

# 2022

## Annual Comprehensive Financial Report



CITY OF CATHEDRAL CITY, CALIFORNIA | Year Ended June 30, 2022

# 2022

## Annual Comprehensive Financial Report

Year Ended June 30, 2022

City of Cathedral City, California



Cathedral City

prepared by

**FINANCE DEPARTMENT**

Tami E. Scott, Administrative Services Director

available online at  
[www.cathedralcity.gov](http://www.cathedralcity.gov)



**Cathedral City**

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# INTRODUCTION



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022

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**Department of Finance**

68-700 Avenida Lalo Guerrero  
Cathedral City, CA 92234  
P: 760.770.0321  
F: 760.202.1467  
[www.cathedralcity.gov](http://www.cathedralcity.gov)

December 15, 2022

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) 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 Annual Comprehensive Financial Report of the City for the fiscal year ended June 30, 2022.

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 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 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, 2022. 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, 2022. The independent auditor's report is presented as the first component of the financial section of this report.

## THE REPORT

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

The budget serves as a policy document and 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. For the General Fund, unencumbered funds from the first year do not carry over into the second year. On June 9, 2021, City Council adopted the biennial budget for fiscal years 2021/2022 and 2022/2023.

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. As a result of City Council actions/approval, any overall amendments/adjustments to these two budgets are made.

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 (SEFA), 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 SEFA.



## CITY PROFILE

Incorporated in 1981, Cathedral City is conveniently located 110 miles east of Los Angeles and 125 miles northeast of San Diego. In eastern Riverside County, the Cathedral 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 almost 53,000, Cathedral City is the second-largest city in the Coachella Valley. Occupying a land area of approximately 24 square miles at an elevation of 325 feet above sea level, boasting an ideal climate of 350 sunny days a year. This desert location offers clean air, scenic beauty, along with 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 Agua Caliente Band of Cahuilla Indians established their reservation in 1876, and the City housed its first subdivision in 1925. The City is proud of its cultural diversity and rich history dating back almost 150 years.



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; the Cathedral City Town Square; the Cathedral City Community Amphitheatre; seven additional parks; 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.

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, both with 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; the Desert Regional Medical Center, which includes a trauma center; and John F Kennedy Memorial Hospital, an acute-care hospital.

Residents and visitors can now enjoy not only dinner (at one of the City's many restaurants) but also a movie at the Mary Pickford Theater (Desert Cinema), which houses 14 movie screens, or a live production at the Coachella Valley Repertory (CVRep) Theatre, the only Actor's Equity Small Professional Theatre (SPT) company in the Coachella Valley, and/or gaming at the new innovative state-of-the-art Agua Caliente Band of Cahuilla Indians (ACBCI) Agua Caliente Casino in the City's Downtown Entertainment District to include three dining options at Café One Eleven, 360 Sports, or the Agave Caliente Tequila Bar.

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 three Council members elected in November 2018 representing districts three through five and two council members representing districts one and two elected in November 2020. 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 senior management positions (Assistant City Manager along with six department heads).

## ECONOMIC CONDITIONS

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### CANNABIS TAX

The City of Cathedral City has a relatively new business cluster with the cannabis industry. During the first seven years, 192 applications have been received for cannabis businesses including dispensary, cultivation, manufacturing, distribution, transportation and laboratory testing. At the end of fiscal year (FY) 2021/2022, the City has 106 cannabis businesses with 189 licenses, operating 60 sites comprised of 51 sites generating tax revenues, including 12 dispensaries, 28 cultivators, and 11 manufacturers resulting in almost \$4.5 million in tax revenue versus the \$5.1 million in tax revenue in fiscal year 2020/2021. In the upcoming fiscal year (2022/2023), we estimate revenues to be in the \$4.0 million range.

### SALES TAX AND TRANSACTIONS & USE TAX

Sales Tax and Transaction & Use Tax is the City's lifeblood. In fiscal year 2021/2022, it accounted for almost 47.5% of the City's tax revenues and almost 38.3% of the City's traditional General Fund (Fund 100) revenues. For FY 2021/2022, sales tax and transactions and use tax is \$23.7 million versus \$20.5 million in FY 2020/2021 reflecting a \$3.2 million revenue increase. With the adopted budget projection for FY 2021/2022 being \$17.5 million, the City had a \$6.2 million revenue surplus this year. Since the 2007-2009 recession, sales tax has shown steady increases as the national and local economies demonstrate continued improvement. In the past ten years from FY 2011/2012 to FY 2021/2022, sales tax and transactions and use tax has increased over \$12.5 million (111%).

### TRANSIENT OCCUPANCY TAX (TOT)

The City's TOT increased more than \$1.6M to over \$5.3M in FY 2021/2022 from almost \$3.6M in FY 2020/2021. Coming out of the COVID-19 pandemic, significant growth of \$1.8M occurred in the City's hotel marketplace, with a slight decrease of \$200K in TOT from the Short-Term Vacation Rentals (STVRs). With the phasing out of the majority of the STVR properties over the next 6 months, we anticipate a \$500K decrease in revenue from the STVR component of our TOT revenue in the upcoming fiscal year.

### EVENTS, EVENTS AND MORE EVENTS

Cathedral City is back in business with our City 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 (March). There are usually around 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.

### CONSTRUCTION PROJECTS/ROAD IMPROVEMENTS

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

- Advanced Dilemma Zone Detection and Countdown Pedestrian Traffic Signals – 20 Throughout the City
- Cathedral City Community Amphitheatre
- Century Park Rubberized Emulsion Aggregate Slurry (REAS)
- Corral Rd REAS
- Panorama Dog Park
- Ramon Road REAS

### 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; thus, the City cannot impose additional taxes without a vote of the citizens. 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 received more than \$5.4

million, 8.3% more than what was received in FY 2020/2021 (almost \$5.0M). In the end, property tax revenues represent only 8.7% of the City's total revenue.

Albeit the local housing market in Cathedral City has slowed in comparison to the growth in the past few years, home values appear to remain at a consistent level. In the past year, stable home values along with new residential construction demonstrates the housing market continues to transition away from a seller's market. 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 an indicator our City will experience a positive effect in other industries, such as retail, wholesale trade and transportation services.

During this past fiscal year, the City continued to see more residential housing units in various locations throughout the city. The City issued almost 80 construction/building permits for single family development, primarily through Williams Homes developers in the Campanile neighborhood along with various infill (empty) parcels.

## COMMUNITY ASSISTANCE

In fiscal year 2021/2022, the City Council continued the existing community assistance program supporting the Boys and Girls Club of Cathedral City, Cathedral City Senior Center (CCSC), and regional homeless programs through the Coachella Valley Association of Governments (CVAG) and the Coachella Valley Rescue Mission (CVRM). In addition, the City was able to provide additional assistance through the Community Development Block Grant (CDBG) program to organizations such as Angel View, Assistance League of Palm Springs, CCSC, CVAG Coachella Valley Housing First, Desert Access Mobility, Inland Fair Housing, Transgendered Health and Wellness Center and WeeCare Daycare.

## LONG-TERM FINANCIAL PLANNING

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Although we had a significantly better yearend position than planned from the projected COVID-19 impacts, we still must manage our expenditures carefully and thoughtfully. Over the next several years, we will have increased costs to California Public Entity Retirement System (CalPERS) for our pension obligations as the planned investment rate of return has been reduced to 6.8% with the potential for a further decrease to 6.5%. It is noteworthy to recognize if CalPERS exceeds the planned investment rate of return, there is a positive impact on the City's pension obligations. Likewise, if CalPERS does not meet the planned investment rate of return, there is a negative impact on those pension obligations. If there is a downturn in the economy combined with increased operating costs, there will be an adverse effect on our reserves. In addition, as our Other Post-Employment Benefits (OPEB) obligations rise due to the growth in the number of retiree and active personnel, it is vital we keep a basic principle in mind, with increased operational expenditures, revenues must continue to grow, 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 2021/2022, the City's General Fund (Fund 100) unassigned fund balance is almost \$35.7 million representing 59.5% of budgeted expenditures for the upcoming fiscal year (2022/2023).

## AWARDS AND ACKNOWLEDGEMENTS

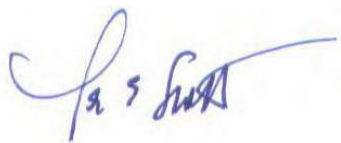
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The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized The Annual Comprehensive Financial Report. This report must satisfy both U.S. GAAP and applicable legal requirements. This was the fifteenth 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 2021/2022 Annual Comprehensive Financial Report continues to conform to the Certificate of Achievement program requirements, and we plan to submit 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, 2021. 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 City plans to submit an application to GFOA for the next biennial budget the two-year period beginning July 1, 2023.

The preparation of this Annual Comprehensive Financial Report could not have been accomplished without the efforts, and dedication and knowledge of the entire staff of the Finance Department. Other City departments were also instrumental in providing various statistical 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,

A handwritten signature in blue ink, appearing to read 'Tami E. Scott', with a long, sweeping horizontal line extending to the right.

Tami E. Scott  
Administrative Services Director



# Cathedral City



PRINCIPAL OFFICIALS

CITY COUNCIL

Mayor 2022  
District 4



Ernesto Gutierrez  
Term Expires 2022

Mayor Pro Tem 2022  
District 1



Rita Lamb  
Term Expires 2024

Council Member  
District 2



Nancy Ross  
Term Expires 2024

Council Member  
District 3



Mark Carnevale  
Term Expires 2022

Council Member  
District 5



Raymond Gregory  
Term Expires 2022

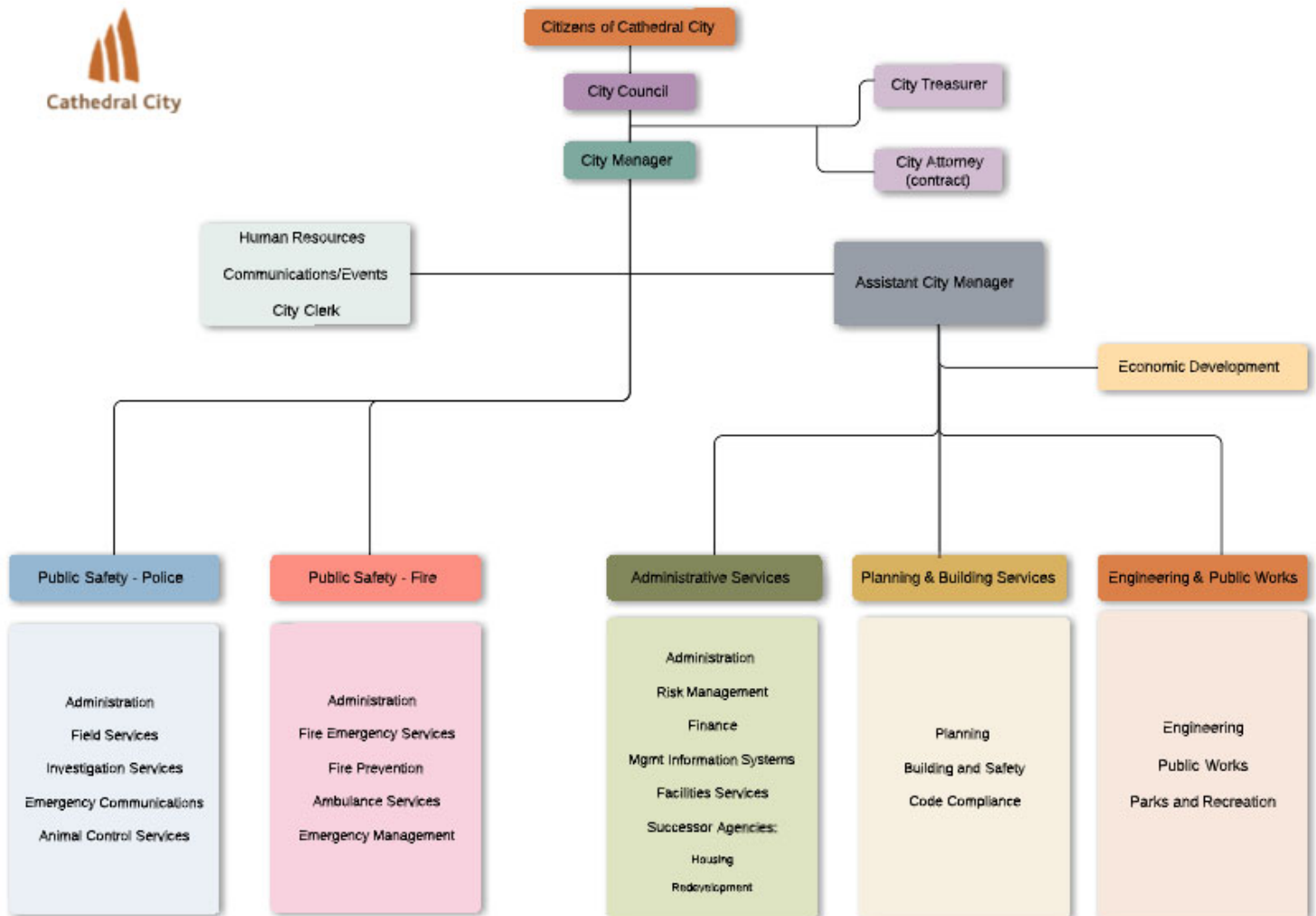
OTHER ELECTED OFFICIALS

City Treasurer..... Henry Chan

ADMINISTRATIVE OFFICIALS

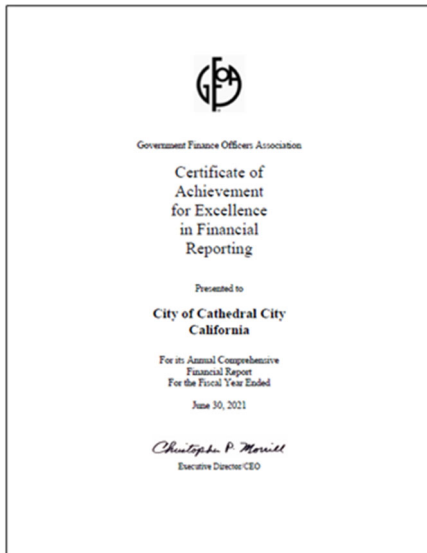
City Manager ..... Charles McClendon  
Assistant City Manager ..... Katherine Fuentes  
City Attorney ..... Eric Vail  
Administrative Services Director ..... Tami Scott  
Building and Planning Services Director ..... Robert Rodriguez  
Economic Development Director ..... Stone James  
Engineering and Public Works Director ..... John Corella  
Fire Chief..... John Muhr  
Police Chief ..... George Crum

## CITY ORGANIZATION CHART



## GOVERNMENT FINANCE OFFICERS ASSOCIATION AWARDS

### 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 annual comprehensive financial report for the fiscal year ended June 30, 2021.

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, 2021. 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 biennial budget beginning July 1, 2023 will conform to the Certificate of Achievement for Excellence in Financial Reporting requirements and have submitted it to GFOA for their consideration.



# Cathedral City

# FINANCIAL



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022





# Cathedral City



## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Cathedral City, California, (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 as of June 30, 2022, 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.

#### *Basis for Opinions*

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

#### *Emphasis of Matter*

##### *Change in Accounting Principle*

As described in Note E to the financial statements, in the fiscal year ended June 30, 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

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



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

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

#### *Other Reporting Responsibilities*

##### *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 as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial





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

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.

#### *Supplementary 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 combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

#### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 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.

Brea, California  
December 15, 2022



# Cathedral City



# MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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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, 2022. 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

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- 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 \$155,545,484 (net position). Unrestricted net position, which may be used to meet the City's ongoing obligations, was (\$103,494,012) at year end.
- The City's net position increased \$29,910,781 in this fiscal year primarily due to a \$10,683,939 increase in assets.
- As of close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$105,481,756, an increase of \$7,231,762 from the prior year. A total of \$35,623,207, or 33.77%, 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 \$37,628,660, which represents almost 62.8% of General Fund (Fund 100) FY 2022/2023 budgeted expenditures (including transfers out). \$35,623,522 of the \$37,628,660 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, the financial backbone was implemented on January 1, 2019. As a result, the City merged/converted financial data mid-year, and established the foundation for an integrated framework for City financial, business and administrative functions. We implemented the business functions in October 2021 and the payroll functions in January 2022.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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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, city staff 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 operations 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 due to the 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. As with federal, state, county 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 Impact 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 2021/2022 and 2022/2023. 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, providing 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, with additional 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 custodial funds. The private-purpose trust funds are used to report resources held in trust to pay enforceable obligations of the former redevelopment agency. The custodial 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 those 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

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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 \$155,545,484.

