

City of Palm Springs
Public Financing Authority
(A Component Unit of the City of Palm Springs, California)

Palm Springs, California

Independent Auditors' Reports and
Basic Financial Statements

For the Year Ended June 30, 2023

City of Palm Springs Public Financing Authority
Basic Financial Statements
For the Year Ended June 30, 2023

Table of Contents

	<u>Page</u>
Independent Auditors' Reports:	
Report on the Audit of the Financial Statements	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheet.....	11
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position.....	12
Statement of Revenues, Expenditures, and Change in Fund Balance.....	13
Reconciliation of the Government Fund Statement of Revenues, Expenditures, and Change in Fund Balance to Government-Wide Statement of Activities.....	14
Notes to the Basic Financial Statements	19
Supplementary Information:	
Combining Balance Sheets by Bond Program	29
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances by Bond Program Fund	30

This page intentionally left blank.



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the City of Palm Springs Public Financing Authority
Palm Springs, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the City of Palm Springs Public Financing Authority (the "Authority"), a component unit of the City of Palm Springs, California (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1 to the basic financial statements, these financial statements present only the City of Palm Springs Public Financing Authority and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2023, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the Management’s Discussion and Analysis and the budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority’s basic financial statements. The Combining and Individual Fund Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 GAAS. In our opinion, the Combining and Individual Fund Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2024 on our consideration of the Authority’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 Authority’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 Authority’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
February 23, 2024

This page intentionally left blank.



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

Independent Auditors' Report

To the Board of Directors
of the City of Palm Springs Public Financing Authority
Palm Springs, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities and each major fund of the City of Palm Springs Public Financing Authority (the "Authority"), a component unit of the City of Palm Springs, California (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 23, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Board of Directors
of the City of Palm Springs Public Financing Authority
Palm Springs, California
Page 2

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "The Peris Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
February 23, 2024

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

City of Palm Springs Public Financing Authority
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Current Assets:	
Restricted cash and investments with fiscal agent	\$ 3,606
Loans receivable, current	7,755,000
Interest receivable	280,776
Total current assets	8,039,382
Noncurrent Assets:	
Loans receivable, noncurrent	81,930,000
Total noncurrent assets	81,930,000
Total assets	89,969,382
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges from refunding	3,817,050
Total deferred outflows of resources	3,817,050
LIABILITIES	
Current Liabilities:	
Interest payable	280,776
Bonds payable, due within one year	7,755,000
Total current liabilities	8,035,776
Noncurrent Liabilities:	
Bonds payable, due in more than one year	82,673,702
Total noncurrent liabilities	82,673,702
Total liabilities	90,709,478
NET POSITION	
Restricted for debt services	3,076,954
Total Net Position	\$ 3,076,954

City of Palm Springs Public Financing Authority
Statement of Activities
For the Year Ended June 30, 2023

	Governmental Activities
Function/Program	
Expenses:	
Interest and fiscal charges	\$ 2,241,310
Total expenses	2,241,310
General Revenue	
Interest revenue	2,016,080
Total revenue	2,016,080
Transfers	
Transfer to the City of Palm Springs	(11)
Change in net position	(225,241)
Net Position:	
Beginning of year	3,302,195
End of year	\$ 3,076,954

City of Palm Springs Public Financing Authority
Balance Sheet
June 30, 2023

	<u>General Fund</u>
ASSETS	
Restricted cash and investments	
with fiscal agent	\$ 3,606
Loans receivable	89,685,000
Interest receivable	<u>280,776</u>
Total assets	<u><u>\$ 89,969,382</u></u>
FUND BALANCE	
Restricted for debt services	<u>\$ 89,969,382</u>
Total fund balance	<u><u>\$ 89,969,382</u></u>

