



# Comprehensive Annual Financial Report

Fiscal year ended June 30, 2017



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**CITY OF PALM SPRINGS, CALIFORNIA**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Prepared By:**  
**Finance Department**

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**Director of Finance and Treasurer**

**Marla L. Pendleton, CPA**  
**Assistant Director of Finance**

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CITY OF PALM SPRINGS  
FINANCIAL STATEMENTS

JUNE 30, 2017

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# Comprehensive Annual Financial Report

INTRODUCTORY SECTION

Fiscal year ended June 30, 2017



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# City of Palm Springs

## Department of Finance & Treasury

3200 E. Tahquitz Canyon Way • Palm Springs, California 92262  
Tel: (760) 323-8229 • Fax: (760) 322-8320 • Web: [www.palmspringsca.gov](http://www.palmspringsca.gov)

December 29, 2017

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

The comprehensive annual financial report (CAFR) of the City of Palm Springs for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. This report has been reformatted to comply with the new financial reporting model outlined in the Governmental Accounting Standards Board (GASB) Statement 34, which significantly changes the content and format of the City's financial statements.

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

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

The City of Palm Springs is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the audit requirements of Title 2 U.S. **Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards** (Uniform Guidance). Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separate report.

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

## **GENERAL INFORMATION**

The City of Palm Springs, incorporated in 1938, is located in the western part of the Coachella Valley, one of the fastest growing regions of the State. The full time population of 47,689 increases substantially in the tourist season (approximately November through May) with the influx of part-time residents and hotel visitors. The full time population growth was 3% versus the prior year.

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

## **ECONOMIC CONDITION AND OUTLOOK**

As with most municipalities, the City of Palm Springs struggled to ride the wave of this 'Great Recession' which is deep and persistent. After experiencing almost across-the-board decreases in most of our revenue categories for the past several years, we have seen a rebound in what are now our top three revenue categories: transient occupancy taxes, sales taxes and property taxes. These revenue increases are evidence of the multi-year recovery of our tourist industry which is the financial lifeblood of our City. For the first time, in 2015-2016 property tax revenues exceeded pre-recession levels as a result of the on-going rebound in the real estate market locally, statewide, and throughout the nation. 2016-2017 was even stronger. Thanks to new development and the strengthening of property values, this important revenue category is expected to continue on a moderate path for growth.

Transient Occupancy Tax (TOT), or 'hotel, motel and vacation rental tax,' is now the City's #1 revenue source. TOT has consistently been the bright spot each of the last few years, with the 2016-2017 fiscal year collections up 130% compared to the 2008-2009 fiscal year. Gross TOT was \$4 million or 14% higher than for the prior year. This significant increase can be attributed to the combination of increased marketing efforts internationally, nationally and to the drive market, increased airline routes and seat capacity made through the City's and Greater Palm Springs Convention and Visitor Bureau's Airline Incentive Programs, the recent remodeling of several hotels accomplished in conjunction with the City's Hotel Incentive Program, and continuing TOT audits of hotels, motels, and vacation rental properties.

The traditional Bradley-Burns Sales Tax is estimated at \$12.9 million for the 2017-2018 fiscal year. This represents a 57% increase over the 2009-2010 fiscal year. Retail sales and restaurants continue to show strong numbers. The 2017-2018 fiscal year estimate relates to the visible growth in the economy with most businesses experiencing increases, and with new businesses emerging. Although the overall economy is coming out of a slowdown phase, the City continues to experience an earlier and a more rapid recovery than other parts of the County and anticipates continued growth in sales tax as the construction of the Downtown Revitalization Project, which will include restaurants, retail establishments, and the Kimpton Rowan and Virgin Palm Springs Hotels. The Rowan opened in November 2017, and the Virgin is expected to open in 2019.

On November 8, 2011, Palm Springs voters approved Measure J, a local revenue measure increasing the local sales and use tax by one percent (1%), to maintain local community services and economically revitalize the downtown area. With the strong support of the business and tourism sectors, resulting in a 57.58% 'Yes' vote, the approval of Measure J means for each dollar spent in Palm Springs, the sales tax increases by one cent. To date, \$68.7 million in funds have been collected. A special nine-member citizens' oversight commission was created to review revenues and expenditures, and make capital projects recommendations to the City Council. Measure J helps finance a bond to pay for the City's purchase of assets as part of the planned implementation of the Downtown Revitalization Project. This project is going to be a major boon to business activity and employment for the downtown area, the City of Palm Springs, and the Coachella Valley as a whole. Of note, approximately two-thirds of all sales taxes come from people who are not citizens of Palm Springs.

Additionally, on November 7, 2017 on the strength of a 56.43% 'Yes' vote, the voters approved an additional 1/2 percent sales tax increase which goes into effect on April 1, 2018. Expected to generate approximately \$6.7 million per year, the new tax measure will help add additional funds for public safety positions and costs, and help the City deal with the growing pressure on the City due to CalPERS investment income falling short of their own long-term projections.

Property Taxes in the General Fund, which represent 20% of all operating fund revenue, increased by \$1.6 million, or 7.9% over the prior year. Though property taxes have traditionally been the City's largest source of General Fund revenue, five years ago in fiscal year 2012-2013 it dropped behind transient occupancy taxes and sales taxes. This year, secured roll property taxes, as projected, are expected to increase \$815,000, which is a 3.7% increase over the prior year's actuals before one-time revenues related to the dissolution of redevelopment. These four years of increases is due to new construction activity, modest increases in assessed valuations, and a decline in the numbers of residential properties subject to AB-8 reassessments. Additional planned new construction and the continued strengthening of existing property values is expected to provide additional revenue growth in the coming years.

Overall, the total revenue from the General Fund increased from \$101.7 million in the 2015-2016 fiscal year to \$110.6 million in the 2016-2017 fiscal year. Most of the increases are due to higher property taxes and net hotel (TOT) taxes after incentive rebates. \$1.6 million of this increase relates to an accounting change of methodology between the two fiscal years. Bradley-Burns sales taxes were up mostly flat overall. The City's Measure J add-on sales tax was up this year. Higher gasoline prices were the main cause of this increase. All Measure J revenues have been transferred to the special Measure J Capital Projects Fund.

Other than TOT and property taxes, revenue increases have been relatively modest compared to the steady increases in a variety of areas such as pensions, health care, and utilities costs over the last several years. Fortunately, even with the Federal Reserve starting to gradually increase interest rates, inflation increases continue to be very modest which has kept many expense increases moderately low.

## **MAJOR INITIATIVES FOR THE YEAR**

As part of the Palm Springs Downtown Revitalization Conceptual Master Plan, proceeds from \$44,965,000 in lease revenue bonds have been used to acquire parking structures of mostly subterranean parking totaling 1,042 parking spaces; two parcels designated for future expansion of the Palm Springs Art Museum; and to develop the infrastructure of newly acquired streets and pedestrian thoroughfares. Additionally, \$31,750,000 was used for the purchase of assets including the parking structure; \$10,750,000 was set aside for the cost of renovating and improving the public improvements; and \$500,000 was set aside in a reserve account. Phase I Improvements were expected to be completed by the developer in the fall of 2017, and final construction on the project is anticipated to be complete by the spring of 2019. An additional parcel for a new downtown park and outdoor public event space has been acquired and will be developed into an arena for concerts, movie showings, and other events. This public park and event space is being funded by a combination of Measure J sales taxes and Quimby funds.

Plans have been progressing for two new hotels that will be anchors for the Downtown Project. The Kimpton's 6-story, 155-room Rowan Hotel, at the corner of Tahquitz Canyon Way and Belardo, and opened in November 2017 and has the first rooftop pool in Palm Springs. The Virgin Hotel Palms Springs, with 150-rooms and suites, multiple dining and drinking outlets, meeting spaces and a rooftop terrace and pool, is expected to open in 2019 across from the Palm Springs Museum. Plans are also progressing on the development of the downtown public park and event space on the site. One more hotel, the V Hotel, is a possibility for the same site. This will bring the expected site development to a number between a total of 305 and 450 new hotel rooms. Restaurants, businesses, and mixed-use commercial / residential space are also planned on the site. The first business to be completed was the West Elm furniture store which opened in September 2016. More recently Blaze Pizza and Starbucks opened on the site, and other businesses are expected to follow soon including Kiehl's, MAC, Tommy Bahama's, Johnny Was, H & M, Free People, Francesca's and Il Corso. Once completed, the entire project is expected to generate \$6.8 million in new tax revenue for the City and other entities such as the school districts. Previously the site was only generating \$357,000 in annual tax revenue.

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

The Arrive Hotel, is a new 32-room boutique hotel on north Palm Canyon which was completed and opened in February 2016. In addition to the Downtown Revitalization Project, there are several hotel projects that are in the works. The Dream Hotel is a planned 169-room hotel with 34 condominium units that will be next to the Convention Center, helping to increase the number of convention hotel rooms that are in high demand. The Hyatt Andaz on the Port Lawrence site is a mixed-use project in the uptown on North Palm Canyon that will have a 150-room luxury boutique hotel and retail space. Other possible developments include 750 Lofts, a 38-room boutique hotel with eight, two-story lofts, plus retail, restaurant, and a spa in the North Palm Canyon area. The Orchid Tree Resort and Spa, on the site of the former Community Church of Palm Springs, would add a five-story, 52-room luxury room boutique resort and spa.

Much of this recent and proposed activity is due in part to the highly successful Hotel Incentive Program. This program was created as an economic jumpstart, incentivizing hoteliers to refurbish older properties or build new hotels. The basic premise of the program is that a hotel developer or owner commits a certain expenditure amount per hotel room, and the City may then agree to a partial return of Transient Occupancy Taxes (TOT) over a period of time. There are approximately 16 active participants in the program at this time that have already accounted for the capital investment of \$200+ million to these hotel projects. A total of fifteen hotels received a partial return of TOT amounting to \$1.7 million in 2016-2017, with the Palm Springs Hotel joining the list following the completion of their renovations. This is the sixth year of partial returns of TOT and has brought in a cumulative total of \$4.8 million in net addition TOT revenue.

In an effort to bolster our local economy, the Palm Springs International Airport (PSP) continues to implement a \$1 million marketing support program, resulting in new direct airline services provided by JetBlue and Air Canada and contributed to PSP's total passenger count increasing to 2,052,129 last year, a 6.4% growth versus the prior year. In addition, Frontier Airlines began operations at PSP in November 2017 with direct service to Denver. The sustained airport growth has led to plans to renovate the ticketing wing to enhance capacity and allow for continued growth and development. This planned project would be funded through the Federal Aviation Administration's (FAA) Passenger Facility Charge program. An application was approved by the air-carriers serving PSP and submitted to the FAA to consider a total capital program for over \$30 million in facility improvements.

## **FOR THE FUTURE**

In addition to funding the Downtown Revitalization Project, the Measure J sales tax revenues are funding about \$10 million per year in various capital projects throughout the City. Chief among these is the funding of greatly needed streets resurfacing, repairs, and reconstruction. The City has also bonded Measure A funds to accelerate these street projects, making a total of \$17 million in funds available for these projects over the next year. Over the coming 20 years, the use of these general revenue sales taxes are planned to go towards a variety of areas including but not limited to police, fire, library renovation, park safety and improvements, street resurfacing, repair, and reconstruction, bicycle lanes, property acquisition for preservation, public parking, vehicle replacement, a variety of public works projects and a variety of projects suggested by Palm Springs citizens.

Two new tax measures were placed on the November 7, 2017 general election ballot and were approved by the voters. Measure D is a 1/2% add-on sales tax and was approved by a 'Yes' vote of 56.43% of the electorate. Measure D goes into effect on April 1, 2018 and is anticipated to generate \$6.7 million annually. A general revenue source, it is expected to go towards the addition of additional police and fire personnel and to help fund the CalPERS retirement costs which continue to escalate due to CalPERS investment not performing as needed to hold down the percentage of the City's required contributions to CalPERS.

Also, Measure E is a cannabis tax and was approved by a 'Yes' vote of 78.38% of the electorate. Measure E follows the new State law which extends the permissibility of medical cannabis to the sale of all adult cannabis products as well as the cultivation of cannabis products. Four years ago, Palm Springs voter approved Measure B for medical cannabis and \$1.5 million in revenue was received in 2016-2017 and over \$5 million has been received to date. On January 1, 2018, Measure E goes into effect and effectively replaces Measure B. It is unknown at this time what the amount of revenues will be brought in for the new cannabis tax.

Another general purpose revenue source, a significant portion of the funds will be used to pay for additional public safety and enforcement efforts related to the measure.

For the 2017-2018 fiscal year, with the addition of the Arrive Hotel, Colt's Lodge (formerly Alpine Gardens, Palm Mountain, and Alcazar Hotel (formerly the Peppertree) in the 2016-2017 fiscal year and the Kimpton Rowan in the new fiscal year, it is anticipated that 16 hotels will be qualified to receive partial returns of their TOT amounting to an estimated \$2 million under the portion of the Hotel Incentive Program relating to the refurbishment of existing hotels. Two planned new hotels, 750 Lofts and Orchid Tree, are eligible to qualify to receive returns of TOT in future years if they meet certain construction deadlines. Regarding the new hotel portion of the program, the Kimpton Rowan is eligible to receive partial TOT reimbursement payments in 2017-2018. Other hotels mentioned previously which may be qualified to participate in the program in future years are the Virgin Hotel, the Dolce Dream Hotel across from the convention center, and the Hyatt Andaz on the Port Lawrence site.

The College of the Desert's plans for a West Valley campus has shifted from building an all new facility on the north side of town, to the acquisition and redevelopment of the nearly vacant Palm Springs Mall. The Camelot Theatres, Brightwood College, and a Jack in the Box restaurant are the remaining businesses on the site. Located across from Palm Springs High School to the south, East Tahquitz Canyon Way to the north, and Farrell Drive to the east, this property is in the heart of the City and would be an ideal, centrally-located site for a new community college. Also, the City and COD are in discussions regarding the possible creation of a shared library. In November 2016, by a 71% 'yes' vote throughout the Coachella Valley, voters approved Measure CC, a \$577 million COD bond which will include the acquisition, design, and construction of the Palm Springs campus and as well as a variety of other projects throughout the Coachella Valley. Additionally, COD currently has an additional \$32 million in Measure B bond funds set aside for this West Valley campus project.

Palm Springs and the Coachella Valley are at a critical point where we have both opportunities and momentum to set the stage for a prosperous future as we approach 2020. With PSP as the local airport hub serving a customer base of over 500,000 and a highly recognized tourist destination worldwide, the airport growth plan continues to implement the Airport Master Plan capital improvement program. The ticket wing renovations will be followed with design plans beginning in 2018 for major improvements for a consolidated rental car facility. The rental car improvements will create much needed space in the existing baggage claim area and serve the growing capacity needs of the eight major rental car operators. The airport is serviced by ten (10) major airlines, with direct flights to eighteen (18) cities throughout the US and Canada.

The Tribe is also in the process of developing and constructing the Vision Caliente Spa Hotel on the site of the former Spa Resort which is estimated to have up to 350 rooms (or an unrevealed size). Also, a master plan for the development of 22 acres in downtown Palm Springs at Tahquitz Canyon Way and Indian Canyon is in progress. Keyser Marston's study (February 28, 2017) estimates this new hotel will result in a TOT loss to the City of \$2.4 million over four years, but on the positive side, an \$688,000 increase in sales taxes over that same period.

As the general national and local economic conditions continues to improve, the City should see an increase in revenues in a number of categories including property taxes, sales taxes, transient occupancy taxes, cannabis tax, new development and permit fees, etc. Thanks to Measure J and D, sales taxes alone should be in the \$32 - 33 million range in the 2018-2019 fiscal year, which is over triple what was received in the 2010-2011 fiscal year.



## FINANCIAL INFORMATION

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

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

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2016 provided no instances of material weaknesses in the internal control structure or signification violations of applicable laws and regulations.

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

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

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

**Appropriation Limitation.** As required by Article XIII B of the California Constitution, the City's appropriation limitation for 2016-2017 expenditures was calculated at \$151,806,113. Appropriations subject to limitation totaled \$98,071,144, or \$53,734,969 below the City's legal appropriation limit. All of the City's proprietary funds are exempt, as are federal funds.

**Debt Administration.** As of June 30, 2017, the total remaining principal on the long-term debt of the City and its related entities is \$242,151,197.

## OTHER INFORMATION

**Independent Audit.** State statute requires an annual audit by independent certified public accountants. The accounting firm of Lance, Soll & Lunghard was selected by the City Council with the recommendation of the Finance Director and a Review Committee after a formal Request for Proposal process. Subsequently, a contract was entered into with Lance, Soll & Lunghard, LLP to perform audit services for the City and Redevelopment Agency. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The auditor's report on the general purpose financial statements and combining, individual fund and schedules are included in the financial section of this report. The City's independent auditors, Lance, Soll & Lunghard, LLP, have issued an unmodified opinion. The auditor's reports related specifically to the single audit are included in the Single Audit Report.

**Awards.** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palm Springs for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the 28<sup>th</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily-readable and efficiently-organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Geoffrey S. Kiehl  
Director of Finance and Treasurer

CITY OF PALM SPRINGS

List of Principal Officials

June 19, 2017

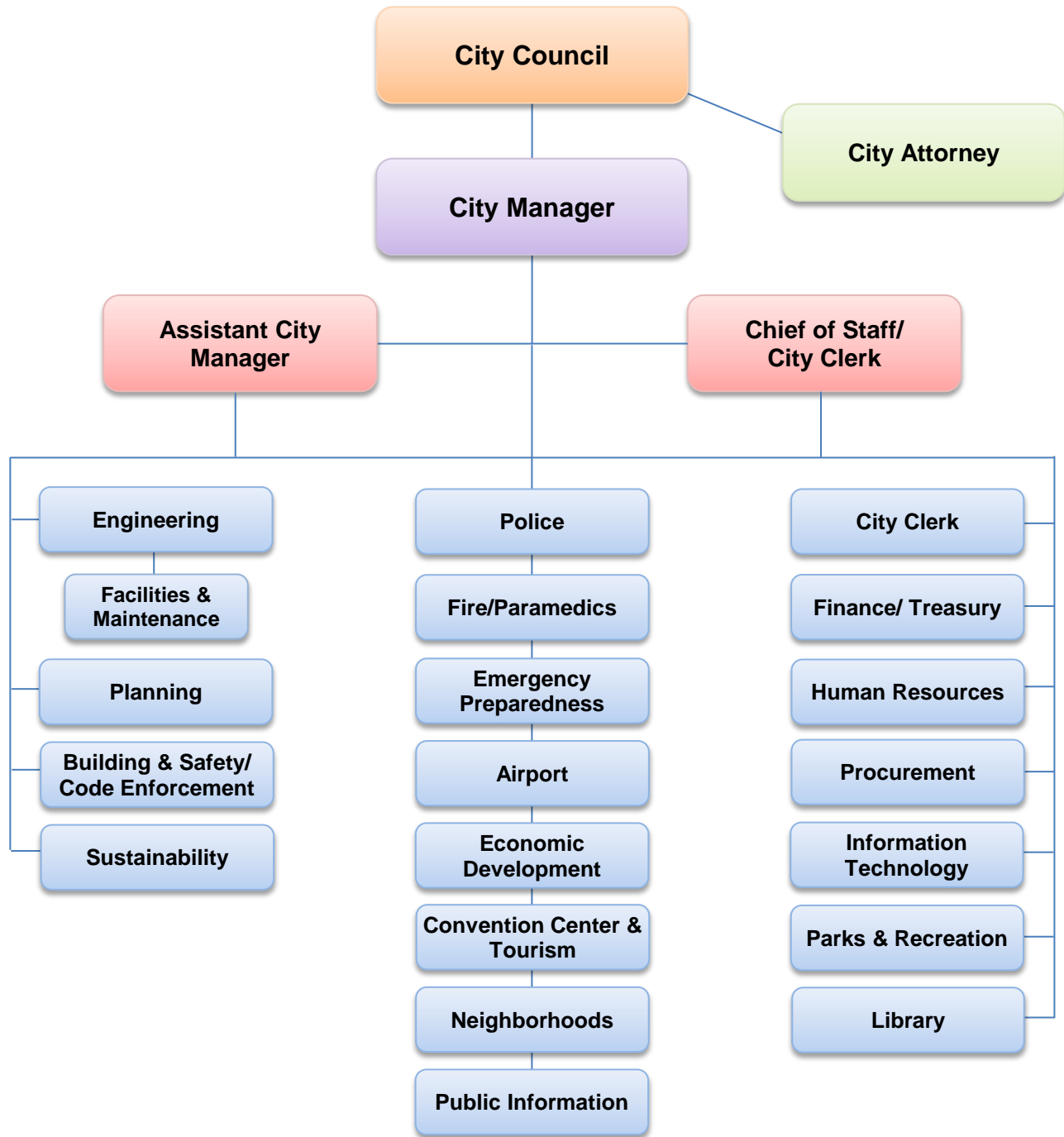
CITY COUNCIL

Robert Moon, Mayor  
Ginny Foat, Mayor Pro Tem  
Chris Mills  
Geoff Kors  
J.R. Roberts

EXECUTIVE MANAGEMENT

City Manager	David H. Ready
City Clerk (Interim)	Kathleen D. Hart
Assistant City Manager	Marcus Fuller
Director of Animal Control	Leslie Tisdale
Director of Building and Safety	James Zicaro
Director of Community/Economic Dev	Whitlan Jay Virata
Director of Finance and Treasurer	Geoffrey S. Kiehl
Director of Human Resources	Perry Madison
Director of Library Services	Regina Kays
Director of Maintenance and Facilities	Staci Shafer
Director of Recreation	Vicki Oltean
Director of Planning Services	Flinn Fagg
Executive Director of PS Int'l Airport	Thomas Nolan
Fire Chief	Kevin Nalder
Police Chief	Bryan Reyes

# City of Palm Springs Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Palm Springs  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

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# Comprehensive Annual Financial Report

FINANCIAL SECTION

Fiscal year ended June 30, 2017



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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Palm Springs, California, (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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



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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palm Springs, California, as of June 30, 2017, 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.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund and the Housing Fund, the schedule of changes in net pension liability and related ratio and the schedule of contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule, 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. The 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.



CPAs AND ADVISORS

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017 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 solely 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 the effectiveness of the City's 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  
December 28, 2017

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**CITY OF PALM SPRINGS**  
**Management's Discussion and Analysis**  
**June 30, 2017**

The following discussion and analysis of the financial performance of the City of Palm Springs provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

**CITY OF PALM SPRINGS**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2017**

Figure A-1  
Major Features of the City's Government-wide and Fund Financial Statements

	Government-wide <u>Statements</u>	<u>Fund Statements</u>		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's fiduciary funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid.

**CITY OF PALM SPRINGS**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2017**

Reporting the City as a Whole

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

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

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

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

Reporting the City's Major Funds

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

**CITY OF PALM SPRINGS**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2017**

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* in the reconciliation at the bottom of the fund financial statements.
- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities.

Reporting the City's Fiduciary Responsibilities

The City is an agent for certain assets held for, and under the control of, other organizations and individuals. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.



**CITY OF PALM SPRINGS**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2017**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

A summary of the government-wide *statement of net position* follows:

Table 1  
Net Position (in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 139,718	\$ 134,971	\$ 62,239	\$ 58,474	\$ 201,957	\$ 193,445
Capital assets	<u>256,746</u>	<u>267,988</u>	<u>122,147</u>	<u>122,327</u>	<u>378,893</u>	<u>390,315</u>
Total assets	396,464	402,959	184,386	180,801	580,850	583,760
Deferred Outflows	38,811	11,815	6,640	2,231	45,451	14,046
Long-term debt outstanding	353,871	328,574	41,320	41,930	395,191	370,504
Other liabilities	<u>12,124</u>	<u>14,936</u>	<u>7,672</u>	<u>5,594</u>	<u>19,796</u>	<u>20,530</u>
Total liabilities	365,995	343,510	48,992	47,524	414,987	391,034
Deferred Inflows	11,683	6,824	1,933	1,001	13,616	7,825
Net position:						
Invested in capital assets (net of debt)	120,746	126,124	102,298	98,281	223,044	224,405
Restricted	41,363	41,633	4,022	5,308	45,385	46,941
Unrestricted	<u>(104,512)</u>	<u>(103,317)</u>	<u>33,781</u>	<u>30,918</u>	<u>(70,731)</u>	<u>(72,399)</u>
Total net position	<u>\$ 57,597</u>	<u>\$ 64,440</u>	<u>\$ 140,101</u>	<u>\$ 134,507</u>	<u>\$ 197,698</u>	<u>\$ 198,947</u>

**CITY OF PALM SPRINGS**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2017**

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

Table 2  
Changes in Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 16,509	\$ 15,184	\$ 41,711	\$ 39,255	\$ 58,220	\$ 54,439
Operating contributions & grants	2,880	4,082	-	-	2,880	4,082
Capital contributions & grants	4,189	6,823	1,520	13,405	5,709	20,228
General revenues:						
Property taxes & tax increment	24,536	22,245	-	-	24,536	22,245
Sales taxes	30,972	27,681	-	-	30,972	27,681
Transient occupancy taxes	28,591	25,815	-	-	28,591	25,815
Other taxes	13,111	12,939	-	-	13,111	12,939
Gain on sale of capital asset	-	-	-	-	-	-
Other general revenues	6,119	6,471	1,081	1,232	7,200	7,703
Total revenues	<u>126,907</u>	<u>121,240</u>	<u>44,312</u>	<u>53,892</u>	<u>171,219</u>	<u>175,132</u>
<b>Program expenses</b>						
General government	19,998	11,760	-	-	19,998	11,760
Culture and convention center	49,398	8,294	-	-	49,398	8,294
Public safety	7,454	45,219	-	-	7,454	45,219
Public Works	9,903	27,299	-	-	9,903	27,299
Parks and recreation	33,476	7,756	-	-	33,476	7,756
Library	3,239	2,910	-	-	3,239	2,910
Interest	6,857	6,657	-	-	6,857	6,657
Airport	-	-	28,962	25,300	28,962	25,300
Wastewater	-	-	7,010	6,539	7,010	6,539
Golf Course	-	-	5,141	4,973	5,141	4,973
Total expenses	<u>130,325</u>	<u>109,895</u>	<u>41,113</u>	<u>36,812</u>	<u>171,438</u>	<u>146,707</u>
Excess (deficiency) before special items and transfers	(3,418)	11,345	3,199	17,080	(219)	28,425
Transfers	(2,246)	(810)	2,246	810	-	-
Increase (decrease) in net position	<u>(5,664)</u>	<u>10,535</u>	<u>5,445</u>	<u>17,890</u>	<u>(219)</u>	<u>28,425</u>
Beginning net position	64,440	53,905	134,507	116,617	198,947	170,522
Restatement of net position	(1,179)	0	149	0	(1,030)	0
Ending net position	<u>\$ 57,597</u>	<u>\$ 64,440</u>	<u>\$ 140,101</u>	<u>\$ 134,507</u>	<u>\$ 197,698</u>	<u>\$ 198,947</u>

**CITY OF PALM SPRINGS**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2017**

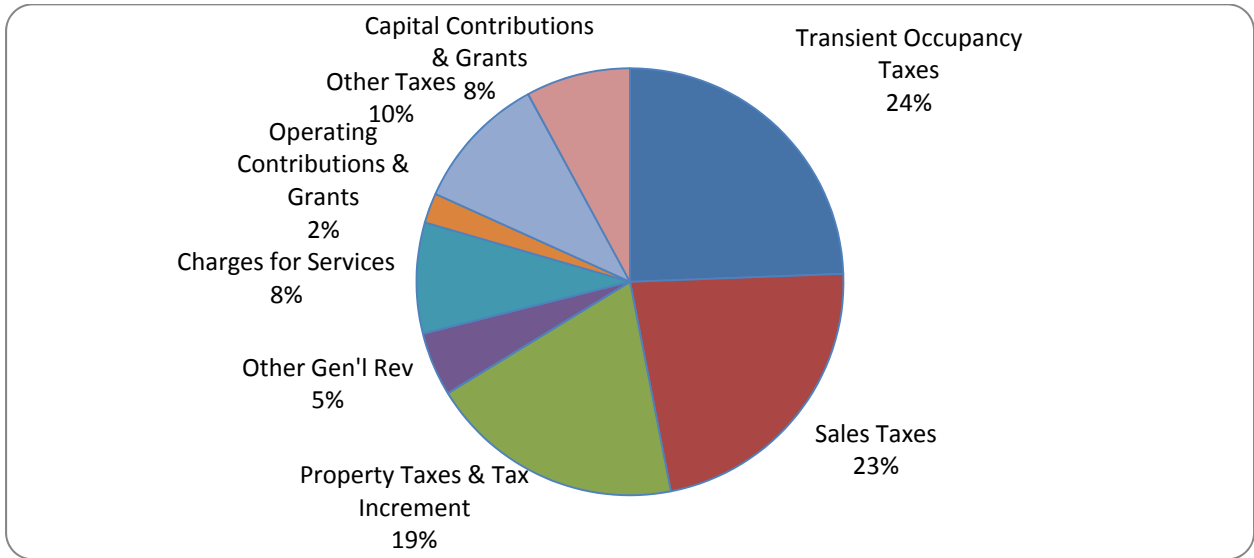
The increase or decrease in net position can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. The net position of the City's governmental activities decreased by about 10.6% (\$57.6 million compared to \$64.4 million for the 2015-2016 fiscal year).

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

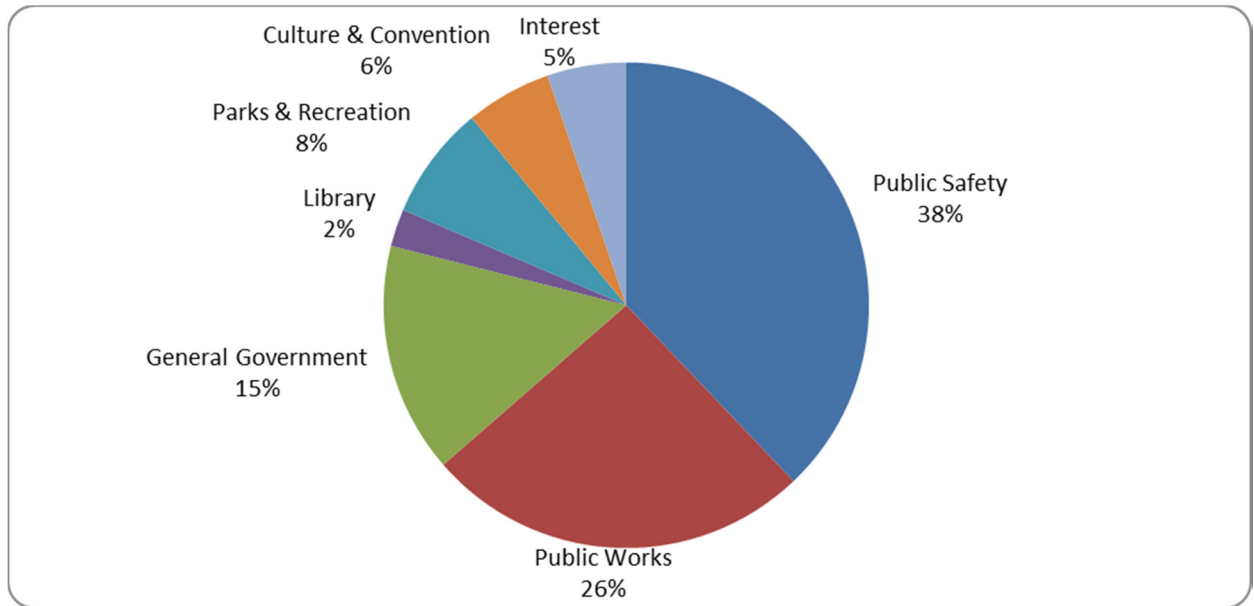
- The Transient Occupancy Tax (TOT) collections were up 14.5% compared to the prior fiscal year due to higher occupancy per room and higher revenue per room rates, and increased vacation rental activity. This continues to be the city's top source of revenue. TOT increases are also reflective of the success of the City's Hotel Incentive Program, which has incentivized hoteliers to refurbish older properties or build new hotels in exchange for the partial return of their TOT. Eighteen hotels are currently at some stage of the participation process and fifteen hotels received the partial return of their TOT in the 2016-2017 fiscal year. This is the sixth year of partial TOT returns.
- The increase in the voter-approved 1% add-on sales tax revenue is offset dollar-for-dollar in the form of interfund transfers out to a special capital fund to spend and manage these funds. By itself, the normal Bradley-Burns Sales Tax was up by 3.2%.
- Program expenses were higher by a total of 8.6%. This was mainly due to staffing increases in police, fire, public works and vacation rental administration. Modest increases across the board for employee compensation and capital costs were the primary cause of this change.