Net investment in capital assets totaling \$189,060,968 is comprised of land, buildings, structures, infrastructure, vehicles and equipment (including right-to-use leased equipment as part of GASB 87 implementation) 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 \$69,978,528 of restricted net position. These are resources subject to external restrictions for how they may be used by the City.

A portion of the City's net position, (\$103,494,012) 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.



The table below summarizes the City's net position (dollars in thousands) as of June 30, 2022 and 2021.

## Net Position

(dollars in thousands)

|   | <b>Primary Government</b>      |                |                |
|---|--------------------------------|----------------|----------------|
|   | <b>Governmental Activities</b> |                |                |
|   | <b>2022</b>                    | <b>2021</b>    | <b>Change</b>  |
| Current and other assets                    | \$ 157,683                     | 155,349        | 2,334          |
| Capital assets(net)                         | 189,541                        | 181,191        | 8,350          |
| <b>Total assets</b>                         | <b>347,224</b>                 | <b>336,540</b> | <b>10,684</b>  |
| Deferred outflows for Pensions and OPEB     | 68,376                         | 33,575         | 34,801         |
| <b>Total deferred outflows of resources</b> | <b>68,376</b>                  | <b>33,575</b>  | <b>34,801</b>  |
| Noncurrent liabilities                      | 206,547                        | 215,414        | (8,867)        |
| other liabilities                           | 23,429                         | 17,931         | 5,498          |
| <b>Total liabilities</b>                    | <b>229,976</b>                 | <b>233,345</b> | <b>(3,369)</b> |
| Deferred inflows of resources               | 30,079                         | 11,135         | 18,944         |
| <b>Total deferred inflows of resources</b>  | <b>30,079</b>                  | <b>11,135</b>  | <b>18,944</b>  |
| <b>Net Position</b>                         |                                |                |                |
| Net investment in capital assets            | 189,060                        | 181,191        | 7,869          |
| Restricted                                  | 69,979                         | 60,369         | 9,610          |
| Unrestricted                                | (103,494)                      | (115,925)      | 12,431         |
| <b>Total net position</b>                   | <b>\$ 155,545</b>              | <b>125,635</b> | <b>29,910</b>  |

Governmental activities increased the City's net position by \$29,910,781, for the fiscal year ended June 30, 2022. Elements of this increase are the increase in net investment in capital assets, and the decrease in restricted net position, increase in unrestricted net position, along with the \$10.68 million increase in assets and the \$18,944 million increase in deferred inflows.



The table below summarizes the City's changes in net position (dollars in thousands) for the years ended June 30, 2022 and 2021.

**Changes in Net Position**

(dollars in thousands)

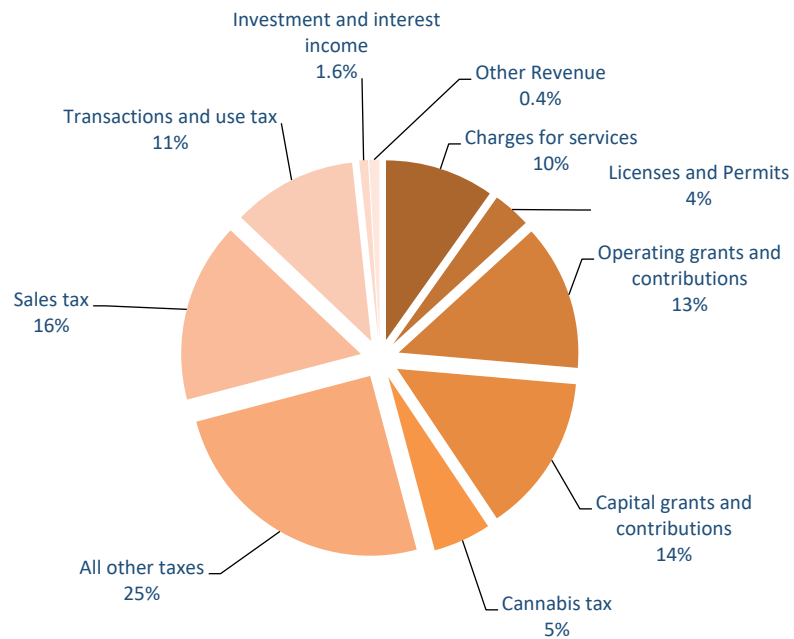
|   | <b>Primary Government<br/>Governmental Activities</b> |                |                 |
|---|---|----------------|-----------------|
|   | <b>2022</b>   | <b>2021</b>    | <b>Change</b>   |
| Program revenues:                       |   |                |                 |
| Charges for services                    | \$11,465  | 17,577         | (6,112)         |
| Operating grants and contributions      | 11,389  | 13,695         | (2,306)         |
| Capital grants and contributions        | 12,361  | 22,019         | (9,658)         |
| General revenues:                       |   |                |                 |
| Taxes:                                  |   |                |                 |
| Cannabis Tax                            | 4,508   | 5,097          | (589)           |
| Franchise tax                           | 2,684   | 2,440          | 244             |
| Property tax                            | 10,520  | 9,834          | 686             |
| Sales tax                               | 14,033  | 12,430         | 1,603           |
| Transaction and use tax                 | 9,711   | 8,049          | 1,662           |
| Transient occupancy/timeshare developer | 5,313   | 3,670          | 1,642           |
| Utility users' tax                      | 3,242   | 2,940          | 302             |
| Investment and interest income          | 676   | 1,625          | (949)           |
| Other revenue                           | 801   | 399            | 402             |
| Proceeds from sale of asset             | 47  | -              | 47              |
| <b>Total revenues</b>                   | <b>86,750</b>   | <b>99,775</b>  | <b>86,750</b>   |
| Expenses:                               |   |                |                 |
| General government                      | 19,340  | 15,585         | 3,755           |
| Community development                   | 6,725   | 9,782          | (3,057)         |
| Culture and recreation                  | 1,137   | 740            | 397             |
| Public safety                           | 17,543  | 35,007         | (17,464)        |
| Public works                            | 9,258   | 9,132          | 126             |
| Interest on long-term debt              | 2,826   | 5,015          | (2,189)         |
| <b>Total expenses</b>                   | <b>56,829</b>   | <b>75,262</b>  | <b>(18,433)</b> |
| <b>Revenues over (under) expenses</b>   | <b>29,921</b>   | <b>24,513</b>  | <b>5,408</b>    |
| <b>Special Items</b>                    |   | <b>55,845</b>  | <b>55,845</b>   |
| <b>Change in net position</b>           | <b>29,921</b>   | <b>80,359</b>  | <b>(50,437)</b> |
| Net position – July 1                   | 125,635   | 45,276         | 80,359          |
| Restatement                             | (10)  | -              | -               |
| <b>Net position – June 30</b>           | <b>\$155,545</b>                                      | <b>125,635</b> | <b>29,910</b>   |



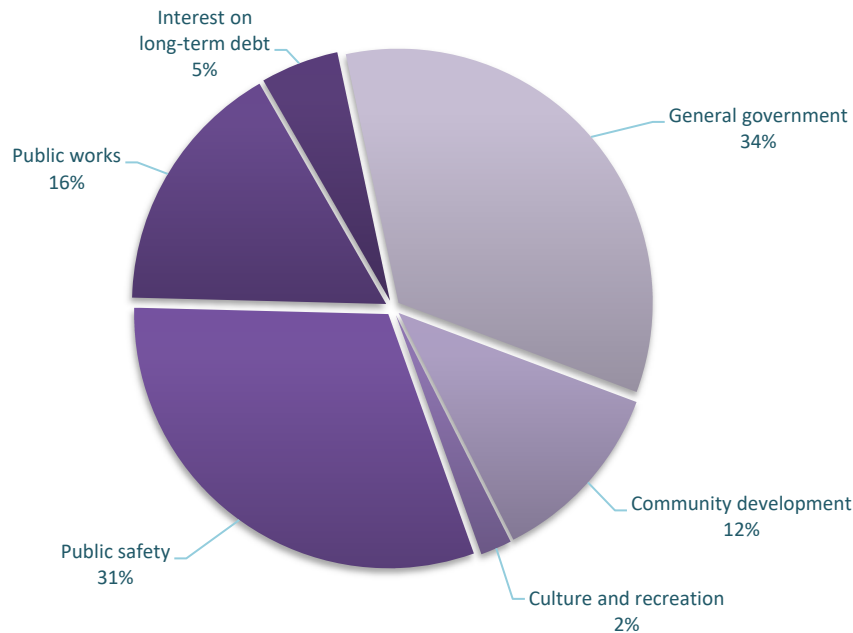
### Expenses and Program Revenues - Governmental Activities



### 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, 2022, the City's governmental funds reported combining fund balances of \$105,481,756, an increase of \$7,231,764 in comparison with the prior year. For the General Fund portion, approximately 33.77% or \$35,643,207, 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, 2022, unassigned fund balance for only the Fund 100 portion was \$35,643,522. 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 55.9% of the total General Fund (Fund 100) final budgeted expenditures, including transfers out (other financing uses) of \$61,994,591, while total fund balance represents 57.49% of the same amount.

The total fund balance of the City's General Fund (Fund 100) increased by \$6,800,406 or 22.06%, during the year ended June 30, 2022.

Revenues increased in fiscal year 2021/2022 from the previous year. General Fund (Fund 100) revenues, including transfers in, increased by \$6,650,370, or 12%, from fiscal year 2020/2021.

- Taxes in general increased \$5,552,145 over the previous fiscal year. The primary reasons were sales tax increased \$1,603,153, transaction and use tax increased \$1,662,729 with increased auto-related taxable sales and increased taxes from on-line purchases, transient occupancy tax/timeshare developer fees increased \$1,642,393, primarily due to an increase in hotel/motel taxes, Utility User's Tax increased \$301,900 due to more residential homes within our City, Franchise Fees increased \$244,728 due to that same increase in residential homes, while cannabis tax decreased \$588,763 with increased market competition.
- Licenses and permits increased \$47,421 from the prior year. The primary increased revenues were attributed to an increase in engineering permits and associated revenue and the primary decrease in revenues was due to a lower number of new residential construction/building permits.
- Charges for services decreased \$1,249,328 from the prior year. The primary decrease in revenues was attributed to \$836,795 with the community facilities district (CFD) for services having a lump sum payment in the previous fiscal year and a \$365,082 decrease in providing police services to outside agencies.

General Fund (Fund 100) expenditures, including transfers out, increased by \$6,337,472.75, or almost 13%, from the previous fiscal year. Most of the net increase is attributable to salaries and benefits for rehiring staff positions either cut or on hold from the COVID-19 pandemic. In addition, there were significant facility improvements and park improvements.

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

The **Developer Impact Fees** (Fund 235) special revenue fund has an ending Fund Balance of \$285,015. This amounts to a \$25,921 net increase in fund balance during the current year. This fund retains development impact fees on deposit for future utilization. The primary activities included Bridge Design, General Plan Update, and Public Art Education and Development activities. The net increase in fund balance is primarily due continued development activity in the city during the past year, leading with the Park and Recreation Facilities fee, followed by the Art in Public Places fee, the Fire and Police Facilities fee and then the Master Underground Plan fee.

The **Successor Housing Agency** (Fund 561) special revenue fund had a total fund balance of \$11,697,728. This amounts to a net increase in fund balance of \$1,920 during the current year. Revenues decreased \$43,012 to \$85,172, while expenditures decreased \$2,775,231 to \$79,729. The net decrease in revenues was primarily due to lower use of money and property in the current fiscal year. The net decrease in expenditures was primarily due to not having any subsidies provided to outside organizations or housing projects.

The **Public Financing Authority** (Fund 491) debt service fund had a total fund balance of \$32,461,421. This amounts to a net decrease in fund balance of \$1,276,552 during the current year. Revenues decreased \$4,151,536 to \$5,570,819 while expenditures decreased \$35,429,118 to \$34,008,342. 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 due to a bond refunding. The decrease in expenditures is related to a bond refunding.

The **Areawide Capital Projects** (Fund 331) capital projects fund had a total fund balance of \$3,015,254. This amounts to a net increase in fund balance of \$260,838 during the current year. Revenues increased \$1,801,325 to \$12,122,915 while expenditures decreased \$1,587,193 to \$11,862,077. The increase in revenues and expenses with the net decrease in fund balance was primarily due to the Cathedral Canyon Bridge Project which has significant construction expenses, much of which is funded by federal and county grant funds.

## 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 decreased to \$23,776,937 during the fiscal year. Operating revenues decreased \$3,060,363 to \$12,333,963, while operating expenses increased \$11,017,895 to \$21,566,634. The net decrease in revenues was mainly attributable to putting the monthly allocation on hold for CalPERS; however, there were revenues related to funding received from other funds for vehicle purchases, technology improvements and facilities maintenance. The net increase in expenditures was primarily attributable to establishing an OPEB account with the California Employers' Retiree Benefit Trust (CERBT) fund.

## GENERAL FUND BUDGETARY HIGHLIGHTS

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Original expenditure estimates, including transfers out, for FY 2021/2022, prepared in the spring of 2021, were based on anticipated outflows of resources at that time. During FY 2021/2022, budgeted expenditures increased \$3,346,245 from \$58,648,346 to \$61,994,591 for the fiscal year ended June 30, 2022. The primary reason for the increase in budgeted expenditures was for additional staffing and street/road improvement initiatives.

Differences between the General Fund (Fund 100) original budget and the final amended budget were 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, utility users' tax and franchise fees.

Actual General Fund (Fund 100) revenues, including transfers in, were \$6,633,310 higher than the final budget for FY 2021/2022, or almost 12%. Significant differences between budget and actual revenues are highlighted below.

- Tax revenues were more than budget estimates by \$5,367,759 as economic conditions were significantly more in this fiscal year than projected primarily for sales, and transaction and use taxes.
- Charges for services were less than budget estimates by \$811,447 primarily due to decrease in police services provided to other agencies.
- Licenses and permits were less than budgeted estimates by 152,962 primarily due to decreased short-term vacation rental permits.
- Fines and citations were more than budgeted estimates by \$282,855 due to increased code compliance activity.
- California Department of Finance (DOF) Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) revenues totaling \$1,757,219 were recognized during this fiscal year.



## CAPITAL ASSETS AND BONDED DEBT ADMINISTRATION

### CAPITAL ASSETS

The City's capital assets for its governmental activities as of June 30, 2022, were \$189,541,396 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, structures, vehicles/equipment, right-to-use leased equipment, infrastructure (bridges, streets, traffic signals, streetlights, etc.) and intangibles. The City's capital assets by type as of June 30, 2022 and 2021 are summarized in the table below (dollars in thousands).

| Capital Assets<br>(dollars in thousands) | Primary Government      |                |              |
|--|-------------------------|----------------|--------------|
|  | Governmental Activities |                |              |
|  | 2022                    | 2021           | Change       |
| Land                                     | 29,328                  | 29,375         | (47)         |
| Construction in progress                 | 26,910                  | 22,427         | 4,483        |
| Buildings and improvements               | 12,061                  | 13,118         | (1,057)      |
| Structures and improvements              | 878                     | 1,018          | (140)        |
| Vehicles, furniture and equipment        | 4,645                   | 3,075          | 1,570        |
| Right-to-use leased equipment            | 480                     | -              | 480          |
| Infrastructure                           | 115,161                 | 112,086        | 3,075        |
| Intangibles                              | 78                      | 92             | (14)         |
| <b>Total</b>                             | <b>189,541</b>          | <b>181,191</b> | <b>8,350</b> |

Major capital asset activity for the year ended June 30, 2022, included the following:

- Current year additions to infrastructure assets for projects completed during the year – \$8,682,706
- Additions to Construction in Progress include:
  - Cathedral Canyon Bridge – \$10,221,193
  - Panorama Dog Park - \$516,276
  - Community Amphitheatre Improvements - \$230,771
  - Date Palm Bike Lanes and Sidewalk – \$205,244
  - Cathedral Canyon Bike Lanes and Sidewalk – \$104,307
  - Panorama Park Improvements- \$97,615
  - East Palm Canyon Bike Lanes – \$74,347
  - Enterprise Resource Planning (ERP) System – \$74,336
  - HSIP 9 Varner/Date Palm Safety Improvements – \$71,400
  - 10 Intersection Improvements – \$41,295
  - HSIP 10 Ramon Rd at Avenida La Paloma – \$22,071
  - Dream Homes – \$19,130
  - Ramon Road Bridge - \$14,719

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 \$206,547,588 outstanding as of June 30, 2022. Of this amount, \$92,864,903 was capital improvements related (bonds), \$494,012 was for lease liabilities, \$109,814,546 was employee related (compensated absences, net pension liability and other postemployment benefits), and \$3,374,127 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) for the Successor to the Redevelopment Agency and the Limited Obligation Bonds for the City's Assessment Districts and Community Facilities District.