City of Palm Springs Public Financing Authority
Reconciliation of the Governmental Fund Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Governmental Fund Balance		\$ 89,969,382
<p>Long-term debt is not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the Statement of Net Position:</p>		
Deferred charges on bond refunding	\$ 3,817,050	
Bonds payable	(89,685,000)	
Bonds premium	(743,702)	
Interest on bonds payable	(280,776)	
	(86,892,428)	(86,892,428)
Net position of governmental activities		\$ 3,076,954

City of Palm Springs Public Financing Authority
Statement of Revenues, Expenditures, and Change in Fund Balance
For the Year Ended June 30, 2023

	General Fund
Revenues:	
Interest on loans	\$ 2,010,394
Interest investments	5,686
Total revenues	2,016,080
Expenditures:	
Debt service:	
Principal retirement	7,625,000
Interest and fiscal charges	2,027,552
Total expenditures	9,652,552
Revenue (Under) Expenditures	(7,636,472)
Other Financing (Uses):	
Transfer to the City of Palm Springs	(11)
Changes in fund balances	(7,636,483)
Fund Balance:	
Beginning of year	97,605,865
End of year	\$ 89,969,382

City of Palm Springs Public Financing Authority
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Change
in Fund Balance to Government-Wide Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balance of the governmental fund		\$ (7,636,483)
<p>Long-term liabilities were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, long-term liabilities were not reported as expenditures in the governmental fund:</p>		
Principal retirement	\$ 7,625,000	
Amortization of premium	189,382	
Amortization of deferred charges on refunding	(413,679)	
Changes in interest payable	10,539	7,411,242
Change in net position of governmental activities		\$ (225,241)

NOTES TO THE BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

City of Palm Springs Public Financing Authority
Index to the Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies	19
A. Financial Reporting Entity.....	19
B. Basis of Accounting and Measurement Focus.....	19
C. Investments Valuation.....	20
D. Loans Receivable.....	20
E. Long-term Debt.....	20
F. Net Position.....	20
G. Fund Balance.....	20
H. Use of Estimates.....	20
Note 2 – Cash and Investments	21
A. Investments Authorized by Debt Agreement.....	21
B. Risk Disclosures.....	21
Note 3 – Loans Receivable	22
A. 2015 Loan.....	22
C. 2017 Loan.....	22
D. 2021A Loan.....	22
B. 2021B Loan.....	22
Note 4 – Long-Term Debt	23
A. 2015 Lease Revenue Refunding Bonds.....	23
D. 2017 Lease Revenue Refunding Bonds.....	24
E. 2021 Lease Revenue Refunding Bonds, Series A.....	25
F. 2021 Lease Revenue Refunding Bonds, Series B.....	26

This page intentionally left blank.

City of Palm Springs Public Financing Authority
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Palm Springs Public Financing Authority (the “Authority”) have been prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Authority’s significant policies:

A. Financial Reporting Entity

The Authority was created by a joint exercise of powers agreement between the City of Palm Springs (the “City”) 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 a component unit and an integral part of the reporting entity of the City.

Administrative and related normal business expenses incurred in the day-to-day operations of the Authority are provided by the City and are not included in the accompanying basic financial statements. Such expenses are insignificant to the Authority’s operations.

The funds of the Authority have been included within the scope of the financial statements of the City because the City Council is the governing board and has financial accountability over the operations of the Authority. Only the financial activity of the Authority is included herein and these financial statements, therefore, do not purport to represent the financial position or results of operations of the City.

B. Basis of Accounting and Measurement Focus

Government-Wide Financial Statements

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all the Authority’s assets and liabilities are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Fiduciary activities are not included in these statements.

Governmental Fund Financial Statements

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Change in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recognized as soon as they are both “*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. The primary revenue source susceptible to accrual is investment income associated with the current fiscal period and so have been recognized as revenues of the current fiscal period. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

City of Palm Springs Public Financing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Reconciliations of the fund financial statements to the Governmental-Wide Financial Statements are provided to explain the differences.

The Authority reports the following major governmental fund:

- General Fund – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The Authority only has General Fund.