**CITY OF PALM SPRINGS**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2017**

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities



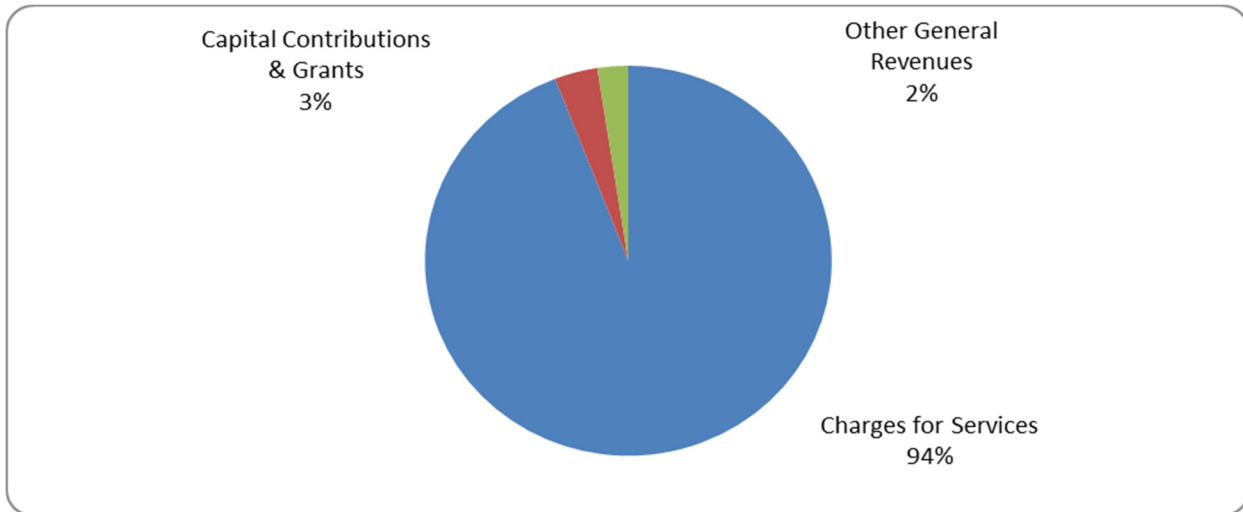
**CITY OF PALM SPRINGS**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2017**

Business-Type Activities

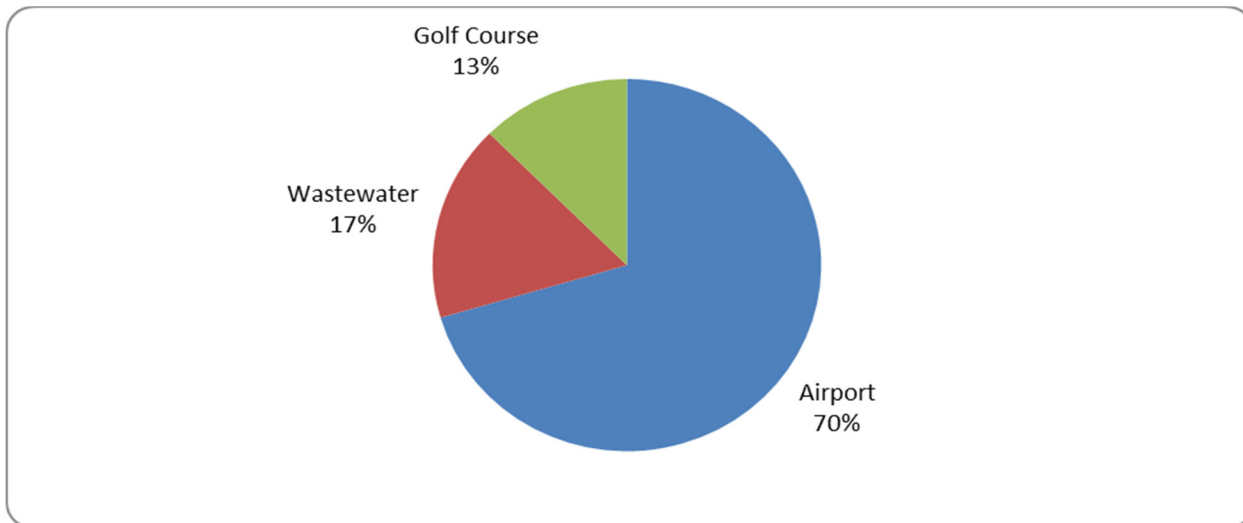
Revenues of the City's business-type activities (see Table 2) were lower than the previous year, decreasing 17.8% from \$53.9 million to \$44.3 million, mainly due to a \$11.1 million decrease in capital grant revenue at the airport from the prior fiscal year. Increased air traffic, helped by the City's and CVB's airline incentive programs, led to record operational airport revenues. Wastewater Treatment Plant service charges were also higher than the previous year.

Expenses were lower than the previous year, increasing 11.7% from \$36.8 million to \$41.1 million. Lower energy costs and depreciation expenses offset higher personnel costs.

Revenues by Source – Business-type Activities



Expenses by Function – Business-type Activities



**CITY OF PALM SPRINGS**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2017**

**MAJOR FUNDS**

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements.

**Major Governmental Funds.** The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$21.5 million, while total fund balance reached \$32.6 million. As a measure of the general fund's liquidity, unreserved fund balance represents 23.1% of total general fund expenditures and interfund transfers out (excluding Measure J sales tax), while total fund balance represents 35.0% of that same amount.

Total General Fund revenue increased from \$100.8 million to \$110.6 million. Among the more significant changes:

- The Measure J add-on sales tax increased from \$12.5 million to \$13.4 million. All of these monies have been transferred to a Measure J Capital Projects special fund.
- Transient Occupancy Tax (TOT) increased from \$27.0 million to \$31.0 million. The one-year increase is 14.5%, the two-year increase is 25.4%, and the three-year increase is 39.2%. These amounts are after the reduction of TOT for rebates to Hotel Incentive Program participants.
- The regular Bradley-Burns sales tax increased from \$11.1 million to \$12.3 million.
- Normal property taxes increased from \$24.3 million to \$26.2 million.
- The City's new Medical Cannabis tax, now in its second full fiscal year, increased from \$1.45 million to \$1.5 million.
- Utility user taxes was relatively unchanged at \$7.1 million.
- Charges for services increased from \$5.5 million to \$5.9 million.
- Licenses and permits (Building and other) increased from \$3.7 million to \$4.6 million.

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

Total General Fund non-depreciation expenditures and transfers out increased from \$98.0 million to \$108.4 million. This is reflective of increases in CalPERS costs, as well as some modest increases in employee salary and health care costs due to compensation agreements with our seven employee bargaining groups. Programmatically, the area of Public Safety, Public Works and General Government had the largest increases.

**CITY OF PALM SPRINGS**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2017**

The other Major Governmental Funds include the **Special Assessments Debt Service, Capital Projects, Measure J** and **Housing**.

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

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

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

**Major Enterprise Funds.** The Unrestricted net position of the **Airport, Wastewater and Golf Course Funds** totals \$33.8 million, representing an increase of \$2.9 million from last year's total.

**GENERAL FUND BUDGET**

There was only a minor difference between the original budget and final budget for revenue in the General Fund. The increase was \$4.1 million. It was mainly from mid-year increases in charges for services and various taxes.

Mostly due to various regular and one-time property taxes of \$7.0 million more than budgeted, actual revenues received were \$9.7 million over the adopted budget in the General Fund. Transient occupancy taxes (TOT), the combination of regular Bradley-Burns sales taxes and Add-On (aka Measure J) sales taxes continue to be the City's largest revenue sources. TOT and sales taxes have a symbiotic relationship driven by the tourist industry, the City's top economic driver. Tourism was again at record levels in 2016-2017 and the increased numbers of tourists helped fuel business activity with the City's restaurants, retail establishments, and art galleries, all of which helped bolster the City's regular sales tax and Measure J sales taxes. The increase in tourism is explained in part from the marketing efforts of the City's Hotel Incentive Program, Economic Recovery Program, joint City and Convention and Visitor Bureau Airline Incentive Programs, and PS Resorts efforts and programs directed at promoting tourism in the downtown and uptown areas.

On the expenditure side, the overall budget increased by about \$10.4 million, mostly due to the addition of funds due to the carry-forward of encumbrances and continuing appropriations. The final non-depreciation expenditures were about \$11.3 million under budget. All categories of expenditures showed a positive variance compared to the final budget, with the actual total \$11.3 million under the final budget. The savings were primarily the result of anticipated revenue increase not being allocated, salary savings from position vacancies and various cost cutting measures.

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

**CITY OF PALM SPRINGS**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2017**

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

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

Employer PERS Rate Increases By Group	Actual for FY 14-15	Actual for FY 15-16	Actual for FY 16-17	Actual for FY 17-18
Police & Fire (Safety)	+4.555%	+2.846%	+4.728%	+3.214%
Non-Safety (Miscellaneous)	+2.574%	+2.262%	+1.628%	+1.182%

**CAPITAL ASSETS**

There was an increase in total capital assets from one fiscal year to the next fiscal year representing a net decrease of \$11.4 million to \$378.9 million.

Capital Assets  
(in thousands, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Buildings	\$ 51,285	\$ 53,219	\$ 26,323	\$ 18,839	\$ 77,608	\$ 72,058
Improvements	29,797	31,873	49,315	56,958	79,112	88,831
Furniture and equipment	13,712	14,457	1,457	1,578	15,169	16,035
Vehicles	3,737	3,620	1,697	1,050	5,434	4,670
Infrastructure	101,210	107,814	6,617	7,164	107,827	114,978
Land	33,647	33,647	36,738	36,738	70,385	70,385
Construction in progress	6,678	6,678	0	0	6,678	6,678
Right-of-way	16,680	16,680	0	0	16,680	16,680
<b>Total</b>	<b>\$ 256,746</b>	<b>\$ 267,988</b>	<b>\$ 122,147</b>	<b>\$ 122,327</b>	<b>\$ 378,893</b>	<b>\$ 390,315</b>

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



**CITY OF PALM SPRINGS**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2017**

**LONG-TERM DEBT**

As of June 30, 2017, the City's total outstanding debt long-term debt was \$404.4 million, which is \$33.9 million greater than the prior year primarily due to the increase in net unfunded liabilities per Governmental Standards Board Statement No. 68 (GASB 68), which shows the City's net pension liabilities on the Statement of Net Position. The City has no General Obligation debt. In June 2017, the City refinanced some 2007 Tax Allocation Bonds which are funded through the RPTTF process. Since the City's General Fund receives approximately 31% of the increased residual, the General Fund will receive approximately \$60,000 to \$70,000 per year for the next 19 years. In July 2014, Standard & Poor's raised the City's issuer rating from AA- to AA+ and raised the City's general fund lease rating from A+ to AA and as of December 2017 the ratings have not changed. The table below summarizes the information presented in Note 5 in the Notes to the Basic Financial Statements.

Long Term Debt  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Compensated absences	\$ 6,796	\$ 6,221	\$ 773	\$ 781	\$ 7,569	\$ 7,002
Claims and judgments	9,546	9,776	0	0	9,546	9,776
Leases	917	1,406	0	0	917	1,406
Notes Payable (COPS)	17,681	18,113	0	0	17,681	18,113
Lease Revenue Bonds	119,866	124,903	20,435	24,641	140,301	149,544
Special Assessment Bonds	5,803	6,169	0	0	5,803	6,169
Pension Obligation Bonds	20,248	19,223	0	0	20,248	19,223
Total	<u>\$ 180,857</u>	<u>\$ 185,811</u>	<u>\$ 21,208</u>	<u>\$ 25,422</u>	<u>\$ 202,065</u>	<u>\$ 211,233</u>

State statutes limit the amount of general obligation debt a city may issue to 15% of its total assessed valuation. The current debt limitation for the City is \$406.0 million and the legal debt margin is \$280.3 million. See the Statistical Section accompanying the financial statements. The City's total outstanding long-term debt at June 30, 2017, was \$255.3 million, which reflects the implementation of Governmental Accounting Standards Board Statement No. 68 (GASB 68), which shows the City's net pension liabilities on the statement of net position.

Contacting the City's Financial Management:

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Department of Finance, City of Palm Springs, 3200 E. Tahquitz Canyon Way, Palm Springs, CA 92263; or visit our website at [www.ci.palm-springs.ca.us](http://www.ci.palm-springs.ca.us) or call us at (760) 323-8229.

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CITY OF PALM SPRINGS

STATEMENT OF NET POSITION  
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 99,000,008	\$ 56,963,994	\$ 155,964,002
Receivables:			
Accounts	14,540,139	3,240,496	17,780,635
Notes and loans	6,859,524	-	6,859,524
Accrued interest	1,170,003	90,599	1,260,602
Special assessments	5,857,214	-	5,857,214
Internal balances	2,640,000	(2,640,000)	-
Deposits	200,000	-	200,000
Due from other governments	-	545,674	545,674
Advances to Successor Agency	3,349,154	-	3,349,154
Inventories	140,893	16,117	157,010
Land held for resale	638,904	-	638,904
Restricted assets:			
Cash and investments	1,114,250	-	1,114,250
Cash with fiscal agent	4,207,950	4,022,467	8,230,417
Capital assets not being depreciated	57,005,097	36,737,609	93,742,706
Capital assets, net of depreciation	199,740,766	85,409,150	285,149,916
<b>Total Assets</b>	<b>396,463,902</b>	<b>184,386,106</b>	<b>580,850,008</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	2,505,833	585,663	3,091,496
Deferred pension related items	36,305,644	6,054,346	42,359,990
<b>Total Deferred Outflows of Resources</b>	<b>38,811,477</b>	<b>6,640,009</b>	<b>45,451,486</b>
<b>Liabilities:</b>			
Accounts payable	9,778,280	5,178,267	14,956,547
Accrued liabilities	1,378,176	243,978	1,622,154
Accrued interest	901,267	1,495,810	2,397,077
Unearned revenue	3,365	253,309	256,674
Deposits payable	49,233	500,000	549,233
Due to other governments	14,168	-	14,168
Noncurrent liabilities:			
Due within one year	12,417,346	2,512,472	14,929,818
Due in more than one year	168,439,279	18,695,229	187,134,508
Net OPEB liability	44,041,286	-	44,041,286
Net pension liability	128,972,369	20,112,368	149,084,737
<b>Total Liabilities</b>	<b>365,994,769</b>	<b>48,991,433</b>	<b>414,986,202</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	11,683,112	1,933,245	13,616,357
<b>Total Deferred Inflows of Resources</b>	<b>11,683,112</b>	<b>1,933,245</b>	<b>13,616,357</b>
<b>Net Position:</b>			
Net investment in capital assets	120,745,654	102,297,901	223,043,555
Restricted for:			
Community development projects	10,610,199	-	10,610,199
Public safety grants and programs	2,311,094	-	2,311,094
Parks and recreation activities	3,141,747	-	3,141,747
Public works projects	15,639,329	-	15,639,329
Villagefest	84,548	-	84,548
Debt service	4,905,513	4,022,467	8,927,980
Library	161,086	-	161,086
Lease	2,126,713	-	2,126,713
Special projects	2,383,262	-	2,383,262
Unrestricted	(104,511,647)	33,781,069	(70,730,578)
<b>Total Net Position</b>	<b>\$ 57,597,498</b>	<b>\$ 140,101,437</b>	<b>\$ 197,698,935</b>

CITY OF PALM SPRINGS

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 19,998,488	\$ 4,966,153	\$ 315,735	\$ -
Public safety	49,397,778	3,789,214	998,804	211,396
Cultural and convention center	7,454,099	-	-	-
Parks and recreation	9,902,789	1,921,560	40,048	465,266
Public works	33,476,271	5,794,610	1,525,161	3,512,173
Library	3,238,731	37,753	110	-
Interest on long-term debt	6,856,841	-	-	-
<b>Total Governmental Activities</b>	<b>130,324,997</b>	<b>16,509,290</b>	<b>2,879,858</b>	<b>4,188,835</b>
Business-Type Activities:				
Airport	28,961,927	25,621,382	-	1,519,902
Wastewater	7,009,637	11,771,816	-	-
Golf Course	5,141,317	4,317,981	-	-
<b>Total Business-Type Activities</b>	<b>41,112,881</b>	<b>41,711,179</b>	<b>-</b>	<b>1,519,902</b>
<b>Total Primary Government</b>	<b>\$ 171,437,878</b>	<b>\$ 58,220,469</b>	<b>\$ 2,879,858</b>	<b>\$ 5,708,737</b>

**General Revenues:**

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Utility users tax

Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

**Transfers**

**Total General Revenues and Transfers**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

**Net Position at End of Year**

**Net (Expenses) Revenues and Changes in Net Position**  
**Primary Government**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (14,716,600)	\$ -	\$ (14,716,600)
(44,398,364)	-	(44,398,364)
(7,454,099)	-	(7,454,099)
(7,475,915)	-	(7,475,915)
(22,644,327)	-	(22,644,327)
(3,200,868)	-	(3,200,868)
(6,856,841)	-	(6,856,841)
<b>(106,747,014)</b>	<b>-</b>	<b>(106,747,014)</b>
-	(1,820,643)	(1,820,643)
-	4,762,179	4,762,179
-	(823,336)	(823,336)
<b>-</b>	<b>2,118,200</b>	<b>2,118,200</b>
<b>(106,747,014)</b>	<b>2,118,200</b>	<b>(104,628,814)</b>
24,535,870	-	24,535,870
30,971,801	-	30,971,801
28,591,763	-	28,591,763
3,189,778	-	3,189,778
7,099,836	-	7,099,836
2,821,864	-	2,821,864
4,492,728	-	4,492,728
1,557,326	163,540	1,720,866
68,720	917,966	986,686
(2,245,997)	2,245,997	-
<b>101,083,689</b>	<b>3,327,503</b>	<b>104,411,192</b>
(5,663,325)	5,445,703	(217,622)
64,439,972	134,506,971	198,946,943
(1,179,149)	148,763	(1,030,386)
<b>\$ 57,597,498</b>	<b>\$ 140,101,437</b>	<b>\$ 197,698,935</b>

CITY OF PALM SPRINGS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Special Revenue Funds		Capital Projects Funds	
	General	Housing	Capital Projects	Measure J
<b>Assets</b>				
Pooled cash and investments	\$ 27,429,477	\$ 2,681,507	\$ 7,657,181	\$ 11,607,191
Receivables:				
Accounts	8,916,331	-	2,456,030	1,989,600
Notes and loans	250,001	6,509,523	-	-
Accrued interest	793,259	4,479	-	19,806
Special assessments	-	-	-	-
Deposits	200,000	-	-	-
Due from other funds	444,461	-	-	-
Advances to other funds	1,210,000	49,950	-	-
Land held for resale	49,950	588,954	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	1,609,428	827,629	-	-
<b>Total Assets</b>	<b>\$ 40,902,907</b>	<b>\$ 10,662,042</b>	<b>\$ 10,113,211</b>	<b>\$ 13,616,597</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 5,488,663	\$ -	\$ 1,324,362	\$ 449,319
Accrued liabilities	1,219,294	3,663	10,068	2,278
Unearned revenues	-	-	-	-
Deposits payable	15,221	34,012	-	-
Due to other governments	-	14,168	-	-
Due to other funds	-	-	-	-
Advances from other funds	49,950	-	-	-
<b>Total Liabilities</b>	<b>6,773,128</b>	<b>51,843</b>	<b>1,334,430</b>	<b>451,597</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	1,559,018	-	771,767	-
<b>Total Deferred Inflows of Resources</b>	<b>1,559,018</b>	<b>-</b>	<b>771,767</b>	<b>-</b>
<b>Fund Balances</b>				
<b>Nonspendable:</b>				
Advances to other funds	1,210,000	-	-	-
Deposits	200,000	-	-	-
Advance to Successor Agency	1,609,428	-	-	-
<b>Restricted for:</b>				
Community development projects	-	10,610,199	-	-
Public safety grants and programs	-	-	-	-
Parks and recreation activities	-	-	-	-
Public works projects	-	-	-	-
Villagefest	-	-	-	-
Debt service	-	-	-	-
Library	-	-	-	-
Lease	-	-	-	-
Special projects	-	-	-	-
<b>Assigned to:</b>				
Public safety programs	197,458	-	-	-
Parks and recreation programs	31,010	-	-	-
Public works projects	78,765	-	-	13,165,000
Capital Projects	-	-	8,007,014	-
Continuing appropriations	2,582,785	-	-	-
General purposes	1,266,155	-	-	-
Library	1,211	-	-	-
PEG fees	595,558	-	-	-
CalPERS	3,250,000	-	-	-
<b>Unassigned</b>	<b>21,548,391</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>32,570,761</b>	<b>10,610,199</b>	<b>8,007,014</b>	<b>13,165,000</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 40,902,907</b>	<b>\$ 10,662,042</b>	<b>\$ 10,113,211</b>	<b>\$ 13,616,597</b>

CITY OF PALM SPRINGS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Debt Service Funds	Other Governmental Funds	Total Governmental Funds
	Special Assessments		
<b>Assets</b>			
Pooled cash and investments	\$ 1,274,781	\$ 24,317,858	\$ 74,967,995
Receivables:			
Accounts	9,981	891,572	14,263,514
Notes and loans	-	100,000	6,859,524
Accrued interest	1,955	33,184	852,683
Special assessments	5,857,214	-	5,857,214
Deposits	-	-	200,000
Due from other funds	-	-	444,461
Advances to other funds	-	-	1,259,950
Land held for resale	-	-	638,904
Restricted assets:			
Cash and investments	-	1,114,250	1,114,250
Cash and investments with fiscal agents	274,641	3,216,432	3,491,073
Advance to Successor Agency	-	912,097	3,349,154
<b>Total Assets</b>	<b>\$ 7,418,572</b>	<b>\$ 30,585,393</b>	<b>\$ 113,298,722</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 2,200	\$ 716,791	\$ 7,981,335
Accrued liabilities	-	46,200	1,281,503
Unearned revenues	-	102	102
Deposits payable	-	-	49,233
Due to other governments	-	-	14,168
Due to other funds	-	444,461	444,461
Advances from other funds	-	-	49,950
<b>Total Liabilities</b>	<b>2,200</b>	<b>1,207,554</b>	<b>9,820,752</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues	5,857,214	164,035	8,352,034
<b>Total Deferred Inflows of Resources</b>	<b>5,857,214</b>	<b>164,035</b>	<b>8,352,034</b>
<b>Fund Balances</b>			
<b>Nonspendable:</b>			
Advances to other funds	-	-	1,210,000
Deposits	-	-	200,000
Advance to Successor Agency	-	-	1,609,428
<b>Restricted for:</b>			
Community development projects	-	-	10,610,199
Public safety grants and programs	-	2,311,094	2,311,094
Parks and recreation activities	-	3,141,747	3,141,747
Public works projects	-	15,639,329	15,639,329
Villagefest	-	84,548	84,548
Debt service	1,559,158	3,346,355	4,905,513
Library	-	161,086	161,086
Lease	-	2,126,713	2,126,713
Special projects	-	2,383,262	2,383,262
<b>Assigned to:</b>			
Public safety programs	-	-	197,458
Parks and recreation programs	-	-	31,010
Public works projects	-	-	13,243,765
Capital Projects	-	495,769	8,502,783
Continuing appropriations	-	-	2,582,785
General purposes	-	-	1,266,155
Library	-	-	1,211
PEG fees	-	-	595,558
CalPERS	-	-	3,250,000
<b>Unassigned</b>	-	(476,099)	21,072,292
<b>Total Fund Balances</b>	<b>1,559,158</b>	<b>29,213,804</b>	<b>95,125,936</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 7,418,572</b>	<b>\$ 30,585,393</b>	<b>\$ 113,298,722</b>

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**CITY OF PALM SPRINGS**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

Fund balances of governmental funds		\$ 95,125,936
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.		239,956,268
Deferred outflows of resources related to the following long-term activities:		
Deferred charge on refunding of bonds		2,463,063
Deferred pension contributions made after the actuarial measurement date for the net pension liability.		9,907,401
Differences between expected and actual experience.		24,868,733
Deferred inflows of resources related to the following long-term activities:		
Deferred difference between expected and actual experiences		(329,076)
Deferred difference between projected and actual earnings on pension investments		(8,733,010)
Deferred changes in actuarial assumptions.		(2,071,384)
Long-term debt, net pension liability and compensated absences that have not been included in the governmental fund activity:		
Bonds payable	\$ (110,620,196)	
Unamortized bond premiums/discounts	(7,119,054)	
Special assessment debt	(5,855,000)	
Capital lease payable	(792,558)	
Notes payable	(236,622)	
Net pension liability	(123,279,669)	
Compensated Absences	(6,557,955)	(254,461,054)
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.		(44,041,286)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(710,642)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		8,352,034
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.		(12,729,485)
<b>Net Position of governmental activities</b>		<b>\$ 57,597,498</b>

CITY OF PALM SPRINGS

STATEMENT OF REVENUES,  
EXPENDITURE AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			
	General	Housing	Capital Projects Funds	
			Capital Projects	Measure J
<b>Revenues</b>				
Taxes	\$ 94,269,489	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	4,571,032	-	374,053	-
Intergovernmental	4,764,368	-	8,206,461	-
Charges for services	6,320,402	-	-	-
Use of money and property	367,506	(3,528)	(18,803)	39,379
Fines and forfeitures	-	-	-	-
Contributions	70,370	-	-	-
Miscellaneous	262,181	-	43,817	-
<b>Total Revenues</b>	<b>110,625,348</b>	<b>(3,528)</b>	<b>8,605,528</b>	<b>39,379</b>
<b>Expenditures</b>				
Current:				
General government	16,395,440	216,062	283,703	-
Public safety	39,744,400	-	783,340	-
Cultural and convention center	2,551,164	-	-	-
Parks and recreation	7,539,938	-	16,541	-
Public works	10,897,155	-	3,136,433	10,269,236
Library	2,626,562	-	-	-
Debt service:				
Principal retirement	1,970,000	-	-	-
Interest and fiscal charges	2,715,218	-	-	-
<b>Total Expenditures</b>	<b>84,439,877</b>	<b>216,062</b>	<b>4,220,017</b>	<b>10,269,236</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,185,471	(219,590)	4,385,511	(10,229,857)
<b>Other Financing Sources (Uses)</b>				
Transfers in	887,500	-	3,100,000	13,367,805
Transfers out	(23,952,311)	-	-	(3,186,965)
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(23,064,811)</b>	<b>-</b>	<b>3,100,000</b>	<b>10,180,840</b>
Net Change in Fund Balances	3,120,660	(219,590)	7,485,511	(49,017)
Fund Balances, Beginning of Year	29,450,101	10,829,789	521,503	13,214,017
<b>Fund Balances, End of Year</b>	<b>\$ 32,570,761</b>	<b>\$ 10,610,199</b>	<b>\$ 8,007,014</b>	<b>\$ 13,165,000</b>

CITY OF PALM SPRINGS

STATEMENT OF REVENUES,  
EXPENDITURE AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017

	Debt Service Funds	Other Governmental Funds	Total Governmental Funds
	Special Assessments		
<b>Revenues</b>			
Taxes	\$ -	\$ 2,941,423	\$ 97,210,912
Assessments	597,568	742,251	1,339,819
Licenses and permits	-	781,272	5,726,357
Intergovernmental	-	2,144,224	15,115,053
Charges for services	-	3,534,565	9,854,967
Use of money and property	8,744	1,157,527	1,550,825
Fines and forfeitures	-	251,091	251,091
Contributions	-	430,408	500,778
Miscellaneous	-	10,182	316,180
<b>Total Revenues</b>	<b>606,312</b>	<b>11,992,943</b>	<b>131,865,982</b>
<b>Expenditures</b>			
Current:			
General government	-	290,925	17,186,130
Public safety	-	3,512,548	44,040,288
Cultural and convention center	-	1,482,874	4,034,038
Parks and recreation	-	1,414,176	8,970,655
Public works	23,891	3,718,148	28,044,863
Library	-	213,141	2,839,703
Debt service:			
Principal retirement	370,000	3,317,193	5,657,193
Interest and fiscal charges	170,420	3,183,405	6,069,043
<b>Total Expenditures</b>	<b>564,311</b>	<b>17,132,410</b>	<b>116,841,913</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	42,001	(5,139,467)	15,024,069
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	5,316,174	22,671,479
Transfers out	-	(743,200)	(27,882,476)
Refunding bonds issued	-	1,120,195	1,120,195
Bond premium	-	105,301	105,301
Payment to refunded bond escrow agent	-	(1,200,535)	(1,200,535)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>4,597,935</b>	<b>(5,186,036)</b>
Net Change in Fund Balances	42,001	(541,532)	9,838,033
Fund Balances, Beginning of Year	1,517,157	29,755,336	85,287,903
<b>Fund Balances, End of Year</b>	<b>\$ 1,559,158</b>	<b>\$ 29,213,804</b>	<b>\$ 95,125,936</b>

CITY OF PALM SPRINGS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017**

Net change in fund balances - total governmental funds		\$ 9,838,033
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	\$ 1,970,021	
Depreciation	<u>(12,851,844)</u>	(10,881,823)
Repayment on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal and lease repayments	5,294,358	
Amortization of bond premiums/discounts	518,366	
Amortization of deferred charge on refunding of bonds	(107,417)	
Refunding bonds issued	(1,120,195)	
Premiums/discounts on new debt	(105,301)	
Payments to Escrow Agent for refunded debt to be held in escrow	<u>1,200,535</u>	5,680,346
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		80,780
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.		(532,427)
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.		(5,981,917)
Pension obligation expenses is an expenditure in the governmental funds, but reduce the Net Pension Liability in the statement of net position.		(2,048,989)
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.		(5,265,035)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.		<u>3,447,707</u>
<b>Change in net position of governmental activities</b>		<b><u><u>\$ (5,663,325)</u></u></b>

CITY OF PALM SPRINGS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Airport	Wastewater	Golf Course	Totals	
<b>Assets</b>					
Current:					
Cash and investments	\$ 33,547,333	\$ 22,916,661	\$ 500,000	\$ 56,963,994	\$ 24,032,013
Receivables:					
Accounts	2,884,011	14,067	342,418	3,240,496	276,625
Accrued interest	54,266	36,333	-	90,599	317,320
Due from other governments	-	545,674	-	545,674	-
Inventories	16,117	-	-	16,117	140,893
Restricted:					
Cash with fiscal agent	4,013,781	-	8,686	4,022,467	716,877
<b>Total Current Assets</b>	<b>40,515,508</b>	<b>23,512,735</b>	<b>851,104</b>	<b>64,879,347</b>	<b>25,483,728</b>
Noncurrent:					
Advances to other funds	-	-	-	-	1,430,000
Capital assets, net of accumulated depreciation	73,554,159	43,347,694	5,244,906	122,146,759	16,789,595
<b>Total Noncurrent Assets</b>	<b>73,554,159</b>	<b>43,347,694</b>	<b>5,244,906</b>	<b>122,146,759</b>	<b>18,219,595</b>
<b>Total Assets</b>	<b>114,069,667</b>	<b>66,860,429</b>	<b>6,096,010</b>	<b>187,026,106</b>	<b>43,703,323</b>
<b>Deferred Outflows of Resources</b>					
Deferred charge on refunding	178,028	-	407,635	585,663	42,770
Deferred pension related items	6,015,280	39,066	-	6,054,346	1,529,510
<b>Total Deferred Outflows of Resources</b>	<b>6,193,308</b>	<b>39,066</b>	<b>407,635</b>	<b>6,640,009</b>	<b>1,572,280</b>
<b>Liabilities</b>					
Current:					
Accounts payable	1,631,957	3,255,297	291,013	5,178,267	1,796,945
Accrued liabilities	241,724	2,254	-	243,978	96,673
Accrued interest	378,168	-	1,117,642	1,495,810	190,625
Unearned revenues	237,393	15,916	-	253,309	3,263
Deposits payable	-	-	500,000	500,000	-
Accrued compensated absences	578,215	-	-	578,215	238,422
Accrued claims and judgments	-	-	-	-	3,190,863
Bonds, notes, and capital leases	1,310,000	-	624,257	1,934,257	1,243,040
<b>Total Current Liabilities</b>	<b>4,377,457</b>	<b>3,273,467</b>	<b>2,532,912</b>	<b>10,183,836</b>	<b>6,759,831</b>
Noncurrent:					
Advances from other funds	-	-	2,640,000	2,640,000	-
Accrued compensated absences	194,965	-	-	194,965	-
Accrued claims and judgments	-	-	-	-	6,355,381
Bonds, notes, and capital leases	11,516,849	-	6,983,415	18,500,264	38,647,534
Net pension liability	20,090,925	21,443	-	20,112,368	5,692,700
<b>Total Noncurrent Liabilities</b>	<b>31,802,739</b>	<b>21,443</b>	<b>9,623,415</b>	<b>41,447,597</b>	<b>50,695,615</b>
<b>Total Liabilities</b>	<b>36,180,196</b>	<b>3,294,910</b>	<b>12,156,327</b>	<b>51,631,433</b>	<b>57,455,446</b>
<b>Deferred Inflows of Resources</b>					
Deferred pension related items	1,927,201	6,044	-	1,933,245	549,642
<b>Total Deferred Inflows of Resources</b>	<b>1,927,201</b>	<b>6,044</b>	<b>-</b>	<b>1,933,245</b>	<b>549,642</b>
<b>Net Position</b>					
Net investment in capital assets	60,905,338	43,347,694	(1,955,131)	102,297,901	10,255,378
Restricted for debt service	4,013,781	-	8,686	4,022,467	716,877
Unrestricted	17,236,459	20,250,847	(3,706,237)	33,781,069	(23,701,740)
<b>Total Net Position</b>	<b>\$ 82,155,578</b>	<b>\$ 63,598,541</b>	<b>\$ (5,652,682)</b>	<b>\$ 140,101,437</b>	<b>\$ (12,729,485)</b>

