professional Law Corporation
San Francisco, California

Disclosure Counsel
Fulbright & Jaworski LLP, a member of Norton Rose Fulbright
Los Angeles, California

Financial Advisor
Harrell & Company Advisors, LLC
Orange, California

Trustee
U.S. Bank National Association
Los Angeles, California

Escrow Bank
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Verifications
Grant Thornton LLP
Minneapolis, Minnesota

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OFFICIAL STATEMENT

$15,635,000
SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY
2014 SUBORDINATE TAX ALLOCATION REFUNDING BONDS

This Official Statement which includes the cover page and appendices (the "Official Statement") is provided to furnish certain information concerning the sale of the Successor Agency to the Palm Springs Community Redevelopment Agency 2014 Subordinate Tax Allocation Refunding Bonds (the "Bonds"), in the aggregate principal amount of $15,635,000.

INTRODUCTION

This Introduction contains only a brief description of this issue and does not purport to be complete. The Introduction is subject in all respects to more complete information in the entire Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Authority and Purpose

The Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Bond Law"), Section 34177.5 of the Community Redevelopment Law of the State and an Indenture of Trust dated as of July 1, 2014 (the "Indenture") by and between the Successor Agency to the Palm Springs Community Redevelopment Agency (the "Successor Agency") and U.S. Bank National Association, as trustee (the "Trustee").

The Bonds are being issued to refinance the following obligations of the Community Redevelopment Agency of the City of Palm Springs (the "Former Agency"):

- 2001 Housing Tax Allocation Bonds (the "2001 Bonds"),
- Merged Project No. 1 Tax Allocation Refunding Bonds, 2004 Series A (the "2004A Bonds"), and
- Merged Project No. 2 Tax Allocation Refunding Bonds, 2004 Series B (the "2004B Bonds").

The 2001 Bonds, the 2004A and the 2004B Bonds are sometimes collectively referred to herein as the "Refunded Bonds."

See "THE FINANCING PLAN" herein.

Following the issuance of the Bonds, the following tax allocation bonds of the Former Agency will remain outstanding and payable from Tax Revenues (as defined herein) on a basis senior to the Bonds:

- Merged Project No. 1 Tax Allocation Bonds, 2007 Series A (the "2007A Bonds"), currently outstanding in the principal amount of $12,770,000;
- Merged Project No. 1 Taxable Tax Allocation Bonds, 2007 Series B (the "2007B Bonds"), currently outstanding in the principal amount of $1,910,000; and

- Merged Project No. 2 Taxable Tax Allocation Bonds, 2007 Series C (the "2007C Bonds"), currently outstanding in the principal amount of $5,985,000.

The 2007A Bonds, the 2007B Bonds and the 2007C Bonds are sometimes collectively referred to herein as the "Senior Obligations" and the respective indentures of trust providing for the issuance of the Senior Obligations are collectively referred to herein as the "Senior Obligation Indentures." See "SECURITY FOR THE BONDS."

The Successor Agency and the Former Agency

The Former Agency was established in 1973 by the City Council (the "City Council") of the City of Palm Springs (the "City") pursuant to the Community Redevelopment Law of the State, constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State (the "Redevelopment Law"). On June 29, 2011, Assembly Bill No. 26 ("AB X1 26") was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 ("AB X1 27"). A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. The California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012 (as amended from time to time, the "Dissolution Act"). The Redevelopment Law, as amended by the Dissolution Act, is sometimes referred to herein as the "Law."

On January 4, 2012, pursuant to Resolution No. 23071 and Section 34173 of the Dissolution Act, the City Council elected to serve as successor agency to the Former Agency. Section 34173(g) of the Dissolution Act expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City (see "THE SUCCESSOR AGENCY" herein).

The Successor Agency is governed by a five-member board consisting of the members of the City Council. The City Manager acts as the Successor Agency's chief administrative officer (see "THE SUCCESSOR AGENCY" herein).

The City

The City was incorporated as a general law city on April 20, 1938. It became a charter city on July 12, 1994. The City encompasses 96.2 square miles in central Riverside County. The City is located 108 miles east of downtown Los Angeles and 120 miles west of the Arizona border. Neighboring communities include Palm Desert, Rancho Mirage, Desert Hot Springs and Cathedral City (see "APPENDIX C - CITY OF PALM SPRINGS INFORMATION STATEMENT" herein).

Tax Allocation Financing Under the Dissolution Act

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

Under the Dissolution Act, moneys will be deposited from time to time in a Redevelopment Property Tax Trust Fund (the "Redevelopment Property Tax Trust Fund") held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects using current assessed values on the last equalized roll on August 20 each year. See "SECURITY FOR THE BONDS - Tax Allocation Financing" herein for additional information.

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. Tax Revenues, as defined herein, pledged to pay the Bonds consist of the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act, net of (1) amounts payable under the Contractual Tax Sharing Agreements or pursuant to Statutory Tax Sharing (as described herein) and (2) administrative costs allowed under Section 34182 of the Dissolution Act and Section 95.3 of the Revenue and Taxation Code, and use of such funds to pay debt service on the Bonds is subordinate in priority to the Senior Obligations (see "Security for the Bonds" below).

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions" and "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules").

The Project Areas

The Former Agency created 10 individual redevelopment projects, and in 2000 created 2 separate merged project areas incorporating all 10 redevelopment projects.

The Former Agency's Merged Project No. 1 ("Merged Project No. 1") was created on May 31, 2000 pursuant to an amendment to the redevelopment plans for the Former Agency's Central Business District Redevelopment Project, North Palm Canyon Redevelopment Project, South Palm Canyon Redevelopment Project, Ramon-Bogie Redevelopment Project, Oasis Redevelopment Project, Highland-Gateway Redevelopment Project and Redevelopment Project No. 9. In total, Merged Project No. 1 encompasses 1,894 acres of commercial, residential, industrial and hotel development.

The Former Agency's Merged Project No. 2 ("Merged Project No. 2") was also created on May 31, 2000 pursuant to an amendment to the redevelopment plans for the Former Agency's Baristo-Farrell Redevelopment Project, Canyon Redevelopment Project and Tahquitz-Andreas Redevelopment Project.

In total, Merged Project No. 2 encompasses 1,393 acres of commercial, residential, and hotel development.

Merged Project No. 1 and Merged Project No. 2 are referred to herein as the "Project Areas," an individual redevelopment project is referred to herein as a "Redevelopment Project" or when referring to more than one individual redevelopment project, "Redevelopment Projects," and the Redevelopment Plans for all the individual redevelopment projects comprising the Project Areas are referred to herein as the "Redevelopment Plans."

See "The Project Areas" herein for additional information on the Project Areas and "The Successor Agency and the Former Agency" herein for additional information on the Redevelopment Plans.

Security for the Bonds

For the security of the Bonds, the Successor Agency grants a pledge of and lien on all of the Tax Revenues, subject to the prior pledge, security interest and lien on Tax Revenues of debt service on the Senior Obligations. "Tax Revenues" are defined under the Indenture as taxes that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and deposited in the Redevelopment Property Tax Trust Fund. By definition, Tax Revenues are net of the same amounts that were payable by the Former Agency pursuant to any existing Contractual Tax Sharing Agreements and amounts that were payable by the Former Agency as Statutory Tax Sharing as well as the County's administrative costs allowed under Section 34182 of the Dissolution Act and Section 95.3 of the Revenue and Taxation Code. See "APPENDIX B - PROJECTED TAX REVENUES" herein.

Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll of the Project Areas, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. Moneys transferred by the County Auditor-Controller to the Successor Agency will be deposited into the Successor Agency's Redevelopment Obligation Retirement Fund will be transferred by the Successor Agency to the trustee for the Senior Obligations for deposit first, in payment of debt service on the Senior Obligations for the bond year as provided in the Senior Obligations Indentures, and then to the Trustee for deposit in the Debt Service Fund established under the Indenture or any supplemental indenture providing for the issuance of Parity Debt, as defined herein. See "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules" herein.

The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City of Palm Springs, the County of Riverside, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Palm Springs, the County of Riverside, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

Legal Matters

All legal proceedings in connection with the issuance of the Bonds are subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel. Such opinion, and certain tax consequences incident to the ownership of the Bonds are described more fully under the heading "LEGAL MATTERS - Tax Matters" herein. Certain legal matters will be passed on for the Successor Agency by Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, Los Angeles, California, as Disclosure Counsel and Woodruff, Spradlin & Smart as Successor Agency Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, A Professional Law Corporation, Newport Beach, California.

Municipal Bond Insurance

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds maturing September 1 in the years 2022 through and including 2034 (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as "APPENDIX H" to this Official Statement. The Policy does not insure the payment of the Bonds maturing on September 1, in the years 2015 through and including 2021 (the "Uninsured Bonds").

In order to further secure the payment of the principal of and interest on the Bonds, a Reserve Account is established by the Indenture. The Reserve Account will initially be funded by the purchase of a Municipal Bonds Debt Service Reserve Fund Insurance Policy (the "Reserve Policy") issued by AGM in an amount equal to the Reserve Requirement as defined in the Indenture. The Reserve Policy secures all of the Bonds. See "SECURITY FOR THE BONDS - Reserve Account - Municipal Bond Debt Service Reserve Insurance Policy."

Professional Services

The Trustee will act on behalf of the Bondholders for the purpose of receiving all moneys required to be paid to the Trustee, to allocate, use and apply the same, to hold, receive and disburse the Tax Revenues and other funds held under the Indenture, and otherwise to hold all the offices and perform all the functions and duties provided in the Indenture to be held and performed by the Trustee.

Harrell & Company Advisors, LLC, Orange, California (the "Financial Advisor") advised the Successor Agency as to the financial structure and certain other financial matters relating to the Bonds and assisted the Successor Agency with the preparation of this Official Statement.

Fees payable to Bond Counsel, Disclosure Counsel, Underwriter's Counsel, and the Financial Advisor are contingent upon the sale and delivery of the Bonds.

Financial Statements of the Successor Agency

After the Dissolution Act, the activities of the Successor Agency are reported as a fiduciary trust fund, as part of the City's Comprehensive Annual Financial Report, which is in accordance with guidance issued by the State Department of Finance and available on its website as of February 4, 2013, interpreting Section 34177(n) of the California Health and Safety Code concerning certain successor agency postaudit obligations.

Pursuant to the Dissolution Act, the housing assets, housing obligations, and housing activities of the Former Agency have been transferred to the City after the dissolution date and have been reported in a special fund in the City's Comprehensive Annual Financial Report.

The City's financial statements for the fiscal year ended June 30, 2013, attached hereto as "APPENDIX D" have been audited by Lance, Soll & Lunghard, LLP, Certified Public Accountants, Brea, California. The City's audited financial statements are public documents and are included within this Official Statement without the prior approval of the auditor. ***Lance, Soll & Lunghard, LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Lance, Soll & Lunghard, LLP also has not performed any procedures relating to this Official Statement.***

Offering of the Bonds

Authority for Issuance. The Bonds are to be issued and secured pursuant to the Indenture, as authorized by Resolution No. 23596 of the City Council, acting solely in its capacity as the Successor Agency, adopted on May 7, 2014, the Bond Law, the Dissolution Act and the Redevelopment Law. The Successor Agency to the Palm Springs Community Redevelopment Agency Oversight Board (the "Oversight Board") approved the action taken by the Successor Agency to refinance the Refunded Bonds on May 8, 2014. The State Department of Finance approved the Oversight Board action by letter dated June 30, 2014.

Offering and Delivery of the Bonds. The Bonds are being sold to Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Bonds are offered, when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company on or about August 14, 2014.

Information Concerning this Official Statement

This Official Statement speaks only as of its date. The information set forth herein has been obtained by the Successor Agency with the assistance of the Financial Advisor, from sources which are believed to be reliable and such information is believed to be accurate and complete, but such information is not guaranteed as to accuracy or completeness, nor has it been independently verified and is not to be construed as a representation by the Financial Advisor, the Underwriter or the Disclosure Counsel. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended as such and are not to be construed as representations of fact. The information and expressions of opinion herein are subject to change without notice and the delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein or in the affairs of the Successor Agency since the date hereof.

Availability of Legal Documents. The summaries and references contained herein with respect to the Indenture, the Bonds and other statutes or documents do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute, and references to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of the documents described herein are available for inspection during the period of initial offering of the Bonds at the offices of the Financial Advisor, Harrell & Company Advisors, LLC, 333 City Boulevard West, Suite 1430, Orange, California 92868, telephone (714) 939-1464. Copies of these documents may be obtained after delivery of the Bonds from the Successor Agency at 3200 E. Tahquitz Canyon Way, Palm Springs, California 92262.

THE BONDS

General Provisions

Repayment of the Bonds. Interest on the Bonds is payable at the rates per annum set forth on the inside cover page hereof. Interest on the Bonds will be computed on the basis of a year consisting of 360 days and twelve 30-day months.

Interest on the Bonds will be payable on March 1 and September 1 (each an “Interest Payment Date”), commencing March 1, 2015, and thereafter from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after the close of business on the 15th calendar day of the month preceding such Interest Payment Date (each, a “Record Date”) and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) a Bond is authenticated on or before the first Record Date, in which event it shall bear interest from the Closing Date; *provided, however,* that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Bonds are authorized to be issued in denominations of $5,000 or any integral multiple of $5,000, and will be dated as of the date of their original delivery.

Transfer or Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred or exchanged, pursuant to the provisions of the Indenture, upon surrender of such Bond for cancellation at the Principal Corporate Trust Office of the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Trustee shall authenticate and deliver a new Bond or Bonds for like aggregate principal amount and of like maturity. The Trustee may require the payment by the Bondholder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. The foregoing provisions regarding the transfer and exchange of the Bonds apply only if the book-entry system is discontinued. So long as the Bonds are in the book-entry system of DTC as described below, the rules of DTC will apply for the transfer and exchange of Bonds.

Book-Entry System. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. Interest on and principal of the Bonds will be payable when due by wire of the Trustee to DTC which will in turn remit such interest and principal to DTC Participants, which will in turn remit such interest and principal to Beneficial Owners of the Bonds (see “APPENDIX G - THE BOOK-ENTRY SYSTEM” herein). As long as DTC is the registered owner of the Bonds and DTC’s book-entry method is used for the Bonds, the Trustee will send any notices to Bond Owners only to DTC.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, if a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture. The Successor Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered as described in the Indenture.

Redemption

Optional Redemption. The Bonds maturing on or before September 1, 2024 are not subject to optional redemption prior to maturity. The Bonds maturing on and after September 1, 2025, are subject to redemption, at the option of the Successor Agency on any date on or after September 1, 2024, as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Notice of Redemption. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least 20 but not more than 60 days prior to the redemption date, to (i) to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to the Information Services; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

So long as the book-entry system is used for the Bonds, the Trustee will give any notice of redemption or any other notices required to be given to registered Owners of Bonds only to DTC. Any failure of DTC to advise any Participant, or of any Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on such notice. Beneficial Owners may desire to make arrangements with a Participant so that all notices of redemption or other communications to DTC which affect such Beneficial Owners, and notification of all interest payments, will be forwarded in writing by such Participant.

Rescission of Notice. The Successor Agency has the right to rescind any notice of the optional redemption of Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The Successor Agency and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Successor Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new Bond or Bonds of the same interest rate and maturity, of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

Manner of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee shall assign to each Bond then Outstanding a distinctive number for each $5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than $5,000 shall be redeemed as shall equal $5,000 for each number assigned to it and so selected.

Scheduled Debt Service on the Bonds

The following is the scheduled semi-annual and annual Debt Service on the Bonds.

Payment Date	Principal	Interest	Semi-Annual Debt Service	Annual Debt Service
3/1/2015	$ -	$ 390,278.89	$ 390,278.89	$ -
9/1/2015	870,000.00	356,600.00	1,226,600.00	1,616,878.89
3/1/2016		339,200.00	339,200.00	
9/1/2016	940,000.00	339,200.00	1,279,200.00	1,618,400.00
3/1/2017		320,400.00	320,400.00	
9/1/2017	985,000.00	320,400.00	1,305,400.00	1,625,800.00
3/1/2018		300,700.00	300,700.00	
9/1/2018	1,010,000.00	300,700.00	1,310,700.00	1,611,400.00
3/1/2019		275,450.00	275,450.00	
9/1/2019	1,070,000.00	275,450.00	1,345,450.00	1,620,900.00
3/1/2020		248,700.00	248,700.00	
9/1/2020	1,120,000.00	248,700.00	1,368,700.00	1,617,400.00
3/1/2021		231,900.00	231,900.00	
9/1/2021	1,155,000.00	231,900.00	1,386,900.00	1,618,800.00
3/1/2022		203,025.00	203,025.00	
9/1/2022	870,000.00	203,025.00	1,073,025.00	1,276,050.00
3/1/2023		181,275.00	181,275.00	
9/1/2023	910,000.00	181,275.00	1,091,275.00	1,272,550.00
3/1/2024		167,625.00	167,625.00	
9/1/2024	475,000.00	167,625.00	642,625.00	810,250.00
3/1/2025		155,750.00	155,750.00	
9/1/2025	495,000.00	155,750.00	650,750.00	806,500.00
3/1/2026		143,375.00	143,375.00	
9/1/2026	520,000.00	143,375.00	663,375.00	806,750.00
3/1/2027		130,375.00	130,375.00	
9/1/2027	545,000.00	130,375.00	675,375.00	805,750.00
3/1/2028		116,750.00	116,750.00	
9/1/2028	575,000.00	116,750.00	691,750.00	808,500.00
3/1/2029		102,375.00	102,375.00	
9/1/2029	600,000.00	102,375.00	702,375.00	804,750.00
3/1/2030		87,375.00	87,375.00	
9/1/2030	630,000.00	87,375.00	717,375.00	804,750.00
3/1/2031		71,625.00	71,625.00	
9/1/2031	665,000.00	71,625.00	736,625.00	808,250.00
3/1/2032		55,000.00	55,000.00	
9/1/2032	695,000.00	55,000.00	750,000.00	805,000.00
3/1/2033		37,625.00	37,625.00	
9/1/2033	730,000.00	37,625.00	767,625.00	805,250.00
3/1/2034		19,375.00	19,375.00	
9/1/2034	775,000.00	19,375.00	794,375.00	813,750.00
Total	$15,635,000.00	$7,122,678.89	$22,757,678.89	$22,757,678.89

THE FINANCING PLAN

The Refunding Program

On the Delivery Date, the Successor Agency will irrevocably deposit a portion of the proceeds of the Bonds with The Bank of New York Mellon Trust Company, N.A., as escrow bank (the "Escrow Bank"), pursuant to separate escrow deposit and trust agreements, each dated as of July 1, 2014 (the "Escrow Agreements") between the Successor Agency and the Escrow Bank for each series of the Refunded Bonds. The deposit, together with other funds deposited with the Escrow Bank, will be held uninvested and will be sufficient to pay the principal and interest on the 2004A Bonds and the 2004B Bonds on September 1, 2014 and to pay the redemption price of the Refunded Bonds on September 15, 2014.

The lien of the Refunded Bonds will be discharged, terminated and of no further force and effect upon the deposit with the Escrow Bank of the amounts required pursuant to the Escrow Agreements (see "CONCLUDING INFORMATION - Verification of Mathematical Computations" herein). Amounts on deposit with the Escrow Bank are not available to pay debt service on the Bonds.

Estimated Sources and Uses of Funds

Under the provisions of the Indenture, the Trustee will receive the proceeds from the sale of the Bonds and other available funds and will apply them as shown below.

Sources of Funds

Par Amount of Bonds	$15,635,000.00
Original Issue Premium	1,975,086.60
Funds Held for the Refunded Bonds	3,300,260.70
Net Source of Funds	$20,910,347.30

Uses of Funds [(1)]

Transfer to Escrow Bank	$20,468,344.29
Underwriter's Discount	108,200.00
Costs of Issuance Fund [(2)]	333,803.01
Total Use of Funds	$20,910,347.30

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(1) The Successor Agency will satisfy the Reserve Requirement with the Reserve Policy. See "SECURITY FOR THE BONDS - Reserve Account" herein.

(2) Expenses include fees and expenses of Bond Counsel, the Financial Advisor, Disclosure Counsel and the Trustee, bond insurance premium, reserve policy premium, costs of printing the Official Statement, rating fees, and other costs of issuance of the Bonds.

SECURITY FOR THE BONDS

Tax Allocation Financing

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. First, the assessed valuation of the taxable property in a project area, as last equalized prior to adoption of the redevelopment plan, was established and became the base roll. Thereafter, except for any period during which the assessed valuation drops below the base year level, the taxing agencies, on behalf of which taxes are levied on property within the project area, receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll could be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment project. Redevelopment agencies themselves had no authority to levy taxes on property.

The Dissolution Act now requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency had the Former Agency not been dissolved using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller (the "Redevelopment Property Tax Trust Fund") pursuant to the Dissolution Act. Such funds, or portions thereof distributed to the Successor Agency, are deposited by the Successor Agency in its "Recognized Obligation Retirement Fund." The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to effective date of the Dissolution Act, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules (see "Recognized Obligation Payment Schedules" below).

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller and payments made under Sections 33401, 33676 and 33607.7 (among others) of the Redevelopment Law.

Successor agencies have no power to levy property taxes but must receive an allocation of taxes as described above. See "RISK FACTORS."

Tax Revenues

As provided in the Redevelopment Plans for the constituent Project Areas and pursuant to Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, taxes levied upon taxable property in the Project Areas each year by or for the benefit of the State, for cities, counties, districts or other public corporations (collectively, the "Taxing Agencies") for fiscal years beginning after the effective date of each constituent Redevelopment Plan, will be divided as follows:

(a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory, as applicable (each, a "base year valuation"), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within the Plan Limit, when collected will be paid into a special fund of the Former Agency/Successor Agency. Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from this paragraph.

Tax revenues generated as set forth under (b) above and allocated to the Successor Agency constitute Tax Increment Revenues, as that term is used herein.

Redevelopment Property Tax Trust Fund

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could not be used to repay indebtedness incurred for another project area. However, the Dissolution Act has only required that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund with respect to each former redevelopment agency within the respective county. Additionally, the Dissolution Act now requires that all revenues equivalent to the amount that would have been allocated as tax increment to the former redevelopment agency will be allocated to the Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area, the Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the Redevelopment Property Tax Trust Fund, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act states, "It is the intent ... that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge." The implications of these provisions of the Dissolution Act are not entirely clear when a former redevelopment agency has established more than one redevelopment project area. The Former Agency established two redevelopment project areas which are referred to herein as the Project Areas. The Tax Revenues will include tax revenues derived from both Project Areas. The Successor Agency will continue to administer moneys transferred from the Redevelopment Property Tax Trust Fund and deposited in the Successor Agency's Redevelopment Obligation Retirement Fund in accordance with the provisions of the Senior Obligations Indentures.

Further, the Dissolution Act eliminated the requirement in the Redevelopment Law that not less than 20% of Tax Increment Revenues were to be set aside annually for the purpose of increasing and improving the community's supply of low and moderate income housing available at affordable housing costs to persons and families of very low, low or moderate income households (the "Housing Set-Aside"). Under the Redevelopment Law, the portion of Tax Increment Revenues which were required to be deposited in the Former Agency's Low and Moderate Income Housing Fund could be pledged to pay the portion of debt service on any obligations to the extent the proceeds thereof were expended for qualifying low- and moderate-income housing projects. A portion of the proceeds from the 2001 Bonds issued by the Former

Agency were set aside in the Former Agency's Low and Moderate Income Housing Fund. After the refinancing of the 2001 Bonds with the proceeds of the Bonds, there are no obligations with a prior claim on the former Housing Set-Aside.

The Redevelopment Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. The Former Agency had entered into agreements for this purpose with respect to the Project Areas (the "Tax Sharing Agreements"). Additionally, Section 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects amended after January 1, 1994 in a manner specified in such section (the "Statutory Tax Sharing Amounts"). See "APPENDIX B - PROJECTED TAX REVENUES - Tax Sharing Agreements" and "Tax Sharing Statutes" herein). The Dissolution Act requires the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed under Tax Sharing Agreements and for Statutory Tax Sharing Amounts to the taxing entities for each six-month period before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund each January 2 and June 1, unless (i) passthrough payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded by the Successor Agency, (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Successor Agency's enforceable obligations, passthrough payments, and the Successor Agency's administrative cost allowance for the applicable six-month period, and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes for the applicable six-month period. The Successor Agency has covenanted in the Indenture to timely file a "Notice of Insufficiency" with the County Auditor-Controller in the event that such an insufficiency occurs.

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency's enforceable obligations, passthrough payments, and the Successor Agency's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under Tax Sharing Agreements and for Statutory Tax Sharing Amounts, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted.

The Dissolution Act provides for a procedure by which the Successor Agency may make Statutory Tax Sharing Amounts subordinate to the Bonds. The Former Agency had not previously undertaken proceedings to subordinate such payments to the Senior Obligations, the 2004A Bonds or the 2004B Bonds, nor will the Successor Agency undertake such procedure with respect to the Bonds, and therefore, Statutory Tax Sharing Amounts are not subordinate to the Senior Obligations or the Bonds.

The Successor Agency expects, but cannot guarantee, that the process prescribed by the Dissolution Act of administering the Tax Revenues will effectively result in adequate Tax Revenues for the payment of principal of and interest on the Bonds when due. See "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules." The County Auditor-Controller will distribute 50% of the current year's annual tax increment to the Successor Agency on January 2 of such year and 50% of the current year's annual tax increment to the Successor Agency on June 1 of such year such distribution in any case limited to the amount requested by the Successor Agency on the applicable Recognized Obligation Payment Schedule and approved by the State Department of Finance, as described below.

Recognized Obligation Payment Schedules

Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund and from the city. A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following six-month period (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency").

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Low and Moderate Income Housing Fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board). Other than amounts deposited in the Redevelopment Property Tax Trust Fund allocable to the Project Areas and amounts held in funds and accounts under the Indenture, the Successor Agency does not expect to have any other funds available to pay the Bonds.

The Dissolution Act provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule.

The Recognized Obligation Payment Schedule, with respect to each six-month period beginning January 1 and July 1, must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller by 90 days before the date of the next January 2 or June 1 property tax distribution. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see "RISK FACTORS - Recognized Obligation Payment Schedule."

The Dissolution Act requires the State Department of Finance to make a determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the Recognized Obligation Payment Schedule is submitted. Within five business days of the determination by the State Department of Finance, the Successor Agency may request additional review by the department and an opportunity to meet and confer on disputed items, if any. The State Department of Finance will notify the Successor Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the January 2 or June 1 date of property tax distribution, as applicable. Additionally, the County Auditor-Controller may review a submitted Recognized Obligation Payment Schedule and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the County Auditor-Controller must provide notice of any such objections to the Successor Agency, the Oversight Board, and the State Department of Finance at least 60 days prior to the January 2 or June 1 date of property tax distribution, as applicable.

In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of (i) property tax to be allocated and distributed and (ii) the amounts of passthrough payments to be made in the upcoming six-month period, and provide those estimates to the entities receiving the distributions and the State Department of Finance no later than October 1 and April 1 of each year, as applicable. If, after receiving such estimate from the County Auditor-Controller, the Successor Agency determines and reports, no later than December 1 or May 1, as applicable (i.e., by December 1, 2014 with respect to the Recognized Obligation Payment Schedule for January 2, 2015 through June 30, 2015), that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of passthrough obligations, for the Successor Agency's enforceable obligations listed on the Recognized Obligation Payment Schedule, and for the Successor Agency's administrative cost allowance, the County Auditor-Controller must notify the State Controller and the State Department of Finance no later than 10 days from the date of the Successor Agency's notification. If the State Controller concurs that there are insufficient funds to pay required debt service, the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under "Redevelopment Property Tax Trust Fund" above.

The Successor Agency has covenanted to comply with all of the requirements of the Redevelopment Law and the Dissolution Act. Not less than 90 days prior to each January 2, the Successor Agency shall submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule that includes all debt service on the Senior Obligations due and payable in the following calendar year and at least 50% of the debt service on the Bonds and any Parity Debt due and payable in the following calendar year, so as to enable the Riverside County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on such January 2 amounts required to enable the Successor Agency to pay timely principal of, and interest on, the Senior Obligations during such calendar year and interest on the Bonds coming due on March 1 in such calendar year and to establish a reserve for half of the principal due on September 1 in such calendar year (as described below). Not less than 90 days prior to each June 1, the Successor Agency shall submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule that includes the remaining 50% of the debt service on the Bonds and any Parity Debt due and payable in such calendar year, together with amounts, if any, not funded from the January 2 distribution of the Redevelopment Property Tax Trust Fund, so as to enable the Riverside County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on such June 1 amounts required to enable the Successor Agency to pay timely principal of, and interest on the Bonds coming due on September 1 in such calendar year.

The Successor Agency shall place on the applicable Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance, to the extent necessary, any amount required to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Law and any amount required to be deposited in the Reserve Account in order to maintain in the Reserve Account the amount of the Reserve Requirement.

Pledge of Tax Revenues

The Bonds and any Parity Debt (defined below) shall be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, including all of the Tax Revenues in the Redevelopment Property Tax Trust Fund, net of Contractual Tax Sharing or Statutory Tax Sharing Amounts, or in the Special Fund (if applicable), subject, however, to the prior pledge, security interest and lien on Tax Revenues securing payment of debt service on the Senior Obligations, and a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account and the Redemption Account, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Bonds shall be additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Reserve Account. The Bonds and all Parity Debt shall be also equally secured by the pledge and lien created with respect to the Bonds by Section 34177.5(g) of the Law on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

The Successor Agency has established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Law which the Successor Agency shall continue to hold and maintain so long as any of the Bonds are Outstanding. Because the Dissolution Act requires that all Tax Revenues be deposited by the Successor Agency in the Redevelopment Obligation Retirement Fund, the Redevelopment Obligation Retirement Fund shall be deemed to be the Special Fund (as defined in the Senior Obligation Indentures) established and continued by the Successor Agency pursuant to the Senior Obligation Indentures.

The Successor Agency shall deposit all of the Tax Revenues received with respect to any Semiannual Period into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof. All Tax Revenues received by the Successor Agency in excess of the amount required to pay debt service on the Senior Obligations and to pay debt service on the Bonds and any Parity Debt and except as may be provided to the contrary in any Senior Obligation Indenture or indenture relating to any Parity Debt, shall be released from the pledge and lien of the Indenture and shall be applied in accordance with the Law, including but not limited to the payment of debt service on any subordinate debt. Prior to the payment in full of the principal of and interest on the Bonds and the payment in full of all other amounts payable under the Indenture and under any supplemental indentures, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in the Indenture and in any supplemental indenture.

Also see "No Additional Debt Other Than Refunding Bonds" below.

The Tax Revenues are pledged to the payment of principal of and interest on the Bonds pursuant to the Indenture until the Bonds have been paid, or until moneys have been set-aside irrevocably for that purpose. The Trustee will covenant to exercise such rights and remedies as may be necessary to enforce the payment of the Tax Revenues when due under the Indenture, and otherwise to protect the interests of the Bondholders in the event of default by the Successor Agency.

The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City of Palm Springs, the County of Riverside, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Palm Springs, the County of Riverside, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

Reserve Account

A Reserve Account has been established under the Indenture to be held by the Trustee to further secure the timely payment of principal of and interest on the Bonds. The Successor Agency must maintain an aggregate balance in the Reserve Account equal to the lesser of (i) 10 percent of the original principal amount of the Bonds, less original discount (if any), plus original issue premium (if any), on the Bonds, (ii) 125% of the average Annual Debt Service (as established on the Closing Date) or (iii) Maximum Annual Debt Service (the "Reserve Requirement"). If the Successor Agency fails to deposit with the Trustee the full amount required by the Indenture to pay principal and interest due on the Bonds when due on any date, the Trustee will withdraw from the Reserve Account, the difference between the amount required to be on deposit and the amount available on such date.

The Reserve Account established for the Bonds secures only the Bonds and not any other series of Parity Debt that may be issued under the Indenture (see "No Additional Debt Other Than Refunding Bonds" below). The Reserve Requirement with respect to the Bonds is $1,419,004.50.

The Indenture provides that in lieu of a cash deposit, the Successor Agency may satisfy all or a portion of the Reserve Requirement by means of a Qualified Reserve Account Credit Instrument (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" herein).

Municipal Bond Debt Service Reserve Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Debt Service Reserve Insurance Policy for the Bonds (the "Reserve Policy"). The Reserve Policy is being issued in the amount of the Reserve Requirement as defined in this Official Statement. The Reserve Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law. AGM is also issuing a municipal bond insurance policy for the Insured Bonds, but is not providing municipal bond insurance for the Uninsured Bonds. Information regarding AGM is discussed herein under "MUNICIPAL BOND INSURANCE - Assured Guaranty Municipal Corp."

AGM HAS NOT ISSUED A POLICY INSURING OR GUARANTEEING THE PRINCIPAL OF AND/OR INTEREST ON THE UNINSURED BONDS. AGM HAS ISSUED A POLICY SOLELY LIMITED TO FUNDING DRAWS BY THE TRUSTEE ON THE RESERVE ACCOUNT FOR THE BONDS.

Rating agencies have downgraded or withdrawn the ratings on the claims-paying ability and financial strength of most of the nation's bond insurance companies, including the provider of the Reserve Policy described above. Further deterioration in the financial condition of the provider of the Reserve Policy or a failure to honor a draw by any provider under its Reserve Policy could occur. The Successor Agency is not required under the Indenture to replace a Reserve Policy with cash or a replacement instrument in the event the ratings of its provider decline or are withdrawn. If circumstances should ever cause a Reserve Policy to be canceled or discharged, such cancellation or discharge could be determined to create a deficiency in the Reserve Requirement previously satisfied by such Reserve Policy. Under the Indenture, in the event that the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Successor Agency is required to transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the amount in the Reserve Account at the Reserve Requirement. Should the amount of Tax

Revenues then available to maintain the Reserve Account at the applicable Reserve Requirement be insufficient for such purpose, such insufficiency would not result in an event of default under the Indenture, but the requirement of the Successor Agency to transfer available Tax Revenues to the Trustee would continue.

No Additional Debt Other Than Refunding Bonds

So long as the Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only as provided in the Indenture. The Successor Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Tax Revenues or other amounts pledged to the Bonds superior to the pledge and lien created for the benefit of the Bonds; provided, that the Successor Agency (a) may issue and sell refunding bonds as Senior Obligations payable from Tax Revenues on a basis senior to the Outstanding Bonds or as Parity Debt payable from Tax Revenues on a parity with Outstanding Bonds ("Parity Debt") (as determined by the Successor Agency, in its sole discretion) to refund the 2007A Bonds, the 2007B Bonds and/or the 2007C Bonds and (b) may issue and sell refunding bonds as Parity Debt payable from Tax Revenues on a parity with Outstanding Bonds to refund a portion of the Outstanding Bonds, provided further that, with respect to any such refunding (i) annual debt service on such Senior Obligations or Parity Debt, as applicable, is lower than annual debt service on the obligations being refunded during every year the obligations would otherwise be outstanding and (ii) the final maturity of any such Senior Obligations or Parity Debt, as applicable, does not exceed the final maturity of the obligations being refunded. Nothing in the Indenture shall prevent the Successor Agency from issuing and selling Subordinate Debt.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, AGM will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds maturing September 1 in the years 2022 through and including 2034 (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included in "APPENDIX H" to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 2, 2014, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On July 2, 2014, Moody's issued a rating action report stating that it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Capitalization of AGM

At March 31, 2014, AGM's policyholders' surplus and contingency reserve were approximately $3,621 million and its net unearned premium reserve was approximately $1,869 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, of AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd., and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; after giving effect to certain intercompany eliminations; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (filed by AGL with the SEC on February 28, 2014); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 (filed by AGL with the SEC on May 9, 2014).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "MUNICIPAL BOND INSURANCE - Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Insured Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Insured Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Insured Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Bonds or the advisability of investing in the Insured Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE."

THE SUCCESSOR AGENCY

Government Organization

The Former Agency was established by the City Council on June 26, 1973 pursuant to the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted, together with a companion bill, AB X1 27. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4^{th} 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. The California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

On January 4, 2012, pursuant to Resolution No. 23071 and Section 34173 of the Dissolution Act, the City Council elected to serve as successor agency to the Former Agency. Section 34173(g) of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The Successor Agency is governed by a five-member board which consists of all members of the City Council. The Mayor serves as the presiding officer of the Successor Agency.

SUCCESSOR AGENCY BOARD MEMBER	TERM EXPIRES
Steve Pougnet, Mayor	December 2015
Rick Hutcheson, Mayor Pro Tem	December 2015
Ginny Foat, Councilmember	December 2017
Paul Lewin, Councilmember	December 2015
Christopher Mills, Councilmember	December 2017

The City performs certain general administrative functions for the Successor Agency. The City Manager serves as the Successor Agency's chief administrative officer, the City Clerk serves as the Successor Agency secretary and the City Finance Director and Treasurer serves as the Successor Agency treasurer. The costs of such functions, as well as additional services performed by City staff are allocated annually to the Successor Agency, within certain limitations established by the Dissolution Act. Such reimbursement is subordinate to payment on any outstanding bonds of the Successor Agency.

Current City Staff assigned to administer the Successor Agency include:

KEY ADMINISTRATIVE PERSONNEL

David H. Ready, Esq., Ph.D.	*City Manager*
James L. Thompson	*Chief of Staff/City Clerk*
Geoffrey S. Kiehl	*Director of Finance and Treasurer*
John S. Raymond	*Director of Community & Economic Development*
Douglas C. Holland	*City Attorney*

Successor Agency Powers

All powers of the Successor Agency are vested in its members, who are elected members of the City Council. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Successor Agency actions are subject to approval by the Oversight Board, as well as review by the State Department of Finance. California has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Successor Agency and Oversight Board meetings open to the public in similar manner as City Council meetings.

Section 34179.5 of the Dissolution Act established a due diligence review process for determining the unobligated balances that redevelopment agencies had available as of June 30, 2012 to remit to their respective county auditor-controllers for distribution to affected taxing entities within the project areas of the former redevelopment agencies. The Successor Agency has remitted to the County Auditor-Controller all of the unobligated balances as determined by the State Department Finance. On January 2, 2014, the Successor Agency received its Finding of Completion from the State Department of Finance. Receipt of the Finding of Completion allows the Successor Agency to do several things, among them, developing a plan for the disposition of any properties held by the Successor Agency and spending proceeds of bonds issued prior to December 31, 2010, all requiring approval of the Oversight Board.

After receiving the finding of completion, each successor agency is required to submit a Long Range Property Management Plan detailing what it intends to do with its inventory of properties. Successor agencies are not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to fulfill an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies with the State Department of Finance within six months of receiving a finding of completion. The Successor Agency submitted its Long Range Property Management Plan and has received approval of the plan by the State Department of Finance.

Redevelopment Plans

The City Council approved and adopted the separate Redevelopment Plans for the ten constituent Redevelopment Projects as described in "APPENDIX B - PROJECTED TAX REVENUES." Merged Project No. 1 was created on May 31, 2000 pursuant to an amendment to the redevelopment plans for the Former Agency's Central Business District Redevelopment Project, North Palm Canyon Redevelopment Project, South Palm Canyon Redevelopment Project, Ramon-Bogie Redevelopment Project, Oasis Redevelopment Project, Highland-Gateway Redevelopment Project and Redevelopment Project No. 9.

Merged Project No. 2 was also created on May 31, 2000 pursuant to an amendment to the redevelopment plans for the Former Agency's Baristo-Farrell Redevelopment Project, Canyon Redevelopment Project and Tahquitz-Andreas Redevelopment Project.

Plan Limitations

The Redevelopment Plans for the Project Areas impose certain limitations on the amount of Tax Increment Revenues that the Former Agency and the Successor Agency may be allocated from the constituent Redevelopment Projects, the amount of bonded indebtedness that could be incurred by or allocated to the constituent Redevelopment Projects and the time limit for receiving Tax Increment Revenues.

The limitations imposed by the respective Redevelopment Plans are as follows:

Redevelopment Project	**Maximum Bonded Indebtedness**	**Maximum Tax Increment**	**Plan Expiration Date**	**Last Date to Collect Tax Increment**	**Tax Increment Received to Date** [2]
Central Business District	N/A [1]	$150,000,000	7/11/2016	7/11/2026	$40,891,000
North Palm Canyon	$64,000,000	65,000,000	9/19/2025	9/19/2035	14,049,000
South Palm Canyon	80,000,000	80,000,000	11/30/2026	11/30/2036	10,970,000
Oasis	30,000,000	30,000,000	7/10/2025	7/10/2035	4,044,000
Highland-Gateway	50,000,000	50,000,000	11/20/2025	11/20/2035	7,477,000
Ramon-Bogie	100,000,000	100,000,000	11/30/2026	11/30/2036	15,454,000
Project No. 9	60,000,000	6,000,000 [3] (annual)	12/29/2029	12/29/2039	4,080,000 [3] (annual)
Baristo-Farrell	80,000,000	345,000,000	5/7/2027	5/7/2037	35,750,000
Tahquitz-Andreas	90,000,000	90,000,000	7/19/2026	7/19/2033	27,249,000
Canyon	800,000,000	2,100,000,000	7/19/2032	7/19/2042	18,986,000

(1) Not required for plans adopted prior to 1976.

(2) As of June 1, 2014, rounded to the nearest thousand. Source: Riverside County Auditor-Controller.

(3) Project No. 9 has an annual limitation rather than a cumulative limitation on the receipt of Tax Increment.

Source: Riverside County Auditor-Controller and Financial Advisor.

The Successor Agency does not expect to reach the maximum limit on Tax Increment Revenues prior to the maturity of the Senior Obligations and the Bonds. See “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Other Covenants - Plan Limits.”

Under the Redevelopment Law, the Successor Agency’s right to receive Tax Increment Revenues generated from the Central Business District Redevelopment Project would end in July 2026. This occurs prior to the maturity of the Bonds and is as a result of the expiration of the time to receive tax increment for Central Business District Redevelopment Project under the Redevelopment Plan. The projection of Tax Revenues herein and in “APPENDIX B - PROJECTED TAX REVENUES” takes this expiration date into account.

THE PROJECT AREAS

Description of the Merged Project No. 1

The Merged Project No. 1 is comprised of seven constituent project areas: the Central Business District Redevelopment Project, the North Palm Canyon Redevelopment Project, the South Palm Canyon Redevelopment Project, the Ramon-Bogie Redevelopment Project, the Oasis Redevelopment Project, the Highland-Gateway Redevelopment Project and Redevelopment Project No. 9.