C. Investment Valuation

Investments in nonparticipating interest earning contracts (including investment agreements) are reported at cost, and all other investments at fair value. Investments in money market funds are not categorized in the fair value measurement levels.

D. Loans Receivable

Loans receivables consist of advances from the Authority to the City for the finance of various projects. These advances are considered loans to the City for financial reporting purpose.

E. Long-Term Debt

Bond premium and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Gains or losses from refunding are deferred and amortize over the shorter of the life of the refunded debt or the life of the refunding debt and are reported in deferred inflows or deferred outflows of resources.

F. Net Position

In the statement of net position, the net position is classified as restricted for debt service. This consists of funds held by trustee for the repayment of debt principal or interest or as reserve.

G. Fund Balance

In the governmental fund financial statements, the Authority reports restricted fund balances that is externally imposed by creditors.

H. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Palm Springs Public Financing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments

At June 30, 2023, the Authority’s investments are held by fiscal agents totaling \$3,606. Fiscal agents are mandated by bond indentures as to the types of investments in which debt proceeds can be invested.

A. Investments Authorized by Debt Agreements

Investments 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 investment policy of the City. 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.

Authorized Investment Type	Maximum Maturity
U.S. Treasury Obligations	5 years
Local Agency Bonds	5 years
Federal Agencies	5 years
Bankers' Acceptances	180 days
Commercial Paper	270 days
Medium-term Corporate Notes	5 years
Money Market Mutual Funds	90 days
Mutual Funds, investing in eligible securities	n/a
Local Agency Investment Fund (LAIF)	n/a

B. Risk Disclosures

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 Authority 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. Investments in money market funds are due within one year.

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 of Palm Springs, or debt agreements, and the actual rating as of year-end for each investment type. The U.S. treasury securities are not analyzed since they are not deemed to have credit risk. The Authority’s investments in money market funds are rated AAA.

Concentration of Credit Risk

The investment policy of the City contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer that represent 5% or more of the total Authority investment.

City of Palm Springs Public Financing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

B. Risk Disclosures (Continued)

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 deposit 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. For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investments on behalf of the reporting government.

Note 3 – Loans Receivable

A. 2015 Loan

On December 1, 2015, the 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 City's capital projects related to the downtown parking structure. The City agrees to pay semiannual payments for the 2015 Loan. Repayments which commenced on November 1, 2016, are payable each May 1 and November 1, in amounts sufficient to pay the principal and interest coming due on the 2015 Bonds. The outstanding balance for the 2015 Loan at June 30, 2023, is \$3,190,000.

B. 2017 Loan

On June 13, 2017, the Authority issued \$9,970,000 Lease Revenue Refunding Bonds, Series 2017. The proceeds were advanced to the City to refinance 2007 Loan and to finance the improvements consisting of the City's police department headquarter, cogeneration plan, and municipally owned golf course. The City agrees to pay semiannual payments for the 2017 Loan. Repayments which commenced on November 1, 2017, are payable each May 1 and November 1, in amounts sufficient to pay the principal and interest coming due on the 2017 Bonds. The outstanding balance for the 2017 Loan at June 30, 2023 was in the amount of \$4,365,000.

C. 2021A Loan

On April 28, 2021, the Authority issued \$33,495,000 Federally Taxable Lease Revenue Refunding Bonds, 2021 Series A. The proceeds were advance to the City to refinance 2012B Loan, which was used to finance the downtown revitalization project. The City agrees to pay semiannual payments for the 2021A Loan. Repayments which commenced on December 1, 2021, are payable each June 1 and December 1, in amounts sufficient to pay the principal and interest coming due on the 2021A Bonds. The outstanding balance for the 2021A Loan at June 30, 2023 was in the amount of \$30,220,000.

