



City of La Quinta

CITY / SA / HA / FA MEETING DATE: February 3, 2015

ITEM TITLE: RECEIVE AND FILE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2014

AGENDA CATEGORY:

BUSINESS SESSION: 1

CONSENT CALENDAR:

STUDY SESSION:

PUBLIC HEARING:

RECOMMENDED ACTION:

Receive and file the Comprehensive Annual Financial Report for the year ended June 30, 2014.

EXECUTIVE SUMMARY:

- California cities are required to obtain an annual audit of their financial statements by an independent auditor at the close of each fiscal year.
- The annual audit produces the Comprehensive Annual Financial Report (CAFR), along with the independent auditors' report on internal control that summarizes the auditor's evaluation of the City's internal controls.
- The resulting CAFR and the auditor's management letter are attachments to this report (Attachments 1 and 2, respectively).
- The independent auditors rendered an "unmodified" opinion, commonly known as a clean or "unqualified" opinion; this is the most favorable conclusion.

FISCAL IMPACT:

None.

BACKGROUND/ANALYSIS:

At the end of each fiscal year, the City's financial records are audited by an independent audit firm pursuant to California law. The results of the annual audit, including City background information, City statistical data, and detailed financial

reports, are compiled and presented in the CAFR document. Additionally, a letter addressed to the City Council accompanies the CAFR, which presents the independent auditor's report on internal control. The intent of the report on internal control is to identify discrepancies regarding internal financial management controls and financial management practices.

Comprehensive Annual Financial Report

The CAFR document contains a myriad of comprehensive information pertaining to all aspects of the City's finances, which includes financial statements for all City funds (including general, special revenue, housing, capital project, internal service, and other fund types). The CAFR also contains information regarding the City's accounting methods and procedures, and the results of the independent audit. The report presents financial information both by major fund type and in a comprehensive manner; thus, the information contained in the report can be somewhat complex to interpret. That being said, at the close of Fiscal Year 2013/2014, the City's overall financial position improved from previous years:

- The assets exceeded liabilities at the close of the most recent fiscal year by \$665,190,000 (*net position*). Of this amount, \$83,907,000 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. Approximately \$527,615,000 or 79 percent was invested in capital assets and is not available to meet ongoing obligations.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$101,128,000, an increase of \$2,375,000 in comparison with the prior year. The primary reason for this increase is due to the one-time distribution of property tax from the Redevelopment Property Tax Trust Fund.
- At the end of the current fiscal year, the unassigned General Fund Balance (reserves) comprised \$10,700,000 of the total \$91,634,000 General Fund Balance or 12 percent of the total Fund Balance (reserves) and 31 percent of total General Fund budgeted expenditures.

Audit Opinion

The independent auditor's report is located at the front of the financial section of the report. Lance Soll & Lunghard LLP Certified Public Accountants have issued an "unmodified" opinion on the City's financial statements for the year ended June 30, 2014, which is the most favorable conclusion. The independent audit involved examining evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded based on the audit that there was a reasonable

basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with generally accepted accounting practices.

Mr. Bryan Gruber, CPA and Audit Partner of Lance Soll & Lunghard, LLP, will be attending the February 3, 2015 Council meeting to answer any questions regarding the CAFR.

Independent Auditors' Report on Internal Control

As a part of the audit process, the City's independent auditors consider the City's internal control over financial reporting, with the intent of identifying potential areas of concern. This year, the auditors had a number of concerns with items resulting from the turnover in Finance Department staff and delays due to the both the conversion of financial systems and chart of accounts. The issues are discussed in the report along with management's responses.

Management agrees entirely with the auditor's recommendations. Finance staffing has stabilized with a new Finance Director as well as temporary accounting staff on board. In the past, Finance staff has relied on the auditors for assistance in performing tasks that should be completed by the Finance Department. The Governmental Accounting Standards Board guidelines stress that auditors, in order to maintain independence, should be involved in the actual completion of Finance Department tasks as little as possible. Accordingly, the Finance Department will be bringing forth a staffing reorganization plan to address these issues. Additionally, most of the issues resulting from the conversion have been resolved, with the exception of implementing the budget and purchasing modules. Training of Finance Department staff in both use of the new system and accounting policies and procedures is a top priority for new Finance Department management.

ALTERNATIVES:

There are no alternatives to the recommended action.

Report prepared by: Rita Conrad, Finance Director

Report approved for submission by: Frank J. Spevacek, City Manager

Attachments: 1. CAFR
 2. Independent Auditor's Report on Internal Control

**CITY OF LA QUINTA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014**

CITY OF LA QUINTA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014

Prepared By
FINANCE DEPARTMENT

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CITY OF LA QUINTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2014

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City of La Quinta

January 28, 2015

To the Citizens of the City of La Quinta, the Honorable Mayor and Members of the City Council

I am pleased to present you with the City of La Quinta Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This transmittal letter provides a non-technical summary of the City's finances, services, achievements and economic outlook. A more detailed discussion of the City's finances can be found in Management's Discussion and Analysis section (MD&A) that immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Ensuring the financial integrity of our public institutions is crucial to maintain the public's trust. Responsibility for the accuracy of the data and the completeness on fairness of the presentation, including all disclosures, rest with the City of La Quinta. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present 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 to the City's financial activities have been included.

The Comprehensive Annual Financial Report was prepared in conformance with Generally Accepted Accounting Principles (GAAP). The City's financial reporting is based upon all Governmental Accounting Standards Board (GASB) pronouncements.

Government Code Section 26909 (a) requires that the City, as a local agency of the County, contract with a certified public accountant to perform an annual audit of the accounts and records of the City and that the audit conform to generally accepted auditing standards. Further, Government Code Section 26909 (b) states that an audit report shall be filed with the State Controller and with the County Auditor of the County in which the district is located within 12 months of the end of the fiscal year. In addition, City Ordinance 2.12.040 requires an annual audit be performed by a certified public accountant. This report is published to fulfill these requirements for the fiscal year ended June 30, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The independent auditor's report is located at the front of the financial section of this report. Lance Soll & Lunghard LLP Certified Public Accountants have issued an unmodified ("clean") opinion on the City of La Quinta's financial statements for the year ended June 30, 2014. The independent audit involved examining evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded based on the audit that there was a reasonable basis for rendering an unmodified opinion that the City of La Quinta's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. This is the most favorable conclusion and commonly known as a "clean" opinion.

Profile of the Government

The City of La Quinta is located 120 miles east of Los Angeles in the eastern portion of Riverside County known as the Coachella Valley. The City motto is "The Gem of the Desert." The City is governed by a five-member City Council under the Council/Manager form of government. The Mayor is directly elected by the citizens. The Mayor serves a two-year term and the four Council Members serve four-year terms, with two Council Members elected every two years. The Mayor and four Council Members are elected at large.

The City was originally incorporated in 1982 as a general law City and it became a charter City in November 1996.

The Council appoints the City Manager, who in turn appoints the heads of the various departments. The City of La Quinta provides a range of services, which include construction and maintenance of streets and other infrastructure; community development and planning; construction and code compliance; various recreational and cultural activities; and general municipal services.

Services are also provided to the City and its citizens by contract and by the direct services of other government agencies and organizations. These services include police and fire protection, library services, visitor and tourist information, city promotion through the La Quinta Chamber of Commerce, water and sewer service, electricity service, refuse collection, public transit, and cable television service.

The City of La Quinta is also financially accountable for a legally separate Successor Agency for the former Redevelopment Agency, a Financing

Authority, and a Housing Authority. Additional information on these legally separate entities can be found in the notes to the financial statements.

Pursuant to City Ordinance 2.08.060 and 2.12.030, the City Manager and Finance Director are responsible for the preparation of the annual budget for City Council consideration prior to the start of the fiscal year. The annual budget serves as the foundation for the City of La Quinta's financial planning and control.

The budget is prepared by fund, function, department, and line item. Department heads may transfer line item resources within a division with the approval of the City Manager. Transfers between divisions and departments also need approval from the City Manager.

Local Economy

The City of La Quinta comprises an area of approximately 32 square miles and, as of January 1, 2014 has a permanent population of 39,032 according to census data provided by the California Department of Finance. In addition to permanent residents, approximately 18,000 seasonal residents make La Quinta their home for three to six months each year.

According to the State of California Employment Development Department (EDD), as of December 2014, the unemployment rate for the City of La Quinta was 3.8%, down from the annual average of 5.3% in 2013. This rate is significantly lower than the Riverside County unemployment rate of 7.4% and the statewide unemployment rate of 6.7%. Major employers include the La Quinta Resort and Club, Desert Sands Unified School District, Wal-Mart Super Center, Costco, Home Depot, Rancho La Quinta, Lowe's Home Improvement and Imperial Irrigation District.

Home to the nationally acclaimed Arnold Palmer Classic Course at SilverRock Resort, La Quinta is a blend of beauty, charm, and opportunity. La Quinta's history is rich and its story a fascinating tale of success. Named by the Robb Report as the "Best Place to Live for Golf," La Quinta is home to over 20 exceptional golf courses including the famous PGA West. The historic La Quinta Resort and Club is the largest resort in the Coachella Valley and is complemented by other recently opened hospitality venues. The City embraces art and culture, offering the La Quinta Arts Festival and a variety of beautiful public art pieces. The bustling Highway 111 corridor and enchanting Old Town Village feature the best of shopping, dining and personal services.

Long-term Financial Planning

The City of La Quinta is committed to sound financial governance. The City has a long history of providing a superior level of public safety services, life enrichment opportunities, and a quality environment to its residents, businesses and visitors. The City Council adopted a conservative budget for fiscal year 2014-2015 based on the current

economic conditions. The budget is balanced; all current expenditures are supported by current revenues.

In June of 2014, the City Council approved a total of \$14,244,766 in funding for various capital improvement projects for the fiscal year of 2014-2015 including a General Fund contribution of \$1 million for the pavement management program. Other projects include traffic signals, sidewalk repairs and construction, accessibility improvements, and storm drain improvements.

La Quinta has cultivated a sound foundation of general fund revenues including sales tax, transient occupancy tax, and property tax. Due to the timing of the City of La Quinta's incorporation in 1982 (after the passage of Proposition 13, the landmark property tax reform legislation enacted in 1978) the City receives a smaller share of property tax than cities incorporated prior to 1978; therefore the City relies heavily on sales tax and transient occupancy tax.

The commitment to maintain the existing quality of life expectations includes addressing the concern that La Quinta's economic base cannot keep pace with escalating public safety costs and infrastructure needs. The elimination of redevelopment and the ever increasing competition the City faces from other markets and tourism venues, both state and national, further drives this concern. Considering measures to strengthen the City's economic base and/or incorporate new revenues is key to maintaining the City's excellent quality of municipal services.

The Future

In November of 2014, the City Council approved the SilverRock Development Program. The projected value of the Development Program is \$420 million. The development would generate approximately \$55.2 million in City tax (\$48.0 million) and City fee (\$7.2 million) revenue over a 15-year period. However, given the need to build infrastructure and a permanent clubhouse (which the City was once going to do when the Redevelopment Agency existed), the City would invest up to \$27.0 million in redevelopment agency bond proceeds and transient occupancy tax revenue over a 15-year period.

The Development Program includes the following: a 140-room 5-star quality luxury hotel and spa (170,000 square feet in total), for-sale, luxury-branded, single-family detached residences; a 200-room, 4-star quality Lifestyle Hotel, a reconfigured Arnold Palmer golf course; a conference center, and a mixed use retail and residential village.

Awards and Acknowledgements

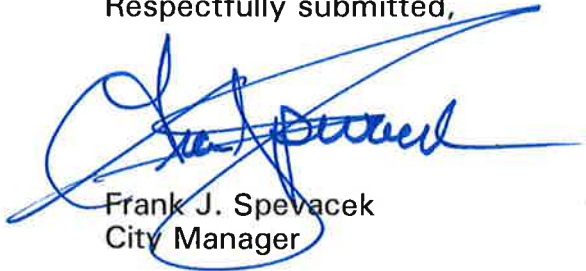
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of La Quinta for its comprehensive annual

financial report (CAFR) for the fiscal year ended June 30, 2013. This was the seventeenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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.

The preparation of this report would not have been possible without the efficient and dedicated service of the finance department staff. Credit also must be given to the Mayor and City Council for their support in maintaining the highest standards of professionalism in the management of the City of La Quinta's finances.

Respectfully submitted,



Frank J. Spevacek
City Manager



Rita Conrad
Finance Director

City of La Quinta

Directory of Officials

June 30, 2014

CITY COUNCIL

Don Adolph, Mayor
Lee Osborne, Mayor Pro Tem
Linda Evans, Council Member
Kristy Franklin, Council Member
Terry Henderson, Council Member

ADMINISTRATION

Frank J. Spevacek, City Manager
Rita Conrad, Finance Director
Edie Hylton, Community Services Director
Kathy Jenson, City Attorney
Les Johnson, Community Dev. Director
Tim Jonasson, Public Works Director/City Engineer
Susan Maysels, City Clerk



Government Finance Officers Association

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

Presented to

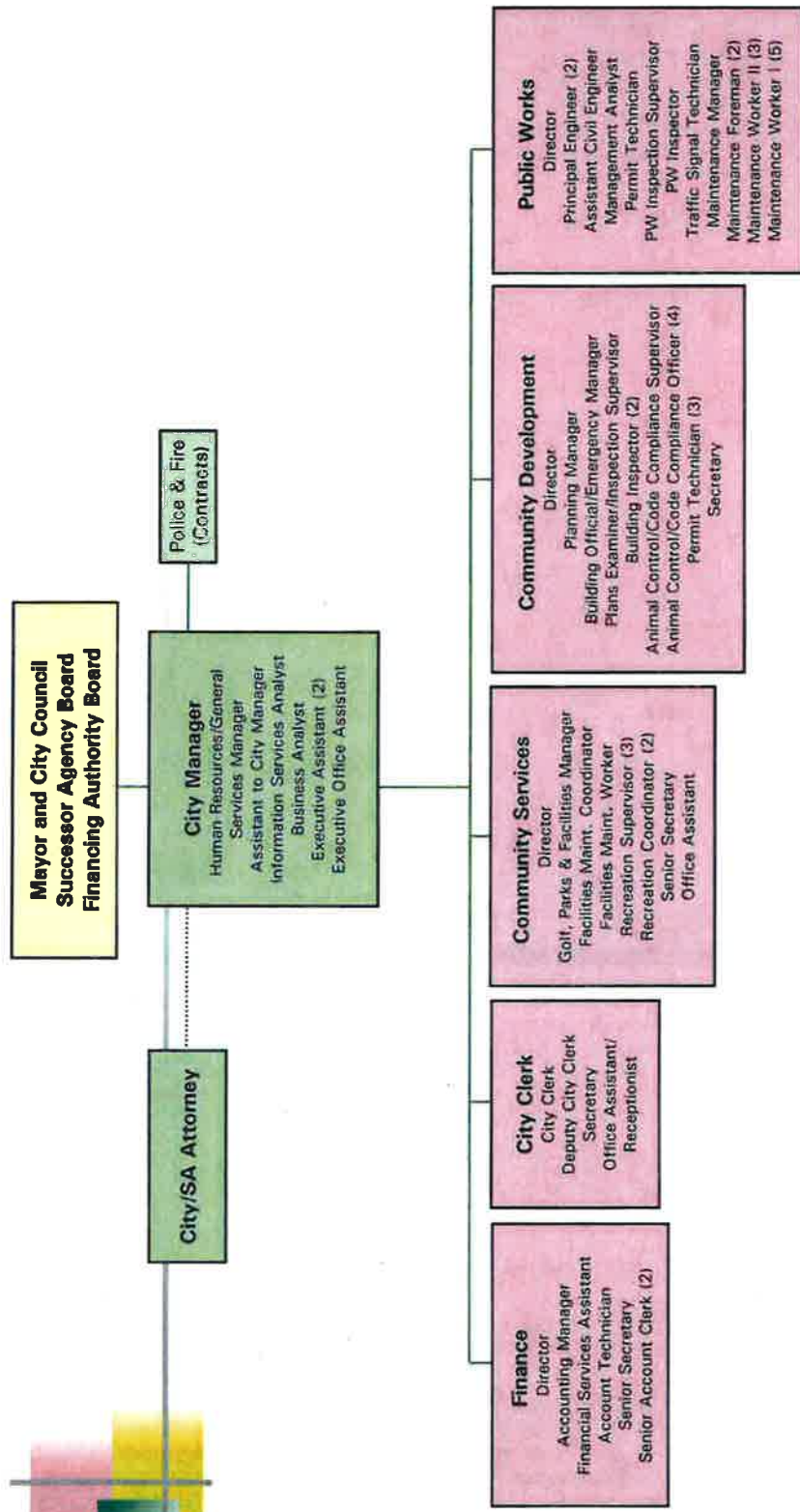
**City of La Quinta
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

**CITY OF LA QUINTA, CALIFORNIA
ORGANIZATIONAL CHART
Fiscal Year 2013/2014**



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of La Quinta, California

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 La Quinta, California, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



To the Honorable Mayor and Members of the City Council
City of La Quinta, California

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the budgetary comparison information for the General Fund, Housing Authority PA No. 1, and Housing Authority PA No. 2 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 La Quinta, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
January 26, 2015

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Management's Discussion and Analysis

As management of the City of La Quinta, we offer readers of the City of La Quinta's financial statements this narrative, overview and analysis of the financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in an earlier section of this report. All amounts, unless otherwise indicated, are rounded to the nearest thousands of dollars.

Financial Highlights

- The assets of the City of La Quinta exceeded its liabilities at the close of the most recent fiscal year by \$701,871,000 (*net position*). Of this amount, \$79,232,000 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. Approximately \$568,969,000 or 81 percent was invested in capital assets and is not available to meet ongoing obligations.
- The governmental activities total net position increased by \$2,511,000 and the Business-Type total net position decreased by \$311,000 which is attributable to the SilverRock Golf Course.
- As of the close of the current fiscal year, the City of La Quinta's governmental funds reported combined ending fund balances of \$101,128,000, an increase of \$2,375,000 in comparison with the prior year. The primary reason for this increase is due to the one-time distribution of property tax from the Redevelopment Property Tax Trust Fund (RPTTF).
- At the end of the current fiscal year, the unassigned General Fund Balance comprised \$10,700,000 of the total \$91,634,000 General Fund Balance or 12 percent of the total Fund Balance and 31 percent of total General Fund budgeted expenditures
- The total governmental activities debt decreased by \$80,000 during the current fiscal year from \$6,943,000 to \$6,863,000. This decrease is mainly due to scheduled debt service payments that occurred during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of La Quinta's basic financial statements. The City of La Quinta's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of La Quinta's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of La Quinta's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of La Quinta is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, for example, earned but unused vacation leave.

Both of the government-wide financial statements mentioned above distinguish functions of the City of La Quinta that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of La Quinta include general government, public safety, community services, community development and public works. The business-type activities of the City of La Quinta include the SilverRock Golf course operations.

The government-wide financial statements include not only the City of La Quinta itself (known as the primary government), but also the La Quinta Financing Authority and the La Quinta Housing Authority. Although legally separate entities, they function for all practical purposes as departments of the City of La Quinta, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found in the table of contents under the Financial Section of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of La Quinta, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of La Quinta can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of La Quinta maintains thirty one (31) individual governmental funds, which are distinguished between major and non-major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, two (2) capital project funds, and two (2) special revenue funds. These five (5) funds are considered to be major funds. Data from the other twenty seven (26) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of La Quinta adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found in the table of contents under the heading Basic Financial Statements.

Proprietary funds

Proprietary funds can be broken down into enterprise and internal service funds. The City of La Quinta maintains one (1) enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of La Quinta uses an enterprise fund to account for its SilverRock Golf Course operations, which is considered to be a major fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of La Quinta's various functions. The City of La Quinta has three (3) internal service funds to account for its major equipment replacement including vehicles, for its information technology

systems, and for its park equipment and facility needs. Because these three services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report

The basic proprietary fund financial statements can be found on the pages listed in the table of contents for Proprietary Funds: Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and Statement of Cash Flows.

Fiduciary funds

Fiduciary funds, also called agency funds, are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of La Quinta's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on the pages listed in the table of contents for Fiduciary Funds: Statement of Fiduciary Net Position – Fiduciary Funds.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on the pages listed in the table of contents for Notes to Financial Statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with non-major governmental funds, internal service funds, and agency funds. The non-major governmental funds' combining statements are presented immediately following the Notes to the Financial Statements while the combining statements for the internal service funds and agency funds are presented following the budgetary comparison schedules for the debt service funds.

Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of La Quinta, assets exceeded liabilities by \$701,871,000 at the close of the most recent fiscal year, which is \$2,201,000 more than the previous year.

The largest portion of the City of La Quinta's Net Position, which was 81% this year and 82% last year, reflects its investment in capital assets (e.g., land, buildings; machinery, and equipment), net of related debt. The City of La Quinta uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. However, it should be noted that the resources needed to repay the related debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate it.

City of La Quinta Net Position

| | Governmental activities | | Business-type activities | | Total | |
|----------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current and other assets | \$163,106,840 | \$157,369,797 | \$ (4,404,429) | \$ (4,457,412) | \$158,702,411 | \$152,912,385 |
| Capital assets | 527,743,729 | 529,752,387 | 41,354,565 | 41,785,179 | 569,098,294 | 571,537,566 |
| Total assets | 690,850,569 | 687,122,184 | 36,950,136 | 37,327,767 | 727,800,705 | 724,449,951 |
| Current liabilities | 20,092,633 | 17,499,856 | 270,237 | 293,192 | 20,362,870 | 17,793,048 |
| Non-current liabilities | 5,566,976 | 6,942,844 | - | 43,736 | 5,566,976 | 6,986,580 |
| Total liabilities | 25,659,609 | 24,442,700 | 270,237 | 336,928 | 25,929,846 | 24,779,628 |
| Net position: | | | | | | |
| Net investment in capital assets | 527,614,666 | 529,681,342 | 41,354,565 | 41,741,443 | 568,969,231 | 571,422,785 |
| Restricted | 53,669,248 | 49,598,397 | | - | 53,669,248 | 49,598,397 |
| Unrestricted | 83,907,046 | 83,399,745 | (4,674,666) | (4,750,604) | 79,232,380 | 78,649,141 |
| Total net position | \$665,190,960 | \$662,679,484 | \$36,679,899 | \$36,990,839 | \$701,870,859 | \$699,670,323 |

An additional portion of the City of La Quinta's net position (8 percent versus 7 percent in the prior year) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted Net Position - \$79,232,000 (11 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of La Quinta is able to report positive balances in all three categories of Net Position, both for the government as a whole, as well as for its separate governmental activities; however, the business type unrestricted Net Position had a deficit in its net position of \$4,675,000, which is approximately \$76,000 less than the previous year.

Governmental activities

Governmental activities Net Position increased by \$2,511,000 accounting for a .38% percent change in the Net Position from the previous year. Key elements of these changes are as follows:

City of La Quinta Changes in Net Position

| | Governmental activities | | | Business-type activities | | | Total | | |
|--|-------------------------|----------------|--------------|--------------------------|---------------|--------------|----------------|----------------|--------------|
| | 2014 | 2013 | Change | 2014 | 2013 | Change | 2014 | 2013 | Change |
| Revenues: | | | | | | | | | |
| Program revenues: | | | | | | | | | |
| Charges for services | \$ 4,500,263 | \$ 2,533,941 | \$ 1,966,322 | \$ 3,481,424 | \$ 3,736,879 | \$(255,455) | \$ 7,981,687 | \$ 6,270,820 | \$ 1,710,867 |
| Operating grants and contributions | 14,587,153 | 28,068,940 | (13,481,787) | - | - | - | 14,587,153 | 28,068,940 | (13,481,787) |
| Capital grants and contributions | 3,981,286 | 4,115,238 | (133,952) | - | - | - | 3,981,286 | 4,115,238 | (133,952) |
| General revenues: | | | | | | | | | |
| Property taxes | 9,193,753 | 7,043,604 | 2,150,149 | - | - | - | 9,193,753 | 7,043,604 | 2,150,149 |
| Other taxes | 17,671,307 | 16,487,958 | 1,183,349 | - | - | - | 17,671,307 | 16,487,958 | 1,183,349 |
| Investment income | 2,190,357 | 1,605,718 | 584,639 | 1,567 | 2,225 | (658) | 2,191,924 | 1,607,943 | 583,981 |
| Motor vehicle in lieu | 3,291,042 | 3,157,330 | 133,712 | - | - | - | 3,291,042 | 3,157,330 | 133,712 |
| Extraordinary gain/loss on dissolution of RDA | (6,402,450) | - | (6,402,450) | - | - | - | (6,402,450) | - | (6,402,450) |
| Gain (loss) on sale of capital assets | - | (2,189,984) | 2,189,984 | - | - | - | - | (2,189,984) | 2,189,984 |
| Transfers | (500,000) | - | (500,000) | 500,000 | - | 500,000 | - | - | - |
| Miscellaneous | 243,498 | 28,551 | 214,947 | 678,046 | 100,799 | 577,247 | 921,544 | 129,350 | 792,194 |
| Total revenues | 48,756,209 | 60,851,296 | (12,095,087) | 4,661,037 | 3,839,903 | 821,134 | 53,417,246 | 64,691,199 | (11,273,953) |
| Expenses: | | | | | | | | | |
| General government | 4,830,239 | 4,511,023 | 319,216 | - | - | - | 4,830,239 | 4,511,023 | 319,216 |
| Public safety | 21,169,423 | 21,047,691 | 121,732 | - | - | - | 21,169,423 | 21,047,691 | 121,732 |
| Community development | 3,098,015 | 2,274,541 | 823,474 | - | - | - | 3,098,015 | 2,274,541 | 823,474 |
| Community services | 4,130,085 | 4,986,104 | (856,019) | - | - | - | 4,130,085 | 4,986,104 | (856,019) |
| Public works | 12,610,994 | 11,803,133 | 807,861 | - | - | - | 12,610,994 | 11,803,133 | 807,861 |
| Interest on long-term debt | 405,977 | 447,048 | (41,071) | - | - | - | 405,977 | 447,048 | (41,071) |
| Golf course | - | - | - | 4,971,977 | 4,208,855 | 763,122 | 4,971,977 | 4,208,855 | 763,122 |
| Total expenses | 46,244,733 | 45,069,540 | 1,175,193 | 4,971,977 | 4,208,855 | 763,122 | 51,216,710 | 49,278,395 | 1,938,315 |
| Increase in net position before transfers and restatements | 2,511,476 | 15,781,756 | (13,270,280) | (310,940) | (368,952) | 58,012 | 2,200,536 | 15,412,804 | (13,212,268) |
| Restatements | - | (3,908,944) | 3,908,944 | - | - | - | - | (3,908,944) | 3,908,944 |
| Increase in net position | 2,511,476 | 11,872,812 | (9,361,336) | (310,940) | (368,952) | 58,012 | 2,200,536 | 11,503,860 | (9,303,324) |
| Net position - beginning | 662,679,484 | 650,806,672 | 11,872,812 | 36,990,839 | 37,359,791 | (368,952) | 699,670,323 | 688,166,463 | 11,503,860 |
| Net position - ending | \$ 665,190,960 | \$ 662,679,484 | \$ 2,511,476 | \$ 36,679,899 | \$ 36,990,839 | \$ (310,940) | \$ 701,870,859 | \$ 699,670,323 | \$ 2,200,536 |

- Revenues overall decreased by \$11,274,000 with the largest category decrease in operating grants and contributions. In 2012-2013 \$17.9 million was transferred for the former Redevelopment Agency's "low/mod" housing fund to the La Quinta Housing authority fund. This was a one-time transfer that did not repeat in 2013-2014. The second largest category decrease was in the extraordinary gain/loss on dissolution of the former Redevelopment Agency. The State disallowed \$6,402,000 in loans owed to the City from the former Redevelopment Agency. These decreases were offset by increases in General Fund property tax, sales tax and development related fees and permits.

- Expenses for Governmental Activities overall increased by \$1,175,000 (2.6 percent increase). The biggest decrease was in the Governmental Activities category of Community Services which decreased by \$856,100 or 17 percent. Library expenses were down by \$259,000 and expenses were \$367,000 less than expected.
- Expenses related to Public Works governmental activities increased \$808,000 as compared to the previous year. The primary reason for this change was an increase in depreciation.
- Expenses related to Community Development governmental activities was \$823,000 higher than the previous reporting period due to an increase in depreciation. Not including depreciation, expenses overall in this category were consistent with the prior year's amounts.
- There were no contributions of assets from the governmental activities to the business-type activities. The primary government transferred \$500,000 to the SilverRock Golf fund in order to offset revenue loss from portions of the course being closed while the Coachella canal realignment project was underway.

Business-type activities

This was the ninth full year of operations for the SilverRock Golf fund since the golf course began early operation in 2005.

Net Position decreased by \$ (311,000) from the effects of an operating loss.

Charges for services primarily consisted of green fees which totaled \$3,481,000, and was \$255,000 less than the previous year, with golf course expenses of \$4,972,000, which was \$763,000 more than the previous year.

- As mentioned above, during Fiscal Year 2013-2014, the General Fund transferred \$500,000 to the SilverRock Golf fund in order to offset revenue loss from portions of the course being closed while the Coachella canal realignment project was underway.
- No additional advances were required for the golf course operations. The total outstanding advance due to the General Fund from the inception of the Golf Course opening is \$5,326,000. It is anticipated that these advances will be repaid from future income from SilverRock activities such as transient occupancy tax, sales tax and golf course net income generated on the site in future years.

Financial Analysis of the Government's Funds

As noted earlier, the City of La Quinta uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the City of La Quinta's governmental funds is to provide information on near-term inflows, outflows, and balances of the funds. Such information is useful in assessing the City of La Quinta's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of La Quinta's governmental funds reported combined ending fund balances of \$101,128,000 on as follows:

| Governmental Fund balances | | | | | | |
|----------------------------|----------------------|----------------|------------------------|----------------|-----------------------|----------------|
| <u>Category</u> | <u>General Fund</u> | <u>Percent</u> | <u>All Other Funds</u> | <u>Percent</u> | <u>Total Funds</u> | <u>Percent</u> |
| Nonspendable | \$ 58,466,029 | 64% | \$ - | 0% | \$ 58,466,029 | 58% |
| Restricted | - | 0% | 21,865,127 | 230% | 21,865,127 | 22% |
| Committed | 22,259,083 | 24% | - | 0% | 22,259,083 | 22% |
| Assigned | 209,000 | 0% | - | 0% | 209,000 | 0% |
| Unassigned | 10,699,641 | 12% | (12,370,462) | -130% | (1,670,821) | -2% |
| Total | <u>\$ 91,633,753</u> | | <u>\$ 9,494,665</u> | | <u>\$ 101,128,418</u> | |

Governmental fund balances ended the year totaling \$101,128,000, an increase of \$2,375,000 in comparison with the prior years' ending balance of \$98,753,000. Of this amount \$58,466,000 or 58% constitutes non-spendable reserves, which means that these reserves are not available to fund operating expenditures of the organization; \$21,865,000 or 22% are restricted fund balances which are the result of external limitations on spending; \$22,259,000 or 22% are committed fund balances which are the result of self-imposed limitations placed upon the funds by the Governing Board responsible for adopting the fund budget; and \$209,000 are assigned reserves for the retrospective insurance adjustment. The remainder fund deficit or \$1,671,000 represents unassigned fund balances or the residual net resources after taking into consideration the other classifications.

General Fund

The general fund is the chief operating fund of the City of La Quinta. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,700,000 while total fund balance reached \$91,634,000. As a measure of the general fund's liquidity, it may be useful to compare the total general fund balance to budgeted expenditures (including transfers out). The total fund balance represents 266 percent of the total budgeted expenditures.

The City of La Quinta's general fund balance decreased by \$939,000 in Fiscal Year 2013-2014. Key factors for this increase are as follows:

- The State of California disallowed \$6,403,000 in loans due to the General Fund from the Successor Agency to the former Redevelopment Agency.
- This loss was offset by \$5.3 million in increased General Fund revenues compared to FY 2012-2013. Property Tax increased by \$3.17 million, however approximately \$1.9 million of this was due to one-time payments from the Redevelopment Property Tax Trust Fund (RPTTF) related to the dissolution of RDA. Charges for services (primarily development related services) were up \$618,000 and the category of licenses and permits were up by \$387,000. Sales tax increased by \$153,000 and Transient Occupancy Tax collections increased from FY 2012-2013 by \$565,000.
- Actual expenditures were \$3,606,000 million less than the final budget, but \$540,000 higher than FY 2012-2013 expenditure levels. \$1,863,900 of expenditure savings has been carried over into FY 2014-2015 for encumbrance carryovers and Capital Improvement Project continuing appropriations.

Housing Authority Project Area No. 1 Fund

The Housing Authority fund is used to account for the housing activities of the Housing Authority in Project Area No. 1. The primary purpose of this fund is to promote and to provide quality housing in the City. The fund balance increased by \$142,000 to end the year at \$3,886,000.

Housing Authority Project Area No. 2 Fund

The Housing Authority fund is used to account for the housing activities of the Housing Authority in Project Area No. 2. The primary purpose of this fund is to promote and to provide quality housing in the City. The fund balance increased by \$71,000 to end the year at \$1,203,000.

Capital Improvement Fund

The Capital Improvement fund is primarily used to record the expenditure of funds for capital projects. The fund had thirty eight (38) active Capital Improvement Projects budgeted during Fiscal Year 2013-14. The three most active projects during the year were the Adams Street Bridge Improvements project (\$1,636,000), Relocation of the Coachella Canal at SilverRock (\$950,000), and Improvements at Highway 111 and Washington Street (\$853,000). Other major projects budgeted in the future include Adams Street Bridge Improvements, the Senior Center Expansion, the Pavement Management and Slurry Seal Program, the Sports Complex Lighting Rehabilitation and Expansion project, and the Americans with Disabilities Act (ADA) Improvements for City owned properties.

Civic Center Fund

The Civic Center fund is primarily used to collect developer impact fees for the construction of the City Hall expansion and the repayment of a portion of the debt service on the original City Hall construction. The City Hall expansion was completed in Fiscal Year 2007-08 and the final repayment of the original City Hall construction bonds is scheduled in Fiscal Year 2018-19. A \$7.1 million advance from the General Fund is outstanding at the end of Fiscal Year 2013-14.