MERGED PROJECT NO. 1
REDEVELOPMENT PROJECT INFORMATION

Redevelopment Project	Year Adopted	Acreage	Primary Land Use
Central Business District	1973	114	Commercial/Hotel
North Palm Canyon	1984	94	Commercial/Hotel
South Palm Canyon	1983	150	Industrial/Commercial
Oasis	1984	4	Hotel/Residential
Highland-Gateway	1984	325	Residential
Ramon-Bogie	1983	440	Industrial/Commercial
Project No. 9	1988	737	Commercial/Residential
		1,864	

The percentage of 2013/14 taxable value by land use within Merged Project No. 1 is shown below.

Land Use	Taxable Value
Residential	36%
Commercial/Industrial	44
Vacant Land	5
Possessory Interest	10
Unsecured	5
	100%

See "RISK FACTORS - Possessory Interest Taxes; Bureau of Indian Affairs Regulations" herein for a further discussion of possessory interest taxes.

Central Business District Redevelopment Project

The Central Business District Redevelopment Project encompasses 114 acres in the City's downtown retail district. Considerable redevelopment has occurred since the redevelopment project's adoption in 1973. The City's primary redevelopment goal for this area was to enhance the downtown by creating an exciting pedestrian environment consistent with the City's resort image. This has largely been accomplished with landscaping projects, a visitor information center, pedestrian walkways, undergrounding utilities and construction of a public parking garage. The City's Arts in Public Places Program contributed several sculptures installed along Palm Canyon Drive and Tahquitz Canyon Way, the two major thoroughfares through the City's downtown resort area. Decorative signage provides further enhancement to the area. A festival atmosphere is also created by "VillageFest," a weekly street entertainment event with the closing of Palm Canyon Drive to vehicular traffic on certain nights to create pedestrian access to restaurants, shops and entertainment in the area.

A 194-room all-suites Hyatt Hotel is located in the downtown area, adjacent to the new "Downtown Palm Springs" development. The Downtown Palm Springs development is a $150-$180 million commercial, hotel and residential development in the heart of the City's downtown area. This development replaces an obsolete enclosed mall with new city streets throughout the 13-acre site and effectively incorporates both residential and retail uses into an urban village which presents a pedestrian-friendly environment with a number of plazas and walkways. Upon completion, the development will have reintegrated a property that had been massed into a monolithic "superblock" back into the downtown street grid, resulting in a strong public gathering place comprised of well-designed public spaces linked by a total entertainment and retail environment. The entire street grid created under the Plan and conveyed to the City was designed to maximize its use for events. All of this area will be available to be closed off for special events and public activities.

The demolition of the existing structures is either complete or underway. Construction is expected to begin in late summer 2014 on the Kimpton Hotel, a six-story 4-star boutique hotel, with an expected opening by the end of 2015. All infrastructure should be completed by the last quarter of 2015, with new commercial developments being completed in phases. The first phase is anticipated to be completed by the end of 2015, with subsequent phases expected to be complete by mid-2016. A second hotel is planned to open by the end of 2016. The Successor Agency expects the development to add at least $150 million of assessed value to the tax rolls when complete. If the development results in $150 million increase in assessed value, net tax revenues, after tax sharing, would be increased by $1.2 million. In the interim, the value of the improvements that have been demolished will reduce net tax revenues by $54,000 in 2015.

Another proposed hotel project in the Central Business District Redevelopment Project will be a significant development at the northern gateway to the downtown core as envisioned by the City's Downtown Urban Design Plan. The development, formerly known as "Port Lawrence," is proposed as a 150-room boutique hotel with ground floor retail. The developer is in the entitlement process.

A mixed use project at the southern end of the Redevelopment Project, known as "The Palm Springs," is expected to replace an existing commercial center. The developer has notified existing tenants that leases will not be extended past October 2014 in preparation for the renovation and reconstruction.

There are additional small shopping centers in the Central Business District Redevelopment Project as well as low-rise office and commercial buildings, with some ground floor retail.

North Palm Canyon Redevelopment Project

The North Palm Canyon Redevelopment Project borders Palm Canyon Drive north of the Central Business District Redevelopment Project. Palm Canyon Drive, also known as Highway 111, is one of the primary access routes into the City from Interstate 10. The redevelopment project is predominately developed with small hotels, a large number of office or retail/commercial buildings and limited residential development.

Over the past several years, more than $200 million has been invested in the hotel stock throughout the City. This includes many of the smaller hotel remodels or renovations in the North Palm Canyon Redevelopment Project and Redevelopment Project No. 9. Among those located in the North Palm Canyon Redevelopment Project are the Alcazar; the Colony Palms, which sold last year for the highest price per room in the City's history; the Los Arboles Hotel, which reopened after nearly fifteen years of vacancy; the Triada Hotel and Spa, due to open in June 2014 after two decades of vacancy; and the Skylark, which completed a major remodel in December, 2012. The new 32-room boutique Arrive Hotel is anticipated to commence construction in June 2014.

The City's Uptown Design District runs through the North Palm Canyon Redevelopment Project. The district is home to new and emerging shops, restaurants and boutiques that focus on modern décor and interior design.

South Palm Canyon Redevelopment Project

The South Palm Canyon Redevelopment Project includes the commercial and retail properties on both sides of Palm Canyon Drive south of the Central Business District Redevelopment Project. The redevelopment project also includes several industrially-zoned properties east of Palm Canyon Drive.

The largest development in the South Palm Canyon Redevelopment Project is the Plaza del Sol. This commercial center is located on a 17-acre site. The center is developed with a Stein-Mart and a mix of retail, restaurant and office uses.

New or anticipated construction in the South Palm Canyon Redevelopment Project includes The Five Hundred, a renovated office building completely remodeled and rebuilt with Class A office space, The Sun Center, one of the oldest strip commercial centers in the Coachella Valley, which underwent a major remodel in 2009-10, and an 11-acre site to be developed with 80 condominiums, 22 live-work units and 20,000 square feet of commercial space. This site was originally intended as a mixed use project before the recession, and has recently been sold to a major homebuilder.

Other development in the redevelopment project includes small motor inns, such as Motel 6 and Best Western, auto-related uses and small industrial uses.

Oasis Redevelopment Project

The Oasis Redevelopment Project was established to provide for continuity of development with the adjacent Central Business District. It is approximately 4 acres. A 47 townhome development was built between 2005 and 2006.

Palm Mountain Resort owns a 125-room hotel in the redevelopment project. The owner has approved plans to demolish an obsolete restaurant building on the property and replace with 30 additional new rooms. Construction is expected to commence during 2014.

Highland-Gateway Redevelopment Project

The Highland-Gateway Redevelopment Project is located near the northern entrance to the City along Highway 111. The redevelopment project provides a significant amount of low and moderate cost housing for residents. The goal of the redevelopment project was primarily to provide additional low cost residential single-family and multi-family development compatible with existing units, to provide neighborhood commercial facilities and to improve the utilization of industrial zones and alleviate conflicts between residential and industrial uses.

The College of the Desert originally planned to construct a satellite campus in Palm Springs, specifically in the Highland-Gateway area. Due to the development costs at that site, the College has recently announced its plans to construct the campus at a different site within the City (see “Baristo-Farrell Redevelopment Project” below).

Ramon-Bogie Redevelopment Project

This redevelopment project is located along the City’s eastern limits. A significant amount of land in the Ramon-Bogie Redevelopment Project is owned by allottees of the Agua Caliente Band of Cahuilla Indians and ground-leased for development.

A portion of the Ramon-Bogie Redevelopment Project was developed with older industrial uses, with scattered light industrial and commercial operations and an abandoned landfill making up the remaining portion. A major focus of the Former Agency’s plans for the Ramon-Bogie Redevelopment Project was the reclamation of the old landfill for commercial use. The Former Agency successfully partnered with the Charles Company to redevelop the site. “The Springs” is a 400,000 square foot shopping center anchored by Home Depot, Marshalls and Bed Bath & Beyond. The development was awarded the Community Redevelopment Association's Award of Excellence in 2010.

Other development in the redevelopment project includes a Lowe's home improvement store, which opened in 2001. The 275,000 square foot Destination Ramon center includes WalMart, Office Depot and PetsMart stores, is also located in the Ramon-Bogie Redevelopment Project.

Other retail development includes the 35,000 square foot Indian Oasis center and the 65,000 square foot Gene Autry Retail Plaza. The Indian Oasis center is part of a larger master planned corporate office center, golf destination and resort on 300 acres of land leased from allottees of the Agua Caliente Band of Cahuilla Indians. A portion of the Indian Oasis center is located within the boundaries of the Ramon-Bogie Redevelopment Project. The Gene Autry Retail Plaza opened in 2010, anchored by Smart & Final and Staples.

Most of the remaining land is zoned for commercial, light industrial and airport-related uses, and approximately 53% (235 acres) of the Ramon-Bogie Redevelopment Project is currently undeveloped.

Redevelopment Project No. 9

Redevelopment Project No. 9 consists of approximately 737 acres in nine non-contiguous areas throughout the community. Within these areas is a mix of residential, commercial and hotel and motel uses.

As noted in the North Palm Canyon Redevelopment Project, several boutique hotels located in Redevelopment Project No. 9 were recently remodeled, including the Palm Springs Hotel, which will open in August 2014 after a major remodel; the Monroe, opened in 2013 after a significant remodel; and The D Hotel and 78 Degrees Restaurant, opening in fall 2014 after a major remodel.

Specific development within Redevelopment Project No. 9 includes the 80-unit Vista Sunrise Apartments, the Riverside County Family Care Center, K. Hovanian Four Seasons residential community, the Ace Hotel, and BMW, Mercedes and Hyundai dealerships.

Description of the Merged Project No. 2

Merged Project No. 2 is comprised of three constituent Redevelopment Projects: the Baristo-Farrell Redevelopment Project, the Tahquitz-Andreas Redevelopment Project and the Canyon Redevelopment Project.

MERGED PROJECT NO. 2
REDEVELOPMENT PROJECT INFORMATION

Redevelopment Project	Year Adopted	Acreage	Primary Land Use
Baristo-Farrell	1986	483	Commercial/Residential
Tahquitz-Andreas	1983	164	Commercial/Hotel
Canyon	1991	746	Residential/Open Space
		1,393	

The percentage of 2013/14 taxable value by land use within Merged Project No. 2 is shown below.

Land Use	Taxable Value
Residential	37%
Commercial/Industrial	14
Vacant Land	5
Possessory Interest	38
Unsecured	6
	100%

See "RISK FACTORS - Possessory Interest Taxes; Bureau of Indian Affairs Regulations" herein for a further discussion of possessory interest taxes.

Baristo-Farrell Redevelopment Project

The Baristo-Farrell Redevelopment Project is developed with a variety of commercial, hotel, office, residential and public uses. The Courtyard Center and Courtyard 10 Theatre complex, built in 1981, offer 132,000 square feet of offices, restaurants, shopping and entertainment. Hotel development includes a 149-room Marriott Courtyard hotel and a 109-room all-suites Extended Stay America, and several office buildings. The Sunrise Square shopping center opened 10 years ago with Ralphs grocery store and CVS drug store as anchors. A new Rite Aid store and an Eisenhower Medical Center office building are also located in the Baristo-Farrell Redevelopment Project.

There are approximately 45 acres of undeveloped commercially-zoned property remaining in the Baristo-Farrell Redevelopment Project.

The Palm Springs Mall is a 331,000 square foot retail development. There are few remaining tenants. It was purchased several years ago with the intent to redevelop. The property has since been sold, and no redevelopment of the site has occurred. The College of the Desert announced that this site would be ideal for its West Valley Campus and have indicated interest in negotiating with the property owner. The site has all required infrastructure and is adjacent to the high school and community theater. The current assessed value of the property is $9,664,500. If the property was purchased by the College District, net tax revenues, after tax sharing, would be reduced by $47,000.

Residential property within the Baristo-Farrell Redevelopment Project is primarily zoned for multi-family uses. There are several apartment buildings and numerous condominiums. There are approximately 72 acres of undeveloped multi-family zoned property within the Baristo-Farrell Redevelopment Project. There are approximately 97 new (since 2010) residential units constructed or under construction. A 46-unit single family detached residential development named "Sol" is currently under construction in the Baristo-Farrell Redevelopment Project. The models for this development will open in July 2014, with the first phase available for purchase shortly thereafter. The 2-story units are expected to be priced above $600,000. If all units are built and sold at this price, this development will add over $25 million to the tax rolls when complete, and net tax revenues after tax sharing, would be increased by approximately $113,000.

The Baristo-Farrell Redevelopment Project also contains the site of a proposed 200-room and 50-residence urban lifestyle Dolce Hotel adjacent to the Convention Center facility. The Successor Agency expects to sell a 7.8 acre site directly across the street from the Convention Center to the City for sale to the developer of the hotel and villas (to be managed by the Dolce Hotel group) by the end of 2014, pursuant to their approved property management plan. The City expects that construction could add over $85 million to the tax rolls when complete. If the development adds $85 million of assessed value to the tax rolls when complete, net tax revenues, after tax sharing, would be increased by approximately $383,000.

Tahquitz-Andreas Redevelopment Project

The Tahquitz-Andreas Redevelopment Project is developed with a variety of hotels, apartments and the City's Convention Center. The Convention Center opened in 1987, a first expansion was completed in 1992 and a further expansion in 2006. Today, the Convention Center contains 250,000 square feet of exhibition and meeting space and support area, together with additional outdoor function space. Adjacent to the Convention Center is a 410-room Renaissance Hotel, which underwent a renovation in 2009. Other hotels located in the Tahquitz-Andreas Redevelopment Project include a Hilton Hotel, the Las Brisas Hotel, the Hard Rock Hotel, Marquis Villas. The Hard Rock Hotel purchased its property from the former Hotel Zosos, and undertook a major renovation in 2012 of this 163-room hotel. Hilton Hotel also underwent a $12 million renovation and remodel in 2012.

The Agua Caliente Band of Cahuilla Indians Spa Resort and Casino is located in the Tahquitz-Andreas Project, and is not taxable. Plans have been announced to close the hotel on July 8, 2014, but the casino will remain open. No announcement has been made regarding the ultimate redevelopment, renovation or disposition of the facility.

Most of the land in the Tahquitz-Andreas Redevelopment Project is owned by individual allottees of the Agua Caliente Band of Cahuilla Indians and ground-leased for development.

Canyon Redevelopment Project

The Canyon Redevelopment Project was created in 1991 and includes mostly residential uses along the base of the San Jacinto Mountains at the southern boundary of the City. The Former Agency's focus in the Canyon Redevelopment Project was to upgrade public infrastructure, including improving flood control facilities. The total area within the redevelopment project boundaries is 746 acres, up to 200 acres of which is likely not to be developed because of slope or water course issues. Of the remaining 546 acres, approximately 160 are not yet developed.

Residential development in the Canyon Redevelopment Project stalled during the recession. However, "The Estancias," "Alta" and "Monte Sereno," developments, which were underway in 2008, have since been completed, and offer a total of 204 single family homes with canyon views.

The Agua Caliente Development Authority ("ACDA") acquired the former Canyon South golf course located in the redevelopment project and undertook a major redevelopment of the course in 2004. They also own a 15-acre hotel site adjacent to the golf course, for which they continue to seek a hotel developer. Property owned by the ACDA is tax-exempt.

Assessed Valuations and Tax Revenues

Historical assessed value for Merged Project No. 1 based on the equalized tax rolls are shown below.

TABLE NO. 1
MERGED PROJECT NO. 1
HISTORICAL ASSESSED VALUATIONS (1)

Project Area	Base Value	2009/10	2010/11	2011/12	2012/13	2013/14
Central Business District	$ 35,805,588	$ 256,901,237 (2)	$ 202,283,368	$ 191,727,922	$ 202,121,825	$ 195,270,951 (3)
Oasis	6,216,941	45,334,836	41,606,584	41,435,144	40,720,624	40,540,340
North Palm Canyon	58,368,599	177,306,237	162,393,631	162,700,662	179,365,419	176,789,817
Highland Gateway	13,076,698	97,449,571	85,877,326	85,563,847	77,130,573	74,604,313
Ramon-Bogie (4)	24,113,819	181,097,487	191,121,640	192,209,611	191,332,998	190,337,750
South Palm Canyon(4)	52,364,719	132,281,824	130,855,665	121,704,405	120,306,659	121,925,359
Project No. 9(4)	146,554,451	597,619,263	553,735,511	553,462,664	535,480,289	554,510,620
	$336,500,815	$1,487,990,455	$1,367,873,725	$1,348,804,255	$1,346,458,387	$1,353,979,150

(1) Taxable Valuation as of August 20 equalized roll.

(2) In 2009/10, the Desert Museum did not file for its exemption from property tax in timely manner. The assessed value added to the 2009/10 tax roll for this property was $50,856,870. The property owner filed and received its property tax exemption in all other years.

(3) The City has undertaken a revitalization project in its downtown, affecting the Central Business District Redevelopment Project. Assessed value in future years may change as properties are demolished and/or reconstructed. In 2012, the City acquired parking structures that were previously assessed in the approximate amount of $20 million.

(4) Contains assessed value relating to possessory interest in leased tribal land. See "RISK FACTORS - Possessory Interest Taxes; Bureau of Indian Affairs Regulations" herein.

Source: Riverside County Auditor-Controller.

Preliminary 2014/15 Tax Roll. The Riverside County Assessor released preliminary assessed value information for Fiscal Year 2014/15 on July 3, 2014. The Riverside County Auditor-Controller will not equalize the 2014/15 tax roll until August 20, 2014, and there may be changes to the preliminary tax roll. Such changes may be material. The preliminary assessed value for Merged Project No. 1 for Fiscal Year 2014/15 is shown below, together with the projected assessed value for 2014/15 used to calculate Tax Revenues shown in Table 7 below and in Tables B-1 to B-19 (as applicable) in "APPENDIX B - PROJECTED TAX REVENUES," based on the assumptions described therein under the heading "Projected Tax Revenues." Because of the preliminary nature of such information, such preliminary assessed value information has not been reported in any of the projections of Tax Revenues. Further, it is not known at this time how much of the assessed value increases for 2014/15 in the South Palm Canyon Redevelopment Project and Redevelopment Project No. 9 are associated with possessory interest assessed value (see "RISK FACTORS - Possessory Interest Taxes; Bureau of Indian Affairs Regulations").

Project Area	2014/15 Projected Assessed Value [1]	2014/15 Preliminary Assessed Value [2]
Central Business District	$ 189,223,141	$ 189,564,947
Oasis	40,724,393	44,770,791
North Palm Canyon	177,592,443	180,566,056
Highland Gateway	74,943,017	76,040,066
Ramon-Bogie	191,201,883	190,489,598
South Palm Canyon	122,478,900	128,393,641
Project No. 9	557,028,098	571,773,851
	$1,353,191,876	$1,381,598,950

Source: (1) Financial Advisor.

(2) Riverside County Auditor-Controller.

Actual Tax Revenues paid to the Former Agency or available to the Successor Agency from Merged Project No. 1 are shown below.

TABLE NO. 2
MERGED PROJECT NO. 1
HISTORICAL TAX REVENUES

Project Area	2009/10	2010/11	2011/12	2012/13	2013/14
Central Business District	$ 2,211,046	$ 1,682,195	$ 1,581,428	$ 1,684,561	$ 1,617,149
Oasis	391,179	355,329	354,587	347,424	345,729
North Palm Canyon	1,190,636	1,049,568	1,055,507	1,221,799	1,196,766
Highland Gateway	852,129	730,204	729,222	644,597	619,625
Ramon-Bogie	1,569,837	1,675,484	1,690,923	1,681,791	1,672,683
South Palm Canyon	800,361	791,164	701,869	687,583	704,202
Project No. 9	4,520,798	4,085,825	4,094,723	3,914,682	4,105,751
Total Tax Increment	$11,535,986	$10,369,770	$10,208,259	$10,182,436	$10,261,905
Supplemental Taxes	329,451	153,174	(127,598)	67,394	108,705
Actual Tax Revenues	$11,865,437	$10,522,944	$10,080,660	$10,249,829	$10,370,610
Less Housing Set-Aside [1]	(2,373,087)	(2,104,589)	-	-	-
Less Housing Obligations [2]	-	-	(314,627)	(319,872)	(312,649)
Less Tax Sharing	(4,195,077)	(3,844,771)	(3,755,423)	(3,894,637)	(4,191,063)
Available for Debt Service [3]	$ 5,297,273	$ 4,573,584	$ 6,010,610	$ 6,035,320	$ 5,866,898

(1) The Dissolution Act eliminated the requirement to set aside 20% of Tax Increment Revenue in the Former Agency's Low and Moderate Income Housing Fund.

(2) Prorata share of 2001 Housing Tax Allocation based on amounts from each Project Area that would have been required to be set aside for Low and Moderate Income Housing. In subsequent years, this amount will be zero due to the refinancing of the 2001 Bonds. See "SECURITY FOR THE BONDS - Redevelopment Property Tax Trust Fund" herein.

(3) Before deduction for County Auditor-Controller administrative costs.

Source: Former Agency audited financial statements and Riverside County Auditor-Controller.

Historical assessed value for Merged Project No. 2 based on the equalized tax rolls are shown below.

TABLE NO. 3
MERGED PROJECT NO. 2
HISTORICAL ASSESSED VALUATIONS (1)

Project Area	Base Value	2009/10	2010/11	2011/12	2012/13	2013/14
Baristo-Farrell (2)	$105,804,243	$397,275,476	$396,339,421	$327,556,820	$323,684,127	$320,291,939
Tahquitz-Andreas (2)	67,120,387	199,756,631	181,108,005	163,345,309	172,514,432	172,670,659
Canyon (2)	9,543,553	225,569,286	181,314,166	169,638,515	166,927,247	176,278,489
	$182,468,183	$822,601,393	$758,761,592	$660,540,644	$663,125,806	$669,241,087

(1) Taxable Valuation as of August 20 equalized roll.

(2) Contains assessed value relating to possessory interest in leased tribal land. See "RISK FACTORS – Possessory Interest Taxes; Bureau of Indian Affairs Regulations" herein.

Source: Riverside County Auditor-Controller.

Preliminary 2014/15 Tax Roll. As described above, the Assessor released preliminary assessed value information for Fiscal Year 2014/15 on July 3, 2014. The Riverside County Auditor-Controller will not equalize the 2014/15 tax roll until August 20, 2014, and there may be changes to the preliminary tax roll. Such changes may be material. The preliminary assessed value for Merged Project No. 2 for Fiscal Year 2014/15 is shown below, together with the projected assessed value for 2014/15 used to calculate Tax Revenues shown in Table No. 7 below and in Table Nos. B-1 to B-19 (as applicable) in "APPENDIX B - PROJECTED TAX REVENUES," based on the assumptions described therein under the heading "Projected Tax Revenues." Because of the preliminary nature of such information, such preliminary assessed value information has not been reported in any of the projections of Tax Revenues. Further, it is not known at this time how much of the assessed value increases for 2014/15 in the Baristo-Farrell Redevelopment Project and the Canyon Redevelopment Project are associated with possessory interest assessed value (see "RISK FACTORS - Possessory Interest Taxes; Bureau of Indian Affairs Regulations").

Project Area	2014/15 Projected Assessed Value (1)	2014/15 Preliminary Assessed Value (2)
Baristo-Farrell	$321,746,064	$341,198,363
Tahquitz-Andreas	173,454,584	172,864,592
Canyon	177,078,793	238,522,743
	$672,279,442	$752,585,698

Source: (1) Financial Advisor.

(2) Riverside County Auditor-Controller.

Actual Tax Revenues paid to the Former Agency or available to the Successor Agency from Merged Project No. 2 are shown below.

TABLE NO. 4
MERGED PROJECT NO. 2
HISTORICAL TAX REVENUES

Project Area	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**
Baristo-Farrell	$ 2,915,585	$ 2,930,878	$ 2,251,917	$ 2,212,103	$ 2,179,265
Tahquitz-Andreas	1,327,973	1,159,937	985,787	1,076,553	1,079,008
Canyon	2,160,327	1,723,762	1,699,704	1,584,359	1,678,510
Total Tax Increment	$ 6,403,886	$ 5,814,577	$ 4,937,408	$ 4,873,014	$ 4,936,784
Supplemental Taxes	106,680	(123,360)	(102,842)	(131,743)	210,784
Actual Tax Revenues	$ 6,510,566	$ 5,691,217	$ 4,834,566	$ 4,741,271	$ 5,147,568
Less Housing Set-Aside (1)	(1,302,113)	(1,138,243)	-	-	-
Less Housing Obligations (2)	-	-	(150,891)	(147,964)	(155,187)
Less Tax Sharing	(2,478,435)	(2,168,343)	(1,753,928)	(1,785,645)	(2,004,992)
Available for Debt Service (3)	$ 2,730,018	$ 2,384,631	$ 2,929,747	$ 2,807,662	$ 2,987,389

(1) The Dissolution Act eliminated the requirement to set aside 20% of Tax Increment Revenue in the Former Agency's Low and Moderate Income Housing Fund.

(2) Prorata share of 2001 Housing Tax Allocation based on amounts from each Project Area that would have been required to be set aside for Low and Moderate Income Housing. In subsequent years, this amount will be zero due to the refinancing of the 2001 Bonds. See "SECURITY FOR THE BONDS - Redevelopment Property Tax Trust Fund" herein.

(3) Before deduction for County Auditor-Controller administrative costs.

Source: Former Agency audited financial statements and Riverside County Auditor-Controller.

Major Taxpayers

The ten largest property taxpayers represent 14.7% of the 2013/14 secured assessed value of the Merged Project No. 1.

TABLE NO. 5
MERGED PROJECT NO. 1
TEN LARGEST TAXPAYERS AS A PERCENT OF 2013/14 ASSESSED VALUE

Taxpayer	2013/14 Total Assessed Value	% of Total Assessed Value
Endure Investment [1]	$ 47,667,206	3.5%
WalMart Real Estate Business Trust [1]	29,853,768	2.2
Palm Springs Promenade	19,677,230	1.5
RBD Hotel Palm Springs [1]	18,941,005	1.4
Lowes HIW Inc.	16,454,214	1.2
Wessman Holdings	14,816,186	1.1
Partners Land Development	14,224,762	1.1
Colony Canyon Partners	13,587,208	1.0
Investec Ramon Investors	11,720,704	0.9
FDH Enterprises Inc.	11,465,508	0.8
Total	$198,407,791	14.7%

[1] Appeal pending. See "Assessment Appeals" below.

Source: Successor Agency.

The following provides a description of the five largest property owners in Merged Project No. 1.

Retail Center; Endure Investment, owner. The 400,000 square foot "The Springs" retail shopping center is anchored by Home Depot, Marshalls and Bed Bath & Beyond. The center was completed in 2009 and is located in the Ramon-Bogie Redevelopment Project.

WalMart Superstore; WalMart Real Estate Business Trust, owner. This 219,000 square foot Superstore was constructed in 2005. The building is located on 22 acres in the Ramon-Bogie Redevelopment Project.

Mixed Use; Palm Springs Promenade, owner. This property is included in the "Downtown Palm Springs" development in the Central Business District Redevelopment Project. The 2013/14 value is comprised of improvement value of $6,903,940 and land value of $12,773,290. The improvements have been or will be demolished as part of the development. The value of improvements has been eliminated from the Fiscal Year 2014/15 assessed value in making the projections contained in Appendix B.

Hyatt Hotel; RBD Hotel Palm Springs, owner. The 194-room all suites Hyatt Hotel is located on 2.2 acres in the Central Business District Redevelopment Project. The current owner purchased the property in 2008 and undertook extensive renovations.

Lowe's Home Improvement Store; Lowes HIW Inc, owner. This 130,000 square foot home improvement store was constructed in 2001. The building is located on 12.6 acres in the Ramon-Bogie Redevelopment Project.

The ten largest property taxpayers represent 24.8% of the 2013/14 secured assessed value of the Merged Project No. 2.

TABLE NO. 6
MERGED PROJECT NO. 2
TEN LARGEST TAXPAYERS AS A PERCENT OF 2013/14 ASSESSED VALUE

Taxpayer	2013/14 Total Assessed Value	% of Total Assessed Value
HH Palm Springs	$ 39,847,320	6.0%
Walter Hotel Corporation	24,303,671	3.6
Sunrise Place	23,338,209	3.5
O and M HR [1]	14,091,251	2.1
311 South Sunrise Apartments	13,359,847	2.0
Tree Moss Partners [1]	11,900,000	1.8
Time Warner Entertainment	10,055,042	1.5
Essex House Condominium Corp.	9,685,000	1.4
YTC Investment	9,664,500	1.4
Zoso APHM	9,500,000	1.4
Total	$165,744,840	24.8%

(1) Appeal pending. See "Assessment Appeals" below.

Source: Successor Agency.

The following provides a description of the five largest property owners in Merged Project No. 2.

Renaissance Hotel; HH Palm Springs, owner. The 410-room Renaissance Hotel, which underwent a renovation in 2009, is located adjacent to the City's Convention Center, in the Tahquitz-Andreas Redevelopment Project.

Hilton Hotel; Walter Hotel Corporation, owner. The 260-room Hilton Hotel is nearby to the Convention Center. Like many hotels in Palm Springs, the Hilton recently completed a $12 million renovation. It is also located in the Tahquitz-Andreas Redevelopment Project.

Retail Center; Sunrise Place, owner. The Sunrise Square shopping center opened 10 years ago with Ralphs grocery store and CVS drug store as anchors. The property is located in the Baristo-Farrell Redevelopment Project.

Commercial Properties; O and M HR, owner. The properties consist of 4 commercial properties located along Tahquitz Canyon Way, a main City thoroughfare. 2 of the properties, totaling 3.3 acres are developed with 146,000 square feet of commercial office space. The remaining 2 properties consist of 8.5 acres of vacant commercial land.

Apartments; 311 South Sunrise Apartments, owner. Located on 3.9 acres in the Baristo-Farrell Redevelopment Project, this is a 44 unit low-rise apartment building, built in 1979. The current owner purchased the property in 2013.

Assessment Appeals

Merged Project No. 1

As of April 2014 there are appeals pending on 105 separate parcels within Merged Project No. 1, of which 38 relate to property values assessed on the 2013/14 tax roll, 38 relate to property values assessed on the 2012/13 tax roll and 12 relate to the 2011/12 tax roll. The remaining 17 pending appeals relate to prior years' tax rolls.

The 2013/14 tax roll value under appeal is $63,732,609 (4.9% of assessed value). This includes an appeal by RBD Hotel Palm Springs LLC of the $18,941,005 value of its Hyatt Hotel located in the Central Business District Redevelopment Project. The owner is requesting a reduction in value of this parcel to $9,822,000, a 48% reduction. The average value reduction requested for the other 37 appeals pending for 2013/14 is 53%, and the average parcel assessed value under appeal is less than $1.3 million.

The 2012/13 tax roll value under appeal is $127,070,204 (9.4% of assessed value). Endure Investments filed an appeal of the $46,894,285 2012/13 value of its shopping center located in the Ramon-Bogie Redevelopment Project, and requested a reduction in value of their property to $28,104,444, a 40% reduction. Appeals filed for this property in 2010/11, 2011/12 and 2012/13 were all denied or withdrawn. WalMart Real Estate Business Trust has also filed an appeal of the $28,592,563 2012/13 value of its store located in the Ramon-Bogie Redevelopment Project, and requested a reduction in value of this parcel to $22,500,000, a 21% reduction. An appeal filed for this property in 2010/11 resulted in a reduction in its value from $27.8 million to $26.4 million. The average value reduction requested for all other appeals pending for 2012/13 is 58%, and the average parcel assessed value under appeal is $2 million.

The 2011/12 tax roll value under appeal is $20,169,573 (1.5% of assessed value). The average value reduction requested for all appeals pending for 2011/12 is 52%, and the average parcel assessed value under appeal is $2.7 million.

The value of parcels under appeal for prior years is $30,064,112.

Historically, the average value reduction in Merged Project No. 1 when an appeal has been granted is 21%, and of those appeals that have been resolved, the average percentage of appeals that are successful is 25%. If any of these appeals are granted in the future, it will result in a refund to the taxpayer and such refunds will be deducted from Tax Increment Revenues in the year that the refund is paid, and may also affect the assessed value in such future year. No reduction for potential successful appeals has been included in the projection of Tax Revenues.

Merged Project No. 2

As of April 2014 there are appeals pending on 70 separate parcels within Merged Project No. 2, of which 22 relate to property values assessed on the 2013/14 tax roll, 7 relate to property values assessed on the 2012-13 tax roll and 3 relate to the 2011/12 tax roll. The remaining 38 pending appeals relate to prior years' tax rolls.

The 2013/14 tax roll value under appeal is $33,347,148 (5% of assessed value). This includes an appeal by Tree Moss Partners of the $11,900,000 value of its hotel, the Marquis Villas Resort located in the Tahquitz-Andreas Redevelopment Project. The owner is requesting a reduction in value of this parcel to $10,100,000, a 15% reduction. This property's value was reduced on appeal in 2010/11 from $21,173,857 to $10,100,000. Appeals filed for this property's 2011/12 and 2012/13 value were subsequently withdrawn. O and M HR has appealed the $9,841,251 value of two of its four properties also located in the Tahquitz-Andreas Redevelopment Project. The owner is requesting a reduction in value of these parcels to $2,700,000, a 73% reduction. One of these properties value was reduced on appeal in 2011/12 from $6.1 million to $2 million, but an appeal filed in 2012/13 was subsequently withdrawn. The average value reduction requested for the other appeals pending for 2013/14 is 62% and the average parcel assessed value under appeal is $610,000.

The 2012/13 tax roll value under appeal is $9,950,777 (1.5% of assessed value). The average value reduction requested for the appeals pending for 2012/13 is 45% and the average parcel assessed value under appeal is $1.4 million.

The 2011/12 tax roll value under appeal is $7,886,908 (1.2% of assessed value). The average value reduction requested for the appeals pending for 2011/12 is 40% and the average parcel assessed value under appeal is $3.9 million.

The value of parcels under appeal for prior years is $9.5 million, and includes an appeal of 35 vacant residential properties in the Canyon Redevelopment Project owned by Heathman Hill Associates of the $4.5 million 2010/11 value of its properties.

Historically, the average value reduction in Merged Project No. 2 when an appeal has been granted is 31%, and of those appeals that have been resolved, the average percentage of appeals that are successful is 24%. If any of these appeals are granted in the future, it will result in a refund to the taxpayer and such refunds will be deducted from Tax Increment Revenues in the year that the refund is paid, and may also affect the assessed value in such future year. No reduction for potential successful appeals has been included in the projection of Tax Revenues.

Tax Collections

Under its current policies, the Riverside County Auditor-Controller distributes 100% of tax increment revenues allocated to each redevelopment agency without regard to delinquencies in the payment of property taxes. Due to this allocation method, the Successor Agency receives no adjustments for redemption payments on delinquent collections. The Successor Agency does receive supplemental taxes and refunds, if any, are deducted from amounts available for deposit to the Redevelopment Property Tax Trust Fund.

FINANCIAL INFORMATION

Successor Agency Accounting Records and Financial Statements

The activities of the Successor Agency are reported as a fiduciary trust fund as part of the City's Comprehensive Annual Financial Report, which is in accordance with guidance issued by the State Department of Finance and available on its website as of February 4, 2013, interpreting Section 34177(n) of the California Health and Safety Code concerning certain successor agency postaudit obligations. The Successor Agency does not prepare separate financial statements.

Pursuant to the Dissolution Act, the housing assets, housing obligations, and housing activities of the Former Agency have been transferred to the City of Palm Springs after the dissolution date and have been reported in a special fund in the Comprehensive Annual Financial Report. These funds are not under the purview of the State Department of Finance.

The City's financial statements for the Fiscal Year ended June 30, 2013, attached hereto as "APPENDIX D" have been audited by Lance, Soll & Lunghard LLP, Brea, California. The City's audited financial statements are public documents and are included within this Official Statement without the prior approval of the auditor. ***Lance, Soll & Lunghard LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Lance, Soll & Lunghard LLP also has not performed any procedures relating to this Official Statement.***

Tax Increment Revenues

Manner in Which Property Valuations and Assessments are Determined (Article XIIIA). On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution which imposes certain limitations on taxes that may be levied against real property. This amendment, which added Article XIIIA to the State Constitution, among other things, defines full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by substantial damage, destruction or other factors. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value of that property, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on any bonded indebtedness for the acquisition or improvement of real property which is approved after July 1, 1978 by two-thirds of the votes cast by voters voting on such indebtedness. However, pursuant to an amendment to the California Constitution, redevelopment agencies are prohibited from receiving any of the tax increment revenue attributable to tax rates levied to finance bonds approved by the voters (see "Property Tax Rate" below and "RISK FACTORS - Factors Which May Affect Tax Revenues - Reduction in Inflationary Rate").

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend the terms "purchase" and "change of ownership," for purposes of determining full cash value of property under Article XIIIA, to not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first $1,000,000 of other property between parents and children. Proposition 60 amends Article XIIIA to permit the Legislature to allow persons over age 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county (or in certain cases, another county), to transfer the old residence's assessed value to the new residence.

Proposition 8 Adjustments. Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide, and such methodology has been upheld by the California courts. During the recent recession, the County made significant blanket assessed value reductions throughout the County pursuant to Proposition 8 from the maximum amount that could be assessed on property. As a result, the Former Agency and the Successor Agency saw Proposition 8 reductions in property values between 2009 and 2013 as reflected in the assessed values shown in Table Nos. 1 and 3 above.

Unsecured and Secured Property. In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property, arising pursuant to State law, has priority over all other liens on the secured property, regardless of the time of the creation of the other liens.

Property in the Project Areas is assessed by the Riverside County Assessor except for public utility property which is assessed by the State Board of Equalization.

The valuation of secured property is determined as of January 1 each year for taxes owed with respect to the succeeding Fiscal Year. The tax rate is equalized during the following September of each year, at which time the tax rate is determined. Secured and unsecured property is entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment in addition to a $20 cost on the second installment. On July 1 of each fiscal year any property which is delinquent will become defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of l½% per month to the time of redemption, together with any other charges permitted by law. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent. Property taxes on the unsecured roll become delinquent, if unpaid on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of l½% per month begins to accrue on November 1 of the fiscal year. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's Office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Supplemental Assessments. Legislation adopted in 1984 (Section 75, *et seq.* of the Revenue and Taxation Code of the State of California) provides for the supplemental assessment and taxation of property at its full cash value as of the date of a change of ownership or the date of completion of new construction (the "Supplemental Assessments"). To determine the amount of the Supplemental Assessment the County Auditor applies the current year's tax rate to the supplemental assessment roll and computes the amount of taxes that would be due for the full year. The taxes due are then adjusted by a proration factor to reflect the portion of the tax year remaining as determined by the date on which the change in ownership occurred or the new construction was completed. Supplemental Assessments become a lien against the real property on the date of the change of ownership or completion of new construction.

Unitary Property. Commencing in the 1988/89 Fiscal Year, the Revenue and Taxation Code of the State of California changed the method of allocating property tax revenues derived from state assessed utility properties. It provides for the distribution of state assessed values to tax rate areas by a county-wide mathematical formula rather than assignment of state assessed value according to the location of those values in individual tax rate areas.

Commencing with the 1988/89 Fiscal Year, each county has established one county-wide tax rate area. The assessed value of all unitary property in the county has been assigned to this tax rate area and one tax rate is levied against all such property ("Unitary Revenues").

The property tax revenue derived from the assessed value assigned to the county-wide tax rate area shall be allocated as follows: (1) each jurisdiction will be allocated up to 2% of the increase in Unitary Revenues on a pro-rata basis county-wide; and (2) any decrease in Unitary Revenues or increases less than 2%, or any increase in Unitary Revenues above 2% will be allocated among jurisdictions in the same proportion of each jurisdiction's Unitary Revenues received in the prior year to the total Unitary Revenues county-wide.

Legislation adopted in 2006 (SB 1317, Chapter 872) provides that, commencing with Fiscal Year 2007/08, certain property related to new electrical facilities shall be allocated entirely to the county in which such property is located and property tax revenues derived from such property shall be allocated to such county and certain taxing entities with such county.

Property Tax Rate. There are a number of tax rate areas within the Project Areas. The differences between the $1.00 tax rate and those actually levied (referred to as the "tax override rate") represents the tax levied by overlapping entities to pay debt service on bonded indebtedness approved by the voters.

Tax override rates typically decline each year. A declining tax override rate is the result of several factors: an effective limit, established by Article XIIIA of the California Constitution, on the amount of property taxes that can be levied; rising taxable values within the jurisdictions of taxing entities levying the approved override rate (which reduces the tax rate needed to be levied by the taxing entity to meet debt service requirements); and the eventual retirement, over time, of the voter-approved debt.

Section 34183 of the Dissolution Act effectively eliminated the tax override rate from the calculation of tax increment revenues. Future Tax Increment Revenues have been projected by applying a tax rate of $1.00 per $100 of taxable value general levy to incremental taxable values.

Administrative Costs. In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. For Fiscal Year 2013/14, the County administrative fees charged to the Project Areas including administration of the Redevelopment Property Tax Trust Fund were $202,000. In total, the fees represent approximately 1.34% of gross tax increment revenues, excluding revenue generated from the tax override.

Tax Sharing Agreements and Tax Sharing Statutes

Tax Sharing Agreements

Pursuant to prior Section 33401(b) of the Redevelopment Law, a redevelopment agency was authorized to enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project to alleviate any financial burden or detriment caused by the redevelopment project. These agreements are commonly referred to as "tax sharing agreements" or "passthrough agreements."

The tax sharing agreements ("Contractual Tax Sharing Agreements") entered into with respect to each Redevelopment Project are described in "APPENDIX B - PROJECTED TAX REVENUES." Certain Contractual Tax Sharing Agreements contain provisions that increase the percentage of Tax Increment Revenues payable to certain taxing agencies once certain cumulative or annual Tax Increment Revenue milestones are reached. The projections herein are based on the timing of reaching such milestones. If development were to occur sooner or the assessed value of such affected Redevelopment Project were to increase at levels higher than projected herein, the Contractual Tax Sharing Agreement amounts may reach such milestones earlier than projected, in which case, the Contractual Tax Sharing Agreement amounts would increase. See "RISK FACTORS - Factors Which May Affect Tax Revenues - Tax Sharing" herein. Based on the 2013/14 Tax Revenues, if all tax sharing was calculated at the maximum percentage, the impact would be to reduce Merged Project No. 1 2013/14 Tax Revenues by $272,800, and to reduce Merged Project No. 2 2013/14 Tax Revenues by $112,000. Further, in 2027/28, the County share of the Baristo-Farrell Redevelopment Project Tax Revenues will increase by $267,100.

