

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2019

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CITY OF PALM SPRINGS, CALIFORNIA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Prepared By:
Finance Department

Nancy Pauley
Director of Finance and Treasurer

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CITY OF PALM SPRINGS
FINANCIAL STATEMENTS

JUNE 30, 2019

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTRODUCTORY SECTION
FISCAL YEAR ENDED JUNE 30, 2019

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City of Palm Springs

Department of Finance & Treasury

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December 16, 2019

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

The City Charter and State of California requires that the City of Palm Springs ("City") issue a complete set of financial statements annually and that an independent firm of certified public accounts audit this report in conformance with generally accepted auditing standards (GAAS). The Comprehensive Annual Financial Report (CAFR) of the City of Palm Springs for the year ended June 30, 2019, is hereby submitted.

The CAFR was prepared in conformance with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). This report consists of City management's representations concerning the finances of the City of Palm Springs. Responsibility for the accuracy and completeness of the data presented rests with the City. Management of the City is also responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data is 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. We believe the information presented in this report is complete and accurate in all material respects, and that it is reported in a manner designed to fairly present the financial position and results of operations of the various activities of the City of Palm Springs.

The City of Palm Springs financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of licensed certified public accountants. The goal of the audit was to provide reasonable assurance that the financial statements of the City of Palm Springs for the fiscal year (FY) ended June 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Palm Springs financial statements for the year ended June 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City is required to undergo an annual single audit in accordance with 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.

A narrative introduction, overview, and analysis accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Palm Springs MD&A can be found immediately following the report of the independent auditors and will provide further information regarding the format and content of this report.

Profile of the City

The City of Palm Springs is an inclusive world-class destination that welcomes everyone. The City of Palm Springs incorporated in 1938, covers a geographical area of 96 square miles, and is located on the western edge of the Coachella Valley and central to the County of Riverside. The City is approximately 110 miles east of Los Angeles and 140 miles northeast of San Diego. The City is within the ecological area known as the Colorado Desert, 487 feet above sea level, and surrounded by the San Bernardino Mountains to the north, the Santa Rosa Mountains to the south and the San Jacinto Mountains to the west. The geography of Palm Springs creates a warm and dry climate. The City has a permanent year-round population of approximately 48,000. The population substantially increases from November to May with part-time residents and visitors.

The City has been governed as a charter city since 1994 and operates under a Council-Manager form of government. Council Members are elected by district and serve four-year staggered terms. The governing council consists of the Mayor and four other members. The Council Members are responsible for policy-making, local ordinances, adopting the City's annual budget, appointing committees, appointing the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the operations of the City, and appointing heads of departments. The City Council is transitioning in November 2019, from an at large electoral system, to a district based electoral system, with each member serving a four-year staggered term.

The City of Palm Springs is a full service city providing residents and visitors with the following functional services: general governance, legal, financial, information technology and administrative management; police, fire, emergency transport services; engineering, construction, and maintenance of public facilities, highways and streets, sanitation, culture and recreation, aviation, public improvements, planning and zoning, community development, animal shelter, sustainability and recycling, and libraries. 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. Public elementary and secondary education is provided by the Palm Springs Unified School District.

Local Economy

The City of Palm Springs is within the economic region considered to be the Inland Empire consisting of Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA) which has approximately 12% of California's residential population. The Inland Empire is the 13th largest MSA in U.S. by population (4.2 million people) and 3rd largest in California. Since the great recession in 2007, while the Inland Empire region lost jobs within manufacturing and construction, business sectors grew within the region and include Health Care and Social Assistance, Logistics (including Wholesale Trade), Leisure, Hospitality and Government. Current Employment rates are approximately 18% above the pre-recession (year 2007) levels in the Inland Empire.

The City of Palm Springs economy has experienced strong levels of growth through significant investments, strategic planning and marketing efforts specifically within the Leisure and Hospitality sector, which attracts visitors and engages residents. Palm Springs provides a dynamic downtown area with stylish hotels, world class dining, fashionable restaurants, shops and boutiques, cultural and entertainment venues. There are several significant events and cultural experiences drawing tourists from all over the world to visit Palm Springs including the Palm Springs International Film Festival, Modernism Week, the Convention Center, the Palm Springs Art Museum, Architecture and Design Center in downtown Palm Springs, and the Agua Caliente Band of Cahuilla Indian Tribe's cultural center, spa and casino.

Top Three Revenue Sources

Since 2014, the City of Palm Springs has experienced increases in the top three revenue categories: transient occupancy taxes, sales taxes, and property taxes. These revenue increases are evidence of the strong tourist industry. Beginning in 2015-2016 and continuing through 2018-2019, property tax revenues have exceeded pre-recession levels as a result of the ongoing rebound in the real estate market locally, statewide, and throughout the nation. 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 the City's most significant revenue source and is the number one source of revenue for the City of Palm Springs. TOT revenue has consistently increased due to the combination of increased marketing efforts both nationally and internationally, as well as 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. Over the past ten years, TOT revenue has climbed from \$12.8 million in 2008-09 to \$36.5 million in 2018-19.

Sales taxes are comprised of the traditional Bradley-Burnes Sales tax, Measure J (1%) and Measure D (1/2 %) district taxes for a combined total of \$39.5 million and are the City's second largest source of revenue. The traditional Bradley Burns sales tax was approximately \$15.5 million in revenue for fiscal year 2018- 2019, Measure J approximately \$16.1 million and Measure D approximately \$7.9 million.

Property taxes are the City's third largest source of revenue. Though property taxes have traditionally been the City's largest source of General Fund revenue, for the past seven years beginning with fiscal year 2012-2013, it has been below both transient occupancy taxes and sales taxes. Property taxes in the General Fund increased by \$1.4 million over the prior year.

Major Initiatives for the Year

The City of Palm Springs has prioritized investments and expenditures to improve the experiences of residents and visitors. A selection of major initiatives and improvements are detailed below:

Capital Projects and Infrastructure

- Acquisition of new police and fire vehicles to increase response times for emergency services
- Repair and re-build of damage from significant rainstorm and flood
- Waste Water Treatment Plant upgrade
- Street reconditioning improvements

- Police Department upgrades and renovation
- Fire Station #4 upgrade and renovation
- Downtown Park project
- Cornelia White House restoration project

Other notable initiatives

- Significant investment and strategic planning efforts toward affordable housing
- Expanded transportation services provided through Sunline Transit
- Maintaining historic architectural buildings including the Plaza Theatre Restoration Project, with an initial fundraising phase from the general public.
- Innovations and technology implementations including a web and mobile phone application launched titled, “myPalmSprings”, and assistance for the hearing-impaired community members to allow for deeper engagement with City services.
- Sustainability efforts and initiatives to preserve the local environment

Palm Springs Airport

The Palm Springs International Airport serves over 2.3 million passengers annually allowing visitors from around the world to experience the many amenities that make Palm Springs a destination like no place else in Southern California. Airport expansions will include the ticketing area in 2020, the Transportation Security Administration (TSA) screening area expansion scheduled for completion by early 2020, and vehicle rental car areas are being planned for capacity expansions in the next three years. Air travel has continued to increase with 11 airlines and many added flights serving 21 non-stop destinations in 2019.

Long Term Financial Planning

Palm Springs continues to be a stable, prosperous, and financially secure municipality due to its strong underlying tax base, disciplined fiscal decisions, and governance. Long term financial planning is guided by strong financial policies, prudent budgeting decisions, and proactive planning in such critical areas as facilities replacement and pensions. The City has expanded projections and adopted a budget plan for two fiscal years ending June 30, 2020 and 2021.

The City and employee bargaining unit contracts were successfully negotiated for three years with a contract period of July 1, 2018 – June 30, 2021. The contracts allow for prospective analysis and projections of anticipated staffing costs and needs to support the services provided to the residents and visitors of Palm Springs.

The City Council has provided for funding reserves to offset projected increased retirement pension costs and other post-employment benefits. As of June 30, 2019, City Council has established a reserve of 10.2 million from the General Fund to support future retirement costs.

Local governments with pensions have a total pension liability, which is the obligation to pay deferred pension benefits in the future. When the total pension liability is greater than the pension plan’s assets there is a net pension liability, also known as unfunded pension liability. As required by GASB 68, the City reports the net pension liability in the government wide financial statements, as well as in the proprietary fund statements, in the CAFR – see note (8) of Notes to the Financial Statements.

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 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.

For the Future

The City has implemented policies to maintain and grow the local economy with a revised hotel incentive program, business renovation grants, and the façade improvement program. The City will also continue to focus on supporting small businesses which are a cornerstone of Palm Springs being such a unique destination. Palm Springs continues to see significant infrastructure investments and growth in the community some of which are highlighted below:

Downtown Park

The Downtown Park with 1.4 acres will begin the construction phase in mid-2020. Located between the Palm Springs Art Museum and the Kimpton Rowan Hotel, this exciting new public space is designed to be world class and will be a gathering point for residents and visitors.

Indian Canyon Two Way Street Conversion

The Indian Canyon two-way conversion will improve access through the busy commercial downtown area by providing another southbound route for traffic.

ERP System

The City will begin the process of implementing an Enterprise Resource Planning (ERP) system to integrate all aspects of technology and financial systems within the City of Palm Springs. The benefits of implementation include increased capacity for automation, thereby creating efficiencies of staffing resources and services provided. The ERP System will provide for enhanced online services to residents and visitors, and significantly increase capacity of data analytics.

College of the Desert West Valley Campus

College of the Desert has secured the site of an unused mall space. Planning is underway and the campus will be a resource available to students as well as all residents for use of event space, learning and cultural experiences.

Sports and Entertainment Arena and Hotels

The Agua Caliente Band of Cahuilla Indians has committed to building a 10,000 seat sports arena and entertainment complex with a projected completion date of Fall 2021. Several hotels are also receiving upgrades, modifications, and are in various stages of construction. The arena and

supporting hotels will enhance the local economy and provide additional options for residents and visitors.

Awards and Acknowledgments

The City has prepared a comprehensive annual financial report for the past 30 years. The City has received awards for excellence in financial reporting for each of those years.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palm Springs for its comprehensive annual financial report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

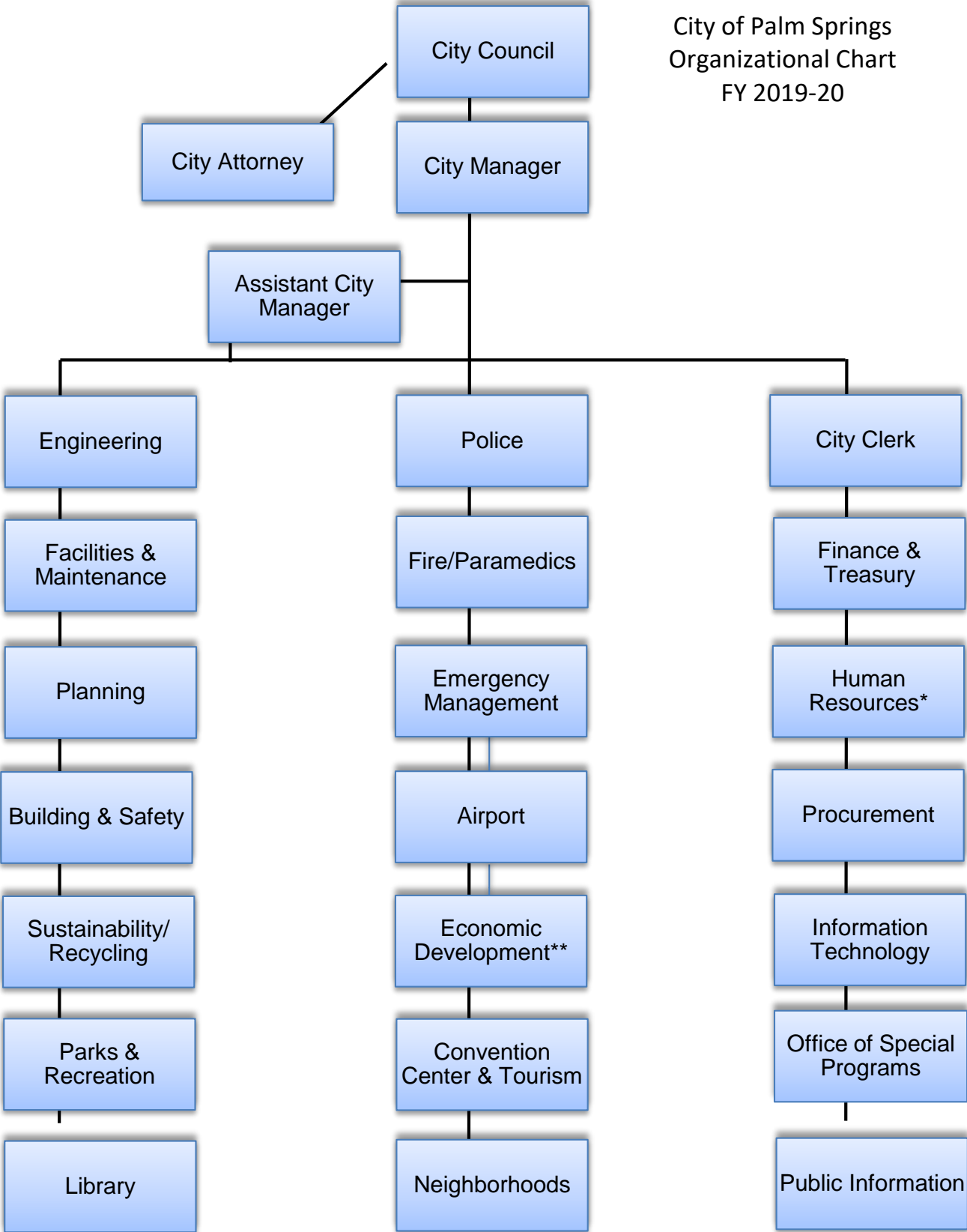
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished through the efficient and dedicated services of everyone in the City's Finance Department. In addition, members of the Finance Department would like to thank the City Manager, the Mayor, and the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. We would like to thank our auditors Lance, Soll, & Lunghard, LLP for their time and technical expertise and guidance.

Respectfully submitted,

Nancy Pauley
Director of Finance and Treasurer

City of Palm Springs
Organizational Chart
FY 2019-20



*includes Risk Management

**includes Rent Control



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, 2018

Christopher P. Morill

Executive Director/CEO

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION
FISCAL YEAR ENDED JUNE 30, 2019

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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, 2019, 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, 2019, 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 discussion and analysis, the budgetary comparison schedule for the General Fund and the Housing Fund, the schedules of changes in net pension liability and related items, the schedules of plan contributions, and the schedule of changes in OPEB liability and related ratios 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, schedules, and the 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 16, 2019 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 16, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Palm Springs (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. Our intent is to assist the reader of these financial statements in better understanding the impact of financial decisions made by the City. This analysis will focus on the significant changes from the prior year to explain the City's overall financial condition. Please read this analysis in conjunction with the accompanying transmittal letter, and the financial statements, which follow this section.

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 airport, wastewater and golf course.
 - 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 basic 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.

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

	Government-wide <u>Statements</u>	Fund Statements		
		<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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Reconciliation to the balance sheet to the statement of net position • Statement of revenues, expenditures and changes in fund balances • Reconciliation of the statement of revenues, expenditures and changes to fund balances to the statement of activities 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting no measurement focus
Type of asset/liability information	All assets, liabilities, and deferred inflows/outflows of resources, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's fiduciary funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid.

Reporting the City as a Whole

The accompanying government-wide financial statements include two statements that present financial data for the City as a whole. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets 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 and facilities 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 user fees to customers to offset all or most of the expenses accounted for in these funds.
- **Component units** – The City includes two separate legal entities in its report – the Successor Agency of the former 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. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

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

Position and the Statement of Activities. In fact, the City’s enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City’s other programs and activities.

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.

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 177,379	\$ 151,793	\$ 96,800	\$ 77,961	\$ 274,179	\$ 229,754
Capital assets	263,529	262,637	132,725	136,003	396,254	398,640
Total assets	<u>440,908</u>	<u>414,430</u>	<u>229,525</u>	<u>213,964</u>	<u>670,433</u>	<u>628,394</u>
Deferred Outflows	32,885	39,242	3,358	5,623	36,243	44,865
Long-term debt outstanding	446,323	464,079	55,068	54,940	501,391	519,019
Other liabilities	26,841	12,170	12,146	11,771	38,987	23,941
Total liabilities	<u>473,164</u>	<u>476,249</u>	<u>67,214</u>	<u>66,711</u>	<u>540,378</u>	<u>542,960</u>
Deferred Inflows	11,474	11,843	451	451	11,925	12,294
Net position:						
Net Invested in capital assets	148,846	141,220	97,713	104,660	246,559	245,880
Restricted	43,202	37,220	7,371	4,884	50,573	42,104
Unrestricted	<u>(202,893)</u>	<u>(212,860)</u>	<u>60,134</u>	<u>42,881</u>	<u>(142,759)</u>	<u>(169,979)</u>
Total net position	<u>\$ (10,845)</u>	<u>\$ (34,420)</u>	<u>\$ 165,218</u>	<u>\$ 152,425</u>	<u>\$ 154,373</u>	<u>\$ 118,005</u>

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. For fiscal year end June 30, 2019, assets plus deferred outflows exceeded liabilities and deferred inflow by approximately \$154 million of net position.

The largest portion of the City’s net position of \$246 million is reflected in investments in capital assets (e.g. land, street infrastructure, buildings, equipment and vehicles); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these

assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources to repay this debt will be provided from future revenues, since the capital assets cannot be used to liquidate the related liabilities.

A portion of the City's net position of \$50 million represents resources that are subject to external restrictions on how resources may be used.

At the end of the current fiscal year, the City reported positive balances in two of the three categories of net position for the City as a whole, as well as the governmental activities. For the City's business-type activities, the balance was positive.

The City's total net position increased by \$36 million during the current fiscal year due to a decrease in deferred outflows and an increase in current and other assets. The net position of the governmental activities increase by \$23 million and business-type activities has an increase of \$13 million.

A summary of the government wide statement of activities follows:

Table 2
Changes in Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 21,317	\$ 19,193	\$ 47,282	\$ 45,446	\$ 68,599	\$ 64,639
Operating contributions & grants	7,583	3,829	0	0	7,583	3,829
Capital contributions & grants	5,215	2,633	1,164	3,770	6,379	6,403
General revenues:						
Property taxes & tax increment	33,423	31,292	0	0	33,423	31,292
Transient occupancy taxes	36,475	34,241	0	0	36,475	34,241
Sales taxes	42,904	32,957	0	0	42,904	32,957
Other taxes	14,587	12,777	0	0	14,587	12,777
Gain on sale of capital asset	216	5	0	0	216	5
Other general revenues	5,623	1,759	4,758	2,062	10,381	3,821
Total revenues	<u>\$ 167,343</u>	<u>\$ 138,686</u>	<u>\$ 53,204</u>	<u>\$ 51,278</u>	<u>\$ 220,547</u>	<u>\$ 189,964</u>
Program expenses						
General government	\$ 27,616	\$ 24,668	\$ 0	\$ 0	\$ 27,616	\$ 24,668
Public safety	60,644	55,466	0	0	60,644	55,466
Culture and convention center	8,942	7,474	0	0	8,942	7,474
Parks and recreation	10,560	10,412	0	0	10,560	10,412
Public Works	23,159	20,621	0	0	23,159	20,621
Library	3,010	3,196	0	0	3,010	3,196
Interest	6,113	6,641	0	0	6,113	6,641
Airport	0	0	29,585	28,716	29,585	28,716
Wastewater	0	0	9,601	7,456	9,601	7,456
Golf Course	0	0	4,949	5,208	4,949	5,208
Total expenses	<u>\$ 140,044</u>	<u>\$ 128,478</u>	<u>\$ 44,135</u>	<u>\$ 41,380</u>	<u>\$ 184,179</u>	<u>\$ 169,858</u>
Excess (deficiency) before special items and transfers	27,299	10,208	9,069	9,898	36,368	20,106
Transfers	(3,724)	(725)	3,724	725	0	0
Increase (decrease) in net position	<u>23,575</u>	<u>9,483</u>	<u>12,793</u>	<u>10,623</u>	<u>36,368</u>	<u>20,106</u>
Beginning net position	(34,420)	57,597	152,425	140,101	118,005	197,698
Restatement of net position	0	(101,500)	0	1,701	0	(99,799)
Ending net position	<u>\$ (10,845)</u>	<u>\$ (34,420)</u>	<u>\$ 165,218</u>	<u>\$ 152,425</u>	<u>\$ 154,373</u>	<u>\$ 118,005</u>

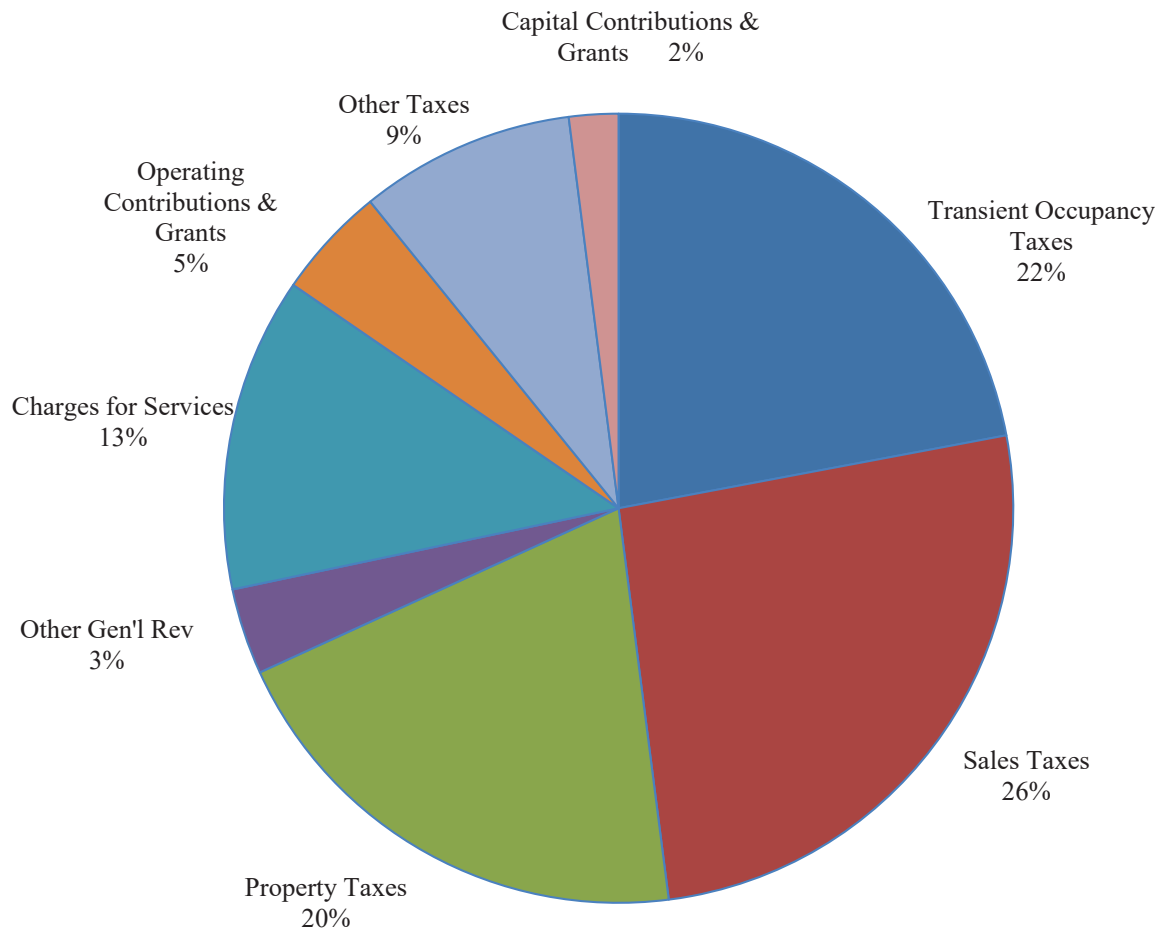
The City's total net position increase were \$36 million for June 30, 2019. The City's total revenues were \$220 million while the total expenditures were \$184 million.

Governmental Activities. The governmental activities' increase in net position of \$24 million activity accounted for 65% of the total growth in net position for the City this past year.

Table 2 illustrates how the \$167 million in Governmental Activities revenue was derived. The City's general revenues related to Governmental Activities increased \$29 million from the prior year due to increases in sales taxes, transient occupancy taxes, other taxes, and other general revenues.

The following graph depicts the major revenue sources of the City's governmental activities. The graph depicts the reliance on taxes to fund governmental activities.

Revenues by Source – Governmental Activities



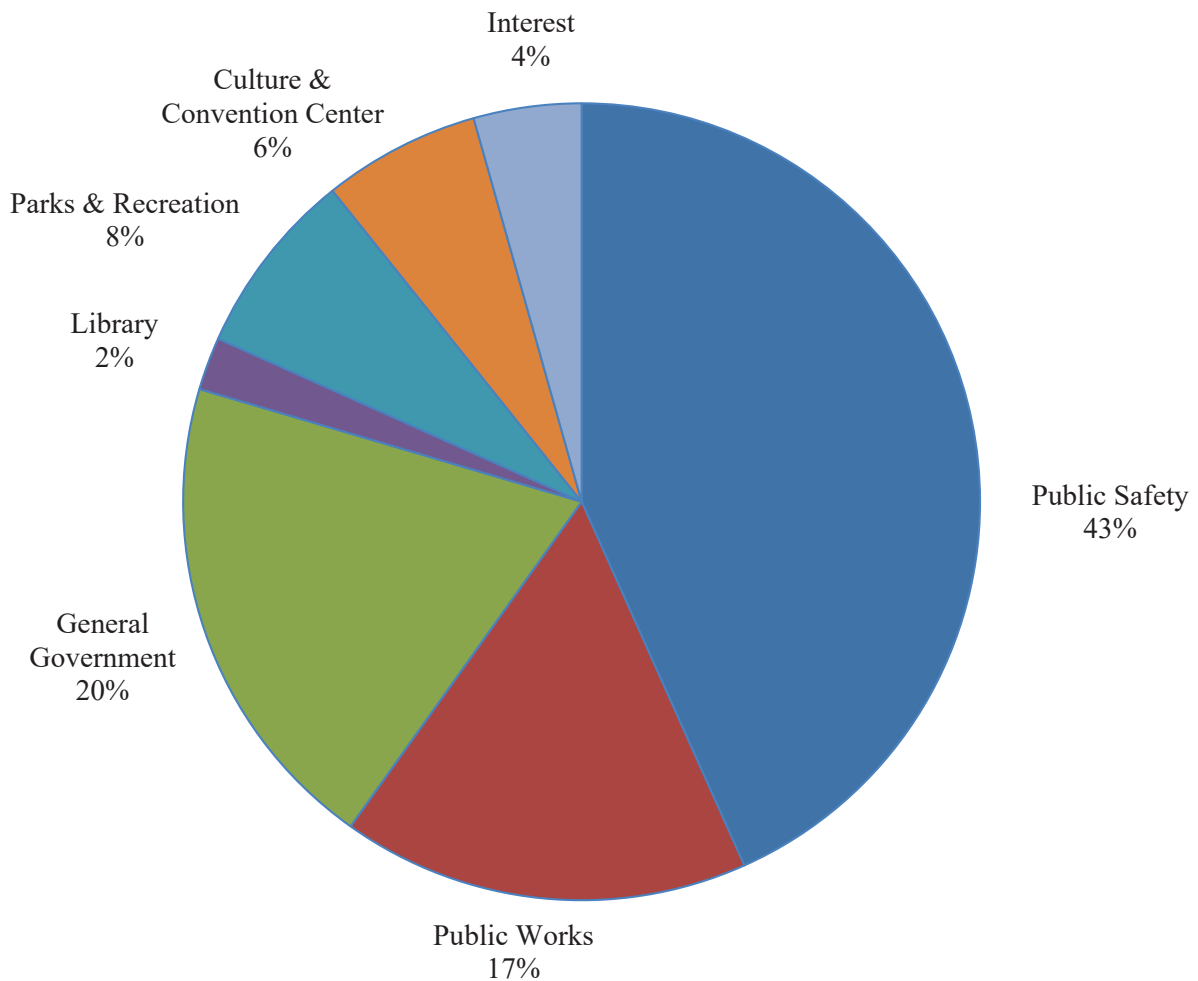
Sales taxes were the City's largest revenue source at \$43 million (19% of total revenues and 26% of governmental revenues). This increase is a result of the full year of collections and reporting of the Measure D sales tax, which was implemented in April 2018, therefore only one quarter of Measure D collections were reported in the prior fiscal year.