CITY OF PALM SPRINGS

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Airport	Wastewater	Golf Course	Totals	
<b>Operating Revenues</b>					
Sales and service charges	\$ -	\$ 11,771,816	\$ -	\$ 11,771,816	\$ 42,725,942
Landing fees	3,812,263	-	-	3,812,263	-
Miscellaneous	3,159,819	-	13,197	3,173,016	1,140,821
Green fees and cart rentals	-	-	4,317,981	4,317,981	-
Rentals	14,569,768	-	-	14,569,768	-
Concessions	945,729	-	-	945,729	-
Passenger facility charges	4,038,572	-	-	4,038,572	-
<b>Total Operating Revenues</b>	<b>26,526,151</b>	<b>11,771,816</b>	<b>4,331,178</b>	<b>42,629,145</b>	<b>43,866,763</b>
<b>Operating Expenses</b>					
Administration and general	1,871,939	2,063	2,980	1,876,982	2,988,614
Personnel services	10,495,851	73,858	-	10,569,709	6,470
Materials and supplies	387,498	486	-	387,984	-
Maintenance shop operations	8,500	-	-	8,500	2,243,271
Facilities maintenance	-	-	-	-	3,480,496
Retirement	-	-	-	-	15,406,375
Other claims and insurance	-	373,446	-	373,446	3,569,523
Depreciation expense	7,851,030	1,811,543	92,348	9,754,921	1,389,723
Heat, light and power	1,132,252	311,498	-	1,443,750	1,265,524
Other charges and services	6,333,101	4,436,743	4,551,064	15,320,908	3,996
Cogeneration	-	-	-	-	778,543
Medical, health, and life insurance	-	-	-	-	7,748,891
Workers compensation	-	-	-	-	3,892,660
<b>Total Operating Expenses</b>	<b>28,080,171</b>	<b>7,009,637</b>	<b>4,646,392</b>	<b>39,736,200</b>	<b>42,774,086</b>
Operating Income (Loss)	(1,554,020)	4,762,179	(315,214)	2,892,945	1,092,677
<b>Nonoperating Revenues (Expenses)</b>					
Interest revenue	96,286	67,240	14	163,540	6,501
Interest expense	(881,756)	-	(494,925)	(1,376,681)	(1,279,527)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(785,470)</b>	<b>67,240</b>	<b>(494,911)</b>	<b>(1,213,141)</b>	<b>(1,273,026)</b>
Income (Loss) Before Transfers and Contributions	(2,339,490)	4,829,419	(810,125)	1,679,804	(180,349)
Transfers in	-	820,000	1,713,497	2,533,497	2,965,000
Transfers out	(287,500)	-	-	(287,500)	-
Capital contribution	1,519,902	-	-	1,519,902	663,056
Changes in Net Position	(1,107,088)	5,649,419	903,372	5,445,703	3,447,707
Net Position, Beginning of Year, as Previously Reported	83,113,903	57,949,122	(6,556,054)	134,506,971	(14,998,043)
Restatements	148,763	-	-	148,763	(1,179,149)
Net Position, Beginning of Year, as Restated	83,262,666	57,949,122	(6,556,054)	134,655,734	(16,177,192)
<b>Net Position, End of Year</b>	<b>\$ 82,155,578</b>	<b>\$ 63,598,541</b>	<b>\$ (5,652,682)</b>	<b>\$ 140,101,437</b>	<b>\$ (12,729,485)</b>

## CITY OF PALM SPRINGS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Airport	Wastewater	Golf Course	Totals	
<b>Cash Flows from Operating Activities</b>					
Cash received from customers and users	\$ 23,127,476	\$ 11,705,099	\$ 4,196,014	\$ 39,028,589	\$ -
Cash received from/(paid to) interfund service provided	-	-	-	-	11,825,894
Cash paid to suppliers for goods and services	(7,880,026)	(3,066,272)	(4,482,462)	(15,428,760)	(7,519,593)
Cash paid to employees for services	(12,198,769)	(72,903)	(2,980)	(12,274,652)	(2,907,333)
Cash received from others	3,159,819	-	13,197	3,173,016	910,587
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>6,208,500</b>	<b>8,565,924</b>	<b>(276,231)</b>	<b>14,498,193</b>	<b>2,309,555</b>
<b>Cash Flows from Non-Capital Financing Activities</b>					
Cash transfers in	-	820,000	1,713,497	2,533,497	2,965,000
Cash transfers out	(287,500)	-	-	(287,500)	-
Principal paid on non-capital debt	-	-	-	-	(500,000)
Interest paid on non-capital debt	-	-	-	-	(817,777)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(287,500)</b>	<b>820,000</b>	<b>1,713,497</b>	<b>2,245,997</b>	<b>1,647,223</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from capital debt	-	-	7,607,672	7,607,672	2,073,989
Acquisition and construction of capital assets	(51,556)	(9,374,586)	-	(9,426,142)	(1,006,092)
Principal paid on capital debt	(3,905,000)	-	(574,621)	(4,479,621)	(637,697)
Interest paid on capital debt	(922,371)	-	(511,777)	(1,434,148)	(155,151)
Contribution	1,519,902	-	-	1,519,902	663,056
Payment to refunding bond escrow	-	-	(7,449,868)	(7,449,868)	(2,030,975)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(3,359,025)</b>	<b>(9,374,586)</b>	<b>(928,594)</b>	<b>(13,662,205)</b>	<b>(1,092,870)</b>
<b>Cash Flows from Investing Activities</b>					
Interest received	83,755	61,861	14	145,630	4,465
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>83,755</b>	<b>61,861</b>	<b>14</b>	<b>145,630</b>	<b>4,465</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,645,730</b>	<b>73,199</b>	<b>508,686</b>	<b>3,227,615</b>	<b>2,868,373</b>
Cash and Cash Equivalents at Beginning of Year	34,915,384	22,843,462	-	57,758,846	21,880,517
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 37,561,114</b>	<b>\$ 22,916,661</b>	<b>\$ 508,686</b>	<b>\$ 60,986,461</b>	<b>\$ 24,748,890</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>					
Operating income (loss)	\$ (1,554,020)	\$ 4,762,179	\$ (315,214)	\$ 2,892,945	\$ 1,092,677
<b>Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities</b>					
Depreciation	7,851,030	1,811,543	92,348	9,754,921	1,389,723
(Increase) decrease in accounts receivable	(338,014)	4,847	(121,967)	(455,134)	(246,615)
(Increase) decrease in due from other governments	-	(63,776)	-	(63,776)	-
(Increase) decrease in inventory	(443)	-	-	(443)	(15,552)
(Increase) decrease in deferred outflows	(4,391,912)	(26,723)	-	(4,418,635)	(1,091,312)
Increase (decrease) in deferred inflows	926,167	6,044	-	932,211	235,363
Increase (decrease) in accounts payable	(18,232)	2,055,901	68,602	2,106,271	208,309
Increase (decrease) in accrued liabilities	44,404	2,254	-	46,658	37,420
Increase (decrease) in unearned revenue	99,158	(7,788)	-	91,370	858
Increase (decrease) in net pension liability	3,582,710	21,443	-	3,604,153	885,673
Increase (decrease) in claims and judgments	-	-	-	-	(230,234)
Increase (decrease) in compensated absences	7,652	-	-	7,652	43,245
<b>Total Adjustments</b>	<b>7,762,520</b>	<b>3,803,745</b>	<b>38,983</b>	<b>11,605,248</b>	<b>1,216,878</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 6,208,500</b>	<b>\$ 8,565,924</b>	<b>\$ (276,231)</b>	<b>\$ 14,498,193</b>	<b>\$ 2,309,555</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>					
Amortization of bond premium and deferred charges	\$ 67,013	\$ -	\$ 42,576	\$ 109,589	\$ -

See Notes to Financial Statements

CITY OF PALM SPRINGS

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2017

	<u>Agency Funds</u>	<u>Private Purpose Trust Funds</u>
		<u>Successor Agency</u>
<b>Assets</b>		
Pooled cash and investments	\$ 1,971,467	\$ 3,178,904
Receivables:		
Accounts	-	8,250
Accrued interest	-	2,834
Land held for resale	-	1,482,346
Restricted assets:		
Cash and investments with fiscal agents	-	492,958
<b>Total Assets</b>	<b><u>\$ 1,971,467</u></b>	<b><u>5,165,292</u></b>
<b>Liabilities</b>		
Accounts payable	\$ -	1,857,633
Accrued interest	-	576,710
Unearned revenues	-	2,750
Deposits payable	1,971,467	-
Long-term liabilities:		
Due in one year	-	1,565,000
Due in more than one year	-	38,221,871
<b>Total Liabilities</b>	<b><u>\$ 1,971,467</u></b>	<b><u>42,223,964</u></b>
<b>Net Position</b>		
Held in trust for other purposes		<u>(37,058,672)</u>
<b>Total Net Position</b>		<b><u>\$ (37,058,672)</u></b>



CITY OF PALM SPRINGS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2017

	<u>Private Purpose Trust Funds</u>
	<u>Successor Agency</u>
<b>Additions</b>	
Taxes	\$ 4,480,297
Interest and change in fair value of investments	4,985
Miscellaneous	261,250
<b>Total Additions</b>	<u><b>4,746,532</b></u>
<b>Deductions</b>	
Program costs	110,039
Administrative expenses	250,000
Interest and fiscal charges	1,762,030
DOF due diligence review payments	2,320,427
Loss on sale of capital assets	595,730
<b>Total Deductions</b>	<u><b>5,038,226</b></u>
<b>Changes in Net Position</b>	<b>(291,694)</b>
Net Position, Beginning of Year	<u>(36,766,978)</u>
<b>Net Position, End of Year</b>	<u><b>\$ (37,058,672)</b></u>

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**I. SIGNIFICANT ACCOUNTING POLICIES**

**Note 1: Summary of Significant Accounting Policies**

The basic financial statements of the City of Palm Springs, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting principles are described below.

**a. Description of Reporting Entity**

The City of Palm Springs was incorporated in 1938 under the general laws of the State of California. Effective July 12, 1994, the City of Palm Springs became a Charter City which was approved by the citizens of the City of Palm Springs on June 7, 1994. The City operates under the Council-Manager form of government.

As required by generally accepted accounting principles, the financial statements of the City of Palm Springs include the financial activities of the City (the primary government), and the Palm Springs Financing Authority (the Authority). These blended component units are discussed below and are included in the reporting entity because of the significance of their operation and financial relationship with the City.

**Blended Component Units**

*City of Palm Springs Financing Authority*

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

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

**b. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements and eliminations have been made to

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal year and other revenues when collected within one year of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The primary revenue sources susceptible to accrual are property taxes, sales taxes, highway user taxes, state gas tax subventions, intergovernmental revenues, franchise fees, transient occupancy tax, charges for services, and interest associated with the current fiscal period and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

The City's agency funds are custodial in nature and do not involve measurement of results of operations. The Private Purpose Trust Funds and the Agency Fund are reported using accrual basis of accounting.

The City reports the following major governmental funds:

General Fund - This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

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

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

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

Special Assessments Debt Service Fund - This debt service fund is used to account for the payment of principal and interest on 1915 Act Assessment District Bond issues.

The City reports the following major enterprise funds:

Airport Fund - This fund is used to account for operations of the City's international airport.

Wastewater Fund - This fund is used to account for operation of the City's wastewater treatment plant and related capital expenditures.

Golf Course Fund - This fund is used to account for operations of the City's two municipal golf courses.

Additionally, the City reports the following fund types:

Special Revenue Funds - These funds are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

Capital Projects Funds - Capital Projects Funds are used to account for the purchase or construction of major capital facilities which are not financed by proprietary funds.

Capital projects funds are ordinarily not used to account for the acquisition of furniture, fixtures, machinery, equipment, and other relatively minor or comparatively short-lived capital assets.

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

Internal Service Funds - These funds are used to account for motor vehicle replacement, facilities maintenance, employee benefits, risk management, retiree health insurance and the City's cogeneration plant. Departments of the City are charged for the services provided or benefits received from these funds.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017

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**Note 1: Summary of Significant Accounting Policies (Continued)**

Fiduciary Funds/Accounts

Private-Purpose Trust Funds – The City has one private purpose trust funds.

- Successor Agency of the Former Redevelopment Agency – This fund is used to account for the assets and liabilities of the former redevelopment agency and is allocated revenue until the obligations of the former redevelopment agency are paid in full and any assets have been liquidated.

Agency Fund - This fund is used to account for monies held for various purposes ranging from bid bonds to donations for animal shelter activities.

As a general rule the effect of inter fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other governmental funds. Elimination of these charges would distort the direct costs and program revenues reported for the function concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) fines, forfeits and penalties, 3) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function and 4) other miscellaneous revenues that directly benefit a particular function and do not fit into any other category. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**d. Property Taxes**

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus the increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. City property tax revenues are recognized when levied on the government-wide statements, and to the extent that they result in current receivables within 60 days in the governmental funds financial statements.

The property tax calendar is as follows:

Lien Date	January 1
Levy Date:	July 1
Due Date:	November 1, February 1
Delinquent Date:	December 11, April 11

**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

Taxes are collected by Riverside County and are remitted to the City periodically. Dates and percentages are as follows:

December 10-13	30% Advance
January 21-24	Collection No. 1
April 8-12	10% Advance
May 20-23	Collection No. 2
August 5-8	Collection No. 3

**e. Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

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

**f. Investments**

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

**g. Inventories**

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

**h. Capital Assets**

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

The following schedule summarizes capital asset useful lives:

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

**i. Deferred Outflows/Inflows of Resources**

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

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

**j. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.



**Note 1: Summary of Significant Accounting Policies (Continued)**

**k. Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**l. Land Held for Resale**

Land held for resale represents land, structures, and their related improvements that were acquired for resale in accordance with the objective of the Redevelopment Project. Land held for resale is valued at the lower of cost or the estimated realizable value determined at the date a disposition and development agreement is executed. A portion of fund balance is classified as nonspendable for land held for resale to indicate that a portion of fund balance is not available for future expenditures.

**m. Compensated Absences**

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City.

Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**n. Claims and Judgments**

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

**o. Fund Equity**

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

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

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

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

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

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

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted or unrestricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**p. Use of Estimates**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2017

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**q. Deficit Fund Equity /Net Position**

The following funds reported a deficit in fund balances/net position as of June 30, 2017:

Fund	Deficit
CSA 152	\$ (474,984)
Special Grants	(1,115)
Golf Course	(5,652,682)
Employee Benefits	(17,941,944)
Risk Management	(473,754)
Cogeneration Plant	(3,227,850)
Successor Agency	(37,058,672)

The deficits will be recovered through future revenues and transfers.

**r. Effective New Accounting Standards**

During the fiscal year ended June 30, 2017, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

**GASB Statement No. 77 – Tax Abatement Disclosures.** This Statement improves financial reporting by giving users of financial statements essential information that was not consistently or comprehensively reported to the public in prior fiscal year. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government’s future ability to raise resources and meet its financial obligations and (2) the impact of those abatements on a government’s financial position and economic conditions. As this Statement affects disclosures only, no adjustments to beginning fund balance or net position were required.

**GASB Statement No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.** This statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple- Employer Plans*. The implementation of this statement did not have a significant impact on the City’s financial statements for the fiscal year ended June 30, 2017.

**GASB Statement No. 80 - Blending Requirements for Certain Component Units,** an amendment of GASB Statement No. 14, *The Financial Reporting Entity*. The implementation of this statement had no effect on the City’s financial statement presentation.

**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

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**Note 2: Cash and Investments**

Cash and investments as of June 30, 2017, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 104,322,208
Business-type activities	60,986,461
Fiduciary activities	<u>5,643,329</u>
Total cash and investments	<u>\$ 170,951,998</u>

Cash and investments as of June 30, 2017, consist of the following:

Cash on hand	\$ 8,450
Deposits with financial institutions	43,955,740
Investments	<u>126,987,808</u>
Total cash and investments	<u>\$ 170,951,998</u>

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures.

Interest income earned on pooled cash and investments is allocated quarterly to the funds based on the month-end cash and investment balances. Proceeds obtained from long-term debt issuances including construction, lease payment and reserve fund balances are held by the City or by fiscal agents on behalf of the City and invested in the City's name. Interest income on proceeds of debt is credited directly to the related fund, as defined by the Bond Indenture.

**Deposits**

At June 30, 2017, the carrying amount of the City's demand deposits was \$43,955,740 the bank balance was \$45,823,471. The \$1,867,731 difference represents outstanding checks, deposits in transit, and other reconciling items.

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

**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

**Note 2: Cash and Investments (Continued)**

Authorized Investment Type	*Authorized by Investment Policy	*Maximum Maturity	*Maximum Percentages of Portfolio	*Maximum Investment in One Issuer
Local Agency Bonds	Yes	5 years	15%	5%
U.S. Treasury Obligations	Yes	5 years	100%	None
U.S. Agency Securities	Yes	5 years	60%	None
Bankers' Acceptances	Yes	180 Days	20%	5%
Commercial Paper	Yes	270 Days	15%	None
Negotiable Certificates of Deposit	Yes	5 years	30%	5%
Repurchase Agreements	No	1 Year	None	5%
Reverse Purchase Agreements	No	92 Days	20% of base	None
Certificates of Deposits	Yes	5 years	20%	5%
Mutual Funds investing in eligible securities	No	N/A	10%	5%
Money Market Mutual Funds	Yes	N/A	10%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	100%	None
JPA Pools (other investment pools)	Yes	N/A	50%	None

\* Based on State Law requirements or investment policy requirements, whichever is more restrictive.

**Investments Authorized by Debt Agreements**

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity
U.S. Treasury Obligations	5 Years
U.S. Agency Securities	5 Years
Bankers' Acceptances	180 Days
Commercial Paper	270 Days
Money Market Mutual Funds	None
Investment Agreements	None
Local Agency Bonds	None
Certificates of Deposit	5 Years
Repurchase Agreements	1 Year
Financial Futures/Option Contracts	None
Negotiable Certificates of Deposit	None
Local Agency Investment Fund (LAIF)	None

**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**Note 2: Cash and Investments (Continued)**

**Disclosures Relating to Interest Rate Risk**

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

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

Investment Type	Fair Value	Remaining Maturity (in Months)		
		12 Months or Less	13-24 Months	25-60 Months
Local Agency Investment Fund	\$ 31,936,508	\$ 31,936,508	\$ -	\$ -
Federal Agency Securities	55,468,355	5,994,040	4,466,310	45,008,005
Certificates of Deposit	400,240	400,240	-	-
Money Market Mutual Funds	29,345,081	28,812,947	532,134	-
Fiscal Agent				
Mutual Funds -Money Market	9,837,624	9,837,624	-	-
	<u>\$ 126,987,808</u>	<u>\$ 76,981,359</u>	<u>\$ 4,998,444</u>	<u>\$ 45,008,005</u>

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type:	Fair Value	Minimum Credit Rating	Rating as of Year End		
			AAA	AA+	Not Rated
Local Agency Investment Fund	\$ 31,936,508	N/A	\$ -	\$ -	\$ 31,936,508
Federal Agency Securities	55,468,355	AA+	-	55,468,355	-
Certificates of Deposit	400,240	A	400,240	-	-
Mutual Funds -Money Market	39,182,705	AAA	39,182,705	-	-
	<u>\$ 126,987,808</u>		<u>\$ 39,582,945</u>	<u>\$ 55,468,355</u>	<u>\$ 31,936,508</u>

**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**Note 2: Cash and Investments (Continued)**

**Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Securities	\$ 8,003,225
Federal Home Loan Mortgage Corp.	Federal Agency Securities	7,506,905
Federal National Mortgage Assoc.	Federal Agency Securities	12,522,455

**Fair Value Hierarchy**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2017:

Investment Type	Totals	Level		
		1	2	3
Federal Agencies Security	\$ 55,468,355	\$ -	\$ 55,468,355	\$ -
Certificates of Deposit	400,240	400,240	-	-
Money Market Mutual Funds	29,345,081	-	29,345,081	-
Local Agency Investment Fund (LAIF)	31,936,508	-	31,936,508	-
Held by Fiscal Agent:				
Money Market Mutual Funds	9,837,624	-	9,837,624	-
Total Investments	<u>\$ 126,987,808</u>	<u>\$ 400,240</u>	<u>\$ 126,587,568</u>	<u>\$ -</u>

Local Agency Investment Funds are classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Certificates of Deposit and Money Market Mutual Funds are classified in Level 2 of the fair value hierarchy are valued using institutional bond quotes or specified fair market value factors.

**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

**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

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**Note 2: Cash and Investments (Continued)**

the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

For investments identified herein as held by bond trustee, the City's designee selects the investment under the terms of the applicable trust agreement, acquires the investment, and delivers to the Trustee the investment on behalf of the reporting government.

The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC.

**Investment in State Investment Pool**

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

**Note 3: Interfund Receivables, Payables and Transfers**

**Due To/Due From**

Interfund receivable and payable balances at June 30, 2017, are as follows:

	<u>Due from the General Fund</u>
Governmental Funds:	
Nonmajor Governmental Funds	<u>\$ 444,461</u>
Totals	<u><u>\$ 444,461</u></u>

Interfund balances are the result of short-term borrowing to cover negative cash balances at June 30, 2017.



CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2017

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

**Advances**

The City has authorized several interfund advances to be used for the operations of the funds receiving the advances. At June 30, 2017, the outstanding advances are:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Governmental Funds:		
General Fund	\$ 1,210,000 (a)	\$ 49,950 (c)
Housing Fund	49,950 (c)	-
Enterprise Funds:		
Golf Course	-	2,640,000 (a) (b)
Internal Service Funds	1,430,000 (b)	-
Totals	<u>\$ 2,689,950</u>	<u>\$ 2,689,950</u>

- (a) The Golf Course Fund initially received \$2,000,000 from the General Fund payable at 6% over 20 years. The City has elected to not accrue any interest and the Golf Course has not made any interest payments. At June 30, 2017, the outstanding balance is \$1,210,000.
- (b) The Employee Benefits Internal Service Fund advanced \$1,430,000 to the Golf Course Fund to provide funds for the operation and debt service of the Golf Course. There are no stipulated interest rates or repayment dates.
- (c) The Housing Fund advanced \$49,950 to the General Fund for the purchase of two pieces of land held for resale.

**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

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

**Transfers In/Transfers Out**

The following schedule summarizes the City's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds Airport Enterprise Fund	\$ 600,000 287,500 (b)
Measure J Fund	General Fund	13,367,805 (e)
Nonmajor Governmental Funds	General Fund Measure J Fund	2,129,209 (a) 3,186,965 (d)
Capital Projects Fund	General Fund	3,100,000 (f)
Internal Service Fund	General Fund Nonmajor Governmental Funds	2,821,800 (h) 143,200 (g)
Wastewater Enterprise Fund	General Fund	820,000 (i)
Golf Course Enterprise Fund	General Fund	1,713,497 (c)
		<u>\$ 28,169,976</u>

Transfers from Nonmajor Governmental Funds to the General Fund were for reimbursement of costs and other transfers.

- (a) Transfers from the General Fund to Nonmajor Governmental Funds were for debt service and operational costs.
- (b) Transfers from the Airport Fund to the General Fund were for reimbursement of operational costs.
- (c) Transfers from the General Fund to the Golf Course were for operational costs.
- (d) Transfers from the Measure J fund to the Nonmajor Governmental Funds were for debt service.
- (e) Transfers from the General Fund to the Measure J fund were for capital projects.
- (f) Transfers from the General Fund to Capital Projects Fund were for capital projects.
- (g) Transfers from the Nonmajor Governmental Funds to the Internal Service Fund were for the costs of investigating new energy development processes.
- (h) Transfers from the General Fund to Internal Service Funds were for the purchase of vehicles and to cover future risk management costs.
- (i) Transfer from the General Fund to the Wastewater Enterprise Fund was for cost of land used for the animal shelter.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017

Note 4: Capital Assets

<b>Governmental Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Land	\$ 33,646,775	\$ -	\$ -	\$ 33,646,775
Construction in progress	6,677,876	-	-	6,677,876
Right-of-way	16,680,446	-	-	16,680,446
Total Capital Assets, Not Being Depreciated	<u>57,005,097</u>	-	-	<u>57,005,097</u>
<b>Capital assets, being depreciated:</b>				
Buildings	95,985,707	-	-	95,985,707
Improvements	78,519,722	1,540,458	-	80,060,180
Furniture and equipment	25,420,787	135,236	-	25,556,023
Vehicles	15,179,902	989,592	-	16,169,494
Infrastructure	244,000,150	333,913	-	244,334,063
Total capital assets, being depreciated	<u>459,106,268</u>	<u>2,999,199</u>	-	<u>462,105,467</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(42,767,244)	(1,934,019)	-	(44,701,263)
Improvements	(46,646,905)	(3,616,370)	-	(50,263,275)
Furniture and equipment	(10,963,335)	(880,331)	-	(11,843,666)
Vehicles	(11,559,763)	(872,709)	-	(12,432,472)
Infrastructure	(136,185,887)	(6,938,138)	-	(143,124,025)
Total accumulated depreciation	<u>(248,123,134)</u>	<u>(14,241,567)</u>	-	<u>(262,364,701)</u>
Total capital assets, being depreciated, net	<u>210,983,134</u>	<u>(11,242,368)</u>	-	<u>199,740,766</u>
Governmental activities capital assets, net	<u>\$ 267,988,231</u>	<u>\$ (11,242,368)</u>	<u>\$ -</u>	<u>\$ 256,745,863</u>

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

General government	\$ 743,743
Cultural and convention center	3,398,723
Public safety	1,504,717
Public works	6,564,828
Parks and recreation	477,409
Library	162,424
Internal Service	<u>1,389,723</u>
Total depreciation	<u>\$ 14,241,567</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2017

Note 4: Capital Assets (Continued)

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 36,737,609	\$ -	\$ -	\$ 36,737,609
<b>Capital assets, being depreciated:</b>				
Buildings	51,252,047	8,550,125	-	59,802,172
Improvements	210,629,004	-	-	210,629,004
Machinery and equipment	4,733,359	190,317	-	4,923,676
Motor vehicles	3,110,472	834,463	-	3,944,935
Subsurface lines	27,387,700	-	-	27,387,700
Total capital assets, being depreciated	297,112,582	9,574,905	-	306,687,487
<b>Less accumulated depreciation for:</b>				
Buildings	(32,413,322)	(1,065,984)	-	(33,479,306)
Improvements	(153,670,923)	(7,642,629)	-	(161,313,552)
Machinery and equipment	(3,155,149)	(311,424)	-	(3,466,573)
Motor vehicles	(2,060,489)	(187,130)	-	(2,247,619)
Subsurface lines	(20,223,533)	(547,754)	-	(20,771,287)
Total accumulated depreciation	(211,523,416)	(9,754,921)	-	(221,278,337)
Total capital assets, being depreciated, net	85,589,166	(180,016)	-	85,409,150
Business-type activities capital assets, net	\$ 122,326,775	\$ (180,016)	\$ -	\$ 122,146,759

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

Airport	\$ 7,851,030
Wastewater	1,811,543
Golf course	92,348
Total depreciation	<u>\$ 9,754,921</u>

**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**Note 5: Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2017, (including unamortized discounts and refunding costs) are as follows:

Governmental Activities	Beginning Balance	Adjustment *	Defeasance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences payable	\$ 6,220,704	\$ -	\$ -	\$ 4,866,402	\$ 4,290,728	\$ 6,796,378	\$ 2,345,478
Claims and judgments payable	9,776,479	-	-	2,959,444	3,189,679	9,546,244	3,190,863
Special assessment debt	6,225,000	-	-	-	370,000	5,855,000	380,000
Capital lease - OshKosh	241,769	-	-	-	117,718	124,051	124,051
Capital lease - Motorola	1,164,233	-	-	-	371,675	792,558	387,843
Notes payable:							
Capital One Public Financing - Chevron	17,807,467	-	-	-	362,835	17,444,632	413,605
Chino Cinega Foundation Note Payable	306,070	-	-	-	69,448	236,622	73,962
Bonds Payable, net:							
2012A Lease Revenue Bonds	19,140,000	-	-	-	1,305,000	17,835,000	1,280,000
2007 Refunding Lease Revenue Bonds	3,447,873	-	3,197,494	-	250,379	-	-
2007 Pension Obligation Bonds	19,222,909	1,202,236	-	322,796	500,000	20,247,941	520,801
2012B Measure J Lease Revenue Bonds	39,965,000	-	-	-	1,390,000	38,575,000	1,445,000
2014 Lease Revenue Bonds	43,725,000	-	-	-	665,000	43,060,000	760,000
2015 Measure A Sales Tax Revenue Bonds	5,380,000	-	-	-	905,000	4,475,000	930,000
2015 Lease Revenue Bonds	5,680,000	-	-	-	125,000	5,555,000	295,000
2017 Lease Revenue Refunding Bonds	-	-	-	3,015,990	-	3,015,990	270,743
Unamortized Premiums/(Discounts)							
Special Assessment Debt	(56,078)	-	-	-	(3,868)	(52,210)	-
2012A Lease Revenue Bonds	329,434	-	-	-	60,820	268,614	-
2014 Lease Revenue Bonds	4,616,505	-	-	-	225,196	4,391,309	-
2007 Refunding Lease Revenue	(23,888)	-	(21,716)	-	(2,172)	-	-
2012B Measure J	1,235,184	-	-	-	72,248	1,162,936	-
2015 Measure A	458,817	-	-	-	76,470	382,347	-
2015 Lease Revenue Bonds	948,259	-	-	-	87,502	860,757	-
2017 Lease Revenue Refunding Bonds	-	-	-	283,456	-	283,456	-
Total governmental long-term liabilities, net	<u>\$ 185,810,737</u>	<u>\$ 1,202,236</u>	<u>\$ 3,175,778</u>	<u>\$ 11,164,632</u>	<u>\$ 14,428,658</u>	<u>\$ 180,856,625</u>	<u>\$ 12,417,346</u>

\* Adjustment was made to properly account for the accreted interest on the capital appreciation bonds.

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

Business-type Activities	Beginning Balance	Defeasance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	\$ 780,832	\$ -	\$ 576,285	\$ 583,937	\$ 773,180	\$ 578,215
Airport Revenue Bonds:						
1998 Airport PFC Revenue Bonds	5,120,000	-	-	2,695,000	2,425,000	480,000
2006 Airport PFC Revenue Bonds	7,355,000	-	-	740,000	6,615,000	505,000
2008 Airport PFC Revenue Bonds	4,625,000	-	-	470,000	4,155,000	325,000
Unamortized discount	(405,962)	-	-	(37,811)	(368,151)	-
Airport Revenue Bonds, net	<u>16,694,038</u>	<u>-</u>	<u>-</u>	<u>3,867,189</u>	<u>12,826,849</u>	<u>1,310,000</u>
Lease Revenue Bonds						
2007 Refunding Lease Revenue Bonds	7,947,127	7,372,506	-	574,621	-	-
2017 Lease Revenue Refunding Bonds	-	-	6,954,010	-	6,954,010	624,257
Unamortized premium	-	-	653,662	-	653,662	-
Lease Revenue Bonds, net	<u>7,947,127</u>	<u>7,372,506</u>	<u>7,607,672</u>	<u>574,621</u>	<u>7,607,672</u>	<u>624,257</u>
Total business-type long-term liabilities, net	<u>\$ 25,421,997</u>	<u>\$ 7,372,506</u>	<u>\$ 8,183,957</u>	<u>\$ 5,025,747</u>	<u>\$ 21,207,701</u>	<u>\$ 2,512,472</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2017

**Note 5: Long-Term Liabilities (Continued)**

**Special Assessment Debt with Government Commitment**

At June 30, 2017, the City of Palm Springs has one outstanding Assessment District (A.D.) Improvement Refunding Bond ("Bonds") originally issued in the amount of \$6,645,000 pursuant to the Improvement Bond Act of 1915. The proceeds of the Bond were used to refund outstanding obligations of the City of Palm Springs with respect to its Assessment District No. 161, Assessment District No. 162 and Assessment District No 164, to pay costs related to the issuance of the Bonds, and make a deposit to a Reserve Fund for the Bonds.