Since dissolution, the County Auditor-Controller calculates and pays the Tax Sharing Agreement amounts. These amounts are payable from tax increment revenue deposited in the Redevelopment Property Tax Trust Fund senior to the Senior Obligations and the Bonds.

Tax Sharing Statutes

Certain provisions were added to the Redevelopment Law by the adoption of AB 1290 in 1994. If new territory was added to a redevelopment project, under Section 33607.5 of the Redevelopment Law, any affected taxing entity would share in the Tax Increment Revenues generated by such added area pursuant to a statutory formula ("Statutory Tax Sharing").

In addition, pursuant to Section 33333.6(e)(2) of the Redevelopment Law, if the Former Agency deleted the time limit to incur indebtedness in a redevelopment project (as amended pursuant to SB 211) or increased the total amount of Tax Increment Revenues to be allocated to the project area or increased the duration of the Redevelopment Plan and the period for receipt of Tax Increment Revenues, Statutory Tax Sharing is required under Section 33607.7 of the Redevelopment Law with all affected taxing entities not already a party to a tax sharing agreement, once the original limitations have been reached.

The Dissolution Act provides for a procedure by which the Successor Agency may make Statutory Tax Sharing amounts subordinate to the Bonds. The Former Agency had not previously undertaken proceedings to subordinate such payments to the Senior Obligations, the 2004A Bonds or the 2004B Bonds, nor will the Successor Agency undertake such procedure with respect to the Bonds.

The Statutory Tax Sharing calculations with respect to each Redevelopment Project are described in "APPENDIX B - PROJECTED TAX REVENUES." Since dissolution, the County Auditor-Controller calculates and pays the Statutory Tax Sharing amounts.

Outstanding Indebtedness

After refinancing the Refunded Bonds, the Successor Agency will have the following outstanding bonded indebtedness, referred to herein as the "Senior Obligations":

- Merged Project No. 1 Merged Project No. 1 Tax Allocation Bonds, 2007 Series A, currently outstanding in the principal amount of $12,770,000 and maturing September 1, 2034;
- Merged Project No. 1 Taxable Tax Allocation Bonds, 2007 Series B, currently outstanding in the principal amount of $1,910,000 and maturing September 1, 2034; and
- Merged Project No. 2 Taxable Tax Allocation Bonds, 2007 Series C, currently outstanding in the principal amount of $5,985,000 and maturing September 1, 2034

Flow of Funds

The Successor Agency has other enforceable obligations, payment of which is subordinate to the funding of the Senior Obligations and a portion of the Bonds.

The Successor Agency is required to request funding of 100% of the debt service on the Senior Obligations and at least 50% of the debt service on the Bonds and any Parity Debt in the Recognized Obligation Payment Schedule period beginning January 2 of each year. Other enforceable obligations may be paid in such Recognized Obligation Payment Schedule period to the extent those amounts are transferred to the trustee for the Senior Obligations and the Trustee and reserved for such debt service. The Successor Agency is required to request the remaining debt service on the Bonds and any Parity Debt in the Recognized Obligation Payment Schedule period beginning July 1 of each year. Other enforceable obligations may be paid in such Recognized Obligation Payment Schedule period to the extent those amounts are transferred to the Trustee and reserved for such debt service.

Projected Tax Revenues and Debt Service Coverage

Receipt of projected Tax Revenues shown in Table No. 7 in the amounts and at the times projected by the Successor Agency depends on the realization of certain assumptions relating to the Tax Increment Revenues. The Financial Advisor has projected taxable valuation and Tax Revenues in the Project Areas. The Successor Agency believes the assumptions (set forth in "APPENDIX B - PROJECTED TAX REVENUES") upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur (see "RISK FACTORS"). Therefore, the actual Tax Revenues received during the forecast period may vary from the projections and the variations may be material, affecting the Successor Agency's ability to timely pay principal of and interest on the Bonds.

TABLE NO. 7
PROJECTED TAX REVENUES AND DEBT SERVICE COVERAGE

Fiscal Year	Tax Revenues (1)	Senior Obligations	Available Tax Revenues	Debt Service	Coverage Ratio	Combined Coverage Ratio (2)
2015	$ 9,044,600	$(1,261,939)	$7,782,661	$1,616,879	4.81	3.14
2016	9,234,500	(1,258,274)	7,976,226	1,618,400	4.93	3.21
2017	9,884,000	(1,669,330)	8,214,670	1,625,800	5.05	3.00
2018	10,043,600	(1,652,143)	8,391,457	1,611,400	5.21	3.08
2019	10,244,900	(1,642,266)	8,602,634	1,620,900	5.31	3.14
2020	10,405,900	(1,631,234)	8,774,666	1,617,400	5.43	3.20
2021	10,608,700	(1,483,503)	9,125,197	1,618,800	5.64	3.42
2022	10,811,300	(1,455,080)	9,356,220	1,276,050	7.33	3.96
2023	11,015,800	(1,401,351)	9,614,449	1,272,550	7.56	4.12
2024	11,223,900	(1,853,129)	9,370,771	810,250	11.57	4.21
2025	11,356,600	(1,362,938)	9,993,662	806,500	12.39	5.23
2026	11,570,800	(2,107,096)	9,463,704	806,750	11.73	3.97
2027	10,016,600	(2,111,415)	7,905,185	805,750	9.81	3.43
2028	9,946,100	(2,111,644)	7,834,456	808,500	9.69	3.41
2029	10,147,200	(2,117,785)	8,029,415	804,750	9.98	3.47
2030	10,347,400	(2,109,208)	8,238,192	804,750	10.24	3.55
2031	10,383,400	(2,126,543)	8,256,857	808,250	10.22	3.54
2032	10,518,200	(2,138,160)	8,380,040	805,000	10.41	3.57
2033	10,653,600	(2,133,990)	8,519,610	805,250	10.58	3.62
2034	10,792,200	(2,124,604)	8,667,596	813,750	10.65	3.67

(1) Gross Tax Increment less County Administrative Charges, Contractual Tax Sharing Agreement payments and Statutory Pass Through payments. See Table No. B-8 and Table No. B-9 in Appendix B hereto.

(2) Ratio of Total Tax Revenues to the sum of debt service on the Senior Obligations and the Bonds.

Source: Financial Advisor.

The projected Tax Revenues shown above are subject to several variables described herein (see "APPENDIX B - PROJECTED TAX REVENUES" and "RISK FACTORS - Factors Which May Affect Tax Revenues" herein), including (1) the year that certain contractual tax sharing payments are projected to increase based on the formula contained in the Contractual Tax Sharing Agreements, (2) the outcome of certain litigation filed by the Agua Caliente Band of Cahuilla Indians relating to the taxation of possessory interest on tribal land, (3) the success or failure of property value appeals, and (4) increases in assessed value for anticipated new development not included in these projections. See "RISK FACTORS" herein. The Successor Agency provides no assurance that the projected Tax Revenues will be achieved.

RISK FACTORS

The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and/or interest on the Bonds. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.

Factors Which May Affect Tax Revenues

The ability of the Successor Agency to pay principal of and interest on the Bonds depends on the timely receipt of Tax Revenues as projected herein (see "FINANCIAL INFORMATION - Projected Tax Revenues and Debt Service Coverage" herein). Projections of Tax Revenues are based on the underlying assumptions relating to Tax Increment Revenues of the Project Areas. Tax Revenues allocated to the Successor Agency (which constitute the ultimate source of payment of principal of and interest on the Bonds, as discussed herein) are determined by the amount of incremental valuation of taxable property in the Project Areas, the current rate or rates at which property in the Project Areas is taxed and the percentage of taxes collected in the Project Areas, adjusted to reflect prior claims on the Tax Increment Revenues. A number of factors which may affect Tax Increment Revenues, and consequently, Tax Revenues, are outlined below.

Reductions in Assessed Value. Tax Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Project Areas and the current rate or rates at which property in the Project Areas is taxed. The reduction of taxable values of property in the Project Areas caused by economic factors beyond the Successor Agency's control, such as relocation out of the Project Areas by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Tax Revenues that provide for the repayment of and secure the Bonds. Such reduction of Tax Revenues could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Bonds. See also "Possessory Interest Taxes; Bureau of Indian Affairs Regulations" below.

Increase in Tax Sharing. Certain Contractual Tax Sharing Agreements contain provisions that increase the percentage of Tax Increment Revenues payable to certain taxing agencies once certain cumulative or annual Tax Increment Revenue milestones are reached. The projections herein are based on the estimated timing of reaching such milestones. If development were to occur sooner or the assessed value of such affected Redevelopment Project were to increase at levels higher than projected herein, the Contractual Tax Sharing Agreement amounts may reach such milestones earlier than projected, in which case, the Contractual Tax Sharing Agreement amounts would increase. Based on the 2013/14 Tax Revenues, if all tax sharing was calculated at the maximum percentage, the impact would be to reduce Merged Project No. 1 2013/14 Tax Revenues by $272,800, and to reduce Merged Project No. 2 2013/14 Tax Revenues by $112,000. Further, in 2027/28, the County share of the Baristo-Farrell Redevelopment Project Tax Revenues will increase by $267,100.

Plan Limitations. The Successor Agency's receipt of Tax Increment Revenues is subject to the statutorily-imposed plan limitations described in the Redevelopment Plans, including the limitation on the final date to receive Tax Increment Revenues and limits on the maximum amount of Tax Increment Revenues that may be allocated to the Agency. Tax Revenues are limited by the Plan Limitations. See "THE SUCCESSOR AGENCY - Plan Limitations."

The Successor Agency's right to receive Tax Increment Revenues generated from the Central Business District Redevelopment Project formed in 1973 will end in July 2026. This occurs prior to the maturity of the Bonds and is as a result of the expiration of the time to receive tax increment for Central Business District Redevelopment Project. The projection of Tax Revenues herein and in "APPENDIX B - PROJECTED TAX REVENUES" takes this expiration date into account.

Article XIIIA. Pursuant to the California voter initiative process, on June 6, 1978, California voters approved Proposition 13 which added Article XIIIA to the California Constitution. This amendment imposed certain limitations on taxes that may be levied against real property to 1% of the full cash value of the property, adjusted annually for inflation at a rate not exceeding 2% annually. Full cash value is determined as of the 1975/76 assessment year, upon change in ownership (acquisition) or when newly constructed (see "FINANCIAL INFORMATION - Tax Increment Revenues" herein for a more complete discussion of Article XIIIA). Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Reduction in Inflationary Rate. The annual inflationary adjustment, while limited to 2%, is determined annually and may not exceed the percentage change in the California Consumer Price Index (CCPI).

Because the Revenue and Taxation Code does not distinguish between positive and negative changes in the CCPI used for purposes of the inflation factor, there was a decrease of 0.237% in 2009/10 – applied to the 2010/11 tax roll – reflecting the actual change in the CCPI, as reported by the State Department of Finance. For each fiscal year since Article XIIIA has become effective (the 1978/79 fiscal year), the annual increase for inflation has been at least 2% except in eight fiscal years (including for the upcoming Fiscal Year 2014/15) as shown below:

Tax Roll	Percentage
1981/82	1.000%
1995/96	1.190
1996/97	1.110
1998/99	1.853
2004/05	1.867
2010/11	(0.237)
2011/12	0.753
2014/15	0.454

Proposition 8 Adjustments. Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. This methodology has been approved by the Fourth District Court of Appeals in a case in which the California Supreme Court declined further review. See "FINANCIAL INFORMATION - Tax Increment Revenues - Proposition 8 Adjustments" herein.

If further Proposition 8 adjustments are made by the County Assessor in future years because of declines in the fair market value of properties caused by the lack of real estate development in the area generally, Tax Revenues may be adversely affected and as a possible consequence its ability to repay the Bonds may be adversely affected.

Assessment Appeals. Assessment appeals may be filed by property owners seeking a reduction in the assessed value of their property. After the property owner files an appeal, the County's Appeals Board will hear the appeal and make a determination as to whether or not there should be a reduction in assessed value for a particular property and the amount of the reduction, if any. To the extent that any reductions are made to the assessed valuation of such properties with appeals currently pending, or appeals subsequently filed, Tax Increment Revenues, and correspondingly, Tax Revenues will be reduced. Such reductions may have an adverse effect on the Successor Agency's ability to pay debt service on the Bonds. As of April 2014, there were 175 pending appeals filed by property owners within the Project Areas relating to $241 million of current year or prior years' assessed value in Merged Project No. 1 and $61 million of current year or prior years' assessed value in Merged Project No. 2 (see "THE PROJECT AREAS - Assessment Appeals" herein). To the extent these appeals are resolved in favor of the property owner, Tax Revenues will be reduced.

Earthquake, Flood and Other Risks. Any natural disaster or other physical calamity, including earthquake, may have the effect of reducing Tax Increment Revenues through reduction in the aggregate assessed valuation within the boundaries of the Project Areas.

Seismic Activity. According to the Seismic Safety Element of the City's General Plan, the City is located in a seismically active region and the structures in the Project Areas could be impacted by a major earthquake originating from the numerous faults in the area. Seismic hazards encompass both potential surface rupture and ground shaking. The Palm Springs planning area has numerous fault traces that are part of the larger San Andreas Fault Zone, including the Banning Fault, the Palm Canyon Fault and the San Jacinto Fault.

Ground rupture occurred along the Banning Fault Zone as a result of a magnitude 5.9 earthquake on July 8, 1986. Only minor damage was sustained by any structures within the City. The San Jacinto Fault approaches within 6.5 miles of the City and is considered to be one of the major branches of the San Andreas Fault system, extending from Cajon Pass (near San Bernardino) into Mexico. The San Jacinto Fault Zone is considered to be the most seismically active fault zone in southern California. The Palm Canyon Fault is exposed in the bedrock in the southeastern portion of the City and has been inferred by researchers as extending northward beneath the City under the alluvium. No evidence is available as to the existence or precise location of the Palm Canyon Fault within the alluvium or regarding its potential activity.

Flood Hazards. Approximately 350 acres within Merged Project No. 1 are identified as potentially subject to inundation in a 100 year flood event (25 acres in the Ramon-Bogie Redevelopment Project and all 325 acres in the Highland-Gateway Redevelopment Project). Another approximately 850 acres within Merged Project No. 1 are within the boundaries identified for a 100 to 500 year flood event. Approximately 746 acres within Merged Project No. 2 (all of the Canyon Redevelopment Project) are identified as potentially subject to inundation in a 100 year flood event. Another approximate 200 acres within Merged Project No. 2 are within the boundaries identified for a 100 to 500 year flood event. The remainder of the properties within the Project Areas are outside mapped flood areas.

The City of Palm Springs has adopted an Emergency Plan. The plan includes a hazard analysis for earthquake, flood, landslide and fire risk and is required to comply with FEMA requirements for disaster relief funding.

The occurrence of any natural or man-made disaster or hazard may significantly reduce Tax Increment Revenues received by the Successor Agency and may adversely impact the Successor Agency's ability to pay debt service on the Bonds.

Hazardous Substances. An additional environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of a hazardous substance that would limit the beneficial use of a property within the Project Areas. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner (or operator) may be required to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Areas be affected by a hazardous substance would be to reduce the marketability and value of the property, perhaps by an amount in excess of the costs of remedying the condition. The Successor Agency can give no assurance that future development will not be limited by these conditions.

Development Risks. The Successor Agency's collection of Tax Revenues is directly affected by the economic strength of the Project Areas. Projected or potential development within the Project Areas will be subject to all the risks generally associated with real estate development projects, including unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in real estate market and interest rates, unexpected increases in development costs and other similar factors. Further, real estate development operations within the Project Areas could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Areas is delayed or halted, the economy of the Project Areas could be affected, causing a reduction in Tax Revenues available to pay debt service on the Bonds.

Certain Bankruptcy Risks. The enforceability of the rights and remedies of the Owners of the Bonds and the obligations of the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Limited Obligations. The Successor Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provision of additional sources of income to taxing agencies having the effect of reducing the property tax rate must necessarily reduce the amount of Tax Increment Revenues, and consequently, Tax Revenues that would otherwise be available to pay the principal of, and interest on the Bonds.

Interpretation of and Future Changes in the Law; Voter Initiatives. The Redevelopment Law and the Dissolution Act are complex bodies of law and their application to the Successor Agency, the Redevelopment Plans and the Project Areas may be subject to different interpretations by the Successor Agency, the Department of Finance, the County Auditor-Controller, Taxing Entities and other interested parties, including with respect to Plan Limitations, Statutory Tax Sharing obligations and Enforceable Obligations.

In addition to the existing limitations on Tax Increment Revenues described in this Official Statement under "FINANCIAL INFORMATION - Tax Increment Revenues," the California electorate or Legislature could adopt future limitations with the effect of reducing Tax Increment Revenues payable to the Successor Agency.

Real Estate and General Economic Risks

Tax Increment Revenues as presented herein as available for payment of any indebtedness of the Successor Agency are based upon the latest actual assessed values for the 2013/14 Fiscal Year. Redevelopment of real property within the Project Areas by the City, as well as private development in the Project Areas, may be adversely affected by changes in general economic conditions, fluctuations in the real estate markets and interest rates, unexpected increases in development costs, changes in or new governmental policies including governmental policies to restrict or control certain kinds of development and by other similar factors. If development and redevelopment activities in the Project Areas encounters significant obstacles of the kind described herein or other impediments, the economy of the area in and around the Project Areas could be adversely affected, causing reduced taxable valuation of property in the Project Areas a reduction of the Tax Increment Revenues and a consequent reduction in Tax Revenues available to repay the Bonds. Due to the decline in the general economy of the region, owners of property within the Project Areas may be less able or less willing to make timely payments of property taxes, causing a delay or stoppage of Tax Revenues received by the Successor Agency from the Project Areas.

Possessory Interest Taxes; Bureau of Indian Affairs Regulations

The City has enjoyed a long relationship with the Agua Caliente Band of Cahuilla Indians. Established in 1876, the Agua Caliente reservation now contains more than 32,000 acres in a checkerboard pattern spanning parts of the City, Cathedral City, Rancho Mirage and the San Jacinto and Santa Rosa mountains. As a result of this checkerboard pattern, the reservation is deeply connected to the local communities and infrastructure of the City.

Certain residents of and businesses in Palm Springs lease property on reservation land. When a person or entity leases, rents, or uses real estate owned by a government agency for its exclusive use, a taxable possessory interest occurs. The County collects possessory interest taxes pursuant to, among other authority, Sections 61, 107-107.9 of the Revenue and Taxation Code of the State of California from non-tribal members who lease property on reservation land. For fiscal year 2012/13, the County collected approximately $29 million in such possessory interest taxes, County-wide. The County then redistributes portions of such taxes to cities, school districts and other local governments, including the City and the Successor Agency.

On December 5, 2012, the Department of the Interior, Bureau of Indian Affairs, promulgated final federal regulations that became effective on January 4, 2013, governing the applicability of state and local taxes on surface property interests in leased tribal land. The regulations (25 CFR 162.017) (the “Property Taxation Regulations”) provide that –

(a) Subject only to applicable Federal law, permanent improvements on the leased land, without regard to ownership of those improvements, are not subject to any fee, tax, assessment, levy, or other charge imposed by any State or political subdivision of a State. Improvements may be subject to taxation by the Indian tribe with jurisdiction.

(b) Subject only to applicable Federal law, activities under a lease conducted on the leased premises are not subject to any fee, tax, assessment, levy, or other charge (e.g., business use, privilege, public utility, excise, gross revenue taxes) imposed by any State or political subdivision of a State. Activities may be subject to taxation by the Indian tribe with jurisdiction.

(c) Subject only to applicable Federal law, the leasehold or possessory interest is not subject to any fee, tax, assessment, levy, or other charge imposed by any State or political subdivision of a State. Leasehold or possessory interests may be subject to taxation by the Indian tribe with jurisdiction.

In light of the Property Taxation Regulations, the Agua Caliente Band of Cahuilla Indians has sued the County and various related County defendants (Agua Caliente Band of Cahuilla Indians v. Riverside County, et al.; Case No. 14-00007JGB) in U.S. District Court for the Central District of California, Eastern Division to prevent the assessment of possessory interest taxes on tribal land, including land located in Palm Springs. In the complaint, the tribe argues that the possessory interest tax increases the economic burden on the tribe and its members by devaluing Indian land leases. According to the complaint, the tax also limits the tribe’s income, since it has agreed to forgo its own tax to avoid the double taxation of leaseholders. The litigation was filed in January 2014 and is in the early stages. If the tribe ultimately prevails, however, leaseholders may potentially be entitled to refunds of possessory interest taxes collected by the County during the four year period prior to commencement of the litigation. The City and the Successor Agency cannot predict the outcome of this or any other litigation relating to possessory interest taxes or any other taxes imposed on leased tribal property.

Six of the ten Redevelopment Projects have assessed value derived from possessory interest on tribal land. If the tribe prevails with respect to their claims, the loss of Tax Revenue net of tax sharing amounts, has been estimated as follows:

	Possessory Interest Value	Related Base Year Value	Net Impact on Incremental Value	General Levy	Tax Revenue Net of Tax Sharing
Ramon/Bogie	$ 75,782,209	$ (10,663,083)	$ 65,119,126	$ 651,200	$ 384,900
South Palm Canyon	18,161,663	(8,251,661)	9,910,002	99,100	61,300
Project No. 9	36,520,190	(9,956,592)	26,563,598	265,600	141,000
Merged Project No. 1	$130,464,062	$ (28,871,336)	$101,592,726	$1,015,900	$ 587,200
Percent of Project Area Tax Revenues					9.8%
Baristo-Farrell	$ 68,358,423	$ (24,609,845)	$ 43,748,578	$ 437,500	$ 219,000
Tahquitz-Andreas	131,555,662	(56,938,399)	74,617,263	746,200	455,100
Canyon	44,650,361	(2,417,681)	42,232,680	422,300	250,800
Merged Project No. 2	$244,564,446	$ (83,965,925)	$160,598,521	$1,606,000	$ 924,900
Percent of Project Area Tax Revenues					30.2%
Combined Project Areas	$375,028,508	$(112,837,261)	$262,191,247	$2,621,900	$1,512,100
Percent of Project Areas Tax Revenues					16.7%

Source: Financial Advisor.

Tax Sharing

Certain Tax Sharing Agreements contain provisions that increase the percentage of Tax Increment Revenues payable to certain taxing agencies once certain cumulative or annual Tax Increment Revenue milestones are reached. The projections herein are based on the timing of reaching such milestones. If development were to occur sooner or the assessed value of such affected Redevelopment Project were to increase at levels higher than projected herein, the Tax Sharing Agreement amounts may reach such milestones earlier than projected, in which case, the Tax Sharing Agreement amounts would increase, and Tax Revenues would decrease.

State of California Fiscal Issues

AB X1 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its fiscal years 2011/12 and 2012/13, respectively. The 2011/12 State budget included projected State savings estimated to aggregate $1.7 billion in 2011/12 associated with AB X1 27, which would have allowed redevelopment agencies to continue in operation provided their establishing cities or counties agreed to make an aggregate $1.7 billion in payments to K-12 schools. However, AB X1 27 was found in December 2011 by the California Supreme Court to violate the State Constitution, which altered this budgetary plan of the State. According to the State's Summary of the 2012/13 State budget, AB 1484 implements a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (projected savings of $1.5 billion). The State's budget for fiscal year 2013/14 did not include any additional legislation dealing with dissolution of redevelopment agencies. There is legislation and litigation pending that deals with a wide range of dissolution issues. There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or Tax Revenues. The full text of each State Assembly bill cited above may be obtained from the "Official California Legislative Information" website maintained by the Legislative Counsel of the State of California pursuant to State law, at the following web link: *http://www.leginfo.ca.gov/bilinfo.html*.

Information about the State budget and State spending is available at various State maintained websites. Text of the current State budget summary, the current State budget, and other documents related to the State budget may be found at the website of the State Department of Finance, *www.dof.ca.gov*. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at *www.lao.ca.gov*. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, *www.treasurer.ca.gov*.

None of the websites or webpages referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The Successor *Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.*

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules." In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a six-month period, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period.

The Successor Agency has covenanted to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds as well as any amount required under the Indenture to replenish the Reserve Account of the Debt Service Fund, in Recognized Obligation Payment Schedules for each six-month period and to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period, including listing a reserve on the Recognized Obligation Payment Schedule to the extent required by the Indenture or the Parity Bond Indentures or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the Bonds for the next payment due in the following six-month period (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency").

The Dissolution Act also contains certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller no later than 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each subsequent six-month period. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods.

The Successor Agency has submitted all Recognized Obligation Payment Schedules, duly approved by the Oversight Board, in a timely manner.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds).

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

LEGAL MATTERS

Enforceability of Remedies

The remedies available to the Trustee and the Owners of the Bonds upon an event of default under the Indenture or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds and the Indenture are subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Approval of Legal Proceedings

Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel, will render an opinion which states that the Indenture is a valid and binding obligation of the Successor Agency and enforceable in accordance with its terms. The legal opinion of Bond Counsel will be subject to the effect of bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights and to the exercise of judicial discretion in accordance with general principles of equity. See "APPENDIX F" for the proposed form of Bond Counsel's opinion.

The Successor Agency has no knowledge of any fact or other information which would indicate that the Indenture is not so enforceable against the Successor Agency, except to the extent such enforcement is limited by principles of equity and by state and federal laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally.

Certain legal matters will be passed on for the Successor Agency by Woodruff, Spradlin & Smart, Successor Agency Counsel, Costa Mesa, California. Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, Los Angeles, California, will also pass on certain legal matters for the Successor Agency as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. Fees payable to Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Bonds. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in "APPENDIX F - PROPOSED FORM OF BOND COUNSEL OPINION."

Litigation

There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing.

CONCLUDING INFORMATION

Ratings on the Bonds

Standard & Poor's has assigned to the Insured Bonds (being the Bonds maturing on September 1 in the years 2022 through and including 2034) its municipal bond rating of "AA" (stable outlook) with the understanding that the Policy insuring the payment when due of the principal of and interest on the Insured Bonds will be issued concurrently with the delivery of the Insured Bonds by AGM. The Bonds have received the underlying rating of "A+" by Standard & Poor's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant.

Except as otherwise required in the Continuing Disclosure Certificate, the Successor Agency undertakes no responsibility either to bring to the attention of the owners of any Bonds any downward revision or withdrawal of any ratings obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The Financial Advisor

The material contained in this Official Statement was prepared by the Successor Agency with the assistance of Harrell & Company Advisors, LLC, Orange, California, an independent financial consulting firm, which advised the Successor Agency as to the financial structure and certain other financial matters relating to the Bonds. The information set forth herein has been obtained by the Successor Agency from sources which are believed to be reliable, but such information is not guaranteed by the Financial Advisor as to accuracy or completeness, nor has it been independently verified. Fees paid to the Financial Advisor are contingent upon the sale and delivery of the Bonds.

Verifications of Mathematical Computations

Grant Thornton LLP will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of (1) the computations contained in the provided schedules to determine that the cash and investments, together with investment earnings thereon, listed in the schedules prepared by the Financial Advisor, to be held in escrow, will be sufficient to pay, when due, the principal, redemption premium and interest requirements of the Refunded Bonds, and (2) the computation of yield on the Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest with respect to the Bonds is exempt from federal taxation. Grant Thornton LLP will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest with respect to the Bonds.

Continuing Disclosure

The Successor Agency will covenant to provide annually certain financial information and operating data relating to the Project Areas by not later than March 31 each year commencing March 31, 2015, to provide the audited Financial Statements of the City for the Fiscal Year ending June 30, 2014 and for each subsequent Fiscal Year when they are available (together, the "Annual Report"), and to provide notices of the occurrence of certain other enumerated events. The Annual Report will be filed by the Financial Advisor as Dissemination Agent, on behalf of the Successor Agency on the Electronic Municipal Market Access Website ("EMMA") operated by the Municipal Securities Rulemaking Board (www.emma.msrb.org). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events and certain other terms of the continuing disclosure obligation are summarized in "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The Former Agency and the Successor Agency have never failed to comply in all material respects with any undertaking made pursuant to the Rule in the previous five years. In 2010, the Annual Report filings for the Former Agency's 6 outstanding bond issues were complete before the March 31, 2010 due date. However, the Former Agency's audited financial statements were posted on EMMA on April 12, 2010. The Successor Agency considers that it, and the Former Agency, were in compliance in all material respects with respect to the undertaking for its outstanding issues.

Underwriting

The Bonds were sold to Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), who is offering the Bonds at the prices set forth on the inside cover page hereof. The initial offering prices may be changed from time to time and concessions from the offering prices may be allowed to dealers, banks and others. The Underwriter has purchased the Bonds at a price equal to $17,501,886.60, which amount represents the principal amount of the Bonds ($15,635,000.00) plus an original issue premium of $1,975,086.60, less an Underwriter's discount of $108,200.00. The Underwriter will pay certain of its expenses relating to the offering.

Additional Information

The summaries and references contained herein with respect to the Indenture, the Bonds, statutes and other documents, do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute and references to the Bonds are qualified in their entirety by reference to the form hereof included in the Indenture. Copies of the Indenture are available for inspection during the period of initial offering of the Bonds at the offices of the Financial Advisor, Harrell & Company Advisors, LLC, 333 City Boulevard West, Suite 1430, Orange, California 92868, telephone (714) 939-1464. Copies of this document may be obtained after delivery of the Bonds from the Successor Agency at 3200 E. Tahquitz Canyon Way, Palm Springs, California 92262.

References

All statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Successor Agency and the purchasers or Owners of any of the Bonds.

Execution

The execution and delivery of this Official Statement by the City Manager, acting as the chief administrative officer of the Successor Agency has been duly authorized by the Successor Agency.

SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY

By: /s/ David H. Ready, Esq., Ph.D.
City Manager

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture of Trust (the "Indenture") authorizing the Bonds that are not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the actual Indenture (copies of which may be obtained from the Trustee) for the complete terms thereof.

Definitions

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary:

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the outstanding Bonds in such Bond Year, and (b) the principal amount of the outstanding serial Bonds payable by their terms in such Bond Year,

"Bond" or "Bonds" means the Successor Agency to the Palm Springs Community Redevelopment Agency, 2014 Subordinate Tax Allocation Refunding Bonds.

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Successor Agency, of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"Bond Year" means, any twelve-month period beginning on September 2 in any year and ending on the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date, and end on September 1, 2014.

"Business Day" means a day of the year (other than a Saturday or Sunday) on which banks in San Francisco, California, are not required or permitted to be closed, and on which the New York Stock Exchange is open.

"Closing Date" means the date on which the Bonds are delivered by the Successor Agency to the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"County" means the County of Riverside, a county duly organized and existing under the Constitution and laws of the State.

"Defeasance Obligations" means (i) cash, (ii) Federal Securities and (iii) Permitted Investments listed under subsection (b) of the definition thereof excluding Permitted Investments listed under (b) (iv) and (b) (vi).

"Dissolution Act" means Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code.

"Federal Securities" means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

"Fiscal Year" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Successor Agency as its official fiscal year period in writing to the Trustee.

"Former Agency" means the Community Redevelopment Agency of the City of Palm Springs, a public body corporate and politic duly organized and existing under the Redevelopment Law and dissolved in accordance with the Dissolution Act.

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice as such under the laws of the State, appointed by the Successor Agency, and who, or each of whom:

(a) is in fact independent and not under domination of the Successor Agency;

(b) does not have any substantial interest, direct or indirect, with the Successor Agency; and

(c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Independent Redevelopment Consultant" means any consultant or firm of such consultants appointed by or acceptable to the Successor Agency and who, or each of whom: (a) is judged by the Successor Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Successor Agency; (c) does not have any substantial interest, direct or indirect, with the Successor Agency; and (d) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Insurance Policy" means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal and interest on the Insured Bonds when due.

"Insured Bonds" means the Bonds maturing September 1, 2022, to and including September 1, 2034.

"Insurer" means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

"Law" means the Redevelopment Law, together with the Dissolution Act, and the acts amendatory thereof and supplemental thereto.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year as certified in writing by the Successor Agency to the Trustee.

"Notice of Insufficiency" means the report described in Section 34183(b) of the Dissolution Act.

"Oversight Board" means the Oversight Board of the Successor Agency to the Palm Springs Community Redevelopment Agency duly constituted from time to time pursuant to Section 34179 of the Law.

"Owner" means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"Parity Debt" means any loan, bonds, notes, advances or indebtedness payable from Tax Revenues on a parity with the Bonds as authorized by the provisions of the Indenture.

"Parity Debt Instrument" means any Supplemental Indenture authorizing the issuance of Parity Debt.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) Federal Securities;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) obligations of the Federal Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (vii) guaranteed Title XI financings of the U.S. Maritime Administration; (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the Successor Agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal

National Mortgage Association (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal); (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations (but only the interest component of stripped obligations) of the Resolution Funding Corporation; and (vi) consolidated system wide bonds and notes of the Farm Credit System;

(d) money market funds (including funds of the Trustee or its affiliates) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of "AAAm-G", "AAAm", or "AAm", including funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services;

(e) certificates of deposit secured at all times by collateral described in (a) or (b) above, which have a maturity of one year or less, which are issued by commercial banks, including affiliates of the Trustee, savings and loan associations or mutual savings banks, and such collateral must be held by a third party, and the Trustee on behalf of the Bond Owners must have a perfected first security interest in such collateral;

(f) certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation;

(g) investment agreements, including guaranteed investment contracts, which, are general obligations of an entity whose long term debt obligations, or claims paying ability, respectively, which are rated in one of the two highest rating categories by S&P or which are collateralized so as to be rated in one of the two highest rating categories by S&P;

(h) commercial paper rated, at the time of purchase, ""A-1" or better by S&P;

(i) bonds or notes issued by any state or municipality which are rated by S&P in one of the two highest rating categories assigned by such agencies;

(j) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "A-1" or "A" or better by S&P;

(k) the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to deposit and withdraw from such investment directly in its own name.

"Plan Limits" means the limitations contained in the redevelopment plans for the constituent redevelopment projects of the Project Areas on the number of dollars of taxes which may be divided and allocated to the Former Agency with respect to such Project Areas pursuant to such redevelopment plans, as such limitation is prescribed by Section 33333.4 of the of the Redevelopment Law.

"Prior Tax Revenues" means all taxes pledged and annually allocated within the Plan Limits, following the Closing Date, and paid to the Former Agency with respect to the Project Areas pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plans, and all payments, subventions and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, and including all amounts of such taxes (if any) (i) required to be deposited in the Low and Moderate Income Housing Fund pursuant to Section 33334.3 of the Law for increasing and improving the supply of low and moderate income housing, to the extent necessary to repay debt service on the 2001 Housing Bonds, but excluding (i) all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund, (ii) amounts payable by the State to the Former Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the California Government Code, and (iii) amounts payable by the Former Agency under the Tax Sharing Agreements or pursuant to Sections 33607.5 and 33607.7 of the Law.

"Project Areas" means the Palm Springs Merged Redevelopment Project No. 1 and Palm Springs Merged Redevelopment Project No. 2 in the City, as described in the applicable Redevelopment Plans.

"Qualified Reserve Account Credit Instrument" means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) the long-term credit rating of such bank or claims paying ability of such insurance company is A or better from S&P or A or better from Moody's and, if rated by A.M. Best & Company, is rated in the highest rating category by A.M. Best & Company; (b) such letter of credit or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account and the Principal Account for the purpose of making payments required pursuant to the Indenture.

"Recognized Obligation Payment Schedule" means the schedule by that name prepared before each six-month fiscal period in accordance with the requirements of Section 34177(l) of the Dissolution Act.

"Redevelopment Law" means the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code, and the acts amendatory thereof and supplemental thereto

"Redevelopment Obligation Retirement Fund" means the fund established and held by the Successor Agency pursuant to Section 34170.5(a) of the Law. In the event that the Redevelopment Property Tax Trust Fund provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid and, in place of the invalid provisions, provisions of the Law or the equivalent shall become applicable to the Bonds, then the term "Redevelopment Property Tax Trust Fund" shall mean the Special Fund required to be created by the Successor Agency under Section 4.02.

"Redevelopment Plans" means the Redevelopment Plan for the Palm Springs Merged Redevelopment Project No. 1, approved and adopted by the City Council of the City on May 31, 2000, and the Redevelopment Plan for the Palm Springs Merged Redevelopment Project No. 2, approved and adopted by the City Council of the City on May 31, 2000, as heretofore or hereafter amended.

"Redevelopment Property Tax Trust Fund" means the fund established pursuant to Section 34170.5(b) of the Law and administered by the Riverside County Auditor–Controller for the Successor Agency.

"Reserve Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Reserve Insurance Policy" means the municipal bond debt service reserve insurance policy relating to the Bonds issued by the Insurer.

"Reserve Requirement" means, as of the date of calculation, the lesser of (i) 10 percent of the original principal amount of the Bonds, less original discount (if any), plus original issue premium (if any), on the Bonds, (ii) 125% of the average Annual Debt Service, or (iii) Maximum Annual Debt Service.

"S&P" means Standard & Poor's Ratings Services and its successors.

"Semiannual Period" means (a) each six-month period beginning on January 1 of any calendar year and ending on June 30 of such calendar year, and (b) each six-month period beginning on July 1 of any calendar year and ending on December 31 of such calendar year.

"Senior Obligations" means the 2007A Bonds, the 2007B Bonds and the 2007C Bonds and any loan, bonds, notes, advances or indebtedness payable from Tax Revenues on a basis senior to the Bonds as authorized by the provisions of the Indenture. (if and to the extent any such obligations remains outstanding and unpaid).

"Senior Obligation Indentures" means the respective Indentures of Trust, as amended and supplemented, providing for the issuance of the Senior Obligations, and, if applicable, any supplemental indenture or other instrument providing for the issuance of or incurrence of any loan, bonds, notes, advances or indebtedness payable from Tax Revenues on a basis senior to the Bonds as authorized by the provisions of the Indenture. (if and to the extent any such obligations remains outstanding and unpaid).

"Special Fund" means the fund by that name established or continued by the Senior Obligation Indentures and continued by the Successor Agency pursuant to the Indenture.

"Subordinate Debt" means any Loan, advances or indebtedness issued or incurred by the Former Agency or the Successor Agency, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues, including revenue bonds and other debts and obligations scheduled for payment pursuant to Section 34183(a)(2) of the Law; or (b) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues hereunder for the security of the Bonds.

"Successor Agency" means the Successor Agency to the Palm Springs Community Redevelopment Agency, a public entity duly organized and existing under the Law. In the event that Tax Revenues shall consist of Prior Tax Revenues, the term "Successor Agency" shall mean the Former Agency or other successor to the Successor Agency.

"Supplemental Indenture" means any resolution, agreement or other instrument which has been duly adopted or entered into by the Successor Agency, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“2007A Bonds” means the Community Redevelopment Agency of the City of Palm Springs Merged Project No. 1 Tax Allocation Bonds, 2007 Series A issued in the initial principal amount of $12,770,000.

“2007B Bonds” means the Community Redevelopment Agency of the City of Palm Springs Merged Project No. 1 Taxable Tax Allocation Bonds, 2007 Series B issued in the initial principal amount of $1,910,000.

“2007C Bonds means the Community Redevelopment Agency of the City of Palm Springs Merged Project No. 2 Taxable Tax Allocation Bonds, Series 2007 C issued in the initial principal amount of $6,495,000.

"Tax Revenues" means all taxes that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and deposited in the Redevelopment Property Tax Trust Fund, excluding (i) amounts payable by the Successor Agency under the Tax Sharing Agreements or pursuant to Sections 33607.5 and 33607.7 of the Law and (ii) County administrative costs allowed under Section 34182 of the Law and Section 95.3 of the California Revenue and Taxation Code. If the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid and, in place of the invalid provisions of the Dissolution Act, provisions of the Redevelopment Law or the equivalent shall become applicable to the Bonds, then the term “Tax Revenues” shall mean the Prior Tax Revenues.

“Tax Sharing Agreements” means the agreements entered into by the Former Agency pursuant to Section 33401 of the Redevelopment Law.

"Term Bonds" means any Parity Debt issued pursuant to a Supplemental Indenture and payable from amounts in the Sinking Account established pursuant to the Indenture.

Pledge of Tax Revenues

The Bonds and any Parity Debt shall be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, including all of the Tax Revenues in the Redevelopment Property Tax Trust Fund or in the Special Fund (if applicable), subject, however, to the prior pledge, security interest and lien on Tax Revenues securing payment of debt service on the Senior Obligations, and a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account and the Redemption Account, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Bonds shall be additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Reserve Account established by the Indenture. The Bonds shall be also equally secured by the pledge and lien created with respect to the Bonds by Section 34177.5(g) of the Law on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

Establishment of Funds and Accounts; Flow of Funds

Costs of Issuance Account. The moneys in the Costs of Issuance Account will be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Request of the Successor Agency stating (a) the person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Request of the Successor Agency. On the earlier of (i) six (6) months from the Closing Date, or (ii) the date of receipt by the Trustee of a Request of the Successor Agency therefor, all amounts (if any) remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account of the Debt Service Fund. Amounts in the Costs of Issuance Fund are not pledged as security for the Bonds.

Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues. The Successor Agency has established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Law which Fund the Successor Agency shall continue to hold and maintain so longa as any of the Bonds are outstanding. The Successor Agency shall deposit all of the Tax Revenues received with respect to any Semiannual Period into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency. Because the Dissolution Act requires that all Tax Revenues be deposited by the Successor Agency in the Redevelopment Obligation Retirement Fund, the Redevelopment Obligation Retirement Fund shall be deemed to be the Special Fund (as defined in the Senior Obligation Indentures) continued by the Former Agency pursuant to the Senior Obligation Indentures.

The Successor Agency shall deposit all of the Tax Revenues received with respect to any Semiannual Period into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency.

All Tax Revenues received by the Successor Agency in excess of the amount required to pay debt service on the Senior Obligations and to pay debt service on the Bonds and any Parity Debt and except as may be provided to the contrary in any Senior Obligation Indenture or Parity Debt Instrument, shall be released from the pledge and lien hereunder and shall be applied in accordance with the Law, including but not limited to the payment of debt service on any Subordinate Debt. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indentures, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

In the event that the Redevelopment Property Tax Trust Fund provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid and, in place of the invalid provisions, provisions of the Law or the equivalent shall become applicable to the Bonds, then the Successor Agency shall, nevertheless, continue the Special Fund. Thereafter, until all the Bonds have been fully paid or discharged, the Successor Agency shall deposit Tax Revenues in the Special Fund and shall transfer such Tax Revenues to the Trustee pursuant to the provisions of the Indenture.