On April 13, 2022, the Cathedral City Public Financing Authority issued Cathedral City Public Financing Authority Lease Revenue Bonds, 2022 Series A (Federally Taxable) in the amount of \$28,780,000. The purpose of the issuance of the bonds was to refinance a portion of the City's CalPERS Obligation and refund the outstanding Authority Lease Revenue Refunding Bonds Series 2015A (Taxable). The City Council approved the issuance of the pension obligation bonds on September 15, 2021.

Outstanding long-term debt as of June 30, 2022, and 2021, is summarized in the table below (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.

| Long-Term Liabilities<br>(dollars in thousands) |                  | Primary Government      |                |                |
|---|------------------|-------------------------|----------------|----------------|
|   |                  | Governmental Activities |                |                |
|   | Note Reference   | 2022                    | 2021           | Change         |
| Lease revenue bonds                             | III-F.1, III-F.4 | 28,780                  | 2,284          | 26,496         |
| Limited obligation bonds                        | III-F.2, III-F.4 | 26,635                  | 28,520         | (1,885)        |
| Tax allocation bonds                            | III-F.3, III-F.4 | 37,450                  | 39,328         | (1,878)        |
| Compensated absences                            | III-F.4, III-F.7 | 5,118                   | 4,701          | 417            |
| Net pension liability                           | III-F.4, IV-B.2  | 14,926                  | 40,904         | (25,978)       |
| Other postemployment benefits                   | III-F.4, IV-C.4  | 89,770                  | 96,081         | (6,311)        |
| Lease liabilities                               | III.E            | 494                     | -              | 494            |
| Claims and judgments                            | III-F.4, IV-A    | 3,374                   | 3,596          | (222)          |
| <b>Total</b>                                    |                  | <b>206,547</b>          | <b>215,414</b> | <b>(8,867)</b> |

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Expenditures and transfers out were projected to be \$58,648,346 in fiscal year 2021/2022 based on the originally adopted budget. This represented an increase of \$9,540,600 from the \$49,107,746 fiscal year 2020/2021. Based on the original adopted budget, it was anticipated fund balance reserves would be used in fiscal year 2021/2022; however, that was not the case and almost a \$6.8M surplus was achieved. 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.

The adopted fiscal year 2022/2023 budget for the General Fund (Fund 100) assumed a stable revenue stream in its revenues from the taxation of the cannabis industry, sales tax and transaction and use tax and stability in other areas of the local economy. These ongoing revenues, including transfers in, were budgeted to be \$54,823,566, a decrease of \$7,171,025 or -13.1%, from the final fiscal year 2021/2022 budget totaling \$61,994,591. As we continue to experience continued economic stability coming out of the COVID-19 pandemic, the City is projecting continued stability of the FY 2021/2022 sales tax and transaction and use tax revenues to continue in the upcoming fiscal year (FY 2022/2023). The fiscal year 2021/2022 actual revenues totaled \$62,029,433, which is \$6,650,370 more than the fiscal year 2020/2021 actual revenues of \$55,379,063 representing a 12% increase. This higher than forecasted revenue in fiscal year 2021/2022 was primarily a result of increased sales tax and transaction and use tax. As a result, the City is projecting a similar revenue stream for FY 2022/2023.



## REQUESTS FOR INFORMATION

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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](http://www.cathedralcity.gov).



# Cathedral City



# Cathedral City

# BASIC FINANCIAL STATEMENTS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022



# Cathedral City

# GOVERNMENT-WIDE FINANCIAL STATEMENTS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022



**Statement of Net Position**  
**June 30, 2022**

|  | Primary<br>Government<br>Governmental<br>Activities |
|--|---|
| <b>Assets</b>                                |   |
| Cash and investments                         | 89,444,119  |
| Accounts receivable                          | 13,076,623  |
| Interest receivable                          | 305,312   |
| Loans receivable                             | 16,110,177  |
| Lease receivable                             | 412,520   |
| Inventories                                  | 51,668  |
| Deposits                                     | 3,368,340   |
| Prepays                                      | 2,021,142   |
| Investments held in trust                    | 28,429,380  |
| Restricted cash and investments              | 3,930,327   |
| Assets held for disposition                  | 532,996   |
| Capital assets:                              |   |
| Not being depreciated/amortized              | 56,237,884  |
| Being depreciated/amortized, net             | <u>133,303,512</u>                                  |
| <b>Total Assets</b>                          | <b><u>347,224,000</u></b>                           |
| <b>Deferred Outflows of Resources</b>        |   |
| Deferred outflows related to pensions        | 38,385,216  |
| Deferred outflows related to OPEB            | <u>29,991,191</u>                                   |
| <b>Total Deferred Outflows of Resources</b>  | <b><u>68,376,407</u></b>                            |
| <b>Liabilities</b>                           |   |
| Accounts payable                             | 5,422,366   |
| Interest payable                             | 116,959   |
| Unearned revenue                             | 17,190,292  |
| Deposits                                     | 698,411   |
| Noncurrent liabilities:                      |   |
| Due within one year:                         |   |
| Bonds  | 6,940,000   |
| Compensated absences                         | 2,600,000   |
| Claims and judgements                        | 1,000,000   |
| Lease liabilities                            | 190,183   |
| Due in more than one year:                   |   |
| Debt and other long-term liabilities         |   |
| Bonds  | 85,924,903  |
| Compensated absences                         | 2,518,155   |
| Claims and judgements                        | 2,374,127   |
| Lease liabilities                            | 303,829   |
| Net pension liability                        | 14,926,038  |
| Net other postemployment benefits obligation | <u>89,770,353</u>                                   |
| <b>Total Liabilities</b>                     | <b><u>229,975,616</u></b>                           |
| <b>Deferred Inflows of Resources</b>         |   |
| Deferred inflows related to leases           | 403,342   |
| Deferred inflows related to pensions         | 14,216,495  |
| Deferred inflows related to OPEB             | <u>15,459,470</u>                                   |
| <b>Total Deferred Inflows of Resources</b>   | <b><u>30,079,307</u></b>                            |
| <b>Net Position</b>                          |   |
| Net investment in capital assets             | 189,060,968   |
| Restricted for:                              |   |
| Capital projects                             | 5,478,525   |
| Community development                        | 14,177,314  |
| Debt service                                 | 34,683,239  |
| Low-mod income housing                       | 11,697,728  |
| Public safety                                | 1,734,839   |
| Public works                                 | 2,206,883   |
| Unrestricted                                 | <u>(103,494,012)</u>                                |
| <b>Total Net Position</b>                    | <b><u>\$ 155,545,484</u></b>                        |

See accompanying notes to basic financial statements.

**Statement of Activities**  
**For the Year Ended June 30, 2022**

| <b>Functions/Programs</b>            | <b>Expenses</b>      | <b>Program Revenues</b>     |   |   |
|--------------------------------------|----------------------|-----------------------------|---|---|
|                                      |                      | <b>Charges for Services</b> | <b>Operating Grants and Contributions</b> | <b>Capital Grants and Contributions</b> |
| <b>Primary Government</b>            |                      |                             |   |   |
| Governmental activities:             |                      |                             |   |   |
| General government                   | \$ 19,339,502        | 5,871,546                   | 2,207,406                                 | -                                       |
| Community development                | 6,725,100            | 773,615                     | 4,434,989                                 | 12,197,979                              |
| Culture and recreation               | 1,136,539            | -                           | 21,920                                    | 135,491                                 |
| Public safety                        | 17,542,981           | 4,059,306                   | 1,372,307                                 | 27,198                                  |
| Public works                         | 9,258,662            | 760,656                     | 3,351,977                                 | -                                       |
| Interest on long-term debt           | 2,826,600            | -                           | -   | -                                       |
| <b>Total Governmental Activities</b> | <b>56,829,384</b>    | <b>11,465,123</b>           | <b>11,388,599</b>                         | <b>12,360,668</b>                       |
| <b>Total Primary Government</b>      | <b>\$ 56,829,384</b> | <b>11,465,123</b>           | <b>11,388,599</b>                         | <b>12,360,668</b>                       |

**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

Proceeds from sale of capital assets

**Total General Revenues**

Change in net position

Net Position - July 1, as previously reported  
 GASB 87 implementation (Note G)

Net Position - July 1, as restated

**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

Proceeds from sale of capital assets

**Total General Revenues**

Change in net position

Net Position - July 1, as previously reported

GASB 87 implementation (Note G)

Net Position - July 1, as restated

**Net Position - Ending**

(11,260,550)

10,681,483

(979,128)

(12,084,170)

(5,146,029)

(2,826,600)

**(21,614,994)**

**(21,614,994)**

4,508,124

2,684,413

10,520,188

14,032,919

9,711,716

5,312,787

3,241,612

676,166

801,231

46,968

**51,536,124**

29,921,130

125,634,703

(10,349)

125,624,354

**\$ 155,545,484**

# FUND FINANCIAL STATEMENTS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022



# Cathedral City



**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

|  |                      | Special Revenue  |                          | Debt Service               |
|--|----------------------|------------------|--------------------------|----------------------------|
|  | General              | Developer Fees   | Successor Housing Agency | Public Financing Authority |
| <b>Assets</b>  |                      |                  |                          |                            |
| Cash and investments   | \$ 48,604,118        | 2,581,921        | 2,670,949                | 39                         |
| Receivables:   |                      |                  |                          |                            |
| Interest   | 203,934              | 6,777            | 7,011                    | -                          |
| Accounts   | 6,270,554            | -                | 85,173                   | -                          |
| Loans  | 4,238,777            | -                | 11,871,400               | -                          |
| Lease  | 340,698              | -                | -                        | -                          |
| Intergovernmental receivable   | 178,823              | -                | -                        | -                          |
| Prepaid assets   | 85,138               | -                | -                        | 101,754                    |
| Investments held in trust  | -                    | -                | -                        | 28,429,380                 |
| Restricted assets:   |                      |                  |                          |                            |
| Cash and investments held with fiscal agent                                | -                    | -                | -                        | 3,930,248                  |
| Assets held for disposition  | -                    | -                | 532,996                  | -                          |
| <b>Total Assets</b>  | <b>\$ 59,922,042</b> | <b>2,588,698</b> | <b>15,167,529</b>        | <b>32,461,421</b>          |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>       |                      |                  |                          |                            |
| Liabilities:   |                      |                  |                          |                            |
| Accounts payable   | \$ 2,637,083         | 7,871            | 2,087                    | -                          |
| Deposits from others   | 693,637              | -                | -                        | -                          |
| Unearned revenue   | 14,872,563           | 2,295,812        | -                        | -                          |
| Intergovernmental payable  | 20,315               | -                | -                        | -                          |
| <b>Total Liabilities</b>   | <b>18,223,598</b>    | <b>2,303,683</b> | <b>2,087</b>             | <b>-</b>                   |
| Deferred inflows of resources:   |                      |                  |                          |                            |
| Unavailable revenue  | 997,965              | -                | 3,467,714                | -                          |
| Related to leases  | 333,067              | -                | -                        | -                          |
| <b>Total Deferred Inflow of Resources</b>                                  | <b>1,331,032</b>     | <b>-</b>         | <b>3,467,714</b>         | <b>-</b>                   |
| Fund balances:   |                      |                  |                          |                            |
| Nonspendable   | 1,985,138            | -                | -                        | -                          |
| Restricted   | 2,338,777            | 285,015          | 11,697,728               | 32,461,421                 |
| Assigned   | 420,290              | -                | -                        | -                          |
| Unassigned   | 35,623,207           | -                | -                        | -                          |
| <b>Total Fund Balances</b>   | <b>40,367,412</b>    | <b>285,015</b>   | <b>11,697,728</b>        | <b>32,461,421</b>          |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 59,922,042</b> | <b>2,588,698</b> | <b>15,167,529</b>        | <b>32,461,421</b>          |

See accompanying notes to basic financial statements.

| <u>Capital Projects</u>              |                           |                    |  |
|--------------------------------------|---------------------------|--------------------|--|
| <u>Areawide<br/>Capital Projects</u> | <u>Nonmajor<br/>Funds</u> | <u>Total</u>       |  |
| 439,451                              | 16,944,472                | 71,240,950         | <b>Assets</b>  |
|                                      |                           |                    | Cash and investments   |
| 1,166                                | 38,943                    | 257,831            | Receivables:   |
| 5,394,853                            | 1,323,473                 | 13,074,053         | Interest   |
| -                                    | -                         | 16,110,177         | Accounts   |
| -                                    | -                         | 340,698            | Loans  |
| -                                    | -                         | 178,823            | Lease  |
| -                                    | 770                       | 187,662            | Intergovernmental receivable   |
| -                                    | -                         | 28,429,380         | Prepaid assets   |
|                                      |                           |                    | Investments held in trust  |
| -                                    | 79                        | 3,930,327          | Restricted assets:   |
| -                                    | -                         | 532,996            | Cash and investments held with fiscal agent                                    |
| <b>5,835,470</b>                     | <b>18,307,737</b>         | <b>134,282,897</b> | Assets held for disposition  |
|                                      |                           |                    | <b>Total Assets</b>  |
|                                      |                           |                    | <b>Liabilities, Deferred Inflows of Resources, and<br/>Fund Balances</b>       |
|                                      |                           |                    | Liabilities:   |
| 546,072                              | 466,082                   | 3,659,195          | Accounts payable   |
| -                                    | -                         | 693,637            | Deposits from others   |
| -                                    | -                         | 17,168,375         | Unearned revenue   |
| -                                    | 158,509                   | 178,824            | Intergovernmental payable  |
| <b>546,072</b>                       | <b>624,591</b>            | <b>21,700,031</b>  | <b>Total Liabilities</b>   |
|                                      |                           |                    | Deferred inflows of resources:   |
| 2,274,144                            | 28,220                    | 6,768,043          | Unavailable revenue  |
| -                                    | -                         | 333,067            | Related to leases  |
| <b>2,274,144</b>                     | <b>28,220</b>             | <b>7,101,110</b>   | <b>Total Deferred Inflow of Resources</b>                                      |
|                                      |                           |                    | Fund balances:   |
| -                                    | 770                       | 1,985,908          | Nonspendable   |
| -                                    | 17,542,467                | 64,325,408         | Restricted   |
| 3,015,254                            | 111,689                   | 3,547,233          | Assigned   |
| -                                    | -                         | 35,623,207         | Unassigned   |
| <b>3,015,254</b>                     | <b>17,654,926</b>         | <b>105,481,756</b> | <b>Total Fund Balances</b>   |
| <b>5,835,470</b>                     | <b>18,307,737</b>         | <b>134,282,897</b> | <b>Total Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances</b> |

## Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position

For the Year Ended June 30, 2022

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|   |                       |
|---|-----------------------|
| <b>Total fund balances - governmental funds</b> | <b>\$ 105,481,756</b> |
|---|-----------------------|

Amounts reported for governmental activities in the statement of net position are different because:

- Capital assets used in governmental activities, excluding internal service funds of \$5,432,670, are not financial resources, and therefore, are not reported in the funds.

|                                    |               |
|------------------------------------|---------------|
| Capital assets, at historical cost | 326,379,430   |
| Accumulated depreciation           | (142,751,132) |

- 
- |   |           |
|---|-----------|
| • Accrued interest payable not included in the funds. | (116,959) |
|---|-----------|

- 
- 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                                   | 6,768,043    |
| Deferred inflows - changes in assumptions   | (6,898,991)  |
| Deferred inflows - differences between actual and expected experience   | (8,560,480)  |
| Deferred inflows - differences between the employer's contributions and the employer's proportionate share of contributions | (4,002,893)  |
| Deferred outflows - contributions subsequent to measurement date  | 47,505,595   |
| Deferred outflows - differences between actual and expected experience  | 2,269,030    |
| Deferred outflows - changes in assumptions  | 16,133,508   |
| Deferred outflows - changes in employer's proportion  | 2,468,276    |
| Deferred inflows - net difference between projected and actual earnings on plan investments                                 | (10,213,603) |

- 
- |  |            |
|--|------------|
| • 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. | 23,776,937 |
|--|------------|

- 
- 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 \$5,163,988).

|                                       |              |
|---------------------------------------|--------------|
| Bonds                                 | (92,864,903) |
| Compensated absences                  | (5,118,155)  |
| Net pension liability                 | (14,926,038) |
| Other post employment benefits (OPEB) | (89,770,353) |
| Leases Payable                        | (494,012)    |

- 
- Right to use lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

|                          |           |
|--------------------------|-----------|
| Leased Asset             | 929,948   |
| Accumulated Amortization | (449,520) |

---

|  |                       |
|--|-----------------------|
| <b>Net position of governmental activities</b> | <b>\$ 155,545,484</b> |
|--|-----------------------|

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See accompanying notes to basic financial statements.