**A.D. 2015-1**

\$6,645,000 bonds issued April 1, 2015, bonds mature between September 2, 2016 and September 2, 2030 in amounts ranging from \$210,000 through \$520,000, bonds maturing on any September 2 may be redeemed prior to its fixed maturity date, at the option of the City, at rates ranging from 100% to 103% of the principal amount. The balance of this bond at June 30, 2017 is \$5,855,000.

Annual requirements to amortize outstanding special assessment debt as of June 30, 2017, are as follows:

June 30	A.D. 2015-1	
	Principal	Interest
2018	\$ 380,000	\$ 164,863
2019	385,000	157,213
2020	385,000	149,513
2021	395,000	141,713
2022	405,000	132,700
2023-2027	2,195,000	474,822
2028-2031	1,710,000	106,316
Total	<u>\$ 5,855,000</u>	<u>\$ 1,327,140</u>

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

**Capital Lease Obligations**

**Fire Vehicles Lease (OshKosh #2)**

In 2008, the City entered into a lease agreement for the financing of the acquisition of two Pierce Quantum fire apparatus. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease) and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The vehicles were acquired under this lease agreement are recorded in the Motor Vehicle Replacement Fund, as motor vehicles for total cost of \$993,592.

The financing was obtained from OshKosh Capital, for \$913,648 with an interest rate of 5.38% and annual payments of \$130,725 through the end of the lease (October 2017). The outstanding balance at June 30, 2017, is \$124,051.

**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

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**Note 5: Long-Term Liabilities (Continued)**

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

<u>Year Ending June 30</u>	<u>OshKosh#2</u>
2018	\$ 130,725
Less: Amount representing interest	<u>(6,674)</u>
Total	<u><u>\$ 124,051</u></u>

**Motorola Communications Equipment**

In December 2008, the City entered into a lease agreement for the financing of the acquisition of Motorola communications equipment. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease) and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The total cost of the equipment acquired under the lease agreement was \$3,366,478.

The financing was obtained from Municipal Finance Corporation in December 2008, for \$3,366,478 with an interest rate of 4.35% and annual payments of \$422,319 through the end of the lease (December 2018). The outstanding balance at June 30, 2017, is \$792,558.

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

<u>Year Ending June 30</u>	
2018	\$ 422,319
2019	<u>422,319</u>
Subtotal	844,638
Less: Amount representing interest	<u>(52,080)</u>
Total	<u><u>\$ 792,558</u></u>

**Notes Payable**

**Capital One Public Financing**

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

\$17,444,632

**Chino Cinega Foundation**

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

\$236,622

**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**Note 5: Long-Term Liabilities (Continued)**

Annual requirements to amortize outstanding notes payable as of June 30, 2017, is as follows:

Year Ending June 30	Capital One Note		Chino Cinega Note		Total
	Principal	Interest	Principal	Interest	
2018	\$ 413,605	\$ 679,745	\$ 73,962	\$ 15,380	\$ 1,182,692
2019	467,677	664,052	78,770	10,573	1,221,072
2020	525,387	646,262	83,890	5,453	1,260,992
2021	586,694	626,234	-	-	1,212,928
2022	651,015	603,839	-	-	1,254,854
2023-2028	4,377,056	2,589,835	-	-	6,966,891
2029-2033	6,784,215	1,547,299	-	-	8,331,514
2034-2035	3,638,983	145,595	-	-	3,784,578
	<u>\$ 17,444,632</u>	<u>\$ 7,502,861</u>	<u>\$ 236,622</u>	<u>\$ 31,406</u>	<u>\$ 25,215,521</u>

**Bonds Payable:**

**2012 A Convention Center Lease Revenue Bonds**

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

The bonds accrue interest at rates between 2.00% and 5.00%. The principal amounts mature between November 1, 2012 and November 1, 2025, in amounts ranging from \$500,000 to \$2,865,000. The required reserve for the 2004A and 2012A Convention Center Lease Revenue Bonds is \$5,646,097. At June 30, 2017, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2017, is \$17,835,000 with unamortized premium of \$268,614.

**2014 A Convention Center Lease Revenue Bonds**

On July 24, 2014, the City of Palm Springs Financing Authority issued \$45,550,000 Lease Revenue Bonds, Series A to provide funds for the current refunding of the Lease Revenue Bonds, 2004. The bonds are payable from the revenues pledged under the Indenture of Trust, consisting primarily of lease payments to be made by the City of Palm Springs to the Authority as rental for the City Convention Center and from certain funds held under the Indenture of Trust and insurance or condemnation awards.



**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**Note 5: Long-Term Liabilities (Continued)**

The bonds accrue interest at rates between 3.50% and 5.00%. The principal amounts mature between November 1, 2014 and August 1, 2035, in amounts ranging from \$650,000 to \$4,825,000. The required reserve for the 2014A Convention Center Lease Revenue Bonds is \$5,005,938. At June 30, 2017, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2017, is \$43,060,000 with unamortized premium of \$4,391,309.

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

The total convention center bonds outstanding at June 30, 2017, were \$60,895,000.

The bond refunding has deferred refunding charges of \$2,450,136 at June 30, 2017.

Future requirements to amortize outstanding convention center bonds as of June 30, 2017, are as follows:

June 30	2012 Convention Center Lease Revenue Bonds		2014 Convention Center Lease Revenue Refunding Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 1,280,000	\$ 621,163	\$ 760,000	\$ 2,022,981
2019	1,370,000	581,413	750,000	1,985,231
2020	1,420,000	539,563	780,000	1,946,981
2021	1,460,000	496,363	825,000	1,906,856
2022	1,505,000	446,888	870,000	1,864,481
2023-2027	10,800,000	910,319	3,110,000	9,147,156
2028-2032	-	-	18,045,000	6,383,531
2033-2036	-	-	17,920,000	1,622,909
Total	<u>\$ 17,835,000</u>	<u>\$ 3,595,709</u>	<u>\$ 43,060,000</u>	<u>\$ 26,880,126</u>

**2007 Refunding Lease Revenue Bonds**

On July 25, 2007, the City of Palm Springs Financing Authority issued \$20,365,000 Refunding Lease Revenue Bonds, Series 2007 to defease the remaining \$19,095,000 and \$1,930,000 of 1996 Multiple Capital Facilities Refunding Certificates of Participation and 1998 Multiple Capital Facilities Refunding Certificates of Participation respectively.

The Bonds consist of \$17,840,000 of serial bonds and \$2,525,000 of term bonds. The serial bonds accrue interest at rates between 4.00% and 5.00% and mature between April 1, 2008 and April 1, 2027, in amounts ranging from \$795,000 and \$1,205,000. The only portion of the term bonds with principal of \$2,525,000 accrues interest at a rate of 4.50% and matures on April 1, 2017.

The Bonds maturing on April 1, 2017, (Term Bonds) are subject to mandatory redemption, in part by lot, from sinking fund payments. In June 2017, the outstanding balance of the Refunding Lease Revenue Bonds, Series 2007 was defeased with the proceeds of the Lease Revenue Refunding Bonds, Series 2017.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2017

**Note 5: Long-Term Liabilities (Continued)**

**2017 Lease Revenue Refunding Bonds**

On June 13, 2017, the City of Palm Springs Financing Authority issued \$9,970,000 Lease Revenue Refunding Bonds, Series 2017 to defease the outstanding balance of the Refunding Lease Revenue Bonds, Series 2007. The Lease Revenue Refunding Bonds, Series 2017 accrues interest payable semiannually on November 1 and May 1 of each year at rates between 2.00% and 4.00%. Principal is due annually on May 1 of each year ranging from \$895,000 to \$1,160,000 and the final maturity date is May 1, 2027.

The City in effect reduced its aggregate debt service payments by \$1,436,326 over the remaining maturity period of the 2017 Lease Revenue Refunding Bonds to obtain an economic gain of \$1,324,695 (difference between the present values of the debt service payments on the old and new debt).

The activities associated with the police building project and cogeneration plant are governmental activities while the activities of the golf course are business-type activities. The outstanding balance on the 2017 Lease Revenue Refunding Bonds at June 30, 2017, are reflected in the accompanying financial statements as follows:

	Balance at June 30, 2017
<b>Governmental activities:</b>	
Police building project & master lease	\$ 1,120,195
Cogeneration plant fund	1,895,795
	<u>3,015,990</u>
Unamortized premuim	283,456
	<u>283,456</u>
Total governmental activities	<u>\$ 3,299,446</u>
<b>Business-type activities</b>	
Golf Course fund	\$ 6,954,010
Unamortized premuim	653,662
	<u>653,662</u>
Total business-type activities	<u>\$ 7,607,672</u>

The bond refunding has deferred refunding charges of \$124,378 at June 30, 2017 and is reflected in the accompanying financial statements as follows:

	Balance at June 30, 2017
<b>Governmental activities:</b>	
Police building project & master lease	\$ 12,927
Cogeneration plant fund	42,770
	<u>42,770</u>
Total governmental activities	<u>\$ 55,697</u>
<b>Business-type activities</b>	
Golf Course fund	\$ 68,681
	<u>68,681</u>
Total business-type activities	<u>\$ 68,681</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2017

**Note 5: Long-Term Liabilities (Continued)**

Future requirements to amortize outstanding 2017 Lease Revenue Refunding Bonds as of June 30, 2017, are as follows:

June 30	2017 Refunding Lease Revenue Bonds	
	Principal	Interest
2018	\$ 895,000	\$ 519,938
2019	870,000	486,938
2020	905,000	451,678
2021	940,000	414,088
2022	980,000	367,338
2023-2027	5,380,000	1,114,000
Total	<u>\$ 9,970,000</u>	<u>\$ 3,353,980</u>

**2015 Local Measure A Sales Tax Revenue Bonds**

On July 24, 2014, the City of Palm Springs Public Financing Authority issued \$6,245,000 Lease Revenue Series A Refunding Bonds. The proceeds from the issuance were used to refund a portion of the Lease Revenue Bonds, 2004 series, which were used to fund capital projects related to the expansion of the convention center project. Interest on the bonds range between 2.0% to 5.0% and the final maturity date is June 1, 2022.

The total Sales Tax Revenue bonds outstanding at June 30, 2017, is \$4,475,000 including \$382,347 of unamortized premium.

Fiscal Year June 30	Principal	Interest
2018	\$ 930,000	\$ 166,550
2019	950,000	147,950
2020	990,000	109,950
2021	1,015,000	80,250
2022	590,000	29,500
Totals	<u>\$ 4,475,000</u>	<u>\$ 534,200</u>

**2012 Lease Revenue Refunding Bonds, Series B**

On June 6, 2012, the City of Palm Springs Financing Authority issued \$44,965,000 Lease Revenue Bonds, Series B to provide funds for the financing and acquisition and construction of public improvements. The bonds are payable from the revenues pledged under the Indenture of Trust, consisting primarily of lease payments to be made by the City of Palm Springs to the Authority as rental for certain City owned property and from certain funds held under the Indenture of Trust and insurance or condemnation awards.

**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

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**Note 5: Long-Term Liabilities (Continued)**

The bonds accrue interest at rates between 2.00% and 5.25%. The principal amounts mature between June 1, 2013 and June 1, 2035, in amounts ranging from \$1,135,000 to \$3,050,000.

The total Lease Revenue bonds outstanding at June 30, 2017, is \$38,575,000 including \$1,162,936 of unamortized premium.

Fiscal Year June 30	Principal	Interest
2018	\$ 1,445,000	\$ 1,741,563
2019	1,500,000	1,683,763
2020	1,560,000	1,623,763
2021	1,625,000	1,561,363
2022	1,690,000	1,496,363
2023-2027	9,720,000	6,205,788
2028-2032	12,280,000	3,657,088
2033-2035	8,755,000	804,238
Totals	<u>\$ 38,575,000</u>	<u>\$ 18,773,929</u>

**2015 Lease Revenue Refunding Bonds**

On December 1, 2015, the City of Palm Springs Public Financing Authority issued \$5,680,000 Lease Revenue Refunding Bonds. The proceeds from the issuance were used to refund the 2002A Certificates of Participation, which were used to fund capital projects related to the downtown parking structure. Interest on the bonds range between 2.0% to 5.0% and the final maturity date is November 1, 2027.

The total bonds outstanding at June 30, 2017, is \$5,555,000 including \$860,757 of unamortized premium.

Fiscal Year June 30	Principal	Interest
2018	\$ 295,000	\$ 258,900
2019	340,000	249,150
2020	365,000	235,050
2021	425,000	217,125
2022	455,000	195,125
2023-2027	2,965,000	571,625
2028	710,000	17,750
Totals	<u>\$ 5,555,000</u>	<u>\$ 1,744,725</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2017

Note 5: Long-Term Liabilities (Continued)

**2007 Taxable Pension Obligation Bonds**

On April 1, 2007, the City of Palm Springs pursuant to an Agreement with the California Statewide Communities Development Authority issued \$19,832,588 of Pension Obligation Bonds. The aggregate total amount of the bonds for all agencies were \$87,475,699 which includes \$65,140,000 of Series A-1 current interest and \$22,335,699 of Series A-2 capital appreciation bonds. The issuance of the bonds provided monies to meet the City's obligation to pay the City's unfunded accrued actuarial liability ("UAAL") to the California Public Employees Retirement System ("PERS"). The City's obligation includes, among others, the requirement to amortize the unfunded accrued liability over a multi-year period. On April 1, 2007, the City contributed \$19,382,434 of the bond proceeds to PERS to fund a portion of the unfunded liability for the Miscellaneous and Safety Plans that provides retirement benefits to the City employees and public safety officers.

Interest on Series A-1 Current Interest Bonds of \$14,790,000, is payable on June 1 and December 1, commencing December 1, 2007. The rate of interest varies from 5.37% to 5.56% per annum. Principal is payable in annual installments ranging from \$605,000 to \$2,430,000 commencing on June 1, 2019 and ending on June 1, 2035.

Optional Redemption: The Series A-1 Current Interest Bonds maturing on or before June 1, 2017 will not be subject to optional redemption. The bonds maturing on June 2, 2021, June 1, 2026 and June 1, 2035, are subject to optional redemption prior to maturity at the option of the Authority, or in part on any date at a redemption price equal to the greater of (1) 100% of principal to be redeemed or (2) present value of the remaining debt service discounted at Treasury Rate plus 12.5 basis points, plus accrued and unpaid interest on the Redeemable Term Bonds being redeemed to the date fixed for redemption.

The balance outstanding as of June 30, 2017, was \$20,247,941 including accreted interest of \$2,357,428.

Year Ending June 30	Series A-1		Series A-2	
	Principal	Interest	Principal	Interest
2018	\$ -	\$ 814,648	\$ 520,801	\$ -
2019	605,000	814,648	-	-
2020	695,000	782,159	-	-
2021	790,000	744,838	-	-
2022	-	702,415	673,596	-
2023-2027	4,205,000	2,990,818	1,028,978	-
2028-2032	1,835,000	2,359,062	3,234,566	-
2033-2035	6,660,000	762,842	-	-
Total	\$ 14,790,000	\$ 9,971,430	\$ 5,457,941	\$ -

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017

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**Note 5: Long-Term Liabilities (Continued)**

**1998 Airport Passenger Facility Charge Revenue Bonds**

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

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

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

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

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

The required reserve for the 1998 Airport Passenger Facility Charge Revenue Bonds is \$849,497. At June 30, 2017, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2017, is \$2,425,000. The bonds had \$89,618 of unamortized discount.

A special redemption was made on July 1, 2016, with the redemption price at 100% for the amount of \$1,085,000 and another special redemption was made on January 3, 2017, with a redemption price at 100% for the amount of \$1,155,000.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

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

On April 19, 2006, the City issued \$12,115,000 Airport Passenger Facility Charge Revenue Bonds, Series 2006 (2006 PFC Bonds) to refund in its entirety the City of Palm Springs Financing Authority Airport Revenue Bonds, 1992 Series, issued in 1992 to finance certain improvements to the airport.

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

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

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

<u>Redemption Dates</u>	<u>Redemption Prices</u>
Each July 1 prior to July 1, 2014	103%
July 1, 2014	102%
July 1, 2015	101%
July 1, 2016 and thereafter	100%

The bonds are subject to special mandatory redemption, in whole, on any date as a result of actions taken by the Federal Aviation Administration (FAA) to reduce the City's authority to collect passenger facility charges under the special agreement with the FAA from proceeds of refunding obligations of from any available funds of the Airport at a redemption price equal to the principal amount thereof together with accrued interest thereon to the date fixed for redemption.

Bonds maturing on or after July 1, 2015, are subject to redemption prior to maturity on any date on or after July 1, 2014, in whole or in part, in a manner determined by the City, from prepayments made at the option of the City pursuant to the at a redemption price equal to the principal amount thereof to be redeemed, plus a premium and accrued interest thereon to the date fixed for redemption as follows:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
July 1, 2014 through June 30, 2015	102%
July 1, 2015 through June 30, 2016	101%
July 1, 2016 and thereafter	100%

A special redemption was made on July 1, 2016, with the redemption price at 101% for the amount of \$260,000.

The required reserve for the 2006 Airport Passenger Facility Charge Revenue Bonds is \$961,610. At June 30, 2017, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2017, is \$6,615,000. The bonds had \$112,171 of unamortized discount and \$338,954 deferred refunding charges.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

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

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

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

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

<u>Redemption Dates</u>	<u>Redemption Prices</u>
Each July 1 prior to July 1, 2014	103%
July 1, 2014	102%
July 1, 2015	101%
July 1, 2016 and each July 1 thereafter	100%

The Bonds maturing on or after July 1, 2018, are subject to redemption prior to maturity on any date on or after July 1, 2014, in whole or in part, in a manner determined by the City, from prepayments made at the option of the City pursuant to the Indenture at a redemption price equal to the principal amount thereof to be redeemed, plus a premium, together with accrued interest thereon to the date fixed for redemption as follows:

A special redemption was made on July 1, 2016, with the redemption price at 100% for the amount of \$160,000.

<u>Redemption Dates</u>	<u>Redemption Prices</u>
July 1, 2014 through June 30, 2015	102%
July 1, 2015 through June 30, 2016	101%
July 1, 2016 and thereafter	100%

The required reserve for the 2008 Airport Passenger Facility Charge Revenue Bonds is \$644,000. At June 30, 2017, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2017, is \$4,155,000, including \$166,362 unamortized discount and \$178,028 deferred refunding charges.



**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**Note 5: Long-Term Liabilities (Continued)**

Future requirements to amortize outstanding business-type bonds payable (excluding \$368,151 of unamortized discounts and \$516,982 of deferred refunding charges) as of June 30, 2017, are as follows:

Fiscal Year Ending June 30	1998 PFC Airport Bonds		2006 PFC Airport Bonds		2008 PFC Airport Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 480,000	\$ 126,713	\$ 505,000	\$ 365,538	\$ 325,000	\$ 266,515
2019	505,000	102,113	530,000	338,015	345,000	247,015
2020	535,000	75,600	560,000	309,130	365,000	224,935
2021	565,000	47,513	590,000	278,610	385,000	201,575
2022	340,000	17,850	625,000	245,865	405,000	176,935
2023-2027	-	-	3,670,000	670,718	2,330,000	455,865
2028-2032	-	-	135,000	7,493	-	-
Total	<u>\$ 2,425,000</u>	<u>\$ 369,789</u>	<u>\$ 6,615,000</u>	<u>\$ 2,215,369</u>	<u>\$ 4,155,000</u>	<u>\$ 1,572,840</u>

**Pledged Revenues**

The PFC Bonds are payable from the revenues pledged under the Indenture consisting primarily of Installment Payments to be made by the City of Palm Springs. The City's obligation to make installment payments is payable solely from Passenger Facilities Charges ("PFC Revenues") imposed by the City under the authority of its Federal Aviation Act and regulation. As of June 30, 2017, principal and interest remaining on the PFC bonds was \$17,352,998. For the current year, principal and interest paid and total PFC revenues were \$4,571,592 and \$4,038,572 respectively.

**Compensated Absences**

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

**Note 6: Claims and Judgments**

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

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

The claims and judgments liability reported in the Internal Service Risk Management Fund is based on the requirements of Governmental Accounting Standards Board Statements No. 10 and 30, which requires that a liability for claims and judgments be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2017, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$9,546,244, of which \$3,190,863 represents the current portion.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

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**Note 6: Claims and Judgments (Continued)**

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

Changes in the claims and judgments payable amounts in fiscal years ended June 30, 2016 and 2017, for the Risk Management Fund are as follows:

Fiscal Year Ending	Beginning of Fiscal Year Liability	Current Year Claims and Change in Estimates	Claims Payments	Balance at Fiscal Year End
2014-2015	\$ 5,053,838	\$ 3,816,003	\$ (2,371,140)	\$ 6,498,701
2015-2016	6,498,701	7,099,494	(3,821,716)	9,776,479
2016-2017	9,776,479	2,959,444	(3,189,679)	9,546,244

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

**a. Agent Multiple-Employer Defined Benefit Plans**

**General Information about the Pension Plans**

***Plan Description, Benefits Provided and Employees Covered***

The City of Palm Springs contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from its executive office: 400 P Street, Sacramento, California 95814.

***Benefits Provided***

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

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2017

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

The Plan's provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous Plan		
	Classic *	Tier 2 *	PEPRA
Hire date	Prior to January 1, 2013	Prior to January 1, 2013	After January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	2.000% - 2.700%, 50 yrs - 55+ yrs, respectively	2.000% - 2.700%, 50 yrs - 55+ yrs, respectively	1.000% - 2.500% 52 yrs - 67+ yrs, Respectively
Required employee contribution rates	8.000%	7.000%	6.750%
Required employer contribution rates	26.958%	26.958%	26.958%

	Safety Plan		
	Classic *	Tier 2 *	PEPRA
Hire date	Prior to January 1, 2013	Prior to January 1, 2013	After January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	3.000%, 50+ yrs	2.400% - 3.000%, 50 yrs - 55+ yrs Respectively	2.000%, 2.700%, 50yrs - 57+ yrs Respectively
Required employee contribution rates	9.000%	9.000%	11.500%
Required employer contribution rates	46.204%	46.204%	46.204%

\* Closed to new entrants.

**Employees Covered**

At June 30, 2017, the following employees were covered by the benefit terms of the Plan:

Description	Number of members	
	Miscellaneous	Safety
Active members	267	127
Transferred members	111	36
Terminated members	169	22
Retired members and beneficiaries	477	263
<b>Total</b>	<b>1,024</b>	<b>448</b>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2017

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

***Contribution Description***

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

For the year ended June 30, 2017, the employer contributions recognized as a reduction to the net pension liability for the Miscellaneous and Safety Plan were \$4,915,444 and \$5,736,274, respectively.

***Net Pension Liability***

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

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

***Change of Assumptions***

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plans administrative expenses.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

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

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	1.0	(0.55)	(1.05)

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

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

***Changes in the Net Pension Liability***

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2013 (Valuation Date) (1)	\$ 200,318,136	\$ 148,586,145	\$ 51,731,991
Changes Recognized for the Measurement Period:			
Service Cost	3,592,689	-	3,592,689
Interest on the Total Pension Liability	14,978,434	-	14,978,434
Differences between Expected and Actual Experience	(994,153)		(994,153)
Plan to Plan Resource Management	-	2,627	(2,627)
Contribution from the Employer	-	4,921,063	(4,921,063)
Contributions from Employees	-	1,523,892	(1,523,892)
Net Investment Income (2)	-	730,670	(730,670)
Benefit Payments including Refunds of Employee Contributions	(10,647,582)	(10,647,582)	-
Administrative Expense	-	(90,556)	90,556
Net Changes During 2014-15	6,929,388	(3,559,886)	10,489,274
Balance at: 6/30/2015 (Measurement Date) (1)	\$ 207,247,524	\$ 145,026,259	\$ 62,221,265

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017

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

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2013 (Valuation Date) (1)	\$ 232,133,223	\$ 162,652,281	\$ 69,480,942
Changes Recognized for the Measurement Period:			
Service Cost	3,694,824	-	3,694,824
Interest on the Total Pension Liability	17,690,881	-	17,690,881
Difference between Expected and Actual Experience	3,936,551	-	3,936,551
Contribution from the Employer	-	5,906,758	(5,906,758)
Contributions from Employees	-	1,335,497	(1,335,497)
Net Investment Income (2)	-	796,599	(796,599)
Benefit Payments including Refunds of Employee Contributions	(13,327,695)	(13,327,695)	-
Administrative Expense		(99,128)	99,128
Net Changes During 2013-14	<u>11,994,561</u>	<u>(5,387,969)</u>	<u>17,382,530</u>
Balance at: 6/30/2014 (Measurement Date) (1)	<u>\$ 244,127,784</u>	<u>\$ 157,264,312</u>	<u>\$ 86,863,472</u>

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

(2) Net of administrative expenses.

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
<b>Miscellaneous Plan:</b>			
Plan's Net Pension Liability/(Assets)	\$ 88,223,112	\$ 62,221,265	\$ 40,609,265
<b>Safety Plan:</b>			
Plan's Net Pension Liability/(Assets)	119,440,988	86,863,472	60,136,294
Total	<u>\$ 207,664,100</u>	<u>\$ 149,084,737</u>	<u>\$ 100,745,559</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2017

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

***Pension Plan Fiduciary Net Position***

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

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

For the Miscellaneous agent multiple-employer plan, as of the start of the measurement period (July 1, 2015), the net pension liability was \$51,731,991. For the measurement period ending June 30, 2016 (the measurement date), the City incurred a pension expense/(income) of \$5,198,133 for the Plan.

As of June 30, 2017, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contributions subsequent to the measurement date	\$ 4,850,087	\$ -
Change in Assumptions	-	(306,663)
Difference between Expected and Actual Experience	15,071	(561,913)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>13,037,887</u>	<u>(5,123,450)</u>
<b>Total</b>	<b><u>\$ 17,903,045</u></b>	<b><u>\$ (5,992,026)</u></b>

The amount of \$4,850,087 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement Period ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2017	\$ 366,984
2018	961,141
2019	3,652,538
2020	<u>2,080,269</u>
Total	<b><u>\$ 7,060,932</u></b>



CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2017

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

For the Safety agent multiple-employer plan, as of the start of the measurement period (July 1, 2015), the net pension liability was \$69,480,942. For the measurement period ending June 30, 2016 (the measurement date), the City incurred a pension expense/(income) of \$8,960,479 for the Plan.

As of June 30, 2017, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contributions subsequent to the measurement date	\$ 7,112,083	\$ -
Difference between Expected and Actual Experience	-	(1,891,791)
Change in Assumptions	2,967,769	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	14,377,093	(5,732,540)
<b>Total</b>	<b><u>\$ 24,456,945</u></b>	<b><u>\$ (7,624,331)</u></b>

The amount of \$7,112,083 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Measurement Period ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2017	\$ 1,173,496
2018	1,490,550
2019	4,777,431
2020	2,279,054
Total	<b><u>\$ 9,720,531</u></b>

**Note 8: Other Post-Retirement Health Care Benefits**

***Plan Description***

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

***Eligibility***

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of 354 eligible active employees and 209 enrolled eligible retirees at June 30, 2017. These amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2017

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

***Funding Policy***

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The actual contribution is based on projected pay-as-you-go financing requirements.

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

As of June 30, 2017, the most recent actuarial valuation date, the City did not use the trust fund to administer the financing and payment of benefits for its OPEB. Instead the City paid \$3,280,004 in benefits on a pay-as-you-go basis during the fiscal year. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	<u>June 30, 2017</u>
Annual required contribution	\$ 9,878,510
Interest on net OPEB obligation	1,191,258
Adjustment to annual required contributions	<u>(1,807,847)</u>
Annual OPEB cost (expense)	9,261,921
Contributions made & Implicit Subsidy	<u>(3,280,004)</u>
Increase in net OPEB obligation	5,981,917
Net OPEB Obligation, Beginning of Year	<u>38,059,369</u>
Net OPEB Obligation, End of Year	<u>\$ 44,041,286</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2017, were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2015	\$ 7,073,763	39.9%	33,696,420
6/30/2016	6,120,311	28.7%	38,059,369
6/30/2017	9,261,921	35.4%	44,041,286

***Funding Status and Progress***

As of June 30, 2017, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$141,642,158, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$141,642,158 million and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 0 percent. The annual covered payroll was \$34,929,760 and UAAL as a % of covered payroll was 405.5%.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2017

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

**Schedule of Funding Progress**

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (a)	Actuarial Asset Value (b)	Unfunded AAL (UAAL) [(a) - (b)]	Funded Ratio [(a)/(b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll [((b)-(a))/(c)]
6/30/2013	\$ 106,506,259	\$ -	\$ 106,506,259	0.0%	\$ 34,035,753	312.9%
6/30/2015	107,153,093	-	107,153,093	0.0%	30,169,887	355.2%
6/30/2017	141,642,158	-	141,642,158	0.0%	34,929,760	405.5%

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The OPEB liabilities at June 30, 2017 were determined using the following actuarial assumptions:

Valuation Date:	June 30, 2017
Funding Method:	Entry Age Normal Cost, level percent of pay <sup>6</sup>
Asset Valuation Method:	Market value of assets (\$0; no OPEB trust has been established)
Discount Rate:	3.13% for pay-as-you-go; 6.5% illustrated for prefunding
Participants Valued:	Only current active employees eligible for coverage in retirement and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase:	3.25% per year, used only to allocate the cost of benefits between service years
Assumed Wage Inflation:	3.0% per year; used to determine amortization payments if developed on a level percent of pay basis
General Inflation Rate:	2.75% per year

The UAAL is being amortized as a level percentage of projected payroll over 30 years, on a closed amortization period. The remaining amortization period at June 30, 2017, is 22 years.

## CITY OF PALM SPRINGS

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2017

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#### Note 9: Leasehold Interest

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

On September 28, 1989, the City of Palm Springs entered into an agreement with SENCA to assume SENCA's lease. The agreement provided for, among other things, the assignment by SENCA to the City of all of SENCA's right, title and interest in and to the Master Lease and the three subleases in exchange for \$3,000,000. In addition, the City subleased to SENCA the remainder of the Master Lease Property (the "New Sublease Property"). The swap saved the City hundreds of thousands of dollars per year in lease payments and allowed SENCA to not have to make any lease payments on the undeveloped portion of land until it developed. The City assumed the responsibility of collecting the rent of the three remaining subleases: Wyndham Hotel, Convention Center and Voss Properties. However, SENCA's interest in that sublease was eventually sold to Tom and Jacqueline Suitt. Until the site is developed, the rent was \$1 per year, with a percentage lease calculated in the original 1989 lease amendment applied once the property developed. It was anticipated in the original (1984) and amended (1989) leases that the allottees would be entitled to rental income from the property once developed. Voss Properties eventually went into foreclosure, and the sublease was turned into a direct lease with the Bureau of Indian Affairs. The basic rent of \$470,450 for the Renaissance Palm Springs Hotel, formerly the Wyndham Hotel has been adjusted by increases in the Consumer Price Index to \$981,077.

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

Subsequently, the City pays the lessor in accordance with the Master Lease. Basic rent is adjusted every five years using the "Base Index" (Price Index of December, 1984) issued by the Bureau of Labor Statistics of the United States Department of Labor. The current annual rent is \$1,489,200. In April 2004, the City and the Indian allottees approved a Settlement Agreement and new lease amendment that changed how the overall lease was calculated. These actions were intended to settle potential litigation brought by the allottees against the City for an alleged underpayment of rent as it related to the calculation of the percentage rent. The 2004 amendment reduced or eliminated most or all of the rent percentages in favor of a higher Guaranteed Annual Rent (GAR) of \$1,200,000 in 2004, and traded a substantial immediate increase in the GAR in return for receiving no additional rent from the Suitt parcel when it developed.

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

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

**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

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**Note 9: Leasehold Interest (Continued)**

The City and PS Venture Caballeros/Amado, LLC (a partnership including Enterprise) entered into an Amended and Restated Sublease, dated February 9, 2006, where the City as the Master Lessee and sublandord subleased to PS Venture the Suitt portion of the Master Lease Property, specifically a 9.62-acre parcel of land ("Sublease Land") located at the southeast corner of Avenida Caballeros and Amado Road. Enterprise proposed to construct 234 mid-rise condominiums and town homes on the site and spent over \$7,600,000 on acquisition of the lease and entitlement over the previous two years.

At its June 27, 2007, meeting, the Former Community Redevelopment Agency of the City of Palm Springs approved acquiring the sublease of a 9.62 acre parcel for future development of public and/or private facilities and paid \$7,804,000 for the parcel, which was the fair market value of the land. The transaction was finalized prior to the deadline of October 4, 2007, using 2007 Tax Allocation bonds. The Successor Agency now leases the parcel from the City of Palm Springs.