Transient occupancy taxes (TOT), the City’s second largest revenue sources, at \$36 million (17% of total revenues and 22% of governmental revenues). This increase stems from a net increase in residential and commercial rising occupancy.

Property taxes, the City’s third largest revenue source, at \$33 million (15% of total revenues and 20% of governmental revenues).

Expenses by Function – Governmental Activities

The City of Palm Springs is a full service city providing residents and visitors with the following functional services:



General Government expenses (including City Council, City Manager, City Attorney, City Clerk, Information Technology, Public Affairs, Procurement, Community Development, Human Resources, Homelessness Program, Neighborhood Involvement, Finance and Administration) was the second largest governmental activity representing 20% of the total cost of governmental activities. Charges for services and operating contributions and grants offset 26% of the cost of providing these services.

Public Safety expenses are comprised of Police and Fire and is the largest component of governmental activities, approximately 43% of the total cost of governmental activities this past year. Charges for services, operating contribution and grants, and capital contributions and grants offset 20% of the cost of providing these services.

Culture and Convention Center expenses were 6% of the total cost of governmental activities.

Parks and Recreation expenses were 8% of the total cost of governmental activities. Charges for services, operating contribution and grants, and capital contributions and grants offset 22% of the cost of providing these services.

Public Works expenses are comprised of Planning, Building and Safety, Engineering, Street Maintenance, and Downtown Maintenance was the third largest component of governmental activities representing 17% of the total cost of governmental activities this past year. Charges for services, operating contribution and grants, and capital contributions and grants offset 76% of the cost of providing these services.

Library expenses were 2% of the total cost of governmental activities. Charges for services, operating contribution and grants offset 1% of the cost of providing these services.

Interest expenses were 4% of the total cost of governmental activities.

Business-Type Activities. Business-type activities had an increase in net position of \$13 million. As displayed in Table 2, total revenues related to Business-Type activities totaled \$53 million, of which, \$47 million is related to program revenues and \$44 million in expenditures. The City's business-type activities include the Airport, Wastewater, and the Golf Course.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S 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.

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

As of June 30, 2019, the governmental funds reported combined ending fund balances of \$132 million, an increase of \$24 million in comparison with the prior year. The City has \$1 million (1%) in fund balance classified as nonspendable to indicate it cannot be readily converted to cash; \$43 million (33%) in restricted fund balance to indicate that it has an externally imposed restriction on the money may be spent; \$49 (36%) million in assigned fund balance to indicate that the City Council has assigned purpose or intent for how the money should be spent; and \$39 million (30%) is unassigned fund balance to indicate that it is the residual balance not otherwise restricted.

The fund balance of the City's General Fund increased by \$757 thousand during the fiscal year ending June 30, 2019. In addition, reasons for the changes in the revenue and expenditures of the City's General Fund from the prior year include:

Total General Fund revenue increased to \$140 million from \$122 million (prior year), an overall increase of \$18 million, an increase of 15%. Significant fluctuations over prior year include the following:

- Sales Taxes increased to \$39 million from \$29 million, an overall increase of \$10 million. Measure D full year collection and reporting represents \$6.4 million increase of the \$10 million increase.
- Property taxes increased to \$33 million from \$31 million, an overall increase of \$2 million.
- Transient Occupancy Taxes increased to \$36 million from \$34 million, an overall increase of \$2 million.
- Cannabis Tax increased to \$2.3 million from \$1.4 million, an overall increase of approximately \$1 million.

Total General Fund expenditures before transfers in/out, increased \$8 million compared to the prior year. This is reflective of increases in CalPERS costs, CalPERS reserve set-aside, increases in employee salary and health care costs due to compensation agreements with our seven employee bargaining groups, and an increase in legal fees.

The City's other Major Governmental Funds include the Housing Fund, Capital Projects, Measure J and Special Assessments Funds.

The Housing Fund (Special Revenue Fund) is a result of the financial effects on the City as a result of the dissolution of the Community Redevelopment Agency. The property disposition plan has been approved and the City is managing the funds in accordance with reporting and review from the State Department of Finance. The Housing fund increased by \$315 thousand and ended the current year with \$11 million in fund balance.

The Capital Projects Fund (Capital Projects Fund) includes projects funded by transfers from the General Fund and grants. The Capital projects fund increased by \$9 million and ended the current year with \$15 million in fund balance.

The Measure J Fund (Capital Projects Fund) is the collection of revenue and expenditures as they relate to the one percent sales tax for the dedicated use to maintain local community services and revitalize Downtown Palm Springs. The Measure J fund increased by \$6 million and end the current year with \$23 million in fund balance.

The Special Assessments Fund (Debt Service Fund) aggregates the City's five 1913 / 1915 assessment districts. The Special Assessments fund increased by \$6 thousand and end the current year with \$2 million in fund balance.

Enterprise Funds. The City's Proprietary funds presented in the Financial Statements section provides the same type of information in the Government-wide Financial Statements but in more detail.

The combined unrestricted net position of the Airport Fund, Wastewater Fund, and the Golf Course Fund at the end of the fiscal year amounted to \$60 million. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGET

The difference between the original and final amended budgetary fund balances of the General Fund was approximately \$30 million. Significant variances are briefly summarized as follows:

- Revenues original budget of \$127 million increased to \$128 million primarily in the transfers in category, an increase of \$1 million. This represents funding transfers from other funds to the General Fund. The details of interfund transfers are provided in Note 3, Interfund Receivables, Payables and Transfers.

- Expenditures original budget of \$106 million increased to \$138 million, an increase of \$32 million. Variances include increases of \$6 million for general government expenditures, \$1.5 million for Public Safety, and \$23 million for transfers out. The details of interfund transfers are provided in Note 3, Interfund Receivables, Payables and Transfers.

Major variances between the final budget of the General Fund and its actual operating results were as follows:

- Revenues increased to \$141 million from the final budget of \$128 million, a variance of \$13 million. Categorically, the increases relate to \$10 million in taxes and \$1 million in use of money and property.
- Expenditures increased to \$140 million from the final budget of \$138 million, a variance of \$2 million. The General Fund had expenditure savings from budget from all categories, with one exception of transfers out. The largest budgeted savings was \$10 million in general government. The largest budgeted increase was \$22 million for transfers out.

CAPITAL ASSETS

Capital Assets

(in thousands, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Buildings	\$ 48,079	\$ 50,017	\$ 36,393	\$ 41,489	\$ 84,472	\$ 91,506
Improvements	24,838	28,390	48,392	45,601	73,230	73,991
Machinery and equipment	12,991	13,535	1,746	2,029	14,737	15,564
Vehicles	7,591	6,984	1,290	1,583	8,881	8,567
Infrastructure	103,062	107,421	5,522	6,070	108,584	113,491
Land	33,029	33,029	37,470	37,387	70,499	70,416
Construction in progress	17,071	6,393	1,911	1,846	18,982	8,239
Right-of-way	16,868	16,868	0	0	16,868	16,868
Total	\$ 263,529	\$ 262,637	\$ 132,724	\$ 136,005	\$ 396,253	\$ 398,642

Major capital improvement projects include the acquisition of new police and fire vehicles to increase response times for emergency services, the Wastewater Treatment Plant upgrade project, street improvements including additional crosswalks, 2nd turn lanes and parking lot and airport improvement projects. Construction in progress improvements include bridge improvement projects, levee projects, pedestrian crosswalk enhancements, police and fire station renovations, downtown park planning and improvements, and airport ticketing areas. Variances over prior year reflect the assets shown as net of depreciation. For additional details of changes in capital assets, please see Note 4 Capital Assets in the Notes section of the accompanying financial statements.

LONG-TERM DEBT

LONG-TERM DEBT (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Compensated absences	\$ 8,034	\$ 6,383	\$ 1,013	\$ 810	\$ 9,047	\$ 7,193
Claims and judgments	9,995	9,400	0	0	9,995	9,400
Leases	3,365	4,097	528	644	3,894	4,741
Notes Payable	16,647	17,194	21,748	14,355	38,395	31,548
Lease Revenue Bonds	108,611	114,335	13,158	16,848	121,769	131,183
Special Assessment Bonds	5,046	5,427	0	0	5,046	5,427
Pension Obligation Bonds	19,607	20,012	0	0	19,607	20,012
Total	\$ 171,305	\$ 176,845	\$ 36,447	\$ 32,657	\$ 207,753	\$ 209,504
Net OPEB Obligation	149,759	141,642	0	0	149,759	141,642
Net Pension Liability	141,716	145,592	21,915	22,283	163,631	167,875
Total Long-Term Debt	\$ 462,780	\$ 464,079	\$ 58,362	\$ 54,940	\$ 521,143	\$ 519,021

As of June 30, 2019, the City's total outstanding debt long-term debt was \$521 million, which is \$2 million higher than the prior year. There were several changes in the debt position resulting in the net increase. Increases includes compensated absences of \$200,000 thousand, notes payable of \$6.8 million for the State Water Resources Control Board Note payable and \$8 million increase for the Net OPEB. Reductions include a reduction in Lease revenue bond category of \$9 million and a decrease of \$4 million for the Net Pension Liability. Additional detailed information regarding long term debt may be found in the Note 5 – Long Term Liabilities, Note 6 – Compensated Absences, Note 7 – Claims and Judgements, Note 8 – Defined Benefit Pension Plan and Note 9 – Other Post-Retirement Health Care Benefits in the accompanying financial statements.

Contacting the City's Financial Management:

This financial report is designed to provide the 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.palmspringsca.gov or call (760) 323-8229.

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CITY OF PALM SPRINGS

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 138,945,101	\$ 88,204,031	\$ 227,149,132
Receivables:			
Accounts	16,284,030	3,668,655	19,952,685
Notes and loans	5,180,721	-	5,180,721
Accrued interest	1,519,753	179,184	1,698,937
Special assessments	5,092,214	-	5,092,214
Internal balances	2,640,000	(2,640,000)	-
Prepaid costs	34,915	1,201	36,116
Deposits	200,000	-	200,000
Advances to Successor Agency	1,359,385	-	1,359,385
Inventories	153,560	15,371	168,931
Land held for resale	638,904	-	638,904
Restricted assets:			
Cash and investments	1,134,747	-	1,134,747
Cash with fiscal agent	4,195,887	7,371,373	11,567,260
Capital assets not being depreciated	66,968,422	39,380,920	106,349,342
Capital assets, net of depreciation	196,560,349	93,343,823	289,904,172
Total Assets	440,907,988	229,524,558	670,432,546
Deferred Outflows of Resources:			
Deferred charge on refunding	2,285,429	421,991	2,707,420
Deferred pension related items	23,709,791	2,936,420	26,646,211
Deferred OPEB related items	6,889,067	-	6,889,067
Total Deferred Outflows of Resources	32,884,287	3,358,411	36,242,698
Liabilities:			
Accounts payable	7,971,148	6,514,112	14,485,260
Accrued liabilities	1,507,389	258,310	1,765,699
Accrued interest	796,049	1,579,676	2,375,725
Deposits payable	101,545	500,000	601,545
Due to other governments	7,500	-	7,500
Noncurrent liabilities:			
Due within one year			
Bonds, notes and leases payable	7,415,510	2,281,096	9,696,606
Compensated absences	5,763,980	1,013,072	6,777,052
Claims and judgments	3,278,115	-	3,278,115
Due in more than one year			
Bonds, notes and leases payable	145,860,284	33,153,066	179,013,350
Compensated absences	2,270,010	-	2,270,010
Claims and judgments	6,716,948	-	6,716,948
Total OPEB liability	149,759,468	-	149,759,468
Net pension liability	141,715,916	21,915,241	163,631,157
Total Liabilities	473,163,862	67,214,573	540,378,435
Deferred Inflows of Resources:			
Deferred pension related items	3,407,059	450,530	3,857,589
Deferred OPEB related items	8,066,798	-	8,066,798
Total Deferred Inflows of Resources	11,473,857	450,530	11,924,387
Net Position:			
Net investment in capital assets	148,845,833	97,712,572	246,558,405
Restricted for:			
Community development projects	10,789,013	-	10,789,013
Public safety grants and programs	3,048,260	-	3,048,260
Parks and recreation activities	4,615,139	-	4,615,139
Public works projects	14,855,850	-	14,855,850
Villagefest	7,639	-	7,639
Debt service	5,002,407	7,371,373	12,373,780
Library	283	-	283
Lease	2,091,406	-	2,091,406
Special projects	2,791,885	-	2,791,885
Unrestricted	(202,893,159)	60,133,921	(142,759,238)
Total Net Position	\$ (10,845,444)	\$ 165,217,866	\$ 154,372,422

CITY OF PALM SPRINGS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 27,615,740	\$ 6,687,864	\$ 541,297	\$ -
Public safety	60,644,565	4,405,683	2,367,256	173,747
Cultural and convention center	8,941,987	-	-	-
Parks and recreation	10,559,974	1,979,848	28,635	358,210
Public works	23,159,223	8,222,528	4,645,891	4,683,409
Library	3,009,917	20,945	106	-
Interest on long-term debt	6,113,954	-	-	-
Total Governmental Activities	140,045,360	21,316,868	7,583,185	5,215,366
Business-Type Activities:				
Airport	29,585,274	30,628,795	-	1,164,219
Wastewater	9,601,345	12,366,518	-	-
Golf Course	4,948,156	4,286,852	-	-
Total Business-Type Activities	44,134,775	47,282,165	-	1,164,219
Total Primary Government	\$ 184,180,135	\$ 68,599,033	\$ 7,583,185	\$ 6,379,585

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Utility users tax

Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Gain on sale of capital asset

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (20,386,579)	\$ -	\$ (20,386,579)
(53,697,879)	-	(53,697,879)
(8,941,987)	-	(8,941,987)
(8,193,281)	-	(8,193,281)
(5,607,395)	-	(5,607,395)
(2,988,866)	-	(2,988,866)
(6,113,954)	-	(6,113,954)
(105,929,941)	-	(105,929,941)
-	2,207,740	2,207,740
-	2,765,173	2,765,173
-	(661,304)	(661,304)
-	4,311,609	4,311,609
(105,929,941)	4,311,609	(101,618,332)
33,422,946	-	33,422,946
36,475,057	-	36,475,057
42,903,653	-	42,903,653
3,723,066	-	3,723,066
7,081,134	-	7,081,134
3,782,752	-	3,782,752
22,899	-	22,899
5,049,841	2,236,850	7,286,691
550,676	2,520,385	3,071,061
215,895	-	215,895
(3,723,710)	3,723,710	-
129,504,209	8,480,945	137,985,154
23,574,268	12,792,554	36,366,822
(34,419,712)	152,425,312	118,005,600
\$ (10,845,444)	\$ 165,217,866	\$ 154,372,422

CITY OF PALM SPRINGS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds			
	General	Housing	Capital Projects Funds	
			Capital Projects	Measure J
Assets				
Pooled cash and investments	\$ 43,839,123	\$ 5,309,428	\$ 15,264,245	\$ 20,213,491
Receivables:				
Accounts	12,009,449	-	799,776	250,000
Notes and loans	166,667	4,924,054	-	-
Accrued interest	1,025,351	10,493	25,550	48,820
Special assessments	-	-	-	-
Prepaid costs	34,569	-	-	-
Deposits	200,000	-	-	-
Due from other funds	167,659	-	-	2,635,995
Advances to other funds	1,210,000	-	-	-
Land held for resale	49,950	588,954	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	447,288	-	-	-
Total Assets	\$ 59,150,056	\$ 10,832,929	\$ 16,089,571	\$ 23,148,306
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 2,994,137	\$ -	\$ 927,678	\$ 630,985
Accrued liabilities	1,372,661	2,268	2,780	3,102
Deposits payable	67,397	34,148	-	-
Due to other governments	-	7,500	-	-
Due to other funds	2,635,995	-	-	-
Total Liabilities	7,070,190	43,916	930,458	634,087
Deferred Inflows of Resources				
Unavailable revenues	1,012,656	-	-	-
Total Deferred Inflows of Resources	1,012,656	-	-	-
Fund Balances				
Nonspendable:				
Land held for resale	-	-	-	-
Advances to other funds	1,210,000	-	-	-
Deposits and prepaid costs	234,569	-	-	-
Restricted for:				
Community development projects	-	10,789,013	-	-
Public safety grants and programs	-	-	-	-
Parks and recreation activities	-	-	-	-
Public works projects	-	-	-	-
Villagefest	-	-	-	-
Debt service	-	-	-	-
Library	-	-	-	-
Lease	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Public works projects	-	-	-	22,514,219
Capital Projects	-	-	15,159,113	-
CalPERS	10,250,000	-	-	-
Save The Plaza	52,670	-	-	-
Unassigned	39,319,971	-	-	-
Total Fund Balances	51,067,210	10,789,013	15,159,113	22,514,219
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 59,150,056	\$ 10,832,929	\$ 16,089,571	\$ 23,148,306

CITY OF PALM SPRINGS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	Debt Service Funds		
	Special Assessments	Other Governmental Funds	Total Governmental Funds
Assets			
Pooled cash and investments	\$ 1,305,409	\$ 25,076,153	\$ 111,007,849
Receivables:			
Accounts	6,550	2,693,462	15,759,237
Notes and loans	-	90,000	5,180,721
Accrued interest	-	58,985	1,169,199
Special assessments	5,092,214	-	5,092,214
Prepaid costs	-	274	34,843
Deposits	-	-	200,000
Due from other funds	-	-	2,803,654
Advances to other funds	-	-	1,210,000
Land held for resale	-	-	638,904
Restricted assets:			
Cash and investments	-	1,134,747	1,134,747
Cash and investments with fiscal agents	275,206	3,205,304	3,480,510
Advance to Successor Agency	-	912,097	1,359,385
Total Assets	\$ 6,679,379	\$ 33,171,022	\$ 149,071,263
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 1,500	\$ 1,604,322	\$ 6,158,622
Accrued liabilities	-	47,004	1,427,815
Deposits payable	-	-	101,545
Due to other governments	-	-	7,500
Due to other funds	-	167,659	2,803,654
Total Liabilities	1,500	1,818,985	10,499,136
Deferred Inflows of Resources			
Unavailable revenues	5,092,214	-	6,104,870
Total Deferred Inflows of Resources	5,092,214	-	6,104,870
Fund Balances			
Nonspendable:			
Land held for resale	-	-	-
Advances to other funds	-	-	1,210,000
Deposits and prepaid costs	-	-	234,569
Restricted for:			
Community development projects	-	-	10,789,013
Public safety grants and programs	-	3,048,260	3,048,260
Parks and recreation activities	-	4,615,139	4,615,139
Public works projects	-	14,855,850	14,855,850
Villagefest	-	7,639	7,639
Debt service	1,585,665	3,416,742	5,002,407
Library	-	283	283
Lease	-	2,091,406	2,091,406
Special projects	-	2,791,885	2,791,885
Assigned to:			
Public works projects	-	-	22,514,219
Capital Projects	-	524,833	15,683,946
CalPERS	-	-	10,250,000
Save The Plaza	-	-	52,670
Unassigned	-	-	39,319,971
Total Fund Balances	1,585,665	31,352,037	132,467,257
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,679,379	\$ 33,171,022	\$ 149,071,263

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CITY OF PALM SPRINGS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Fund balances of governmental funds		\$ 132,467,257
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.		243,560,663
Deferred outflows of resources related to the following long-term activities:		
Deferred charges on refunding	2,246,937	
Deferred changes in pension actuarial assumptions.	8,411,004	
Differences between expected and actual experience on net pension liability	744,752	
Differences between expected and actual earnings on pension plan investments	976,367	
Deferred pension contributions made after the actuarial measurement date	<u>12,839,045</u>	25,218,105
Deferred inflows of resources related to the following long-term activities:		
Deferred changes in actuarial assumptions.	(1,674,762)	
Deferred difference between expected and actual experiences	<u>(1,611,912)</u>	(3,286,674)
Long-term debt have not been included in governmental activity since they are not due and payable in the current period.		
Bonds payable	\$ (100,801,886)	
Unamortized bond premiums/discounts	(6,061,258)	
Special assessment debt	(5,090,000)	
Notes payable	<u>(83,890)</u>	(112,037,034)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(654,100)
Compensated absences have not been included in governmental activity since they are not due and and payable in the current period.		(7,740,192)
Governmental funds report all pension contributions as expenditures, however, in the statement of net position, the excess of the total pension liability over the plan fiduciary net position is reported as a net pension liability.		(136,203,385)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>(158,274,954)</u>
Net Position of Governmental Activities		<u><u>\$ (10,845,444)</u></u>

CITY OF PALM SPRINGS

STATEMENT OF REVENUES,
EXPENDITURE AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds		Capital Projects Funds	
	General	Housing	Capital Projects	Measure J
Revenues				
Taxes	\$ 123,919,600	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	5,845,840	-	392,753	-
Intergovernmental	554,575	-	4,453,851	-
Charges for services	7,048,946	-	-	-
Use of money and property	1,524,812	114,703	294,749	578,288
Fines and forfeitures	-	-	-	-
Contributions	295,053	-	-	-
Miscellaneous	939,021	40,979	2,824,977	256,300
Total Revenues	140,127,847	155,682	7,966,330	834,588
Expenditures				
Current:				
General government	22,551,376	243,344	2,774,971	-
Public safety	47,082,766	-	516,480	-
Cultural and convention center	2,673,357	-	-	-
Parks and recreation	8,568,502	-	175	-
Public works	11,107,391	-	4,319,988	7,593,785
Library	2,636,065	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	750	-	-	-
Total Expenditures	94,620,207	243,344	7,611,614	7,593,785
Excess (Deficiency) of Revenues Over (Under) Expenditures	45,507,640	(87,662)	354,716	(6,759,197)
Other Financing Sources (Uses)				
Transfers in	889,559	402,357	8,375,000	16,043,737
Transfers out	(45,640,179)	-	-	(3,183,763)
Total Other Financing Sources (Uses)	(44,750,620)	402,357	8,375,000	12,859,974
Net Change in Fund Balances	757,020	314,695	8,729,716	6,100,777
Fund Balances, Beginning of Year	50,310,190	10,474,318	6,429,397	16,413,442
Fund Balances, End of Year	\$ 51,067,210	\$ 10,789,013	\$ 15,159,113	\$ 22,514,219

CITY OF PALM SPRINGS

STATEMENT OF REVENUES,
EXPENDITURE AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	<u>Debt Service Funds</u>		
	<u>Special Assessments</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ -	\$ 3,469,008	\$ 127,388,608
Assessments	562,948	2,302,327	2,865,275
Licenses and permits	-	646,027	6,884,620
Intergovernmental	-	4,038,022	9,046,448
Charges for services	-	4,831,463	11,880,409
Use of money and property	4,912	1,801,248	4,318,712
Fines and forfeitures	-	140,420	140,420
Contributions	-	484,954	780,007
Miscellaneous	-	357,698	4,418,975
Total Revenues	567,860	18,071,167	167,723,474
Expenditures			
Current:			
General government	-	476,674	26,046,365
Public safety	-	2,872,793	50,472,039
Cultural and convention center	-	2,151,072	4,824,429
Parks and recreation	-	1,353,140	9,921,817
Public works	19,666	6,321,865	29,362,695
Library	-	171,677	2,807,742
Debt service:			
Principal retirement	385,000	5,491,235	5,876,235
Interest and fiscal charges	157,213	4,719,648	4,877,611
Total Expenditures	561,879	23,558,104	134,188,933
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,981	(5,486,937)	33,534,541
Other Financing Sources (Uses)			
Transfers in	-	15,721,638	41,432,291
Transfers out	-	(2,385,889)	(51,209,831)
Total Other Financing Sources (Uses)	-	13,335,749	(9,777,540)
Net Change in Fund Balances	5,981	7,848,812	23,757,001
Fund Balances, Beginning of Year	1,579,684	23,503,225	108,710,256
Fund Balances, End of Year	\$ 1,585,665	\$ 31,352,037	\$ 132,467,257

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, 2019**

Net change in fund balances - total governmental funds		\$ 23,757,001
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	\$ 13,189,485	
Depreciation	(11,552,926)	
Disposition of capital assets	<u>(271,642)</u>	1,364,917
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	5,876,235	
Amortization of bond premiums/discounts	<u>420,835</u>	6,297,070
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		
		38,751
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.		
		(1,602,428)
Pension obligation expenses is an expenditure in the governmental funds, but reduce the Net Pension Liability in the statement of net position.		
		(7,398,358)
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.		
		(1,327,160)
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>2,444,475</u>
Change in Net Position of Governmental Activities		<u>\$ 23,574,268</u>

CITY OF PALM SPRINGS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Airport	Wastewater	Golf Course	Totals	
Assets					
Current:					
Cash and investments	\$ 45,925,750	\$ 37,719,099	\$ 4,559,182	\$ 88,204,031	\$ 27,937,252
Receivables:					
Accounts	2,697,813	580,113	390,729	3,668,655	524,793
Accrued interest	104,608	74,576	-	179,184	350,554
Prepaid costs	1,201	-	-	1,201	72
Inventories	15,371	-	-	15,371	153,560
Restricted:					
Cash with fiscal agent	7,370,156	-	1,217	7,371,373	715,377
Total Current Assets	56,114,899	38,373,788	4,951,128	99,439,815	29,681,608
Noncurrent:					
Advances to other funds	-	-	-	-	1,430,000
Capital assets, net of accumulated depreciation	67,181,247	59,088,119	6,455,377	132,724,743	19,968,108
Total Noncurrent Assets	67,181,247	59,088,119	6,455,377	132,724,743	21,398,108
Total Assets	123,296,146	97,461,907	11,406,505	232,164,558	51,079,716
Deferred Outflows of Resources					
Deferred charge on refunding	89,016	-	332,975	421,991	38,492
Deferred pension related items	2,923,545	12,875	-	2,936,420	738,623
Deferred OPEB related items	-	-	-	-	6,889,067
Total Deferred Outflows of Resources	3,012,561	12,875	332,975	3,358,411	7,666,182
Liabilities					
Current:					
Accounts payable	3,442,298	2,773,535	298,279	6,514,112	1,812,526
Accrued liabilities	256,891	1,419	-	258,310	79,574
Accrued interest	209,411	235,316	1,134,949	1,579,676	141,949
Deposits payable	-	-	500,000	500,000	-
Accrued compensated absences	1,013,072	-	-	1,013,072	293,798
Accrued claims and judgments	-	-	-	-	3,278,115
Bonds, notes, and capital leases	925,000	592,099	763,997	2,281,096	1,729,937
Total Current Liabilities	5,846,672	3,602,369	2,697,225	12,146,266	7,335,899
Noncurrent:					
Advances from other funds	-	-	2,640,000	2,640,000	-
Accrued claims and judgments	-	-	-	-	6,716,948
Bonds, notes, and capital leases	5,987,173	21,155,835	6,010,058	33,153,066	39,508,823
Total OPEB liability	-	-	-	-	149,759,468
Net pension liability	21,819,151	96,090	-	21,915,241	5,512,531
Total Noncurrent Liabilities	27,806,324	21,251,925	8,650,058	57,708,307	201,497,770
Total Liabilities	33,652,996	24,854,294	11,347,283	69,854,573	208,833,669
Deferred Inflows of Resources					
Deferred pension related items	448,098	2,432	-	450,530	120,385
Deferred OPEB related items	-	-	-	-	8,066,798
Total Deferred Inflows of Resources	448,098	2,432	-	450,530	8,187,183
Net Position					
Net investment in capital assets	60,358,090	37,340,185	14,297	97,712,572	10,061,370
Restricted for debt service	7,370,156	-	1,217	7,371,373	715,377
Unrestricted	24,479,367	35,277,871	376,683	60,133,921	(169,051,701)
Total Net Position	\$ 92,207,613	\$ 72,618,056	\$ 392,197	\$ 165,217,866	\$ (158,274,954)