D. 2021B Loan

On November 3, 2021, the Authority issued \$55,500,000 Lease Revenue Refunding Bonds, 2021 Series B. The proceeds were advanced to the City to refinance the 2012A and 2014A Loan, which was used to refinance prior loans for the convention center project. The City agrees to pay semiannual payments for the 2021B Loan. Repayments which commenced on May 1, 2022, are payable each May 1 and November 1, in amounts sufficient to pay the principal and interest coming due on the 2021 Series B Bonds. The outstanding balance for the 2021B Loan at June 30, 2023 was in the amount of \$51,910,000.

City of Palm Springs Public Financing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Loans Receivable (Continued)

Future loan payments to be received are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 7,755,000	\$ 1,956,213	\$ 9,711,213
2025	7,835,000	1,866,611	9,701,611
2026	8,000,000	1,718,520	9,718,520
2027	8,195,000	1,560,473	9,755,473
2028	7,150,000	1,377,815	8,527,815
2029-2033	34,300,000	4,715,478	39,015,478
2034-2036	16,450,000	678,829	17,128,829
Total	<u>\$ 89,685,000</u>	<u>\$ 13,873,939</u>	<u>\$103,558,939</u>

Note 4 – Long-Term Debt

The following is summary of changes in long-term liabilities for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due within One Year	Due in More Than One Year
Public Borrowings:						
2015 Lease Revenue Refunding Bonds	\$ 3,675,000	\$ -	\$ (485,000)	\$ 3,190,000	\$ 570,000	\$ 2,620,000
Unamortized premium	423,046	-	(83,856)	339,190	-	339,190
2017 Lease Revenue Refunding Bonds	5,380,000	-	(1,015,000)	4,365,000	1,035,000	3,330,000
Unamortized premium	510,038	-	(105,526)	404,512	-	404,512
2021A Lease Revenue Refunding Bonds	32,755,000	-	(2,535,000)	30,220,000	2,545,000	27,675,000
2021B Lease Revenue Refunding Bonds	55,500,000	-	(3,590,000)	51,910,000	3,605,000	48,305,000
Total long-term debt	<u>\$ 98,243,084</u>	<u>\$ -</u>	<u>\$ (7,814,382)</u>	<u>\$ 90,428,702</u>	<u>\$ 7,755,000</u>	<u>\$ 82,673,702</u>

A. 2015 Lease Revenue Refunding Bonds

On December 1, 2015, the 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, 2023, is \$3,190,000 including \$339,190 of unamortized premium.

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 re-let 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 re-let the leased property and seek to recover all costs, losses or damages caused by the City's default.

City of Palm Springs Public Financing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 4 – Long-Term Debt (Continued)

A. 2015 Lease Revenue Refunding Bonds (Continued)

Future debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 570,000	\$ 145,250	\$ 715,250
2025	590,000	116,250	706,250
2026	630,000	85,750	715,750
2027	690,000	52,750	742,750
2028	710,000	17,750	727,750
Total	<u>\$ 3,190,000</u>	<u>\$ 417,750</u>	<u>\$ 3,607,750</u>

B. 2017 Lease Revenue Refunding Bonds

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

The City 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 bond refunding has outstanding deferred refunding charges of \$55,819 at June 30, 2023.

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 re-let 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 re-let the leased property and seek to recover all costs, losses or damages caused by the City's default.

The total bonds outstanding at June 30, 2023, is \$4,365,000 including \$404,512 of unamortized premium.

Future debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,035,000	\$ 164,450	\$ 1,199,450
2025	1,055,000	143,750	1,198,750
2026	1,115,000	91,000	1,206,000
2027	1,160,000	46,400	1,206,400
Total	<u>\$ 4,365,000</u>	<u>\$ 445,600</u>	<u>\$ 4,810,600</u>

City of Palm Springs Public Financing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 4 – Long-Term Debt (Continued)

C. 2021 Lease Revenue Refunding Bonds, Series A

On April 28, 2021, the Authority issued 2021 Federally Taxable Lease Revenue Refunding Bonds, Series A in the amount of \$33,495,000 to advance refund the outstanding 2012 Lease Revenue Bonds, Series B. Interest on the bonds is payable semiannually on June 1 and December 1 of each year commencing on December 1, 2021 at rate ranges from 0.231% to 2.733%. Principal is due annually on June 1 of each year ranging from \$740,000 to \$6,020,000 and the final maturity date is June 1, 2034. The principal balance of the outstanding bond at June 30, 2023 was \$30,220,000.