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

**Note 10: Construction Commitments**

The City has active construction projects as of June 30, 2017. The projects include streets and drainage, facilities and equipment, traffic signal projects, landscapes and bridges. At fiscal year end, the City's encumbrances with contractors were as follows:

	Spent-to-date	Remaining Commitment
Airport	\$ 4,956,745	\$ 860,203
Bridges	3,596,821	688,333
Chamber	17,183	3,689
Chevron Op Terra	2,150,585	268,271
City Facility Improvements	726,862	931,412
Downtown	1,896,976	2,500,342
Fire	485,698	163,620
Police	955,573	118,003
Street/Drains	22,993,546	3,815,146
Tahquitz Creek Plan	323,950	34,214
Wastewater	12,089,451	6,157,207
	<u>\$ 50,193,390</u>	<u>\$ 15,540,440</u>

**CITY OF PALM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

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**Note 11: Net Position Restatement**

Beginning net position was restated as follows:

Funds	Amounts
Airport	
To capitalize capital assets acquired in prior year.	\$ 148,763
Total Business-Type Activities	\$ 148,763
Facilities Maintenance Fund	
To capitalize capital assets acquired in prior year.	\$ 23,087
Employee Benefits Plan	
To proper account for the accreted interest on the pension capital appreciation bonds	(1,202,236)
Total Governmental Activities	\$ (1,179,149)

**Note 12: Successor Agency Trust for Assets of Former Redevelopment Agency**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Palm Springs that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 4, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 23071.

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

Successor agencies are only allocating revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

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

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017

**Note 12: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

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

**a. Cash and Investments**

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

Cash and investments pooled with the City	\$ 3,178,904
Cash and investments with fiscal agent	<u>492,958</u>
	<u><u>\$ 3,671,862</u></u>

**b. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 2,585,890	\$ -	\$ (2,585,890)	\$ -
Total capital assets, not being depreciated	<u>2,585,890</u>	<u>-</u>	<u>(2,585,890)</u>	<u>-</u>
Total Capital Assets, Net	<u><u>\$ 2,585,890</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,585,890)</u></u>	<u><u>\$ -</u></u>

**c. Long-Term Debt**

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2017, follows:

<u>Fiduciary Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Advances from the City of Palm Springs	\$ 5,764,284	\$ -	\$ 1,784,999	\$ 3,979,285	\$ -
2007 Tax Allocation Bonds, Series A, B, C	20,365,000	-	160,000	20,205,000	580,000
2014 Tax Allocation Refunding Bonds	14,765,000	-	940,000	13,825,000	985,000
Unamortized Bond Premium	<u>1,876,336</u>	<u>-</u>	<u>98,750</u>	<u>1,777,586</u>	<u>-</u>
Total	<u><u>\$ 42,770,620</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,983,749</u></u>	<u><u>\$ 39,786,871</u></u>	<u><u>\$ 1,565,000</u></u>

**Advances from the City of Palm Springs**

The Successor Agency has an advance from the City of Palm Springs Housing Fund in the amount of \$3,979,285 as of June 30, 2017.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017

**Note 12: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

**2007 Tax Allocation Bonds Series A, B, C**

On September 7, 2007, the Former Community Redevelopment Agency issued \$12,770,000 TAB Series A, \$1,910,000 TAB Series B, and \$6,495,000 Series C. The Bonds were issued to finance redevelopment activities of the Agency within, or of benefit to, the Agency's Merged Project Area No. 1, capitalize interest in the Series A Bonds, satisfy a portion of the reserve requirement for the Bonds, and provide for the costs of issuing the Bonds.

The Series A Bonds consist of \$2,715,000 of serial bonds and \$10,055,000 of term bonds. The serial bonds accrue interest at rates between 4.00% and 4.50% and mature between September 1, 2017 and September 1, 2025 in amounts ranging from \$150,000 to \$615,000. The first portion of the term bonds with principal of \$5,000,000 accrues interest at a rate of 5.00% and matures on September 1, 2030. The second portion of the term bonds with principal of \$5,055,000 accrues interest at a rate of 5.00% and matures on September 1, 2034.

The Series B Bonds consist of \$1,910,000 in term bonds. The first portion of the term bonds with principal of \$1,910,000 accrues interest at a rate of 6.141% and matures on September 1, 2034.

The Series C Bonds consist of \$6,495,000 in term bonds. The term bonds with principal of \$1,140,000 accrues interest at a rate of 5.59% and matures on September 1, 2017. The second portion of the term bonds with principal of \$5,355,000 accrues interest at a rate of 6.411% and matures on September 1, 2034.

The Series A, B and C Bonds shall also be subject to redemption, in part by lot, on September 1 in each year, from Sinking Account payments made by the Agency pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased pursuant to the Indenture.

The balance outstanding as of June 30, 2017, is \$20,205,000. Future requirements to amortize are as follows:

June 30	Series A		Series B		Series C	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 350,000	\$ 612,225	\$ 60,000	\$ 115,451	\$ 170,000	\$ 348,061
2019	340,000	598,213	65,000	111,613	185,000	337,379
2020	345,000	584,084	70,000	107,468	195,000	325,198
2021	345,000	569,638	75,000	103,015	210,000	312,216
2022	215,000	557,603	80,000	98,256	220,000	298,432
2023-2027	2,020,000	2,598,900	460,000	412,368	1,330,000	1,253,992
2028-2032	5,270,000	1,657,000	620,000	247,175	1,820,000	753,293
2033-2035	3,885,000	297,375	480,000	45,443	1,395,000	137,356
Total	\$ 12,770,000	\$ 7,475,038	\$ 1,910,000	\$ 1,240,789	\$ 5,525,000	\$ 3,765,927



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2017

**Note 12: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

**2014 Subordinate Tax Allocation Refunding Bonds**

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

The total bond balance outstanding at June 30, 2017, is \$13,825,000 including \$1,777,586 of unamortized premium.

Fiscal Year June 30	Principal	Interest
2018	\$ 985,000	\$ 621,100
2019	1,010,000	576,150
2020	1,070,000	524,150
2021	1,120,000	480,600
2022	1,155,000	434,925
2023 - 2027	3,270,000	1,629,450
2028 - 2032	3,015,000	941,625
2033 - 2035	2,200,000	169,000
Totals	<u>\$ 13,825,000</u>	<u>\$ 5,377,000</u>

**Pledged Revenues**

The City has pledged a portion, as security for bonds issued, either directly or through the Palm Springs Financing Authority, a portion of future tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects and accomplish Low and Moderate Income Housing projects. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the various bonds is \$51,888,754, payable through September 2034. For the current year, principal and interest paid and total property tax revenues were \$2,853,402 and \$4,480,297, respectively.

**d. Insurance**

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

**Note 12: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

**e. Commitments and Contingencies**

Developer Agreement

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

In May 2003, the Disposition and Development Agreement with VIP Motor Cars was amended. The amendment recalculates the financial assistance formula for the renovation and expansion of the auto dealership and extends the term of the agreement for twelve years for property improvements. The developer is required to make improvements to the site at the cost of \$1,700,000. The agreement is for a period of twelve years or until the \$1,700,000 is rebated, whichever is sooner.

No liability has been reflected in the accompanying financial statements at June 30, 2017, for this agreement.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2017

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**Note 13: Hotel Incentive Program Payment Obligations**

The City has a Hotel Incentive Program allowing hotel owners to refurbish older properties or build new hotels utilizing some of their paid Transient Occupancy Taxes (TOT) which are refunded for these agreed upon expenditures. During the year ended June 30, 2017, TOT revenues were refunded by \$1,845,000 under these agreements with the following hotels:

<b>Hotel Incentive Payment Obligations:</b>	<b>Incentive Amount</b>	<b>End of Agreement</b>
Colony Palms	\$ 175,479	February 28, 2021
Skylark	11,794	February 28, 2024
Hyatt	126,898	April 30, 2022
Saguaro	249,973	April 30, 2022
Hilton	200,963	April 30, 2023
Riviera	275,225	May 31, 2022
Hard Rock	152,086	September 30, 2023
Sparrows	80,732	September 30, 2023
Triada	152,738	October 31, 2019
Barefoot Inn	8,895	December 31, 2022
Palm Springs Hotel	45,326	October 31, 2025
Arrive Hotel	89,688	February 28, 2026
Colt's Lodge	11,761	June 30, 2026
Palm Mountain	82,546	September 30, 2025
Alcazar	38,931	December 31, 2025
<b>Total</b>	<b><u>\$ 1,703,035</u></b>	

CITY OF PALM SPRINGS

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

MEASUREMENT PERIOD (1)	2014	2015	2016
<b>TOTAL PENSION LIABILITY</b>			
Service Cost	\$ 3,620,370	\$ 3,638,462	\$ 3,592,689
Interest	13,835,783	14,462,203	14,978,434
Difference Between expected and Actual Experience	-	165,779	-
Changes in Assumptions	-	(3,373,293)	(994,153)
Benefit Payments, Including Refunds of employee Contributions	(9,349,367)	(10,023,409)	(10,647,582)
<b>Net Change in Total Pension Liability</b>	<b>8,106,786</b>	<b>4,869,742</b>	<b>6,929,388</b>
<b>Total Pension Liability - Beginning</b>	<b>187,341,608</b>	<b>195,448,394</b>	<b>200,318,136</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 195,448,394</b>	<b>\$ 200,318,136</b>	<b>\$ 207,247,524</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contribution - Employer	\$ 3,834,378	\$ 4,332,593	\$ 4,921,063
Contribution - Employee	1,523,877	1,635,767	1,523,892
Plan to Plan Resource Movement	-	123	2,627
Net Investment Income	22,411,505	3,336,784	730,670
Benefit Payments, Including Refunds of Employee Contributions	(9,349,367)	(10,023,409)	(10,647,582)
Administrative Expense	-	(167,261)	(90,556)
<b>Net Change in Fiduciary Net Position</b>	<b>18,420,393</b>	<b>(885,403)</b>	<b>(3,559,886)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>131,051,155</b>	<b>149,471,548</b>	<b>148,586,145</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 149,471,548</b>	<b>\$ 148,586,145</b>	<b>\$ 145,026,259</b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$ 45,976,846</b>	<b>\$ 51,731,991</b>	<b>\$ 62,221,265</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>76.48%</b>	<b>74.18%</b>	<b>69.98%</b>
<b>Covered-Employee Payroll</b>	<b>\$ 17,841,364</b>	<b>\$ 18,686,572</b>	<b>\$ 19,306,195</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	<b>257.70%</b>	<b>276.84%</b>	<b>322.29%</b>

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

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2016, there were no changes. In 2015, amounts reported reneet an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (Without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

**CITY OF PALM SPRINGS**

**MISCELLANEOUS PLAN - AGENT MULTIPLE-EMPLOYER PLAN  
SCHEDULE OF PLAN CONTRIBUTIONS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 4,343,728	\$ 4,915,444	\$ 4,850,087
Contribution in Relation to the Actuarially Determined Contribution	(4,343,728)	(4,915,444)	(4,850,087)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll (3) (4)	\$ 18,686,572	\$ 19,306,195	\$ 19,925,818
Contributions as a Percentage of Covered-Employee Payroll (3)	23.25%	25.46%	24.34%

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

**Note to Schedule:**

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal cost method
Amortization method/period	Level percentage of
Assets valuation method	Market Value
Inflation	2.75%
Salary Increases	3.30% to 14.20%
Payroll Growth	3.00%
Investment rate of return	7.65% net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF PALM SPRINGS

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

MEASUREMENT PERIOD (1)	2014	2015	2016
<b>TOTAL PENSION LIABILITY</b>			
Service Cost	\$ 3,785,830	\$ 3,579,202	\$ 3,694,824
Interest	16,202,972	16,817,588	17,690,881
Difference Between expected and Actual Experience	-	207,093	3,936,551
Changes in Assumptions	-	(4,117,429)	-
Benefit Payments, Including Refunds of employee Contributions	(11,730,688)	(12,623,417)	(13,327,695)
<b>Net Change in Total Pension Liability</b>	<b>8,258,114</b>	<b>3,863,037</b>	<b>11,994,561</b>
<b>Total Pension Liability - Beginning</b>	<b>220,012,072</b>	<b>228,270,186</b>	<b>232,133,223</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 228,270,186</b>	<b>\$ 232,133,223</b>	<b>\$ 244,127,784</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contribution - Employer	\$ 4,602,200	\$ 5,272,145	\$ 5,906,758
Contribution - Employee	1,392,329	1,348,094	1,335,497
Net Investment Income (2)	25,042,700	3,617,828	796,599
Benefit Payments, Including Refunds of Employee Contributions	(11,730,688)	(12,623,417)	(13,327,695)
Administrative Expense	-	(183,062)	(99,128)
<b>Net Change in Fiduciary Net Position</b>	<b>19,306,541</b>	<b>(2,568,412)</b>	<b>(5,387,969)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>145,914,152</b>	<b>165,220,693</b>	<b>162,652,281</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 165,220,693</b>	<b>\$ 162,652,281</b>	<b>\$ 157,264,312</b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$ 63,049,493</b>	<b>\$ 69,480,942</b>	<b>\$ 86,863,472</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>72.38%</b>	<b>70.07%</b>	<b>64.42%</b>
<b>Covered-Employee Payroll</b>	<b>\$ 13,414,624</b>	<b>\$ 13,643,575</b>	<b>\$ 13,664,290</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	<b>470.01%</b>	<b>509.26%</b>	<b>635.70%</b>

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

(2) 2015 balance is net of administrative expenses.

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (Without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

**CITY OF PALM SPRINGS**

**SAFETY PLAN - AGENT MULTIPLE-EMPLOYER PLAN  
SCHEDULE OF PLAN CONTRIBUTIONS -  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 5,270,514	\$ 5,736,274	\$ 7,112,083
Contribution in Relation to the Actuarially Determined Contribution	<u>(5,270,514)</u>	<u>(5,736,274)</u>	<u>(7,112,083)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll (3) (4)	\$ 13,037,562	\$ 13,664,290	\$ 14,291,018
Contributions as a Percentage of Covered-Employee Payroll (3)	40.43%	41.98%	49.77%

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

**Note to Schedule:**

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal cost method
Amortization method/period	Level percentage of
Remaining amortization period	25 Years as of Valuation Date
Assets valuation method	Market Value
Inflation	2.75%
Salary Increases	3.30% to 14.20%
Payroll Growth	3.00%
Investment rate of return	7.65% net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 29,450,101	\$29,450,101	\$ 29,450,101	\$ -
<b>Resources (Inflows)</b>				
Taxes	87,289,786	89,126,686	94,269,489	5,142,803
Licenses and permits	3,625,000	3,643,063	4,571,032	927,969
Intergovernmental	4,496,000	4,496,000	4,764,368	268,368
Charges for services	5,815,156	6,048,963	6,320,402	271,439
Use of money and property	317,500	317,500	367,506	50,006
Contributions	-	70,370	70,370	-
Miscellaneous	204,483	2,196,162	262,181	(1,933,981)
Transfers in	887,500	887,500	887,500	-
<b>Amounts Available for Appropriations</b>	<b>132,085,526</b>	<b>136,236,345</b>	<b>140,962,949</b>	<b>4,726,604</b>
<b>Charges to Appropriation (Outflow)</b>				
General government	16,248,363	23,409,087	16,395,440	7,013,647
Public safety	41,133,721	41,945,613	39,744,400	2,201,213
Cultural and convention center	2,901,150	2,974,985	2,551,164	423,821
Parks and recreation	7,601,692	9,005,753	7,539,938	1,465,815
Public works	11,545,166	12,333,593	10,897,155	1,436,438
Library	2,779,222	2,914,704	2,626,562	288,142
Debt service:				
Principal retirement	1,970,000	1,970,000	1,970,000	-
Interest and fiscal charges	2,715,220	2,715,220	2,715,218	2
Transfers out	20,146,590	25,632,719	23,952,311	1,680,408
<b>Total Charges to Appropriations</b>	<b>107,041,124</b>	<b>122,901,674</b>	<b>108,392,188</b>	<b>14,509,486</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 25,044,402</b>	<b>\$13,334,671</b>	<b>\$ 32,570,761</b>	<b>\$ 19,236,090</b>



CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
HOUSING  
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$10,829,789	\$ 10,829,789	\$10,829,789	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	7,500	7,500	(3,528)	(11,028)
<b>Amounts Available for Appropriations</b>	<b>10,837,289</b>	<b>10,837,289</b>	<b>10,826,261</b>	<b>(11,028)</b>
<b>Charges to Appropriations (Outflow):</b>				
General government				
Housing	235,817	235,817	216,062	19,755
<b>Total Charges to Appropriations</b>	<b>235,817</b>	<b>235,817</b>	<b>216,062</b>	<b>19,755</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$10,601,472</b>	<b>\$ 10,601,472</b>	<b>\$10,610,199</b>	<b>\$ 8,727</b>

**Note 1: Budgets and Budgetary Accounting**

**a. Budgetary Control and Accounting**

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

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

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

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

The Business Improvement District Fund and the Energy Efficient Loan Fund had no adopted budget for fiscal year 2016-17.

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## **DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for specific revenues that are legally restricted or committed to expenditure for particular purposes.

The City of Palm Springs has the following Nonmajor Special Revenue Funds:

Forfeiture Fund – To account for revenues and costs related to special narcotics investigations and seizure of assets as a result of these investigations.

Safety Augmentation Fund – To account for revenues and costs related to Proposition 172, which authorized a special ½ % sales tax to be used for safety purposes only.

Special Development Fund – To account for revenues and costs related to special building fees assessed on tracts in Specific Plan I in the South Palm Canyon areas.

CSA 152 Fund – To account for revenues and costs related to the implementation of the National Pollutant Discharge Elimination System. This program is designed to reduce pollutants entering the various storm channels and washes throughout the community.

Recycling AB 929 Fund – To account for revenues and costs related to the operations of the City's recycling activities.

Villagefest Fund – To account for revenues and costs related to the Palm Springs Villagefest.

Neighborhood Involvements – To account for revenues and costs related to specific neighborhood improvement groups.

Parking Fund – To account for revenues and costs related to the parking lot facilities located within the City.

Gas Tax Fund – To account for revenues received from the State of California and other sources to be used for street maintenance and improvements only.

Measure A Improvements Fund - To account for revenue received from the State of California from a special ½ % sales tax to be used for street maintenance and improvements only.

Drainage Construction Fund – To account for revenue received from fees assessed on new construction for purposes of building and maintaining a drainage and flood control system within the City.

Community Development Block Grant Fund – To account for revenue and costs related to the activities approved and funded by the Block Grant Program.

Master Lease Fund – To account for revenue and expenditures related to the Master Lease held by the City on land adjacent to the Convention Center.

Air Quality Management Fund – To account for revenue received from the County for enacting air quality improvement policies.

## **DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

### **SPECIAL REVENUE FUNDS**

Public Arts Fund – To account for revenue and expenditures related to fees collected on new construction for the purpose of procuring art objects for public health.

Library Fund – To account for revenues received for various purposes related to the library activities.

Quimby Act Fees Fund – To account for revenues and costs related to the Quimby Act Park Fees which are intended to pay for future parks and recreational activities.

Special Projects Fund – To account for revenue and expenditures of deposits received from developers on a project specific basis.

CFD Public Safety #1 Fund – To account for revenues and related costs pertaining to special taxes levied in a community facilities district within the City.

Business Improvement District Fund – The Business District was established as a “special benefit assessment district” which allows the City to assess business within a defined geographic area for specific purpose. The BID Program, originally initiated by the downtown and uptown business association & Main Street Palm Springs, to improve the quality of life and economic vitality of the area.

Energy Efficiency Loan Fund – To account for revenues and costs of the Energy Efficient Loan Program.

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

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

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

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

Small Hotel TBID Fund – To account for the self-imposed 1% assessment on taxable rent for all hotels and motels of a size of 49 rooms and fewer, where the funds are transferred monthly to a Small Hotels Tourism organization for the specific purpose of promoting tourism of said hotels.

### **CAPITAL PROJECTS FUNDS**

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

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

### **DEBT SERVICE FUNDS**

Debt Service Funds are used to accumulate resources for the payment of principal and interest on long-term debt for the City.

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

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Special Revenue Funds			
	Forfeiture	Safety Augmentation	Special Development	CSA 152
<b>Assets</b>				
Pooled cash and investments	\$ 302,807	\$ 670,585	\$ 1,927,311	\$ -
Receivables:				
Accounts	-	5,090	-	-
Notes and loans	-	-	-	-
Accrued interest	512	957	3,115	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
<b>Total Assets</b>	<b>\$ 303,319</b>	<b>\$ 676,632</b>	<b>\$ 1,930,426</b>	<b>\$ -</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 88,938
Accrued liabilities	-	16,620	-	1,855
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	384,191
<b>Total Liabilities</b>	<b>-</b>	<b>16,620</b>	<b>-</b>	<b>474,984</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	7,814	5,090	-	-
<b>Total Deferred Inflows of Resources</b>	<b>7,814</b>	<b>5,090</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
<b>Restricted for:</b>				
Public safety grants and programs	295,505	654,922	-	-
Parks and recreation activities	-	-	-	-
Public works projects	-	-	1,930,426	-
Villagefest	-	-	-	-
Debt service	-	-	-	-
Leases	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(474,984)</b>
<b>Total Fund Balances</b>	<b>295,505</b>	<b>654,922</b>	<b>1,930,426</b>	<b>(474,984)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 303,319</b>	<b>\$ 676,632</b>	<b>\$ 1,930,426</b>	<b>\$ -</b>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Recycling AB 929	Villagefest	Neighborhood Involvements	Parking
<b>Assets</b>				
Pooled cash and investments	\$ 885,210	\$ 100,700	\$ 5,953	\$ 449,552
Receivables:				
Accounts	33,900	1,230	-	77
Notes and loans	-	-	-	-
Accrued interest	1,449	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
<b>Total Assets</b>	<b>\$ 920,559</b>	<b>\$ 101,930</b>	<b>\$ 5,953</b>	<b>\$ 449,629</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 6,812	\$ 4,795	\$ -	\$ 20,876
Accrued liabilities	687	12,587	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>7,499</b>	<b>17,382</b>	<b>-</b>	<b>20,876</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
<b>Restricted for:</b>				
Public safety grants and programs	-	-	-	-
Parks and recreation activities	-	-	-	-
Public works projects	913,060	-	5,953	428,753
Villagefest	-	84,548	-	-
Debt service	-	-	-	-
Leases	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>913,060</b>	<b>84,548</b>	<b>5,953</b>	<b>428,753</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 920,559</b>	<b>\$ 101,930</b>	<b>\$ 5,953</b>	<b>\$ 449,629</b>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Special Revenue Funds			
	Gas Tax	Measure A Improvements	Drainage Construction	Community Development Block Grant
<b>Assets</b>				
Pooled cash and investments	\$ 685,206	\$ 6,271,240	\$ 1,451,681	\$ -
Receivables:				
Accounts	-	407,600	-	77,914
Notes and loans	-	-	-	-
Accrued interest	994	10,884	2,336	-
Restricted assets:				
Cash and investments	-	1,114,250	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
<b>Total Assets</b>	<b>\$ 686,200</b>	<b>\$ 7,803,974</b>	<b>\$ 1,454,017</b>	<b>\$ 77,914</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 63,045	\$ 340,707	\$ -	\$ 55,169
Accrued liabilities	3,358	540	64	745
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	21,513
<b>Total Liabilities</b>	<b>66,403</b>	<b>341,247</b>	<b>64</b>	<b>77,427</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	-	93,660	-	487
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>93,660</b>	<b>-</b>	<b>487</b>
<b>Fund Balances</b>				
<b>Restricted for:</b>				
Public safety grants and programs	-	-	-	-
Parks and recreation activities	-	-	-	-
Public works projects	619,797	7,369,067	1,453,953	-
Villagefest	-	-	-	-
Debt service	-	-	-	-
Leases	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	-
<b>Unassigned</b>				
<b>Total Fund Balances</b>	<b>619,797</b>	<b>7,369,067</b>	<b>1,453,953</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 686,200</b>	<b>\$ 7,803,974</b>	<b>\$ 1,454,017</b>	<b>\$ 77,914</b>



CITY OF PALM SPRINGS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Master Lease	Air Quality Management	Public Arts	Library
<b>Assets</b>				
Pooled cash and investments	\$ 161,086	\$ 104,648	\$ 488,955	\$ 2,028,256
Receivables:				
Accounts	-	15,144	-	109
Notes and loans	-	-	-	100,000
Accrued interest	-	176	756	2,976
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
<b>Total Assets</b>	<b>\$ 161,086</b>	<b>\$ 119,968</b>	<b>\$ 489,711</b>	<b>\$ 2,131,341</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 11,358	\$ 1,651	\$ 4,628
Accrued liabilities	-	-	1,866	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>11,358</b>	<b>3,517</b>	<b>4,628</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
<b>Restricted for:</b>				
Public safety grants and programs	-	-	-	-
Parks and recreation activities	-	-	-	-
Public works projects	-	108,610	486,194	-
Villagefest	-	-	-	-
Debt service	-	-	-	-
Leases	161,086	-	-	-
Library	-	-	-	2,126,713
Special projects	-	-	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>161,086</b>	<b>108,610</b>	<b>486,194</b>	<b>2,126,713</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 161,086</b>	<b>\$ 119,968</b>	<b>\$ 489,711</b>	<b>\$ 2,131,341</b>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Special Revenue Funds			
	Quimby Act Fees	Special Projects	CFD Public Safety #1	Business Improvement District
<b>Assets</b>				
Pooled cash and investments	\$ 3,155,768	\$ 2,361,401	\$ 501,032	\$ 2,059
Receivables:				
Accounts	-	80,025	17,364	-
Notes and loans	-	-	-	-
Accrued interest	4,979	-	732	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,160,747</b>	<b>\$ 2,441,426</b>	<b>\$ 519,128</b>	<b>\$ 2,059</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 19,000	\$ 4,911	\$ -	\$ -
Accrued liabilities	-	-	6,958	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>19,000</b>	<b>4,911</b>	<b>6,958</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	-	53,450	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>53,450</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
<b>Restricted for:</b>				
Public safety grants and programs	-	-	512,170	-
Parks and recreation activities	3,141,747	-	-	-
Public works projects	-	-	-	2,059
Villagefest	-	-	-	-
Debt service	-	-	-	-
Leases	-	-	-	-
Library	-	-	-	-
Special projects	-	2,383,065	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	-
<b>Unassigned</b>				
<b>Total Fund Balances</b>	<b>3,141,747</b>	<b>2,383,065</b>	<b>512,170</b>	<b>2,059</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,160,747</b>	<b>\$ 2,441,426</b>	<b>\$ 519,128</b>	<b>\$ 2,059</b>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Energy Efficiency Loan	Park Maintenance District	Emergency Response	Sustainability
<b>Assets</b>				
Pooled cash and investments	\$ 500,000	\$ 567,751	\$ 775,511	\$ 267,608
Receivables:				
Accounts	-	10,030	76,926	103,150
Notes and loans	-	-	-	-
Accrued interest	-	-	1,183	1,240
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	912,097
<b>Total Assets</b>	<b>\$ 500,000</b>	<b>\$ 577,781</b>	<b>\$ 853,620</b>	<b>\$ 1,284,095</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 29,707	\$ 5,123	\$ 6,258
Accrued liabilities	-	233	-	687
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>29,940</b>	<b>5,123</b>	<b>6,945</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	-	3,534	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>3,534</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
<b>Restricted for:</b>				
Public safety grants and programs	-	-	848,497	-
Parks and recreation activities	-	-	-	-
Public works projects	500,000	544,307	-	1,277,150
Villagefest	-	-	-	-
Debt service	-	-	-	-
Leases	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>500,000</b>	<b>544,307</b>	<b>848,497</b>	<b>1,277,150</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 500,000</b>	<b>\$ 577,781</b>	<b>\$ 853,620</b>	<b>\$ 1,284,095</b>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Special Revenue Funds		Capital Projects Funds	Debt Service Funds
	Special Grants	Small Hotel TBID	Parking Projects	General Debt Service
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ 28,656	\$ 494,959	\$ 129,923
Receivables:				
Accounts	38,342	24,671	-	-
Notes and loans	-	-	-	-
Accrued interest	-	85	810	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	3,216,432
Advance to Successor Agency	-	-	-	-
<b>Total Assets</b>	<b>\$ 38,342</b>	<b>\$ 53,412</b>	<b>\$ 495,769</b>	<b>\$ 3,346,355</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 700	\$ 53,113	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	102	-	-
Due to other funds	38,757	-	-	-
<b>Total Liabilities</b>	<b>39,457</b>	<b>53,215</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
<b>Restricted for:</b>				
Public safety grants and programs	-	-	-	-
Parks and recreation activities	-	-	-	-
Public works projects	-	-	-	-
Villagefest	-	-	-	-
Debt service	-	-	-	3,346,355
Leases	-	-	-	-
Library	-	-	-	-
Special projects	-	197	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	495,769	-
<b>Unassigned</b>	<b>(1,115)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>(1,115)</b>	<b>197</b>	<b>495,769</b>	<b>3,346,355</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 38,342</b>	<b>\$ 53,412</b>	<b>\$ 495,769</b>	<b>\$ 3,346,355</b>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

	<b>Total Other Governmental Funds</b>
<b>Assets</b>	
Pooled cash and investments	\$ 24,317,858
Receivables:	
Accounts	891,572
Notes and loans	100,000
Accrued interest	33,184
Restricted assets:	
Cash and investments	1,114,250
Cash and investments with fiscal agents	3,216,432
Advance to Successor Agency	912,097
	<u>912,097</u>
<b>Total Assets</b>	<b>\$ 30,585,393</b>
	<u><u>30,585,393</u></u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	
<b>Liabilities</b>	
Accounts payable	\$ 716,791
Accrued liabilities	46,200
Unearned revenues	102
Due to other funds	444,461
	<u>444,461</u>
<b>Total Liabilities</b>	<b>1,207,554</b>
	<u>1,207,554</u>
<b>Deferred Inflows of Resources</b>	
Unavailable revenues	164,035
	<u>164,035</u>
<b>Total Deferred Inflows of Resources</b>	<b>164,035</b>
	<u>164,035</u>
<b>Fund Balances</b>	
<b>Restricted for:</b>	
Public safety grants and programs	2,311,094
Parks and recreation activities	3,141,747
Public works projects	15,639,329
Villagefest	84,548
Debt service	3,346,355
Leases	161,086
Library	2,126,713
Special projects	2,383,262
<b>Assigned to:</b>	
Capital Projects	495,769
<b>Unassigned</b>	(476,099)
	<u>(476,099)</u>
<b>Total Fund Balances</b>	<b>29,213,804</b>
	<u>29,213,804</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 30,585,393</b>
	<u><u>30,585,393</u></u>

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017

	<u>Special Revenue Funds</u>			
	<u>Forfeiture</u>	<u>Safety Augmentation</u>	<u>Special Development</u>	<u>CSA 152</u>
<b>Revenues:</b>				
Taxes	\$ -	\$ 958,838	\$ -	\$ -
Assessments	-	-	-	193,897
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	41,463	92,873	-
Use of money and property	2,369	4,632	5,352	-
Fines and forfeitures	106,398	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>108,767</b>	<b>1,004,933</b>	<b>98,225</b>	<b>193,897</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	112,709	1,053,585	-	-
Culture and convention center	-	-	-	-
Parks and recreation	-	-	-	651,661
Public works	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>112,709</b>	<b>1,053,585</b>	<b>-</b>	<b>651,661</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,942)	(48,652)	98,225	(457,764)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(3,942)	(48,652)	98,225	(457,764)
Fund Balances, Beginning of Year	299,447	703,574	1,832,201	(17,220)
<b>Fund Balances, End of Year</b>	<b>\$ 295,505</b>	<b>\$ 654,922</b>	<b>\$ 1,930,426</b>	<b>\$ (474,984)</b>

## CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Recycling AB 929	Villagefest	Neighborhood Involvements	Parking
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	479,077	-	-
Intergovernmental	12,078	-	-	-
Charges for services	123,560	-	-	1,827
Use of money and property	6,965	-	-	-
Fines and forfeitures	-	-	-	144,693
Contributions	-	-	100	-
Miscellaneous	-	9,300	-	-
<b>Total Revenues</b>	<b>142,603</b>	<b>488,377</b>	<b>100</b>	<b>146,520</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and convention center	153,256	-	-	-
Parks and recreation	-	532,379	3,866	-
Public works	-	-	-	334,576
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>153,256</b>	<b>532,379</b>	<b>3,866</b>	<b>334,576</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(10,653)	(44,002)	(3,766)	(188,056)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	281,192
Transfers out	-	-	-	-
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>281,192</b>
Net Change in Fund Balances	(10,653)	(44,002)	(3,766)	93,136
Fund Balances, Beginning of Year	923,713	128,550	9,719	335,617
<b>Fund Balances, End of Year</b>	<b>\$ 913,060</b>	<b>\$ 84,548</b>	<b>\$ 5,953</b>	<b>\$ 428,753</b>

