

2020

Comprehensive Annual Financial Report

Year ended June 30, 2020



City of Cathedral City, California

2020

Comprehensive Annual Financial Report

Year ended June 30, 2020

City of Cathedral City, California



prepared by

FINANCE DEPARTMENT

Tami E. Scott, Administrative Services Director

available online at
www.cathedralcity.gov

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INTRODUCTION



City of Cathedral City, California

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**Department of Finance**

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December 14, 2020

Citizens of the City of Cathedral City,
Honorable Mayor, and
Honorable Members of City Council

Within six months of the close of each fiscal year, state law requires the City of Cathedral City (City) to publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is prepared by the Finance Department according to Municipal Code, Section 2.12.040. Pursuant to the requirements, I hereby issue the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended June 30, 2020.

This report consists of management's representations concerning the finances of the City. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To provide a reasonable basis for making those representations, City management has established a comprehensive internal control framework designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with U.S. GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance the financial statements will be free from material misstatement. As management, we assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Lance, Soll, & Lunghard, LLP, a statewide firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance the financial statements of the City are free of material misstatement for the fiscal year ended June 30, 2020. The 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 presentation. Based upon the audit, the independent auditors concluded there was a reasonable basis for rendering an unmodified opinion on the City's basic financial statements as of and for the year ended June 30, 2020. The independent auditor's report is presented as the first component of the financial section of this report.

THE REPORT

The CAFR is presented in three major sections:

- The **Introduction** section includes this letter of transmittal, identification of the City's principal officials, the City's organization chart, and the Government Finance Officers Association awards received by the City.
- The **Financial** section includes the report of the independent auditors, Management's Discussion and Analysis (MD&A), the basic financial statements, including the government-wide financial statements comprised of the Statement of Net Position and the Statement of Activities and the accompanying notes to the financial statements. The Financial Section also includes the fund financial statements, which include the governmental funds financial statements, the proprietary funds financial statements, the fiduciary funds financial statements, and the combining individual funds financial statements for the nonmajor governmental funds and the internal service funds. Required supplementary information other than the MD&A is also included in the financial section. Upon review of the city's financial policies, the city determined that there were no significant policy related impacts to the current year's financial statements.
- The **Statistical** section includes selected financial and demographic information presented on a multi-year basis up to the past 10 years.

This transmittal letter is designed to complement the MD&A and should be read in conjunction with the MD&A.

This CAFR includes all funds of the City. The City provides the full range of municipal services as contemplated by statute. Services provided include public safety (police and fire protection), engineering and public works (streets, grounds, parks, and facilities), community development (building, planning, and code compliance), city management including city clerk, communications and events, economic development, human resources, and general administrative support to include finance, risk management and management information systems. The CAFR also includes the City's component units, which are legally separate organizations the City is financially accountable or whose relationship with the City is of a nature and significance that would cause the City's financial statements to be incomplete were they not included.

The budget serves as the foundation for the City's financial planning and control. The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the budget approved by the City Council. To achieve time and cost efficiencies over a traditional annual budget, the City prepares and adopts a biennial budget for two separate fiscal years. Under this cycle, the second year is adopted by the City Council at the same time the first year is adopted. Each year is separate and distinct. Unencumbered funds from the first year do not carry over into the second year. On May 8, 2019, City Council adopted the biennial budget for fiscal years 2019/20 and 2020/21.

The City Manager and the Administrative Services Director prepare and submit the budget to the City Council and administer it after adoption. The City Manager or the Administrative Services Director is authorized to adjust appropriations within each department or activity, while ensuring those adjustments do not exceed the amounts approved in the budget or any amending orders or resolutions approved by the governing body.

Management can make transfers between departments provided expenditures do not exceed appropriations at the fund level. Transfers of cash or unappropriated fund balance from one fund to another can only be made with City Council's approval. For each fund, total expenditures may not legally exceed total appropriations.

In addition to the financial audit, the City undertakes a single audit in conformance with the uniform administrative requirements, cost principles and audit requirements for federal awards (Office of Management and Budget (OMB) Uniform Guidance). The results of this single audit, including a schedule of expenditures of federal awards, and the independent auditor's reports on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards, are available in the City's separately issued Single Audit Report, which includes the Schedule of Expenditures of Federal Awards.

CITY PROFILE

Incorporated in 1981, Cathedral City is conveniently located 110 miles east of Los Angeles and 130 miles northeast of San Diego. In eastern Riverside County, the City is a business and resort community located in the heart of the Coachella Valley conveniently located between Palm Springs to the west and Rancho Mirage to the east. With a diverse population of more than 55,800, Cathedral City is the second-largest city in the Coachella Valley. Occupying a land area of approximately 31 square miles at an elevation of 400 feet above sea level, the City boasts an ideal climate of 350 sunny days a year. The City offers clean air, scenic beauty and unlimited leisure activities, housing options and business opportunities. Colonel Henry Washington discovered Cathedral City in 1850, naming it after nearby rock formations resembling a grand cathedral. The City is proud of its cultural diversity and rich history. The Agua Caliente Band of Cahuilla Indians established their reservation in 1876, and the City housed its first subdivision in 1925.



Cathedral City is an ideal base from which to enjoy all that sunny Southern California has to offer. Conveniently located off the I-10 freeway and less than five miles from the Palm Springs Airport, Cathedral City boasts the greatest amount of family friendly recreational activities in the Coachella Valley, including Boomers (miniature golf, bumper cars & batting cage); a 17-acre soccer park where State championships have been held; Big League Dreams Sports Park, which hosts NCAA Women's softball each winter; and three top-notch golf courses. One of the most visually capturing and historically rich pieces of art in the City is the "Fountain of Life" located in Town Square. Featuring mosaic tiles, stone sculptures, and a "spray ground," the fountain provides beauty and a place for adults and children to cool off in the summer's heat. Residents and visitors can also enjoy dinner (at ones of the City's many restaurants) and a movie at the Mary Pickford Theater (Desert Cinema), which houses 14 movie screens, and the Coachella Valley Repertory (CVRep) Theatre, the only Actor's Equity Small Professional Theatre (SPT) company in the Coachella Valley. Both the Mary Pickford Theatre and the CV Repertory Theatre are located in the City's Downtown Entertainment District.

The City offers public, private, and charter K-12 and preschools and is part of the Palm Springs Unified School District. The University of California at Riverside and California State University San Bernardino, which both have local campuses, and the College of the Desert are all located within 9 miles. Residents also have access to outstanding healthcare at Eisenhower Medical Center, which includes a cancer center, and the Desert Regional Medical Center, which includes a trauma center.

The City is a charter city operating under the council-manager form of government. Policymaking and legislative authority are vested in a City Council comprised of a Mayor and four other Council members. The City Council is responsible, among other things, for passing ordinances, adopting minute orders and resolutions (such as the budget), appointing committees, and hiring both the City Manager and City Attorney. The City Council is elected on a nonpartisan basis. Council members serve four-year staggered terms, with two council members representing districts one and two elected in November 2020, and three Council members elected in November 2022 representing districts three through five. The Mayor is appointed by the City Council to serve a one-year rotating term.

In addition to sitting as the governing board of the City, the City Council also acts as the Board of Directors of two blended component units: The Cathedral City Public Financing Authority and the Cathedral City Community Services District. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing day-to-day operations of the City, and appointing the various department heads.

ECONOMIC CONDITIONS

With the March 19, 2020 State of California statewide Executive Order and Public Health Order to Stay-At-Home for COVID-19, there was a significant impact on the City's final revenues – most notably with Cannabis Tax, Sales Tax, Transactions and Use Tax, and Transient Occupancy Tax.

CANNABIS TAX

The City of Cathedral City has a young and burgeoning new business cluster with the cannabis industry. During the first 4 years, more than 200 applications were received for cannabis businesses including dispensary, cultivation, manufacturing, distribution, transportation and laboratory testing. As of the end of this fiscal year (2019/2020), the City has 160 licensed cannabis businesses with 85 operating sites, 58 of which generate tax revenues, including 14 dispensaries, 26 cultivators, and 18 manufacturers resulting in more than \$4.3 million in tax revenue versus the more than \$4.6 million in tax revenue in fiscal year 2018/2019. In the upcoming fiscal year (2020/2021), we anticipate additional cultivation sites opening within our city limits resulting in revenues increasing to an estimated \$5.0 million in annual revenues.

SALES TAX AND TRANSACTIONS & USE TAX

Sales Tax and Use Tax is the City's lifeblood. In fiscal year 2019/2020, it accounted for almost 41.5% of the City's tax revenues and almost 31.5% of the City's traditional General Fund (Fund 100) revenues. For fiscal year 2019/2020, sales tax and transactions and use tax is \$16.0 million versus the \$17.4 million 2019/2020 adopted budget projection (and the \$17.7 million revenue in fiscal year 2018/2019), thus reflecting a \$1.4 million revenue shortage this year, and a decrease of \$1.7 million from fiscal year 2018/2019 revenue. Since the 2007-2009 recession, sales tax has shown steady increases as the national and local economies demonstrate continued improvement. Coming out of the Great Recession in fiscal year 2010/11 to fiscal year 2019/20, sales tax and use tax has increased almost \$6.1 million, more than 77%. Today, although not reflected in the stock market performance, the expected economic recovery to pre-COVID-19 levels is predicted to be similar to the recovery of the Great Recession.

TRANSIENT OCCUPANCY TAX (TOT)

With the various City events and Coachella Valley activities throughout the year, Cathedral City continues to attract more visitors to our city. Prior to the impact of COVID-19 and the State's Stay-at-Home order, the City's TOT (hotel tax) had increased significantly from the prior fiscal year (2018/2019). The City was meeting this increased demand of visitors through the following means: (1) continued success for the Staybridge Suites Cathedral City Golf Resort at 30th Avenue near Landau Boulevard, (2) the transformed DoubleTree Golf Resort Palm Springs at Vista Chino and Landau Boulevard, (3) the opening of a brand new Best Western Plus Desert Inn & Suites at Bob Hope and I-10, (4) the continued growth in TOT from the Short Term Vacation Rentals ("STVRs"). By the end of the fiscal year (2019/2020), the City's TOT had decreased approximately \$850,000 in fiscal year 2019/2020 from fiscal year 2018/2019, predominantly due to COVID-19 and also due to the commencement of home sales of former STVR properties due to the phase out of STVRs over the next two years. The subsequent financial impact from the loss of STVR TOT revenue will ultimately be an approximate \$750,000/year.

EVENTS, EVENTS AND MORE EVENTS

Cathedral City has become the destination for events. The City's five Signature Events include the Tejano Music Festival (October), Balloon Festival (November), SnowFest (December), Taste of Jalisco (February), and Lesbian, Gay, Bisexual and Transgender (LGBT) Days (usually in March). There are usually 10 other events scheduled throughout the year, such as the ever-popular annual Fall Festival/Spooktacular/Dia de Los Muertos celebrated during the late October/early November Halloween season. With the March 19, 2020 State of California statewide Executive Order and Public Health Order to Stay-At-Home for COVID-19, the remaining events scheduled for FY 2019/2020 were canceled.

CONSTRUCTION PROJECTS/ROAD IMPROVEMENTS

This past year has seen the completion of significant road rehabilitation and improvements in Cathedral City to include:

- Avenue Ximino Neighborhood Streets, and
- Avenida Maravilla (north of Vista Chino in the La Pasada Neighborhood)
- Da Vall Street Improvements
- Mid-Block Pedestrian Crossings
 - Dinah Shore @ Vaquero
 - Dinah Shore @ Via de Anza
- Sidewalk Gaps Date Palm Drive (south of Dinah Shore) and Gerald Ford
- South Panorama Neighborhood Streets
- West Whitewater Neighborhood Streets, Phase 1

RESIDENTIAL CONSTRUCTION

With being a post-Proposition 13 city incorporated after 1978, Cathedral City did not have a separate property tax rate prior to the voter enactment of Proposition 13, the City cannot impose additional taxes without a vote of the citizens. Therefore, additional property tax revenues generated by development projects within the city, but not within the boundaries of the former redevelopment agency, are not solely remitted to the City's General Fund. Instead, the taxes are also remitted to other taxing agencies such as Riverside County, school districts, and special districts. As a result, the City's General Fund generally receives almost \$5.4 million, or just 10.5%, of its total revenue from property tax on an annual basis.

The local housing market in Cathedral City continues to maintain an increase in home values along with new residential construction and a decline in lender owned (foreclosure) properties, demonstrating the housing market is transitioning toward a healthier marketplace. Although additional housing units increase the amount of property tax the City receives, there is an even greater impact on the City's sales tax revenues. Generally, new construction is a strong economic driver because growth in this sector usually affects other industries, such as retail, wholesale trade and transportation services.

During calendar year 2019, the City continued to see more residential housing units in various locations throughout the city. The City issued eight construction/building permits for commercial development. In addition, the City issued 159 construction/building permits for single family development in various infill (empty) lots and two neighborhoods:

- The District East at Cree Road and Jones Road
- DR Horton in the Verano neighborhood north of the Rio Vista neighborhood

COMMUNITY ASSISTANCE

In fiscal year 2019/2020, the City Council continued the existing community assistance program supporting the local Boys & Girls Club, the Senior Center, and a regional homeless program. In addition, the City has a comprehensive program where various non-profits and governmental agencies apply each year for spot grants. For this program, the City Council reviews all applications and makes funding decisions at the same time rather than making those decisions on a case-by-case basis. During FY 19/20, 11 recipients received a total allocation of \$25,000.

LONG-TERM FINANCIAL PLANNING

Although we had a better year end position at June 30, 2020 than planned from the COVID-19 impacts, we must keep in mind COVID-19 started in March 2019, so the impacts were only felt in the 4th quarter of the fiscal year. COVID-19, unfortunately, has continued to impact our economy and there is concern for the ability of keeping businesses afloat, as well as, families and employees safe, while resulting in hardships for many aspects of our daily lives. Thus, we still must manage our expenditures carefully and thoughtfully. Over the next several years, we will have increased costs to CalPERS for our pension obligations as the planned investment rate of return has been reduced to 7% and their planned smoothing techniques for agencies to pay their unfunded liabilities to 100% will cause our PERS obligations to increase more than 50% by FY 2030/2031. If there is a

continued downturn in the economy (especially COVID-19 impacts on the auto and tourist industry) combined with increased operating costs, there will be an adverse effect on our reserves. In addition, as our OPEB obligations rise due to the growth in the number of retirees, it is vital we keep a basic principal in mind, i.e., before we increase our baseline operational expenditures, revenues must rebound to pre-COVID-19 levels, e.g., development growth within our community.

To mitigate the potential risk of another downturn in the economy, it is essential we grow our fund balance "savings account". Of the available fund balance, the City currently strives to set aside a minimum of 33% of budgeted expenditures and transfers out, with a target of 50%, for the following purposes: (1) cash flow reserves (50%); (2) economic uncertainties (40%); and (3) budget-related reserves (10%). These amounts are necessary to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to citizens. At the end of fiscal year 2019/2020, the City's General Fund (Fund 100) unassigned fund balance is more than \$24.1 million representing almost 45.9% of budgeted expenditures for the upcoming fiscal year (2020/2021).

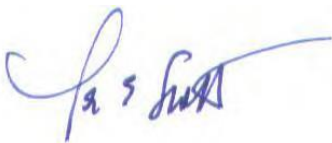
AWARDS AND ACKNOWLEDGEMENTS

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 for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report must satisfy both U.S. GAAP and applicable legal requirements. This was the fourteenth consecutive year the City has achieved this prestigious national award. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe this year's 2019/2020 CAFR continues to conform to the Certificate of Achievement program requirements and we plan to submit it to GFOA to determine its eligibility for another certificate.

Additionally, GFOA presented a Distinguished Budget Presentation Award to the City for its biennial budget for the two-year period beginning July 1, 2019. To qualify for this award, the governmental unit must publish an approved budget meeting program criteria and minimum standards as a policy document, an operations guide, a financial plan, and a communications device.

The preparation of this CAFR could not have been accomplished without the skill, effort and dedication of the entire staff of the Finance Department. Other City departments were also instrumental in providing the data necessary to prepare this report. Their cooperation and continued assistance are necessary and appreciated. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances. Finally, I also want to acknowledge the thorough and professional manner our independent auditors, Lance, Soll & Lunghard, LLP, conducted their audit.

Respectfully submitted,



Tami E. Scott
Administrative Services Director

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CITY COUNCIL

Council Member
Mayor 2020



John Aguilar
Term Expires 2020

Council Member
Mayor Pro Tem 2020



Raymond Gregory
Term Expires 2022

Council Member



Mark Carnevale
Term Expires 2022

Council Member



Ernesto Gutierrez
Term Expires 2022

Council Member



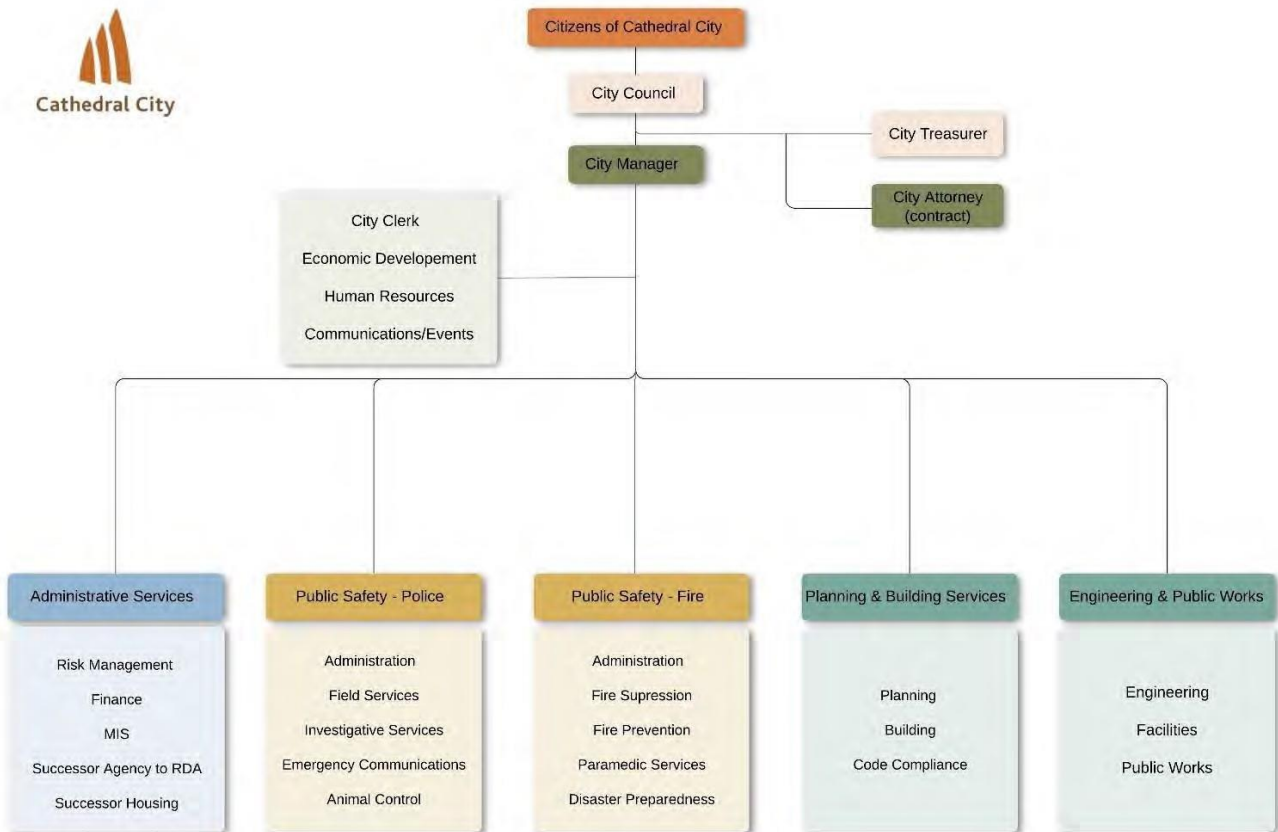
Rita Lamb
Term Expires 2020

OTHER ELECTED OFFICIALS

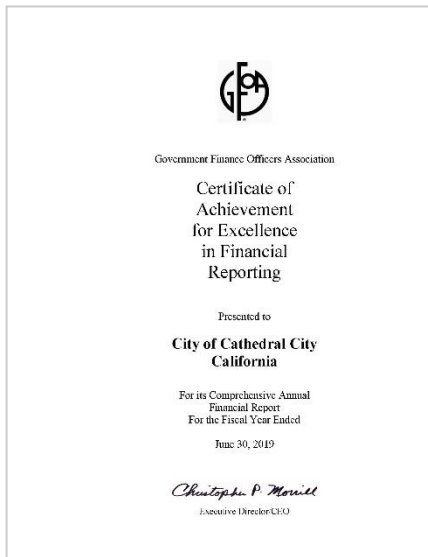
City Treasurer..... Henry Chan

ADMINISTRATIVE OFFICIALS

City Manager Charles McClendon
 City Attorney Eric Vail
 Administrative Services Director Tami Scott
 Interim Fire Chief Blake Goetz
 Police Chief George Crum
 Building and Planning Services Director Robert Rodriguez
 Economic Development Director Stone James
 Engineering & Public Works Director John Corella



CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



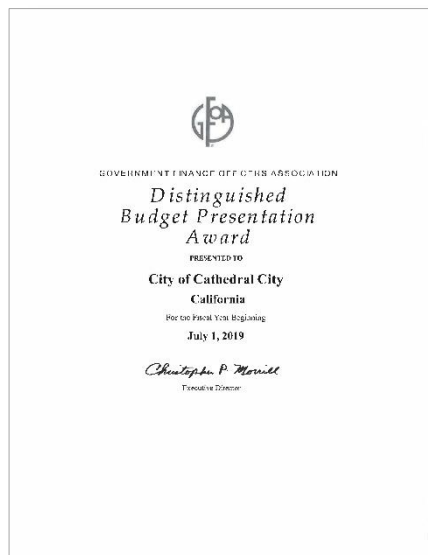
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cathedral City for its comprehensive annual financial report for the fiscal year ended June 30, 2019.

The Certificate of Achievement for Excellence in Financial Reporting program was established to encourage municipal governments to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

To be awarded the certificate, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

A Certificate of Achievement for Excellence in Financial Reporting award is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement for Excellence in Financial Reporting requirements and we are submitting it to GFOA for their consideration.

DISTINGUISHED BUDGET PRESENTATION AWARD



The GFOA presented a Distinguished Budget Presentation Award to the City of Cathedral City for its biennial budget for the biennium beginning July 1, 2019. To receive this award, a governmental unit must publish a budget document meeting these four program criteria: a policy document, operations guide, financial plan, and communications device.

The Distinguished Budget Presentation Awards Program is specifically designed to encourage state and local governments to prepare and issue budget documents of the highest quality. Top-quality documents are essential if citizens and others with an interest in a government's finances are to be fully informed participants in the budget process. Better budget documents contribute to better decision making and enhanced accountability.

The Distinguished Budget Presentation Awards Program allows the public finance profession a welcome opportunity to recognize those governments that have, in fact, succeeded in preparing a high-quality budget document. We believe our upcoming biennial budget beginning July 1, 2021 will conform to the Certificate of Achievement for Excellence in Financial Reporting requirements and have submitted it to GFOA for their consideration.

FINANCIAL



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Cathedral City, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Cathedral City, California, (the City) as of and for the year ended June 30, 2020, 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 Cathedral City, 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, each major fund, and the aggregate remaining fund information of the City of Cathedral City, California, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule for the General Fund, the Developer Fees Fund, and the Successor Housing Agency Fund, the schedule of the City's proportionate share of the net pension liability, the schedule of contributions, and the schedule of changes in total 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, budgetary schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the 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. Such 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.



To the Honorable Mayor and Members of the City Council
City of Cathedral City, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 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.

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Brea, California
December 14, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS



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As management of the City of Cathedral City ("City"), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal. The focus of the information presented here is on the primary government.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$45,275,712 (net position). Unrestricted net position, which may be used to meet the City's ongoing obligations, was \$-180,271,832 at year end.
- The City's net position increased \$1,727,185 in this fiscal year primarily due to a \$2,858,201 increase in assets and a \$3,643,910 increase in liabilities.
- As of close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$99,968,691 an increase of \$2,418,512 from the prior year. A total of \$24,400,786, or 24.4%, of the fund balance is categorized as unassigned. This amount has been set aside for cash flow reserves, future economic uncertainties, and budget reserves.
- At the end of the current fiscal year, fund balance of the General Fund (Fund 100) was \$24,342,594, which represents almost 46.23% of General Fund (Fund 100) FY 2020/2021 budgeted expenditures (including transfers out). \$24,184,058 of the \$24,342,594 is categorized as unassigned and set aside for cash flow reserves, future economic uncertainties, and budget reserves in accordance with the fund balance policy approved in September 2014.
- The City began a four-year plan, including four phases, to migrate to a City-wide Enterprise Resource Planning (ERP) system. In fiscal year 2018-2019, phase 1 was implemented on January 1, 2019 for the financial backbone. As a result, the City merged/converted financial data mid-year, and has established the foundation for an integrated framework for City financial, business and administrative functions. We anticipate implementing the business functions during fiscal year 2020-2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information and statistical information, which both are intended to furnish additional detail to support the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In a similar manner to a private-sector business, the government-wide financial statements are designed to provide readers with a broad overview of the City's finances.

The Statement of Net Position presents financial information on the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items resulting in cash flows in future fiscal periods, e.g., uncollected taxes and earned, but unused, vacation and sick leave.

Other nonfinancial factors, such as changes in the City's property tax base, the condition of its roads, etc. are also considered when assessing the overall health of the City.

Governmental activities report the City's basic services, which include general government, community development, public safety, public works and culture and recreation. These activities are generally supported by taxes and intergovernmental revenues.

Business-type activities report activities intended to recover all or a significant portion of their costs through user fees and charges. The City does not report any business-type activity.

The government-wide financial statements include not only the City itself (referred to as the primary government), but also other legally separate entities for which the City is financially accountable. The Cathedral City Public Financing Authority and the Cathedral City Community Services District are legally separate component units. These component units, while legally separate from the City, provide services entirely to or almost exclusively for the benefit of the City even though they do not provide services directly. Although legally separate from the City, financial information for these component units is blended with the City because of its exercise of authority and their financial relationships with the City.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements are designed to report information about these groupings of related accounts. Similar to other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-term view to determine whether there are more or fewer financial resources that can be spent in the short-term. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided reconciling the governmental fund financial statements to the government-wide statements explaining the relationship (or differences) between them.

The City maintains individual governmental funds organized according to their type: special revenue, debt service, and capital projects. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, two special revenue funds (Developer Fees and Successor to Housing Agency), a debt service fund (Public Financing Authority) and a capital projects fund (Areawide Capital Projects). These funds are classified as major funds. Data from the remaining governmental funds are classified as nonmajor funds and are combined into a single, aggregated presentation. Elsewhere in this report, individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements.

The City adopted a biennial appropriated budget prepared on the modified accrual basis of accounting for fiscal years 2019/2020 and 2020/2021. Appropriated funds included the General Fund and special revenue funds. Budgetary comparison schedules have been provided in the required supplementary information for the General Fund and major special revenue funds to demonstrate compliance with the budget in accordance with U.S. GAAP.

Proprietary funds are comprised of enterprise funds and internal service funds. Enterprise funds are the same as the business-type activities that would be reported in the government-wide financial statements, but provide more detail and additional information, such as cash flows. The City does not report any enterprise funds. Internal service funds are an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. The City currently reports four internal service funds: Equipment Replacement, Insurance, Technology and Facilities. The internal service funds provide services predominantly benefiting governmental rather than business-type functions. They have been included within governmental activities with an adjustment to reflect the consolidation for internal service fund activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The four internal service funds are combined into a single, aggregated presentation. Elsewhere in this report, individual fund data for the internal service funds is provided in the form of combining statements.

Fiduciary funds are used to account for resources held by the City on the behalf of outside parties, including other governments. The City utilizes two different types of fiduciary funds: private-purpose trust funds and agency funds. The private-purpose trust funds are used to report resources held in trust to pay enforceable obligations of the former redevelopment agency. The agency funds report resources held by the City in a custodial capacity for special assessment district resources to pay debt service.

Fiduciary funds are not reported in the government-wide financial statements because the resources for those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The **notes to basic financial statements** provide additional information necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other information in addition to the basic financial statements and accompanying notes is presented in the form of certain required supplementary information concerning the City's budgetary comparison schedules.

The combining statements supplementary information for the nonmajor funds, internal service funds, and fiduciary funds are presented immediately following the budgetary comparison required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the fiscal year by \$45,275,712.

Investment in capital assets totaling \$164,895,122 is comprised of land, buildings, structures, infrastructure, vehicles and equipment 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 its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position of the City includes \$60,652,422 of restricted net position. These are resources subject to external restrictions as to how they may be used by the City.

A portion of the City's net position, -\$180,271,832 is unrestricted. If positive, this could be used to meet the City's ongoing financial obligations. This portion represents resources not restricted by external requirements or invested in capital assets.

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Table 1 summarizes the City's net position (dollars in thousands) as of June 30, 2020 and 2019.

Table 1
Net Position
(dollars in thousands)

	Primary Government		
	Governmental Activities		
	2020	2019	Change
Current and other assets	\$ 137,863	135,224	2,639
Capital assets(net)	164,895	164,676	219
Total assets	302,758	299,900	2,858
Deferred outflows for Pensions and OPEB	16,836	12,651	4,185
Total deferred outflows of resources	16,836	12,651	4,185
Noncurrent liabilities	253,276	248,356	4,921
other liabilities	7,826	9,103	(1,277)
Total liabilities	261,102	257,458	3,644
Deferred inflows of resources	13,216	11,544	1,672
Total deferred inflows of resources	13,216	11,544	1,672
Net Position			
Net investment in capital assets	164,895	164,676	219
Restricted	60,653	59,708	945
Unrestricted	(180,272)	(180,835)	563
Total net position	\$ 45,276	43,549	1,727

Governmental activities increased the City's net position by \$1,727,185, for the fiscal year ended June 30, 2020. Elements of this increase are the increase in net investment in capital assets, and the decrease in restricted and unrestricted net position, along with the \$2.86 million increase in assets and the \$3.64 million increase in liabilities cited above.

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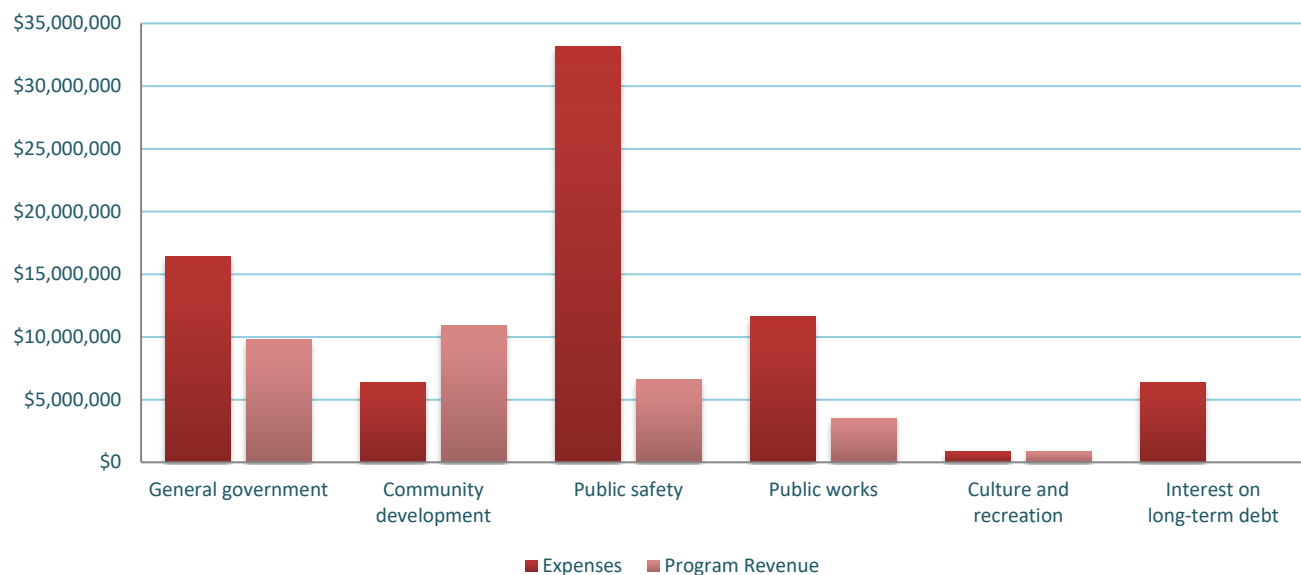
Table 2 summarizes the City's changes in net position (dollars in thousands) for the years ended June 30, 2020 and 2019.