Proprietary funds

The City of La Quinta's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The financial activities of the City enterprise fund have already been addressed in the discussion of the City of La Quinta's business-type activities. In addition, the City has three (3) internal service funds to accumulate resources for equipment and vehicle replacement, information technology activities, and for park equipment and facility replacement.

General Fund Budgetary Highlights

During the year there was a \$1.7 million increase in appropriations and transfers out between the original (\$35,247,900) and final amended budget (\$36,965,350). Following are the main components of the changes:

- The Final FY 2013-2014 amended budget included \$1,103,700 in carryover appropriations from Fiscal Year 2012-2013.
- The Final FY 2013-2014 amended budget included \$713,200 in Mid-Year adjustments for: permanent and temporary staffing increases related to development in Public Works and Community Development; and, an increase for unemployment cost related to prior year lay-offs of staff.

The budget increases were possible because of additional anticipated revenues, unassigned reserves, and reserves for carryovers and encumbrances.

Capital Asset and Debt Administration

Capital assets

The City of La Quinta's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$569,098,294 (net of accumulated depreciation). This investment in capital assets includes land, right of way, buildings and improvements, machinery and equipment, streets and bridges, and construction in progress. The investment in capital assets decreased this fiscal year due to the disposal of capital assets and depreciation expense which exceeded the purchase of capital assets.

The following chart lists the asset categories for governmental and business like activities net of depreciation:

City of La Quinta Capital Assets (net of depreciation)

| Description | Governmental activities | | Business-type activities | | Total | |
|----------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | \$ 69,609,372 | \$ 69,609,372 | \$36,840,832 | \$36,840,832 | \$106,450,204 | \$106,450,204 |
| Buildings and improvements | 45,518,392 | 47,830,084 | 4,425,600 | 4,660,157 | 49,943,992 | 52,490,241 |
| Equipment and furniture | 1,062,785 | 546,456 | 88,133 | 284,190 | 1,150,918 | 830,646 |
| Vehicles | 154,456 | 237,800 | - | - | 154,456 | 237,800 |
| Infrastructure | 389,031,690 | 392,932,855 | - | - | 389,031,690 | 392,932,855 |
| Construction in progress | 22,367,034 | 18,595,820 | - | - | 22,367,034 | 18,595,820 |
| Total | \$527,743,729 | \$529,752,387 | \$41,354,565 | \$41,785,179 | \$569,098,294 | \$571,537,566 |

Major capital asset events during the current fiscal year included the following:

Governmental activities

- Recording infrastructure improvements, street improvements, street right of way, street sidewalks and curbs and gutters, traffic signals, and street medians;
- Completed the roundabout at Eisenhower @ Sinaloa for \$989,811
- Completed the Calle Sinaloa sidewalk in the amount of \$211,854
- Completed Fred Waring median improvements totaling \$868,755

Business-type activities

- The Golf Course capital asset balance at June 30, 2014, was \$41,355,000, net of accumulated depreciation. The entire decrease of \$431,000 was due to annual depreciation of the assets.

Additional information on the City of La Quinta’s capital assets can be found in Note 7 to the financial statements.

Long-term debt

At the end of the current fiscal year, the City of La Quinta had total bonded debt outstanding of \$6,863,000. Of the total amount, \$2,930,000 of this debt amount represents bonds secured solely by specified revenue sources.

City of La Quinta Outstanding Debt

| Debt type: | Governmental activities | | Business-type activities | | Total | |
|---|-------------------------|--------------------|--------------------------|------------------|--------------------|--------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Capital leases | \$ 129,063 | \$ 71,045 | \$ - | \$ 43,736 | \$ 129,063 | \$ 114,781 |
| Compensated absences | 838,982 | 744,007 | - | - | 838,982 | \$ 744,007 |
| Post retirement healthcare liability | 663,377 | 559,591 | - | - | 663,377 | \$ 559,591 |
| General Liability Retrospective Deposit | 209,320 | - | - | - | 209,320 | \$ - |
| Loans payable | 2,092,100 | 2,143,201 | - | - | 2,092,100 | \$2,143,201 |
| Revenue bonds | 2,930,000 | 3,425,000 | - | - | 2,930,000 | \$3,425,000 |
| Total | \$6,862,842 | \$6,942,844 | \$ - | \$ 43,736 | \$6,862,842 | \$6,986,580 |

The total outstanding debt decreased by \$80,000 during Fiscal Year 2013-14. The decrease was due to regular scheduled debt service payments.

Additional information on the City of La Quinta's long-term debt can be found in Notes 8 and 9 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

These factors were considered in preparing the City of La Quinta's budget for Fiscal Year 2014-2015:

- The City of La Quinta had a 3.8% unemployment rate versus a 5.3% rate last year. This rate is significantly lower than the Riverside County rate of 7.4% and the State-wide unemployment rate of 6.7%.
- During the last ten years, the City of La Quinta has been in a growth phase with assessed values increasing from \$6.32 billion in Fiscal Year 2004-2005 to \$10.78 billion or over 70.5% percent in Fiscal Year 2013-2014. It is important to note however, that from Fiscal Year 2009-2010 to Fiscal Year 2013-2014 assessed values decreased by approximately 8.73%.
- AB1x26 dissolved California Redevelopment Agencies as of January 31, 2012. Due to the loss of Tax Increment, the City's ability to fund future capital projects has been severely curtailed. The City is still exploring ways to replace this funding source.
- The Fiscal Year 2014-15 General Fund revenue projection, after adjusting for the one-time RPTTF payment in FY 2013-2014, reflected an increase of \$3,265,700 over the FY 2012-2013 budgeted amount. However, now that FY 2013-2014 has closed, revenue projections will need to be increased during the FY 2014-2015 Mid-Year Budget process to reflect better than estimated revenues.
- The City of La Quinta adopted a balanced general fund budget for Fiscal Year 2014-2015.

Requests for Information

This financial report is designed to provide a general overview of the City of La Quinta's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of La Quinta, Rita Conrad, Finance Director, 78-495 Calle Tampico, La Quinta, CA, 92253 or by telephone at 760-777-7150.

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CITY OF LA QUINTA

STATEMENT OF NET POSITION
JUNE 30, 2014

| | Primary Government | | |
|--------------------------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets: | | | |
| Cash and investments | \$ 70,362,527 | \$ 531,827 | \$ 70,894,354 |
| Receivables: | | | |
| Accounts | 127,774 | 55,333 | 183,107 |
| Taxes | 2,136,707 | - | 2,136,707 |
| Notes and loans | 33,865,838 | - | 33,865,838 |
| Accrued interest | 72,683 | 568 | 73,251 |
| Internal balances | 5,326,381 | (5,326,381) | - |
| Prepaid costs | 10,263 | 1,865 | 12,128 |
| Deposits | 18,430 | 250,000 | 268,430 |
| Due from other governments | 42,829,637 | - | 42,829,637 |
| Inventories | - | 82,359 | 82,359 |
| Land held for resale | 8,320,000 | - | 8,320,000 |
| Long-term retrospective refund | 36,600 | - | 36,600 |
| Capital assets not being depreciated | 376,905,200 | 36,840,832 | 413,746,032 |
| Capital assets, net of depreciation | 150,838,529 | 4,513,733 | 155,352,262 |
| Total Assets | 690,850,569 | 36,950,136 | 727,800,705 |
| Liabilities: | | | |
| Accounts payable | 7,594,314 | 219,770 | 7,814,084 |
| Accrued liabilities | 375,542 | 2,231 | 377,773 |
| Accrued interest | 58,380 | - | 58,380 |
| Unearned revenue | 473,217 | 12,736 | 485,953 |
| Deposits payable | 8,009,058 | 35,500 | 8,044,558 |
| Due to other governments | 2,286,256 | - | 2,286,256 |
| Noncurrent liabilities: | | | |
| Due within one year | 1,298,866 | - | 1,298,866 |
| Due in more than one year | 5,563,976 | - | 5,563,976 |
| Total Liabilities | 25,659,609 | 270,237 | 25,929,846 |
| Net Position: | | | |
| Net investment in capital assets | 527,614,666 | 41,354,565 | 568,969,231 |
| Restricted for: | | | |
| Planning and development projects | 37,774,127 | - | 37,774,127 |
| Public safety | 274,274 | - | 274,274 |
| Public works | 1,571,163 | - | 1,571,163 |
| Capital projects | 1,590,168 | - | 1,590,168 |
| Community services | 12,459,516 | - | 12,459,516 |
| Unrestricted | 83,907,046 | (4,674,666) | 79,232,380 |
| Total Net Position | \$ 665,190,960 | \$ 36,679,899 | \$ 701,870,859 |

CITY OF LA QUINTA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

| | Program Revenues | | | |
|---------------------------------------|----------------------|----------------------|------------------------------------|---------------------|
| | Expenses | Charges for Services | Operating Contributions and Grants | |
| Functions/Programs | | | | |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 4,830,239 | \$ 71,042 | \$ 248,412 | \$ - |
| Public safety | 21,169,423 | 1,412,819 | 7,430,052 | 43,600 |
| Planning and development | 3,098,015 | 595,980 | 3,860,792 | 412,124 |
| Community services | 4,130,085 | 1,224,719 | 97,118 | - |
| Public works | 12,610,994 | 1,195,703 | 2,950,779 | 3,525,562 |
| Interest on long-term debt | 405,977 | - | - | - |
| Total Governmental Activities | 46,244,733 | 4,500,263 | 14,587,153 | 3,981,286 |
| Business-Type Activities: | | | | |
| Golf Course | 4,971,977 | 3,481,424 | - | - |
| Total Business-Type Activities | 4,971,977 | 3,481,424 | - | - |
| Total Primary Government | \$ 51,216,710 | \$ 7,981,687 | \$ 14,587,153 | \$ 3,981,286 |

General Revenues:

Taxes:

- Property taxes, levied for general purpose
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Business licenses taxes
- Other taxes
- Motor vehicle in lieu - unrestricted
- Use of money and property
- Other

Extraordinary gain/(loss)

Transfers

Total General Revenues, Extraordinary Items, and Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

| Net (Expenses) Revenues and Changes in Net Position | | |
|--|---------------------------------|-----------------------|
| Primary Government | | |
| Governmental Activities | Business-Type Activities | Total |
| \$ (4,510,785) | \$ - | \$ (4,510,785) |
| (12,282,952) | - | (12,282,952) |
| 1,770,881 | - | 1,770,881 |
| (2,808,248) | - | (2,808,248) |
| (4,938,950) | - | (4,938,950) |
| (405,977) | - | (405,977) |
| (23,176,031) | - | (23,176,031) |
| - | (1,490,553) | (1,490,553) |
| - | (1,490,553) | (1,490,553) |
| (23,176,031) | (1,490,553) | (24,666,584) |
| 9,193,753 | - | 9,193,753 |
| 6,307,737 | - | 6,307,737 |
| 8,786,819 | - | 8,786,819 |
| 1,688,263 | - | 1,688,263 |
| 307,654 | - | 307,654 |
| 580,834 | - | 580,834 |
| 3,291,042 | - | 3,291,042 |
| 2,190,357 | 1,567 | 2,191,924 |
| 243,498 | 678,046 | 921,544 |
| (6,402,450) | - | (6,402,450) |
| (500,000) | 500,000 | - |
| 25,687,507 | 1,179,613 | 26,867,120 |
| 2,511,476 | (310,940) | 2,200,536 |
| 662,679,484 | 36,990,839 | 699,670,323 |
| \$ 665,190,960 | \$ 36,679,899 | \$ 701,870,859 |

CITY OF LA QUINTA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

| | Special Revenue Funds | | | Capital Projects Funds |
|--|-----------------------|----------------------------------|----------------------------------|------------------------------|
| | General | Housing Authority PA No. 1 | Housing Authority PA No. 2 | Capital Improvement |
| | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 43,897,375 | \$ 1,833,304 | \$ 1,176,158 | \$ 2,435,752 |
| Receivables: | | | | |
| Accounts | 44,819 | 17,208 | 36,945 | 28,802 |
| Taxes | 2,136,707 | - | - | - |
| Notes and loans | - | 4,350,984 | 29,514,854 | - |
| Accrued interest | 46,495 | 2,075 | - | - |
| Prepaid costs | 1,500 | - | 8,735 | - |
| Deposits | 4,830 | - | 13,600 | - |
| Due from other governments | 41,663,397 | - | - | 59,731 |
| Due from other funds | 234,815 | - | - | - |
| Advances to other funds | 15,163,183 | - | - | - |
| Land held for resale | 8,320,000 | - | - | - |
| Long-term retrospective refund | 36,600 | - | - | - |
| Total Assets | \$ 111,549,721 | \$ 6,203,571 | \$ 30,750,292 | \$ 2,524,285 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 5,508,258 | \$ 4,661 | \$ - | \$ 1,709,932 |
| Accrued liabilities | 367,320 | - | 3,519 | - |
| Unearned revenues | 59,154 | - | - | 412,843 |
| Deposits payable | 7,246,798 | 23,205 | 28,679 | 492,433 |
| Due to other governments | 66,618 | - | - | - |
| Due to other funds | - | - | - | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 13,248,148 | 27,866 | 32,198 | 2,615,208 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | 6,667,820 | 2,289,267 | 29,514,854 | - |
| Total Deferred Inflows of Resources | 6,667,820 | 2,289,267 | 29,514,854 | - |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid costs | 1,500 | - | - | - |
| Land held for resale | 8,320,000 | - | - | - |
| Advances to other funds | 15,163,183 | - | - | - |
| Deposits | 4,830 | - | - | - |
| Due from other Governments | 34,976,516 | - | - | - |
| Restricted for: | | | | |
| Planning and development projects | - | 3,886,438 | 1,203,240 | - |
| Public safety | - | - | - | - |
| Community services | - | - | - | - |
| Public works | - | - | - | - |
| Capital Projects | - | - | - | - |
| Committed to: | | | | |
| Working capital reserve | 2,836,820 | - | - | - |
| Capital Projects | 1,507,429 | - | - | - |
| Emergency reserve | 16,034,995 | - | - | - |
| Post retirement health benefits | 1,523,401 | - | - | - |
| Carryovers | 356,438 | - | - | - |
| Assigned to: | | | | |
| Insurance | 209,000 | - | - | - |
| Unassigned | 10,699,641 | - | - | (90,923) |
| Total Fund Balances | 91,633,753 | 3,886,438 | 1,203,240 | (90,923) |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 111,549,721 | \$ 6,203,571 | \$ 30,750,292 | \$ 2,524,285 |

CITY OF LA QUINTA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

| | Capital Projects Funds | Other Governmental Funds | Total Governmental Funds |
|--|---------------------------------------|---|---|
| | Civic Center | | |
| Assets: | | | |
| Pooled cash and investments | \$ - | \$ 16,107,746 | \$ 65,450,335 |
| Receivables: | | | |
| Accounts | - | - | 127,774 |
| Taxes | - | - | 2,136,707 |
| Notes and loans | - | - | 33,865,838 |
| Accrued interest | - | 18,469 | 67,039 |
| Prepaid costs | - | 28 | 10,263 |
| Deposits | - | - | 18,430 |
| Due from other governments | - | 1,106,509 | 42,829,637 |
| Due from other funds | - | - | 234,815 |
| Advances to other funds | - | - | 15,163,183 |
| Land held for resale | - | - | 8,320,000 |
| Long-term retrospective refund | - | - | 36,600 |
| Total Assets | \$ - | \$ 17,232,752 | \$ 168,260,621 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 226,424 | \$ 7,449,275 |
| Accrued liabilities | - | - | 370,839 |
| Unearned revenues | - | 1,220 | 473,217 |
| Deposits payable | - | 217,943 | 8,009,058 |
| Due to other governments | - | 2,219,638 | 2,286,256 |
| Due to other funds | 209,318 | 25,497 | 234,815 |
| Advances from other funds | 7,103,172 | 2,733,630 | 9,836,802 |
| Total Liabilities | 7,312,490 | 5,424,352 | 28,660,262 |
| Deferred Inflows of Resources: | | | |
| Unavailable revenues | - | - | 38,471,941 |
| Total Deferred Inflows of Resources | - | - | 38,471,941 |
| Fund Balances: | | | |
| Nonspendable: | | | |
| Prepaid costs | - | - | 1,500 |
| Land held for resale | - | - | 8,320,000 |
| Advances to other funds | - | - | 15,163,183 |
| Deposits | - | - | 4,830 |
| Due from other Governments | - | - | 34,976,516 |
| Restricted for: | | | |
| Planning and development projects | - | 880,328 | 5,970,006 |
| Public safety | - | 274,274 | 274,274 |
| Community services | - | 12,459,516 | 12,459,516 |
| Public works | - | 1,571,163 | 1,571,163 |
| Capital Projects | - | 1,590,168 | 1,590,168 |
| Committed to: | | | |
| Working capital reserve | - | - | 2,836,820 |
| Capital Projects | - | - | 1,507,429 |
| Emergency reserve | - | - | 16,034,995 |
| Post retirement health benefits | - | - | 1,523,401 |
| Carryovers | - | - | 356,438 |
| Assigned to: | | | |
| Insurance | - | - | 209,000 |
| Unassigned | (7,312,490) | (4,967,049) | (1,670,821) |
| Total Fund Balances | (7,312,490) | 11,808,400 | 101,128,418 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ - | \$ 17,232,752 | \$ 168,260,621 |

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CITY OF LA QUINTA

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

| | | |
|---|------------------|-------------------------------------|
| Fund balances of governmental funds | | \$ 101,128,418 |
| 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. | | 511,510,704 |
| Long-term debt and compensated absences that have not been included in the governmental fund activity: | | |
| Bonds payable | \$ (2,930,000) | |
| Retrospective Liability | (209,320) | |
| Capital lease payable | (59,127) | |
| Loans payable | (2,092,100) | |
| Compensated Absences | <u>(826,159)</u> | (6,116,706) |
| 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. | | (663,377) |
| Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds. | | (58,380) |
| 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. | | 38,471,941 |
| Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position. | | <u>20,918,360</u> |
| Net Position of governmental activities | | <u><u>\$ 665,190,960</u></u> |

CITY OF LA QUINTA

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

| | General | Special Revenue Funds | | Capital Projects Funds |
|--|----------------------|----------------------------------|----------------------------------|------------------------------|
| | | Housing Authority PA No. 1 | Housing Authority PA No. 2 | Capital Improvement |
| Revenues: | | | | |
| Taxes | \$ 26,559,246 | \$ - | \$ - | \$ - |
| Assessments | - | - | - | - |
| Licenses and permits | 953,540 | - | - | - |
| Intergovernmental | 8,508,823 | - | 429,425 | 3,525,562 |
| Charges for services | 1,238,277 | - | - | - |
| Use of money and property | 879,804 | 380,454 | 195,155 | - |
| Fines and forfeitures | 237,682 | - | - | - |
| Contributions from other agencies | - | - | - | 838,972 |
| Developer participation | - | - | - | - |
| Miscellaneous | 327,519 | 467 | 6,333 | - |
| Total Revenues | 38,704,891 | 380,921 | 630,913 | 4,364,534 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 3,864,326 | - | - | - |
| Public safety | 21,130,503 | - | - | - |
| Planning and development | 1,032,707 | 238,571 | 367,338 | - |
| Community services | 2,782,281 | - | - | - |
| Public works | 3,450,325 | - | - | - |
| Capital outlay | 8,934 | - | - | 7,916,318 |
| Debt service: | | | | |
| Principal retirement | 11,918 | - | 51,101 | - |
| Interest and fiscal charges | 5,559 | - | 141,756 | - |
| Total Expenditures | 32,286,553 | 238,571 | 560,195 | 7,916,318 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 6,418,338 | 142,350 | 70,718 | (3,551,784) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 117,988 | - | - | 3,551,522 |
| Transfers out | (1,072,713) | - | - | - |
| Total Other Financing Sources (Uses) | (954,725) | - | - | 3,551,522 |
| Extraordinary gain/(loss) | (6,402,450) | - | - | - |
| Net Change in Fund Balances | (938,837) | 142,350 | 70,718 | (262) |
| Fund Balances, Beginning of Year | 92,572,590 | 3,744,088 | 1,132,522 | (90,661) |
| Fund Balances, End of Year | \$ 91,633,753 | \$ 3,886,438 | \$ 1,203,240 | \$ (90,923) |

CITY OF LA QUINTA

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

| | Capital Projects Funds | Other Governmental Funds | Total Governmental Funds |
|--|------------------------------|--------------------------------|--------------------------------|
| | Civic Center | | |
| Revenues: | | | |
| Taxes | \$ - | \$ 632,843 | \$ 27,192,089 |
| Assessments | - | 951,181 | 951,181 |
| Licenses and permits | - | - | 953,540 |
| Intergovernmental | - | 4,042,856 | 16,506,666 |
| Charges for services | - | - | 1,238,277 |
| Use of money and property | - | 719,635 | 2,175,048 |
| Fines and forfeitures | - | - | 237,682 |
| Contributions from other agencies | - | - | 838,972 |
| Developer participation | 224,260 | 2,834,994 | 3,059,254 |
| Miscellaneous | - | 3,000 | 337,319 |
| Total Revenues | 224,260 | 9,184,509 | 53,490,028 |
| Expenditures: | | | |
| Current: | | | |
| General government | 201,400 | 3,101 | 4,068,827 |
| Public safety | - | 58,583 | 21,189,086 |
| Planning and development | - | 109,861 | 1,748,477 |
| Community services | - | 1,229,151 | 4,011,432 |
| Public works | - | 1,166,725 | 4,617,050 |
| Capital outlay | - | 49,495 | 7,974,747 |
| Debt service: | | | |
| Principal retirement | - | 495,000 | 558,019 |
| Interest and fiscal charges | 29,861 | 233,834 | 411,010 |
| Total Expenditures | 231,261 | 3,345,750 | 44,578,648 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (7,001) | 5,838,759 | 8,911,380 |
| Other Financing Sources (Uses): | | | |
| Transfers in | - | 532,253 | 4,201,763 |
| Transfers out | - | (3,262,966) | (4,335,679) |
| Total Other Financing Sources (Uses) | - | (2,730,713) | (133,916) |
| Extraordinary gain/(loss) | - | - | (6,402,450) |
| Net Change in Fund Balances | (7,001) | 3,108,046 | 2,375,014 |
| Fund Balances, Beginning of Year | (7,305,489) | 8,700,354 | 98,753,404 |
| Fund Balances, End of Year | \$ (7,312,490) | \$ 11,808,400 | \$ 101,128,418 |

CITY OF LA QUINTA

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

Net change in fund balances - total governmental funds \$ 2,375,014

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 depreciation and disposals exceeded capital outlay in the current period.

| | | |
|----------------------------|--------------------|-------------|
| Capital outlay | \$ 7,609,275 | |
| Depreciation | (8,127,674) | |
| Disposal of capital assets | <u>(1,274,739)</u> | (1,793,138) |

The issuance of long-term debt liabilities provides current financial resources in the governmental funds, but issuing debt increases the long-term liabilities in the statement of net position. 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 | 495,000 | |
| General liability retrospective deposit payable | (209,320) | |
| Capital lease repayments | 11,918 | |
| Loan repayments | <u>51,101</u> | 348,699 |

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 5,033

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. (90,478)

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. (103,786)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 2,153,322

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. (383,190)

Change in net position of governmental activities \$ 2,511,476

CITY OF LA QUINTA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2014

| | Business-Type Activities - Enterprise Funds | Governmental Activities- Internal Service Funds |
|--|--|--|
| | Golf Course | |
| Assets: | | |
| Current: | | |
| Cash and investments | \$ 531,827 | \$ 4,912,192 |
| Receivables: | | |
| Accounts | 55,333 | - |
| Accrued interest | 568 | 5,644 |
| Prepaid costs | 1,865 | - |
| Deposits | 250,000 | - |
| Inventories | 82,359 | - |
| | 921,952 | 4,917,836 |
| Noncurrent: | | |
| Capital assets - net of accumulated depreciation | 41,354,565 | 16,233,025 |
| | 41,354,565 | 16,233,025 |
| | \$ 42,276,517 | \$ 21,150,861 |
| Liabilities and Net Position: | | |
| Liabilities: | | |
| Current: | | |
| Accounts payable | \$ 219,770 | \$ 145,039 |
| Accrued liabilities | 2,231 | 4,703 |
| Unearned revenues | 12,736 | - |
| Deposits payable | 35,500 | - |
| Accrued compensated absences | - | 7,684 |
| Bonds, notes, and capital leases | - | 20,635 |
| | 270,237 | 178,061 |
| Noncurrent: | | |
| Advances from other funds | 5,326,381 | - |
| Accrued compensated absences | - | 5,139 |
| Bonds, notes, and capital leases | - | 49,301 |
| | 5,326,381 | 54,440 |
| | 5,596,618 | 232,501 |
| Net Position: | | |
| Net investment in capital assets | 41,354,565 | 16,163,089 |
| Unrestricted | (4,674,666) | 4,755,271 |
| | 36,679,899 | 20,918,360 |
| | \$ 42,276,517 | \$ 21,150,861 |

CITY OF LA QUINTA

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

| | Business-Type Activities - Enterprise Funds | Governmental Activities- Internal Service Funds |
|---|--|--|
| | Golf Course | |
| Operating Revenues: | | |
| Sales and service charges | \$ 3,481,424 | \$ 1,562,500 |
| Miscellaneous | 678,046 | - |
| Total Operating Revenues | 4,159,470 | 1,562,500 |
| Operating Expenses: | | |
| Administration and general | 53,187 | 125,148 |
| Fuel and oil | - | 78,995 |
| Maintenance and parts | - | 111,332 |
| Contract services | 3,648,768 | 209,788 |
| Software and supplies | - | 268,378 |
| Depreciation expense | 430,614 | 796,051 |
| Other | 826,449 | - |
| Total Operating Expenses | 4,959,018 | 1,589,692 |
| Operating Income (Loss) | (799,548) | (27,192) |
| Nonoperating Revenues (Expenses): | | |
| Interest revenue | 1,567 | 15,309 |
| Interest expense | (12,959) | - |
| Gain (loss) on disposal of capital assets | - | (5,223) |
| Total Nonoperating Revenues (Expenses) | (11,392) | 10,086 |
| Income (Loss) Before Transfers | (810,940) | (17,106) |
| Transfers in | 500,000 | - |
| Transfers out | - | (366,084) |
| Changes in Net Position | (310,940) | (383,190) |
| Net Position: | | |
| Beginning of Year | 36,990,839 | 21,301,550 |
| End of Fiscal Year | \$ 36,679,899 | \$ 20,918,360 |

CITY OF LA QUINTA

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

| | Business-Type Activities - Enterprise Funds | Governmental Activities- Internal Service Funds |
|---|--|--|
| | Golf Course | |
| Cash Flows from Operating Activities: | | |
| Cash received from customers and users | \$ 4,211,499 | \$ 1,562,500 |
| Cash received from/(paid to) interfund service provided | - | (581,460) |
| Cash paid to suppliers for goods and services | (4,511,985) | (120,410) |
| Cash paid to employees for services | (52,785) | - |
| Net Cash Provided (Used) by Operating Activities | (353,271) | 860,630 |
| Cash Flows from Non-Capital Financing Activities: | | |
| Cash transfers out | - | (366,084) |
| Cash transfers in | 500,000 | - |
| Advance to other funds | 2,840 | - |
| Net Cash Provided (Used) by Non-Capital Financing Activities | 502,840 | (366,084) |
| Cash Flows from Capital and Related Financing Activities: | | |
| Proceeds from capital debt | - | 90,629 |
| Acquisition and construction of capital assets | - | (587,144) |
| Principal paid on capital debt | (43,736) | - |
| Interest paid on capital debt | (12,959) | - |
| Capital lease down payment | - | (20,693) |
| Proceeds from sales of capital assets | - | 1,390 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (56,695) | (515,818) |
| Cash Flows from Investing Activities: | | |
| Interest received | 1,396 | 14,032 |
| Net Cash Provided (Used) by Investing Activities | 1,396 | 14,032 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 94,270 | (7,240) |
| Cash and Cash Equivalents at Beginning of Year | 437,557 | 4,919,432 |
| Cash and Cash Equivalents at End of Year | \$ 531,827 | \$ 4,912,192 |

CITY OF LA QUINTA

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

| | Business-Type Activities - Enterprise Funds | Governmental Activities- Internal Service Funds |
|---|--|--|
| | Golf Course | |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | |
| Operating income (loss) | \$ (799,548) | \$ (27,192) |
| Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities: | | |
| Depreciation | 430,614 | 796,051 |
| (Increase) decrease in accounts receivable | 43,830 | - |
| (Increase) decrease in inventories | (5,212) | - |
| Increase (decrease) in accounts payable | (30,981) | 87,033 |
| Increase (decrease) in accrued liabilities | (173) | 241 |
| Increase (decrease) in unearned revenue | 8,199 | - |
| Increase (decrease) in compensated absences | - | 4,497 |
| Total Adjustments | 446,277 | 887,822 |
| Net Cash Provided (Used) by Operating Activities | \$ (353,271) | \$ 860,630 |

Non-Cash Investing, Capital, and Financing Activities:
 There were no non-cash transactions in the current year.

CITY OF LA QUINTA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2014

| | Agency Funds | Pension Trust Fund | Private- Purpose Trust Fund |
|---|-------------------|------------------------------|--|
| | | Supplemental Pension Plan | Successor Agency of the former RDA |
| Assets: | | | |
| Pooled cash and investments | \$ 264,925 | \$ 163,496 | \$ 31,289,063 |
| Receivables: | | | |
| Taxes | 18,542 | - | - |
| Notes and loans | - | - | 3,215,737 |
| Accrued interest | 294 | 188 | 14,446 |
| Prepaid asset | - | - | 450,511 |
| Due from other governments | - | - | 2,219,638 |
| Restricted assets: | | | |
| Cash and investments with fiscal agents | - | - | 33,870,741 |
| Total Assets | \$ 283,761 | 163,684 | 71,060,136 |
| Deferred Outflows of Resources: | | | |
| Deferred charge on refunding | \$ - | - | 4,275,185 |
| Total Deferred Outflows of Resources | - | - | 4,275,185 |
| Liabilities: | | | |
| Accounts payable | - | - | 12,851 |
| Accrued interest | - | - | 4,668,241 |
| Deposits payable | 283,761 | - | - |
| Long-term liabilities: | | | |
| Due in one year | - | - | 8,525,000 |
| Due in more than one year | - | - | 261,945,486 |
| Total Liabilities | \$ 283,761 | - | 275,151,578 |
| Net Position: | | | |
| Held in trust for pension | | 163,684 | - |
| Held in trust for other purposes | | - | (199,816,257) |
| Total Net Position | | \$ 163,684 | \$(199,816,257) |

CITY OF LA QUINTA

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

| | Pension Trust Fund | Private- Purpose Trust Fund |
|--|------------------------------|--|
| | Supplemental Pension Plan | Successor Agency of the former RDA |
| Additions: | | |
| Taxes | \$ - | \$ 20,011,681 |
| Interest and change in fair value of investments | 469 | (38,330) |
| Total Additions | 469 | 19,973,351 |
| Deductions: | | |
| Administrative expenses | 12,833 | 544,180 |
| Interest expense | - | 9,838,632 |
| Contributions to City | - | 838,972 |
| Loss on reduction of loan | - | 368,824 |
| Cost of issuance | - | 1,077,505 |
| Total Deductions | 12,833 | 12,668,113 |
| Extraordinary gain/(loss) | - | 6,402,450 |
| Changes in Net Position | (12,364) | 13,707,688 |
| Net Position - Beginning of the Year | 176,048 | (213,523,945) |
| Net Position - End of the Year | \$ 163,684 | \$ (199,816,257) |

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Reporting Entity

The City of La Quinta (City) was incorporated May 1, 1982, under the general laws of the State of California. In November 1996, the City became a charter City. The City operates under the Council – Manager form of government.

The City provides many community services including public safety, highway and street maintenance, health and social services, cultural and leisure services, public improvements, planning and zoning services, and community development services.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. As required by generally accepted accounting principles, these financial statements present the government and its component units, which are entities for which the government is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if an organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

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 government's operations and so data from these units are reported with the interfund data of the primary government.

The following organizations are considered to be component units of the City:

City of La Quinta Public Financing Authority

The La Quinta Public Financing Authority (Financing Authority) was established pursuant to a Joint Exercise of Powers Agreement dated November 19, 1991, between the City and the Former Redevelopment Agency. The purpose of the Financing Authority is to provide financing necessary for the construction of various public improvements through the issuance of debt. Although the Financing Authority is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Financing Authority and the management of the City has operational responsibility for the Financing Authority. Separate financial statements of the Financing Authority are not prepared.

City of La Quinta Housing Authority

The La Quinta Housing Authority (Housing Authority) was established pursuant to California Housing Authorities Law (Health and Safety Code Sections 34200 et seq.) on September 15, 2009. The purpose of the Housing Authority is to provide safe and sanitary housing opportunities for La Quinta residents. Although the Housing

Note 1: Summary of Significant Accounting Policies (Continued)

Authority is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Housing Authority and the management of the City has operational responsibility for the Financing Authority. Separate financial statements of the Housing Authority are not prepared.

b. Government-Wide and Fund Financial Statements

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide 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 nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for

Note 1: Summary of Significant Accounting Policies (Continued)

governmental and proprietary funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the city primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

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

Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. 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.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses a 60 day availability period.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed delivered tax revenues* are recognized as revenues in the period in which the underlying exchange transaction on which they are based takes place. *Imposed nonexchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual 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.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on their balance sheets. The reported fund balance is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses). Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Note 1: Summary of Significant Accounting Policies (Continued)

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary Funds

The City's enterprise and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the *economic resources measurement focus*. This means that all assets, all deferred outflows of resources, all liabilities, and all deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements, rather than as an Other Financing Source. Amounts paid to reduce long-term indebtedness of the proprietary funds are reported as a reduction of the related liability, rather than as expenditures.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services.

Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 1: Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

The pension and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

d. Major Funds, Internal Service Funds and Fiduciary Fund Types

The City's major governmental funds are as follows:

General Fund – This fund is the primary fund of the City and is used to account for all revenue and expenditures of the City not legally restricted as to use. A broad range of municipal activities are provided through this fund including City Manager, City Attorney, Finance, City Clerk, Community Development, Police Services, Public Works, and Community Services.

Housing Authority Project Area No. 1 – To account for the housing activities of the Housing Authority in Project Area 1 which is to promote and provide for quality housing. Revenues will be provided from the receipts and collections of notes and loans. All monies in the Housing Authority must be used in accordance with the applicable housing-related provisions of the Community Redevelopment Law.

Housing Authority Project Area No. 2 – To account for the housing activities of the Housing Authority in Project Area 2 which is to promote and provide for quality housing. Revenues will be provided from the receipts and collections of notes and loans. All monies in the Housing Authority must be used in accordance with the applicable housing-related provisions of the Community Redevelopment Law.

Capital Improvement Fund – This capital projects fund is used to account for the planning, design and construction of various capital projects throughout the City.

Civic Center Fund – To account for the accumulation of resources provided through developer fees for the acquisition, construction, or improvement of the Civic Center.

The City's major proprietary fund is as follows:

Golf Course – To account for the activities of the SilverRock Golf Resort.

Other fund types of the City are as follows:

Internal Service Funds:

Equipment Replacement Fund – This fund accounts for equipment and vehicle maintenance and replacement services provided to other departments on a cost-reimbursement basis.

Information Technology Fund – This fund is used to account for the acquisition for computer equipment, maintenance, and services to support information systems within the City. Costs are reimbursed by the benefiting departments.

Park Equipment and Facilities Fund – This fund is used to account for the purchase and replacement of City owned park facility infrastructure. Costs are reimbursed by the benefiting departments.

Note 1: Summary of Significant Accounting Policies (Continued)

Fiduciary Funds:

Agency Fund – This fund accounts for assets held by the City as an agency for assessment district bondholders.

Pension Trust Fund – This fund accounts for the activities of the Supplemental Pension Savings Plan, which accumulates resources for pension benefit payments to qualified government employees.

Private-Purpose Trust Fund – This fund accounts for the assets and liabilities of the former redevelopment agency and its allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

e. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Equity

Investments

For financial reporting purposes, investments are adjusted to their fair value. 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. Some investments are valued on an unamortized cost basis. For these investments, there is no material difference from fair value.

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*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

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. Cash equivalents also represent the proprietary fund's share in the City's cash and investment pool. Cash equivalents have an original maturity date of three months or less from the date of purchase. For purposes of the statement of cash flows, the entire balance of cash and investments on the combined balance sheet for the proprietary funds is considered cash and cash equivalents.

Inventory

Inventory is valued at cost using the first in/first out (FIFO) method. The City uses the consumption method of accounting for inventories.

Note 1: Summary of Significant Accounting Policies (Continued)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City utilizes the consumption method, in which prepaid items are accounted for in the period that the benefit was received.

Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more.

Capital Assets include public domain (infrastructure) consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the proprietary funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet.

The following schedule summarizes capital asset useful lives:

| | |
|----------------------------|-------------|
| Buildings and improvements | 10-30 years |
| Equipment and furniture | 3-20 years |
| Vehicles | 5-10 years |
| Infrastructure | 10-50 years |
| Software | 5-10 years |

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and governmental fund 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 and 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 City of La Quinta has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: taxes, loans and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

Vacation and sick time is vested on a percentage based on number of years employed at the City. Maximum accumulation of sick and vacation is 30 and 40 days, respectively.

Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave. If an employee terminates with a minimum of two years service, the employee is entitled to receive 25% of the value of his unused sick leave. The percentage increases by 25% for each five-year period until the employee is entitled to 75% of the value of their unused sick leave. This will occur upon the completion of ten years of continuous employment. The General Fund resources are used to pay for the accumulated benefits to employees.

Fund Balance

In the fund financial statements, governmental funds report the following fund balance classification:

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

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

Assigned includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. City Council is authorized to assign amounts to a specific purpose. The City Council authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted through a resolution.

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

Fund Balance Flow Assumptions – governmental fund financial statements

Sometimes the City of La Quinta 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 City'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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position Flow Assumption – governmental and proprietary fund financial statements

Sometimes the City of La Quinta 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 City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

II. STEWARDSHIP**Note 2: Stewardship, Compliance and Accountability****a. At June 30, 2014, the following funds had deficit fund balances:**

| | | | |
|----------------------------------|--|----|-----------|
| Major Capital Projects Funds: | | | |
| Capital Improvement | | \$ | 90,923 |
| Civic Center | | | 7,312,490 |
| Nonmajor Special Revenue Funds: | | | |
| Federal Assistance | | | 12,914 |
| Nonmajor Capital Projects Funds: | | | |
| Parks and Recreation | | | 469,486 |
| Library Development | | | 1,750,152 |
| Street Facility | | | 1,966,991 |
| Fire Facility | | | 766,639 |
| Nonmajor Debt Service Funds: | | | |
| Financing Authority | | | 867 |

b. Excess of expenditures over appropriations are as follows:

Expenditures for the year ended June 30, 2014, exceeded the appropriations of the General Fund as follows:

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------|---------------|---------------|-----------------|
| General Fund: | | | |
| General Government | | | |
| Fiscal Services | \$ 856,413 | \$ 872,791 | \$ 16,378 |
| Public Safety | | | |
| Police | 13,468,659 | 13,639,205 | 170,546 |
| Parks and recreation | | | |
| Parks & recreation | 198,100 | 207,963 | 9,863 |
| Public Works | | | |
| Administration | 450,254 | 479,366 | 29,112 |
| Maintenance/operations-streets | 1,008,015 | 1,028,178 | 20,163 |
| Engineering services | 678,946 | 998,204 | 319,258 |
| Debt Service | | | |
| Principal retirement | - | 11,918 | 11,918 |
| Interest and fiscal charges | - | 5,559 | 5,559 |

c. Budget

The Indian Gaming Fund, Development Agreement, Proposition 1B, and Transportation Uniform Mitigation Fee Funds did not adopt a budget.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

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

| | |
|--------------------------------------|----------------------------------|
| Statement of Net Position: | |
| Cash and investments | \$ 70,894,354 |
| Statement of Fiduciary Net Position: | |
| Cash and investments | 31,717,484 |
| Cash with fiscal agent | <u>33,870,741</u> |
| Total cash and investments | <u><u>\$ 136,482,579</u></u> |

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

| | |
|--------------------------------------|----------------------------------|
| Cash on hand | \$ 1,450 |
| Deposits with financial institutions | 9,154,549 |
| Investments | <u>127,326,580</u> |
| Total cash and investments | <u><u>\$ 136,482,579</u></u> |

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Cash Deposits

At June 30, 2014, the carrying amount of the City's deposits was \$9,154,549, and the bank balance was \$9,448,210. The \$293,661 difference represents outstanding checks and other reconciling items.

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

CITY OF LA QUINTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 3: Cash and Investments (Continued)

This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

| Investment Types Authorized by State Law | *Maximum Maturity | *Maximum Percentage of Portfolio | *Maximum Investment In One Issuer |
|---|----------------------|--|--|
| U.S. Treasury Obligations | 10 years | None | \$30 million |
| U.S. Agency Securities | 3 years | None | 30 million |
| Local Agency Bonds | 10 years | None | 30 million |
| California Local Agency Obligations | 10 years | 30% | 30 million |
| Commercial Paper | 90 days | 15% | 5 million |
| Certificates of Deposit | 3 years | 60% | 250,000 |
| Medium-Term Notes | 3 years | 10% | 5 million |
| Money Market Mutual Funds | 60 days | 20% | 10% |
| Local Agency Investment Fund (LAIF) | N/A | 30% | 40 million |
| Investment Agreements | N/A | N/A | N/A |

* Based on state law requirements or investment policy requirements,

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 short term and long 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:

| Investment Type | Total | Remaining Maturity (in Months) | | |
|---------------------------------------|-----------------------|--------------------------------|----------------------|---------------------|
| | | 6 Months or Less | 1 to 3 Years | 3 to 5 Years |
| Certificates of Deposit | \$ 6,490,738 | \$ - | \$ 1,441,156 | \$ 5,049,582 |
| Federal agency securities: | | | | |
| Federal National Mortgage Association | 17,984,880 | - | 17,984,880 | - |
| Federal Farm Credit Bank | 19,968,200 | - | 19,968,200 | - |
| State investment pool | 49,012,008 | 49,012,008 | - | - |
| Held by bond trustee: | | | | |
| Money market funds | 33,870,754 | 33,870,754 | - | - |
| Total | <u>\$ 127,326,580</u> | <u>\$ 82,882,762</u> | <u>\$ 39,394,236</u> | <u>\$ 5,049,582</u> |

Note 3: Cash and Investments (Continued)

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. The City's investment policy limits investments in commercial paper to those rated A-1 and P-1 or higher from Standard and Poor's (S&P) and money market mutual funds that are rated "AAA". The quality of U.S. Treasury securities is not analyzed since they are not deemed to have credit risk.

As of June 30, 2014, the City had investments with a variety of issuers, all of which were "investment grade" and were legal under state and municipal law. The City's investments in money market mutual funds were all rated "AAA", and federal agency securities were all rated AA+ by S&P and Moody's. As of June 30, 2014, the City's investments in external investment pools were unrated.

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, except for U.S. Agency Securities and Commercial Paper. As of June 30, 2014, the City had individual investments that represent 5% or more of total investments with Federal Farm Credit Bank and Federal National Mortgage Association.

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.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code 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 relations 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 3: Cash and Investments (Continued)

GASB Statement No. 31

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards (e.g. mark to market) for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the statement of net position and balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Note 4: Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes are recorded initially in a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City of La Quinta accrues only those taxes that are received from the County within ninety days after year-end.

| | |
|------------------|---------------------------|
| Lien date | January 1 |
| Levy date | July 1 |
| Due dates | November 1 and February 1 |
| Collection dates | December 10 and April 10 |

Note 5: Notes Receivable

In September 1994, the Former Redevelopment Agency sold certain real property to LINC Housing for \$2,112,847. The property was used to construct single-family homes and rental units to increase the City's supply of low and moderate income housing. The note bears interest at 6% per annum and is due in full on June 15, 2029. On February 1, 2012, this receivable was transferred to the Housing Authority Project Area No. 1 which took over the housing function of the Former Agency upon dissolution. The balance at June 30, 2014, including matured, unpaid interest of \$2,289,267 is \$4,324,655.

In February 2011, the Former Redevelopment Agency entered into Disposition and Development Agreement with Coral Mountain Partners L.P. ("Coral Mountain") to fund up to \$29,000,000 for the construction of a low and moderate income apartment complex with an estimated completion date of the apartment complex of March 2014. The Former Agency's \$29,000,000 loan is evidenced by a Promissory Note executed by Coral Mountain ("Note"). Interest on the outstanding note amount will bear simple interest of 1%. Principal and interest will be repaid on or before May 1st of each year from annual residual receipts as defined in the Note once the project is completed and may be repaid early if the property is refinanced, or if the property is transferred to another entity. On February 1, 2012, this receivable was transferred to the Housing Authority Project Area No. 2 which took over the housing function of the Former Agency upon dissolution. As of June 30, 2014, the outstanding principal portion on the Note is \$29,000,000 and the outstanding interest portion is \$514,854.

Other notes receivable as of February 1, 2012, were transferred to the Housing Authority Project Area No. 1 which took over the housing function of the Former Agency upon dissolution that totaled \$26,329 at June 30, 2014.

Note 6: California Joint Powers Insurance Authority Refund Balances Long-term Receivable

Retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the CJPIA. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. The California Joint Powers Insurance Authority (CJPIA) has temporarily deferred the payment on retrospective deposits owed to the CJPIA by members. The payment deferral period extends until July 1, 2013, for the Liability program and July 1, 2015, for the Workers' Compensation program. Retrospective deposit payments are scheduled to resume on these dates. The October 2013 annual retrospective adjustment is included in these balances. The City at June 30, 2014, had a retrospective refund due to the City in the amount of \$36,600 relating to workers' compensation and a retrospective deposit due of \$209,320 relating to general liability.

Retrospective Balances will Change Annually

Retrospective balances will change with each annual computation during the payment deferral period. Member balances may increase or decrease as a result of the most recent year's claim development. Accordingly, some members who chose to pay off their balance in full may be required to pay additional retrospective deposits in the future based on the outcome of actual claim development reflected in subsequent retrospective deposit computations. Conversely, if claim development is favorable then subsequent retrospective adjustments could potentially result in refunds to the member.

More information on the CJPIA retrospective balances can be found on the CJPIA website at CJPIA.org.

CITY OF LA QUINTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 7: Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2014, is as follows:

| | Beginning Balance at July 1, 2013 | Adjustments | Additions | Deletions | Transfers | Ending Balance at June 30, 2014 |
|---|---|--------------|---------------------|---------------------|--------------------|---------------------------------------|
| Governmental Activities: | | | | | | |
| Capital assets, not being depreciated: | | | | | | |
| Land | \$ 69,609,372 | \$ - | \$ - | \$ - | \$ - | \$ 69,609,372 |
| Right of way | 284,928,794 | - | - | - | - | 284,928,794 |
| Construction-in-progress | 18,595,820 | - | 7,484,760 | 1,274,739 | (2,438,807) | 22,367,034 |
| Total Capital Assets, Not Being Depreciated | 373,133,986 | - | 7,484,760 | 1,274,739 | (2,438,807) | 376,905,200 |
| Capital assets, being depreciated: | | | | | | |
| Buildings and improvements | 69,063,708 | - | - | - | - | 69,063,708 |
| Equipment and furniture | 2,290,186 | - | 587,144 | 103,253 | 141,074 | 2,915,151 |
| Vehicles | 1,598,538 | 1,223 | - | - | - | 1,599,761 |
| Infrastructure | 197,968,501 | - | 124,515 | - | 2,297,733 | 200,390,749 |
| Total Capital Assets, Being Depreciated | 270,920,933 | 1,223 | 711,659 | 103,253 | 2,438,807 | 273,969,369 |
| Less accumulated depreciation: | | | | | | |
| Buildings and improvements | 21,233,624 | - | 2,311,692 | - | - | 23,545,316 |
| Equipment and furniture | 1,743,730 | - | 205,276 | 96,640 | - | 1,852,366 |
| Vehicles | 1,360,738 | 1,223 | 83,344 | - | - | 1,445,305 |
| Infrastructure | 89,964,440 | - | 6,323,413 | - | - | 96,287,853 |
| Total Accumulated Depreciation | 114,302,532 | 1,223 | 8,923,725 | 96,640 | - | 123,130,840 |
| Total Capital Assets, Being Depreciated, Net | 156,618,401 | - | (8,212,066) | 6,613 | 2,438,807 | 150,838,529 |
| Governmental Activities Capital Assets, Net | <u>\$ 529,752,387</u> | <u>\$ -</u> | <u>\$ (727,306)</u> | <u>\$ 1,281,352</u> | <u>\$ -</u> | <u>\$ 527,743,729</u> |

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

| | |
|-----------------------|---------------------|
| General government | \$ 339,177 |
| Community development | 1,368,224 |
| Community services | 128 |
| Public works | 6,420,145 |
| Internal service | 796,051 |
| | <u>\$ 8,923,725</u> |

CITY OF LA QUINTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 7: Capital Assets (Continued)

Capital asset activity for business-type activities for the year ended June 30, 2014, is as follows:

| | Beginning Balance at July 1, 2013 | Additions | Deletions | Ending Balance at June 30, 2014 |
|---|---|---------------------|-------------|---------------------------------------|
| Business-Type Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 36,840,832 | \$ - | \$ - | \$ 36,840,832 |
| Total Capital Assets, Not Being Depreciated | <u>36,840,832</u> | <u>-</u> | <u>-</u> | <u>36,840,832</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 6,636,465 | - | - | 6,636,465 |
| Equipment and furniture | 2,073,478 | - | - | 2,073,478 |
| Vehicles | 20,348 | - | - | 20,348 |
| Software | 20,255 | - | - | 20,255 |
| Total Capital Assets, Being Depreciated | <u>8,750,546</u> | <u>-</u> | <u>-</u> | <u>8,750,546</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | 1,976,308 | 234,557 | - | 2,210,865 |
| Equipment and furniture | 1,789,288 | 196,057 | - | 1,985,345 |
| Vehicles | 20,348 | - | - | 20,348 |
| Software | 20,255 | - | - | 20,255 |
| Total Accumulated Depreciation | <u>3,806,199</u> | <u>430,614</u> | <u>-</u> | <u>4,236,813</u> |
| Total Capital Assets, Being Depreciated, Net | <u>4,944,347</u> | <u>(430,614)</u> | <u>-</u> | <u>4,513,733</u> |
| Governmental Activities | | | | |
| Capital Assets, Net | <u>\$ 41,785,179</u> | <u>\$ (430,614)</u> | <u>\$ -</u> | <u>\$ 41,354,565</u> |

Depreciation expense was charged to the following function in the Statement of Activities:

| | |
|-------------|-------------------|
| Golf Course | <u>\$ 430,614</u> |
|-------------|-------------------|

CITY OF LA QUINTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 8: Changes in Long-Term Liabilities – Governmental Activities

a. Changes in Long-Term Debt

The following is a summary of changes in governmental long-term liabilities of the City for the fiscal year ended June 30, 2014:

| | Balance at July 1, 2013 | Additions | Deletions | Balance at June 30, 2014 | Due within one year |
|--|----------------------------|-------------------|---------------------|-----------------------------|------------------------|
| City: | | | | | |
| Compensated absences payable | \$ 744,007 | \$ 570,096 | \$ 475,121 | \$ 838,982 | \$ 475,121 |
| Copier Lease Payable | 71,045 | - | 11,918 | 59,127 | 12,967 |
| Dell Computer Lease | - | 90,629 | 20,693 | 69,936 | 20,635 |
| OPEB Liability | 559,591 | 120,039 | 16,253 | 663,377 | - |
| General liability retrospective deposit payable | - | 209,320 | - | 209,320 | 209,320 |
| RDA Project Area No. 2: | | | | | |
| Provident Loan | 1,441,096 | - | 35,341 | 1,405,755 | 38,411 |
| US Department of Agriculture | 702,105 | - | 15,760 | 686,345 | 17,412 |
| Financing Authority: | | | | | |
| Revenue bonds | 3,425,000 | - | 495,000 | 2,930,000 | 525,000 |
| Total | <u>\$ 6,942,844</u> | <u>\$ 990,084</u> | <u>\$ 1,070,086</u> | <u>\$ 6,862,842</u> | <u>\$ 1,298,866</u> |

b. A description of individual issues of debt (excluding defeased bonds) outstanding as of June 30, 2014, is as follows:

Copier Lease Payable

In June 2013, the City entered into a 5-year lease agreement for photocopiers for \$71,045 maturing in monthly increments of \$1,456, with interest payable monthly at 8.47%. This new lease agreement qualifies as a capital lease for accounting purposes and therefore, has been recorded at the present value of the future minimum lease payments at the inception date.

The minimum future lease obligations and the net present value of the lease payments as of June 30, 2014, are as follows:

| Year Ending June 30, | Total |
|-----------------------------------|------------------|
| 2015 | \$ 17,477 |
| 2016 | 17,477 |
| 2017 | 17,477 |
| 2018 | <u>17,477</u> |
| Total Payments | 69,908 |
| Less amount representing interest | <u>(10,781)</u> |
| Outstanding Principal | <u>\$ 59,127</u> |

CITY OF LA QUINTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 8: Changes in Long-Term Liabilities – Governmental Activities (Continued)

Dell Computer Lease Payable

In April 2014, the City entered into a 5-year lease agreement for Dell computers for \$90,629 maturing in annual increments ranging from \$20,693 to \$408, with interest payable annually at 4.79%. This lease agreement qualifies as a capital lease for accounting purposes and therefore, has been recorded at the present value of the future minimum lease payments at the inception date.

The minimum future lease obligations and the net present value of the lease payments as of June 30, 2014, are as follows:

| Year Ending June 30, | Total |
|-----------------------------------|-------------------------|
| 2015 | \$ 23,474 |
| 2016 | 23,474 |
| 2017 | 23,474 |
| 2018 | 5,977 |
| 2019 | <u>427</u> |
| Total Payments | 76,826 |
| Less amount representing interest | <u>(6,890)</u> |
| Outstanding Principal | <u><u>\$ 69,936</u></u> |

1996 Lease Revenue Refunding Bonds

On November 15, 1996, the Financing Authority issued \$8,790,000 of 1996 Lease Revenue Refunding Bonds to defease the remaining 1991 Local Agency Revenue Bonds in the amount of \$8,200,000 and to provide funds for construction of remaining improvements to the La Quinta Civic Center site.

The bonds consist of \$3,630,000 of serial bonds and \$5,150,000 of term bonds. The serial bonds will accrue interest at rates between 3.70% and 5.30% and principal amounts mature between October 1, 1997 and October 1, 2008, in amounts ranging from \$285,000 to \$380,000. The term bonds accrue interest at a rate of 5.55% and mature on October 1, 2018.

A surety agreement has been purchased to satisfy the bond reserve requirement. There are certain limitations regarding the issuance of parity debt as further described in the official statement. The amount of principal outstanding at June 30, 2014, is \$ 2,930,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8: Changes in Long-Term Liabilities – Governmental Activities (Continued)

The minimum annual requirements to amortize the bond payable as of June 30, 2014, are as follows:

| | Principal | Interest |
|--------|---------------------|-------------------|
| 2015 | \$ 525,000 | \$ 148,046 |
| 2016 | 555,000 | 118,076 |
| 2017 | 585,000 | 86,441 |
| 2018 | 615,000 | 53,141 |
| 2019 | 650,000 | 18,038 |
| Totals | <u>\$ 2,930,000</u> | <u>\$ 423,742</u> |

California Joint Powers Insurance Authority Retrospective Deposit Liability

Retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the CJPIA. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. CJPIA has taken the amount owed to them by the City as an offset to the CJPIA General Liability cumulative refund due to the City by the CJPIA. More information on the CJPIA retrospective balances can be found on the CJPIA website at CJPIA.org. At June 30, 2014, the City had a retrospective liability totaling \$209,320.

Loans

Washington Street Apartments

In October 2008, the former redevelopment agency acquired the Washington Street Apartments for cash and the assumption of the following debt:

Provident Bank Loan

This loan was originally entered into with the previous owner of the Washington Street Apartments and Provident Bank for \$1,696,000 in August 2001 at an 8.36% interest rate. The loan is amortized on a thirty year basis with the outstanding balance due in twenty years or August 2021. The outstanding principal balance in October 2008 when the property was acquired by the former redevelopment agency was \$1,572,031. The loan is secured by a deed of trust on the property and is senior to the United States Department of Agriculture (USDA) loan which is also secured by a deed of trust on the property. Repayment of the monthly loan amount of \$12,873 is made from tenant rent receipts. The source for the final principal payment due in August 2021, of \$1,050,109 will be determined at a future date. The principal balance of this loan at June 30, 2014, is \$1,405,755.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8: Changes in Long-Term Liabilities – Governmental Activities (Continued)

The minimum annual requirements to amortize the loan payable as of June 30, 2014, are as follows:

| | <u>Principal</u> | <u>Interest</u> |
|-----------|---------------------|-------------------|
| 2015 | \$ 38,411 | \$ 119,134 |
| 2016 | 41,748 | 116,064 |
| 2017 | 45,375 | 112,726 |
| 2018 | 49,317 | 109,099 |
| 2019 | 53,602 | 105,157 |
| 2020-2022 | <u>1,177,302</u> | <u>302,913</u> |
| Totals | <u>\$ 1,405,755</u> | <u>\$ 865,093</u> |

United States Department of Agriculture (USDA) Rural Development Promissory Note

This promissory note was originally entered into with the previous owner of the Washington Street Apartments and USDA – Rural Development for \$1,500,000 in November 1980 at a 10.00% interest rate. The note is amortized on a fifty year basis with the outstanding balance due in October 2030. The outstanding principal balance, in October 2008, when the property was acquired by the former redevelopment agency was \$760,721. The loan is secured by a deed of trust on the property and is subordinated to the Provident loan which is also secured by a deed of trust on the property. Repayment of the monthly loan amount of \$7,107 is made from tenant rent receipts and a rental subsidy from the USDA. Rural Development has agreed to a 9% interest rate subsidy on the Promissory Note as long as the Apartment renters meet certain program eligibility requirements. The principal balance of this note at June 30, 2014, is \$686,345.

| | <u>Principal</u> | <u>Interest</u> |
|-----------|-------------------|-------------------|
| 2015 | \$ 17,412 | \$ 67,870 |
| 2016 | 19,235 | 66,047 |
| 2017 | 21,249 | 64,033 |
| 2018 | 23,474 | 61,807 |
| 2019 | 25,932 | 59,349 |
| 2020-2024 | 176,546 | 249,863 |
| 2025-2029 | 290,473 | 135,936 |
| 2030-2032 | <u>112,024</u> | <u>8,602</u> |
| Totals | <u>\$ 686,345</u> | <u>\$ 713,507</u> |

Compensated absences

Compensated absences are described in note 1. The liability is typically liquidated by the general fund.

Other Post-Employment Benefits (OPEB)

OPEB are described in Note 15. The liability is typically liquidated by the general fund.

CITY OF LA QUINTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 9: Changes in Long-Term Liabilities – Business-type Activities

Changes in business-type long-term liabilities for the year ended June 30, 2014, were as follows:

| | Balance at July 1, 2013 | Additions | Deletions | Balance at June 30, 2014 | Due within one year |
|------------------------|----------------------------|-----------|-----------|-----------------------------|------------------------|
| Golf Course: | | | | | |
| Capital leases payable | \$ 43,736 | \$ - | \$ 43,736 | \$ - | \$ - |

The City of La Quinta entered into several capital lease agreements for the operation of the Silver Rock Golf Resort. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The lease with Wells Fargo Financing Leasing, Inc. ended in September 2013.

Note 10: Debt Without Governmental Commitment

The City of La Quinta sold Improvement Bonds issued pursuant to the California State Improvement Act of 1915. The Bonds are payable from the annual installments collected on the regular property tax bills sent to owners of property having unpaid assessments levied against land benefited by the projects. The bonds are neither general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof, therefore, they are not included in the long-term liabilities in the accompanying financial statements. The City is not liable for repayment of the debt, but is only acting as agent for the property owners in collecting the assessments and forwarding the collections to bondholders. The following is a summary of Improvement Bonds outstanding at June 30, 2014.

| | Proceeds | Maturity Date | Interest Rate | Amount Outstanding at June 30, 2014 |
|------------------------------|------------|---------------|---------------|---|
| Assessment District No. 97-1 | \$ 705,262 | 9/2/2018 | 4.10% - 5.60% | \$ 205,000 |

CITY OF LA QUINTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 11: Interfund Receivables and Payables

The composition of current interfund receivable and payable as of June 30, 2014, are as follows:

| | Due to Other Funds | | Total |
|-----------------------------|--------------------|------------------------|------------|
| | Civic Center Fund | Non-Major Governmental | |
| <u>Due From Other Funds</u> | | | |
| General Fund | \$ 209,318 | \$ 25,497 | \$ 234,815 |

The interfund balances were made to cover negative cash balances and other temporary loans at June 30, 2014.

The composition of non-current interfund receivable and payable as of June 30, 2014, are as follows:

| | Advances From Other Funds | | | TOTAL |
|--------------------------------|---------------------------|------------------------|--------------|---------------|
| | Civic Center | Non-Major Governmental | Golf Course | |
| <u>Advances to Other Funds</u> | | | | |
| General Fund | \$ 7,103,172 | \$ 2,733,630 | \$ 5,326,381 | \$ 15,163,183 |

- a) In September 2006, an advance up to \$9,615,094 for the City Hall expansion from the General Fund to the Civic Center Developer Impact Fee Fund was approved. As of June 30, 2014, the Civic Center expansion was completed and the amount of the advance was \$7,103,172 outstanding. The advance accrues interest that would have been earned by Local Agency Investment Fund.
- b) As of June 30, 2014, the General Fund has advanced to the Golf Course fund \$5,326,381. The advances accrue interest at the City's investment pool rate and are to be repaid by the golf course out of future profits.
- c) In October 2009, an advance up to \$2,033,687 for the Phase 1 of the Corporate Yard from the General Fund to the Street and Park Maintenance Facility Funds was approved. As of June 30, 2014, the amount of the outstanding advance was \$1,966,991. The advance accrues interest at the earnings rate of the City's investment pool fund.
- d) In February 2003, the Redevelopment Agency Capital Projects PA No. 2 Fund advanced \$1,350,131 to the Fire Facility Fund to provide funding for development of the City's north Fire Station. On March 1, 2012 the outstanding advance of \$925,192 was transferred from the Redevelopment Agency to the General Fund with the Redevelopment Agency receiving \$925,192 in cash for the outstanding balance. The advance accrues interest at the earnings rate of the City's investment pool funds. As of June 30, 2014, the remaining balance of the advance was \$766,639.

CITY OF LA QUINTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 12: Interfund Transfers

| | <u>Transfers Out</u> | | | <u>Total</u> |
|----------------------------|----------------------|-----------------------------------|--|---------------------|
| | <u>General Fund</u> | <u>Non-Major Governmental</u> | <u>Equipment Replacement - Internal Service Fund</u> | |
| <u>Transfers In</u> | | | | |
| General Fund | \$ - | \$ 117,988 | \$ - | \$ 117,988 |
| Capital Improvement | 570,713 | 2,980,809 | - | 3,551,522 |
| Non-Major Governmental | 2,000 | 164,169 | 366,084 | 532,253 |
| Golf Course | 500,000 | - | - | 500,000 |
| Total: | <u>\$ 1,072,713</u> | <u>\$ 3,262,966</u> | <u>\$ 366,084</u> | <u>\$ 4,701,763</u> |

- a) \$117,988 was transferred to the General Fund from various non-major funds to fund various program expenses within the City related to operations and grant funded activities.
- b) \$570,713 was transferred from the General Fund to the Capital Improvement Fund to transfer various capital projects and sales tax rebate agreements.
- c) \$2,980,809 was transferred to Capital Improvement Fund from various non-major funds to fund various capital projects within the City.
- d) A combined \$532,253 was transferred to various non-major funds from the General Fund, Equipment Replacement Fund, and other non-major funds to support various administrative operations, capital project, and debt service expenses within the City.
- e) \$500,000 was transferred from the General Fund to the Golf Course Fund to fund the canal restoration project.

IV. OTHER INFORMATION

Note 13: Defined Benefit Pension PlanPlan Description

The City of La Quinta contributes to the California Public Employees Retirement System (PERS), a cost sharing 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.

Funding Policy

Participants are required to contribute 8% 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 14.660% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Contributions

For the year ended June 30, 2014, the City's contribution of \$760,966 was equal to the City's required and actual contribution. Contributions are made from the General Fund, Golf Course Fund and Information Technology Fund. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses) and (b) projected annual salary increases that range from 3.30% to 14.20% depending on age, service, and type of employment. Both (a) and (b) include 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. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2014, was 21 years.

| <u>Fiscal Year</u> | <u>Contribution</u> | <u>Contributed</u> |
|--------------------|---------------------|--------------------|
| 6/30/2012 | \$ 906,917 | 100% |
| 6/30/2013 | 869,462 | 100% |
| 6/30/2014 | 760,966 | 100% |

Note 14: Defined Contribution PlansPlan Description

The Supplemental Pension Savings Plan is a defined contribution pension plan established by the City to provide retirement excess benefits to general employees of the City. At June 30, 2014, there was one plan member. There are no required contributions by plan members. During the 2013-2014 fiscal year the City made no contributions to fund the Supplemental Pension Savings Plan.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 15: Post-Employment Health BenefitsPlan Description

The City of La Quinta provides other postemployment benefits (OPEB) through a single-employer defined benefit healthcare plan by contributing on behalf of all eligible retirees' \$115/month for calendar 2013 and 2014, increased in all future years according to the rate of medical inflation. These benefits are provided per contract between the City and the employee associations. A separate financial report is not available for the plan.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council and/or the employee association. Currently, contributions are not required from plan members. A contribution was made during 2013-2014 fiscal year for \$16,253.

As a result, the City calculated and recorded a net OPEB obligation, representing the difference between the annual required contribution (ARC) and actual contributions, as presented below:

| | |
|---|--------------------------|
| Annual required contribution (ARC) | \$ 138,992 |
| Interest on net OPEB obligation | 5,596 |
| Adjustment to ARC | <u>(24,549)</u> |
| Annual OPEB cost | 120,039 |
| Contributions made | <u>(16,253)</u> |
| (Decrease) increase in net OPEB obligation | 103,786 |
| Net OPEB obligation (asset) - beginning of year | <u>559,591</u> |
| Net OPEB obligation (asset) - end of year | <u><u>\$ 663,377</u></u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2013-2014 and the two preceding years were as follows:

| Fiscal Year End | Annual OPEB Cost | Actual Contribution (Net of Adjustments) | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation (Asset) |
|-----------------------|------------------------|---|---|-----------------------------------|
| 6/30/2012 | \$ 128,493 | \$ 6,160 | 4.79% | \$ 459,644 |
| 6/30/2013 | 116,408 | 16,461 | 14.14% | 559,591 |
| 6/30/2014 | 120,039 | 16,253 | 13.54% | 663,377 |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 15: Post-Employment Health Benefits (Continued)

Funded Status and Funding Progress

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 City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The information is as of the latest actuarial valuation information available.

| Type of Valuation | Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability | Funding Ratio | Covered Payroll | Percent of Covered Payroll | Interest Rate |
|-------------------|--------------------------|---------------------------|-----------------------------|---------------|-----------------|----------------------------|---------------|
| Actual | 7/1/2008 | \$ - | \$ 590,676 | 0.0% | \$ 7,821,474 | 7.6% | 5.0% |
| Actual | 7/1/2011 | - | 428,328 | 0.0% | 7,459,445 | 5.7% | 5.0% |

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 the employer and plan members to that point. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included a 5.0% investment rate of return, projected salary increases ranging from 5.0% to 8.0%, a 4.0% per year cost-of-living adjustments, and an 8% healthcare trend rate.. Both include an inflation component of 4%.