CITY OF PALM SPRINGS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Airport	Wastewater	Golf Course		
Operating Revenues					
Sales and service charges	\$ -	\$12,366,518	\$ -	\$ 12,366,518	\$ 49,217,347
Landing fees	5,209,610	-	-	5,209,610	-
Green fees and cart rentals	-	-	4,286,852	4,286,852	-
Rentals	16,604,962	-	-	16,604,962	-
Concessions	1,142,006	-	-	1,142,006	-
Customer facility charges	2,548,800	-	-	2,548,800	-
Passenger facility charges	5,139,862	-	-	5,139,862	-
Miscellaneous	1,634,157	-	869,783	2,503,940	159,847
Total Operating Revenues	32,279,397	12,366,518	5,156,635	49,802,550	49,377,194
Operating Expenses					
Administration and general	3,572,991	1,996	4,888	3,579,875	2,013,184
Personnel services	11,874,563	152,506	-	12,027,069	6,731
Materials and supplies	616,743	-	-	616,743	-
Maintenance operations	-	-	96,749	96,749	2,469,534
Facilities maintenance	-	-	-	-	4,318,158
Retirement	-	-	-	-	18,458,555
Retiree health insurance	-	-	-	-	5,848,845
Other claims and insurance	-	379,376	-	379,376	3,003,968
Depreciation expense	5,833,652	2,910,466	191,094	8,935,212	1,807,869
Utilities	1,193,633	121,820	-	1,315,453	1,269,259
Other charges and services	5,903,153	6,035,181	4,449,657	16,387,991	-
Cogeneration electricity	-	-	-	-	796,695
Medical, health, and life insurance	-	-	-	-	8,670,505
Workers compensation	-	-	-	-	3,574,341
Total Operating Expenses	28,994,735	9,601,345	4,742,388	43,338,468	52,237,644
Operating Income (Loss)	3,284,662	2,765,173	414,247	6,464,082	(2,860,450)
Nonoperating Revenues (Expenses)					
Interest revenue	1,364,106	871,464	1,280	2,236,850	731,129
Interest expense	(590,539)	-	(205,768)	(796,307)	(1,695,929)
Intergovernmental	1,164,219	-	-	1,164,219	-
Gain (loss) on disposal of capital assets	-	-	-	-	215,895
Total Nonoperating Revenues (Expenses)	1,937,786	871,464	(204,488)	2,604,762	(748,905)
Income (Loss) Before Transfers and Contributions	5,222,448	3,636,637	209,759	9,068,844	(3,609,355)
Transfers in	-	-	4,011,210	4,011,210	6,053,830
Transfers out	(287,500)	-	-	(287,500)	-
Changes in Net Position	4,934,948	3,636,637	4,220,969	12,792,554	2,444,475
Net Position, Beginning of Year	87,272,665	68,981,419	(3,828,772)	152,425,312	(160,719,429)
Net Position, End of Year	\$92,207,613	\$72,618,056	\$ 392,197	\$ 165,217,866	\$(158,274,954)

CITY OF PALM SPRINGS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Airport	Wastewater	Golf Course	Totals	
Cash Flows from Operating Activities					
Cash received from customers and users	\$ 29,136,621	\$ 19,813,183	\$ 4,172,189	\$ 53,121,993	\$ -
Cash received from/(paid to) interfund service provided	-	-	-	-	49,041,588
Cash paid to suppliers for goods and services	(7,507,681)	(9,302,427)	(4,674,410)	(21,484,518)	(11,542,843)
Cash paid to employees for services	(13,506,768)	(67,208)	(4,888)	(13,578,864)	(32,632,869)
Cash received from others	2,776,163	-	869,783	3,645,946	(2,781,112)
Net Cash Provided (Used) by Operating Activities	10,898,335	10,443,548	362,674	21,704,557	2,084,764
Cash Flows from Non-Capital Financing Activities					
Cash transfers in	-	-	4,011,210	4,011,210	6,053,830
Cash transfers out	(287,500)	-	-	(287,500)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(287,500)	-	4,011,210	3,723,710	6,053,830
Cash Flows from Capital and Related Financing Activities					
Proceeds from capital debt	-	7,393,297	-	7,393,297	215,895
Acquisition and construction of capital assets	(1,223,205)	(4,433,371)	-	(5,656,576)	(1,334,871)
Principal paid on capital debt	(3,125,000)	-	(733,754)	(3,858,754)	(1,597,461)
Interest paid on capital debt	(527,420)	-	(249,405)	(776,825)	(1,806,645)
Intergovernmental	1,164,219	-	-	1,164,219	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,711,406)	2,959,926	(983,159)	(1,734,639)	(4,523,082)
Cash Flows from Investing Activities					
Interest received	1,307,840	972,003	1,280	2,281,123	684,345
Net Cash Provided (Used) by Investing Activities	1,307,840	972,003	1,280	2,281,123	684,345
Net Increase (Decrease) in Cash and Cash Equivalents	8,207,269	14,375,477	3,392,005	25,974,751	4,299,857
Cash and Cash Equivalents at Beginning of Year	45,088,637	23,343,622	1,168,394	69,600,653	24,136,877
Cash and Cash Equivalents at End of Year	\$ 53,295,906	\$ 37,719,099	\$ 4,560,399	\$ 95,575,404	\$ 28,436,734
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ 3,284,662	\$ 2,765,173	\$ 414,247	\$ 6,464,082	\$ (2,860,450)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities					
Depreciation	5,833,652	2,910,466	191,094	8,935,212	1,807,869
(Increase) decrease in accounts receivable	(94,010)	7,446,665	(114,663)	7,237,992	(175,759)
(Increase) decrease in inventory	1,281	-	-	1,281	(14,466)
(Increase) decrease in prepaid expense	(1,201)	-	-	(1,201)	(72)
(Increase) decrease in deferred outflows	2,157,301	25,534	-	2,182,835	(2,900,686)
Increase (decrease) in deferred inflows	-	-	-	-	(1,734,795)
Increase (decrease) in accounts payable	205,768	(2,766,050)	(128,004)	(2,688,286)	(50,376)
Increase (decrease) in accrued liabilities	11,023	(1,174)	-	9,849	11,995
Increase (decrease) in unearned revenue	(272,603)	-	-	(272,603)	-
Increase (decrease) in net pension liability	(430,279)	62,934	-	(367,345)	8,117,310
Increase (decrease) in net OPEB liability	-	-	-	-	(760,076)
Increase (decrease) in claims and judgments	-	-	-	-	595,345
Increase (decrease) in compensated absences	202,741	-	-	202,741	48,925
Total Adjustments	7,613,673	7,678,375	(51,573)	15,240,475	4,945,214
Net Cash Provided (Used) by Operating Activities	\$ 10,898,335	\$ 10,443,548	\$ 362,674	\$ 21,704,557	\$ 2,084,764
Non-Cash Investing, Capital, and Financing Activities:					
Bond discount (premium) amortization	\$ 107,513	\$ -	\$ 65,366	\$ 172,879	\$ (17,816)
Deferred loss on refunding amortization	44,506	-	37,330	81,836	2,139

CITY OF PALM SPRINGS

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2019

	Agency Fund	Private Purpose Trust Funds
	Special Deposit	Successor Agency
Assets		
Pooled cash and investments	\$ 1,449,261	\$ 1,891,499
Receivables:		
Accrued interest	-	663
Land held for resale	-	600,196
Restricted assets:		
Cash and investments with fiscal agents	-	1,719,218
Total Assets	\$ 1,449,261	4,211,576
Deferred Outflows of Resources		
Deferred charge on refunding		203,757
Total Deferred Outflows of Resources		203,757
Liabilities		
Accounts payable	\$ -	1,863,593
Accrued liabilities	-	7,072
Accrued interest	-	423,578
Deposits payable	1,449,261	-
Long-term debt:		
Due in one year		
Bonds and notes payable	-	1,710,000
Due in more than one year		
Bonds and notes payable	-	32,648,622
Total Liabilities	\$ 1,449,261	36,652,865
Net Position		
Held in trust for other purposes		(32,237,532)
Total Net Position		\$ (32,237,532)

CITY OF PALM SPRINGS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Funds
	Successor Agency
Additions	
Taxes	\$ 4,032,642
Interest and change in fair value of investments	69,191
Miscellaneous	5,500
Total Additions	4,107,333
Deductions	
Program costs	28,846
Administrative expenses	263,563
Interest and fiscal charges	1,586,679
DOF due diligence review payments	837,099
Loss on sale of land held for resale	148,281
Total Deductions	2,864,468
Changes in Net Position	1,242,865
Net Position, Beginning of Year	(33,480,397)
Net Position, End of Year	\$ (32,237,532)

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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). This blended components unit is discussed below and is included in the reporting entity because of the significance of its 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 of 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Fiduciary Funds/Accounts

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

- 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 assets have been liquidated.

Agency Fund - This fund is used to account for monies held for various purposes including bid bonds and other deposits.

As a general rule the effect of interfund 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

d. Property Taxes

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

The property tax calendar is as follows:

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

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

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

e. Cash and Cash Equivalents

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

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

h. Land Held for Resale

Land held for resale represents land, structures, and their related improvements 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.

i. 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 works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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.

The following schedule summarizes capital asset useful lives:

Buildings and Improvements	3-60 Years
Machinery, Furniture and Equipment	3-30 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

j. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will when required report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three elements that qualify for reporting in this category. Deferred charges on refunding are reported in the government-wide statement of net position and the proprietary funds statement of net position. Deferred charges 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. Deferred pension related activity is reported in the government-wide statement of net position and the proprietary funds statement of net position. The City reports deferred outflows of resources for pension contributions made after the actuarial measurement date, this amount is deferred and will be

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

recognized in the following fiscal year. The deferred outflows of resources for the net difference between projected and actual earning on pension plan investments will be amortized over a five-year period on a straight-line basis. The difference between expected and actual experience and all other deferred outflows related pension items will be recognized as indicated below. Deferred OPEB related items are reported in the government-wide statement of net position and proprietary funds statement of net position for contribution are made subsequent to the measurement date. This amount will be recognized in the following fiscal year.

In addition to liabilities, the balance sheet or statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of elements. Unavailable revenue, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from deferred loans. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred pension related activity is reported in the government-wide statement of net position and the proprietary funds statement of net position. This amount is the result of the differences between expected and actual experience and the changes in assumptions. These will be recognized as indicated below. Deferred OPEB related items are reported in the government-wide statement of net position and proprietary funds statement of net position for changes in actuarial OPEB assumption. This amount will be amortized as indicated below.

Gains and losses related to changes in total pension or OPEB liability and their related fiduciary net position are recognized in pension or OPEB expense, respectively, systematically over time. Amounts are first recognized in pension or OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pension or OPEB and are recognized in future pension and OPEB expense, respectively.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earning on pension or OPEB plan investments	5 years	All plans
All other amounts are amortized over the expected average remaining service lifetime (EARSL) of the respective plan. As of June 30, 2018, EARSL were:	6.65 years	OPEB plan
	2.5 years	Pension Miscellaneous -Agent Multiple Employer Plan
	4.2 years	Pension Safety Police – Agent Multiple Employer Plan
	4.2 years	Pension Safety Fire – Agent Multiple Employer Plan

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

k. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

l. Other Post-Employment Benefits Liability

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the City's OPEB plan have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Measurement Period:	July 1, 2017 to June 30, 2018

m. Compensated Absences

A liability is recorded for unused leave 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

n. Claims and Judgments

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

o. Fund Balance Flow Assumptions

Occasionally the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). 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 determined 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.

p. Net Position Flow Assumption

Occasionally the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. 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 determined 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.

q. Fund Equity

The City Council adopted resolution 22928 in conformity with Governmental Accounting Auditing Standards Board (GASB) Statement No. 54. In the fund financial statements, governmental funds report the following fund balance classifications:

Non-spendable include amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Committed include amounts that can 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 may include non-spendable 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.

r. Deficit Fund Equity /Net Position

The following funds reported a deficit in fund balances/net position as of June 30, 2019:

Fund	Deficit
Employee Benefits	\$ (15,611,732)
Retiree Health Insurance	(149,264,756)
Cogeneration Plant	(2,943,183)
Successor Agency	(32,237,532)

The deficits will be recovered through future revenues and transfers.

s. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets, liabilities, 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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

t. Effective New Accounting Standards

During the fiscal year ended June 30, 2019, the City implemented the following Governmental Accounting Standards Board (GASB) Standards:

GASB Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

Note 2: Cash and Investments

Cash and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 144,275,735
Business-type activities	95,575,404
Fiduciary activities	<u>5,059,978</u>
Total cash and investments	<u>\$ 244,911,117</u>

Cash and investments as of June 30, 2019, consist of the following:

Cash on hand	\$ 8,100
Deposits with financial institutions	41,783,635
Investments	<u>203,119,382</u>
Total cash and investments	<u>\$ 244,911,117</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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 2: Cash and Investments (Continued)

Deposits

At June 30, 2019, the carrying amount of the City's demand deposits was \$41,783,635 the bank balance was \$43,418,891. The \$1,635,256 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.

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	5 Years
Local Agency Investment Fund (LAIF)	None

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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	13-36 Months	36-60 Months
Local Agency Investment Fund	\$ 45,658,894	\$ 45,658,894	\$ -	\$ -
Federal Agency Securities	85,912,910	8,475,180	59,389,850	18,047,880
Certificates of Deposit	7,024,770	998,708	4,503,852	1,522,210
Money Market Mutual Funds	50,101,583	50,101,583	-	-
Fiscal Agent Mutual Funds -Money Market	14,421,225	14,421,225	-	-
	<u>\$ 203,119,382</u>	<u>\$ 119,655,590</u>	<u>\$ 63,893,702</u>	<u>\$ 19,570,090</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	\$ 45,658,894	N/A	\$ -	\$ -	\$ 45,658,894
Federal Agency Securities	85,912,910	AA+	-	85,912,910	-
Certificates of Deposit	7,024,770	A	-	-	7,024,770
Mutual Funds -Money Market	64,522,808	AAA	64,522,808	-	-
	<u>\$ 203,119,382</u>		<u>\$ 64,522,808</u>	<u>\$ 85,912,910</u>	<u>\$ 52,683,664</u>

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

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 Farm Credit Bank	Federal Agency Securities	\$ 16,995,825	6.94%
Federal Home Loan Bank	Federal Agency Securities	20,516,395	8.38%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	32,451,905	13.25%
Federal National Mortgage Assoc.	Federal Agency Securities	15,948,785	6.51%

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, 2019:

Investment Type	Total	Uncategorized	Level		
			1	2	3
Federal Agencies Security	\$ 85,912,910	\$ -	\$ -	\$ 85,912,910	\$ -
Certificates of deposit	7,024,770	-	7,024,770	-	-
Money Market Mutual Funds	50,101,583	-	-	50,101,583	-
Local Agency Investments Fund (LAIF) Held by Fiscal agent	45,658,894	45,658,894	-	-	-
Money Market Mutual Funds	14,421,225	-	-	14,421,225	-
Total Investments	<u>\$ 203,119,382</u>	<u>\$ 45,658,894</u>	<u>\$ 7,024,770</u>	<u>\$ 150,435,718</u>	<u>\$ -</u>

Certificates of Deposit are classified in Level 1 of the fair value hierarchy using prices quoted in active markets for those securities. Money Market Mutual Funds are classified in Level 2 and Local Agency Investment Funds are not rated in the fair value hierarchy using quoted prices for similar assets in active markets;

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 2: Cash and Investments (Continued)

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, 2019, are as follows:

Due from Other Funds	Due to Other Funds		Total
	General Fund	Other Governmental Funds	
Governmental Fund:			
General Fund	\$ -	\$ 167,659	\$ 167,659
Measure J Fund	2,635,995	-	2,635,995
Totals	<u>\$ 2,635,995</u>	<u>\$ 167,659</u>	<u>\$ 2,803,654</u>

Interfund balances are the result of short-term borrowing to cover negative cash balances at June 30, 2019.

Advances

The City has authorized interfund advances to be used for the operations of the funds receiving the advances. At June 30, 2019, the outstanding advances are:

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

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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

- (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 for the year ended June 30, 2019 and the Golf Course has not made any interest payment. At June 30, 2019, 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.

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	\$ 602,059 (a)
	Airport Enterprise Fund	287,500 (b)
Housing	General Fund	402,357 (i)
Capital Projects	General Fund	8,375,000 (c)
Measure J Fund	General Fund	16,043,737 (c)
Nonmajor Governmental Funds	General Fund	12,037,875 (d)
	Nonmajor Governmental Funds	500,000
	Measure J Fund	3,183,763 (e)
Internal Service Fund	General Fund	4,770,000 (f)
	Nonmajor Governmental Funds	1,283,830 (g)
Golf Course Enterprise Fund	General Fund	<u>4,011,210 (h)</u>
		<u>\$ 51,497,331</u>

- (a) Transfers from the Nonmajor Governmental Funds to General Fund were \$600,000 from the Gas Tax Fund for overhead expenses, \$2,059 to close out the Business Improvement District Fund.
- (b) Transfers from the Airport Fund to the General Fund were associated with post-retirement benefits.
- (c) Transfers from the General Fund to the Measure J fund, the Capital Project Fund and the Housing Fund were for capital projects.
- (d) Transfers from the General Fund to the Nonmajor Governmental Funds were for debt service and supplemental costs.
- (e) Transfers from the Measure J Fund to the Nonmajor Governmental Funds were for debt service.
- (f) Transfers from the General Fund to Internal Service Funds were for the purchase of vehicles and to cover future risk management costs.
- (g) Transfers from the Nonmajor Governmental Funds to Internal Service Funds were for the debt service.
- (h) Transfers from the General Fund to the Golf Course Enterprise Fund were associated with the February 2019 storm damage.
- (i) To transfer mandatory allocation of 20% of loan balance to Housing Successor.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 4: Capital Assets

Governmental Activities	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 33,029,268	\$ -	\$ -	\$ -	\$ 33,029,268
Construction in progress	6,392,825	(1,407,379)	12,357,091	271,642	17,070,895
Right-of-way	16,868,259	-	-	-	16,868,259
Total Capital Assets, Not Being Depreciated	<u>56,290,352</u>	<u>(1,407,379)</u>	<u>12,357,091</u>	<u>271,642</u>	<u>66,968,422</u>
Capital assets, being depreciated:					
Buildings	93,486,880	-	-	-	93,486,880
Improvements	78,748,121	-	56,718	-	78,804,839
Furniture and equipment	23,389,538	13,000	330,243	-	23,732,781
Vehicles	20,194,365	636,035	1,220,874	1,691,507	20,359,767
Infrastructure	256,214,715	758,344	559,430	-	257,532,489
Total capital assets, being depreciated	<u>472,033,619</u>	<u>1,407,379</u>	<u>2,167,265</u>	<u>1,691,507</u>	<u>473,916,756</u>
Less accumulated depreciation for:					
Buildings	43,470,900	-	1,938,049	-	45,408,949
Improvements	50,357,673	-	3,609,220	-	53,966,893
Furniture and equipment	9,854,924	-	886,453	-	10,741,377
Vehicles	13,210,314	-	1,249,727	1,691,507	12,768,534
Infrastructure	148,793,308	-	5,677,346	-	154,470,654
Total accumulated depreciation	<u>265,687,119</u>	<u>-</u>	<u>13,360,795</u>	<u>1,691,507</u>	<u>277,356,407</u>
Total capital assets, being depreciated, net	<u>206,346,500</u>	<u>1,407,379</u>	<u>(11,193,530)</u>	<u>-</u>	<u>196,560,349</u>
Governmental activities capital assets, net	<u>\$ 262,636,852</u>	<u>\$ -</u>	<u>\$ 1,163,561</u>	<u>\$ 271,642</u>	<u>\$ 263,528,771</u>

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

General government	\$ 724,902
Cultural and convention center	4,117,558
Public safety	659,417
Public works	5,686,519
Parks and recreation	311,706
Library	52,824
Internal Service	1,807,869
Total depreciation	<u>\$ 13,360,795</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 4: Capital Assets (Continued)

Business-type Activities	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 37,387,081	\$ -	\$ 82,476	\$ -	\$ 37,469,557
Construction in progress	1,845,785	(3,975,772)	4,041,350	-	1,911,363
Total capital assets, not being depreciated	39,232,866	(3,975,772)	4,123,826	-	39,380,920
Capital assets, being depreciated:					
Buildings	74,894,988	-	-	-	74,894,988
Improvements	212,866,521	3,975,772	1,359,652	-	218,201,945
Machinery and equipment	4,885,049	-	105,676	-	4,990,725
Motor vehicles	3,905,386	-	67,422	-	3,972,808
Subsurface lines	27,387,700	-	-	-	27,387,700
Total capital assets, being depreciated	323,939,644	3,975,772	1,532,750	-	329,448,166
Less accumulated depreciation for:					
Buildings	33,406,385	2,546,568	2,548,245	-	38,501,198
Improvements	167,265,908	(2,546,568)	5,090,010	-	169,809,350
Machinery and equipment	2,855,611	-	388,942	-	3,244,553
Motor vehicles	2,322,186	-	360,261	-	2,682,447
Subsurface lines	21,319,041	-	547,754	-	21,866,795
Total accumulated depreciation	227,169,131	-	8,935,212	-	236,104,343
Total capital assets, being depreciated, net	96,770,513	3,975,772	(7,402,462)	-	93,343,823
Business-type activities capital assets, net	\$ 136,003,379	\$ -	\$ (3,278,636)	\$ -	\$ 132,724,743

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

Airport	\$ 5,833,652
Wastewater	2,910,466
Golf course	191,094
Total depreciation	\$ 8,935,212

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 5: Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2019, (including unamortized discounts and refunding costs) are as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct Borrowings					
Capital lease - Motorola	\$ 404,715	\$ -	\$ 404,715	\$ -	\$ -
Capital lease - Fire Trucks	3,089,853	-	185,514	2,904,339	190,379
Capital lease - Police Interceptor Vehicles	601,938	-	140,846	461,092	147,085
Notes payable:					
Capital One Public Financing - Chevron	17,031,027	-	467,677	16,563,350	525,387
Chino Cinega Foundation Note Payable	162,660	-	78,770	83,890	83,890
Public Borrowings					
Bonds Payable, net:					
Special assessment debt	5,475,000	-	385,000	5,090,000	385,000
2012A Lease Revenue Bonds	16,555,000	-	1,370,000	15,185,000	1,420,000
2007 Pension Obligation Bonds	20,011,558	200,718	605,000	19,607,276	695,000
2012B Measure J Lease Revenue Bonds	37,130,000	-	1,500,000	35,630,000	1,560,000
2014 Lease Revenue Bonds	42,300,000	-	750,000	41,550,000	780,000
2015 Measure A Sales Tax Revenue Bonds	3,545,000	-	950,000	2,595,000	990,000
2015 Lease Revenue Bonds	5,260,000	-	340,000	4,920,000	365,000
2017 Lease Revenue Refunding Bonds	2,745,247	-	263,181	2,482,066	273,769
Unamortized Premiums/(Discounts)					
Special Assessment Debt	(48,342)	-	(3,868)	(44,474)	-
2012A Lease Revenue Bonds	207,794	-	60,820	146,974	-
2014 Lease Revenue Bonds	4,166,113	-	225,196	3,940,917	-
2012B Measure J	1,090,688	-	72,248	1,018,440	-
2015 Measure A	305,877	-	76,470	229,407	-
2015 Lease Revenue Bonds	773,255	-	87,502	685,753	-
2017 Lease Revenue Refunding Bonds	255,110	-	28,346	226,764	-
Total governmental long-term liabilities, net	<u>\$ 161,062,493</u>	<u>\$ 200,718</u>	<u>\$ 7,987,417</u>	<u>\$ 153,275,794</u>	<u>\$ 7,415,510</u>
Business-Type Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct Borrowings					
State Water Resource Board	\$ 14,354,637	\$ 7,393,297	\$ -	\$ 21,747,934	\$ 592,099
TCF Capital Equipment	644,329	-	116,138	528,191	132,766
	<u>14,998,966</u>	<u>7,393,297</u>	<u>116,138</u>	<u>22,276,125</u>	<u>724,865</u>
Public Borrowings					
Airport Revenue Bonds:					
1998 Airport PFC Revenue Bonds	740,000	-	740,000	-	-
2006 Airport PFC Revenue Bonds	5,850,000	-	1,455,000	4,395,000	560,000
2008 Airport PFC Revenue Bonds	3,670,000	-	930,000	2,740,000	365,000
Unamortized discount	(330,340)	-	(107,513)	(222,827)	-
Airport Revenue Bonds, net	<u>9,929,660</u>	<u>-</u>	<u>3,017,487</u>	<u>6,912,173</u>	<u>925,000</u>
Lease Revenue Bonds					
2017 Lease Revenue Refunding Bonds	6,329,753	-	606,819	5,722,934	631,231
Unamortized premium	588,296	-	65,366	522,930	-
Lease Revenue Bonds, net	<u>6,918,049</u>	<u>-</u>	<u>672,185</u>	<u>6,245,864</u>	<u>631,231</u>
Total business-type long-term liabilities, net	<u>\$ 31,846,675</u>	<u>\$ 7,393,297</u>	<u>\$ 3,805,810</u>	<u>\$ 35,434,162</u>	<u>\$ 2,281,096</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 5: Long-Term Liabilities (Continued)

Special Assessment Debt with Government Commitment

At June 30, 2019, 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, 2019 is \$5,090,000 with an unamortized discount of \$(44,474).

Annual requirements to amortize outstanding special assessment debt as of June 30, 2019, are as follows:

June 30	A.D. 2015-1	
	Principal	Interest
2020	\$ 385,000	\$ 149,513
2021	395,000	141,713
2022	405,000	132,700
2023	415,000	121,413
2024	425,000	108,813
2025-2029	2,335,000	330,394
2030-2032	730,000	20,519
Total	<u>\$ 5,090,000</u>	<u>\$ 1,005,065</u>

The outstanding bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Fiscal Agent Agreement.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 5: Long-Term Liabilities (Continued)

Capital Lease Obligations

Motorola Communications Equipment

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

The financing was obtained from Municipal Finance Corporation in December 2008, for \$3,366,478 with an interest rate of 4.35% and annual payments of \$422,319 through the end of the lease (December 2019). The capital lease was paid in full at June 30, 2019.

Fire Trucks

In September 2017, the City acquired three fire trucks under a 15 years capital lease agreement with PNC Equipment Finance, LLC for \$3,270,628 with annual payments of \$266,539 due October of each year through 2031. The capital assets have been recorded at the present value of the future minimum lease payments as of the date of inception. The outstanding balance at June 30, 2019, is \$2,904,339.

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

Year Ending June 30	
2020	\$ 266,539
2021	266,538
2022	266,539
2023	266,539
2024	266,538
2025-2030	1,332,694
2031-2033	<u>799,616</u>
Subtotal	3,465,003
Less: Amount representing interest	<u>(560,664)</u>
Total	<u><u>\$ 2,904,339</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 5: Long-Term Liabilities (Continued)

Police Interceptor Vehicles

In November 2017, the City entered into a 5 years capital lease agreement for the purchase of 19 Police Interceptor Utility vehicles. The financing was obtained from National Cooperative Leasing for \$766,431 at a 4.43% annual interest rate. The capital assets have been recorded at the present value of future minimum lease payments as of the date of inception. Annual payments in the amount of \$167,511 are due on January 1 of each year through 2022. The outstanding balance at June 30, 2019, is \$461,092.