Debt Service Fund; Transfer of Amounts to Trustee. The Trustee will establish a Debt Service Fund, which is pledged as security of the Bonds. After providing for the Senior Obligations in accordance with the Senior Obligation Indentures and concurrently with transfers with respect to Parity Debt pursuant to Parity Debt Instruments, moneys in the Redevelopment Obligation Retirement Fund shall be transferred by the Successor Agency to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are hereby established in the Debt Service Fund, and in the following order of priority:

(a) Interest Account. On or before the fourth (4th) Business day Business Day preceding each date on which interest on the Bonds is due and payable, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the outstanding Bonds and any Parity Debt on such date. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it comes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

(b) Principal Account. On or before the fourth (4th) Business Day preceding September 1 in each year, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the outstanding Bonds and any Parity Debt on the next September 1. Notwithstanding the foregoing, the Successor Agency shall transfer to the Trustee on or before March 1 of such year fifty percent (50%) of the principal amount due on the following September 1 and shall transfer on or before the fourth (4th) Business Day preceding September 1 of such year the remaining fifty percent (50%) of the principal amount due on September 1 of such year. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds and any Parity Debt as it shall become due and payable.

(c) Sinking Account. No later than the fourth (4th) Business Day preceding each September 1 on which any outstanding Term Bonds are subject to mandatory redemption pursuant to the Indenture, or otherwise for purchases of Term Bonds pursuant to the Indenture, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required to be redeemed on such September 1. Notwithstanding the foregoing, the Successor Agency shall transfer to the Trustee on or before March 1 of such year fifty percent (50%) of the principal amount to be redeemed on the following September 1 and shall transfer on or before the fourth (4th) Business Day preceding September 1 of such year the remaining fifty percent (50%) of the principal amount to be redeemed on September 1 of such year. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon redemption or purchase pursuant to the Indenture.

(d) Reserve Account. There is established by the Indenture in the Debt Service Fund a separate fund and account known as the "Reserve Account" solely as security for payments payable by the Successor Agency pursuant to the Indenture, which shall be held by the Trustee in trust for the benefit of the Owners of the Bonds. In the event that the amount on deposit in the Reserve Account at any time because of a draw thereon becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Upon receipt of any such notice and as promptly as is permitted by the Law, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account.

The Reserve Requirement shall initially be satisfied by the credit of the Reserve Insurance Policy to the Reserve Account on the Closing Date. The amount on deposit in the Reserve Account shall be maintained at the Reserve Requirement at all times prior to the payment of the Bonds in full. If there shall then not be sufficient Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Tax Revenues become available until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in the event of any deficiency at any time in any of such accounts of amounts required to pay debt service on the Bonds, except that so long as the Successor Agency is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before two (2) Business Days preceding each March 1 and September 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made to pay debt service on the Bonds or shall be applied to retirement of all Bonds then outstanding.

The Successor Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be deposited in the Redevelopment Obligation Retirement Fund. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Tax Revenues. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit

Instrument, the cash shall be first used to meet any deficiency. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency shall be pro-rata with respect to each such instrument.

Investment of Funds

Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Costs of Issuance Account shall be invested by the Trustee in Permitted Investments as directed by the Successor Agency in the Written Request of the Successor Agency filed with the Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such Written Request of the Successor Agency, the Trustee shall invest any such moneys in Permitted Investments described in clause (d) of the definition thereof, which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. The Trustee shall be entitled to rely conclusively upon the written instructions of the Successor Agency directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. Moneys in the Redevelopment Obligation Retirement Fund may be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be deposited in the Interest Account. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the Successor Agency or otherwise made pursuant to the Indenture.

Other Covenants of the Successor Agency

Limitation on Additional Indebtedness. The Successor Agency covenants that, so long as the Bonds are outstanding, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only as provided in the Indenture. The Successor Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Tax Revenues or other amounts pledged to the Bonds superior to the pledge and lien herein created for the benefit of the Bonds; provided, that the Successor Agency (a) may issue and sell refunding bonds as Senior Obligations payable from Tax Revenues on a basis senior to the outstanding Bonds or as Parity Debt payable from Tax Revenues on a parity with outstanding Bonds and any Parity Debt (as determined by the Successor Agency, in its sole discretion) to refund the 2007A Bonds, the 2007B Bonds and/or the 2007C Bonds and (b) may issue and sell refunding bonds as Parity Debt payable from Tax Revenues on a parity with outstanding Bonds and any Parity Debt to refund a portion of the 0utstanding Bonds and/or Parity Debt, provided further that, with respect to any such refunding (i) annual debt service on such Senior Obligations or Parity Debt, as applicable, is lower than annual debt service on the obligations being refunded during every year the obligations would otherwise be outstanding and (ii) the final maturity of any such Senior Obligations or Parity Debt, as applicable, does not exceed the final maturity of the obligations being refunded. Nothing in the Indenture shall prevent the Successor Agency from issuing and selling Subordinate Debt.

Plan Limits. If and to the extent that the Plan Limits apply to the Successor Agency under the Law, the Successor Agency agrees that the aggregate amount of debt service remaining to be paid on all Senior Obligations, the Bonds and Parity Debt, shall at no time exceed ninety-five percent (95%) of the aggregate amount of Tax Revenues which the Successor Agency is permitted to receive under the applicable Plan Limits. In the event that the aggregate amount of debt service remaining to be paid on all Senior Obligations, the Bonds and any Parity Debt, at any time equals or exceeds ninety-five percent (95%) of the aggregate amount of Tax Revenues which the Successor Agency is permitted to receive under the applicable Plan Limits, (a) the Successor Agency shall promptly notify the Trustee of such fact in writing, (b) subject to the prior approval of the State Department of Finance, all Tax Revenues thereafter received by the Successor Agency (except as may be limited by the Tax Sharing Agreement) shall immediately be deposited by the Successor Agency in the Redevelopment Obligation Retirement Fund to be applied for the sole purpose of paying the principal of and interest and, if applicable, redemption premium, on the Senior Obligations, the Bonds and any additional Parity Debt upon the earlier of their scheduled payment date or the date upon which such Tax Revenues can be applied to the early redemption of the Senior Obligations, the Bonds and any Parity Debt, as applicable.

Extension of Payment of Bonds. The Successor Agency will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest is extended, such Bonds or claims for interest will not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the outstanding Bonds and of all claims for interest thereon which shall not have been so extended. Nothing in the Indenture will limit the right of the Successor Agency to issue bonds for the purpose of refunding any outstanding Bonds, and such issuance will not constitute an extension of maturity of the Bonds.

Payment of Claims. The Successor Agency will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Tax Revenues or any part thereof, or upon any funds held by the Trustee pursuant to the Indenture, or which might impair the security of the Bonds. Nothing in the Indenture will require the Successor Agency to make any such payment so long as the Successor Agency in good faith contests the validity of said claims.

Books and Accounts; Financial Statements. The Successor Agency shall at all times keep, or cause to be kept, proper and current books and accounts in which complete and accurate entries are made of the financial transactions and records of the Successor Agency. Within one hundred eighty (180) days after the close of each Fiscal Year an Independent Certified Public Accountant shall prepare an audit of the financial transactions and records of the Successor Agency for such Fiscal Year. To the extent permitted by law, such audit may be included within the annual audited financial statements of the City of Palm Springs. The Successor Agency shall furnish a copy of such financial statements to any Owner upon reasonable request of such Owner and at the expense of such Owner. The Trustee shall have no duty to review such audits.

Payments of Taxes and Other Charges. The Successor Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may be lawfully imposed upon the Successor Agency or the properties then owned by the Successor Agency in the Project Areas, when the same become due. Nothing contained in the Indenture requires the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Project Areas or any part thereof.

Compliance With Redevelopment Law; Recognized Obligation Payment Schedules. The Successor Agency shall comply with all of the requirements of the Law. Pursuant to Section 34177 of the Law, not less than 90-days prior to each January 2, the Successor Agency shall submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule that includes all debt service on the Senior Obligations due and payable in the following calendar year and at least fifty percent (50%) of the debt service on the Bonds and any Parity Debt due and payable in the following calendar year, so as to enable the Riverside County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on such January 2 amounts required to enable the Successor Agency to pay timely principal of, and interest on, the Senior Obligations during such calendar year and fifty percent (50%) of the debt service on the Bonds and any Parity Debt coming due in such calendar year, as such amounts of debt service on the Bonds are set forth in the Recognized Obligation Debt Service Schedule attached to the Indenture.

Not less than 90-days prior to each June 1, the Successor Agency shall submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule that includes the remaining fifty percent (50%) of the debt service on the Bonds and any Parity Debt due and payable in such calendar year, together with amounts, if any, not funded from the preceding January 2, distribution of the Redevelopment Property Tax Trust Fund, so as to enable the Riverside County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on such June 1 amounts required to enable the Successor Agency to pay timely principal of, and interest on such remaining fifty percent (50%) of the debt service on the Bonds and any Parity Debt, coming due in such calendar year as such amounts of debt service are set forth in the Recognized Obligation Debt Service Schedule in said Exhibit B. The Recognized Obligation Debt Service Schedule shall not be amended except by a Supplemental Indenture entered into pursuant to Article VII.

The Successor Agency shall place on the applicable Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance, to the extent necessary, any amount required to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Law and any amount required to be deposited in the Reserve Account in order to maintain in the Reserve Account the amount of the Reserve Requirement, as required by Section 4.03(d).

In addition, the Successor Agency covenants that it shall, on or before December 1 of each year, file a Notice of Insufficiency with the County Auditor-Controller if the amount of Tax Revenues available to the Successor Agency from the Redevelopment Property Tax Trust Fund for transfer to the Redevelopment Obligation Retirement Fund on the upcoming January 2 is insufficient to fully fund all required amounts payable from the Redevelopment Obligation Retirement Fund during the next succeeding Semiannual Period. The Successor Agency covenants that on or before May 1 of each year, it shall file a Notice of Insufficiency with the County Auditor-Controller if the amount of Tax Revenues available to the Successor Agency from the Redevelopment Property Tax Trust Fund for transfer to the Redevelopment Obligation Retirement Fund on the upcoming July 1 is insufficient to fully fund all required amounts payable from the Redevelopment Obligation Retirement Fund during the next succeeding Semiannual Period.

Dissolution Act Invalid; Maintenance of Tax Revenues. In the event that the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid and, in place of the invalid provisions, provisions of the Redevelopment Law or the equivalent become applicable to the Bonds, the Successor Agency shall comply with all requirements of the Law or the equivalent to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and, in the case of amounts payable by the State, appropriate officials of the State.

Tax Covenants Relating to the Bonds. The Successor Agency will assure that the proceeds of the Bonds are so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code. The Successor Agency will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code. The Successor Agency will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the Bond proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code. The Successor Agency shall take all actions necessary to assure the exclusion of interest the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

Continuing Disclosure. The Successor Agency covenants in the Indenture to comply with and carry out all of the provisions of the applicable Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with a Continuing Disclosure Certificate will not be an event of default thereunder. However, any Participating Underwriter or any holder or beneficial owner of the bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under this covenant.

Amendment of Indenture

The Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption and without the consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes-

(a) to add to the covenants and agreements of the Successor Agency in the Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers herein reserved to or conferred upon the Successor Agency; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not, in the opinion of Bond Counsel, materially adversely affect the interests of the Owners or the interests of the Insurer; or

(c) to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Bonds, in the opinion of Bond Counsel; or

(d) to amend the Recognized Obligation Debt Service Payment Schedule set forth in Exhibit B to take into account the redemption of any Bond prior to its maturity; or

(e) to provide for the issuance of Parity Debt pursuant to a Supplemental Indenture, as such issuance is authorized by the Indenture.

Except as set forth in the preceding paragraph, the Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding with the prior written consent of the Insurer and of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premium, (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Insurer and the Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In addition, the Trustee shall be entitled to an opinion of counsel concerning the Supplemental Indenture's lack of any material adverse effect on the Owners.

Events of Default and Remedies

Events of Default. The following events constitute events of default under the Indenture:

(a) if default shall be made by the Successor Agency in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds or any Parity Debt Instrument contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of sixty (60) days following receipt by the Successor Agency of written notice from the Trustee or any Owner of the occurrence of such default provided that if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such 30 day period, such failure will not constitute an event of default if corrective action is instituted by the Successor Agency within such 30 day period and the Successor Agency thereafter diligently and in good faith cures such failure in a reasonable period of time; or

(c) if a default is made under the Senior Obligation Indenture; or

(d) If the Successor Agency files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the Successor Agency or of the whole or any substantial part of its property.

Remedies. Upon the occurrence and during the continuance of any Event of Default, , the Trustee may and, if requested by the Owners of a majority in aggregate principal amount of the Bonds at the time outstanding, the Trustee shall, (a) declare the principal of all of the Bonds, and the interest accrued thereon, to be due and payable immediately, will become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) exercise any other remedies available to the Trustee and the Owners in law or at equity.

Immediately upon becoming aware of the occurrence of an Event of Default, the Trustee is required to give notice of such Event of Default to the Successor Agency by telephone promptly confirmed in writing. Such notice is also required to state whether the principal of the Bonds has been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners of the Bonds, which is required to include the statement that interest on the Bonds will cease to accrue from and after the date, if any, on which the Trustee declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

The foregoing is subject to the condition that if, at any time after the principal of the Bonds has been so declared due and payable, and before any judgment or decree for the payment of the moneys due have been obtained or entered, the Successor Agency deposits with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the net effective rate then borne by the outstanding Bonds, and the fees and expenses of the Trustee, including any fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, with the prior written consent of the Owners of a majority in aggregate principal amount of the Bonds then outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment extends to or affects any subsequent default, or impairs or exhausts any right or power consequent thereon.

Application of Funds Upon Acceleration. If an Event of Default has occurred and is continuing, all Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration and all sums thereafter received by the Trustee under any of the provisions of the Indenture will be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel) incurred in and about the performance of its powers and duties under the Indenture and the payment of all fees, costs and expenses owing to the Trustee; and

(b) To the payment of the whole amount then owing and unpaid, first upon the Senior Obligations until paid in full and then upon the Bonds and any Parity Debt for principal and interest, with interest on the overdue principal and installments of interest on the Bonds and any Parity Debt at the net effective rate then borne by the outstanding Bonds and any Parity Debt (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds and any Parity Debt, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Power of Trustee to Control Proceedings. If the Trustee, upon the happening of an Event of Default, takes any action, by judicial proceedings or otherwise, in the performance of its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Bonds then outstanding, it has full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action. The Trustee may not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Bond Insurer or by the Owners of a majority in principal amount of the outstanding Bonds opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Limitation on Owners' Right to Sue. No Owner of any Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under the Indenture, unless (a) such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then outstanding, have requested the Trustee in writing to exercise its powers under the Indenture granted or to institute such action, suit or proceeding its own name; (c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee has refused or failed to comply with such request for a period of sixty (60) days after such written request has been received by the Trustee and said tender of indemnity is made to the Trustee.

The Insurer Deemed Sole Owner. So long as the Insurer shall be in compliance with its payment obligations under the Insurance Policy, the Insurer shall be deemed to be the sole owner of the Insured Bonds for purposes of all provisions relating to an event of default with respect to the Insured Bonds, except with respect to the giving of notice of such an Event of Default. The Insurer shall be included as a party in interest and as a party entitled to (1) notify the Trustee of the occurrence of an Event of Default and (2) request the Trustee to intervene in judicial proceedings that affect the Insured Bonds or the security therefor. In addition, the provisions herein requiring the consent, approval or direction of the Insurer shall be applicable only so long as the Insured Bonds remain Outstanding and only at such time as the Insurer shall be in compliance with its payment obligations under the Insurance Policy.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted under the Indenture to the Owners of the Insured Bonds, or to the Trustee for the benefit of the Owners of the Insured Bonds, including but not limited to rights and remedies which may be exercised pursuant to the Indenture following an event of default and including but not limited to the right to approve all waivers of any events of default.

Defeasance of Bonds

The Successor Agency may pay and discharge the indebtedness on any Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable; or

(b) by irrevocably depositing with the Trustee or another fiduciary, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture, in the opinion or report of an Independent Accountant or Bond Counsel is fully sufficient to pay such Bonds, including all principal and interest; or

(c) by irrevocably depositing with the Trustee or another fiduciary, in trust, Federal Securities in such amount as an Independent Accountant or Bond Counsel determines will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal and interest) at or before maturity; or

(d) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

and, if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption have been duly given or provision satisfactory to the Trustee have been made for the giving of such notice, then, at the election of the Successor Agency and notwithstanding that any Bonds have not been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Successor Agency under the Indenture with respect to such Bonds, will cease and terminate, except only the obligation of the Successor Agency under the Indenture, the obligation of the Trustee to transfer and exchange Bonds under the Indenture, the obligation of the Successor Agency to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and the obligation of the Successor Agency to compensate and indemnify the Trustee pursuant to the Indenture. Notice of such election shall be filed with the Trustee. In the event the Successor Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due the Trustee shall be paid over to the Successor Agency for deposit in the Redevelopment Obligation Retirement Fund.

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APPENDIX B

PROJECTED TAX REVENUES

Dissolution Act

On June 29, 2011, Assembly Bill No. 26 ("AB X1 26") was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 ("AB X1 27"). A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. The California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The AB X1 26 was amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012 (as amended from time to time, the "Dissolution Act").

In accordance with the Dissolution Act, as of February 1, 2012, the Community Redevelopment Agency of the City of Palm Springs (the "Former Agency") was dissolved and the City Council of the City serves as Successor Agency to the Palm Springs Community Redevelopment Agency (the "Agency") pursuant Section 34173 of the Dissolution Act.

Tax Allocation Financing

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. First, the assessed valuation of the taxable property in a project area, as last equalized prior to adoption of the redevelopment plan, was established and became the base roll. Thereafter, except for any period during which the assessed valuation drops below the base year level, the taxing agencies, on behalf of which taxes are levied on property within the project area, receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll could be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment project. Redevelopment agencies themselves have no authority to levy taxes on property.

The Dissolution Act now requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Agency established and held by the County Auditor-Controller (the "Redevelopment Property Tax Trust Fund") pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Agency's Recognized Obligation Payment Schedule.

Tax Increment Revenues

As provided in each of the Redevelopment Plans for each of the ten separate project areas (collectively, the "Project Areas" and individually a "Project Area"), and pursuant to Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, taxes levied upon taxable property in the respective Project Area each year by or for the benefit of the State, for cities, counties, districts or other public corporations (collectively, the "Taxing Agencies") for fiscal years beginning after the effective date of the respective Redevelopment Plan, will be divided as follows:

1. To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Areas as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the Redevelopment Plans, or the respective effective dates of ordinances approving amendments to the Redevelopment Plans that added territory to the Project Areas, as applicable (each, a "base year valuation"), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

2. To the Former Agency/Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within the Plan Limit, when collected will be paid into a special fund of the Former Agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Agency to pay the debt service on indebtedness incurred by the Former Agency or the Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above.

The amounts calculated in accordance with the provisions described above are referred to herein as "Tax Increment Revenues."

Redevelopment Plans

The Former Agency had adopted 10 separate Redevelopment Plans and Project Areas. In 2000, the Former Agency merged 7 of the 10 Project Areas ("Merged Project No. 1") and the 3 remaining Project Areas were also merged ("Merged Project No. 2").

Constituent Redevelopment Projects Comprising Merged Project No. 1

The City Council approved and adopted the Redevelopment Plan for the Central Business District Redevelopment Project on July 11, 1973. It was subsequently amended on November 11, 1986 to add certain financial limitations, on December 21, 1994 and on December 15, 1999 to add limitations prescribed by AB 1290 and AB 1342 (see "Plan Limitations" below), on May 31, 2000 to merge the Redevelopment Project with six of the Agency's other redevelopment projects to form Merged Project No. 1 and on May 5, 2004 to eliminate the limitation on incurring debt pursuant to the provisions of SB 211 and to extend the Redevelopment Plan and the ability to collect tax increment revenue by one additional year pursuant to the provisions of SB 1045 (see "Plan Limitations" below).

The City Council approved and adopted the Redevelopment Plan for the South Palm Canyon Redevelopment Project on November 30, 1983. It was subsequently amended on December 21, 1994 and on December 15, 1999 to add limitations prescribed by AB 1290 and AB 1342, on May 31, 2000 to merge the Redevelopment Project with six of the Agency's other redevelopment projects to form Merged Project No. 1 and on May 5, 2004 to eliminate the limitation on incurring debt pursuant to the provisions of SB 211 and to extend the Redevelopment Plan and the ability to collect tax increment revenue by one additional year pursuant to the provisions of SB 1045.

The City Council approved and adopted the Redevelopment Plan for the Ramon-Bogie Redevelopment Project on November 30, 1983. It was subsequently amended on December 21, 1994 and on December 15, 1999 to add limitations prescribed by AB 1290 and AB 1342, on May 31, 2000 to merge the Redevelopment Project with six of the Agency's other redevelopment projects to form Merged Project No. 1 and on May 5, 2004 to eliminate the limitation on incurring debt pursuant to the provisions of SB 211 and to extend the Redevelopment Plan and the ability to collect tax increment revenue by one additional year pursuant to the provisions of SB 1045.

The City Council approved and adopted the Redevelopment Plan for the Oasis Redevelopment Project on July 10, 1984. It was subsequently amended on December 21, 1994 and on December 15, 1999 to add limitations prescribed by AB 1290 and AB 1342, on May 31, 2000 to merge the Redevelopment Project with six of the Agency's other redevelopment projects to form Merged Project No. 1 and on May 5, 2004 to eliminate the limitation on incurring debt pursuant to the provisions of SB 211 and to extend the Redevelopment Plan and the ability to collect tax increment revenue by one additional year pursuant to the provisions of SB 1045.

The City Council approved and adopted the Redevelopment Plan for the North Palm Canyon Redevelopment Project on September 19, 1984. It was subsequently amended on December 21, 1994 and on December 15, 1999 to add limitations prescribed by AB 1290 and AB 1342, on May 31, 2000 to merge the Redevelopment Project with six of the Agency's other redevelopment projects to form Merged Project No. 1 and on May 5, 2004 to eliminate the limitation on incurring debt pursuant to the provisions of SB 211 and to extend the Redevelopment Plan and the ability to collect tax increment revenue by one additional year pursuant to the provisions of SB 1045.

The City Council approved and adopted the Redevelopment Plan for the Highland-Gateway Redevelopment Project on November 20, 1984. It was subsequently amended on December 21, 1994 and on December 15, 1999 to add limitations prescribed by AB 1290 and AB 1342, on May 31, 2000 to merge the Redevelopment Project with six of the Agency's other redevelopment projects to form Merged Project No. 1 and on May 5, 2004 to eliminate the limitation on incurring debt pursuant to the provisions of SB 211 and to extend the Redevelopment Plan and the ability to collect tax increment revenue by one additional year pursuant to the provisions of SB 1045.

The City Council approved and adopted the Redevelopment Plan for Redevelopment Project No. 9 on December 29, 1988. It was subsequently amended on December 21, 1994 to add limitations prescribed by AB 1290, on May 31, 2000 to merge the Redevelopment Project with six of the Agency's other redevelopment projects to form Merged Project No. 1 and on May 5, 2004 to eliminate the limitation on incurring debt pursuant to the provisions of SB 211 and to extend the Redevelopment Plan and the ability to collect tax increment revenue by one additional year pursuant to the provisions of SB 1045.

Constituent Redevelopment Projects Comprising Merged Project No. 2

The City Council approved and adopted the Redevelopment Plan for the Tahquitz-Andreas Redevelopment Project on July 19, 1983. It was subsequently amended on December 21, 1994 and on December 15, 1999 to add limitations prescribed by AB 1290 and AB 1342, on May 31, 2000 to merge the Redevelopment Project with two of the Agency's other redevelopment projects to form Merged Project No. 2 and on May 5, 2004 to eliminate the limitation on incurring debt pursuant to the provisions of SB 211 and to extend the Redevelopment Plan and the ability to collect tax increment revenue by one additional year pursuant to the provisions of SB 1045.

The City Council approved and adopted the Redevelopment Plan for the Baristo-Farrell Redevelopment Project on May 7, 1986. It was subsequently amended on December 21, 1994 and on December 15, 1999 to add limitations prescribed by AB 1290 and AB 1342, on May 31, 2000 to merge the Redevelopment Project with two of the Agency's other redevelopment projects to form Merged Project No. 2 and on May 5, 2004 to eliminate the limitation on incurring debt pursuant to the provisions of SB 211 and to extend the Redevelopment Plan and the ability to collect tax increment revenue by one additional year pursuant to the provisions of SB 1045.

The City Council approved and adopted the Redevelopment Plan for the Canyon Redevelopment Project on July 19, 1991. It was subsequently amended on December 21, 1994 to add limitations prescribed by AB 1290, on May 31, 2000 to merge the Redevelopment Project with two of the Agency's other redevelopment projects to form Merged Project No. 2 and on May 5, 2004 to eliminate the limitation on incurring debt pursuant to the provisions of SB 211 and to extend the Redevelopment Plan and the ability to collect tax increment revenue by one additional year pursuant to the provisions of SB 1045.

Plan Limitations

The Redevelopment Plans for the Project Areas impose certain limitations on the amount of Tax Increment Revenues that the Agency may be allocated from the Project Areas, the amount of bonded indebtedness that may be incurred by the Project Areas and the time limit for receiving Tax Increment Revenues.

The limitations imposed by the respective Redevelopment Plans are as follows:

Redevelopment Project	Maximum Bonded Indebtedness	Maximum Tax Increment	Plan Expiration Date	Last Date to Collect Tax Increment	Tax Increment Received to Date (2)
Central Business District	N/A (1)	$150,000,000	7/11/2016	7/11/2026	$40,891,000
North Palm Canyon	$64,000,000	65,000,000	9/19/2025	9/19/2035	14,049,000
South Palm Canyon	80,000,000	80,000,000	11/30/2026	11/30/2036	10,970,000
Oasis	30,000,000	30,000,000	7/10/2025	7/10/2035	4,044,000
Highland-Gateway	50,000,000	50,000,000	11/20/2025	11/20/2035	7,477,000
Ramon-Bogie	100,000,000	100,000,000	11/30/2026	11/30/2036	15,454,000
Project No. 9	60,000,000	6,000,000 (3) (annual)	12/29/2029	12/29/2039	4,080,000 (3) (annual)
Baristo-Farrell	80,000,000	345,000,000	5/7/2027	5/7/2037	35,750,000
Tahquitz-Andreas	90,000,000	90,000,000	7/19/2026	7/19/2033	27,249,000
Canyon	800,000,000	2,100,000,000	7/19/2032	7/19/2042	18,986,000

(1) Not required for plans adopted prior to 1976.

(2) As of June 1, 2014, rounded to the nearest thousand.

(3) Project No. 9 has an annual limitation rather than a cumulative limitation on the receipt of Tax Increment.

Source: Riverside County Auditor-Controller and Financial Advisor.

Since the Dissolution Act, as of June 2014, the County has distributed $5,660,594 in residual Tax Increment Revenues to the Taxing Agencies, and not to the Agency. While this suggests that such residual distribution should not be included in the cumulative tax increment totals, the Agency has no method of allocating this residual among the Project Areas.

Low and Moderate Income Housing

Prior to the Dissolution Act, not less than 20% of Tax Increment Revenues was required to be set aside annually for the purpose of increasing and improving the community's supply of low and moderate income housing available at affordable housing costs to persons and families of very low, low or moderate income households (the "Housing Set-Aside"). Under the Redevelopment Law, the portion of Tax Increment Revenues which were required to be deposited in the Former Agency's Low and Moderate Income Housing Fund could be pledged to pay the portion of debt service on any obligations to the extent the proceeds thereof were expended for qualifying low- and moderate-income housing projects. A portion of the proceeds from the 2001 Bonds issued by the Former Agency were set aside in the Former Agency's Low and Moderate Income Housing Fund. After the refinancing of the 2001 Bonds with the proceeds of the Bonds, there are no obligations with a prior claim on the former Housing Set-Aside.

Historical Assessed Value and Tax Increment Revenues

Historical assessed value for Merged Project No. 1 based on the equalized tax rolls are shown below.

TABLE NO. B-1
MERGED PROJECT NO. 1
HISTORICAL ASSESSED VALUATIONS [1]

Project Area	Base Value	2009/10	2010/11	2011/12	2012/13	2013/14
Central Business District	$ 35,805,588	$ 256,901,237 [2]	$ 202,283,368	$ 191,727,922	$ 202,121,825	$ 195,270,951 [3]
Oasis	6,216,941	45,334,836	41,606,584	41,435,144	40,720,624	40,540,340
North Palm Canyon	58,368,599	177,306,237	162,393,631	162,700,662	179,365,419	176,789,817
Highland Gateway	13,076,698	97,449,571	85,877,326	85,563,847	77,130,573	74,604,313
Ramon-Bogie	24,113,819	181,097,487	191,121,640	192,209,611	191,332,998	190,337,750
South Palm Canyon	52,364,719	132,281,824	130,855,665	121,704,405	120,306,659	121,925,359
Project No. 9	146,554,451	597,619,263	553,735,511	553,462,664	535,480,289	554,510,620
	$336,500,815	$1,487,990,455	$1,367,873,725	$1,348,804,255	$1,346,458,387	$1,353,979,150

(1) Taxable Valuation as of August 20 equalized roll.

(2) In 2009/10, the Desert Museum did not file for its exemption from property tax in timely manner. The assessed value added to the 2009/10 tax roll for this property was $50,856,870. The property owner filed and received its property tax exemption in all other years.

(3) The City has undertaken a revitalization project in its downtown, affecting the Central Business District Redevelopment Project. Assessed value in future years may change as properties are demolished and/or reconstructed. In 2012, the City acquired parking structures that were previously assessed in the approximate amount of $20 million.

Source: Riverside County Auditor-Controller.

Preliminary 2014/15 Tax Roll. The Riverside County Assessor released preliminary assessed value information for Fiscal Year 2014/15 on July 3, 2014. The Riverside County Auditor-Controller will not equalize the 2014/15 tax roll until August 20, 2014, and there may be changes to the preliminary tax roll. Such changes may be material. The preliminary assessed value for Merged Project No. 1 for Fiscal Year 2014/15 is shown below, together with the projected assessed value for 2014/15 used to calculate Tax Revenues shown in Tables B-1 to B-19 (as applicable), based on the assumptions described under the heading "Projected Tax Revenues."

Project Area	2014/15 Projected Assessed Value [1]	2014/15 Preliminary Assessed Value [2]
Central Business District	$ 189,223,141	$ 189,564,947
Oasis	40,724,393	44,770,791
North Palm Canyon	177,592,443	180,566,056
Highland Gateway	74,943,017	76,040,066
Ramon-Bogie	191,201,883	190,489,598
South Palm Canyon	122,478,900	128,393,641
Project No. 9	557,028,098	571,773,851
	$1,353,191,876	$1,381,598,950

Source: (1) Financial Advisor.

(2) Riverside County Auditor-Controller.

Actual Tax Revenues paid to the Former Agency or available to the Successor Agency from Merged Project No. 1 are shown below.

TABLE NO. B-2
MERGED PROJECT NO. 1
HISTORICAL TAX REVENUES

Project Area	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**
Central Business District	$ 2,211,046	$ 1,682,195	$ 1,581,428	$ 1,684,561	$ 1,617,149
Oasis	391,179	355,329	354,587	347,424	345,729
North Palm Canyon	1,190,636	1,049,568	1,055,507	1,221,799	1,196,766
Highland Gateway	852,129	730,204	729,222	644,597	619,625
Ramon-Bogie	1,569,837	1,675,484	1,690,923	1,681,791	1,672,683
South Palm Canyon	800,361	791,164	701,869	687,583	704,202
Project No. 9	4,520,798	4,085,825	4,094,723	3,914,682	4,105,751
Total Tax Increment	$11,535,986	$10,369,770	$10,208,259	$10,182,436	$10,261,905
Supplemental Taxes	329,451	153,174	(127,598)	67,394	108,705
Actual Tax Revenues	$11,865,437	$10,522,944	$10,080,660	$10,249,829	$10,370,610
Less Housing Set-Aside (1)	(2,373,087)	(2,104,589)	-	-	-
Less Housing Obligations (2)	-	-	(314,627)	(319,872)	(312,649)
Less Tax Sharing	(4,195,077)	(3,844,771)	(3,755,423)	(3,894,637)	(4,191,063)
Available for Debt Service (3)	$ 5,297,273	$ 4,573,584	$ 6,010,610	$ 6,035,320	$ 5,866,898

(1) The Dissolution Act eliminated the requirement to set aside 20% of Tax Increment Revenue in the Former Agency's Low and Moderate Income Housing Fund.

(2) Prorata share of 2001 Housing Tax Allocation based on amounts from each Project Area that would have been required to be set aside for Low and Moderate Income Housing. In subsequent years, this amount will be zero due to the refinancing of the 2001 Bonds. See "SECURITY FOR THE BONDS - Redevelopment Property Tax Trust Fund" herein.

(3) Before deduction for County Auditor-Controller administrative costs.

Source: Former Agency audited financial statements and Riverside County Auditor-Controller.

Historical assessed value for Merged Project No. 2 based on the equalized tax rolls are shown below.

TABLE NO. B-3
MERGED PROJECT NO. 2
HISTORICAL ASSESSED VALUATIONS [1]

Project Area	Base Value	2009/10	2010/11	2011/12	2012/13	2013/14
Baristo-Farrell	$105,804,243	$397,275,476	$396,339,421	$327,556,820	$323,684,127	$320,291,939
Tahquitz-Andreas	67,120,387	199,756,631	181,108,005	163,345,309	172,514,432	172,670,659
Canyon	9,543,553	225,569,286	181,314,166	169,638,515	166,927,247	176,278,489
	$182,468,183	$822,601,393	$758,761,592	$660,540,644	$663,125,806	$669,241,087

(1) Taxable Valuation as of August 20 equalized roll.

Source: Riverside County Auditor-Controller.

Preliminary 2014/15 Tax Roll. As described above, the Assessor released preliminary assessed value information for Fiscal Year 2014/15 on July 3, 2014. The Riverside County Auditor-Controller will not equalize the 2014/15 tax roll until August 20, 2014, and there may be changes to the preliminary tax roll. Such changes may be material. The preliminary assessed value for Merged Project No. 2 for Fiscal Year 2014/15 is shown below, together with the projected assessed value for 2014/15 used to calculate Tax Revenues shown in Tables B-1 to B-19 (as applicable), based on the assumptions described under the heading "Projected Tax Revenues."

Project Area	2014/15 Projected Assessed Value [1]	2014/15 Preliminary Assessed Value [2]
Baristo-Farrell	$321,746,064	$341,198,363
Tahquitz-Andreas	173,454,584	172,864,592
Canyon	177,078,793	238,522,743
	$672,279,442	$752,585,698

Source: (1) Financial Advisor.

(2) Riverside County Auditor-Controller.

Actual Tax Revenues paid to the Former Agency or available to the Successor Agency from Merged Project No. 2 are shown below.

TABLE NO. B-4
MERGED PROJECT NO. 2
HISTORICAL TAX REVENUES

Project Area	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**
Baristo-Farrell	$ 2,915,585	$ 2,930,878	$ 2,251,917	$ 2,212,103	$ 2,179,265
Tahquitz-Andreas	1,327,973	1,159,937	985,787	1,076,553	1,079,008
Canyon	2,160,327	1,723,762	1,699,704	1,584,359	1,678,510
Total Tax Increment	$ 6,403,886	$ 5,814,577	$ 4,937,408	$ 4,873,014	$ 4,936,784
Supplemental Taxes	106,680	(123,360)	(102,842)	(131,743)	210,784
Actual Tax Revenues	$ 6,510,566	$ 5,691,217	$ 4,834,566	$ 4,741,271	$ 5,147,568
Less Housing Set-Aside (1)	(1,302,113)	(1,138,243)	-	-	-
Less Housing Obligations (2)	-	-	(150,891)	(147,964)	(155,187)
Less Tax Sharing	(2,478,435)	(2,168,343)	(1,753,928)	(1,785,645)	(2,004,992)
Available for Debt Service (3)	$ 2,730,018	$ 2,384,631	$ 2,929,747	$ 2,807,662	$ 2,987,389

(1) The Dissolution Act eliminated the requirement to set aside 20% of Tax Increment Revenue in the Former Agency's Low and Moderate Income Housing Fund.

(2) Prorata share of 2001 Housing Tax Allocation based on amounts from each Project Area that would have been required to be set aside for Low and Moderate Income Housing. In subsequent years, this amount will be zero due to the refinancing of the 2001 Bonds. See "SECURITY FOR THE BONDS - Redevelopment Property Tax Trust Fund" herein.

(3) Before deduction for County Auditor-Controller administrative costs.

Source: Former Agency audited financial statements and Riverside County Auditor-Controller.

Major Taxpayers

The ten largest property taxpayers represent 14.7% of the 2013/14 secured assessed value of the Merged Project No. 1.

TABLE NO. B-5
MERGED PROJECT NO. 1
TEN LARGEST TAXPAYERS AS A PERCENT OF 2013/14 ASSESSED VALUE

Taxpayer	2013/14 Total Assessed Value	% of Total Assessed Value
Endure Investment	$ 47,667,206	3.5%
Wal Mart Real Estate Business Trust	29,853,768	2.2%
Palm Springs Promenade	19,677,230	1.5%
RBD Hotel Palm Springs	18,941,005	1.4%
Lowes HIW Inc.	16,454,214	1.2%
Wessman Holdings	14,816,186	1.1%
Partners Land Development	14,224,762	1.1%
Colony Canyon Partners	13,587,208	1.0%
Investec Ramon Investors	11,720,704	0.9%
FDH Enterprises Inc.	11,465,508	0.8%
Total	$198,407,791	14.7%

Source: Successor Agency.

The ten largest property taxpayers represent 24.8% of the 2013/14 secured assessed value of the Merged Project No. 2.

TABLE NO. B-6
MERGED PROJECT NO. 2
TEN LARGEST TAXPAYERS AS A PERCENT OF 2013/14 ASSESSED VALUE

Taxpayer	**2013/14 Total Assessed Value**	**% of Total Assessed Value**
HH Palm Springs	$ 39,847,320	6.0%
Walter Hotel Corporation	24,303,671	3.6%
Sunrise Place	23,338,209	3.5%
O and M HR	14,091,251	2.1%
311 South Sunrise Apartments	13,359,847	2.0%
Tree Moss Partners	11,900,000	1.8%
Time Warner Entertainment	10,055,042	1.5%
Essex House Condominium Corp.	9,685,000	1.4%
YTC Investment	9,664,500	1.4%
Zoso APHM	9,500,000	1.4%
Total	$165,744,840	24.8%

Source: Successor Agency.

Assessment Appeals

Merged Project No. 1

As of April 2014 there are appeals pending on 105 separate parcels within Merged Project No. 1, of which 38 relate to property values assessed on the 2013/14 tax roll, 38 relate to property values assessed on the 2012/13 tax roll and 12 relate to the 2011/12 tax roll. The remaining 17 pending appeals relate to prior years' tax rolls.

The 2013/14 tax roll value under appeal is $63,732,609 (4.9% of assessed value). This includes an appeal by RBD Hotel Palm Springs LLC of the $18,941,005 value of its Hyatt Hotel located in the Central Business District Redevelopment Project. The owner is requesting a reduction in value of this parcel to $9,822,000, a 48% reduction. The average value reduction requested for the other 37 appeals pending for 2013/14 is 53%, and the average parcel assessed value under appeal is less than $1.3 million.

The 2012/13 tax roll value under appeal is $127,070,204 (9.4% of assessed value). Endure Investments filed an appeal of the $46,894,285 2012/13 value of its shopping center located in the Ramon-Bogie Redevelopment Project, and requested a reduction in value of their property to $28,104,444, a 40% reduction. Appeals filed for this property in 2010/11, 2011/12 and 2012/13 were all denied or withdrawn. WalMart Real Estate Business Trust has also filed an appeal of the $28,592,563 2012/13 value of its store located in the Ramon-Bogie Redevelopment Project, and requested a reduction in value of this parcel to $22,500,000, a 21% reduction. An appeal filed for this property in 2010/11 resulted in a reduction in its value from $27.8 million to $26.4 million. The average value reduction requested for all other appeals pending for 2012/13 is 58%, and the average parcel assessed value under appeal is $2 million.

The 2011/12 tax roll value under appeal is $20,169,573 (1.5% of assessed value). The average value reduction requested for all appeals pending for 2011/12 is 52%, and the average parcel assessed value under appeal is $2.7 million.

The value of parcels under appeal for prior years is $30,064,112.

Historically, the average value reduction in Merged Project No. 1 when an appeal has been granted is 21%, and of those appeals that have been resolved, the average percentage of appeals that are successful is 25%. If any of these appeals are granted in the future, it will result in a refund to the taxpayer and such refunds will be deducted from Tax Increment Revenues in the year that the refund is paid, and may also affect the assessed value in such future year.

Merged Project No. 2

As of April 2014 there are appeals pending on 70 separate parcels within Merged Project No. 2, of which 22 relate to property values assessed on the 2013/14 tax roll, 7 relate to property values assessed on the 2012/13 tax roll and 3 relate to the 2011/12 tax roll. The remaining 38 pending appeals relate to prior years' tax rolls.

The 2013/14 tax roll value under appeal is $33,347,148 (5% of assessed value). This includes an appeal by Tree Moss Partners of the $11,900,000 value of its hotel, the Marquis Villas Resort located in the Tahquitz-Andreas Redevelopment Project. The owner is requesting a reduction in value of this parcel to $10,100,000, a 15% reduction. This property's value was reduced on appeal in 2010/11 from $21,173,857 to $10,100,000. Appeals filed for this property's 2011/12 and 2012/13 value were subsequently withdrawn. O and M HR has appealed the $9,841,251 value of two of its four properties also located in the Tahquitz-Andreas Redevelopment Project. The owner is requesting a reduction in value of these parcels to $2,700,000, a 73% reduction. One of these properties' value was reduced on appeal in 2011/12 from $6.1 million to $2 million, but an appeal filed in 2012/13 was subsequently withdrawn. The average value reduction requested for the other appeals pending for 2013/14 is 62% and the average parcel assessed value under appeal is $610,000.

The 2012/13 tax roll value under appeal is $9,950,777 (1.5% of assessed value). The average value reduction requested for the appeals pending for 2012/13 is 45% and the average parcel assessed value under appeal is $1.4 million.