The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level dollar on an open basis. The remaining amortization period at June 30, 2014, was twenty-five years. The number of active participants is 12.

Note 16: Liability, Workers' Compensation, and Purchased Insurance

The City of La Quinta is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

Note 16: Liability, Workers' Compensation, and Purchased Insurance (Continued)

The total funding requirement for self-insurance programs is estimated using actuarial models and prefunded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

General Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 16: Liability, Workers' Compensation, and Purchased Insurance (Continued)

Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Additional Coverage

Property Insurance

The City of La Quinta participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of La Quinta property is currently insured according to a schedule of covered property submitted by the City of La Quinta to the Authority. City of La Quinta property currently has all-risk property insurance protection in the amount of Non Participant. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance

The City of La Quinta purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of La Quinta property currently has earthquake protection in the amount of Non Participant. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

The City of La Quinta purchases crime insurance coverage in the amount of Non Participant with a Non Participant deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

Note 17: Commitments and Contingencies

The following material construction commitments existed at June 30, 2014:

| <u>Project Name</u> | <u>Contract Amount</u> | <u>Expenditures to date</u> | <u>Remaining Commitments</u> |
|-----------------------------------|------------------------|-----------------------------|------------------------------|
| Senior Center Expansion | \$ 2,575,998 | \$ 919,207 | \$ 1,656,791 |
| Pavement Management & Slurry Seal | 2,117,714 | 148,948 | 1,968,766 |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 18: Fund Balance

Fund Balance Commitments

The City has the following committed fund balance shown on the balance sheet:

Committed to emergency reserve - the City established the amount of 35% of the Fiscal Year 2013-2014 budget plus \$4,000,000 which totals \$16,034,995 in the General Fund for the year ended June 30, 2014. The funds would be drawn upon pursuant to the Municipal Code Section 2.20 which defines an emergency or disaster to mean the actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within this city caused by such conditions as air pollution, fire, flood, storm, epidemic, riot, earthquake or other conditions, including conditions resulting from war or imminent threat of war but other than conditions resulting from a labor controversy, which conditions are or are likely to be beyond the control of the services, regular personnel, equipment and facilities of the city and which may require the combined forces of other political jurisdictions to combat.

Committed to post retirement health benefits - the City has committed a portion of fund balance for the payment in future years of their Post retirement health benefits. For the year ended June 30, 2014, the City has committed \$1,523,401 for this purpose.

Committed to working capital reserve - the City established the amount of 8.25% of the Fiscal Year 2013-2014 budget which totals \$2,836,820 in the General Fund for the year ended June 30, 2014.

Committed to Fiscal Year 2014 carryovers to Fiscal Year 2015 \$356,438.

Committed to Fiscal Year 2014 capital project carryovers to Fiscal Year 2015 1,507,429.

These committed amounts have been approved by Council based on certain percentages and will be used only in the event of Council approval.

Note 19: Golf Course Management Agreement

The City entered into an agreement with Landmark Golf Management LLC (operator) to manage the golf operations at the city-owned SilverRock Golf Course. The Agreement entered into on April 6, 2004, sets forth a five year term commencing upon the completion of the golf course. On January 14, 2005, the golf course was deemed to be complete and management was turned over to the operator. The contract provides that the operator will manage the day to day operations, hire employees, provide golf pro shop and food services, manage all marketing and promotional activities, prepare the annual budget report for Council consideration, and manage accounting and payroll functions. In addition to the annual payment for management services, the City has advanced the operator \$250,000 to pay for golf course expenses. Twice a month the operator submits a request for reimbursement to the City to replenish the City's advance. In addition, the agreement sets forth the establishment of a capital reserve fund of 2% of green fees. For the fiscal year ending June 30, 2014, the Golf Course had an operating loss before contributions and transfers of \$810,940.

Note 20: Reimbursement Agreements

The City entered into a sales tax sharing agreement on January 30, 2006, with Costco Wholesale Corporation. Under the terms of the agreement the City shall make quarterly payments of 40% of any sales tax generated from Costco in an amount not to exceed \$4,000,000 over a ten year period. Due to the reporting of sales tax information by the State Board of Equalization to the City, the reimbursement payments by the City will lag by one quarter. The agreement terminates when either the \$4,000,000 limit is reached or in 10 years whichever comes first. The Costco business opened in November 2006. As of June 30, 2014, the City made \$98,498 in reimbursement payments to the owner leaving an outstanding balance of \$1,382,482.

Note 21: Extraordinary Items

Notes payables owed to the City of La Quinta in the amount of \$6,402,450 were included in the transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 due to the dissolution of the Former Redevelopment Agency. During the current year the California Department of Finance disallowed these notes as enforceable obligations and as a result were transferred back to the City. This transaction is shown as an extraordinary loss in the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance and an extraordinary gain in the Statement of Changes in Fiduciary Net Position.

Note 22: 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 La Quinta 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 3, 2011, 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 2012-002.

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

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

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.

The Successor Agency to the former Redevelopment Agency is reported as a fiduciary fund (private purpose trust fund).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 22: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

a. Cash and Investments

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

| | |
|---|----------------------|
| Cash and investments pooled with the City | \$ 31,289,063 |
| Cash and investments with fiscal agent | 33,870,741 |
| | <u>\$ 65,159,804</u> |

b. Loans Receivable

Owner Participation Agreement – Garff Properties, LLC

In July 2010, the former redevelopment agency entered into an Owner Participation Agreement (OPA) with an Garff Properties-La Quinta, LLC (“Garff”) that provides for the Former Agency to provide a rehabilitation loan to Garff of up to \$2,300,000 for the construction of a new auto dealership facility and rehabilitation of an existing dealership facility. In connection with the OPA, Garff has executed a promissory note which is secured by a deed of trust, and an operating covenant. The loan will be repaid by crediting future sales and property tax increment taxes generated on the site until the cumulative taxes collected equals the loan amount. At that time, the note will be cancelled and the operating covenant will terminate. If, after ten years of operation, a shortfall exists between the revenues collected and the outstanding loan amount, the note will be cancelled and the operating covenant will terminate. Further, if at any time through no fault of the dealership certain future events outside of the dealership control occur the note will be cancelled and the operating covenant will terminate. The balance at June 30, 2014, is \$1,715,738.

Owner Participation Agreement – Torre Nissan

In June 2011, the former redevelopment agency entered into an Owner Participation Agreement (OPA) with an autodealer, Mega Dealer, LLC (“Torre Nissan”) that provides for the Agency to provide a rehabilitation loan to Torre Nissan of up to \$1,500,000 for the remodeling of the existing dealership and an expansion of the dealership facility to accommodate a new line of electric and commercial vehicles. The new expansion will also include service and parts sales facilitates. In connection with the OPA, Torre Nissan has executed a promissory note, which is secured by a subordinated deed of trust. If Nissan Motor Company ceases to exist, the note will be cancelled and the operating covenant will terminate. At the end of the ten-year operating covenant, the operating covenant will terminate and the note will be cancelled, and any outstanding loan balance will be forgiven. As of June 30, 2014, construction was in progress and \$1,499,999 of the \$1,500,000 had been expended leaving an available balance of \$1.

c. Due from other Governments

La Quinta Community Park

In July 2002, an advance of \$4,167,912 was made from the former redevelopment agency to provide funding for the development of the publicly owned improvements to the La Quinta Community Park. The advance accrues interest at the earnings rate of the City’s investment pool fund. As of June 30, 2014, the remaining balance of the advance for the La Quinta Community Park is \$469,486.

CITY OF LA QUINTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 22: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

La Quinta Library

In April 2005, another advance of \$2,490,273 was made from the former redevelopment agency to provide funding for the construction of the public library. The advance accrues interest at the earnings rate of the City's investment pool fund. The remaining balance of this advance at June 30, 2014, is \$1,750,152.

d. Long-Term Debt

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

| | Balance at July 1, 2013 | Additions | Defeasements | Deletions | Balance at June 30, 2014 | Due within one year |
|--------------------------------|----------------------------|-----------------------|-----------------------|---------------------|-----------------------------|------------------------|
| Tax allocation bonds | \$ 130,870,000 | \$ 120,245,000 | \$ 124,905,000 | \$ 35,000 | \$ 126,175,000 | \$ 5,910,000 |
| City loans | 41,378,966 | - | - | 6,402,450 | 34,976,516 | - |
| Revenue bonds | 106,305,000 | - | - | 2,495,000 | 103,810,000 | 2,615,000 |
| Unamortized premiums/discounts | (1,024,145) | 6,047,330 | (778,466) | 292,681 | 5,508,970 | - |
| Total | \$ 277,529,821 | \$ 126,292,330 | \$ 124,126,534 | \$ 9,225,131 | \$ 270,470,486 | \$ 8,525,000 |

Tax Allocation Bonds

As of June 30, 2014, the following issuances of Tax Allocation Bonds were outstanding:

Series 1998, Project Area No. 1

Tax allocation refunding bonds, Series 1998, in the amount of \$15,760,000 were issued by the Former Agency to refund the outstanding aggregate principal amount of the former redevelopment agency's Tax Allocation Bonds, Series 1991. The remaining proceeds were used to finance certain capital improvements within the La Quinta Redevelopment Project Area No. 1.

Interest rates on the bonds range from 5.20% to 5.25% and are payable semi-annually on March 1 and September 1 of each year until maturity. The interest and principal of the bonds are payable solely from pledged tax increment revenues of Project Area No. 1.

Term Bonds maturing September 1, 2028, are subject to mandatory sinking fund redemption, in part by lot, on September 1, 2013, and on each September 1 thereafter, through September 1, 2028, at a price equal to the principal amount thereof plus accrued interest. There are certain limitations regarding the issuance of parity debt as further described in the official statement. A portion of the proceeds were used to obtain a surety agreement to satisfy the bond reserve requirement. These bonds were defeased as of June 30, 2014, with the issuance of the 2013 Series A and 2013 Series B Subordinate Tax Allocation Refunding Bonds.

Note 22: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Series 1998, Project Area No. 2

Tax allocation refunding bonds, Series 1998, in the amount of \$6,750,000 were issued by the former redevelopment agency to refund the outstanding aggregate principal amount of the Former Agency's Tax Allocation Bonds, Series 1992. The remaining proceeds were used to finance certain capital improvements within the La Quinta Redevelopment Project Area No. 2.

Interest rates on the bonds range from 3.75% to 5.28% and are payable semi-annually on March 1 and September 1 of each year until maturity. The interest and principal of the bonds are payable solely from pledged tax increment revenues of Project Area No. 2.

Term Bonds maturing September 1, 2028 and September 1, 2033, are subject to mandatory sinking fund redemption, in part by lot, on September 1, 2009 and September 1, 2019, respectively, and on each September 1 thereafter equal to the principal amount thereof plus accrued interest.

There are certain limitations regarding the issuance of parity debt as further described in the official statement. A portion of the proceeds were used to obtain a surety agreement to satisfy the bond reserve requirement. These bonds were defeased as of June 30, 2014, with the issuance of the 2013 Series A and 2013 Series B Subordinate Tax Allocation Refunding Bonds.

Series 2001, Project Area No. 1

On August 15, 2001, the former redevelopment agency issued tax allocation bonds in the amount of \$48,000,000 to finance capital projects benefiting the La Quinta Redevelopment Project Area No. 1. The 2001 tax allocation bonds were issued at a discount of \$422,400 and issuance costs of \$1,517,325.

The bonds consist of \$17,280,000 of term bonds that accrue interest at 5.00% and mature on September 1, 2021, and \$30,720,000 of term bonds that accrue interest at 5.18% and mature on September 1, 2031. The interest and principal on the bonds are payable from pledged tax increment revenues.

A portion of the proceeds were used to obtain a surety agreement to satisfy the bond reserve requirement. These bonds were defeased as of June 30, 2014 with the issuance of the 2013 Series A and 2013 Series B Subordinate Tax Allocation Refunding Bonds.

Series 2002, Project Area No. 2

On June 12, 2002, the former redevelopment agency issued tax allocation bonds in the amount of \$40,000,000 to finance capital projects benefiting the La Quinta redevelopment Project Area No. 2. The 2002 tax allocation bonds were issued at a discount of \$360,000 and issuance costs of \$1,250,096.

The bonds consist of \$6,355,000 of serial bonds and \$33,645,000 of term bonds. Interest Rates on serial bonds range from 1.75% and 4.00% and are payable semi-annually on March 1 and September 1 of each year until maturity. Term bonds accrue interest at 5.00% and 5.125% and mature on September 1, 2022 and September 1, 2023. The interest and principal on the bonds are payable from pledged tax increment revenues.

Note 22: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

A portion of the proceeds were used to obtain a surety agreement to satisfy the bond reserve requirement. These bonds were defeased as of June 30, 2014, with the issuance of the 2013 Series A and 2013 Series B Subordinate Tax Allocation Refunding Bonds.

Series 2003, Project Area No. 1

On September 1, 2003, the former redevelopment agency issued tax allocation bonds in the amount of \$26,400,000 to finance capital projects benefiting the La Quinta Redevelopment Project Area No. 1. The 2003 tax allocation bonds were issued at a discount of \$277,200 and issuance costs of \$629,191.

Interest is payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2004. Interest payments range from 4.24% to 6.44% per annum. The interest and principal on the bonds are payable from pledged tax increment revenues.

Term bonds maturing on September 1, 2013 through September 1, 2032, are subject to mandatory redemption from minimum sinking fund payments, in part by lot, on September 1, 2004, September 1, 2014, and September 1, 2024, respectively, and on each September 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. These bonds were defeased as of June 30, 2014, with the issuance of the 2013 Series A and 2013 Series B Subordinate Tax Allocation Refunding Bonds.

Series 2011, Project Area No. 2

On June 6, 2011, the former redevelopment agency issued subordinate taxable tax allocation bonds in the amount of \$6,000,000 to finance capital projects benefiting the La Quinta Redevelopment Project Area No. 2. The 2011 tax allocation bonds were issued at a discount of \$86,207 and issuance costs of \$108,500.

The bonds consist of \$190,000 of term bonds that accrue interest at 5.375% and mature on September 1, 2016, \$280,000 of term bonds that accrue interest at 7.125% and mature on September 1, 2021, \$380,000 of term bonds that accrue interest at 7.600% and mature on September 1, 2026, and \$5,150,000 of term bonds that accrue interest at 8.150% and mature on September 1, 2031. The interest and principal on the bonds are payable from pledged tax increment revenues.

A portion of the proceeds were used to fund the bond reserve requirement. The principal balance of outstanding bonds at June 30, 2014, is \$5,930,000 with an unamortized discount of \$76,912.

CITY OF LA QUINTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 22: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

The minimum annual requirements to amortize the bond payable as of June 30, 2014, are as follows:

| | Principal | Interest |
|-----------|---------------------|---------------------|
| 2015 | \$ 40,000 | \$ 473,930 |
| 2016 | 40,000 | 471,780 |
| 2017 | 40,000 | 469,630 |
| 2018 | 50,000 | 466,774 |
| 2019 | 50,000 | 463,211 |
| 2020-2024 | 315,000 | 2,252,905 |
| 2025-2029 | 440,000 | 2,112,006 |
| 2030-2034 | 650,000 | 1,894,875 |
| 2035-2039 | 3,440,000 | 1,097,398 |
| 2040-2042 | 865,000 | 35,249 |
| Totals | <u>\$ 5,930,000</u> | <u>\$ 9,737,758</u> |

Series 2013A

On December 17, 2013, the former redevelopment agency issued subordinate tax allocation refunding bonds in the amount of \$97,190,000 to refinance outstanding long term obligations held by the Successor Agency. The 2013 Series A tax allocation bonds were issued at a premium of \$6,056,280 and issuance costs of \$480,001.

Interest rates on the bonds range from 3.00% to 5.00% and are payable semi-annually on March 1 and September 1 of each year until maturity. The interest and principal of the bonds are payable solely from property tax revenue.

A portion of the proceeds were used to fund the bond reserve requirement. The principal balance of outstanding bonds at June 30, 2014, is \$97,190,000 with an unamortized premium of \$5,753,466.

The minimum annual requirements to amortize the bond payable as of June 30, 2014, are as follows:

| | Principal | Interest |
|-----------|----------------------|----------------------|
| 2015 | \$ 4,690,000 | \$ 5,371,591 |
| 2016 | 3,405,000 | 4,385,588 |
| 2017 | 3,505,000 | 4,264,413 |
| 2018 | 3,645,000 | 4,121,413 |
| 2019 | 3,790,000 | 3,953,763 |
| 2020-2024 | 22,005,000 | 16,651,441 |
| 2025-2029 | 28,035,000 | 10,493,640 |
| 2030-2034 | 28,115,000 | 2,938,656 |
| Totals | <u>\$ 97,190,000</u> | <u>\$ 52,180,505</u> |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 22: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Series 2013B

On December 17, 2013, the former redevelopment agency issued subordinate tax allocation refunding bonds in the amount of \$23,055,000 to refinance outstanding long term obligations held by the Successor Agency. The 2013 Series B tax allocation bonds were issued at a discount of \$8,951 and issuance costs of \$122,274.

The bonds consist of \$3,710,000 of term bonds that accrue interest at 5.240% and mature on September 1, 2026, \$4,335,000 of term bonds that accrue interest at 5.550% and mature on September 1, 2029, and \$5,115,000 of term bonds that accrue interest at 5.820% and mature on September 1, 2032. The remaining \$9,895,000 matures annually with rate ranging from 0.76% to 4.89%. The interest and principal on the bonds are payable from property tax revenue.

A portion of the proceeds were used to fund the bond reserve requirement. The principal balance of outstanding bonds at June 30, 2014, is \$23,055,000 with an unamortized discount of \$8,503.

The minimum annual requirements to amortize the bond payable as of June 30, 2014, are as follows:

| | <u>Principal</u> | <u>Interest</u> |
|-----------|----------------------|----------------------|
| 2015 | \$ 1,180,000 | \$ 1,240,888 |
| 2016 | 865,000 | 1,032,011 |
| 2017 | 880,000 | 1,016,504 |
| 2018 | 900,000 | 996,053 |
| 2019 | 920,000 | 970,318 |
| 2020-2024 | 5,150,000 | 4,276,983 |
| 2025-2029 | 6,525,000 | 2,835,432 |
| 2030-2033 | 6,635,000 | 798,053 |
| Totals | <u>\$ 23,055,000</u> | <u>\$ 13,166,242</u> |

The Agency completed the advance refunding of the 1998 Project Area 1, 1998 Project Area 2, 2001 Project Area 1, 2002 Project Area 2, and 2003 Project Area 1 Tax Allocation Bonds with the issuance of the 2013 A and 2013 B Tax Allocation Refunding Bonds to reduce its total debt service payments by \$10,707,824 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$4,275,185 which is reported as a deferred loss on refunding.

Revenue Bonds

As of June 30, 2014, the following issuances of Revenue Bonds were outstanding:

2004 Series A Local Agency Revenue Bonds

On June 29, 2004, the La Quinta Financing Authority issued revenue bonds in the amount of \$90,000,000 to finance projects benefiting low and moderate income housing in La Quinta Redevelopment Project Area No. 1 and La Quinta Redevelopment Project Area No. 2 and to advance refund the Agency's

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 22: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Redevelopment Project Areas No. 1 and 2, 1995 Housing Tax Allocation Bonds. The 2004 local agency revenue bonds were issued with issuance costs of \$2,600,229 and a premium of \$476,496.

Interest is payable semi-annually on March 1 and September 1 of each year, commencing September 1, 2005. Interest payments range from 3% to 5.25% per annum. The interest and principal on the bonds are payable from pledged tax increment revenues.

Term bonds maturing on September 1, 2024, September 1, 2029 and September 1, 2034, are subject to mandatory redemption from minimum sinking fund payments, in part by lot, on September 1, 2017, September 1, 2025, and September 1, 2030, respectively, and on each September 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

A portion of the proceeds were used to obtain a surety agreement to satisfy the bond reserve requirement. There are certain limitations regarding the issuance of parity debt as further described in the official statement. The principal balance of outstanding bonds at June 30, 2014, is \$75,480,000 with an unamortized premium of \$112,473.

The minimum annual requirements to amortize the bond payable as of June 30, 2014, are as follows:

| | <u>Principal</u> | <u>Interest</u> |
|-----------|----------------------|----------------------|
| 2015 | \$ 2,075,000 | \$ 3,823,431 |
| 2016 | 2,175,000 | 3,714,463 |
| 2017 | 2,290,000 | 3,597,256 |
| 2018 | 2,410,000 | 3,473,881 |
| 2019 | 2,535,000 | 3,344,075 |
| 2020-2024 | 14,830,000 | 14,520,756 |
| 2025-2029 | 19,090,000 | 10,163,219 |
| 2030-2034 | 24,415,000 | 4,700,072 |
| 2035-2037 | <u>5,660,000</u> | <u>145,038</u> |
| Totals | <u>\$ 75,480,000</u> | <u>\$ 47,482,191</u> |

2011 Series A Local Agency Subordinate Taxable Revenue Bonds

On June 9, 2011, the La Quinta Financing Authority issued revenue bonds in the amount of \$28,850,000 to finance projects benefiting low and moderate income housing in La Quinta Redevelopment Project Area No. 1 and La Quinta Redevelopment Project Area No. 2. The 2011 local agency subordinate taxable revenue bonds were issued with issuance costs of \$323,375 and a discount of \$308,839.

Interest is payable semi-annually on March 1 and September 1 of each year, commencing September 1, 2011. Interest payments range from 3.750% to 8.185% per annum. The interest and principal on the bonds are payable from pledged tax increment revenues.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 22: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Term bonds maturing on September 1, 2026, September 1, 2031 and September 1, 2036, are subject to mandatory redemption from minimum sinking fund payments, in part by lot, on September 1, 2022, September 1, 2027, and September 1, 2032, respectively, and on each September 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

A portion of the proceeds were used to fund the bond reserve requirement. There are certain limitations regarding the issuance of parity debt as further described in the official statement. The principal balance of outstanding bonds at June 30, 2014, is \$28,330,000 with an unamortized discount of \$271,554.

The minimum annual requirements to amortize the bond payable as of June 30, 2014, are as follows:

| | <u>Principal</u> | <u>Interest</u> |
|-----------|----------------------|----------------------|
| 2015 | \$ 540,000 | \$ 2,137,987 |
| 2016 | 565,000 | 2,111,712 |
| 2017 | 590,000 | 2,081,067 |
| 2018 | 625,000 | 2,045,406 |
| 2029 | 665,000 | 2,004,653 |
| 2020-2024 | 4,065,000 | 9,234,748 |
| 2025-2029 | 5,835,000 | 7,383,218 |
| 2030-2034 | 8,515,000 | 4,595,381 |
| 2035-2037 | <u>6,930,000</u> | <u>867,525</u> |
| Totals | <u>\$ 28,330,000</u> | <u>\$ 32,461,697</u> |

Loans from the City of La Quinta

The City of La Quinta loaned money to the former Redevelopment Agency to cover operating and capital shortfalls. These loans were paid back to the City during the 2010-2011 fiscal year. This repayment was disallowed by the California Department of Finance during their Asset Transfer Review of the former Redevelopment Agency and demanded that this money be remitted to the State for distribution to the effecting taxing entities. The City reversed this transaction and the payable to the State is properly recorded by the Successor Agency as of June 30, 2013. In a letter dated November 6, 2013 the California Department of Finance approved the loans as enforceable obligations to be paid through Successor Agency property tax. As of June 30, 2014, the amount due to the City of La Quinta was \$34,976,516.

e. Pledged Tax Revenues

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of 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, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and

Note 22: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

interest remaining on the debt is \$385,013,393 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred was \$20,011,681 and the debt service obligation on the bonds was \$16,042,042.

f. Conduit Debt Financing

2002 Series B Multifamily Housing Revenue Bonds

In April 2002, the Agency issued \$3,000,000 of 2002 Series B Multifamily Housing Revenue Bonds to provide financing for the acquisition, construction and equipping of a multifamily senior rental housing project known as Miraflores Apartments located in the City of La Quinta. The bonds mature on June 1, 2035, and bear interest at 5.5% per annum. Outstanding bonds at June 30, 2014, are \$2,610,000.

The bond is secured solely by the credit facility, Fannie Mae, and by a pledge of the trust estate comprised of bond proceeds and property. The bond is not an obligation of the issue, but payable solely from the security.

g. Insurance

The Successor Agency of the former redevelopment agency is covered under the insurance policy of the City of La Quinta at June 30, 2014.

h. Extraordinary Items

Notes payables owed to the City of La Quinta in the amount of \$6,402,450 were included in the transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 due to the dissolution of the Former Redevelopment Agency. During the current year the California Department of Finance disallowed these notes as enforceable obligations and as a result were transferred back to the City. This transaction is shown as an extraordinary loss in the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance and an extraordinary gain in the Statement of Changes in Fiduciary Net Position.

CITY OF LA QUINTA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

Note 1: Budget Procedures

General Budget Policies

The City adopts an annual budget prepared on the modified accrual basis of accounting for its governmental funds and on the accrual basis of accounting for its proprietary funds. The City manager or his designee is authorized to transfer budgeted amounts between the accounts of any department or funds that are approved by City Council. Prior year appropriations lapse unless they are approved for carryover into the following fiscal year. Expenditures may not legally exceed appropriations at the department level. Budgets were not adopted for the Development Agreement funds.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue, and similar governmental funds. Encumbrances outstanding at year-end are reported as an unassigned fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year end are completed. They do not constitute expenditures or estimated liabilities.

Budget Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Excess Expenditures over budget

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------|---------------|---------------|-----------------|
| General Fund: | | | |
| General Government | | | |
| Fiscal Services | \$ 856,413 | \$ 872,791 | \$ 16,378 |
| Public Safety | | | |
| Police | 13,468,659 | 13,639,205 | 170,546 |
| Parks and recreation | | | |
| Parks & recreation | 198,100 | 207,963 | 9,863 |
| Public Works | | | |
| Administration | 450,254 | 479,366 | 29,112 |
| Maintenance/operations-streets | 1,008,015 | 1,028,178 | 20,163 |
| Engineering services | 678,946 | 998,204 | 319,258 |
| Debt Service | | | |
| Principal retirement | - | 11,918 | 11,918 |
| Interest and fiscal charges | - | 5,559 | 5,559 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 92,572,590 | \$ 92,572,590 | \$ 92,572,590 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 22,619,500 | 23,520,500 | 26,559,246 | 3,038,746 |
| Licenses and permits | 1,055,100 | 916,800 | 953,540 | 36,740 |
| Intergovernmental | 8,926,500 | 8,926,500 | 8,508,823 | (417,677) |
| Charges for services | 633,500 | 760,900 | 1,238,277 | 477,377 |
| Use of money and property | 758,100 | 653,800 | 879,804 | 226,004 |
| Fines and forfeitures | 243,000 | 163,000 | 237,682 | 74,682 |
| Miscellaneous | 150,000 | 104,700 | 327,519 | 222,819 |
| Transfers in | 150,000 | 202,972 | 117,988 | (84,984) |
| Proceeds from sale of capital asset | - | - | - | - |
| Extraordinary loss | - | - | (6,402,450) | (6,402,450) |
| Amounts Available for Appropriation | 127,108,290 | 127,821,762 | 124,993,019 | (2,828,743) |
| Charges to Appropriation (Outflow): | | | | |
| General government | | | | |
| Legislative | 724,600 | 724,600 | 645,146 | 79,454 |
| City Manager | 655,000 | 724,981 | 594,276 | 130,705 |
| Marketing | 538,100 | 578,100 | 572,064 | 6,036 |
| Human Resources | 666,600 | 761,600 | 637,885 | 123,715 |
| City Clerk | 392,500 | 388,800 | 359,684 | 29,116 |
| Fiscal Services | 915,300 | 856,413 | 872,791 | (16,378) |
| Central Services | 1,147,900 | 245,900 | 182,480 | 63,420 |
| Public safety | | | | |
| Police | 13,278,100 | 13,468,659 | 13,639,205 | (170,546) |
| Public Buildings | 1,133,900 | 1,032,500 | 944,958 | 87,542 |
| Code Compliance | 795,600 | 795,600 | 733,340 | 62,260 |
| Building & Safety | 791,300 | 961,300 | 927,447 | 33,853 |
| Fire | 5,252,400 | 5,230,900 | 4,697,732 | 533,168 |
| Emergency Services | 199,200 | 199,200 | 187,821 | 11,379 |
| Planning and development | | | | |
| Administration | 594,200 | 706,120 | 670,081 | 36,039 |
| Current Planning | 457,500 | 494,574 | 362,626 | 131,948 |
| Parks and recreation | | | | |
| Community Services Admin | 911,000 | 1,001,541 | 846,875 | 154,666 |
| Senior Center | 385,200 | 360,200 | 346,721 | 13,479 |
| Parks & Recreation | 198,100 | 198,100 | 207,963 | (9,863) |
| Park Maintenance | 1,402,600 | 1,535,600 | 1,380,722 | 154,878 |
| Public works | | | | |
| Administration | 435,900 | 446,454 | 479,366 | (32,912) |
| Development Services | 562,700 | 641,600 | 588,684 | 52,916 |
| Maintenance/Operations - Street | 11,000 | 1,008,015 | 1,028,178 | (20,163) |
| Maintenance/Operations - Lighting | 462,700 | 698,431 | 355,893 | 342,538 |
| Engineering Services | 911,500 | 678,946 | 998,204 | (319,258) |
| Capital outlay | | 61,959 | 8,934 | 53,025 |
| Debt service: | | | | |
| Principal retirement | - | - | 11,918 | (11,918) |
| Interest and fiscal charges | - | - | 5,559 | (5,559) |
| Transfers out | 2,425,000 | 3,143,758 | 1,072,713 | 2,071,045 |
| Total Charges to Appropriations | 35,247,900 | 36,943,851 | 33,359,266 | 3,584,585 |
| Budgetary Fund Balance, June 30 | \$ 91,860,390 | \$ 90,877,911 | \$ 91,633,753 | \$ 755,842 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY PA NO. 1
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 2,884,667 | \$ 3,744,088 | \$ 3,744,088 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 245,500 | 245,500 | 380,454 | 134,954 |
| Miscellaneous | 125,000 | 125,000 | 467 | (124,533) |
| Amounts Available for Appropriations | 3,255,167 | 4,114,588 | 4,125,009 | 10,421 |
| Charges to Appropriation (Outflow): | | | | |
| Planning and development | 290,700 | 290,700 | 238,571 | 52,129 |
| Total Charges to Appropriations | 290,700 | 290,700 | 238,571 | 52,129 |
| Budgetary Fund Balance, June 30 | \$ 2,964,467 | \$ 3,823,888 | \$ 3,886,438 | \$ 62,550 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY PA NO. 2
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,146,138 | \$ 1,132,522 | \$ 1,132,522 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 627,200 | 627,200 | 429,425 | (197,775) |
| Use of money and property | 2,800 | 2,800 | 195,155 | 192,355 |
| Miscellaneous | 4,200 | 4,200 | 6,333 | 2,133 |
| Amounts Available for Appropriations | 1,780,338 | 1,766,722 | 1,763,435 | (3,287) |
| Charges to Appropriation (Outflow): | | | | |
| Planning and development | 354,300 | 495,800 | 367,338 | 128,462 |
| Debt service: | | | | |
| Principal retirement | 193,000 | 51,200 | 51,101 | 99 |
| Interest and fiscal charges | 188,600 | 188,900 | 141,756 | 47,144 |
| Total Charges to Appropriations | 735,900 | 735,900 | 560,195 | 175,705 |
| Budgetary Fund Balance, June 30 | \$ 1,044,438 | \$ 1,030,822 | \$ 1,203,240 | \$ 172,418 |

OTHER GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues (other than expendable trusts and major capital projects) and the related expenditures that are legally required to be accounted for in a separate fund. The City of La Quinta has the following Special Revenue Funds:

State Gas Tax Fund – To account for gasoline allocations made by the State of California. These revenues are restricted by the State to expenditures for street-related purposes only.

Library Fund – To account for revenues from property tax increment dedicated library services.

Federal Assistance Fund – To account for revenues from the Community Development Block Grants received from the Federal Government and the expenditures of those resources.

State Law Enforcements Block Grant (SLEBG) Fund – To account for state funded “Citizens for Public Safety” (COPS) program activities, as per Assembly Bill 3229, which supplements frontline police services such as anti-gang community crime prevention.

Indian Gaming Fund – To account for contributions for public safety activities to reduce crime and increase public safety.

Lighting and Landscape Special Assessment District 89-1 Fund – To account for special assessments levied on real property and the expenditure thereof from City-wide lighting and landscape maintenance and improvements.

Quimby Fund – To account for the accumulation of developer fees received under the provisions of the Quimby Act for park development and improvements. Capital projects to be funded from this source will be budgeted and expended in a separate capital projects fund.

La Quinta Public Safety Officer Fund – To account for contributions to be distributed to public safety officers disabled or killed in the line of duty.

Arts in Public Places – To account for development fees paid in lieu of acquisition and installation of approved artworks in a development with expenditures restricted to acquisition, installation, maintenance and repair of artworks at approved sites.

South Coast Air Quality Fund – To account for contributions from the South Coast Air Quality Management District. Use is limited to reduction and control of airborne pollutants.

AB 939 Fund – To account for the State mandated program to reduce waste sent to the landfills through recycling efforts.

Development Agreement Fund – To account for the proceeds of development agreement revenues collected and the related expenditures in accordance with State requirements.

Law Enforcement – To account for law enforcement grants.

Proposition 1B - To account for the revenues and expenditures related to Proposition 1B monies.

Justice Assistance Grant – To account for Federal Bureau of Justice Block Grant program grant funds, which are used to reduce crime and improve public safety.

Measure A - To account for the revenues and expenditures related to Measure A monies.

Transportation Uniform Mitigation Fee - To account for the revenues and expenditures related to Transportation Uniform Mitigation Fee monies.

CAPITAL PROJECT FUNDS

Capital projects funds account for the financial resources to be used for the acquisition, construction or improvements of major capital facilities and infrastructure.