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

<u>Year Ending June 30</u>	
2020	\$ 167,511
2021	167,511
2022	<u>167,511</u>
Subtotal	502,533
Less: Amount representing interest	<u>(41,441)</u>
Total	<u>\$ 461,092</u>

TCF Capital Equipment Lease

In December 2017, the City entered into a 5 years capital lease agreement for the purchase of maintenance equipment for the Tahquitz Creek Golf Course. The financing was obtained from TCF Equipment Finance, a Division of TCF National Bank, in the amount of \$1,014,725 at a 4.50% annual interest rate with monthly payments of \$12,778. The capital assets have been recorded at the present value of future minimum lease payments as of the date of inception. The outstanding balance at June 30, 2019, is \$528,191.

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

<u>Year Ending June 30</u>	
2020	\$ 153,333
2021	153,333
2022	153,333
2023	<u>102,221</u>
Subtotal	562,220
Less: Amount representing interest	<u>(34,029)</u>
Total	<u>\$ 528,191</u>

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

Note 5: Long-Term Liabilities (Continued)

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. The outstanding balance at June 30, 2019, is \$16,563,350.

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. The principal amount of the note amount, plus all interest then accrued upon the note amount, shall be immediately due and payable upon (i) any default of the agreement if not cured within the time set forth in Section 13 of the Deed of Trust. The outstanding balance at June 30, 2019, is \$83,890.

Annual requirements to amortize outstanding notes payable as of June 30, 2019, is as follows:

Year Ending June 30	Capital One Note		Chino Cinega Note		Total
	Principal	Interest	Principal	Interest	
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	719,690	578,941	-	-	1,298,631
2024	792,218	551,382	-	-	1,343,600
2025-2029	5,243,150	2,237,103	-	-	7,480,253
2030-2034	8,045,196	915,302	-	-	8,960,498
	<u>\$ 16,563,350</u>	<u>\$ 6,159,063</u>	<u>\$ 83,890</u>	<u>\$ 5,453</u>	<u>\$ 22,811,756</u>

Loans Payable

State Water Resources Control Board

The City entered in a \$14,354,637 installment sale agreement with the California State Water Resources Control Board to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to the City's wastewater system, including certain treatment facilities, pipelines and other infrastructure. The term of the loan is 30 years with an annual interest rate of 1.70%. Annual payments of \$618,600 are due starting September 2019 through 2048. The outstanding balance at June 30, 2019, is \$21,747,934.

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

Note 5: Long-Term Liabilities (Continued)

Annual requirements to amortize outstanding loans payable as of June 30, 2019, is as follows:

June 30	State Water Resources Control Board	
	Principal	Interest
2020	\$ 592,099	\$ 338,014
2021	570,464	359,649
2022	580,162	349,951
2023	590,024	340,089
2024	600,055	330,058
2025-2029	3,156,801	1,493,764
2030-2034	3,434,409	1,216,156
2034-2039	3,736,429	914,136
2040-2044	4,065,009	585,556
2045-2049	4,422,482	228,081
Total	<u>\$ 21,747,934</u>	<u>\$ 6,155,454</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 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, 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, 2019, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2019, is \$15,185,000 with unamortized premium of \$146,974.

The outstanding bonds contain a provision that if any event of default should occur, the Trustee, as assignee to the Authority, may elect not to terminate the Lease Agreement and may re-enter and relet the Facilities and may enforce the Lease Agreement and hold the City liable for all Lease Payments on an annual basis while re-entering and reletting the Facilities. Alternatively, the Trustee may elect to terminate the Lease Agreement and may re-enter and relet the Facilities and seek to recover all costs, losses or damages caused by the City's default.

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 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, 2019

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, 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, 2019, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2019, is \$41,550,000 with unamortized premium of \$3,940,917.

The City reduced the 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, 2019, were \$56,735,000.

The bond refunding has deferred refunding charges of \$2,235,302 at June 30, 2019.

The outstanding bonds contain a provision that if any event of default should occur, the Trustee, as assignee of the Authority, may elect not to terminate the Lease Agreement and may re-enter and relet the Leased Property and may enforce the Lease Agreement and hold the City liable for all Lease Payments on an annual basis while re-entering and reletting the Leased Property. Such re-entry and reletting shall not effect a surrender of the Lease Agreement. Alternatively, the Trustee may elect to terminate the Lease Agreement and may re-enter and relet the Leased Property and seek to recover all costs, losses or damages caused by the City's default.

Future requirements to amortize outstanding convention center bonds as of June 30, 2019, are as follows:

June 30	2012 Convention Center Lease Revenue Bonds		2014 Convention Center Lease Revenue Refunding Bonds	
	Principal	Interest	Principal	Interest
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	2,550,000	370,500	-	1,842,731
2024	2,645,000	278,706	-	1,842,731
2025-2029	5,605,000	261,113	9,790,000	8,551,406
2030-2034	-	-	19,915,000	4,515,791
2035-2037	-	-	9,370,000	400,938
Total	<u>\$ 15,185,000</u>	<u>\$ 2,393,133</u>	<u>\$ 41,550,000</u>	<u>\$ 22,871,915</u>

2017 Lease Revenue Refunding Bonds

On June 13, 2018, 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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 5: Long-Term Liabilities (Continued)

The City reduced the 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 and the activities of the golf course are business-type activities. The outstanding balance on the 2017 Lease Revenue Refunding Bonds at June 30, 2019, are reflected in the accompanying financial statements as follows:

	Balance at June 30, 2019
Governmental activities:	
Police building project	\$ 921,886
Cogeneration plant fund	1,560,180
	<u>2,482,066</u>
Unamortized premium	226,764
Total governmental activities	<u>\$ 2,708,830</u>
Business-type activities	
Golf Course fund	\$ 5,722,934
Unamortized premium	522,930
Total business-type activities	<u>\$ 6,245,864</u>

The bond refunding has deferred refunding charges of \$111,940 at June 30, 2019 and is reflected in the accompanying financial statements as follows:

	Balance at June 30, 2019
Governmental activities:	
Police building project	\$ 11,635
Cogeneration plant fund	38,492
Total governmental activities	<u>\$ 50,127</u>
Business-type activities	
Golf Course fund	\$ 61,813
Total business-type activities	<u>\$ 61,813</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 5: Long-Term Liabilities (Continued)

Future requirements to amortize outstanding 2017 Lease Revenue Refunding Bonds as of June 30, 2019, are as follows:

June 30	2017 Refunding Lease Revenue Bonds	
	Principal	Interest
2020	\$ 905,000	\$ 297,750
2021	940,000	261,550
2022	980,000	223,950
2023	1,015,000	184,750
2024	1,035,000	164,450
2025-2027	3,330,000	281,150
Total	<u>\$ 8,205,000</u>	<u>\$ 1,413,600</u>

The outstanding bonds contain a provision that if any event of default should occur, the Trustee, as assignee of the Authority, may elect not to terminate the Lease Agreement and may re-enter and relet the Leased Property and may enforce the Lease Agreement and hold the City liable for all Lease Payments on an annual basis while re-entering and reletting the Leased Property. Alternatively, the Trustee may elect to terminate the Lease Agreement and may re-enter and relet the Leased Property and seek to recover all costs, losses or damages caused by the City's default.

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, 2019, is \$2,595,000 including \$229,407 of unamortized premium.

Fiscal Year	Principal	Interest
June 30		
2020	\$ 990,000	\$ 109,950
2021	1,015,000	80,250
2022	590,000	29,500
Totals	<u>\$ 2,595,000</u>	<u>\$ 219,700</u>

The outstanding bonds contain a provision that if any event of default should occur or continuing, the Trustee has the right, at its option and without any further demand upon or notice to the City, to take any one or more of the following actions: (a) acceleration of maturities declaring the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, (b) actions at law or in equity may appear necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of the

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 5: Long-Term Liabilities (Continued)

City under the Indenture, or (c) appointment of receiver or receivers of the Measure A revenues and other amounts pledged under the Indenture, with such powers as the court making such appointment shall confer.

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 paid by the City of Palm Springs to the Authority as rental for certain City owned property and from certain funds held under the Indenture of Trust and insurance or condemnation awards.

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

The total Lease Revenue bonds outstanding at June 30, 2019, is \$35,630,000 including \$1,018,440 of unamortized premium.

Fiscal Year June 30	Principal	Interest
2020	\$ 1,560,000	\$ 1,623,763
2021	1,625,000	1,561,363
2022	1,690,000	1,496,363
2023	1,755,000	1,428,763
2024	1,845,000	1,341,013
2024-2029	10,730,000	5,200,538
2030-2034	13,375,000	2,558,738
2035-2036	3,050,000	138,063
Totals	<u>\$ 35,630,000</u>	<u>\$ 15,348,604</u>

The outstanding bonds contain a provision that if any event of default should occur, the Trustee, as assignee of the Authority, may elect not to terminate the Lease Agreement and may re-enter and relet the Leased Property and may enforce the Lease Agreement and hold the city liable for all Lease Payments on an annual basis while re-entering and reletting the Leased Property. Alternatively, the Trustee may elect to terminate the Lease Agreement and may re-enter and relet the Leased Property and seek to recover all costs, losses or damages caused by the City's default.

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, 2019, is \$4,920,000 including \$685,753 of unamortized premium.

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

Note 5: Long-Term Liabilities (Continued)

Fiscal Year June 30	Principal	Interest
2020	\$ 365,000	\$ 235,050
2021	425,000	217,125
2022	455,000	195,125
2023	485,000	171,625
2024	570,000	145,250
2025-2028	<u>2,620,000</u>	<u>272,500</u>
Totals	<u>\$ 4,920,000</u>	<u>\$ 1,236,675</u>

The outstanding bonds contain a provision that if any event of default should occur, the Trustee, as assignee of the Authority, may elect to terminate the Lease Agreement and may re-enter and relet the Leased Property and may enforce the Lease Agreement and hold the City liable for all Lease Payments on an annual basis while re-entering and reletting the Leased Property. Alternatively, the Trustee may elect to terminate the Lease Agreement and may re-enter and relet the Leased Property and seek to recover all costs, losses or damages caused by the City's default.

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 was \$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 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, 2019, was \$19,607,276 including accreted interest of \$5,422,276.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 5: Long-Term Liabilities (Continued)

Year Ending June 30	Series A-1		Series A-2	
	Principal	Interest	Principal	Interest
2020	\$ 695,000	\$ 782,159	\$ -	\$ -
2021	790,000	744,838	-	-
2022	-	702,415	753,002	-
2023	675,000	702,415	223,875	-
2024	1,050,000	665,398	-	-
2025-2029	2,480,000	2,566,631	2,655,267	-
2030-2034	6,065,000	2,043,317	1,790,132	-
2035-2036	2,430,000	134,962	-	-
Total	<u>\$ 14,185,000</u>	<u>\$ 8,342,135</u>	<u>\$ 5,422,276</u>	<u>\$ -</u>

The outstanding bonds contain a provision that if any event of default should occur, or be continuing, the Trustee or the Holders of not less than a majority in Aggregate Principal Amount to f Bonds at the time Outstanding shall, upon notice in writing to such Local Agency, exercise the remedies provided to the owner of the Obligation then in default or under the Local Agency Trust Agreement pursuant to which it was issued which are necessary or desirable to collect the principal of the Obligation and the interest thereon to maturity.

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 improvements to the airport. These bonds were issued simultaneously with the 1998 Airport Revenue Bonds which were also issued to finance 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, 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, 2019. 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, 2019, 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, 2019, 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 5: Long-Term Liabilities (Continued)

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 bonds were paid, in full, at June 30, 2019.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 5: Long-Term Liabilities (Continued)

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, 2019, with the redemption price at 100% for the amount of \$925,000.

The required reserve for the 2006 Airport Passenger Facility Charge Revenue Bonds is \$961,608. At June 30, 2019, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2019, is \$4,395,000. The bonds had \$89,737 of unamortized discount and \$271,162 deferred refunding charges.

The outstanding bonds contain a provision that if any event of default should occur, or during the continuance of such an event, the Trustee may, and upon receipt of the consent from the Owners of not less than a majority in aggregate principal amount of Bonds at the time Outstanding shall, upon notice in writing to the City, accelerate the Bonds, which will become immediately due and payable, accelerate the unpaid principal and interest payments and exercise remedies. The Trustee shall have the right (a) by mandamus or other action or proceeding or suit at law or in equity to enforce its right against the City or any councilmember, officer, or employee thereof, and to compel the City or any such councilmember, officer or employee to perform or carry out its or his duties under law and the agreements and covenants required to be performed by it or him, (b) by sit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee, or (c) by suit in equity upon the happening of any default under the Indenture to require the City and it's directors, officers and employees to account as the trustee of an express trust, and (d) in connection with the filing of a suite or other commencement of judicial proceedings to enforce it's rights and the rights of the Owners under the Indenture, to cause the appointment of a receiver or receivers of the Subordinate Revenues and all other amounts pledged with such power as the court making such appointment shall confer.

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 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, 2019. 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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 5: Long-Term Liabilities (Continued)

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, 2019, 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, 2019, with the redemption price at 100% for the amount of \$585,000.

<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, 2019, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2019, is \$2,740,000, including \$133,090 unamortized discount and \$89,016 deferred refunding charges.

Future requirements to amortize outstanding business-type bonds payable (excluding \$222,827 of unamortized discounts and \$360,178 of deferred refunding charges) as of June 30, 2019, are as follows:

Fiscal Year Ending June 30	<u>2006 PFC Airport Bonds</u>		<u>2008 PFC Airport Bonds</u>	
	Principal	Interest	Principal	Interest
2020	\$ 560,000	\$ 227,513	\$ 365,000	\$ 164,370
2021	590,000	196,175	385,000	140,370
2022	625,000	162,754	405,000	115,090
2023	655,000	127,234	435,000	88,210
2024	695,000	89,771	460,000	59,570
2025-26	1,270,000	65,213	690,000	35,100
Total	<u>\$ 4,395,000</u>	<u>\$ 868,659</u>	<u>\$ 2,740,000</u>	<u>\$ 602,710</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 5: Long-Term Liabilities (Continued)

The outstanding bonds contain a provision that if any event of default should occur, or during the continuance of such an event, the Trustee may, and upon receipt of the consent from the Owners of not less than a majority in aggregate principal amount of Bonds at the time Outstanding shall, upon notice in writing to the City, accelerate the Bonds, which will become immediately due and payable, accelerate the unpaid principal and interest payments and exercise remedies.

The Trustee shall have the right (a) by mandamus or other action or proceeding or suit at law or in equity to enforce its right against the City or any councilmember, officer, or employee thereof, and to compel the City or any such councilmember, officer or employee to perform or carry out its or his duties under law and the agreements and covenants required to be performed by it or him, (b) by sit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee, or (c) by suit in equity upon the happening of any default under the Indenture to require the City and its directors, officers and employees to account as the trustee of an express trust, and (d) in connection with the filing of a suite or other commencement of judicial proceedings to enforce it's rights and the rights of the Owners under the Indenture, to cause the appointment of a receiver or receivers of the Subordinate Revenues and all other amounts pledged with such power as the court making such appointment shall confer.

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, 2019, principal and interest remaining on the PFC bonds was \$8,606,369. For the current year, principal and interest paid and total PFC revenues were \$4,384,147 and \$5,139,862, respectively.

Note 6: Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The liability will be paid in future years by the General Fund, the Motor Vehicle Replacement Fund, the Facilities Maintenance Fund, the Risk Management Fund, and the Airport Fund as it becomes due. Changes in compensated absences for the year ended June 30, 2019, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences payable	\$ 6,382,637	\$ 6,233,331	\$ 4,581,978	\$ 8,033,990	\$ 5,763,980
Business-Type Activities					
Compensated absences payable	\$ 810,331	\$ 798,887	\$ 596,146	\$ 1,013,072	\$ 1,013,072

This liability represents the total unpaid leave and compensation time earned by employees of the City. For governmental activities, the liability will be paid from its general fund. For proprietary activities, the liability will be paid from the fund which reports the liability.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 7: Claims and Judgments

The City is exposed to various risks of loss related to its operation, including losses associated with errors and omissions, injuries to employees and members of the public. The City's Internal Service Risk Management Fund is used to account for and finance uninsured risks of loss. The City purchases coverage for general liability claims through its participation in the Municipal Insurance Cooperative (MIC), which is a Joint Powers Authority developed to facilitate the joint purchase of coverages and services. MIC does not constitute insurance, but instead has created its own Memorandum of Coverage that is reinsured through Great American. MIC covers claims in excess of the City's retention of \$1,000,000 for Law Enforcement and Auto Liability, and \$650,000 retention applies to all other claims, up to the per occurrence limit of \$10,000,000.

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 Nos. 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, 2019, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$9,995,063 of which \$3,278,115 represents the current portion.

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, 2018 and 2019, 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
2017-2018	\$ 9,546,244	\$ 3,308,681	\$ (3,455,207)	\$ 9,399,718
2018-2019	9,399,718	3,313,390	(2,718,045)	9,995,063

Note 8: Defined Benefit Pension Plan (PERS)

a. 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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 8: Defined Benefit Pension Plan (PERS) (Continued)

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.

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous Plan		
	Classic *	Tier 2 *	PEPRA
	Prior to	Prior to	After
Hire date	January 1, 2013	January 1, 2013	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% Respectively
Required employee contribution rates	8.000%	7.000%	6.750%
Required employer contribution rates	31.017%	31.017%	31.017%

	Safety Plan		
	Classic *	Tier 2 *	PEPRA
	Prior to	Prior to	After
Hire date	January 1, 2013	January 1, 2013	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	53.294%	53.294%	53.294%

* Closed to new entrants.

Employees Covered

At June 30, 2019, the following employees were covered by the benefit terms of the Plan:

Description	Number of members	
	Miscellaneous	Safety
Active members	299	149
Transferred members	117	29
Terminated members	156	31
Retired members and beneficiaries	514	283
Total	1,086	492

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 8: Defined Benefit Pension Plan (PERS)

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, 2019, the employer contributions recognized as a reduction to the net pension liability for the Miscellaneous and Safety Plan were \$5,980,682 and \$7,737,647, respectively.

Net Pension Liability

The City's net pension liability 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, 2018 using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard updated procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 8: Defined Benefit Pension Plan (PERS) (Continued)***Changes of Assumptions***

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class (1)	New Strategic Allocation	Real Return Years 1 - 10 (2)	Real Return Years 11+ (3)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0	1.00	2.62
Inflation Assets	--	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Assets	13.0	3.75	4.93
Liquidity	1.0	--	-0.92

- (1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments' Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(2) An expected inflation of 2.00% used for this period.
(3) An expected inflation of 2.92% used for this period.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 8: Defined Benefit Pension Plan (PERS) (Continued)

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

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: 6/30/2017 (Valuation Date)	\$ 225,460,834	\$ 156,567,743	\$ 68,893,091
Changes Recognized for the Measurement Period:			
Service Cost	4,139,745	-	7,952,483
Interest on the Total Pension Liability	15,577,388	-	38,574,260
Changes of Assumptions	(1,439,205)	-	-
Difference between Expected and Actual Experience	(2,178,980)	-	(277,419)
Net Plan to Plan Resource Movement	-	(382)	-
Contributions - Employer	-	5,808,438	(11,737,515)
Contributions - Employees	-	1,706,914	(3,154,399)
Net Investment Income	-	13,132,786	(1,790,098)
Benefit Payments, including Refunds of Employee Contributions	(12,093,941)	(12,093,941)	-
Administration Expenses	-	(243,976)	(1,790,098)
Other Miscellaneous Income/(Expense)	-	(463,314)	228,394
Net Changes During 2017-18	4,005,007	7,846,525	(3,841,518)
Balance at: 6/30/2018 (Measurement Date)	\$ 229,465,841	\$ 164,414,268	\$ 65,051,573

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: 6/30/2017 (Valuation Date)	\$ 267,912,191	\$ 168,930,820	\$ 98,981,371
Changes Recognized for the Measurement Period:			
Service Cost	4,910,144	-	7,952,483
Interest on the Total Pension Liability	18,707,566	-	38,574,260
Changes of Assumptions	(1,327,718)	-	-
Difference between Expected and Actual Experience	(224,141)	-	(277,419)
Net Plan to Plan Resource Movement	-	(413)	-
Contributions - Employer	-	7,446,996	(11,737,515)
Contributions - Employees	-	1,597,791	(3,154,399)
Net Investment Income	-	14,186,404	(1,790,098)
Benefit Payments, including Refunds of Employee Contributions	(14,342,279)	(14,342,279)	-
Administration Expenses	-	(263,241)	(1,790,098)
Other Miscellaneous Income/(Expense)	-	(499,899)	228,394
Net Changes During 2017-18	7,723,572	8,125,359	(401,787)
Balance at: 6/30/2018 (Measurement Date)	\$ 275,635,763	\$ 177,056,179	\$ 98,579,584

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 8: Defined Benefit Pension Plan (PERS) (Continued)***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 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous Plan:			
Plan's Net Pension Liability/(Assets)	\$ 93,780,014	\$ 65,051,573	\$ 41,157,062
Safety Plan:			
Plan's Net Pension Liability/(Assets)	136,455,675	98,579,584	67,582,657
Total	\$ 230,235,689	\$ 163,631,157	\$ 108,739,719

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, 2017), the net pension liability was \$68,893,091. The liability will be paid in future years by the General Fund, the Motor Vehicle Replacement Fund, the Facilities Maintenance Fund, the Risk Management Fund, the Wastewater Fund, and the Airport Fund as it becomes due. For the measurement period ending June 30, 2018 (the measurement date), the City incurred a pension expense/(income) of \$13,718,329 for the Plan.

As of June 30, 2019, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	\$ 6,647,319	\$ -
Change in Assumptions	1,579,967	(863,523)
Difference between Expected and Actual Experience	-	(1,597,088)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	488,965	-
Total	\$ 8,716,251	\$ (2,460,611)

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 8: Defined Benefit Pension Plan (PERS) (Continued)

The \$6,647,319 reported as deferred outflows represents contributions made after the measurement date of the net pension liability but before the end of the City's reporting period and will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2019	\$ 1,892,620
2020	(246,279)
2021	(1,602,913)
2022	(435,107)
2023	-
Total	<u>\$ (391,679)</u>

For the Safety agent multiple-employer plan, as of the start of the measurement period (July 1, 2017), the net pension liability was \$98,981,371. The liability will be paid in future years by the General Fund as it becomes due. For the measurement period ending June 30, 2018 (the measurement date), the City incurred a pension expense/(income) of \$14,458,771 for the Plan.

As of June 30, 2019, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	\$ 8,994,443	\$ -
Change in Assumptions	7,497,200	(1,011,595)
Difference between Expected and Actual Experience	744,752	(385,383)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	693,565	-
Total	<u>\$ 17,929,960</u>	<u>\$ (1,396,978)</u>

The \$8,994,443 reported as deferred outflows of resources represents contributions made after the measurement date of the net pension liability but before the end of the City's reporting period and will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2019	\$ 6,523,772
2020	3,642,100
2021	(2,086,601)
2022	(540,732)
2023	-
Total	<u>\$ 7,538,539</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 9: Other Post-Retirement Health Care Benefits

Plan Description

The City provides retiree medical insurance benefits under the CalPERS health plan, a cost sharing plan, to eligible retirees and their spouses in accordance with various labor agreements. 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.

Employees Covered

At June 30, 2018, the measurement date, the following numbers of participants were covered by the benefit terms:

<u>Description</u>	<u>Participants</u>
Inactives currently receiving benefits	209
Inactives entitled to but not yet receiving benefits	-
Active employees	354
	<u>563</u>

Contributions

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 City funds retiree medical insurance benefits on a pay as you go basis, paying for retiree medical insurance from the City's Retiree Health Insurance internal service fund. The City has not set up a trust for purposes of funding the required retiree medical insurance payments. For fiscal year 2018-2019, the City paid a total of \$3,698,318 for retiree health insurance.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2018 for the measurement period July 1, 2017 through June 30, 2018. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial assumptions:

Actuarial Assumptions:

Discount rate	2.98% on June 30, 2018 and 3.13% on June 30, 2017	
Inflation	2.75% per year	
Salary Increases	3.25% per year, used only to allocate the cost of benefits between service years	
Investment rate of retrun	N/A	
Mortality rate	MacLeod Watts Scale 2017 applied generationally	
Healthcare trend rate	Medical plan premiums and claims costs by age are assumed to increase once each year as follows:	
	2018 - 8.00%	2022 - 6.00%
	2019 - 7.50%	2023 - 5.50%
	2020 - 7.00%	2024 - 5.00%
	2021 - 6.50%	Later - 5.00%

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 9: Other Post-Retirement Health Care Benefits (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability are based on the S&P Municipal Bond 20 Year High Grade Index. This index indicates discount rates of 3.13% as of June 30, 2017 and 2.98% as of June 30, 2019.

Changes in the Total OPEB Liability.

The changes in the total OPEB liability for the plan are as follows:

	<u>Total OPEB Liability Measurement Period 2017-18</u>
Total OPEB Liability - June 30, 2017	\$ 141,642,158
Changes in Total OPEB Liability	
Service Cost	3,358,207
Interest	4,484,043
Assumption changes	3,755,480
Benefits payments	<u>(3,480,420)</u>
Net Changes	<u>8,117,310</u>
Total OPEB Liability - June 30, 2018	<u>\$ 149,759,468</u>

The liability will be paid in future years by the Retiree Health Insurance Fund as it becomes due.

Sensitivity of the Total OPEB Liability to Changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point higher or one percentage point lower than the current discount rate, for the measurement period June 30, 2018:

	<u>Discount Rate</u>		
	<u>1% Decrease (1.98%)</u>	<u>Current Rate (2.98%)</u>	<u>1% Increase (3.98%)</u>
Total OPEB Liability	\$ 1,781,785,120	\$ 149,759,468	\$ 127,121,566

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point higher or one percentage point lower than the current healthcare cost trend rates:

	<u>Healthcare Trend Rate</u>		
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 121,153,633	\$ 149,759,468	\$ 189,687,717

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

Note 9: Other Post-Retirement Health Care Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$6,672,186. At June 30, 2019, the City's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 3,190,749	\$ (8,066,798)
Employer contribution made subsequent to measurement date	3,698,318 *	-
Total	\$ 6,889,067	\$ (8,066,798)

* Includes \$3,006,793 direct benefit payments plus \$691,525 implied contributions for fiscal year 2018-19.

The \$3,698,318 reported as deferred outflows of resources represents contributions made after the measurement date of the OPEB liability but before the end of the City's reporting period and will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2020	\$ (1,170,061)
2021	(1,170,061)
2022	(1,170,061)
2023	(1,170,061)
2024	(562,884)
Thereafter	367,079
Total	\$ (4,876,049)

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Note 10: Leasehold Interest

SENCA Palm Springs, Inc., a California Corporation, was the lessee under Business Lease No. PSL-315 and a 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 \$1,054,108.

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 \$1,432,704. 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, 2019

Note 10: 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 sublandlord 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 11: Construction Commitments

The City has active construction projects as of June 30, 2019. 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	\$ 39,957	\$ 72,834
Chevron Op Terra	2,150,585	243,621
City Facility Improvements	3,486,776	1,762,198
Downtown	2,388,709	916,090
Police	264,393	249,989
Street/Drains/Sidewalks	1,299,577	9,878,269
	<u>\$ 9,629,997</u>	<u>\$ 13,123,001</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

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

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

a. Cash and Investments

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

Cash and investments pooled with the City	\$ 1,891,499
Cash and investments with fiscal agent	<u>1,719,218</u>
	<u>\$ 3,610,717</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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

b. Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2019, follows:

Fiduciary Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct Borrowings					
Advances from the City of Palm Springs	\$ 3,979,285	\$ 980,503	\$ 3,372,629	\$ 1,587,159	\$ -
Public Borrowings					
2007 Tax Allocation Bonds, Series A, B, C	1,850,000	-	65,000	1,785,000	70,000
2014 Tax Allocation Refunding Bonds	12,840,000	-	1,010,000	11,830,000	1,070,000
2017A Tax Allocation Refunding Parity Bonds	11,345,000	-	395,000	10,950,000	295,000
2017B Tax Allocation Refunding Parity Bonds	5,680,000	-	305,000	5,375,000	275,000
Unamortized Bond Premium/(Discount)	3,008,425	-	176,962	2,831,463	-
Total	\$ 38,702,710	\$ 980,503	\$ 5,324,591	\$ 34,358,622	\$ 1,710,000

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 \$1,587,159 as of June 30, 2019.