The City reduced the aggregate debt service payments by \$4,366,004 over the remaining maturity period of the 2012 Lease Revenue Bonds, Series B, to obtain an economic gain of \$4,311,217 (difference between the present values of the debt service payments on the old and new debt). The bond refunding has deferred outstanding refunding charges of \$599,565 at June 30, 2023.

The outstanding bonds contain a provision that if any event of default should occur, the Trustee, as assignee of the Authority, shall have the option (i) without terminating the lease agreement, to collect each installment of rent as it become due regardless of whether or not the City has abandoned the leased property, or to exercise any rights of re-entry upon and to release the leased property, or (ii) to terminate the lease agreement and release the leased property. The City remains liable, if the leased property is not relet, to pay the full amount of the rent to the end of the term of the lease agreement or, if the leased property is relet, to pay any deficiency in rent that results therefrom. In the event of any default, there is no available remedy of acceleration of lease payments which have not become due and payable under lease agreement. The City will only be liable for lease payments on an annual basis, and the Trustee may be required to seek a separate judgment in each fiscal year for the fiscal year's defaulted lease payments. In the event the Trustee elects to terminate the lease agreement, such leased property may be relet for the remaining term of the lease agreement.

Future debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 2,545,000	\$ 588,620	\$ 3,133,620
2025	2,560,000	573,198	3,133,198
2026	2,590,000	545,806	3,135,806
2027	2,625,000	512,913	3,137,913
2028	2,665,000	470,650	3,135,650
2029-2033	14,185,000	1,494,789	15,679,789
2034	3,050,000	83,357	3,133,357
Total	<u>\$ 30,220,000</u>	<u>\$ 4,269,333</u>	<u>\$ 34,489,333</u>

City of Palm Springs Public Financing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 4 – Long-Term Debt (Continued)

D. 2021 Lease Revenue Refunding Bonds, Series B

On October 14, 2021, the Authority issued 2021 Federally Taxable Lease Revenue Refunding Bonds, Series B, in the amount of \$55,500,000. The proceeds from the issuance were used to advance refund the outstanding 2012 Lease Revenue Bonds, Series A, and 2014 Lease Revenue Refunding Bond, Series A.

Interest on the bonds is payable semiannually on May 1 and November 1 of each year commencing on May 1, 2022, and the Bonds mature on November 1, 2035. The principal balance of the outstanding bonds at June 30, 2023 was \$51,910,000.

The Authority reduced the aggregate debt service payments by \$3,222,083 over the remaining maturity period of the 2012 Lease Revenue Refunding Bonds, Series A and 2014 Lease Revenue Refunding Bond, Series A, to obtain an economic gain of \$2,736,148 (difference between the present values of the debt service payments on the old and new debt). The bond refunding has outstanding deferred refunding charges of \$3,161,666. As of June 30, 2023, the defeased 2012 Lease Revenue Bonds, Series A was fully redeemed, and the outstanding balance of deferred 2014 Lease Revenue Refunding Bonds, Series A, was in the amount of \$39,075,000.