The 2011/12 tax roll value under appeal is $7,886,908 (1.2% of assessed value). The average value reduction requested for the appeals pending for 2011/12 is 40% and the average parcel assessed value under appeal is $3.9 million.

The value of parcels under appeal for prior years is $9.5 million, and includes an appeal of 35 vacant residential properties in the Canyon Redevelopment Project by Heathman Hill Associates of the $4.5 million 2010/11 value of its properties.

Historically, the average value reduction in Merged Project No. 2 when an appeal has been granted is 31%, and of those appeals that have been resolved, the average percentage of appeals that are successful is 24%. If any of these appeals are granted in the future, it will result in a refund to the taxpayer and such refunds will be deducted from Tax Increment Revenues in the year that the refund is paid, and may also affect the assessed value in such future year.

Tax Sharing Agreements

Pursuant to prior Section 33401(b) of the Redevelopment Law, a redevelopment agency could enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project to alleviate any financial burden or detriment caused by the redevelopment project. These agreements are commonly referred to as “tax sharing agreements” or “pass through agreements.” The following describes the agreements entered into with respect to the Project Areas.

For the purpose of calculating tax sharing under either Section 33401 or 33607 of the Redevelopment Law (described under the caption “Tax Sharing Statutes”), the Dissolution Act provides that, if applicable, the amount of tax sharing payments shall be computed as though the requirement to set aside funds for the Low and Moderate Income Housing Fund was still in effect.

Central Business District Redevelopment Project

<u>Desert Water Agency</u>

In September, 1991, the Agency entered into an agreement with the Desert Water Agency (“Water Agency”). The Agency agreed to pass through 25% of the Water Agency’s share of the 1% General Levy, which is approximately 1.8%, attributable to increases in assessed valuation of the Redevelopment Project above the valuation shown on the 1990/91 assessment roll. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Water Agency contributes its proportionate share of such amounts.

In addition, the Water Agency receives any Tax Increment Revenues generated by any tax override levied to service any Water Agency debt.

Oasis Redevelopment Project

<u>Riverside County</u>

Pursuant to the pass-through agreement with Riverside County, the County receives its share of the 1% General Levy (the “County Share”), which is approximately 26.7%. However, until such time as the Agency has received a cumulative amount of $500,000 of the County Share, the County received 50% of the County Share. After such time as the Agency has received a cumulative amount of $500,000 of the County Share, the County receives 100% of the County Share. The cumulative $500,000 limit was reached in Fiscal Year 2013/14.

<u>Desert Water Agency</u>

In September, 1991, the Agency entered into an agreement with the Water Agency. The Agency agreed to pass through 25% of the Water Agency’s share of the 1% General Levy, which is approximately 1.8%, attributable to increases in assessed valuation of the Redevelopment Project above the valuation shown on the 1990/91 assessment roll. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Water Agency contributes it proportionate share of such amounts.

In addition, the Water Agency receives any Tax Increment Revenues generated by any tax override levied to service any Water Agency debt.

<u>Riverside County Flood Control District</u>

Pursuant to the pass-through agreement with the Riverside County Flood Control District, the Agency received 100% of the 1% General Levy attributable to the District (the “District Share”) during the first 6 years of the Redevelopment Project and thereafter, receives 50% of the District Share. The District Share is approximately 4.2%. The amount of the District Share received by the Agency is set aside to construct specific flood control improvements and not pledged to repay the Bonds. The projections include a full 100% deduction of the District Share.

Coachella Valley Mosquito Abatement District ("CVMAD")

Pursuant to the pass-through agreement with CVMAD, for the first five years, CVMAD will receive 25% of its share of the 1% General Fund Levy (the "CVMAD Share), which is approximately 1.3%, for years six through ten, CVMAD will receive 50% of the CVMAD Share, for years eleven through twenty, CVMAD will receive 75% of the CVMAD Share, and thereafter, CVMAD will receive 100% of the CVMAD Share. CVMAD currently receives 100% of the CVMAD Share.

Highland-Gateway Redevelopment Project

Riverside County

Pursuant to the pass-through agreement with Riverside County, the County receives its share of the 1% General Levy (the "County Share"), which is approximately 2.7%. However, until such time as the cumulative amount of Tax Increment Revenues exceed $5 million, the County received 10% of the County Share. When cumulative Tax Increment Revenues are between $5 and $10 million; the County receives 20% of the County Share. When cumulative Tax Increment Revenues are between $10 and $15 million, the County receives 40% of the County Share. When cumulative Tax Increment Revenues are between $15 and $20 million, the County receives 60% of the County Share. When cumulative Tax Increment Revenues are between $20 and $25 million, the County receives 80% of the County Share. After cumulative Tax Increment Revenues exceed $25 million, or when the Agency has received a total of $3,932,328 of the County Share, the County receives 100% of the County Share. As of June 30, 2014, the Agency had retained approximately $1,756,000 of the County Share and cumulative Tax Increment Revenues were approximately $7,477,000.

Desert Water Agency

In September, 1991, the Agency entered into an agreement with the Water Agency. The Agency agreed to pass through 25% of the Water Agency's share of the 1% General Levy, which is approximately 1.8%, attributable to increases in assessed valuation of the Redevelopment Project above the valuation shown on the 1990/91 assessment roll. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Water Agency contributes it proportionate share of such amounts.

In addition, the Water Agency receives any Tax Increment Revenues generated by any tax override levied to service any Water Agency debt.

Coachella Valley Mosquito Abatement District

Pursuant to the pass-through agreement with the CVMAD, the CVMAD receives approximately 1.3% of the 1% General Levy (the "CVMAD Share"). In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Agency may credit the CVMAD Share for its proportionate share of such amount.

Cemetery District

Pursuant to the pass-through agreement with the Cemetery District, the Cemetery District will receive approximately 0.15% of the 1% General Levy (the "Cemetery District Share"). In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Agency may credit the Cemetery District Share for its proportionate share of such amount.

Coachella Valley Water District ("CVWD")

Pursuant to the pass-through agreement with CVWD, the CVWD receives its share of the 1% General Levy (the "CVWD Share"). Until such time as the cumulative amount of Tax Increment Revenues exceed $5 million, the CVWD will receive 20% of the CVWD Share. When cumulative Tax Increment Revenues are between $5 and $10 million, the CVWD will receive 30% of the CVWD Share. When cumulative Tax Increment Revenues are between $10 and $15 million, the CVWD will receive 50% of the CVWD Share. When cumulative Tax Increment Revenues are between $15 and $20 million, the CVWD will receive 60% of the CVWD Share. When cumulative Tax Increment Revenues are between $20 and $25 million, the CVWD will receive 80% of the CVWD Share. After cumulative Tax Increment Revenues exceed $25 million, CVWD will receive 100% of the CVWD Share. Currently, the CVWD Share is 0%.

North Palm Canyon Redevelopment Project

Riverside County

Pursuant to the pass-through agreement with Riverside County, the County receives its share of the 1% General Levy (the "County Share"), which is approximately 26.7%. However, until such time as the cumulative amount of Tax Increment Revenues exceed $5 million, the County received 10% of the County Share. When cumulative Tax Increment Revenues were between $5 and $10 million, the County received 50% of the County Share. After cumulative Tax Increment Revenues exceed $10 million, or when the Agency had received a total of $1.9 million of the County Share, the County receives 100% of the County Share. Receipt by the Agency of any portion of the County Share was also eliminated in any year in which the annual Tax Increment Revenue to be received exceeded $2.25 million. As of June 30, 2014, the cumulative Tax Increment Revenues were approximately $14,049,000.

Riverside County Flood Control District

Pursuant to the pass-through agreement with the Riverside County Flood Control District, the Agency received 100% of the 1% General Levy attributable to the District for the first six years and commencing in the seventh year 50% of the 1% General Levy attributable to the District (the "District Share"). The District Share is approximately 4.2%. These amounts must be used by the Agency to construct specific project improvements and are not pledged to repay the Bonds and the projections include a full 100% deduction of the District Share. The District will also receive any Tax Increment Revenues generated by any tax override levied to service any District debt established after formation of the Redevelopment Project.

Desert Water Agency

In September, 1991, the Agency entered into an agreement with the Water Agency. The Agency agreed to pass through 25% of the Water Agency's share of the 1% General Levy, which is approximately 1.8%, attributable to increases in assessed valuation of the Redevelopment Project above the valuation shown on the 1990/91 assessment roll. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Water Agency contributes it proportionate share of such amounts.

In addition, the Water Agency receives any Tax Increment Revenues generated by any tax override levied to service any Water Agency debt.

Coachella Valley Mosquito Abatement District

Pursuant to the pass-through agreement with the CVMAD, the CVMAD receives approximately 1.3% of the 1% General Levy (the "CVMAD Share"). In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the CVMAD will contribute its proportionate share of such amount.

Cemetery District

Pursuant to the pass-through agreement with the Cemetery District, the Cemetery District will receive approximately 0.15% of the 1% General Levy (the "Cemetery District Share"). In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Agency may credit the Cemetery District Share for its proportionate share of such amount.

South Palm Canyon Redevelopment Project

Riverside County

Pursuant to the pass-through agreement with Riverside County, the County receives its share of the 1% General Levy (the "County Share"), which is approximately 26.7%. However, until such time as the cumulative amount of Tax Increment Revenues exceeded $5 million, the County received 35% of the County Share. When cumulative Tax Increment Revenues were between $5 and $10 million, the County received 50% of the County Share. When cumulative Tax Increment Revenues are between $10 and $15 million, the County receives 70% of the County Share. When cumulative Tax Increment Revenues are between $15 and $20 million, the County will receive 85% of the County Share. After cumulative Tax Increment Revenues exceed $20 million, or when the County has deferred a total of $2,169,600 of the County Share, the County will receive 100% of the County Share. Deferral of any portion of the County Share is also eliminated in any year in which the annual Tax Increment Revenue to be received exceeds $2.25 million. No repayment of amounts deferred is required. As of June 30, 2014, the Agency had retained approximately $1,616,000 of the County Share and cumulative Tax Increment Revenues were approximately $10,970,000.

Riverside County Flood Control District

Pursuant to the pass-through agreement with the Riverside County Flood Control District, the Agency received 100% of the 1% General Levy attributable to the District for the first 6 years after the Plan was adopted and thereafter 50% of the 1% General Levy attributable to the District (the "District Share"). The District Share is approximately 4.2%. These amounts must be used by the Agency to construct specific project improvements and are not pledged to repay the Bonds. The projections include a full 100% deductible of the District Share.

Desert Water Agency

In September, 1991, the Agency entered into an agreement with the Water Agency. The Agency agreed to pass through 25% of the Water Agency's share of the 1% General Levy, which is approximately 1.8%, attributable to increases in assessed valuation of the Redevelopment Project above the valuation shown on the 1990/91 assessment roll. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Water Agency contributes it proportionate share of such amounts.

In addition, the Water Agency receives any Tax Increment Revenues generated by any tax override levied to service any Water Agency debt.

Coachella Valley Mosquito Abatement District

Pursuant to the pass-through agreement with CVMAD, the CVMAD receives its share of the 1% General Levy (the "CVMAD Share"), which is approximately 1.3%. However, until such time as the cumulative amount of Tax Increment Revenues exceeded $5 million, the CVMAD received 10% of the CVMAD Share. When cumulative Tax Increment Revenues were between $5 and $10 million, the CVMAD received 25% of the CVMAD Share. When cumulative Tax Increment Revenues were between $10 and $15 million, the CVMAD receives 50% of the CVMAD Share. When cumulative Tax Increment Revenues are between $15 and $20 million, the CVMAD will receive 60% of the CVMAD Share. When cumulative Tax

Increment Revenues are between $20 and $25 million, the CVMAD will receive 75% of the CVMAD Share. After cumulative Tax Increment Revenues exceed $25 million, or when the CVMAD has deferred a total of $181,804 of the CVMAD Share, the CVMAD will receive 100% of the CVMAD Share. Deferral of any portion of the CVMAD Share is also eliminated in any year in which the annual Tax Increment Revenue to be received exceeds $2.25 million. No repayment of amounts deferred is required. As of June 30, 2014, the Agency had retained approximately $114,000 of the CVMAD Share.

Cemetery District

Pursuant to the pass-through agreement with Cemetery District, the Cemetery District receives its share of the 1% General Levy (the "Cemetery District Share"), which is approximately 0.15%. However, until such time as the cumulative amount of Tax Increment Revenues exceeded $5 million, the Cemetery District received 10% of the Cemetery District Share. When cumulative Tax Increment Revenues were between $5 and $10 million, the Cemetery District received 25% of the Cemetery District Share. When cumulative Tax Increment Revenues are between $10 and $15 million, the Cemetery District receives 50% of the Cemetery District Share. When cumulative Tax Increment Revenues are between $15 and $20 million, the Cemetery District will receive 60% of the Cemetery District Share. When cumulative Tax Increment Revenues are between $20 and $25 million, the Cemetery District will receive 75% of the Cemetery District Share. After cumulative Tax Increment Revenues exceed $25 million, or when the Cemetery District has deferred a total of $21,000 of the Cemetery District Share, the Cemetery District will receive 100% of the Cemetery District Share. Deferral of any portion of the Cemetery District Share is also eliminated in any year in which the annual Tax Increment Revenue to be received exceeds $2.25 million. No repayment of amounts deferred is required. As of June 30, 2014, the Agency had retained approximately $13,000 of the Cemetery District Share.

Ramon-Bogie Redevelopment Project

Riverside County

Pursuant to the pass-through agreement with Riverside County, the County receives its share of the 1% General Levy (the "County Share"), which is approximately 27%. However, until such time as the cumulative amount of Tax Increment Revenues exceeded $5 million, the County received 35% of the County Share. When cumulative Tax Increment Revenues were between $5 and $10 million, the County received 50% of the County Share. When cumulative Tax Increment Revenues were between $10 and $15 million, the County received 70% of the County Share. When cumulative Tax Increment Revenues are between $15 and $20 million, the County receives 85% of the County Share. After cumulative Tax Increment Revenues exceed $20 million, or when the County has deferred a total of $2,169,600 of the County Share, the County will receive 100% of the County Share. Deferral of any portion of the County Share is also eliminated in any year in which the annual Tax Increment Revenue to be received exceeds $2.25 million. No repayment of amounts deferred is required. As of June 30, 2014, the Agency had retained approximately $1,877,000 of the County Share and cumulative Tax Increment Revenues were approximately $15,454,000.

Riverside County Flood Control District

Pursuant to the pass-through agreement with the Riverside County Flood Control District, the District receives its share of the 1% General Levy (the "District Share"), which is approximately 3.5%. The District will also receive any Tax Increment Revenues generated by any tax override levied to service any District debt established after formation of the Redevelopment Project.

Desert Water Agency

In September, 1991, the Agency entered into an agreement with the Water Agency. The Agency agreed to pass through 25% of the Water Agency's share of the 1% General Levy, which is approximately 1.8%, attributable to increases in assessed valuation of the Redevelopment Project above the valuation shown on the 1990/91 assessment roll. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Water Agency contributes it proportionate share of such amounts.

In addition, the Water Agency receives any Tax Increment Revenues generated by any tax override levied to service any Water Agency debt.

Coachella Valley Water District

Pursuant to the pass-through agreement with CVWD, the CVWD receives its share of the 1% General Levy (the "CVWD Share"). However, until such time as the cumulative amount of Tax Increment Revenues exceeded $5 million, the CVWD received 10% of the CVWD Share. When cumulative Tax Increment Revenues were between $5 and $10 million, the CVWD received 25% of the CVWD Share. When cumulative Tax Increment Revenues were between $10 and $15 million, the CVWD received 50% of the CVWD Share. When cumulative Tax Increment Revenues are between $15 and $20 million, the CVWD receives 60% of the CVWD Share. When cumulative Tax Increment Revenues are between $20 and $25 million, the CVWD will receive 75% of the CVWD Share. After cumulative Tax Increment Revenues exceed $25 million, or when the CVWD has deferred a total of $36,400 of the CVWD Share, the CVWD will receive 100% of the CVWD Share. Deferral of any portion of the CVWD Share is also eliminated in any year in which the annual Tax Increment Revenue to be received exceeds $2.25 million. No repayment of amounts deferred is required. Currently the CVWD Share is 0%.

Coachella Valley Mosquito Abatement District

Pursuant to the pass-through agreement with the CVMAD, the CVMAD receives its share of the 1% General Levy (the "CVMAD Share"), which is approximately 1.3%. However, until such time as the cumulative amount of Tax Increment Revenues exceeded $5 million, the CVMAD received 10% of the CVMAD Share. When cumulative Tax Increment Revenues were between $5 and $10 million, the CVMAD received 25% of the CVMAD Share. When cumulative Tax Increment Revenues were between $10 and $15 million, the CVMAD received 50% of the CVMAD Share. When cumulative Tax Increment Revenues are between $15 and $20 million, the CVMAD receives 60% of the CVMAD Share. When cumulative Tax Increment Revenues are between $20 and $25 million, the CVMAD will receive 75% of the CVMAD Share. After cumulative Tax Increment Revenues exceed $25 million, or when the CVMAD has deferred a total of $181,804 of the CVMAD Share, the CVMAD will receive 100% of the CVMAD Share. Deferral of any portion of the CVMAD Share is also eliminated in any year in which the annual Tax Increment Revenue to be received exceeds $2.25 million. No repayment of amounts deferred is required. As of June 30, 2014, the Agency had retained approximately $142,000 of the CVMAD Share.

Cemetery District

Pursuant to the pass-through agreement with Cemetery District, the Cemetery District receives its share of the 1% General Levy (the "Cemetery District Share"), which is approximately 0.15%. However, until such time as the cumulative amount of Tax Increment Revenues exceeded $5 million, the Cemetery District received 10% of the Cemetery District Share. When cumulative Tax Increment Revenues were between $5 and $10 million, the Cemetery District received 25% of the Cemetery District Share. When cumulative Tax Increment Revenues were between $10 and $15 million, the Cemetery District received 50% of the Cemetery District Share. When cumulative Tax Increment Revenues are between $15 and $20 million, the Cemetery District receives 60% of the Cemetery District Share. When cumulative Tax Increment Revenues are between $20 and $25 million, the Cemetery District will receive 75% and defer the remaining 25% of the Cemetery District Share. After cumulative Tax Increment Revenues exceed $25 million, or when the Cemetery District has deferred a total of $21,000 of the Cemetery District Share, the Cemetery District will receive 100% of the Cemetery District Share. Deferral of any portion of the Cemetery District Share is also eliminated in any year in which the annual Tax Increment Revenue to be received exceeds $2.25 million.

No repayment of amounts deferred is required. As of June 30, 2014, the Agency had retained approximately $11,000 of the Cemetery District Share.

Redevelopment Project No. 9

Riverside County

Pursuant to the pass-through agreement with Riverside County, the County receives its share of the 1% General Levy (the "County Share"), which is approximately 26.8%. However, until such time as the annual amount of Tax Increment Revenues exceeded $1 million, the County received 10% of the County Share and deferred the remaining 90%. When annual Tax Increment Revenues were between $1 and $2 million, the County received 25% and deferred the remaining 75% of the County Share. When annual Tax Increment Revenues were between $2 and $3 million, the County received 50% and deferred the remaining 50% of the County Share. When annual Tax Increment Revenues exceeded $3 million, or when the County had deferred a total of $4.2 million of the County Share, the County receives 100% of the County Share. Repayment of the deferred amounts began in the third year after annual Tax Increment Revenues exceeded $3 million and is made in seven equal annual installments. Annual Tax Increment Revenues exceeded $3 million for the first time in 2006/07 and repayment of the deferred amount commenced in 2009/10 and will end in 2015/16. The annul deferral payment is $530,855.

Riverside County Flood Control District

Pursuant to the pass-through agreement with the Riverside County Flood Control District, the Agency received 100% of the 1% General Levy attributable to the District (the "District Share") during the first 6 years of the Redevelopment Project and 50% of the District Share thereafter, until the Agency has received an amount equal to all costs of the project improvements defined in the Agreement. The District Share is approximately 4.2%. These amounts must be used by the Agency to construct specific project improvements. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Agency may deduct from the District Share its proportionate share of such amount. The projections include a full 100% deduction of the District Share.

Desert Water Agency

In September, 1991, the Agency entered into an agreement with the Water Agency. The Agency agreed to pass through 25% of the Water Agency's share of the 1% General Levy, which is approximately 1.8%, attributable to increases in assessed valuation of the Redevelopment Project above the valuation shown on the 1990/91 assessment roll. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Water Agency contributes it proportionate share of such amounts.

In addition, the Water Agency receives any Tax Increment Revenues generated by any tax override levied to service any Water Agency debt.

Riverside County Superintendent of Schools ("RCo. School District")

Pursuant to the pass-through agreement with the RCo. School District, the RCo. School District receives its share of the 1% General Levy (the "RCo. School District Share"), which is approximately 3.9%. Of the RCo. School District Share, the Agency retains 50%. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the RCo. School District will contribute its proportionate share of such amount. The RCo. School District will also receive any Tax Increment Revenues generated by any tax override levied to service any RCo. School District debt established either prior to or after formation of the Redevelopment Project.

Desert Community College ("College District")

Pursuant to the pass-through agreement with the College District, the College District receives its share of the 1% General Levy (the "College District Share"). Of the College District Share, the Agency retains 50%. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the College District will contribute its proportionate share of such amount. The College District will also receive any Tax Increment Revenues generated by any tax override levied to service any College District debt established either prior to or after formation of the Redevelopment Project.

Coachella Valley Mosquito Abatement District

Pursuant to the pass-through agreement with the CVMAD, the CVMAD receives its share of the 1% General Levy (the "CVMAD Share"), which is approximately 1.3%. In addition, the CVMAD will receive the CVMAD Share of the Tax Increment Revenues generated by a 2% inflationary growth in the base year assessed value of the Redevelopment Project.

Cemetery District

Pursuant to the pass-through agreement with the Cemetery District, the Cemetery District receives its share of the 1% General Levy (the "Cemetery District Share"), which is approximately 0.15%. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Agency may deduct from the Cemetery District Share its proportionate share of such amount.

Palm Springs Unified School District ("PSUSD")

Pursuant to the pass-through agreement with the PSUSD, the PSUSD receives its share of the 1% General Levy (the "PSUSD Share"), which is approximately 25.1%. Of the PSUSD Share, the Agency will retain 50% and 50% shall be paid by the Agency into a trust fund to be administered by and for the exclusive benefit of the District. In addition, the PSUSD will receive the PSUSD Share of the Tax Increment Revenues generated by a 2% inflationary growth in the base year assessed value of the Redevelopment Project. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the PSUSD will contribute its proportionate share of such amount. The PSUSD will also receive any Tax Increment Revenues generated by any tax override levied to service any PSUSD debt established either prior to or after formation of the Redevelopment Project.

Baristo-Farrell Redevelopment Project

Riverside County

Pursuant to the pass-through agreement with Riverside County, the County receives its share of the 1% General Levy (the "County Share"), which is approximately 26.7%. In any year in which Tax Increment revenues are $2 million or less the County will receive 50% of the County Share. When annual Tax Increment Revenues exceed $2 million, the County will also receive 100% of the County Share of the amount of Tax Increment Revenues in excess of $2 million. At such time as the County Share paid to the Agency equals $7.5 million, the County will thereafter receive 100% of the County Share. Of the County Share retained by the Agency, the Agency is entitled to retain 30% in a "County Capital Improvement Fund" to be used for specified projects. In addition, the County will also receive any Tax Increment Revenues generated by any tax override levied to service any County debt established after formation of the Redevelopment Project. As of June 30, 2014, the Agency had retained approximately $4,088,000 of the County Share.

Riverside County Flood Control District

Pursuant to the pass-through agreement with the Riverside County Flood Control District, the Agency currently receives 50% of the 1% General Levy attributable to the District (the "District Share"). The

District Share is approximately 4.2%. The amount of the District Share received by the Agency is set aside to construct specific flood control improvements and not pledged to repay the Bonds. The projections include a full 100% deduction of the District Share.

Desert Water Agency

In September, 1991, the Agency entered into an agreement with the Water Agency. The Agency agreed to pass through 25% of the Water Agency's share of the 1% General Levy, which is approximately 1.8%, attributable to increases in assessed valuation of the Redevelopment Project above the valuation shown on the 1990/91 assessment roll. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Water Agency contributes it proportionate share of such amounts.

In addition, the Water Agency receives any Tax Increment Revenues generated by any tax override levied to service any Water Agency debt.

Riverside County Superintendent of Schools

Pursuant to the pass-through agreement with the RCo. School District, the RCo. School District receives its share of the 1% General Levy (the "RCo. School District Share"), which is approximately 3.9%. Of the RCo. School District Share, the Agency retains 50%. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the RCo. School District will contribute its proportionate share of such amount. The RCo. School District will also receive any Tax Increment Revenues generated by any tax override levied to service any RCo. School District debt established either prior to or after formation of the Redevelopment Project.

Desert Community College District (formerly known as Coachella Valley Community College District)

Pursuant to the pass-through agreement with the College District, the College District receives its share of the 1% General Levy (the "College District Share"), which is approximately 7.1%. Of the College District Share, the Agency retains 50%. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the College District will contribute its proportionate share of such amount. The College District will also receive any Tax Increment Revenues generated by any tax override levied to service any College District debt established either prior to or after formation of the Redevelopment Project.

Coachella Valley Mosquito Abatement District

Pursuant to the pass-through agreement with the CVMAD, the CVMAD receives its share of the 1% General Levy (the "CVMAD Share"), which is approximately 1.3%. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the CVMAD will contribute its proportionate share of such amount. In addition, the CVMAD will receive the CVMAD Share of the Tax Increment Revenues generated by a 2% inflationary growth in the base year assessed value of the Redevelopment Project.

Palm Springs Unified School District

Pursuant to the pass-through agreement with the PSUSD, the PSUSD receives its share of the 1% General Levy (the "PSUSD Share"), which is approximately 25.0%. Of the PSUSD Share, the Agency retains 50%. In addition, the PSUSD will receive the PSUSD Share of the Tax Increment Revenues generated by a 2% inflationary growth in the base year assessed value of the Redevelopment Project. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the PSUSD will contribute its proportionate share of such amount. The PSUSD will also receive any Tax Increment Revenues generated by any tax override levied to service any PSUSD debt established either prior to or after formation of the Redevelopment Project.

Tahquitz-Andreas Redevelopment Project

Riverside County

Pursuant to the pass-through agreement with Riverside County, the County receives its share of the 1% General Levy (the "County Share"), which is approximately 26.7%. However, until such time as the cumulative amount of Tax Increment Revenues exceeded $5 million, the County received 10% of the County Share. When cumulative Tax Increment Revenues were between $5 and $10 million; the County received 25% of the County Share. When cumulative Tax Increment Revenues were between $10 and $15 million, the County received 50% of the County Share. When cumulative Tax Increment Revenues were between $15 and $20 million, the County received 60% of the County Share. When cumulative Tax Increment Revenues were between $20 and $25 million, the County received 75% of the County Share. After cumulative Tax Increment Revenues exceeded $25 million, or when the County had deferred a total of $3,796,730 of the County Share, the County receives 100% of the County Share (which occurred in Fiscal Year 2011/12). As of June 30, 2014, cumulative Tax Increment Revenues were approximately $27,249,000.

Desert Water Agency

In September, 1991, the Agency entered into an agreement with the Water Agency. The Agency agreed to pass through 25% of the Water Agency's share of the 1% General Levy, which is approximately 1.8%, attributable to increases in assessed valuation of the Redevelopment Project above the valuation shown on the 1990/91 assessment roll. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Water Agency contributes it proportionate share of such amounts.

In addition, the Water Agency receives any Tax Increment Revenues generated by any tax override levied to service any Water Agency debt.

Riverside County Flood Control District

Pursuant to the pass-through agreement with the Riverside County Flood Control District, the Agency currently reimburses the Flood Control District for 100% of the District Share of the 1% General Levy. The District Share is approximately 4.2%.

Coachella Valley Mosquito Abatement District

Pursuant to the pass-through agreement with CVMAD, the CVMAD receives its share of the 1% General Levy (the "CVMAD Share"), which is approximately 1.3%. Until such time as the cumulative amount of Tax Increment Revenues exceeded $5 million, the CVMAD received 10% of the CVMAD Share. When cumulative Tax Increment Revenues were between $5 and $10 million, the CVMAD received 25% and the Agency receives the remaining 75% of the CVMAD Share. When cumulative Tax Increment Revenues were between $10 and $15 million, the CVMAD received 50% and the Agency received the remaining 50% of the CVMAD Share. When cumulative Tax Increment Revenues were between $15 and $20 million, the CVMAD received 60% and the Agency received the remaining 40% of the CVMAD Share. When cumulative Tax Increment Revenues were between $20 and $25 million, the CVMAD received 75% and the Agency received the remaining 25% of the CVMAD Share. After cumulative Tax Increment Revenues exceeded $25 million, or when the Agency has received a total of $181,804 of the CVMAD Share, the CVMAD receives 100% of the CVMAD Share (which occurred in Fiscal Year 2011/12).

Canyon Redevelopment Project

Riverside County

Pursuant to the pass-through agreement with the Riverside County, the Agency receives 25% of the 1% General Levy attributable to the County (the "County Share") until such time as the Agency has received a cumulative allocation of the County Share of $15,000,000. Thereafter, 100% of the County Share will be paid to the County. The County Share is approximately 26.7%. As of June 30, 2014, the Agency has retained approximately $1,268,000 of the County Share.

Riverside County Flood Control District

Pursuant to the pass-through agreement with the Riverside County Flood Control District, the Agency received 75% of the 1% General Levy attributable to the District (the "District Share") during the first 10 years of the Redevelopment Project, 50% of the District Share during the second 10 years of the Redevelopment Project and receives 20% of the District Share thereafter. The District Share is approximately 4.2%.

Palm Springs Unified School District

Pursuant to the pass-through agreement with the PSUSD, the Agency receives 50% of the 1% General Levy attributable to PSUSD (the "PSUSD Share"). The PSUSD Share is approximately 25%. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the PSUSD will contribute its proportionate share of such amount. The PSUSD will also receive any Tax Increment Revenues generated by any tax override levied to service any PSUSD debt established either prior to or after formation of the Redevelopment Project. Further, the PSUSD Share retained by the Agency shall be deposited in a separate fund and used solely for improvements authorized by the District.

Desert Community College District

Pursuant to the pass-through agreement with the College District, the Agency receives 50% of the 1% General Levy attributable to College District (the "College District Share"). The College District share is approximately 7.1%. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the College District will contribute its proportionate share of such amount. The College District will also receive any Tax Increment Revenues generated by any tax override levied to service any College District debt established either prior to or after formation of the Redevelopment Project. Further, the College District Share retained by the Agency shall be deposited in a separate fund and used solely for improvements authorized by the District.

Coachella Valley Mosquito Abatement District

Pursuant to the pass-through agreement with the Coachella Valley Mosquito Abatement District, the Agency reimburses CVMAD for 100% of the CVMAD Share of the 1% General Levy. The CVMAD Share is approximately 1.3%. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Agency may credit the CVMAD Share for its proportionate share of such amount.

Desert Water Agency

Pursuant to the pass-through agreement with the Water Agency, the Agency agreed to reimburse the Water Agency for 25% of the Water Agency's share of the Tax Increment Revenues generated by the 1% General Levy. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Water Agency will contribute its proportionate share of such amount. The Water Agency share is approximately 1.8%.

In addition, the Water Agency will receive any Tax Increment Revenues generated by any tax override levied to service any Water Agency debt.

Cemetery District

Pursuant to the pass-through agreement with the Cemetery District, the Agency reimburses the Cemetery District for 100% of the Cemetery District Share of the Tax Increment Revenues generated by the 1%

General Levy. The Cemetery District Share is approximately 0.15%. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the Agency may credit the Cemetery District Share for its proportionate share of such amount.

Riverside County Superintendent of Schools

Pursuant to the pass-through agreement with the RCo. School District, the RCo. School District receives its share of the 1% General Levy (the "RCo. School District Share"), which is approximately 3.9%. Of the RCo. School District Share, the Agency retains 40%. In any year in which the Agency sets aside funds in the Low and Moderate Income Housing Fund, the RCo. School District will contribute its proportionate share of such amount. The RCo. School District will also receive any Tax Increment Revenues generated by any tax override levied to service any RCo. School District debt established either prior to or after formation of the Redevelopment Project.

Tax Sharing Statutes

Certain provisions were added to the Redevelopment Law by the adoption of AB 1290 in 1994. A discussion of these provisions as they relate to the Project Areas follows. If new territory was added to a Redevelopment Project, under Section 33607.5 of the Redevelopment Law, any affected taxing entity would share in the Tax Increment Revenues generated by such added area pursuant to a statutory formula ("Statutory Tax Sharing").

In addition, pursuant to Section 33333.6(e)(2) of the Redevelopment Law, if the Former Agency deleted the time limit to incur indebtedness in a Redevelopment Project or increased the total amount of Tax Increment Revenues to be allocated to a Redevelopment Project or increases the duration of the redevelopment plan for a Redevelopment Project and the period for receipt of Tax Increment Revenues, Statutory Tax Sharing will also be required under Section 33607.7 of the Redevelopment Law with all affected taxing agencies not already a party to a tax sharing agreement, once the original limitations have been reached. The original limitation is shown in the following table, and payments to taxing entities pursuant to Section 33607.7, commenced in the fiscal year shown below.

Redevelopment Project	Last Date to Incur Debt Prior to Elimination	Payments Under Tax Sharing Statutes Commenced
Central Business District	1/1/2004	2004/05
North Palm Canyon	1/1/2004	2004/05
South Palm Canyon	1/1/2004	2004/05
Oasis	7/10/2004	2005/06
Highland-Gateway	11/20/2004	2005/06
Ramon-Bogie	1/1/2004	2004/05
Project No. 9	12/29/2008	2009/10
Baristo-Farrell	1/1/2004	2004/05
Tahquitz-Andreas	1/1/2004	2004/05
Canyon	7/19/2011	2012/13

Source: Successor Agency.

In general, the amounts to be paid pursuant to Statutory Tax Sharing are as follows:

(a) commencing in the first fiscal year after the limitation has been reached, an amount equal to 25% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the fiscal year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted;

(b) in addition to amounts payable as described in (a) above, commencing in the 11^{th} fiscal year after the limitation has been reached, an amount equal to 21% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the preceding 10^{th} fiscal year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted; and

(c) in addition to amounts payable as described in (a) and (b) above, commencing in the 31^{st} fiscal year after the limitation has been reached, an amount equal to 14% of tax increment revenues generated by the incremental increase of the current year assessed valuation over the assessed valuation in the preceding 30^{th} fiscal year that the limitation had been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.

(d) The City may elect to receive a portion of the tax increment generated in (a) above, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.

(e) The Successor Agency may subordinate the amount required to be paid to an affected taxing entity to any indebtedness after receiving the consent of the taxing entity.

With respect to a taxing entity that is a party to a tax sharing agreement, tax sharing payments would continue pursuant to the Tax Sharing Agreement after the original limitations in the Redevelopment Plan were passed.

Projected Tax Revenues

Deposit of projected Tax Revenues in the Redevelopment Property Tax Trust Fund in the amounts and at the times projected by the Successor Agency depends on the realization of certain assumptions relating to the Tax Increment Revenues. The projections of Tax Increment Revenues and the corresponding Tax Revenues from the Redevelopment Projects shown on the following tables were based on the assumptions shown below. The Successor Agency believes the assumptions upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur.

(a) The 2013/14 secured roll was increased by 0.454% for inflation in 2014/15, and increased 2% annually for inflation in future years.

(b) The values of unsecured personal property and state assessed utility property and the amount of unitary revenues have been maintained throughout the projections at their 2013/14 values.

(c) For the purposes of the projections, it was assumed that no additional assessed value would be added to the tax rolls as a result of new construction.

(d) The 2014/15 secured roll for the Central Business District Redevelopment Project was reduced by $6,903,000 for improvements demolished during 2013/14.

(e) For purposes of the projections, it was not assumed that the College of the Desert (Desert Community College District) would purchase the site in the Baristo-Farrell Redevelopment Project.

(f) No reduction has been made for the possessory interest value on tribal land.

(g) No potential future Proposition 8 adjustments or potential reductions in value as a result of pending assessment appeals are reflected in the projections.

(h) A tax rate of $1.00 per $100 of assessed value applied to the taxable property in the Project Areas was used to determine Tax Increment Revenues.

(i) Projected Tax Revenues do not reflect supplemental property taxes.

(j) Projected Tax Revenues include a deduction for administrative costs charged by Riverside County. These fees, while deducted from the Redevelopment Property Tax Trust Fund ("RPTTF") deposit, have been prorated between the Redevelopment Projects for purposes of the projections.

(k) Projected Tax Revenues include a deduction for payments due to taxing agencies under Tax Sharing Agreements or applicable Tax Sharing Statutes. The increases, if any, in tax sharing percentages under the Tax Sharing Agreements occur when a cumulative milestone is reached, projected based on the assumptions (a) through (i) above.

TABLE NO. B-7
SUCCESSOR AGENCY PROJECTED TAX REVENUES

Fiscal Year	Merged Project No. 1 Tax Revenues	Merged Project No. 2 Tax Revenues	Tax Revenues Before Senior Obligations	Senior Obligations [1]	Tax Revenues
2014	$5,984,800	$3,058,400	$ 9,043,200	$(1,260,044)	$7,783,156
2015	5,972,700	3,071,900	9,044,600	(1,261,939)	7,782,661
2016	6,105,300	3,129,200	9,234,500	(1,258,274)	7,976,226
2017	6,696,100	3,187,900	9,884,000	(1,669,330)	8,214,670
2018	6,796,000	3,247,600	10,043,600	(1,652,143)	8,391,457
2019	6,934,900	3,310,000	10,244,900	(1,642,266)	8,602,634
2020	7,034,000	3,371,900	10,405,900	(1,631,234)	8,774,666
2021	7,172,700	3,436,000	10,608,700	(1,483,503)	9,125,197
2022	7,310,100	3,501,200	10,811,300	(1,455,080)	9,356,220
2023	7,449,900	3,565,900	11,015,800	(1,401,351)	9,614,449
2024	7,593,300	3,630,600	11,223,900	(1,853,129)	9,370,771
2025	7,659,600	3,697,000	11,356,600	(1,362,938)	9,993,662
2026	7,805,400	3,765,400	11,570,800	(2,107,096)	9,463,704
2027	6,181,300	3,835,300	10,016,600	(2,111,415)	7,905,185
2028	6,307,200	3,638,900	9,946,100	(2,111,644)	7,834,456
2029	6,436,300	3,710,900	10,147,200	(2,117,785)	8,029,415
2030	6,562,400	3,785,000	10,347,400	(2,109,208)	8,238,192
2031	6,523,200	3,860,200	10,383,400	(2,126,543)	8,256,857
2032	6,581,600	3,936,600	10,518,200	(2,138,160)	8,380,040
2033	6,638,900	4,014,700	10,653,600	(2,133,990)	8,519,610
2034	6,697,500	4,094,700	10,792,200	(2,124,604)	8,667,596

(1) 2007 Bonds, see Table Nos. 8 and 16.

Source: Financial Advisor.

TABLE NO. B-8
PROJECTED TAX REVENUES
MERGED PROJECT NO. 1

	Gross Tax Increment	County Admin Charge	Contractual Tax Sharing	Statutory Tax Sharing	Tax Revenue	Senior Obligations	Available Tax Revenue
2014	$10,263,000	$(135,500)	$(3,636,600)	$ (506,100)	$5,984,800	$ (736,518)	$5,248,282
2015	10,252,000	(135,300)	(3,654,200)	(489,800)	5,972,700	(736,518)	5,236,182
2016	10,510,000	(138,600)	(3,735,500)	(530,600)	6,105,300	(736,518)	5,368,782
2017	10,771,000	(142,200)	(3,361,000)	(571,700)	6,696,100	(1,146,518)	5,549,582
2018	11,038,000	(145,800)	(3,482,300)	(613,900)	6,796,000	(1,123,834)	5,672,167
2019	11,312,000	(149,300)	(3,570,700)	(657,100)	6,934,900	(1,115,817)	5,819,083
2020	11,589,000	(153,000)	(3,701,100)	(700,900)	7,034,000	(1,102,287)	5,931,713
2021	11,875,000	(156,800)	(3,794,600)	(750,900)	7,172,700	(958,019)	6,214,681
2022	12,164,000	(160,600)	(3,888,700)	(804,600)	7,310,100	(928,700)	6,381,400
2023	12,457,000	(164,500)	(3,984,700)	(857,900)	7,449,900	(875,037)	6,574,863
2024	12,758,000	(168,400)	(4,083,000)	(913,300)	7,593,300	(1,327,842)	6,265,458
2025	13,068,000	(172,500)	(4,266,900)	(969,000)	7,659,600	(839,640)	6,819,960
2026	13,380,000	(176,600)	(4,371,600)	(1,026,400)	7,805,400	(1,581,749)	6,223,651
2027	11,671,000	(154,000)	(4,474,600)	(861,100)	6,181,300	(1,585,301)	4,595,999
2028	11,953,000	(157,900)	(4,583,400)	(904,500)	6,307,200	(1,586,046)	4,721,154
2029	12,241,000	(161,600)	(4,694,400)	(948,700)	6,436,300	(1,588,984)	4,847,316
2030	12,533,000	(165,400)	(4,810,900)	(994,300)	6,562,400	(1,583,808)	4,978,593
2031	12,687,000	(167,600)	(4,955,600)	(1,040,600)	6,523,200	(1,600,824)	4,922,376
2032	12,844,000	(169,600)	(5,005,800)	(1,087,000)	6,581,600	(1,608,727)	4,972,873
2033	13,003,000	(171,600)	(5,057,500)	(1,135,000)	6,638,900	(1,607,765)	5,031,135
2034	13,166,000	(173,800)	(5,110,000)	(1,184,700)	6,697,500	(1,603,190)	5,094,310

Source: Financial Advisor.