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			
	Gas Tax	Measure A Improvements	Drainage Construction	Community Development Block Grant
<b>Revenues:</b>				
Taxes	\$ -	\$ 1,982,585	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	302,195	-
Intergovernmental	888,955	667,318	-	250,971
Charges for services	-	-	-	-
Use of money and property	5,586	21,438	3,902	637
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>894,541</b>	<b>2,671,341</b>	<b>306,097</b>	<b>251,608</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	251,608
Public safety	-	-	-	-
Culture and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	403,984	2,229,511	58,734	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	905,000	-	-
Interest and fiscal charges	-	197,200	-	-
<b>Total Expenditures</b>	<b>403,984</b>	<b>3,331,711</b>	<b>58,734</b>	<b>251,608</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	490,557	(660,370)	247,363	-
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(600,000)	-	-	-
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(600,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(109,443)	(660,370)	247,363	-
Fund Balances, Beginning of Year	729,240	8,029,437	1,206,590	-
<b>Fund Balances, End of Year</b>	<b>\$ 619,797</b>	<b>\$ 7,369,067</b>	<b>\$ 1,453,953</b>	<b>\$ -</b>



## CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2017

(CONTINUED)

	<b>Special Revenue Funds</b>			
	<b>Master Lease</b>	<b>Air Quality Management</b>	<b>Public Arts</b>	<b>Library</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	59,577	-	-
Charges for services	-	-	301,958	-
Use of money and property	1,072,808	814	3,432	4,472
Fines and forfeitures	-	-	-	-
Contributions	-	-	3,840	40,158
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>1,072,808</b>	<b>60,391</b>	<b>309,230</b>	<b>44,630</b>
<b>Expenditures:</b>				
Current:				
General government	3,750	-	-	-
Public safety	-	-	-	-
Culture and convention center	1,146,164	-	183,454	-
Parks and recreation	-	-	-	-
Public works	-	49,030	-	-
Library	-	-	-	212,304
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>1,149,914</b>	<b>49,030</b>	<b>183,454</b>	<b>212,304</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(77,106)	11,361	125,776	(167,674)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(77,106)	11,361	125,776	(167,674)
Fund Balances, Beginning of Year	238,192	97,249	360,418	2,294,387
<b>Fund Balances, End of Year</b>	<b>\$ 161,086</b>	<b>\$ 108,610</b>	<b>\$ 486,194</b>	<b>\$ 2,126,713</b>

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			
	Quimby Act Fees	Special Projects	CFD Public Safety #1	Business Improvement District
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	548,354	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	611,509	464,059	-	-
Use of money and property	8,065	(11,675)	3,431	-
Fines and forfeitures	-	-	-	-
Contributions	-	386,310	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>619,574</b>	<b>838,694</b>	<b>551,785</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	444,846	617,439	-
Culture and convention center	-	-	-	-
Parks and recreation	19,000	207,270	-	-
Public works	-	129,340	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	69,448	-	-	-
Interest and fiscal charges	19,894	-	-	-
<b>Total Expenditures</b>	<b>108,342</b>	<b>781,456</b>	<b>617,439</b>	<b>-</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	511,232	57,238	(65,654)	-
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	511,232	57,238	(65,654)	-
Fund Balances, Beginning of Year	2,630,515	2,325,827	577,824	2,059
<b>Fund Balances, End of Year</b>	<b>\$ 3,141,747</b>	<b>\$ 2,383,065</b>	<b>\$ 512,170</b>	<b>\$ 2,059</b>

## CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Energy Efficiency Loan	Park Maintenance District	Emergency Response	Sustainability
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	357,234	918,516	377,392
Use of money and property	-	-	4,444	5,684
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	882
<b>Total Revenues</b>	<b>-</b>	<b>357,234</b>	<b>922,960</b>	<b>383,958</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	1,024,302	-
Culture and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	142,175	-	126,443
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	371,675	-
Interest and fiscal charges	-	-	50,644	-
<b>Total Expenditures</b>	<b>-</b>	<b>142,175</b>	<b>1,446,621</b>	<b>126,443</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	-	215,059	(523,661)	257,515
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	134,863	-
Transfers out	-	-	-	(143,200)
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>134,863</b>	<b>(143,200)</b>
Net Change in Fund Balances	-	215,059	(388,798)	114,315
Fund Balances, Beginning of Year	500,000	329,248	1,237,295	1,162,835
<b>Fund Balances, End of Year</b>	<b>\$ 500,000</b>	<b>\$ 544,307</b>	<b>\$ 848,497</b>	<b>\$ 1,277,150</b>

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds		Capital Projects Funds	Debt Service Funds
	Special Grants	Small Hotel TBID	Parking Projects	General Debt Service
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	265,325	-	-	-
Charges for services	-	244,174	-	-
Use of money and property	-	197	3,885	11,089
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>265,325</b>	<b>244,371</b>	<b>3,885</b>	<b>11,089</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	35,567
Public safety	259,667	-	-	-
Culture and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	244,174	181	-
Library	837	-	-	-
Debt service:				
Principal retirement	-	-	-	1,971,070
Interest and fiscal charges	-	-	-	2,915,667
<b>Total Expenditures</b>	<b>260,504</b>	<b>244,174</b>	<b>181</b>	<b>4,922,304</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	4,821	197	3,704	(4,911,215)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	4,900,119
Transfers out	-	-	-	-
Refunding bonds issued	-	-	-	1,120,195
Bond premium	-	-	-	105,301
Payment to refunded bond escrow agent	-	-	-	(1,200,535)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,925,080</b>
Net Change in Fund Balances	4,821	197	3,704	13,865
Fund Balances, Beginning of Year	(5,936)	-	492,065	3,332,490
<b>Fund Balances, End of Year</b>	<b>\$ (1,115)</b>	<b>\$ 197</b>	<b>\$ 495,769</b>	<b>\$ 3,346,355</b>

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017

	<b>Total Other Governmental Funds</b>
<b>Revenues:</b>	
Taxes	\$ 2,941,423
Assessments	742,251
Licenses and permits	781,272
Intergovernmental	2,144,224
Charges for services	3,534,565
Use of money and property	1,157,527
Fines and forfeitures	251,091
Contributions	430,408
Miscellaneous	10,182
	<hr/>
<b>Total Revenues</b>	<b>11,992,943</b>
	<hr/>
<b>Expenditures:</b>	
Current:	
General government	290,925
Public safety	3,512,548
Culture and convention center	1,482,874
Parks and recreation	1,414,176
Public works	3,718,148
Library	213,141
Debt service:	
Principal retirement	3,317,193
Interest and fiscal charges	3,183,405
	<hr/>
<b>Total Expenditures</b>	<b>17,132,410</b>
	<hr/>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(5,139,467)
	<hr/>
<b>Other Financing Sources (Uses):</b>	
Transfers in	5,316,174
Transfers out	(743,200)
Refunding bonds issued	1,120,195
Bond premium	105,301
Payment to refunded bond escrow agent	(1,200,535)
	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>4,597,935</b>
	<hr/>
Net Change in Fund Balances	(541,532)
	<hr/>
Fund Balances, Beginning of Year	29,755,336
	<hr/>
<b>Fund Balances, End of Year</b>	<b>\$ 29,213,804</b>
	<hr/> <hr/>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 FORFEITURE  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 299,447	\$ 299,447	\$ 299,447	\$ -
<b>Resources (Inflows)</b>				
Use of money and property	2,000	2,000	2,369	369
Fines and forfeitures	-	106,398	106,398	-
<b>Amounts Available for Appropriations</b>	<b>301,447</b>	<b>407,845</b>	<b>408,214</b>	<b>369</b>
<b>Charges to Appropriations (Outflow)</b>				
Public safety	2,000	408,184	112,709	295,475
<b>Total Charges to Appropriations</b>	<b>2,000</b>	<b>408,184</b>	<b>112,709</b>	<b>295,475</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 299,447</b>	<b>\$ (339)</b>	<b>\$ 295,505</b>	<b>\$ 295,844</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 SAFETY AUGMENTATION  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 703,574	\$ 703,574	\$ 703,574	\$ -
<b>Resources (Inflows)</b>				
Taxes	930,425	1,015,425	958,838	(56,587)
Charges for services	-	39,263	41,463	2,200
Use of money and property	1,000	1,000	4,632	3,632
<b>Amounts Available for Appropriations</b>	<b>1,634,999</b>	<b>1,759,262</b>	<b>1,708,507</b>	<b>(50,755)</b>
<b>Charges to Appropriations (Outflow)</b>				
Public safety	931,425	1,089,260	1,053,585	35,675
<b>Total Charges to Appropriations</b>	<b>931,425</b>	<b>1,089,260</b>	<b>1,053,585</b>	<b>35,675</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 703,574</b>	<b>\$ 670,002</b>	<b>\$ 654,922</b>	<b>\$ (15,080)</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 SPECIAL DEVELOPMENT  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$1,832,201	\$ 1,832,201	\$ 1,832,201	\$ -
<b>Resources (Inflows)</b>				
Charges for services	-	92,873	92,873	-
Use of money and property	-	-	5,352	5,352
<b>Amounts Available for Appropriations</b>	<b>1,832,201</b>	<b>1,925,074</b>	<b>1,930,426</b>	<b>5,352</b>
<b>Charges to Appropriations (Outflow)</b>				
General government	-	31,200	-	31,200
Public works	-	1,748,109	-	1,748,109
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>1,779,309</b>	<b>-</b>	<b>1,779,309</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,832,201</b>	<b>\$ 145,765</b>	<b>\$ 1,930,426</b>	<b>\$ 1,784,661</b>



CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 CSA 152  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (17,220)	\$ (17,220)	\$ (17,220)	\$ -
<b>Resources (Inflows)</b>				
Assessments	656,312	656,312	193,897	(462,415)
<b>Amounts Available for Appropriations</b>	<b>639,092</b>	<b>639,092</b>	<b>176,677</b>	<b>(462,415)</b>
<b>Charges to Appropriations (Outflow)</b>				
Parks and recreation	656,312	984,104	651,661	332,443
<b>Total Charges to Appropriations</b>	<b>656,312</b>	<b>984,104</b>	<b>651,661</b>	<b>332,443</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (17,220)</b>	<b>\$ (345,012)</b>	<b>\$ (474,984)</b>	<b>\$ (129,972)</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 RECYCLING AB 929  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 923,713	\$ 923,713	\$ 923,713	\$ -
<b>Resources (Inflows)</b>				
Intergovernmental	-	12,078	12,078	-
Charges for services	134,500	134,500	123,560	(10,940)
Use of money and property	4,000	4,000	6,965	2,965
<b>Amounts Available for Appropriations</b>	<b>1,062,213</b>	<b>1,074,291</b>	<b>1,066,316</b>	<b>(7,975)</b>
<b>Charges to Appropriations (Outflow)</b>				
Cultural and convention center	292,283	1,074,291	153,256	921,035
<b>Total Charges to Appropriations</b>	<b>292,283</b>	<b>1,074,291</b>	<b>153,256</b>	<b>921,035</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 769,930</b>	<b>\$ -</b>	<b>\$ 913,060</b>	<b>\$ 913,060</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 VILLAGEFEST  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 128,550	\$ 128,550	\$ 128,550	\$ -
<b>Resources (Inflows)</b>				
Licenses and permits	504,600	524,600	479,077	(45,523)
Miscellaneous	-	15,000	9,300	(5,700)
<b>Amounts Available for Appropriations</b>	<b>633,150</b>	<b>668,150</b>	<b>616,927</b>	<b>(51,223)</b>
<b>Charges to Appropriations (Outflow)</b>				
Parks and recreation	504,600	539,600	532,379	7,221
<b>Total Charges to Appropriations</b>	<b>504,600</b>	<b>539,600</b>	<b>532,379</b>	<b>7,221</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 128,550</b>	<b>\$ 128,550</b>	<b>\$ 84,548</b>	<b>\$ (44,002)</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 NEIGHBORHOOD INVOLVEMENTS  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,719	\$ 9,719	\$ 9,719	\$ -
<b>Resources (Inflows)</b>				
Contributions	-	100	100	-
<b>Amounts Available for Appropriations</b>	<b>9,719</b>	<b>9,819</b>	<b>9,819</b>	<b>-</b>
<b>Charges to Appropriations (Outflow)</b>				
Cultural and convention center	-	1,500	-	1,500
Parks and recreation	-	8,269	3,866	4,403
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>9,769</b>	<b>3,866</b>	<b>5,903</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 9,719</b>	<b>\$ 50</b>	<b>\$ 5,953</b>	<b>\$ 5,903</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 PARKING  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 335,617	\$ 335,617	\$ 335,617	\$ -
<b>Resources (Inflows)</b>				
Charges for services	2,000	2,000	1,827	(173)
Fines and forfeitures	100,431	100,431	144,693	44,262
Transfers in	298,767	298,767	281,192	(17,575)
<b>Amounts Available for Appropriations</b>	<b>736,815</b>	<b>736,815</b>	<b>763,329</b>	<b>26,514</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	383,623	383,695	334,576	49,119
<b>Total Charges to Appropriations</b>	<b>383,623</b>	<b>383,695</b>	<b>334,576</b>	<b>49,119</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 353,192</b>	<b>\$ 353,120</b>	<b>\$ 428,753</b>	<b>\$ 75,633</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 GAS TAX  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 729,240	\$ 729,240	\$ 729,240	\$ -
<b>Resources (Inflows)</b>				
Intergovernmental	958,214	958,214	888,955	(69,259)
Use of money and property	6,000	6,000	5,586	(414)
Miscellaneous	241,227	241,227	-	(241,227)
<b>Amounts Available for Appropriations</b>	<b>1,934,681</b>	<b>1,934,681</b>	<b>1,623,781</b>	<b>(310,900)</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	605,441	1,334,681	403,984	930,697
Transfers out	600,000	600,000	600,000	-
<b>Total Charges to Appropriations</b>	<b>1,205,441</b>	<b>1,934,681</b>	<b>1,003,984</b>	<b>930,697</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 729,240</b>	<b>\$ -</b>	<b>\$ 619,797</b>	<b>\$ 619,797</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 MEASURE A IMPROVEMENTS  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,029,437	\$ 8,029,437	\$ 8,029,437	\$ -
<b>Resources (Inflows):</b>				
Taxes	2,019,000	2,019,000	1,982,585	(36,415)
Intergovernmental	-	1,990,199	667,318	(1,322,881)
Use of money and property	35,000	35,000	21,438	(13,562)
<b>Amounts Available for Appropriations</b>	<b>10,083,437</b>	<b>12,073,636</b>	<b>10,700,778</b>	<b>(1,372,858)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works				
Engineering	2,054,000	17,490,742	2,229,511	15,261,231
Debt service:				
Principal retirement	-	-	905,000	(905,000)
Interest and fiscal charges	-	1,102,200	197,200	905,000
<b>Total Charges to Appropriations</b>	<b>2,054,000</b>	<b>18,592,942</b>	<b>3,331,711</b>	<b>15,261,231</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 8,029,437</b>	<b>\$ (6,519,306)</b>	<b>\$ 7,369,067</b>	<b>\$ 13,888,373</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 DRAINAGE CONSTRUCTION  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$1,206,590	\$ 1,206,590	\$ 1,206,590	\$ -
<b>Resources (Inflows)</b>				
Licenses and permits	133,000	133,000	302,195	169,195
Use of money and property	3,500	3,500	3,902	402
<b>Amounts Available for Appropriations</b>	<b>1,343,090</b>	<b>1,343,090</b>	<b>1,512,687</b>	<b>169,597</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	136,500	951,477	58,734	892,743
<b>Total Charges to Appropriations</b>	<b>136,500</b>	<b>951,477</b>	<b>58,734</b>	<b>892,743</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$1,206,590</b>	<b>\$ 391,613</b>	<b>\$ 1,453,953</b>	<b>\$ 1,062,340</b>



CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 COMMUNITY DEVELOPMENT BLOCK GRANT  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows)</b>				
Intergovernmental	387,462	387,462	250,971	(136,491)
Use of money and property	-	637	637	-
<b>Amounts Available for Appropriations</b>	<b>387,462</b>	<b>388,099</b>	<b>251,608</b>	<b>(136,491)</b>
<b>Charges to Appropriations (Outflow)</b>				
General government	387,462	530,621	251,608	279,013
<b>Total Charges to Appropriations</b>	<b>387,462</b>	<b>530,621</b>	<b>251,608</b>	<b>279,013</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ (142,522)</b>	<b>\$ -</b>	<b>\$ 142,522</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 MASTER LEASE  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 238,192	\$ 238,192	\$ 238,192	\$ -
<b>Resources (Inflows)</b>				
Use of money and property	1,493,700	1,493,700	1,072,808	(420,892)
<b>Amounts Available for Appropriations</b>	<b>1,731,892</b>	<b>1,731,892</b>	<b>1,311,000</b>	<b>(420,892)</b>
<b>Charges to Appropriations (Outflow)</b>				
General government	4,500	4,500	3,750	750
Cultural and convention center	1,489,200	1,501,990	1,146,164	355,826
<b>Total Charges to Appropriations</b>	<b>1,493,700</b>	<b>1,506,490</b>	<b>1,149,914</b>	<b>356,576</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 238,192</b>	<b>\$ 225,402</b>	<b>\$ 161,086</b>	<b>\$ (64,316)</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 AIR QUALITY MANAGEMENT  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 97,249	\$ 97,249	\$ 97,249	\$ -
<b>Resources (Inflows)</b>				
Intergovernmental	57,100	57,100	59,577	2,477
Use of money and property	500	500	814	314
<b>Amounts Available for Appropriations</b>	<b>154,849</b>	<b>154,849</b>	<b>157,640</b>	<b>2,791</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	57,600	152,600	49,030	103,570
<b>Total Charges to Appropriations</b>	<b>57,600</b>	<b>152,600</b>	<b>49,030</b>	<b>103,570</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 97,249</b>	<b>\$ 2,249</b>	<b>\$ 108,610</b>	<b>\$ 106,361</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 PUBLIC ARTS  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 360,418	\$ 360,418	\$ 360,418	\$ -
<b>Resources (Inflows)</b>				
Charges for services	190,000	210,000	301,958	91,958
Use of money and property	1,000	1,000	3,432	2,432
Contributions	-	3,840	3,840	-
<b>Amounts Available for Appropriations</b>	<b>551,418</b>	<b>575,258</b>	<b>669,648</b>	<b>94,390</b>
<b>Charges to Appropriations (Outflow)</b>				
Cultural and convention center	348,280	577,647	183,454	394,193
<b>Total Charges to Appropriations</b>	<b>348,280</b>	<b>577,647</b>	<b>183,454</b>	<b>394,193</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 203,138</b>	<b>\$ (2,389)</b>	<b>\$ 486,194</b>	<b>\$ 488,583</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 LIBRARY  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$2,294,387	\$ 2,294,387	\$ 2,294,387	\$ -
<b>Resources (Inflows)</b>				
Use of money and property	8,500	8,500	4,472	(4,028)
Contributions	100	40,148	40,158	10
<b>Amounts Available for Appropriations</b>	<b>2,302,987</b>	<b>2,343,035</b>	<b>2,339,017</b>	<b>(4,018)</b>
<b>Charges to Appropriations (Outflow)</b>				
Library	8,600	2,343,035	212,304	2,130,731
<b>Total Charges to Appropriations</b>	<b>8,600</b>	<b>2,343,035</b>	<b>212,304</b>	<b>2,130,731</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,294,387</b>	<b>\$ -</b>	<b>\$ 2,126,713</b>	<b>\$ 2,126,713</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 QUIMBY ACT FEES  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$2,630,515	\$ 2,630,515	\$ 2,630,515	\$ -
<b>Resources (Inflows)</b>				
Charges for services	189,400	189,400	611,509	422,109
Use of money and property	-	-	8,065	8,065
<b>Amounts Available for Appropriations</b>	<b>2,819,915</b>	<b>2,819,915</b>	<b>3,250,089</b>	<b>430,174</b>
<b>Charges to Appropriations (Outflow)</b>				
Parks and recreation	1,449,000	2,424,478	19,000	2,405,478
Debt service:				
Principal retirement	-	-	69,448	(69,448)
Interest and fiscal charges	89,400	89,400	19,894	69,506
<b>Total Charges to Appropriations</b>	<b>1,538,400</b>	<b>2,513,878</b>	<b>108,342</b>	<b>2,405,536</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$1,281,515</b>	<b>\$ 306,037</b>	<b>\$ 3,141,747</b>	<b>\$ 2,835,710</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 SPECIAL PROJECTS  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$2,325,827	\$ 2,325,827	\$ 2,325,827	\$ -
<b>Resources (Inflows)</b>				
Charges for services	100,000	304,237	464,059	159,822
Use of money and property	-	-	(11,675)	(11,675)
Contributions	100,000	436,310	386,310	(50,000)
<b>Amounts Available for Appropriations</b>	<b>2,525,827</b>	<b>3,066,374</b>	<b>3,164,521</b>	<b>98,147</b>
<b>Charges to Appropriations (Outflow)</b>				
Public safety	100,000	1,024,173	444,846	579,327
Parks and recreation	100,000	430,323	207,270	223,053
Public works	-	1,608,652	129,340	1,479,312
<b>Total Charges to Appropriations</b>	<b>200,000</b>	<b>3,063,148</b>	<b>781,456</b>	<b>2,281,692</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$2,325,827</b>	<b>\$ 3,226</b>	<b>\$ 2,383,065</b>	<b>\$ 2,379,839</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 CFD PUBLIC SAFETY #1  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 577,824	\$ 577,824	\$ 577,824	\$ -
<b>Resources (Inflows)</b>				
Assessments	474,490	474,490	548,354	73,864
Use of money and property	1,000	1,000	3,431	2,431
Transfers in	347,193	347,193	-	(347,193)
<b>Amounts Available for Appropriations</b>	<b>1,400,507</b>	<b>1,400,507</b>	<b>1,129,609</b>	<b>(270,898)</b>
<b>Charges to Appropriations (Outflow)</b>				
Public safety	723,703	812,731	617,439	195,292
<b>Total Charges to Appropriations</b>	<b>723,703</b>	<b>812,731</b>	<b>617,439</b>	<b>195,292</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 676,804</b>	<b>\$ 587,776</b>	<b>\$ 512,170</b>	<b>\$ (75,606)</b>



CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 BUSINESS IMPROVEMENT DISTRICT  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,059	\$ 2,059	\$ 2,059	\$ -
<b>Resources (Inflows)</b>				
Assessments	-	-	-	-
<b>Amounts Available for Appropriations</b>	<b>2,059</b>	<b>2,059</b>	<b>2,059</b>	<b>-</b>
<b>Charges to Appropriations (Outflow)</b>				
Cultural and convention center	-	2,059	-	2,059
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>2,059</b>	<b>-</b>	<b>2,059</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,059</b>	<b>\$ -</b>	<b>\$ 2,059</b>	<b>\$ 2,059</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 PARK MAINTENANCE DISTRICT  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 329,248	\$ 329,248	\$ 329,248	\$ -
<b>Resources (Inflows)</b>				
Charges for services	356,941	356,941	357,234	293
<b>Amounts Available for Appropriations</b>	<b>686,189</b>	<b>686,189</b>	<b>686,482</b>	<b>293</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	356,941	677,440	142,175	535,265
<b>Total Charges to Appropriations</b>	<b>356,941</b>	<b>677,440</b>	<b>142,175</b>	<b>535,265</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 329,248</b>	<b>\$ 8,749</b>	<b>\$ 544,307</b>	<b>\$ 535,558</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 EMERGENCY RESPONSE  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$1,237,295	\$ 1,237,295	\$ 1,237,295	\$ -
<b>Resources (Inflows)</b>				
Charges for services	1,275,483	1,275,483	918,516	(356,967)
Use of money and property	6,000	6,000	4,444	(1,556)
Transfers in	352,863	352,863	134,863	(218,000)
<b>Amounts Available for Appropriations</b>	<b>2,871,641</b>	<b>2,871,641</b>	<b>2,295,118</b>	<b>(576,523)</b>
<b>Charges to Appropriations (Outflow)</b>				
Public safety	994,025	1,110,805	1,024,302	86,503
Debt service:				
Principal retirement	371,676	371,676	371,675	1
Interest and fiscal charges	50,645	50,645	50,644	1
<b>Total Charges to Appropriations</b>	<b>1,416,346</b>	<b>1,533,126</b>	<b>1,446,621</b>	<b>86,505</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$1,455,295</b>	<b>\$ 1,338,515</b>	<b>\$ 848,497</b>	<b>\$ (490,018)</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 SUSTAINABILITY  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$1,162,835	\$ 1,162,835	\$ 1,162,835	\$ -
<b>Resources (Inflows)</b>				
Charges for services	411,000	411,000	377,392	(33,608)
Use of money and property	4,000	4,000	5,684	1,684
Miscellaneous	-	882	882	-
<b>Amounts Available for Appropriations</b>	<b>1,577,835</b>	<b>1,578,717</b>	<b>1,546,793</b>	<b>(31,924)</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	383,028	523,421	126,443	396,978
Transfers out	138,900	138,900	143,200	(4,300)
<b>Total Charges to Appropriations</b>	<b>521,928</b>	<b>662,321</b>	<b>269,643</b>	<b>392,678</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$1,055,907</b>	<b>\$ 916,396</b>	<b>\$ 1,277,150</b>	<b>\$ 360,754</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 SPECIAL GRANTS  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (5,936)	\$ (5,936)	\$ (5,936)	\$ -
<b>Resources (Inflows)</b>				
Intergovernmental	175,000	372,247	265,325	(106,922)
<b>Amounts Available for Appropriations</b>	<b>169,064</b>	<b>366,311</b>	<b>259,389</b>	<b>(106,922)</b>
<b>Charges to Appropriations (Outflow)</b>				
Public safety	175,000	465,544	259,667	205,877
Library	-	893	837	56
<b>Total Charges to Appropriations</b>	<b>175,000</b>	<b>466,437</b>	<b>260,504</b>	<b>205,933</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (5,936)</b>	<b>\$ (100,126)</b>	<b>\$ (1,115)</b>	<b>\$ 99,011</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 SMALL HOTEL TBID  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows)</b>				
Charges for services	-	244,174	244,174	-
Use of money and property	-	-	197	197
<b>Amounts Available for Appropriation</b>	<b>-</b>	<b>244,174</b>	<b>244,371</b>	<b>197</b>
<b>Charges to Appropriation (Outflow)</b>				
Public works	-	244,174	244,174	-
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>244,174</b>	<b>244,174</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 197</b>	<b>\$ 197</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 521,503	\$ 521,503	\$ 521,503	\$ -
<b>Resources (Inflows)</b>				
Licenses and permits	86,500	373,838	374,053	215
Intergovernmental	-	10,029,367	8,206,461	(1,822,906)
Use of money and property	-	-	(18,803)	(18,803)
Miscellaneous	-	43,817	43,817	-
Transfers in	-	-	3,100,000	3,100,000
<b>Amounts Available for Appropriations</b>	<b>608,003</b>	<b>10,968,525</b>	<b>12,227,031</b>	<b>1,258,506</b>
<b>Charges to Appropriations (Outflow)</b>				
General government	86,500	1,485,537	283,703	1,201,834
Public safety	700,000	2,302,098	783,340	1,518,758
Cultural and convention center	1,000,000	3,649,965	-	3,649,965
Parks and recreation	-	92,190	16,541	75,649
Public works	-	18,609,119	3,136,433	15,472,686
<b>Total Charges to Appropriations</b>	<b>1,786,500</b>	<b>26,138,909</b>	<b>4,220,017</b>	<b>21,918,892</b>
<b>Budgetary Fund Balance, June 30</b>	<b><u><u>\$ (1,178,497)</u></u></b>	<b><u><u>\$ (15,170,384)</u></u></b>	<b><u><u>\$ 8,007,014</u></u></b>	<b><u><u>\$ 23,177,398</u></u></b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 PARKING PROJECTS  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 492,065	\$ 492,065	\$ 492,065	\$ -
<b>Resources (Inflows)</b>				
Use of money and property	2,000	2,000	3,885	1,885
<b>Amounts Available for Appropriations</b>	<b>494,065</b>	<b>494,065</b>	<b>495,950</b>	<b>1,885</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	2,000	492,760	181	492,579
<b>Total Charges to Appropriations</b>	<b>2,000</b>	<b>492,760</b>	<b>181</b>	<b>492,579</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 492,065</b>	<b>\$ 1,305</b>	<b>\$ 495,769</b>	<b>\$ 494,464</b>



CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 MEASURE J  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 13,214,017	\$ 13,214,017	\$13,214,017	\$ -
<b>Resources (Inflows)</b>				
Use of money and property	-	51,901	39,379	(12,522)
Transfers in	-	-	13,367,805	13,367,805
<b>Amounts Available for Appropriations</b>	<b>13,214,017</b>	<b>13,265,918</b>	<b>26,621,201</b>	<b>13,355,283</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	9,900,000	23,246,759	10,269,236	12,977,523
Transfers out	-	-	3,186,965	(3,186,965)
<b>Total Charges to Appropriations</b>	<b>9,900,000</b>	<b>23,246,759</b>	<b>13,456,201</b>	<b>9,790,558</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,314,017</b>	<b>\$ (9,980,841)</b>	<b>\$13,165,000</b>	<b>\$ 23,145,841</b>

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE  
GENERAL DEBT SERVICE  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,332,490	\$ 3,332,490	\$ 3,332,490	\$ -
<b>Resources (Inflows)</b>				
Use of money and property	1,000	1,000	11,089	10,089
Transfers in	4,691,229	4,691,229	4,900,119	208,890
Refunding bonds issued	-	-	1,120,195	1,120,195
Bond premium	-	-	105,301	105,301
<b>Amounts Available for Appropriations</b>	<b>8,024,719</b>	<b>8,024,719</b>	<b>9,469,194</b>	<b>1,444,475</b>
<b>Charges to Appropriations (Outflow)</b>				
General government	33,037	33,037	35,567	(2,530)
Debt service:				
Principal retirement	5,331,352	5,331,352	1,971,070	3,360,282
Interest and fiscal charges	4,240,994	4,240,994	2,915,667	1,325,327
Payment to refunded bond escrow agent	-	-	1,200,535	(1,200,535)
<b>Total Charges to Appropriations</b>	<b>9,605,383</b>	<b>9,605,383</b>	<b>6,122,839</b>	<b>3,482,544</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (1,580,664)</b>	<b>\$ (1,580,664)</b>	<b>\$ 3,346,355</b>	<b>\$ 4,927,019</b>

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE  
 SPECIAL ASSESSMENTS  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$1,517,157	\$ 1,517,157	\$ 1,517,157	\$ -
<b>Resources (Inflows)</b>				
Assessments	731,420	731,420	597,568	(133,852)
Use of money and property	-	-	8,744	8,744
<b>Amounts Available for Appropriations</b>	<b>2,248,577</b>	<b>2,248,577</b>	<b>2,123,469</b>	<b>(125,108)</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	51,000	772,531	23,891	748,640
Debt service:				
Principal retirement	510,000	510,000	370,000	140,000
Interest and fiscal charges	170,420	170,420	170,420	-
<b>Total Charges to Appropriations</b>	<b>731,420</b>	<b>1,452,951</b>	<b>564,311</b>	<b>888,640</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$1,517,157</b>	<b>\$ 795,626</b>	<b>\$ 1,559,158</b>	<b>\$ 763,532</b>

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## **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency of a government to other departments or agencies on a cost reimbursement basis.

The City of Palm Springs has the following Internal Service Funds:

Motor Vehicle Replacement Fund – To account for costs related to operations of the central garage and fleet maintenance system, which provides vehicles for most of the City departments. Costs are recovered through a monthly user fee charged to City departments.

Facilities Maintenance Fund – To account for costs related to operations and maintenance of City facilities. Costs are recovered through a monthly user fee charged to City departments using the service.

Employee Benefits Fund – To account for costs and liabilities related to public employees' retirement system and federal taxes. Costs are recovered through a monthly employee benefit charge based upon gross payroll.

Risk Management Fund – To account for costs and liabilities related to health, life, dental, disability, and public liability insurance coverage paid by the City on behalf of City employees and the City operating funds. Costs are recovered via monthly charges based upon gross payroll and benefits derived from insurance coverage.

Retiree Health Insurance Fund – To account for the costs of providing health insurance to qualifying retirees.

Cogeneration Plant Fund – To account for costs of the two cogeneration plants located in the City. Costs are recovered through a user fee based upon electrical consumption. These fees are charged to each department on a monthly basis.