Table 2
Changes in Net Position
(dollars in thousands)

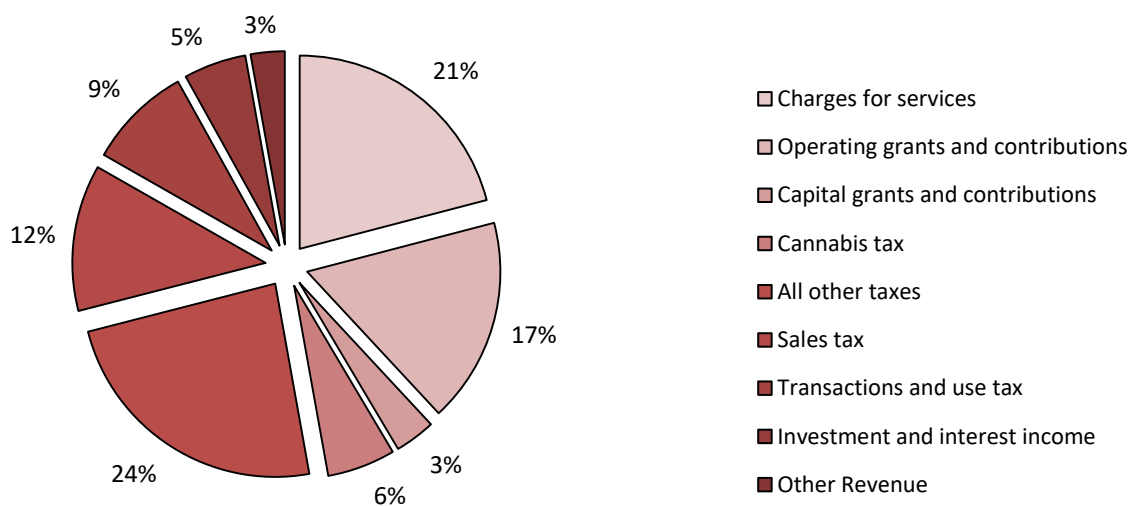
	Primary Government		
	Governmental Activities		
	2020	2019	Change
Program revenues:			
Charges for services	\$16,009	14,610	1,399
Operating grants and contributions	13,114	13,412	(298)
Capital grants and contributions	2,593	7,860	(5,267)
General revenues:			
Taxes:			
Cannabis Tax	4,356	4,607	(251)
Franchise tax	2,213	2,231	(18)
Property tax	9,933	9,128	806
Sales tax	9,370	10,412	(1,042)
Transaction and use tax	6,644	7,289	(645)
Transient occupancy/timeshare developer	3,378	4,232	(854)
Utility users' tax	2,694	2,692	2
Investment and interest income	3,996	3,499	497
Other revenue	2171	372	1,800
Total revenues	76,471	80,342	(3,871)
Expenses:			
General government	16,392	12,914	3,477
Community development	6,345	6,416	(71)
Culture and recreation	859	1125	(266)
Public safety	33,182	31,259	1,923
Public works	11,600	9,266	2,334
Interest on long-term debt	6,366	6,581	(215)
	74,744	67,561	7,183
Revenues over (under) expenses	1,727	12,781	(11,053)
Change in net position	1,727	12,781	(11,053)
Net position – July 1	43,549	30,768	12,781
Restatement	-	-	-
Net position – June 30	\$45,276	43,549	1,727

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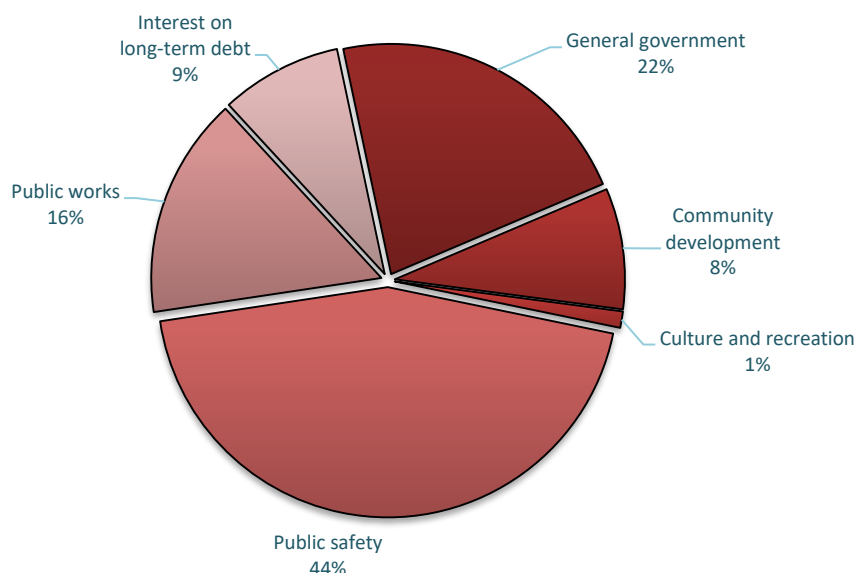
Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Expenses by Function - Governmental Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on current year revenues, expenditures, and balances of spendable resources. Such information is useful in assessing the City's near-term financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Unassigned fund balance represents the portion of fund balance not yet limited for a specific purpose by either an external party, the City of Cathedral City, or a group or individual the City Council has delegated the authority to assign resources for purposes.

As of June 30, 2020, the City's governmental funds reported combining fund balances of \$99,968,691, an increase of \$2,418,512 in comparison with the prior year. Approximately 24.4% or \$24,400,786 of the total General Fund amount in fund balance constitutes unassigned fund balance set aside for cash flow reserves, future economic uncertainties, and budget reserves in accordance with the fund balance policy approved in September 2014.

The General Fund is the chief operating fund of the City. For reporting purposes, the General Fund consists of three individual funds, including the General Fund (Fund 100) and two special revenue funds (Fund 431 and Fund 711) that do not qualify to be reported as such. As of June 30, 2020, unassigned fund balance for only the Fund 100 portion was \$24,184,058. The total unassigned fund balance has been set aside for cash flow reserves (50%), future economic uncertainties (40%), and budget reserves (10%) in accordance with the fund balance policy approved in September 2014. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 45.9% of the total General Fund (Fund 100) budgeted expenditures, including transfers out (other financing uses), of \$52,678,018, while total fund balance represents 46.2% of the same amount.

The total fund balance of the City's General Fund (Fund 100) decreased by \$1,420,761, or 5.5%, during the year ended June 30, 2020.

Revenues decreased in fiscal year 2019/2020 from the previous year. General Fund (Fund 100) revenues, including transfers in, increased by \$520,830, or 1.04%, from fiscal year 2018/2019.

- Taxes in general decreased \$2,001,741 over the previous fiscal year. Specifically, property taxes increased \$805,543 from the prior year as the result of increased assessed property valuations and increased structural fire tax. As a result of COVID-19 revenue impacts, sales tax decreased \$1,042,144 compared to prior year, transaction and use tax decreased \$645,284, transient occupancy tax/timeshare developer fees decreased \$853,179 and cannabis tax decreased \$250,845 from the prior year.
- Licenses and permits increased by \$362,663 from the prior year. The primary increased revenues were attributed to business licenses, cannabis licenses, building/construction permits and short-term vacation rental permits.
- Charges for services increased \$287,855 from the prior year. The increases in revenues were primarily attributed to engineering reviews, paramedic services and police services revenue.

General Fund (Fund 100) expenditures, including transfers out, increased by \$5,705,803, or 12.3%, from the previous fiscal year. Most of the net increase is attributable to increases in salaries and benefits for existing employees as well as the addition of several new full-time positions and the related increases to insurance and other benefit costs. The primary increases were attributed to Public Safety with \$1,993,396 and Capital Outlay with \$1,219,275.

The other major governmental funds include Developer Fees (Fund 235), Successor Housing Agency (Fund 561), Public Financing Authority (Fund 491), and Areawide Capital Projects (Fund 331).

The **Developer Fees** (Fund 235) special revenue fund has an ending Fund Balance of \$209,611. This fund retains development impact fees on deposit for future utilization. The primary activities included Bridge Design, Bus Transit improvements, General Plan Update, and Public Art Education and Development activities.

The **Successor Housing Agency** (Fund 561) special revenue fund had a total fund balance of \$15,267,317. This amounts to a net decrease in fund balance of \$1,070 during the current year. Revenues increased \$705,761 to \$166,161, while expenditures decreased \$57,778 to \$130,289. The net increase in revenues was primarily due to only having a (significantly) smaller loss on sale of assets held for disposition in the current fiscal year than we had in the prior fiscal year. The net decrease in expenditures was primarily due to less labor and maintenance and operations costs.

The **Public Financing Authority** (Fund 491) debt service fund had a total fund balance of \$37,462,720. This amounts to a net decrease in fund balance of \$1,722,593 during the current year. Revenues decreased \$110,440 to \$9,838,255 while expenditures decreased \$65,863 to \$11,441,343. The net decrease in revenues was primarily due to a decrease in the use of money and property resulting from a decrease in investments held in trust. The decrease in expenditures is related to lower debt service payments in comparison to the prior fiscal year.

The **Areawide Capital Projects** (Fund 331) capital projects fund had a total fund balance of \$5,882,096. This amounts to a net increase in fund balance of \$3,513,442 during the current year. Revenues decreased \$3,836,051 to \$5,412,721 while expenditures decreased \$5,741,900 to \$2,934,805. The net increase in fund balance was primarily due to achieving a smaller amount of reimbursements backlog from other government agencies.

PROPRIETARY FUNDS

In more detail, the City's proprietary funds (internal service funds) provide the same type of information found in the government-wide financial statements.

Total net position of all internal service funds increased \$5,816,347 to \$27,747,001 during the fiscal year. Operating revenues increased \$2,410,363 to \$14,957,073, while operating expenses increased \$1,561,144 to \$10,236,794. The net increase in revenues was mainly attributable to continuing the monthly allocation for other post employment benefits (OPEB) along with increased insurance charges for employees and retirees. In addition, there were revenues related to monies received from other funds for vehicle purchases, technology improvements and facilities maintenance. The net increase in expenditures was primarily attributable to increases in vehicle (equipment) purchases.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original expenditure estimates, including transfers out, for fiscal year 2019/2020, prepared in the spring of 2019, were based on anticipated outflows of resources at that time. Expenditure estimates were increased \$4,379,837 to \$50,673,719 for the fiscal year ended June 30, 2020. The primary reason for an increase in budgeted expenditures was \$3,113,552 for increased staffing along with salary and benefit increases from the original budget for the previous fiscal year (2018/2019).

Differences between the General Fund (Fund 100) original budget and the final amended budget are attributed to City Council approved adjustments/revisions to projected expenditures.

Differences between the final amended budget and actual revenues and expenditures are briefly summarized in this section. The local economy was continuing to grow, specifically with respect to sales tax, transactions and use tax, cannabis tax and transient occupancy tax.

Actual General Fund (Fund 100) revenues, including transfers in, were \$117,498 higher than the final budget for FY 2019/2020, or .23%. Due to COVID-19 impacts on the 4th quarter revenue, it is estimated there was approximately a \$2.0 – 2.5M decrease in sales tax, transaction and use tax, transient occupancy tax and cannabis tax revenues. Significant differences between budget and actual revenues are highlighted below.

- Taxes revenues were less than budget estimates by \$3,821,866 as economic conditions were significantly less than projected primarily for sales, use, cannabis and transient occupancy taxes.
- Charges for services exceeded budget estimates by \$1,216,406 primarily due to increased engineering fees, police/dispatch services and paramedic services.
- Licenses and permits exceeded budget estimates by \$920,817 as a result of increased business licenses, cannabis licenses, building/construction permits and short-term vacation rental permits.
- Use of money and property exceeded budget estimates by \$533,658 due to (a) increased cash and investment balances, (b) better interest rates on Local Agency Investment Fund (LAIF) investments (2.043% at December 2019 (pre COVID-19) versus 1.217% at June 30, 2019 (post COVID-19), versus 0.978% at June 30, 2017), and (c) higher than expected rental revenue.

CAPITAL ASSETS AND BONDED DEBT ADMINISTRATION

CAPITAL ASSETS

The City's capital assets for its governmental activities as of June 30, 2020, were \$164,895,122 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, structures, vehicles/equipment, infrastructure (bridges, streets, traffic signals, streetlights, etc.) and intangibles. The City's capital assets by type at June 30, 2020 and 2019 are summarized in **Table 3** (dollars in thousands).

Table 3

Capital Assets

(dollars in thousands)

	Primary Government Governmental Activities		Change
	2020	2019	
Land	28,575	28,528	47
Construction in progress	9,819	7,879	1,940
Buildings and improvements	6,067	6,862	(795)
Structures and improvements	1,495	1,973	(478)
Vehicles, furniture and equipment	3,326	2,392	934
Infrastructure	115,613	117,042	(1,429)
Total	164,895	164,676	219

Major capital asset activity for the year ended June 30, 2020, included the following:

- Current year additions to infrastructure assets for projects completed during the year – \$4,072,394
- Additions to Construction in Progress include:
 - Heritage Park – \$2,959,321
 - Cathedral Canyon Bridge – \$392,138
 - Enterprise Resource Planning (ERP) System – \$88,795
 - Citywide REAS – \$82,164
 - Varner/Date Palm Safety Improvements – \$55,584

Additional information on the City's capital asset activity for the year can be found in **Note III-D** in the notes to basic financial statements.

LONG-TERM LIABILITIES

The City had total long-term debt of \$253,276,149 outstanding as of June 30, 2020. Of this amount, \$133,402,220 was capital improvements related (bonds and capital leases), \$115,688,809 was employee related (compensated absences, net pension liability and other postemployment benefits), and \$4,185,119 was risk management related (claims and judgments). The City manages and accounts for the entire long-term debt portfolio; however, the City is not fiduciarily responsible for the Tax Allocation Bonds (TABs) and the Limited Obligation Bonds for the City's Assessment Districts and Community Facilities District.

Outstanding long-term debt at June 30, 2020, and 2019, is summarized in **Table 4** (dollars in thousands). Additional information on the City's long-term debt for the year can be found **Note III-E** and **Note III-F** in the notes to the basic financial statements.

Table 4
Long-Term Liabilities
(dollars in thousands)

	Note Reference	Primary Government Governmental Activities		
		2020	2019	Change
Lease revenue bonds	III-F.1, III-F.4	2,561	2,827	(266)
Tax allocation bonds	III-F.2, III-F.4	100,531	103,446	(2,915)
Limited obligation bonds	III-F.3, III-F.4	30,310	32,110	(1,800)
Capital leases	III-E.1, III-F.4	-	-	-
Compensated absences	I-E.13, III-F.4	4,399	4,092	307
Net pension liability	III-F.4, IV-B	37,556	35,003	2,553
Other postemployment benefits	III-F.4, IV-C	73,734	66,554	7,180
Claims and judgments	III-F.4, IV-A	4,185	4,324	(139)
Total		253,276	248,356	4,920

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The adopted fiscal year 2020/2021 budget for the General Fund (Fund 100) assumed a substantial increase in its revenues from the taxation of the cannabis industry and stable growth in other areas of the local economy for ongoing revenues. These ongoing and new revenues, including transfers in, were originally budgeted to be \$52,664,647, an increase of \$1,944,644, or 3.8%, from the final fiscal year 2019/2020 budget totaling \$50,720,003. The increase in budgeted revenues was due to anticipation of receiving additional revenues primarily from cannabis taxes; and continued growth to the transient occupancy tax for hotels, motels and short-term vacation rentals; along with modest increases in sales tax and transaction and use tax. The fiscal year 2019/2020 actual revenues totaled \$50,837,501, which is \$520,830 more than the fiscal year 2018/19 actual revenues of \$50,316,671 representing almost a 1% increase. This lower than expected revenue in fiscal year 2019/2020 was a result of the 4th quarter loss in revenue due to COVID-19. Depending on the expected economic recovery to pre-COVID-19 levels, revenues could be reduced in the range of \$7.5 to 9.0 million in fiscal year 2020/2021.

Prior to the COVID-19 pandemic, expenditures and transfers out were projected to be \$52,661,039 in fiscal year 2020/21 based on the originally adopted budget. This represented an increase of \$402,777 from the \$52,258,262 fiscal year 2019/20 actual amount. Based on the original adopted budget, it was anticipated fund balance reserves would not be used in fiscal year 2020/21. The City continues to remain committed to sustaining General Fund reserves to an appropriate level as outlined in the fund balance policy adopted in September 2014. As a result of the COVID-19 pandemic, the City Council amended the fiscal year 2020/2021 budgeted expenditures on June 22, 2020 to be \$44,851,891, resulting in almost \$7.8M reduction.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the City of Cathedral City, Finance Department, 68-700 Avenida Lalo Guerrero, Cathedral City, CA 92234. The report is available online at www.cathedralcity.gov.

BASIC FINANCIAL STATEMENTS



City of Cathedral City, California

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Statement of Net Position

June 30, 2020

	Primary Government Governmental Activities
Assets	
Cash and investments	\$ 69,560,834
Accounts receivable	7,274,292
Interest receivable	576,155
Loans receivable	18,326,004
Inventories	24,113
Deposits	3,292,890
Prepays	65,889
Investments held in trust	31,974,605
Restricted cash and investments	5,488,194
Assets held for disposition	1,280,028
Capital assets:	
Not being depreciated	38,393,681
Being depreciated, net	126,501,441
Total Assets	302,758,126
Deferred Outflows of Resources	
Deferred outflows related to pensions	10,058,511
Deferred outflows related to OPEB	6,777,817
Total Deferred Outflows of Resources	16,836,328
Liabilities	
Accounts payable	2,844,179
Interest payable	2,392,795
Unearned revenue	1,862,889
Deposits	726,321
Noncurrent liabilities:	
Due within one year:	
Bonds and capital leases	5,487,000
Compensated absences	2,200,000
Claims and judgements	1,000,000
Due in more than one year:	
Debt and other long-term liabilities	
Bonds and capital leases	127,915,220
Compensated absences	2,198,440
Claims and judgements	3,185,119
Net pension liability	37,556,227
Net other postemployment benefits liability	73,734,143
Total Liabilities	261,102,333
Deferred Inflows of Resources	
Deferred inflows related to pensions	4,086,935
Deferred inflows related to OPEB	9,129,474
Total Deferred Inflows of Resources	13,216,409
Net Position	
Investment in capital assets	164,895,122
Restricted for:	
Capital projects	9,485,265
Community development	11,067,447
Debt service	37,606,972
Public safety	1,577,507
Public works	915,231
Unrestricted	(180,271,832)
Total Net Position	\$ 45,275,712

See accompanying notes to basic financial statements.

Statement of Activities

For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 16,392,667	9,531,557	285,122	-
Community development	6,344,734	950,605	8,304,204	1,648,699
Culture and recreation	858,914	-	-	870,751
Public safety	33,181,867	4,860,817	1,666,816	73,300
Public works	11,599,726	666,070	2,857,993	-
Interest on long-term debt	6,366,184	-	-	-
Total Governmental Activities	74,744,092	16,009,049	13,114,135	2,592,750
Total Primary Government	\$ 74,744,092	16,009,049	13,114,135	2,592,750
General Revenues:				
Taxes:				
Cannabis tax				
Franchise tax				
Property tax				
Sales tax				
Transactions and use tax				
Transient occupancy/timeshare developer				
Utility users tax				
Investment and interest income				
Other revenue				
Total General Revenues				
Change in net position				
Net Position - beginning				
Net Position - Ending				

See accompanying notes to basic financial statements.

**Net (Expense)
Revenue and
Changes in Net
Position
Primary**

**Governmental
Activities**

Functions/Programs

Primary Government

Governmental activities:

General government

Community development

Culture and recreation

Public safety

Public works

Interest on long-term debt

Total Governmental Activities

Total Primary Government

General Revenues:

Taxes:

Cannabis tax

Franchise tax

Property tax

Sales tax

Transactions and use tax

Transient occupancy/timeshare developer

Utility users tax

Investment and interest income

Other revenue

Total General Revenues

Change in net position

Net Position - beginning

Net Position - Ending

4,356,250

2,213,025

9,933,204

9,369,547

6,644,112

3,378,511

2,693,853

3,996,200

2,170,641

44,755,343

1,727,185

43,548,527

\$ 45,275,712

Balance Sheet
Governmental Funds
June 30, 2020

		Special Revenue		Debt Service
	General	Developer Fees	Successor Housing Agency	Public Financing Authority
Assets				
Cash and investments	\$19,186,204	1,836,814	4,486,538	-
Receivables:				
Interest	381,826	7,428	18,143	-
Accounts	5,222,728	-	4,623	-
Loans	5,887,851	-	12,438,153	-
Intergovernmental receivable	795,623	-	-	-
Prepaid assets	63,634	-	-	-
Investments held in trust	-	-	-	31,974,605
Restricted assets:				
Cash and investments held with fiscal agent	-	-	-	5,488,115
Assets held for disposition	-	-	1,280,028	-
Total Assets	\$31,537,866	1,844,242	18,227,485	37,462,720
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,004,320	1,710	10,456	-
Deposits from others	726,321	-	-	-
Unearned revenue	228,489	1,632,921	-	-
Total Liabilities	2,959,130	1,634,631	10,456	-
Deferred inflows of resources:				
Unavailable revenue	1,023,917	-	2,949,712	-
Total Deferred Inflow of Resources	1,023,917	-	2,949,712	-
Fund balances:				
Nonspendable	63,634	-	-	-
Restricted	2,587,047	209,611	15,267,317	37,462,720
Assigned	503,353	-	-	-
Unassigned	24,400,785	-	-	-
Total Fund Balances	27,554,819	209,611	15,267,317	37,462,720
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$31,537,866	1,844,242	18,227,485	37,462,720

See accompanying notes to basic financial statements.

Capital Projects			
Areawide Capital Projects	Nonmajor Funds	Total	
6,213,761	13,037,706	44,761,023	Assets
			Cash and investments
			Receivables:
25,128	43,343	475,868	Interest
308,397	1,738,100	7,273,848	Accounts
-	-	18,326,004	Loans
-	-	795,623	Intergovernmental receivable
-	770	64,404	Prepaid assets
-	-	31,974,605	Investments held in trust
			Restricted assets:
-	79	5,488,194	Cash and investments held with fiscal agent
-	-	1,280,028	Assets held for disposition
6,547,286	14,819,998	110,439,597	Total Assets
			Liabilities, Deferred Inflows of Resources, and Fund Balances
			Liabilities:
404,953	279,812	2,701,251	Accounts payable
-	-	726,321	Deposits from others
-	-	1,861,410	Unearned revenue
404,953	1,075,435	6,084,605	Total Liabilities
			Deferred inflows of resources:
260,237	152,435	4,386,301	Unavailable revenue
260,237	152,435	4,386,301	Total Deferred Inflow of Resources
			Fund balances:
-	770	64,404	Nonspendable
5,882,096	13,591,358	75,000,149	Restricted
-	-	503,353	Assigned
-	-	24,400,785	Unassigned
5,882,096	13,592,128	99,968,691	Total Fund Balances
6,547,286	14,819,998	110,439,597	Total Liabilities, Deferred Inflows of Resources, and Fund Balances

**Reconciliation of Balance Sheet - Governmental
Funds to the Statement of Net Position
June 30, 2020**

Total fund balances - governmental funds	\$ 99,968,691
Amounts reported for governmental activities in the statement of net position are different because:	
<ul style="list-style-type: none"> Capital assets used in governmental activities, excluding internal service funds of \$3,857,497, are not financial resources, and therefore, are not reported in the funds. 	
Capital assets, at historical cost	291,643,807
Accumulated depreciation	(130,606,182)
<ul style="list-style-type: none"> Accrued interest payable not included in the funds. 	
	(2,392,795)
<ul style="list-style-type: none"> Deferred inflows of resources represent the acquisition of net position that applies to a future period and will not be recognized as an inflow of resources on the government-wide financial statements until then. Deferred outflows of resources represent the consumption of net position that applies to a future period and will not be recognized as an outflow of resources on the government-wide financial statements until then. 	
Deferred inflows - unavailable revenues recognized under the accrual method of accounting	4,386,301
Deferred inflows - changes in assumptions	(7,334,042)
Deferred inflows - differences between actual and expected experience	(2,268,519)
Deferred inflows - differences between the employer's contributions and the employer's proportionate share of contributions	(2,717,676)
Deferred inflows - changes in employer's proportion	(334,480)
Deferred inflows - net difference between projected and actual earnings on plan investments	(561,692)
Deferred outflows - contributions subsequent to measurement date	6,768,560
Deferred outflows - differences between actual and expected experience	2,502,405
Deferred outflows - changes in assumptions	6,403,100
Deferred outflows - changes in employer's proportion	1,162,263
<ul style="list-style-type: none"> Internal service funds are used by management to charge the costs of these funds to their primary users governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 	
	27,747,001
<ul style="list-style-type: none"> Long-term liabilities are not due and payable in the current period and therefore, not reported in the governmental funds (this excludes internal service fund liabilities of \$4,329,526). 	
Bonds and capital leases	(133,279,961)
Bond premium	(122,259)
Compensated absences	(4,398,440)
Net pension liability	(37,556,227)
Other post employment benefits (OPEB)	(73,734,143)
Net position of governmental activities	\$ 45,275,712

See accompanying notes to basic financial statements.

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Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

		Special Revenue		Debt Service
	General	Developer Fees	Successor Housing Agency	Public Financing Authority
Revenues				
Taxes	\$ 38,588,503	-	-	-
Intergovernmental	146,366	-	-	-
Licenses and permits	2,860,841	-	-	-
Fines and forfeitures	276,786	-	-	-
Charges for services	5,863,531	-	-	-
Special assessments	192,983	-	-	-
Development fees	-	915,144	-	-
Use of money and property	852,542	4,889	128,820	1,791,781
Contributions from other governments	177,196	-	-	8,046,474
Other revenue	35,113	-	37,341	-
Total Revenues	48,993,861	920,033	166,161	9,838,255
Expenditures				
Current:				
General government	13,164,100	-	-	-
Community development	4,196,620	163,141	130,289	4,113
Culture and recreation	588,508	-	-	-
Public safety	30,508,947	-	-	-
Public works	960,287	-	-	-
Capital outlay	1,273,641	801,630	-	-
Debt service:				
Principal	-	-	-	5,396,000
Interest	-	-	-	6,041,230
Total Expenditures	50,692,103	964,771	130,289	11,441,343
Excess (deficiency) of revenues over (under) expenditures	(1,698,242)	(44,738)	35,872	(1,603,088)
Other Financing Sources (Uses)				
Transfers in	1,034,343	92,390	-	380,495
Transfers out	(1,969,919)	-	(36,942)	(500,000)
Proceeds from sale of capital assets	850,681	-	-	-
Total Other Financing Sources (Uses)	(84,895)	92,390	(36,942)	(119,505)
Net change in fund balances	(1,783,137)	47,652	(1,070)	(1,722,593)
Fund balances - beginning	29,337,956	161,959	15,268,387	39,185,313
Fund Balances - Ending	\$ 27,554,819	209,611	15,267,317	37,462,720

See accompanying notes to basic financial statements.

Capital Projects			
Areawide			
Capital Projects	Nonmajor Funds	Total	
-	-	38,588,503	Revenues
4,006,840	5,365,400	9,518,606	Taxes
-	-	2,860,841	Intergovernmental
-	145,415	422,201	Licenses and permits
-	1,384,370	7,247,901	Fines and forfeitures
-	363,941	556,924	Charges for services
-	189,229	1,104,373	Special assessments
148,845	284,291	3,211,168	Development fees
-	-	8,223,670	Use of money and property
1,257,036	97,968	1,427,458	Contributions from other governments
5,412,721	7,830,614	73,161,645	Other revenue
			Total Revenues
			Expenditures
			Current:
-	11,991	13,176,091	General government
557,036	720,682	5,771,881	Community development
-	-	588,508	Culture and recreation
-	533,477	31,042,424	Public safety
-	2,293,700	3,253,987	Public works
2,377,769	1,571,957	6,024,997	Capital outlay
			Debt service:
-	-	5,396,000	Principal
-	-	6,041,230	Interest
2,934,805	5,131,807	71,295,118	Total Expenditures
			Excess (deficiency) of revenues over
2,477,916	2,698,807	1,866,527	(under) expenditures
			Other Financing Sources (Uses)
1,035,526	828,143	3,370,897	Transfers in
-	(1,162,732)	(3,669,593)	Transfers out
-	-	850,681	Proceeds from sale of capital assets
1,035,526	(334,589)	551,985	Total Other Financing Sources (Uses)
			Net change in fund balances
3,513,442	2,364,218	2,418,512	Fund balances - beginning
2,368,654	11,227,910	97,550,179	
5,882,096	13,592,128	99,968,691	Fund Balances - Ending

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds **\$2,418,512**

- 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 and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.

Capital outlay	5,969,658
Depreciation expense (excluding internal service)	(6,923,290)

-
- Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.
-

- The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on change in net position. This amount represents long-term debt repayments. Governmental funds also report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond principal payments	5,396,000
Bond premium amortization	8,106

-
- Some 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.

Compensated absences	(306,887)
Accrued interest payable	98,027
Accreted interest payable	(422,981)

-
- Governmental funds report pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as expenses.

City pension and OPEB contributions	(7,220,637)
-------------------------------------	-------------

-
- Internal service funds are used by management to charge the costs of activities involved in providing services to departments within the City. The net expense of certain internal service funds are reported with governmental activities.

5,816,347

Change in net position of governmental activities **\$1,727,185**

See accompanying notes to basic financial statements.

Statement of Net Position
Proprietary Funds
June 30, 2020

	Governmental Activities - Internal Service Funds
Assets	
Current assets:	
Cash and investments	\$ 24,799,813
Receivables:	
Interest	100,287
Accounts	443
Deposits with PERMA	3,292,890
Prepaid assets	1,485
Inventories	24,113
Total Current Assets	28,219,031
Noncurrent assets:	
Capital assets:	
Vehicles and equipment	9,786,357
Construction in progress	579,689
Accumulated depreciation	(6,508,549)
Net capital assets	3,857,497
Total Noncurrent Assets	3,857,497
Total Assets	32,076,528
Liabilities	
Current liabilities:	
Accounts payable	142,929
Claims payable	1,000,000
Unearned revenue	1,479
Total Current Liabilities	1,144,408
Noncurrent liabilities:	
Claims payable	3,185,119
Total Noncurrent Liabilities	3,185,119
Total Liabilities	4,329,527
Net Position	
Investment in capital assets	3,857,497
Unrestricted	23,889,504
Total Net Position	\$ 27,747,001

See accompanying notes to basic financial statements.

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2020

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for services	\$ 14,638,356
Other revenue	318,717
Total Operating Revenues	14,957,073
Operating Expenses	
Insurance claims and expenses	9,733,496
Depreciation	503,298
Total Operating Expenses	10,236,794
Operating Income	4,720,279
Nonoperating Revenues (Expenses)	
Interest and investment income	785,031
Gain on sale of capital assets	12,341
Total Nonoperating Revenues	797,372
Income before transfers	5,517,651
Transfers in	298,696
Change in net position	5,816,347
Total net position - beginning	21,930,654
Total Net Position - Ending	\$ 27,747,001

See accompanying notes to basic financial statements.

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities	
Receipts from customers and user departments	\$ 14,465,407
Payments to suppliers for goods and services	(9,763,150)
Net Cash Provided by Operating Activities	4,702,257
Cash Flows From Noncapital Financing Activities	
Transfers in	298,696
Net Cash Provided by Noncapital Financing Activities	298,696
Cash Flows From Capital and Related Financing Activities	
Capital asset acquisitions	(1,688,660)
Proceeds from the sale of capital assets	12,341
Net Cash (Used) by Capital and Related Financing Activities	(1,676,319)
Cash Flows From Investing Activities	
Interest received	792,242
Net Cash Provided by Investing Activities	792,242
Net increase in cash and cash equivalents	4,116,876
Cash and cash equivalents - beginning	20,682,938
Cash and Cash Equivalents - Ending	\$ 24,799,814
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 4,732,620
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	503,298
Accounts receivable	2,252
Deposits with PERMA	(503,827)
Prepaid assets	(29)
Inventories	8,163
Accounts payable	100,880
Unearned revenue	(2,433)
Claims payable	(138,667)
Net Cash Provided by Operating Activities	\$ 4,702,257

See accompanying notes to basic financial statements.

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2020

	Private-Purpose Trust Funds	Agency Funds
	Successor Agency Trust Funds	
Assets		
Cash and investments	\$ 11,877,986	4,878,363
Receivables:		
Interest	48,512	28,741
Special assessments	-	361,102
Prepaid assets	519,580	-
Restricted assets:		
Held with Successor Agency	-	-
Cash and investments held with fiscal agent	1,950	32,646
Total Assets	12,448,028	5,300,852
Liabilities		
Accounts payable	103,916	2,396
Accrued interest	1,162,159	-
Due to bondholders	-	5,298,456
Long-term liabilities:		
Bonds & notes payable-one year	3,605,000	-
Bonds & notes payable-more than one year	76,062,081	-
Total Liabilities	80,933,156	5,300,852
Net Position		
Held in trust for other purposes	(68,485,128)	
Total Net Position	\$ (68,485,128)	

See accompanying notes to basic financial statements.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Private-Purpose Trust Funds
	Successor Agency Trust Funds
Additions	
Taxes	\$ 14,747,807
Use of money and property	113,148
Total revenues	14,860,955
Total Additions	14,860,955
Deductions	
Administrative expenses	37,369
Contractual services	883,009
Interest expense	3,451,186
Contributions to other governments	8,223,670
Total Deductions	12,595,234
Change in net position	2,265,721
Net Position - beginning of the year	(70,750,849)
Net Position - End of the Year	\$ (68,485,128)

See accompanying notes to basic financial statements.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to governmental entities. A summary of the City of Cathedral City's significant accounting policies applied in the preparation of these financial statements follows.

NOTE A – REPORTING ENTITY

The City of Cathedral City (the “City”) was incorporated in 1981 under the general laws of the State of California and enjoyed the rights and privileges pertaining to such “general law” cities. With the November 2016 election, the City became a charter city and has transitioned from a general law city. The City operates under a Council-Manager form of government and the City Council is comprised of five members. Among the services provided by the City are public safety (police and fire protection), public works (maintenance of streets and parks), community development (building, planning, engineering and code compliance), and general city administrative support.

As required by U.S. GAAP, these financial statements present the City (primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

1. Blended Component Units.

Cathedral City Public Financing Authority (“Authority”) – The Authority was established as a separate legal entity on December 1, 1993, for the purpose of financing public capital improvements. Although legally separate, it is reported as if it were part of the City because the City Council also serves as the Authority's governing board. In addition, City management has operational responsibility for the Authority as it manages its activities in the same manner as the City's. The Authority is reported herein in the City's debt service funds. Separate financial statements for the Authority are not prepared. The Authority's fiscal year end is June 30.

Cathedral City Community Services District (“District”) – The District was established as a separate legal entity upon incorporation of the City in 1981 to provide police services, soil conservation, sand control, tree and plant conservation, public parks, street lighting and road maintenance within the city limits. Upon cessation of assessment levies in June 2000, the District's activities have been 100% funded through property taxes received from Riverside County. Although legally separate, it is reported as if it were part of the City because the City Council also serves as the District's governing board. In addition, City management has operational responsibility for the District as it manages its activities in the same manner as the City's. The District is reported herein as part of the City's General Fund. Separate financial statements for the District are not prepared. The District's fiscal year end is June 30.

2. Fiduciary Component Unit.

Successor Agency to the Redevelopment Agency of the City of Cathedral City (“Successor Agency”) – Assembly Bill 1X 26 (“the Bill”) dissolved all redevelopment agencies in the State of California effective February 1, 2012. The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government would agree to serve as the “successor agency” to hold the assets until distributed to other units of state and local government. On May 25, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 2011-133.

After enactment of the law occurred on June 28, 2011, redevelopment agencies in the State of California were not able to enter into new projects, obligations or commitments. Remaining assets could only be used to pay enforceable obligations in existence at the date of dissolution, as overseen by an Oversight Board comprised of individuals appointed by various government agencies and the City of Cathedral City as Successor Agency of the former redevelopment agency. In future fiscal years, successor agencies are only allocated property tax revenues in the amount 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 are paid in full and all assets have been liquidated.

The nature and significance of the relationship between the City and the Successor Agency is such that it would be misleading to exclude the Successor Agency from the City's financial statements. The Successor Agency is reported herein in the City's fiduciary funds as private-purpose trust funds. Separate financial statements for the Successor Agency are not prepared. The Successor Agency's fiscal year end is also June 30.

NOTE B – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements, which include the statement of net position and the statement of activities, report information on the non-fiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double-counting of internal activities but interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which generally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties. The City does not have any reportable business-type activities or discretely presented component units.

The statement of net position reports the City's assets, deferred outflows of resources, liabilities, and deferred inflows of services with the difference between them presented as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are clearly identifiable with a specific function. 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, and (2) grants and contributions restricted to meeting the operational or capital requirements of a function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as a separate column. All remaining governmental funds and enterprise funds are aggregated and reported as nonmajor funds.

NOTE C – MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND 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 and fiduciary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as 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 the modified accrual basis of accounting, revenues are recognized when measurable and available. Available means collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if collected within 90 days after year end. Sales taxes, property taxes, utility users' taxes, transactions and use taxes, cannabis taxes, franchise fees, motor vehicle in lieu payments, transient occupancy taxes, grants, and interest associated with the current fiscal period are susceptible to accrual. Other revenue items become measurable and available when cash is received by the City and are recognized as revenue at that time. Expenditures are recorded when the related liability is incurred, except for debt service expenditures, and expenditures related to compensated absences and claims and judgments, which are not recognized until paid.