Infrastructure Fund - To account for the accumulation of resources provided through developer fees for the acquisition, construction or improvement of the City's infrastructure, prior to adoption of the new Developer Impact Fee Structure on August 16, 1999. This fund accounts for all developer resources received prior to this date, and is budgeted by the Council through adoption of the annual capital improvement program budget.

Transportation Fund, Parks and Receptions Fund, Library Development Fund, Community Center Fund, Street Facility Fund, Park Facility Fund, Fire Facility Fund – To account for the accumulation of resources provided through developer fees for the acquisition, construction, or improvement of the City's infrastructure. The Developer Impact Fee was adopted by the City Council on August 16, 1999. Eight new funds have been established to account for the specific impact areas of these fees, and are budgeted by the Council through adoption of the annual Capital Improvement Program budget.

DEBT SERVICE FUNDS

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

La Quinta Financing Authority Fund – To account for rental activity for the Civic Center and rental income used to pay the Financing Authority Civic Center and 2004 Local Agency Revenue Bond debt obligations.

CITY OF LA QUINTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

| | Special Revenue Funds | | | |
|--|------------------------------|---------------------|---------------------------|------------------|
| | Gas Tax | Library | Federal Assistance | SLEBG |
| Assets: | | | | |
| Pooled cash and investments | \$ 927,257 | \$ 2,824,332 | \$ - | \$ 63,881 |
| Receivables: | | | | |
| Accrued interest | 563 | 3,593 | - | 66 |
| Prepaid costs | - | - | - | - |
| Due from other governments | 132,398 | 818,738 | - | - |
| Total Assets | \$ 1,060,218 | \$ 3,646,663 | \$ - | \$ 63,947 |
| Liabilities, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | - |
| Due to other governments | - | - | - | - |
| Due to other funds | - | - | 12,914 | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | - | - | 12,914 | - |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Planning and development projects | - | - | - | - |
| Public safety | - | - | - | 63,947 |
| Community services | - | 3,646,663 | - | - |
| Public works | 1,060,218 | - | - | - |
| Capital Projects | - | - | - | - |
| Unassigned | - | - | (12,914) | - |
| Total Fund Balances | 1,060,218 | 3,646,663 | (12,914) | 63,947 |
| Total Liabilities and Fund Balances | \$ 1,060,218 | \$ 3,646,663 | \$ - | \$ 63,947 |

CITY OF LA QUINTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

(CONTINUED)

| | Special Revenue Funds | | | |
|--|------------------------------|-------------------------------------|---------------------|----------------------|
| | Indian Gaming | Lighting and Landscaping | Quimby | Public Safety |
| Assets: | | | | |
| Pooled cash and investments | \$ 39,230 | \$ - | \$ 8,126,156 | \$ 31,328 |
| Receivables: | | | | |
| Accrued interest | 16 | - | 8,811 | 34 |
| Prepaid costs | - | - | - | - |
| Due from other governments | - | 18,057 | - | - |
| Total Assets | \$ 39,246 | \$ 18,057 | \$ 8,134,967 | \$ 31,362 |
| Liabilities, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Unearned revenues | 1,220 | - | - | - |
| Deposits payable | - | - | - | - |
| Due to other governments | - | - | - | - |
| Due to other funds | - | 11,716 | - | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 1,220 | 11,716 | - | - |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Planning and development projects | - | - | - | - |
| Public safety | - | - | - | 31,362 |
| Community services | - | - | 8,134,967 | - |
| Public works | 38,026 | 6,341 | - | - |
| Capital Projects | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | 38,026 | 6,341 | 8,134,967 | 31,362 |
| Total Liabilities and Fund Balances | \$ 39,246 | \$ 18,057 | \$ 8,134,967 | \$ 31,362 |

CITY OF LA QUINTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

| | Special Revenue Funds | | | |
|--|---------------------------------|------------------------------------|-------------------|----------------------------------|
| | Art in Public Places | South Coast Air Quality | AB 939 | Development Agreement |
| Assets: | | | | |
| Pooled cash and investments | \$ 680,508 | \$ 113,010 | \$ 773,664 | \$ 217,820 |
| Receivables: | | | | |
| Accrued interest | 781 | 120 | 888 | 250 |
| Prepaid costs | - | - | - | - |
| Due from other governments | - | - | - | - |
| Total Assets | \$ 681,289 | \$ 113,130 | \$ 774,552 | \$ 218,070 |
| Liabilities, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 3,403 | \$ 7,336 | \$ 18 | \$ - |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | 217,943 |
| Due to other governments | - | - | - | - |
| Due to other funds | - | - | - | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 3,403 | 7,336 | 18 | 217,943 |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Planning and development projects | - | 105,794 | 774,534 | - |
| Public safety | - | - | - | - |
| Community services | 677,886 | - | - | - |
| Public works | - | - | - | - |
| Capital Projects | - | - | - | 127 |
| Unassigned | - | - | - | - |
| Total Fund Balances | 677,886 | 105,794 | 774,534 | 127 |
| Total Liabilities and Fund Balances | \$ 681,289 | \$ 113,130 | \$ 774,552 | \$ 218,070 |

CITY OF LA QUINTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

(CONTINUED)

| | Special Revenue Funds | | | |
|--|-----------------------|-------------------|--------------------------------|-------------------|
| | Law Enforcement | Proposition 1B | Justice Assistance Grant | Measure A |
| Assets: | | | | |
| Pooled cash and investments | \$ 157,293 | \$ - | \$ 2,648 | \$ 349,763 |
| Receivables: | | | | |
| Accrued interest | 189 | - | - | 379 |
| Prepaid costs | 28 | - | - | - |
| Due from other governments | 21,130 | - | - | 116,186 |
| Total Assets | \$ 178,640 | \$ - | \$ 2,648 | \$ 466,328 |
| Liabilities, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 2,323 | \$ - | \$ - | \$ - |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | - |
| Due to other governments | - | - | - | - |
| Due to other funds | - | - | - | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 2,323 | - | - | - |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Planning and development projects | - | - | - | - |
| Public safety | 176,317 | - | 2,648 | - |
| Community services | - | - | - | - |
| Public works | - | - | - | 466,328 |
| Capital Projects | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | 176,317 | - | 2,648 | 466,328 |
| Total Liabilities and Fund Balances | \$ 178,640 | \$ - | \$ 2,648 | \$ 466,328 |

CITY OF LA QUINTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

| | Special Revenue Funds | Capital Projects Funds | | |
|--|-----------------------------|------------------------|---------------------|-------------------------|
| | Transportation Uniform | Infrastructure | Transportation | Parks and Recreation |
| Assets: | | | | |
| Pooled cash and investments | \$ 213,506 | \$ 23,181 | \$ 1,517,790 | \$ - |
| Receivables: | | | | |
| Accrued interest | 88 | 27 | 1,692 | - |
| Prepaid costs | - | - | - | - |
| Due from other governments | - | - | - | - |
| Total Assets | \$ 213,594 | \$ 23,208 | \$ 1,519,482 | \$ - |
| Liabilities, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 213,344 | \$ - | \$ - | \$ - |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | - |
| Due to other governments | - | - | - | 469,486 |
| Due to other funds | - | - | - | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 213,344 | - | - | 469,486 |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Planning and development projects | - | - | - | - |
| Public safety | - | - | - | - |
| Community services | - | - | - | - |
| Public works | 250 | - | - | - |
| Capital Projects | - | 23,208 | 1,519,482 | - |
| Unassigned | - | - | - | (469,486) |
| Total Fund Balances | 250 | 23,208 | 1,519,482 | (469,486) |
| Total Liabilities and Fund Balances | \$ 213,594 | \$ 23,208 | \$ 1,519,482 | \$ - |

CITY OF LA QUINTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

(CONTINUED)

| | Capital Projects Funds | | | |
|--|--------------------------------|-----------------------------|------------------------|----------------------|
| | Library Development | Community Center | Street Facility | Park Facility |
| Assets: | | | | |
| Pooled cash and investments | \$ - | \$ 46,379 | \$ - | \$ - |
| Receivables: | | | | |
| Accrued interest | - | 972 | - | - |
| Prepaid costs | - | - | - | - |
| Due from other governments | - | - | - | - |
| Total Assets | \$ - | \$ 47,351 | \$ - | \$ - |
| Liabilities, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | - |
| Due to other governments | 1,750,152 | - | - | - |
| Due to other funds | - | - | - | - |
| Advances from other funds | - | - | 1,966,991 | - |
| Total Liabilities | 1,750,152 | - | 1,966,991 | - |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Planning and development projects | - | - | - | - |
| Public safety | - | - | - | - |
| Community services | - | - | - | - |
| Public works | - | - | - | - |
| Capital Projects | - | 47,351 | - | - |
| Unassigned | (1,750,152) | - | (1,966,991) | - |
| Total Fund Balances | (1,750,152) | 47,351 | (1,966,991) | - |
| Total Liabilities and Fund Balances | \$ - | \$ 47,351 | \$ - | \$ - |

CITY OF LA QUINTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

| | <u>Capital Projects Funds</u> | <u>Debt Service Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------------------|--------------------------------|---|
| | <u>Fire Facility</u> | <u>Financing Authority</u> | |
| Assets: | | | |
| Pooled cash and investments | \$ - | \$ - | \$ 16,107,746 |
| Receivables: | | | |
| Accrued interest | - | - | 18,469 |
| Prepaid costs | - | - | 28 |
| Due from other governments | - | - | 1,106,509 |
| Total Assets | \$ - | \$ - | \$ 17,232,752 |
| Liabilities, and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ - | \$ 226,424 |
| Unearned revenues | - | - | 1,220 |
| Deposits payable | - | - | 217,943 |
| Due to other governments | - | - | 2,219,638 |
| Due to other funds | - | 867 | 25,497 |
| Advances from other funds | 766,639 | - | 2,733,630 |
| Total Liabilities | 766,639 | 867 | 5,424,352 |
| Fund Balances: | | | |
| Restricted for: | | | |
| Planning and development projects | - | - | 880,328 |
| Public safety | - | - | 274,274 |
| Community services | - | - | 12,459,516 |
| Public works | - | - | 1,571,163 |
| Capital Projects | - | - | 1,590,168 |
| Unassigned | (766,639) | (867) | (4,967,049) |
| Total Fund Balances | (766,639) | (867) | 11,808,400 |
| Total Liabilities and Fund Balances | \$ - | \$ - | \$ 17,232,752 |

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CITY OF LA QUINTA

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

| | Special Revenue Funds | | | |
|--|------------------------------|---------------------|---------------------------|------------------|
| | Gas Tax | Library | Federal Assistance | SLEBG |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Assessments | - | - | - | - |
| Intergovernmental | 1,384,827 | 2,234,832 | 169,126 | 108,333 |
| Use of money and property | 1,102 | 10,299 | - | 163 |
| Developer participation | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 1,385,929 | 2,245,131 | 169,126 | 108,496 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Planning and development | - | - | - | - |
| Community services | - | 1,220,253 | - | - |
| Public works | 206,725 | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | 206,725 | 1,220,253 | - | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,179,204 | 1,024,878 | 169,126 | 108,496 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 105 | - | - | - |
| Transfers out | (248,698) | (97,098) | (169,126) | (91,494) |
| Total Other Financing Sources (Uses) | (248,593) | (97,098) | (169,126) | (91,494) |
| Net Change in Fund Balances | 930,611 | 927,780 | - | 17,002 |
| Fund Balances, Beginning of Year | 129,607 | 2,718,883 | (12,914) | 46,945 |
| Fund Balances, End of Year | \$ 1,060,218 | \$ 3,646,663 | \$ (12,914) | \$ 63,947 |

CITY OF LA QUINTA

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

(CONTINUED)

| | Special Revenue Funds | | | |
|--|-----------------------|-----------------------------|---------------------|------------------|
| | Indian Gaming | Lighting and Landscaping | Quimby | Public Safety |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Assessments | - | 951,181 | - | - |
| Intergovernmental | 38,026 | - | - | - |
| Use of money and property | - | - | 23,635 | 92 |
| Developer participation | - | - | 917,760 | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 38,026 | 951,181 | 941,395 | 92 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Planning and development | - | - | - | - |
| Community services | - | - | - | - |
| Public works | - | 960,000 | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | - | 960,000 | - | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 38,026 | (8,819) | 941,395 | 92 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | 70,354 | 2,000 |
| Transfers out | - | - | (1,118,651) | - |
| Total Other Financing Sources (Uses) | - | - | (1,048,297) | 2,000 |
| Net Change in Fund Balances | 38,026 | (8,819) | (106,902) | 2,092 |
| Fund Balances, Beginning of Year | - | 15,160 | 8,241,869 | 29,270 |
| Fund Balances, End of Year | \$ 38,026 | \$ 6,341 | \$ 8,134,967 | \$ 31,362 |

CITY OF LA QUINTA

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

| | Special Revenue Funds | | | |
|--|---------------------------------|------------------------------------|-------------------|----------------------------------|
| | Art in Public Places | South Coast Air Quality | AB 939 | Development Agreement |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Assessments | - | - | - | - |
| Intergovernmental | - | 47,077 | - | - |
| Use of money and property | 2,072 | 318 | 2,477 | 44 |
| Developer participation | 94,118 | - | - | - |
| Miscellaneous | 3,000 | - | - | - |
| Total Revenues | 99,190 | 47,395 | 2,477 | 44 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Planning and development | - | 31,079 | 78,782 | - |
| Community services | 8,898 | - | - | - |
| Public works | - | - | - | - |
| Capital outlay | 49,495 | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | 58,393 | 31,079 | 78,782 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 40,797 | 16,316 | (76,305) | 44 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (28,600) | - | - | - |
| Total Other Financing Sources (Uses) | (28,600) | - | - | - |
| Net Change in Fund Balances | 12,197 | 16,316 | (76,305) | 44 |
| Fund Balances, Beginning of Year | 665,689 | 89,478 | 850,839 | 83 |
| Fund Balances, End of Year | \$ 677,886 | \$ 105,794 | \$ 774,534 | \$ 127 |

CITY OF LA QUINTA

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

(CONTINUED)

| | Special Revenue Funds | | | |
|--|-----------------------|-------------------|--------------------------------|-------------------|
| | Law Enforcement | Proposition 1B | Justice Assistance Grant | Measure A |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 632,843 |
| Assessments | - | - | - | - |
| Intergovernmental | 51,633 | - | 9,002 | - |
| Use of money and property | 514 | - | - | 664 |
| Developer participation | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 52,147 | - | 9,002 | 633,507 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 58,583 | - | - | - |
| Planning and development | - | - | - | - |
| Community services | - | - | - | - |
| Public works | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | 58,583 | - | - | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (6,436) | - | 9,002 | 633,507 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | (105) | (6,354) | (285,146) |
| Total Other Financing Sources (Uses) | - | (105) | (6,354) | (285,146) |
| Net Change in Fund Balances | (6,436) | (105) | 2,648 | 348,361 |
| Fund Balances, Beginning of Year | 182,753 | 105 | - | 117,967 |
| Fund Balances, End of Year | \$ 176,317 | \$ - | \$ 2,648 | \$ 466,328 |

CITY OF LA QUINTA

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

| | Special Revenue Funds | | | |
|--|---|------------------|---------------------|-------------------------|
| | Capital Projects Funds | | | |
| | Transportation Uniform Mitigation Fee | Infrastructure | Transportation | Parks and Recreation |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Assessments | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Use of money and property | 230 | 72 | 3,532 | - |
| Developer participation | - | - | 947,268 | 585,784 |
| Miscellaneous | - | - | - | - |
| Total Revenues | 230 | 72 | 950,800 | 585,784 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Planning and development | - | - | - | - |
| Community services | - | - | - | - |
| Public works | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | 35,194 | 3,230 |
| Total Expenditures | - | - | 35,194 | 3,230 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 230 | 72 | 915,606 | 582,554 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | 448,291 | - |
| Transfers out | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | 448,291 | - |
| Net Change in Fund Balances | 230 | 72 | 1,363,897 | 582,554 |
| Fund Balances, Beginning of Year | 20 | 23,136 | 155,585 | (1,052,040) |
| Fund Balances, End of Year | \$ 250 | \$ 23,208 | \$ 1,519,482 | \$ (469,486) |

CITY OF LA QUINTA

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

(CONTINUED)

| | <u>Capital Projects Funds</u> | | | |
|--|--------------------------------|-----------------------------|------------------------|----------------------|
| | <u>Library Development</u> | <u>Community Center</u> | <u>Street Facility</u> | <u>Park Facility</u> |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Assessments | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Use of money and property | - | 3,070 | - | - |
| Developer participation | 98,332 | 36,695 | 38,919 | 11,503 |
| Miscellaneous | - | - | - | - |
| Total Revenues | 98,332 | 39,765 | 38,919 | 11,503 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Planning and development | - | - | - | - |
| Community services | - | - | - | - |
| Public works | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | 7,428 | - | 8,229 | - |
| Total Expenditures | 7,428 | - | 8,229 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 90,904 | 39,765 | 30,690 | 11,503 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | 11,503 | - |
| Transfers out | - | (1,206,191) | - | (11,503) |
| Total Other Financing Sources (Uses) | - | (1,206,191) | 11,503 | (11,503) |
| Net Change in Fund Balances | 90,904 | (1,166,426) | 42,193 | - |
| Fund Balances, Beginning of Year | (1,841,056) | 1,213,777 | (2,009,184) | - |
| Fund Balances, End of Year | \$ (1,750,152) | \$ 47,351 | \$ (1,966,991) | \$ - |

CITY OF LA QUINTA

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

| | <u>Capital Projects Funds</u> | <u>Debt Service Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------------------|--------------------------------|---|
| | <u>Fire Facility</u> | <u>Financing Authority</u> | |
| Revenues: | | | |
| Taxes | \$ - | \$ - | \$ 632,843 |
| Assessments | - | - | 951,181 |
| Intergovernmental | - | - | 4,042,856 |
| Use of money and property | - | 671,351 | 719,635 |
| Developer participation | 104,615 | - | 2,834,994 |
| Miscellaneous | - | - | 3,000 |
| Total Revenues | 104,615 | 671,351 | 9,184,509 |
| Expenditures: | | | |
| Current: | | | |
| General government | - | 3,101 | 3,101 |
| Public safety | - | - | 58,583 |
| Planning and development | - | - | 109,861 |
| Community services | - | - | 1,229,151 |
| Public works | - | - | 1,166,725 |
| Capital outlay | - | - | 49,495 |
| Debt service: | | | |
| Principal retirement | - | 495,000 | 495,000 |
| Interest and fiscal charges | 3,402 | 176,351 | 233,834 |
| Total Expenditures | 3,402 | 674,452 | 3,345,750 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 101,213 | (3,101) | 5,838,759 |
| Other Financing Sources (Uses): | | | |
| Transfers in | - | - | 532,253 |
| Transfers out | - | - | (3,262,966) |
| Total Other Financing Sources (Uses) | - | - | (2,730,713) |
| Net Change in Fund Balances | 101,213 | (3,101) | 3,108,046 |
| Fund Balances, Beginning of Year | (867,852) | 2,234 | 8,700,354 |
| Fund Balances, End of Year | \$ (766,639) | \$ (867) | \$ 11,808,400 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
STATE GAS TAX
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 129,607 | \$ 129,607 | \$ 129,607 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 1,293,500 | 1,293,500 | 1,384,827 | 91,327 |
| Use of money and property | 200 | 200 | 1,102 | 902 |
| Transfers in | - | - | 105 | 105 |
| Amounts Available for Appropriations | 1,423,307 | 1,423,307 | 1,515,641 | 92,334 |
| Charges to Appropriation (Outflow): | | | | |
| Public works | 1,293,700 | 356,693 | 206,725 | 149,968 |
| Transfers out | - | - | 248,698 | (248,698) |
| Total Charges to Appropriations | 1,293,700 | 356,693 | 455,423 | (98,730) |
| Budgetary Fund Balance, June 30 | \$ 129,607 | \$ 1,066,614 | \$ 1,060,218 | \$ (6,396) |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
LIBRARY
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 2,718,883 | \$ 2,718,883 | \$ 2,718,883 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 2,000,000 | 2,000,000 | 2,234,832 | 234,832 |
| Use of money and property | 6,000 | 6,000 | 10,299 | 4,299 |
| Amounts Available for Appropriations | 4,724,883 | 4,724,883 | 4,964,014 | 239,131 |
| Charges to Appropriation (Outflow): | | | | |
| Community services | 1,718,500 | 1,718,500 | 1,220,253 | 498,247 |
| Transfers out | 50,000 | 578,649 | 97,098 | 481,551 |
| Total Charges to Appropriations | 1,768,500 | 2,297,149 | 1,317,351 | 979,798 |
| Budgetary Fund Balance, June 30 | \$ 2,956,383 | \$ 2,427,734 | \$ 3,646,663 | \$ 1,218,929 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
FEDERAL ASSISTANCE
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (12,914) | \$ (12,914) | \$ (12,914) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | - | 164,845 | 169,126 | 4,281 |
| Amounts Available for Appropriations | (12,914) | 151,931 | 156,212 | 4,281 |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | - | 352,645 | 169,126 | 183,519 |
| Total Charges to Appropriations | - | 352,645 | 169,126 | 183,519 |
| Budgetary Fund Balance, June 30 | \$ (12,914) | \$ (200,714) | \$ (12,914) | \$ 187,800 |

CITY OF LA QUINTA

BUDGETARY COMPARISON SCHEDULE
 SLEBG
 YEAR ENDED JUNE 30, 2014

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 46,945 | \$ 46,945 | \$ 46,945 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 100,000 | 145,290 | 108,333 | (36,957) |
| Use of money and property | 100 | 100 | 163 | 63 |
| Amounts Available for Appropriations | 147,045 | 192,335 | 155,441 | (36,894) |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | 100,000 | 145,290 | 91,494 | 53,796 |
| Total Charges to Appropriations | 100,000 | 145,290 | 91,494 | 53,796 |
| Budgetary Fund Balance, June 30 | \$ 47,045 | \$ 47,045 | \$ 63,947 | \$ 16,902 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
LIGHTING AND LANDSCAPING
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 15,160 | \$ 15,160 | \$ 15,160 | \$ - |
| Resources (Inflows): | | | | |
| Assessments | 960,000 | 960,000 | 951,181 | (8,819) |
| Amounts Available for Appropriations | 975,160 | 975,160 | 966,341 | (8,819) |
| Charges to Appropriation (Outflow): | | | | |
| Public works | 960,000 | 960,000 | 960,000 | - |
| Total Charges to Appropriations | 960,000 | 960,000 | 960,000 | - |
| Budgetary Fund Balance, June 30 | \$ 15,160 | \$ 15,160 | \$ 6,341 | \$ (8,819) |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
QUIMBY
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 8,241,869 | \$ 8,241,869 | \$ 8,241,869 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 20,000 | 20,000 | 23,635 | 3,635 |
| Developer participation | - | - | 917,760 | 917,760 |
| Transfers in | - | - | 70,354 | 70,354 |
| Amounts Available for Appropriations | 8,261,869 | 8,261,869 | 9,253,618 | 991,749 |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | - | 8,438,866 | 1,118,651 | 7,320,215 |
| Total Charges to Appropriations | - | 8,438,866 | 1,118,651 | 7,320,215 |
| Budgetary Fund Balance, June 30 | \$ 8,261,869 | \$ (176,997) | \$ 8,134,967 | \$ 8,311,964 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 29,270 | \$ 29,270 | \$ 29,270 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 100 | 100 | 92 | (8) |
| Transfers in | 2,000 | 2,000 | 2,000 | - |
| Amounts Available for Appropriations | 31,370 | 31,370 | 31,362 | (8) |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | - | 2,000 | - | 2,000 |
| Total Charges to Appropriations | - | 2,000 | - | 2,000 |
| Budgetary Fund Balance, June 30 | \$ 31,370 | \$ 29,370 | \$ 31,362 | \$ 1,992 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
ART IN PUBLIC PLACES
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 665,689 | \$ 665,689 | \$ 665,689 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 3,500 | 3,500 | 2,072 | (1,428) |
| Developer participation | 50,000 | 50,000 | 94,118 | 44,118 |
| Miscellaneous | - | 3,000 | 3,000 | - |
| Amounts Available for Appropriations | 719,189 | 722,189 | 764,879 | 42,690 |
| Charges to Appropriation (Outflow): | | | | |
| Community services | 24,700 | 24,700 | 8,898 | 15,802 |
| Capital outlay | 105,000 | 105,000 | 49,495 | 55,505 |
| Transfers out | - | 228,600 | 28,600 | 200,000 |
| Total Charges to Appropriations | 129,700 | 358,300 | 86,993 | 271,307 |
| Budgetary Fund Balance, June 30 | \$ 589,489 | \$ 363,889 | \$ 677,886 | \$ 313,997 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
SOUTH COAST AIR QUALITY
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 89,478 | \$ 89,478 | \$ 89,478 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 40,200 | 40,200 | 47,077 | 6,877 |
| Use of money and property | 300 | 300 | 318 | 18 |
| Amounts Available for Appropriations | 129,978 | 129,978 | 136,873 | 6,895 |
| Charges to Appropriation (Outflow): | | | | |
| Planning and development | 40,200 | 40,200 | 31,079 | 9,121 |
| Total Charges to Appropriations | 40,200 | 40,200 | 31,079 | 9,121 |
| Budgetary Fund Balance, June 30 | \$ 89,778 | \$ 89,778 | \$ 105,794 | \$ 16,016 |

CITY OF LA QUINTA

BUDGETARY COMPARISON SCHEDULE

AB 939

YEAR ENDED JUNE 30, 2014

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 850,839 | \$ 850,839 | \$ 850,839 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 3,000 | 3,000 | 2,477 | (523) |
| Amounts Available for Appropriations | 853,839 | 853,839 | 853,316 | (523) |
| Charges to Appropriation (Outflow): | | | | |
| Planning and development | 101,000 | 103,100 | 78,782 | 24,318 |
| Transfers out | - | 199,490 | - | 199,490 |
| Total Charges to Appropriations | 101,000 | 302,590 | 78,782 | 223,808 |
| Budgetary Fund Balance, June 30 | \$ 752,839 | \$ 551,249 | \$ 774,534 | \$ 223,285 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 182,753 | \$ 182,753 | \$ 182,753 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | - | 47,958 | 51,633 | 3,675 |
| Use of money and property | - | 500 | 514 | 14 |
| Amounts Available for Appropriations | 182,753 | 231,211 | 234,900 | 3,689 |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | - | 58,400 | 58,583 | (183) |
| Total Charges to Appropriations | - | 58,400 | 58,583 | (183) |
| Budgetary Fund Balance, June 30 | \$ 182,753 | \$ 172,811 | \$ 176,317 | \$ 3,506 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
JUSTICE ASSISTANCE GRANT
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 10,000 | 12,542 | 9,002 | (3,540) |
| Amounts Available for Appropriations | 10,000 | 12,542 | 9,002 | (3,540) |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | - | 12,542 | 6,354 | 6,188 |
| Total Charges to Appropriations | - | 12,542 | 6,354 | 6,188 |
| Budgetary Fund Balance, June 30 | \$ 10,000 | \$ - | \$ 2,648 | \$ 2,648 |

CITY OF LA QUINTA

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

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-----------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 117,967 | \$ 117,967 | \$ 117,967 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 693,500 | 693,500 | 632,843 | (60,657) |
| Use of money and property | - | - | 664 | 664 |
| Amounts Available for Appropriations | 811,467 | 811,467 | 751,474 | (59,993) |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | 235,000 | 804,000 | 285,146 | 518,854 |
| Total Charges to Appropriations | 235,000 | 804,000 | 285,146 | 518,854 |
| Budgetary Fund Balance, June 30 | \$ 576,467 | \$ 7,467 | \$ 466,328 | \$ 458,861 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (90,661) | \$ (90,661) | \$ (90,661) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | - | 23,252,713 | 3,525,562 | (19,727,151) |
| Contributions | - | - | 838,972 | 838,972 |
| Developer participation | - | 394,090 | - | (394,090) |
| Transfers in | 400,000 | 58,989,230 | 3,551,522 | (55,437,708) |
| Amounts Available for Appropriations | 309,339 | 82,545,372 | 7,825,395 | (74,719,977) |
| Charges to Appropriation (Outflow): | | | | |
| Capital outlay | - | 82,661,034 | 7,916,318 | 74,744,716 |
| Total Charges to Appropriations | - | 82,661,034 | 7,916,318 | 74,744,716 |
| Budgetary Fund Balance, June 30 | \$ 309,339 | \$ (115,662) | \$ (90,923) | \$ 24,739 |

CITY OF LA QUINTA

BUDGETARY COMPARISON SCHEDULE
 CIVIC CENTER
 YEAR ENDED JUNE 30, 2014

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-----------------------|-----------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (7,323,569) | \$ (7,305,489) | \$ (7,305,489) | \$ - |
| Resources (Inflows): | | | | |
| Developer participation | 90,000 | 90,000 | 224,260 | 134,260 |
| Amounts Available for Appropriations | (7,233,569) | (7,215,489) | (7,081,229) | 134,260 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 201,400 | 201,400 | 201,400 | - |
| Debt service: | | | | |
| Interest and fiscal charges | 28,800 | 28,800 | 29,861 | (1,061) |
| Total Charges to Appropriations | 230,200 | 230,200 | 231,261 | (1,061) |
| Budgetary Fund Balance, June 30 | \$ (7,463,769) | \$ (7,445,689) | \$ (7,312,490) | \$ 133,199 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
INFRASTRUCTURE
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 23,136 | \$ 23,136 | \$ 23,136 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | - | - | 72 | 72 |
| Amounts Available for Appropriations | 23,136 | 23,136 | 23,208 | 72 |
| Budgetary Fund Balance, June 30 | \$ 23,136 | \$ 23,136 | \$ 23,208 | \$ 72 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,532,068 | \$ 155,585 | \$ 155,585 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 7,700 | 7,700 | 3,532 | (4,168) |
| Developer participation | 360,000 | 360,000 | 947,268 | 587,268 |
| Transfers in | - | - | 448,291 | 448,291 |
| Amounts Available for Appropriations | 1,899,768 | 523,285 | 1,554,676 | 1,031,391 |
| Charges to Appropriation (Outflow): | | | | |
| Debt service: | | | | |
| Interest and fiscal charges | 9,300 | 9,300 | 35,194 | (25,894) |
| Total Charges to Appropriations | 9,300 | 9,300 | 35,194 | (25,894) |
| Budgetary Fund Balance, June 30 | \$ 1,890,468 | \$ 513,985 | \$ 1,519,482 | \$ 1,005,497 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
PARKS AND RECREATION
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (1,086,122) | \$ (1,052,040) | \$(1,052,040) | \$ - |
| Resources (Inflows): | | | | |
| Developer participation | 90,000 | 90,000 | 585,784 | 495,784 |
| Amounts Available for Appropriations | (996,122) | (962,040) | (466,256) | 495,784 |
| Charges to Appropriation (Outflow): | | | | |
| Debt service: | | | | |
| Interest and fiscal charges | 4,400 | 4,400 | 3,230 | 1,170 |
| Total Charges to Appropriations | 4,400 | 4,400 | 3,230 | 1,170 |
| Budgetary Fund Balance, June 30 | \$ (1,000,522) | \$ (966,440) | \$ (469,486) | \$ 496,954 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
LIBRARY DEVELOPMENT
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-----------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (1,838,208) | \$ (1,841,056) | \$ (1,841,056) | \$ - |
| Resources (Inflows): | | | | |
| Developer participation | 30,000 | 30,000 | 98,332 | 68,332 |
| Amounts Available for Appropriations | (1,808,208) | (1,811,056) | (1,742,724) | 68,332 |
| Charges to Appropriation (Outflow): | | | | |
| Debt service: | | | | |
| Interest and fiscal charges | 9,500 | 9,500 | 7,428 | 2,072 |
| Total Charges to Appropriations | 9,500 | 9,500 | 7,428 | 2,072 |
| Budgetary Fund Balance, June 30 | \$ (1,817,708) | \$ (1,820,556) | \$ (1,750,152) | \$ 70,404 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY CENTER
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,210,736 | \$ 1,213,777 | \$ 1,213,777 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 4,500 | 4,500 | 3,070 | (1,430) |
| Developer participation | 6,900 | 6,900 | 36,695 | 29,795 |
| Amounts Available for Appropriations | 1,222,136 | 1,225,177 | 1,253,542 | 28,365 |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | 1,206,200 | 1,206,191 | 1,206,191 | - |
| Total Charges to Appropriations | 1,206,200 | 1,206,191 | 1,206,191 | - |
| Budgetary Fund Balance, June 30 | \$ 15,936 | \$ 18,986 | \$ 47,351 | \$ 28,365 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
STREET FACILITY
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-----------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (2,014,572) | \$ (2,009,184) | \$ (2,009,184) | \$ - |
| Resources (Inflows): | | | | |
| Developer participation | 15,000 | 15,000 | 38,919 | 23,919 |
| Transfers in | 2,200 | 2,200 | 11,503 | 9,303 |
| Amounts Available for Appropriations | (1,997,372) | (1,991,984) | (1,958,762) | 33,222 |
| Charges to Appropriation (Outflow): | | | | |
| Debt service: | | | | |
| Interest and fiscal charges | 10,000 | 10,000 | 8,229 | 1,771 |
| Total Charges to Appropriations | 10,000 | 10,000 | 8,229 | 1,771 |
| Budgetary Fund Balance, June 30 | \$ (2,007,372) | \$ (2,001,984) | \$ (1,966,991) | \$ 34,993 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
PARK FACILITY
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|--------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Developer participation | 2,200 | 2,200 | 11,503 | 9,303 |
| Amounts Available for Appropriations | 2,200 | 2,200 | 11,503 | 9,303 |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | 2,200 | 2,200 | 11,503 | (9,303) |
| Total Charges to Appropriations | 2,200 | 2,200 | 11,503 | (9,303) |
| Budgetary Fund Balance, June 30 | \$ - | \$ - | \$ - | \$ - |

CITY OF LA QUINTA

BUDGETARY COMPARISON SCHEDULE
 FIRE FACILITY
 YEAR ENDED JUNE 30, 2014

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (879,742) | \$ (867,852) | \$ (867,852) | \$ - |
| Resources (Inflows): | | | | |
| Developer participation | 38,000 | 38,000 | 104,615 | 66,615 |
| Amounts Available for Appropriations | (841,742) | (829,852) | (763,237) | 66,615 |
| Charges to Appropriation (Outflow): | | | | |
| Debt service: | | | | |
| Interest and fiscal charges | 3,500 | 3,500 | 3,402 | 98 |
| Total Charges to Appropriations | 3,500 | 3,500 | 3,402 | 98 |
| Budgetary Fund Balance, June 30 | \$ (845,242) | \$ (833,352) | \$ (766,639) | \$ 66,713 |

CITY OF LA QUINTA

**BUDGETARY COMPARISON SCHEDULE
FINANCING AUTHORITY
YEAR ENDED JUNE 30, 2014**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-----------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,534 | \$ 2,234 | \$ 2,234 | \$ - |
| Resources (Inflows): | | | | |
| Charges for services | 5,000 | 5,000 | - | (5,000) |
| Use of money and property | 673,400 | 673,400 | 671,351 | (2,049) |
| Amounts Available for Appropriations | 679,934 | 680,634 | 673,585 | (7,049) |
| Charges to Appropriation (Outflow): | | | | |
| General government | 6,000 | 6,000 | 3,101 | 2,899 |
| Debt service: | | | | |
| Principal retirement | 495,000 | 495,000 | 495,000 | - |
| Interest and fiscal charges | 176,400 | 176,400 | 176,351 | 49 |
| Total Charges to Appropriations | 677,400 | 677,400 | 674,452 | 2,948 |
| Budgetary Fund Balance, June 30 | \$ 2,534 | \$ 3,234 | \$ (867) | \$ (4,101) |

INTERNAL SERVICE FUNDS

Internal service funds are used to account for activities involved in rendering services to departments within the City. Costs of materials and services used are accumulated in this fund and charged to the user departments as such goods are delivered or services rendered.