# Cathedral City

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

|   | General              | Special Revenue |                          | Debt Service               |
|---|----------------------|-----------------|--------------------------|----------------------------|
|   |                      | Developer Fees  | Successor Housing Agency | Public Financing Authority |
| <b>Revenues</b>   |                      |                 |                          |                            |
| Taxes   | \$ 50,011,759        | -               | -                        | -                          |
| Intergovernmental   | 2,204,609            | -               | -                        | -                          |
| Licenses and permits                                      | 2,959,562            | -               | -                        | -                          |
| Fines and forfeitures                                     | 552,855              | -               | -                        | -                          |
| Charges for services                                      | 5,298,842            | -               | -                        | -                          |
| Special assessments                                       | 222,431              | -               | -                        | -                          |
| Development fees  | -                    | 253,185         | -                        | -                          |
| Use of money and property                                 | (301,534)            | (3,103)         | (25,990)                 | 1,575,777                  |
| Contributions from other governments                      | 250,000              | -               | -                        | 3,995,042                  |
| Other revenue   | 357,225              | -               | 111,162                  | -                          |
| <b>Total Revenues</b>                                     | <b>61,555,749</b>    | <b>250,082</b>  | <b>85,172</b>            | <b>5,570,819</b>           |
| <b>Expenditures</b>                                       |                      |                 |                          |                            |
| Current:  |                      |                 |                          |                            |
| General government  | 15,172,540           | -               | -                        | 8,220,012                  |
| Community development                                     | 4,639,246            | 46,847          | 79,729                   | 2,000                      |
| Culture and recreation                                    | 720,835              | 145,298         | -                        | -                          |
| Public safety   | 32,306,057           | -               | -                        | 17,908,573                 |
| Public works  | 914,277              | -               | -                        | -                          |
| Capital outlay  | 1,304,194            | 62,973          | -                        | -                          |
| Debt service:   |                      |                 |                          |                            |
| Costs of Issuance   | -                    | -               | -                        | 521,096                    |
| Principal   | -                    | -               | -                        | 4,527,000                  |
| Interest and fiscal charges                               | -                    | -               | -                        | 2,829,661                  |
| <b>Total Expenditures</b>                                 | <b>55,057,149</b>    | <b>255,118</b>  | <b>79,729</b>            | <b>34,008,342</b>          |
| Excess (deficiency) of revenues over (under) expenditures | 6,498,600            | (5,036)         | 5,443                    | (28,437,523)               |
| <b>Other Financing Sources (Uses)</b>                     |                      |                 |                          |                            |
| Transfers in  | 566,702              | 30,957          | -                        | 377,971                    |
| Transfers out   | (922,016)            | -               | (50,491)                 | -                          |
| Related to leases   | 367,194              | -               | -                        | -                          |
| Refunding bond issued                                     | -                    | -               | -                        | 28,780,000                 |
| Payment to refunded bond escrow agent                     | -                    | -               | -                        | (1,997,000)                |
| Proceeds from sale of capital assets                      | -                    | -               | 46,968                   | -                          |
| <b>Total Other Financing Sources (Uses)</b>               | <b>11,880</b>        | <b>30,957</b>   | <b>(3,523)</b>           | <b>27,160,971</b>          |
| Net change in fund balances                               | 6,510,480            | 25,921          | 1,920                    | (1,276,552)                |
| Fund balances - beginning, as previously reported         | 33,855,085           | 259,094         | 11,695,808               | 33,737,973                 |
| GASB 87 implementation                                    | 1,847                | -               | -                        | -                          |
| <b>Fund Balances - Ending</b>                             | <b>\$ 40,367,412</b> | <b>285,015</b>  | <b>11,697,728</b>        | <b>32,461,421</b>          |

See accompanying notes to basic financial statements.

| <u>Capital Projects</u> |                   |                    |   |  |
|-------------------------|-------------------|--------------------|---|--|
| <u>Areawide</u>         |                   |                    |   |  |
| <u>Capital</u>          | <u>Nonmajor</u>   |                    | <u>Total</u>                                |  |
| <u>Projects</u>         | <u>Funds</u>      |                    |   |  |
| -                       | -                 | 50,011,759         | <b>Revenues</b>                             |  |
| 11,925,391              | 5,538,999         | 19,668,999         | Taxes                                       |  |
| -                       | -                 | 2,959,562          | Intergovernmental                           |  |
| -                       | 215,028           | 767,883            | Licenses and permits                        |  |
| -                       | 1,668,290         | 6,967,132          | Fines and forfeitures                       |  |
| -                       | 384,045           | 606,476            | Charges for services                        |  |
| -                       | 61,849            | 315,034            | Special assessments                         |  |
| (2,534)                 | (262,689)         | 979,927            | Development fees                            |  |
| -                       | -                 | 4,245,042          | Use of money and property                   |  |
| 200,058                 | 85,322            | 753,767            | Contributions from other governments        |  |
| <b>12,122,915</b>       | <b>7,690,844</b>  | <b>87,275,581</b>  | Other revenue                               |  |
|                         |                   |                    | <b>Total Revenues</b>                       |  |
|                         |                   |                    | <b>Expenditures</b>                         |  |
|                         |                   |                    | Current:                                    |  |
| -                       | 44,733            | 23,437,285         | General government                          |  |
| 200,058                 | 1,411,847         | 6,379,727          | Community development                       |  |
| -                       | -                 | 866,133            | Culture and recreation                      |  |
| -                       | 276,303           | 50,490,933         | Public safety                               |  |
| -                       | 3,337,912         | 4,252,189          | Public works                                |  |
| 11,662,019              | 640,898           | 13,670,084         | Capital outlay                              |  |
| -                       | -                 |                    | Debt service:                               |  |
| -                       | -                 | 521,096            | Costs of Issuance                           |  |
| -                       | -                 | 4,527,000          | Principal                                   |  |
| -                       | -                 | 2,829,661          | Interest                                    |  |
| <b>11,862,077</b>       | <b>5,711,693</b>  | <b>106,974,108</b> | <b>Total Expenditures</b>                   |  |
|                         |                   |                    | Excess (deficiency) of revenues over        |  |
| 260,838                 | 1,979,151         | (19,698,527)       | (under) expenditures                        |  |
|                         |                   |                    | <b>Other Financing Sources (Uses)</b>       |  |
| -                       | 419,117           | 1,394,747          | Transfers in                                |  |
| -                       | (690,958)         | (1,663,465)        | Transfers out                               |  |
| -                       | -                 | 367,194            | Related to leases                           |  |
| -                       | -                 | 28,780,000         | Refunding bond issued                       |  |
| -                       | -                 | (1,997,000)        | Payment to refunded bond escrow agent       |  |
| -                       | -                 | 46,968             | Proceeds from sale of capital assets        |  |
| -                       | <b>(271,841)</b>  | <b>26,928,444</b>  | <b>Total Other Financing Sources (Uses)</b> |  |
| 260,838                 | 1,707,310         | 7,229,917          | Net change in fund balances                 |  |
| 2,754,416               | 15,947,616        | 98,249,992         | Fund balances - beginning                   |  |
| -                       | -                 | 1,847              | GASB 87 implementation                      |  |
| <b>3,015,254</b>        | <b>17,654,926</b> | <b>105,481,756</b> | <b>Fund Balances - Ending</b>               |  |



## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2022

**Net change in fund balances - total governmental funds** **\$7,229,917**

- 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/amortization exceeded capital outlay.

|  |             |
|--|-------------|
| Capital outlay   | 13,044,437  |
| Depreciation/amortization expense (excluding internal service) | (6,826,456) |

- 
- Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (479,807)
- 

- 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     | 4,527,000    |
| Issuance of refunding bonds | (28,780,000) |
| Payment to escrow agent     | 1,997,000    |

- 
- 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      | (417,446) |
| Accrued interest payable  | 1,000,992 |
| Accreted interest payable | (476,835) |

- 
- 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 | 48,549,622 |
|-------------------------------------|------------|

- 
- 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. (9,446,503)
- 

- Governmental funds report acquisitions of leased assets as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as amortization expense. This is the amount by which lease acquisitions were less than amortization expense in the current period.

|   |           |
|---|-----------|
| Acquisition of right to use leased assets | 367,194   |
| Amortization                              | (162,730) |

- 
- Payment on leases is recorded as an expenditure in the governmental funds, but the repayment reduces the lease liability in the statement of net position.

|                         |           |
|-------------------------|-----------|
| New leases entered into | (367,194) |
| Lease repayment         | 161,939   |

---

**Change in net position of governmental activities** **\$29,921,130**

See accompanying notes to basic financial statements.

**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

|  | <b>Governmental<br/>Activities -<br/>Internal Service<br/>Funds</b> |
|--|---|
| <b>Assets</b>                              |   |
| Current assets:                            |   |
| Cash and investments                       | \$ 18,203,168   |
| Receivables:                               |   |
| Interest                                   | 47,480  |
| Accounts                                   | 2,571   |
| Leases                                     | 71,822  |
| Deposits with PERMA                        | 3,368,340   |
| Prepaid assets                             | 1,833,480   |
| Inventories                                | 51,668  |
| <b>Total Current Assets</b>                | <b>23,578,529</b>   |
| Noncurrent assets:                         |   |
| Capital assets:                            |   |
| Intangibles                                | 95,097  |
| Vehicles and equipment                     | 11,335,595  |
| Construction in progress                   | 710,243   |
| Accumulated depreciation                   | (6,708,265)   |
| Net capital assets                         | 5,432,670   |
| <b>Total Noncurrent Assets</b>             | <b>5,432,670</b>  |
| <b>Total Assets</b>                        | <b>29,011,199</b>   |
| <b>Liabilities</b>                         |   |
| Current liabilities:                       |   |
| Accounts payable                           | 1,763,172   |
| Deposits from others                       | 4,774   |
| Claims payable                             | 1,000,000   |
| Unearned revenue                           | 21,915  |
| <b>Total Current Liabilities</b>           | <b>2,789,861</b>  |
| Noncurrent liabilities:                    |   |
| Claims payable                             | 2,374,127   |
| <b>Total Noncurrent Liabilities</b>        | <b>2,374,127</b>  |
| <b>Total Liabilities</b>                   | <b>5,163,988</b>  |
| <b>Deferred Inflows of Resources</b>       |   |
| Lease                                      | 70,274  |
| <b>Total Deferred Inflows of Resources</b> | <b>70,274</b>   |
| <b>Net Position</b>                        |   |
| Investment in capital assets               | 5,432,670   |
| Unrestricted                               | 18,344,267  |
| <b>Total Net Position</b>                  | <b>\$ 23,776,937</b>  |

See accompanying notes to basic financial statements.

**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

|   | <b>Governmental<br/>Activities - Internal<br/>Service Funds</b> |
|---|---|
| <b>Operating Revenues</b>                     |   |
| Charges for services                          | \$ 12,046,538   |
| Other revenue                                 | 232,486   |
| Lease revenue                                 | 50,681  |
| Lease revenue interest                        | 4,258   |
| <b>Total Operating Revenues</b>               | <b>12,333,963</b>   |
| <b>Operating Expenses</b>                     |   |
| Insurance claims and expenses                 | 9,404,593   |
| Annual contributions                          | 11,250,002  |
| Depreciation                                  | 783,499   |
| Repairs and maintenance                       | 128,540   |
| <b>Total Operating Expenses</b>               | <b>21,566,634</b>   |
| Operating Income                              | <b>(9,232,671)</b>  |
| <b>Nonoperating Revenues (Expenses)</b>       |   |
| Gain on sale of capital assets                | 15,081  |
| Use of money and property                     | (497,631)   |
| <b>Total Nonoperating Revenues (Expenses)</b> | <b>(482,550)</b>  |
| Income before transfers                       | (9,715,221)   |
| Transfers in                                  | 268,718   |
| Change in net position                        | (9,446,503)   |
| Total net position - as previously reported   | 33,222,842  |
| GASB 87 implementation                        | 598   |
| <b>Total Net Position - Ending</b>            | <b>\$ 23,776,937</b>  |

See accompanying notes to basic financial statements.

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

|  | <b>Governmental<br/>Activities - Internal<br/>Service Funds</b> |
|--|---|
| <b>Cash Flows From Operating Activities</b>  |   |
| Receipts from customers and user departments   | \$ 12,638,887   |
| Payments to suppliers for goods and services   | (21,033,008)  |
| Rental income  | 78,058  |
| <b>Net Cash (Used) by Operating Activities</b>   | <b>(8,316,063)</b>  |
| <b>Cash Flows From Noncapital Financing Activities</b>   |   |
| Transfers in   | 268,718   |
| <b>Net Cash Provided by Noncapital Financing Activities</b>                                    | <b>268,718</b>  |
| <b>Cash Flows From Capital and Related Financing Activities</b>                                |   |
| Capital asset acquisitions   | (2,435,197)   |
| Proceeds from the sale of capital assets   | 15,081  |
| <b>Net Cash (Used) by Capital and Related Financing Activities</b>                             | <b>(2,420,116)</b>  |
| <b>Cash Flows From Investing Activities</b>  |   |
| Interest expense   | (491,895)   |
| <b>Net Cash (Used) by Investing Activities</b>   | <b>(491,895)</b>  |
| Net increase in cash and cash equivalents  | (10,959,356)  |
| Cash and cash equivalents - beginning  | 29,162,524  |
| <b>Cash and Cash Equivalents - Ending</b>  | <b>\$ 18,203,168</b>  |
| <b>Reconciliation of Operating Income to Net Cash (Used) by Operating Activities:</b>          |   |
| Operating Income   | \$ (9,232,670)  |
| Adjustments to Reconcile operating income to net cash provided (Used) by operating activities: |   |
| Depreciation   | 783,499   |
| Accounts receivable  | (58,353)  |
| Leases receivable  | 70,274  |
| Deposits with PERMA  | 349,045   |
| Prepaid assets   | (1,704,082)   |
| Inventories  | (21,699)  |
| Accounts payable   | 1,697,498   |
| Unearned revenue   | 22,015  |
| Claims payable   | (221,590)   |
| <b>Net Cash (Used) by Operating Activities</b>   | <b>\$ (8,316,063)</b>   |

See accompanying notes to basic financial statements.