TABLE NO. B-9
PROJECTED TAX REVENUES
CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT

	Gross Tax Increment	County Admin Charge	Contractual Tax Sharing DWA	Statutory Tax Sharing	Tax Revenue
2014	$1,617,000	$(21,300)	$(1,400)	$ (75,300)	$1,519,000
2015	1,556,000	(20,500)	(1,200)	(53,300)	1,481,000
2016	1,592,000	(21,000)	(1,300)	(66,100)	1,503,600
2017	1,627,000	(21,500)	(1,400)	(79,000)	1,525,100
2018	1,664,000	(22,000)	(1,600)	(92,200)	1,548,200
2019	1,701,000	(22,500)	(1,700)	(105,700)	1,571,100
2020	1,739,000	(23,000)	(1,800)	(119,400)	1,594,800
2021	1,778,000	(23,500)	(2,000)	(133,500)	1,619,000
2022	1,818,000	(24,000)	(2,100)	(147,900)	1,644,000
2023	1,858,000	(24,500)	(2,200)	(162,400)	1,668,900
2024	1,899,000	(25,100)	(2,400)	(177,200)	1,694,300
2025	1,941,000	(25,600)	(2,500)	(192,400)	1,720,500
2026	1,984,000	(26,200)	(2,700)	(207,900)	1,747,200

Source: Financial Advisor.

TABLE NO. B-10
PROJECTED TAX REVENUES
NORTH PALM CANYON REDEVELOPMENT PROJECT

	Gross Tax Increment	County Admin Charge	Contractual Tax Sharing					Statutory Tax Sharing	Tax Revenue
			County	Flood Control	CVMAD	Cemetery	DWA		
2014	$1,197,000	$(15,800)	$(319,800)	$(50,600)	$(12,400)	$(1,400)	$(3,400)	$(105,700)	$ 687,900
2015	1,204,000	(15,900)	(321,700)	(50,900)	(12,500)	(1,400)	(3,500)	(107,500)	690,600
2016	1,238,000	(16,300)	(330,700)	(52,400)	(12,900)	(1,500)	(3,600)	(115,600)	705,000
2017	1,272,000	(16,800)	(339,800)	(53,800)	(13,200)	(1,500)	(3,700)	(123,900)	719,300
2018	1,307,000	(17,300)	(349,200)	(55,300)	(13,600)	(1,600)	(3,800)	(132,400)	733,800
2019	1,343,000	(17,700)	(358,800)	(56,800)	(14,000)	(1,600)	(4,000)	(141,100)	749,000
2020	1,379,000	(18,200)	(368,400)	(58,300)	(14,300)	(1,600)	(4,100)	(149,900)	764,200
2021	1,417,000	(18,700)	(378,600)	(60,000)	(14,700)	(1,700)	(4,200)	(158,900)	780,200
2022	1,454,000	(19,200)	(388,400)	(61,500)	(15,100)	(1,700)	(4,400)	(168,000)	795,700
2023	1,493,000	(19,700)	(398,900)	(63,200)	(15,500)	(1,800)	(4,500)	(177,400)	812,000
2024	1,532,000	(20,200)	(409,300)	(64,800)	(15,900)	(1,800)	(4,600)	(186,900)	828,500
2025	1,573,000	(20,800)	(420,200)	(66,600)	(16,300)	(1,900)	(4,800)	(196,700)	845,700
2026	1,614,000	(21,300)	(431,200)	(68,300)	(16,800)	(1,900)	(4,900)	(206,700)	862,900
2027	1,655,000	(21,800)	(442,100)	(70,000)	(17,200)	(2,000)	(5,100)	(216,700)	880,100
2028	1,698,000	(22,400)	(453,600)	(71,800)	(17,600)	(2,000)	(5,200)	(227,100)	898,300
2029	1,742,000	(23,000)	(465,400)	(73,700)	(18,100)	(2,100)	(5,400)	(237,700)	916,600
2030	1,786,000	(23,600)	(477,100)	(75,600)	(18,600)	(2,100)	(5,500)	(248,400)	935,100
2031	1,831,000	(24,200)	(489,200)	(77,500)	(19,000)	(2,200)	(5,700)	(259,300)	953,900
2032	1,877,000	(24,800)	(501,400)	(79,400)	(19,500)	(2,200)	(5,900)	(270,500)	973,300
2033	1,925,000	(25,400)	(514,300)	(81,400)	(20,000)	(2,300)	(6,000)	(282,000)	993,600
2034	1,973,000	(26,000)	(527,100)	(83,500)	(20,500)	(2,300)	(6,200)	(293,600)	1,013,800

Source: Financial Advisor.

TABLE NO. B-11
PROJECTED TAX REVENUES
SOUTH PALM CANYON REDEVELOPMENT PROJECT

	Gross Tax Increment	County Admin Charge	Contractual Tax Sharing County	Flood Control	CVMAD	Cemetery	DWA	Statutory Tax Sharing	Tax Revenue
2014	$ 704,000	$ (9,300)	$(131,700)	$(29,800)	$ (4,600)	$ (500)	$(1,700)	$ (50,700)	$475,700
2015	710,000	(9,400)	(132,800)	(30,000)	(4,600)	(500)	(1,700)	(52,100)	478,900
2016	734,000	(9,700)	(137,300)	(31,100)	(4,800)	(500)	(1,800)	(57,900)	490,900
2017	757,000	(10,000)	(141,600)	(32,000)	(4,900)	(600)	(1,900)	(63,500)	502,500
2018	781,000	(10,300)	(146,100)	(33,000)	(5,100)	(600)	(1,900)	(69,300)	514,700
2019	806,000	(10,600)	(150,700)	(34,100)	(5,200)	(600)	(2,000)	(75,300)	527,500
2020	831,000	(11,000)	(188,700)	(35,200)	(6,500)	(700)	(2,100)	(81,400)	505,400
2021	857,000	(11,300)	(194,600)	(36,300)	(6,700)	(800)	(2,200)	(87,600)	517,500
2022	883,000	(11,700)	(200,500)	(37,400)	(6,900)	(800)	(2,300)	(93,900)	529,500
2023	909,000	(12,000)	(206,400)	(38,500)	(7,100)	(800)	(2,400)	(100,300)	541,500
2024	936,000	(12,400)	(212,500)	(39,600)	(7,300)	(800)	(2,500)	(106,900)	554,000
2025	964,000	(12,700)	(257,500)	(40,800)	(9,400)	(1,100)	(2,600)	(113,600)	526,300
2026	992,000	(13,100)	(265,000)	(42,000)	(9,700)	(1,100)	(2,700)	(120,400)	538,000
2027	1,021,000	(13,500)	(272,800)	(43,200)	(9,900)	(1,100)	(2,800)	(127,400)	550,300
2028	1,050,000	(13,900)	(280,500)	(44,400)	(10,200)	(1,200)	(2,900)	(134,500)	562,400
2029	1,080,000	(14,300)	(288,500)	(45,700)	(10,500)	(1,200)	(3,000)	(141,800)	575,000
2030	1,111,000	(14,700)	(296,800)	(47,000)	(14,400)	(1,600)	(3,100)	(149,200)	584,200
2031	1,142,000	(15,100)	(305,100)	(48,300)	(14,800)	(1,700)	(3,200)	(156,700)	597,100
2032	1,174,000	(15,500)	(313,600)	(49,700)	(15,200)	(1,700)	(3,300)	(164,500)	610,500
2033	1,206,000	(15,900)	(322,200)	(51,000)	(15,700)	(1,800)	(3,500)	(172,300)	623,600
2034	1,239,000	(16,400)	(331,000)	(52,400)	(16,100)	(1,800)	(3,600)	(180,300)	637,400

Source: Financial Advisor.

TABLE NO. B-12
PROJECTED TAX REVENUES
RAMON-BOGIE REDEVELOPMENT PROJECT

	Gross Tax Increment	County Admin Charge	Contractual Tax Sharing						Statutory Tax Sharing	Tax Revenue
			County	Flood Control	CVMAD	Cemetery	CVWD	DWA		
2014	$1,673,000	$(22,100)	$(382,800)	$(58,400)	$(13,100)	$(1,500)	$ -	$(5,300)	$(180,800)	$1,009,000
2015	1,681,000	(22,200)	(384,600)	(58,700)	(13,200)	(1,500)	-	(5,400)	(182,700)	1,012,700
2016	1,715,000	(22,600)	(392,400)	(59,900)	(13,500)	(1,500)	-	(5,500)	(191,100)	1,028,500
2017	1,750,000	(23,100)	(471,100)	(61,100)	(17,200)	(2,000)	-	(5,600)	(199,600)	970,300
2018	1,786,000	(23,600)	(480,800)	(62,400)	(17,500)	(2,000)	-	(5,700)	(208,400)	985,600
2019	1,822,000	(24,100)	(490,500)	(63,700)	(17,900)	(2,000)	-	(5,900)	(217,300)	1,000,600
2020	1,860,000	(24,600)	(500,700)	(65,000)	(24,300)	(2,800)	-	(6,000)	(226,400)	1,010,200
2021	1,898,000	(25,100)	(510,900)	(66,300)	(24,800)	(2,800)	-	(6,100)	(235,700)	1,026,300
2022	1,937,000	(25,600)	(521,400)	(67,700)	(25,300)	(2,900)	-	(6,300)	(245,200)	1,042,600
2023	1,976,000	(26,100)	(531,900)	(69,000)	(25,900)	(3,000)	-	(6,400)	(254,800)	1,058,900
2024	2,016,000	(26,600)	(542,700)	(70,400)	(26,400)	(3,000)	-	(6,600)	(264,600)	1,075,700
2025	2,058,000	(27,200)	(554,000)	(71,900)	(26,900)	(3,100)	-	(6,700)	(274,700)	1,093,500
2026	2,100,000	(27,700)	(565,300)	(73,400)	(27,500)	(3,100)	-	(6,900)	(285,000)	1,111,100
2027	2,142,000	(28,300)	(576,600)	(74,800)	(28,000)	(3,200)	-	(7,000)	(295,400)	1,128,700
2028	2,186,000	(28,900)	(588,400)	(76,400)	(28,600)	(3,300)	-	(7,200)	(306,000)	1,147,200
2029	2,231,000	(29,400)	(600,600)	(77,900)	(29,200)	(3,300)	-	(7,300)	(317,000)	1,166,300
2030	2,276,000	(30,000)	(612,700)	(79,500)	(29,800)	(3,400)	-	(7,500)	(328,000)	1,185,100
2031	2,322,000	(30,700)	(625,100)	(81,100)	(30,400)	(3,500)	-	(7,700)	(339,300)	1,204,200
2032	2,370,000	(31,300)	(638,000)	(82,800)	(31,000)	(3,500)	-	(7,800)	(350,900)	1,224,700
2033	2,418,000	(31,900)	(650,900)	(84,500)	(31,600)	(3,600)	-	(8,000)	(362,600)	1,244,900
2034	2,467,000	(32,600)	(664,100)	(86,200)	(32,300)	(3,700)	-	(8,200)	(374,600)	1,265,300

Source: Financial Advisor.

TABLE NO. B-13
PROJECTED TAX REVENUES
OASIS REDEVELOPMENT PROJECT

	Gross Tax Increment	County Admin Charge	Contractual Tax Sharing County	Flood Control	CVMAD	DWA	Statutory Tax Sharing	Tax Revenue
2014	$346,000	$(4,600)	$ (92,400)	$(14,600)	$(4,500)	$(1,200)	$(32,800)	$195,900
2015	348,000	(4,600)	(93,000)	(14,700)	(4,500)	(1,200)	(33,000)	197,000
2016	356,000	(4,700)	(95,100)	(15,100)	(4,600)	(1,200)	(35,000)	200,300
2017	364,000	(4,800)	(97,200)	(15,400)	(4,700)	(1,200)	(37,000)	203,700
2018	372,000	(4,900)	(99,400)	(15,700)	(4,800)	(1,300)	(39,000)	206,900
2019	381,000	(5,000)	(101,800)	(16,100)	(4,900)	(1,300)	(41,100)	210,800
2020	390,000	(5,100)	(104,200)	(16,500)	(5,100)	(1,300)	(43,300)	214,500
2021	399,000	(5,300)	(106,600)	(16,900)	(5,200)	(1,300)	(45,500)	218,200
2022	408,000	(5,400)	(109,000)	(17,300)	(5,300)	(1,400)	(47,700)	221,900
2023	417,000	(5,500)	(111,400)	(17,600)	(5,400)	(1,400)	(49,900)	225,800
2024	427,000	(5,600)	(114,100)	(18,100)	(5,500)	(1,400)	(52,200)	230,100
2025	437,000	(5,800)	(116,700)	(18,500)	(5,700)	(1,500)	(54,600)	234,200
2026	446,000	(5,900)	(119,200)	(18,900)	(5,800)	(1,500)	(56,900)	237,800
2027	457,000	(6,000)	(122,100)	(19,300)	(5,900)	(1,600)	(59,500)	242,600
2028	467,000	(6,200)	(124,800)	(19,800)	(6,100)	(1,600)	(62,000)	246,500
2029	477,000	(6,300)	(127,400)	(20,200)	(6,200)	(1,600)	(64,500)	250,800
2030	488,000	(6,400)	(130,400)	(20,600)	(6,300)	(1,700)	(67,100)	255,500
2031	499,000	(6,600)	(133,300)	(21,100)	(6,500)	(1,700)	(69,700)	260,100
2032	510,000	(6,700)	(136,200)	(21,600)	(6,600)	(1,700)	(72,400)	264,800
2033	521,000	(6,900)	(139,200)	(22,000)	(6,800)	(1,800)	(75,200)	269,100
2034	533,000	(7,000)	(142,400)	(22,600)	(6,900)	(1,800)	(78,000)	274,300

Source: Financial Advisor.

TABLE NO. B-14
PROJECTED TAX REVENUES
HIGHLAND-GATEWAY REDEVELOPMENT PROJECT

	Gross Tax Increment	County Admin Charge	Contractual Tax Sharing County	Flood Control	CVWD	CVMAD	DWA	Statutory Tax Sharing	Tax Revenue
2014	$620,000	$ (8,200)	$ (33,400)	$ (700)	$ -	$ (6,500)	$(2,000)	$ (60,800)	$508,400
2015	623,000	(8,200)	(33,600)	(700)	-	(6,500)	(1,600)	(61,200)	511,200
2016	637,000	(8,400)	(34,300)	(800)	-	(6,700)	(1,700)	(64,900)	520,200
2017	652,000	(8,600)	(35,200)	(800)	-	(6,800)	(1,700)	(68,700)	530,200
2018	667,000	(8,800)	(71,900)	(800)	-	(7,000)	(1,800)	(72,600)	504,100
2019	683,000	(9,000)	(73,700)	(800)	-	(7,200)	(1,800)	(76,600)	513,900
2020	698,000	(9,200)	(75,300)	(800)	-	(7,300)	(1,900)	(80,500)	523,000
2021	714,000	(9,400)	(77,000)	(900)	-	(7,500)	(1,900)	(84,700)	532,600
2022	731,000	(9,600)	(78,800)	(900)	-	(7,700)	(2,000)	(88,900)	543,100
2023	747,000	(9,900)	(80,600)	(900)	-	(7,800)	(2,100)	(93,100)	552,600
2024	764,000	(10,100)	(82,400)	(900)	-	(8,000)	(2,100)	(97,500)	563,000
2025	782,000	(10,300)	(126,500)	(900)	-	(8,200)	(2,200)	(102,000)	531,900
2026	799,000	(10,500)	(129,300)	(1,000)	-	(8,400)	(2,300)	(106,500)	541,000
2027	817,000	(10,800)	(132,200)	(1,000)	-	(8,600)	(2,300)	(111,100)	551,000
2028	836,000	(11,000)	(135,200)	(1,000)	-	(8,800)	(2,400)	(115,900)	561,700
2029	855,000	(11,300)	(138,300)	(1,000)	-	(9,000)	(2,500)	(120,700)	572,200
2030	874,000	(11,500)	(141,400)	(1,000)	-	(9,200)	(2,500)	(125,600)	582,800
2031	893,000	(11,800)	(240,800)	(1,100)	-	(9,400)	(2,600)	(130,600)	496,700
2032	913,000	(12,100)	(246,200)	(1,100)	-	(9,600)	(2,700)	(135,700)	505,600
2033	933,000	(12,300)	(251,600)	(1,100)	-	(9,800)	(2,700)	(140,900)	514,600
2034	954,000	(12,600)	(257,200)	(1,100)	-	(10,000)	(2,800)	(146,200)	524,100

Source: Financial Advisor.

TABLE NO. B-15
PROJECTED TAX REVENUES
REDEVELOPMENT PROJECT NO. 9

	Gross Tax Increment	County Admin Charge	Contractual Tax Sharing: County	Flood Control	CVMAD	Cemetery	Supt of Schools	DWA	College District	School District	Statutory Tax Sharing	Tax Revenue
2014	$4,106,000	$(54,200)	$(1,630,200)	$(165,900)	$(53,600)	$(4,900)	$(64,100)	$(13,300)	$(117,900)	$(413,000)	$ -	$1,588,900
2015	4,130,000	(54,500)	(1,636,600)	(166,900)	(53,900)	(4,900)	(64,500)	(13,400)	(118,600)	(415,400)	-	1,601,300
2016	4,238,000	(55,900)	(1,665,600)	(171,200)	(55,400)	(5,100)	(66,200)	(13,800)	(121,700)	(426,300)	-	1,656,800
2017	4,349,000	(57,400)	(1,164,400)	(175,700)	(56,800)	(5,200)	(67,900)	(14,200)	(124,900)	(437,500)	-	2,245,000
2018	4,461,000	(58,900)	(1,194,400)	(180,300)	(58,300)	(5,300)	(69,700)	(14,600)	(128,100)	(448,700)	-	2,302,700
2019	4,576,000	(60,400)	(1,225,200)	(184,900)	(59,800)	(5,500)	(71,500)	(15,000)	(131,400)	(460,300)	-	2,362,000
2020	4,692,000	(61,900)	(1,256,300)	(189,600)	(61,300)	(5,600)	(73,300)	(15,400)	(134,700)	(472,000)	-	2,421,900
2021	4,812,000	(63,500)	(1,288,400)	(194,400)	(62,900)	(5,700)	(75,200)	(15,800)	(138,200)	(484,000)	(5,000)	2,478,900
2022	4,933,000	(65,100)	(1,320,800)	(199,300)	(64,400)	(5,900)	(77,100)	(16,300)	(141,600)	(496,200)	(13,000)	2,533,300
2023	5,057,000	(66,800)	(1,354,000)	(204,300)	(66,100)	(6,000)	(79,000)	(16,700)	(145,200)	(508,700)	(20,000)	2,590,200
2024	5,184,000	(68,400)	(1,388,000)	(209,500)	(67,700)	(6,200)	(81,000)	(17,200)	(148,800)	(521,500)	(28,000)	2,647,700
2025	5,313,000	(70,100)	(1,422,500)	(214,700)	(69,400)	(6,300)	(83,000)	(17,600)	(152,500)	(534,400)	(35,000)	2,707,500
2026	5,445,000	(71,900)	(1,457,900)	(220,000)	(71,100)	(6,500)	(85,100)	(18,100)	(156,300)	(547,700)	(43,000)	2,767,400
2027	5,579,000	(73,600)	(1,493,700)	(225,400)	(72,900)	(6,700)	(87,100)	(18,600)	(160,200)	(561,200)	(51,000)	2,828,600
2028	5,716,000	(75,500)	(1,530,400)	(231,000)	(74,700)	(6,800)	(89,300)	(19,100)	(164,100)	(575,000)	(59,000)	2,891,100
2029	5,856,000	(77,300)	(1,567,900)	(236,600)	(76,500)	(7,000)	(91,500)	(19,600)	(168,100)	(589,100)	(67,000)	2,955,400
2030	5,998,000	(79,200)	(1,605,900)	(242,400)	(78,300)	(7,200)	(93,700)	(20,100)	(172,200)	(603,300)	(76,000)	3,019,700
2031	6,000,000	(79,200)	(1,606,500)	(242,400)	(78,400)	(7,200)	(93,700)	(20,600)	(172,300)	(603,500)	(85,000)	3,011,200
2032	6,000,000	(79,200)	(1,606,500)	(242,400)	(78,400)	(7,200)	(93,700)	(21,100)	(172,300)	(603,500)	(93,000)	3,002,700
2033	6,000,000	(79,200)	(1,606,500)	(242,400)	(78,400)	(7,200)	(93,700)	(21,700)	(172,300)	(603,500)	(102,000)	2,993,100
2034	6,000,000	(79,200)	(1,606,500)	(242,400)	(78,400)	(7,200)	(93,700)	(22,200)	(172,300)	(603,500)	(112,000)	2,982,600

Source: Financial Advisor.

TABLE NO. B-16
PROJECTED TAX REVENUES
MERGED PROJECT NO. 2

	Gross Tax Increment	County Admin Charge	Contractual Tax Sharing	Statutory Tax Sharing	Tax Revenue	Senior Obligations	Available Tax Revenue
2014	$4,937,000	$ (65,200)	$(1,703,000)	$(110,400)	$3,058,400	$(523,526)	$2,534,874
2015	4,966,000	(65,500)	(1,714,500)	(114,100)	3,071,900	(525,421)	2,546,479
2016	5,091,000	(67,100)	(1,764,400)	(130,300)	3,129,200	(521,756)	2,607,444
2017	5,219,000	(68,900)	(1,815,400)	(146,800)	3,187,900	(522,812)	2,665,088
2018	5,349,000	(70,600)	(1,867,200)	(163,600)	3,247,600	(528,309)	2,719,291
2019	5,484,000	(72,400)	(1,920,700)	(180,900)	3,310,000	(526,449)	2,783,551
2020	5,619,000	(74,200)	(1,974,500)	(198,400)	3,371,900	(528,947)	2,842,953
2021	5,758,000	(76,000)	(2,029,800)	(216,200)	3,436,000	(525,484)	2,910,516
2022	5,900,000	(77,800)	(2,086,500)	(234,500)	3,501,200	(526,380)	2,974,820
2023	6,045,000	(79,800)	(2,144,100)	(255,200)	3,565,900	(526,314)	3,039,586
2024	6,191,000	(81,700)	(2,202,600)	(276,100)	3,630,600	(525,287)	3,105,313
2025	6,340,000	(83,700)	(2,261,900)	(297,400)	3,697,000	(523,297)	3,173,703
2026	6,494,000	(85,700)	(2,323,400)	(319,500)	3,765,400	(525,347)	3,240,053
2027	6,651,000	(87,800)	(2,386,100)	(341,800)	3,835,300	(526,114)	3,309,186
2028	6,810,000	(89,900)	(2,716,600)	(364,600)	3,638,900	(525,598)	3,113,302
2029	6,972,000	(92,000)	(2,781,300)	(387,800)	3,710,900	(528,801)	3,182,099
2030	7,138,000	(94,200)	(2,847,300)	(411,500)	3,785,000	(525,401)	3,259,599
2031	7,307,000	(96,500)	(2,914,700)	(435,600)	3,860,200	(525,719)	3,334,481
2032	7,479,000	(98,700)	(2,983,400)	(460,300)	3,936,600	(529,433)	3,407,167
2033	7,655,000	(101,000)	(3,053,900)	(485,400)	4,014,700	(526,225)	3,488,475
2034	7,834,000	(103,300)	(3,125,000)	(511,000)	4,094,700	(521,414)	3,573,286

Source: Financial Advisor.

TABLE NO. B-17
PROJECTED TAX REVENUES
TAHQUITZ-ANDREAS REDEVELOPMENT PROJECT

	Gross Tax Increment	County Admin Charge	Contractual Tax Sharing County	Contractual Tax Sharing Flood Control	Contractual Tax Sharing CVMAD	Contractual Tax Sharing DWA	Statutory Tax Sharing	Tax Revenue
2014	$1,079,000	$(14,200)	$(288,300)	$(45,700)	$(14,000)	$ -	$ (50,300)	$666,500
2015	1,086,000	(14,300)	(290,100)	(45,900)	(14,100)	-	(52,000)	669,600
2016	1,117,000	(14,700)	(298,400)	(47,300)	(14,500)	-	(59,600)	682,500
2017	1,149,000	(15,200)	(307,000)	(48,600)	(14,900)	-	(67,300)	696,000
2018	1,181,000	(15,600)	(315,500)	(50,000)	(15,300)	-	(75,100)	709,500
2019	1,215,000	(16,000)	(324,600)	(51,400)	(15,800)	-	(83,300)	723,900
2020	1,248,000	(16,500)	(333,400)	(52,800)	(16,200)	-	(91,400)	737,700
2021	1,283,000	(16,900)	(342,800)	(54,300)	(16,700)	-	(99,800)	752,500
2022	1,318,000	(17,400)	(352,100)	(55,800)	(17,100)	-	(108,300)	767,300
2023	1,354,000	(17,900)	(361,700)	(57,300)	(17,600)	-	(117,000)	782,500
2024	1,390,000	(18,300)	(371,300)	(58,800)	(18,100)	(200)	(125,800)	797,500
2025	1,427,000	(18,800)	(381,200)	(60,400)	(18,500)	(300)	(134,800)	813,000
2026	1,465,000	(19,300)	(391,400)	(62,000)	(19,000)	(400)	(144,100)	828,800
2027	1,504,000	(19,900)	(401,800)	(63,600)	(19,500)	(600)	(153,500)	845,100
2028	1,544,000	(20,400)	(412,500)	(65,300)	(20,100)	(700)	(163,100)	861,900
2029	1,584,000	(20,900)	(423,200)	(67,000)	(20,600)	(900)	(172,900)	878,500
2030	1,625,000	(21,500)	(434,100)	(68,800)	(21,100)	(1,000)	(182,900)	895,600
2031	1,667,000	(22,000)	(445,300)	(70,500)	(21,600)	(1,200)	(193,000)	913,400
2032	1,710,000	(22,600)	(456,800)	(72,300)	(22,200)	(1,300)	(203,500)	931,300
2033	1,753,000	(23,100)	(468,300)	(74,200)	(22,800)	(1,500)	(214,000)	949,100
2034	1,798,000	(23,700)	(480,300)	(76,100)	(23,300)	(1,600)	(224,800)	968,200

Source: Financial Advisor.

TABLE NO. B-18
PROJECTED TAX REVENUES
BARISTO-FARRELL REDEVELOPMENT PROJECT

	Gross Tax Increment	County Admin Charge	Contractual Tax Sharing						Statutory Tax Sharing	Tax Revenue
			County	Flood Control	CVMAD	Supt of Schools	DWA	School District		
2014	$2,179,000	$(28,800)	$(315,000)	$ (92,200)	$(22,600)	$(33,800)	$ (7,800)	$(217,900)	$ (55,500)	$1,405,400
2015	2,193,000	(28,900)	(318,700)	(92,800)	(22,800)	(34,100)	(7,800)	(219,300)	(57,000)	1,411,600
2016	2,252,000	(29,700)	(334,500)	(95,300)	(23,400)	(35,000)	(8,000)	(225,200)	(63,500)	1,437,400
2017	2,312,000	(30,500)	(350,500)	(97,800)	(24,000)	(35,900)	(8,300)	(231,200)	(70,100)	1,463,700
2018	2,373,000	(31,300)	(366,800)	(100,400)	(24,700)	(36,900)	(8,500)	(237,300)	(76,900)	1,490,200
2019	2,436,000	(32,200)	(383,600)	(103,100)	(25,300)	(37,800)	(8,700)	(243,600)	(83,800)	1,517,900
2020	2,500,000	(33,000)	(400,700)	(105,800)	(26,000)	(38,800)	(8,900)	(250,000)	(90,900)	1,545,900
2021	2,565,000	(33,900)	(418,100)	(108,500)	(26,600)	(39,800)	(9,200)	(256,500)	(98,000)	1,574,400
2022	2,632,000	(34,700)	(436,000)	(111,400)	(27,300)	(40,900)	(9,400)	(263,200)	(105,400)	1,603,700
2023	2,700,000	(35,600)	(454,200)	(114,200)	(28,100)	(41,900)	(9,600)	(270,000)	(112,900)	1,633,500
2024	2,769,000	(36,600)	(472,600)	(117,200)	(28,800)	(43,000)	(9,900)	(276,900)	(120,500)	1,663,500
2025	2,839,000	(37,500)	(491,300)	(120,100)	(29,500)	(44,100)	(10,100)	(283,900)	(128,200)	1,694,300
2026	2,911,000	(38,400)	(510,500)	(123,200)	(30,200)	(45,200)	(10,400)	(291,100)	(136,200)	1,725,800
2027	2,985,000	(39,400)	(530,300)	(126,300)	(31,000)	(46,400)	(10,700)	(298,500)	(144,300)	1,758,100
2028	3,060,000	(40,400)	(817,500)	(129,500)	(31,800)	(47,500)	(10,900)	(306,000)	(152,600)	1,523,800
2029	3,136,000	(41,400)	(837,800)	(132,700)	(32,600)	(48,700)	(11,200)	(313,600)	(161,000)	1,557,000
2030	3,214,000	(42,400)	(858,600)	(136,000)	(33,400)	(49,900)	(11,500)	(321,400)	(169,500)	1,591,300
2031	3,293,000	(43,500)	(879,700)	(139,300)	(34,200)	(51,100)	(11,800)	(329,300)	(178,300)	1,625,800
2032	3,374,000	(44,500)	(901,400)	(142,800)	(35,100)	(52,400)	(12,000)	(337,400)	(187,200)	1,661,200
2033	3,457,000	(45,600)	(923,600)	(146,300)	(35,900)	(53,700)	(12,300)	(345,700)	(196,300)	1,697,600
2034	3,541,000	(46,700)	(946,000)	(149,800)	(36,800)	(55,000)	(12,600)	(354,100)	(205,600)	1,734,400

Source: Financial Advisor.

TABLE NO. B-19
PROJECTED TAX REVENUES
CANYON REDEVELOPMENT PROJECT

	Gross Tax Increment	County Admin Charge	Contractual Tax Sharing								Statutory Tax Sharing	Tax Revenue
			County	Flood Control	CVMAD	Cemetery	Supt of Schools	College District	School District	DWA		
2014	$1,679,000	$(22,200)	$(336,400)	$(56,800)	$(17,400)	$(2,000)	$(31,300)	$(47,900)	$(167,900)	$(6,000)	$ (4,600)	$ 986,500
2015	1,687,000	(22,300)	(338,000)	(57,100)	(17,500)	(2,000)	(31,400)	(48,200)	(168,700)	(6,000)	(5,100)	990,700
2016	1,722,000	(22,700)	(345,000)	(58,300)	(17,900)	(2,000)	(32,100)	(49,200)	(172,200)	(6,100)	(7,200)	1,009,300
2017	1,758,000	(23,200)	(352,200)	(59,500)	(18,300)	(2,100)	(32,800)	(50,200)	(175,800)	(6,300)	(9,400)	1,028,200
2018	1,795,000	(23,700)	(359,700)	(60,800)	(18,600)	(2,100)	(33,500)	(51,200)	(179,500)	(6,400)	(11,600)	1,047,900
2019	1,833,000	(24,200)	(367,300)	(62,000)	(19,000)	(2,200)	(34,200)	(52,300)	(183,300)	(6,500)	(13,800)	1,068,200
2020	1,871,000	(24,700)	(374,900)	(63,300)	(19,400)	(2,200)	(34,900)	(53,400)	(187,100)	(6,700)	(16,100)	1,088,300
2021	1,910,000	(25,200)	(382,700)	(64,600)	(19,800)	(2,300)	(35,600)	(54,500)	(191,000)	(6,800)	(18,400)	1,109,100
2022	1,950,000	(25,700)	(390,700)	(66,000)	(20,300)	(2,300)	(36,300)	(55,700)	(195,000)	(7,000)	(20,800)	1,130,200
2023	1,991,000	(26,300)	(398,900)	(67,400)	(20,700)	(2,400)	(37,100)	(56,800)	(199,100)	(7,100)	(25,300)	1,149,900
2024	2,032,000	(26,800)	(407,100)	(68,800)	(21,100)	(2,400)	(37,900)	(58,000)	(203,200)	(7,300)	(29,800)	1,169,600
2025	2,074,000	(27,400)	(415,600)	(70,200)	(21,500)	(2,500)	(38,700)	(59,200)	(207,400)	(7,400)	(34,400)	1,189,700
2026	2,118,000	(28,000)	(424,400)	(71,700)	(22,000)	(2,500)	(39,500)	(60,500)	(211,800)	(7,600)	(39,200)	1,210,800
2027	2,162,000	(28,500)	(433,200)	(73,200)	(22,500)	(2,600)	(40,300)	(61,700)	(216,200)	(7,700)	(44,000)	1,232,100
2028	2,206,000	(29,100)	(442,000)	(74,700)	(22,900)	(2,600)	(41,100)	(63,000)	(220,600)	(7,900)	(48,900)	1,253,200
2029	2,252,000	(29,700)	(451,200)	(76,200)	(23,400)	(2,700)	(42,000)	(64,300)	(225,200)	(8,000)	(53,900)	1,275,400
2030	2,299,000	(30,300)	(460,600)	(77,800)	(23,900)	(2,700)	(42,800)	(65,600)	(229,900)	(8,200)	(59,100)	1,298,100
2031	2,347,000	(31,000)	(470,300)	(79,400)	(24,400)	(2,800)	(43,700)	(67,000)	(234,700)	(8,400)	(64,300)	1,321,000
2032	2,395,000	(31,600)	(479,900)	(81,100)	(24,900)	(2,800)	(44,600)	(68,400)	(239,500)	(8,500)	(69,600)	1,344,100
2033	2,445,000	(32,300)	(489,900)	(82,800)	(25,400)	(2,900)	(45,600)	(69,800)	(244,500)	(8,700)	(75,100)	1,368,000
2034	2,495,000	(32,900)	(499,900)	(84,500)	(25,900)	(3,000)	(46,500)	(71,200)	(249,500)	(8,900)	(80,600)	1,392,100

Source: Financial Advisor.

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APPENDIX C

CITY OF PALM SPRINGS INFORMATION STATEMENT

General Information

The City of Palm Springs is located at the edge of the Coachella Valley in central Riverside County, sited at the base of Mt. San Jacinto. The City is located 107 miles east of Los Angeles and 120 miles west of the Arizona border. Palm Springs covers a geographical area of 96 square miles. Neighboring communities include Palm Desert, Rancho Mirage, Desert Hot Springs and Cathedral City.

A major Southern California resort destination, Palm Springs attracts both local vacationers, distant "snowbirds" and permanent retirees. Palm Springs is very much an event-oriented city. The Palm Springs International Film Festival is an annual event. With premieres, parties, conferences and celebrations, this festival epitomizes the Palm Springs lifestyle.

The Palm Springs area is well known for its championship golf courses. The Humana Challenge (formerly the Bob Hope Classic), the Kraft Nabisco Championship and the Frank Sinatra Celebrity Invitational Golf Tournament are three well-publicized celebrity events. With over 80 golf courses in the Palm Springs area, the Professional Golf Association holds tournaments in the area several times throughout its annual tour.

There are over 200 hotels and inns in Palm Springs and throughout the Coachella Valley. Accommodating vacationers and visitors plays a major role in the City's economy, providing a significant amount of transient occupancy tax and sales tax.

General Organization

The City of Palm Springs was incorporated as a general law city on April 20, 1938, and, operates under the council/manager form of government. It became a charter city on July 12, 1994. The City is governed by a five-member council consisting of four members each elected at large for four-year alternating terms and a Mayor elected to a four-year term. Positions of City Manager and City Attorney are filled by appointments of the Council. The City of Palm Springs currently employs approximately 403 full-time staff members including sworn officers and fire personnel.

Governmental Services

Public Safety and Welfare

The City of Palm Springs Police Department consists of 132 sworn police officers and non-sworn personnel providing patrol, traffic, animal control and investigations. There are 4 operating fire stations located in and operated by the City, staffed by 57 fire personnel. The City also provides parking control in the downtown business district.

Public Services

Water is supplied to Palm Springs by the Desert Water Agency. Sewer service is provided by the City. Although the City operates two cogeneration facilities which provide electricity to certain municipally owned facilities, Southern California Edison provides electricity to the citizens of the City of Palm Springs. The City owns and operates the Palm Springs International Airport, with 5 major airlines and 8 regional airlines serving over 1.7 million passengers in 2013.

Community Services

Other services provided by the City include building permit and inspection, planning and zoning, landscape and public infrastructure maintenance, street cleaning, traffic signal maintenance, municipal code compliance and rent control.

Parks and Recreation

The City operates the Palm Springs Public Library, a 33,000 square foot facility with over 100,000 items available, as well as free wireless internet access and downloadable books for Kindle. The Village Green, located in the heart of downtown Palm Springs, includes the Historical Society Museum, the Cornelia White historical site and Ruddy's General Store Museum. The Palm Springs Department of Parks and Recreation provides citizens with a variety of park and recreational services on a year round basis. Facilities include two community centers, eight parks, a dog park, an Olympic size community pool, twelve tennis courts, the 18-hole Tahquitz Creek – Legends golf course and the 18-hole Tahquitz Creek – Resort golf course, a 30,000 square feet skate park and five playgrounds, as well as biking and hiking trails. Frances Stevens Park is home to Palm Canyon Theatre, a regional Actors Equity theatre, and an art/festival center.

Community Information

The City of Palm Springs is served by the Palm Springs Unified School District, with 16 elementary schools, 5 middle schools, 3 comprehensive high schools, 1 continuation high school, 2 independent study programs, and an extensive adult education program serving the Coachella Valley. In addition, higher education in the Coachella Valley includes the College of the Desert, a local accredited junior college, with a main campus in Palm Desert, and East Valley Center in Indio, and a planned West Valley Campus in Palm Springs. In the nearby City of Palm Desert, a satellite campus of California State University, San Bernardino ("CSUSB") offers curriculum towards a B.A. in various disciplines as well as Bachelor of vocational education; special B.A. in paralegal administration, and 6 masters degree programs, including education and public administration. Teaching credentials are also available. In addition, CSUSB is currently working with local government agencies to select a site for a permanent independent campus in the Coachella Valley.

Medical services in the Coachella Valley are provided by a number of local and regional facilities. The Desert Regional Medical Center, located in Palm Springs, is a 367-bed acute care regional medical center that is home to the Coachella Valley's only designated trauma center. Eisenhower Medical Center, in nearby Rancho Mirage, is a health care complex comprised of a 542-bed hospital, the Annenberg Center for Health Sciences at Eisenhower, the Barbara Sinatra Children's Center at Eisenhower and the Betty Ford Center on the Eisenhower campus. The 158-bed JFK Memorial Hospital is part of Tenet, California, and is located in Indio.

Palm Springs has many visitor attractions in addition to the weather and championship golf courses. The Palm Springs Aerial Tramway, rising 8,516 feet up Mt. San Jacinto, is the world's largest rotating tramcar. Mt. San Jacinto State Park offers 54 miles of hiking trails located within a 13,000 acre pristine wilderness. Centuries ago, ancestors of the Agua Caliente Cahuilla Indians settled in the Palm Springs area and developed extensive and complex communities in Palm, Murray, Andreas, Tahquitz and Chino Canyons. Many traces of these communities exist in the canyons today, including rock art, house pits and foundations, irrigation ditches, dams, reservoirs, and trails.

The Palm Springs Art Museum is located in downtown Palm Springs, and the museum's extensive permanent collection includes significant works by western, contemporary and glass artists, and features temporary exhibitions from internationally acclaimed artists. Located inside the Palm Springs Art Museum, the Annenberg Theater presents an eclectic mix of live events including national touring companies. In addition, the Palm Springs Air Museum offers one of the world's finest collections of functioning World War II aircraft.

Palm Springs has several special events that attract visitors from near and far: VillageFest, a weekly street fair held every Thursday along Palm Canyon Drive in the heart of the City's downtown; the Festival of Lights parade; Palm Springs Modernism Week; and the Palm Springs International Film Festival. Founded in 1990 by then Mayor Sonny Bono, the Palm Springs International Film Festival celebrated its 25th anniversary in January 2014. The Festival included over 400 screenings of more than 200 films from approximately 60 countries. The Festival presents a majority of the films submitted for consideration in the Best Foreign Language category for the Academy Awards, as well as a large number of American independent and international features and documentaries marking their world, North American or U.S. debuts. Screenings are held on 15 screens throughout Palm Springs. The Festival's Awards Gala draws the biggest actors and actresses, celebrity filmmakers, media, industry professionals and film fans from all over the world to kick off the winter awards season in style.

Transportation

Interstate 10 runs adjacent to Palm Spring's northern City limits. This route provides access to the Southern California freeway system to the west, as well as Arizona to the east. Rail freight service is available from Southern Pacific Transportation. Bus services are provided by Continental Trailways, Greyhound Bus Lines and Sunline System, both local and distant. Palm Springs International Airport is the only commercial airport in Riverside County and is served by 5 major airlines.

Population

The following table provides a comparison of population growth for Palm Springs, surrounding cities and Riverside County between 2010 and 2014. During the winter season, population in Palm Springs increases to approximately 75,000.

TABLE NO. C-1
CHANGE IN POPULATION
PALM SPRINGS, SURROUNDING CITIES AND RIVERSIDE COUNTY
2010 – 2014

	PALM SPRINGS		SURROUNDING CITIES		RIVERSIDE COUNTY	
January 1 Year	Population	Percentage Change	Population	Percentage Change	Population	Percentage Change
2010	44,480		142,359		2,179,692	
2011	44,829	0.8%	144,996	1.9%	2,205,731	1.2%
2012	45,415	1.3%	147,004	1.4%	2,234,209	1.3%
2013	45,724	0.7%	147,790	0.5%	2,255,653	1.0%
2014	46,135	0.9%	148,758	0.7%	2,279,967	1.1%
% Change Between 2010 - 2014		3.7%		4.5%		4.6%

Surrounding cities include Cathedral City, Desert Hot Springs, Palm Desert and Rancho Mirage.

Source: *State of California, Department of Finance, "E-4 Population Estimates for Cities, Counties and the State, 2001-2010, with 2000 & 2010 Census Counts" Sacramento, California, November 2012,* and *"E-4 Population Estimates for Cities, Counties, and the State, 2011-2014, with 2010 Census Benchmark"* Sacramento, California, May 2014.

Per Capita Income

Per capita income information for Palm Springs, Riverside County, the State of California and the United States are summarized in the following table.

TABLE NO. C-2
PER CAPITA INCOME
CITY OF PALM SPRINGS, RIVERSIDE COUNTY, CALIFORNIA AND UNITED STATES [1]
2008 – 2012

Year	Palm Springs	Riverside County	State of California	United States
2008	$29,260	$30,808	$43,609	$40,873
2009	28,883	29,433	41,569	39,357
2010	35,974	29,563	42,297	40,163
2011	36,875	31,074	44,666	42,298
2012	37,498	31,742	46,477	43,735

(1) For Riverside County, State of California and United States, per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2010-2012 reflect county population estimates available as of March 2013.