The City reports the following governmental fund types:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

For reporting purposes, the General Fund includes the following funds: General Fund (Fund 100); Big League Dreams (Fund 431); and Special Deposits (Fund 711). The Big League Dreams fund accounts for the loan made by the City to a developer for constructing a sports complex (Big League Dreams). The Special Deposits fund accounts for deposits held by the City for others, such as developer security deposits, particulate matter (PM-10) deposits and business owner deposits. The Big League Dreams and Special Deposits funds do not meet the fund type definitions included in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Therefore, for U.S. GAAP reporting they are included as part of the General Fund.

- Special revenue funds account for revenues derived from specific sources, which are usually required by law or administrative regulation to be accounted for in a separate fund.
- Debt service funds account for the accumulation of resources restricted, committed, or assigned for payment of principal and interest on long-term obligations of governmental funds.
- Capital projects funds account for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

In addition to the General Fund, major governmental funds reported by the City include the following:

- The Developer Fees special revenue fund is used to account for the various fees charged to developers and collected by the City. The fees collected are restricted for the specific purposes designated by each of the fees.
- The Successor Housing Agency special revenue fund accounts for restricted revenue, such as housing program repayments, rental income, and interest earnings to be used in accordance with applicable housing-related provisions of the Community Redevelopment Law.
- The Public Financing Authority debt service fund accounts for the monies received and interest earned to make the required principal and interest payments on the long-term indebtedness of the Authority.
- The Areawide Capital Projects fund accounts for restricted revenues, such as grants and other governmental revenues, to be used for approved citywide capital projects not otherwise budgeted for in another fund.

Proprietary fund and private-purpose trust fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the related goods or services are delivered. Agency funds have no measurement focus; however, they do utilize the accrual basis of accounting for reporting assets and liabilities.

The City reports the following proprietary fund type:

- Internal service funds account for motor vehicle and major equipment purchases, insurance, technology-related costs, and major facilities replacement costs. The principal operating revenues of the City's internal service funds are charges to user departments for the estimated cost reimbursement of providing these services. Operating expenses for the internal service funds include the cost of services provided, administrative expenses, and depreciation on capital assets.

Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, and other governments. The City reports the following fiduciary fund types:

- Private-purpose trust funds account for the assets and liabilities of the Successor Agency. Allocated property tax revenues are received from Riverside County to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.
- Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for taxes received for special assessments debt, for which the City is not obligated.

NOTE D – ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR FUND BALANCES

1. **Cash and Investments.** The City pools cash resources from all funds, except those held by fiscal agents, to facilitate cash management and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms pursuant to investment policy guidelines established by the City and subject to an annual review by the City Council. The policy addresses the soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

Each fund's share in this pool is displayed in the accompanying financial statements as 'cash and investments'. City investments are recorded at fair value, which is primarily determined on the basis of quoted market prices at year end, except for certain certificates of deposit and investment agreements reported at cost because they are not transferable and they have terms not affected by changes in market rates. The City participates in an external investment pool managed by the State of California. This fund, the California Local Agency Investment Fund (LAIF), was established under California State Statute. LAIF has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF is not registered with the Securities and Exchange Commission; however, it does fall under the regulatory oversight of the State of California. Based on information obtained from the State of California, the investment in LAIF has been recorded at fair value.

Investment earnings include interest earnings, changes in fair value, and any gains or losses realized upon liquidation, maturity, or sale of investments. Investment earnings of the pooled investments are allocated to the various funds based on each fund's cash and investment balance at the end of each quarter.

2. **Cash Equivalents.** The City's investments held in the pooled cash account are classified as cash equivalents. Cash equivalents are defined as short-term (maturing within three months or less at the time of purchase), highly-liquid investments both readily convertible to known amounts of cash or so near their maturity they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the internal service funds' share in the cash and investment pool of the City. The entire balance of cash and investments on the statement of net position for the internal service funds is considered cash and cash equivalents for purposes of the statement of cash flows.
3. **Accounts Receivable.** Property taxes, sales and use taxes, utility users' taxes, transactions and use taxes, cannabis taxes, franchise fees, motor vehicle in lieu payments, transient occupancy taxes, grants, and interest related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 90 days of year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position.
4. **Loans Receivable.** The former redevelopment agency loaned money to City residents as part of assistance programs targeting low- and moderate-income property owners. Assistance programs included property rehabilitation assistance, property tax payment assistance, and others. The former redevelopment agency also loaned money to developers for various low- and moderate-income housing projects throughout the city.
5. **Interfund Receivable/Payable.** As part of the City's operations, numerous transactions occur between individual funds for goods provided or services rendered. The balances from these transactions are classified as "interfund receivable" or "interfund payable" on the balance sheet/statement of net position. Other interfund receivables/payables between individual funds can occur when funds have overdrawn their equity share of pooled cash.

- 6. Prepaid Assets.** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.
- 7. Inventories.** The City values its fuel inventory for City vehicles at average cost and expenses the fuel inventory as it is consumed. This is referred to as the consumption method of inventory accounting. The City uses the purchases method of accounting for inventories in governmental fund types whereby inventory items are considered expenditures when purchased and are not reported in the statement of net position.
- 8. Investments Held in Trust.** Investments held in trust represent the investments (special assessment district bonds) purchased and held by the City for repayment of certain special assessment district debt.
- 9. Assets Held for Disposition (formerly Land Held for Resale).** Upon the dissolution of the former redevelopment agency, the City became the Successor Housing Agency. Parcels of land were acquired by the former redevelopment agency with low- and moderate-income housing funds as part of its primary purpose of developing or redeveloping blighted areas. These parcels are reported as assets held for disposition. The properties are reported at the lower of cost or net realizable value, which is determined upon the execution of a disposition and development agreement. Assets disposed of through a sales agreement at an agreed-upon price are accounted for by recording the resulting gain or loss on the sale. Assets given to a developer under a disposition agreement are accounted for by recording expenditures for developer assistance.
- 10. Restricted Assets.** Certain cash and investments held by the fiscal agent reported in governmental activities and the Public Financing Authority debt service fund are classified as restricted assets as they are restricted for debt repayment.

Certain cash and investments held by the fiscal agent reported in the Assessment Districts 96-1, 2001-01, 2003-1, 2004-1 and 2004-2, and CFD 2000-1 Rio Vista funds are classified as restricted assets as they are remaining proceeds of debt issues and their use is limited by applicable bond covenants.

- 11. Capital Assets.** Vehicles, furniture, equipment, infrastructure assets (e.g., roads, traffic signals, drainage systems, and similar items), and intangible assets (software and easements) are reported in the governmental activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Capital assets are defined by the City as individual assets with an initial cost of more than \$5,000 (vehicles, furniture and equipment), \$10,000 (land and land improvements) or \$50,000 (buildings, structures, infrastructure, and intangible assets) and an estimated life exceeding one year. Normal maintenance and repair costs are not capitalized because they do not add to the value of the asset or materially extend the asset's life.

Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized over the shorter of the lease term or the estimated useful life of the asset.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	30 years
Structures and improvements	20 years
Vehicles, furniture and equipment	5 to 10 years
Infrastructure	10 to 50 years
Intangible assets	5 to 40 years

- 12. Long-term Obligations.** Long-term debt and other long-term obligations are reported as liabilities in the government-wide financial statements, proprietary fund financial statements and private-purpose trust fund financial statements. Bond premiums and discounts, if any, are amortized over the life of the bonds using the straight-line method. Bond premiums and discounts, if any, are reported in the government-wide financial statements as noncurrent liabilities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

13. Compensated Absences. The City has vacation, sick and paid time off leave policies covering full-time employees.

Regular status City employees earn vacation hours based upon their respective Memorandum of Understanding (MOU) and length of service. Depending on the MOU and employment service, employees can carry forward unused vacation hours ranging from 192 to 648 hours. There is no limit for non-represented employees. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, a liability is recorded in the government-wide financial statements for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable these balances will be liquidated by either paid time off or payments upon termination or retirement.

Regular status City employees earn sick leave based upon their respective MOU. Depending on the MOU and employment service, employees can carry forward unused sick hours ranging from 580 to 1,440 hours. The maximum for non-represented employees is 960 hours. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, a liability is recorded in the government-wide financial statements for unused sick leave balances only to the extent it is probable the unused balances will result in termination payments. Included in the liability is the estimated 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.

A current liability is accrued in the governmental funds for material compensated absences due on demand to governmental funds employees terminating prior to year-end. All other amounts are recorded as long-term liabilities. These noncurrent amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees. The General Fund is generally used to liquidate the liability for compensated absences. If material, a proprietary fund type liability is accrued for the leave benefits relating to the operations of the proprietary funds.

14. Deferred Outflows/Inflows of Resources. In addition to assets, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance applicable to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items qualifying to be reported in this category, the deferred outflows relating to the pensions and OPEB reported in the government-wide statement of net position. These outflows are the results of contributions made after the measurement period (which are recognized in the following year), changes in assumptions, differences between expected and actual experiences, net difference between projected and actual earning on plan investments, adjustments due to differences in proportions and the difference between actual contributions made and the proportionate share of the risk pool's total contributions. For the pensions, these amounts are deferred and amortized over the expected average remaining service life except for the net difference between projected and actual earnings on plan investments, which are amortized over a five-year period.

In addition to liabilities, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance applicable to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The government has two items qualifying to be reported in this category in the government-wide statement of net position – deferred inflows relating to pensions and OPEB. These inflows are the result of adjustments due to changes in assumptions, differences between expected and actual experiences, net difference between projected and actual earning on plan investments, adjustments due to differences in proportions and the difference between actual contributions made and the proportionate share of the risk pool's total contributions. For the pensions, these amounts are deferred and amortized over the expected average remaining service life, except for the net difference between projected and actual earnings on plan investments, which are amortized straight-line over a five-year period. The

government also has one type of item that qualifies for reporting in this category under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: sales taxes, property taxes, grant reimbursements and interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARL) (7.0 years at July 1, 2018)

- 15. Net Position.** In the government-wide, proprietary fund, and fiduciary fund (private-purpose trust fund) financial statements, net position is the difference between assets, liabilities, deferred inflows, and deferred outflows. Investment in capital assets represents capital assets, less accumulated depreciation, and less any outstanding borrowings related to the acquisition, construction, or improvement of those assets. Certain net positions are restricted for capital projects, community development, debt service, and other purposes.

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

- 16. Fund Balance.** In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The fund classifications include:

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

Restricted – Includes amounts with constraints on the use of resources by being externally imposed, imposed by law through constitution, or through enabling legislation.

Committed – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City's highest level of decision-making authority (City Council).

Assigned – Includes amounts constrained by the City's intent to be used for a specific purpose. The City Council authorized the City Manager and/or Administrative Services Director to assign amounts for specific purposes pursuant to the fund balance policy adopted through a resolution.

Unassigned – The residual classification, which includes all spendable amounts not contained in other classifications. This classification also includes amounts set aside for cash flow reserves, economic uncertainties and budget-related reserves in accordance with the revised fund balance policy approved on September 10, 2014 (Resolution 2014-37). The fund balance policy strives to set aside 33% of budgeted expenditures and transfers out as a minimum, with a target of 50% for cash flow reserves (50%), economic uncertainties (40%) and budget-related reserves (10%).

The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that (those) fund(s).

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City'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.

- 17. Property Taxes.** Under California law, property taxes are assessed and collected by the counties at a rate of up to 1% of assessed value, plus other increases approved by the voters. The property taxes are pooled and allocated to cities based on complex formulas prescribed by state statutes. Accordingly, the City accrues only those taxes received within 90 days after year end.

Lien Date:	January 1
Levy Date:	July 1
Due Dates:	November 1 – 1 st installment February 1 – 2 nd installment
Delinquent After:	December 10 – 1 st installment April 10 – 2 nd installment

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

December:	30% advance
January:	Collection No. 1
April:	10% advance
May:	Collection No. 2
July:	Collection No. 3
November:	Teeter settlement

The City is a participant in the Teeter plan under the California Revenue and Taxation Code. Under this plan, the City receives 100% of the tax levy and Riverside County has responsibility for the collection of any delinquent taxes.

- 18. Pensions.** For purposes of measuring the net pension liability, deferred inflows and outflows of resources related to the pension, 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 California Public Employees' Retirement System (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. CalPERS audited financial statements are publicly available at CalPERS' website (www.calpers.ca.gov) under 'Forms and Publications'.
- 19. Other Postemployment Benefits (OPEB).** Employees retiring from the City within 120 days of separation may elect to participate in such group health insurance policies provided by the City if the following three criteria are met: (1) taking a qualified retirement under CalPERS; (2) having the required years of service with the City based on the guidelines in effect at their original employment date; and (3) have reached the minimum age requirement based on the guidelines in effect at their original employment date. The cost of such insurance coverage, which the City chooses annually, is determined by the employee's negotiated MOU at the time of retirement. As permitted by law, the City's health insurance policy shall become secondary to any applicable federal or state government health program as soon as the retired employee becomes eligible, or the retired employee reaches age 65, whichever comes first.

The Insurance Fund (an internal service fund) is generally used to liquidate the liability for other postemployment benefits.

For purposes of measuring the Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense 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 the reported results must pertain to liability within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	January 1, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

- 20. Proprietary Fund Operating and Non-Operating Revenues and Expenses.** Proprietary fund operating statements present increases (revenues) and decreases (expenses) in total net position. They also distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services related to the fund's principal ongoing operations. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.
- 21. Use of Estimates.** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE E – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

There were no new Accounting Principles implemented during Fiscal Year 2019/2020.

NOTE F – NEW ACCOUNTING PRINCIPLES YET TO BE IMPLEMENTED

Governmental Accounting Standards Board Statement No. 84 – In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

GASB Statement No. 84 is effective for reporting periods beginning after December 15, 2019.

Governmental Accounting Standards Board Statement No. 87 – In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 87 is effective for reporting periods beginning after June 15, 2021.

Governmental Accounting Standards Board Statement No. 89 – In May 2018, the GASB issued Statement No. 89, *Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for disclosures by governments. This statement changes the accounting requirements for interest cost incurred before the end of a construction period, including such interest cost previously accounted for in accordance with GASB 62. This results in the interest cost incurred before the end of a construction period to be recognized as an expense and not be included in the historical cost of the capital asset.

GASB Statement No. 89 is effective for the reporting periods beginning after December 15, 2020.

Governmental Accounting Standards Board Statement No. 90 – In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

GASB Statement No. 90 is effective for the reporting periods beginning after December 15, 2019.

Governmental Accounting Standards Board Statement No. 91 – In May 2019, the GASB issued Statement No. 90, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 91 is effective for the reporting periods beginning after December 15, 2021.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

NOTE A – DEFICIT FUND EQUITY

The following deficit fund balances were reported at June 30, 2020:

Nonmajor special revenue fund:

State Gas Tax	\$29,617
Fire Department Special Revenue	2,148

NOTE B – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2020, no budget basis expenditures (including transfers out) exceeded appropriations.

III. DETAILED NOTES FOR ALL FUNDS

NOTE A – DEPOSITS AND INVESTMENTS

1. **Deposits.** Cash includes amounts in demand and time deposits. The City maintains a single cash account at Wells Fargo Bank for payment of general accounts payable checks and payroll checks. At year end, the City's bank balance was \$313,433. The balance reported in the June 30, 2020 financial statements was (\$1,462,361).

The difference between the two amounts represents outstanding checks, deposits in transit, and other reconciling items.

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 in the possession of an outside party. Deposits or securities can be legally restricted. Amounts in excess of the Federal Deposit Insurance Corporation (FDIC) maximum of \$250,000 are securitized in accordance with California Government Code Section 53652. This requires 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. The City Treasurer may waive the collateral requirement for deposits fully insured by the FDIC.

As of June 30, 2020, deposits were not subject to custodial credit risk as they were entirely insured or collateralized with securities held by the City or the City's agent in the City's name.

2. **Investments.** The City maintains a cash and investment pool available for use by all funds, except for assets held by fiscal agents. The pool's cash balances are invested by the City Treasurer to enhance interest earnings. Investment income earned by the pooled investments is allocated to the various funds on a quarterly basis based on each fund's cash and investments balance at the end of the quarter. Each fund's portion of this pool is displayed on the statement of net position and balance sheet as 'cash and investments'.

The City's investment policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal with best investment return, while meeting the daily cash flow needs of the City. All investments are made in accordance with the California Government Code and the City's investment policy, which is generally more restrictive than State law. The Administrative Services Director reviews the investment policy annually and updates it as necessary. It is then presented to the City Council for approval. Authority to manage the investment program is granted to the City Treasurer in accordance with California Government Code, Section 53607, and is incorporated into the investment policy. In his/her absence, the Administrative Services Director, and/or Director of Finance, and City Manager, in that order, are authorized to act on his/her behalf. The City's Municipal Code requires the City Treasurer provide a monthly report to the City Council of its investment transactions. This 'treasurer's report' meets the requirement for monthly investment reporting.

Table 1 below identifies the investment types authorized for the City by California Government Code, Sections 53600 et al, 16429.1 and 53684 (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Table 1

Authorized Investments – City Treasurer

June 30, 2020

	Maximum Maturity	Maximum % of Portfolio*	Maximum Investment In One Issuer
Government agency issues	5 years	80%	No maximum
Banker's acceptances	180 days	40%	30%
Medium-term notes	5 years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	No maximum	\$50 million †
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	N/A	30%	No maximum
Money market mutual funds	N/A	20%	10%

* Excluding amounts held by bond trustee, which are not subject to California Government Code restrictions.

† LAIF account balances are capped at \$50 million for regular accounts. Bond proceeds accounts have no deposit restrictions. The City maintains four separate accounts with LAIF – two regular accounts and two bond proceeds accounts.

Investment of debt proceeds held by the bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments held by the bond trustees consist mainly of bond proceeds to be used for capital projects and required reserve funds for various bond issues and are not available for the City's general expenditures.

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Table 2 below identifies the investment types authorized for investments held by the bond trustee. The table shows the maximum maturity allowed for debt proceeds, the maximum amount of the proceeds that may be invested in any type of investment, and the maximum amount that can be invested in any particular issuer of investments.

Table 2

Authorized Investments – Bond Trustees

June 30, 2020

	Maximum Maturity	Maximum % of Portfolio	Maximum Investment In One Issuer
Government agency issues	5 years	No maximum	No maximum
Local Agency Investment Fund (LAIF)	N/A	No maximum	No maximum
Money market mutual funds	N/A	No maximum	No maximum
Guaranteed investment agreements	N/A	No maximum	No maximum
Local agency bonds	N/A	No maximum	No maximum

At June 30, 2020, the City's investment balances were as shown in **Table 3** below.

Table 3

Investment Balances

June 30, 2020

	Fair Value
Investments governed by CA Government Code/City investment policy:	
Local Agency Investment Fund (LAIF)	\$ 61,834,158
Certificates of deposit	5,393,629
Federal agency securities	2,005,581
Medium-term notes	15,432,569
Money market mutual funds	<u>3,010,958</u>
Total investments governed by CA Government Code/City investment policy	87,676,895
Investments governed by debt agreements:	
Local Agency Investment Fund (LAIF)	-
Money market mutual funds	5,522,709
Local agency bonds	<u>31,974,605</u>
Total investments governed by debt agreements	37,497,314
Total investments	<u>\$ 125,174,209</u>

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A reconciliation of cash and investments as shown in the basic financial statements as of June 30, 2020, is shown in **Table 4** below.

Table 4

Reconciliation of Cash and Investments

June 30, 2020

	Primary Government
Governmental activities:	
Cash on hand	\$3,050
Other cash – Playa del Sol	99,676
Deposits with financial institutions	(1,462,361)
Investments	<u>70,920,469</u>
Subtotal – cash and investments	69,560,834
Investments held in trust	31,974,605
Restricted cash and investments	<u>5,488,194</u>
Total governmental activities	107,023,633
Fiduciary:	
Private-Purpose Trust Funds:	
Investments	11,877,986
Restricted cash and investments	1,950
Agency Funds:	
Investments	4,878,363
Restricted cash and investments	<u>32,647</u>
Total fiduciary	16,790,945
Total cash and investments	<u>123,814,578</u>

- 3. Fair Value Measurements.** The City defines fair value as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is established prioritizing the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- **Level 1:** Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities the entity is able to access at the measurement date.
- **Level 2:** Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly such as quoted prices for similar assets or liabilities in active markets or inactive markets, or inputs other than quoted prices that are observable for the asset or liability.
- **Level 3:** Inputs are unobservable. Valuations for assets and liabilities are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The City uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the City measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments.

Table 5 below presents the balances of investments measured at fair value on a recurring basis at June 30, 2020.

Table 5

Investment Type	Total	Level 1	Level 2	Level 3
Local Agency Investment Fund (LAIF)	\$ 61,834,158	-	61,834,158	-
Certificates of deposit	5,393,629	-	5,393,629	-
Federal agency securities	2,005,581	-	2,005,581	-
Medium-term notes	15,432,569	-	15,432,569	-
Money market mutual funds	8,533,667	-	8,533,667	-
Local agency bonds	31,974,605	-	31,974,605	-
Total	\$ 125,174,209	-	125,174,209	-

- 4. Investment in Local Agency Investment Fund (LAIF).** The City is a voluntary participant in LAIF, a state investment pool 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 is recorded on an amortized cost basis.

As of June 30, 2020, the total amount invested by all public agencies in LAIF is \$32.1 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2020 had an investment portfolio balance of \$113.8 billion. Of that amount, 2.21% is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 191 days as of June 30, 2020.

- 5. 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, as the maturity period of an investment lengthens, the sensitivity of its fair value to changes in market interest rates becomes greater. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of short-term and long-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 the bond trustee) to market interest rate fluctuations is provided by **Table 6**, which shows the distribution of the City's investments by maturity.

Table 6

Investment Type	Fair Value	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	Over 60 Months
Local Agency Investment Fund (LAIF)	\$61,834,158	61,834,158	-	-	-
Certificates of deposit	5,393,629	2,008,333	1,804,746	1,580,550	-
Federal agency securities	2,005,581	-	-	2,005,581	-
Medium-term notes	15,432,569	5,043,664	2,034,449	8,354,456	-
Money market mutual funds	8,533,667	8,533,667	-	-	-
Local agency bonds	31,974,605	1,550,160	1,625,037	5,453,190	23,346,218
Total	\$ 125,174,209	78,969,982	5,464,232	17,393,777	23,346,218

- 6. Credit Risk.** Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. It is measured by the assignment of a rating by nationally-recognized statistical rating organizations, such as Standard & Poor's (S&P) and Moody's. All City investments, except for certificates of deposit, local agency bonds, and LAIF require a minimum 'A' rating by the rating organization at the time of purchase. **Table 7** below presents the actual rating by S&P and Moody's as of June 30, 2020 for each investment type.

Table 7

Investment Ratings

S&P	Moody's	LAIF	Certificates of Deposit	Federal Agency Securities	Medium- Term Notes	Money Market Mutual Funds	Local Agency Bonds	Total
AAA-mf	Aaa-m	\$ -	-	-	-	8,533,667	-	8,533,667
AA+	Aaa	-	-	2,005,581	-	-	-	2,005,581
A+	Aa2	-	-	-	1,017,042	-	-	1,017,042
AA	Aa2	-	-	-	1,011,990	-	-	1,011,990
A	Aa3	-	-	-	1,001,730	-	-	1,001,730
A	A1	-	-	-	1,008,880	-	-	1,008,880
A	A2	-	-	-	1,037,293	-	-	1,037,293
A-	A2	-	-	-	10,355,634	-	-	10,355,634
NR	NR	61,834,158	5,393,629	-	-	-	31,974,605	99,202,392
Total		<u>\$61,834,158</u>	<u>5,393,629</u>	<u>2,005,581</u>	<u>15,432,569</u>	<u>8,533,667</u>	<u>31,974,605</u>	<u>125,174,209</u>

NR – Not Rated

- 7. Custodial Credit Risk.** 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 in the possession of another party. As of June 30, 2020, in accordance with the City's investment policy, none of the City's investments were held with a counterparty. The City's investments were held with independent third-party custodian banks. The City uses Mutual Securities, Inc., Union Bank N.A., and Wells Fargo Securities as third-party custody and safekeeping services for its investment securities. Custodial credit risk is the risk the City will not be able to recover the value of its investments in the event of a failure of these entities. All City investments held in custody and safekeeping by these entities are held in the name of the City and are segregated from securities owned by the bank. This is the lowest level of custodial credit risk exposure.

NOTE B – RECEIVABLES

1. **Loans Receivable.** The City's outstanding loans receivable as of June 30, 2020 are summarized in **Table 8** below.

Table 8

Loans Receivable
June 30, 2020

Borrower	Loan Date	Loan Amount	Loan Term/ Due Date	Interest Rate	Payment Frequency	Outstanding Balance
Big League Dreams Cathedral City, LLC ¹	07/30/98	\$ 4,350,239	09/30/27	7.09%	Quarterly	\$ 2,482,034
Cathedral City Heritage Park, L.P.	12/01/02	2,700,000	30 years ²	5.00%	Annual ³	4,813,310
Southern California Housing Development Corp.	05/01/03	1,000,000	30 years ²	0.00%	Annual ³	1,000,000
Southern California Housing Development Corp.	09/26/07	280,000	12/31/18 ⁶	0.00%	Lump sum ⁶	100,000
Cathedral Family Housing Partners, L.P.	09/21/07	4,006,162	55 years ²	2.00%	Annual ³	4,832,125
Terracina Cathedral City Apartments, L.P.	12/01/10	50,000	55 years ²	3.00%	Annual ³	58,190
Northwoods – Cathedral City LLC	08/14/01	325,000	33 years ²	0.00%	Lump sum ⁴	325,000
Low- and Moderate-Income Housing Property Owners	Various	Various	Various	0.00%	Lump sum ⁵	1,309,529
Accessories by Silk Florist	06/07/17	4,543	5 years	3.00%	Annual ⁷	1,816
Dandt's Custom Picture Framing	08/30/19	5,000	5 years	3.00%	Annual ⁷	4,000
Coachella Valley Repertory	02/06/18	900,000	15 years	4.25%	Monthly	900,000
CURC	06/13/18	2,500,000	5 years	4.50%	Lump sum ⁴	2,500,000
Total						<u>\$ 18,326,004</u>

¹ Amendment No. 1 dated September 30, 2015 reduced the interest rate from 10.02% to 7.093% and reduced quarterly payments from \$118,750 to \$100,000.

² From date certificate of completion was issued.

³ From residual receipts, if any.

⁴ At end of loan term.

⁵ At time property owner refinances/sells the property or no longer qualifies for low/moderate income housing under established guidelines.

⁶ Loan will be forgiven if developer invests \$100,000 in specific capital improvements within three years of the amendment.

⁷ Loan will be forgiven in five installments over the next five years, provided the business satisfies criteria outlined within the agreement.

Business Relocation Assistance Program. On October 26, 2016, the City approved a program providing assistance to businesses relocating as the result of a City approved cannabis business moving into their existing location. Businesses choosing to relocate, may receive a forgivable loan equal to 50% of eligible moving expenses, up to \$20,000.

NOTE C – TRANSFERS

1. **Interfund Receivable/Payables.** Interfund receivable and payable balances are summarized in **Table 9** below.

Table 9

	Due from Other Funds	Due to Other Funds
Governmental Funds:		
General Fund	795,623	-
Nonmajor Governmental Funds	-	795,623
	<u>795,623</u>	<u>795,623</u>

2. **Transfers.** Transfers report the nonreciprocal contribution from one fund to another. Generally, transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, and (2) move monies to support activities the government must account for in other funds in accordance with budgetary authorizations. Transfers are summarized in **Table 10** below.

Table 10

Transfers In	Transfers Out				Total
	General Fund	Debt Services	Successor Housing	Nonmajor Governmental	
General Fund			36,942	997,402	1,034,344
Developer Fees	92,390				92,390
Public Financing Authority	380,495				380,495
Capital Projects	1,035,526				1,035,526
Nonmajor Governmental	227,409	500,000		100,734	828,143
Internal Service: Equipment Replacement Fund	234,099			64,596	298,695
Total	\$ 1,969,918	500,000	36,942	1,162,732	3,669,593

During the year ended June 30, 2020, various interfund transfers listed above were made to finance expenditures and service debt. Significant transfers between the governmental and/or proprietary funds consisted of:

- Transfer of \$92,390 to the Developer Fees fund for the general plan update.
- Debt service payments (principal and interest) of \$380,495 from the General Fund (Big League Dreams fund) to the Public Financing Authority debt service fund.
- Transfer of \$1,035,526 from the Capital Projects fund to the General fund for capital costs.
- Maintenance cost contribution of \$227,409 from the General Fund to the Landscape and Lighting District special revenue fund (nonmajor governmental fund).
- Transfer of \$234,099 to Equipment Replacement fund for equipment purchases.

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NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, is shown in **Table 11** and **Table 12** below.

1. Governmental Activities.**Table 11****Governmental Activities**

For the Year Ended June 30, 2020

	July 1	Additions	Deletions	June 30
Capital assets not being depreciated:				
Land	\$ 28,528,210	46,968	-	28,575,178
Construction in progress	<u>7,879,412</u>	<u>6,011,485</u>	<u>(4,072,394)</u>	<u>9,818,503</u>
Total capital assets not being depreciated	36,407,622	6,058,453	(4,072,394)	38,393,681
Capital assets being depreciated:				
Buildings and improvements	22,878,029	-	-	22,878,029
Structures and improvements	8,941,707	-	-	8,941,707
Vehicles, furniture and equipment	15,580,611	1,625,885	(1,181,653)	16,024,843
Infrastructure	211,292,380	4,072,394	-	215,364,774
Intangibles	<u>406,817</u>	<u>-</u>	<u>-</u>	<u>406,817</u>
Total capital assets being depreciated	259,099,544	5,698,279	(1,181,653)	263,616,170
Less accumulated depreciation for:				
Buildings and improvements	(16,016,164)	(794,854)	-	(16,811,018)
Structures and improvements	(6,969,148)	(477,145)	-	(7,446,293)
Vehicles, furniture and equipment	(13,188,745)	(653,164)	1,143,291	(12,698,618)
Infrastructure	(94,250,558)	(5,501,425)	-	(99,751,983)
Intangibles	<u>(406,817)</u>	<u>-</u>	<u>-</u>	<u>(406,817)</u>
Total accumulated depreciation	(130,831,432)	(7,426,588)	1,143,291	(137,114,729)
Total capital assets being depreciated, net	128,268,112	(1,728,309)	(38,362)	126,501,441
Governmental Activities Capital Assets, net	\$ 164,675,734	4,330,144	(4,110,756)	164,895,122

2. Depreciation Expense. Depreciation expense that was charged to governmental activities' functions is summarized in **Table 12** below.

Table 12

General government	\$ 489,779
Community development	470,542
Culture and recreation	270,406
Public safety	173,421
Public works, including depreciation of infrastructure assets	5,519,142
Capital assets held by internal service funds	<u>503,298</u>
Total	\$ 7,426,588

3. **Construction Commitments.** The City's governmental-type activities have entered into construction and professional services contracts having remaining commitments under contract greater than \$200,000 as of June 30, 2020, as shown in **Table 13** below.

Table 13

Project	Project No.	Remaining Commitments
Heritage Park	C07019	275,369
Da Vall/ I-10 Interchange	C01010	548,158
Ramon Road Bridge	C02500	1,548,261
Cathedral Canyon Bridge	C08919	23,146,947
Total		<u>\$ 25,518,735</u>

Commitments for these funds are not reflected in the accompanying financial statements. Only the unpaid amounts incurred to date for authorized contracts are included as liabilities in the financial statements.

NOTE E – LEASE OBLIGATIONS

1. **Capital Leases.** The governmental activities capital leases are for various equipment purchases and improvements made. The following capital leases listed below were paid off as of June 30, 2020:

- Motorola
- Dell Financial Services

The related net book values of plant and equipment under capital lease obligations as of June 30, 2020, are summarized in **Table 14** below.

Table 14

Governmental Activities	
Vehicles, furniture and equipment	\$ 2,151,511
Less accumulated depreciation	<u>(2,151,511)</u>
Net book value	<u>\$ -</u>

2. **Operating Leases.** The City is committed under various cancelable leases for property and equipment. These leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended June 30, 2020, were approximately \$119,165 for governmental activities. The City expects these leases to be replaced in the ordinary course of business with similar leases. Future minimum lease payments should be approximately the same amount.

NOTE F – LONG-TERM LIABILITIES

1. **Lease Revenue Bonds.** The 2015 Lease Revenue Refunding Bonds were issued to refund the outstanding 1997 Taxable Lease Revenue Bonds (“1997 Bonds”). The 1997 Bonds proceeds were loaned to the City, who in turn made a construction loan to Big League Dreams to develop a sports complex and community park. Bonds outstanding at June 30, 2020, are summarized in **Table 15** below.

Table 15

Bonds	Issue Date	Issue Amount	Interest Rate	Final	Reserve Required	Reserve Amount	Outstanding Balance
				Payment Date			
Taxable Lease Revenue Refunding, Series 2015A	07/09/15	\$3,768,000	4.25%	08/01/27	-	-	\$2,561,000
Total							<u>\$2,561,000</u>

Lease revenue bonds' debt service requirements to maturity are summarized in **Table 16** below.

Table 16

Year	Governmental Activities	
	Principal	Interest
2021	277,000	102,956
2022	287,000	90,971
2023	300,000	78,498
2024	312,000	65,492
2025	323,000	51,999
2026 – 2028	<u>1,062,000</u>	<u>69,105</u>
Total	<u>\$2,561,000</u>	<u>459,021</u>

The City pledged certain lease revenues to repay the bonds. The bonds are payable solely from these lease revenues. Although the lease revenues were projected to produce sufficient revenues to meet the debt service requirements over the life of the bonds, the City has not pledged the full faith and credit of the City for the payment of the lease payments or any other payments due under the lease agreements. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other municipal services before making lease payments and other payments under the lease agreements. For the current year, principal and interest paid was \$380,495.

2. **Limited Obligation Bonds (LOBs).** The Local Agency Revenue Bonds, Series 2015A (Limited Obligations) bond proceeds were used to purchase the entire outstanding Limited Obligation Refunding Improvement Bonds, City of Cathedral City Assessment District No. 96-1 (Rio Vista); Limited Obligation Improvement Bonds, Assessment District No. 2001-01; Limited Obligation Improvement Bonds, 35th Avenue Assessment District No. 2003-01; Limited Obligation Improvement Bonds, Dream Homes Assessment District No. 2004-01; and Limited Obligation Improvement Bonds, Cove Improvement District No. 2004-02. These outstanding bonds are collectively referred to as the “Local Obligation Issues.” Repayment of the Local Agency Revenue Bonds, Series 2015A (Limited Obligations) is secured solely by principal and interest payments received from the purchased Local Obligation Issues.

Bonds outstanding at June 30, 2020, are summarized in **Table 17** below.

Table 17

Bonds	Issue Date	Issue Amount	Interest Rate	Final Payment Date	Reserve Required	Reserve Amount	Outstanding Balance
Local Agency Revenue Bonds, Series 2015A (Limited Obligations)	09/02/15	\$ 39,100,000	3.14% - 3.94%	09/02/35	\$ 1,503,310	\$1,531,604	\$ 30,310,000
Total							<u>\$ 30,310,000</u>

Limited obligation bonds' debt service requirements to maturity are summarized in **Table 18** below.