**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

|   | Private-Purpose<br>Trust Funds  |                  |
|---|---------------------------------|------------------|
|   | Successor Agency<br>Trust Funds | Custodial Funds  |
| <b>Assets</b>                                     |                                 |                  |
| Cash and investments                              | \$ 9,826,370                    | 5,459,947        |
| Receivables:                                      |                                 |                  |
| Interest  | 1,074                           | 19,868           |
| Special assessments                               | -                               | 304,479          |
| Intergovernmental receivable                      | 2,727,253                       | -                |
| Prepaid assets                                    | 950,530                         | -                |
| Restricted assets:                                |                                 |                  |
| Cash and investments held with fiscal agent       | 3,196,159                       | 10               |
| <b>Total Assets</b>                               | <b>16,701,386</b>               | <b>5,784,304</b> |
| <b>Liabilities</b>                                |                                 |                  |
| Accounts payable                                  | 105,000                         | 13,764           |
| Intergovernmental payable                         | 2,727,253                       | -                |
| Accrued interest                                  | 1,767,557                       | -                |
| Bonds Payable:                                    |                                 |                  |
| Due in one year                                   | 6,230,000                       | -                |
| Due in more than one year                         | 121,808,581                     | -                |
| <b>Total Liabilities</b>                          | <b>132,638,391</b>              | <b>13,764</b>    |
| <b>Net Position</b>                               |                                 |                  |
| Restricted for dissolution of former RDA          | (115,937,005)                   | -                |
| Restricted for organizations and other government | -                               | 5,770,540        |
| <b>Total Net Position</b>                         | <b>\$ (115,937,005)</b>         | <b>5,770,540</b> |

See accompanying notes to basic financial statements.

## Statement of Changes in Fiduciary Net Position

### For the Year Ended June 30, 2022

|  | Private-Purpose<br>Trust Funds  |                  |
|--|---------------------------------|------------------|
|  | Successor Agency<br>Trust Funds | Custodial Funds  |
| <b>Additions</b>   |                                 |                  |
| Taxes  | \$ 15,258,072                   | -                |
| Collections for assessment districts                         | -                               | 4,392,184        |
| Use of money and property                                    | 2,808                           | (25,273)         |
| <b>Total Additions</b>                                       | <b>15,260,880</b>               | <b>4,366,911</b> |
| <b>Deductions</b>  |                                 |                  |
| Administrative expenses                                      | 86,962                          | 69,427           |
| Contractual services   | 125,393                         | 209,314          |
| Interest expense   | 4,249,657                       | 2,307,732        |
| Contributions to other governments                           | 4,245,042                       | -                |
| Bond payment   | -                               | 1,835,188        |
| <b>Total Deductions</b>                                      | <b>8,707,054</b>                | <b>4,421,661</b> |
| Change in net position                                       | 6,553,826                       | (54,750)         |
| Net Position - beginning of the year, as previously reported | (122,490,831)                   | (33,659,278)     |
| Restatement of Net Position (Note G)                         | -                               | 39,484,568       |
| Beginning of year, as restated (Custodial Funds)             | (122,490,831)                   | 5,825,290        |
| <b>Net Position - End of the Year</b>                        | <b>\$ (115,937,005)</b>         | <b>5,770,540</b> |

See accompanying notes to basic financial statements.



# NOTES TO BASIC FINANCIAL STATEMENTS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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 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. Services provided include public safety (police and fire protection); engineering and public works (streets, grounds, and parks); community development (building, planning, and code compliance); city management including city clerk, communications and events, and human resources; economic development; and general administrative support to include finance, facilities, management information systems, and risk management.

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. 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. Upon dissolution of a redevelopment agency, the Bill provided 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 initiate 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 Impact 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 fiduciary 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.

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.
- Custodial funds are like Private-purpose trust funds in nature. The custodial 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 exceeding current/minimum 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 cashflows.
- 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.

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 resulting from 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 assets applicable to 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 assets applicable to 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) (7.1 years at July 1, 2020) |

- 15. Net Position.** In the government-wide, proprietary fund, and fiduciary fund (private-purpose trust fund and custodial 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 calculating 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 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 comprising 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 uncertainty 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 reporting 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 the applicable fund.

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 calculating 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 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.

|                          |  |
|--------------------------|--|
| <b>Lien Date:</b>        | January 1  |
| <b>Levy Date:</b>        | July 1   |
| <b>Due Dates:</b>        | November 1 – 1 <sup>st</sup> installment<br>February 1 – 2 <sup>nd</sup> installment |
| <b>Delinquent After:</b> | December 10 – 1 <sup>st</sup> installment<br>April 10 – 2 <sup>nd</sup> installment  |

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

|                  |                   |
|------------------|-------------------|
| <b>December:</b> | 30% advance       |
| <b>January:</b>  | Collection No. 1  |
| <b>April:</b>    | 10% advance       |
| <b>May:</b>      | Collection No. 2  |
| <b>July:</b>     | Collection No. 3  |
| <b>November:</b> | 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. The General Fund is the primary source in conjunction with the Insurance Fund to liquidate the liability for pensions. Investments are reported at fair value. CalPERS audited financial statements are publicly available at CalPERS' website ([www.calpers.ca.gov](http://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, 2021

**Measurement Date:** June 30, 2021

**Measurement Period:** July 1, 2020 to June 30, 2021

- 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**

**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 previously 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 financial statements starting with the fiscal year ending June 30, 2022. This Statement did apply to the City and resulted in a net restatement of (10,349) as part of the accounting principle. This is a one-time adjustment.

**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 financial statements starting with the fiscal year ending December 31, 2021.

**Governmental Accounting Standards Board Statement No. 92** - In January 2020, the GASB issued Statement No 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 92 is effective financial statements starting with the fiscal year ending June 30, 2022.

**Governmental Accounting Standards Board Statement No. 93** - In March 2020, the GASB issued Statement No 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications resulting from the replacement of an Interbank Offered Rates (IBOR). Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate —most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

GASB Statement No. 93 is effective for financial statements starting with the fiscal year ending June 30, 2022.

**Governmental Accounting Standards Board Statement No. 97** - In June 2020, the GASB issued Statement No 97, *Certain Component Unit Criteria, and Accounting and Financial reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and 84, and Suspension of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) meeting the definition of a pension plan and for benefits provided through those plans.

GASB Statement No. 97 is effective for financial statements starting with the fiscal year ending June 30, 2022.

**Governmental Accounting Standards Board Statement No. 98** - In October 2021, the GASB issued Statement No 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

GASB Statement No. 98 is effective for financial statements starting with the fiscal year ending December 31, 2021.

#### **NOTE F – NEW ACCOUNTING PRINCIPLES YET TO BE IMPLEMENTED**

**Governmental Accounting Standards Board Statement No. 91** – In May 2019, the GASB issued Statement No. 91, *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 financial statements starting with the fiscal year ending December 31, 2022.

**Governmental Accounting Standards Board Statement No. 94** – In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs), where an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

GASB Statement No. 94 is effective for financial statements starting with the fiscal year ending June 30, 2023.

**Governmental Accounting Standards Board Statement No. 96** – In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

GASB Statement No. 96 is effective for financial statements starting with the fiscal year ending June 30, 2023.



## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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### NOTE A – Deficit Fund Equity

There are no deficit fund balances as of June 30, 2022:

### NOTE B – Excess of Expenditures Over Appropriations

At June 30, 2022, no budget basis expenditures (including) transfers out) exceeded appropriations.

## III. DETAILED NOTES FOR ALL FUNDS

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### 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 \$548,004. The balance reported in the June 30, 2022 financial statements was (\$656,887).

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

Custodial credit risk for deposits is the risk, 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 to 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, 2022, 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.

The table 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) addressing interest rate risk, credit risk, and concentration of credit risk.

## Authorized Investments – City Treasurer

June 30, 2022

|                                     | Maximum<br>Maturity | Maximum %<br>of Portfolio* | Maximum Investment<br>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                 | \$75 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 \$75 million for regular accounts. The City maintains two separate regular accounts with LAIF.

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.



Cathedral City

The table 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 authorized investment.

**Authorized Investments – Bond Trustees**

June 30, 2022

|                                     | Maximum<br>Maturity | Maximum %<br>of Portfolio | Maximum Investment<br>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, 2022, the City's investment balances were as shown in the table below.

**Investment Balances**

June 30, 2022

|  | Fair Value            |
|--|-----------------------|
| <b>Investments governed by CA Government Code/City investment policy:</b>      |                       |
| Local Agency Investment Fund (LAIF)  | \$ 82,566,751         |
| Certificates of deposit  | 1,497,913             |
| Federal agency securities  | 3,790,699             |
| Medium-term notes  | 15,345,800            |
| Money market mutual funds  | 2,064,870             |
| <b>Total investments governed by CA Government Code/City investment policy</b> | <b>\$ 105,266,033</b> |
| <b>Investments governed by debt agreements:</b>                                |                       |
| Money market mutual funds  | \$ 7,126,497          |
| Local agency bonds   | 28,429,380            |
| <b>Total investments governed by debt agreements</b>                           | <b>35,555,877</b>     |
| <b>Total investments</b>   | <b>\$ 140,821,910</b> |

A reconciliation of cash and investments as shown in the basic financial statements as of June 30, 2022, is shown in the table below.

| <b>Reconciliation of Cash and Investments</b> |                           |
|---|---------------------------|
| June 30, 2022                                 |                           |
|   | <b>Primary Government</b> |
| <b>Governmental activities:</b>               |                           |
| Cash on hand                                  | \$ 6,480                  |
| Other cash – Playa del Sol                    | 114,809                   |
| Deposits with financial institutions          | (656,887)                 |
| Investments                                   | 89,979,717                |
| Subtotal – cash and investments               | 89,444,119                |
| Investments held in trust                     | 28,429,380                |
| Restricted cash and investments               | 3,930,327                 |
| <b>Total governmental activities</b>          | <b>\$ 121,803,826</b>     |
| <b>Fiduciary:</b>                             |                           |
| Private-Purpose Trust Funds:                  |                           |
| Investments                                   | \$ 9,826,370              |
| Restricted cash and investments               | 3,196,159                 |
| Custodial Funds:                              |                           |
| Investments                                   | 5,459,946                 |
| Restricted cash and investments               | 11                        |
| <b>Total fiduciary</b>                        | <b>18,482,486</b>         |
| <b>Total cash and investments</b>             | <b>\$ 140,286,312</b>     |

**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 can 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.

The table below presents the balances of investments measured at fair value on a recurring basis at June 30, 2022.

#### Investment Balances

June 30, 2022

| Investment Type                     | Total                 | Level 1  | Level 2            | Level 3  |
|-------------------------------------|-----------------------|----------|--------------------|----------|
| Local Agency Investment Fund (LAIF) | \$ 82,566,751         | -        | 82,566,751         | -        |
| Certificates of deposit             | 1,497,913             | -        | 1,497,913          | -        |
| Federal agency securities           | 3,790,699             | -        | 3,790,699          | -        |
| Medium-term notes                   | 15,345,800            | -        | 15,345,800         | -        |
| Money market mutual funds           | 9,191,367             | -        | 9,191,367          | -        |
| Local agency bonds                  | 28,429,380            | -        | 28,429,380         | -        |
| <b>Total</b>                        | <b>\$ 140,821,910</b> | <b>-</b> | <b>140,821,910</b> | <b>-</b> |

- 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, 2022, the total amount invested by all public agencies in LAIF is \$35.8 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2022 had an investment portfolio balance of \$229.3 billion. Of that amount, 1.88% is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 311 days as of June 30, 2022.

- 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 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 the table on the following page, which shows the distribution of the City's investments by maturity.



**Investments by Maturity**  
June 30, 2022

| 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) | \$ 82,566,751         | 82,566,751                     | -                | -                 | -                 |
| Certificates of deposit             | 1,497,913             | 1,001,469                      | 496,444          | -                 | -                 |
| Federal agency securities           | 3,790,699             | 995,040                        | 2,795,659        | -                 | -                 |
| Medium-term notes                   | 15,345,800            | 2,999,951                      | 2,990,940        | 9,354,909         | -                 |
| Money market mutual funds           | 9,191,367             | 9,191,367                      | -                | -                 | -                 |
| Local agency bonds                  | 28,429,380            | -                              | 1,805,930        | 5,995,936         | 20,627,514        |
| <b>Total</b>                        | <b>\$ 140,821,910</b> | <b>96,754,578</b>              | <b>8,088,973</b> | <b>15,350,845</b> | <b>20,627,514</b> |

- 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 national-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. The table below presents the actual rating by S&P and Moody's as of June 30, 2022 for each investment type.

**Investment Ratings**

June 30, 2022

| 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   | \$ -                 | -                       | -                         | -                 | 9,191,367                 | -                  | 9,191,367          |
| AA+          | Aaa     | -                    | -                       | 3,790,699                 | 951,627           | -                         | -                  | 4,742,326          |
| AA-          | Aa1     | -                    | -                       | -                         | 850,000           | -                         | -                  | 850,000            |
| AA-          | A2      | -                    | -                       | -                         | 1,928,376         | -                         | -                  | 1,928,376          |
| A            | A1      | -                    | -                       | -                         | 2,830,464         | -                         | -                  | 2,830,464          |
| A            | A2      | -                    | -                       | -                         | 3,001,661         | -                         | -                  | 3,001,661          |
| A-           | A2      | -                    | -                       | -                         | 3,783,478         | -                         | -                  | 3,783,478          |
| BBB+         | A1      | -                    | -                       | -                         | 2,000,194         | -                         | -                  | 2,000,194          |
| NR           | NR      | 82,566,751           | 1,497,913               | -                         | -                 | -                         | 28,429,380         | 112,494,044        |
| <b>Total</b> |         | <b>\$ 82,566,751</b> | <b>1,497,913</b>        | <b>3,790,699</b>          | <b>15,345,800</b> | <b>9,191,367</b>          | <b>28,429,380</b>  | <b>140,821,910</b> |

NR - Not Rated

- 7. Custodial Credit Risk.** Custodial credit risk for investments is the risk, 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, 2022, 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

**Loans Receivable.** The City's outstanding loans receivable as of June 30, 2022 are summarized below.

### Loans Receivable

| June 30, 2022                                   | Loan      | Loan        | Loan Term/            | Interest | Payment               | Outstanding          |
|---|-----------|-------------|-----------------------|----------|-----------------------|----------------------|
| Borrower  | Date      | Amount      | Due Date              | Rate     | Frequency             | Balance              |
| TC Sports Group, LLC <sup>1</sup>               | 7/30/1998 | \$4,350,239 | 01/31/2030            | 7.09%    | Quarterly             | 2,338,777            |
| Cathedral City Heritage Park, L.P.              | 12/1/2002 | 2,700,000   | 30 years <sup>2</sup> | 5.00%    | Annual <sup>3</sup>   | 5,083,310            |
| Southern California Housing Development Corp.   | 5/1/2003  | 1,000,000   | 30 years <sup>2</sup> | 0.00%    | Annual <sup>3</sup>   | -                    |
| Southern California Housing Development Corp.   | 9/26/2007 | 280,000     | 12/31/18 <sup>4</sup> | 0.00%    | Lump sum <sup>5</sup> | 100,000              |
| Cathedral Family Housing Partners, L.P.         | 9/21/2007 | 4,006,162   | 55 years <sup>2</sup> | 2.00%    | Annual <sup>3</sup>   | 4,992,371            |
| Terracina Cathedral City Apartments, L.P.       | 12/1/2010 | 50,000      | 55 years <sup>2</sup> | 3.00%    | Annual <sup>3</sup>   | 61,190               |
| Northwoods – Cathedral City LLC                 | 8/14/2001 | 325,000     | 33 years <sup>2</sup> | 0.00%    | Lump sum <sup>4</sup> | 325,000              |
| Low and moderate income housing property owners | Various   | Various     | Various               | 0.00%    | Lump sum <sup>5</sup> | 1,309,529            |
| Coachella Valley Repertory                      | 2/6/2018  | 900,000     | 15 years              | 4.25%    | Monthly               | 900,000              |
| CURC  | 6/13/2018 | 2,500,000   | 5 years               | 4.50%    | Lump sum <sup>4</sup> | 1,000,000            |
| <b>Total</b>                                    |           |             |                       |          |                       | <b>\$ 16,110,177</b> |

<sup>1</sup> 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.

<sup>2</sup> Amendment No. 2 dated September 27, 2021 included a consent to transfer ownership from Big League Dreams, LLC to TC Sports Group, LLC and extended the loan terms through January 31, 2030.