CITY OF PALM SPRINGS

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2017

	<u>Motor Vehicle Replacement</u>	<u>Facilities Maintenance</u>	<u>Employee Benefits</u>	<u>Risk Management</u>
<b>Assets</b>				
Current:				
Cash and investments	\$ 5,246,772	\$ 2,949,625	\$ 654,254	\$ 10,431,989
Receivables:				
Accounts	1,374	-	-	262,989
Accrued interest	6,130	-	294,365	16,825
Inventories	140,893	-	-	-
Restricted:				
Cash with fiscal agent	-	-	-	-
<b>Total Current Assets</b>	<b>5,395,169</b>	<b>2,949,625</b>	<b>948,619</b>	<b>10,711,803</b>
Noncurrent:				
Advances to other funds	-	-	1,430,000	-
Capital assets, net of accumulated depreciation	3,803,115	43,491	-	-
<b>Total Noncurrent Assets</b>	<b>3,803,115</b>	<b>43,491</b>	<b>1,430,000</b>	<b>-</b>
<b>Total Assets</b>	<b>9,198,284</b>	<b>2,993,116</b>	<b>2,378,619</b>	<b>10,711,803</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	-	-	-
Deferred pension related items	329,119	836,358	-	364,033
<b>Total Deferred Outflows of Resources</b>	<b>329,119</b>	<b>836,358</b>	<b>-</b>	<b>364,033</b>
<b>Liabilities</b>				
Current:				
Accounts payable	203,936	147,880	4,735	606,379
Accrued liabilities	19,598	40,551	-	36,524
Accrued interest	-	-	67,887	-
Unearned revenues	1,374	-	-	-
Accrued compensated absences	43,454	139,243	-	55,725
Accrued claims and judgments	-	-	-	3,190,863
Bonds, notes, and capital leases	124,051	-	535,200	-
<b>Total Current Liabilities</b>	<b>392,413</b>	<b>327,674</b>	<b>607,822</b>	<b>3,889,491</b>
Noncurrent:				
Accrued claims and judgments	-	-	-	6,355,381
Bonds, notes, and capital leases	-	-	19,712,741	-
Net pension liability	1,503,140	3,010,098	-	1,179,462
<b>Total Noncurrent Liabilities</b>	<b>1,503,140</b>	<b>3,010,098</b>	<b>19,712,741</b>	<b>7,534,843</b>
<b>Total Liabilities</b>	<b>1,895,553</b>	<b>3,337,772</b>	<b>20,320,563</b>	<b>11,424,334</b>
<b>Deferred Inflows of Resources</b>				
Deferred pension related items	118,233	306,153	-	125,256
<b>Total Deferred Inflows of Resources</b>	<b>118,233</b>	<b>306,153</b>	<b>-</b>	<b>125,256</b>
<b>Net Position</b>				
Net investment in capital assets	3,679,064	43,491	-	-
Restricted for debt service	-	-	-	-
Unrestricted	3,834,553	142,058	(17,941,944)	(473,754)
<b>Total Net Position</b>	<b>\$ 7,513,617</b>	<b>\$ 185,549</b>	<b>\$ (17,941,944)</b>	<b>\$ (473,754)</b>

CITY OF PALM SPRINGS

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2017

	<u>Retiree Health Insurance</u>	<u>Cogeneration Plant</u>	<u>Totals</u>
<b>Assets</b>			
Current:			
Cash and investments	\$ 1,205,078	\$ 3,544,295	\$ 24,032,013
Receivables:			
Accounts	12,262	-	276,625
Accrued interest	-	-	317,320
Inventories	-	-	140,893
Restricted:			
Cash with fiscal agent	-	716,877	716,877
<b>Total Current Assets</b>	<b>1,217,340</b>	<b>4,261,172</b>	<b>25,483,728</b>
Noncurrent:			
Advances to other funds	-	-	1,430,000
Capital assets, net of accumulated depreciation	-	12,942,989	16,789,595
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>12,942,989</b>	<b>18,219,595</b>
<b>Total Assets</b>	<b>1,217,340</b>	<b>17,204,161</b>	<b>43,703,323</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	-	42,770	42,770
Deferred pension related items	-	-	1,529,510
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>42,770</b>	<b>1,572,280</b>
<b>Liabilities</b>			
Current:			
Accounts payable	554	833,461	1,796,945
Accrued liabilities	-	-	96,673
Accrued interest	-	122,738	190,625
Unearned revenues	1,889	-	3,263
Accrued compensated absences	-	-	238,422
Accrued claims and judgments	-	-	3,190,863
Bonds, notes, and capital leases	-	583,789	1,243,040
<b>Total Current Liabilities</b>	<b>2,443</b>	<b>1,539,988</b>	<b>6,759,831</b>
Noncurrent:			
Accrued claims and judgments	-	-	6,355,381
Bonds, notes, and capital leases	-	18,934,793	38,647,534
Net pension liability	-	-	5,692,700
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>18,934,793</b>	<b>50,695,615</b>
<b>Total Liabilities</b>	<b>2,443</b>	<b>20,474,781</b>	<b>57,455,446</b>
<b>Deferred Inflows of Resources</b>			
Deferred pension related items	-	-	549,642
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>549,642</b>
<b>Net Position</b>			
Net investment in capital assets	-	6,532,823	10,255,378
Restricted for debt service	-	716,877	716,877
Unrestricted	1,214,897	(10,477,550)	(23,701,740)
<b>Total Net Position</b>	<b>\$ 1,214,897</b>	<b>\$ (3,227,850)</b>	<b>\$ (12,729,485)</b>

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2017

	<u>Motor Vehicle Replacement</u>	<u>Facilities Maintenance</u>	<u>Employee Benefits</u>	<u>Risk Management</u>
<b>Operating Revenues</b>				
Sales and service charges	\$ 3,067,973	\$ 5,001,740	\$ 16,723,124	\$ 13,375,691
Miscellaneous	-	-	-	1,140,821
<b>Total Operating Revenues</b>	<b><u>3,067,973</u></b>	<b><u>5,001,740</u></b>	<b><u>16,723,124</u></b>	<b><u>14,516,512</u></b>
<b>Operating Expenses</b>				
Administration and general	136,027	172,021	-	2,677,566
Source of supply	-	-	-	-
Maintenance shop operations	2,243,271	-	-	-
Facilities maintenance	-	3,479,246	1,250	-
Retirement	-	-	15,406,375	-
Other claims and insurance	6,144	28,075	-	867,820
Depreciation expense	863,508	2,853	-	-
Heat, light and power	-	-	-	-
Other charges and services	3,996	-	-	-
Cogeneration	-	-	-	-
Medical, health, and life insurance	-	-	-	7,748,891
Workers compensation	-	-	-	3,892,660
<b>Total Operating Expenses</b>	<b><u>3,252,946</u></b>	<b><u>3,682,195</u></b>	<b><u>15,407,625</u></b>	<b><u>15,186,937</u></b>
Operating Income (Loss)	<u>(184,973)</u>	<u>1,319,545</u>	<u>1,315,499</u>	<u>(670,425)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest revenue	11,436	(12,944)	4,162	33,739
Interest expense	(13,007)	-	(1,140,573)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>(1,571)</u></b>	<b><u>(12,944)</u></b>	<b><u>(1,136,411)</u></b>	<b><u>33,739</u></b>
Income (Loss) Before Transfers and contributions	(186,544)	1,306,601	179,088	(636,686)
Transfers in	1,821,800	-	-	1,000,000
Capital contribution	300,221	-	-	-
Changes in Net Position	1,935,477	1,306,601	179,088	363,314
Net Position, Beginning of Year, as Previously Reported	5,578,140	(1,144,139)	(16,918,796)	(837,068)
Restatements	-	23,087	(1,202,236)	-
Net Position, Beginning of Year, as Restated	<u>5,578,140</u>	<u>(1,121,052)</u>	<u>(18,121,032)</u>	<u>(837,068)</u>
<b>Net Position, End of Year</b>	<b><u>\$ 7,513,617</u></b>	<b><u>\$ 185,549</u></b>	<b><u>\$(17,941,944)</u></b>	<b><u>\$ (473,754)</u></b>



CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2017

	<u>Retiree Health Insurance</u>	<u>Cogeneration Plant</u>	<u>Totals</u>
<b>Operating Revenues</b>			
Sales and service charges	\$ 2,734,813	\$ 1,822,601	\$ 42,725,942
Miscellaneous	-	-	1,140,821
<b>Total Operating Revenues</b>	<b><u>2,734,813</u></b>	<b><u>1,822,601</u></b>	<b><u>43,866,763</u></b>
<b>Operating Expenses</b>			
Administration and general	-	3,000	2,988,614
Source of supply	6,470	-	6,470
Maintenance shop operations	-	-	2,243,271
Facilities maintenance	-	-	3,480,496
Retirement	-	-	15,406,375
Other claims and insurance	2,621,865	45,619	3,569,523
Depreciation expense	-	523,362	1,389,723
Heat, light and power	-	1,265,524	1,265,524
Other charges and services	-	-	3,996
Cogeneration	-	778,543	778,543
Medical, health, and life insurance	-	-	7,748,891
Workers compensation	-	-	3,892,660
<b>Total Operating Expenses</b>	<b><u>2,628,335</u></b>	<b><u>2,616,048</u></b>	<b><u>42,774,086</u></b>
Operating Income (Loss)	<u>106,478</u>	<u>(793,447)</u>	<u>1,092,677</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest revenue	(11,752)	(18,140)	6,501
Interest expense	-	(125,947)	(1,279,527)
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>(11,752)</u></b>	<b><u>(144,087)</u></b>	<b><u>(1,273,026)</u></b>
Income (Loss) Before Transfers and contributions	94,726	(937,534)	(180,349)
Transfers in	-	143,200	2,965,000
Capital contribution	-	362,835	663,056
Changes in Net Position	94,726	(431,499)	3,447,707
Net Position, Beginning of Year, as Previously Reported	1,120,171	(2,796,351)	(14,998,043)
Restatements	-	-	(1,179,149)
Net Position, Beginning of Year, as Restated	<u>1,120,171</u>	<u>(2,796,351)</u>	<u>(16,177,192)</u>
<b>Net Position, End of Year</b>	<b><u>\$ 1,214,897</u></b>	<b><u>\$ (3,227,850)</u></b>	<b><u>\$ (12,729,485)</u></b>

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2017

	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits	Risk Management
<b>Cash Flows from Operating Activities</b>				
Cash received from/(paid to) interfund service provided	\$ 3,054,896	\$ 1,407,855	\$ 1,319,821	\$ 1,483,839
Cash paid to suppliers for goods and services	(2,255,793)	(28,075)	-	(548,709)
Cash paid to employees for services	(120,991)	(117,821)	-	(2,665,521)
Cash received from (payments to) others	-	-	-	910,587
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>678,112</b>	<b>1,261,959</b>	<b>1,319,821</b>	<b>(819,804)</b>
<b>Cash Flows from Non-Capital Financing Activities</b>				
Cash transfers in	1,821,800	-	-	1,000,000
Principal paid on non-capital debt	-	-	(500,000)	-
Interest paid on non-capital debt	-	-	(817,777)	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>1,821,800</b>	<b>-</b>	<b>(1,317,777)</b>	<b>1,000,000</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from capital debt	-	-	-	-
Acquisition and construction of capital assets	(989,592)	(16,500)	-	-
Principal paid on capital debt	(117,718)	-	-	-
Interest paid on capital debt	(13,007)	-	-	-
Contribution	300,221	-	-	-
Payment to refunding bond escrow	-	-	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(820,096)</b>	<b>(16,500)</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>				
Interest received	10,313	(12,944)	4,222	32,766
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>10,313</b>	<b>(12,944)</b>	<b>4,222</b>	<b>32,766</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,690,129</b>	<b>1,232,515</b>	<b>6,266</b>	<b>212,962</b>
Cash and Cash Equivalents at Beginning of Year	3,556,643	1,717,110	647,988	10,219,027
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 5,246,772</b>	<b>\$ 2,949,625</b>	<b>\$ 654,254</b>	<b>\$ 10,431,989</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ (184,973)	\$ 1,319,545	\$ 1,315,499	\$ (670,425)
<b>Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities</b>				
Depreciation	863,508	2,853	-	-
(Increase) decrease in accounts receivable	3,506	-	-	(250,301)
(Increase) decrease in inventory	(15,552)	-	-	-
(Increase) decrease in deferred outflows	(197,514)	(629,986)	-	(263,812)
(Increase) decrease in deferred inflows	50,530	128,758	-	56,075
Increase (decrease) in accounts payable	(8,670)	(114,639)	4,322	296,291
Increase (decrease) in accrued liabilities	6,288	8,312	-	22,820
Increase (decrease) in unearned revenue	(1,031)	-	-	-
Increase (decrease) in net pension liability	153,365	517,489	-	214,819
Increase (decrease) in claims and judgments	-	-	-	(230,234)
Increase (decrease) in compensated absences	8,655	29,627	-	4,963
<b>Total Adjustments</b>	<b>863,085</b>	<b>(57,586)</b>	<b>4,322</b>	<b>(149,379)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 678,112</b>	<b>\$ 1,261,959</b>	<b>\$ 1,319,821</b>	<b>\$ (819,804)</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>				
Accreted interest	\$ -	\$ -	\$ 322,796	\$ -
Bond discount amortization	-	-	-	-

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2017

	Retiree Health Insurance	Cogeneration Plant	Totals
<b>Cash Flows from Operating Activities</b>			
Cash received from/(paid to) interfund service provided	\$ 2,736,882	\$ 1,822,601	\$ 11,825,894
Cash paid to suppliers for goods and services	(2,628,319)	(2,058,697)	(7,519,593)
Cash paid to employees for services	-	(3,000)	(2,907,333)
Cash received from (payments to) others	-	-	910,587
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>108,563</b>	<b>(239,096)</b>	<b>2,309,555</b>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Cash transfers in	-	143,200	2,965,000
Principal paid on non-capital debt	-	-	(500,000)
Interest paid on non-capital debt	-	-	(817,777)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>-</b>	<b>143,200</b>	<b>1,647,223</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds from capital debt	-	2,073,989	2,073,989
Acquisition and construction of capital assets	-	-	(1,006,092)
Principal paid on capital debt	-	(519,979)	(637,697)
Interest paid on capital debt	-	(142,144)	(155,151)
Contribution	-	362,835	663,056
Payment to refunding bond escrow	-	(2,030,975)	(2,030,975)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(256,274)</b>	<b>(1,092,870)</b>
<b>Cash Flows from Investing Activities</b>			
Interest received	(11,752)	(18,140)	4,465
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(11,752)</b>	<b>(18,140)</b>	<b>4,465</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>96,811</b>	<b>(370,310)</b>	<b>2,868,373</b>
Cash and Cash Equivalents at Beginning of Year	1,108,267	4,631,482	21,880,517
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,205,078</b>	<b>\$ 4,261,172</b>	<b>\$ 24,748,890</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ 106,478	\$ (793,447)	\$ 1,092,677
<b>Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities</b>			
Depreciation	-	523,362	1,389,723
(Increase) decrease in accounts receivable	180	-	(246,615)
(Increase) decrease in inventory	-	-	(15,552)
(Increase) decrease in deferred outflows	-	-	(1,091,312)
(Increase) decrease in deferred inflows	-	-	235,363
Increase (decrease) in accounts payable	16	30,989	208,309
Increase (decrease) in accrued liabilities	-	-	37,420
Increase (decrease) in unearned revenue	1,889	-	858
Increase (decrease) in net pension liability	-	-	885,673
Increase (decrease) in claims and judgments	-	-	(230,234)
Increase (decrease) in compensated absences	-	-	43,245
<b>Total Adjustments</b>	<b>2,085</b>	<b>554,351</b>	<b>1,216,878</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 108,563</b>	<b>\$ (239,096)</b>	<b>\$ 2,309,555</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>			
Accreted interest	\$ -	\$ -	\$ 322,796
Bond discount amortization	-	2,168	2,168

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## **FIDUCIARY FUNDS**

Fiduciary Funds account for assets held by a governmental entity for other parties, as trustee or as an agent, which cannot be used to finance a governmental entity's own operating programs. Fiduciary Funds include the following:

Special Deposits Agency Fund – To account for monies held in trust by the City for various purposes ranging from bid bonds to donations for animal shelter activities.

CITY OF PALM SPRINGS

STATEMENT OF NET POSITION  
ALL AGENCY FUNDS  
JUNE 30, 2017

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	<u>Special Deposits</u>
<b>Assets</b>	
Pooled cash and investments	\$ 1,971,467
<b>Total Assets</b>	<b><u>\$ 1,971,467</u></b>
<b>Liabilities</b>	
Deposits payable	\$ 1,971,467
<b>Total Liabilities</b>	<b><u>\$ 1,971,467</u></b>

CITY OF PALM SPRINGS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2017

	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2017</u>
<b><u>Special Deposits</u></b>				
<b>Assets</b>				
Pooled cash and investments	\$ 2,006,904	\$ 257,010	\$ 292,447	\$ 1,971,467
<b>Total Assets</b>	<b><u>\$ 2,006,904</u></b>	<b><u>\$ 257,010</u></b>	<b><u>\$ 292,447</u></b>	<b><u>\$ 1,971,467</u></b>
<b>Liabilities</b>				
Deposits payable	\$ 2,006,904	\$ 257,010	\$ 292,447	\$ 1,971,467
<b>Total Liabilities</b>	<b><u>\$ 2,006,904</u></b>	<b><u>\$ 257,010</u></b>	<b><u>\$ 292,447</u></b>	<b><u>\$ 1,971,467</u></b>

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# Comprehensive Annual Financial Report

STATISTICAL SECTION

Fiscal year ended June 30, 2017



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CITY OF PALM SPRINGS  
FINANCIAL STATEMENTS  
JUNE 30, 2017  
STATISTICAL SECTION

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

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These schedules contain trend information to help the reader assess the government's most significant current local revenue source, the property tax.	160
<b>Debt Capacity</b>	
These schedules contain present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	166
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	174
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**CITY OF PALM SPRINGS**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 120,745,654	\$ 126,124,062	\$ 106,475,801	\$ 107,217,515	\$ 119,129,764	\$ 124,797,484	\$ 92,188,168	\$ 73,197,631	\$ 73,048,922	\$ 74,644,178
Restricted	41,363,491	41,633,373	50,159,957	64,475,152	59,250,531	53,290,867	59,544,531	63,883,617	65,682,688	68,039,523
Unrestricted	(104,511,647)	(103,317,463)	(102,730,809)	9,032,025	8,263,055	7,603,335	10,785,092	19,934,024	34,860,168	43,003,704
Total governmental activities net position	\$ 57,597,498	\$ 64,439,972	\$ 53,904,949	\$ 180,724,692	\$ 186,643,350	\$ 185,691,686	\$ 162,517,791	\$ 157,015,272	\$ 173,591,778	\$ 185,687,405
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 102,297,901	\$ 98,280,993	\$ 90,467,867	\$ 90,775,976	\$ 82,089,205	\$ 86,255,293	\$ 88,813,375	\$ 94,457,741	\$ 102,404,738	\$ 98,206,074
Restricted	4,022,467	5,307,758	4,125,236	4,038,239	4,777,681	4,024,930	4,026,199	4,288,145	3,633,197	3,517,715
Unrestricted	33,781,069	30,918,220	22,023,465	34,234,038	29,620,437	25,605,934	27,502,074	27,247,535	24,737,228	23,222,716
Total business-type activities net position	\$ 140,101,437	\$ 134,506,971	\$ 116,616,568	\$ 129,048,253	\$ 116,487,323	\$ 115,886,157	\$ 120,341,648	\$ 125,993,421	\$ 130,775,163	\$ 124,946,505
<b>Primary government:</b>										
Net investment in capital assets	\$ 223,043,555	\$ 224,405,055	\$ 196,943,668	\$ 197,993,491	\$ 201,218,969	\$ 211,052,777	\$ 181,001,543	\$ 167,655,372	\$ 175,453,660	\$ 172,850,252
Restricted	45,385,958	46,941,131	54,285,193	68,513,391	64,028,212	57,315,797	63,570,730	68,171,762	69,315,885	71,557,238
Unrestricted	(70,730,578)	(72,399,243)	(80,707,344)	43,266,063	37,883,492	33,209,269	38,287,106	47,181,559	59,597,396	66,226,420
Total primary government net position	\$ 197,698,935	\$ 198,946,943	\$ 170,521,517	\$ 309,772,945	\$ 303,130,673	\$ 301,577,843	\$ 282,859,379	\$ 283,008,693	\$ 304,366,941	\$ 310,633,910

Source: City of Palm Springs, Finance Department

**CITY OF PALM SPRINGS**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 19,998,488	\$ 11,759,819	\$ 14,353,882	\$ 17,734,430	\$ 11,981,549	\$ 11,680,752	\$ 10,149,638	\$ 11,784,609	\$ 15,700,926	\$ 10,720,946
Public safety	49,397,778	45,219,115	42,911,251	42,041,061	38,070,130	36,489,937	36,069,196	39,310,585	38,382,590	35,442,942
Cultural and convention center	7,454,099	8,293,582	8,041,954	6,884,266	7,482,648	7,638,730	7,651,982	7,369,435	7,693,125	5,511,222
Parks and recreation	9,902,789	7,756,225	9,008,961	8,832,666	12,150,464	9,728,209	8,903,287	7,052,825	9,532,099	9,433,992
Public works	33,476,271	27,299,586	26,799,641	26,594,799	14,674,398	36,660,915	22,102,401	25,469,426	21,959,270	21,749,956
Library	3,238,731	2,909,766	2,308,501	2,718,241	2,125,382	2,168,904	2,265,212	2,041,643	2,937,321	2,772,268
Interest on long-term debt	6,856,841	6,657,372	7,153,434	5,435,432	5,565,437	7,553,342	9,183,561	11,967,641	14,636,613	11,609,448
Total governmental activities expenses	<u>130,324,997</u>	<u>109,895,465</u>	<u>110,577,624</u>	<u>110,240,895</u>	<u>92,050,008</u>	<u>111,920,789</u>	<u>96,325,277</u>	<u>104,996,164</u>	<u>110,841,944</u>	<u>97,240,774</u>
<b>Business-type activities:</b>										
Airport	28,961,927	25,300,163	25,811,396	25,580,134	25,581,945	24,990,169	24,526,812	24,586,610	24,637,583	23,842,294
Wastewater	7,009,637	6,539,225	6,693,464	7,118,541	5,711,562	5,967,510	5,863,229	6,126,747	5,854,655	5,191,967
Golf Course	5,141,317	4,972,995	5,370,771	5,527,984	5,948,442	5,662,881	5,441,285	5,153,882	5,374,561	4,664,759
Total business-type activities expenses	<u>41,112,881</u>	<u>36,812,383</u>	<u>37,875,631</u>	<u>38,226,659</u>	<u>37,241,949</u>	<u>36,620,560</u>	<u>35,831,326</u>	<u>35,867,239</u>	<u>35,866,799</u>	<u>33,699,020</u>
Total primary government expenses	<u>171,437,878</u>	<u>146,707,848</u>	<u>148,453,255</u>	<u>148,467,554</u>	<u>129,291,957</u>	<u>148,541,349</u>	<u>132,156,603</u>	<u>140,863,403</u>	<u>146,708,743</u>	<u>130,939,794</u>
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	4,966,153	4,019,379	4,151,215	3,640,512	3,552,667	3,517,758	3,606,184	3,904,814	1,868,359	1,811,973
Public safety	3,789,214	3,401,378	3,256,962	2,930,416	2,843,908	2,878,838	2,847,413	3,072,280	1,922,028	1,922,714
Cultural and convention center	-	113	-	-	-	-	-	-	359,103	402,890
Parks and recreation	1,921,560	1,747,440	1,911,290	1,775,662	1,614,526	1,370,673	1,376,238	1,223,793	1,823,445	2,033,797
Public works	5,794,610	5,972,587	4,344,298	6,339,972	4,582,804	4,045,121	4,359,177	2,644,951	3,249,898	6,367,211
Lease	-	-	-	-	-	-	-	-	-	-
Library	37,753	42,655	41,075	38,517	38,172	59,501	42,727	42,126	124,726	222,349
Operating grants and contributions	2,879,858	4,082,086	3,469,962	5,861,447	5,192,616	7,381,835	6,886,447	6,425,017	9,480,506	11,559,384
Capital grants and contributions	4,188,835	6,823,197	2,936,236	1,448,409	5,093,264	16,382,186	13,271,770	3,212,335	6,269,961	4,202,582
Total governmental activities program revenues	<u>23,577,983</u>	<u>26,088,835</u>	<u>20,111,038</u>	<u>22,034,935</u>	<u>22,917,957</u>	<u>35,635,912</u>	<u>32,389,956</u>	<u>20,525,316</u>	<u>25,098,026</u>	<u>28,522,900</u>
<b>Business-type activities:</b>										
Charges for services:										
Airport	25,621,382	24,352,244	23,900,962	23,017,582	21,745,074	20,342,504	18,747,127	18,998,409	18,465,121	19,531,818
Wastewater	11,771,816	10,667,824	9,524,542	8,220,813	7,019,449	5,965,340	6,045,209	5,928,827	6,006,812	6,007,109
Golf Course	4,317,981	4,234,555	4,836,445	4,519,169	4,850,343	5,046,766	4,832,305	4,687,694	4,130,497	2,261,723
Operating grants and contributions	-	-	-	-	-	29,056	29,056	-	-	-
Capital grants and contributions	1,519,902	13,405,121	2,180,401	11,788,567	2,290,385	2,315,123	483,618	523,239	10,051,905	2,446,831
Total business-type activities program revenues	<u>43,231,081</u>	<u>52,659,744</u>	<u>40,442,350</u>	<u>47,546,131</u>	<u>35,905,251</u>	<u>33,669,733</u>	<u>30,137,315</u>	<u>30,138,169</u>	<u>38,654,335</u>	<u>30,247,481</u>
Total primary government program revenues	<u>66,809,064</u>	<u>78,748,579</u>	<u>60,553,388</u>	<u>69,581,066</u>	<u>58,823,208</u>	<u>69,305,645</u>	<u>62,527,271</u>	<u>50,663,485</u>	<u>63,752,361</u>	<u>58,770,381</u>

**CITY OF PALM SPRINGS**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net revenues (expenses):										
Governmental activities	(106,747,014)	(83,806,630)	(90,466,586)	(88,205,960)	(69,132,051)	(76,284,877)	(63,935,321)	(84,470,848)	(85,743,918)	(68,717,874)
Business-type activities	2,118,200	15,847,361	2,566,719	9,319,472	(1,336,698)	(2,950,827)	(5,694,011)	(5,729,070)	2,787,536	(3,451,539)
Total net revenues (expenses)	<u>(104,628,814)</u>	<u>(67,959,269)</u>	<u>(87,899,867)</u>	<u>(78,886,488)</u>	<u>(70,468,749)</u>	<u>(79,235,704)</u>	<u>(69,629,332)</u>	<u>(90,199,918)</u>	<u>(82,956,382)</u>	<u>(72,169,413)</u>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	24,535,870	22,245,363	21,294,978	21,065,170	18,655,013	24,229,315	25,786,509	24,547,656	30,747,373	32,558,462
Sales tax	30,971,801	27,681,241	25,367,807	24,113,415	21,948,058	12,130,059	9,633,250	8,221,763	8,796,538	9,138,355
Transient occupancy taxes	28,591,763	25,814,526	24,695,585	22,249,462	19,396,331	17,874,173	15,731,036	13,370,831	12,753,078	14,464,485
Other taxes	13,111,478	12,939,461	14,687,706	14,142,596	13,840,763	13,070,963	12,533,135	12,185,850	10,709,406	11,201,740
Motor vehicle in lieu, unrestricted	4,492,728	4,209,089	3,920,259	3,673,718	3,537,631	3,505,007	3,797,122	3,942,507	4,180,689	4,056,920
Use of money and property	1,557,326	2,176,122	2,211,049	2,336,973	1,217,844	1,583,805	860,532	5,537,407	1,610,201	4,580,865
Other general revenues	68,720	85,881	54,954	80,795	178,958	117,096	203,793	28,328	7,241,006	2,293,329
Gain on sale of capital asset	-	-	86,492	(238,179)	161,770	-	-	-	-	-
Extraordinary gain/(loss)	-	-	-	(2,585,890)	(6,935,586)	31,771,682	-	-	-	-
Transfers	<u>(2,245,997)</u>	<u>(810,030)</u>	<u>(412,270)</u>	<u>(2,550,758)</u>	<u>(1,952,165)</u>	<u>2,450</u>	<u>589,848</u>	<u>(500,000)</u>	<u>(2,140,000)</u>	<u>(700,000)</u>
Total governmental activities	101,083,689	94,341,653	91,906,560	82,287,302	70,048,617	104,284,550	69,135,225	67,334,342	73,898,291	77,594,156
Business-type activities:										
Use of money and property	163,540	323,896	299,716	526,158	(122,318)	333,192	336,189	436,926	900,328	1,625,626
Other revenue	917,966	909,116	986,504	164,542	182,232	161,417	295,897	10,402	1,150	317,450
Extraordinary gain/(loss)	-	-	-	-	(74,215)	(1,227,000)	-	-	-	-
Transfers	<u>2,245,997</u>	<u>810,030</u>	<u>412,270</u>	<u>2,550,758</u>	<u>1,952,165</u>	<u>(2,450)</u>	<u>(589,848)</u>	<u>500,000</u>	<u>2,140,000</u>	<u>700,000</u>
Total business-type activities	3,327,503	2,043,042	1,698,490	3,241,458	1,937,864	(734,841)	42,238	947,328	3,041,478	2,643,076
Total primary government	<u>104,411,192</u>	<u>96,384,695</u>	<u>93,605,050</u>	<u>85,528,760</u>	<u>71,986,481</u>	<u>103,549,709</u>	<u>69,177,463</u>	<u>68,281,670</u>	<u>76,939,769</u>	<u>80,237,232</u>
Changes in net position										
Governmental activities	(5,663,325)	10,535,023	1,439,974	(5,918,658)	916,566	27,999,673	5,199,904	(17,136,506)	(11,845,627)	8,876,282
Business-type activities	5,445,703	17,890,403	4,265,209	12,560,930	601,166	(3,685,668)	(5,651,773)	(4,781,742)	5,829,014	(808,463)
Total primary government	<u>\$ (217,622)</u>	<u>\$ 28,425,426</u>	<u>\$ 5,705,183</u>	<u>\$ 6,642,272</u>	<u>\$ 1,517,732</u>	<u>\$ 24,314,005</u>	<u>\$ (451,869)</u>	<u>\$ (21,918,248)</u>	<u>\$ (6,016,613)</u>	<u>\$ 8,067,819</u>

Source: City of Palm Springs, Finance Department

**CITY OF PALM SPRINGS**

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

	2017	2016	2015	2014	2013	2012	2011 *	2010	2009	2008
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,913,779	\$ 5,664,944	\$ 5,402,822
Unreserved	-	-	-	-	-	-	-	6,730,561	7,055,671	11,882,037
Nonspendable	3,019,428	3,019,428	3,919,428	3,019,428	3,670,535	1,410,000	3,015,000	-	-	-
Assigned	8,002,942	7,884,694	6,850,022	7,060,894	6,442,546	5,333,035	3,932,735	-	-	-
Unassigned	21,548,391	18,545,979	14,985,654	13,199,370	12,803,298	13,041,689	11,779,373	-	-	-
<b>Total general fund</b>	<b>\$ 32,570,761</b>	<b>\$ 29,450,101</b>	<b>\$ 25,755,104</b>	<b>\$ 23,279,692</b>	<b>\$ 22,916,379</b>	<b>\$ 19,784,724</b>	<b>\$ -</b>	<b>\$ 10,644,340</b>	<b>\$ 12,720,615</b>	<b>\$ 17,284,859</b>
All other governmental funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,575,321	\$ 55,281,667	\$ 71,505,398
Unreserved, reported in:										
Debt Service	-	-	-	-	-	-	-	(4,740,053)	-	-
Special revenue funds	-	-	-	-	-	-	-	11,031,984	7,903,147	9,168,338
Capital projects funds	-	-	-	-	-	-	-	1,299,214	23,370,030	10,244,630
Nonspendable	-	-	-	-	11,188,905	12,324,620	13,290,989	-	-	-
Restricted	41,363,491	41,633,373	50,159,957	64,475,152	48,061,626	40,966,247	46,253,542	-	-	-
Committed	-	-	-	-	-	-	1,568,370	-	-	-
Assigned	21,667,783	14,227,585	14,344,936	2,446,752	3,657,054	1,216,595	2,961,717	-	-	-
Unassigned	(476,099)	(23,156)	(52,112)	(23,463)	(184,499)	(154,048)	(5,352,857)	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 62,555,175</b>	<b>\$ 55,837,802</b>	<b>\$ 64,452,781</b>	<b>\$ 66,898,441</b>	<b>\$ 62,723,086</b>	<b>\$ 54,353,414</b>	<b>\$ 58,721,761</b>	<b>\$ 74,166,466</b>	<b>\$ 86,554,844</b>	<b>\$ 90,918,366</b>

\* The City implemented GASB 54 in 2011 and as a result has classified fund balance differently than in previous years.