Table 18

Year	Governmental Activities	
	Principal	Interest
2021	\$ 1,705,000	1,138,446
2022	1,765,000	1,073,247
2023	1,835,000	1,005,567
2024	1,895,000	935,386
2025	1,970,000	862,685
2026 – 2030	9,395,000	3,199,742
2031 – 2035	10,170,000	1,342,161
2036	<u>1,575,000</u>	<u>31,028</u>
Total	<u>\$ 30,310,000</u>	<u>9,588,262</u>

3. **Tax Allocation Bonds.** See **Note III-H** – Successor Agency Trust Funds for Assets of Former Redevelopment Agency.
4. **Changes in Long-Term Liabilities.** Long-term liability activity for the year ended June 30, 2020, is summarized in **Table 19** below.

Table 19

Governmental Activities	July 1	Additions	Deletions	June 30	Due within one year
Bonds:					
Direct Borrowings					
Lease revenue	\$ 2,827,000	-	(266,000)	2,561,000	277,000
Public Borrowings					
Tax allocation	98,686,000	-	(3,330,000)	95,356,000	3,505,000
Limited obligation	32,110,000	-	(1,800,000)	30,310,000	1,705,000
Unamortized bond premium	130,365	-	(8,106)	122,259	-
Accreted interest	<u>4,629,980</u>	<u>422,981</u>	<u>-</u>	<u>5,052,961</u>	<u>-</u>
Total bonds	<u>138,383,345</u>	<u>422,981</u>	<u>(5,404,106)</u>	<u>133,402,220</u>	<u>5,487,000</u>
Total other long-term liabilities	<u>109,972,179</u>	<u>19,301,491</u>	<u>(9,399,742)</u>	<u>119,873,929</u>	<u>3,200,000</u>
Total Governmental Activities	<u>\$ 248,355,524</u>	<u>19,724,472</u>	<u>(14,803,848)</u>	<u>253,276,149</u>	<u>8,687,000</u>

- 5. Special Assessment Debt with No City Commitment.** Special assessment districts ("Districts") in various parts of the City have issued debt under the 1915 Bond Act and Mello-Roos Special Tax Act to finance infrastructure improvements and facilities within their boundaries. The 1915 Act Bonds are not a general obligation of the City and neither the faith and credit nor the taxing power of the City, the State of California, or any political subdivision thereof is pledged to the payment of any debt service for these Districts. The City is the collecting and paying agent for the debt issued by these Districts but has no direct or contingent liability for the payment of this debt. Therefore, this debt is not included in general long-term debt of the City. **Table 20** summarizes the outstanding balance of each of these issues as of June 30, 2020.

Table 20

Bonds	Issue Year	Maturity Year	Outstanding Balance
Assessment District No. 2001-01 Limited Obligation Improvement Bonds	2001	2027	\$1,345,000
Community Facilities District No. 2000-1 Special Tax Bonds	2001	2031	9,220,000
Assessment District 96-1 (Rio Vista), Series 2004, Limited Obligation	2004	2027	2,119,605
35 th Avenue Assessment District No. 2003-01 Limited Obligation Improvement Bonds	2004	2035	4,185,000
Dream Homes Assessment District No. 2004-01 Limited Obligation	2004	2035	3,920,000
Cove Improvement District No. 2004-02 Limited Obligation Improvement Bonds	2005	2036	<u>20,405,000</u>
Total			<u>\$41,194,605</u>

6. Arbitrage. The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the U.S. Department of Treasury at least every five years. During the current year, the City performed calculations of excess investment earnings on a special assessment bond with no City commitment and determined the liability to be zero at June 30, 2020.

7. Compensated Absences. The City has vacation, sick and paid time off leave policies covering full-time employees. Regular status City employees earn sick leave based upon their respective MOU. A current liability is accrued in the governmental funds for material compensated absences due on demand to governmental funds employees terminating prior to year-end. All other amounts are recorded as long-term liabilities. These noncurrent amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees. The General Fund is generally used to liquidate the liability for compensated absences. If material, a proprietary fund type liability is accrued for the leave benefits relating to the operations of the proprietary funds.

NOTE G – FUND BALANCES

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. When expenditures are incurred using funds from more than one classification, the City will generally determine the order which the funds are used on a case-by-case basis, taking into account any application requirements of grant agreements, contracts, business circumstances, or other constraints. If no restrictions otherwise exist, the order of spending of resources will be restricted, committed, assigned and lastly, unassigned.

Fund balances by classification are detailed in **Table 21** below.

Table 21

	General	Developer Fees	Successor Housing Agency	Public Financing Authority	Areawide Capital Projects	Nonmajor Funds	Total
Nonspendable	\$ 63,634	-	-	-	-	770	64,404
Restricted:							
Capital projects	-	-	-	-	5,882,096	3,342,932	9,225,028
Commercial building operations	50,000	-	-	-	-	-	50,000
Community development	-	209,611	-	-	-	7,856,426	8,066,037
Debt service	2,537,046	-	-	37,462,720	-	-	39,999,766
Low-mod income housing	-	-	15,267,317	-	-	-	15,267,317
Public safety	-	-	-	-	-	1,476,769	1,476,769
Public works	-	-	-	-	-	915,231	915,231
Total Restricted	2,587,046	209,611	15,267,317	37,462,720	5,882,096	13,591,358	75,000,148
Assigned:							
Capital projects	-	-	-	-	-	-	-
Commercial building operations	44,902	-	-	-	-	-	44,902
Debt service	458,451	-	-	-	-	-	458,451
Subsequent year's expenditures	-	-	-	-	-	-	-
Total Assigned	503,353	-	-	-	-	-	503,353
Unassigned:							
Budget reserves	2,440,079	-	-	-	-	-	2,440,079
Cash flow reserves	12,200,393	-	-	-	-	-	12,200,393
Economic uncertainties	9,760,314	-	-	-	-	-	9,760,314
Unassigned	-	-	-	-	-	-	-
Total Unassigned	24,400,786	-	-	-	-	-	24,400,786
Total Fund Balances	\$ 27,554,819	209,611	15,267,317	37,462,720	5,882,096	13,592,128	99,968,691

- 1. Nonspendable Fund Balances.** Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

The City has prepaid assets of \$64,404, which are in nonspendable form.

- 2. Restricted Fund Balances.** Restricted fund balances represent amounts constrained by external parties, enabling legislation and/or constitutional provisions.

The City has \$75,000,148 in total restricted fund balance. Restrictions include:

- \$39,999,766 – restricted for debt service repayment based on bond indentures and loan agreements.
- \$15,267,317 – restricted for low- and moderate-income housing authorized activities in accordance with the California Government Code and Section 33000 of the Health and Safety Code.
- \$8,066,037 – restricted for community development activities as these monies are received from developers and grant agreements and must be used for specific purposes.
- \$9,225,028 – restricted for capital projects based on grant agreements, bond indentures, and other external parties.
- \$1,476,769 – restricted for public safety activities as these monies are received from grant agreements, developers, and donations and must be used for specific purposes.
- \$915,231 – restricted for public works improvements as these monies are received from State and County allocations and local district assessments with restrictions on their use.

- \$50,000 – restricted for operating a commercial building owned by the City and managed by a third-party. The third-party management agreement requires the City to maintain a minimum working capital balance of \$50,000.
3. **Committed Fund Balances.** Committed funds can only be used for specific purposes pursuant to constraints imposed by City Council, the highest level of decision-making authority in the City. City Council's formal action to establish committed funds, and to rescind committed funds, is through passage of a resolution. The City currently has no committed fund balances.
 4. **Assigned Fund Balances.** Assigned fund balances are intended for specific purposes but do not require an action by City Council. Although City Council can assign funds, this is generally performed by the City Manager and/or Administrative Services Director.

The City has \$503,353 in total assigned fund balance. Of this total, assignments have been made for subsequent year's expenditures related to future debt service related to Big League Dreams lease revenue bonds (\$379,956), and funds in excess of the minimum working capital balance related to the commercial building owned by the City (\$44,902).

5. **Unassigned Fund Balances.** Unassigned fund balance is the residual classification for the General Fund. A negative unassigned fund balance occurs when expenditures exceed amounts that are nonspendable, restricted, committed, or assigned. The General Fund (as reported) had amounts set aside for cash flow reserves (\$12,200,393) and future economic uncertainties (\$9,760,314), and budget reserves (\$2,440,079) in accordance with the fund balance policy (Resolution 2014-37, September 10, 2014).

NOTE H – SUCCESSOR AGENCY TRUST FUNDS FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

Assembly Bill 1X 26 ("the Bill") dissolved all redevelopment agencies in the State of California effective February 1, 2012. This action impacted the reporting entity of the City of Cathedral City that previously reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government would agree to serve as the "successor agency" to hold the assets until distributed to other units of state and local government. On May 25, 2011, the City Council elected to become the successor agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 2011-133 in the event of dissolution.

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 an 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 subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies are only allocated property tax revenues in the amount 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.

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1. **Cash and Investments.** Cash and investments reported in the accompanying financial statements as of June 30, 2020, are summarized in **Table 22** below.

Table 22

	Successor Agency Trust Funds
Cash and investments pooled with City	\$ 11,877,986
Restricted cash and investments	<u>1,950</u>
Total Cash and Investments	<u>\$ 11,879,936</u>

2. **Long-Term Debt.** Long-term debt reported in the accompanying financial statements as of June 30, 2020, is summarized in **Table 23** below.

Table 23

	Date	Amount	Interest Rate	Final Payment Date	Outstanding Balance
Notes payable:					
CJR Investment Partnership	12/29/86	\$ 2,788,423	2% over Wells Fargo prime rate	11/22/27 ¹	\$ 17,040,288
2014A Tax Allocation Refunding Bonds	09/15/14	46,140,000	2.00% - 5.00%	08/01/34	34,900,000
2014B Tax Allocation Refunding Bonds	09/15/14	15,630,000	2.00% - 5.00%	08/01/33	12,640,000
2014C Tax Allocation Refunding Bonds	09/15/14	11,985,000	0.70% - 4.75%	08/01/33	<u>9,450,000</u>
Total					<u>\$ 74,030,288</u>

¹ Any unpaid principal and interest owed by the former redevelopment agency will be forgiven at the end of the note term.

Successor agencies are subject to the control of an oversight board, whereby remaining assets can only be used to pay enforceable obligations. Successor agencies will only be allocated property tax revenues in the amount necessary to pay the estimated annual installment payments on enforceable obligations until all enforceable obligations have been paid in full and all assets have been liquidated.

The Successor Agency has pledged a portion of future tax increment revenue that it receives, as security for the refunding bonds issued. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer were 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 \$78,259,159, payable through August 2034. For the current year, principal and interest paid and total property tax revenues were \$6,325,002 and \$14,747,807, respectively.

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The 2014 Tax Allocation Refunding Bonds' debt service requirements to maturity are summarized in **Table 24** below.

Table 24

Year	Governmental Activities	
	Principal ¹	Interest
2021	3,605,000	2,703,821
2022	3,780,000	2,527,935
2023	3,960,000	2,341,710
2024	3,200,000	2,168,718
2025	3,365,000	2,009,531
2026 – 2030	19,345,000	7,368,575
2031 – 2035	19,735,000	2,148,869
Total	\$ 56,990,000	21,269,159

¹ Does not include unamortized premiums of \$6,181,392 and unamortized discounts of \$127,008.

- 3. Tax Allocation Bonds (TABs).** Tax allocation bonds were issued to finance the construction and acquisition of certain capital improvements in the designated project areas of the former redevelopment agency. In addition, proceeds of housing-related bonds were used by the former redevelopment agency to increase, improve, and preserve the supply of low/moderate income housing. Bonds outstanding at June 30, 2020, are summarized in **Table 25** below.

Table 25

Bonds	Issue Date	Issue Amount	Interest Rate	Final Payment Date	Reserve Required	Reserve Amount 1	Outstanding Balance
2000 TAB, Series A (Capital Appreciation Bonds)	03/30/00	\$ 2,221,000	6.00% - 6.15%	08/01/33	1,085,000	Surety bond	\$ 2,221,000
2004 TAB, Series B	12/02/04	8,630,000	4.93% - 5.87%	08/01/34	598,165	Surety bond	5,840,000
2007 TAB, Series A	03/09/07	29,740,000	4.50%	08/01/35	1,700,217	Surety bond	29,740,000
2007 TAB, Series B	03/09/07	53,400,000	5.14% - 5.39%	08/01/31	3,052,844	Surety bond	33,840,000
2007 TAB, Series C	03/09/07	31,860,000	4.00% - 5.00%	08/01/35	2,148,925	2,232,975	23,715,000
Total							\$ 95,356,000

¹ A reserve account surety bond was held to meet the reserve requirement, except for the 2007 TAB, Series C. For those bonds, a portion of the bond proceeds were set aside to fund the reserve.

Tax allocation bonds' debt service requirements to maturity are summarized in **Table 26** below.

Table 26

Year	Governmental Activities	
	Principal ¹	Interest ²
2021	\$ 3,505,000	4,545,541
2022	3,680,000	4,358,247
2023	3,875,000	4,559,899
2024	4,356,093	4,758,586
2025	4,555,527	4,556,717
2026 – 2030	30,009,720	19,245,038
2031 – 2035	33,184,660	10,638,324
2036	12,190,000	274,275
Total	\$ 95,356,000	52,936,627

¹ Does not include unamortized premiums of \$122,259.

² Does not include accreted interest of \$5,052,961.

The City pledged a portion of future property tax increment revenues to repay the outstanding bonds. The bonds are payable solely from incremental property taxes generated by increased property values in the project areas. The City manages and accounts for the TABs; however, the City is not fiduciarily responsible for the associated debt.

All California redevelopment agencies were dissolved as of February 1, 2012, as a result of Assembly Bill 1X 26. The City agreed to serve as the “successor agency” to the former redevelopment agency. Subject to the control of an oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution. In future fiscal years, successor agencies will only be allocated property tax revenues in the amount 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. (See **Note III-H – Successor Agency Trust Funds for Assets of Former Redevelopment Agency.**)

Contributions (property taxes) received from the Successor Agency during the fiscal year ended June 30, 2020 totaled \$8,050,115.

4. Changes in Long-Term Liabilities. Long-term liability activity for the year ended June 30, 2020, is summarized in **Table 27** below.

Table 27

	July 1	Additions	Deletions	June 30	Due within one year
Notes payable	15,983,871	1,056,417	-	17,040,288	-
2014 Tax Allocation Refunding Bonds	60,445,000	-	(3,455,000)	56,990,000	3,605,000
Unamortized bond premium	6,181,392	-	(417,592)	5,763,801	-
Unamortized bond discount	(136,715)	-	9,708	(127,008)	-
Total	\$ 82,473,548	1,056,417	(3,862,884)	79,667,081	3,605,000

5. Commitments. The former redevelopment agency made commitments for funding the following agreements:

- **Owner Participation Agreements (OPA).** The former redevelopment agency entered into various owner participation agreements during its lifetime. For these agreements, no liabilities have been reflected in the accompanying financial statements at June 30, 2020,.
- **Palm Springs Motors.** On January 7, 2007, the former redevelopment agency and Palm Springs Motors entered into an owner participation agreement granting the developer up to \$1,000,000 to expand the automobile dealership. Payments are equal to 50% of the incremental sales tax for the particular calendar quarter but cannot exceed the annual cap of \$250,000. Amounts due in excess of the calendar year cap will be added to the following year payment, but will remain subject to the annual cap. The eligibility period is the earlier of the date the assistance is paid in full, or the thirteenth anniversary of the completion date, whether or not the assistance reaches the \$1,000,000 ceiling. The certificate of completion was issued on June 23, 2010. Therefore, the latest date for this agreement is June 23, 2023.

On June 23, 2010, Amendment No. 1 to the OPA with Palm Springs Motors modified certain terms and conditions of the original agreement. The payment schedule was modified to decrease the annual cap to \$105,000.

- **City Urban Revitalization Corporation (CURC).** On January 17, 2011, the former redevelopment agency and CURC entered into an owner participation agreement granting the developer up to \$250 million in available bond proceeds and existing and future tax increment monies to develop various projects in the Downtown Area. Disbursal of funds will be authorized only following approval of specific projects and activities consistent with the former redevelopment agency's Implementation Plan.

On February 23, 2011, the former redevelopment agency and CURC entered into Amendment No. 1 to the agreement. The amendment only clarified use of the proceeds and did not commit any additional financial resources.

6. **Insurance.** The Successor Agency is covered under the City's insurance policies. Additional information as to coverage and self-insurance retentions can be found in **Note IV-A**.

IV. OTHER NOTE DISCLOSURES

NOTE A – RISK MANAGEMENT

The City is a member of the Public Entity Risk Management Authority (PERMA), a joint powers insurance authority formed for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of thirty-one participating member agencies with equal governing and no management authority. For the purpose of long-term premium stability, the City of Cathedral City joined PERMA on July 25, 1985. The City participates PERMA's general liability and worker's compensation coverage programs.

PERMA's general liability program provides coverage of \$1 million subject to the City's self-insurance retention of \$250,000. Additional coverage up to \$50 million is subject to PERMA's retained limit of \$1 million through the California State Association of Counties Excess Insurance Authority.

PERMA's workers' compensation program provides coverage of \$500,000 (PERMA's limit of liability) subject to the City's self-insurance retention of \$250,000. Excess insurance coverage is limited to statutory levels for workers' compensation and \$5 million for employer's liability.

Estimates for all workers' compensation and general liabilities, up to the self-insured levels, are recorded in an internal service fund. Claims payable for the self-insurance liability, including a provision for incurred but not reported claims, was \$4,185,119 at June 30, 2020. Settled claims from general liability and workers' compensation risks have not exceeded commercial insurance coverage for the past three years. The City continues to carry commercial insurance for other risks of loss.

Changes in claims liabilities for the past two years are summarized in **Table 28** below.

Table 28

Year	Beginning Balance	Claims Incurred/ Changes in Estimates	Claims Payments	Ending Balance
2018-19	5,012,523	144,487	(833,224)	4,323,786
2019-20	4,323,786	807,396	(946,063)	4,185,119

¹ Claims incurred during the year are not specifically reported by PERMA. As a result, the claims incurred and changes in estimated amounts have been combined.

The annual deposit premiums are approved by the Board of Directors of PERMA and are intended to cover PERMA's claim expenses, settlements, and operating costs. Annual deposit premiums are based on actuarially-determined rates for each

coverage layer (pool), based on an estimate of the probable losses, and budgeted administrative costs of PERMA for the year in question. Member deposit premiums are subject to retrospective rating adjustments.

PERMA also provides a non-risk sharing "deductible" or claims-servicing pool for general liability claims within the self-insured retention level. Annual contributions are deposited with the Authority from which claims are paid on behalf of the City. Any claims paid by PERMA for the City in excess of deposits at year-end are recorded as liabilities by the City.

NOTE B – PENSION PLAN

1. General Information about the Pension Plan

Plan Description. All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors eight rate plans (three miscellaneous and five safety). Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports with a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website (www.calpers.ca.gov).

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 the plan are applied as specified by the Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2020, are summarized in **Tables 29** through **31** as follows:

Table 29

Plan Provisions – Safety Pool (Police)

	TIER 1*		PEPRA
Hire Date	Prior to January 1, 2013		On or After January 1, 2013
Benefit Formula	3% @ 55		2.7% @ 57
Benefit Vesting Schedule	5 years' service		5 years' service
Benefit Payments	Monthly for life		Monthly for life
Retirement Age	50 (minimum)		50 (minimum)
Monthly Benefits, as a % of Eligible Compensation	2.4% - 3.0% 50 yrs – 55+ yrs		2.0% - 2.7% 50 yrs – 57+ yrs
Required Employee Contribution Rates	9.0%		12%
Required Employer Contribution Rates	20.073%		13.034%
Required Employer Unfunded Accrued Liability Rates	19.451%		0.494%
Total Required Employer Contribution Rates	39.524%		13.528%

* Closed to new entrants.

Table 30

Plan Provisions – Safety Pool (Fire)

	TIER 1*	TIER 2*	PEPRA
Hire Date	Prior to November 25, 2012	On or After November 25, 2012 and Prior to January 1, 2013	On or After January 1, 2013
Benefit Formula	3% @ 55	2% @ 55	2% @ 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	50 (minimum)	50 (minimum)	50 (minimum)
Monthly Benefits, as a % of Eligible Compensation	2.4% - 3.0% 50 yrs – 55+ yrs	1.426% - 2.0% 50 yrs – 55+ yrs	1.426% - 2.0% 50 yrs – 57+ yrs
Required Employee Contribution Rates	9.0%	7.0%	10.0%
Required Employer Contribution Rates	20.073%	13.540%	10.216%
Required Employer Unfunded Accrued Liability Rates	14.574%	0.470%	0.536%
Total Required Employer Contribution Rates	34.647%	14.010%	10.752%

* Closed to new entrants.

Table 31

Plan Provisions – Miscellaneous Pool

	TIER 1*	TIER 2*	PEPRA
Hire Date	Prior to November 25, 2012	On or After November 25, 2012 and Prior to January 1, 2013	On or After January 1, 2013
Benefit Formula	2% @ 55	2% @ 60	2% @ 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	50 (minimum)	50 (minimum)	52 (minimum)
Monthly Benefits, as a % of Eligible Compensation	1.426% - 2.418% 50yrs – 63+ yrs	1.092% - 2.418% 50 yrs – 63+ yrs	1.0% - 2.5% 52 yrs – 67+ yrs
Required Employee Contribution Rates	7.0%	7.0%	6.75%
Required Employer Normal Cost Rates	10.221%	8.081%	6.985%
Required Employer Unfunded Accrued Liability Rates	12.711%	0.136%	0.163%
Total Required Employer Contribution Rates	22.932%	8.217%	7.148%

* Closed to new entrants.

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires 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 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City's contributions to the Plan for the year ended June 30, 2020 were \$4,773,538.

2. Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to the Pension.

As of June 30, 2019, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$37,556,227.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan was measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard GASB 75 update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 is summarized in **Table 32**.

Table 32

	Proportion June 30, 2018	Proportion June 30, 2019	Change - Increase/ (Decrease)
Safety	0.405249%	0.407991%	0.002742%
Miscellaneous	0.297837%	0.301842%	0.004005%

For the year ended June 30, 2020, the City recognized pension expense of \$9,367,375 for the plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the pension from the sources identified in **Table 33** below.

Table 33

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,773,538	-
Differences between actual and expected experience	2,502,405	(65,045)
Changes in assumptions	1,620,305	(408,042)
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(2,717,676)
Changes in employer's proportion	1,162,263	(334,480)
Net difference between projected and actual earnings on plan investments	-	(561,692)
Total	\$ 10,058,511	(4,086,935)

\$4,773,538 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date but before the end of this fiscal year will be recognized as a reduction of the net pension liability in the subsequent year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as summarized in **Table 34**.

Table 34

Measurement Period Ended 30-Jun	Deferred Outflows/(Inflows) of Resources
2020	\$1,701,588
2021	(690,561)
2022	76,138
2023	110,873
Thereafter	-
	<u>\$1,198,038</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability. For the measurement period ended June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2018 and June 30, 2019 total pension liabilities were based on the actuarial methods and assumptions summarized in **Table 35** below.

Table 35

Actuarial Assumptions

	Pension Plan
Actuarial Cost Method	Entry age normal
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 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

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, 2019 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 can be obtained at the CalPERS website under 'Forms and Publications' (www.calpers.ca.gov).

Discount Rate. The discount rate used to measure the total pension liability for PERF C 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.

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 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.

Table 36 below reflects the long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

Table 36

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 Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-.92%
Total	100.0%		

⁽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.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. Table 37 presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of 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.

Table 37

	Discount Rate 1% Decrease 6.15%	Current Discount Rate 7.15%	Discount Rate 1% Increase 8.15%
City's Proportionate Share of the Net Pension Liability:	\$63,943,828	37,556,227	15,875,375

Additional Financial and Actuarial Information. Additional financial and actuarial information required for GASB Statement No. 68 disclosures is located in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019, and the CalPERS' GASB 68 Accounting Valuation Reports for the public agency miscellaneous and safety risk pool, which can be found on CalPERS' website (www.calpers.ca.gov).

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

Substantially all full-time employees and their eligible dependents are eligible for post-retirement health care benefits under the sponsored health plans currently funded during the employees' active service.

- 1. Plan Description.** By Council resolutions and through agreements with its labor units, the City provides certain health care benefits for employees who retire directly from the City. Employees taking a qualified retirement under the CalPERS system within 120 days of separation from the City may elect to participate in such group health insurance policies as provided by the City under the following conditions: (a) the unit member must be age 50 and have worked for the City at least 5 years prior

to retiring; and (b) all retired unit members shall be eligible for a City-paid contribution up to the applicable maximum (caps) for single, single plus one, and family coverage.

Eligible retired employees (annuitants) under the Public Employees' Medical and Hospital Care Act (PEMHCA), Government Code Section 22750, et seq. are subject to PEMHCA laws. Under PEMHCA's "equal contribution rule" (Government Code Section 22892), the City is required to contribute the same premium amount for both active employees and annuitants, but not less than "the PEMHCA minimum," which is an amount adjusted annually by CalPERS to reflect any change in the medical care component of the Consumer Price Index. The "PEMHCA" minimum for 2020 is \$139 per month.

Under the "equal contribution rule," reducing the City's contribution for future hires' retiree benefits require the same contribution reduction for active employees' benefits. To avoid decreasing the City's contribution towards the cost of medical premiums for active employees, the City can pay directly to CalPERS the "PEMHCA minimum" amount for active employees and then make the remainder of the City's premium contribution for active employees under the premium cost-share formula. For CalPERS' purposes, the City pays only the "PEMHCA minimum" for active employees. The employees continue to receive the City contribution to medical premiums required by the City's cost-share formula. In addition to group health insurance, the City will continue to pay the full premiums for both dental and vision insurance, as applicable to each of the respective labor unit agreements as long as the total premiums are under the respective caps. The plan is a single- employer defined benefit plan. Since no assets are legally segregated for the sole purpose of paying benefits under the Plan, the plan does not issue a separate financial report.

Many public agencies participating in PEMHCA use this type of mechanism to meet the PEMHCA "equal contribution rule" and to provide different additional contributions to active employees and annuitants. Similarly, to avoid decreasing the City's current contribution toward current annuitants' medical insurance premium costs, the City pays directly to CalPERS only the "PEMHCA minimum" and provides the remainder of the City's premium cost-share through establishment of a Health Reimbursement Arrangement (HRA). For annuitants, the City pays into the HRA the City's premium contribution minus the "PEMHCA minimum" paid directly to CalPERS. An annuitant will be reimbursed from the HRA up to the City's contribution for premium costs associated with their selected CalPERS health plan. As a result of the various resolutions implemented and through updated labor agreements with its bargaining units, the City has identified three health care tiers for its employees:

- The first tier is for employees hired before January 1, 2013, who receive City premium contributions under Government Code Section 22892, which requires employers to provide an equal amount of health benefits for both active employees and retired annuitants.
- The second tier is for employees hired on or after January 1, 2013, who at retirement receive City premium contributions under Government Code Section 22893. These employees are subject to a vesting schedule for medical benefits ranging from 50% at 10 years of CalPERS service and increasing to 100% at 20 or more years – with the exception for employees taking a disability retirement, whereby they are 100% vested.
- The third tier is for employees hired after the dates listed below. These employees will not be eligible for retiree medical insurance provided by the City, other than payment of the PEMHCA minimum. In lieu of full retiree medical coverage, the City provides an HRA account into which it will deposit \$100 monthly beginning the first day of the following month after the employment start date and continuing through the term of their employment. An HRA account will only be available to active employees hired by the City after these dates:
 - Elected Officials and Non-represented Employees: September 1, 2019
 - Police Management: September 1, 2019
 - Police Officers: July 1, 2020
 - Fire Management: August 1, 2020
 - Fire Fighters: August 1, 2020
 - American Federation Society of Municipal Employees: October 31, 2020

- 2 **Contributions.** The plan is funded on a pay-as-you-go basis. There is no requirement imposed by CalPERS to contribute any amount beyond the pay-as-you-go contributions. No additional contributions have been made to date. The annual contribution is based on the actuarially determined contribution. For the measurement date ended June 30, 2019, the City's cash contributions were \$1,806,000 in total payments, which were recognized as a reduction to the OPEB liability.

3. **Employees Covered.** As of the January 1, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Table 38

Active	176
Retirees receiving benefits	115

4. **Total OPEB Liability.** The City's Total OPEB liability as of June 30, 2019 was determined by an actuarial valuation dated January 1, 2019 that was rolled forward to determine the June 30, 2019 total OPEB liability.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit cost sharing between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations as summarized in **Table 39** below.

Table 39

Actuarial Methods and Assumptions – OPEB

Actuarial valuation date	January 1, 2019
Contribution Policy	No pre-funding
Discount Rate	3.50% at June 30, 2019 (Bond Buyer 20-bond Index) 3.87% at June 30, 2018 (Bond Buyer 20-bond Index)
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Actuarial assumptions:	
Inflation	2.75%
Projected salary increases	3.00%
Healthcare cost trend	7.5% (non-Medicare) and 6.5% (Medicare) for 2020, reduced each year thereafter until an ultimate rate of 4.0% is reached in 2076 and later years
Retirement age	Based on CalPERS 1997-2015 Experience Study

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5. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$4,621,822. As of fiscal year ended June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

Table 40

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,995,022	-
Changes in assumptions	4,782,795	(6,926,000)
Differences between expected and actual experience	-	(2,203,474)
Total	<u>\$ 6,777,817</u>	<u>(9,129,474)</u>

The \$1,995,022 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date but before the end of this fiscal year will be recognized as a reduction of the Total OPEB liability during the subsequent fiscal year ending June 30, 2021.

Table 41

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ (1,355,114)
2022	(1,355,114)
2023	(1,355,114)
2024	(898,114)
2025	186,886
Thereafter	<u>429,891</u>
Total	<u>(4,346,679)</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

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Change in Assumptions

The discount rate used to measure the total OPEB liability was 3.50 percent.

Changes in the OPEB Liability

The changes in the Total OPEB liability for the HC Plan are as follows:

Table 42

		Increase (Decrease) Total OPEB Liability/(Assets)
Balance at June 30, 2019 (Measurement Period)	\$	66,554,000
Changes recognized over the measurement period:		
Service Cost		3,305,270
Interest		2,668,666
Actual vs. expected experience		(2,570,720)
Assumption Changes		5,579,927
Benefit Payments*		(1,803,000)
Net Changes		7,180,143
Balance at June 30, 2020 (Measurement date 06/30/19)	\$	73,734,143

* Includes implied subsidy of \$277,000

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Total OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

Table 43

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 87,641,437	\$ 73,734,143	\$ 62,900,845

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Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the Total OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

Table 44

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 61,402,822	\$ 73,734,143	\$ 89,888,445

NOTE D – TAX ABATEMENT PROGRAMS

In accordance with GASB 77, *Tax Abatements Disclosures*, information related to the City's Tax Abatement Programs are summarized below, in **Table 45**.

Table 45

Cathedral City Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	TAX ABATEMENT PROGRAMS	
	Local Sales Tax Sharing	Transient Occupancy Tax Sharing
Purpose of the Program	Encourage economic development through commercial growth. Program is designed to retain, expand and attract commercial businesses along with the economic benefits associated with them.	Provide incentive program for the renovation and opening of existing and new hotel facilities. The program is designed to enhance the tourist and travel experiences of City visitors, provide amenities to the public, assist the City in achieving tourism goals and increase the transient occupancy tax revenue of the City.
Tax Being Abated	Local Sales Tax (LST)	Transient Occupancy Tax (TOT)
Authority under which abatement agreements are entered	Cathedral City (CC) Ordinance 730 § 1, 2013; CC Ordinance 712 § 1, 2012	CC Ordinance 729 § 1, 2013; CC Ordinance 713 § 1, 2012
Criteria to be eligible to receive abatement	All applicants must demonstrate a need for the improvement and provide evidence of the ability to construct the improvement to the satisfaction of the City.	All applicants must demonstrate a need for the improvement and provide evidence of the ability to construct the improvement to the satisfaction of the City.
How recipient's taxes are reduced	Entities with sharing agreements, receive a rebate of LST after they have filed and paid all required taxes within a reporting period.	Entities with sharing agreements, receive a rebate of TOT after they have filed and paid all required taxes within a reporting period.
How amount of abatement is determined	A percentage is applied to the eligible LST increment.	A percentage is applied to the eligible TOT increment.
Provisions for recapturing abated taxes	N/A	N/A
Types of commitments made by the City other than to reduce taxes	N/A	N/A
Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	\$68,234	\$222,139

NOTE E – JOINTLY GOVERNED ORGANIZATION

On July 16, 2008, the City joined with the cities of Indio, Palm Springs, Beaumont and Desert Hot Springs to create the Eastern Riverside County Interoperable Communications Authority (ERICA) by a joint exercise of powers agreement under the laws of the State of California. The primary purpose of ERICA is to acquire, plan, design, finance, construct, operate, and maintain a regional communications system serving the Coachella Valley and individual political jurisdictions therein. ERICA is governed by a Board of Directors, which consists of one official of the governing body of each member agency, appointed by the governing body. The debts, liabilities, and obligations of ERICA do not constitute debts, liabilities, or obligations of the member agencies, either jointly or severally.

During the year ended June 30, 2020, the City reimbursed the City of Indio \$230,694 for its proportional share of annual operating costs.

NOTE F – CONTINGENCIES

The City is a defendant in pending lawsuits of a nature common to many similar jurisdictions. City management estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the federal and state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

The City is self-insured and participates in a public entity risk pool as described in **Note IV-A**.

On March 27, 2020, in response to the economic fallout of the Coronavirus pandemic in the United States, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, providing \$2.2 trillion in economic stimulus funding through a variety of channels. The State of California received a \$500 million allocation to provide cities which did not receive a direct federal allocation through the CARES Act. The City entered into an agreement with the State of California in July 2020 to receive an allocation of the CARES Act funding. During the period from August through October 2020, the Treasury, Office of Inspector General provided funding to the State of California, Department of Finance for distribution to state, county and local jurisdictions. The City of Cathedral City received four payments totaling \$661,559 in CARES Act funding from the Federal Coronavirus Relief Funds (CRF). This funding was for the reimbursement of costs incurred by the City since the start of the pandemic.