<sup>3</sup> From date certificate of completion was issued.

<sup>4</sup> From residual receipts, if any.

<sup>5</sup> At end of loan term.

<sup>6</sup> At time property owner refinances/sells the property or no longer qualifies for low/moderate income housing under established guidelines.

<sup>7</sup> Loan will be forgiven if developer invests \$100,000 in specific capital improvements within three years of the amendment.





## NOTE C – TRANSFERS

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

| <b>Interfund Receivable/Payables</b> |                         |                       |
|--------------------------------------|-------------------------|-----------------------|
| June 30, 2022                        |                         |                       |
|                                      | Due from<br>Other Funds | Due to<br>Other Funds |
| Governmental Funds:                  |                         |                       |
| General Fund                         | \$ 158,509              | -                     |
| Nonmajor Governmental Funds          | -                       | 158,509               |
| <b>Total</b>                         | <b>\$ 158,509</b>       | <b>158,509</b>        |

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 below.

| <b>Transfers In</b>                             | <b>Transfers Out</b> |                          |                              | <b>Total</b>     |
|---|----------------------|--------------------------|------------------------------|------------------|
|   | <b>General Fund</b>  | <b>Successor Housing</b> | <b>Nonmajor Governmental</b> |                  |
| General Fund                                    |                      | 50,491                   | 516,211                      | <b>566,702</b>   |
| Developer Fees                                  | 30,957               |                          |                              | <b>30,957</b>    |
| Public Financing Authority                      | 377,971              |                          |                              | <b>377,971</b>   |
| Nonmajor Governmental                           | 308,991              |                          | 110,126                      | <b>419,117</b>   |
| Internal Service:<br>Equipment Replacement Fund | 204,097              |                          | 64,621                       | <b>268,718</b>   |
| <b>Total</b>                                    | <b>\$ 922,016</b>    | <b>50,491</b>            | <b>690,958</b>               | <b>1,663,465</b> |

During the year ended June 30, 2022, 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 \$30,957 to the Developer Impact Fees Fund for the general plan update.
- Debt service payments (principal and interest) of \$377,971 from the General Fund (Big League Dreams fund) to the Public Financing Authority debt service fund.
- Maintenance cost contribution of \$308,991 from the General Fund to the Landscape and Lighting District special revenue fund (nonmajor governmental fund).
- Transfer of \$204,097 to Equipment Replacement Fund for equipment purchases.
- Transfer of \$50,491 to the General Fund from the Successor Housing Fund for overhead labor allocation.

## NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, is shown in the following two tables.

### 1. Governmental Activities.

For the Year Ended June 30, 2022

|  | July 1                    | Additions                | Deletions                 | June 30                   |
|--|---------------------------|--------------------------|---------------------------|---------------------------|
| <b>Capital assets not being depreciated:</b>       |                           |                          |                           |                           |
| Land   | 29,375,178                | -                        | (46,968)                  | 29,328,210                |
| Construction in progress                           | <u>22,426,639</u>         | <u>13,165,742</u>        | <u>(8,682,706)</u>        | <u>26,909,674</u>         |
| <b>Total capital assets not being depreciated</b>  | <b>51,801,817</b>         | <b>13,165,742</b>        | <b>(8,729,674)</b>        | <b>56,237,884</b>         |
| <b>Capital assets being depreciated:</b>           |                           |                          |                           |                           |
| Buildings and improvements                         | 30,723,547                | -                        | -                         | 30,723,547                |
| Structures and improvements                        | 8,941,707                 | -                        | -                         | 8,941,707                 |
| Vehicles, furniture and equipment                  | 14,491,286                | 2,360,861                | (667,168)                 | 16,184,979                |
| Right-to-use leased equipment                      | -                         | 929,948                  | -                         | 929,948                   |
| Infrastructure                                     | 217,405,535               | 8,682,706                | -                         | 226,088,241               |
| Intangibles  | <u>344,008</u>            | <u>-</u>                 | <u>-</u>                  | <u>344,008</u>            |
| <b>Total capital assets being depreciated</b>      | <b>271,906,083</b>        | <b>11,973,515</b>        | <b>(667,168)</b>          | <b>283,212,430</b>        |
| <b>Less accumulated depreciation for:</b>          |                           |                          |                           |                           |
| Buildings and improvements                         | (17,605,872)              | (1,056,371)              | -                         | (18,662,243)              |
| Structures and improvements                        | (7,923,438)               | (140,492)                | -                         | (8,063,930)               |
| Vehicles, furniture and equipment                  | (11,415,918)              | (790,926)                | 667,168                   | (11,539,677)              |
| Right-to-use leased equipment                      | -                         | (449,520)                | -                         | (449,520)                 |
| Infrastructure                                     | (105,319,126)             | (5,608,580)              | -                         | (110,927,706)             |
| Intangibles  | <u>(252,258)</u>          | <u>(13,585)</u>          | <u>-</u>                  | <u>(265,843)</u>          |
| <b>Total accumulated depreciation</b>              | <b>(142,516,611)</b>      | <b>(8,059,475)</b>       | <b>667,168</b>            | <b>(149,908,919)</b>      |
| <b>Total capital assets being depreciated, net</b> | <b>129,389,472</b>        | <b>3,914,039</b>         | <b>-</b>                  | <b>133,303,512</b>        |
| <b>Governmental Activities Capital Assets, net</b> | <b><u>181,191,289</u></b> | <b><u>17,079,781</u></b> | <b><u>(8,729,674)</u></b> | <b><u>189,541,396</u></b> |



Cathedral City

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

**Depreciation Expense**

June 30, 2022

|   |                     |
|---|---------------------|
| General government  | \$ 935,323          |
| Community development   | 133,889             |
| Culture and recreation  | 270,406             |
| Public safety   | 311,896             |
| Public works, including depreciation of infrastructure assets | 5,624,463           |
| Capital assets held by internal service funds                 | 783,499             |
| <b>Total</b>  | <b>\$ 8,059,475</b> |

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, 2022, as shown in the table below.

**Construction Commitments**

June 30, 2022

| Project                | Project No. | Remaining Commitments |
|------------------------|-------------|-----------------------|
| Cathedral Cayon Bridge | C08919      | \$ 2,864,122          |
| Ramon Road Bridge      | C02500      | 1,286,491             |
| <b>Total</b>           |             | <b>\$ 4,150,613</b>   |

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**

**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, 2022, were approximately \$186,660 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.

**Lessee:** The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Leases payable:

During the current fiscal year, the City has lease agreements as lessee for the acquisition and use of one copier and two different IT servers. Total lease liability for all the leases was recorded in the amount of \$494,012 during the current fiscal year, of which \$190,183 is due in one year. The City made principal and interest payments totaling \$186,660 in FY 2022. The city uses its incremental borrowing rate as its interest rate of 4% if an interest rate is not provided. Only one of the IT Server leases provided an interest rate of 3.53%. The value of the right-to-use assets as of the end of the current fiscal year was \$929,848 and had accumulated amortization of \$449,520.

The table below shows the future principal and interest lease payments for the leases payable.

**Future principal and interest lease payments**

| <b>Fiscal Year<br/>Ending</b> | <b>Principal</b>  | <b>Interest</b> | <b>Total</b>   |
|-------------------------------|-------------------|-----------------|----------------|
| 2023                          | \$ 190,183        | 14,927          | 205,110        |
| 2024                          | 124,941           | 8,239           | 133,180        |
| 2025                          | 74,870            | 5,105           | 79,975         |
| 2026                          | 77,553            | 2,422           | 79,975         |
| 2027                          | 26,465            | 195             | 26,660         |
| <b>Total</b>                  | <b>\$ 494,012</b> | <b>30,887</b>   | <b>524,899</b> |

**Lessor:** The City is a lessor for a noncancellable lease of a building and cell tower land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

During the current fiscal year, the City has three cell tower sites leased to third parties. In addition, two office spaces in a city owned building are being leased to third parties. The cell tower leases are for 5-year terms with automatic 5-year renewals. Two of the cell tower leases will end on 12/31/25 and one will end on 6/30/26. The office space lease terms vary with one ending on 12/31/22 and the other on 5/31/24. The City recognized \$160,958 in lease revenue and \$19,296 in interest revenue during the current fiscal year related to these leases. As of June 30, 2022, the City's receivable for lease payments was \$412,520. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$403,342.

## 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. As a result of the Lease Revenue Bonds, 2022 Series A (Federally Taxable) (2022A Bonds), net proceeds in the amount of \$2,025,055 were used to refund and defease these bonds (\$1,997,000 towards the remaining principal and \$28,055 towards interest) on April 28, 2022. The General Fund is generally used to liquidate the lease revenue bonds liability.

The issuance of the 2022A Bonds on April 13, 2022 in the amount of \$28,780,000 is part of the City's strategy to address a significant unfunded liability to each of the City's plans with California Public Employees' Retirement System's ("CalPERS"). In addition to creating a more affordable and sustainable shape for its pension costs, the City has determined that the 2022A Bonds should help create enhanced resiliency for the General Fund of the City to handle adverse economic situations in the future (See table below.)

#### Lease Revenue Bonds

June 30, 2022

| Bonds  | Issue Date | Issue Amount | Interest Rate   | Final Payment Date | Reserve Required | Reserve Amount | Outstanding Balance |
|--|------------|--------------|-----------------|--------------------|------------------|----------------|---------------------|
| *Taxable Lease Revenue Refunding, Series 2015A         | 07/09/2015 | \$ 3,768,000 | 4.25%           | 08/01/1927         | -                | -              | -                   |
| Lease Revenue Bonds, 2022 Series A (Federally Taxable) | 04/28/2022 | \$28,780,000 | 2.506% - 4.602% | 09/02/2035         | 2,878,000        | -              | 28,780,000          |
| <b>Total</b>   |            |              |                 |                    |                  |                | <b>\$28,780,000</b> |

\* Bonds outstanding principal balance of \$1,997,000 balance was redeemed on May 30, 2022.

Lease revenue bonds' debt service requirements to maturity are summarized in the table below.

#### Lease Revenue Bonds' Debt Service Requirements

June 30, 2022

| Year         | Governmental Activities |                  |
|--------------|-------------------------|------------------|
|              | Principal               | Interest         |
| 2023         | \$ 2,630,000            | 1,128,024        |
| 2024         | 2,705,000               | 959,632          |
| 2025         | 2,730,000               | 879,694          |
| 2026         | 2,610,000               | 794,602          |
| 2027         | 2,485,000               | 707,327          |
| 2028-2032    | 11,620,000              | 2,197,946        |
| 2033-2034    | 4,000,000               | 183,080          |
| <b>Total</b> | <b>\$ 28,780,000</b>    | <b>6,850,305</b> |

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, 35<sup>th</sup> 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. The Limited Obligation Bonds are not capital-related debt of the City.

Bonds outstanding at June 30, 2022, are summarized in the table below.

**Local Agency Revenue Bonds**

June 30, 2022

| Bonds  | Issue Date | Issue Amount | Interest Rate | Final Payment Date | Reserve Required | Reserve Amount | Outstanding Balance |
|--|------------|--------------|---------------|--------------------|------------------|----------------|---------------------|
| Local Agency Revenue Bonds, Series 2015A (Limited Obligations) | 09/02/2015 | \$39,100,000 | 3.14% - 3.94% | 09/02/2035         | 1,466,799        | 1,531,604      | 26,635,000          |
| <b>Total</b>   |            |              |               |                    |                  |                | <b>\$26,635,000</b> |

Limited obligation bonds' debt service requirements to maturity are summarized the table below.

**Limited Obligation Bonds' Debt Service Requirements**

June 30, 2022

| Year         | Governmental Activities |                  |
|--------------|-------------------------|------------------|
|              | Principal               | Interest         |
| 2023         | \$ 1,830,000            | 997,828          |
| 2024         | 1,880,000               | 928,021          |
| 2025         | 1,955,000               | 855,872          |
| 2026         | 2,035,000               | 780,789          |
| 2027         | 2,090,000               | 703,086          |
| 2028 – 2032  | 9,005,000               | 2,458,462        |
| 2033 – 2036  | 7,840,000               | 592,576          |
| <b>Total</b> | <b>\$ 26,635,000</b>    | <b>7,316,633</b> |

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, 2022, is summarized in the table below.

**Changes in Long-Term Liabilities**

June 30, 2022

| Governmental Activities                  | July 1               | Additions         | Deletions           | June 30            | Due within one year |
|--|----------------------|-------------------|---------------------|--------------------|---------------------|
| <b>Bonds:</b>                            |                      |                   |                     |                    |                     |
| <b>Direct Borrowings</b>                 |                      |                   |                     |                    |                     |
| Lease revenue <sup>1</sup>               | \$ 2,284,000         | 28,780,000        | (2,284,000)         | 28,780,000         | 2,630,000           |
| <b>Public Borrowings</b>                 |                      |                   |                     |                    |                     |
| Tax allocation                           | 33,826,000           | -                 | (2,355,000)         | 31,471,000         | 2,480,000           |
| Limited obligation                       | 28,520,000           | -                 | (1,885,000)         | 26,635,000         | 1,830,000           |
| Unamortized bond premium <sup>1</sup>    | -                    | -                 | -                   | -                  | -                   |
| Accreted interest                        | 5,502,068            | 476,835           | -                   | 5,978,903          | -                   |
| <b>Total bonds</b>                       | <b>70,132,068</b>    | <b>29,256,835</b> | <b>(6,524,000)</b>  | <b>92,864,903</b>  | <b>6,940,000</b>    |
| <b>Compensated absences</b>              | 4,700,708            | 2,961,059         | (2,658,791)         | 5,118,155          | 2,600,000           |
| <b>Lease liabilities</b>                 | -                    | 494,012           | -                   | 494,012            | 190,183             |
| <b>Net pension liability</b>             | 40,904,252           | -                 | (25,978,214)        | 14,926,038         | -                   |
| <b>Other postemployment benefits</b>     | 96,081,378           | -                 | (6,311,025)         | 89,770,353         | -                   |
| <b>Claims and judgments</b>              | 3,595,717            | 1,244,957         | (1,466,547)         | 3,374,127          | 1,000,000           |
| <b>Total other long-term liabilities</b> | <b>145,282,055</b>   | <b>4,700,028</b>  | <b>(36,414,577)</b> | <b>113,682,685</b> | <b>3,790,183</b>    |
| <b>Total Governmental Activities</b>     | <b>\$215,414,123</b> | <b>33,956,863</b> | <b>(42,938,577)</b> | <b>206,547,588</b> | <b>10,730,183</b>   |

<sup>1</sup>\$28,780,000 of 2022A lease revenue bonds were issued and as a result, \$ 1,997,000 principal of 2015A lease revenue bonds were defeased.

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. The table below summarizes the outstanding balance of each of these issues as of June 30, 2022.

**Special Assessment Debt Outstanding Balance**

June 30, 2022

| Bonds   | Issue Year | Maturity Year | Outstanding Balance | Due within one year |
|---|------------|---------------|---------------------|---------------------|
| Assessment District No. 2001-01 Limited Obligation Improvement Bonds                              | 2001       | 2026          | \$1,015,000         | 180,000             |
| Community Facilities District No. 2000-1 Special Tax Bonds*                                       | 2001       | 2030          | 9,220,000           | 1,650,000           |
| Assessment District 96-1 (Rio Vista), Series 2004, Limited Obligation Refunding Improvement Bonds | 2004       | 2026          | 1,594,380           | 285,930             |
| 35 <sup>th</sup> Avenue Assessment District No. 2003-01 Limited Obligation Improvement Bonds      | 2004       | 2034          | 3,770,000           | 205,000             |
| Dream Homes Assessment District No. 2004-01 Limited Obligation Improvement Bonds                  | 2004       | 2034          | 3,565,000           | 190,000             |
| Cove Improvement District No. 2004-02 Limited Obligation Improvement Bonds                        | 2005       | 2035          | 18,485,000          | 945,000             |
| <b>Total</b>  |            |               | <b>\$37,649,380</b> | <b>3,455,930</b>    |

\*Bond call in the amount of \$5,400,000 occurred on September 01, 2022 subsequent to the year ended June 30, 2022.



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 on June 30, 2022.
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, considering 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 on the table below.