The City of La Quinta has the following Internal Service Funds:

Equipment Replacement Fund – used to account for the ultimate replacement of City owned and operated vehicles and equipment

Information Technology Fund – used to account for the purchase and replacement of information systems.

Park Equipment and Facilities Fund – used to account for the purchase and replacement of City owned park facility infrastructure.

CITY OF LA QUINTA

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

| | Governmental Activities - Internal Service Funds | | | Totals |
|--|--|------------------------|-------------------------------|----------------------|
| | Equipment Replacement | Information Technology | Park Equipment and Facilities | |
| Assets: | | | | |
| Current: | | | | |
| Cash and investments | \$ 2,411,907 | \$ 869,730 | \$ 1,630,555 | \$ 4,912,192 |
| Receivables: | | | | |
| Accrued interest | 2,783 | 1,039 | 1,822 | 5,644 |
| Total Current Assets | 2,414,690 | 870,769 | 1,632,377 | 4,917,836 |
| Noncurrent: | | | | |
| Capital assets - net of accumulated depreciation | 541,968 | 606,257 | 15,084,800 | 16,233,025 |
| Total Noncurrent Assets | 541,968 | 606,257 | 15,084,800 | 16,233,025 |
| Total Assets | \$ 2,956,658 | \$ 1,477,026 | \$ 16,717,177 | \$ 21,150,861 |
| Liabilities and Net Position: | | | | |
| Liabilities: | | | | |
| Current: | | | | |
| Accounts payable | \$ 12,085 | \$ 120,415 | \$ 12,539 | \$ 145,039 |
| Accrued liabilities | - | 4,703 | - | 4,703 |
| Accrued compensated absences | - | 7,684 | - | 7,684 |
| Capital leases | - | 20,635 | - | 20,635 |
| Total Current Liabilities | 12,085 | 153,437 | 12,539 | 178,061 |
| Noncurrent: | | | | |
| Accrued compensated absences | - | 5,139 | - | 5,139 |
| Capital leases | - | 49,301 | - | 49,301 |
| Total Noncurrent Liabilities | - | 54,440 | - | 54,440 |
| Total Liabilities | 12,085 | 207,877 | 12,539 | 232,501 |
| Net Position: | | | | |
| Net investment in capital assets | 541,968 | 536,321 | 15,084,800 | 16,163,089 |
| Unrestricted | 2,402,605 | 732,828 | 1,619,838 | 4,755,271 |
| Total Net Position | 2,944,573 | 1,269,149 | 16,704,638 | 20,918,360 |
| Total Liabilities and Net Position | \$ 2,956,658 | \$ 1,477,026 | \$ 16,717,177 | \$ 21,150,861 |

CITY OF LA QUINTA

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

| | Governmental Activities - Internal Service Funds | | | |
|---|---|-------------------------------|--------------------------------------|----------------------|
| | Equipment Replacement | Information Technology | Park Equipment and Facilities | Totals |
| Operating Revenues: | | | | |
| Sales and service charges | \$ 562,200 | \$ 497,800 | \$ 502,500 | \$ 1,562,500 |
| Total Operating Revenues | 562,200 | 497,800 | 502,500 | 1,562,500 |
| Operating Expenses: | | | | |
| Administration and general | - | 125,148 | - | 125,148 |
| Fuel and oil | 78,995 | - | - | 78,995 |
| Maintenance and parts | 111,332 | - | - | 111,332 |
| Contract services | 9,920 | 151,451 | 48,417 | 209,788 |
| Software and supplies | - | 268,378 | - | 268,378 |
| Depreciation expense | 132,986 | 136,942 | 526,123 | 796,051 |
| Total Operating Expenses | 333,233 | 681,919 | 574,540 | 1,589,692 |
| Operating Income (Loss) | 228,967 | (184,119) | (72,040) | (27,192) |
| Nonoperating Revenues (Expenses): | | | | |
| Interest revenue | 7,734 | 2,649 | 4,926 | 15,309 |
| Gain (loss) on disposal of capital assets | 1,390 | (6,613) | - | (5,223) |
| Total Nonoperating Revenues (Expenses) | 9,124 | (3,964) | 4,926 | 10,086 |
| Income (Loss) Before Transfers | 238,091 | (188,083) | (67,114) | (17,106) |
| Transfers out | (366,084) | - | - | (366,084) |
| Changes in Net Position | (127,993) | (188,083) | (67,114) | (383,190) |
| Net Position: | | | | |
| Beginning of Year | 3,072,566 | 1,457,232 | 16,771,752 | 21,301,550 |
| End of Fiscal Year | \$ 2,944,573 | \$ 1,269,149 | \$ 16,704,638 | \$ 20,918,360 |

CITY OF LA QUINTA

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

| | Governmental Activities - Internal Service Funds | | | |
|---|---|-----------------------------------|--|---------------------|
| | Equipment Replacement | Information Technology | Park Equipment and Facilities | Totals |
| Cash Flows from Operating Activities: | | | | |
| Cash received from customers and users | \$ 562,200 | \$ 497,800 | \$ 502,500 | \$ 1,562,500 |
| Cash received from/(paid to) interfund service provided | (201,633) | (343,949) | (35,878) | (581,460) |
| Cash paid to suppliers for goods and services | - | (120,410) | - | (120,410) |
| Net Cash Provided (Used) by Operating Activities | 360,567 | 33,441 | 466,622 | 860,630 |
| Cash Flows from Non-Capital Financing Activities: | | | | |
| Cash transfers out | (366,084) | - | - | (366,084) |
| Net Cash Provided (Used) by Non-Capital Financing Activities | (366,084) | - | - | (366,084) |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Proceeds from capital debt | | 90,629 | | 90,629 |
| Acquisition and construction of capital assets | (28,858) | (558,286) | - | (587,144) |
| Capital lease payment | - | (20,693) | - | (20,693) |
| Proceeds from sales of capital assets | 1,390 | - | - | 1,390 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (27,468) | (488,350) | - | (515,818) |
| Cash Flows from Investing Activities: | | | | |
| Interest received | 7,133 | 2,780 | 4,119 | 14,032 |
| Net Cash Provided (Used) by Investing Activities | 7,133 | 2,780 | 4,119 | 14,032 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (25,852) | (452,129) | 470,741 | (7,240) |
| Cash and Cash Equivalents at Beginning of Year | 2,437,759 | 1,321,859 | 1,159,814 | 4,919,432 |
| Cash and Cash Equivalents at End of Year | \$ 2,411,907 | \$ 869,730 | \$ 1,630,555 | \$ 4,912,192 |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating income (loss) | \$ 228,967 | \$ (184,119) | \$ (72,040) | \$ (27,192) |
| Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities: | | | | |
| Depreciation | 132,986 | 136,942 | 526,123 | 796,051 |
| Increase (decrease) in accounts payable | (1,386) | 75,880 | 12,539 | 87,033 |
| Increase (decrease) in accrued liabilities | - | 241 | - | 241 |
| Increase (decrease) in compensated absences | - | 4,497 | - | 4,497 |
| Total Adjustments | 131,600 | 217,560 | 538,662 | 887,822 |
| Net Cash Provided (Used) by Operating Activities | \$ 360,567 | \$ 33,441 | \$ 466,622 | \$ 860,630 |
| Non-Cash Investing, Capital, and Financing Activities: | | | | |
| Increase in Capital Lease | \$ - | \$ 90,629 | \$ - | \$ 90,629 |

AGENCY FUNDS

Agency funds are used to account for assets held by the City as an agent for individual, private organizations and other governmental units. The agency funds and their purposes are as follows:

The City of La Quinta has the following agency funds:

Assessment District No. 97-1 and 2001-1 – To account for assessments paid to the City for debt service payments on bond issues used to finance sewer improvements.

CITY OF LA QUINTA

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

| | Assessment District No. 97- 1 | Assessment District No. 2001-1 | Totals |
|-----------------------------|-------------------------------------|--------------------------------------|-------------------|
| Assets: | | | |
| Pooled cash and investments | \$ 145,461 | \$ 119,464 | \$ 264,925 |
| Receivables: | | | |
| Taxes | 1,216 | 17,326 | 18,542 |
| Accrued interest | 157 | 137 | 294 |
| Total Assets | \$ 146,834 | \$ 136,927 | \$ 283,761 |
| Liabilities: | | | |
| Deposits payable | \$ 146,834 | \$ 136,927 | \$ 283,761 |
| Total Liabilities | \$ 146,834 | \$ 136,927 | \$ 283,761 |

CITY OF LA QUINTA

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

| | <u>Balance 7/1/2013</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance 6/30/2014</u> |
|--|-----------------------------|----------------------------|----------------------------|------------------------------|
| <u>Assessment District No. 97-1</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 143,592 | \$ 256,140 | \$ 254,271 | \$ 145,461 |
| Receivables: | | | | |
| Taxes | 987 | 3,190 | 2,961 | 1,216 |
| Accrued interest | 121 | 172 | 136 | 157 |
| Total Assets | <u>\$ 144,700</u> | <u>\$ 259,502</u> | <u>\$ 257,368</u> | <u>\$ 146,834</u> |
| Liabilities: | | | | |
| Deposits payable | \$ 144,700 | \$ 496,913 | \$ 494,779 | \$ 146,834 |
| Total Liabilities | <u>\$ 144,700</u> | <u>\$ 496,913</u> | <u>\$ 494,779</u> | <u>\$ 146,834</u> |
| <u>Assessment District No. 2001-1</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 445,489 | \$ 236,765 | \$ 562,790 | \$ 119,464 |
| Receivables: | | | | |
| Taxes | 10,626 | 38,578 | 31,878 | 17,326 |
| Accrued interest | 381 | 760 | 1,004 | 137 |
| Total Assets | <u>\$ 456,496</u> | <u>\$ 276,103</u> | <u>\$ 595,672</u> | <u>\$ 136,927</u> |
| Liabilities: | | | | |
| Deposits payable | \$ 456,496 | \$ 1,788,681 | \$ 2,108,250 | \$ 136,927 |
| Total Liabilities | <u>\$ 456,496</u> | <u>\$ 1,788,681</u> | <u>\$ 2,108,250</u> | <u>\$ 136,927</u> |
| <u>Totals - All Agency Funds</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 589,081 | \$ 492,905 | \$ 817,061 | \$ 264,925 |
| Receivables: | | | | |
| Taxes | 11,613 | 41,768 | 34,839 | 18,542 |
| Accrued interest | 502 | 932 | 1,140 | 294 |
| Total Assets | <u>\$ 601,196</u> | <u>\$ 535,605</u> | <u>\$ 853,040</u> | <u>\$ 283,761</u> |
| Liabilities: | | | | |
| Deposits payable | \$ 601,196 | \$ 2,285,594 | \$ 2,603,029 | \$ 283,761 |
| Total Liabilities | <u>\$ 601,196</u> | <u>\$ 2,285,594</u> | <u>\$ 2,603,029</u> | <u>\$ 283,761</u> |

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STATISTICAL SECTION

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

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| Financial Trends | |
| <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i> | 128 |
| Revenue Capacity | |
| <i>These schedules obtain information to help the reader assess the government's most significant local revenue source, the property tax.</i> | 141 |
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CITY OF LA QUINTA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| Governmental activities: | | | | | |
| Net investment in capital assets | \$ 233,361,129 | \$ 253,559,117 | \$ 300,220,033 | \$ 343,019,328 | \$ 323,669,955 |
| Restricted | 43,421,857 | 65,159,623 | 49,277,895 | 86,041,189 | 105,297,168 |
| Unrestricted | <u>60,361,071</u> | <u>86,129,376</u> | <u>106,939,577</u> | <u>79,642,102</u> | <u>96,654,981</u> |
| Total governmental activities Net Position | <u>\$ 337,144,057</u> | <u>\$ 404,848,116</u> | <u>\$ 456,437,505</u> | <u>\$ 508,702,619</u> | <u>\$ 525,622,104</u> |
| Business-type activities: | | | | | |
| Net investment in capital assets | \$ 41,300,846 | \$ 42,075,172 | \$ 42,692,025 | \$ 42,778,015 | \$ 42,536,608 |
| Restricted | - | - | - | - | - |
| Unrestricted | <u>(626,658)</u> | <u>(1,665,646)</u> | <u>(2,385,462)</u> | <u>(3,109,524)</u> | <u>(3,937,454)</u> |
| Total business-type activities Net Position | <u>\$ 40,674,188</u> | <u>\$ 40,409,526</u> | <u>\$ 40,306,563</u> | <u>\$ 39,668,491</u> | <u>\$ 38,599,154</u> |
| Primary government: | | | | | |
| Net investment in capital assets | \$ 274,661,975 | \$ 295,634,289 | \$ 342,912,058 | \$ 385,797,343 | \$ 366,206,563 |
| Restricted | 43,421,857 | 65,159,623 | 49,277,895 | 86,041,189 | 105,297,168 |
| Unrestricted | <u>59,734,413</u> | <u>84,463,730</u> | <u>104,554,115</u> | <u>76,532,578</u> | <u>92,717,527</u> |
| Total primary government Net Position | <u>\$ 377,818,245</u> | <u>\$ 445,257,642</u> | <u>\$ 496,744,068</u> | <u>\$ 548,371,110</u> | <u>\$ 564,221,258</u> |

Source: City of La Quinta

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 336,459,272 | \$ 276,787,752 | \$ 534,388,479 | \$ 529,681,342 | \$ 527,614,666 |
| 96,332,870 | 107,042,126 | 26,585,382 | 49,598,397 | 53,669,248 |
| <u>77,187,433</u> | <u>97,009,428</u> | <u>89,832,811</u> | <u>83,399,745</u> | <u>83,907,046</u> |
| <u>\$ 509,979,575</u> | <u>\$ 480,839,306</u> | <u>\$ 650,806,672</u> | <u>\$ 662,679,484</u> | <u>\$ 665,190,960</u> |
| | | | | |
| \$ 42,879,482 | \$ 42,491,051 | \$ 42,105,683 | \$ 41,741,443 | \$ 41,354,565 |
| - | - | - | - | - |
| <u>(4,863,848)</u> | <u>(4,918,951)</u> | <u>(4,745,892)</u> | <u>(4,750,604)</u> | <u>(4,674,666)</u> |
| <u>\$ 38,015,634</u> | <u>\$ 37,572,100</u> | <u>\$ 37,359,791</u> | <u>\$ 36,990,839</u> | <u>\$ 36,679,899</u> |
| | | | | |
| \$ 379,338,754 | \$ 319,278,803 | \$ 576,494,162 | \$ 571,422,785 | \$ 568,969,231 |
| 96,332,870 | 107,042,126 | 26,585,382 | 49,598,397 | 53,669,248 |
| <u>72,323,585</u> | <u>92,090,477</u> | <u>85,086,919</u> | <u>78,649,141</u> | <u>79,232,380</u> |
| <u>\$ 547,995,209</u> | <u>\$ 518,411,406</u> | <u>\$ 688,166,463</u> | <u>\$ 699,670,323</u> | <u>\$ 701,870,859</u> |

CITY OF LA QUINTA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Expenses: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 3,595,906 | \$ 4,229,871 | \$ 6,284,342 | \$ 6,953,073 | \$ 7,836,146 |
| Public safety | 8,512,875 | 9,065,244 | 12,724,100 | 13,472,036 | 19,736,941 |
| Planning and development | 5,752,239 | 5,906,915 | 7,736,520 | 35,323,858 | 7,317,689 |
| Community services | 1,157,141 | 1,426,033 | 4,299,453 | 5,797,116 | 14,808,850 |
| Public works | 9,101,582 | 10,006,335 | 10,511,874 | 11,097,526 | 11,100,833 |
| Contribution to other agencies | - | - | - | - | - |
| Interest on long-term debt | 15,265,051 | 15,494,656 | 15,163,422 | 15,522,441 | 15,631,438 |
| Total governmental activities expenses | <u>43,384,794</u> | <u>46,129,054</u> | <u>56,719,711</u> | <u>88,166,050</u> | <u>76,431,897</u> |
| Business-type activities: | | | | | |
| Golf Course | 1,877,291 | 4,523,146 | 4,520,173 | 4,761,581 | 4,440,546 |
| Total business-type activities expenses | <u>1,877,291</u> | <u>4,523,146</u> | <u>4,520,173</u> | <u>4,761,581</u> | <u>4,440,546</u> |
| Total primary government expenses | <u>45,262,085</u> | <u>50,652,200</u> | <u>61,239,884</u> | <u>92,927,631</u> | <u>80,872,443</u> |
| Program revenues: | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | 445,663 | 717,849 | 60,530 | 8,328 | 25,053 |
| Public safety | 4,438,115 | 4,168,206 | 2,659,515 | 2,050,492 | 1,373,952 |
| Planning and development | 754,938 | 1,873,676 | 169,643 | 134,211 | 138,391 |
| Community services | 252,501 | 428,947 | 387,065 | 374,092 | 275,178 |
| Public works | 2,815,703 | 3,021,379 | 2,244,156 | 1,900,437 | 1,308,702 |
| Operating grants and contributions | 1,935,578 | 3,603,173 | 3,796,495 | 5,905,664 | 10,725,280 |
| Capital grants and contributions | 18,591,423 | 33,918,901 | 17,601,131 | 50,090,419 | 10,647,270 |
| Total governmental activities program revenues | <u>29,233,921</u> | <u>47,732,131</u> | <u>26,918,535</u> | <u>60,463,643</u> | <u>24,493,826</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Golf Course | 1,091,836 | 3,120,728 | 3,540,748 | 3,814,233 | 3,368,135 |
| Capital grants and contributions | - | - | - | 352,687 | - |
| Total business-type activities program revenues | <u>1,091,836</u> | <u>3,120,728</u> | <u>3,540,748</u> | <u>4,166,920</u> | <u>3,368,135</u> |
| Total primary government program revenues | <u>30,325,757</u> | <u>50,852,859</u> | <u>30,459,283</u> | <u>64,630,563</u> | <u>27,861,961</u> |
| Net revenues (expenses): | | | | | |
| Governmental activities | (14,150,873) | 1,603,077 | (29,801,176) | (27,702,407) | (51,938,071) |
| Business-type activities | (785,455) | (1,402,418) | (979,425) | (594,661) | (1,072,411) |
| Total net revenues (expenses) | <u>(14,936,328)</u> | <u>200,659</u> | <u>(30,780,601)</u> | <u>(28,297,068)</u> | <u>(53,010,482)</u> |
| General revenues and other changes in Net Position: | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property taxes | 2,579,245 | 3,679,079 | 4,999,051 | 6,014,305 | 6,653,583 |
| Tax increment | 24,443,112 | 35,168,329 | 42,583,031 | 42,114,893 | 36,702,197 |
| Transient occupancy taxes | 4,831,338 | 5,437,238 | 5,448,361 | 5,327,203 | 4,480,467 |
| Sales tax | 6,773,566 | 7,613,075 | 8,896,716 | 8,492,213 | 7,279,513 |
| Franchise taxes | 1,185,087 | 1,044,470 | 1,259,985 | 1,748,082 | 1,533,249 |
| Business license taxes | 251,618 | 276,917 | 307,032 | 317,011 | 285,304 |
| Other taxes | 1,141,177 | 1,049,701 | 872,753 | 641,705 | 455,089 |
| Motor vehicle in lieu, unrestricted | 2,453,642 | 2,740,233 | 3,291,055 | 3,803,647 | 3,940,801 |
| Investment income | 4,336,050 | 6,319,502 | 11,854,951 | 10,230,489 | 7,387,244 |
| Gain (loss) on sale of capital assets | 3,717,470 | 1,967,292 | - | 57,346 | 21,542 |
| Miscellaneous | 2,397,474 | 1,943,093 | 2,052,246 | 1,220,627 | 118,567 |
| Extraordinary gain/loss on dissolution of RDA | - | - | - | - | - |
| Transfers | (41,459,643) # | (1,137,203) # | (874,645) | - | - |
| Total governmental activities | <u>12,650,136</u> | <u>66,101,726</u> | <u>80,690,536</u> | <u>79,967,521</u> | <u>68,857,556</u> |
| Business-type activities: | | | | | |
| Investment income | - | 553 | 1,817 | 4,310 | 3,074 |
| Gain (loss) on sale of capital assets | - | - | - | (47,721) | - |
| Miscellaneous | - | - | - | - | - |
| Transfers | 41,459,643 # | 1,137,203 # | 874,645 | - | - |
| Total business-type activities | <u>41,459,643</u> | <u>1,137,756</u> | <u>876,462</u> | <u>(43,411)</u> | <u>3,074</u> |
| Total primary government | <u>54,109,779</u> | <u>67,239,482</u> | <u>81,566,998</u> | <u>79,924,110</u> | <u>68,860,630</u> |
| Changes in Net Position | | | | | |
| Governmental activities | (1,500,737) | 67,704,803 | 50,889,360 | 52,265,114 | 16,919,485 |
| Business-type activities | 40,674,188 | (264,662) | (102,963) | (638,072) | (1,069,337) |
| Total primary government | <u>\$ 39,173,451</u> | <u>\$ 67,440,141</u> | <u>\$ 50,786,397</u> | <u>\$ 51,627,042</u> | <u>\$ 15,850,148</u> |

¹ The transfer was for land & golf course improvements transferred to the Enterprise Fund.

Source: City of La Quinta

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|----|---------------------|---------------------|-----------------------|----------------------|---------------------|
| \$ | 34,287,068 | \$ 11,283,358 | \$ 6,183,712 | \$ 4,511,023 | \$ 4,830,239 |
| | 21,274,519 | 21,070,458 | 20,815,454 | 21,047,691 | 21,169,423 |
| | 5,173,326 | 18,715,283 | 6,378,352 | 2,274,541 | 3,098,015 |
| | 15,923,380 | 4,735,964 | 5,093,402 | 4,986,104 | 4,130,085 |
| | 12,326,726 | 10,757,279 | 13,288,521 | 11,803,133 | 12,610,994 |
| | - | 31,324,064 | - | - | - |
| | 15,330,603 | 14,353,359 | 3,021,496 | 447,048 | 405,977 |
| | <u>104,315,622</u> | <u>112,239,765</u> | <u>54,780,937</u> | <u>45,069,540</u> | <u>46,244,733</u> |
| | <u>4,169,768</u> | <u>4,202,274</u> | <u>4,085,282</u> | <u>4,208,855</u> | <u>4,971,977</u> |
| | <u>4,169,768</u> | <u>4,202,274</u> | <u>4,085,282</u> | <u>4,208,855</u> | <u>4,971,977</u> |
| | <u>108,485,390</u> | <u>116,442,039</u> | <u>58,866,219</u> | <u>49,278,395</u> | <u>51,216,710</u> |
| | 21,439 | 47,696 | 86,869 | 38,812 | 71,042 |
| | 1,100,491 | 1,044,399 | 1,020,822 | 927,604 | 1,412,819 |
| | 69,391 | 74,471 | 68,470 | 112,695 | 595,980 |
| | 250,557 | 210,151 | 247,397 | 245,392 | 1,224,719 |
| | 1,124,647 | 1,086,771 | 1,080,744 | 1,209,438 | 1,195,703 |
| | 15,363,650 | 13,152,942 | 11,289,673 | 28,068,940 | 14,587,153 |
| | 5,974,311 | 3,157,828 | 9,990,793 | 4,115,238 | 3,981,286 |
| | <u>23,904,486</u> | <u>18,774,258</u> | <u>23,784,768</u> | <u>34,718,119</u> | <u>23,068,702</u> |
| | 3,584,996 | 3,756,615 | 3,871,898 | 3,736,879 | 3,481,424 |
| | - | - | - | - | - |
| | <u>3,584,996</u> | <u>3,756,615</u> | <u>3,871,898</u> | <u>3,736,879</u> | <u>3,481,424</u> |
| | <u>27,489,482</u> | <u>22,530,873</u> | <u>27,656,666</u> | <u>38,454,998</u> | <u>26,550,126</u> |
| | (80,411,136) | (93,465,507) | (30,996,169) | (10,351,421) | (23,176,031) |
| | (584,772) | (445,659) | (213,384) | (471,976) | (1,490,553) |
| | <u>(80,995,908)</u> | <u>(93,911,166)</u> | <u>(31,209,553)</u> | <u>(10,823,397)</u> | <u>(24,666,584)</u> |
| | 6,278,470 | 5,942,353 | 21,370,476 | 7,043,604 | 9,193,753 |
| | 35,390,317 | 32,569,795 | - | - | - |
| | 4,265,438 | 4,737,968 | 5,446,883 | 7,833,545 | 6,307,737 |
| | 6,927,388 | 7,323,835 | 7,713,741 | 5,980,684 | 8,786,819 |
| | 1,585,427 | 1,607,829 | 1,687,440 | 1,669,476 | 1,688,263 |
| | 302,223 | 285,270 | 293,592 | 292,966 | 307,654 |
| | 461,957 | 437,235 | 428,963 | 518,778 | 580,834 |
| | 3,714,437 | 3,515,395 | 3,173,826 | 3,157,330 | 3,291,042 |
| | 5,362,684 | 4,693,974 | 1,925,255 | 1,605,718 | 2,190,357 |
| | 2,330 | - | - | 28,551 | - |
| | 477,936 | 3,211,584 | 268,644 | 192,509 | 243,498 |
| | - | - | 158,654,715 | (2,189,984) | (6,402,450) |
| | - | - | - | - | (500,000) |
| | <u>64,768,607</u> | <u>64,325,238</u> | <u>200,963,535</u> | <u>26,133,177</u> | <u>25,687,507</u> |
| | 1,252 | 2,125 | 1,075 | 2,225 | 1,567 |
| | - | - | - | 100,799 | - |
| | - | - | - | - | 678,046 |
| | - | - | - | - | 500,000 |
| | <u>1,252</u> | <u>2,125</u> | <u>1,075</u> | <u>103,024</u> | <u>1,179,613</u> |
| | <u>64,769,859</u> | <u>64,327,363</u> | <u>200,964,610</u> | <u>26,236,201</u> | <u>26,867,120</u> |
| | (15,642,529) | (29,140,269) | 169,967,366 | 15,781,756 | 2,511,476 |
| | (583,520) | (443,534) | (212,309) | (368,952) | (310,940) |
| \$ | <u>(16,226,049)</u> | <u>(29,583,803)</u> | <u>\$ 169,755,057</u> | <u>\$ 15,412,804</u> | <u>\$ 2,200,536</u> |

CITY OF LA QUINTA
Changes in Net Position - Governmental Activities
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| Expenses: | | | | | |
| General government | \$ 3,595,906 | \$ 4,229,871 | \$ 6,284,342 | \$ 6,953,073 | \$ 7,836,146 |
| Public safety | 8,512,875 | 9,065,244 | 12,724,100 | 13,472,036 | 19,736,941 |
| Planning and development | 5,752,239 | 5,906,915 | 7,736,520 | 35,323,858 | 7,317,689 |
| Community services | 1,157,141 | 1,426,033 | 4,299,453 | 5,797,116 | 14,808,850 |
| Public works | 9,101,582 | 10,006,335 | 10,511,874 | 11,097,526 | 11,100,833 |
| Contribution to other agencies | - | - | - | - | - |
| Interest on long-term debt | 15,265,051 | 15,494,656 | 15,163,422 | 15,522,441 | 15,631,438 |
| Total governmental activities expenses | <u>43,384,794</u> | <u>46,129,054</u> | <u>56,719,711</u> | <u>88,166,050</u> | <u>76,431,897</u> |
| Program revenues: | | | | | |
| Charges for services: | | | | | |
| General government | 445,663 | 717,849 | 60,530 | 8,328 | 25,053 |
| Public safety | 4,438,115 | 4,168,206 | 2,659,515 | 2,050,492 | 1,373,952 |
| Planning and development | 754,938 | 1,873,676 | 169,643 | 134,211 | 138,391 |
| Community services | 252,501 | 428,947 | 387,065 | 374,092 | 275,178 |
| Public works | 2,815,703 | 3,021,379 | 2,244,156 | 1,900,437 | 1,308,702 |
| Operating grants and contributions | 1,935,578 | 3,603,173 | 3,796,495 | 5,905,664 | 10,725,280 |
| Capital grants and contributions | 18,591,423 | 33,918,901 | 17,601,131 | 50,090,419 | 10,647,270 |
| Total governmental activities program revenues | <u>29,233,921</u> | <u>47,732,131</u> | <u>26,918,535</u> | <u>60,463,643</u> | <u>24,493,826</u> |
| Net program revenues (expenses) | <u>(14,150,873)</u> | <u>1,603,077</u> | <u>(29,801,176)</u> | <u>(27,702,407)</u> | <u>(51,938,071)</u> |
| General revenues and other changes in net position: | | | | | |
| Taxes: | | | | | |
| Property taxes | 2,579,245 | 3,679,079 | 4,999,051 | 6,014,305 | 6,653,583 |
| Tax increment | 24,443,112 | 35,168,329 | 42,583,031 | 42,114,893 | 36,702,197 |
| Transient occupancy taxes | 4,831,338 | 5,437,238 | 5,448,361 | 5,327,203 | 4,480,467 |
| Sales tax | 6,773,566 | 7,613,075 | 8,896,716 | 8,492,213 | 7,279,513 |
| Franchise tax | 1,185,087 | 1,044,470 | 1,259,985 | 1,748,082 | 1,533,249 |
| Business license taxes | 251,618 | 276,917 | 307,032 | 317,011 | 285,304 |
| Other tax | 1,141,177 | 1,049,701 | 872,753 | 641,705 | 455,089 |
| Motor vehicle in lieu, unrestricted | 2,453,642 | 2,740,233 | 3,291,055 | 3,803,647 | 3,940,801 |
| Investment income | 4,336,050 | 6,319,502 | 11,854,951 | 10,230,489 | 7,387,244 |
| Miscellaneous | 2,397,474 | 1,943,093 | 2,052,246 | 1,220,627 | 118,567 |
| Gain (loss) on sale of capital assets | 3,717,470 | 1,967,292 | - | 57,346 | 21,542 |
| Extraordinary gain/loss on dissolution of RDA | - | - | - | - | - |
| Transfers | <u>(41,459,643)</u> | <u>(1,137,203)</u> | <u>(874,645)</u> | <u>-</u> | <u>-</u> |
| Total governmental activities | <u>12,650,136</u> | <u>66,101,726</u> | <u>80,690,536</u> | <u>79,967,521</u> | <u>68,857,556</u> |
| Changes in net position - governmental activities | <u>\$ (1,500,737)</u> | <u>\$ 67,704,803</u> | <u>\$ 50,889,360</u> | <u>\$ 52,265,114</u> | <u>\$ 16,919,485</u> |

Source: City of La Quinta

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|------------------------|------------------------|-----------------------|----------------------|---------------------|
| \$ 34,287,068 | \$ 11,283,358 | \$ 6,183,712 | \$ 4,511,023 | \$ 4,830,239 |
| 21,274,519 | 21,070,458 | 20,815,454 | 21,047,691 | 21,169,423 |
| 5,173,326 | 18,715,283 | 6,378,352 | 2,274,541 | 3,098,015 |
| 15,923,380 | 4,735,964 | 5,093,402 | 4,986,104 | 4,130,085 |
| 12,326,726 | 10,757,279 | 13,288,521 | 11,803,133 | 12,610,994 |
| - | 31,324,064 | - | - | - |
| 15,330,603 | 14,353,359 | 3,021,496 | 447,048 | 405,977 |
| <u>104,315,622</u> | <u>112,239,765</u> | <u>54,780,937</u> | <u>45,069,540</u> | <u>46,244,733</u> |
| 21,439 | 47,696 | 86,869 | 38,812 | 71,042 |
| 1,100,491 | 1,044,399 | 1,020,822 | 927,604 | 1,412,819 |
| 69,391 | 74,471 | 68,470 | 112,695 | 595,980 |
| 250,557 | 210,151 | 247,397 | 245,392 | 1,224,719 |
| 1,124,647 | 1,086,771 | 1,080,744 | 1,209,438 | 1,195,703 |
| 15,363,650 | 13,152,942 | 11,289,673 | 28,068,940 | 14,587,153 |
| 5,974,311 | 3,157,828 | 9,990,793 | 4,115,238 | 3,981,286 |
| <u>23,904,486</u> | <u>18,774,258</u> | <u>23,784,768</u> | <u>34,718,119</u> | <u>23,068,702</u> |
| <u>(80,411,136)</u> | <u>(93,465,507)</u> | <u>(30,996,169)</u> | <u>(10,351,421)</u> | <u>(23,176,031)</u> |
| 6,278,470 | 5,942,353 | 21,370,476 | 7,043,604 | 9,193,753 |
| 35,390,317 | 32,569,795 | - | - | - |
| 4,265,438 | 4,737,968 | 5,446,883 | 5,980,684 | 6,307,737 |
| 6,927,388 | 7,323,835 | 7,713,741 | 7,833,545 | 8,786,819 |
| 1,585,427 | 1,607,829 | 1,687,440 | 1,669,476 | 1,688,263 |
| 302,223 | 285,270 | 293,592 | 292,966 | 307,654 |
| 461,957 | 437,235 | 428,963 | 518,778 | 580,834 |
| 3,714,437 | 3,515,395 | 3,173,826 | 3,157,330 | 3,291,042 |
| 5,362,684 | 4,693,974 | 1,925,255 | 1,605,718 | 2,190,357 |
| 477,936 | 3,211,584 | 268,644 | 192,509 | 243,498 |
| 2,330 | - | - | 28,551 | - |
| - | - | 158,654,715 | (2,189,984) | (6,402,450) |
| - | - | - | - | (500,000) |
| <u>64,768,607</u> | <u>64,325,238</u> | <u>200,963,535</u> | <u>26,133,177</u> | <u>25,687,507</u> |
| <u>\$ (15,642,529)</u> | <u>\$ (29,140,269)</u> | <u>\$ 169,967,366</u> | <u>\$ 15,781,756</u> | <u>\$ 2,511,476</u> |

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CITY OF LA QUINTA
 Changes in Net Position - Business-type Activities
 Last Ten Fiscal Years
 (accrual basis of accounting)

TABLE 4

| | Fiscal Year | | | | | | | | | |
|--|-------------------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Expenses: | | | | | | | | | | |
| Golf Course | \$ 1,877,291 | \$ 4,523,146 | \$ 4,520,173 | \$ 4,761,581 | \$ 4,440,546 | \$ 4,169,768 | \$ 4,202,274 | \$ 4,085,282 | \$ 4,208,855 | \$ 4,971,977 |
| Total business-type activities expenses | 1,877,291 | 4,523,146 | 4,520,173 | 4,761,581 | 4,440,546 | 4,169,768 | 4,202,274 | 4,085,282 | 4,208,855 | 4,971,977 |
| Program revenues: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Golf Course | 1,091,836 ² | 3,120,728 | 3,540,748 | 3,814,233 | 3,368,135 | 3,584,996 | 3,756,615 | 3,871,898 | 3,736,879 | 3,481,424 |
| Capital grants and contributions | - | - | - | 352,687 | - | - | - | - | - | - |
| Total business-type activities program revenues | 1,091,836 | 3,120,728 | 3,540,748 | 4,166,920 | 3,368,135 | 3,584,996 | 3,756,615 | 3,871,898 | 3,736,879 | 3,481,424 |
| Net revenues (expenses) | (785,455) | (1,402,418) | (979,425) | (594,661) | (1,072,411) | (584,772) | (445,659) | (213,384) | (471,976) | (1,490,553) |
| General revenues and other changes in Net Position: | | | | | | | | | | |
| Investment income | - | 553 | 1,817 | 4,310 | 3,074 | 1,252 | 2,125 | 1,075 | 2,225 | 1,567 |
| Gain (loss) on sale of capital assets | - | - | - | (47,721) | - | - | - | - | - | - |
| Insurance Recoveries | - | - | - | - | - | - | - | - | 100,799 | - |
| Miscellaneous | - | - | - | - | - | - | - | - | - | 678,046 |
| Transfers | - | 164,190 | 874,645 | - | - | - | - | - | - | 500,000 |
| Capital contributions | 41,459,643 ¹ | 973,013 | 979,425 | - | - | - | - | - | - | - |
| Total business-type activities | 41,459,643 | 1,137,756 | 1,855,887 | (43,411) | 3,074 | 1,252 | 2,125 | 1,075 | 103,024 | 1,179,613 |
| Changes in Net Position - business-type activities | \$ 40,674,188 | \$ (264,662) | \$ 876,462 | \$ (638,072) | \$ (1,069,337) | \$ (583,520) | \$ (443,534) | \$ (212,309) | \$ (368,952) | \$ (310,940) |

The City of La Quinta implemented the business type activities in FY 2004/2005.