Source: City of Palm Springs, Finance Department

**CITY OF PALM SPRINGS**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues:</b>										
Taxes	\$ 97,210,912	\$ 88,680,591	\$ 86,046,076	\$ 83,019,658	\$ 75,222,872	\$ 68,653,101	\$ 72,408,230	\$ 72,253,106	\$ 72,269,596	\$ 75,916,291
Licenses and permits	5,726,357	4,734,400	4,338,884	4,223,695	3,066,526	2,913,367	3,119,482	2,714,339	3,068,452	3,858,530
Fines and penalties	251,091	122,741	283,767	127,672	98,971	104,838	107,824	270,853	824,131	781,656
Use of money and property	1,550,825	2,069,955	2,130,949	2,214,740	1,287,277	2,006,106	2,349,620	5,004,081	7,485,174	7,237,922
Intergovernmental	15,115,053	8,275,642	9,881,576	8,499,575	13,397,351	27,266,100	20,914,362	10,338,051	15,049,300	15,936,047
Charges for services	9,854,967	8,843,238	8,671,389	8,632,034	7,750,886	7,036,034	7,068,669	6,715,640	5,038,889	6,190,461
Other	2,156,777	3,194,910	2,817,116	873,125	1,322,686	1,292,222	3,265,240	2,929,498	5,496,259	5,849,485
<b>Total revenues</b>	<b>131,865,982</b>	<b>115,921,477</b>	<b>114,169,757</b>	<b>107,590,499</b>	<b>102,146,569</b>	<b>109,269,768</b>	<b>109,233,427</b>	<b>100,225,568</b>	<b>109,231,801</b>	<b>115,770,392</b>
<b>Expenditures</b>										
<b>Current:</b>										
General government	17,186,130	14,514,121	12,639,548	17,145,827	10,885,046	10,863,967	9,562,837	11,362,793	14,090,558	14,217,987
Public safety	44,040,288	39,880,252	38,169,200	36,640,786	35,327,922	35,192,757	32,864,416	38,472,546	38,116,499	34,720,156
Cultural and convention center	4,034,038	5,140,410	4,912,242	3,946,726	4,342,391	4,437,725	4,450,885	4,235,131	6,357,377	3,946,989
Parks and recreation	8,970,655	8,775,698	8,664,379	8,423,471	11,958,245	8,969,751	8,772,280	7,725,705	8,608,714	8,023,314
Public works	28,044,863	37,018,361	30,083,326	20,799,856	15,474,824	74,063,752	40,578,391	23,473,774	23,788,035	29,593,755
Library	2,839,703	2,694,753	3,194,262	2,552,786	2,428,937	2,073,757	2,290,305	2,177,906	2,924,851	2,744,643
Debt service:										
Principal retirement	5,657,193	12,266,638	5,219,260	4,444,570	4,264,596	3,799,784	3,799,956	4,264,044	3,793,289	4,209,378
Interest and fiscal charges	6,069,043	5,888,573	5,587,476	4,647,051	4,618,428	6,579,560	7,966,940	10,710,691	13,088,973	9,963,603
Bond issuance costs	-	-	7,145,057	-	-	-	-	-	-	887,426
Payment to bond escrow	-	-	-	-	-	1,948,429	7,201,757	12,027,631	7,440,446	3,661,948
Pass-through payments	-	-	-	-	-	-	-	-	-	7,087,437
<b>Total expenditures</b>	<b>116,841,913</b>	<b>126,178,806</b>	<b>115,614,750</b>	<b>98,601,073</b>	<b>89,300,389</b>	<b>147,929,482</b>	<b>117,487,767</b>	<b>114,450,221</b>	<b>118,208,742</b>	<b>119,056,636</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>15,024,069</b>	<b>(10,257,329)</b>	<b>(1,444,993)</b>	<b>8,989,426</b>	<b>12,846,180</b>	<b>(38,659,714)</b>	<b>(8,254,340)</b>	<b>(14,224,653)</b>	<b>(8,976,941)</b>	<b>(3,286,244)</b>
<b>Other financing sources (uses):</b>										
Transfers in	22,671,479	22,844,245	20,793,279	18,329,676	15,850,073	8,756,658	9,726,647	28,298,755	20,150,156	11,938,365
Transfers out	(27,882,476)	(24,193,175)	(25,785,113)	(22,780,434)	(17,802,238)	(8,754,208)	(9,136,799)	(29,098,755)	(23,140,156)	(13,538,365)
Debt issued	1,120,195	5,680,000	58,440,000	-	490,000	68,945,000	-	-	3,366,478	24,935,036
Bond premium	105,301	1,006,277	5,376,988	-	-	2,361,102	-	-	-	-
Bond discount	-	-	(59,946)	-	-	-	-	-	-	-
Proceeds from sale of asset	-	-	-	-	-	-	-	-	(77,303)	35,000
Payment to refunded bond escrow agent	(1,200,535)	-	(55,790,463)	-	-	(24,264,400)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(5,186,036)</b>	<b>5,337,347</b>	<b>2,974,745</b>	<b>(4,450,758)</b>	<b>(1,462,165)</b>	<b>47,044,152</b>	<b>589,848</b>	<b>(800,000)</b>	<b>299,175</b>	<b>23,370,036</b>
<b>Extraordinary gain/loss</b>	-	-	-	-	(323,409)	(11,303,318)	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 9,838,033</b>	<b>\$ (4,919,982)</b>	<b>\$ 1,529,752</b>	<b>\$ 4,538,668</b>	<b>\$ 11,060,606</b>	<b>\$ (2,918,880)</b>	<b>\$ (7,664,492)</b>	<b>\$ (15,024,653)</b>	<b>\$ (8,677,766)</b>	<b>\$ 20,083,792</b>
<b>Capital outlay included in current expenditures</b>	\$ 1,970,021	\$ 20,251,033	\$ 12,074,642	\$ 3,538,377	\$ 8,926,703	\$ 48,406,654	\$ 27,603,363	\$ 7,895,886	\$ 9,826,194	\$ 14,631,482
<b>Debt service as a percentage of noncapital expenditures</b>	10.2%	17.1%	17.3%	9.6%	11.1%	12.4%	21.1%	25.3%	22.4%	24.7%

Source: City of Palm Springs, Finance Department



## CITY OF PALM SPRINGS

### Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year Ended June 30	Residential	Commercial	Industrial	Other (Note 2)	Total Net Taxable Assessed Value	Total Direct Rate
2008	\$ 5,749,317	\$ 964,864	\$ 180,165	\$ 2,950,286	\$ 9,844,632	0.36904
2009	5,889,013	1,099,120	197,160	3,062,564	10,247,857	0.37569
2010	5,527,341	1,168,445	196,399	2,839,637	9,731,822	0.38182
2011	5,239,135	1,034,191	193,415	2,728,132	9,194,873	0.37482
2012	5,143,126	962,594	193,140	2,562,149	8,861,009	0.36581
2013	5,190,305	995,874	192,704	2,522,431	8,901,314	0.35452
2014	5,664,830	1,008,814	188,103	2,845,274	9,707,021	0.22399
2015	6,255,962	1,014,168	182,092	2,523,552	9,975,774	0.22389
2016	7,914,314	1,915,819	640	345,403	10,176,176	0.22716
2017	8,537,372	1,933,515	790	355,104	10,826,781	0.02754

**NOTE:**

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Note 2: Includes government owned, institutional, miscellaneous, recreational, vacant, SBE Nonunitary, cross reference, unsecured, exempt, and unknown.

Source: Riverside County Assessor data, MuniServices, LLC

Source: 2007-08 thru 2014-15 prior published CAFR

**CITY OF PALM SPRINGS**

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(Rate per \$100 of Assessed Value)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Basic Levy (Note 1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates (Note 2)										
Coachella Valley Water District	0.10000	0.10000	0.10000	0.10000	0.08000	0.08000	0.08000	0.06000	0.04000	0.04000
Desert Community College	0.02036	0.02087	0.02325	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995
Palm Springs Unified B & I 1992-A	0.11802	0.08978	0.10160	0.12961	0.09351	0.10451	0.13224	0.12628	0.06007	0.05468
<b>Total Direct and Overlapping Tax Rates</b>	<b>1.23838</b>	<b>1.21065</b>	<b>1.22485</b>	<b>1.24956</b>	<b>1.19346</b>	<b>1.20446</b>	<b>1.23219</b>	<b>1.20623</b>	<b>1.12002</b>	<b>1.11463</b>
City Share of 1% Levy (Note 3)	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505
Redevelopment Rate (Note 4)	-	-	-	-	-	1.08000	1.08000	1.08000	1.08000	1.08000
<b>Total Direct Rate (Note 5)</b>	<b>0.22716</b>	<b>0.22716</b>	<b>0.22389</b>	<b>0.22399</b>	<b>0.35452</b>	<b>0.36581</b>	<b>0.37482</b>	<b>0.38182</b>	<b>0.37569</b>	<b>0.36904</b>

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

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

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

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

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

Source: County Auditor/Controller data, MuniServices, LLC

**CITY OF PALM SPRINGS**

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

<u>Taxpayer</u>	<u>2017</u>		<u>2007</u>	
	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>
Tenet Health System Desert Inc.	\$ 104,751,333	0.92%		
Mountain View Power Partners I	65,873,227	0.58%	\$ 22,951,958	0.24%
TKG Smoke Tree Commons LLC	63,873,310	0.56%		
Windpower Partners 1993 LP	55,328,316	0.49%		
Endure Inv	50,454,150	0.45%		
Agre Dcp Palm Springs	50,436,929	0.45%	100,131,581	1.04%
Hh Palm Springs	41,450,613	0.37%		
Wal Mart Supercenter	33,064,754	0.29%	30,825,696	0.32%
Skywest Airlines Inc.	30,299,951	0.27%	36,394,853	0.38%
American Airlines	29,774,119	0.26%		
Standard Pacific Corp	28,831,950	0.25%	30,472,070	0.32%
Hope Linda	28,150,551	0.25%		
Pacific Monarch Resorts Inc.	25,938,000	0.23%	39,916,971	0.41%
GRP Aviation LLC	23,954,000	0.21%	55,488,000	0.57%
Walter Hotel Corp	22,429,000	0.20%	17,036,600	0.18%
Rbd Hotel Palm Springs	22,025,610	0.19%		
Parker Palm Springs II	22,013,001	0.19%	18,052,625	0.19%
Palm Springs Land	21,500,000	0.19%		
San Gorgonio Westwinds II LLC	20,308,611	0.18%	31,651,000	0.33%
Medical Properties Ii Palm Spr	19,645,087	0.17%		
Lv Palm Springs Village	17,501,917	0.15%		
CLP Palm Springs CAWaterpark	16,992,617	0.15%		
Beazer Homes Holdings Corp	16,353,454	0.14%		
Carney Palm Springs	16,091,711	0.14%		
Toll CA II	15,631,982	0.14%		
Wessman Holdings			52,674,289	0.55%
Suncal Psv			44,023,097	0.46%
Mw Housing Partnersiii			41,814,448	0.43%
Psmhop			34,731,000	0.36%
Drw Financial Inc			30,000,000	0.31%
CRV Monte Sereno			27,270,741	0.28%
L & S Dev Co			25,565,403	0.26%
Time Warner Entertainment Adva			24,134,845	0.25%
Hbf Palm Springs Resort			21,970,980	0.23%
U Store It LP			21,069,099	0.22%
Desert Sun Publishing Co			20,910,241	0.22%
K Hovnanian Co Of Calif Inc			20,582,087	0.21%
Palm Springs Classic			18,774,444	0.19%
Sunrise Place			17,705,177	0.18%
Smoke Tree Inc			16,876,373	0.17%
Total Top 25 Taxpayers	<u>\$ 842,674,193</u>	<u>7.44%</u>	<u>\$ 801,023,578</u>	<u>8.30%</u>
Total Taxable Value*	<u>\$ 11,331,494,663</u>	<u>100.00%</u>	<u>\$ 9,654,760,137</u>	<u>100.00%</u>

The amounts shown above include assessed value data for the City

Source: MuniServices, LLC

**CITY OF PALM SPRINGS**

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2008	\$ 17,805,189	1	0.00%	1		0.00%
2009		1	0.00%	1		0.00%
2010	37,164,518	34,897,314	1	1,377,973	36,275,287	97.61%
2011	36,589,289	33,749,104	92.24%	617,134	34,366,238	93.92%
2012	31,699,331	26,581,718	83.86%	1,613,650	28,195,368	88.95%
2013	34,832,425	27,301,032	78.38%	1,440,591	28,741,623	82.51%
2014	35,213,010	33,764,807	95.89%	1,432,979	35,197,786	99.96%
2015	34,215,678	32,782,699	95.81%	1,452,247	34,234,946	100.06%
2016	38,459,265	37,007,018	96.22%	1,635,157	38,642,175	100.48%
2017	43,978,592	40,100,275	91.18%	1,121,580	41,221,855	93.73%

**NOTE:**

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Source: City of Palm Springs, Finance Department

1 - County of Riverside was unable to provide this information.

**CITY OF PALM SPRINGS**  
**HISTORICAL SALES TAX AMOUNTS BY BENCHMARK YEAR**  
 Last Ten Fiscal Years

<b>CATEGORY NAME</b>	<b>2017 Q1</b>	<b>2016 Q1</b>	<b>2015 Q1</b>	<b>2014 Q1</b>	<b>2013 Q1</b>	<b>2012 Q1</b>	<b>2011 Q1</b>	<b>2010 Q1</b>	<b>2009 Q1</b>	<b>2008 Q1</b>
All Other Outlets	\$ 2,400,391	\$ 2,322,812	\$ 2,388,985	\$ 2,272,930	\$ 2,260,021	\$ 2,160,378	\$ 1,970,108	\$ 1,835,389	\$ 1,892,719	\$ 1,982,409
Apparel Stores	521,947	490,118	512,708	505,858	478,924	421,592	390,731	392,863	285,646	304,668
Auto Dealers & Auto	850,326	783,011	693,540	690,229	676,460	568,418	489,717	468,648	474,294	536,889
Bldg. Matrl. & Farm	1,050,054	998,870	978,332	914,884	884,594	824,033	767,459	759,344	822,088	864,586
Drug Stores	327,919	307,985	298,135	255,087	209,563	207,378	182,437	156,650	169,748	167,497
Eating & Drinking Pl	2,472,919	2,297,634	2,157,376	1,998,620	1,788,668	1,718,571	1,526,968	1,478,323	1,537,364	1,478,943
Food Stores	615,621	592,867	547,211	511,008	519,307	455,394	423,396	405,711	392,394	458,761
General Merchandise	555,910	537,215	548,434	574,052	575,338	578,886	586,429	620,706	674,389	696,874
Home Furnishings & A	106,998	111,563	95,912	91,766	74,779	66,378	127,175	94,771	98,658	120,531
Other Retail Stores	1,129,435	1,113,907	1,057,655	1,022,212	1,007,150	970,440	913,391	793,543	793,733	891,606
Packaged Liquor Stor	56,507	44,590	42,808	42,240	46,260	37,949	39,386	38,870	42,967	44,295
Service Station	843,423	906,325	1,092,965	1,208,315	1,167,026	1,060,906	897,678	836,837	1,020,826	1,045,481
<b>TOTAL</b>	<b>\$10,931,450</b>	<b>\$10,506,897</b>	<b>\$10,414,061</b>	<b>\$10,087,201</b>	<b>\$9,688,090</b>	<b>\$9,070,323</b>	<b>\$8,314,875</b>	<b>\$7,881,655</b>	<b>\$8,204,826</b>	<b>\$8,592,540</b>

Source: Muni Services LLP

**City of Palm Springs**  
Principal Sales Tax Producers  
Last Fiscal Year and Nine Years Ago

2016-17		2007-08	
Taxpayer	Business Type	Taxpayer	Business Type
Ace Hotel & Swim Club	Restaurants	Alamo National Car Rental	Leasing
Albertson's Food Centers	Food Markets	Albertson's Food Centers	Food Markets
ARCO AM/PM Mini Marts	Service Stations	ARCO AM/PM Mini Marts	Service Stations
Avis Rent-A-Car	Leasing	Avis Rent-A-Car	Leasing
BMW Of Palm Springs	Auto Sales - New	Builders Home Center	Bldg.Matls-Retail
Builders Home Center	Bldg.Matls-Retail	Chevron Service Stations	Service Stations
Chevron Service Stations	Service Stations	Enterprise Rent-A-Car	Leasing
Dollar Rent-A-Car	Leasing	Financial Svcs Vehicle Trust	Leasing
Enterprise Rent-A-Car	Leasing	Gottschalks Department Store	Department Stores
Hertz Rent-A-Car	Leasing	Hajoca Corp.	Office Equipment
Home Depot	Bldg.Matls-Retail	Hertz Rent-A-Car	Leasing
Las Casuelas Terraza Restauran	Restaurants	Las Casuelas Terraza Restauran	Restaurants
Le Parker Meridien	Restaurants	Le Parker Meridien	Restaurants
Lowe's Home Centers	Bldg.Matls-Retail	Lowe's Home Centers	Bldg.Matls-Retail
Lulu California Bistro	Restaurants	Million Air	Misc. Vehicle Sales
Organic Solutions Of The Deser	Drug Stores	Pilot Travel Center	Service Stations
Pilot Travel Center	Service Stations	Ralph's Grocery Company	Food Markets
Ralph's Grocery Company	Food Markets	Rite Aid Drug Stores	Drug Stores
Rite Aid Drug Stores	Drug Stores	Roofing Wholesale	Bldg.Matls-Whsle
Ross Stores	Apparel Stores	Ross Stores	Apparel Stores
Ryder Truck Rentals	Leasing	Stein Mart	Apparel Stores
TJ Maxx	Apparel Stores	Unknown Hut	Closed Acct-Adjustmt
VIP Motor Cars	Auto Sales - New	VIP Motor Cars	Auto Sales - New
Wal Mart Stores	Department Stores	Vons Grocery Company	Food Markets
Walgreen's Drug Stores	Drug Stores	Wal Mart Stores	Department Stores

Source: MuniServices, LLC

**CITY OF PALM SPRINGS**

**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Governmental Activities				Total Governmental Activities
	Pension Obligation Bond (1)	General Obligation Bonds	Tax Allocation Bonds	Loans and Leases	
2008	\$ 19,832,588	\$ 99,938,944	\$ 46,640,000	\$ 275,748	\$ 166,687,280
2009	20,328,619	97,667,830	45,860,000	3,486,462	167,342,911
2010	20,349,536	95,654,919	45,045,000	4,327,846	165,377,301
2011	20,312,658	93,372,989	44,080,000	3,854,251	161,619,898
2012	20,221,505	136,394,186	-	3,358,621	159,974,312
2013	20,067,568	132,552,058	-	3,329,912	155,949,538
2014	19,851,587	128,647,806	-	21,156,532	169,655,925
2015	19,572,184	136,551,633	-	20,367,964	176,491,781
2016	20,425,145	131,071,115	-	19,519,529	171,015,789
2017	20,247,941	125,668,219	-	18,597,863	164,514,023

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

**CITY OF PALM SPRINGS**

**Ratios of Outstanding Debt by Type**

**Last Ten Fiscal Years  
(Continued)**

<b>Business-type Activities</b>				Total Business-type Activities	Total Primary Govt	Percentage of Personal Income (1)	Debt Per Capita (1)
Airport Revenue Bonds	Certificates of Participation	Leases					
\$ 29,095,000	\$ 11,846,058	\$ -	\$ 40,941,058	\$ 207,628,338	0.15072	\$ 4,884	
27,965,000	11,422,169	-	39,387,169	206,730,080	0.14773	4,787	
27,305,000	10,980,081	-	38,285,081	203,662,382	0.14487	4,184	
25,995,000	10,522,011	-	36,517,011	198,136,909	0.11245	4,054	
25,030,000	10,045,814	238,248	35,314,062	195,288,374	114.65268	4,233	
24,020,000	9,547,944	167,372	33,735,316	189,684,854	111.36289	4,112	
20,915,000	9,037,194	92,556	30,044,750	199,700,675	117.24312	4,329	
18,161,227	8,502,035	6,807	26,670,069	203,161,850	111.22600	4,288	
16,694,038	7,947,127	-	24,641,165	195,656,954	107.11726	4,130	
12,826,849	7,607,672	-	20,434,521	184,948,544	101.25467	3,904	
* Personal Income				1,826,568			
* Total Population				47,379			



**CITY OF PALM SPRINGS**

**Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years  
(In Thousands, except Per Capita)**

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Total	Percent of Assessed Value (1)	Per Capita
	Pension Obligation Bond	General Obligation Bonds	Tax Allocation Bonds			
2008	\$ 19,832	\$ 99,938	\$ 46,640	\$ 166,410	1.62%	\$ 3,918
2009	20,328	97,667	45,860	163,855	1.68%	3,858
2010	20,350	95,655	45,045	161,050	1.75%	3,380
2011	20,313	93,373	44,080	157,766	1.78%	3,484
2012	20,222	136,394	-	156,616	1.76%	3,395
2013	20,068	132,552	-	152,620	1.57%	3,308
2014	19,852	128,648	-	148,500	1.53%	3,219
2015	19,572	136,552	-	156,124	1.57%	3,346
2016	20,425	131,071	-	151,496	1.48%	3,221
2017	20,248	125,668	-	145,916	1.35%	3,080

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

**CITY OF PALM SPRINGS**  
**Direct and Overlapping Debt**  
**June 30, 2017**

City Assessed Valuation		\$ 11,442,832,198	
		\$ 11,442,832,198	
	Percentage Applicable (1)	Outstanding Debt 6/30/17	Estimated Share of Overlapping Debt
<u>Overlapping Debt Repaid with Property Taxes:</u>			
Desert Community College District	15.340%	\$ 278,449,403	\$ 42,714,138
Mount San Jacinto Community College District	0.006%	63,950,000	3,837
Banning Unified School District	0.191%	65,227,590	124,585
Palm Springs Unified School District	41.633%	423,340,521	176,249,359
San Geronio Memorial Hospital District	0.068%	112,220,000	76,310
City of Palm Springs 1915 Act Bonds	100%	5,855,000	5,855,000
California Statewide Communities Development Authority 1915 Act Bonds	100%	690,004	690,004
Total overlapping debt repaid with property taxes		949,732,518	225,713,233
<u>Direct and Overlapping General Fund Debt:</u>			
Riverside County General Fund Obligations	4.568%	849,105,407	38,787,135
Riverside County Pension Obligations	4.568%	286,535,000	13,088,919
City of Palm Springs General Fund Obligations	100%	114,995,000	114,995,000
City of Palm Springs Pension Obligations	100%	17,890,512	17,890,512
Total Direct and Overlapping General Fund Debt		1,268,525,919	184,761,566
Less: Riverside County Self-Supporting Obligations			221,422
Total Net Direct and Overlapping General Fund Debt		\$ 1,268,525,919	\$ 184,540,144
<u>Overlapping Tax Increment Debt (Successor Agencies)</u>			
Riverside County Tax Allocation Bonds	0.225-100%	\$ 219,343,028	\$ 35,438,138
Total Overlapping Tax Increment Debt		\$ 219,343,028	\$ 35,438,138
Total Direct Debt			\$ 132,885,512
Total Gross Overlapping Debt			313,027,425
Total Net Overlapping Debt			312,806,003
Gross Combined Total Debt			445,912,937 (2)
Net Combined Total Debt			445,691,515
<u>Ratios to 2016-17 Assessed Valuation:</u>			
Total Overlapping Tax and Assessment Debt	1.97%		
Total Direct Debt (\$132,885,512)	1.16%		
Gross Combined Total Debt	3.90%		
Net Combined Total Debt	3.89%		
<u>Ratios to Redevelopment Successor Agencies Incremental Valuation (\$1,976,228,534)</u>			
Total Overlapping Tax Increment Debt	1.79%		

AB (\$500)

Notes:

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Source: Muni Services LLP

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**CITY OF PALM SPRINGS**

**Legal Debt Margin Information  
Last Ten Fiscal Years  
(in Thousands of Dollars)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Assessed Valuation	\$ 10,826,781	\$ 10,176,176	\$ 9,975,774	\$ 9,320,889	\$ 8,901,314	\$ 8,861,010	\$ 9,194,873	\$ 9,731,822	\$ 10,247,857	\$ 9,844,632
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,706,695	2,544,044	2,493,944	2,330,222	2,225,329	2,215,253	2,298,718	2,432,956	2,561,964	2,461,158
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	406,004	381,607	374,092	349,533	333,799	332,288	344,808	364,943	384,295	369,174
Total net debt applicable to limit: General Obligation Bonds	125,668	131,071	136,552	128,648	132,552	136,394	93,373	95,655	97,668	99,939
Legal debt Margin	\$ 280,336	\$ 250,536	\$ 237,540	\$ 220,885	\$ 201,247	\$ 195,894	\$ 251,435	\$ 269,288	\$ 286,627	\$ 269,235

Total Debt applicable to the limit as a percentage of debt limit **31.0%**    **34.3%**    **36.5%**    **36.8%**    **39.7%**    **41.0%**    **27.1%**    **26.2%**    **25.4%**    **27.1%**

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Palm Springs, Finance Department

**CITY OF PALM SPRINGS**

**Pledged-Revenue Coverage  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2008	\$ 12,308,827	\$ 755,000	\$ 1,862,249	4.70
2009	14,093,345	780,000	2,458,686	4.35
2010	18,376,003	815,000	2,426,481	5.67
2011	16,214,162	965,000	2,389,109	4.83
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-

\* Include \$2,665,000 in special mandatory redemption

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

**CITY OF PALM SPRINGS**

**Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(Continued)**

<b>Airport Revenue Bonds</b>						
Airport Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	
			Principal	Interest		
\$ 26,418,356	\$ 19,854,497	\$ 6,563,859	\$ 1,310,000	\$ 1,616,318	2.24	
28,958,090	14,493,317	14,464,773	1,130,000	1,629,824	5.24	
19,769,064	14,245,793	5,523,271	660,000	1,546,136	2.50	
19,724,924	14,612,198	5,112,726	1,310,000	1,502,770	1.82	
23,023,302	15,418,648	7,604,654	965,000	1,438,003	3.16	
24,109,169	16,143,466	7,965,703	1,010,000	1,387,851	3.32	
35,290,038	16,666,876	18,623,162	3,105,000	1,332,020	4.20	
24,793,762	24,630,467	163,295	2,310,000	1,180,929	0.05	
25,237,494	24,225,209	1,012,285	1,505,000	1,074,954	0.39	
26,526,151	28,080,171	(1,554,020)	3,905,000 *	881,756	-0.32	

**CITY OF PALM SPRINGS**

**Demographic and Economic Statistics  
Last Ten Calendar Years**

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2006	46,638	\$ 1,334,743	\$ 28,619	3.8%
2007	46,795	1,363,589	29,140	4.6%
2008	46,992	1,374,982	29,260	6.5%
2009	47,653	1,376,376	28,883	10.6%
2010	48,040	1,728,191	35,974	11.5%
2011	45,279	1,669,663	36,875	10.6%
2012	45,712	1,714,109	37,498	7.4%
2013	46,135	1,703,304	36,920	6.4%
2014	46,135	1,612,280	34,947	6.8%
2015	46,654	1,716,050	36,782	5.5%
2016	47,379	1,826,568	38,552	5.0%

Source: MuniServices, LLC

Source: 2006-2014 Demographics from previously posted CAFR

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

**CITY OF PALM SPRINGS**  
**Principal Employers**  
**Last Fiscal Year and Nine Year ago**

<b>Business Name</b>	<b>2016-17</b>		<b>2007-08</b>	
	<b>Number of Employees</b>	<b>Percent of Total Employment (%)</b>	<b>Number of Employees</b>	<b>Percent of Total Employment (%)</b>
Palm Springs Unified school district*	2,453	27.94%	1,992	6.28%
Desert Regional Medical Ctr	2,237	25.48%	1,680	5.30%
Spa Resort Casino (agua caliente casino resort spa)	2,215	25.23%		
City of Palm Springs	461	5.25%	471	1.48%
Walmart Supercenter	340	3.87%	261	0.82%
Ace Hotel & Swim Club	239	2.72%		
Parker Palm Springs Hotel	230	2.62%		
Riviera Palm Springs Resort**	205	2.34%		
Renaissance-Palm Springs	200	2.28%		
Home Depot	198	2.26%	175	0.55%
Aqua Calienta Gaming Casino			762	2.40%
Desert Sun			400	1.26%
Viasys Health Care			250	0.79%
Lowe's			200	0.63%
Wyndham Hotel			150	0.47%
Total Top Employers	8,778	100.00%	6,341	19.98%
Total City Employment	22,100			

Source: City of Palm Springs website and MuniServices, LLC

Source: 2007-08 count is from prior CAFR

Results based on direct correspondence with city's local businesses.

\*Count is for the entire school district

\*\*Includes full and part time



**CITY OF PALM SPRINGS**

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

<u>Department</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Administration	44.20	39.20	36.25	36.25	35.75	34.25	34.75	43.25	48.75	46.30
Growth Management	31.39	30.37	24.29	22.60	20.80	20.20	22.20	28.45	34.95	34.95
Quality of Life	53.50	52.50	54.50	54.00	53.25	37.25	38.25	46.00	56.25	53.90
Public Safety	189.00	178.00	173.50	170.50	178.50	172.50	184.50	208.50	214.50	215.50
Public Works & Engineering	23.38	23.38	20.33	20.00	20.00	27.50	27.00	32.00	32.75	30.60
Airport	70.00	69.00	67.00	67.50	66.50	66.50	64.50	63.50	69.50	69.65
Golf Course	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50
Motor Vehicle	8.00	8.00	8.00	7.00	7.00	7.00	7.00	8.00	9.00	9.00
Facilities Maintenance	13.00	13.00	13.00	13.50	13.50	13.50	12.50	14.50	14.50	14.50
Risk Management	4.25	4.25	3.25	3.25	3.25	2.75	3.25	3.25	3.25	3.25
Low & Moderate Income Housing	2.78	2.80	3.38	3.40	3.70	4.30	4.30	4.55	4.55	6.80
Wastewater Treatment Plant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05
<b>Total</b>	<u>439.50</u>	<u>420.50</u>	<u>403.50</u>	<u>398.00</u>	<u>402.25</u>	<u>385.75</u>	<u>398.25</u>	<u>452.00</u>	<u>488.50</u>	<u>485.00</u>

Source: City of Palm Springs, Finance Department Adopted Budget

**CITY OF PALM SPRINGS**

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

	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008
<b>Police:</b>										
Arrests	2,844	3,566	3,608	4,257	3,090	3,360	3,528	4,564	4,319	4,908
Parking Citations	4,014	5,424	3,826	3,178	2,796	2,585	1,936	2,977	2,896	2,987
<b>Fire:</b>										
Number of Emergency Calls	9,993	10,071	9,753	8,798	8,455	8,263	7,777	7,400	7,054	6,928
Inspections	3,489	3,666	3,389	3,902	3,385	1,425	4,204	3,808	2,907	3,889
<b>Public Works:</b>										
Street resurfacing (sq feet)	3,385,000	11,111,269	2,875,700	3,136,862	2,638,360	2,468,300	3,049,441	3,286,000	3,580,270	3,688,258
<b>Parks and Recreation:</b>										
Number of recreation classes	5,866	5,385	2,642	2,964	3,715	3,229	3,171	1,755	2,001	1,331
Number of facility rentals	3,968	3,908	144	167	160	195	276	955	968	1,138
<b>Airport:</b>										
Passengers serviced	2,052,129	1,917,702	1,914,402	1,852,606	1,751,973	1,668,554	1,483,051	1,499,637	1,453,921	1,591,458
Flights	23,174	55,977	55,823	52,993	51,586	58,792	61,584	68,772	68,805	77,859
<b>Sewer:</b>										
New Connections	163	165	175	120	114	112	62	102	122	166
Ave Daily sewage treatment	5,798	5,845	6,042	6,042	6,033	5,698	5,700	6,491	6,491	6,491
<b>Golf Course:</b>										
Golf rounds played	89,268	89,020	98,866	87,981	95,177	103,653	99,592	80,699	82,966	83,705

Source: City of Palm Springs, Finance Department

**CITY OF PALM SPRINGS**

**Capital Asset Statistics  
By Function**

**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police: Stations	1	1	1	1	1	1	1	1	1	1
Fire: Fire Stations	4	4	4	4	4	4	5	5	5	5
Public Works: Streets (miles)	270	270	270	270	270	270	270	270	270	270
Streetlights	405	405	405	405	367	367	367	367	365	360
Traffic signals	84	84	84	84	84	84	84	84	81	81
Parks and recreation: Parks	10	10	10	10	10	10	10	9	8	8
Community centers	3	3	3	3	3	3	3	2	2	2
Airport: Runway (feet)	14,952	14,952	14,952	14,952	14,952	14,952	14,952	14,952	14,952	14,952
Gates	16	16	16	16	16	16	16	16	16	16
Wastewater: Sanitary sewers (miles)	264	264	264	264	264	264	250	260	260	260
Storm sewers (miles)	52	52	52	52	52	52	50	50	50	50
Maximum daily treatment capacity (thousands of gallons)	10,900	10,900	10,900	10,900	10,900	10,900	10,900	10,900	10,900	10,900
Cogeneration: Cogeneration plants	1	1	1	1	2	2	1	1	1	1
Golf Course: Municipal golf courses	2	2	2	2	2	2	2	2	2	2
Convention Center: Square feet	261,000	261,000	261,000	261,000	261,000	261,000	261,000	250,000	250,000	250,000
Meeting rooms	19	19	19	19	19	19	19	13	13	13

Source: City of Palm Springs, Finance Department