### Fund Balances

June 30, 2022

|                            | General              | Developer<br>Fees | Successor<br>Housing<br>Agency | Public<br>Financing<br>Authority | Areawide<br>Capital<br>Projects | Nonmajor<br>Funds | Total              |
|----------------------------|----------------------|-------------------|--------------------------------|----------------------------------|---------------------------------|-------------------|--------------------|
| <b>Nonspendable</b>        | \$ 1,985,138         | -                 | -                              | -                                | -                               | 770               | 1,985,908          |
| <b>Restricted:</b>         |                      |                   |                                |                                  |                                 |                   |                    |
| Capital projects           | -                    | -                 | -                              | -                                | -                               | 3,728,687         | 3,728,687          |
| Community development      | -                    | 285,015           | -                              | -                                | -                               | 10,203,008        | 10,488,023         |
| Debt service               | 2,338,777            | -                 | -                              | 32,461,421                       | -                               | -                 | 34,800,198         |
| Low -mod income housing    | -                    | -                 | 11,697,728                     | -                                | -                               | -                 | 11,697,728         |
| Public safety              | -                    | -                 | -                              | -                                | -                               | 1,403,889         | 1,403,889          |
| Public works               | -                    | -                 | -                              | -                                | -                               | 2,206,883         | 2,206,883          |
| <b>Total Restricted</b>    | <b>2,338,777</b>     | <b>285,015</b>    | <b>11,697,728</b>              | <b>32,461,421</b>                | <b>-</b>                        | <b>17,542,467</b> | <b>64,325,408</b>  |
| <b>Assigned:</b>           |                      |                   |                                |                                  |                                 |                   |                    |
| Debt service               | 420,290              | -                 | -                              | -                                | -                               | -                 | 420,290            |
| Purchase order encumbrance | -                    | -                 | -                              | -                                | 3,015,254                       | 111,689           | 3,126,943          |
| <b>Total Assigned</b>      | <b>420,290</b>       | <b>-</b>          | <b>-</b>                       | <b>-</b>                         | <b>3,015,254</b>                | <b>111,689</b>    | <b>3,547,233</b>   |
| <b>Unassigned:</b>         |                      |                   |                                |                                  |                                 |                   |                    |
| Budget reserves            | 3,562,321            | -                 | -                              | -                                | -                               | -                 | 3,562,321          |
| Cash flow reserves         | 17,811,603           | -                 | -                              | -                                | -                               | -                 | 17,811,603         |
| Economic uncertainties     | 14,249,283           | -                 | -                              | -                                | -                               | -                 | 14,249,283         |
| <b>Total Unassigned</b>    | <b>35,623,207</b>    | <b>-</b>          | <b>-</b>                       | <b>-</b>                         | <b>-</b>                        | <b>-</b>          | <b>35,623,207</b>  |
| <b>Total Fund Balances</b> | <b>\$ 40,367,412</b> | <b>285,015</b>    | <b>11,697,728</b>              | <b>32,461,421</b>                | <b>3,015,254</b>                | <b>17,654,926</b> | <b>105,481,756</b> |

- 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 \$770 and Loans Receivable of \$1,985,138 for a total of \$1,985,908, 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 \$64,325,408 in total restricted fund balance. Restrictions include:

- \$34,800,198 – restricted for debt service repayment based on bond indentures and loan agreements.
- \$11,697,728 – 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.
- \$10,488,023 – restricted for community development activities as these monies are received from developers and grant agreements and must be used for specific purposes.
- \$3,728,687 – restricted for capital projects based on grant agreements, bond indentures, and other external parties.

- \$1,403,889 – restricted for public safety activities as these monies are received from grant agreements, developers, and donations and must be used for specific purposes.
  - \$2,206,883– restricted for public works improvements as these monies are received from State and County allocations and local district assessments with restrictions on their use.
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 \$3,547,233 in total assigned fund balance. Assigned for the following:

- \$420,290 – assigned to subsequent year's expenditures related to future debt service for the Big League Dreams lease revenue bonds.
  - \$3,126,943 – assigned to purchase orders encumbrances in the areawide capital projects and nonmajor funds.
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 non-spendable, restricted, committed, or assigned. The General Fund (as reported) had amounts set aside for cash flow reserves (\$17,811,603) and future economic uncertainties (\$14,249,283), and budget reserves (\$3,562,321) in accordance with the fund balance policy (Resolution 2014-37, September 10, 2014).

Restricted fund balances are adjusted to include unavailable revenues and remove interest payable in classifying the government-wide restricted net position on the Statement of Net Position.

Restricted Net Position Classifications are detailed in the table below.

**Government-Wide Restricted Net Position**

June 30, 2022

|                        | Restricted<br>Fund Balances | Revenue/ Interest<br>Payable<br>Adjustments | Restricted<br>Net Position<br>Classifications |
|------------------------|-----------------------------|---|---|
| Capital projects       | \$ 3,728,687                | 2,274,144                                   | 6,002,831                                     |
| Community development  | 10,488,023                  | 3,484,814                                   | 13,972,838                                    |
| Debt service           | 34,800,198                  | (116,959)                                   | 34,683,239                                    |
| Low-mod income housing | 11,697,728                  | -   | 11,697,728                                    |
| Public safety          | 1,403,889                   | 11,120                                      | 1,415,009                                     |
| Public works           | 2,206,883                   | -   | 2,206,883                                     |

**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 initiate any 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.

1. **Cash and Investments.** Cash and investments reported in the accompanying financial statements as of June 30, 2022, are summarized in the table below.

| Cash and Investments                  |                                 |
|---------------------------------------|---------------------------------|
| June 30, 2022                         |                                 |
|                                       | Successor Agency<br>Trust Funds |
| Cash and investments pooled with City | \$ 9,826,370                    |
| Restricted cash and investments       | 3,196,159                       |
| Total Cash and Investments            | \$ 13,022,529                   |

2. **Long-Term Debt.** Long-term debt reported in the accompanying financial statements as of June 30, 2022, is summarized in the table below.

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 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 \$128,441,408, payable through August 2035. For the current year, principal and interest paid and total property tax revenues were \$11,278,955 and \$15,258,072, respectively.

# Long-Term Debt

June 30, 2022

|   |            |             | Interest                       | Final      | Outstanding           |
|---|------------|-------------|--------------------------------|------------|-----------------------|
|   | Date       | Amount      | Rate                           | Payment    | Balance               |
|   |            |             |                                | Date       |                       |
| Notes payable:                          |            |             |                                |            |                       |
| CJR Investment Partnership <sup>1</sup> | 12/29/1986 | \$2,788,423 | 2% over Wells Fargo prime rate | 11/22/2027 | \$ 18,911,962         |
| 2014A Tax Allocation Refunding Bonds    | 09/15/2014 | 46,140,000  | 2.00% - 5.00%                  | 08/01/2034 | 29,880,000            |
| 2014B Tax Allocation Refunding Bonds    | 09/15/2014 | 15,630,000  | 2.00% - 5.00%                  | 08/01/2033 | 11,320,000            |
| 2014C Tax Allocation Refunding Bonds    | 09/15/2014 | 11,985,000  | 0.70% - 4.75%                  | 08/01/2033 | 8,405,000             |
| 2021A Tax Allocation Refunding Bonds    | 01/06/2021 | 26,195,000  | 4.00%                          | 08/01/2035 | 25,410,000            |
| 2021B Tax Allocation Refunding Bonds    | 01/06/2021 | 5,905,000   | 1.011% - 2.785%                | 08/01/2032 | 5,370,000             |
| 2021C Tax Allocation Refunding Bonds    | 01/06/2021 | 18,840,000  | 4.00%                          | 08/01/2031 | 17,100,000            |
| <b>Total</b>                            |            |             |                                |            | <b>\$ 116,396,962</b> |

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

The 2021 Tax Allocation Refunding Bonds' debt service requirements to maturity are summarized in the table below.

## 2021 Tax Allocation Refunding Bonds' Debt Service Requirements

June 30, 2022

| Year         | Governmental Activities |                   |
|--------------|-------------------------|-------------------|
|              | Principal <sup>1</sup>  | Interest          |
| 2023         | \$ 2,270,000            | 1,804,728         |
| 2024         | 2,340,000               | 1,727,839         |
| 2025         | 2,420,000               | 1,648,980         |
| 2026         | 2,505,000               | 1,565,745         |
| 2027         | 2,585,000               | 1,478,287         |
| 2028-2032    | 16,615,000              | 5,906,169         |
| 2033-2036    | 19,145,000              | 1,689,621         |
| <b>Total</b> | <b>\$ 47,880,000</b>    | <b>15,821,369</b> |

<sup>1</sup> Does not include unamortized premiums of \$6,820,594

The 2014 Tax Allocation Refunding Bonds' debt service requirements to maturity are summarized in the table on the following page.

## 2014 Tax Allocation Refunding Bonds' Debt Service Requirement

June 30, 2022

| Year         | Governmental Activities |                   |
|--------------|-------------------------|-------------------|
|              | Principal <sup>1</sup>  | Interest          |
| 2023         | \$ 3,960,000            | 2,341,710         |
| 2024         | 3,200,000               | 2,168,718         |
| 2025         | 3,365,000               | 2,009,531         |
| 2026         | 3,505,000               | 1,842,725         |
| 2027         | 3,680,000               | 1,668,250         |
| 2028-2032    | 21,280,000              | 5,367,719         |
| 2033-2036    | 10,615,000              | 638,750           |
| <b>Total</b> | <b>\$ 49,605,000</b>    | <b>16,037,403</b> |

<sup>1</sup> Does not include unamortized premiums of \$4,928,618 and unamortized discounts of \$107,593

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, 2022, are summarized in the table below.

#### Tax Allocation Bonds

June 30, 2022

| Bonds   | Issue Date | Issue Amount | Interest Rate | Final Payment Date | Reserve Required | Reserve Amount <sup>1</sup> | Outstanding Balance  |
|---|------------|--------------|---------------|--------------------|------------------|-----------------------------|----------------------|
|   |            |              |               |                    |                  |                             |                      |
| 2000 TAB, Series A (Capital Appreciation Bonds) | 03/30/2000 | \$2,221,000  | 6.00% - 6.15% | 08/01/2033         | 1,085,000        | Surety bond                 | \$ 2,221,000         |
| 2007 TAB, Series B                              | 03/09/2007 | 53,400,000   | 5.14% - 5.39% | 08/01/2031         | 3,052,844        | Surety bond                 | 29,250,000           |
| <b>Total</b>                                    |            |              |               |                    |                  |                             | <b>\$ 31,471,000</b> |

<sup>1</sup> A reserve account surety bond was held to meet the reserve requirement. 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 the table below.

#### Tax Allocation Bonds' Debt Service Requirements

June 30, 2022

| Year         | Governmental Activities |                       |
|--------------|-------------------------|-----------------------|
|              | Principal               | Interest <sup>1</sup> |
| 2023         | \$ 2,480,000            | 1,911,692             |
| 2024         | 2,891,094               | 2,183,984             |
| 2025         | 3,015,527               | 2,059,473             |
| 2026         | 3,145,132               | 1,926,448             |
| 2027         | 3,291,233               | 1,780,454             |
| 2028 – 2032  | 16,350,366              | 6,427,155             |
| 2033 – 2034  | 297,648                 | 1,406,518             |
| <b>Total</b> | <b>\$ 31,471,000</b>    | <b>17,695,724</b>     |

<sup>1</sup> Does not include accreted Interest 5,978,903.70

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.

As a result of Assembly Bill 1X 26, all California redevelopment agencies were dissolved as of February 1, 2012. 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.

Contributions (property taxes) received from the Successor Agency during the fiscal year ended June 30, 2022 totaled \$3,995,042.

4. **Changes in Long-Term Liabilities.** Long-term liability activity for the year ended June 30, 2022, is summarized in the table below.

| <b>Changes in Long-Term Debt</b>    |                      |                |                    |                    |                     |
|-------------------------------------|----------------------|----------------|--------------------|--------------------|---------------------|
| June 30, 2022                       |                      |                |                    |                    |                     |
|                                     | July 1               | Additions      | Deletions          | June 30            | Due within one year |
| Notes payable                       | \$ 17,934,904        | 977,058        | -                  | 18,911,962         | -                   |
| 2014 Tax Allocation Refunding Bonds | 53,385,000           | -              | (3,780,000)        | 49,605,000         | 3,960,000           |
| 2021 Tax Allocation Refunding Bonds | 50,940,000           | -              | (3,060,000)        | 47,880,000         | 2,270,000           |
| Unamortized bond premium            | 12,761,262           | -              | (1,012,050)        | 11,749,212         | -                   |
| Unamortized bond discount           | (117,300)            | -              | 9,708              | (107,593)          | -                   |
| <b>Total</b>                        | <b>\$134,903,866</b> | <b>977,058</b> | <b>(7,842,342)</b> | <b>128,038,581</b> | <b>6,230,000</b>    |

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, 2022.
- **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 calendar quarter but cannot exceed the annual cap of \$250,000. Amounts due exceeding 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, even if the assistance does not reach 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. Disbursing these 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. With the purpose of long-term premium stability, the City of Cathedral City joined PERMA on July 25, 1985. The City participates in 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 \$3,374,127 at June 30, 2022. 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 the table below.

##### Changes in Claims Liabilities

June 30, 2022

| Year      | Beginning<br>Balance | Claims Incurred/<br>Changes in Estimates | Claims<br>Payments | Ending<br>Balance |
|-----------|----------------------|--|--------------------|-------------------|
| 2020-2021 | \$4,185,119          | 408,203                                  | (997,605)          | 3,595,717         |
| 2021-2022 | 3,595,717            | 1,244,957                                | (1,466,547)        | 3,374,127         |

<sup>1</sup> Claims incurred during the year are not specifically reported by PERMA. As a result, the claims incurred and changes in estimates 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 exceeding the 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 found on the CalPERS website ([www.calpers.ca.gov](http://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, 2022, are summarized as follows:

#### Plan Provisions – Safety Pool (Police)

|  | TIER 1*                         |  | PEPRA                           |
|--|---------------------------------|--|---------------------------------|
| Hire Date  | Prior to<br>January 1, 2013     |  | On or After<br>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%<br>50 yrs – 55+ yrs |  | 2.0% - 2.7%<br>50 yrs – 57+ yrs |
| Required Employee Contribution Rates               | 9.00%                           |  | 12%                             |
| Required Employer Contribution Rates               | 21.79%                          |  | 13.13%                          |
| Required Employer Unfunded Accrued Liability Rates | 24.46%                          |  | 0.17%                           |
| Total Required Employer Contribution Rates         | 46.25%                          |  | 13.30%                          |

\* Closed to new entrants.

### Plan Provisions – Safety Pool (Fire)

|  | TIER 1*                         | TIER 2*   | PEPRA                             |
|--|---------------------------------|---|-----------------------------------|
| Hire Date  | Prior to<br>November 25, 2012   | On or After<br>November 25, 2012<br>and Prior to<br>January 1, 2013 | On or After<br>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%<br>50 yrs – 55+ yrs | 1.426% - 2.0%<br>50 yrs – 55+ yrs                                   | 1.426% - 2.0%<br>50 yrs – 57+ yrs |
| Required Employee Contribution Rates               | 9.00%                           | 7.00%   | 10.00%                            |
| Required Employer Contribution Rates               | 21.79%                          | 14.81%  | 11.13%                            |
| Required Employer Unfunded Accrued Liability Rates | 21.57%                          | 0.96%   | 0.10%                             |
| Total Required Employer Contribution Rates         | 43.36%                          | 15.77%  | 11.23%                            |

\* Closed to new entrants.

### Plan Provisions – Miscellaneous Pool

|  | TIER 1*                            | TIER 2*   | PEPRA                           |
|--|------------------------------------|---|---------------------------------|
| Hire Date  | Prior to<br>November 25, 2012      | On or After<br>November 25, 2012<br>and Prior to<br>January 1, 2013 | On or After<br>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%<br>50yrs – 63+ yrs | 1.092% - 2.418%<br>50 yrs – 63+ yrs                                 | 1.0% - 2.5%<br>52 yrs – 67+ yrs |
| Required Employee Contribution Rates               | 7.00%                              | 7.00%   | 6.75%                           |
| Required Employer Normal Cost Rates                | 10.88%                             | 8.65%   | 7.59%                           |
| Required Employer Unfunded Accrued Liability Rates | 19.71%                             | 0.10%   | 0.15%                           |
| Total Required Employer Contribution Rates         | 30.59%                             | 8.75%   | 7.74%                           |

\* 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, 2022 were \$33,647,911.