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, 2018 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. These bonds were fully refunded during the current year with the issuance of the 2017A Tax Allocation Refunding Parity Bonds.

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. These bonds were fully refunded during the current year with the issuance of the 2017B Taxable Tax Allocation Refunding Parity Bonds.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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

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.

In October 2017, the Successor Agency issued the 2017 A Tax Allocation Refunding Parity Bonds and the 2017 B Taxable Tax Allocation Refunding Parity Bonds to refund in totality the 2007 Tax Allocation Bonds Series A and C and partially refund the 2007 Tax Allocation Bonds Series B. As a result, the balance outstanding on the 2007 Tax Allocation Bonds Series B as of June 30, 2019, is \$1,785,000. Future requirements to amortize are as follows:

June 30	Series B	
	Principal	Interest
2020	\$ 70,000	\$ 107,468
2021	75,000	103,015
2022	80,000	98,256
2023	80,000	93,343
2024	85,000	88,277
2025-2029	520,000	352,186
2030-2034	705,000	165,961
2035	170,000	5,220
Total	<u>\$ 1,785,000</u>	<u>\$ 1,013,726</u>

The outstanding bonds contain a provision that if any event of default should occur, or continuing to occur, the Trustee may and, if requested in writing by the majority in aggregate principal amount of the Bonds at the time outstanding, shall (a) declare the principal of all the Bonds and the interest accrued thereon, to be due and payable immediately, will become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) exercise any other remedies available to the Trustee and the Owners in law or at equity.

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, 2019, is \$11,830,000 including \$1,580,086 of unamortized premium.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

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

Fiscal Year June 30	Principal	Interest
2020	\$ 1,070,000	\$ 524,150
2021	1,120,000	480,600
2022	1,155,000	434,925
2023	870,000	384,300
2024	910,000	348,900
2025 - 2029	2,610,000	1,362,500
2030 - 2034	3,320,000	625,000
2035	775,000	19,375
Totals	<u>\$ 11,830,000</u>	<u>\$ 4,179,750</u>

The outstanding bonds contain a provision that if any event of default should occur, or during the continuance of such an event, the Trustee may and, if requested by the Owners of a majority in aggregate principal amount of the Bonds at the time outstanding, the Trustee shall, (a) declare the principal of all the Bonds and the interest accrued thereon, to be due and payable immediately, will become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) exercise any other remedies available to the Trustee and the Owners in law or at equity.

2017A Tax Allocation Refunding Parity Bonds

On October 26, 2017, the Successor Agency to the Palm Springs Community Redevelopment Agency issued \$11,345,000 Tax Allocation Refunding Parity Bonds. The proceeds from the issuance were used to refund the 2007 Series A and B Housing Tax Allocation Bonds. Interest on the bonds range between 0.930% and 3.260% and the final maturity date is September 1, 2034.

The total bond balance outstanding at June 30, 2019, is \$10,950,000 including \$1,366,864 of unamortized premium.

Fiscal Year June 30	Principal	Interest
2020	\$ 295,000	\$ 462,850
2021	295,000	449,575
2022	165,000	438,075
2023	150,000	430,200
2024	100,000	425,450
2025 - 2029	3,300,000	1,793,300
2030 - 2034	5,430,000	700,600
2035	1,215,000	18,225
Totals	<u>\$ 10,950,000</u>	<u>\$ 4,718,275</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

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

2017B Taxable Tax Allocation Refunding Parity Bonds

On October 26, 2017, the Successor Agency to the Palm Springs Community Redevelopment Agency issued \$5,680,000 Taxable Tax Allocation Refunding Parity Bonds. The proceeds from the issuance were used to refund the 2007 Series C Housing Tax Allocation Bonds. Interest on the bonds range between 1.50% and 3.55% and the final maturity date is September 1, 2029.

The total bond balance outstanding at June 30, 2019, is \$5,375,000 including \$115,487 of unamortized discount.

Fiscal Year June 30	Principal	Interest
2020	\$ 275,000	\$ 156,906
2021	285,000	151,994
2022	285,000	146,294
2023	290,000	140,181
2024	300,000	133,169
2025 - 2029	1,620,000	531,116
2030 - 2034	1,905,000	243,063
2035	415,000	7,263
Totals	<u>\$ 5,375,000</u>	<u>\$ 1,509,986</u>

The proceeds of the 2017 A Tax Allocation Refunding Parity Bonds and 2017B Taxable Tax Allocation Refunding Parity Bonds were deposited under the Escrow Agreements and together with other available monies, were invested in Federal Securities or held uninvested and irrevocably pledged for the payment of the related prior bonds on their respective date of redemption as follows:

- The \$12,420,000 outstanding 2007 Series A Bonds were redeemed in full on December 1, 2017, at a redemption price equal to 100% of the principal amount of the 2007 Series A Bonds together with accrued interest thereon to the date fixed for redemption, without premium, and
- The \$5,355,000 outstanding 2007 Series C Bonds were redeemed in full on December 1, 2017, at a redemption price equal to 100% of the principal amount of the 2007 Series C Bonds together with accrued interest thereon to the date fixed for redemption, without premium.

Amounts so deposited under the Escrow Agreements were pledged to the redemption price of the prior bonds on the respective redemption dates and the sufficiency of the amounts deposited under the Escrow Agreements for such purpose were verified by the Verification Agent. The lien of the prior bonds was discharged, terminated and of no further force and effect upon the deposit with the Escrow Bank of the amounts required pursuant to the Escrow Agreements.

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

As a result, the Successor Agency reduced the aggregate debt service payments by \$4.9 million over the remaining maturity period of the 2017 A Tax Allocation Refunding Parity Bonds and 2017 B Taxable Tax Allocation Refunding Parity Bonds and realized an economic gain of \$3.6 million (difference between the present values of the debt service payments on the old and new debt).

The outstanding Series A and B bonds contain a provision that if any event of default should occur, or during the continuance of such an event, the Trustee may, and if requested by the Owners of a majority in aggregate principal amount of the Bonds at the time outstanding, the Trustee shall, (a) declare the principal of all of the Bonds, and the interest accrued thereon, to be due and payable immediately, will become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) exercise any other remedies available to the Trustee and the Owners in law or at equity.

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) received. 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 \$42,948,896, payable through September 2034. For the current year, principal and interest paid and total property tax revenues were \$3,097,079 and \$4,032,642 respectively.

c. 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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2019

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, 2019, TOT revenues were refunded by \$3,058,943 under these agreements with the following hotels:

Hotel Incentive Payment Obligations:	Incentive Amount	End of Agreement
Triada	\$ 171,247	October 31, 2019
Colony Palms Hotel	200,804	February 28, 2021
Hyatt	162,720	April 30, 2022
Saguaro	345,770	April 30, 2022
Riviera	277,396	May 31, 2022
Bearfoot Inn	9,087	December 31, 2022
Hilton	292,647	April 30, 2023
Hotel Zoso	126,448	September 30, 2023
Sparrows Lodge	95,114	September 30, 2023
Skylark Hotel	33,318	February 28, 2024
Palm Mountain Resort & Spa	136,414	September 30, 2025
The Palm Springs Hotel	53,828	October 31, 2025
Alcazar	46,255	December 31, 2025
Arrive Hotel	116,953	February 28, 2026
Colt's Lodge	20,760	June 30, 2026
The Rowan	970,181	October 31, 2047
Total	\$ 3,058,942	

Note 14: Subsequent Events

2019 Airport Passenger Facility Charge Revenue Bonds

Subsequent to June 30, 2019, the City issued the City of Palm Springs 2019 Airport Passenger Facility Charge Revenue Bonds in the amounts of \$22,270,000 to finance a portion of the design, acquisition, and construction of certain ticketing hall and baggage handling system improvements at the Palm Springs International Airport.

Fire Trucks

Subsequent to June 30, 2019, the City acquired two fire trucks under a 15 years capital lease agreement with Banc of America Public Capital Corporation for \$1,364,123 with annual payments of \$110,060 through 2034. The capital assets have been recorded at the present value of the future minimum lease payments as of the date of inception.

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	2017	2018
TOTAL PENSION LIABILITY					
Service Cost	\$ 3,620,370	\$ 3,638,462	\$ 3,592,689	\$ 4,112,823	\$ 4,139,745
Interest on total pension liability	13,835,783	14,462,203	14,978,434	15,276,818	15,577,388
Difference Between expected and Actual Experience	-	165,779	-	(2,221,040)	(2,178,980)
Changes in Assumptions	-	(3,373,293)	(994,153)	12,113,075	(1,439,205)
Benefit Payments, Including Refunds of employee Contributions	(9,349,367)	(10,023,409)	(10,647,582)	(11,068,366)	(12,093,941)
Net Change in Total Pension Liability	8,106,786	4,869,742	6,929,388	18,213,310	4,005,007
Total Pension Liability - Beginning	187,341,608	195,448,394	200,318,136	207,247,524	225,460,834
Total Pension Liability - Ending (a)	\$ 195,448,394	\$ 200,318,136	\$ 207,247,524	\$ 225,460,834	\$ 229,465,841
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 3,834,378	\$ 4,332,593	\$ 4,921,063	\$ 5,240,243	\$ 5,808,438
Contribution - Employee	1,523,877	1,635,767	1,523,892	1,589,948	1,706,914
Net Plan to Plan Resource Movement	-	123	2,627	-	(382)
Net Investment Income	22,411,505	3,336,784	730,670	15,993,781	13,132,786
Benefit Payments, Including Refunds of Employee Contributions	(9,349,367)	(10,023,409)	(10,647,582)	(11,068,366)	(12,093,941)
Administrative Expense	-	(167,261)	(90,556)	(214,122)	(243,976)
Other Miscellaneous Income/(Expense)	-	-	-	-	(463,314)
Net Change in Fiduciary Net Position	18,420,393	(885,403)	(3,559,886)	11,541,484	7,846,525
Plan Fiduciary Net Position - Beginning	131,051,155	149,471,548	148,586,145	145,026,259	156,567,743
Plan Fiduciary Net Position - Ending (b)	\$ 149,471,548	\$ 148,586,145	\$ 145,026,259	\$ 156,567,743	\$ 164,414,268
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 45,976,846	\$ 51,731,991	\$ 62,221,265	\$ 68,893,091	\$ 65,051,573
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.48%	74.18%	69.98%	69.44%	71.65%
Covered Payroll	\$ 17,841,364	\$ 18,686,572	\$ 19,306,195	\$ 20,128,338	\$ 22,366,073
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	257.70%	276.84%	322.29%	342.27%	290.85%

(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 five 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, 2016 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 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. 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

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

	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 4,343,728	\$ 4,915,444	\$ 4,850,087	\$ 5,980,682	\$ 6,647,319
Contribution in Relation to the Actuarially Determined Contribution	(4,343,728)	(4,915,444)	(4,850,087)	(5,980,682)	(6,647,319)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 18,686,572	\$ 19,306,195	\$ 20,128,338	\$ 20,888,815	\$ 22,086,850
Contributions as a Percentage of Covered Payroll	23.25%	25.46%	24.10%	28.63%	30.10%

(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 five years are shown.

Note to Schedule:

Valuation Date: June 30, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method/period	Level percentage of payroll,
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	2017	2018
TOTAL PENSION LIABILITY					
Service Cost	\$ 3,785,830	\$ 3,579,202	\$ 3,694,824	\$ 4,569,365	\$ 4,910,144
Interest	16,202,972	16,817,588	17,690,881	18,189,561	18,707,566
Difference Between expected and Actual Experience	-	207,093	3,936,551	(440,513)	(224,141)
Changes in Assumptions	-	(4,117,429)	-	15,388,990	(1,327,718)
Benefit Payments, Including Refunds of employee Contributions	(11,730,688)	(12,623,417)	(13,327,695)	(13,922,996)	(14,342,279)
Net Change in Total Pension Liability	8,258,114	3,863,037	11,994,561	23,784,407	7,723,572
Total Pension Liability - Beginning	220,012,072	228,270,186	232,133,223	244,127,784	267,912,191
Total Pension Liability - Ending (a)	\$ 228,270,186	\$ 232,133,223	\$ 244,127,784	\$ 267,912,191	\$ 275,635,763
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 4,602,200	\$ 5,272,145	\$ 5,906,758	\$ 7,095,444	\$ 7,446,996
Contribution - Employee	1,392,329	1,348,094	1,335,497	1,442,765	1,597,791
Net Plan to Plan Resource Movement	-	-	-	-	(413)
Net Investment Income	25,042,700	3,617,828	796,599	17,283,485	14,186,404
Benefit Payments, Including Refunds of Employee Contributions	(11,730,688)	(12,623,417)	(13,327,695)	(13,922,996)	(14,342,279)
Administrative Expense	-	(183,062)	(99,128)	(232,190)	(263,241)
Other Miscellaneous Income/(Expense)	-	-	-	-	(499,899)
Net Change in Fiduciary Net Position	19,306,541	(2,568,412)	(5,387,969)	11,666,508	8,125,359
Plan Fiduciary Net Position - Beginning	145,914,152	165,220,693	162,652,281	157,264,312	168,930,820
Plan Fiduciary Net Position - Ending (b)	\$ 165,220,693	\$ 162,652,281	\$ 157,264,312	\$ 168,930,820	\$ 177,056,179
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 63,049,493	\$ 69,480,942	\$ 86,863,472	\$ 98,981,371	\$ 98,579,584
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.38%	70.07%	64.42%	63.05%	64.24%
Covered Payroll	\$ 13,209,455	\$ 13,037,562	\$ 13,664,290	\$ 15,010,562	\$ 16,438,319
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	477.31%	532.93%	635.70%	659.41%	599.69%

(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 five 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, 2016 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 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. 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>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 5,270,514	\$ 5,736,274	\$ 7,112,083	\$ 7,737,647	\$ 8,994,443
Contribution in Relation to the Actuarially Determined Contribution	<u>(5,270,514)</u>	<u>(5,736,274)</u>	<u>(7,112,083)</u>	<u>(7,737,647)</u>	<u>(8,994,443)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 13,037,562	\$ 13,664,290	\$ 15,010,562	\$ 16,237,787	\$ 17,035,233
Contributions as a Percentage of Covered Payroll	40.43%	41.98%	47.38%	47.65%	52.80%

(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 five years are shown.

Note to Schedule:

Valuation Date: June 30, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method/period	Level percentage of payroll, closed
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

**OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2017</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 3,726,841	\$ 3,358,207
Interest on the total OPEB liability	4,040,843	4,484,043
Actual and expected experience difference	-	-
Changes in assumptions	(11,536,388)	3,755,480
Changes in benefit terms	-	-
Benefit payments	<u>(3,280,004)</u>	<u>(3,480,420)</u>
Net change in total OPEB liability	(7,048,708)	8,117,310
Total OPEB liability - beginning	<u>148,690,866</u>	<u>141,642,158</u>
Total OPEB liability - ending (a)	<u>\$ 141,642,158</u>	<u>\$ 149,759,468</u>
Covered employee payroll	\$ 34,929,760	\$ 45,672,020
Net OPEB liability as a percentage of covered employee payroll	405.51%	327.90%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule: None.

Changes in assumptions: The discount rate was changed from 2.68% as June 30, 2016 to 3.13% for the measurement period ended June 30, 2017.

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 50,310,190	\$ 50,310,190	\$ 50,310,190	\$ -
Resources (Inflows)				
Taxes	113,466,000	113,614,033	123,919,600	10,305,567
Licenses and permits	5,775,000	5,798,850	5,845,840	46,990
Intergovernmental	285,000	285,000	554,575	269,575
Charges for services	7,119,260	7,302,608	7,048,946	(253,662)
Use of money and property	377,500	377,500	1,524,812	1,147,312
Contributions	-	121,138	295,053	173,915
Miscellaneous	172,600	250,100	939,021	688,921
Transfers in	-	887,500	889,559	2,059
Amounts Available for Appropriations	177,505,550	178,946,919	191,327,596	12,380,677
Charges to Appropriation (Outflow)				
General government	26,812,996	32,878,687	22,551,376	10,327,311
Public safety	46,745,673	48,321,107	47,082,766	1,238,341
Cultural and convention center	3,056,516	3,206,516	2,673,357	533,159
Parks and recreation	9,068,589	9,950,519	8,568,502	1,382,017
Public works	12,930,352	12,841,240	11,107,391	1,733,849
Library	2,790,460	2,840,102	2,636,065	204,037
Debt service:				
Principal retirement	2,040,000	1,915,000	-	1,915,000
Interest and fiscal charges	2,644,146	2,644,146	750	2,643,396
Transfers out	-	23,265,402	45,640,179	(22,374,777)
Total Charges to Appropriations	106,088,732	137,862,719	140,260,386	(2,397,667)
Budgetary Fund Balance, June 30	\$ 71,416,818	\$ 41,084,200	\$ 51,067,210	\$ 9,983,010

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
HOUSING
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 10,474,318	\$ 10,474,318	\$ 10,474,318	\$ -
Resources (Inflows):				
Use of money and property	7,500	7,500	114,703	107,203
Miscellaneous	-	-	40,979	40,979
Transfers in	-	-	402,357	402,357
Amounts Available for Appropriations	10,481,818	10,481,818	11,032,357	550,539
Charges to Appropriations (Outflow):				
General government				
Housing	241,585	2,141,585	243,344	1,898,241
Total Charges to Appropriations	241,585	2,141,585	243,344	1,898,241
Budgetary Fund Balance, June 30	\$ 10,240,233	\$ 8,340,233	\$ 10,789,013	\$ 2,448,780

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.

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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.

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.

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS

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.

SB1 – RMRA Fund – Senate Bill 1 (SB1), identified as "The Road Repair and Accountability Act of 2017" will increase local street and road funds allocated through the Highway Users Tax Account, allocating funds from new taxes through the new Road Maintenance and Rehabilitation Account (RMRA). In accordance with the state's new guidelines, a new and separate revenue stream through increased Gas Tax will be provided to the City, upon approval by the California Transportation Commission (CTC) of a project listing identifying the City's use of the new Gas Tax (RMRA) revenue.

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.

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

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.

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CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds			
	Forfeiture	Safety Augmentation	Special Development	CSA 152
Assets				
Pooled cash and investments	\$ 229,384	\$ 1,404,882	\$ 2,056,694	\$ 274,338
Receivables:				
Accounts	-	85,686	-	68,271
Notes and loans	-	-	-	-
Accrued interest	572	2,809	5,002	-
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	\$ 229,956	\$ 1,493,377	\$ 2,061,696	\$ 342,609
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 24,959	\$ -	\$ -	\$ 87,676
Accrued liabilities	-	9,775	-	2,524
Due to other funds	-	-	-	-
Total Liabilities	24,959	9,775	-	90,200
Fund Balances				
Restricted for:				
Public safety grants and programs	204,997	1,483,602	-	-
Parks and recreation activities	-	-	-	252,409
Public works projects	-	-	2,061,696	-
Villagefest	-	-	-	-
Debt service	-	-	-	-
Leases	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	204,997	1,483,602	2,061,696	252,409
Total Liabilities and Fund Balances	\$ 229,956	\$ 1,493,377	\$ 2,061,696	\$ 342,609

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Recycling AB 929	Villagefest	Neighborhood Involvements	Parking
Assets				
Pooled cash and investments	\$ 1,336,691	\$ 22,852	\$ 6,062	\$ 178,666
Receivables:				
Accounts	32,388	810	-	12,294
Notes and loans	-	-	-	-
Accrued interest	2,986	78	15	487
Prepaid costs	-	101	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	\$ 1,372,065	\$ 23,841	\$ 6,077	\$ 191,447
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 34,685	\$ 4,272	\$ -	\$ 41,007
Accrued liabilities	5,294	11,930	-	-
Due to other funds	-	-	-	-
Total Liabilities	39,979	16,202	-	41,007
Fund Balances				
Restricted for:				
Public safety grants and programs	-	-	-	-
Parks and recreation activities	-	-	-	-
Public works projects	1,332,086	-	6,077	150,440
Villagefest	-	7,639	-	-
Debt service	-	-	-	-
Leases	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	1,332,086	7,639	6,077	150,440
Total Liabilities and Fund Balances	\$ 1,372,065	\$ 23,841	\$ 6,077	\$ 191,447

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds			
	Gas Tax	Measure A Improvements	Drainage Construction	Community Development Block Grant
Assets				
Pooled cash and investments	\$ 742,453	\$ 3,869,409	\$ 1,358,742	\$ -
Receivables:				
Accounts	78,046	1,273,244	9,287	165,454
Notes and loans	-	-	-	-
Accrued interest	1,718	11,004	3,391	-
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments	-	1,134,747	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	\$ 822,217	\$ 6,288,404	\$ 1,371,420	\$ 165,454
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 260,503	\$ 660,280	\$ 30,603	\$ 65,277
Accrued liabilities	2,061	1,029	383	1,283
Due to other funds	-	-	-	98,894
Total Liabilities	262,564	661,309	30,986	165,454
Fund Balances				
Restricted for:				
Public safety grants and programs	-	-	-	-
Parks and recreation activities	-	-	-	-
Public works projects	559,653	5,627,095	1,340,434	-
Villagefest	-	-	-	-
Debt service	-	-	-	-
Leases	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	559,653	5,627,095	1,340,434	-
Total Liabilities and Fund Balances	\$ 822,217	\$ 6,288,404	\$ 1,371,420	\$ 165,454

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Master Lease	Air Quality Management	Public Arts	Library
Assets				
Pooled cash and investments	\$ 283	\$ 127,785	\$ 415,479	\$ 2,014,968
Receivables:				
Accounts	-	16,042	24,186	100
Notes and loans	-	-	-	90,000
Accrued interest	-	307	978	4,982
Prepaid costs	-	-	101	72
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	\$ 283	\$ 144,134	\$ 440,744	\$ 2,110,122
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 12,031	\$ 5,055	\$ 18,716
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	12,031	5,055	18,716
Fund Balances				
Restricted for:				
Public safety grants and programs	-	-	-	-
Parks and recreation activities	-	-	-	-
Public works projects	-	132,103	435,689	-
Villagefest	-	-	-	-
Debt service	-	-	-	-
Leases	283	-	-	-
Library	-	-	-	2,091,406
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	283	132,103	435,689	2,091,406
Total Liabilities and Fund Balances	\$ 283	\$ 144,134	\$ 440,744	\$ 2,110,122

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds			
	Quimby Act Fees	Special Projects	CFD Public Safety #1	Business Improvement District
Assets				
Pooled cash and investments	\$ 4,156,125	\$ 2,757,509	\$ 1,252,024	\$ -
Receivables:				
Accounts	196,844	233,482	55,394	-
Notes and loans	-	-	-	-
Accrued interest	9,761	6,771	2,334	-
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	\$ 4,362,730	\$ 2,997,762	\$ 1,309,752	\$ -
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 217,445	\$ 3,552	\$ -
Accrued liabilities	-	546	9,759	-
Due to other funds	-	-	-	-
Total Liabilities	-	217,991	13,311	-
Fund Balances				
Restricted for:				
Public safety grants and programs	-	-	1,296,441	-
Parks and recreation activities	4,362,730	-	-	-
Public works projects	-	-	-	-
Villagefest	-	-	-	-
Debt service	-	-	-	-
Leases	-	-	-	-
Library	-	-	-	-
Special projects	-	2,779,771	-	-
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	4,362,730	2,779,771	1,296,441	-
Total Liabilities and Fund Balances	\$ 4,362,730	\$ 2,997,762	\$ 1,309,752	\$ -

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Energy Efficiency Loan	Park Maintenance District	Emergency Response	Sustainability
Assets				
Pooled cash and investments	\$ -	\$ 747,392	\$ -	\$ 492,479
Receivables:				
Accounts	-	3,145	97,784	99,028
Notes and loans	-	-	-	-
Accrued interest	-	1,667	566	1,112
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	912,097
Total Assets	\$ -	\$ 752,204	\$ 98,350	\$ 1,504,716
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 12,507	\$ 6,572	\$ 2,774
Accrued liabilities	-	-	-	1,765
Due to other funds	-	-	28,558	-
Total Liabilities	-	12,507	35,130	4,539
Fund Balances				
Restricted for:				
Public safety grants and programs	-	-	63,220	-
Parks and recreation activities	-	-	-	-
Public works projects	-	739,697	-	1,500,177
Villagefest	-	-	-	-
Debt service	-	-	-	-
Leases	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	-	739,697	63,220	1,500,177
Total Liabilities and Fund Balances	\$ -	\$ 752,204	\$ 98,350	\$ 1,504,716

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds			Capital Projects Funds
	Special Grants	Small Hotel TBID	SB1-RMRA	Parking Projects
Assets				
Pooled cash and investments	\$ -	\$ 41,449	\$ 819,419	\$ 523,555
Receivables:				
Accounts	44,093	41,751	156,133	-
Notes and loans	-	-	-	-
Accrued interest	-	-	1,157	1,278
Prepaid costs	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Advance to Successor Agency	-	-	-	-
Total Assets	\$ 44,093	\$ 83,200	\$ 976,709	\$ 524,833
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 74,317	\$ 40,131	\$ -
Accrued liabilities	655	-	-	-
Due to other funds	40,207	-	-	-
Total Liabilities	40,862	74,317	40,131	-
Fund Balances				
Restricted for:				
Public safety grants and programs	-	-	-	-
Parks and recreation activities	-	-	-	-
Public works projects	-	-	936,578	-
Villagefest	-	-	-	-
Debt service	-	-	-	-
Leases	-	-	-	-
Library	-	-	-	-
Special projects	3,231	8,883	-	-
Assigned to:				
Capital Projects	-	-	-	524,833
Total Fund Balances	3,231	8,883	936,578	524,833
Total Liabilities and Fund Balances	\$ 44,093	\$ 83,200	\$ 976,709	\$ 524,833

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Capital Projects Funds	Debt Service Funds	Total Other Governmental Funds
	CFD Canyon View	General Debt Service	
Assets			
Pooled cash and investments	\$ 36,075	\$ 211,438	\$ 25,076,153
Receivables:			
Accounts	-	-	2,693,462
Notes and loans	-	-	90,000
Accrued interest	10	-	58,985
Prepaid costs	-	-	274
Restricted assets:			
Cash and investments	-	-	1,134,747
Cash and investments with fiscal agents	-	3,205,304	3,205,304
Advance to Successor Agency	-	-	912,097
Total Assets	\$ 36,085	\$ 3,416,742	\$ 33,171,022
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 1,960	\$ -	\$ 1,604,322
Accrued liabilities	-	-	47,004
Due to other funds	-	-	167,659
Total Liabilities	1,960	-	1,818,985
Fund Balances			
Restricted for:			
Public safety grants and programs	-	-	3,048,260
Parks and recreation activities	-	-	4,615,139
Public works projects	34,125	-	14,855,850
Villagefest	-	-	7,639
Debt service	-	3,416,742	3,416,742
Leases	-	-	283
Library	-	-	2,091,406
Special projects	-	-	2,791,885
Assigned to:			
Capital Projects	-	-	524,833
Total Fund Balances	34,125	3,416,742	31,352,037
Total Liabilities and Fund Balances	\$ 36,085	\$ 3,416,742	\$ 33,171,022