The outstanding bonds contain a provision that if any event of default should occur, the Trustee, as assignee of the Authority, shall have the option (i) without terminating the lease agreement, to collect each installment of rent as it become due regardless of whether or not the City has abandoned the leased property, or to exercise any rights of re-entry upon and to release the leased property, or (ii) to terminate the lease agreement and release the leased property. The City remains liable, if the leased property is not relet, to pay the full amount of the rent to the end of the term of the lease agreement or, if the leased property is relet, to pay any deficiency in rent that results therefrom. In the event of any default, there is no available remedy of acceleration of lease payments which have not become due and payable under lease agreement. The City will only be liable for lease payments on an annual basis, and the Trustee may be required to seek a separate judgment in each fiscal year for the fiscal year's defaulted lease payments. In the event the Trustee elects to terminate the lease agreement, such leased property may be relet for the remaining term of the lease agreement.

Future debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 3,605,000	\$ 1,057,893	\$ 4,662,893
2025	3,630,000	1,033,413	4,663,413
2026	3,665,000	995,964	4,660,964
2027	3,720,000	948,410	4,668,410
2028	3,775,000	889,415	4,664,415
2029-2033	20,115,000	3,220,689	23,335,689
2034-2036	13,400,000	595,472	13,995,472
Total	<u>\$ 51,910,000</u>	<u>\$ 8,741,256</u>	<u>\$ 60,651,256</u>

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

City of Palm Springs Public Financing Authority
Combining Balance Sheets
by Bond Program Fund
June 30, 2023

	Convention Center	2015 Lease Revenue Refunding Bonds	2017 Lease Revenue Refunding Bonds	2021A Lease Revenue Refunding Bonds	2021B Lease Revenue Refunding Bonds	Total
ASSETS						
Restricted cash and investments with fiscal agent	\$ -	\$ 70	\$ 942	\$ 2,297	\$ 297	\$ 3,606
Loans receivable	-	3,190,000	4,365,000	30,220,000	51,910,000	89,685,000
Interest receivable	-	26,583	27,408	49,052	177,733	280,776
Total assets	-	3,216,653	4,393,350	30,271,349	52,088,030	89,969,382
FUND BALANCES						
Restricted for debt services	-	3,216,653	4,393,350	30,271,349	52,088,030	89,969,382
Total fund balances	\$ -	\$ 3,216,653	\$ 4,393,350	\$ 30,271,349	\$ 52,088,030	\$ 89,969,382

City of Palm Springs Public Financing Authority
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
by Bond Program Fund
For the Year Ended June 30, 2023

	Convention Center	2015 Lease Revenue Refunding Bonds	2017 Lease Revenue Refunding Bonds	2021 Series A Lease Revenue Refunding Bonds	2021 Series B Lease Revenue Refunding Bonds	Total
Revenues:						
Interest on loans	\$ -	\$ 167,290	\$ 181,317	\$ 597,120	\$ 1,064,667	\$ 2,010,394
Interest on investments	-	363	989	2,359	1,975	5,686
Total revenues		<u>167,653</u>	<u>182,306</u>	<u>599,479</u>	<u>1,066,642</u>	<u>2,016,080</u>
Expenditures:						
Debt service:						
Principal retirement	-	485,000	1,015,000	2,535,000	3,590,000	7,625,000
Interest and fiscal charges	-	171,625	184,750	598,279	1,072,898	2,027,552
Total expenditures	<u>-</u>	<u>656,625</u>	<u>1,199,750</u>	<u>3,133,279</u>	<u>4,662,898</u>	<u>9,652,552</u>
Excess of Revenue Over (Under)						
Expenditures	-	(488,972)	(1,017,444)	(2,533,800)	(3,596,256)	(7,636,472)
Other Financing (Uses):						
Transfer to the City of Palm Springs	(11)	-	-	-	-	(11)
Changes in fund balances	(11)	(488,972)	(1,017,444)	(2,533,800)	(3,596,256)	(7,636,483)
Fund Balance:						
Beginning of year	11	3,705,625	5,410,794	32,805,149	55,684,286	97,605,865
End of year	<u>\$ -</u>	<u>\$ 3,216,653</u>	<u>\$ 4,393,350</u>	<u>\$ 30,271,349</u>	<u>\$ 52,088,030</u>	<u>\$ 89,969,382</u>