Note: All state and local area dollar estimates are in current dollars (not adjusted for inflation). Estimates for 2001 forward reflect the results of the comprehensive revision to the national income and product accounts (NIPAs) released in July 2013. This will create a temporary break in BEA’s time series for earlier years.

Last updated: November 21, 2013 - new estimates for 2012; revised estimates for 2001-2011.

Source: U.S. Department of Commerce, Bureau of Economic Analysis; and City of Palm Springs Comprehensive Annual Financial Report.

Employment

As of February 2014, the civilian labor force for the City was approximately 27,800 of whom 25,700 were employed. The unadjusted unemployment rate as of February 2014 was 7.3% for the City as compared to 9.5% for the County and 8.5% for the State. Civilian labor force, employment and unemployment statistics for the City, County, the State and the nation, for the years 2009 through 2013 are shown in the following table:

TABLE NO. C-3
CITY OF PALM SPRINGS
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES

Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2009				
City of Palm Springs	26,300	23,600	2,700	10.4%
Riverside County	917,100	794,400	122,800	13.4%
California	18,220,100	16,155,000	2,065,100	11.3%
United States	154,142,000	139,877,000	14,265,000	9.3%
2010				
City of Palm Springs	26,900	23,800	3,100	11.3%
Riverside County	939,500	803,300	136,200	14.5%
California	18,336,300	16,068,400	2,267,900	12.4%
United States	153,889,000	139,064,000	14,285,000	9.6%
2011				
City of Palm Springs	27,000	24,100	2,900	10.7%
Riverside County	942,200	812,800	129,400	13.7%
California	18,417,900	16,249,600	2,168,300	11.8%
United States	153,617,000	139,869,000	13,747,000	8.9%
2012				
City of Palm Springs	27,400	24,800	2,600	9.4%
Riverside County	950,600	835,200	115,400	12.1%
California	18,519,000	16,589,700	1,929,300	10.4%
United States	154,975,000	142,469,000	12,506,000	8.1%
2013				
City of Palm Springs	27,600	25,400	2,200	7.9%
Riverside County	953,200	855,300	97,900	10.3%
California	18,596,800	16,933,300	1,663,500	8.9%
United States	155,389,000	143,929,000	11,460,000	7.4%

Source: California State Employment Development Department and United States Bureau of Labor Statistics.

The City is located in the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA). As of February 2014, six major job categories constitute 79.7% of the work force. They are government (18.1%), service producing (17.6%), educational and health services (14.9%), leisure and hospitality (11.3%), professional and business services (10.8%), and manufacturing (7.0%). The number of wage and salary workers by industry for each of the years 2009 through 2013 in the MSA is presented in Table No. C-4 below.

TABLE NO. C-4
RIVERSIDE-SAN BERNARDINO-ONTARIO MSA
WAGE AND SALARY WORKERS BY INDUSTRY (1)
(in thousands)

Industry	**2009**	**2010**	**2011**	**2012**	**2013**
Government	237.3	231.5	228.1	227.2	228.1
Other Services	37.5	38.5	39.2	40.2	39.2
Leisure and Hospitality	122.8	124.0	127.5	133.8	142.0
Educational and Health Services	153.7	156.7	164.2	178.8	187.5
Professional and Business Services	119.5	125.1	126.6	129.5	135.8
Financial Activities	41.1	40.4	39.8	41.7	42.3
Information	14.2	12.6	11.7	11.3	11.2
Transportation, Warehousing and Utilities	65.3	67.7	70.7	76.6	79.9
Service Producing					
Retail Trade	153.0	155.0	158.8	161.1	165.3
Wholesale Trade	48.3	48.7	49.4	54.8	56.8
Manufacturing					
Nondurable Goods	29.6	29.0	29.0	29.9	29.6
Durable Goods	54.7	55.0	56.5	56.4	57.5
Goods Producing					
Construction	58.5	57.0	58.0	66.3	69.3
Mining and Logging	1.0	1.0	1.2	1.2	1.1
Total Nonfarm	1,136.6	1,142.1	1,160.7	1,208.8	1,245.6
Farm	12.4	13.8	12.8	12.7	12.8
Total (all industries)	1,149.0	1,155.9	1,173.5	1,221.5	1,258.4

(1) Annually, as of February.

Source: State of California Employment Development Department, Labor Market Information Division, "*Industry Employment & Labor Force - by month March 2013 Benchmark.*"

TABLE NO. C-5
CITY OF PALM SPRINGS
MAJOR EMPLOYERS

The major employers operating within the City and their respective number of employees as of June 30, 2013 are as follows:

Name of Company	Employment	Type of Business/Service
Western Pacific Roofing Corp.	100-249	Roofing Contractor
Care Fusion	250-499	Medical Equipment – Manufacturing
VIP Motor Cars Ltd.	100-249	Car Dealership
Lowe's Home Improvement	100-249	Home Improvement Products
Stater Brothers Markets	100-249	Grocery Store
Walmart Supercenter	250-499	Discount Store
US Post Office	100-249	Government
Desert Sun	250-499	Daily Newspaper
Coldwell Banker	100-249	Real Estate
Tarbell Realtors	100-249	Real Estate

Source: City of Palm Springs/California State Employment Development Department.

Commercial Activity

The following table summarizes the volume of retail sales and taxable transactions for the City of Palm Springs for 2008 through 2012 (the most recent year for which statistics are available from the State Board of Equalization for the full year).

TABLE NO. C-6
CITY OF PALM SPRINGS
TOTAL TAXABLE TRANSACTIONS
(in $ thousands)
2008 – 2012

Year	Retail and Food Services ($000's)	% Change	Retail and Food Services Permits	Total Taxable Transactions ($000's)	% Change	Issued Sales Permits
2008	$648,728		1,059	$826,056		2,043
2009	579,183	(10.7%)	1,298	763,354	(7.6%)	1,865
2010	610,488	5.4%	1,320	806,540	5.7%	1,869
2011	662,012	8.4%	1,409	880,426	9.2%	1,973
2012	728,329	10.0%	1,459	955,731	8.6%	2,036

Source: State Board of Equalization, *"Taxable Sales in California."*

The following table compares taxable transactions for the City of Palm Springs and surrounding cities for the years 2008 through 2012 (the most recent year for which statistics are available from the State Board of Equalization for the full year).

TABLE NO. C-7
CHANGE IN TOTAL TAXABLE TRANSACTIONS
PALM SPRINGS AND SURROUNDING CITIES
(in $ thousands)
2008 – 2012

City	2008	2009	2010	2011	2012	% Change from 2008 - 2012
PALM SPRINGS	$ 826,056	$ 763,354	$ 806,540	$ 880,426	$ 955,731	15.7%
Cathedral City	649,612	546,894	559,069	606,771	648,817	(0.1%)
Palm Desert	1,447,663	1,213,935	1,266,834	1,384,208	1,470,982	1.6%

Source: State Board of Equalization, *"Taxable Sales in California."*

Taxable transactions by type of business for the City of Palm Springs for 2008 through 2012 (the most recent year for which statistics are available from the State Board of Equalization for the full year) are summarized in Table No. C-8.

TABLE NO. C-8
CITY OF PALM SPRINGS
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
(in $ thousands)
2008 – 2012

	2008	2009	2010	2011	2012
Retail and Food Services					
Clothing and Clothing Accessories Stores	$ 17,289	$ 31,268	$ 33,871	$ 35,678	$ 39,934
General Merchandise Stores	98,333	#	#	#	#
Food and Beverage Stores	38,979	41,454	42,565	44,267	49,225
Food Services and Drinking Places	158,015	152,975	160,993	177,414	193,066
Home Furnishings and Appliance Stores	9,067	6,661	9,974	11,699	12,737
Building Materials and Garden Equipment and Supplies	83,112	75,080	77,396	81,638	89,755
Motor Vehicle and Parts Dealers	#	#	#	#	#
Gasoline Stations	126,937	82,493	92,823	103,943	122,154
Other Retail Group	116,997 #	189,253 #	192,866 #	207,373 #	221,458 #
Total Retail and Food Services	**648,729**	**579,184**	**610,488**	**662,012**	**728,329**
All Other Outlets	177,327	184,170	196,053	218,415	227,402
Total All Outlets	**$826,056**	**$763,354**	**$806,540**	**$880,426**	**$955,731**

Note: Detail may not compute to total due to rounding.

Sales omitted because their publication would result in the disclosure of confidential information. These are included with "Other Retail Group" when possible.

Source: California State Board of Equalization, *"Taxable Sales in California."*

Building Activity

The following table summarizes building activity valuations for the City of Palm Springs for the five fiscal years 2009/10 through 2013/14.

TABLE NO. C-9
CITY OF PALM SPRINGS
BUILDING ACTIVITY AND VALUATION
2009/10 - 2013/14

	2009/10	2010/11	2011/12	2012/13	2013/14 [1]
Residential	$ 26,296,601	$ 34,155,766	$ 32,659,420	$ 63,187,869	$ 61,087,391
Commercial	29,845,959	63,200,296	46,516,379	36,836,647	51,693,758
Total Valuation	**$ 56,142,560**	**$ 97,356,062**	**$ 79,175,799**	**$100,024,516**	**$112,781,149**
Number of New Residential Units	**40**	**92**	**111**	**162**	**139**

(1) Year-to-date through May 31, 2014.

Source: City of Palm Springs.

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APPENDIX D

CITY AUDITED FINANCIAL STATEMENTS

In accordance with the timeline set forth in the Dissolution Act all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (agency trust fund), which is in accordance with guidance issued by the State Department of Finance and available on its website as of February 4, 2013, interpreting Section 34177(n) of the California Health and Safety Code concerning certain successor agency postaudit obligations. No separate audited financial statement has been prepared by the Successor Agency for the year ended June 30, 2013, but the financial information for the Successor Agency is incorporated into the City of Palm Springs' Comprehensive Annual Financial Report included in this "APPENDIX D." The financial information for the Successor Agency can be found on pages 38 and 38 of the Comprehensive Annual Financial Report and Note 15 starting on page 79 of the Comprehensive Annual Financial Report. Investors should only consider the information set forth on such pages; the Successor Agency does not take any responsibility for any other information in the Comprehensive Annual Financial Report.

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Comprehensive Annual Financial Report

Fiscal year ended June 30, 2013

CITY OF PALM SPRINGS, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared By:
Finance Department

Geoffrey Kiehl

Director of Finance and Treasurer

Nancy E. Klukan

Assistant Director of Finance

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CITY OF PALM SPRINGS

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City of Palm Springs

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

December 20, 2013

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

The comprehensive annual financial report (CAFR) of the City of Palm Springs for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. This report has been reformatted to comply with the new financial reporting model outlined in the Governmental Accounting Standards Board (GASB) Statement 34, which significantly changes the content and format of the City's financial statements.

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

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

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

The City of Palm Springs provides a full range of services including public safety, highways and streets, sanitation, culture and recreation, aviation, public improvements, planning and zoning, community development and general administrative services. In addition to general government activities, the City serves as the Successor Agency for the former Community Redevelopment Agency of the City of Palm Springs, and is considered to be financially accountable for the Palm Springs Financing Authority; therefore, these activities are included in the reporting entity.

GENERAL INFORMATION

The City of Palm Springs, incorporated in 1938, is located in the western part of the Coachella Valley, one of the fastest growing regions of the State. The full time population of 45,907 increases substantially in the tourist season (approximately November through May) with the influx of part-time residents and hotel visitors.

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

ECONOMIC CONDITION AND OUTLOOK

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

Transient Occupancy Tax was the bright spot this year, with collections up 8.5% compared to the prior year. This significant increase can be attributed to the combination of increased marketing efforts internationally and to the drive market, a $200 million in reinvestment in the City's hotel stock made through the Hotel Incentive Program, increased airline routes and seat capacity made through the Airline Incentive Program which led to WestJet, United, Alaska, Frontier, Allegiant, and Virgin America adding or expanding service, and the continuing TOT audits of all hotels, motels, and vacation rental properties.

Sales Tax collections increased about 7.1%. Retail sales and Restaurants continue to show strong numbers, adding to gains from the last three years. Beginning April 1, 2012, we began collecting an additional 1% as a result of 'Measure J' which was approved in November, 2011 by the citizens of Palm Springs. See more on 'Measure J' below.

Property Taxes in the General Fund increased by $0.4 million or 2.3% over the prior year. Overall, these revenues had decreased a total of $2.9 million or 14.9% since the 2007-2008 fiscal year, so this modest rebound was a welcome relief. This is primarily the result of increases from new commercial and residential development being greater than the decreases from property tax reassessments. Though property taxes have traditionally been our largest source of General Fund revenue, last fiscal year it dropped to #3 behind transient occupancy taxes and sales taxes, so this continues to be our largest area of concern on the revenue-side of our budget.

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

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

MAJOR INITIATIVES FOR THE YEAR

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

In addition to funding the Museum Market Plaza Specific Plan, the Measure J sales tax revenue are funding about $15 million per year in various capital projects throughout the City. Chief among these is $4 million going towards much needed streets resurfacing, repairs, and reconstruction. Another $1.7 million has been allocated to 55 other public works thus far with others yet to be determined. Over the coming 25 years, the use of these general revenue sales taxes are planned to go towards a variety of areas including but not limited to police, fire, library renovation, park safety and improvements, street resurfacing, repair, and reconstruction, bicycle lanes, property acquisition for preservation, public parking, vehicle replacement, and a variety of public works projects.

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

FOR THE FUTURE

Downtown development plans include the creation of the Museum Market Plaza on the site of the Desert Fashion Plaza which was closed twenty years ago in 1992. Plans are also on track for a new Kimpton Hotel to be an anchor for this site. The Hotel Zoso has been converted to a new Hard Rock Hotel, which has partnered with Goldenvoice, the producers of the Coachella Music Festival, to bring popular music acts to Palm Springs. New hotels include a new 32-room boutique Arrive Hotel, the Sparrows Hotel, and a Marriott Autograph Collection hotel in the Uptown Design District. The Hilton and other hotels in the downtown area have renovation projects in progress or planned.

The City was also selected as the site for the western campus for the College of the Desert expansion. Phase I includes a $43,000,000 budget of bond funds going towards 50,000 square feet of new LEED Gold certified buildings that will break ground in the Spring of 2014 and be completed in the Winter of 2015. At full build-out the site is planned to accommodate 650,000 square feet of new building space. This will allow greater educational opportunities for the citizens of Palm Springs and their children. It will likely bring additional commercial development to north Palm Springs.

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

FINANCIAL INFORMATION

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

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

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2012 provided no instances of material weaknesses in the internal control structure or signification violations of applicable laws and regulations.

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

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

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

Appropriation Limitation. As required by Article XIII B of the California Constitution, the City's appropriation limitation for 2012-2013 expenditures was calculated at $127,707,125. Appropriations subject to limitation totaled $72,266,270, or $55,440,855 below the City's legal appropriation limit. All of the City's proprietary funds are exempt, as are federal funds.

Debt Administration. As of June 30, 2013, the total remaining principal on the long-term debt of the City and its related entities is $234,316,554.

OTHER INFORMATION

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

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palm Springs for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the 24th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Geoffrey S. Kiehl

Geoffrey S. Kiehl
Director of Finance and Treasurer

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CITY OF PALM SPRINGS

List of Principal Officials

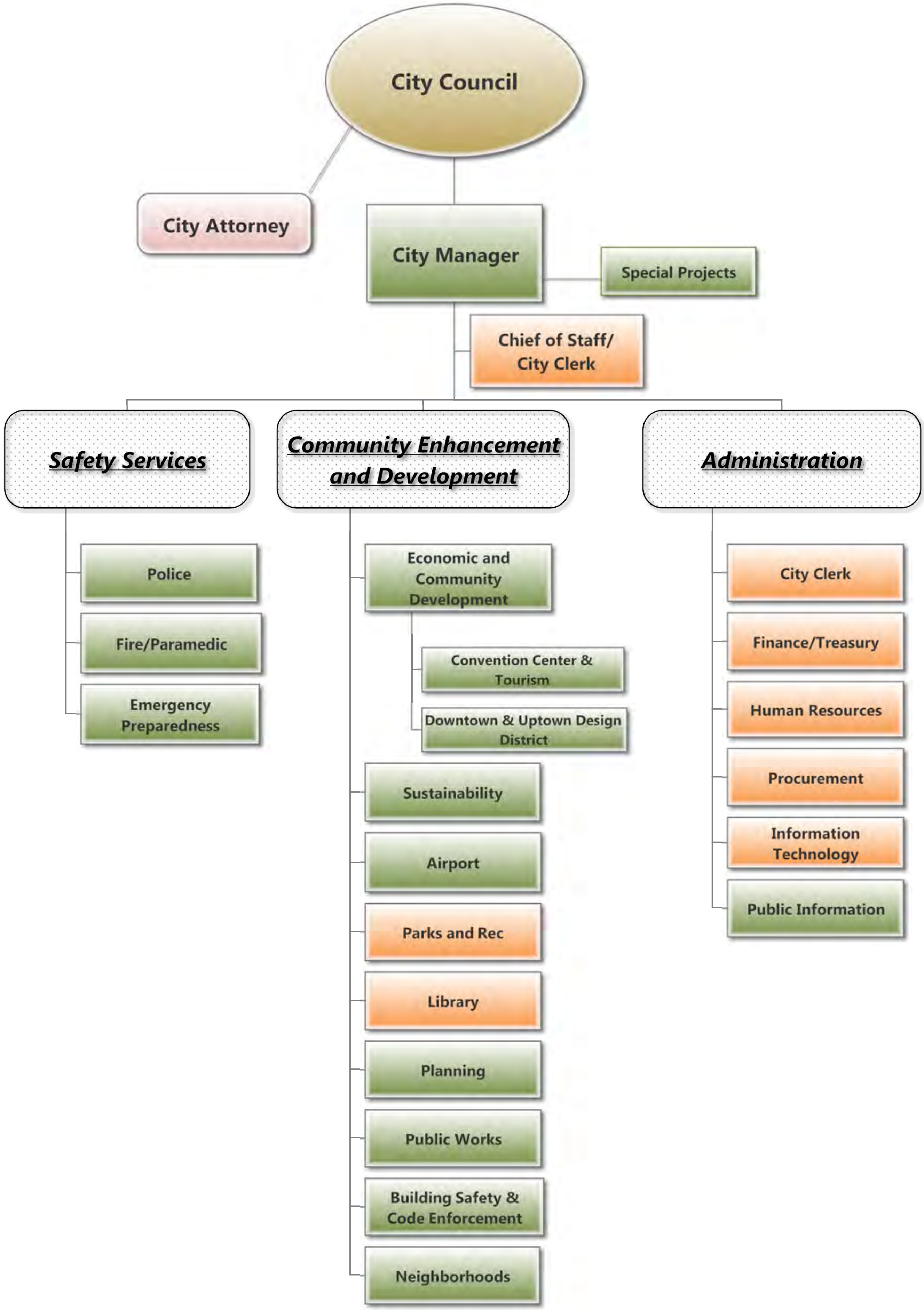
June 30, 2013

CITY COUNCIL

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

EXECUTIVE MANAGEMENT

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


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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Palm Springs

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Lance, Soll & Lunghard, LLP 203 North Brea Boulevard • Suite 203 • Brea, CA 92821 • TEL 714.672.0022 • Fax 714.672.0331 **www.lslcpas.com**
Orange County Temecula Valley Silicon Valley Los Angeles County

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

Lance, Soll & Lunghard, LLP

Brea, California
December 20, 2013

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

The following discussion and analysis of the financial performance of the City of Palm Springs provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements.

  - The *governmental funds* statements tell how *general government* uses services like public safety were financed in the *short term* as well as what remains for future spending.
  - *Proprietary fund* statements offer *short*- and *long-term* financial information about the activities the government operates like businesses, such as the water and sewer system.
  - *Fiduciary fund* statements provide information about the fiduciary relationships – like the agency funds of the City – in which the City acts solely as *agent* or *trustee* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

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

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures and changes in fund balances	• Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's fiduciary funds do not currently contain capital assets, although they can.
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid.

Reporting the City as a Whole

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

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

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

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

Reporting the City's Major Funds

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

- *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.

<u>Reporting the City's Fiduciary Responsibilities</u>

The City is an agent for certain assets held for, and under the control of, other organizations and individuals. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the government-wide *statement of net position* follows:

Table 1
Net Position (in thousands)

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

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

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

Table 2
Changes in Net Position (in thousands)

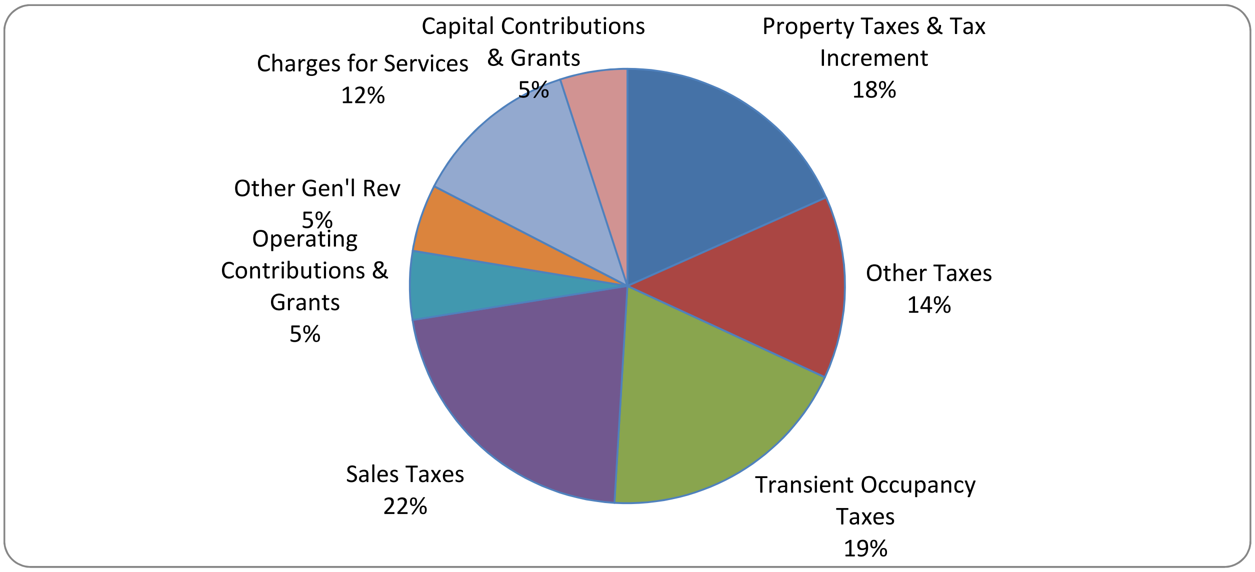
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	$ 12,632	$ 11,872	$ 33,615	$ 31,355	$ 46,247	$ 43,227
Operating contributions & grants	5,193	7,382	-	-	5,193	7,382
Capital contributions & grants	5,093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

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

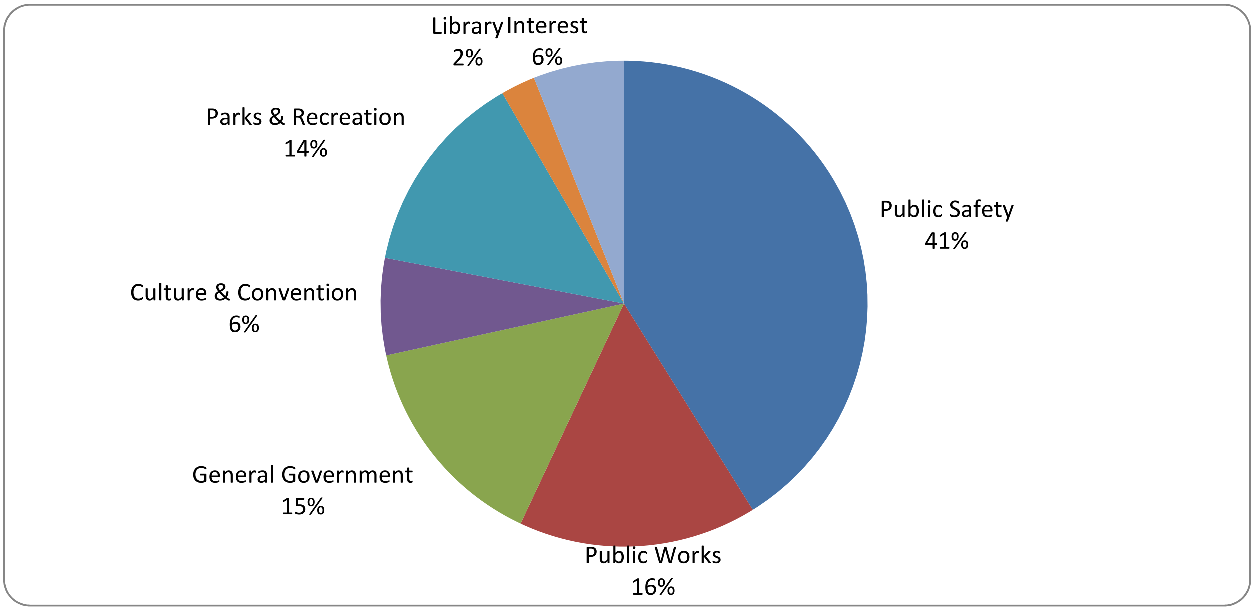
The reasons for significant changes in the revenues and expenses of the City's governmental activities presented above are as follows:

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

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities

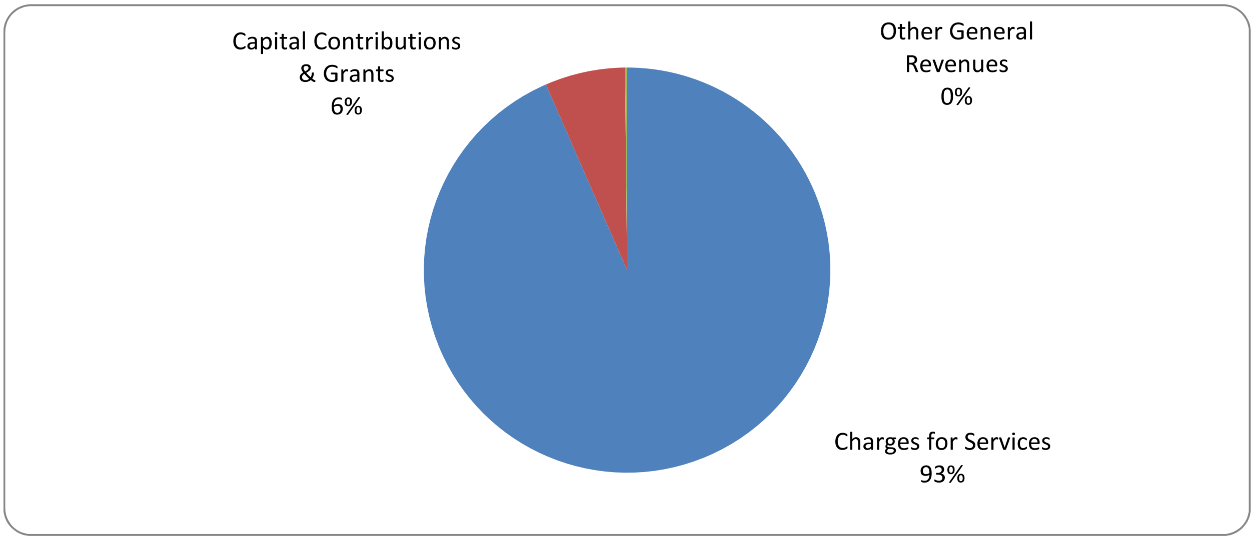


Business-Type Activities

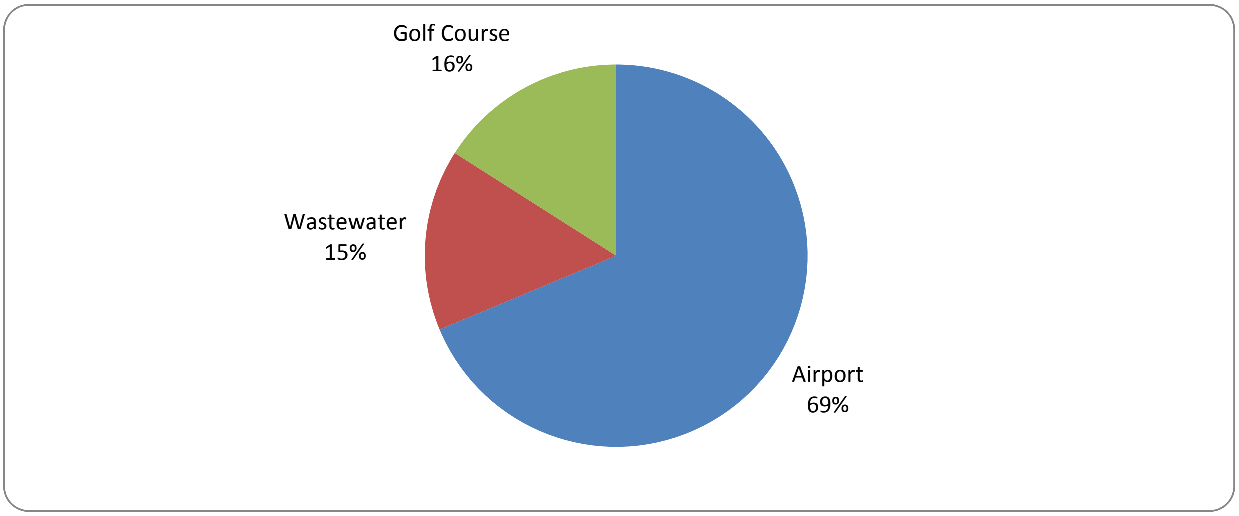
Revenues of the City's business-type activities (see Table 2) were higher than the previous year, increasing 5.3% from $34.2 million to $36.0 million.

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

Revenues by Source – Business-type Activities



Expenses by Function – Business-type Activities



MAJOR FUNDS

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements.

Major Governmental Funds. The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $12.8 million, while total fund balance reached $22.9 million. As a measure of the general fund's liquidity, unassigned fund balance represents 18.2% of total general fund expenditures and interfund transfers out (excluding Measure J sales tax), while total fund balance represents 32.7% of that same amount.

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

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

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

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

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

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

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

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

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

GENERAL FUND BUDGET

There was only a minor difference between the original budget and final budget for revenue in the General Fund. The increase was $0.4 million. It was mainly from one-time funds from the closeout of the Economic Recovery Plan Fund, to record unanticipated contributions, and to an increase in the Transient Occupancy Tax budget for resort fees and charges for services.

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

Mostly due to higher than anticipated transient occupancy taxes, sales taxes, and interfund transfers in from other funds, there was $7.9 million more in actual revenues received over the final budget for revenues in the General Fund.

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

CAPITAL ASSETS

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

Capital Assets
(in thousands, net of depreciation)

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

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

LONG-TERM DEBT

As of June 30, 2013, the City had bonded and certificates of participation debt outstanding of \$234.3 million. The City has no General Obligation debt. The table below summarizes the information presented in Note 6 in the Notes to the Basic Financial Statements.

Long Term Debt
(in thousands)

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

State statutes limit the amount of general obligation debt a city may issue to 15% of its total assessed valuation. The current debt limitation for the City is \$334 million and the legal debt margin is \$201 million. The City has no outstanding general obligation debt. See the Statistical Section accompanying the financial statements.

Contacting the City's Financial Management

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

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STATEMENT OF NET POSITION
JUNE 30, 2013

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

See Notes to Financial Statements

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STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

		Program Revenues		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	$ 11,981,549	$ 3,552,667	$ 1,021,328	$ -
Public safety	38,070,130	2,843,908	1,607,151	1,733,270
Cultural and convention center	5,961,041	-	-	-
Parks and recreation	12,150,464	1,614,526	581	644,213
Public works	14,674,398	4,582,804	2,562,700	2,715,781
Lease	1,521,607	-	-	-
Library	2,125,382	38,172	856	-
Interest on long-term debt	5,565,437	-	-	-
Total Governmental Activities	**92,050,008**	**12,632,077**	**5,192,616**	**5,093,264**
Business-Type Activities:				
Airport	25,581,945	21,745,074	-	2,290,385
Wastewater	5,711,562	7,019,449	-	-
Golf Course	5,948,442	4,850,343	-	-
Total Business-Type Activities	**37,241,949**	**33,614,866**	**-**	**2,290,385**
Total Primary Government	**$ 129,291,957**	**$ 46,246,943**	**$ 5,192,616**	**$ 7,383,649**

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

Total General Revenues, Extraordinary Items and Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

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

See Notes to Financial Statements

CITY OF PALM SPRINGS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

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

See Notes to Financial Statements

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

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

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CITY OF PALM SPRINGS

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

Fund balances of governmental funds		$ 85,639,465
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		250,945,285
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Bonds payable	$ (140,214,320)	
Unamortized bond premiums/discounts	(2,113,733)	
Compensated Absences	(5,092,988)	(147,421,041)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.		(24,715,030)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(1,620,029)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		9,348,144
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		14,466,556
Net Position of governmental activities		**$ 186,643,350**

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

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

Net change in fund balances - total governmental funds		$ 11,060,606
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	$ 8,926,703	
Depreciation	(11,592,393)	
Gain/(loss) on sale of capital assets	195,169	(2,470,521)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repayments	3,775,909	
Amortization of bond premiums/discounts	149,540	3,925,449
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		109,998
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(173,522)
Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.		(4,465,436)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		(276,104)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.		(181,727)
Extraordinary gains and losses		(6,612,177)
Change in net position of governmental activities		**$ 916,566**

BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2013

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

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CITY OF PALM SPRINGS

BUDGETARY COMPARISON STATEMENT
HOUSING
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

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

See Notes to Financial Statements

CITY OF PALM SPRINGS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Governmental Activities- Internal Service Funds
Assets:	
Current:	
Cash and investments	$ 14,041,465
Receivables:	
Accounts	303,892
Accrued interest	307,732
Prepaid costs	-
Due from other governments	-
Inventories	158,668
Net pension asset	21,277,296
Restricted:	
Cash with fiscal agent	-
Total Current Assets	**36,089,053**
Noncurrent:	
Advances to other funds	1,430,000
Capital assets - net of accumulated depreciation	6,032,811
Total Noncurrent Assets	**7,462,811**
Total Assets	**43,551,864**
Deferred Outflows of Resources:	
Deferred charge on refunding	-
Total Deferred Outflows of Resources	**-**
Total Assets and Deferred Outflows of Resources	**$ 43,551,864**
Liabilities and Net Position:	
Liabilities:	
Current:	
Accounts payable	$ 697,926
Accrued liabilities	33,257
Accrued interest	95,855
Deposits payable	-
Due to other funds	-
Accrued compensated absences	43,770
Accrued claims and judgments	4,796,033
Bonds, notes, and capital leases	559,815
Total Current Liabilities	**6,226,656**
Noncurrent:	
Advances from other funds	-
Accrued compensated absences	107,610
Accrued claims and judgments	23,010
Bonds, notes, and capital leases	22,728,032
Total Noncurrent Liabilities	**22,858,652**
Total Liabilities	**29,085,308**
Net Position:	
Net investment in capital assets	5,381,751
Restricted for debt service	-
Unrestricted	9,084,805
Total Net Position	**14,466,556**
Total Liabilities and Net Position	**$ 43,551,864**

See Notes to Financial Statements

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

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

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

See Notes to Financial Statements

CITY OF PALM SPRINGS

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

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

See Notes to Financial Statements

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

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

CITY OF PALM SPRINGS

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

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

See Notes to Financial Statements

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

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

a. Description of Reporting Entity

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

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

Blended Component Units

City of Palm Springs Financing Authority

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

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

b. Government-wide and Fund Financial Statements

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Fiduciary Funds/Accounts

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

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

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

d. Property Taxes

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

The property tax calendar is as follows:

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

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

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

e. Cash and Cash Equivalents

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

f. Cash and Investments

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

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

g. Inventories

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

Note 1: Summary of Significant Accounting Policies (Continued)

h. Capital Assets

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

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

The following schedule summarizes capital asset useful lives:

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

i. Deferred outflows/inflows of resources

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

j. Net position flow assumption

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

k. Fund balance flow assumptions

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

l. Land Held for Resale

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

m. Compensated Absences

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

n. Claims and Judgments

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

o. Fund Equity

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

p. Use of Estimates

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

Note 2: Stewardship, Compliance, and Accountability

a. Budgetary Control and Accounting

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

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

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

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

b. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2013, there were no expenditures that exceeded appropriation at the fund level for the General Fund and Major Special Revenue Funds.

c. Deficit Fund Equity /Net Position

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

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

The deficits will be recovered through future revenues and transfers.

Note 3: Cash and Investments

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

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

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

Cash on hand	$	8,000
Deposits with financial institutions		15,239,974
Investments		120,376,745
Total cash and investments	$	135,624,719

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

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

Deposits

At June 30, 2013, the carrying amount of the City's demand deposits was $15,239,974 and the bank balance was $15,795,513. The $555,539 difference represents outstanding checks, deposits in transit, and other reconciling items.

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

Note 3: Cash and Investments (Continued)

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

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

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

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

Note 3: Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

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

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

		Remaining Maturity (in Months)		
Investment Type	Fair Value	12 Months or Less	13-24 Months	25-60 Months
Local Agency Investment Fund	$ 15,027	$ 15,027	$ -	$ -
Federal Agency Securities	44,208,190	-	995,080	43,213,110
Medium Term Notes	1,677,875	-	995,080	682,795
Cal Trust -Money Market	56,189,661	56,189,661	-	-
Fiscal Agent				
Mutual Funds -Money Market	10,609,298	10,609,298	-	-
Federal Agency Securities	7,676,694	7,676,694	-	-
	$ 120,376,745	$ 74,490,680	$ 1,990,160	$ 43,895,905

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.

			Rating as of Year End			
Investment Type:	Fair Value	Minimum Credit Rating	AAA	AA+	A-1	Not Rated
Local Agency Investment Fund	$ 15,027	N/A	$ -	$ -	$ -	$ 15,027
Federal Agency Securities	44,208,190	AA+	-	44,208,190	-	-
Medium Term Notes	1,677,875	A	682,795	-	995,080	-
Cal Trust -Money Market	56,189,661	AAA	56,189,661	-	-	-
Fiscal Agent						
Mutual Funds -Money Market	10,609,298	AAA	10,609,298	-	-	-
Federal Agency Securities	7,676,694	N/A	-	7,676,694	-	-
	$120,376,745		$ 67,481,754	$ 51,884,884	$ 995,080	$ 15,027

Note 3: Cash and Investments (Continued)

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Securities	$ 8,802,700
Federal Home Loan Mortgage Corp.	Federal Agency Securities	17,755,960
Federal National Mortgage Assoc.	Federal Agency Securities	12,729,260

Custodial Credit Risk

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

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

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

Investment in State Investment Pool

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

Note 4: Interfund Receivables, Payables and Transfers

Due to/Due From

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

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

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

Advances

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

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

(a) The Golf Course Fund initially received $2,000,000 from the General Fund payable at 6% over 20 years. The City has elected to not accrue any interest and the Golf Course has not made any interest payments. At June 30, 2013, the outstanding balance is $1,210,000.

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

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

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

Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity

Transfers In	Transfers Out	Amount	
General Fund	Nonmajor Governmental Funds	$ 600,000	(a)
	Airport Enterprise Fund	287,500	(a)
Nonmajor Governmental Funds	General Fund	11,799,831	(b)
	Special Assessments Fund	212,880	(c)
	Nonmajor Governmental Funds	2,949,862	(d)
Golf Course Enterprise Fund	General Fund	2,239,665	(e)
		$ 18,089,738	

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

(b) Transfers from the General Fund to Nonmajor Governmental Funds were for debt service and operational costs. The majority of this amount, $11,046,045, relates to transfers to the Measure J fund.

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

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

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

Note 5: Capital Assets

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

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

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

Note 5: Capital Assets (Continued)

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

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

Airport	$ 7,998,608
Wastewater	1,541,721
Golf course	571,365
Total depreciation	$ 10,111,694

Note 6: Long-Term Liabilities

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

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

Government compensated absences are generally liquidated by the General Fund.

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

Note 6: Long-Term Liabilities (Continued)

Special Assessment Debt with Government Commitment

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

A.D. 157/158	
$2,345,000 Bonds issued August 9, 2001; Bonds mature between September 2, 2002 and September 2, 2012 in amounts ranging from $95,000 through $290,000; Bonds maturing on any March 2 or September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 102% of principal amount; secured by tax bills sent to property owners; interest rates range between 3.80% and 5.70%; no reserve is required as Bond was paid in full as of June 30, 2013.	$ -
A.D. 161	
$4,752,500 Bonds issued February 5, 2004; Bonds mature between September 2, 2005 and September 2, 2024 in amounts ranging from $117,500 through $245,000; Bonds maturing on any March 2 or September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 102% of principal amount; secured by special assessment billed on the tax roll and sent to property owners; interest rates range between 1.65% and 5.65%; reserve of $349,988 is required which is fully funded at June 30, 2013.	3,560,000
A.D. 162	
$1,300,000 bonds issued November 10, 2004; bonds mature between September 2, 2006 and September 2, 2022, in amounts ranging from $39,000 through $65,000; bonds maturing on any March 2 or September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 102% of principal amount; secured by special assessment billed on the tax roll and sent to property owners; interest rates range between 2,60% and 5.60%; reserve of $99,298 is required which is fully funded at June 30, 2013.	995,000
A.D. 164	
$3,806,000 bonds issued July 12, 2005; bonds mature between September 2, 2007 and September 2, 2030 in amounts ranging from $95,000 through $215,000; bonds maturing on any September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 103% of principal amount; secured by special assessment billed on the tax roll and sent to property owners; interest rates range between 3.00% and 5.15%; reserve of $277,144 is required which is fully funded at June 30, 2013.	3,145,000
Total Special Assessment Debt with Government Commitment	$7,700,000

Note 6: Long-Term Liabilities (Continued)

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

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

Capital Lease Obligations

Fire Vehicles Lease (OshKosh #1)

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

The financing was obtained from OshKosh Capital, for $821,559 with an interest rate of 4.6% and annual payments ranging from $95,169 to $258,667 through the end of the lease (August 2013). The outstanding balance at June 30, 2013, is $90,984.

Fire Vehicles Lease (OshKosh #2)

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

The financing was obtained from OshKosh Capital, for $913,648 with an interest rate of 5.38% and annual payments of $130,725 through the end of the lease (October 2017). The outstanding balance at June 30, 2013, is $560,076.