¹ The transfer was for land & golf course improvements transferred to the Enterprise Fund.

² This was the first full year of operations for the Golf Course

Source: City of La Quinta

CITY OF LA QUINTA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | | |
|------------------------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| General fund: | | | | | |
| Nonspendable: | | | | | |
| Prepaid costs | \$ 507,931 | \$ 503,642 | \$ 11,774 | \$ 10,601 | \$ 12,424 |
| Land held for resale | - | - | - | - | - |
| Advances to other funds | 31,904,659 | 22,700,961 | 27,597,329 | 45,264,966 | 46,137,692 |
| Deposits | - | 5,903 | - | 4,825 | 9,830 |
| Due from Other Governments | - | - | - | - | - |
| Restricted for: | | | | | |
| Debt service | - | - | - | - | - |
| Committed: | | | | | |
| Emergency reserve | 15,067,577 | 16,905,386 | 18,722,524 | 19,651,824 | 18,201,948 |
| Post retirement health benefits | - | - | - | - | - |
| Capital Projects | 589,875 | 10,877,058 | 482,718 | 2,100,000 | 2,144,085 |
| Working capital reserve | - | - | - | - | - |
| Carryovers | - | - | - | - | - |
| Educational purposes | 1,000,000 | 750,000 | 500,000 | 250,000 | - |
| Library | 11,981 | - | - | - | - |
| Economic development | 467,072 | 4,967,072 | 2,327,430 | 1,911,131 | - |
| Assigned: | | | | | |
| Continuing appropriations | 1,069,667 | 1,319,787 | 2,257,200 | 2,835,297 | 3,485,747 |
| Insurance | - | - | - | - | - |
| Unassigned | 13,308,205 | 18,239,315 | 32,741,545 | 20,423,375 | 22,335,655 |
| Total general fund | <u>\$ 63,926,967</u> | <u>\$ 76,269,124</u> | <u>\$ 84,640,520</u> | <u>\$ 92,452,019</u> | <u>\$ 92,327,381</u> |
| All other governmental funds: | | | | | |
| Nonspendable: | | | | | |
| Prepaid costs | \$ - | \$ 7,987 | \$ 7,977 | \$ 5,353 | \$ 19,197 |
| Notes and loans | 2,117,873 | 2,112,597 | 2,081,645 | 2,076,063 | 2,067,028 |
| Advances to other funds | 7,061,027 | 5,365,097 | 4,823,543 | 4,402,213 | 4,321,119 |
| Deposits | 1,110 | - | - | - | 4,540 |
| Restricted: | | | | | |
| Planning and development projects | 16,144,465 | 26,172,191 | 15,297,481 | 21,906,749 | 25,807,752 |
| Public safety | 154,115 | 143,846 | 153,818 | 198,843 | 245,468 |
| Community services | 2,889,245 | 9,696,885 | 12,214,375 | 11,406,628 | 11,387,631 |
| Public works | 256,881 | 462,171 | 104,878 | 309,566 | 7,539,181 |
| Capital Projects | 99,186,105 | 92,112,917 | 66,225,066 | 69,626,275 | 50,556,856 |
| Debt service | 4,605,101 | 10,288,494 | 24,309,220 | 5,094,635 | 5,490,098 |
| Assigned: | | | | | |
| Continuing appropriations | - | - | - | - | 2,000 |
| Unassigned | (18,801,305) | (7,133,230) | (7,854,868) | (19,653,179) | (19,339,823) |
| Total all other governmental funds | <u>\$ 113,614,617</u> | <u>\$ 139,228,955</u> | <u>\$ 117,363,135</u> | <u>\$ 95,373,146</u> | <u>\$ 88,101,047</u> |

In Fiscal Year 2009-2010, the City implemented GASB 54 which changed the reporting requirements for fund balances in the financial statements. This table has been updated to reflect the impact of GASB 54 not only for Fiscal Year 2009-10 but for all prior years.

The increase was primarily the result of the issuance of the 2011 Financing Authority bonds.

Source: City of La Quinta

TABLE 5

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|-----------|-------------------|-----------------------|----------------------|----------------------|---------------------|
| \$ | 9,030 | \$ 23,260 | \$ 27,481 | \$ 11,786 | \$ 1,500 |
| | - | 8,320,000 | 8,320,000 | 8,320,000 | 8,320,000 |
| | 57,897,671 | 15,373,104 | 15,417,929 | 15,509,691 | 15,163,183 |
| | 9,830 | 9,967 | 118,516 | 4,830 | 4,830 |
| | - | - | - | 41,378,966 | 34,976,516 |
| | - | 169,631 | 173,426 | - | - |
| | 17,774,648 | 18,018,595 | 17,516,295 | 16,034,995 | 16,034,995 |
| | 1,258,059 | 1,258,059 | 1,523,401 | 1,523,401 | 1,523,401 |
| | - | - | - | 2,848,737 | 1,507,429 |
| | - | - | - | - | 2,836,820 |
| | - | - | - | - | 356,438 |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | 1,555,176 | 1,768,494 | 1,041,172 | 1,013,533 | - |
| | - | - | - | - | 209,000 |
| | 13,525,704 | 48,140,444 | 47,737,861 | 5,926,651 | 10,699,641 |
| <u>\$</u> | <u>92,030,118</u> | <u>\$ 93,081,554</u> | <u>\$ 91,876,081</u> | <u>\$ 92,572,590</u> | <u>91,633,753</u> |
| \$ | 7,740 | \$ 10,563 | \$ 12,875 | \$ 10,310 | \$ - |
| | 2,088,709 | 2,081,614 | 2,065,611 | 2,062,589 | - |
| | 4,293,166 | 4,569,188 | - | - | - |
| | 6,400 | 6,000 | 13,600 | 13,600 | - |
| | 31,032,124 | 34,018,930 | 10,767,199 | 3,730,533 | 5,970,006 |
| | 48,852 | 96,364 | 245,187 | 258,968 | 274,274 |
| | 11,675,417 | 10,248,314 | 11,162,057 | 11,626,441 | 12,459,516 |
| | 448,731 | 396,355 | 145,823 | 262,754 | 1,571,163 |
| | 53,123,856 | 58,111,106 | 4,089,156 | 1,392,581 | 1,590,168 |
| | 3,890 | 4,001,426 | 2,534 | 2,234 | - |
| | - | - | - | - | - |
| | (33,626,907) | (13,250,398) | (13,248,593) | (13,179,196) | (12,370,462) |
| <u>\$</u> | <u>69,101,978</u> | <u>\$ 100,289,462</u> | <u>\$ 15,255,449</u> | <u>\$ 6,180,814</u> | <u>\$ 9,494,665</u> |

CITY OF LA QUINTA
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

| | Fiscal Year | | | | |
|--|-----------------------|----------------------|------------------------|------------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Revenues: | | | | | |
| Taxes | \$ 68,175,347 | \$ 89,704,947 | \$ 100,103,324 | \$ 105,870,933 | \$ 99,816,072 |
| Assessments | 825,292 | 818,526 | 877,191 | 909,229 | 927,816 |
| Licenses and permits | 3,226,167 | 5,145,430 | 2,788,882 | 2,107,035 | 871,167 |
| Intergovernmental | 10,242,876 | 18,585,468 | 14,803,971 | 15,382,135 | 18,679,355 |
| Charges for services | 3,402,602 | 3,367,989 | 1,821,794 | 1,334,060 | 673,779 |
| Use of money and property | 9,798,356 | 12,671,662 | 14,804,348 | 12,874,926 | 7,043,646 |
| Contributions | - | - | - | 37,643,190 | 240,591 |
| Developer participation | 6,091,156 | 12,473,440 | 5,310,440 | 6,537,991 | 2,243,785 |
| Miscellaneous | 528,903 | 637,054 | 412,353 | 629,471 | 720,185 |
| Total revenues | <u>102,290,699</u> | <u>143,404,516</u> | <u>140,922,303</u> | <u>183,288,970</u> | <u>131,216,396</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 3,970,921 | 4,644,954 | 6,150,699 | 7,367,144 | 7,230,436 |
| Public safety | 12,364,583 | 13,029,187 | 15,685,493 | 17,181,775 | 18,946,866 |
| Planning and development | 5,719,373 | 5,847,563 | 28,994,177 | 15,374,160 | 7,261,835 |
| Community services | 1,104,509 | 1,248,308 | 4,027,302 | 5,336,757 | 4,698,985 |
| Public works | 6,206,769 | 6,987,014 | 6,755,507 | 6,563,494 | 6,324,055 |
| Capital projects | 40,012,387 | 25,445,550 | 36,420,417 | 82,883,317 | 32,363,859 |
| Debt service: | | | | | |
| Principal retirement | 3,793,660 | 4,777,748 | 5,647,940 | 5,949,311 | 6,319,580 |
| Interest and fiscal charges | 14,355,577 | 15,554,612 | 15,059,977 | 15,424,708 | 15,348,598 |
| Payment to bond escrow | - | - | - | - | - |
| Payments under pass-through obligations | 25,756,321 | 35,958,291 | 36,498,575 | 42,989,023 | 42,426,670 |
| Total expenditures | <u>113,284,100</u> | <u>113,493,227</u> | <u>155,240,087</u> | <u>199,069,689</u> | <u>140,920,884</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(10,993,401)</u> | <u>29,911,289</u> | <u>(14,317,784)</u> | <u>(15,780,719)</u> | <u>(9,704,488)</u> |
| Other financing sources (uses): | | | | | |
| Issuance of tax allocation bonds | - | - | - | - | - |
| Issuance of revenue bonds | - | - | - | - | - |
| Transfers in | 49,248,081 | 35,828,335 | 60,954,576 | 88,604,682 | 40,502,929 |
| Transfers out | (49,248,081) | (35,992,525) | (60,954,576) | (87,342,608) | (40,527,930) |
| Other debts issued | - | - | - | - | 2,332,752 |
| Capital leases | - | - | - | 182,094 | - |
| Proceeds from sale of capital assets | 8,566,295 | 8,209,396 | 124,097 | 158,061 | - |
| Total other financing sources (uses) | <u>8,566,295</u> | <u>8,045,206</u> | <u>124,097</u> | <u>1,602,229</u> | <u>2,307,751</u> |
| Extraordinary gain/loss on dissolution of redevelopment agency | - | - | - | - | - |
| Net change in fund balances | <u>\$ (2,427,106)</u> | <u>\$ 37,956,495</u> | <u>\$ (14,193,687)</u> | <u>\$ (14,178,490)</u> | <u>\$ (7,396,737)</u> |
| Debt service as a percentage of noncapital expenditures ^(a) | 62.0% | 65.5% | 61.0% | 47.1% | 59.0% |

^(a) The capitalizable expenditures were derived from the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds.

Source: City of La Quinta

TABLE 6

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|------------------------|----------------------|------------------------|-----------------------|---------------------|
| \$ 93,831,918 | \$ 88,498,457 | \$ 53,632,023 | \$ 23,506,679 | \$ 27,192,089 |
| 966,639 | 956,048 | 950,292 | 954,058 | 951,181 |
| 472,409 | 547,071 | 482,831 | 566,510 | 953,540 |
| 19,473,076 | 19,005,643 | 15,875,582 | 15,464,942 | 16,506,666 |
| 484,043 | 501,418 | 635,111 | 625,813 | 1,238,277 |
| 5,338,679 | 4,670,732 | 1,914,518 | 1,582,762 | 2,175,048 |
| 395,823 | 327,751 | 303,773 | 18,377,253 | 838,972 |
| 273,739 | 945,805 | 903,144 | 1,226,825 | 3,059,254 |
| 608,342 | 319,763 | 276,327 | 491,267 | 575,001 |
| <u>121,844,668</u> | <u>115,772,688</u> | <u>74,973,601</u> | <u>62,796,109</u> | <u>53,490,028</u> |
| 30,220,882 | 10,885,519 | 4,881,922 | 4,587,888 | 4,068,827 |
| 20,116,936 | 19,826,372 | 19,669,517 | 20,168,038 | 21,189,086 |
| 6,028,492 | 8,460,420 | 4,314,646 | 27,514,768 | 1,748,477 |
| 4,204,626 | 4,147,758 | 4,086,686 | 4,411,536 | 4,011,432 |
| 6,862,887 | 4,808,060 | 6,192,733 | 5,067,370 | 4,617,050 |
| 14,514,910 | 21,287,775 | 13,335,989 | 8,622,783 | 7,974,747 |
| 6,616,412 | 7,011,261 | 7,066,726 | 556,871 | 558,019 |
| 15,357,968 | 15,037,919 | 6,701,079 | 437,678 | 411,010 |
| - | - | - | - | - |
| <u>38,710,894</u> | <u>35,607,089</u> | <u>16,755,441</u> | <u>-</u> | <u>-</u> |
| <u>142,634,007</u> | <u>127,072,173</u> | <u>83,004,739</u> | <u>71,366,932</u> | <u>44,578,648</u> |
| <u>(20,789,339)</u> | <u>(11,299,485)</u> | <u>(8,031,138)</u> | <u>(8,570,823)</u> | <u>8,911,380</u> |
| - | 6,000,000 | - | - | - |
| - | 28,850,000 | - | - | - |
| 30,386,372 | 61,657,034 | 12,554,752 | 29,841,053 | 4,201,763 |
| (28,893,365) | (61,652,479) | (12,580,120) | (29,841,053) | (4,335,679) |
| - | - | - | - | - |
| - | - | - | 71,045 | - |
| <u>-</u> | <u>8,683,850</u> | <u>875,275</u> | <u>121,652</u> | <u>-</u> |
| <u>1,493,007</u> | <u>43,538,405</u> | <u>849,907</u> | <u>192,697</u> | <u>(133,916)</u> |
| - | - | (79,058,255) | - | (6,402,450) |
| <u>\$ (19,296,332)</u> | <u>\$ 32,238,920</u> | <u>\$ (86,239,486)</u> | <u>\$ (8,378,126)</u> | <u>\$ 2,375,014</u> |
| 47.6% | 53.0% | 43.7% | 1.6% | 3.0% |

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Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years
(in dollars)

| Fiscal Year Ended June 30 | Entire City (including Redevelopment Agency) | | | | | | Taxable | Direct Rate |
|---------------------------------|--|----------------|---------------|-------------------|-----------------------|------------------------------|-------------------|----------------|
| | Residential | Commercial | Industrial | Other (Note 2) | Unsecured Property | Less Tax- Exempt Property | Assessed Value | |
| 2005 | \$5,141,870,192 | \$ 300,597,832 | \$ 16,173,285 | \$ 830,852,243 | \$ 44,014,548 | \$ (113,037,003) | \$6,220,471,097 | 0.8091 |
| 2006 | 6,427,108,159 | 404,672,261 | 19,229,049 | 1,005,373,906 | 72,554,357 | (115,071,146) | 7,813,866,586 | 0.9992 |
| 2007 | 8,047,222,562 | 622,347,465 | 19,605,470 | 1,296,976,028 | 88,740,840 | (99,245,721) | 9,975,646,644 | 0.9992 |
| 2008 | 9,514,081,076 | 789,425,538 | 20,028,196 | 1,531,134,827 | 101,433,002 | (89,688,505) | 11,866,414,134 | 0.9992 |
| 2009 | 10,034,763,263 | 827,032,029 | 20,432,889 | 1,528,398,712 | 113,185,065 | (107,777,195) | 12,416,034,763 | 1.0000 |
| 2010 | 9,483,530,068 | 823,821,531 | 20,845,624 | 1,414,468,679 | 121,272,880 | (110,752,890) | 11,753,185,892 | 1.0000 |
| 2011 | 8,870,471,785 | 771,419,124 | 20,792,716 | 1,250,399,544 | 118,972,704 | (161,265,140) | 10,870,790,733 | 1.0000 |
| 2012 | 8,612,579,049 | 725,788,432 | 20,944,939 | 1,041,585,372 | 107,421,771 | (176,887,605) | 10,331,431,958 | 1.0000 |
| 2013 | 8,510,574,371 | 735,622,855 | 19,644,835 | 1,079,529,412 | 108,971,608 | (179,344,969) | 10,274,998,112 | 1.0000 |
| 2014 | 8,959,562,854 | 743,340,208 | 20,374,889 | 1,072,744,515 | 111,330,270 | (180,600,133) | 10,726,752,603 | 1.0000 |

NOTES:

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 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 dry farm, government owned, institutional, irrigated, recreational, vacant, cross reference and unknown.

CITY OF LA QUINTA

Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)

Last Nine Fiscal Years

| | City | | | | | | | | | Redevelopment | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Non-Project Area | | | | | | | | | Project Area 1 | | | | | | |
| | 2006 ¹ | 2007 ¹ | 2008 ¹ | 2009 ¹ | 2010 ¹ | 2011 ¹ | 2012 ¹ | 2013 ¹ | 2014 ¹ | 2006 ² | 2007 ² | 2008 ³ | 2009 ³ | 2010 ³ | 2011 ³ | 2012 ³ |
| Direct Rates: | | | | | | | | | | | | | | | | |
| City of La Quinta | 0.0760 | 0.0760 | 0.0760 | 0.0506 | 0.0506 | 0.0734 | 0.0760 | 0.0760 | 0.0760 | 0.0000 | 0.0000 | 0.0000 | 0.0152 | 0.0036 | 0.0049 | 0.0524 |
| Redevelopment agency Project Area 1 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.5830 | 0.5880 | 0.5150 | 0.5245 | 0.5432 | 0.5310 | 0.0000 |
| Redevelopment agency Project Area 2 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| County of Riverside | 0.1960 | 0.1960 | 0.1960 | 0.2587 | 0.2587 | 0.2316 | 0.1957 | 0.1958 | 0.1958 | 0.2639 | 0.2619 | 0.2619 | 0.2325 | 0.2501 | 0.2471 | 0.2683 |
| County Free Library | 0.0250 | 0.0250 | 0.0250 | 0.0284 | 0.0284 | 0.0280 | 0.0252 | 0.0253 | 0.0253 | 0.0276 | 0.0276 | 0.0276 | 0.0277 | 0.0275 | 0.0282 | 0.0294 |
| County Structure Fire Protection | 0.0540 | 0.0540 | 0.0540 | 0.0610 | 0.0610 | 0.0602 | 0.0544 | 0.0544 | 0.0544 | 0.0595 | 0.0595 | 0.0595 | 0.0595 | 0.0595 | 0.0607 | 0.0633 |
| Coachella Valley Unified School District | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.4322 | 0.4322 | 0.4322 | 0.0170 | 0.0150 | 0.0020 | 0.0149 | 0.0167 | 0.0182 | 0.0000 |
| Desert Sands Unified School | 0.4320 | 0.4320 | 0.4320 | 0.3765 | 0.3765 | 0.3716 | 0.0000 | 0.0000 | 0.0000 | 0.0160 | 0.0140 | 0.0140 | 0.0695 | 0.0568 | 0.0637 | 0.3905 |
| Desert Community College District | 0.0700 | 0.0700 | 0.0700 | 0.0782 | 0.0782 | 0.0772 | 0.0698 | 0.0698 | 0.0698 | 0.0030 | 0.0030 | 0.0720 | 0.0177 | 0.0152 | 0.0166 | 0.0812 |
| Riverside County Office of Education | 0.0380 | 0.0380 | 0.0380 | 0.0426 | 0.0426 | 0.0420 | 0.0380 | 0.0380 | 0.0380 | 0.0030 | 0.0030 | 0.0180 | 0.0093 | 0.0027 | 0.0038 | 0.0442 |
| Riverside County Regional Park & Open Space | 0.0040 | 0.0040 | 0.0040 | 0.0000 | 0.0000 | 0.0000 | 0.0039 | 0.0039 | 0.0039 | 0.0000 | 0.0000 | 0.0030 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| CV Public Cemetery | 0.0032 | 0.0032 | 0.0032 | 0.0035 | 0.0035 | 0.0035 | 0.0032 | 0.0031 | 0.0031 | 0.0000 | 0.0000 | 0.0000 | 0.0008 | 0.0002 | 0.0003 | 0.0037 |
| CV Mosquito | 0.0127 | 0.0127 | 0.0127 | 0.0142 | 0.0142 | 0.0141 | 0.0127 | 0.0127 | 0.0127 | 0.0120 | 0.0120 | 0.0120 | 0.0112 | 0.0111 | 0.0112 | 0.0148 |
| Desert Recreation District | 0.0192 | 0.0192 | 0.0192 | 0.0215 | 0.0215 | 0.0213 | 0.0192 | 0.0192 | 0.0192 | 0.0010 | 0.0020 | 0.0010 | 0.0044 | 0.0014 | 0.0019 | 0.0223 |
| Coachella Valley Water District | 0.0250 | 0.0250 | 0.0250 | 0.0284 | 0.0284 | 0.0281 | 0.0254 | 0.0254 | 0.0254 | 0.0130 | 0.0130 | 0.0010 | 0.0127 | 0.0120 | 0.0124 | 0.0295 |
| CV Resource Conservation | 0.0003 | 0.0003 | 0.0003 | 0.0004 | 0.0004 | 0.0004 | 0.0003 | 0.0003 | 0.0003 | 0.0000 | 0.0000 | 0.0130 | 0.0001 | 0.0000 | 0.0000 | 0.0004 |
| CVWD District 1 Debt Service | 0.0118 | 0.0118 | 0.0118 | 0.0000 | 0.0000 | 0.0131 | 0.0119 | 0.0118 | 0.0118 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| CVWD Storm Water Unit | 0.0320 | 0.0320 | 0.0320 | 0.0360 | 0.0360 | 0.0355 | 0.0321 | 0.0321 | 0.0321 | 0.0010 | 0.0010 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| Total Direct Rate | 0.9992 | 0.9992 | 0.9992 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Tax Rate Area | 020-005 | 020-005 | 020-005 | 020-005 | 020-005 | 020-005 | 020-005 | 020-005 | 020-005 | 020-015 | 020-015 | 020-089 | 020-089 | 020-089 | 020-089 | 020-089 |
| Overlapping Rates⁴: | | | | | | | | | | | | | | | | |
| Desert Sands Unified School | 0.0767 | 0.0761 | 0.0799 | 0.0799 | 0.0811 | 0.1004 | 0.1147 | 0.1116 | 0.1095 | 0.0767 | 0.0761 | 0.0756 | 0.0799 | 0.0811 | 0.1004 | 0.0757 |
| Coachella Valley Water District | 0.0442 | 0.0332 | 0.0462 | 0.0464 | 0.0660 | 0.0860 | 0.0800 | 0.0800 | 0.1000 | 0.0199 | 0.0208 | 0.0484 | 0.0464 | 0.0660 | 0.0860 | 0.0862 |
| Desert Community College District | 0.0199 | 0.0199 | 0.0199 | 0.0199 | 0.0200 | 0.0200 | 0.0200 | 0.0200 | 0.0200 | 0.0208 | 0.0199 | 0.0199 | 0.0199 | 0.0200 | 0.0200 | 0.0079 |
| Total Overlapping Rate | 0.1408 | 0.1292 | 0.1460 | 0.1462 | 0.1671 | 0.2064 | 0.2147 | 0.2116 | 0.2295 | 0.1174 | 0.1168 | 0.1439 | 0.1462 | 0.1671 | 0.2064 | 0.1698 |
| Total Direct and Overlapping Rate | 1.1400 | 1.1284 | 1.1452 | 1.1462 | 1.1671 | 1.2064 | 1.2147 | 1.2116 | 1.2295 | 1.1174 | 1.1168 | 1.1439 | 1.1462 | 1.1671 | 1.2064 | 1.1698 |

NOTE:
In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount for direct taxes. This 1% is shared by all taxing agencies for which the subject property resides within.

Source: County of Riverside Auditor Controller's Office

¹ Direct rate from Tax Rate Area (TRA) 020-059 provided by Hdl Coren & Cone and overlapping debt rates from California Municipal Statistics

² Direct rate taken from an analysis by the City of La Quinta Finance Department staff of all TRA's in the Project area and do not include State ERAF deductions and overlapping rates provided by California Municipal Statistics

³ Direct rate taken from an analysis of the TRA in the Project area and do not include State ERAF deductions and overlapping rates provided by California Municipal Statistics

⁴ Overlapping rates are based upon a single tax rate area only.

Note: The information was first presented in Fiscal Year 2006.

TABLE 8

| Redevelopment Project Area 2 | | | | | | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2006 ² | 2007 ² | 2008 ³ | 2009 ³ | 2010 ³ | 2011 ³ | 2012 ³ |
| 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0019 | 0.0499 |
| 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | |
| 0.2860 | 0.2920 | 0.2910 | 0.3193 | 0.3174 | 0.3059 | 0.0000 |
| 0.2617 | 0.2617 | 0.2617 | 0.2517 | 0.2537 | 0.2511 | 0.2553 |
| 0.0280 | 0.0280 | 0.0280 | 0.0280 | 0.0280 | 0.0286 | 0.0280 |
| 0.0603 | 0.0603 | 0.0603 | 0.0603 | 0.0603 | 0.0616 | 0.0602 |
| 0.0000 | 0.0000 | 0.0020 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 0.2000 | 0.1980 | 0.1970 | 0.1860 | 0.1859 | 0.1930 | 0.3716 |
| 0.0420 | 0.0410 | 0.0410 | 0.0386 | 0.0386 | 0.0401 | 0.0772 |
| 0.0230 | 0.0220 | 0.0220 | 0.0210 | 0.0210 | 0.0218 | 0.0420 |
| 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | |
| 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0001 | 0.0035 |
| 0.0150 | 0.0140 | 0.0140 | 0.0141 | 0.0141 | 0.0141 | 0.0140 |
| 0.0060 | 0.0060 | 0.0060 | 0.0053 | 0.0053 | 0.0059 | 0.0212 |
| 0.0770 | 0.0760 | 0.0760 | 0.0757 | 0.0757 | 0.0740 | 0.0281 |
| 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0004 |
| 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0005 | 0.0131 |
| 0.0010 | 0.0010 | 0.0010 | 0.0000 | 0.0000 | 0.0014 | 0.0355 |
| 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 020-144 | 020-144 | 020-144 | 020-144 | 020-144 | 020-144 | 020-144 |
| 0.0767 | 0.0761 | 0.0756 | 0.0799 | 0.0811 | 0.1004 | 0.0757 |
| 0.0442 | 0.0332 | 0.0484 | 0.0464 | 0.0660 | 0.0860 | 0.0862 |
| 0.0199 | 0.0199 | 0.0199 | 0.0199 | 0.0200 | 0.0200 | 0.0079 |
| 0.1408 | 0.1292 | 0.1439 | 0.1462 | 0.1671 | 0.2064 | 0.1698 |
| 1.1408 | 1.1292 | 1.1439 | 1.1462 | 1.1671 | 1.2064 | 1.1698 |

CITY OF LA QUINTA

TABLE 9

Principal Property Taxpayers
Current Year and Ten Years Ago
(in dollars)

| Taxpayer | 2014 | | | 2005 | | |
|------------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percent of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percent of Total City Taxable Assessed Value |
| LQR Golf LLC | \$ 187,262,071 | 1 | 1.74% | - | - | - |
| TD Desert Development | 66,184,018 | 2 | 0.61% | 40,646,535 | 5 | 0.64% |
| East of Madison LLC | 52,669,611 | 3 | 0.49% | - | - | - |
| Inland American La Quinta Pavilion | 44,267,502 | 4 | 0.41% | - | - | - |
| Coral Option I LLC | 43,458,609 | 5 | 0.40% | 21,395,329 | 7 | 0.34% |
| Lennar Homes of California | 30,530,804 | 6 | 0.28% | 41,197,452 | 4 | 0.65% |
| Town and Country Partners LLC | 30,170,000 | 7 | 0.28% | - | - | - |
| Walmart Real Estate Business Trust | 28,905,663 | 8 | 0.27% | - | - | - |
| Aventine Development | 24,316,859 | 9 | 0.23% | 21,116,001 | 8 | 0.33% |
| Costco Wholesale Corporation | 22,877,221 | 10 | 0.21% | - | - | - |
| KSL Desert Resorts Inc | - | - | - | 209,088,140 | 1 | 3.31% |
| Toll California V | - | - | - | 62,641,138 | 2 | 0.99% |
| ND La Quinta Partners | - | - | - | 41,566,490 | 3 | 0.66% |
| Quarry at La Quinta Inc | - | - | - | 22,943,872 | 6 | 0.36% |
| Coral Mountain | - | - | - | 17,020,344 | 9 | 0.27% |
| M and H Realty Partners II | - | - | - | 15,908,379 | 10 | 0.25% |
| | <u>\$ 530,642,358</u> | | <u>4.92%</u> | <u>\$ 493,523,680</u> | | <u>7.80%</u> |

Source: HdL Coren & Cone

Property Tax Levies and Collections

Last Nine Fiscal Years
(in dollars)

| 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 | \$ 61,420,601 | \$ 73,097,362 | 119.01% | \$ 2,092,062 | \$ 75,189,424 | 122.42% |
| 2007 | 74,170,170 | 83,797,365 | 112.98% | 1,802,076 | 85,599,441 | 115.41% |
| 2008 | 83,018,429 | 87,804,912 | 105.77% | 3,216,547 | 91,021,459 | 109.64% |
| 2009 | 83,934,188 | 86,721,572 | 103.32% | 1,471,940 | 88,193,512 | 105.07% |
| 2010 | 78,621,410 | 80,651,874 | 102.58% | 434,643 | 81,086,517 | 103.14% |
| 2011 | 72,735,079 | 74,047,640 | 101.80% | 259,209 | 74,306,849 | 102.16% |
| 2012 | 69,307,476 | 37,885,360 | 54.66% | 181,381 | 38,066,741 | 54.92% |
| 2013 | 5,706,535 | 5,823,575 | 102.05% | 180,723 | 6,004,298 | 105.22% |
| 2014 | 5,845,390 | 5,808,387 | 99.37% | 202,342 | 6,010,729 | 102.83% |

NOTES:

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. Effective February 1, 2012, AB1x26 dissolved the Redevelopment Agencies throughout the State of California which resulted in the reduction of amounts collected during Fiscal Year 2011-2012 and all subsequent years.