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			
	Forfeiture	Safety Augmentation	Special Development	CSA 152
Revenues:				
Taxes	\$ -	\$ 1,160,987	\$ -	\$ -
Assessments	-	-	-	1,443,471
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	59,973	27,898	-
Use of money and property	4,782	23,499	62,730	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	7,814	-	-	-
Total Revenues	12,596	1,244,459	90,628	1,443,471
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	37,568	602,535	-	-
Culture and convention center	-	-	-	-
Parks and recreation	-	-	-	530,319
Public works	-	-	500	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	37,568	602,535	500	530,319
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,972)	641,924	90,128	913,152
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(24,972)	641,924	90,128	913,152
Fund Balances, Beginning of Year	229,969	841,678	1,971,568	(660,743)
Fund Balances, End of Year	\$ 204,997	\$ 1,483,602	\$ 2,061,696	\$ 252,409

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Recycling AB 929	Villagefest	Neighborhood Involvements	Parking
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	457,452	-	-
Intergovernmental	24,003	-	-	-
Charges for services	122,830	-	-	3,420
Use of money and property	24,980	649	124	4,074
Fines and forfeitures	-	-	-	140,420
Contributions	-	-	-	-
Miscellaneous	-	9,000	-	575
Total Revenues	171,813	467,101	124	148,489
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and convention center	225,062	-	-	-
Parks and recreation	-	511,884	-	-
Public works	-	-	-	310,712
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	225,062	511,884	-	310,712
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,249)	(44,783)	124	(162,223)
Other Financing Sources (Uses):				
Transfers in	500,000	10,000	-	40,000
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	500,000	10,000	-	40,000
Net Change in Fund Balances	446,751	(34,783)	124	(122,223)
Fund Balances, Beginning of Year	885,335	42,422	5,953	272,663
Fund Balances, End of Year	\$ 1,332,086	\$ 7,639	\$ 6,077	\$ 150,440

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			
	Gas Tax	Measure A Improvements	Drainage Construction	Community Development Block Grant
Revenues:				
Taxes	\$ -	\$ 2,308,021	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	188,575	-
Intergovernmental	1,003,328	2,027,500	-	625,712
Charges for services	-	-	-	-
Use of money and property	14,370	164,643	44,581	490
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	338,904	-	-
Total Revenues	1,017,698	4,839,068	233,156	626,202
Expenditures:				
Current:				
General government	-	-	-	466,519
Public safety	-	-	-	-
Culture and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	634,009	3,986,139	394,679	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	950,000	-	-
Interest and fiscal charges	-	152,350	-	-
Total Expenditures	634,009	5,088,489	394,679	466,519
Excess (Deficiency) of Revenues Over (Under) Expenditures	383,689	(249,421)	(161,523)	159,683
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(600,000)	-	-	-
Total Other Financing Sources (Uses)	(600,000)	-	-	-
Net Change in Fund Balances	(216,311)	(249,421)	(161,523)	159,683
Fund Balances, Beginning of Year	775,964	5,876,516	1,501,957	(159,683)
Fund Balances, End of Year	\$ 559,653	\$ 5,627,095	\$ 1,340,434	\$ -

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Master Lease	Air Quality Management	Public Arts	Library
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	61,877	-	-
Charges for services	-	-	227,464	-
Use of money and property	979,308	2,568	8,184	62,830
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	28,741
Miscellaneous	-	-	-	-
Total Revenues	979,308	64,445	235,648	91,571
Expenditures:				
Current:				
General government	2,724	-	-	-
Public safety	-	-	-	-
Culture and convention center	1,714,159	-	211,851	-
Parks and recreation	-	-	-	-
Public works	-	63,723	-	-
Library	-	-	-	84,768
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,716,883	63,723	211,851	84,768
Excess (Deficiency) of Revenues Over (Under) Expenditures	(737,575)	722	23,797	6,803
Other Financing Sources (Uses):				
Transfers in	700,819	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	700,819	-	-	-
Net Change in Fund Balances	(36,756)	722	23,797	6,803
Fund Balances, Beginning of Year	37,039	131,381	411,892	2,084,603
Fund Balances, End of Year	\$ 283	\$ 132,103	\$ 435,689	\$ 2,091,406

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			
	Quimby Act Fees	Special Projects	CFD Public Safety #1	Business Improvement District
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	824,816	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	807,973	507,697	-	-
Use of money and property	119,002	84,858	19,530	-
Fines and forfeitures	-	-	-	-
Contributions	-	456,213	-	-
Miscellaneous	-	-	-	-
Total Revenues	926,975	1,048,768	844,346	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	549,738	518,145	-
Culture and convention center	-	-	-	-
Parks and recreation	-	310,937	-	-
Public works	-	82,268	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	78,770	-	-	-
Interest and fiscal charges	10,573	-	-	-
Total Expenditures	89,343	942,943	518,145	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	837,632	105,825	326,201	-
Other Financing Sources (Uses):				
Transfers in	-	-	100,000	-
Transfers out	-	-	-	(2,059)
Total Other Financing Sources (Uses)	-	-	100,000	(2,059)
Net Change in Fund Balances	837,632	105,825	426,201	(2,059)
Fund Balances, Beginning of Year	3,525,098	2,673,946	870,240	2,059
Fund Balances, End of Year	\$ 4,362,730	\$ 2,779,771	\$ 1,296,441	\$ -

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Energy Efficiency Loan	Park Maintenance District	Emergency Response	Sustainability
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	216,381	1,000,170	361,393
Use of money and property	-	13,946	4,737	9,304
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	1,405
Total Revenues	-	230,327	1,004,907	372,102
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	992,237	-
Culture and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	158,004	-	110,637
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	404,715	-
Interest and fiscal charges	-	-	17,604	-
Total Expenditures	-	158,004	1,414,556	110,637
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	72,323	(409,649)	261,465
Other Financing Sources (Uses):				
Transfers in	-	-	10,000	-
Transfers out	(500,000)	-	-	(152,100)
Total Other Financing Sources (Uses)	(500,000)	-	10,000	(152,100)
Net Change in Fund Balances	(500,000)	72,323	(399,649)	109,365
Fund Balances, Beginning of Year	500,000	667,374	462,869	1,390,812
Fund Balances, End of Year	\$ -	\$ 739,697	\$ 63,220	\$ 1,500,177

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			Capital Projects Funds
	Special Grants	Small Hotel TBID	SB1-RMRA	Parking Projects
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	295,602	-	-	-
Charges for services	-	521,003	975,261	-
Use of money and property	-	-	63,474	13,092
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	295,602	521,003	1,038,735	13,092
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	172,570	-	-	-
Culture and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	516,998	64,010	186
Library	86,909	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	259,479	516,998	64,010	186
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,123	4,005	974,725	12,906
Other Financing Sources (Uses):				
Transfers in	4,968	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	4,968	-	-	-
Net Change in Fund Balances	41,091	4,005	974,725	12,906
Fund Balances, Beginning of Year	(37,860)	4,878	(38,147)	511,927
Fund Balances, End of Year	\$ 3,231	\$ 8,883	\$ 936,578	\$ 524,833

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Capital Projects Funds	Debt Service Funds	Total Other Governmental Funds
	CFD Canyon View	General Debt Service	
Revenues:			
Taxes	\$ -	\$ -	\$ 3,469,008
Assessments	34,040	-	2,302,327
Licenses and permits	-	-	646,027
Intergovernmental	-	-	4,038,022
Charges for services	-	-	4,831,463
Use of money and property	85	75,408	1,801,248
Fines and forfeitures	-	-	140,420
Contributions	-	-	484,954
Miscellaneous	-	-	357,698
Total Revenues	34,125	75,408	18,071,167
Expenditures:			
Current:			
General government	-	7,431	476,674
Public safety	-	-	2,872,793
Culture and convention center	-	-	2,151,072
Parks and recreation	-	-	1,353,140
Public works	-	-	6,321,865
Library	-	-	171,677
Debt service:			
Principal retirement	-	4,057,750	5,491,235
Interest and fiscal charges	-	4,539,121	4,719,648
Total Expenditures	-	8,604,302	23,558,104
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,125	(8,528,894)	(5,486,937)
Other Financing Sources (Uses):			
Transfers in	-	14,355,851	15,721,638
Transfers out	-	(1,131,730)	(2,385,889)
Total Other Financing Sources (Uses)	-	13,224,121	13,335,749
Net Change in Fund Balances	34,125	4,695,227	7,848,812
Fund Balances, Beginning of Year	-	(1,278,485)	23,503,225
Fund Balances, End of Year	\$ 34,125	\$ 3,416,742	\$ 31,352,037

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
FORFEITURE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 229,969	\$ 229,969	\$ 229,969	\$ -
Resources (Inflows)				
Use of money and property	2,000	2,000	4,782	2,782
Miscellaneous	-	-	7,814	7,814
Amounts Available for Appropriations	231,969	231,969	242,565	10,596
Charges to Appropriations (Outflow)				
Public safety	2,000	231,459	37,568	193,891
Total Charges to Appropriations	2,000	231,459	37,568	193,891
Budgetary Fund Balance, June 30	\$ 229,969	\$ 510	\$ 204,997	\$ 204,487

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SAFETY AUGMENTATION
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 841,678	\$ 841,678	\$ 841,678	\$ -
Resources (Inflows)				
Taxes	969,533	969,533	1,160,987	191,454
Charges for services	-	-	59,973	59,973
Use of money and property	1,000	1,000	23,499	22,499
Amounts Available for Appropriations	1,812,211	1,812,211	2,086,137	273,926
Charges to Appropriations (Outflow)				
Public safety	1,004,778	1,004,245	602,535	401,710
Total Charges to Appropriations	1,004,778	1,004,245	602,535	401,710
Budgetary Fund Balance, June 30	\$ 807,433	\$ 807,966	\$ 1,483,602	\$ 675,636

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SPECIAL DEVELOPMENT
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,971,568	\$ 1,971,568	\$ 1,971,568	\$ -
Resources (Inflows)				
Charges for services	-	-	27,898	27,898
Use of money and property	-	-	62,730	62,730
Amounts Available for Appropriations	1,971,568	1,971,568	2,062,196	90,628
Charges to Appropriations (Outflow)				
General government	-	31,200	-	31,200
Public works	-	1,748,109	500	1,747,609
Total Charges to Appropriations	-	1,779,309	500	1,778,809
Budgetary Fund Balance, June 30	\$ 1,971,568	\$ 192,259	\$ 2,061,696	\$ 1,869,437

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE

CSA 152

YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (660,743)	\$ (660,743)	\$ (660,743)	\$ -
Resources (Inflows)				
Assessments	912,474	912,474	1,443,471	530,997
Amounts Available for Appropriations	251,731	251,731	782,728	530,997
Charges to Appropriations (Outflow)				
Parks and recreation	923,092	1,050,675	530,319	520,356
Total Charges to Appropriations	923,092	1,050,675	530,319	520,356
Budgetary Fund Balance, June 30	\$ (671,361)	\$ (798,944)	\$ 252,409	\$ 1,051,353

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
 RECYCLING AB 929
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 885,335	\$ 885,335	\$ 885,335	\$ -
Resources (Inflows)				
Intergovernmental	-	59,453	24,003	(35,450)
Charges for services	120,000	120,000	122,830	2,830
Use of money and property	31,000	31,000	24,980	(6,020)
Transfers in	-	500,000	500,000	-
Amounts Available for Appropriations	1,036,335	1,595,788	1,557,148	(38,640)
Charges to Appropriations (Outflow)				
Cultural and convention center	1,319,884	454,165	225,062	229,103
Total Charges to Appropriations	1,319,884	454,165	225,062	229,103
Budgetary Fund Balance, June 30	\$ (283,549)	\$ 1,141,623	\$ 1,332,086	\$ 190,463

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
VILLAGEFEST
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 42,422	\$ 42,422	\$ 42,422	\$ -
Resources (Inflows)				
Licenses and permits	518,083	518,083	457,452	(60,631)
Use of money and property	-	-	649	649
Miscellaneous	-	-	9,000	9,000
Transfers in	-	-	10,000	10,000
Amounts Available for Appropriations	560,505	560,505	519,523	(40,982)
Charges to Appropriations (Outflow)				
Parks and recreation	507,089	507,089	511,884	(4,795)
Total Charges to Appropriations	507,089	507,089	511,884	(4,795)
Budgetary Fund Balance, June 30	\$ 53,416	\$ 53,416	\$ 7,639	\$ (45,777)

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
NEIGHBORHOOD INVOLVEMENTS
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,953	\$ 5,953	\$ 5,953	\$ -
Resources (Inflows)				
Use of money and property	-	-	124	124
Amounts Available for Appropriations	5,953	5,953	6,077	124
Charges to Appropriations (Outflow)				
Cultural and convention center	-	1,500	-	1,500
Parks and recreation	-	4,403	-	4,403
Total Charges to Appropriations	-	5,903	-	5,903
Budgetary Fund Balance, June 30	\$ 5,953	\$ 50	\$ 6,077	\$ 6,027

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
PARKING
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 272,663	\$ 272,663	\$ 272,663	\$ -
Resources (Inflows)				
Charges for services	2,000	2,000	3,420	1,420
Use of money and property	-	-	4,074	4,074
Fines and forfeitures	218,000	218,000	140,420	(77,580)
Miscellaneous	-	-	575	575
Transfers in	298,767	298,767	40,000	(258,767)
Amounts Available for Appropriations	791,430	791,430	461,152	(330,278)
Charges to Appropriations (Outflow)				
Public works	384,289	384,488	310,712	73,776
Total Charges to Appropriations	384,289	384,488	310,712	73,776
Budgetary Fund Balance, June 30	\$ 407,141	\$ 406,942	\$ 150,440	\$ (256,502)

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 775,964	\$ 775,964	\$ 775,964	\$ -
Resources (Inflows)				
Intergovernmental	1,148,063	1,148,063	1,003,328	(144,735)
Charges for services	840,640	786,778	-	(786,778)
Use of money and property	6,000	6,000	14,370	8,370
Amounts Available for Appropriations	2,770,667	2,716,805	1,793,662	(923,143)
Charges to Appropriations (Outflow)				
Public works	1,394,703	2,538,333	634,009	1,904,324
Transfers out	600,000	600,000	600,000	-
Total Charges to Appropriations	1,994,703	3,138,333	1,234,009	1,904,324
Budgetary Fund Balance, June 30	\$ 775,964	\$ (421,528)	\$ 559,653	\$ 981,181

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
MEASURE A IMPROVEMENTS
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,876,516	\$ 5,876,516	\$ 5,876,516	\$ -
Resources (Inflows)				
Taxes	2,337,422	2,337,422	2,308,021	(29,401)
Intergovernmental	-	16,706,217	2,027,500	(14,678,717)
Use of money and property	47,000	47,000	164,643	117,643
Miscellaneous	-	110,832	338,904	228,072
Amounts Available for Appropriations	8,260,938	25,077,987	10,715,584	(14,362,403)
Charges to Appropriations (Outflow)				
Public works				
Engineering	1,282,422	23,304,457	3,986,139	19,318,318
Debt service:				
Principal retirement	-	-	950,000	(950,000)
Interest and fiscal charges	1,102,000	1,102,000	152,350	949,650
Total Charges to Appropriations	2,384,422	24,406,457	5,088,489	19,317,968
Budgetary Fund Balance, June 30	\$ 5,876,516	\$ 671,530	\$ 5,627,095	\$ 4,955,565

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
DRAINAGE CONSTRUCTION
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,501,957	\$ 1,501,957	\$ 1,501,957	\$ -
Resources (Inflows)				
Licenses and permits	133,000	133,000	188,575	55,575
Use of money and property	3,500	3,500	44,581	41,081
Amounts Available for Appropriations	1,638,457	1,638,457	1,735,113	96,656
Charges to Appropriations (Outflow)				
Public works	136,500	910,449	394,679	515,770
Total Charges to Appropriations	136,500	910,449	394,679	515,770
Budgetary Fund Balance, June 30	\$ 1,501,957	\$ 728,008	\$ 1,340,434	\$ 612,426

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (159,683)	\$ (159,683)	\$ (159,683)	\$ -
Resources (Inflows)				
Intergovernmental	388,313	747,744	625,712	(122,032)
Use of money and property	-	-	490	490
Amounts Available for Appropriations	228,630	588,061	466,519	(121,542)
Charges to Appropriations (Outflow)				
General government	388,313	747,742	466,519	281,223
Total Charges to Appropriations	388,313	747,742	466,519	281,223
Budgetary Fund Balance, June 30	\$ (159,683)	\$ (159,681)	\$ -	\$ 159,681

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
 MASTER LEASE
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 37,039	\$ 37,039	\$ 37,039	\$ -
Resources (Inflows)				
Use of money and property	1,312,700	1,312,700	979,308	(333,392)
Transfers in	-	-	700,819	700,819
Amounts Available for Appropriations	1,349,739	1,349,739	1,717,166	367,427
Charges to Appropriations (Outflow)				
General government	4,500	4,500	2,724	1,776
Cultural and convention center	1,589,200	2,059,871	1,714,159	345,712
Total Charges to Appropriations	1,593,700	2,064,371	1,716,883	347,488
Budgetary Fund Balance, June 30	\$ (243,961)	\$ (714,632)	\$ 283	\$ 714,915

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY MANAGEMENT
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 131,381	\$ 131,381	\$ 131,381	\$ -
Resources (Inflows)				
Intergovernmental	57,500	57,500	61,877	4,377
Use of money and property	500	500	2,568	2,068
Amounts Available for Appropriations	189,381	189,381	195,826	6,445
Charges to Appropriations (Outflow)				
Public works	58,000	185,024	63,723	121,301
Total Charges to Appropriations	58,000	185,024	63,723	121,301
Budgetary Fund Balance, June 30	\$ 131,381	\$ 4,357	\$ 132,103	\$ 127,746

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PUBLIC ARTS
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 411,892	\$ 411,892	\$ 411,892	\$ -
Resources (Inflows)				
Charges for services	180,000	180,000	227,464	47,464
Use of money and property	1,000	1,000	8,184	7,184
Amounts Available for Appropriations	592,892	592,892	647,540	54,648
Charges to Appropriations (Outflow)				
Cultural and convention center	520,342	592,446	211,851	380,595
Total Charges to Appropriations	520,342	592,446	211,851	380,595
Budgetary Fund Balance, June 30	\$ 72,550	\$ 446	\$ 435,689	\$ 435,243

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 LIBRARY
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$2,084,603	\$ 2,084,603	\$ 2,084,603	\$ -
Resources (Inflows)				
Use of money and property	8,500	8,500	62,830	54,330
Contributions	100	28,610	28,741	131
Amounts Available for Appropriations	2,093,203	2,121,713	2,176,174	54,461
Charges to Appropriations (Outflow)				
Library	8,600	2,131,716	84,768	2,046,948
Total Charges to Appropriations	8,600	2,131,716	84,768	2,046,948
Budgetary Fund Balance, June 30	\$ 2,084,603	\$ (10,003)	\$ 2,091,406	\$ 2,101,409

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
 QUIMBY ACT FEES
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$3,525,098	\$ 3,525,098	\$ 3,525,098	\$ -
Resources (Inflows)				
Charges for services	189,343	597,221	807,973	210,752
Use of money and property	-	-	119,002	119,002
Amounts Available for Appropriations	3,714,441	4,122,319	4,452,073	329,754
Charges to Appropriations (Outflow)				
Parks and recreation	100,000	3,498,316	-	3,498,316
Debt service:				
Principal retirement	-	-	78,770	(78,770)
Interest and fiscal charges	89,343	89,401	10,573	78,828
Total Charges to Appropriations	189,343	3,587,717	89,343	3,498,374
Budgetary Fund Balance, June 30	\$ 3,525,098	\$ 534,602	\$ 4,362,730	\$ 3,828,128

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SPECIAL PROJECTS
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,673,946	\$ 2,673,946	\$ 2,673,946	\$ -
Resources (Inflows)				
Charges for services	100,000	170,734	507,697	336,963
Use of money and property	-	-	84,858	84,858
Contributions	-	475,481	456,213	(19,268)
Amounts Available for Appropriations	2,773,946	3,320,161	3,722,714	402,553
Charges to Appropriations (Outflow)				
Public safety	100,000	1,013,714	549,738	463,976
Parks and recreation	-	505,496	310,937	194,559
Public works	-	1,495,358	82,268	1,413,090
Total Charges to Appropriations	100,000	3,014,568	942,943	2,071,625
Budgetary Fund Balance, June 30	\$ 2,673,946	\$ 305,593	\$ 2,779,771	\$ 2,474,178

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 CFD PUBLIC SAFETY #1
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 870,240	\$ 870,240	\$ 870,240	\$ -
Resources (Inflows)				
Assessments	596,471	596,471	824,816	228,345
Use of money and property	1,000	1,000	19,530	18,530
Transfers in	347,193	347,193	100,000	(247,193)
Amounts Available for Appropriations	1,814,904	1,814,904	1,814,586	(318)
Charges to Appropriations (Outflow)				
Public safety	721,610	758,372	518,145	240,227
Total Charges to Appropriations	721,610	758,372	518,145	240,227
Budgetary Fund Balance, June 30	\$ 1,093,294	\$ 1,056,532	\$ 1,296,441	\$ 239,909

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 BUSINESS IMPROVEMENT DISTRICT
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,059	\$ 2,059	\$ 2,059	\$ -
Amounts Available for Appropriations	2,059	2,059	2,059	-
Charges to Appropriations (Outflow)				
Cultural and convention center	-	2,059	-	2,059
Transfers out	-	-	2,059	(2,059)
Total Charges to Appropriations	-	2,059	2,059	-
Budgetary Fund Balance, June 30	\$ 2,059	\$ -	\$ -	\$ -

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
ENERGY EFFICIENCY LOAN
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Resources (Inflows)				
Intergovernmental	-	40	-	(40)
Amounts Available for Appropriations	500,000	500,040	500,000	(40)
Charges to Appropriation (Outflow)				
General government	-	40	-	40
Transfers out	-	-	500,000	(500,000)
Total Charges to Appropriations	-	40	500,000	(499,960)
Budgetary Fund Balance, June 30	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PARK MAINTENANCE DISTRICT
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 667,374	\$ 667,374	\$ 667,374	\$ -
Resources (Inflows)				
Charges for services	372,838	372,838	216,381	(156,457)
Use of money and property	-	-	13,946	13,946
Amounts Available for Appropriations	1,040,212	1,040,212	897,701	(142,511)
Charges to Appropriations (Outflow)				
Public works	372,838	1,034,051	158,004	876,047
Total Charges to Appropriations	372,838	1,034,051	158,004	876,047
Budgetary Fund Balance, June 30	\$ 667,374	\$ 6,161	\$ 739,697	\$ 733,536

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY RESPONSE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 462,869	\$ 462,869	\$ 462,869	\$ -
Resources (Inflows)				
Charges for services	1,406,346	1,406,346	1,000,170	(406,176)
Use of money and property	-	-	4,737	4,737
Transfers in	352,863	352,863	10,000	(342,863)
Amounts Available for Appropriations	2,222,078	2,222,078	1,477,776	(744,302)
Charges to Appropriations (Outflow)				
Public safety	1,100,126	1,140,995	992,237	148,758
Debt service:				
Principal retirement	404,714	404,714	404,715	(1)
Interest and fiscal charges	17,605	17,605	17,604	1
Total Charges to Appropriations	1,522,445	1,563,314	1,414,556	148,758
Budgetary Fund Balance, June 30	\$ 699,633	\$ 658,764	\$ 63,220	\$ (595,544)

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SUSTAINABILITY
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,390,812	\$ 1,390,812	\$ 1,390,812	\$ -
Resources (Inflows)				
Charges for services	388,000	388,000	361,393	(26,607)
Use of money and property	4,000	4,000	9,304	5,304
Miscellaneous	-	1,405	1,405	-
Amounts Available for Appropriations	1,782,812	1,784,217	1,762,914	(21,303)
Charges to Appropriations (Outflow)				
Public works	366,129	699,701	110,637	589,064
Transfers out	138,900	138,900	152,100	(13,200)
Total Charges to Appropriations	505,029	838,601	262,737	575,864
Budgetary Fund Balance, June 30	\$ 1,277,783	\$ 945,616	\$ 1,500,177	\$ 554,561

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SPECIAL GRANTS
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (37,860)	\$ (37,860)	\$ (37,860)	\$ -
Resources (Inflows)				
Intergovernmental	175,000	386,722	295,602	(91,120)
Transfers in	-	-	4,968	4,968
Amounts Available for Appropriations	137,140	348,862	262,710	(86,152)
Charges to Appropriations (Outflow)				
Public safety	177,197	237,537	172,570	64,967
Library	-	125,899	86,909	38,990
Total Charges to Appropriations	177,197	363,436	259,479	103,957
Budgetary Fund Balance, June 30	\$ (40,057)	\$ (14,574)	\$ 3,231	\$ 17,805

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SMALL HOTEL TBID
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,878	\$ 4,878	\$ 4,878	\$ -
Resources (Inflows)				
Charges for services	445,000	521,003	521,003	-
Amounts Available for Appropriations	449,878	525,881	525,881	-
Charges to Appropriations (Outflow)				
Public works	445,000	585,573	516,998	68,575
Total Charges to Appropriations	445,000	585,573	516,998	68,575
Budgetary Fund Balance, June 30	\$ 4,878	\$ (59,692)	\$ 8,883	\$ 68,575

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SB1-RMRA
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (38,147)	\$ (38,147)	\$ (38,147)	\$ -
Resources (Inflows)				
Charges for services	844,133	844,133	975,261	131,128
Use of money and property	1,000	54,862	63,474	8,612
Amounts Available for Appropriations	806,986	860,848	1,000,588	139,740
Charges to Appropriations (Outflow)				
Public works	844,133	844,133	64,010	780,123
Total Charges to Appropriations	844,133	844,133	64,010	780,123
Budgetary Fund Balance, June 30	\$ (37,147)	\$ 16,715	\$ 936,578	\$ 919,863

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,429,397	\$ 6,429,397	\$ 6,429,397	\$ -
Resources (Inflows)				
Licenses and permits	86,500	86,500	392,753	306,253
Intergovernmental	-	2,077,071	4,453,851	2,376,780
Use of money and property	-	-	294,749	294,749
Miscellaneous	-	724,997	2,824,977	2,099,980
Transfers in	-	2,900,000	8,375,000	5,475,000
Amounts Available for Appropriations	6,515,897	12,217,965	22,770,727	10,552,762
Charges to Appropriations (Outflow)				
General government	86,500	6,273,030	2,774,971	3,498,059
Public safety	-	993,479	516,480	476,999
Cultural and convention center	-	5,003,535	-	5,003,535
Parks and recreation	-	78,623	175	78,448
Public works	-	18,092,758	4,319,988	13,772,770
Total Charges to Appropriations	86,500	30,441,425	7,611,614	22,829,811
Budgetary Fund Balance, June 30	\$ 6,429,397	\$ (18,223,460)	\$ 15,159,113	\$ 33,382,573

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PARKING PROJECTS
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 511,927	\$ 511,927	\$ 511,927	\$ -
Resources (Inflows)				
Use of money and property	2,005	2,005	13,092	11,087
Amounts Available for Appropriations	513,932	513,932	525,019	11,087
Charges to Appropriations (Outflow)				
Public works	2,005	492,765	186	492,579
Total Charges to Appropriations	2,005	492,765	186	492,579
Budgetary Fund Balance, June 30	\$ 511,927	\$ 21,167	\$ 524,833	\$ 503,666

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
MEASURE J
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 16,413,442	\$ 16,413,442	\$ 16,413,442	\$ -
Resources (Inflows)				
Use of money and property	-	-	578,288	578,288
Miscellaneous	-	6,300	256,300	250,000
Transfers in	-	13,400,000	16,043,737	2,643,737
Amounts Available for Appropriations	16,413,442	29,819,742	33,291,767	3,472,025
Charges to Appropriations (Outflow)				
Public works	11,000,000	26,295,991	7,593,785	18,702,206
Transfers out	-	-	3,183,763	(3,183,763)
Total Charges to Appropriations	11,000,000	26,295,991	10,777,548	15,518,443
Budgetary Fund Balance, June 30	\$ 5,413,442	\$ 3,523,751	\$ 22,514,219	\$ 18,990,468

