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## Officials: State won't bail out Desert Hot Springs

If Desert Hot Springs officials decide they need a financial bailout, don't expect the State of California to open up its checkbook.

As a "general rule," state officials do not get involved in solving a city budget crisis and would not step into avoid a municipal bankruptcy, said H.D. Palmer, the spokesman for the state finance department.

"The state does not come in and lend money," Palmer said.

As of Thursday morning, city leaders hadn't asked the state for financial assistance. But Riverside County officials are expected to sit down with city leaders in coming days to discuss the impact that Desert Hot Springs' fiscal crisis could have on county coffers.

The latest figures shows Desert Hot Springs will spend about \$6.9 million more than it takes in during this fiscal year. That figure does not factor in city debts, including the \$6.7 million in unfunded pension obligations.

City officials are now considering drastic financial remedies, including bankruptcy and disincorporation.

Assembly Bill 506, passed in 2011, requires cities to declare a fiscal emergency or participate in a "neutral" evaluation of its spending and debts. City Council could vote on the fiscal emergency clause as soon as Tuesday.

Jacob Roper, a spokesman for state Controller John Chiang's office, said Chiang has asked lawmakers for greater authority to help prevent municipality bankruptcies.

Legislation has been proposed, but not passed, that would allow the controller's office to step in if they believe there are false financial numbers being reported. Current rules only allow the controller to step in if there's proof of falsified information, Roper said.

If Chiang's proposal was passed into law, Roper said it would set up local "red teams" and allow a panel of auditing experts to review the books. "We think that having a model like that makes sure everyone is at the table," he added.