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REQUIRED SUPPLEMENTARY INFORMATION



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Required Supplementary Information Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	General Fund (Fund 100)			Variance with Final Budget - Positive (Negative)
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	
Revenues				
Taxes	\$44,907,369	44,911,369	\$ 38,588,503	(6,322,866)
Intergovernmental	50,000	50,000	146,366	96,366
Licenses and permits	1,937,524	1,940,024	2,860,841	920,817
Fines and forfeitures	120,000	120,000	276,786	156,786
Charges for services	4,897,125	4,897,125	5,863,531	966,406
Special assessments	150,000	150,000	192,983	42,983
Use of money and property	277,500	277,500	811,158	533,658
Contributions from other governments	411,689	411,689	177,196	(234,493)
Other revenue	64,000	64,000	35,113	(28,887)
Total Revenues	52,815,207	52,821,707	48,952,477	(3,869,230)
Expenditures				
Current:				
General government	12,853,531	13,450,090	13,140,835	309,255
Community development	4,321,780	4,780,887	4,196,620	584,267
Culture and recreation	431,520	431,520	588,508	(156,988)
Public safety	31,262,646	31,112,933	30,508,947	603,986
Public works	828,750	1,003,750	960,287	43,463
Capital outlay	900,000	1,995,032	1,273,641	721,391
Debt service:				
Principal	337,695	237,398	-	237,398
Interest	10,814	10,814	-	10,814
Total Expenditures	50,946,736	53,022,424	50,668,838	2,353,586
 Excess (deficiency) of revenues over expenditures	 1,868,471	 (200,717)	 (1,716,361)	 (1,515,644)
Other Financing Sources (Uses)				
Transfers in	671,026	639,494	1,034,343	394,849
Transfers out	(767,136)	(804,984)	(1,589,424)	(784,440)
Proceeds from sale of capital assets	-	-	850,681	850,681
Total Other Financing Sources (Uses)	(96,110)	(165,490)	295,600	461,090
 Net change in fund balance	 1,772,361	 (366,207)	 (1,420,761)	 (1,054,554)
Fund balance - beginning (budgetary)	25,763,355	25,763,355	25,763,355	-
Fund Balance - Ending (Budgetary)	27,535,716	25,397,148	24,342,594	(1,054,554)
 Adjustments to Conform to GAAP:				
GASB Statement No. 54 reporting adjustments:				
Special Deposits fund 711 balance			216,728	
Big League Dreams fund 431 balance			2,995,497	
 Fund Balance - June 30 (GAAP)			27,554,819	

See note to required supplementary information.

Required Supplementary Information Budgetary Comparison
Schedule Major Special Revenue Funds
For the Year Ended June 30, 2020

	Developer Fees			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive
Revenues				
Development fees	\$ 320,000	352,250	915,144	562,894
Use of money and property	4,700	4,700	4,889	189
Other revenue	-	-	-	-
Loss on sale of assets held for disposition	-	-	-	-
Total Revenues	324,700	356,950	920,033	563,083
Expenditures				
Current:				
Community development	150,000	206,250	163,141	43,109
Capital outlay	1,016,099	2,351,072	801,630	1,549,442
Total Expenditures	1,166,099	2,557,322	964,771	1,592,551
Excess (deficiency) of revenues over expenditures	(841,399)	(2,200,372)	(44,738)	2,155,634
Other Financing Sources (Uses)				
Transfers in	150,000	163,538	92,390	(71,148)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	150,000	163,538	92,390	(71,148)
Net change in fund balance	(691,399)	(2,036,834)	47,652	2,084,486
Fund balances - beginning (budgetary)	161,959	161,959	161,959	-
Fund Balance - Ending (Budgetary)	\$ (529,440)	(1,874,875)	209,611	2,084,486

See note to required supplementary information.

Required Supplementary Information Budgetary Comparison
Schedule Major Special Revenue Funds
For the Year Ended June 30, 2020

Successor Housing Agency			
Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive
\$ -	-	-	-
40,000	40,000	128,820	88,820
-	-	37,341	37,341
-	-	-	-
40,000	40,000	166,161	126,161
835,131	80,607	130,289	(49,682)
-	-	-	-
835,131	80,607	130,289	(49,682)
(795,131)	(40,607)	35,872	76,479
(36,942)	(36,942)	(36,942)	-
(36,942)	(36,942)	(36,942)	-
(832,073)	(77,549)	(1,070)	76,479
15,268,387	15,268,387	15,268,387	-
\$ 14,436,314	15,190,838	15,267,317	76,479

Revenues

Development fees

Use of money and property

Other revenue

Loss on sale of assets held for disposition

Total Revenues**Expenditures**

Current:

Community development

Capital outlay

Total Expenditures

Excess (deficiency) of revenues over expenditures

Other Financing Sources (Uses)

Transfers in

Transfers out

Total Other Financing Sources (Uses)

Net change in fund balance

Fund balances - beginning (budgetary)

Fund Balance - Ending (Budgetary)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULES

NOTE A – BUDGETARY INFORMATION

1. **Budgetary Data.** The City adopted a biennial budget for fiscal years 2019/20 and 2020/21 in May 2019. The budget was prepared on the modified accrual basis of accounting for the General Fund and special revenue funds. Budgetary data for the debt service and capital projects funds is not presented herein, as the budgets for these funds are long-term in nature.

The City Manager and Administrative Services Director prepare and submit the biennial budget to City Council for adoption prior to June 30 in odd numbered years and administer it after adoption. The annual appropriation limit is approved by City Council prior to the beginning of the annual budget period. All appropriations lapse at year-end.

The legal level for which expenditures are not to exceed appropriations is the fund level for all funds. The General Fund monitors appropriations at the department level. The Administrative Services Director is authorized to adjust General Fund appropriations between departments or activities, provided that the total appropriations for all departments do not exceed the amounts approved in the adopted budget and any subsequent amending resolutions. Such adjustments will be made only upon written request to the City Manager and/or Administrative Services Director and approved by the Administrative Services Director. Once the written request is properly executed and approved, the funds will be made available. Transfers of cash or unappropriated fund balance from one fund to another can be made with the approval of the Administrative Services Director. Unexpended appropriations for authorized, but uncompleted, projects in the capital improvements budget can be carried forward to the next succeeding budget upon approval by the City Manager and/or the Administrative Services Director.

For reporting purposes, the General Fund includes the following funds: The General Fund (Fund 100), Big League Dreams (Fund 431) and Special Deposits (Fund 711). The Big League Dreams fund accounts for the loan made by the City to a developer for constructing a sports complex (Big League Dreams). The Special Deposits fund accounts for deposits held by the City for others, such as developer security deposits, particulate matter (PM-10) deposits and business owner deposits. The latter two funds do not meet the fund type definitions included in GASB Statement No. 54 and are reported as part of the General Fund for GAAP reporting.

2. **Annual Appropriations Limit.** Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements. For the fiscal year ended June 30, 2020, proceeds of taxes did not exceed appropriations.

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**Required Supplementary Information —
Schedule of the City's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years**

Safety	Fiscal Year				
	2011	2012	2013	2014	2015
Proportion of the net pension liability	N/A	N/A	N/A	N/A	0.254740%
Proportionate share of the net pension liability	N/A	N/A	N/A	N/A	15,850,966
Covered payroll	N/A	N/A	N/A	N/A	8,550,024
Proportionate share of the net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	185.39%
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A	82.30%

Miscellaneous	Fiscal Year				
	2011	2012	2013	2014	2015
Proportion of the net pension liability	N/A	N/A	N/A	N/A	0.18658%
Proportionate share of the net pension liability	N/A	N/A	N/A	N/A	11,610,177
Covered payroll	N/A	N/A	N/A	N/A	5,154,876
Proportionate share of the net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	225.23%
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A	74.04%

Notes to Schedule:

Note 1: Fiscal year 2015 was the first year of implementation, therefore, only six years are shown.

Note 2: Amounts reported are for the measurement date, which is one year prior to the reporting date.
For example Fiscal Year 2020 data is for the measurement date of June 30, 2019.

Source: 2019 - GASB 68 Accounting Valuation Report - Safety Police Plan (CalPERS); GASB 68 Accounting Valuation Report - PEPRSA Safety Police Plan (CalPERS); GASB 68 Accounting Valuation Report - Safety Fire Plan (CalPERS); GASB 68 Accounting Valuation Report - Miscellaneous First Tier Plan (CalPERS); 2019 - GASB 68 Accounting Valuation Report - Safety Risk Pool (CalPERS); GASB 68 Accounting Valuation Report - Miscellaneous Risk Pool (CalPERS)

Fiscal Year					
2016	2017	2018	2019	2020	
0.370020%	0.400772%	0.400772%	0.345543%	0.405249%	Proportion of the net pension liability
15,246,470	20,756,881	24,199,444	23,778,223	25,468,978	Proportionate share of the net pension liability
8,455,958	9,570,575	9,840,773	11,136,589	11,795,603	Covered payroll
180.30%	216.88%	245.91%	213.51%	215.92%	Proportionate share of the net pension liability as a percentage of covered payroll
77.27%	78.69%	79.72%	80.45%	80.55%	Plan fiduciary net position as a percentage of the total pension liability

Fiscal Year					
2016	2017	2018	2019	2020	
0.270385%	0.288874%	0.288874%	0.262145%	0.297837%	Proportion of the net pension liability
7,417,913	10,035,138	11,769,605	11,224,618	12,087,249	Proportionate share of the net pension liability
5,827,132	6,598,156	7,365,413	8,144,720	7,956,042	Covered payroll
127.30%	152.09%	159.80%	137.81%	151.93%	Proportionate share of the net pension liability as a percentage of covered payroll
79.89%	78.93%	78.87%	80.66%	80.74%	Plan fiduciary net position as a percentage of the total pension liability

**Required Supplementary Information —
Schedule of Contributions
Last Ten Fiscal Years**

Safety	Fiscal Year				
	2011	2012	2013	2014	2015
Contractually required contributions (actuarially determined)					1,815,106
Contributions in relation to the actuarially determined contributions					(1,815,106)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	N/A	N/A	N/A	N/A	8,455,958
Contributions as a percentage of covered- payroll	N/A	N/A	N/A	N/A	21.47%

Miscellaneous	Fiscal Year				
	2011	2012	2013	2014	2015
Contractually required contributions (actuarially determined)					742,834
Contributions in relation to the actuarially determined contributions					(742,834)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	N/A	N/A	N/A	N/A	5,827,132
Contributions as a percentage of covered- payroll	N/A	N/A	N/A	N/A	12.75%

Notes to Schedule:

Note 1: Fiscal year 2015 was the first year of implementation, therefore, only six years are shown.

Note 2: *Change of assumption:* Discount rate was increased to 7.15% in FY 2018 (measurement date 6/30/2017) from 7.65% in FY 2017 (measurement date 6/30/2016).

Source: City of Cathedral City financial records

Fiscal Year					
2016	2017	2018	2019	2020	
1,513,632	2,595,594	3,070,822	2,940,974	3,412,095	Contractually required contributions (actuarially determined)
(1,513,632)	(2,595,594)	(3,070,822)	(2,940,974)	(3,412,095)	Contributions in relation to the actuarially determined contributions
-	-	-	-	-	Contribution deficiency (excess)
9,570,575	9,840,773	11,136,589	11,558,416	11,795,603	Covered payroll
15.82%	26.38%	27.57%	25.44%	28.93%	Contributions as a percentage of covered-payroll

Fiscal Year					
2016	2017	2018	2019	2020	
524,469	1,377,778	1,498,985	1,165,154	1,361,443	Contractually required contributions (actuarially determined)
(524,469)	(1,377,778)	(1,498,985)	(1,165,154)	(1,361,443)	Contributions in relation to the actuarially determined contributions
-	-	-	-	-	Contribution deficiency (excess)
6,598,156	7,365,413	8,144,720	7,940,401	7,956,042	Covered payroll
7.95%	18.71%	18.40%	14.67%	17.11%	Contributions as a percentage of covered-payroll

**Required Supplementary Information —
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Ten Fiscal Years**

	Fiscal Year				
	2011	2012	2013	2014	2015
Total OPEB Liability					
Service Cost	N/A	N/A	N/A	N/A	N/A
Interest on the Total OPEB Liability	N/A	N/A	N/A	N/A	N/A
Actual and expected experience difference	N/A	N/A	N/A	N/A	N/A
Changes in assumptions	N/A	N/A	N/A	N/A	N/A
Changes in benefit terms	N/A	N/A	N/A	N/A	N/A
Benefit payments (2)	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending (a)	N/A	N/A	N/A	N/A	N/A
 Covered payroll	 N/A	 N/A	 N/A	 N/A	 N/A
 Total OPEB liability as a percentage of covered payroll	 N/A	 N/A	 N/A	 N/A	 N/A

Notes to Schedule:

Note 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.

Note 2: Includes implied subsidy

Source: City of Cathedral City GASB 75 Retiree Healthcare Plan Actuarial Report

Fiscal Year					
2016	2017	2018	2019	2020	
					Total OPEB Liability
N/A	N/A	\$ 3,758,000	\$ 3,209,000	\$ 3,305,270	Service Cost
N/A	N/A	\$ 2,081,000	2,438,000	2,668,666	Interest on the Total OPEB Liability
N/A	N/A	-	-	(2,570,720)	Actual and expected experience difference
N/A	N/A	\$(8,643,000)	(3,153,000)	5,579,927	Changes in assumptions
N/A	N/A	-	-	-	Changes in benefit terms
N/A	N/A	(1,546,000)	(1,640,000)	(1,803,000)	Benefit payments (2)
N/A	N/A	(4,350,000)	854,000	7,180,143	Net change in total OPEB liability
N/A	N/A	70,050,000	65,700,000	66,554,000	Total OPEB liability - beginning
N/A	N/A	\$65,700,000	\$66,554,000	\$73,734,143	Total OPEB liability - ending (a)
N/A	N/A	\$17,568,000	\$21,608,000	\$22,942,000	Covered-employee payroll
N/A	N/A	374%	308%	321%	Total OPEB liability as a percentage of covered-employee payroll

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GOVERNMENTAL FUNDS



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Combining Schedule of Accounts
General Fund
June 30, 2020

	General Fund - As Reported			Total
	General Fund (Fund 100)	Big League Dreams	Special Deposits (Fund 711)	
Assets				
Cash and investments	\$ 17,688,122	511,395	986,687	19,186,204
Interest receivable	375,768	2,068	3,990	381,826
Accounts receivable	5,222,728	-	-	5,222,728
Loans receivable	3,405,817	2,482,034	-	5,887,851
Intergovernmental receivable	795,623	-	-	795,623
Prepaid assets	63,634	-	-	63,634
Total Assets	\$ 27,551,692	2,995,497	990,677	31,537,866
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,951,017	-	53,303	2,004,320
Deposits from others	5,674	-	720,647	726,321
Unearned revenue	228,489	-	-	228,489
Total Liabilities	2,185,180	-	773,950	2,959,130
Deferred inflows of resources:				
Unavailable revenue	1,023,917	-	-	1,023,917
Total Deferred Inflow of Resources	1,023,917	-	-	1,023,917
Fund balances:				
Nonspendable	63,634	-	-	63,634
Restricted	50,000	2,537,046	-	2,587,046
Assigned	44,902	458,451	-	503,353
Unassigned	24,184,058	-	216,728	24,400,786
Total Fund Balances	24,342,594	2,995,497	216,728	27,554,819
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 27,551,691	2,995,497	990,678	31,537,866

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

General Fund

For the Year Ended June 30, 2020

	General Fund - As Reported			
	General Fund (Fund 100)	Big League Dreams (Fund 431)	Special Deposits (Fund 711)	Total
Revenues				
Taxes	\$ 38,588,503	-	-	38,588,503
Intergovernmental	146,366	-	-	146,366
Licenses and permits	2,860,841	-	-	2,860,841
Fines and forfeitures	276,786	-	-	276,786
Charges for services	5,863,531	-	-	5,863,531
Special assessments	192,983	-	-	192,983
Use of money and property	811,158	15,369	26,015	852,542
Contributions from other governments	177,196	-	-	177,196
Other revenue	35,113	-	-	35,113
Total Revenues	48,952,477	15,369	26,015	48,993,861
Expenditures				
Current:				
General government	13,140,835	23,265	-	13,164,100
Community development	4,196,620	-	-	4,196,620
Culture and recreation	588,508	-	-	588,508
Public safety	30,508,947	-	-	30,508,947
Public works	960,287	-	-	960,287
Capital outlay	1,273,641	-	-	1,273,641
Total Expenditures	50,668,838	23,265	-	50,692,103
Excess of revenues over expenditures	(1,716,361)	(7,896)	26,015	(1,698,242)
Other Financing Sources (Uses)				
Transfers in	1,034,343	-	-	1,034,343
Transfers out	(1,589,424)	(380,495)	-	(1,969,919)
Proceeds from sale of capital assets	850,681	-	-	850,681
Total Other Financing Sources (Uses)	295,600	(380,495)	-	(84,895)
Net change in fund balances	(1,420,761)	(388,391)	26,015	(1,783,137)
Fund balances - beginning	25,763,355	3,383,888	190,713	29,337,956
Fund Balances - Ending	\$ 24,342,594	2,995,497	216,728	27,554,819

Schedule of Expenditures Compared with Authorizations
General Fund
For the Year Ended June 30, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Gain/(Loss)
Administration				
City Council	\$ 354,353	354,353	303,307	51,046
City Clerk	265,511	265,511	208,774	56,737
City Attorney	147,500	147,500	192,836	(45,336)
City Management	532,505	532,505	515,521	16,984
Administrative Services	10,186,495	10,517,390	10,552,754	(35,364)
General Government	1,509,134	1,512,798	1,477,152	35,646
Community Development				
Development Services	5,881,886	7,635,576	7,325,231	310,345
Public Works	828,750	1,003,750	960,287	43,463
Public Safety				
Police	18,588,291	18,667,587	18,426,065	241,522
Fire	12,376,795	12,476,795	12,296,334	180,461
Grand Total	\$ 50,671,220	53,113,765	52,258,261	855,504

Note 1: The above amounts include expenditures and transfers out. The expenditures presented on the previous page are reduced by transfers in to the General fund.

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

1. **Master Underground Plan (Fund 232).** Accounts for the cost of burying above ground utility lines. Financing is provided by developer fees.
2. **Traffic Safety (Fund 233).** Accounts for traffic safety signal installation, maintenance, and road repairs. Financing is provided by vehicle code fines collected by the County of Riverside and interest earnings.
3. **City Mitigation Fee (formerly Transfer Station Road) (Fund 234).** Accounts for revenues collected by the County of Riverside as a City mitigation fee. Funds are to be used for road construction and maintenance of roadways to access the Edom Hill Transfer Station and various signalization requirements. Any excess funds are to be used for any streets or public services within the City.
4. **Public Education Government (PEG) Fees (Fund 236).** Accounts for funds received from local cable companies to be used for funding local public education and government access stations.
5. **State Gas Tax (Fund 241).** Accounts for street improvements and engineering costs. Financing is provided by the City's allocation of the state gasoline taxes and interest earnings.
6. **Air Quality Improvement (Fund 242).** Accounts for revenues received under AB 2766. Expenditures are restricted to being used for air pollution reduction.
7. **Measure A (Fund 243).** Accounts for revenues provided by the County of Riverside Measure A allocation. These funds are used for street improvements and engineering costs.
8. **Asset Forfeiture (Fund 244).** Accounts for expenditures incurred in narcotics interdiction efforts. Financing is provided by seized assets awarded by the court.
9. **Solid Waste (Fund 246).** Accounts for revenues received under AB 939. Expenditures are limited to programs that initiate recycling efforts through the City.
10. **Police Grants (Fund 247).** Accounts for revenues and expenditures related to state and federal grants for the City's Police Department.
11. **Road Maintenance and Rehabilitation Account (RMRA) (Fund 248).** Accounts for street improvements and engineering costs received under SB 1. Financing is provided by the City's allocation of the 12-cent state gasoline tax for rehabilitation, relief, and improvements.
12. **Community Development Block Grant (Fund 251).** Accounts for projects designated in the annual action plan. Financing is provided by the U.S. Department of Housing and Urban Development.
13. **Police Department Special Revenues (Fund 255).** Accounts for receipts collected that are restricted for expenditures related to the City's Police Department projects.
14. **Fire Department Special Revenues (Fund 256).** Accounts for revenues and expenditures related to state and federal grants and receipts collected that are restricted for expenditures related to the City's Fire Department projects.
15. **Landscape and Lighting District (Fund 261).** Accounts for special assessments levied on real property and expenditures to provide landscaping and street lighting maintenance to the zones within the district.

DEBT SERVICE FUNDS

Debt service funds are used primarily to account for the accumulation of resources for the payment of principal and interest on long-term debt. The City has no nonmajor debt service funds.

CAPITAL PROJECTS FUNDS

Capital projects funds account for the financial resources to be used for the acquisition, construction, or improvements of major capital facilities and infrastructure.

1. **Police and Fire Facilities (Fund 321).** Accounts for the purchase of police and fire land, buildings, and replacement equipment. Financing is provided by developer fees.
2. **Traffic Signalization (Fund 322).** Accounts for the installation of traffic signals. Financing is provided by developer fees.
3. **Assessment District 85-1 (Fund 341).** Accounts for sewer improvements within Assessment District 85-1. Financing is provided from the Limited Obligation Improvement Bonds issued.
4. **Assessment District 86-5 (Fund 344).** Accounts for street improvements within Assessment District 86-5. Financing is provided from the Limited Obligation Improvement Bonds issued.
5. **Assessment District 87-2 (Fund 345).** Accounts for street improvements within Assessment District 87-2. Financing is provided from the Limited Obligation Improvement Bonds issued.
6. **Assessment District 88-3 (Fund 347).** Accounts for improvements within Assessment District 88-3. Financing is provided from the Limited Obligation Improvement Bonds issued.
7. **Assessment District 96-1 (Fund 348).** Accounts for street improvements within Assessment District 96-1. Financing is provided from the Limited Obligation Improvement Bonds issued.
8. **Assessment District 2001-01 (Fund 349).** Accounts for improvements within Assessment District 2001-01. Financing is provided from the Limited Obligation Improvement Bonds issued.
9. **CFD Rio Vista (Fund 351).** Accounts for improvements within the Rio Vista Community Facilities District. Financing is provided by contributions from property owners.
10. **Assessment District 2003-01 (Fund 352).** Accounts for improvements within Assessment District 2003-01. Financing is provided from the Limited Obligation Improvement Bonds issued.
11. **Assessment District 2004-01 (Fund 353).** Accounts for improvements within Assessment District 2004-01. Financing is provided from the Limited Obligation Improvement Bonds issued.
12. **Assessment District 2004-02 (Fund 354).** Accounts for improvements within Assessment District 2004-02. Financing is provided from the Limited Obligation Improvement Bonds issued.

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Combining Balance Sheet
Nonmajor Governmental Funds by Fund Type
June 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 9,318,933	3,718,773	13,037,706
Receivables:			
Interest	37,308	6,035	43,343
Accounts	1,738,100	-	1,738,100
Prepaid assets	770	-	770
Restricted assets:			
Cash and investments with fiscal agent	-	79	79
Total Assets	\$ 11,095,111	3,724,887	14,819,998
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 277,646	2,166	279,812
Intergovernmental payable	795,623	-	795,623
Total Liabilities	1,073,269	2,166	1,075,435
Deferred inflows of resources:			
Unavailable revenue	152,435	-	152,435
Total Deferred Inflow of Resources	152,435	-	152,435
Fund balances:			
Nonspendable	770	-	770
Restricted	9,868,637	3,722,721	13,591,358
Total Fund Balances	9,869,407	3,722,721	13,592,128
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,095,111	3,724,887	14,819,998

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds by Fund Type
For the Year Ended June 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$ 5,365,400	-	5,365,400
Fines and forfeitures	145,415	-	145,415
Charges for services	1,384,370	-	1,384,370
Special assessments	363,941	-	363,941
Development fees	79,279	109,950	189,229
Use of money and property	245,125	39,166	284,291
Other revenue	97,968	-	97,968
Total Revenues	7,681,498	149,116	7,830,614
Expenditures			
Current:			
General government	11,991	-	11,991
Community development	720,682	-	720,682
Public safety	533,477	-	533,477
Public works	2,293,700	-	2,293,700
Debt service:			
Principal	-	-	-
Capital outlay	1,571,957	-	1,571,957
Total Expenditures	5,131,807	-	5,131,807
 Excess (deficiency) of revenues over (under) expenditures	 2,549,691	 149,116	 2,698,807
Other Financing Sources (Uses)			
Transfers in	328,143	500,000	828,143
Transfers out	(1,160,566)	(2,166)	(1,162,732)
Total Other Financing Sources (Uses)	(832,423)	497,834	(334,589)
 Net change in fund balances	 1,717,268	 646,950	 2,364,218
Fund balances - beginning	8,152,139	3,075,771	11,227,910
 Fund Balances - Ending	 \$ 9,869,407	 3,722,721	 13,592,128

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020

	Master Underground Plan	Traffic Safety	City Mitigation Fee	PEG Fees
Assets				
Cash and investments	\$ 2,066,448	581,701	2,552,637	434,717
Receivables:				
Interest	8,356	2,352	10,323	1,758
Accounts	-	11,148	148,847	28,622
Prepaid assets	-	-	-	-
Total Assets	\$ 2,074,804	595,201	2,711,807	465,097
Liabilities, Deferred Inflows Of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ -	15,431	-	3,317
Intergovernmental payable	-	-	-	-
Total Liabilities	-	15,431	-	3,317
Deferred inflows of resources:				
Unavailable revenue	-	-	23,290	-
Total Deferred Inflow of Resources	-	-	23,290	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	2,074,804	579,770	2,688,517	461,780
Total Fund Balances (Deficits)	2,074,804	579,770	2,688,517	461,780
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	\$ 2,074,804	595,201	2,711,807	465,097

State Gas Tax	Air Quality Improvement	Measure A	Asset Forfeiture
31,515	406,472	149,795	287,129
4	1,644	286	1,161
-	4,296	262,291	-
-	-	-	-
31,519	412,412	412,372	288,290
31,520	-	36,033	-
29,616	-	-	-
61,136	-	36,033	-
-	-	-	-
-	-	-	-
-	-	-	-
(29,617)	412,412	376,339	288,290
(29,617)	412,412	376,339	288,290
31,519	412,412	412,372	288,290

Assets

Cash and investments

Receivables:

Interest

Accounts

Prepaid assets

Total Assets**Liabilities, Deferred Inflows Of Resources,
and Fund Balances**

Liabilities:

Accounts payable

Intergovernmental payable

Total Liabilities

Deferred inflows of resources:

Unavailable revenue

Total Deferred Inflow of Resources

Fund balances:

Nonspendable

Restricted

Total Fund Balances (Deficits)**Total Liabilities, Deferred Inflows Of
Resources, And Fund Balances**

Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2020

	Solid Waste	Police Grants	Road Maintenance and Rehabilitation	Community Development Block Grant
Assets				
Cash and investments	\$1,763,538	113,256	517,362	-
Receivables:				
Interest	7,132	532	2,092	-
Accounts	151,274	94,057	138,246	864,319
Prepaid assets	-	-	-	-
Total Assets	\$1,921,944	207,845	657,700	864,319
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 73,171	-	37,292	64,684
Intergovernmental payable	-	-	-	763,859
Total Liabilities	73,171	-	37,292	828,543
Deferred inflows of resources:				
Unavailable revenue	-	65,738	-	28,407
Total Deferred Inflow of Resources	-	65,738	-	28,407
Fund balances:				
Nonspendable	-	-	-	-
Restricted	1,848,773	142,107	620,408	7,369
Total Fund Balances (Deficits)	1,848,773	142,107	620,408	7,369
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$1,921,944	207,845	657,700	864,319

Police Department Special Revenues	Fire Department Special Revenues	Landscape and Lighting District	Total	
242,948	6,480	164,935	9,318,933	Assets
984	18	666	37,308	Cash and investments
-	35,000	-	1,738,100	Receivables:
-	-	770	770	Interest
243,932	41,498	166,371	11,095,111	Accounts
				Prepaid assets
				Total Assets
				Liabilities, Deferred Inflows of Resources, and Fund Balances
197	6,498	9,503	277,646	Liabilities:
-	2,148	-	795,623	Accounts payable
197	8,646	9,503	1,073,269	Intergovernmental payable
				Total Liabilities
-	35,000	-	152,435	Deferred inflows of resources:
-	35,000	-	152,435	Unavailable revenue
				Total Deferred Inflow of Resources
-	-	770	770	Fund balances:
243,735	(2,148)	156,098	9,868,637	Nonspendable
243,735	(2,148)	156,868	9,869,407	Restricted
				Total Fund Balances (Deficits)
243,932	41,498	166,371	11,095,111	Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2020

	Master Underground Plan	Traffic Safety	City Mitigation Fee	PEG Fees
Revenues				
Intergovernmental	\$ -	-	-	-
Fines and forfeitures	-	145,415	-	-
Charges for services	-	-	281,547	120,455
Special assessments	-	-	-	-
Development fees	79,279	-	-	-
Use of money and property	54,414	15,652	67,353	11,347
Other revenue	-	-	-	-
Total Revenues	133,693	161,067	348,900	131,802
Expenditures				
Current:				
General government	-	-	-	-
Community development	-	-	-	12,413
Public safety	-	231,193	-	-
Public works	-	-	-	-
Capital outlay	-	141,310	-	-
Total Expenditures	-	372,503	-	12,413
Excess (deficiency) of revenues over (under) expenditures	133,693	(211,436)	348,900	119,389
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(86,340)	-	(32,929)
Total Other Financing Sources (Uses)	-	(86,340)	-	(32,929)
Net change in fund balances	133,693	(297,776)	348,900	86,460
Fund balances - beginning	1,941,111	877,546	2,339,617	375,320
Fund Balances - Ending	\$ 2,074,804	579,770	2,688,517	461,780

State Gas Tax	Air Quality Improvement	Measure A	Asset Forfeiture
1,378,127	17,311	1,479,866	-
-	-	-	-
10,291	-	10,296	35,387
-	-	-	-
-	-	-	-
28	10,767	2,230	7,497
221	-	216	-
1,388,667	28,078	1,492,608	42,884
-	-	-	-
-	-	-	-
-	-	-	5,147
957,823	-	1,009,212	-
-	-	-	-
957,823	-	1,009,212	5,147
430,844	28,078	483,396	37,737
50,367	-	50,367	-
(125,520)	-	(118,389)	-
(75,153)	-	(68,022)	-
355,691	28,078	415,374	37,737
(385,308)	384,334	(39,035)	250,553
(29,617)	412,412	376,339	288,290

Revenues

Intergovernmental
 Fines and forfeitures
 Charges for services
 Special assessments
 Development fees
 Use of money and property
 Other revenue

Total Revenues**Expenditures**

Current:

General government
 Community development
 Public safety
 Public works
 Capital outlay

Total Expenditures

Excess (deficiency) of revenues
 over (under) expenditures

Other Financing Sources (Uses)

Transfers in
 Transfers out

Total Other Financing Sources (Uses)

Net change in fund balances
 Fund balances - beginning

Fund Balances - Ending

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor
Special Revenue Funds (continued)
For the Year Ended June 30, 2020

	Solid Waste	Police Grants	Road Maintenance and Rehabilitation	Community Development Block Grant
Revenues				
Intergovernmental	\$ 60,135	233,527	835,548	929,011
Fines and forfeitures	-	-	-	-
Charges for services	926,394	-	-	-
Special assessments	-	-	-	-
Development fees	-	-	-	-
Use of money and property	44,226	3,596	19,144	(2)
Other revenue	-	-	-	581
Total Revenues	1,030,755	237,123	854,692	929,590
Expenditures				
Current:				
General government	11,991	-	-	-
Community development	528,830	-	-	179,439
Public safety	-	217,662	-	-
Public works	-	-	-	-
Capital outlay	-	-	688,307	742,340
Total Expenditures	540,821	217,662	688,307	921,779
Excess (deficiency) of revenues over (under) expenditures	489,934	19,461	166,385	7,811
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(38,934)	(29,334)	-	-
Total Other Financing Sources (Uses)	(38,934)	(29,334)	-	-
Net change in fund balances	451,000	(9,873)	166,385	7,811
Fund balances - beginning	1,397,773	151,980	454,023	(442)
Fund Balances - Ending	\$ 1,848,773	142,107	620,408	7,369

Police Department Special Revenues	Fire Department Special Revenues	Landscape and Lighting District	Total	
-	431,875	-	5,365,400	Revenues
-	-	-	145,415	Intergovernmental
-	-	-	1,384,370	Fines and forfeitures
-	-	363,941	363,941	Charges for services
-	-	-	79,279	Special assessments
6,426	(532)	2,979	245,125	Development fees
67,624	29,326	-	97,968	Use of money and property
74,050	460,669	366,920	7,681,498	Other revenue
				Total Revenues
				Expenditures
				Current:
-	-	-	11,991	General government
-	-	-	720,682	Community development
34,007	45,468	-	533,477	Public safety
-	-	326,665	2,293,700	Public works
-	-	-	1,571,957	Capital outlay
34,007	45,468	326,665	5,131,807	Total Expenditures
				Excess (deficiency) of revenues over (under) expenditures
40,043	415,201	40,255	2,549,691	
				Other Financing Sources (Uses)
-	-	227,409	328,143	Transfers in
(1,681)	(473,372)	(254,067)	(1,160,566)	Transfers out
(1,681)	(473,372)	(26,658)	(832,423)	Total Other Financing Sources (Uses)
38,362	(58,171)	13,597	1,717,268	Net change in fund balances
205,373	56,023	143,271	8,152,139	Fund balances - beginning
243,735	(2,148)	156,868	9,869,407	Fund Balances - Ending

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2020

	Master Underground Plan		
	Final Budgeted	Actual	Variance with
	Amounts	Amounts	Final Budget -
			Positive
			(Negative)
Revenues			
Fines and forfeitures	\$ -	-	-
Development fees	40,000	79,279	39,279
Use of money and property	11,500	54,414	42,914
Total Revenues	51,500	133,693	82,193
Expenditures			
Current:			
Public safety	-	-	-
Capital outlay	-	-	-
Total Expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	51,500	133,693	82,193
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net change in fund balances	51,500	133,693	82,193
Fund balances - beginning	1,941,111	1,941,111	-
Fund Balances - Ending	\$ 1,992,611	2,074,804	82,193

Final Budgeted Amounts	Actual Amounts	Traffic Safety
		Variance with Final Budget - Positive (Negative)
150,000	145,415	(4,585)
-	-	-
6,500	15,652	9,152
156,500	161,067	4,567
362,330	231,193	131,137
270,219	141,310	128,909
632,549	372,503	260,046
(476,049)	(211,436)	264,613
(125,438)	(86,340)	39,098
(125,438)	(86,340)	39,098
(601,487)	(297,776)	303,711
877,546	877,546	-
276,059	579,770	303,711

continued

Revenues

Fines and forfeitures
Development fees
Use of money and property

Total Revenues**Expenditures**

Current:

Public safety
Capital outlay

Total Expenditures

Excess (deficiency) of revenues over expenditures

OTHER FINANCING SOURCES (USES)

Transfers out

Total Other Financing Sources (Uses)

Net change in fund balances

Fund balances - beginning

Fund Balances - Ending

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2020

			City Mitigation Fee
			Variance with
	Final Budgeted	Actual	Final Budget -
	Amounts	Amounts	Positive
			(Negative)
Revenues			
Charges for services	\$ 300,000	281,547	(18,453)
Use of money and property	12,000	67,353	55,353
Total Revenues	312,000	348,900	36,900
Expenditures			
Current:			
Community development	120,000	-	120,000
Capital outlay	965,655	-	965,655
Total Expenditures	1,085,655	-	1,085,655
Excess (deficiency) of revenues over expenditures	(773,655)	348,900	1,122,555
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net change in fund balances	(773,655)	348,900	1,122,555
Fund balances - beginning	2,339,617	2,339,617	-
Fund Balances - Ending	\$ 1,565,962	2,688,517	1,122,555

Final Budgeted Amounts	Actual Amounts	PEG Fees
		Variance with Final Budget - Positive (Negative)
112,000	120,455	8,455
2,100	11,347	9,247
114,100	131,802	17,702
49,600	12,413	37,187
-	-	-
49,600	12,413	37,187
64,500	119,389	54,889
(32,929)	(32,929)	-
(32,929)	(32,929)	-
31,571	86,460	54,889
375,320	375,320	-
406,891	461,780	54,889

continued

Revenues

Charges for services

Use of money and property

Total Revenues**Expenditures**

Current:

Community development

Capital outlay

Total Expenditures

Excess (deficiency) of revenues over expenditures

OTHER FINANCING SOURCES (USES)

Transfers out

Total Other Financing Sources (Uses)

Net change in fund balances

Fund balances - beginning

Fund Balances - Ending

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2020

			State Gas Tax
			Variance with
	Final Budgeted	Actual	Final Budget -
	Amounts	Amounts	Positive
			(Negative)
Revenues			
Intergovernmental	\$ 1,250,000	1,378,127	128,127
Charges for services	24,000	10,291	(13,709)
Use of money and property	5,000	28	(4,972)
Other revenue	-	221	221
Total Revenues	1,279,000	1,388,667	109,667
Expenditures			
Current:			
Public works	1,197,147	957,823	239,324
Capital outlay	1,045,000	-	1,045,000
Total Expenditures	2,242,147	957,823	1,284,324
Excess (deficiency) of revenues over expenditures	(963,147)	430,844	1,393,991
Other Financing Sources (Uses)			
Transfers in	85,678	50,367	(35,311)
Transfers out	(125,520)	(125,520)	-
Total Other Financing Sources (Uses)	(39,842)	(75,153)	(35,311)
Net change in fund balances	(1,002,989)	355,691	1,358,680
Fund balances - beginning	(385,308)	(385,308)	-
Fund Balances - Ending	\$ (1,388,297)	(29,617)	1,358,680

Air Quality Improvement			
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	
45,000	17,311	(27,689)	Revenues
-	-	-	Intergovernmental
1,800	10,767	8,967	Charges for services
-	-	-	Use of money and property
46,800	28,078	(18,722)	Other revenue
			Total Revenues
			Expenditures
			Current:
42,500	-	42,500	Public works
-	-	-	Capital outlay
42,500	-	42,500	Total Expenditures
4,300	28,078	23,778	Excess (deficiency) of revenues over expenditures
-	-	-	Other Financing Sources (Uses)
(25,000)	-	25,000	Transfers in
(25,000)	-	25,000	Transfers out
			Total Other Financing Sources (Uses)
(20,700)	28,078	48,778	Net change in fund balances
384,334	384,334	-	Fund balances - beginning
363,634	412,412	48,778	Fund Balances - Ending

continued

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2020

			Measure A
			Variance with
	Final Budgeted	Actual	Final Budget -
	Amounts	Amounts	Positive
			(Negative)
Revenues			
Intergovernmental	\$ 1,398,400	1,479,866	81,466
Charges for services	24,000	10,296	(13,704)
Use of money and property	3,500	2,230	(1,270)
Other revenue	-	216	216
Total Revenues	1,425,900	1,492,608	66,708
Expenditures			
Current:			
Public safety	-	-	-
Public works	1,257,147	1,009,212	247,935
Capital outlay	545,000	-	545,000
Total Expenditures	1,802,147	1,009,212	792,935
Excess (deficiency) of revenues over expenditures	(376,247)	483,396	859,643
Other Financing Sources (Uses)			
Transfers in	85,678	50,367	(35,311)
Transfers out	(125,520)	(118,389)	7,131
Total Other Financing Sources (Uses)	(39,842)	(68,022)	(28,180)
Net change in fund balances	(416,089)	415,374	831,463
Fund balances - beginning	(39,035)	(39,035)	-
Fund Balances - Ending	\$ (455,124)	376,339	831,463

Final Budgeted Amounts	Actual Amounts	Asset Forfeiture
		Variance with Final Budget - Positive (Negative)
-	-	-
-	35,387	35,387
1,700	7,497	5,797
-	-	-
1,700	42,884	41,184
5,147	5,147	-
-	-	-
-	-	-
5,147	5,147	-
(3,447)	37,737	41,184
-	-	-
-	-	-
-	-	-
(3,447)	37,737	41,184
250,553	250,553	-
247,106	288,290	41,184

Revenues

Intergovernmental
Charges for services
Use of money and property
Other revenue

Total Revenues**Expenditures**

Current:

Public safety
Public works
Capital outlay

Total Expenditures

Excess (deficiency) of revenues over expenditures

Other Financing Sources (Uses)

Transfers in
Transfers out

Total Other Financing Sources (Uses)

Net change in fund balances
Fund balances - beginning

Fund Balances - Ending

continued

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2020

			Solid Waste
			Variance with
	Final Budgeted	Actual	Final Budget -
	Amounts	Amounts	Positive
			(Negative)
Revenues			
Intergovernmental	\$ 15,000	60,135	45,135
Charges for services	825,000	926,394	101,394
Use of money and property	1,800	44,226	42,426
Total Revenues	841,800	1,030,755	188,955
Expenditures			
Current:			
General government	41,500	11,991	29,509
Community development	741,675	528,830	212,845
Public safety	-	-	-
Total Expenditures	783,175	540,821	242,354
Excess (deficiency) of revenues over expenditures	58,625	489,934	431,309
Other Financing Sources (Uses)			
Transfers out	(38,934)	(38,934)	-
Total Other Financing Sources (Uses)	(38,934)	(38,934)	-
Net change in fund balances	19,691	451,000	431,309
Fund balances - beginning	1,397,773	1,397,773	-
Fund Balances - Ending	\$ 1,417,464	1,848,773	431,309

Police Grants		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
141,576	233,527	91,951
-	-	-
500	3,596	3,096
142,076	237,123	95,047
-	-	-
-	-	-
272,559	217,662	54,897
272,559	217,662	54,897
(130,483)	19,461	149,944
18,430	(29,334)	(47,764)
18,430	(29,334)	(47,764)
(112,053)	(9,873)	102,180
151,980	151,980	-
39,927	142,107	102,180

continued

Revenues

Intergovernmental
Charges for services
Use of money and property

Total Revenues**Expenditures**

Current:
General government
Community development
Public safety

Total Expenditures

Excess (deficiency) of revenues over expenditures

Other Financing Sources (Uses)

Transfers out

Total Other Financing Sources (Uses)

Net change in fund balances

Fund balances - beginning

Fund Balances - Ending

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2020

	Road Maintenance and Rehabilitation		
	Final Budgeted	Actual	Variance with
	Amounts	Amounts	Final Budget -
			Positive
			(Negative)
Revenues			
Intergovernmental	\$ -	835,548	835,548
Charges for services	-	-	-
Use of money and property	100	19,144	19,044
Other revenue	-	-	-
Total Revenues	100	854,692	854,592
Expenditures			
Current:			
Community development	-	-	-
Capital outlay	884,000	688,307	195,693
Total Expenditures	884,000	688,307	195,693
Excess (deficiency) of revenues over expenditures	(883,900)	166,385	1,050,285
Other Financing Sources (Uses)			
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net change in fund balances	(883,900)	166,385	1,050,285
Fund balances - beginning	454,023	454,023	-
Fund Balances - Ending	\$ (429,877)	620,408	1,050,285

Community Development Block Grant

Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
607,329	929,011	321,682
-	-	-
-	(2)	(2)
2,000	581	(1,419)
609,329	929,590	320,261
328,843	179,439	149,404
694,805	742,340	(47,535)
1,023,648	921,779	101,869
(414,319)	7,811	422,130
(45,971)	-	45,971
(45,971)	-	45,971
(460,290)	7,811	468,101
(442)	(442)	-
(460,732)	7,369	468,101

continued

Revenues

Intergovernmental
Charges for services
Use of money and property
Other revenue

Total Revenues**Expenditures**

Current:
Community development
Capital outlay

Total Expenditures

Excess (deficiency) of revenues over expenditures

Other Financing Sources (Uses)

Transfers out

Total Other Financing Sources (Uses)

Net change in fund balances

Fund balances - beginning

Fund Balances - Ending

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2020

	Police Department Special Revenues		
	Final Budgeted	Actual	Variance with
	Amounts	Amounts	Final Budget -
			Positive
			(Negative)
Revenues			
Intergovernmental	\$ -	-	-
Use of money and property	1,400	6,426	5,026
Other revenue	25,000	67,624	42,624
Total Revenues	26,400	74,050	47,650
Expenditures			
Current:			
Public safety	60,000	34,007	25,993
Total Expenditures	60,000	34,007	25,993
Excess (deficiency) of revenues over expenditures	(33,600)	40,043	73,643
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(1,681)	(1,681)
Total other financing sources (uses)	-	(1,681)	(1,681)
Net change in fund balances	(33,600)	38,362	71,962
Fund balances - beginning	205,373	205,373	-
Fund Balances - Ending	\$ 171,773	243,735	71,962

Fire Department Special Revenues			
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	
204,442	431,875	227,433	Revenues
300	(532)	(832)	Intergovernmental
28,654	29,326	672	Use of money and property
233,396	460,669	227,273	Other revenue
			Total Revenues
			Expenditures
			Current:
120,754	45,468	75,286	Public safety
120,754	45,468	75,286	Total Expenditures
112,642	415,201	302,559	Excess (deficiency) of revenues over expenditures
(147,342)	(473,372)	(326,030)	OTHER FINANCING SOURCES (USES)
(147,342)	(473,372)	(326,030)	Transfers out
			Total other financing sources (uses)
(34,700)	(58,171)	(23,471)	Net change in fund balances
56,023	56,023	-	Fund balances - beginning
21,323	(2,148)	(23,471)	Fund Balances - Ending

continued

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 Nonmajor Special Revenue Funds (continued)
 For the Year Ended June 30, 2020

	Landscape and Lighting District		
	Final Budgeted	Actual	Variance with
	Amounts	Amounts	Final Budget -
			Positive
			(Negative)
Revenues			
Special assessments	\$ 366,872	363,941	(2,931)
Use of money and property	1,370	2,979	1,609
Total Revenues	368,242	366,920	(1,322)
Expenditures			
Current:			
Public works	435,702	326,665	109,037
Total Expenditures	435,702	326,665	109,037
Excess (deficiency) of revenues over expenditures	(67,460)	40,255	107,715
Other Financing Sources (Uses)			
Transfers in	344,200	227,409	(116,791)
Transfers out	(235,047)	(254,067)	(19,020)
Total Other Financing Sources (Uses)	109,153	(26,658)	(135,811)
Net change in fund balances	41,693	13,597	(28,096)
Fund balances - beginning	143,271	143,271	-
Fund Balances - Ending	\$ 184,964	156,868	(28,096)

		Special Deposits	
		Variance with	
		Final Budget -	
Final Budgeted	Actual	Positive	
Amounts	Amounts	(Negative)	
-	-	-	Revenues
4,000	26,015	22,015	Special assessments
4,000	26,015	22,015	Use of money and property
			Total Revenues
			Expenditures
			Current:
-	-	-	Public works
-	-	-	Total Expenditures
-	-	22,015	Excess (deficiency) of revenues over expenditures
			Other Financing Sources (Uses)
-	-	-	Transfers in
-	-	-	Transfers out
-	-	-	Total Other Financing Sources (Uses)
4,000	26,015	22,015	Net change in fund balances
190,713	190,713	-	Fund balances - beginning
194,713	216,728	22,015	Fund Balances - Ending

continued

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2020

			Big League Dreams
	Final Budgeted	Actual	Variance with
	Amounts	Amounts	Final Budget -
			Positive
			(Negative)
Revenues			
Use of money and property	\$ 179,123	15,369	(163,754)
Total Revenues	179,123	15,369	(163,754)
Expenditures			
Current:			
General government	6,500	23,265	(16,765)
Total Expenditures	6,500	23,265	(16,765)
Excess (deficiency) of revenues over expenditures	172,623	(7,896)	(180,519)
Other Financing Sources (Uses)			
Transfers out	(380,495)	(380,495)	-
Total Other Financing Sources (Uses)	(380,495)	(380,495)	-
Net change in fund balances	(207,872)	(388,391)	(180,519)
Fund balances - beginning	3,383,888	3,383,888	-
Fund Balances - Ending	\$ 3,176,016	2,995,497	(180,519)

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Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2020

	Police and Fire Facilities	Traffic Signalization	Assessment District 85-1
Assets			
Cash and investments	\$ 226,257	154,150	261,403
Receivables:			
Interest	926	623	1,057
Restricted assets:			
Cash and investments held with fiscal agent	-	-	-
Total Assets	227,183	154,773	262,460
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 2,166	-	-
Total Liabilities	2,166	-	-
Fund balances:			
Restricted	225,017	154,773	262,460
Total Fund Balances	225,017	154,773	262,460
Total Liabilities and Fund Balances	\$ 227,183	154,773	262,460

Assessment District 86-5	Assessment District 87-2	Assessment District 88-3
562,409	13,503	272,077
2,274	55	1,100
-	-	-
564,683	13,558	273,177
-	-	-
-	-	-
564,683	13,558	273,177
564,683	13,558	273,177
564,683	13,558	273,177

continued

Assets

Cash and investments

Receivables:

Interest

Restricted assets:

Cash and investments held with fiscal agent

Total Assets**Liabilities and Fund Balances**

Liabilities:

Accounts payable

Total Liabilities

Fund balances:

Restricted

Total Fund Balances**Total Liabilities and Fund Balances**

Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
June 30, 2020

	Assessment District 96-1	Assessment District 2001-01	CFD Rio Vista
Assets			
Cash and investments	\$ 487,467	65,861	4,196
Receivables:			
Interest	-	-	-
Restricted assets:			
Cash and investments held with fiscal agent	-	79	-
Total Assets	487,467	65,940	4,196
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	-
Total Liabilities	-	-	-
Fund balances:			
Restricted	487,467	65,940	4,196
Total Fund Balances	487,467	65,940	4,196
Total Liabilities and Fund Balances	\$ 487,467	65,940	4,196

Assessment District 2003-01	Assessment District 2004-01	Assessment District 2004-02	Total	
842,214	207,753	621,483	3,718,773	Assets
-	-	-	6,035	Cash and investments
-	-	-	79	Receivables:
-	-	-		Interest
-	-	-		Restricted assets:
-	-	-		Cash and investments held with fiscal agent
842,214	207,753	621,483	3,724,887	Total Assets
				Liabilities and Fund Balances
-	-	-	2,166	Liabilities:
-	-	-		Accounts payable
-	-	-	2,166	Total Liabilities
842,214	207,753	621,483	3,722,721	Fund balances:
842,214	207,753	621,483	3,722,721	Restricted
				Total Fund Balances
842,214	207,753	621,483	3,724,887	Total Liabilities and Fund Balances

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2020

	Police and Fire Facilities	Traffic Signalization	Assessment District 85-1
Revenues			
Development fees	\$ 73,300	36,650	-
Use of money and property	5,878	4,000	6,901
Total Revenues	79,178	40,650	6,901
Expenditures			
Total Expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	79,178	40,650	6,901
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	(2,166)	-	-
Total Other Financing Sources (Uses)	(2,166)	-	-
Net change in fund balances	77,012	40,650	6,901
Fund balances - beginning	148,005	114,123	255,559
Fund Balances - Ending	\$ 225,017	154,773	262,460

Assessment District 86-5	Assessment District 87-2	Assessment District 88-3	
-	-	-	Revenues
14,847	357	7,182	Development fees
14,847	357	7,182	Use of money and property
			Total Revenues
-	-	-	Expenditures
			Total Expenditures
14,847	357	7,182	Excess (deficiency) of revenues over expenditures
-	-	-	Other Financing Sources (Uses)
-	-	-	Transfers in
-	-	-	Transfers out
			Total Other Financing Sources (Uses)
14,847	357	7,182	Net change in fund balances
549,836	13,201	265,995	Fund balances - beginning
564,683	13,558	273,177	Fund Balances - Ending

continued

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds (continued)
For the Year Ended June 30, 2020

	Assessment District 96-1	Assessment District 2001-01	CFD Rio Vista	Assessment District 2003-01
Revenues				
Development fees	-	-	-	-
Use of money and property	-	1	-	-
Total Revenues	-	1	-	-
Expenditures				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	1	-	-
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in fund balances	-	1	-	-
Fund balances - beginning	487,467	65,939	4,196	842,214
Fund Balances - Ending	487,467	65,940	4,196	842,214

Assessment District 2004-01	Assessment District 2004-02	Total	
-	-	109,950	Revenues
-	-	39,166	Development fees
-	-	149,116	Use of money and property
			Total Revenues
			Expenditures
-	-	-	Total Expenditures
-	-	149,116	Excess (deficiency) of revenues over expenditures
			Other Financing Sources (Uses)
-	500,000	500,000	Transfers in
-	-	(2,166)	Transfers out
-	500,000	497,834	Total Other Financing Sources (Uses)
-	500,000	646,950	Net change in fund balances
207,753	121,483	3,075,771	Fund balances - beginning
207,753	621,483	3,722,721	Fund Balances - Ending

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PROPRIETARY FUNDS



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PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS

Internal service funds are used to account for activities involved in rendering services to various City departments. Costs of materials and services used are accumulated in these funds and charged to the user departments as such goods are delivered or services rendered.

1. **Equipment Replacement (Fund 611).** Accounts for costs of maintaining and providing for replacement of the City's vehicles, equipment, and intangibles. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.
2. **Insurance (Fund 612).** Accounts for costs related to the City's insurance coverages, including employee and retiree benefits. Premium costs, self-insured claim losses, liability claims, and other administrative costs are reported in this fund. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.
3. **Technology (Fund 613).** Accounts for reserves set aside for the future acquisition and replacement of technology software used throughout the City. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.
4. **Facilities (Fund 614).** Accounts for reserves set aside for the future replacement of major building components. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.

Combining Statement of Net Position
Internal Service Funds
June 30, 2020

	Equipment Replacement	Insurance	Technology	Facilities	Total
Assets					
Current assets:					
Cash and investments	\$ 4,610,180	16,886,725	593,790	2,709,118	24,799,813
Receivables:					
Interest	18,643	68,288	2,401	10,955	100,287
Accounts	272	171	-	-	443
Deposits with PERMA	-	3,292,890	-	-	3,292,890
Prepaid assets	-	1,485	-	-	1,485
Inventories	24,113	-	-	-	24,113
Total Current Assets	4,653,208	20,249,559	596,191	2,720,073	28,219,031
Noncurrent assets:					
Capital assets:					
Vehicles and equipment	9,786,357	-	-	-	9,786,357
Construction in progress	-	-	579,689	-	579,689
Accumulated depreciation	(6,508,549)	-	-	-	(6,508,549)
Net capital assets	3,277,808	-	579,689	-	3,857,497
Total Noncurrent Assets	3,277,808	-	579,689	-	3,857,497
Total Assets	7,931,016	20,249,559	1,175,880	2,720,073	32,076,528
Liabilities					
Current liabilities:					
Accounts payable	10,141	127,561	5,227	-	142,929
Claims payable	-	1,000,000	-	-	1,000,000
Unearned revenue	-	1,479	-	-	1,479
Total Current Liabilities	10,141	1,129,040	5,227	-	1,144,408
Noncurrent liabilities:					
Claims payable	-	3,185,119	-	-	3,185,119
Total Noncurrent Liabilities	-	3,185,119	-	-	3,185,119
Total Liabilities	10,141	4,314,159	5,227	-	4,329,527
Net Position					
Investment in capital assets	3,277,808	-	579,689	-	3,857,497
Unrestricted	4,643,067	15,935,400	590,964	2,720,073	23,889,504
Total Net Position	\$ 7,920,875	15,935,400	1,170,653	2,720,073	27,747,001

Combining Statement of Revenues, Expenditures, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2020

	Equipment Replacement	Insurance	Technology	Facilities	Total
Operating Revenues					
Charges for services	\$ 1,665,569	12,094,588	228,199	650,000	14,638,356
Other revenue	176,264	114,898	-	27,555	318,717
Total Operating Revenues	1,841,833	12,209,486	228,199	677,555	14,957,073
Operating Expenses					
Insurance claims and expenses	-	9,733,496	-	-	9,733,496
Depreciation	503,298	-	-	-	503,298
Total Operating Expenses	503,298	9,733,496	-	-	10,236,794
Operating income	1,338,535	2,475,990	228,199	677,555	4,720,279
Nonoperating Revenues					
Interest and investment income	109,550	596,010	14,028	65,443	785,031
Gain on sale of capital assets	12,341	-	-	-	12,341
Total Nonoperating Revenues	121,891	-	-	-	797,372
Income before transfers	1,460,426	2,475,990	228,199	677,555	5,517,651
Transfers in	298,696	-	-	-	298,696
Change in net position	1,759,122	2,475,990	228,199	677,555	5,816,347
Total net position - beginning	6,161,753	12,863,400	928,426	1,977,075	21,930,654
Total Net Position - Ending	\$ 7,920,875	15,339,390	1,156,625	2,654,630	27,747,001

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	Equipment Replacement	Insurance	Technology
Cash Flows From Operating Activities			
Receipts from customers and user departments	\$ 1,865,810	11,703,400	228,199
Payments to suppliers for goods and services	-	(9,770,102)	(4,955)
Net Cash Provided by Operating Activities	1,865,810	1,933,298	223,244
Cash Flows From Noncapital Financing Activities			
Transfers in	298,696	-	-
Net Cash Provided by Noncapital Financing Activities	298,696	-	-
Cash Flows From Capital and Related Financing Activities			
Capital asset acquisitions	(1,599,864)	-	(88,796)
Proceeds from the sale of capital assets	12,341	-	-
Net Cash (Used) by Capital and Related Financing Activities	(1,587,523)	-	(88,796)
Cash Flows From Investing Activities			
Interest received	111,340	602,491	13,947
Net Cash Provided by Investing Activities	111,340	602,491	13,947
Net increase (decrease) in cash and cash equivalents	688,323	2,535,789	148,396
Cash and cash equivalents - beginning	3,921,858	14,350,936	445,395
Cash and Cash Equivalents - Ending	\$ 4,610,181	16,886,725	593,790
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	1,350,876	2,475,990	228,199
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	503,298	-	-
Accounts receivable	(272)	174	-
Deposits with PERMA	-	(503,827)	-
Prepaid assets	-	(29)	-
Inventories	8,163	-	-
Accounts payable	3,745	102,090	(4,955)
Unearned revenue	-	(2,433)	-
Claims payable	-	(138,667)	-
Net Cash Provided by Operating Activities	\$ 1,865,810	1,933,298	223,244

Facilities	Total	
		Cash Flows From Operating Activities
679,905	14,465,407	Receipts from customers and user departments
-	(9,763,150)	Payments to suppliers for goods and services
679,905	4,702,257	Net Cash Provided by Operating Activities
		Cash Flows From Noncapital Financing Activities
-	298,696	Transfers in
-	298,696	Net Cash Provided by Noncapital Financing Activities
		Cash Flows From Capital and Related Financing Activities
-	(1,688,660)	Capital asset acquisitions
-	12,341	Proceeds from the sale of capital assets
-	(1,676,319)	Net Cash (Used) by Capital and Related Financing Activities
		Cash Flows From Investing Activities
64,464	792,242	Interest received
64,464	792,242	Net Cash Provided by Investing Activities
744,369	4,116,876	Net increase (decrease) in cash and cash equivalents
1,964,749	20,682,938	Cash and cash equivalents - beginning
2,709,118	24,799,814	Cash and Cash Equivalents - Ending
		Reconciliation of Operating Income to Net Cash Provided by Operating Activities:
677,555	4,732,620	Operating Income
		Adjustments to reconcile operating income to net cash provided by operating activities:
-	503,298	Depreciation
2,350	2,252	Accounts receivable
-	(503,827)	Deposits with PERMA
-	(29)	Prepaid assets
-	8,163	Inventories
-	100,880	Accounts payable
-	(2,433)	Unearned revenue
-	(138,667)	Claims payable
679,905	4,702,257	Net Cash Provided by Operating Activities

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FIDUCIARY FUNDS



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FIDUCIARY FUNDS

Fiduciary funds are trust and agency funds that account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. These include pension and other employee benefit trust funds, external investment trust funds, private-purpose trust funds, and agency funds. The City does not maintain any pension and other employee benefit trust funds or external investment trust funds.

PRIVATE-PURPOSE TRUST FUNDS

Private-purpose trust funds report all other trust arrangements under which the principal and income benefits individuals, private organizations or other governments. The City's private-purpose trust funds account for the assets, liabilities, and activities of the Successor Agency to the City's former redevelopment agency.

1. **Redevelopment Obligation Retirement (Fund 530).** Accounts for property taxes received to pay enforceable obligations and administrative overhead costs approved on the Recognized Obligation Payment Schedule (ROPS).
2. **Successor Agency 2014 Series A/B/C TABs (Fund 536).** Accounts for principal and interest payments on long-term debt of the Successor Agency.
3. **Successor Agency Administration (Fund 540).** Accounts for administrative overhead costs subject to the percentage limitation established by AB 1X 26 in winding down the affairs of the former redevelopment agency.
4. **Successor Agency Other (Fund 541).** Accounts for other costs related to the payment of enforceable obligations of the former redevelopment agency.
5. **Successor Agency 2007 Series A TAB (Fund 550).** Accounts for ROPS-approved uses of 2007 Tax Allocation Bonds, Series A proceeds of the former redevelopment agency.
6. **Successor Agency 2007 Series C TAB (Fund 552).** Accounts for ROPS-approved uses of 2007 Tax Allocation Bonds, Series C proceeds of the former redevelopment agency.

AGENCY FUNDS

Agency funds are used to account for assets held by the City as an agent for individuals, principal organizations, other governments, and/or funds.

1. **Assessment District 96-1 (Fund 448).** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Refunding Bonds (2004).
2. **Assessment District 2001-01 (Fund 449).** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds.
3. **Rio Vista Community Facilities District (Fund 451).** Accounts for special assessments receipts and principal and interest payments on the Special Tax Bonds related to the Rio Vista Community Facilities District (CFD 2000-1).
4. **Assessment District 2003-01 (Fund 452).** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds (35th Avenue).
5. **Assessment District 2004-01 (Fund 453).** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds (Dream Homes).
6. **Assessment District 2004-02 (Fund 454).** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds (Cove Improvement).

Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds - Successor Agency Trust
June 30, 2020

	Redevelopment Obligation Retirement	Successor Agency 2014 Series A/B/C TABs	Successor Agency Administration	Successor Agency Other
Assets				
Cash and investments	\$ 11,259,380	-	-	-
Receivables:				
Interest	45,986	-	-	-
Prepaid assets	-	519,580	-	-
Restricted assets:				
Cash and investments held with fiscal agent	-	1,950	-	-
Total Assets	\$ 11,305,366	521,530	-	-
Liabilities				
Accounts payable	-	-	-	-
Accrued interest	-	1,162,159	-	-
Noncurrent liabilities:				
Due in one year	-	3,605,000	-	-
Due in more than one year	-	59,021,793	-	17,040,288
Total Liabilities	-	63,788,952	-	17,040,288
Net Position				
Restricted for:				
Held in trust for other purposes	11,305,366	(63,267,422)	-	(17,040,288)
Total Net Position	\$ 11,305,366	(63,267,422)	-	(17,040,288)

Successor Agency 2007 Series A TAB	Successor Agency 2007 Series C TAB	Total	
			Assets
362,014	256,592	11,877,986	Cash and investments
			Receivables:
1,479	1,047	48,512	Interest
-	-	519,580	Prepaid assets
			Restricted assets:
-	-	1,950	Cash and investments held with fiscal agent
363,493	257,639	12,448,028	Total Assets
			Liabilities
103,916	-	103,916	Accounts payable
-	-	1,162,159	Accrued interest
			Noncurrent liabilities:
-	-	3,605,000	Due in one year
-	-	76,062,081	Due in more than one year
103,916	-	80,933,156	Total Liabilities
			Net Position
			Restricted for:
259,577	257,639	(68,485,128)	Held in trust for other purposes
259,577	257,639	(68,485,128)	Total Net Position

Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds - Successor Agency Trust Funds
For the Year Ended June 30, 2020

	Redevelopment Obligation Retirement	Successor Agency 2014 Series A/B/C TABs	Successor Agency Administration	Successor Agency Other
Additions				
Taxes	\$ 14,747,807	-	-	-
Use of money and property	94,438	2,998	-	-
Total Additions	14,842,245	2,998	-	-
Deductions				
Administrative expenses	-	37,369	-	-
Contractual services	29,093	-	-	-
Interest expense	-	2,394,769	-	1,056,417
Contributions to other governments	8,046,474	-	177,196	-
Total Deductions	8,075,567	2,432,138	177,196	1,056,417
Transfers In (Out)				
Transfers in	-	(6,321,068)	(177,196)	-
Transfers out	6,498,264	-	-	-
Total Transfers In (Out)	6,498,264	(6,321,068)	(177,196)	-
Change in net position	268,414	3,891,928	-	(1,056,417)
Net Position - beginning of the year	11,036,952	(67,159,350)	-	(15,983,871)
Net Position - End of the Year	\$ 11,305,366	(63,267,422)	-	(17,040,288)

Successor Agency 2007 Series A TAB	Successor Agency 2007 Series C TAB	Total	
-	-	14,747,807	Additions
8,542	7,170	113,148	Taxes
8,542	7,170	14,860,955	Use of money and property
			Total Additions
			Deductions
-	-	37,369	Administrative expenses
103,916	750,000	883,009	Contractual services
-	-	3,451,186	Interest expense
-	-	8,223,670	Contributions to other governments
103,916	750,000	12,595,234	Total Deductions
			Transfers In (Out)
-	-	(6,498,264)	Transfers in
-	-	6,498,264	Transfers out
-	-	-	Total Transfers In (Out)
(95,374)	(742,830)	2,265,721	Change in net position
354,951	1,000,469	(70,750,849)	Net Position - beginning of the year
259,577	257,639	(68,485,128)	Net Position - End of the Year

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**Combining Statement of Changes in Assets and Liabilities —
Agency Funds**
For the Year Ended June 30, 2020

	Balance July 1	Additions	Deductions	Balance June 30
Assessment District 96-1				
Assets				
Cash and investments	\$ 843,893	452,000	413,844	882,049
Receivables:				
Interest	6,936	8,745	10,143	5,538
Special assessments	5,497	12,118	5,497	12,118
Restricted cash and investments:				
Held with fiscal agent	-	373,999	373,999	-
Total Assets	\$ 856,326	846,862	803,483	899,705
Liabilities				
Accounts payable	\$ -	391,504	390,976	528
Due to bondholders	856,326	454,219	411,368	899,177
Total Liabilities	\$ 856,326	845,723	802,344	899,705
Assessment District 2001-01				
Assets				
Cash and investments	\$ 335,616	263,194	245,711	353,099
Receivables:				
Interest	2,091	2,662	3,059	1,694
Special assessments	3,819	6,730	3,868	6,681
Restricted cash and investments:				
Held with fiscal agent	35	235,349	235,365	19
Total Assets	\$ 341,561	507,935	488,003	361,493
Liabilities				
Accounts payable	\$ -	239,764	239,669	95
Due to bondholders	341,561	264,823	244,986	361,398
Total Liabilities	\$ 341,561	504,587	484,655	361,493
Rio Vista Community Facilities District				
Assets				
Cash and investments	\$ 121,536	721,257	494,263	348,530
Receivables:				
Interest	655	1,729	958	1,426
Special assessments	139,617	44,968	3,754	180,831
Restricted cash and investments:				
Held with fiscal agent	890,940	216,420	1,074,733	32,627
Total Assets	\$ 1,152,748	984,374	1,573,708	563,414
Liabilities				
Accounts payable	\$ 1,952	231,637	233,505	84
Due to bondholders	1,150,796	513,593	1,101,059	563,330
Total Liabilities	\$ 1,152,748	745,230	1,334,564	563,414

continued

**Combining Statement of Changes in Assets and Liabilities —
Agency Funds (continued)**
For the Year Ended June 30, 2020

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30</u>
Assessment District 2003-01				
Assets				
Cash and investments	\$ 669,359	482,640	444,118	707,881
Receivables:				
Interest	7,875	9,910	11,516	6,269
Special assessments	6,611	17,936	6,611	17,936
Restricted cash and investments:				
Held with fiscal agent	-	424,818	424,818	-
Total Assets	\$ 683,845	935,304	887,063	732,086
Liabilities				
Accounts payable	\$ -	430,911	430,668	243
Due to bondholders	683,845	485,572	437,574	731,843
Total Liabilities	\$ 683,845	916,483	868,242	732,086
Assessment District 2004-01				
Assets				
Cash and investments	\$ 614,552	442,996	423,231	634,317
Receivables:				
Interest	4,284	5,386	6,265	3,405
Special assessments	38,546	35,659	38,546	35,659
Restricted cash and investments:				
Held with fiscal agent	-	401,203	401,203	-
Total Assets	\$ 657,382	885,244	869,245	673,381
Liabilities				
Accounts payable	\$ -	409,933	409,321	612
Due to bondholders	657,383	434,988	419,602	672,769
Total Liabilities	\$ 657,383	844,921	828,923	673,381
Assessment District 2004-02				
Assets				
Cash and investments	\$ 1,941,982	2,087,452	2,076,947	1,952,487
Receivables:				
Interest	10,750	15,379	15,721	10,408
Special assessments	63,394	107,877	63,394	107,877
Restricted cash and investments:				
Held with fiscal agent	-	2,030,775	2,030,775	-
Total Assets	\$ 2,016,128	4,241,483	4,186,837	2,070,773
Liabilities				
Accounts payable	\$ -	2,049,404	2,048,571	833
Due to bondholders	2,016,128	2,126,935	2,073,123	2,069,940
Total Liabilities	\$ 2,016,128	4,176,339	4,121,694	2,070,773

continued

**Combining Statement of Changes in Assets and Liabilities —
Agency Funds (continued)**
For the Year Ended June 30, 2020

	Balance July 1	Additions	Deductions	Balance June 30
Total — All Agency Funds				
Assets				
Cash and investments	\$ 4,526,938	4,449,539	4,098,114	4,878,363
Receivables:				
Interest	32,593	43,811	47,662	28,742
Special assessments	257,484	225,288	121,670	361,102
Restricted cash and investments:				
Held with fiscal agent	890,976	3,682,564	4,540,893	32,647
Total Assets	\$ 5,707,991	8,401,201	8,808,340	5,300,852
Liabilities				
Accounts payable	\$ 1,952	3,753,153	3,752,710	2,395
Due to bondholders	5,706,039	4,280,130	4,687,712	5,298,457
Total Liabilities	\$ 5,707,991	8,033,283	8,440,422	5,300,852

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STATISTICAL



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CONTENTS

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

174 FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

186 REVENUE CAPACITY

These schedules contain information to help the reader assess the City's most significant local revenue source — sales tax.

198 DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

208 DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

214 OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Net Position by Component

Last Ten Fiscal Years (dollar in thousands – accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental activities:					
Net investment in capital assets	25,065	97,876	95,005	95,321	150,220
Restricted	128,802	65,952	51,116	58,199	58,485
Unrestricted	(51,202)	(158,167)	(153,315)	(150,840)	(147,400)
Total governmental activities net position	102,665	5,661	(7,194)	2,680	61,305
Primary government:					
Net investment in capital assets	25,065	97,876	95,005	95,321	150,220
Restricted	128,802	65,952	51,116	58,199	58,485
Unrestricted	(51,202)	(158,167)	(153,315)	(150,840)	(147,400)
Total primary government net position	102,665	5,661	(7,194)	2,680	61,305
	Note 1	Note 2	Note 3		Note 4

Notes to Schedule:

Note 1: Restated balances - includes prior period adjustment of (\$298).