The total tax levy is based on the Statements of Original Charge and Tax Increment Summaries from the Riverside County Auditor-Controller's Office. This amount does not include the results of any successful appeals of a taxpayers assessed valuation. As such, the percentage of the levy collected may be lower than expected.

The City participates in the Riverside County Teeter program, which allows for a 30% advance, one settlement payment for the first installment, a 10% advance, a settlement payment for the second installment, and one final settlement payment, which is generally received during November of the subsequent year.

Collections for 2014 are for amounts received as of August 31, 2014.

The information was first presented in Fiscal Year 2006.

Source: County of Riverside Auditor Controller's Office

CITY OF LA QUINTA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in dollars)

| | Fiscal Year Ended | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Governmental Activities | | | | | |
| Reimbursement Agreement | \$ 378,311 | \$ 328,311 | \$ 278,311 | \$ 228,311 | \$ 178,311 |
| Capital leases | - | - | - | - | 149,169 |
| USDA Loan | - | - | - | - | 751,754 |
| Provident Savings Loan | - | - | - | - | 1,556,283 |
| Due to Coachella Valley Unified School District | 5,927,263 | 5,186,627 | 4,431,178 | 3,675,731 | 2,874,653 |
| Due to County of Riverside | 1,950,000 | 1,850,000 | 1,750,000 | 1,600,000 | 1,400,000 |
| Developer Agreement | 898,141 | 776,030 | 643,539 | 511,048 | 343,814 |
| Tax Allocation Bonds Project Area 1 | 140,263,659 | 141,785,000 | 139,145,000 | 136,350,000 | 133,390,000 |
| Tax Allocation Bonds Project Area 2 | 6,230,000 | 6,130,000 | 6,025,000 | 5,915,000 | 5,800,000 |
| 2004 Local Agency Revenue Bonds ¹ | 87,947,058 | 89,265,000 | 87,745,000 | 86,175,000 | 84,560,000 |
| 2011 Local Agency Revenue Bonds ¹ | - | - | - | - | - |
| City Hall Lease Revenue Bonds | 6,575,000 | 6,245,000 | 5,900,000 | 5,540,000 | 5,160,000 |
| Unamortized Discount and Issuance Costs | - | (877,230) | (877,230) | (841,087) | (804,944) |
| Total Governmental | 250,169,432 | 250,688,738 | 245,040,798 | 239,154,003 | 235,359,040 |
| Business-type Activities | | | | | |
| Capital Leases | 801,417 | 1,090,602 | 825,848 | 681,048 | 285,217 |
| Total Business-type activities | 801,417 | 1,090,602 | 825,848 | 681,048 | 285,217 |
| Total Primary Government | \$ 250,970,849 | \$ 251,779,340 | \$ 245,866,646 | \$ 239,835,051 | \$ 235,644,257 |
| | | | | | |
| Population - State Department of Finance January 1 | 36,145 | 38,340 | 41,092 | 42,958 | 43,778 |
| Number of Households | 17,549 | 18,762 | 20,176 | 21,058 | 21,355 |
| Median Household Income | \$ 80,118 | \$ 82,938 | \$ 87,799 | \$ 91,366 | \$ 92,156 |
| | | | | | |
| Percentage of Personal Income | 17.85% | 16.18% | 13.88% | 12.47% | 11.97% |
| Debt Per Capita | \$ 6,943 | \$ 6,567 | \$ 5,983 | \$ 5,583 | \$ 5,383 |

¹Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ The debt service payment for the 2004 Lease Revenue Bonds are made from Redevelopment Project Area 1 & 2 low & moderate income tax increment.

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|----|--------------------|-----------------------|---------------------|---------------------|---------------------|
| \$ | 128,311 | \$ - | \$ - | \$ - | \$ - |
| | 114,583 | 78,253 | 40,090 | 71,045 | 129,063 |
| | 741,171 | 729,480 | - | 702,105 | 686,345 |
| | 1,530,958 | 1,503,433 | - | 1,441,096 | 1,405,755 |
| | 2,072,965 | 1,255,243 | - | - | - |
| | 1,200,000 | 1,000,000 | - | - | - |
| | 174,584 | - | - | - | - |
| | 130,255,000 | 126,925,000 | - | - | - |
| | 5,680,000 | 11,555,000 | - | - | - |
| | 82,890,000 | 81,150,000 | - | - | - |
| | - | 28,850,000 | - | - | - |
| | 4,760,000 | 4,340,000 | 3,895,000 | 3,425,000 | 2,930,000 |
| | (768,801) | (1,115,799) | - | - | - |
| | <u>228,778,771</u> | <u>256,270,610</u> | <u>3,935,090</u> | <u>5,639,246</u> | <u>5,151,163</u> |
| | <u>54,543</u> | <u>286,097</u> | <u>169,084</u> | <u>43,736</u> | <u>-</u> |
| | <u>54,543</u> | <u>286,097</u> | <u>169,084</u> | <u>43,736</u> | <u>-</u> |
| \$ | <u>228,833,314</u> | \$ <u>256,556,707</u> | \$ <u>4,104,174</u> | \$ <u>5,682,982</u> | \$ <u>5,151,163</u> |
| | 44,421 | 37,836 | 38,075 | 38,401 | 39,032 |
| | 23,489 | 23,489 | 23,528 | 23,612 | 23,871 |
| \$ | 90,124 | \$ 104,410 | \$ 104,045 | \$ 111,077 | \$ 109,365 |
| | 10.81% | 10.46% | 0.17% | 0.22% | 0.20% |
| \$ | 5,151 | \$ 6,781 | \$ 108 | \$ 148 | \$ 132 |

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Dollars)

| Fiscal Year Ended June 30 | Outstanding General Bonded Debt | | | | Percent of Assessed Value ¹ | Per Median Household Income |
|---------------------------------|----------------------------------|---|----------------------------|-------------|--|-----------------------------------|
| | City Hall Lease Obligation | Local Agency Revenue Bonds ¹ | Tax Allocation Bonds | Total | | |
| | 2005 | 6,575,000 | 87,947,058 | 146,493,659 | | |
| 2006 | 6,245,000 | 89,265,000 | 147,915,000 | 243,425,000 | 3.12% | 2,935 |
| 2007 | 5,900,000 | 87,745,000 | 145,170,000 | 238,815,000 | 2.39% | 2,720 |
| 2008 | 5,540,000 | 86,175,000 | 142,265,000 | 233,980,000 | 1.97% | 2,561 |
| 2009 | 5,160,000 | 84,560,000 | 139,190,000 | 228,910,000 | 1.84% | 2,484 |
| 2010 | 4,760,000 | 82,890,000 | 135,935,000 | 223,585,000 | 1.90% | 2,481 |
| 2011 | 4,340,000 | 110,000,000 | 138,480,000 | 252,820,000 | 2.33% | 2,421 |
| 2012 | 3,895,000 | - | - | 3,895,000 | 0.04% | 37 |
| 2013 | 3,425,000 | - | - | 3,425,000 | 0.03% | 31 |
| 2014 | 2,930,000 | - | - | 2,930,000 | 0.03% | 27 |

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

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

Source: City of La Quinta

CITY OF LA QUINTA
Direct and Overlapping Debt
June 30, 2014

TABLE 13

| | |
|--------------------------|-------------------|
| City Assessed Valuation | \$ 10,726,752,603 |
| Total Assessed Valuation | \$ 10,726,752,603 |

Source: Riverside County Auditor Controller

| | Percentage Applicable ¹ | Outstanding Debt 6/30/14 | Estimated Share of Overlapping Debt |
|--|---------------------------------------|-----------------------------|--|
| Overlapping Debt Repaid with Property Taxes And Assessments: | | | |
| Desert Community College District | 16.753% | \$ 316,283,162 | \$ 52,986,918 |
| Coachella Valley Unified School District | 53.357% | 182,018,662 | 97,119,697 |
| Desert Sands Unified School District (DSUSD) | 20.209% | 282,295,470 | 57,049,092 |
| DSUSD Community Facilities District No. 1 | 88.912% | 1,380,000 | 1,226,986 |
| City of La Quinta 1915 Act Bonds | 100.000% | 205,000 | 205,000 |
| Coachella Valley Water District Assessment District No. 68 | 86.122% | 2,120,000 | 1,881,298 |
| Total overlapping debt repaid with property taxes | | 784,302,294 | 210,468,991 |
| Overlapping Other Debt including Certifications of Participation (COP): | | | |
| Riverside County General Fund Obligations | 5.145% | \$ 692,656,315 | \$ 35,637,167 |
| Riverside County Pension Obligations | 5.145% | 334,515,000 | 17,210,797 |
| Riverside County Board of Education COP | 5.145% | 2,700,000 | 138,915 |
| Coachella Valley Unified School District COP | 53.357% | 43,720,000 | 23,327,680 |
| DSUSD COP | 20.209% | 66,445,000 | 13,427,870 |
| Coachella Valley Recreation and Park District COP | 26.474% | 2,150,000 | 569,191 |
| Total overlapping other debt | | 1,142,186,315 | 90,311,620 |
| Total overlapping debt | | 1,926,488,609 | 300,780,611 |
| City direct debt | | | 5,151,163 |
| Total direct and overlapping debt | | | \$ 305,931,774 ¹ |

Notes:

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

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

Source: California Municipal Statistics, Inc.- overlapping debt
Source: City of La Quinta - City Direct debt

CITY OF LA QUINTA

Legal Debt Margin Information

Last Ten Fiscal Years

| | Fiscal Year | | | | |
|---|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| Assessed valuation | \$ 6,220,471,097 | \$ 7,813,866,586 | \$ 9,975,646,644 | \$11,866,414,134 | \$ 12,416,034,763 |
| Debt limit percentage | <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> |
| Debt limit | 933,070,665 | 1,172,079,988 | 1,496,346,997 | 1,779,962,120 | 1,862,405,214 |
| Total net debt applicable to limit: General obligation bonds | - | - | - | - | - |
| Legal debt margin | <u>\$ 933,070,665</u> | <u>\$ 1,172,079,988</u> | <u>\$ 1,496,346,997</u> | <u>\$ 1,779,962,120</u> | <u>\$ 1,862,405,214</u> |
| Total debt applicable to the limit as a percentage of debt limit | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Section 43605 of the Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

The City of La Quinta has no general bonded indebtedness.

Source: City of La Quinta Finance Department based upon the Assessed valuation received from the County of Riverside Auditor Controllers Office

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ 11,753,185,892 | \$ 10,870,790,733 | \$ 10,331,431,958 | \$ 10,274,998,112 | \$ 10,726,752,603 |
| <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> |
| 1,762,977,884 | 1,630,618,610 | 1,549,714,794 | 1,541,249,717 | 1,609,012,890 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 1,762,977,884</u> | <u>\$ 1,630,618,610</u> | <u>\$ 1,549,714,794</u> | <u>\$ 1,541,249,717</u> | <u>\$ 1,609,012,890</u> |
| 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

CITY OF LA QUINTA
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Dollars)

TABLE 15

| Fiscal Year Ended June 30 | Local Agency Revenue Bonds (City Hall Project) | | | | | |
|---------------------------------|--|------------------------------|----------------------|--------------|----------|----------|
| | Lease Revenue ¹ | Less: Other Debt Payments | Net Lease Revenue | Debt Service | | Coverage |
| | | | | Principal | Interest | |
| 2005 | \$ 681,220 | \$ - | \$ 681,220 | 315,000 | 366,220 | 1.00 |
| 2006 | 680,575 | - | 680,575 | 330,000 | 350,575 | 1.00 |
| 2007 | 678,865 | - | 678,865 | 345,000 | 333,865 | 1.00 |
| 2008 | 675,880 | - | 675,880 | 360,000 | 315,880 | 1.00 |
| 2009 | 676,450 | - | 676,450 | 380,000 | 296,450 | 1.00 |
| 2010 | 675,280 | - | 675,280 | 400,000 | 275,280 | 1.00 |
| 2011 | 672,525 | - | 672,525 | 420,000 | 252,525 | 1.00 |
| 2012 | 673,521 | - | 673,521 | 445,000 | 228,521 | 1.00 |
| 2013 | 673,130 | - | 673,130 | 470,000 | 203,130 | 1.00 |
| 2014 | 671,351 | - | 671,351 | 495,000 | 176,351 | 1.00 |

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

¹ Lease revenues consist of payments from the City General Fund and Civic Center Development Impact Fee Fund.

CITY OF LA QUINTA
Demographic and Economic Statistics
Last Ten Calendar Years

TABLE 16

| | | Calendar Year | Calendar Year | Calendar Year | Calendar Year | Calendar Year | Calendar Year | Calendar Year | Calendar Year | Calendar Year | Calendar Year |
|---|-----|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------|------------------|------------------|------------------|
| Sources: | | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| City Land (Sq Miles) | (3) | 35.1 | 35.10 | 35.10 | 35.31 | 35.31 | 35.31 | 35.31 | 35.16 | 35.16 | 35.16 |
| Population | (1) | 36,145 | 38,340 | 41,092 | 42,958 | 43,778 | 44,421 | 37,836 ⁽⁵⁾ | 38,075 | 38,401 | 39,032 |
| Median Household Income (in dollars) | (7) | \$80,118 | \$82,938 | \$87,799 | \$91,366 | \$92,156 | \$90,124 | \$104,410 | \$104,045 | \$111,077 | \$109,365 |
| Number of Dwelling Units | (3) | 17,549 | 18,762 | 20,176 | 21,058 | 21,355 | 23,489 | 23,528 | 23,528 | 23,612 | 23,871 |
| Persons per Household | (1) | 2.88 | 2.86 | 2.85 | 2.85 | 2.85 | 2.87 | 2.55 | 2.56 | 2.58 | 2.59 |
| Average Income per person per household | (4) | \$27,838 | \$29,050 | \$30,850 | \$32,047 | \$32,324 | \$31,457 | \$40,961 | \$40,722 | \$43,053 | \$42,226 |
| Labor Force | (2) | 14,300 | 14,500 | 15,300 | 15,200 | 14,800 | 14,600 | 14,400 | 15,100 | 15,300 | 15,600 |
| Employment | (2) | 13,900 | 14,100 | 14,900 | 14,600 | 13,700 | 13,500 | 13,300 | 14,100 | 14,400 | 14,900 |
| Unemployment Rate | (2) | 2.80% | 2.76% | 2.61% | 3.95% | 7.43% | 7.53% | 7.64% | 6.62% | 5.60% | 4.30% |
| Median age | (4) | (6) | 36 | 36.4 | 36.4 | 36.4 | 42.2 | 41.5 | 42.8 | 43.6 | 44.8 |

- Sources:
- (1) State of California Department of Finance - January 1 of each year
 - (2) State of California Employment Development Department website
 - (3) City of La Quinta Building & Safety and Community Development Departments
 - (4) HdLCoren & Cone Companies
 - (5) The population number was updated based upon the 2010 United States Census
 - (6) The information was not collected before 2006
 - (7) Calculated using "Persons per Household" multiplied by "Average Income per Person per Household."

CITY OF LA QUINTA
Principal Employers
Current Year and Ten Years Ago

TABLE 17

| Employer | Activity | Rank | 2013-2014 | | 2004-2005 | |
|--------------------------------------|---------------------|------|---------------------|-----------------------------|---------------------|------|
| | | | Number of Employees | Percent of Total Employment | Number of Employees | Rank |
| La Quinta Resort & Club | Hotel & Golf Resort | 1 | 1,250 | 8.39% | 1,500 | 1 |
| PGA West | Golf Resort | 2 | 1,198 | 8.04% | 1,100 | 2 |
| Desert Sands Unified School District | Government | 3 | 1,180 | 7.92% | 550 | 3 |
| Wal-Mart Super Center | Retailer | 4 | 352 | 2.36% | 250 | 4 |
| Costco | Retailer | 5 | 246 | 1.65% | - | - |
| Rancho La Quinta | Golf Resort | 6 | 175 | 1.17% | 200 | 5 |
| Home Depot | Retailer | 7 | 168 | 1.13% | 180 | 6 |
| Lowe's Home Improvement | Retailer | 8 | 153 | 1.03% | 150 | 7 |
| Imperial Irrigation District | Utility Company | 9 | 142 | 0.95% | 110 | 9 |
| Stater Brothers | Grocery Store | 10 | 114 | 0.77% | 126 | 8 |
| Vons | Grocery Store | 11 | 99 | 0.66% | 103 | 10 |
| Total employment listed | | | 5,077 | 34.07% | 4,269 | |
| Total City Employment - July 1 | | | 14,900 | | 13,900 | |

Source: City of La Quinta

CITY OF LA QUINTA
 Full-time City Employees
 by Function
 Last Ten Fiscal Years

TABLE 18

| Function | Fiscal Year Ended June 30, | | | | | | | | | |
|--------------------------|----------------------------|--------------|--------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Administration | 8.00 | 9.00 | 10.00 | 12.00 | 12.00 | 13.00 | 14.00 | 12.00 | 11.00 | 7.00 |
| City Clerk | 5.00 | 5.00 | 5.00 | 6.00 | 6.00 | 6.00 | 6.00 | 5.00 | 5.00 | 4.00 |
| Finance | 8.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 8.00 | 8.00 | 7.00 |
| Community Services | 8.00 | 10.25 | 10.25 | 11.25 | 11.25 | 10.35 | 10.25 | 10.35 | 10.35 | 9.00 |
| Building and Safety | 21.00 | 22.00 | 24.00 | 25.00 | 25.00 | 25.00 | 24.00 | 21.00 | 21.00 | * |
| Planning and Development | 9.00 | 12.00 | 12.00 | 12.00 | 12.00 | 10.00 | 9.00 | 8.00 | 9.00 | * |
| Community Development | - | - | - | - | - | - | - | - | - | 16.65 |
| Public Works | 23.50 | 26.25 | 26.25 | 28.25 | 29.25 | 27.25 | 26.25 | 24.25 | 23.25 | 21.00 |
| Golf Course | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.40 | 0.50 | 0.40 | 0.40 | 0.35 |
| Total | 83.00 | 94.00 | 97.00 | 104.00 | 105.00 | 101.00 | 99.00 | 89.00 | 88.00 | 65.00 |

Source: City of La Quinta

NOTE: The City of La Quinta contracts with the County of Riverside for Police Services and with the California Department of Forestry through a contract with the Riverside.

* - The City merged the Building and Safety Department with the Planning and Development Department in 2014.

CITY OF LA QUINTA
 Operating Indicators
 by Function
 Last Nine Fiscal Years

TABLE 19

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Finance: | | | | | | | | | |
| Number of Active Business Licenses | 3,208 | 3,424 | 3,690 | 3,523 | 3,428 | 3,183 | 3,310 | 3,520 | 3,998 |
| Number of Animal Licenses Processed | 892 | 1,022 | 1,272 | 1,609 | 1,768 | 1,619 | 1,674 | 1,505 | 1,602 |
| Number of Accounts Payable Checks Processed | 4,696 | 4,722 | 4,840 | 4,819 | 4,393 | 4,530 | 3,766 | 3,576 | 3,696 |
| Number of investment purchases | 39 | 73 | 64 | 36 | 32 | 20 | 27 | 30 | 22 |
| Par value of investments | \$ 327,417,000 | \$ 392,729,000 | \$ 424,500,000 | \$ 229,969,000 | \$ 267,213,000 | \$ 189,810,285 | \$ 188,782,874 | \$ 164,614,769 | \$ 136,323,300 |
| Number of cleared checks | 5,081 | 4,837 | 5,501 | 5,269 | 4,984 | 4,912 | 5,103 | 3,899 | 3,922 |
| Number of outgoing bank wires | 202 | 158 | 136 | 91 | 75 | 87 | 63 | 58 | 58 |
| Public Works: | | | | | | | | | |
| Encroachment permits issued | 304 | 218 | 110 | 132 | 78 | 104 | 65 | 124 | 109 |
| Request for services | 618 | 419 | 1152 | 1931 | 1306 | 746 | 534 | 740 | 1,322 |
| Building & Safety: | | | | | | | | | |
| Permits: | | | | | | | | | |
| Single family Detached | 1,044 | 526 | 297 | 129 | 56 | 85 | 39 | 83 | 147 |
| Single family Attached | 227 | 38 | 0 | 6 | 12 | 0 | 11 | 0 | 0 |
| Residential Pool | 866 | 612 | 331 | 207 | 152 | 148 | 127 | 162 | 204 |
| Wall/Fence | 1,502 | 963 | 583 | 299 | 178 | 218 | 149 | 167 | 220 |
| Other | 1,607 | 1,404 | 1,121 | 908 | 790 | 1,033 | 916 | 1,042 | 1,158 |
| Total Permits | 5,246 | 3,543 | 2,332 | 1,549 | 1,188 | 1,484 | 1,242 | 1,454 | 1,729 |
| Code Compliance: | | | | | | | | | |
| Animal Control Incidents Handled | 1,901 | 687 | 2,920 | 3,630 | 3,984 | 4,392 | 4,246 | 3,206 | 1,645 |
| Vehicle abatements | 909 | 296 | 351 | 346 | 214 | 263 | 139 | 99 | 88 |
| Garage Sale Permits | 1,190 | 1,444 | 1,519 | 1,535 | 1,663 | 1,805 | 1,430 | 1,404 | 1,255 |
| Weed abatements | 141 | 76 | 117 | 97 | 125 | 143 | 106 | 1,404 | 43 |
| Nuisance abatements | 1,611 | 2,032 | 2,142 | 3,130 | 2,340 | 2,252 | 2,433 | 1,668 | 730 |
| Community Services: | | | | | | | | | |
| Library activities: | | | | | | | | | |
| Library Volume | 42,050 | 44,981 | 66,124 | 81,124 | 89,060 | 92,484 | 109,000 | 63,955 | 71,874 |
| Library books checked out | 55,002 | 99,659 | 117,738 | 215,843 | 259,711 | 263,064 | 275,838 | 220,690 | 329,154 |
| Library Cards Issued | 5,550 | 5,325 | 3,675 | 3,684 | 3,547 | 3,822 | 4,477 | 2,966 | 2,035 |
| Number of School Children Visiting Library | 745 | 260 | 841 | 1,036 | 772 | 1,881 | 962 | 737 | 1,539 |
| Library Volunteer Hours | 1,891 | 1,583 | 1,951 | 2,342 | 2,723 | 4,280 | 2,720 | 2,226 | 1,340 |
| Senior Center: | | | | | | | | | |
| Number of visits | 14,305 | 12,955 | 14,013 | 15,739 | 20,326 | 18,403 | 16,642 | 9,350 | 11,500 |
| Senior Center Volunteer Hours | 3,481 | 4,192 | 3,332 | 2,583 | 3,131 | 3,099 | 2,690 | 2,233 | 2,745 |
| Recreation activities: | | | | | | | | | |
| Participants: | | | | | | | | | |
| Leisure Classes | 1,373 | 1,192 | 990 | 1,140 | 1,437 | 1,512 | 2,016 | 1,475 | 1,177 |
| Special events | 4,668 | 7,809 | 8,109 | 11,053 | 8,795 | 8,933 | 36,305 | 5,970 | 5,927 |
| Adult Sports | 3,402 | 6,827 | 8,550 | 10,806 | 13,364 | 13,092 | 5,647 | 3,865 | 5,878 |
| Golf course: | | | | | | | | | |
| Golf rounds played | 38,934 | 40,548 | 40,516 | 39,150 | 43,779 | 45,269 | 46,949 | 46,352 | 43,610 |
| Average \$ Green fee | \$ 71.12 | \$ 76.97 | \$ 81.09 | \$ 76.13 | \$ 71.59 | \$ 70.70 | \$ 70.40 | \$ 67.44 | \$ 66.83 |
| Planning and Development: | | | | | | | | | |
| Number of residential units approved | 1,063 | 534 | 338 | 100 | 255 | 208 | 285 | 228 | 494 |
| Commercial square footage approved | 533,726 | 124,821 | 342,502 | 390,097 | 6,200 | 27,526 | 61,662 | 0 | 113,149 |

Note: Information not collected before 2006

Source: City of La Quinta

CITY OF LA QUINTA
 Capital Asset Statistics
 by Function
 Last Ten Fiscal Years

TABLE 20

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---------------------------------------|----------------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Public works: | | | | | | | | | | |
| Streets (miles) | 118.40 | 118.40 | 122 | 127 | 127 | 127 | 127 | 128 | 128 | 128 |
| Bikepaths (miles) | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 |
| Streetlights ¹ | 1 | 73 | 85 | 85 | 261 | 265 | 265 | 269 | 269 | 277 |
| Traffic signals ² | 2 | 44 | 45.25 | 45.25 | 49 | 50 | 50 | 51 | 52 | 54 |
| Traffic signs ² | 2 | 2,799 | 2,845 | 2,895 | 2,899 | 2,909 | 2,919 | 2,934 | 2,984 | 3,018 |
| Bridges ² | 2 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 13 |
| Parks and recreation: | | | | | | | | | | |
| Parks | 12 | 12 | 12 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Park Acreage | 207 | 207 | 207 | 209 | 209 | 218 | 218 | 218 | 218 | 218 |
| Undeveloped Park Acreage ² | 2 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| Senior Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Museum | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Library | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Golf Course: | | | | | | | | | | |
| Municipal golf courses | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

¹ In Fiscal Year ending 2009, street lights at intersections were included for the first time.

² In Fiscal Year ending 2006 traffic signals , traffic signs, and undeveloped park acreage were included for the first time.

CITY OF LA QUINTA
Schedule of Insurance in Force
June 30, 2014

TABLE 21

| <u>Company Name</u> | <u>Policy Number</u> | <u>Coverage</u> | <u>Limits</u> | <u>Term</u> | <u>Premium</u> |
|---|----------------------|---|---|---------------------|----------------|
| Hartford | FA0267254-11 | Employee Dishonesty, Forgery, Computer Fraud | \$1 Million | 12/03/12 - 12/03/13 | \$3,375 |
| Hartford | FA026725413 | Employee Dishonesty, Forgery, Computer Fraud | \$1 Million | 12/03/13 - 12/03/14 | \$3,224 |
| Lexington | 20412887 | All Risk Property Insurance Including Auto Physical Damage, Terrorism, Boiler & Machinery (Excluding Earthquake) | \$20 Million Single Limit per Occurrence subject to other sublimits | 07/01/13 - 07/01/14 | \$65,388 |
| Lloyds | WB-0009204 | Earthquake/Flood Real & Personal Property Including Contingent Tax Interruption | \$20 Million | 2/07/13 - 2/07/14 | \$108,193 |
| Lloyds | W14D19140101 | Earthquake/Flood Real & Personal Property Including Contingent Tax Interruption | \$20 Million | 02/07/14 - 02/07/15 | \$103,922 |
| California Joint Powers Insurance Authority | | Comprehensive General Liability | \$50 Million Single Limit per Occurrence | 6/30/13 - 6/30/14 | \$209,710 (1) |
| California Joint Powers Insurance Authority | | Worker's Compensation | \$10 Million | 6/30/13 - 6/30/14 | \$227,643 (1) |
| Alliant | PEC0011896301 | Pollution Liability | \$10 Million | 7/01/11 - 7/01/14 | \$26,227 |

Notes:

(1) A retrospective adjustment to the liability and workers compensation programs, in the amount of \$270,586, reduced the amount due for the fiscal year to \$166,767.

January 26, 2015

To the Honorable Mayor and Members of the City Council
City of La Quinta, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Quinta (City) for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 4, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practice

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2014. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

During the current year, significant amounts of the Successor Agency's tax allocation bonds were in-substance defeased through the issuance of advance refunding bonds. In accordance with *GASB Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, the difference between the amount placed in escrow to repay the refunded bonds and the carrying amount of the refunded bonds is being deferred and amortized as a component of interest expense over the remaining life of the refunded bonds.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the extraordinary items in Note 21 to the financial statements identifies the decision of the California Department of Finance to disallow the interest earned on the advances from the City to the former successor agency. The transaction was recorded as an extraordinary item in the City and Successor Agency statements.

The financial statement disclosures are neutral, consistent, and clear.



To the Honorable Mayor and Members of the City Council
City of La Quinta, California

Difficulties Encountered in Performing the Audit

We encountered difficulties in performing and completing our audit due turn-over of accounting management personnel and the conversion of accounting software mid-year. The accounting management personnel was unable to provide history on transactions that occurred or provide support for past information in a timely manner due to the change in personnel and loss of prior working papers. The conversion of accounting software during the year provided two separate trial balance with separate detail and separate account coding. This made it difficult for the finance personnel to record year-end closing entries accurately and provide detail on account transactions for the entire year.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, we detected misstatements as a result of audit procedures which were material, and were subsequently corrected by management. The details of these misstatements are described in a separate letter dated January 26, 2015.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 26, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison schedules for the General Fund, Housing Authority PA No.1 Fund and Housing Authority PA No. 2 Fund, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries



To the Honorable Mayor and Members of the City Council
City of La Quinta, California

of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2013-2014 audit:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* - The City early implemented this pronouncement in fiscal year 2012-13.

GASB Statement No. 66, *Technical Corrections* – The City properly implemented this pronouncement.

GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB of GASB Statement No. 25* - The City was not affected by this pronouncement at this time.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* - The City was not affected by this pronouncement at this time.

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in your next fiscal year 2014-2015 audit and should be reviewed for proper implementation by management:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement no. 27*.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date*.



To the Honorable Mayor and Members of the City Council
City of La Quinta, California

Restriction on Use

This information is intended solely for the use of City Council and management of the City of La Quinta and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Soll & Lughard, LLP

Brea, California

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council
City of La Quinta, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Quinta, California, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 26, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies to be material weaknesses:

Prior Year Audit Adjustments

Audit adjustments were identified in the prior year that the City needed to record in order for the City's records to match the financial statements. These adjustments were not recorded in the prior year and as a result additional adjustments were necessary in the current year. These entries were to correct administrative expenses recorded in the incorrect funds, correct loan payable balances, record interest expense and remove unavailable revenue from full accrual funds. We recommend that the City have a process in place to make sure all necessary audit adjustments are properly recorded.



To the Honorable Mayor and Members of the City Council
City of La Quinta, California

Long-Term Debt Transaction

Year-end debt entries relating to the long-term debt of the Successor Agency were not recorded. The year-end transactions include recording interest payable and the amortization of the premiums and discounts on the tax allocation bonds. As of the date of our fieldwork these transactions had not been recorded and as a result, we provided management with the entries that needed to be recorded.

Interest on Promissory Note

As a result of our testwork we determined that the interest due from the Coral Mountain promissory note was understated. The interest that had accumulated was understated by \$290,000. An adjustment was made to correct the interest receivable balance.

Management's Response to material weaknesses: We agree entirely with the auditor's comments and recommendations described above. During the reporting year of July 1, 2013 to June 30, 2014 the City had significant changeover in the Director of Finance position (three directors during this period of time). Additionally, the City went through a major financial system conversion as well as a conversion of the chart of accounts. The above issues occurred because of these issues as well as training issues with staff. Staffing has stabilized in the Finance Department with a new Director and accounting staff on board. Additionally the conversion and related issues have been resolved. Training of staff on new systems and accounting practices is a top priority.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies to be significant deficiencies:

Unidentified Net Position Variance

As a result of our audit testwork we identified a restatement of net position of \$147,887 in the Successor Agency funds. Management determined that this restatement was the result of the software conversion and additional audit entries since the Successor Agency was established in fiscal year 2012 that this City did not record. This unidentified variance was ultimately recorded as a reduction of interest income in the Successor Agency.

Project Cost Capitalization

The City provided funding of \$1,266,875 to the Coachella Valley Water District (CVWD) prior to the current fiscal year for the Well Site Mitigation project. These costs were incorrectly capitalized on the Statement of Net Position in prior years. The project was completed and the assets remain the property of CVWD. The City should have expensed these costs when incurred and not capitalized them. In the current year these project costs were removed from the construction in progress listing as a current period deletion rather than a restatement of net position. Therefore the expenses and the beginning net position in the government wide statements are overstated by \$1,266,875. The ending net position is however correctly stated in the Statement of Net Position.



To the Honorable Mayor and Members of the City Council
City of La Quinta, California

Unavailable Revenue

The Successor Agency to the former Redevelopment Agency is a private purpose trust fund and therefore should be accounted for using the accrual basis of accounting. Meaning that revenues are recognized when they are earned and unavailable revenue is not reported. Adjustments were made to remove all unavailable revenue and correct loan receivable entries that the City proposed to recorded additional unavailable revenue in the Successor Agency funds.

Interest Allocation

The City did not allocate interest income from investments for the 3rd and 4th quarters of the fiscal year. Adjustments were made to allocate income to various funds with cash and investment balances. Additionally, the 4th quarter interest income accrual for unrealized gains and losses on investments needed to be recorded.

Recording Capital Leases

The City entered into a lease agreement with Dell Computers that qualifies as a capital lease and as such, the City should be recording the future lease payment as debt to the City and the equipment as capital assets of the City. Adjustments were needed to record the debt and asset in the Information Technology internal service fund and the current year payments as a reduction of that debt and depreciation for the year.

Disallowed Interest on Advances

During the current year the California Department of Finance notified the City that interest earned on the advance from the City to the former Redevelopment Agency was disallowed as an enforceable obligation of the Successor Agency. The City did not remove the interest from their trial balance and as a result an adjustment was made to comply with the letter from the California Department of Finance.

Payroll Expense Accrual

The City had recorded their year-end payroll accrual entry incorrectly by reducing cash rather than increasing a liability. An adjustment was made to increase the City's cash balance and record a liability for the last pay period of the year.

Management's Response to significant deficiencies: We agree entirely with the auditor's comments and recommendations described above. During the reporting year of July 1, 2013 to June 30, 2014 the City had significant changeover in the Director of Finance position (three directors during this period of time). Additionally, the City went through a major financial system conversion as well as a conversion of the chart of accounts. The above issues occurred because of these issues as well as training issues with staff. Staffing has stabilized in the Finance Department with a new Director and accounting staff on board. Additionally the conversion and related issues have been resolved. Training of staff on new systems and accounting practices is a top priority.



CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Mayor and Members of the City Council
City of La Quinta, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Solt & Lughard, LLP

Brea, California
January 26, 2015