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 CFD CANYON VIEW
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Assessments	-	-	34,040	34,040
Use of money and property	-	36,000	85	(35,915)
Amounts Available for Appropriations	-	36,000	34,125	(1,875)
Charges to Appropriation (Outflow)				
Public works	-	36,000	-	36,000
Total Charges to Appropriations	-	36,000	-	36,000
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 34,125	\$ 34,125

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
GENERAL DEBT SERVICE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,278,485)	\$ (1,278,485)	\$ (1,278,485)	\$ -
Resources (Inflows)				
Use of money and property	1,000	1,000	75,408	74,408
Transfers in	-	5,001,301	14,355,851	9,354,550
Amounts Available for Appropriations	(1,277,485)	3,723,816	13,152,774	9,428,958
Charges to Appropriations (Outflow)				
General government	18,369	18,681	7,431	11,250
Debt service:				
Principal retirement	4,525,427	4,525,427	4,057,750	467,677
Interest and fiscal charges	5,946,175	5,946,175	4,539,121	1,407,054
Transfers out	-	-	1,131,730	(1,131,730)
Total Charges to Appropriations	10,489,971	10,490,283	9,736,032	754,251
Budgetary Fund Balance, June 30	\$ (11,767,456)	\$ (6,766,467)	\$ 3,416,742	\$ 10,183,209

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENTS
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$1,579,684	\$ 1,579,684	\$ 1,579,684	\$ -
Resources (Inflows)				
Assessments	574,713	579,863	562,948	(16,915)
Use of money and property	-	-	4,912	4,912
Amounts Available for Appropriations	2,154,397	2,159,547	2,147,544	(12,003)
Charges to Appropriations (Outflow)				
Public works	32,500	33,748	19,666	14,082
Debt service:				
Principal retirement	385,000	390,150	385,000	5,150
Interest and fiscal charges	157,213	157,213	157,213	-
Total Charges to Appropriations	574,713	581,111	561,879	19,232
Budgetary Fund Balance, June 30	\$1,579,684	\$ 1,578,436	\$ 1,585,665	\$ 7,229

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, 2019

	<u>Motor Vehicle Replacement</u>	<u>Facilities Maintenance</u>	<u>Employee Benefits</u>	<u>Risk Management</u>
Assets				
Current:				
Cash and investments	\$ 4,734,029	\$ 4,487,857	\$ 2,342,813	\$ 11,122,246
Receivables:				
Accounts	98,840	-	21,043	393,693
Accrued interest	10,812	11,287	293,150	21,650
Prepaid costs	-	-	-	72
Inventories	153,560	-	-	-
Restricted:				
Cash with fiscal agent	-	-	-	-
Total Current Assets	4,997,241	4,499,144	2,657,006	11,537,661
Noncurrent:				
Advances to other funds	-	-	1,430,000	-
Capital assets, net of accumulated depreciation	7,888,104	175,742	-	-
Total Noncurrent Assets	7,888,104	175,742	1,430,000	-
Total Assets	12,885,345	4,674,886	4,087,006	11,537,661
Deferred Outflows of Resources				
Deferred charge on refunding	-	-	-	-
Deferred pension related items	177,596	392,802	-	168,225
Deferred OPEB related items	-	-	-	-
Total Deferred Outflows of Resources	177,596	392,802	-	168,225
Liabilities				
Current:				
Accounts payable	273,491	296,040	26,282	289,006
Accrued liabilities	18,771	41,441	-	18,508
Accrued interest	67,333	-	65,180	-
Accrued compensated absences	52,116	162,002	-	79,680
Accrued claims and judgments	-	-	-	3,278,115
Bonds, notes, and capital leases	337,464	-	695,000	-
Total Current Liabilities	749,175	499,483	786,462	3,665,309
Noncurrent:				
Accrued claims and judgments	-	-	-	6,716,948
Bonds, notes, and capital leases	3,027,967	-	18,912,276	-
Total OPEB liability	-	-	-	-
Net pension liability	1,325,444	2,931,584	-	1,255,503
Total Noncurrent Liabilities	4,353,411	2,931,584	18,912,276	7,972,451
Total Liabilities	5,102,586	3,431,067	19,698,738	11,637,760
Deferred Inflows of Resources				
Deferred pension related items	36,041	57,747	-	26,597
Deferred OPEB related items	-	-	-	-
Total Deferred Inflows of Resources	36,041	57,747	-	26,597
Net Position				
Net investment in capital assets	4,522,673	175,742	-	-
Restricted for debt service	-	-	-	-
Unrestricted	3,403,641	1,403,132	(15,611,732)	41,529
Total Net Position	\$ 7,924,314	\$ 1,578,874	\$ (15,611,732)	\$ 41,529

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019**

	<u>Retiree Health Insurance</u>	<u>Cogeneration Plant</u>	<u>Totals</u>
Assets			
Current:			
Cash and investments	\$ 1,656,643	\$ 3,593,664	\$ 27,937,252
Receivables:			
Accounts	11,217	-	524,793
Accrued interest	5,145	8,510	350,554
Prepaid costs	-	-	72
Inventories	-	-	153,560
Restricted:			
Cash with fiscal agent	-	715,377	715,377
Total Current Assets	<u>1,673,005</u>	<u>4,317,551</u>	<u>29,681,608</u>
Noncurrent:			
Advances to other funds	-	-	1,430,000
Capital assets, net of accumulated depreciation	-	11,904,262	19,968,108
Total Noncurrent Assets	<u>-</u>	<u>11,904,262</u>	<u>21,398,108</u>
Total Assets	<u>1,673,005</u>	<u>16,221,813</u>	<u>51,079,716</u>
Deferred Outflows of Resources			
Deferred charge on refunding	-	38,492	38,492
Deferred pension related items	-	-	738,623
Deferred OPEB related items	6,889,067	-	6,889,067
Total Deferred Outflows of Resources	<u>6,889,067</u>	<u>38,492</u>	<u>7,666,182</u>
Liabilities			
Current:			
Accounts payable	562	927,145	1,812,526
Accrued liabilities	-	854	79,574
Accrued interest	-	9,436	141,949
Accrued compensated absences	-	-	293,798
Accrued claims and judgments	-	-	3,278,115
Bonds, notes, and capital leases	-	697,473	1,729,937
Total Current Liabilities	<u>562</u>	<u>1,634,908</u>	<u>7,335,899</u>
Noncurrent:			
Accrued claims and judgments	-	-	6,716,948
Bonds, notes, and capital leases	-	17,568,580	39,508,823
Total OPEB liability	149,759,468	-	149,759,468
Net pension liability	-	-	5,512,531
Total Noncurrent Liabilities	<u>149,759,468</u>	<u>17,568,580</u>	<u>201,497,770</u>
Total Liabilities	<u>149,760,030</u>	<u>19,203,488</u>	<u>208,833,669</u>
Deferred Inflows of Resources			
Deferred pension related items	-	-	120,385
Deferred OPEB related items	8,066,798	-	8,066,798
Total Deferred Inflows of Resources	<u>8,066,798</u>	<u>-</u>	<u>8,187,183</u>
Net Position			
Net investment in capital assets	-	5,362,955	10,061,370
Restricted for debt service	-	715,377	715,377
Unrestricted	(149,264,756)	(9,021,515)	(169,051,701)
Total Net Position	<u>\$ (149,264,756)</u>	<u>\$ (2,943,183)</u>	<u>\$ (158,274,954)</u>

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits	Risk Management
Operating Revenues				
Sales and service charges	\$ 3,242,898	\$ 4,882,573	\$ 20,682,925	\$ 15,158,087
Miscellaneous	-	-	21,043	132,928
Total Operating Revenues	3,242,898	4,882,573	20,703,968	15,291,015
Operating Expenses				
Administration and general	132,237	25,426	-	1,852,890
Source of supply	-	-	-	-
Maintenance operations	2,469,534	-	-	-
Facilities maintenance	-	4,318,158	-	-
Retirement	-	-	18,458,555	-
Retiree health insurance	-	-	-	-
Other claims and insurance	6,268	29,197	-	2,910,647
Depreciation expense	1,258,918	25,589	-	-
Utilities	-	-	-	-
Cogeneration electricity	-	-	-	-
Medical, health, and life insurance	-	-	-	8,670,505
Workers compensation	-	-	-	3,574,341
Total Operating Expenses	3,866,957	4,398,370	18,458,555	17,008,383
Operating Income (Loss)	(624,059)	484,203	2,245,413	(1,717,368)
Nonoperating Revenues (Expenses)				
Interest revenue	139,079	134,379	15,909	276,341
Interest expense	(81,008)	-	(1,015,674)	-
Gain (loss) on disposal of capital assets	215,895	-	-	-
Total Nonoperating Revenues (Expenses)	273,966	134,379	(999,765)	276,341
Income (Loss) Before Transfers	(350,093)	618,582	1,245,648	(1,441,027)
Transfers in	1,500,000	125,000	-	3,145,000
Changes in Net Position	1,149,907	743,582	1,245,648	1,703,973
Net Position, Beginning of Year	6,774,407	835,292	(16,857,380)	(1,662,444)
Net Position, End of Year	\$ 7,924,314	\$ 1,578,874	\$ (15,611,732)	\$ 41,529

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	Retiree Health Insurance	Cogeneration Plant	Totals
Operating Revenues			
Sales and service charges	\$ 3,140,498	\$ 2,110,366	\$ 49,217,347
Miscellaneous	5,876	-	159,847
Total Operating Revenues	3,146,374	2,110,366	49,377,194
Operating Expenses			
Administration and general	-	2,631	2,013,184
Source of supply	6,731	-	6,731
Maintenance operations	-	-	2,469,534
Facilities maintenance	-	-	4,318,158
Retirement	-	-	18,458,555
Retiree health insurance	5,848,845	-	5,848,845
Other claims and insurance	-	57,856	3,003,968
Depreciation expense	-	523,362	1,807,869
Utilities	-	1,269,259	1,269,259
Cogeneration electricity	-	796,695	796,695
Medical, health, and life insurance	-	-	8,670,505
Workers compensation	-	-	3,574,341
Total Operating Expenses	5,855,576	2,649,803	52,237,644
Operating Income (Loss)	(2,709,202)	(539,437)	(2,860,450)
Nonoperating Revenues (Expenses)			
Interest revenue	57,279	108,142	731,129
Interest expense	-	(599,247)	(1,695,929)
Gain (loss) on disposal of capital assets	-	-	215,895
Total Nonoperating Revenues (Expenses)	57,279	(491,105)	(748,905)
Income (Loss) Before Transfers	(2,651,923)	(1,030,542)	(3,609,355)
Transfers in	-	1,283,830	6,053,830
Changes in Net Position	(2,651,923)	253,288	2,444,475
Net Position, Beginning of Year	(146,612,833)	(3,196,471)	(160,719,429)
Net Position, End of Year	\$ (149,264,756)	\$ (2,943,183)	\$ (158,274,954)

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	<u>Motor Vehicle Replacement</u>	<u>Facilities Maintenance</u>	<u>Employee Benefits</u>	<u>Risk Management</u>
Cash Flows from Operating Activities				
Cash received from/(paid to) interfund service provided	\$ 3,144,058	\$ 4,882,573	\$ 20,661,882	\$ 15,099,245
Cash paid to suppliers for goods and services	(2,434,873)	(4,243,345)	-	(2,910,719)
Cash paid to employees for services	(357,923)	(108,633)	(18,432,273)	(13,732,263)
Cash received from (payments to) others	-	-	21,043	132,928
Net Cash Provided (Used) by Operating Activities	<u>351,262</u>	<u>530,595</u>	<u>2,250,652</u>	<u>(1,410,809)</u>
Cash Flows from Non-Capital Financing Activities				
Cash transfers in	1,500,000	125,000	-	3,145,000
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>1,500,000</u>	<u>125,000</u>	<u>-</u>	<u>3,145,000</u>
Cash Flows from Capital and Related Financing Activities				
Proceeds from capital debt	215,895	-	-	-
Acquisition and construction of capital assets	(1,287,544)	(47,327)	-	-
Principal paid on capital debt	(542,255)	-	(404,282)	-
Interest paid on capital debt	(81,024)	-	(1,015,674)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,694,928)</u>	<u>(47,327)</u>	<u>(1,419,956)</u>	<u>-</u>
Cash Flows from Investing Activities				
Interest received	128,267	123,092	14,113	265,451
Net Cash Provided (Used) by Investing Activities	<u>128,267</u>	<u>123,092</u>	<u>14,113</u>	<u>265,451</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>284,601</u>	<u>731,360</u>	<u>844,809</u>	<u>1,999,642</u>
Cash and Cash Equivalents at Beginning of Year	4,233,533	3,756,497	1,498,004	9,122,604
Cash and Cash Equivalents at End of Year	<u>\$ 4,518,134</u>	<u>\$ 4,487,857</u>	<u>\$ 2,342,813</u>	<u>\$ 11,122,246</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (624,059)	\$ 484,203	\$ 2,245,413	\$ (1,717,368)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities				
Depreciation	1,258,918	25,589	-	-
(Increase) decrease in accounts receivable	(98,840)	-	(21,043)	(58,842)
(Increase) decrease in inventory	(14,466)	-	-	-
(Increase) decrease in prepaid expense	-	-	-	(72)
(Increase) decrease in deferred outflows	113,140	265,343	-	129,478
(Increase) decrease in deferred inflows	-	-	-	-
Increase (decrease) in accounts payable	55,395	74,813	26,282	(317,519)
Increase (decrease) in accrued liabilities	1,610	5,715	-	3,816
Increase (decrease) in net pension liability	(351,311)	(356,685)	-	(52,080)
Increase (decrease) in net OPEB liability	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	595,345
Increase (decrease) in compensated absences	10,875	31,617	-	6,433
Total Adjustments	<u>975,321</u>	<u>46,392</u>	<u>5,239</u>	<u>306,559</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 351,262</u>	<u>\$ 530,595</u>	<u>\$ 2,250,652</u>	<u>\$ (1,410,809)</u>
Non-Cash Investing, Capital, and Financing Activities:				
Bond discount (premiuim) amortization	\$ -	\$ -	\$ -	\$ -
Deferred loss on refunding amortization	-	-	-	-

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019**

	Retiree Health Insurance	Cogeneration Plant	Totals
Cash Flows from Operating Activities			
Cash received from/(paid to) interfund service provided	\$ 3,143,464	\$ 2,110,366	\$ 49,041,588
Cash paid to suppliers for goods and services	-	(1,953,906)	(11,542,843)
Cash paid to employees for services	-	(1,777)	(32,632,869)
Cash received from (payments to) others	(2,877,227)	(57,856)	(2,781,112)
Net Cash Provided (Used) by Operating Activities	266,237	96,827	2,084,764
Cash Flows from Non-Capital Financing Activities			
Cash transfers in	-	1,283,830	6,053,830
Net Cash Provided (Used) by Non-Capital Financing Activities	-	1,283,830	6,053,830
Cash Flows from Capital and Related Financing Activities			
Proceeds from capital debt	-	-	215,895
Acquisition and construction of capital assets	-	-	(1,334,871)
Principal paid on capital debt	-	(650,924)	(1,597,461)
Interest paid on capital debt	-	(709,947)	(1,806,645)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,360,871)	(4,523,082)
Cash Flows from Investing Activities			
Interest received	53,790	99,632	684,345
Net Cash Provided (Used) by Investing Activities	53,790	99,632	684,345
Net Increase (Decrease) in Cash and Cash Equivalents	320,027	119,418	4,299,857
Cash and Cash Equivalents at Beginning of Year	1,336,616	4,189,623	24,136,877
Cash and Cash Equivalents at End of Year	\$ 1,656,643	\$ 4,309,041	\$ 28,436,734
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (2,709,202)	\$ (539,437)	\$ (2,860,450)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities			
Depreciation	-	523,362	1,807,869
(Increase) decrease in accounts receivable	2,966	-	(175,759)
(Increase) decrease in inventory	-	-	(14,466)
(Increase) decrease in prepaid expense	-	-	(72)
(Increase) decrease in deferred outflows	(3,408,647)	-	(2,900,686)
(Increase) decrease in deferred inflows	(1,734,795)	-	(1,734,795)
Increase (decrease) in accounts payable	(1,395)	112,048	(50,376)
Increase (decrease) in accrued liabilities	-	854	11,995
Increase (decrease) in net pension liability	-	-	(760,076)
Increase (decrease) in net OPEB liability	8,117,310	-	8,117,310
Increase (decrease) in claims and judgments	-	-	595,345
Increase (decrease) in compensated absences	-	-	48,925
Total Adjustments	2,975,439	636,264	4,945,214
Net Cash Provided (Used) by Operating Activities	\$ 266,237	\$ 96,827	\$ 2,084,764
Non-Cash Investing, Capital, and Financing Activities:			
Bond discount (premiuim) amortization	\$ -	\$ (17,816)	\$ (17,816)
Deferred loss on refunding amortization	-	2,139	2,139

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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 CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2019

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
<u>Special Deposits</u>				
Assets				
Pooled cash and investments	\$ 1,523,091	\$ 134,802	\$ 208,632	\$ 1,449,261
Total Assets	<u>\$ 1,523,091</u>	<u>\$ 134,802</u>	<u>\$ 208,632</u>	<u>\$ 1,449,261</u>
Liabilities				
Deposits payable	\$ 1,523,091	\$ 134,802	\$ 208,632	\$ 1,449,261
Total Liabilities	<u>\$ 1,523,091</u>	<u>\$ 134,802</u>	<u>\$ 208,632</u>	<u>\$ 1,449,261</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT



STATISTICAL SECTION
FISCAL YEAR ENDED JUNE 30, 2019

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CITY OF PALM SPRINGS
FINANCIAL STATEMENTS

JUNE 30, 2019

STATISTICAL SECTION

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

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CITY OF PALM SPRINGS

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities:										
Net investment in capital assets	\$ 148,845,833	\$ 141,219,883	\$ 120,745,654	\$ 126,124,062	\$ 106,475,801	\$ 107,217,515	\$ 119,129,764	\$ 124,797,484	\$ 92,188,168	\$ 73,197,631
Restricted	43,201,882	37,220,218	41,363,491	41,633,373	50,159,957	64,475,152	59,250,531	53,290,867	59,544,531	63,883,617
Unrestricted	(202,893,159)	(212,859,813)	(104,511,647)	(103,317,463)	(102,730,809)	9,032,025	8,263,055	7,603,335	10,785,032	19,994,024
Total governmental activities net position	\$ (10,845,444)	\$ (34,419,712)	\$ 57,597,498	\$ 64,439,972	\$ 53,904,949	\$ 180,724,692	\$ 186,643,350	\$ 185,691,686	\$ 162,517,731	\$ 157,015,272
Business-type activities:										
Net investment in capital assets	\$ 97,712,572	\$ 104,660,531	\$ 102,297,901	\$ 98,280,993	\$ 90,467,867	\$ 90,775,976	\$ 82,089,205	\$ 86,255,293	\$ 88,813,375	\$ 94,457,741
Restricted	7,371,373	4,884,179	4,022,467	5,307,758	4,125,236	4,038,239	4,777,681	4,024,930	4,026,199	4,288,145
Unrestricted	60,133,921	42,880,602	33,781,069	30,918,220	22,023,465	34,234,038	29,620,437	25,605,934	27,502,074	27,247,535
Total business-type activities net position	\$ 165,217,866	\$ 152,425,312	\$ 140,101,437	\$ 134,506,971	\$ 116,616,568	\$ 129,048,253	\$ 116,487,323	\$ 115,886,157	\$ 120,341,648	\$ 125,993,421
Primary government:										
Net investment in capital assets	\$ 246,558,405	\$ 245,880,414	\$ 223,043,555	\$ 224,405,055	\$ 196,943,668	\$ 197,993,491	\$ 201,218,969	\$ 211,052,777	\$ 181,001,543	\$ 167,655,372
Restricted	50,573,255	42,104,397	45,385,958	46,941,131	54,285,193	68,513,391	64,028,212	57,315,797	63,570,730	68,171,762
Unrestricted	(142,759,238)	(169,979,211)	(70,730,578)	(72,399,243)	(80,707,344)	43,266,063	37,883,492	33,209,269	38,287,106	47,181,559
Total primary government net position	\$ 154,372,422	\$ 118,005,600	\$ 197,698,935	\$ 198,946,943	\$ 170,521,517	\$ 309,772,945	\$ 303,130,673	\$ 301,577,843	\$ 282,859,379	\$ 283,008,693

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses:										
Governmental activities:										
General government	\$ 27,615,740	\$ 24,668,184	\$ 19,998,488	\$ 11,759,819	\$ 14,353,882	\$ 17,734,430	\$ 11,981,549	\$ 11,680,752	\$ 10,149,638	\$ 11,784,609
Public safety	60,644,565	55,465,639	49,397,778	45,219,115	42,911,251	42,041,061	38,070,130	36,489,937	36,069,196	39,310,585
Cultural and convention center	8,941,987	7,473,990	7,454,099	8,293,582	8,041,954	6,884,266	7,482,648	7,638,730	7,651,982	7,369,435
Parks and recreation	10,559,974	10,412,411	9,902,789	7,756,225	9,008,961	8,832,666	12,150,464	9,728,209	8,903,287	7,052,825
Public works	23,159,223	20,620,601	33,476,271	27,299,586	26,799,641	26,594,799	14,674,398	36,660,915	22,102,401	25,469,426
Library	3,009,917	3,196,140	3,238,731	2,909,766	2,308,501	2,718,241	2,125,382	2,168,904	2,265,212	2,041,643
Interest on long-term debt	6,113,954	6,640,855	6,856,841	6,657,372	7,153,434	5,435,432	5,565,437	7,553,342	9,183,561	11,967,641
Total governmental activities expenses	140,045,360	128,477,820	130,324,997	109,895,465	110,577,624	110,240,895	92,050,008	111,920,789	96,325,277	104,996,164
Business-type activities:										
Airport	29,585,274	28,715,596	28,961,927	25,300,163	25,811,396	25,580,134	25,581,945	24,990,169	24,526,812	24,586,610
Wastewater	9,601,345	7,455,920	7,009,637	6,539,225	6,693,464	7,118,541	5,711,562	5,967,510	5,863,229	6,126,747
Golf Course	4,948,156	5,208,536	5,141,317	4,972,995	5,370,771	5,527,984	5,948,442	5,662,881	5,441,285	5,153,882
Total business-type activities expenses	44,134,775	41,380,052	41,112,881	36,812,383	37,875,631	38,226,659	37,241,949	36,620,560	35,831,326	35,867,239
Total primary government expenses	184,180,135	169,857,872	171,437,878	146,707,848	148,453,255	148,467,554	129,291,957	148,541,349	132,156,603	140,863,403
Program revenues:										
Governmental activities:										
Charges for services:										
General government	6,687,864	5,784,465	4,966,153	4,019,379	4,151,215	3,640,512	3,552,667	3,517,758	3,606,184	3,904,814
Public safety	4,405,683	4,352,932	3,789,214	3,401,378	3,256,962	2,930,416	2,843,908	2,878,838	2,847,413	3,072,280
Cultural and convention center	-	157,769	-	113	-	-	-	-	-	-
Parks and recreation	1,979,848	1,913,540	1,921,560	1,747,440	1,911,290	1,775,662	1,614,526	1,370,673	1,376,238	1,223,793
Public works	8,222,528	6,956,478	5,794,610	5,972,587	4,344,298	6,339,972	4,582,804	4,045,121	4,359,177	2,644,951
Library	20,945	28,287	37,753	42,655	41,075	38,517	38,172	59,501	42,727	42,126
Operating grants and contributions	7,583,185	3,829,388	2,879,858	4,082,086	3,469,962	5,861,447	5,192,616	7,381,835	6,886,447	6,425,017
Capital grants and contributions	5,215,366	2,633,028	4,188,835	6,823,197	2,936,236	1,448,409	5,093,264	16,382,186	13,271,770	3,212,335
Total governmental activities program revenues	34,115,419	25,655,887	23,577,983	26,088,835	20,111,038	22,034,935	22,917,957	35,635,912	32,389,956	20,525,316
Business-type activities:										
Charges for services:										
Airport	30,628,795	28,134,244	25,621,382	24,352,244	23,900,962	23,017,582	21,745,074	20,342,504	18,747,127	18,998,409
Wastewater	12,366,518	12,785,023	11,771,816	10,667,824	9,524,542	8,220,813	7,019,449	5,965,340	6,045,209	5,928,827
Golf Course	4,286,852	4,526,664	4,317,981	4,234,555	4,836,445	4,519,169	4,850,343	5,046,766	4,832,305	4,687,694
Operating grants and contributions	-	-	-	-	-	-	-	-	29,056	-
Capital grants and contributions	1,164,219	3,769,554	1,519,902	13,405,121	2,180,401	11,788,567	2,290,385	2,315,123	483,618	523,239
Total business-type activities program revenues	48,446,384	49,215,485	43,231,081	52,659,744	40,442,350	47,546,131	35,905,251	33,669,733	30,137,315	30,138,169
Total primary government program revenues	82,561,803	74,871,372	66,809,064	78,748,579	60,553,388	69,581,066	58,823,208	69,305,645	62,527,271	50,663,485

CITY OF PALM SPRINGS

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net revenues (expenses):										
Governmental activities	(105,929,941)	(102,821,933)	(106,747,014)	(83,806,630)	(90,466,586)	(88,205,960)	(69,132,051)	(76,284,877)	(63,935,321)	(84,470,848)
Business-type activities	4,311,609	7,835,433	2,118,200	15,847,361	2,566,719	9,319,472	(1,336,698)	(2,950,827)	(5,694,011)	(5,729,070)
Total net revenues (expenses)	<u>(101,618,332)</u>	<u>(94,986,500)</u>	<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>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	33,422,946	31,291,584	24,535,870	22,245,363	21,294,978	21,065,170	18,655,013	24,229,315	25,786,509	24,547,656
Sales tax	42,903,653	32,956,508	30,971,801	27,681,241	25,367,807	24,113,415	21,948,058	12,130,059	9,633,250	8,221,763
Transient occupancy taxes	36,475,057	34,241,233	28,591,763	25,814,526	24,695,585	22,249,462	19,396,331	17,874,173	15,731,036	13,370,831
Other taxes	14,586,952	12,777,836	13,111,478	12,939,461	14,687,706	14,142,596	13,840,763	13,070,963	12,533,135	12,185,850
Motor vehicle in lieu, unrestricted	22,899	24,940	4,492,728	4,209,089	3,920,259	3,673,718	3,537,631	3,505,007	3,797,122	3,942,507
Use of money and property	5,049,841	1,600,566	1,557,326	2,176,122	2,211,049	2,336,973	1,217,844	1,583,805	860,532	5,537,407
Other general revenues	550,676	133,067	68,720	85,881	54,954	80,795	178,958	117,096	203,793	28,328
Gain on sale of capital asset	215,895	4,680	-	-	86,492	(238,179)	161,770	-	-	-
Extraordinary gain/(loss)	-	-	-	-	-	(2,585,890)	(6,935,586)	31,771,682	-	-
Transfers	<u>(3,723,710)</u>	<u>(725,601)</u>	<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>
Total governmental activities	129,504,209	112,304,813	101,083,689	94,341,653	91,906,560	82,287,302	70,048,617	104,284,550	69,135,225	67,334,342
Business-type activities:										
Use of money and property	2,236,850	129,407	163,540	323,896	299,716	526,158	(122,318)	333,192	336,189	436,926
Other revenue	2,520,385	1,932,380	917,966	909,116	986,504	164,542	182,232	161,417	295,897	10,402
Extraordinary gain/(loss)	-	-	-	-	-	-	(74,215)	(1,227,000)	-	-
Transfers	<u>3,723,710</u>	<u>725,601</u>	<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>
Total business-type activities	8,480,945	2,787,388	3,327,503	2,043,042	1,698,490	3,241,458	1,937,864	(734,841)	42,238	947,328
Total primary government	<u>137,985,154</u>	<u>115,092,201</u>	<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>
Changes in net position										
Governmental activities	23,574,268	9,482,880	(5,663,325)	10,535,023	1,439,974	(5,918,658)	916,566	27,999,673	5,199,904	(17,136,506)
Business-type activities	12,792,554	10,622,821	5,445,703	17,890,403	4,285,209	12,560,930	601,166	(3,685,668)	(5,651,773)	(4,781,742)
Total primary government	<u>\$ 36,366,822</u>	<u>\$ 20,105,701</u>	<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>