Note 2: Restated balances - includes prior period adjustment of (\$4,986).

Note 3: Restated balances - includes prior period adjustment of (\$14).

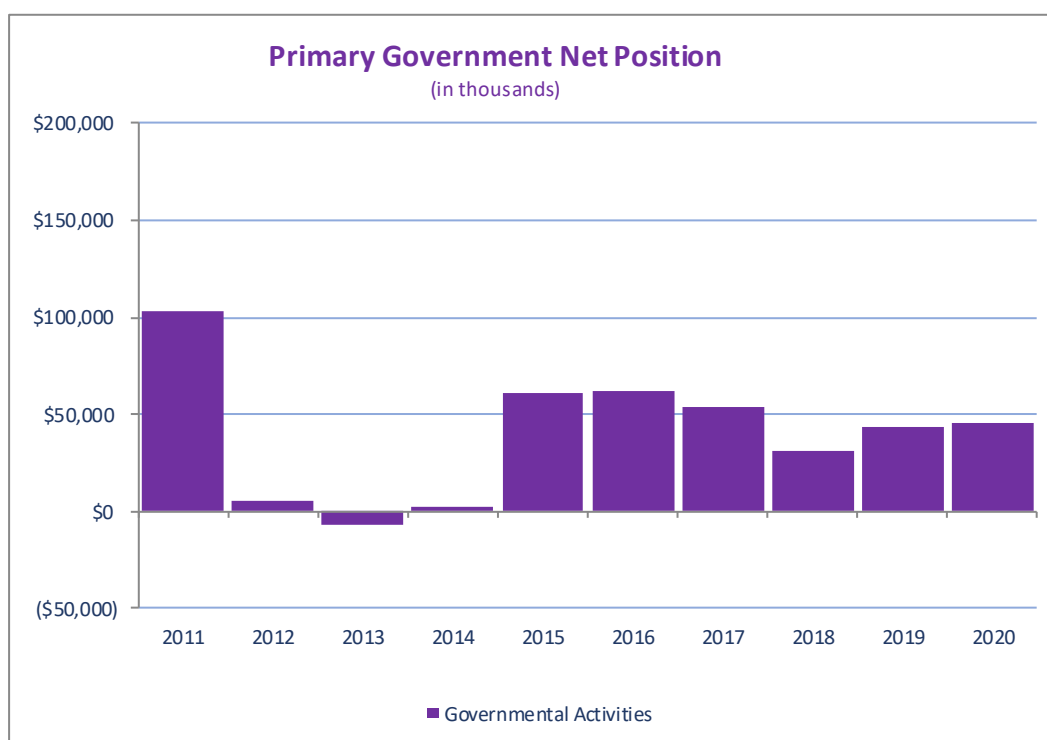
Note 4: Restated balances - includes prior period adjustment of (\$682).

Note 5: Restated balances - includes prior period adjustment of (\$32,564).

Source: City of Cathedral City, Government-Wide Financial Statements

Fiscal Year					
2016	2017	2018	2019	2020	
153,866	148,362	158,755	164,676	164,895	Governmental activities:
92,298	86,986	81,329	59,708	60,652	Net investment in capital assets
(184,264)	(181,885)	(209,315)	(180,835)	(180,272)	Restricted
61,900	53,463	30,769	43,549	45,276	Unrestricted
					Total governmental activities net position
153,866	148,362	158,755	164,676	164,895	Primary government:
92,298	86,986	81,329	59,708	60,652	Net investment in capital assets
(184,264)	(181,885)	(209,315)	(180,835)	(180,272)	Restricted
61,900	53,463	30,769	43,549	45,276	Unrestricted
					Total primary government net position

Note 5



Changes in Net Position

Last Ten Fiscal Years (dollar in thousands – accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses					
Governmental activities:					
General government	11,572	8,787	8,827	11,340	10,543
Community development	14,271	17,173	9,474	5,906	4,741
Culture and recreation	595	550	562	524	695
Public safety	26,980	28,343	23,110	24,083	23,005
Public works	6,609	7,691	7,581	7,804	7,704
Interest on long-term debt	11,745	11,319	10,755	10,497	7,560
Total governmental activities	71,772	73,863	60,309	60,154	54,248
Business-type activities (Note 1):					
Education	990	-	-	-	-
Total business-type activities expenses	990	-	-	-	-
Total Primary Government Expenses	72,762	73,863	60,309	60,154	54,248
Program Revenues					
Governmental activities:					
Charges for services:					
General government	2,126	2,514	2,289	2,273	3,541
Community development	412	316	63	590	459
Culture and recreation	2	2	-	-	-
Public safety	5,515	5,852	6,781	8,479	3,843
Public works	735	716	726	759	761
Operating grants and contributions	3,393	14,833	8,110	18,598	18,051
Capital grants and contributions	3,772	7,838	4,329	10,052	4,767
Total governmental activities program revenues	15,955	32,071	22,298	40,751	31,422
Business-type activities (Note 1):					
Charges for services:					
Education	569	-	-	-	-
Operating grants and contributions	799	-	-	-	-
Total business-type activities program revenues	1,368	-	-	-	-
Total Primary Government Program Revenues	17,323	32,071	22,298	40,751	31,422
Net (Expense)/Revenue					
Governmental activities	(55,817)	(41,792)	(38,011)	(19,403)	(22,826)
Business-type activities	378	-	-	-	-
Total Primary Government Net Expense	(55,439)	(41,792)	(38,011)	(19,403)	(22,826)

Fiscal Year					
2016	2017	2018	2019	2020	
					Expenses
					Governmental activities:
10,550	12,378	22,668	12,914	16,393	General government
7,455	12,929	5,864	6,416	6,345	Community development
1,134	979	729	1,125	859	Culture and recreation
22,324	26,663	28,948	31,259	33,182	Public safety
7,874	8,971	12,860	9,267	11,600	Public works
7,052	7,090	6,852	6,581	6,366	Interest on long-term debt
56,389	69,010	77,921	67,562	74,745	Total governmental activities
					Business-type activities (Note 1):
-	-	-	-	-	Education
-	-	-	-	-	Total business-type activities expenses
56,389	69,010	77,921	67,562	74,745	Total Primary Government Expenses
					Program Revenues
					Governmental activities:
					Charges for services:
2,888	3,512	15,764	8,471	9,532	General government
702	714	1,166	1,178	951	Community development
-	-	-	-	-	Culture and recreation
3,471	3,665	4,055	4,067	4,861	Public safety
798	843	906	894	666	Public works
15,066	11,636	14,023	13,412	13,114	Operating grants and contributions
624	2,998	14,097	7,860	2,593	Capital grants and contributions
23,549	23,368	50,011	35,882	31,717	Total governmental activities program revenues
					Business-type activities (Note 1):
					Charges for services:
-	-	-	-	-	Education
-	-	-	-	-	Operating grants and contributions
-	-	-	-	-	Total business-type activities program revenues
23,549	23,368	50,011	35,882	31,717	Total Primary Government Program Revenues
					Net (Expense)/Revenue
(32,840)	(45,642)	(27,910)	(31,680)	(43,028)	Governmental activities
-	-	-	-	-	Business-type activities
(32,840)	(45,642)	(27,910)	(31,680)	(43,028)	Total Primary Government Net Expense

continued

Changes in Net Position (continued)

Last Ten Fiscal Years (dollar in thousands – accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
Cannabis tax	-	-	-	-	-
Franchise tax	1,851	1,866	1,882	1,980	1,995
Property tax	21,980	13,263	5,450	5,398	6,306
Sales tax (Note 2)	6,572	6,895	7,823	8,929	9,490
Transactions and use tax	2,941	4,337	4,725	4,912	5,327
Transient occupancy tax/timeshare developer	1,463	1,657	1,644	1,883	2,000
Utility users tax	2,766	2,753	2,802	2,763	2,803
Investment and interest income	2,157	2,394	2,620	2,953	2,867
Other revenues	2,353	837	791	460	456
Extraordinary items	-	(84,228)	(2,567)	-	-
Special items	-	-	-	-	82,563
Total governmental activities	42,083	(50,226)	25,170	29,278	113,807
Business-type activities (Note 1):					
Transfers	34,709	-	-	-	-
Total business-type activities	34,709	-	-	-	-
Total Primary Government	76,792	(50,226)	25,170	29,278	113,807
Changes in Net Position					
Governmental activities	(13,734)	(92,018)	(12,841)	9,875	90,981
Business-type activities	35,087	-	-	-	-
Total Primary Government	21,353	(92,018)	(12,841)	9,875	90,981

Notes to Schedule:

Note 1: In 2008, the Cathedral City Downtown Foundation was considered a blended component unit and reported as a business-type activity. In 2012, the Cathedral City Downtown Foundation was determined to no longer meet the definition of a component unit. Amounts for the fiscal year ended June 30, 2011 were restated to reflect this change.

Note 2: Sales tax includes supplemental amounts from the Sales Tax Compensation Fund beginning with the fiscal year ended June 30, 2005. The supplemental amounts are the results of the state's "triple flip", whereby local governments swapped part of their sales tax (0.25%) for a like amount of property tax. The triple flip ended in fiscal year 2014/15, with final payments being received in fiscal year 2015/16.

Source: City of Cathedral City, Government-Wide Financial Statements

Fiscal Year					
2016	2017	2018	2019	2020	
					General Revenues and Other Changes in Net Position
					Governmental activities:
					Taxes:
47	450	1,894	4,607	4,356	Cannabis tax
2,021	2,146	2,114	2,231	2,213	Franchise tax
7,429	7,869	8,626	9,128	9,933	Property tax
9,695	8,821	9,155	10,412	9,370	Sales tax (Note 2)
5,821	5,658	6,105	7,289	6,644	Transactions and use tax
2,328	3,070	3,726	4,232	3,379	Transient occupancy tax/timeshare developer
2,754	2,717	2,699	2,692	2,694	Utility users tax
4,296	5,117	2,713	3,498	3,996	Investment and interest income
318	1,357	747	371	2,171	Other revenues
-	-	-	-	-	Extraordinary items
(1,274)	-	-	-	-	Special items
33,435	37,205	37,779	44,460	44,755	Total governmental activities
					Business-type activities (Note 1):
-	-	-	-	-	Transfers
-	-	-	-	-	
33,435	37,205	37,779	44,460	44,755	Total business-type activities
					Total Primary Government
					Changes in Net Position
595	(8,437)	9,869	12,780	1,727	Governmental activities
-	-	-	-	-	Business-type activities
595	(8,437)	9,869	12,780	1,727	Total Primary Government

Fund Balances of Governmental Funds

Last Ten Fiscal Years (dollar in thousands – modified accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund (Note 2):					
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Nonspendable	3,746	3,603	3,558	28	13
Restricted	50	50	50	3,710	3,353
Assigned	3,171	771	4,120	4,644	680
Unassigned	6,825	7,337	6,728	10,605	16,626
Total General Fund	13,792	11,761	14,456	18,987	20,672
			Note 5		
All other governmental funds (Notes 2, 3):					
Reserved	-	-	-	-	-
Unreserved:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Nonspendable (Note 4)	72,780	25,621	19,322	-	-
Restricted (Note 4)	89,579	38,736	28,914	54,567	54,259
Assigned	-	-	-	658	172
Unassigned	(455)	(434)	-	-	-
Total all other governmental funds	161,904	63,923	48,236	55,225	54,431
	Note 5		Note 5		

Notes to Schedule:

Note 1: Amounts include General, Special Revenue, Debt Service and Capital Projects funds.

Note 2: The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54) for the fiscal year ended June 30, 2011. Information prior to the implementation of GASB 54 is unavailable.

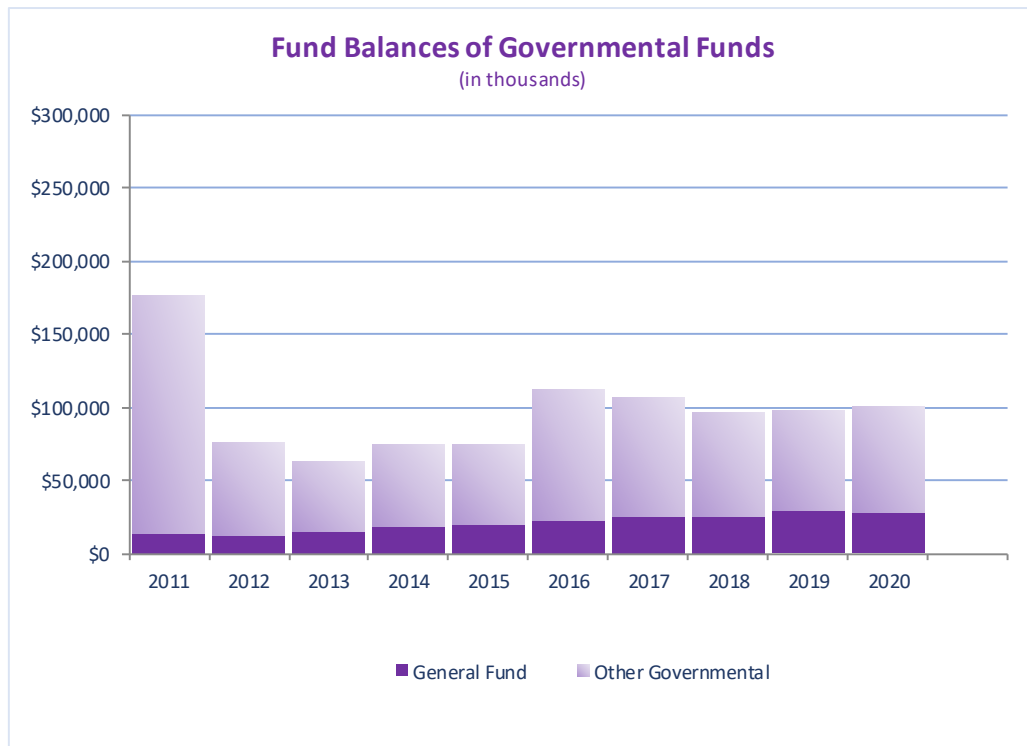
Note 3: Total all other governmental fund balances decreased as of June 30, 2012, as a result of the City's redevelopment agency being dissolved in accordance with AB 1X-26. The dissolution became effective February 1, 2012. All assets of the former redevelopment agency (special revenue, capital projects and debt service funds) were recorded in private-purpose trust funds for payment of outstanding obligations.

Note 4: The significant changes that occurred between 2013 and 2014 in the nonspendable and restricted fund balance categories were the result of classifying loans receivable and assets held for disposition as restricted in 2014. This change was based on further analysis of GASB Statement No. 54.

Note 5: Restated balances - includes prior period adjustments.

Source: City of Cathedral City, Fund Financial Statements

Fiscal Year					
2016	2017	2018	2019	2020	
-	-	-	-	-	General Fund (Note 2):
-	-	-	-	-	Reserved
48	10	16	6	64	Unreserved
3,177	2,994	2,798	2,632	2,587	Nonspendable
830	4,341	863	833	503	Restricted
19,186	17,656	22,044	25,867	24,401	Assigned
23,241	25,001	25,721	29,338	27,555	Unassigned
					Total General Fund
-	-	-	-	-	All other governmental funds (Notes 2, 3):
-	-	-	-	-	Reserved
-	-	-	-	-	Unreserved:
-	-	-	-	-	Special revenue funds
-	-	-	-	-	Capital projects funds
1	1	2	7	-	Debt service funds
88,754	81,465	70,548	68,205	72,413	Nonspendable (Note 4)
247	297	-	-	-	Restricted (Note 4)
-	(79)	-	-	-	Assigned
89,002	81,684	70,550	68,212	72,413	Unassigned
					Total all other governmental funds



Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (dollar in thousands – modified accrual basis of accounting)

	2011	2012	2013	2014	2015
Revenues					
Taxes	42,128	33,231	23,816	25,011	26,776
Intergovernmental	10,004	6,362	6,602	7,419	11,254
Licenses and permits	764	855	857	970	1,104
Fines and forfeitures	881	734	624	487	498
Charges for services	3,513	3,901	4,351	4,502	6,251
Special assessments	3,182	3,562	4,028	5,755	599
Development fees	98	58	156	74	222
Use of money and property	1,731	1,352	1,029	1,181	917
Contributions from City	-	-	-	-	-
Contributions from property owners	313	1,620	-	4,532	-
Contributions from other entities	-	-	-	-	-
Contributions from other governments	-	11,240	6,839	18,980	13,768
Other revenue	2,352	946	668	848	637
Total Revenues	64,966	63,861	48,970	69,759	62,026
Expenditures					
General government	8,254	6,478	7,329	8,439	9,537
Community development	13,111	16,159	13,215	5,384	4,381
Culture and recreation	271	444	426	254	425
Public safety	23,155	25,019	20,814	20,897	21,689
Public works	2,800	2,964	2,464	2,741	3,247
Capital outlay	5,056	1,782	1,211	4,228	6,797
Payments under pass-through agreements	4,494	2,089	-	-	-
Principal retirement	6,618	6,206	5,785	6,063	85,384
Interest	11,185	10,866	10,598	10,329	8,958
Debt issuance costs	-	-	-	-	-
Other debt-related costs	39	31	-	-	-
Total Expenditures	74,983	72,038	61,842	58,335	140,418
Excess (deficiency) of revenues over (under) expenditures	(10,017)	(8,177)	(12,872)	(78,392)	(1,474)
Other Financing Sources (Uses)					
Issuance of debt	-	-	-	137	-
Issuance of refunding debt	-	-	-	-	-
Proceeds from sale of capital assets	396	-	-	-	-
Gain (loss) on sale of assets held for disposition	15	-	-	-	(36)
Transfers in	52,888	52,940	2,641	1,741	12,910
Transfers out	(53,462)	(53,056)	(2,714)	(1,782)	(13,517)
Total Other Financing Sources (Uses)	(163)	(116)	(73)	96	(643)
Extraordinary items	-	(91,719)	-	-	-
Special items	-	-	-	-	79,927
Net Change in Fund Balances	(10,180)	(100,012)	(12,945)	(78,296)	77,810
Debt service as a % of noncapital expenditures	25.1%	24.2%	28.9%	30.2%	70.4%

Source: City of Cathedral City, Fund Financial Statements

2016	2017	2018	2019	2020	
					Revenues
29,775	30,566	34,319	40,590	38,589	Taxes
7,035	4,893	14,323	13,939	9,519	Intergovernmental
1,197	1,349	1,877	2,498	2,861	Licenses and permits
463	597	496	284	422	Fines and forfeitures
5,259	6,019	7,205	7,016	7,248	Charges for services
561	571	620	651	557	Special assessments
84	170	678	402	1,104	Development fees
1,991	2,738	2,625	2,775	3,211	Use of money and property
794	-	-	-	-	Contributions from City
3,418	-	-	-	-	Contributions from property owners
-	1,400	-	-	-	Contributions from other entities
8,783	8,722	8,598	8,483	8,224	Contributions from other governments
670	460	1,731	661	1,427	Other revenue
60,030	57,485	72,472	77,299	73,162	Total Revenues
					Expenditures
8,861	9,910	11,180	11,472	13,176	General government
4,662	5,679	5,459	5,951	5,772	Community development
742	709	458	854	589	Culture and recreation
22,114	24,006	27,391	29,542	31,042	Public safety
2,950	3,497	3,599	4,230	3,254	Public works
4,254	8,625	20,094	12,040	6,025	Capital outlay
-	-	-	-	-	Payments under pass-through agreements
10,624	5,206	7,032	5,481	5,396	Principal retirement
6,459	6,840	6,578	6,294	6,041	Interest
838	-	-	-	-	Debt issuance costs
-	-	-	-	-	Other debt-related costs
61,504	64,472	81,791	75,864	71,295	Total Expenditures
(6,987)	(9,319)	(9,319)	1,435	1,867	Excess (deficiency) of revenues over (under) expenditures
					Other Financing Sources (Uses)
36,170	-	-	-	-	Issuance of debt
6,698	-	-	-	-	Issuance of refunding debt
-	1,448	127	-	851	Proceeds from sale of capital assets
-	-	-	-	-	Gain (loss) on sale of asset held for disposition
2,146	508	678	837	3,371	Transfers in
(5,128)	(526)	(799)	(992)	(3,670)	Transfers out
39,886	1,430	6	(155)	552	Total Other Financing Sources (Uses)
-	-	-	-	-	Extraordinary items
(1,274)	-	(1,102)	-	-	Special items
31,625	(7,889)	(10,415)	1,280	2,419	Net Change in Fund Balances
29.8%	21.6%	22.1%	18.4%	17.5%	Debt service as a % of noncapital expenditures

Tax Revenues by Source - Governmental Funds

Last Ten Fiscal Years (dollar in thousands – modified accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Taxes					
Cannabis	-	-	-	-	-
Franchise (Note 4)	1,851	1,866	1,881	1,980	1,995
In-lieu VLF property (Note 2)	3,469	3,339	3,260	3,408	3,578
Property	1,265	1,836	2,101	1,907	2,647
Sales (Note 3)	6,572	6,895	7,403	8,159	8,427
Time share developer	464	521	530	543	552
Transactions and use	2,941	4,337	4,725	4,911	5,327
Transient occupancy	999	1,136	1,114	1,340	1,447
Utility users	2,766	2,753	2,802	2,763	2,803
Subtotal	20,327	22,683	23,816	25,011	26,776
Property (former RDA tax increment) (Note 1)	21,801	10,548	-	-	-
Total	42,128	33,231	23,816	25,011	26,776

Notes to Schedule:

Note 1: The City's redevelopment agency was dissolved February 1, 2012, in accordance with ABX1 26. Prior to this date, property taxes included tax increment received by the redevelopment agency. Taxes received subsequent to that date are recorded in private-purpose trust funds for payment of outstanding obligations.

Note 2: As part of the negotiations surrounding a state budget deficit, cities and counties agreed to exchange state general fund revenues they received to offset vehicle license fee (VLF) reductions for a like amount of property tax revenues from ERAF (Education Revenue Augmentation Fund). The VLF/Property Tax swap began with the fiscal year ended June 30, 2005.

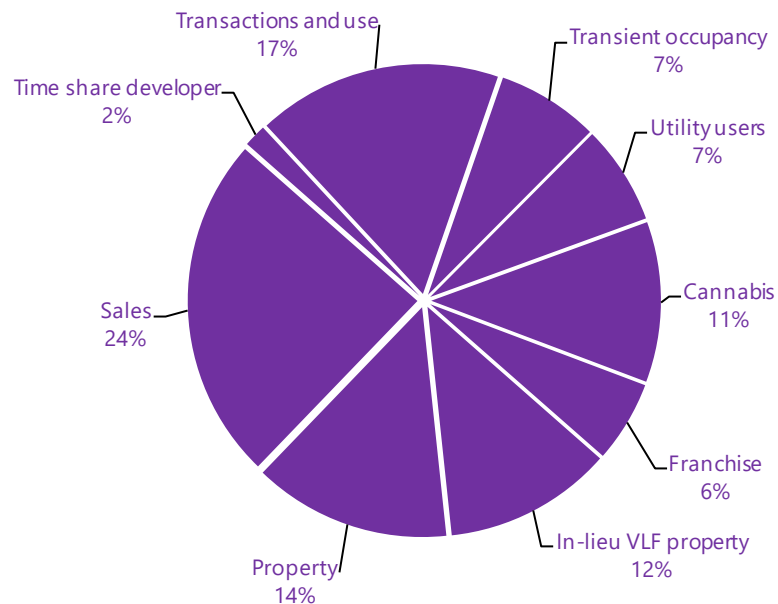
Note 3: Sales tax includes supplemental amounts from the Sales Tax Compensation Fund beginning with the fiscal year ended June 30, 2005. The supplemental amounts are the results of the state's "triple flip", whereby local governments swapped part of their sales tax (0.25%) for a like amount of property tax. The triple flip ended in fiscal year 2014/15, with final payments being received in fiscal year 2015/16.

Note 4: Prior to 2008, franchise fees were reported as charges for services.

Source: City of Cathedral City Finance Department

Fiscal Year					
2016	2017	2018	2019	2020	
					Taxes
47	450	1,894	4,607	4,356	Cannabis
1,885	2,145	2,114	2,230	2,213	Franchise (Note 4)
3,776	3,959	4,140	4,331	4,571	In-lieu VLF property (Note 2)
3,575	3,847	4,486	4,797	5,362	Property
9,596	8,727	9,155	10,412	9,370	Sales (Note 3)
557	567	579	605	612	Time share developer
5,821	5,658	6,105	7,289	6,644	Transactions and use
1,771	2,504	3,147	3,627	2,766	Transient occupancy
2,747	2,709	2,699	2,692	2,694	Utility users
29,775	30,566	34,319	40,590	38,588	Subtotal
-	-	-	-	-	Property (former RDA tax increment) (Note 1)
29,775	30,566	34,319	40,590	38,588	Total

2020 Tax Revenues by Source



Taxable Sales by Category
Last Ten Calendar Years (dollar in thousands)

	Calendar Year				
	2010	2011	2012	2013	2014
Apparel stores	\$ 8,565	10,339	9,780	10,750	10,691
General merchandise	31,261	30,311	30,435	31,110	31,276
Food stores	27,138	26,829	26,649	27,245	27,970
Eating and drinking places	49,463	52,349	52,758	55,120	58,218
Building materials	18,753	19,239	23,090	27,369	32,134
Auto dealers and supplies	259,574	291,893	319,991	375,943	406,984
Service stations	77,474	92,161	84,041	77,170	81,020
Other retail stores	52,391	47,807	55,506	58,501	55,796
All other outlets	98,077	106,856	115,092	129,638	135,583
Total	\$ 622,696	677,784	717,342	792,846	839,672
Sales tax rate:					
State rate (Notes 2 through 3)	7.25%	6.25%	6.25%	6.50%	6.50%
Local rate	1.00%	1.00%	1.00%	1.00%	1.00%
District rate-Riverside County - Measure A (transit)(Note 5)	0.50%	0.50%	0.50%	0.50%	0.50%
District rate-Cathedral City - Measures H/B (Note 4)	1.00%	1.00%	1.00%	1.00%	1.00%
Total sales tax rate	8.75%	9.75%	8.75%	9.00%	9.00%

Notes to Schedule:

Note 1: Sales tax data is required to be kept confidential by California Revenue and Taxation Code Section 7056. Sales tax information for groups of businesses are allowed to be disclosed if: (1) at least 25 retailers are included; (2) businesses are presented in random or alphabetical order; (3) businesses are not ranked by amount paid; and (4) sales or use tax amounts are omitted.

Note 2: Rate decreased from 7.25% to 6.25% effective July 1, 2011.

Note 3: Rate increased from 6.25% to 6.50% effective January 1, 2013.

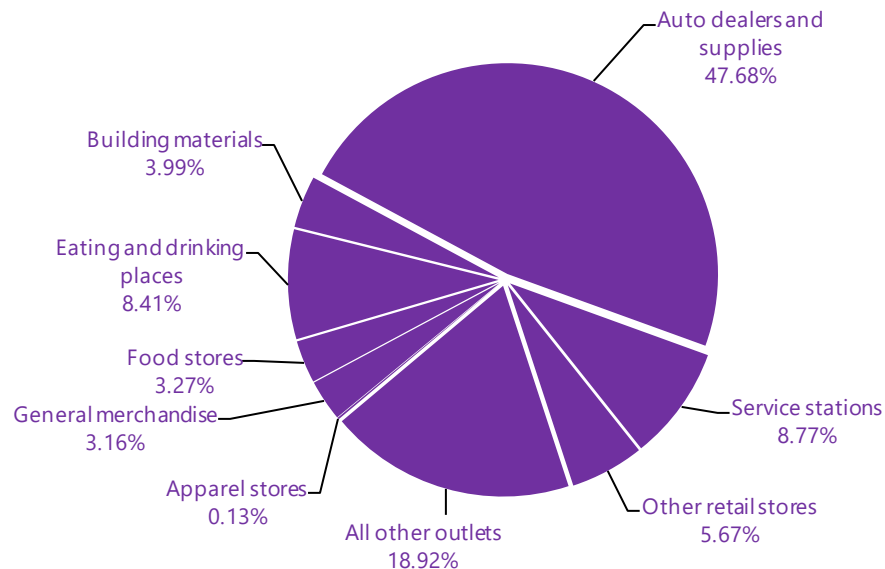
Note 4: Additional District tax rate of 1.00% effective October 1, 2010, resulting from the passage of Measure H in June 2010. The District tax was temporary and set to expire September 30, 2015. In June 2014, voters approved Measure B extending the 1% tax indefinitely.

Note 5: Rate decreased from 0.50% to 0.25% effective January 1, 2017.

Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, Hinderliter, de Llamas & Associates

Calendar Year					
2015	2016	2017	2018	2019	
10,230	9,538	7,619	3,271	1,318	Apparel stores
29,907	29,301	31,239	33,893	31,794	General merchandise
29,216	29,915	30,116	31,436	32,905	Food stores
64,215	68,281	74,075	77,645	84,585	Eating and drinking places
36,537	34,344	33,715	38,553	40,111	Building materials
447,301	444,525	453,795	469,362	479,426	Auto dealers and supplies
80,086	66,735	69,241	88,885	88,167	Service stations
54,580	55,942	57,807	58,773	56,987	Other retail stores
145,868	151,129	152,830	180,354	190,302	All other outlets
897,940	889,710	910,437	982,172	1,005,595	Total
					Sales tax rate:
6.50%	6.50%	6.50%	6.50%	6.50%	State rate (Notes 2 through 3)
1.00%	1.00%	1.00%	1.00%	1.00%	Local rate
0.50%	0.50%	0.50%	0.25%	0.25%	District rate-Riverside County - Measure A (transit)(Note 5)
1.00%	1.00%	1.00%	1.00%	1.00%	District rate-Cathedral City - Measures H/B (Note 4)
9.00%	9.00%	9.00%	8.75%	8.75%	Total sales tax rate

CY 2019 Taxable Sales by Category



Top 25 Sales Tax Producers

Current Year and Nine Years Ago (listed alphabetically)

2020		2011	
Taxpayer	Business	Taxpayer	Business
76	Service Stations	Acura of the Desert	New Motor Vehicle Dealers
Acura of the Desert	New Motor Vehicle Dealers	Arco AM PM	Service Stations
Arco AM PM	Service Stations	Burlington	Family Apparel
Arco AM PM	Service Stations	Cardenas Markets	Grocery Stores
Arco AM PM	Service Stations	Clipper Windpower Technology	Energy/Utilities
Arco AM PM	Service Stations	Crystal Chrysler Jeep Dodge Center	New Motor Vehicle Dealers
C & M Building Materials	Building Materials	Desert Lexus	New Motor Vehicle Dealers
Circle K	Service Stations	Honda of the Desert	New Motor Vehicle Dealers
Crystal Chrysler Jeep Dodge Center	New Motor Vehicle Dealers	JC Mobil	Service Stations
Food 4 Less	Grocery Stores	Jessup Auto Plaza Cadillac	New Motor Vehicle Dealers
Honda Lease Trust	Auto Lease	M S V Group	Service Stations
Honda of the Desert	New Motor Vehicle Dealers	Palm Springs Ford	New Motor Vehicle Dealers
Jessup Auto Plaza Cadillac	New Motor Vehicle Dealers	Palm Springs Kia	New Motor Vehicle Dealers
Mike Thompson RVs	Trailers/RVs	Palm Springs Nissan	New Motor Vehicle Dealers
Palm Springs Ford	New Motor Vehicle Dealers	Palm Springs Oil	Service Stations
Palm Springs Kia	New Motor Vehicle Dealers	Palm Springs Subaru	New Motor Vehicle Dealers
Palm Springs Nissan	New Motor Vehicle Dealers	Ramon Car Wash & Arco AM PM	Service Stations
Palm Springs Volvo & Subaru	New Motor Vehicle Dealers	Saini Brothers Arco AM PM	Service Stations
Shottenkirk Desert Lexus	New Motor Vehicle Dealers	Stater Bros	Grocery Stores
Stater Bros	Grocery Stores	Target	Discount Dept Stores
Target	Discount Dept Stores	Toyota Motor Credit	Auto Lease
Toyota Lease Trust	Auto Lease	Toyota of the Desert	New Motor Vehicle Dealers
Toyota of the Desert	New Motor Vehicle Dealers	Valero	Service Stations
United Rentals	Repair Shop/Equip. Rentals	Walgreens	Drug Stores
Volkswagen of Palm Springs	New Motor Vehicle Dealers	Wiley Hyundai	New Motor Vehicle Dealers
Percentage of total paid by top 25 accounts - 62.85%		Percentage of total paid by top 25 accounts - 61.65%	

Notes to Schedule:

Note 1: Information is for the periods July 2019 through March 2020 and July 2010 through March 2011, respectively.

Note 2: Sales tax data is required to be kept confidential by California Revenue and Taxation Code Section 7056. Sales tax information for groups of businesses are allowed to be disclosed if: (1) at least 25 retailers are included; (2) businesses are presented in random or alphabetical order; (3) businesses are not ranked by amount paid; and (4) sales or use tax amounts are omitted.

Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, Hinderliter, de Llamas & Associates

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Residential	2,295,531	2,209,410	2,129,244	2,282,069	2,466,935
Commercial	450,136	432,569	439,471	443,092	438,756
Industrial	90,613	90,483	92,716	92,134	87,068
Agricultural	-	-	-	-	-
Government owned	511	514	525	535	537
Institutional	109	101	8	4,927	178
Recreational	24,878	24,544	23,320	23,606	21,724
Vacant	106,557	93,923	86,198	83,339	86,718
Cross reference	548,959	520,021	527,791	536,668	550,002
Unsecured	97,133	100,848	89,328	92,786	90,909
Other	-	-	-	-	-
Total net taxable assessed value	\$3,614,427	3,472,413	3,388,601	3,559,156	3,742,827
Total direct tax rate (Note 3)	0.88849	0.89234	0.88187	0.21541	0.19547
Estimated actual taxable value (Note 4)	N/A	N/A	N/A	N/A	N/A
Assessed value as a percentage of estimated actual value (Note 4)	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Note 1: 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 property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time that it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or the purchase price (market value) or economic value 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: The "total net taxable assessed value" is net of tax-exempt property. In addition, homeowners exemptions are not included in the above totals.

Note 3: 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 to have been resolved during 2012/13.

Note 4: N/A - Data unavailable.