Note 6: Long-Term Liabilities (Continued)

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

Year Ending June 30	OshKosh#1	OshKosh#2
2014	$ 95,170	$ 130,725
2015	-	130,725
2016	-	130,725
2017	-	130,725
2018	-	130,725
Subtotal	95,170	653,625
Less: Amount representing interest	(4,186)	(93,549)
Total	$ 90,984	$ 560,076

Motorola Communications Equipment

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

The financing was obtained from Municipal Finance Corporation in December 2008, for $3,366,478 with an interest rate of 4.35% and annual payments of $422,319 through the end of the lease (December 2019). The outstanding balance at June 30, 2013, is $2,188,852.

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

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

Notes Payable

California Energy Commission

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

Note 6: Long-Term Liabilities (Continued)

Chino Cinega Foundation

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

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

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

Bonds Payable

Governmental Activities:

2004 A Convention Center Lease Revenue Bonds

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

2012 A Convention Center Lease Revenue Bonds

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

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

Note 6: Long-Term Liabilities (Continued)

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

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

June 30	2004 Convention Center Lease Revenue Bonds		2012 Convention Center Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2014	$ 765,000	$ 2,921,088	$ 1,205,000	$ 753,213
2015	835,000	2,881,087	1,200,000	729,163
2016	850,000	2,838,963	1,255,000	698,338
2017	885,000	2,794,481	1,305,000	659,938
2018	1,000,000	2,745,000	1,280,000	621,163
2019-2023	4,560,000	12,917,325	8,305,000	2,434,725
2024-2028	7,840,000	11,847,000	8,250,000	539,819
2029-2033	21,340,000	7,414,000	-	-
2034-2038	15,835,000	1,337,463	-	-
Total	$ 53,910,000	$ 47,696,407	$ 22,800,000	$ 6,436,359

2007 Refunding Lease Revenue Bonds

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

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

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

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

Note 6: Long-Term Liabilities (Continued)

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

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

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

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

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

2012 Lease Revenue Refunding Bonds, Series B

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

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

Note 6: Long-Term Liabilities (Continued)

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

June 30	Principal	Interest
2013 - 2014	$ 1,245,000	$ 1,939,313
2014 - 2015	1,285,000	1,901,963
2015 - 2016	1,335,000	1,850,563
2016 - 2017	1,390,000	1,797,163
2017 - 2018	1,445,000	1,741,563
2018 - 2023	8,130,000	7,794,013
2023 - 2028	10,225,000	5,704,488
2028 - 2033	12,810,000	3,125,825
2033 - 2038	5,965,000	408,038
Totals	$ 43,830,000	$ 26,262,929

2007 Taxable Pension Obligation Bonds

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

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

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

Note 6: Long-Term Liabilities (Continued)

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

Year Ending June 30	Series A-1 Principal	Series A-1 Interest	Series A-2 Principal	Series A-2 Interest
2014	$ -	$ 814,648	$ 241,808	$ 232,996
2015	-	814,648	260,920	220,277
2016	-	814,648	277,749	206,370
2017	-	814,648	289,840	191,483
2018	-	814,648	299,827	175,657
2019-2023	2,765,000	3,746,473	497,090	773,732
2024-2028	3,530,000	2,760,216	935,623	628,212
2029-2033	3,850,000	2,257,146	1,367,972	155,101
2034-2038	4,645,000	392,946	-	-
Total	$ 14,790,000	$ 13,230,021	$ 4,170,829	$ 2,583,828

Certificates of Participation

2002A Taxable Variable Rate Certificates of Participation

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

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

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

Note 6: Long-Term Liabilities (Continued)

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

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

Business-type Activities:

Capital Lease Obligation

Golf Course Maintenance Equipment

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

The financing was obtained from Turf Star Inc., for $294,452 with an interest rate of 5.42% and annual payments ranging from $13,675 to $82,049 through the end of the lease. The outstanding balance at June 30, 2013, is $167,372.

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

Year Ending June 30	
2014	$ 82,050
2015	82,049
2016	13,674
Subtotal	177,773
Less: Amount representing interest	(10,401)
Total	$ 167,372

Note 6: Long-Term Liabilities (Continued)

Bonds Payable

1998 Airport Passenger Facility Charge Revenue Bonds

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

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

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

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

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

The required reserve for the 1998 Airport Passenger Facility Charge Revenue Bonds is $851,908. At June 30, 2013, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2013, is $8,705,000 net of $129,450 of unamortized discount.

Note 6: Long-Term Liabilities (Continued)

2006 Airport Passenger Facility Charge Revenue Bonds

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

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

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

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

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

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

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

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

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

The required reserve for the 2006 Airport Passenger Facility Charge Revenue Bonds is $962,168. At June 30, 2013, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2013, is $9,390,000. The bonds had $157,039 of unamortized discount and $356,052 deferred refunding charges.

Note 6: Long-Term Liabilities (Continued)

2008 Airport Passenger Facility Charge Revenue Bonds

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

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

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

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

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

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

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

The required reserve for the 2008 Airport Passenger Facility Charge Revenue Bonds is $644,000. At June 30, 2013, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2013, is $5,925,000 net of $232,906 unamortized discount.

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

Note 6: Long-Term Liabilities (Continued)

Fiscal Year Ending June 30	1998 PFC Airport Bonds		2006 PFC Airport Bonds		2008 PFC Airport Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 390,000	$ 465,119	$ 410,000	$ 504,160	$ 260,000	$ 365,365
2015	415,000	445,131	430,000	482,105	280,000	350,075
2016	435,000	423,863	455,000	458,539	285,000	333,125
2017	455,000	401,569	480,000	433,408	305,000	315,425
2018	480,000	378,250	505,000	406,686	325,000	296,525
2019-2023	2,825,000	1,487,376	2,960,000	1,577,228	1,935,000	1,144,565
2024-2028	3,705,000	633,875	3,875,000	637,001	2,535,000	421,458
2029-2033	-	-	275,000	7,631	-	-
Total	$ 8,705,000	$ 4,235,183	$ 9,390,000	$ 4,506,758	$ 5,925,000	$ 3,226,538

Pledged Revenues

The PFC Bonds are payable from the revenues pledged under the Indenture consisting primarily of Installment Payments to be made by the City of Palm Springs. The City's obligation to make installment payments is payable solely from Passenger Facilities charges ("PFC Revenues") imposed by the City under the authority of its Federal Aviation Act and regulation. As of June 30, 2013, principal and interest remaining on the PFC bonds was $35,988,479. For the current year, principal and interest paid and total PFC revenues were $2,397,851 and $3,417,312, respectively.

Note 7: Claims and Judgments

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

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

The claims and judgments liability reported in the Internal Service Risk Management Fund is based on the requirements of Governmental Accounting Standards Board Statements No. 10 and 30, which requires that a liability for claims and judgments be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2013, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to $4,819,043, of which $4,796,033 represents the current portion.

Note 7: Claims and Judgments (Continued)

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

Changes in the claims and judgments payable amounts in fiscal years ended June 30, 2012 and 2013, for the Risk Management Fund are as follows:

Fiscal Year Ending	Beginning of Fiscal Year Liability	Current Year Claims and Change in Estimates	Claims Payments	Balance at Fiscal Year End
2011-2012	$ 3,743,034	$ 2,902,585	$ (2,773,670)	$ 3,871,949
2012-2013	3,871,949	4,800,555	(3,853,461)	4,819,043

Note 8: Defined Benefit Pension Plan (PERS)

a. California Public Employees' Retirement System Plan Description

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

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 19.430% for non-safety employees, and 30.822% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

For fiscal year 2012-2013, the City's annual pension cost was $7,877,228 and the City actually contributed $8,136,285. The required contribution was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary depending on age, service and type of employment and (c) 3.00% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.75%.

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

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

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

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

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

Trend Information for PERS (Amounts in thousands)

Fiscal Year	Annual Pension Cost (APC)	Annual Required Contribution (ARC)	Percentage of APC Contributed	Net Pension Asset
6/30/2011				
Misc.	$ 3,514	$ 3,651	104%	$ 9,210
Safety	4,312	4,485	104%	11,522
Total	$ 7,826	$ 8,136	104%	$ 20,732
6/30/2012				
Misc.	$ 4,336	$ 4,464	103%	$ 9,337
Safety	5,066	5,224	103%	11,681
Total	$ 9,402	$ 9,688	103%	$ 21,018
6/30/2013				
Misc.	$ 3,536	$ 3,651	103%	$ 9,452
Safety	4,341	4,485	103%	11,825
Total	$ 7,877	$ 8,136	103%	$ 21,277

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

Schedule of Funding Progress (In Thousands)

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (b)	Actuarial Asset Value (a)	Unfunded AAL (UAAL) [(b)-(a)]	Funded Rate [(a)/(b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll {((b)-(a))/(c)}
6/30/2010						
Misc.	$ 155,789	$ 134,896	$ 20,893	86.6%	$ 18,135	115.2%
Safety	184,335	152,290	32,045	82.6%	13,459	238.1%
Total	$ 340,124	$ 287,186	$ 52,938	84.4%	$ 31,594	167.6%
6/30/2011						
Misc.	$ 165,015	$ 140,038	$ 24,977	84.9%	$ 17,410	143.5%
Safety	194,305	157,737	36,568	81.2%	13,321	274.5%
Total	$ 359,320	$ 297,775	$ 61,545	82.9%	$ 30,731	200.3%
6/30/2012						
Misc.	$ 171,722	$ 142,578	$ 29,144	83.0%	$ 17,529	166.3%
Safety	200,656	160,561	40,095	80.0%	12,562	319.2%
Total	$ 372,378	$ 303,139	$ 69,239	81.4%	$ 30,091	230.1%

Note 9: Other Post-Retirement Health Care Benefits

Plan Description

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

Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of 450 eligible active employees and 158 enrolled eligible retirees at June 30, 2013. These amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

Funding Policy

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

Note 9: Other Post-Retirement Health Care Benefits (Continued)

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

As of June 30, 2013, the most recent actuarial valuation date, the City did not use the trust fund to administer the financing and payment of benefits for its OPEB. Instead the City paid $2,378,429 in benefits on a pay-as-you-go basis during the fiscal year. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	June 30, 2013
Annual required contribution	$ 6,919,257
Interest on net OPEB obligation	809,984
Adjustment to annual required contributions	(885,376)
Annual OPEB cost (expense)	6,843,865
Contributions made	(2,378,429)
Increase in net OPEB obligation	4,465,436
Net OPEB Obligation, Beginning of Year	20,249,594
Net OPEB Obligation, End of Year	$ 24,715,030

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2013, were as follows:

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

Funding Status and Progress

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

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

Note 9: Other Post-Retirement Health Care Benefits (Continued)

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

Schedule of Funding Progress

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

Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 4.0% investment rate of return, which is based on assumed long-term investment returns on plan assets and on the City's assets, as appropriate, and an annual healthcare cost trend rate of 8.5% graded down by .5% per year with an ultimate rate of 6%. The UAAL is being amortized as a level percentage of projected payroll over 30 years, on a closed amortization period. The remaining amortization period at June 30, 2013, is 26 years. It is assumed the City's payroll will increase 3.25% per year.

Note 10: Leasehold Interest

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

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

Note 10: Leasehold Interest (Continued)

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

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

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

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

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

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

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

Note 10: Leasehold Interest (Continued)

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

Note 11: Construction Commitments

The City has active construction projects as of June 30, 2013. The projects include streets and drainage, facilities and equipment, traffic signal projects, landscapes and bridges. At fiscal year end, the City's encumbrances with contractors were as follows:

	Spent-to-date	Remaining Commitment
Streets and drainage	$ 23,383,316	$ 4,774,145
Traffic signal projects	205,039	42,482
Landscapes	140,435	17,505
Bridges	6,558,229	2,081,810
	$ 30,287,019	$ 6,915,942

Note 12: Extraordinary Gain/Loss

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

Governmental Funds:	
General Fund	
Department of Finance rulling on disallowed costs related to the Successor Agency	$ (230,152)
Other Governmental Funds	
Department of Finance rulling on disallowed costs related to the Successor Agency	(93,257)
Total Governmental Funds	(323,409)
Governmental Activities:	
Department of Finance ruling on assets to be transferred to the Successor Agency:	(6,612,177)
Business-Type Activities:	
Wastewater Fund	
Department of Finance rulling on disallowed costs related to the Successor Agency	(74,215)
	$ (7,009,801)

Note 13: Restatement Fund Balance and Net Position

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

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

Note 14: Subsequent Events

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

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency

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

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

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

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

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

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

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

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

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

During the year ended June 30, 2013, the transfer of the assets and liabilities of the former redevelopment agency from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities during the year ended June 30, 2013, was reported in the private-purpose trust fund as an extraordinary gain (or loss).

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

The net position increase in the Successor Agency is as follows:

Net increase to net position of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the Statement of Changes in Fiduciary Net Position)	$ 7,009,801

a. Cash and investments

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

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

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

b. Capital Assets

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

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

c. Long-Term Debt

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

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

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

Advances from the City of Palm Springs

The Successor Agency has an advance from the City of Palm Springs Housing Fund in the amount of $3,721,628 as of June 30, 2013. $2,164,456 of the balance relates to a loan from the Housing Fund to pay the County "Supplemental" Educational Revenue Augmentation Fund (SERAF) from fiscal years 2009-2010 and 2010-2011.

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

2001 Housing Tax Allocation Bonds

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

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

2004 Tax Allocation Bonds, Series A and B

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

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

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

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

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

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

June 30	2001 Housing Bond		2004 Series A Revenue Bonds		2004 Series B Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 295,000	$ 165,027	$ 485,000	$ 539,302	$ 190,000	$ 419,006
2015	310,000	150,086	510,000	514,428	200,000	409,256
2016	325,000	134,049	535,000	488,302	205,000	399,132
2017	340,000	116,921	560,000	460,928	220,000	388,506
2018	360,000	98,631	590,000	432,177	230,000	377,026
2019-2023	1,630,000	185,116	3,430,000	1,655,744	1,335,000	1,681,561
2024-2028	-	-	1,835,000	868,863	1,755,000	1,251,969
2029-2033	-	-	1,650,000	455,399	2,315,000	670,882
2034-2038	-	-	795,000	44,413	1,125,000	65,693
Total	$ 3,260,000	$ 849,830	$ 10,390,000	$ 5,459,556	$ 7,575,000	$ 5,663,031

2007 Tax Allocation Bonds Series A, B, C

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

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

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

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

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

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

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

June 30	Series A		Series B		Series C	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ -	$ 619,225	$ -	$ 117,293	$ 135,000	$ 382,299
2015	-	619,225	-	117,293	145,000	374,473
2016	-	619,225	-	117,293	155,000	366,088
2014	-	619,225	-	117,293	160,000	357,284
2018	350,000	612,225	60,000	115,451	170,000	348,061
2019-2023	1,445,000	2,858,063	370,000	513,695	1,045,000	1,557,072
2024-2028	2,770,000	2,484,376	490,000	383,199	1,415,000	1,166,000
2029-2033	5,555,000	1,386,375	660,000	207,874	1,940,000	632,766
2034-2038	2,650,000	134,000	330,000	20,573	955,000	62,026
Total	$ 12,770,000	$ 9,951,939	$ 1,910,000	$ 1,709,964	$ 6,120,000	$ 5,246,069

Pledged Revenues

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

d. Insurance

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

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

e. Commitments and Contingencies

Developer Agreement

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

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

No liability has been reflected in the accompanying financial statements at June, 30, 2013, for this agreement.

Reversal of Transfers of Assets

On April 20, 2012, pursuant to Health and Safety Code Section 34167.5, the California State Controller issued an order to cities, counties, and agencies, directly or indirectly receiving assets from a redevelopment agency after January 1, 2011, to reverse the transfer and return assets to successor agency. The California State Controller will specifically review and audit cities, counties, and public agencies to ensure that all applicable asset transfers have been reversed. In fiscal year 2010-2011, the Agency repaid advances totaling $2,011,785 and transferred capital assets to the City. This transaction was reviewed by the California State Controller as of the date of this report and the reversal of this transaction and the return of capital assets is reflected in these financial statements.

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DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

DEBT SERVICE FUNDS

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

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013 **(CONTINUED)**

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

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013 **(CONTINUED)**

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013 **(CONTINUED)**

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

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

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

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

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

(CONTINUED)

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

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

(CONTINUED)

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

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

(CONTINUED)

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
FORFEITURE
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
SAFETY AUGMENTATION
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
SPECIAL DEVELOPMENT
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
CSA 152
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
VILLAGEFEST
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
NEIGHBORHOOD INVOLVEMENTS
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
PARKING
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
DRAINAGE CONSTRUCTION
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
MASTER LEASE
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
PUBLIC ARTS
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
LIBRARY
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
SPECIAL PROJECTS
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
EMERGENCY RESPONSE
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
SUSTAINABILITY
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
SPECIAL GRANTS
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
PARKING PROJECTS
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
MEASURE J
YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENTS
YEAR ENDED JUNE 30, 2013

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

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2013

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

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

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

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FIDUCIARY FUNDS

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

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

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

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

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

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

CITY OF PALM SPRINGS

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

	Special Deposits	Totals
Assets:		
Pooled cash and investments	$ 809,253	$ 809,253
Total Assets	**$ 809,253**	**$ 809,253**
Liabilities:		
Deposits payable	$ 809,253	$ 809,253
Total Liabilities	**$ 809,253**	**$ 809,253**

CITY OF PALM SPRINGS

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

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

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CITY OF PALM SPRINGS

FINANCIAL STATEMENTS

JUNE 30, 2013

STATISTICAL SECTION

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

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CITY OF PALM SPRINGS

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

	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities:								
Net investment in capital assets	$ 119,129,764	$ 124,797,484	$ 92,188,168	$ 73,197,631	$ 73,048,922	$ 74,644,178	$ 68,392,428	$ 89,544,865
Restricted	59,250,531	53,290,867	59,544,531	63,883,617	65,682,688	68,039,523	51,461,583	47,008,169
Unrestricted	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	$ 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	$ 82,089,205	$ 86,255,293	$ 88,813,375	$ 94,457,741	$ 102,404,738	$ 98,206,074	$ 98,785,796	$ 93,694,049
Restricted	4,777,681	4,024,930	4,026,199	4,288,145	3,633,197	3,517,715	3,836,949	-
Unrestricted	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	$ 116,487,323	$ 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	$ 201,218,969	$ 211,052,777	$ 181,001,543	$ 167,655,372	$ 175,453,660	$ 172,850,252	$ 167,178,224	$ 183,238,914
Restricted	64,028,212	57,315,797	63,570,730	68,171,762	69,315,885	71,557,238	55,298,532	47,008,169
Unrestricted	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	$ 303,130,673	$ 301,577,843	$ 282,859,379	$ 283,008,693	$ 304,366,941	$ 310,633,910	$ 304,006,055	$ 275,480,518

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

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:								
Governmental activities:								
General government	$ 11,981,549	$11,680,752	$10,149,638	$ 11,784,609	$15,700,926	$10,720,946	$12,278,124	$12,664,186
Public safety	38,070,130	36,489,937	36,069,196	39,310,585	38,382,590	35,442,942	33,968,442	30,377,849
Cultural and convention center	5,961,041	5,995,613	6,167,127	5,589,972	7,693,125	5,511,222	7,580,033	5,894,286
Parks and recreation	12,150,464	9,728,209	8,903,287	7,052,825	9,532,099	9,433,992	7,275,052	7,056,619
Public works	14,674,398	36,660,915	22,102,401	25,469,426	21,959,270	21,749,956	19,329,974	15,178,234
Lease	1,521,607	1,643,117	1,484,855	1,779,463	-	-	-	-
Library	2,125,382	2,168,904	2,265,212	2,041,643	2,937,321	2,772,268	2,332,577	2,562,084
Interest on long-term debt	5,565,437	7,553,342	9,183,561	11,967,641	14,636,613	11,609,448	7,764,472	8,416,117
Total governmental activities expenses	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	25,581,945	24,990,169	24,526,812	24,586,610	24,637,583	23,842,294	21,631,538	20,154,371
Wastewater	5,711,562	5,967,510	5,863,229	6,126,747	5,854,655	5,191,967	4,658,947	3,617,124
Golf Course	5,948,442	5,662,881	5,441,285	5,153,882	5,374,561	4,664,759	3,872,346	3,615,866
Total business-type activities expenses	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	129,291,957	148,541,349	132,156,603	140,863,403	146,708,743	130,939,794	120,691,505	109,536,736
Program revenues:								
Governmental activities:								
Charges for services:								
General government	3,552,667	3,517,758	3,606,184	3,904,814	1,868,359	1,811,973	1,527,808	2,985,457
Public safety	2,843,908	2,878,838	2,847,413	3,072,280	1,922,028	1,922,714	1,614,245	1,387,079
Cultural and convention center	-	-	-	-	359,103	402,890	1,644,443	342,570
Parks and recreation	1,614,526	1,370,673	1,376,238	1,223,793	1,823,445	2,033,797	814,512	1,502,694
Public works	4,582,804	4,045,121	4,359,177	2,644,951	3,249,898	6,367,211	7,968,799	8,064,647
Lease	-	-	-	-	-	-	-	-
Library	38,172	59,501	42,727	42,126	124,726	222,349	386,807	212,725
Operating grants and contributions	5,192,616	7,381,835	6,886,447	6,425,017	9,480,506	11,559,384	9,595,013	9,148,403
Capital grants and contributions	5,093,264	16,382,186	13,271,770	3,212,335	6,269,961	4,202,582	5,135,785	6,955,885
Total governmental activities program revenues	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	21,745,074	20,342,504	18,747,127	18,998,409	18,465,121	19,531,818	17,938,788	14,581,454
Wastewater	7,019,449	5,965,340	6,045,209	5,928,827	6,006,812	6,007,109	7,456,041	6,428,919
Golf Course	4,850,343	5,046,766	4,832,305	4,687,694	4,130,497	2,261,723	3,210,941	2,887,216
Operating grants and contributions	-	-	29,056	-	-	-	299,718	283,674
Capital grants and contributions	2,290,385	2,315,123	483,618	523,239	10,051,905	2,446,831	16,394,397	6,005,185
Total business-type activities program revenues	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	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 Eight Fiscal Years
(accrual basis of accounting)

	2013 (continued)	2012 (continued)	2011 (continued)	2010 (continued)	2009 (continued)	2008 (continued)	2007 (continued)	2006 (continued)
Net revenues (expenses):								
Governmental activities	(69,132,051)	(76,284,877)	(63,935,321)	(84,470,848)	(85,743,918)	(68,717,874)	(61,841,262)	(51,549,915)
Business-type activities	(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)	(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	18,655,013	24,229,315	25,786,509	24,547,656	30,747,373	32,558,462	28,272,695	22,933,538
Sales tax	21,948,058	12,130,059	9,633,250	8,221,763	8,796,538	9,138,355	9,798,032	8,842,715
Transient occupancy taxes	19,396,331	17,874,173	15,731,036	13,370,831	12,753,078	14,464,485	14,465,639	14,677,511
Other taxes	13,840,763	13,070,963	12,533,135	12,185,850	10,709,406	11,201,740	12,070,400	11,005,477
Motor vehicle in lieu, unrestricted	3,537,631	3,505,007	3,797,122	3,942,507	4,180,689	4,056,920	3,640,542	3,398,819
Use of money and property	1,217,844	1,583,805	860,532	5,537,407	1,610,201	4,580,865	1,678,144	984,833
Other general revenues	178,958	117,096	203,793	28,328	7,241,006	2,293,329	3,804,702	1,413,164
Gain on sale of capital asset	161,770							
Extraordinary gain/(loss)	(6,935,586)	31,771,682	-	-	-	-	-	-
Transfers	(1,952,165)	2,450	589,848	(500,000)	(2,140,000)	(700,000)	(14,730)	(500,000)
Total governmental activities	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	(122,318)	333,192	336,189	436,926	900,328	1,625,626	1,498,991	808,752
Other revenue	182,232	161,417	295,897	10,402	1,150	317,450	-	-
Extraordinary gain/(loss)	(74,215)	(1,227,000)	-	-	-	-	-	-
Transfers	1,952,165	(2,450)	(589,848)	500,000	2,140,000	700,000	14,730	500,000
Total business-type activities	1,937,864	(734,841)	42,238	947,328	3,041,478	2,643,076	1,513,721	1,308,752
Total primary government	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	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	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	$ 1,517,732	$24,314,005	$ (451,869)	$(21,918,248)	$ (6,016,613)	$ 8,067,819	$28,524,937	$15,313,981

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

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	2013	2012	2011 *	2010	2009	2008	2007	2006
General fund:								
Reserved	$ -	$ -	$ -	$ 3,913,779	$ 5,664,944	$ 5,402,822	$ 3,972,662	$ 4,045,302
Unreserved	-	-	-	6,730,561	7,055,671	11,882,037	9,219,367	2,419,770
Nonspendable	3,670,535	1,410,000	3,015,000	-	-	-	-	-
Assigned	6,442,546	5,333,035	3,932,735	-	-	-	-	-
Unassigned	12,803,298	13,041,689	11,779,373	-	-	-	-	-
Total general fund	$ 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	48,061,626	40,966,247	46,253,542	-	-	-	-	-
Committed	-	-	1,568,370	-	-	-	-	-
Assigned	3,657,054	1,216,595	2,961,717	-	-	-	-	-
Unassigned	(184,499)	(154,048)	(5,352,857)	-	-	-	-	-
Total all other governmental funds	$ 62,723,086	$ 54,353,414	$ 58,721,761	$ 74,166,466	$ 86,554,844	$ 90,918,366	$ 74,927,404	$ 80,663,235

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

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

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:								
Taxes	$ 75,222,872	$ 68,653,101	$ 72,408,230	$ 72,253,106	$ 72,269,596	$ 75,916,291	$ 72,093,648	$ 67,085,805
Licenses and permits	3,066,526	2,913,367	3,119,482	2,714,339	3,068,452	3,858,530	5,044,241	5,098,958
Fines and penalties	98,971	104,838	107,824	270,853	824,131	781,656	1,167,855	944,495
Use of money and property	1,287,277	2,006,106	2,349,620	5,004,081	7,485,174	7,237,922	4,327,432	3,031,815
Intergovernmental	13,397,351	27,264,100	20,914,362	10,338,051	15,049,300	15,936,047	9,651,107	8,847,596
Charges for services	7,750,886	7,036,034	7,068,669	6,715,640	5,038,889	6,190,461	8,138,350	6,486,118
Other	1,322,686	1,292,222	3,265,240	2,929,498	5,496,259	5,849,485	6,027,493	418,714
Total revenues	102,146,569	109,269,768	109,233,427	100,225,568	109,231,801	115,770,392	106,450,126	91,913,501
Expenditures								
Current:								
General government	10,885,046	10,863,967	9,562,837	11,362,793	14,090,558	14,217,987	13,056,812	12,756,285
Public safety	35,327,922	35,192,757	32,864,416	38,472,546	38,116,499	34,720,156	33,438,801	30,153,554
Cultural and convention center	2,967,536	2,952,870	2,966,030	2,455,668	4,756,377	3,946,989	5,319,373	9,797,133
Parks and recreation	11,958,245	8,969,751	8,772,280	7,725,705	8,608,714	8,023,314	7,242,156	7,096,167
Public works	15,474,824	74,063,752	40,578,391	23,473,774	23,788,035	29,593,755	16,305,743	20,190,731
Lease	1,374,855	1,484,855	1,484,855	1,779,463	1,601,000	-	-	-
Library	2,428,937	2,073,757	2,290,305	2,177,906	2,924,851	2,744,643	2,232,037	2,481,292
Debt service:								
Principal retirement	4,264,596	3,799,784	3,799,956	4,264,044	3,793,289	4,209,378	6,975,994	3,362,576
Interest and fiscal charges	4,618,428	6,579,560	7,966,940	10,710,691	13,088,973	9,963,603	7,382,576	7,751,650
Bond issuance costs	-	-	-	-	-	887,426	-	-
Payment to bond escrow	-	-	-	-	-	3,661,948	-	-
Pass-through payments	-	1,948,429	7,201,757	12,027,631	7,440,446	7,087,437	5,505,436	3,973,940
Total expenditures	89,300,389	147,929,482	117,487,767	114,450,221	118,208,742	119,056,636	97,458,928	97,563,328
Excess (deficiency) of revenues over (under) expenditures	12,846,180	(38,659,714)	(8,254,340)	(14,224,653)	(8,976,941)	(3,286,244)	8,991,198	(5,649,827)
Other financing sources (uses):								
Transfers in	15,850,073	8,756,658	9,726,647	28,298,755	20,150,156	11,938,365	11,029,443	12,229,942
Transfers out	(17,802,238)	(8,754,208)	(9,136,799)	(29,098,755)	(23,140,156)	(13,538,365)	(12,564,443)	(13,214,342)
Debt issued	490,000	68,945,000	-	-	3,366,478	24,935,036	-	3,806,000
Bond premium	-	2,361,102	-	-	-	-	-	-
Proceeds from sale of asset	-	-	-	-	(77,303)	35,000	-	-
Payment to refunded bond escrow agent	-	(24,264,400)	-	-	-	-	-	-
Total other financing sources (uses)	(1,462,165)	47,044,152	589,848	(800,000)	299,175	23,370,036	(1,535,000)	2,821,600
Extraordinary gain/loss	(323,409)	(11,303,318)	-	-	-	-	-	-
Net change in fund balances	$ 11,060,606	$ (2,918,880)	$ (7,664,492)	$ (15,024,653)	$ (8,677,766)	$ 20,083,792	$ 7,456,198	$ (2,828,227)
Debt service as a percentage of noncapital expenditures	11.1%	10.4%	13.1%	14.1%	15.6%	13.6%	15.5%	11.7%

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

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

Fiscal Year Ended June 30	Residential	Commercial	Industrial	Other (Note 2)	Total Net Taxable Assessed Value	Total Direct Rate
2004	$ 3,077,820	$ 795,382	$ 106,121	$ 1,989,620	$ 5,968,943	0.29565
2005	3,419,689	718,447	119,050	2,134,526	6,391,712	0.31188
2006	4,196,079	790,639	135,500	2,295,588	7,417,806	0.32631
2007	4,972,103	855,103	149,627	2,634,657	8,611,490	0.34726
2008	5,749,317	964,864	180,165	2,950,286	9,844,632	0.36688
2009	5,889,013	1,099,120	197,160	3,062,564	10,247,857	0.37320
2010	5,527,341	1,168,445	196,399	2,839,637	9,731,822	0.38020
2011	5,239,135	1,034,191	193,415	2,728,132	9,194,873	0.37071
2012	5,143,126	962,594	193,140	2,562,149	8,861,009	0.37071
2013	5,190,305	995,874	192,704	2,522,431	8,901,314	0.35272

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

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

Source: HDL Coren & Cone (Riverside County Assessor)

CITY OF PALM SPRINGS

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Basic Levy (Note 1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates (Note 2)										
Banning Unified School	0.10207	0.10207	0.08745	0.08903	0.07851	0.07732	0.02616	0.04091	0.05259	0.06000
Coachella Valley Water District	0.08000	0.08000	0.08000	0.06000	0.04000	0.04000	0.02080	0.02080	0.02080	0.02080
Desert Community College	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01994	0.00000
Desert Water Agency	0.10000	0.08000	0.08000	0.08000	0.08000	0.08000	0.08000	0.06000	0.06000	0.06000
Palm Springs Unified B & I 1992-A	0.09351	0.10451	0.13224	0.12628	0.06007	0.05468	0.05912	0.05012	0.05715	0.06052
San Gorgonio Pass Memorial Hospital	0.11572	0.10365	0.09914	0.10676	0.03365	0.03272	0.03272	0.00000	0.00000	0.00000
Total Direct and Overlapping Tax Rates	1.51125	1.49018	1.49878	1.48202	1.31218	1.30467	1.23875	1.19178	1.21048	1.20132
City Share of 1% Levy (Note 3)	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505
Redevelopment Rate (Note 4)	-	1.08000	1.08000	1.08000	1.08000	1.08000	1.08000	1.06000	1.06000	1.06000
Total Direct Rate (Note 5)	0.35272	0.36319	0.37071	0.38020	0.37320	0.36688	0.34726	0.32631	0.31188	0.29565

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

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

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

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

Source: HDL Coren & Cone (Riverside County Assessor)

CITY OF PALM SPRINGS

Principal Property Tax Payers
Current Year and Nine Years ago

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

The amounts shown above include assessed value data for the City

Source: HDL Coren & Cone (Riverside County Assessor)

CITY OF PALM SPRINGS

Property Tax Levies and Collections
Last Eight Fiscal Years

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

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

Source: Riverside County Auditor Controller's Office

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

CITY OF PALM SPRINGS

Ratios of Outstanding Debt by Type

Last Eight Fiscal Years

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

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

CITY OF PALM SPRINGS

Ratios of Outstanding Debt by Type

Last Eight Fiscal Years
(Continued)

Business-type Activities						
Airport Revenue Bonds	Certificates of Participation	Leases	Total Business-type Activities	Total Primary Govt	Percentage of Personal Income (1)	Debt Per Capita (1)
$ 29,113,602	$ 11,788,191	$ -	$ 40,901,793	$ 176,282,409	0.12767	$ 3,784
28,907,043	11,537,303	-	40,444,346	189,306,114	0.13727	4,448
29,095,000	11,846,058	-	40,941,058	207,628,338	0.15072	4,884
27,965,000	11,422,169	-	39,387,169	206,730,080	0.14773	4,787
27,305,000	10,980,081	-	38,285,081	203,662,382	0.14487	4,184
25,995,000	10,522,011	-	36,517,011	198,136,909	0.11245	4,054
25,030,000	10,045,814	238,248	35,314,062	195,288,374	113.92996	4,272
24,020,000	9,547,944	167,372	33,735,316	189,684,854	110.66091	4,150

* Personal Income	1,714,109
* Total Population	45,712

CITY OF PALM SPRINGS

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt: Pension Obligation Bond (2)	General Obligation Bonds	Tax Allocation Bonds	Total	Percent of Assessed Value (1)	Per Capita
2006	$ -	$ 107,733	$ 26,950	$ 134,683	1.82%	$ 3,171
2007	19,832	102,320	26,200	148,352	1.72%	3,493
2008	19,832	99,938	46,640	166,410	1.69%	3,918
2009	20,328	97,667	45,860	163,855	1.60%	3,858
2010	20,350	95,655	45,045	161,050	1.65%	3,380
2011	20,313	93,373	44,080	157,766	1.72%	3,484
2012	20,222	136,394	-	156,616	1.77%	3,426
2013	20,068	132,552	-	152,620	1.71%	3,339

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

CITY OF PALM SPRINGS

Direct and Overlapping Debt
June 30, 2013

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

AB ($450)

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

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

Source: California Municipal Statistics, Inc.

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CITY OF PALM SPRINGS

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

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

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

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

CITY OF PALM SPRINGS

Pledged-Revenue Coverage
Last Eight Fiscal Years

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

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

CITY OF PALM SPRINGS

Pledged-Revenue Coverage
Last Eight Fiscal Years
(Continued)

Airport Revenue Bonds

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

CITY OF PALM SPRINGS

Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2003	44,506	$ 1,191,098	$ 26,763	5.0%
2004	44,938	1,227,218	27,309	4.6%
2005	45,878	1,277,067	27,836	4.1%
2006	46,638	1,334,743	28,619	3.8%
2007	46,795	1,363,589	29,140	4.6%
2008	46,992	1,374,982	29,260	6.5%
2009	47,653	1,376,376	28,883	10.6%
2010	48,040	1,728,191	35,974	11.5%
2011	45,279	1,669,663	36,875	10.6%
2012	45,712	1,714,109	37,498	7.4%

Sources:
HDL Coren and Cone

CITY OF PALM SPRINGS
Principal Employers
Current Year

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

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

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

Source: State Employment Development Department

* Year 2003 information not available.

CITY OF PALM SPRINGS

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

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

Only eight years has been presented, prior years unavailable.

Source: City Budget Department

CITY OF PALM SPRINGS

Operating Indicators by Function
Last Eight Fiscal Years

	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	3,090	3360	3528	4564	4319	4908	4,152	3,897
Parking Citations	2,796	2585	1936	2977	2896	2987	3,125	2,875
Fire:								
Number of Emergency Calls	8,455	8263	7777	7400	7054	6,928	6,876	6,772
Inspections	3,385	1425	4204	3808	2907	3,889	2,025	576
Public Works:								
Street resurfacing (sq feet)	2,638,360	2,468,300	3,049,441	3,286,000	3,580,270	3,688,258	4,025,450	2,759,517
Parks and Recreation:								
Number of recreation classes	3,715	3229	3171	1755	2001	1,331	1,055	1,423
Number of facility rentals	160	195	276	955	968	1,138	165	163
Airport:								
Passengers serviced	1,751,973	1,668,554	1,483,051	1,499,637	1,453,921	1,591,458	1,595,417	1,478,616
Flights	51586	58,792	61,584	68,772	68,805	77,859	93,201	92,668
Sewer:								
New Connections	114	112	62	102	122	166	258	566
Ave Daily sewage treatment	6,033	5698	5700	6491	6491	6491	6,491	6,500
Golf Course:								
Golf rounds played	95,177	103,653	99,592	80,699	82,966	83,705	83,979	44,039

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

Source: City of Palm Springs

CITY OF PALM SPRINGS

Capital Asset Statistics
By Function

Last Eight Fiscal Years

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

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

Source: City of Palm Springs

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Successor Agency to the Palm Springs Community Redevelopment Agency (the "Issuer") in connection with the issuance of its $15,635,000 2014 Subordinate Tax Allocation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2014, by and between the Issuer and U.S. Bank National Association (the "Trustee") (the "Indenture"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"*Annual Report*" means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means March 31 in each year, beginning March 31, 2015.

"*Dissemination Agent*" means Harrell & Company Advisors, LLC, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) or 5(b).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"Official Statement" means the Official Statement dated July 22, 2014 relating to the Bonds.

"*Participating Underwriter*" means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2015 with the report for the 2013/14 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4. Not later than 5 days prior to the Annual Report Date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date if not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Dissemination Agent (if other than the Issuer) shall have no duty or obligation to review such Annual Report.

(b) If the Issuer does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Issuer shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

(d) The Issuer shall also electronically file a copy of the Annual Report with the Insurer.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. The audited Financial Statements of the Issuer may be included in the City of Palm Springs' Comprehensive Annual Financial Report if no separate Financial Statement is prepared for the Issuer.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Issuer for the prior fiscal year of the type included in the Official Statement(to the extent not included in the Issuer's audited financial statements):

(i) Table No. 1 - Merged Project No. 1 - Historical Assessed Valuations; Table No. 2 - Merged Project No. 1 Historical Tax Increment Revenue; Table No. 5 - Merged Project No. 1 Ten Largest Taxpayers;

(ii) Table No. 3 - Merged Project No. 2 - Historical Assessed Valuations; Table No. 4 - Merged Project No. 2 Historical Tax Increment Revenue; Table No. 6 - Merged Project No. 2 Ten Largest Taxpayers; and

(iii) Table No. 7 - Projected Tax Revenues and Debt Service Coverage.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the Issuer shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The Successor Agency shall, or shall cause the Dissemination (if not the Successor Agency) to, give notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Unscheduled draws on debt service reserves reflecting financial difficulties.

(3) Unscheduled draws on credit enhancements reflecting financial difficulties.

(4) Substitution of credit or liquidity providers, or their failure to perform.

(5) Defeasances.

(6) Rating changes.

(7) Tender offers.

(8) Bankruptcy, insolvency, receivership or similar event of the obligated person.

(9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(b) *Material Reportable Events.* The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(1) Non-payment related defaults.

(2) Modifications to rights of security holders.

(3) Bond calls.

(4) The release, substitution, or sale of property securing repayment of the securities.

(5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* Whenever the Successor Agency obtains knowledge of the occurrence of a Listed Event, the Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Indenture.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Trustee. The Dissemination Agent may resign by providing thirty days prior written notice to the Issuer.

Section 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Successor Agency may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Successor Agency to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent (if other than the Issuer), its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Issuer from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent may conclusively rely upon the Annual Report provided to it by the Issuer as constituting the Annual Report required of the Issuer in accordance with this Disclosure Certificate and shall have no duty or obligation to review such Annual Report. The Dissemination Agent shall have no duty to prepare the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the Issuer in a timely manner in a form suitable for filing with the MSRB. In accepting the appointment under this Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the Holders or Beneficial Owners of the Certificates, the Issuer, the Participating Underwriters or any other party or person. No provision of this Disclosure Certificate shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act.

Section 13. Beneficiaries. This Disclosure Certificate inures solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and creates no rights in any other person or entity.

Date: August 14, 2014

SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY

By: ______________________________

City Manager of the City of Palm Springs

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Successor Agency to the Palm Springs Community Redevelopment Agency
Name of Bond Issues:	2014 Subordinate Tax Allocation Refunding Bonds
Date of Issuance:	August 14, 2014

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.16 of the Indenture, dated as of July 1, 2014, between the Issuer and U.S. Bank National Association as, trustee. The Issuer anticipates that the Annual Report will be filed by ___________________.

Dated: ______________

SUCCESSOR AGENCY TO THE PALM SPRINGS
COMMUNITY REDEVELOPMENT AGENCY

By: ____

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APPENDIX F

PROPOSED FORM OF BOND COUNSEL OPINION

August 14, 2014

Successor Agency to the
Palm Springs Community Redevelopment Agency
3200 E. Tahquitz Canyon Way
Palm Springs, California 92262

OPINION: $15,635,000 Successor Agency to the Palm Springs Community Redevelopment Agency 2014 Subordinate Tax Allocation Refunding Bonds

Members of the Successor Agency:

We have acted as bond counsel in connection with the issuance by the Successor Agency to the Palm Springs Community Redevelopment Agency (the "Successor Agency") of $15,635,000 Successor Agency to the Palm Springs Community Redevelopment Agency 2014 Subordinate Tax Allocation Refunding Bonds (the "Bonds"), pursuant to Part 1 (commencing with Section 33000), and Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State of California (the "Law"), Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Refunding Law") and an Indenture of Trust, dated as of July 1, 2014, by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Indenture"). We have examined the Law, the Refunding Law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Successor Agency contained in the Indenture and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Successor Agency is duly created and validly existing as a public entity, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.

2. The Indenture has been duly approved by the Successor Agency and constitutes a valid and binding obligation of the Successor Agency enforceable upon the Successor Agency.

3. Pursuant to the Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds, subject to no prior lien granted under the Law.

4. The Bonds have been duly authorized, executed and delivered by the Successor Agency and are valid and binding special obligations of the Successor Agency, payable solely from the sources provided therefor in the Indenture.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

APPENDIX G

THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect

Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on such Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in

bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

Form 500NY (5/90)