



City Council Staff Report

DATE: July 7, 2010 Consent Calendar
SUBJECT: ANNUAL RESERVATION OF UNAPPROPRIATED FUND BALANCES
FROM: David H. Ready, City Manager
BY: Department of Finance and Treasurer

SUMMARY

In order to ensure that undesignated funds remain with the City of Palm Springs and are not diverted to the State, the City Council needs to appropriate these unappropriated balances into reserves.

RECOMMENDATION:

Adopt Resolution No. _____, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, APPROVING THE RESERVATION OF UNAPPROPRIATED FUND BALANCES IN VARIOUS CITY OPERATING AND CAPITAL PROJECTS FUNDS FOR THE FISCAL YEAR ENDING JUNE 30, 2010.

STAFF ANALYSIS:

The City's appropriation limit for fiscal year 2009-10 has been established at \$119,324,757.

Section 2 of Article XIII B of the California Constitution requires that revenues received by any entity of government in excess of that amount which is appropriated during a fiscal year must be returned. The State of California has amended the Revenue and Taxation Code in order to allow the State to withhold subvention revenue to cities in order to "return" this money. In other words, the State of California ends up with an amount equal to the revenues that exceed the appropriations limit.

In order to ensure that funds are maintained at the local level to provide services for the citizens of the City of Palm Springs, it is recommended that the City Council appropriate into reserves the amount of unappropriated fund balances which will bring the City up to but will not exceed its appropriation limit for fiscal year 2009-10.

Since the City's Finance Department cannot determine what this amount will be until the accounting books are closed for fiscal year 2009-10, it is recommended that the City Council authorize appropriations into the following reserves up to the City's appropriation limit of \$119,324,757.

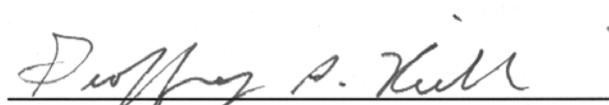
<u>Fund</u>	<u>Reserved For</u>
General	Reserve for Contingencies \$2,000,000 Reserve for Capital Projects
Community Promotion	Reserve for Capital Projects, Libraries and Parks
Special Gas Tax	Reserve for Capital Projects
Capital Projects	Reserve for Capital Projects
Drainage	Reserve for Capital Projects

In the event there are more unappropriated funds than can legally be appropriated, appropriations will be made up to the City's appropriation limits with the General Fund being the final fund having its unappropriated fund balances reserved.

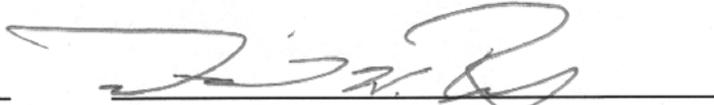
In the event unappropriated funds fall short of the appropriation limit of \$119,324,757, only the amount of the unappropriated funds is to be reserved.

FISCAL IMPACT:

None.



Geoffrey S. Kiehl
Director of Finance and Treasurer



David H. Ready
City Manager

Attachments:

Proposed Resolution

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, APPROVING THE RESERVATION OF UNAPPROPRIATED FUND BALANCES IN VARIOUS CITY OPERATING AND CAPITAL PROJECTS FUNDS FOR THE FISCAL YEAR ENDING JUNE 30, 2010.

WHEREAS the City of Palm Springs has unappropriated fund balances in various Operating and Capital Projects Funds; and

WHEREAS the City of Palm Springs will require the funds composing these unappropriated fund balances for future operations or projects; and

WHEREAS the City Council of the City of Palm Springs desires to reserve these funds for future use.

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Palm Springs hereby authorizes the Finance Director to appropriate from unappropriated fund balances, as of June 30, 2010, funds for the following reserves indicated, provided the appropriations do not result in the City exceeding its appropriation limit of \$119,324,757.

<u>Fund</u>	<u>Reserves</u>
General	Reserve for Contingencies, \$2,000,000
Community Promotion	Reserve for Capital Projects, remainder
Special Gas Tax	Reserve for Capital Projects, Libraries
Capital Projects	and Parks
Drainage	Reserve for Capital Projects
	Reserve for Capital Projects
	Reserve for Capital Projects

ADOPTED THIS 7th day of July, 2010.

David H. Ready, City Manager

ATTEST:

James Thompson, City Clerk

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. _____ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on _____, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

James Thompson, City Clerk
City of Palm Springs, California