Source: HdL Coren & Cone (Riverside County Assessor 2019/20 Combined Tax Rolls)

Fiscal Year					
2016	2017	2018	2019	2020	
2,625,425	2,745,532	2,876,288	3,021,328	3,194,080	Residential
462,758	481,117	515,231	536,161	554,771	Commercial
89,529	96,035	115,863	133,061	151,508	Industrial
-	-	-	-	3,199	Agricultural
548	557	1,144	1,156	1,233	Government owned
181	5,301	3,977	273	7,847	Institutional
21,557	21,862	24,579	28,289	28,216	Recreational
90,054	116,356	119,914	123,162	122,637	Vacant
567,938	585,569	603,650	622,037	639,326	Cross reference
83,412	92,497	74,021	76,336	77,616	Unsecured
-	-	52	-	3,938	Other
3,941,402	4,144,826	4,334,719	4,541,803	4,784,371	Total net taxable assessed value
0.21475	0.21335	0.21487	0.21438	0.21457	Total direct tax rate (Note 3)
N/A	N/A	N/A	N/A	N/A	Estimated actual taxable value (Note 4)
N/A	N/A	N/A	N/A	N/A	Assessed value as a percentage of estimated actual value (Note 4)

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years (rate per \$100 of assessed value)

	Fiscal Year				
	2011	2012	2013	2014	2015
Direct rate					
City's share of 1% levy per Prop 13 (Note 1)	\$ 0.13976	0.13976	0.13976	0.13976	0.13976
Redevelopment rate (Note 2)	1.00000	1.00000	-	-	-
Total direct rate (Note 3)	0.88849	0.89234	0.88187	0.21541	0.19547
Direct and overlapping rates (Note 4)					
Basic levy (Note 5)	\$ 1.00000	1.00000	1.00000	1.00000	1.00000
Coachella Valley Water District (CVWD)	0.08000	0.08000	0.08000	0.10000	0.10000
CVWD Improvement District 54	0.00530	-	-	-	-
Desert Community College	0.01995	0.01995	0.01995	0.01995	0.02325
Desert Water Agency	0.08000	0.08000	0.10000	0.10000	0.10000
Palm Springs Unified B&I - 1992-A	0.13224	0.10451	0.09351	0.12961	0.10160
Total direct and overlapping rates	\$ 1.31749	1.28446	1.29346	1.34956	1.32485

Notes to Schedule:

Note 1: City's share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. Educational Revenue Augmentation Funds (ERAF) general fund tax shifts may not be included in tax ratio figures.

Note 2: Redevelopment 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. The approval of ABX1 26 eliminated redevelopment agencies in California for fiscal year 2012/13 and years thereafter.

Note 3: Total direct rate is the weighted average of all individual direct rates applied 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 to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Note 4: 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 5: In 1978, California voters passed Proposition 13, which set the property tax rate at a 1% fixed amount (basic levy). This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter-approved bonds.

Source: HdL Coren & Cone (Riverside County Assessor 2010/11 - 2019/20 Tax Rate Tables)

Fiscal Year					
2016	2017	2018	2019	2020	
0.13976	0.13911	0.14072	0.14072	0.14072	Direct rate
-	-	-	-	-	City's share of 1% levy per Prop 13 (Note 1)
0.21475	0.21335	0.21487	0.21438	0.21457	Redevelopment rate (Note 2)
					Total direct rate (Note 3)
					Direct and overlapping rates (Note 4)
1.00000	1.00000	1.00000	1.00000	1.00000	Basic levy (Note 5)
0.10000	0.10000	0.10000	0.10000	0.10000	Coachella Valley Water District (CVWD)
-	-	-	-	-	CVWD Improvement District 54
0.02087	0.02036	0.04030	0.03978	0.03983	Desert Community College
0.10000	0.10000	0.10000	0.10000	0.10000	Desert Water Agency
0.08978	0.11802	0.11146	0.10603	0.10542	Palm Springs Unified B&I - 1992-A
1.31065	1.33838	1.35176	1.34581	1.34524	Total direct and overlapping rates

Principal Property Taxpayers
Current Year and Nine Years Ago (dollars in thousands)

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
MHC Date Palm LLC	\$ 34,848	1	0.71%	\$ 30,063	2	0.81%
Welk Park North	32,740	2	0.66%	26,048	3	0.70%
Cathedral Hotel Group	22,206	3	0.45%			
CC RP LLC	20,665	4	0.42%			
Frome Development Omega	19,105	5	0.39%			
T Alliance One Palm Springs LLC	18,383	6	0.37%			
Robertas LP	18,382	7	0.37%	21,765	4	0.58%
Ocotillo Place Apartments LLC	17,912	8	0.36%			
Eddie R Fischer	17,558	9	0.36%			
Bre Throne Plaza Rio Vista	16,771	10	0.34%			
BJ's Cat City				37,602	1	1.01%
Edom Hills Project 1 LLC				15,421	5	0.41%
Cathedral City Rio Vista Town Center				15,245	6	0.41%
Meristar Sub 1C				14,400	7	0.39%
C V Storage				13,522	8	0.36%
Federal National Mortgage Association				13,456	9	0.36%
U Store It LP				13,031	10	0.35%
Totals	\$ 218,570		4.43%	200,553		5.38%

Note to Schedule:

Note 1: Rankings are based on taxable assessed value, not property taxes paid.

Source: HdL Coren & Cone (Riverside County Assessor 2019/20 and 2010/11 Combined Tax Rolls and the SBE Unitary Tax Roll)

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Property Tax Levies and Collections Last Ten Fiscal Years (dollars in thousands)

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund					
Tax levy for fiscal year (Note 1 & 5)	469	513	1,303	739	688
Structural Fire Tax (Note 5)	470	514	602	477	484
RPTTF and RDV (Note 5)	N/A	N/A	600	559	1,327
Total tax	1,058	1,070	1,349	1,775	2,499
Collections in year due	961	981	994	1,013	1,029
Collections in subsequent years	47	39	30	24	22
Total collections identifiable with levy year	1,008	1,020	1,024	1,037	1,051
Percentage of levy collected in year due	90.83%	91.68%	52.18%	83.31%	87.80%
Total percentage of levy collected	95.27%	95.33%	53.75%	85.28%	89.68%
Redevelopment Agency					
Tax levy for fiscal year (Note 1)	21,196	-	-	-	-
Collections in year due	21,066	-	-	-	-
Collections in subsequent years	-	-	-	-	-
Total collections identifiable with levy year	21,066	-	-	-	-
Percentage of levy collected in year due	99.39%	-	-	-	-
Total percentage of levy collected	99.39%	-	-	-	-
Total					
Tax levy for fiscal year (Note 1 & 5)	21,665	513	1,303	739	688
Structural Fire Tax (Note 5)	470	514	602	477	484
RPTTF and RDV (Note 5)	N/A	N/A	600	559	1,327
Total tax	22,135	1,027	2,505	1,775	2,499
Collections in year due	22,027	981	994	1,013	1,029
Collections in subsequent years	47	39	30	24	22
Total collections identifiable with levy year	22,074	1,020	1,024	1,037	1,051
Percentage of levy collected in year due	99.51%	95.52%	52.18%	83.31%	87.80%
Total percentage of levy collected	99.72%	99.32%	53.75%	85.28%	89.68%

Notes to Schedule:

Note 1: The total tax levy is based on the Statements of Original Charge and Tax Increment Summaries from the Riverside County Auditor-Controller's Office. This amount does not include the results of any successful appeals of a taxpayers assessed valuation. As such, the percentage of the levy collected may be lower than expected.

Note 2: The City participates in the Riverside County Teeter program, which allows for a 30% advance, one settlement payment for the first installment, a 10% advance, a settlement payment for the second installment, and one final settlement payment, which is generally received during November of the subsequent fiscal year.

Note 3: Collections for 2017 are for amounts received as of August 31, 2017.

Note 4: The Redevelopment Agency was dissolved effective February 1, 2012.

Note 5: Beginning in 2019 amounts reported for tax levy were separated to reflect the amounts received by RPTTF/RDV and Structural Fire Tax independent of the tax levied. As a result, fiscal year's 2010 through 2018 were modified to reflect these changes.

Source: City of Cathedral City; Riverside County Auditor-Controller's Office

Fiscal Year					
2016	2017	2018	2019	2020	
					General Fund
688	704	695	686	732	Tax levy for fiscal year (Note 1 & 5)
481	497	491	497	474	Structural Fire Tax (Note 5)
2,263	2,423	3,062	3,385	3,948	RPTTF and RDV (Note 5)
3,432	3,624	4,248	4,568	5,154	Total tax
1,032	1,055	1,052	1,033	1,023	Collections in year due
-	-	-	-	-	Collections in subsequent years
1,032	1,055	1,052	1,033	1,023	Total collections identifiable with levy year
88.28%	87.84%	88.70%	87.32%	84.83%	Percentage of levy collected in year due
88.28%	87.84%	88.70%	87.32%	84.83%	Total percentage of levy collected
					Redevelopment Agency
-	-	-	-	-	Tax levy for fiscal year (Note 1)
-	-	-	-	-	Collections in year due
-	-	-	-	-	Collections in subsequent years
-	-	-	-	-	Total collections identifiable with levy year
-	-	-	-	-	Percentage of levy collected in year due
-	-	-	-	-	Total percentage of levy collected
					Total
688	704	695	686	732	Tax levy for fiscal year (Note 1 & 5)
481	497	491	497	474	Structural Fire Tax (Note 5)
2,263	2,423	3,062	3,385	3,948	RPTTF and RDV (Note 5)
3,432	3,624	4,248	4,568	5,154	Total tax
1,032	1,055	1,052	1,033	1,023	Collections in year due
-	-	-	-	-	Collections in subsequent years
1,032	1,055	1,052	1,033	1,023	Total collections identifiable with levy year
88.28%	87.84%	88.70%	87.32%	84.83%	Percentage of levy collected in year due
88.28%	87.84%	88.70%	87.32%	84.83%	Total percentage of levy collected

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years (dollar in thousands, except per capita amount)

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental Activities					
Lease revenue bonds	4,705	4,565	4,410	4,245	4,065
Tax allocation bonds	212,647	208,000	203,154	198,096	113,859
Revenue bonds	-	-	-	-	-
Limited obligation bonds	4,668	3,819	3,636	3,432	3,233
Capital leases	2,559	2,243	1,913	1,701	1,317
Long-term loans/notes	10,185	-	-	-	-
Total primary government	234,764	218,627	213,113	207,474	122,474
Percentage of personal income	20.60%	19.31%	19.18%	19.36%	11.90%
Per capita	4,443	4,208	4,072	3,945	2,330

Notes to Schedule:

Note 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note 2: See the *Demographic and Economic Statistics* table for personal income and population data. Personal income, population and per capita personal income data were based on calendar year information. To calculate the "% of Personal Income" and Per Capita statistics, total primary government debt for the fiscal year and personal income/population data for the calendar were used. (e.g., for fiscal year 2017 debt, calendar year 2016 personal income/population data were used.)

Source: California State Department of Finance, City of Cathedral City Finance Department, The HDL Companies, US Census Bureau

Fiscal Year					
2016	2017	2018	2019	2020	
					Governmental Activities
3,554	3,322	3,081	2,827	2,561	Lease revenue bonds
111,429	108,889	106,231	103,446	100,531	Tax allocation bonds
-	-	-	-	-	Revenue bonds
39,100	37,410	33,900	32,110	30,310	Limited obligation bonds
917	518	262	-	-	Capital leases
-	-	-	-	-	Long-term loans/notes
155,000	150,139	143,474	138,383	133,402	Total primary government
14.99%	14.41%	13.13%	11.85%	9.59%	Percentage of personal income
2,857	2,752	2,619	2,520	2,490	Per capita

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years (dollar in thousands, except per capita amount)

	Fiscal Year				
	2011	2012	2013	2014	2015
Lease revenue bonds	\$ 4,705	4,565	4,410	4,245	4,065
Tax allocation bonds	212,647	208,000	203,154	198,096	113,859
Limited obligation bonds	4,668	3,819	3,636	3,432	3,233
Total bonded debt	222,020	216,384	211,200	205,773	121,157
Less: Debt service reserves	(21,930)	(15,397)	(5,229)	(4,146)	(4,165)
Net bonded debt	\$ 200,090	200,987	205,971	201,627	116,992
Percentage of net bonded debt to actual taxable assessed value of property	5.76%	5.93%	5.79%	5.39%	2.97%
Net bonded debt per capita	\$ 3,851	3,840	3,916	3,835	2,156

Notes to Schedule:

Note 1: General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none). Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note 2: See the Assessed Value and Actual Value of Taxable Property table for property value data.

Note 3: See the Demographic and Economic Statistics table for population data. The ratio is calculated using population data for the calendar year.

Source: City of Cathedral City Finance Department; Assessed Value and Actual Value of Taxable Property table; Demographic and Economic Statistics table

Fiscal Year					
2016	2017	2018	2019	2020	
3,554	3,322	3,081	2,827	2,561	Lease revenue bonds
111,429	108,889	106,231	103,446	100,531	Tax allocation bonds
39,100	37,410	33,900	32,110	30,310	Limited obligation bonds
154,083	149,621	143,212	138,383	133,402	Total bonded debt
(4,778)	(3,578)	-	(4,774)	(5,178)	Less: Debt service reserves
149,305	146,043	143,212	133,609	128,224	Net bonded debt
3.60%	3.52%	3.30%	2.94%	2.68%	Percentage of net bonded debt to actual taxable assessed value of property
2,737	2,677	2,614	2,433	2,393	Net bonded debt per capita

Direct and Overlapping Governmental Activities Debt

For the Year Ended June 30, 2020

	Debt Outstanding	Percentage Applicable ⁽²⁾	City of Cathedral City Share of Debt
Direct and Overlapping Tax and Assessment Debt ⁽¹⁾			
Desert Community College District	\$ 337,130,000	5.643%	19,024,246
Palm Springs Unified School District	368,956,707	15.075%	55,620,224
Cathedral City Public Financing Authority Local Agency Revenue Bonds, 2015 Series A (Limited Obligations)	30,310,000	100.000%	30,310,000
City of Cathedral City Community Facilities District No. 2000-01	9,220,000	100.000%	9,220,000
City of Cathedral City 1915 Act Bonds	31,974,605	100.000%	31,974,605
Total direct and overlapping tax and assessment debt			<u>\$ 146,149,075</u>
Direct and Overlapping General Fund Debt			
Riverside County General Fund Obligations	\$ 759,807,924	1.617%	\$ 12,286,094
Riverside County Pension Obligation Bonds	938,825,000	1.617%	15,180,800
Cathedral City Public Financing Authority, 2015 Lease Revenue Refunding Bonds, Series 2015A (Taxable)	2,561,000	100.000%	2,561,000
Total direct and overlapping general fund debt			<u>\$ 30,027,894</u>
Direct Tax Increment Debt (Cathedral City Public Financing Authority Bonds)			
City of Cathedral City Merged Redevelopment Project Area Nos. 1 and 2	\$ 7,273,961	100.000%	\$ 7,273,961 ⁽³⁾
City of Cathedral City Redevelopment Project Area No. 3	5,840,000	100.000%	5,840,000
City of Cathedral City 2006 Merged Redevelopment Project Area	87,417,259	100.000%	87,417,259 ⁽⁴⁾
Total direct tax increment debt			<u>\$ 100,531,220</u>
Overlapping Tax Increment Debt (Successor Agencies)			
City of Cathedral City Redevelopment 2006 Merged Project Area	\$ 34,900,000	97.046%	\$ 33,869,054 ⁽⁵⁾
City of Cathedral City Redevelopment Housing Bonds	22,090,000	97.046%	21,437,461 ⁽⁵⁾
City of Rancho Mirage 1984 Redevelopment Project Area	49,436,027	0.225%	111,231
City of Rancho Mirage Redevelopment Housing Bonds	13,440,000	0.143%	19,219
Total overlapping tax increment debt			<u>\$ 55,436,965</u>
Total direct debt			\$ 133,402,220
Total overlapping debt			\$ 198,742,934
Combined total debt			\$ 332,145,154 ⁽⁶⁾
Ratios to 2019-20 Assessed Valuation: (\$4,784,372,742)			
Total direct and overlapping tax and assessment debt			3.05%
Total direct debt (\$133,402,220)			2.79%
Combined total debt			6.94%
Ratio to Redevelopment Incremental Valuation: (\$4,414,125,293)			
Total direct and overlapping tax increment debt			3.53%

(1) Includes all bonded debt which requires a tax levy or assessment charge: e.g., general obligation bonds, Mello-Roos Act and 1915 Act Bonds, benefit assessments, lease tax obligations and parcel tax obligations.

(2) 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 assessed value.

(3) Includes accreted interest of capital appreciation bonds.

(4) Includes bond premiums.

(5) A portion of Project Area No. 3 is within the boundaries of the City of Rancho Mirage, which is why the percent applicable is less than 100%.

(6) Excludes tax and revenue anticipation notes, enterprise revenue, and mortgage revenue bonds.

Source: California Municipal Statistics, Inc.

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Legal Debt Margin Information

Last Ten Fiscal Years (dollar in thousands)

Calculation of Legal Debt Margin for Fiscal Year 2020

Assessed Value	\$ 4,784,373
Debt limit %	15.00%
Debt limit - (15% of assessed value)	717,656
Less: Debt applicable to limit	-
Legal debt margin — June 30	\$ 717,656

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt limit	542,164	520,862	508,290	555,380	583,377
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	542,164	520,862	508,290	555,380	583,377
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Note to Schedule:

Note 1: The California Government Code, Section 43605, limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

Source: City of Cathedral City Finance Department; HdL Coren & Cone (Riverside County Assessor 2019/20 Combined Tax Rolls)

Fiscal Year					
2016	2017	2018	2019	2020	
591,210	621,724	650,208	681,270	717,656	Debt limit
-	-	-	-	-	Total net debt applicable to limit
591,210	621,724	650,208	681,270	717,656	Legal debt margin
0.00%	0.00%	0.00%	0.00%	0.00%	Total net debt applicable to the limit as a percentage of debt limit

Pledged-Revenue Coverage

Last Ten Fiscal Years (dollar in thousands)

	Fiscal Year				
	2011	2012	2013	2014	2015
Lease Revenue Bonds					
Pledged lease revenues	475	475	475	475	475
Available for debt service	475	475	475	475	475
Debt service - principal and interest	504	504	507	505	506
Coverage	0.94	0.94	0.94	0.94	0.94
Tax Allocation Bonds (Note 2):					
Pledged tax increment	21,801	10,548	-	-	-
Pledged property taxes	-	7,632	14,364	15,879	16,803
Available for debt service	21,801	18,180	14,364	15,879	16,803
Debt service - principal and interest	15,098	15,100	15,092	15,086	13,096
					Note 3
Coverage	1.44	1.20	0.95	1.05	1.28

Notes to Schedule:

Note 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note 2: The former redevelopment agency was dissolved as of February 1, 2012. Prior to that date, tax increment monies were received from Riverside County to make the tax allocation bond payments. Subsequent to dissolution, the Successor Agency only receives property taxes in the amount necessary to pay enforceable obligations, including bonds, for each six-month period (July through December and January through June). The coverage ratio is calculated based on debt service requirements for the current fiscal year compared to property taxes received during the same period. However, property taxes actually received by the Successor Agency are for the second half of the fiscal year (January receipts) and the first half of the following fiscal year (June receipts).

Note 3: Tax allocation bonds principal and interest totaled \$93,022,679 for the fiscal year ended June 30, 2015. Of this amount, \$79,926,621 was paid from "contributions from other governments".

Note 4: Pledged property taxes received totaled \$14,747,807. These amounts were pledged to pay the tax allocation bond debt issued by the Public Financing Authority (principal/interest of \$8,050,115, and the Successor Agency (principal/interest of \$6,325,002).

Source: City of Cathedral City Finance Department

Fiscal Year					
2016	2017	2018	2019	2020	
					Lease Revenue Bonds
299	378	377	380	380	Pledged lease revenues
299	378	377	380	380	Available for debt service
299	378	377	380	380	Debt service - principal and interest
1.00	1.00	1.00	1.00	1.00	Coverage
					Tax Allocation Bonds (Note 2):
-	-	-	-	-	Pledged tax increment
14,073	15,017	14,501	14,734	14,748	Pledged property taxes
14,073	15,017	14,501	14,501	14,748	Available for debt service
8,075	8,069	8,065	8,060	8,050	Debt service - principal and interest
				Note 4	
1.74	1.86	1.80	1.83	1.83	Coverage

Demographic and Economic Statistics

Last Ten Calendar Years

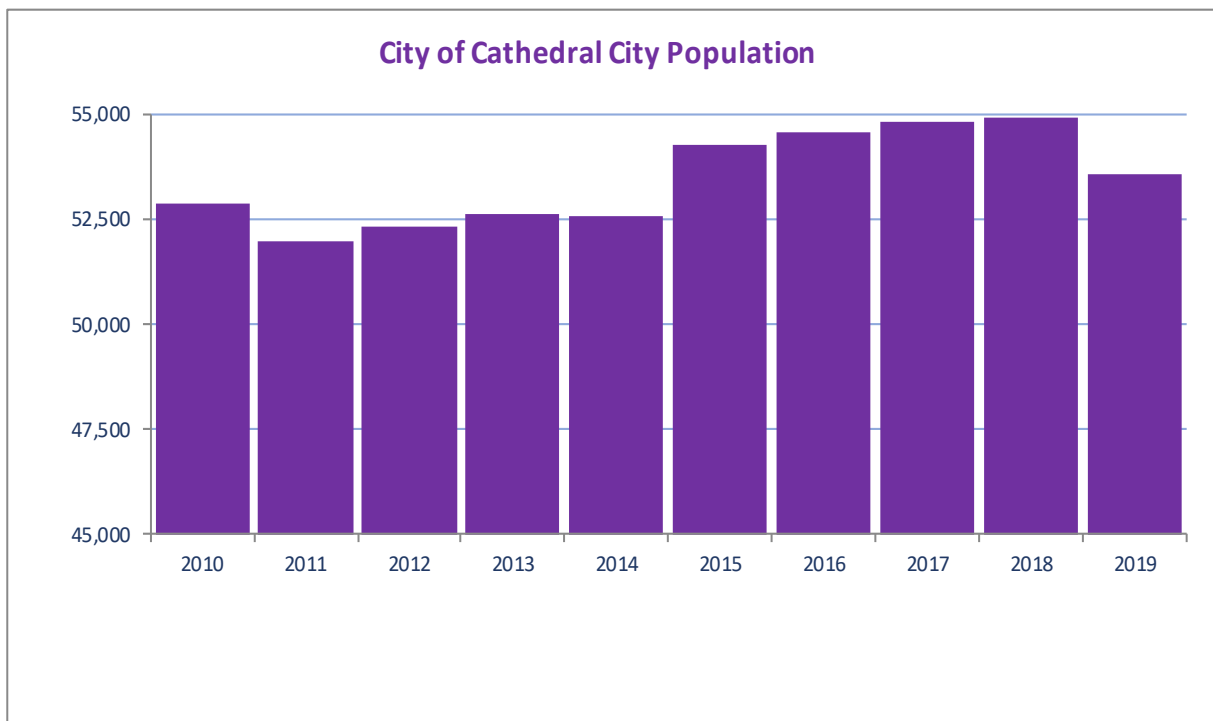
	Calendar Year				
	2010	2011	2012	2013	2014
Population ¹	52,841	51,952	52,337	52,595	52,571
Personal income (expressed in thousands) ²	1,139,728	1,132,034	1,111,219	1,071,623	1,029,235
Per capita personal income ²	21,569	21,790	21,232	20,375	19,578
Unemployment rate ³	14.40%	13.30%	9.40%	8.10%	6.70%
Median age ²	35.8	36.5	35.8	35.0	34.5
% of population 25+ — high school degree ²	73.70%	73.70%	72.40%	73.30%	73.40%
% of population 25+ — bachelor's degree ²	17.20%	16.60%	15.60%	15.40%	15.00%

Source: ¹ HdL Coren & Cone (State of California, Department of Finance);

² HdL Coren & Cone (U.S. Census Bureau, most recent American Community Survey);

³ HdL Coren & Cone (California Employment Development Department)

Calendar Year					
2015	2016	2017	2018	2019	
54,261	54,557	54,791	54,907	53,580	Population ¹
1,033,859	1,041,771	1,092,392	1,167,636	1,391,108	Personal income (expressed in thousands) ²
19,053	19,095	19,937	21,265	25,963	Per capita personal income ²
5.50%	4.90%	4.50%	4.00%	3.80%	Unemployment rate ³
34.8	35.9	37.1	37.3	38.1	Median age ²
74.40%	75.30%	76.30%	77.10%	77.30%	% of population 25+ — high school degree ²
16.10%	16.70%	18.00%	18.60%	19.80%	% of population 25+ — bachelor's degree ²



Principal Employers

Current Year and Nine Years Ago

	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Desert Princess Homeowners	250-499	1T	1.08% - 2.15%	250-499	1T	1.1% - 2.2%
Doubletree-Golf Resort	250-499	1T	1.08% - 2.15%			
Target	250-499	1T	1.08% - 2.15%	250-499	1T	1.1% - 2.2%
Cathedral City High School	100-249	3T	0.43% - 1.07%	100-249	3T	0.4% - 1.1%
City of Cathedral City	100-249	3T	0.43% - 1.07%	100-249	3T	0.4% - 1.1%
CA Developmental Services	100-249	3T	0.43% - 1.07%			
Honda of the Desert	100-249	3T	0.43% - 1.07%	100-249	3T	0.4% - 1.1%
Jessup Auto Plaza	100-249	3T	0.43% - 1.07%	100-249	3T	0.4% - 1.1%
Nellie N. Coffman Middle School	100-249	3T	0.43% - 1.07%	100-249	3T	0.4% - 1.1%
Stater Bros. Markets (Ramon)	100-249	3T	0.43% - 1.07%	100-249	3T	0.4% - 1.1%
Stater Bros. Markets (Vista Chino)	100-249	3T	0.43% - 1.07%	100-249	3T	0.4% - 1.1%
Toyota of the Desert	100-249	3T	0.43% - 1.07%	100-249	3T	0.4% - 1.1%
Addus Healthcare				250-499	1T	1.1% - 2.2%
Acura of the Desert				100-249	3T	0.4% - 1.1%
Applebee's Neighborhood Grill				100-249	3T	0.4% - 1.1%
Palm Springs Lincoln Mercury				100-249	3T	0.4% - 1.1%
Totals	1,650 - 3,738		7.11% - 16.11%	1,850 - 4,236		8.35% - 19.11%

Note to Schedule:

Note 1: Total employees by employer are presented as a range as specific employer totals are not available. In addition, the percentage of total city employment is also presented as a range.

Source: U.S. Department of Labor, Bureau of Labor Statistics; State of California, Employment Development Department, Labor Market Info (information provided by Infogroup).

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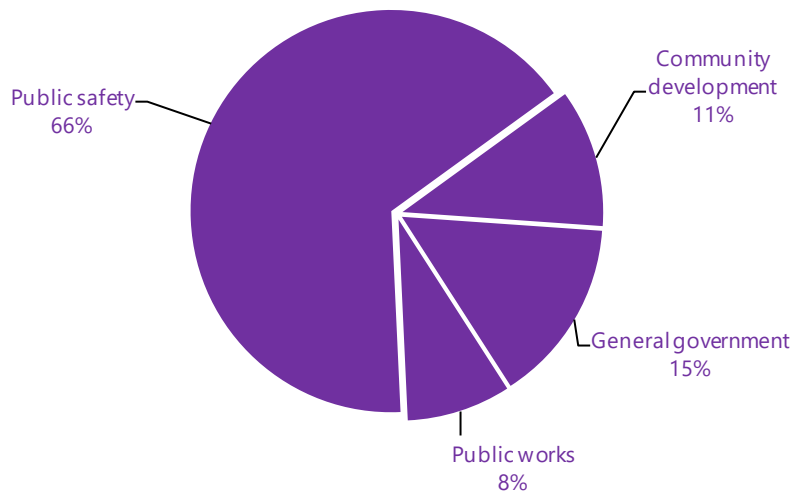
Full-Time Equivalent City Government Employees by Function Last Ten Fiscal Years

	Fiscal Year				
	2011	2012	2013	2014	2015
General Government:					
City Council	5.00	5.00	5.00	5.00	5.00
City Management	5.50	5.50	5.00	5.20	5.20
City Clerk	1.50	1.50	1.50	2.40	2.40
Administrative Services	14.00	13.50	11.75	12.00	12.00
Redevelopment/Housing	5.50	3.00	-	-	-
All other	1.00	1.00	-	-	-
Total General Government	32.50	29.50	23.25	24.60	24.60
Public Works	27.00	25.00	19.00	22.00	22.00
Public Safety:					
Police	98.00	93.50	77.25	77.50	74.00
Fire	52.00	43.00	37.50	37.00	36.00
Total Public Safety	150.00	136.50	114.75	114.50	110.00
Community Development	14.50	13.50	8.50	8.50	12.95
Planning, Building, Code	-	-	-	-	-
Engineering	-	-	-	-	-
Total Community Development	14.50	13.50	8.50	8.50	12.95
Successor Agency to the RDA	-	-	1.25	1.50	1.50
Total	224.00	204.50	166.75	171.10	171.05

Source: City of Cathedral City (Human Resources Department)

Fiscal Year					
2016	2017	2018	2019	2020	
5.00	5.00	5.00	5.50	5.00	General Government:
9.80	9.80	8.40	8.40	8.00	City Council
2.60	2.60	2.40	1.40	1.50	City Management
12.55	14.65	14.20	14.20	15.50	City Clerk
-	-	-	-	-	Administrative Services
-	-	-	-	-	Redevelopment/Housing
-	-	-	-	-	All other
29.95	32.05	30.00	29.50	30.00	Total General Government
15.70	17.70	17.00	19.25	17.00	Public Works
73.00	75.00	75.00	77.00	88.50	Public Safety:
37.00	40.00	46.00	46.00	45.00	Police
110.00	115.00	121.00	123.00	133.50	Fire
13.90	17.25	20.00	-	-	Total Public Safety
-	-	-	14.50	15.50	Community Development
-	-	-	4.25	7.00	Planning, Building, Code
13.90	17.25	20.00	18.75	22.50	Engineering
1.60	1.00	1.00	-	-	Total Community Development
171.15	183.00	189.00	190.50	203.00	Successor Agency to the RDA
					Total

2020 City Employees by Function Full-Time Equivalents



Operating Indicators by Function

Last Ten Fiscal Years

	Calendar Year				
	2010	2011	2012	2013	2014
Public Works					
Streets maintained (miles)	154	154	154	154	154
Public Safety					
Police:					
Physical arrests (Note 1)	1,447	1,263	1,189	1,099	1,216
Parking violations (Note 1)	929	943	1,002	1,519	1,821
Traffic violations (Note 1)	3,225	2,354	4,085	4,264	3,292
Code complaints	-	-	1,761	2,047	-
Property/vehicle abatements	-	-	226	211	-
Notices/citations issued	-	-	950	813	-
Number of 9-1-1 calls answered (Note 1)	-	-	-	-	-
Fire:					
Number of 9-1-1 calls answered (Note 3)	4,140	4,736	4,818	4,897	5,047
Code complaints	1,471	1,036	-	-	-
Property/vehicle abatements	66	49	-	-	-
Notices/citations issued	1,028	479	-	-	-
Community Development					
Building permits issued	1,414	1,388	1,762	1,409	1,894
Code complaints	-	-	-	-	2,080
Property/vehicle abatements	-	-	-	-	325
Notices/citations issued	-	-	-	-	765

Notes to Schedule:

Note 1: Statistics are for the fiscal year end, not calendar year end.

Note 2: In October 2011, the Code Enforcement Division was reorganized and subsequently placed under the supervision of the Police Department. Effective July 1, 2014, the Code Enforcement Division was placed under the supervision of the Community Development Department.

Note 3: The number of 9-1-1 calls answered reflect the number of emergency incidents that were responded to.

Source: City of Cathedral City (various departments)

Calendar Year					
2015	2016	2017	2018	2019	
157	157	157	157	159	Public Works Streets maintained (miles)
					Public Safety
					Police:
1,068	1,029	1,222	1,910	1,697	Physical arrests (Note 1)
1,413	990	1,511	1,120	1,265	Parking violations (Note 1)
2,703	3,113	3,479	3,853	1,978	Traffic violations (Note 1)
-	-	-	-	-	Code complaints
-	-	-	-	-	Property/vehicle abatements
-	-	-	-	-	Notices/citations issued
-	-	-	49,901	48,065	Number of 9-1-1 calls answered (Note 1)
					Fire:
5,280	5,660	5,836	5,826	6,121	Number of 9-1-1 calls answered (Note 3)
-	-	-	-	-	Code complaints
-	-	-	-	-	Property/vehicle abatements
-	-	-	-	-	Notices/citations issued
					Community Development
1,463	1,995	2,173	2,080	2,212	Building permits issued
935	1,486	1,866	1,643	1,879	Code complaints
254	334	683	636	273	Property/vehicle abatements
1,080	884	1,731	1,886	2,034	Notices/citations issued

Capital Asset Statistics by Function

Last Ten Fiscal Years

	Fiscal Year				
	2011	2012	2013	2014	2015
Public Works					
Streets (center lane miles)	154	154	154	154	157
Streetlights	1,184	1,184	1,184	1,184	1,190
Traffic signs	4,283	4,308	4,308	4,308	4,333
Traffic signals	49	49	49	49	50
Public Safety					
Police:					
Stations	1	1	1	1	1
Patrol units	76	73	64	64	65
Fire stations	3	3	3	3	3
Culture and Recreation					
Parks	7	7	7	8	9
Parks acreage	39	39	39	40	43
Community centers	1	1	1	1	1
Libraries	1	1	1	1	1

Source: City of Cathedral City (various departments)

Fiscal Year					
2016	2017	2018	2019	2020	
					Public Works
157	157	157	157	159	Streets (center lane miles)
1,190	1,190	1,190	1,190	2,220	Streetlights
4,333	4,333	4,333	4,333	4,373	Traffic signs
50	50	50	50	47	Traffic signals
					Public Safety
					Police:
1	1	1	1	1	Stations
57	55	55	60	68	Patrol units
3	3	3	3	3	Fire stations
					Culture and Recreation
10	10	10	10	10	Parks
48	48	48	48	48	Parks acreage
1	0	0	0	0	Community centers
1	1	1	1	1	Libraries

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GLOSSARY OF ACRONYMS

C

- CAFR:** Comprehensive Annual Financial Report
- CalPERS:** California Public Employees Retirement System
- CARES:** Coronavirus Aid, Relief, and Economic Security
- CFD:** Community Facilities District
- CRF:** Coronavirus Relief Funds
- CURC:** City Urban Revitalization Corporation
- CV:** Coachella Valley
- CVWD:** Coachella Valley Water District

E

- EARL:** Expected average remaining service lifetime
- ERAF:** Education Revenue Augmentation Fund
- ERICA:** Eastern Riverside County Interoperable Communications Authority

F

- FDIC:** Federal Deposit Insurance Corporation

G

- GAAP:** Generally Accepted Accounting Principles
- GASB:** Governmental Accounting Standards Board
- GFOA:** Government Finance Officers Association

H

- HRA:** Health Reimbursement Arrangement

L

- LAIF:** Local Agency Investment Fund
- LGBT:** Lesbian, Gay, Bisexual, and Transgender
- LLP:** Limited Liability Partnership
- LOB:** Limited Obligation Bonds
- LST:** Local Sales Tax

M

MD&A: Management's Discussion and Analysis

MOU: Memorandum of Understanding

O

OIG: Office of Inspector General

OPA: Owner Participation Agreements

OPEB: Other Postemployment Benefits

P

PEG: Public Education Government

PEMHCA: Public Employees' Medical and Hospital Care Act

PERF: Public Employee Retirement Fund

PERMA: Public Entity Risk Management Authority

PERS: Public Employees Retirement System

PMIA: Pooled Money Investment Account

R

RDA: Redevelopment Agencies

RMRA: Road Maintenance and Rehabilitation Account

ROPS: Recognized Obligation Repayment Schedule

RPTTF: RDAs Property Tax Trust Fund

S

S&P: Standard & Poor's

STVR: Short-term vacation rental

T

TAB: Tax Allocation Bonds

TOT: Transient Occupancy Tax

TRA: Tax Rate Area

V

VLF: Vehicle License Fee



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