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)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011 *	2010
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,913,779
Unreserved	-	-	-	-	-	-	-	-	-	6,730,561
Nonspendable	1,444,569	3,019,428	3,019,428	3,019,428	3,919,428	3,019,428	3,670,535	1,410,000	3,015,000	-
Assigned	10,302,670	9,673,725	8,002,942	7,884,694	6,850,022	7,060,894	6,442,546	5,333,035	3,932,735	-
Unassigned	39,319,971	37,617,037	21,548,391	18,545,979	14,985,654	13,199,370	12,803,298	13,041,689	11,779,373	-
Total general fund	\$ 51,067,210	\$ 50,310,190	\$ 32,570,761	\$ 29,450,101	\$ 25,755,104	\$ 23,279,692	\$ 22,916,379	\$ 19,784,724	\$ -	\$ 10,644,340
All other governmental funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,575,321
Unreserved, reported in:										
Debt Service	-	-	-	-	-	-	-	-	-	(4,740,053)
Special revenue funds	-	-	-	-	-	-	-	-	-	11,031,984
Capital projects funds	-	-	-	-	-	-	-	-	-	1,299,214
Nonspendable	-	-	-	-	-	-	11,188,905	12,324,620	13,290,989	-
Restricted	43,201,882	37,220,218	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	38,198,165	23,354,766	21,667,783	14,227,585	14,344,936	2,446,752	3,657,054	1,216,595	2,961,717	-
Unassigned	-	(2,174,918)	(476,099)	(23,156)	(52,112)	(23,463)	(184,499)	(154,048)	(5,352,857)	-
Total all other governmental funds	\$ 81,400,047	\$ 58,400,066	\$ 62,555,175	\$ 55,837,802	\$ 64,452,781	\$ 66,898,441	\$ 62,723,086	\$ 54,353,414	\$ 58,721,761	\$ 74,166,466

* 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)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Taxes	\$ 130,253,883	\$ 106,490,591	\$ 97,210,912	\$ 88,680,591	\$ 86,046,076	\$ 83,019,658	\$ 75,222,872	\$ 68,653,101	\$ 72,408,230	\$ 72,253,106
Licenses and permits	6,884,620	6,387,567	5,726,357	4,734,400	4,338,884	4,223,695	3,066,526	2,913,367	3,119,482	2,714,339
Fines and penalties	140,420	140,911	251,091	122,741	283,767	127,672	98,971	104,838	107,824	270,853
Use of money and property	4,318,712	1,707,685	1,550,825	2,069,955	2,130,949	2,214,740	1,287,277	2,006,106	2,349,620	5,004,081
Intergovernmental	9,046,448	10,912,473	15,115,053	8,275,642	9,881,576	8,499,575	13,397,351	27,264,100	20,914,362	10,338,051
Charges for services	11,880,409	11,208,428	9,854,967	8,843,238	8,671,389	8,632,034	7,750,886	7,036,034	7,068,669	6,715,640
Other	5,198,982	2,861,089	2,156,777	3,194,910	2,817,116	873,125	1,322,686	1,292,222	3,265,240	2,929,498
Total revenues	167,723,474	139,708,744	131,865,982	115,921,477	114,169,757	107,590,499	102,146,569	109,269,768	109,233,427	100,225,568
Expenditures										
Current:										
General government	26,046,365	22,983,718	17,186,130	14,514,121	12,639,548	17,145,827	10,885,046	10,863,967	9,562,837	11,362,793
Public safety	50,472,039	45,857,964	44,040,288	39,880,252	38,169,200	36,640,786	35,327,922	35,192,757	32,864,416	38,472,546
Cultural and convention center	4,824,429	4,437,893	4,034,038	5,140,410	4,912,242	3,946,726	4,342,391	4,437,725	4,450,885	4,235,131
Parks and recreation	9,921,817	9,600,331	8,970,655	8,775,698	8,664,379	8,423,471	11,958,245	8,969,751	8,772,280	7,725,705
Public works	29,362,695	27,255,537	28,044,863	37,018,361	30,083,326	20,799,856	15,474,824	74,063,752	40,578,391	23,473,774
Library	2,807,742	2,818,197	2,839,703	2,694,753	3,194,262	2,552,786	2,428,937	2,073,757	2,290,305	2,177,906
Debt service:										
Principal retirement	5,876,235	5,652,364	5,657,193	12,266,638	5,219,260	4,444,570	4,264,596	3,799,784	3,799,956	4,264,044
Interest and fiscal charges	4,877,611	5,064,358	6,069,043	5,888,573	5,587,476	4,647,051	4,618,428	6,579,560	7,966,940	10,710,691
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Payment to bond escrow	-	-	-	-	7,145,057	-	-	-	-	-
Pass-through payments	-	-	-	-	-	-	-	1,948,429	7,201,757	12,027,631
Total expenditures	134,188,933	123,670,362	116,841,913	126,178,806	115,614,750	98,601,073	89,300,389	147,929,482	117,487,767	114,450,221
Excess (deficiency) of revenues over (under) expenditures	33,534,541	16,038,382	15,024,069	(10,257,329)	(1,444,993)	8,989,426	12,846,180	(38,659,714)	(8,254,340)	(14,224,653)
Other financing sources (uses):										
Transfers in	41,432,291	21,227,794	22,671,479	22,844,245	20,793,279	18,329,676	15,850,073	8,756,658	9,726,647	28,298,755
Transfers out	(51,209,831)	(23,681,856)	(27,882,476)	(24,193,175)	(25,785,113)	(22,780,434)	(17,802,238)	(8,754,208)	(9,136,799)	(29,098,755)
Debt issued	-	-	1,120,195	5,680,000	58,440,000	-	490,000	68,945,000	-	-
Bond premium	-	-	105,301	1,006,277	5,376,988	-	-	2,361,102	-	-
Bond discount	-	-	-	-	(59,946)	-	-	-	-	-
Proceeds from sale of asset	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(1,200,535)	-	(55,790,463)	-	-	(24,264,400)	-	-
Total other financing sources (uses)	(9,777,540)	(2,454,062)	(5,186,036)	5,337,347	2,974,745	(4,450,758)	(1,462,165)	47,044,152	589,848	(800,000)
Extraordinary gain/loss	-	-	-	-	-	-	(323,409)	(11,303,318)	-	-
Net change in fund balances	\$ 23,757,001	\$ 13,584,320	\$ 9,838,033	\$ (4,919,982)	\$ 1,529,752	\$ 4,538,668	\$ 11,060,606	\$ (2,918,880)	\$ (7,664,492)	\$ (15,024,653)
Capital outlay included in current expenditures	\$ 13,347,610	\$ 14,545,855	\$ 1,970,021	\$ 20,251,033	\$ 12,074,642	\$ 3,538,377	\$ 8,926,703	\$ 48,406,654	\$ 27,603,363	\$ 7,895,886
Debt service as a percentage of noncapital expenditures	8.9%	9.8%	10.2%	17.1%	17.3%	9.6%	11.1%	12.4%	21.1%	25.3%

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
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
2018	9,301,435	2,209,151	790	382,894	11,894,270	0.22716
2019	9,938,495	2,327,969	793	388,136	12,655,393	0.22716

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

CITY OF PALM SPRINGS

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
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	0.10000	0.10000	0.08000	0.08000	0.08000	0.06000
Desert Community College	0.03978	0.04030	0.02036	0.02087	0.02325	0.01995	0.01995	0.01995	0.01995	0.01995
Palm Springs Unified B & I 1992-A	0.10603	0.11146	0.11802	0.08978	0.10160	0.12961	0.09351	0.10451	0.13224	0.12628
Total Direct and Overlapping Tax Rates	<u>1.24581</u>	<u>1.25176</u>	<u>1.23838</u>	<u>1.21065</u>	<u>1.22485</u>	<u>1.24956</u>	<u>1.19346</u>	<u>1.20446</u>	<u>1.23219</u>	<u>1.20623</u>
City Share of 1% Levy (Note 3)	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>
Redevelopment Rate (Note 4)	-	-	-	-	-	-	-	1.08000	1.08000	1.08000
Total Direct Rate (Note 5)	<u>0.22716</u>	<u>0.22716</u>	<u>0.22716</u>	<u>0.22716</u>	<u>0.22389</u>	<u>0.22399</u>	<u>0.35452</u>	<u>0.36581</u>	<u>0.37482</u>	<u>0.38182</u>

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>2019</u>		<u>2009</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 Healthsystem Desert Inc	\$ 117,275,122	0.91%	\$ 110,200,866	1.13%
Mountain View Power Partners I	66,698,564	0.52%		
Tkg Smoke Tree Commons	66,453,764	0.52%		
Endure Inv	56,034,127	0.43%	38,994,647	0.40%
Avalon 1150	52,019,894	0.40%		
Windpower Partners 1993 Lp	48,728,095	0.38%		
Hh Palm Springs	43,125,215	0.33%	49,070,000	0.50%
Agre Dcp Palm Springs	39,271,481	0.30%		
Wal Mart Real Estate Business	32,309,573	0.25%	28,547,723	0.29%
Skywest Airlines Inc.	32,212,287	0.25%	18,599,058	0.19%
Walter Hotel Corp	30,645,468	0.24%	18,300,000	0.19%
American Airlines	27,855,726	0.22%		
Dtps C 12	26,941,652	0.21%		
Pacific Monarch Resorts Inc	26,780,386	0.21%	41,320,415	0.42%
Parker Palm Springs Ii	23,799,260	0.18%	18,789,120	0.19%
Wr Palm Mountain Resort	22,590,617	0.18%		
Palm Springs Land	22,368,600	0.17%		
Rbd Hotel Palm Springs	21,948,079	0.17%	20,815,020	0.21%
Sunrise Way Multi	20,500,000	0.16%		
Cmk Cielo Llc	20,438,747	0.16%		
Desert Flower Apartments Owner	20,359,384	0.16%		
Standard Pacific Corp	19,667,688	0.15%		
Alaska Airlines	19,505,067	0.15%		
Iron Quarter Palm Springs	18,156,000	0.14%		
San Gorgonio Westwinds Ii Llc	17,971,000	0.14%		
Palm Springs Art Museum Inc			81,693,410	0.83%
Wessman Holdings			54,687,049	0.56%
Usa Bia			46,235,956	0.47%
Donahue Schriber Realty Group			45,716,463	0.47%
San Gorgonio Westwinds Ii LLC			45,608,000	0.47%
Suncal Psv			44,852,894	0.46%
Psmhop			36,134,121	0.37%
Desert Sun Publishing Co			32,951,418	0.34%
Reincarnate Riviera			30,215,970	0.31%
Time Warner Entertainment Adva			23,063,475	0.24%
U Store It Lp			22,020,171	0.23%
Riverside Monte Sereno Return			21,570,018	0.22%
Tree Moss Partners			21,224,160	0.22%
Bank Of Calif			19,927,391	0.20%
Knotts Berry Farm			19,247,796	0.20%
Sunrise Place			18,420,459	0.19%
Total Top 25 Taxpayers	\$ 893,655,796	6.93%	\$ 908,205,600	9.28%
Total Taxable Value*	\$ 12,898,027,521	100.00%	\$ 9,785,542,064	100.00%

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
2010	37,164,518	34,897,314	93.90%	1,377,973	36,275,287	97.61%
2011	36,589,289	33,749,104	92.24%	617,134	34,366,238	93.92%
2012	31,699,331	26,581,718	83.86%	1,613,650	28,195,368	88.95%
2013	34,832,425	27,301,032	78.38%	1,440,591	28,741,623	82.51%
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%
2018	46,794,948	43,474,760	92.90%	1,099,304	44,574,064	95.25%
2019 (1)						

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

Category Name	2019 Q1	2018 Q1	2017 Q1	2016 Q1	2015 Q1	2014 Q1	2013 Q1	2012 Q1	2011 Q1	2010 Q1
Accommodation and Food Services	\$ 3,749,433	\$ 3,567,726	\$ 3,148,867	\$ 2,875,562	\$ 2,730,775	\$ 2,511,350	\$2,267,889	\$ 2,193,892	\$ 1,960,869	\$ 1,858,669
Administrative and Support and Waste Management and Remediation Services	23,738	23,320	21,271	18,727	19,010	9,756	8,809	12,060	15,157	22,192
Arts, Entertainment, and Recreation	53,218	62,330	61,278	65,062	69,369	57,280	65,501	56,062	44,923	27,815
Construction	34,658	23,339	32,364	19,119	26,404	23,978	18,904	25,048	24,209	22,904
Educational Services	8,751	14,360	5,244	176	187	172	165	302	211	309
Health Care and Social Assistance	34,233	35,684	38,614	31,985	31,555	29,890	32,661	-20,420	32,824	40,390
Information	91,071	80,328	102,224	122,578	121,648	126,094	86,127	81,073	75,319	70,196
Manufacturing	172,483	146,266	151,375	153,782	177,326	150,879	131,499	161,622	111,607	96,473
Other Services (except Public Administration)	98,132	94,203	83,559	78,384	62,323	62,367	56,094	58,490	59,978	61,896
Professional, Scientific, and Technical Services	82,820	77,070	70,771	78,006	71,692	79,399	72,320	59,635	64,774	77,578
Real Estate and Rental and Leasing	734,114	648,209	611,087	593,287	608,835	550,724	560,035	497,889	473,884	424,966
Retail Trade	6,560,086	6,322,551	5,950,377	4,974,209	5,629,874	5,583,007	5,255,012	4,935,725	4,134,769	3,718,318
Transportation and Warehousing	109,705	86,169	76,036	57,867	44,454	53,667	63,462	62,669	22,999	1,892
Wholesale Trade	679,904	535,555	426,180	332,618	473,398	469,130	572,005	572,562	474,698	429,219
All Other NAICS Sectors	316,971	270,318	229,233	212,299	190,465	187,587	176,202	175,803	186,811	359,315
Grand Total	\$12,749,317	\$11,987,429	\$11,008,480	\$ 9,613,660	\$10,257,315	\$ 9,895,280	\$9,366,684	\$ 8,872,413	\$ 7,683,032	\$7,212,132

Source: MuniServices, LLC / an Avenu Insights & Analytics Company
 The data contained in this report is economic and therefore constantly changing as adjustments, fund transfers, late filings and audits are recorded.

	696,874									
	120,531									
	891,606									
	44,295									
	1,045,481									
TOTAL		\$20,407,131		\$16,351,758		\$17,279,211		\$15,550,935		#####

Source: Muni Services LLP

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

2018-19		2009-10	
Taxpayer	Business Type	Taxpayer	Business Type
Ace Hotel Palm Springs	Hotel Food/Bar Sales	American Stores Company	Supermarkets
Albertson's Food Centers	Supermarkets	Arco Am/Pm Mini Marts	Service Stations
Arco AM/PM Mini Marts	Service Stations	BP Products North America	Oil & Gas Products
BMW of Palm Springs	New Car Dealers	Enterprise Rent-A-Car	Leasing
Budget Rent-A-Car	Leasing	Financial Services Vehicle Trust	Leasing
Builders Supply	Building Matlis Store	Hertz Rent-A-Car	Leasing
Burlington Coat Factory	Family Apparel	Home Depot	Building Matlis Store
Enterprise Rent-A-Car	Leasing	Las Casuelas Terraza	Restaurants W/Onsale
Financial Services Vehicle Trust	Leasing	Le Parker Meridien Palm Springs Hotel	Hotel Food/Bar Sales
Hertz Rent-A-Car	Leasing	Lowe's Home Centers	Building Matlis Store
Home Depot	Building Matlis Store	Marshall's Stores	Family Apparel
Las Casuelas Terraza	Restaurants W/Onsale	Palm Springs Oil Company	Service Stations
Le Parker Meridien Palm Springs Hotel	Hotel Food/Bar Sales	Pilot Travel Center	Service Stations
Lowe's Home Centers	Building Matlis Store	Ralph's Grocery Company	Supermarkets
Lulu California Bistro	Restaurants W/Onsale	Rite Aid Drug Stores	Drug Stores
Pilot Travel Center	Service Stations	Riviera Resort & Spa	Hotel Food/Bar Sales
Ralph's Grocery Company	Supermarkets	Ross Stores	Family Apparel
Roofing Wholesale	Bldg Matlis-Whsle	Shell Service Stations	Service Stations
Ross Stores	Family Apparel	Stein Mart	Family Apparel
Shell Service Stations	Service Stations	TJ Maxx	Family Apparel
Union 76 Service Stations	Service Stations	Union 76 Service Stations	Service Stations
V.I.P.Motor Car	New Car Dealers	V.I.P.Motor Car	New Car Dealers
Vons Service Stations	Service Stations	Vons Grocery Company	Supermarkets
Wal Mart Stores	General Stores	Wal Mart Stores	General Stores
World Fuel Services	Oil & Gas Products	World Fuel Services	Oil & Gas Products

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	
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
2018	20,011,558	119,757,742	-	21,293,193	161,062,493
2019	19,607,276	113,655,847	-	20,012,671	153,275,794

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)

Business-type Activities					Total Business-type Activities	Total Primary Govt	Percentage of Personal Income (1)	Debt Per Capita (1)
Airport Revenue Bonds	Certificates of Participation	Loans	Leases					
\$ 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	96.38797	4,169	
16,694,038	7,947,127	-	-	24,641,165	195,656,954	92.82736	4,015	
12,826,849	7,607,672	-	-	20,434,521	184,948,544	87.74687	3,795	
9,929,660	6,918,049	14,354,637	644,329	31,846,675	192,909,168	91.52370	3,958	
6,912,173	6,245,864	21,747,934	528,191	35,434,162	188,709,956	89.53143	3,872	
* Personal Income					2,107,751			
* Total Population					48,733			

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			
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
2018	20,012	119,758	-	139,770	1.18%	2,868
2019	19,607	113,656	-	133,263	1.05%	2,735

(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, 2019

2018-19 City Assessed Valuation

\$ 13,010,470,926

	Percentage Applicable (1)	Outstanding Debt 6/30/19	Estimated Share of Overlapping Debt
<u>Overlapping Debt Repaid with Property Taxes:</u>			
Desert Community College District	16.035%	\$ 349,425,000	\$ 56,030,299
Mount San Jacinto Community College District	0.006%	172,650,000	10,359
Banning Unified School District	0.179%	61,829,326	110,674
Palm Springs Unified School District	43.082%	386,308,048	166,429,233
San Geronio Memorial Hospital District	0.061%	108,660,000	66,283
California Statewide Communities Development Authority 1915 Act Bonds	100%	663,416	663,416
City of Palm Springs 1915 Act Bonds	100%	5,085,000	<u>5,085,000</u>
 Total overlapping debt repaid with property taxes			 <u>\$ 228,395,264</u>
<u>Direct and Overlapping General Fund Debt:</u>			
Riverside County General Fund Obligations	4.641%	760,133,611	\$ 35,277,801
Riverside County Pension Obligations	4.641%	243,850,000	11,317,079
Banning Unified School District Certificates of Participation	0.179%	9,669,000	17,308
City of Palm Springs General Fund Obligations	100%	105,490,000	105,490,000
City of Palm Springs Pension Obligations	100%	16,985,685	<u>16,985,685</u>
 Total Gross Direct and Overlapping General Fund Debt			 169,087,873
 Less: Riverside County Self-Supporting Obligations			 <u>80,619</u>
 Total Net Direct and Overlapping General Fund Debt			 <u>\$ 169,007,254</u>
<u>Overlapping Tax Increment Debt (Successor Agencies)</u>			
Riverside County Tax Allocation Bonds	0.215-100%	204,463,028	<u>\$ 31,190,710</u>
 Total Direct Debt			 \$ 153,275,794
Total Gross Overlapping Debt			306,198,162
Total Net Overlapping Debt			306,117,543
 Gross Combined Total Debt			 428,673,847 (2)
Net Combined Total Debt			428,593,228
<u>Ratios to 2018-19 Assessed Valuation:</u>			
Total Overlapping Tax and Assessment Debt	1.76%		
Total Direct Debt (\$122,475,685)	0.94%		
Gross Combined Total Debt	3.29%		
Net Combined Total Debt	3.29%		
<u>Ratios to Redevelopment Successor Agencies Incremental Valuation (\$2,342,547,552)</u>			
Total Overlapping Tax Increment Debt	1.33%		

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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Assessed Valuation	\$ 12,655,392	\$ 11,894,269	\$ 10,826,781	\$ 10,176,176	\$ 9,975,774	\$ 9,320,889	\$ 8,901,314	\$ 8,861,010	\$ 9,194,873	\$ 9,731,822
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,163,848	2,973,567	2,706,695	2,544,044	2,493,944	2,330,222	2,225,329	2,215,253	2,298,718	2,432,956
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	474,577	446,035	406,004	381,607	374,092	349,533	333,799	332,288	344,808	364,943
Total net debt applicable to limit: General Obligation Bonds	113,656	119,758	125,668	131,071	136,552	128,648	132,552	136,394	93,373	95,655
Legal debt Margin	\$ 360,921	\$ 326,277	\$ 280,336	\$ 250,536	\$ 237,540	\$ 220,885	\$ 201,247	\$ 195,894	\$ 251,435	\$ 269,288
Total Debt applicable to the limit as a percentage of debt limit	23.9%	26.8%	31.0%	34.3%	36.5%	36.8%	39.7%	41.0%	27.1%	26.2%

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	
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	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-

* Includes \$2,665,000 in special mandatory redemption
 ** Includes \$1,625,000 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)**

Airport Revenue Bonds						
Airport Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	
			Principal	Interest		
\$ 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	
29,224,194	27,890,781	1,333,413	2,935,000 **	722,870	0.36	
32,279,397	28,994,735	3,284,662	3,125,000	590,539	0.88	

CITY OF PALM SPRINGS

Demographic and Economic Statistics Last Ten Calendar Years

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
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%
2017	47,706	1,956,172	41,005	3.5%
2018	48,733	2,107,751	43,251	2.8%

Source: MuniServices, LLC

Source: 2006-2014 Demographics from previously posted CAFR

The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.

1.) Population Projections are provided by the California Department of Finance Projections.

2.) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey.

3.) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

4.) Student Enrollment reflects the total number of students enrolled in the Palm Springs Unified School District.

Other school districts within the City are not accounted for in this statistic.

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

Business Name	2018-19		2009-10	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Palm Springs Unified School District*	2,918	12.91%		
Spa Resort Casino (agua caliente casino resort spa)	2,464	10.90%	1000-4999	4-22%
Desert Regional Medical Ctr	2,221	9.83%		
City of Palm Springs	472	2.09%	250-499	1-2%
Walmart Supercenter	372	1.65%		
Riviera Palm Springs Resort**	264	1.17%	250-499	1-2%
Ace Hotel & Swim Club	235	1.04%	100-249	.5-1%
Home Depot	210	0.93%		
Le Parker Meridien-Palm Spgs	189	0.84%		
Renaissance-Palm Springs	182	0.81%		
Desert Sun			250-499	1-2%
Care Fusion			250-499	1-2%
Savoury's Inc			250-499	1-2%
California Nursing & Rehab Ctr			100-249	.5-1%
Agua Caliente Band of Indians			100-249	.5-1%
58th National SQ Dance Cnvnt			100-249	.5-1%
Total Top Employers	9,527	42.15%		
Total City Employment (1)	22,600			

Source: City of Palm Springs website and MuniServices, LLC

Source: 2008-09 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

(1) Total City Labor Force is provided by EDD Labor Force Data and includes all employable adult residents of the City of Palm Springs

CITY OF PALM SPRINGS

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

<u>Department</u>	<u>2019</u>	<u>2018</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>
General Government										
Administration	62.20	55.20	44.20	39.20	36.25	36.25	35.75	34.25	34.75	43.25
Growth Management	32.39	30.39	31.39	30.37	24.29	22.60	20.80	20.20	22.20	28.45
Quality of Life	55.25	54.00	53.50	52.50	54.50	54.00	53.25	37.25	38.25	46.00
Public Safety	210.00	195.00	189.00	178.00	173.50	170.50	178.50	172.50	184.50	208.50
Public Works & Engineering	23.48	23.48	23.38	23.38	20.33	20.00	20.00	27.50	27.00	32.00
Airport	73.00	74.00	70.00	69.00	67.00	67.50	66.50	66.50	64.50	63.50
Golf Course	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Motor Vehicle	8.00	8.00	8.00	8.00	8.00	7.00	7.00	7.00	7.00	8.00
Facilities Maintenance	13.90	13.90	13.00	13.00	13.00	13.50	13.50	13.50	12.50	14.50
Risk Management	4.25	4.25	4.25	4.25	3.25	3.25	3.25	2.75	3.25	3.25
Low & Moderate Income Housing	2.78	2.78	2.78	2.80	3.38	3.40	3.70	4.30	4.30	4.55
Wastewater Treatment Plant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	<u>485.25</u>	<u>461.00</u>	<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>

Source: City of Palm Springs, Finance Department Adopted Budget

CITY OF PALM SPRINGS

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

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010
Police:										
Arrests	2,559	2,634	2,844	3,566	3,608	4,257	3,090	3,360	3,528	4,564
Parking Citations	5,190	5,138	4,014	5,424	3,826	3,178	2,796	2,585	1,936	2,977
Fire:										
Number of Emergency Calls	9,782	9,880	9,993	10,071	9,753	8,798	8,455	8,263	7,777	7,400
Inspections	4,888	3,364	3,489	3,666	3,389	3,902	3,385	1,425	4,204	3,808
Public Works:										
Street resurfacing (sq feet)	1,967,233	6,129,638	3,385,000	11,111,269	2,875,700	3,136,862	2,638,360	2,468,300	3,049,441	3,286,000
Parks and Recreation:										
Number of recreation classes	5,982	2,919	5,866	5,385	2,642	2,964	3,715	3,229	3,171	1,755
Number of facility rentals	3,562	3,851	3,968	3,908	144	167	160	195	276	955
Airport:										
Passengers serviced	2,457,680	2,213,001	2,052,129	1,917,702	1,914,402	1,852,606	1,751,973	1,668,554	1,483,051	1,499,637
Flights	53,229	50,751	53,174	55,977	55,823	52,993	51,586	58,792	61,584	68,772
Sewer:										
New Connections	111	198	163	165	175	120	114	112	62	102
Ave Daily sewage treatment	5,396	6,005	5,798	5,845	6,042	6,042	6,033	5,698	5,700	6,491
Golf Course:										
Golf rounds played	87,255	92,202	89,268	89,020	98,866	87,981	95,177	103,653	99,592	80,699

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

**Capital Asset Statistics
By Function**

Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police: Stations	1	1	1	1	1	1	1	1	1	1	1
Fire: Fire Stations	4	4	4	4	4	4	4	4	5	5	5
Public Works: Streets (miles)	270	270	270	270	270	270	270	270	270	270	270
Streetslights	405	405	405	405	405	405	367	367	367	367	365
Traffic signals	84	84	84	84	84	84	84	84	84	84	81
Parks and recreation: Parks	10	10	10	10	10	10	10	10	10	9	8
Community centers	3	3	3	3	3	3	3	3	3	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	14,952
Gates	16	16	16	16	16	16	16	16	16	16	16
Wastewater: Sanitary sewers (miles)	264	264	264	264	264	264	264	264	250	260	260
Storm sewers (miles)	52	52	52	52	52	52	52	52	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	10,900
Cogeneration: Cogeneration plants	1	1	1	1	1	1	2	2	1	1	1
Golf Course: Municipal golf courses	2	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	261,000	261,000	250,000	250,000
Meeting rooms	19	19	19	19	19	19	19	19	19	13	13

Source: City of Palm Springs, Finance Department