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

As of June 30, 2022, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$14,926,038.

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, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2020 and 2021 is summarized in the table below.

| Proportionate Share of Net Pension Liability<br>June 30, 2022 |                             |                             |            |
|---|-----------------------------|-----------------------------|------------|
|   | Proportion<br>June 30, 2020 | Proportion<br>June 30, 2021 | Change     |
| Safety  | 0.419733%                   | 0.288891%                   | -0.130842% |
| Miscellaneous   | 0.306779%                   | 0.252131%                   | -0.054648% |

For the year ended June 30, 2022, the City recognized a reduction in pension expense of \$8,480,103 for the plan. On June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the pension from the sources identified in the table below.

### Deferred Outflows of Resources and Inflows of Resources

| June 30, 2022  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date   | \$ 33,647,911                     | -                                |
| Differences between actual and expected experience   | 2,269,029                         | -                                |
| Changes in assumptions   | -                                 | -                                |
| Differences between employer's contributions and employer's proportionate share of contributions | -                                 | (4,002,892)                      |
| Changes in employer's proportion   | 2,468,276                         | -                                |
| Net difference between projected and actual earnings on plan investments                         | -                                 | (10,213,603)                     |
| <b>Total</b>   | <b>\$38,385,216</b>               | <b>(14,216,495)</b>              |

Subsequent to the measurement date but before the end of this fiscal year, \$33,647,911 reported as deferred outflows of resources related to pensions resulting from City contributions will be recognized as a reduction of the net pension liability in the subsequent year ended June 30, 2023. 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 the table below.

| Measurement<br>Period Ended<br>June 30 | Deferred<br>Outflows/(Inflows)<br>of Resources |
|--|--|
| 2022                                   | \$ (2,357,234)                                 |
| 2023                                   | (2,178,851)                                    |
| 2024                                   | (2,127,606)                                    |
| 2025                                   | (2,815,499)                                    |
| Thereafter                             | -  |
|  | <u>(\$9,479,190)</u>                           |

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability.** For the measurement period ended June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2020 and June 30, 2021 total pension liabilities were based on the actuarial methods and assumptions summarized in the table below.

All other actuarial assumptions used in the June 30, 2021 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](http://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 contributions from plan members will be made at the current member contribution rates and 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 considered 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.

## Actuarial Assumptions

June 30, 2022

| 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 <sup>1</sup> | 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 |

<sup>1</sup> 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.

The table below reflects the long-term expected real rates of return by asset class can be found in CalPERS' Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021.

**Long-Term Expected Real Rates of Return by Asset Class**

June 30, 2022

| <b>Asset Class (1)</b> | <b>New Strategic Allocation</b> | <b>Real Return Years 1- 10 <sup>(2)</sup></b> | <b>Real Return Years 11+ <sup>(3)</sup></b> |
|------------------------|---------------------------------|---|---|
| Global Equity          | 50.00%                          | 4.80%   | 5.98%                                       |
| Fixed Income           | 28.00%                          | 1.00%   | 2.62%                                       |
| Inflation Assets       | 0.00%                           | 0.77%   | 1.81%                                       |
| Private Equity         | 8.00%                           | 6.30%   | 7.23%                                       |
| Real Assets            | 13.00%                          | 3.75%   | 4.93%                                       |
| Liquidity              | 1.00%                           | 0.00%   | -0.92%                                      |
| <b>Total</b>           | <b><u>100.00%</u></b>           |   |   |

<sup>(1)</sup> In the System's ACFR, 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.

<sup>(2)</sup> An expected inflation of 2.00% used for this period.

<sup>(3)</sup> 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.** The table below 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.

**City's Proportionate Share of Net Pension Liability**

June 30, 2022

|   | <b>Discount Rate<br/>1% Decrease<br/>6.15%</b> | <b>Current<br/>Discount Rate<br/>7.15%</b> | <b>Discount Rate<br/>1% Increase<br/>8.15%</b> |
|---|--|--|--|
| <b>City's Proportionate Share of the<br/>Net Pension Liability:</b> | <b>\$43,448,893</b>                            | <b>14,926,038</b>                          | <b>(8,549,752)</b>                             |

**Additional Financial and Actuarial Information.** Additional financial and actuarial information required for GASB Statement No. 68 disclosures is in CalPERS' Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021, 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](http://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 2021 is \$143 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 if 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 at least \$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, 2021, the City's cash contributions were \$1,978,308 in total payments, which were recognized as a reduction to the OPEB liability.
3. **Employees Covered.** As of the January 1, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

**Employees Covered by the Benefit Terms Under the Plan**

June 30, 2022

|   |     |
|---|-----|
| Active employees                                    | 177 |
| Retirees currently receiving benefits               | 135 |
| Retirees entitled to but not yet receiving benefits | 15  |

4. **Total OPEB Liability.** The City's Total OPEB liability as of June 30, 2021 was determined by an actuarial valuation dated January 1, 2021 that was rolled forward to determine the June 30, 2021 total OPEB liability. As of June 30, 2021, the City reported a Total OPEB liability of \$89,770,353.

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 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 below.

**Actuarial Methods and Assumptions – OPEB**

|                            |   |
|----------------------------|---|
| Actuarial valuation date   | January 1, 2021   |
| Contribution Policy        | No pre-funding  |
| Discount Rate              | 2.16% at June 30, 2021 (Bond Buyer 20-bond Index)<br>2.21% at June 30, 2020 (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      | 7.00% (Non-Medicare), 6.10% (Medicare Non-Kaiser), and 5.00% (Medicare Kaiser) for 2022, 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   |

- 5. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB.** For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$7,436,075. As of fiscal year ending June 30, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

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

June 30, 2022

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| OPEB contributions subsequent to measurement date | \$ 13,857,683                     | -                                |
| Changes in assumptions                            | 16,133,508                        | 6,898,990                        |
| Differences between expected & actual experience  | -                                 | 8,560,480                        |
| <b>Total</b>                                      | <b>\$ 29,991,191</b>              | <b>15,459,470</b>                |

The \$13,857,683 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 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, 2023.

**Reduction of the Total OPEB Liability**

| Measurement<br>Period Ended<br>June 30 | Deferred<br>Outflows/(Inflows)<br>of Resources |
|--|--|
| 2023                                   | \$ (609,055)                                   |
| 2024                                   | (152,055)                                      |
| 2025                                   | 932,945  |
| 2026                                   | 1,175,950                                      |
| 2027                                   | 746,059  |
| Thereafter                             | (1,419,806)                                    |
| <b>Total</b>                           | <b>\$ 674,038</b>                              |

**Discount Rate**

The discount rate used to measure the total OPEB liability was 2.16 percent. The projection of cash flows used to determine the discount rate assumed City contributions will be made at rates equal to the actuarially determined contribution rates.

**Change in Assumptions**

The discount rate used to measure the total OPEB liability was 2.16 percent.

**Changes in the OPEB Liability**

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

### Changes in the OPEB Liability

|  | Increase/(Decrease) |
|--|---------------------|
|  | Total OPEB          |
|  | Liability/(Assets)  |
| Balance at June 30, 2021 (Measurement Period)          | \$ 96,081,378       |
| Changes recognized over the measurement period:        |                     |
| Service Cost   | 5,325,662           |
| Interest   | 2,219,235           |
| Changes of benefit terms                               | 500,233             |
| Actual vs expected experience                          | (8,254,039)         |
| Assumption Changes                                     | (4,123,808)         |
| Benefit Payments*                                      | (1,978,308)         |
| Net Changes  | (6,311,025)         |
| Balance at June 30, 2022 (Measurement date 06/30/2021) | <u>\$89,770,353</u> |

\* Includes implied subsidy of \$263,000

### 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 one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

#### Net OPEB Liability using Discount Rate

|                    | 1% Decrease<br>(1.16%) | Current Discount<br>Rate (2.16%) | 1% Increase<br>(3.16%) |
|--------------------|------------------------|----------------------------------|------------------------|
| Net OPEB Liability | \$ 108,308,423         | 89,770,353                       | 75,504,134             |

### 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 one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

#### Net OPEB Liability using Health Care Cost Trend Rates

|                    | 1% Decrease   | Cost Trend Rates | 1% Increase |
|--------------------|---------------|------------------|-------------|
| Net OPEB Liability | \$ 74,715,958 | 89,770,353       | 108,252,754 |

## 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.

| 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  |
| <b>Purpose of the Program</b>  | 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. |
| <b>Tax Being Abated</b>  | Local Sales Tax (LST)  | Transient Occupancy Tax (TOT)  |
| <b>Authority under which abatement agreements are entered</b>  | Cathedral City (CC) Ordinance 730 § 1, 2013; CC Ordinance 712 § 1, 2012  | CC Ordinance 729 § 1, 2013; CC Ordinance 713 § 1, 2012   |
| <b>Criteria to be eligible to receive abatement</b>  | 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.   |
| <b>How recipient's taxes are reduced</b>   | 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.   |
| <b>How abatement amount is determined</b>  | A percentage is applied to the eligible LST increment.   | A percentage is applied to the eligible TOT increment.   |
| <b>Provisions for recapturing abated taxes</b>   | N/A  | N/A  |
| <b>Types of commitments made by the City other than to reduce taxes</b>  | N/A  | N/A  |
| <b>Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement</b> | \$119,482  | \$663,890  |

## 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, 2022, the City reimbursed the City of Indio \$239,636 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 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 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 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.

## NOTE G – RESTATEMENT OF BEGINNING BALANCES

1. Beginning Net Position (Custodial Funds). As of June 30, 2022, the beginning net position was restated for the following activity:

|  | <u>Custodial Funds</u> |
|--|------------------------|
| Beginning net position, as previously reported | \$ (33,659,278)        |
| Removal of debt - GASB Statement No. 84        | <u>39,484,568</u>      |
| Beginning net position, as restated            | <u>\$ 5,825,290</u>    |

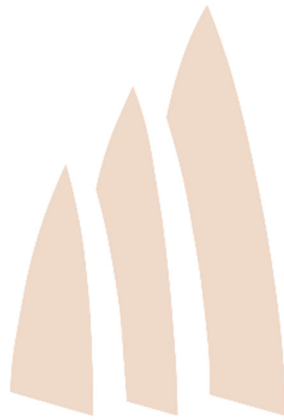
The amount of \$39,484,568 was for the removal of debt related to the custodial funds in regards to GASB Statement No. 84

2. Beginning Net Position (Governmental Activities). As of June 30, 2022, the beginning net position was restated for the following activity:

|  |                       |
|--|-----------------------|
| Beginning net position, as previously reported | \$ 125,634,703        |
| Leases - GASB Statement No. 87                 | <u>(10,349)</u>       |
| Beginning net position, as restated            | <u>\$ 125,624,354</u> |

The amount of (\$10,349) was related to leases in accordance with the implementation of GASB Statement No. 87





Cathedral City

## REQUIRED SUPPLEMENTARY INFORMATION



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022



**Required Supplementary Information Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2022**

|  | General Fund (Fund 100)         |                              |                   | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|---------------------------------|------------------------------|-------------------|---|
|  | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts |   |
| <b>Revenues</b>  |                                 |                              |                   |   |
| Taxes  | \$44,644,000                    | 44,644,000                   | 50,011,759        | 5,367,759   |
| Intergovernmental  | \$50,000                        | 50,000                       | 2,204,609         | 2,154,609   |
| Licenses and permits   | 3,112,524                       | 3,132,524                    | 2,959,562         | (172,962)   |
| Fines and forfeitures  | 270,000                         | -                            | 552,855           | 552,855   |
| Charges for services   | 5,554,119                       | 6,290,699                    | 5,298,842         | (991,857)   |
| Special assessments  | 225,000                         | 225,000                      | 222,431           | (2,569)   |
| Use of money and property                                    | 200,000                         | 200,000                      | (394,549)         | (594,549)   |
| Contributions from other governments                         | 149,501                         | 149,501                      | 250,000           | 100,499   |
| Other revenue  | 50,000                          | 50,000                       | 357,225           | 307,225   |
| <b>Total Revenues</b>  | <b>54,255,144</b>               | <b>54,741,724</b>            | <b>61,462,734</b> | <b>6,721,010</b>  |
| <b>Expenditures</b>  |                                 |                              |                   |   |
| Current:   |                                 |                              |                   |   |
| General government   | 15,362,934                      | 15,945,645                   | 15,169,415        | 776,230   |
| Community development  | 4,709,924                       | 4,964,470                    | 4,639,246         | 325,224   |
| Culture and recreation                                       | 729,183                         | 853,354                      | 720,835           | 132,519   |
| Public safety  | 33,863,211                      | 34,857,142                   | 32,306,057        | 2,551,085   |
| Public works   | 915,757                         | 946,192                      | 914,277           | 31,915  |
| Capital outlay   | 2,187,133                       | 3,389,792                    | 1,304,194         | 2,085,598   |
| <b>Total Expenditures</b>                                    | <b>57,768,142</b>               | <b>60,956,595</b>            | <b>55,054,024</b> | <b>5,902,571</b>  |
| Excess (deficiency) of revenues over expenditures            | <b>(3,512,998)</b>              | <b>(6,214,871)</b>           | <b>6,408,710</b>  | <b>12,623,581</b>   |
| <b>Other Financing Sources (Uses)</b>                        |                                 |                              |                   |   |
| Related to leases  | -                               | -                            | 367,194           | 367,194   |
| Transfers in   | 606,496                         | 654,399                      | 566,702           | (87,697)  |
| Transfers out  | (880,204)                       | (1,037,996)                  | (544,045)         | 493,951   |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>(273,708)</b>                | <b>(383,597)</b>             | <b>389,851</b>    | <b>773,448</b>  |
| Net change in fund balance                                   | (3,786,706)                     | (6,598,468)                  | 6,798,561         | 13,397,029  |
| Fund balance - beginning, as previously reported (budgetary) | 30,828,252                      | 30,828,252                   | 30,828,252        | -   |
| GASB 87 implementation                                       | -                               | -                            | 1,847             | -   |
| <b>Fund Balance - Ending (Budgetary)</b>                     | <b>\$ 27,041,546</b>            | <b>24,229,784</b>            | <b>37,628,660</b> | <b>13,397,029</b>   |
| <b>Adjustments to Conform to GAAP:</b>                       |                                 |                              |                   |   |
| GASB Statement No. 54 reporting adjustments:                 |                                 |                              |                   |   |
| Special Deposits fund 711 balance                            |                                 |                              | (20,315)          |   |
| Big League Dreams fund 431 balance                           |                                 |                              | 2,759,067         |   |
| <b>Fund Balance - June 30 (GAAP)</b>                         |                                 |                              | <b>40,367,412</b> |   |

See note to required supplementary information.

**Required Supplementary Information Budgetary Comparison Schedule**  
**Major Special Revenue Funds**  
**For the Year Ended June 30, 2022**

|   | Developer Fees                  |                              |                   |   |
|---|---------------------------------|------------------------------|-------------------|---|
|   | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive |
| <b>Revenues</b>                                   |                                 |                              |                   |   |
| Development fees                                  | \$ 640,000                      | 796,617                      | 253,185           | (543,432)                                   |
| Use of money and property                         | 5,000                           | 5,000                        | (3,103)           | (8,103)                                     |
| Other revenue                                     | -                               | -                            | -                 | -   |
| <b>Total Revenues</b>                             | <b>645,000</b>                  | <b>801,617</b>               | <b>250,082</b>    | <b>(551,535)</b>                            |
| <b>Expenditures</b>                               |                                 |                              |                   |   |
| Current:  |                                 |                              |                   |   |
| General government                                | -                               | -                            | -                 | -   |
| Community development                             | 40,000                          | 113,490                      | 46,847            | 66,643                                      |
| Culture and recreation                            | -                               | 105,189                      | 145,298           | (40,109)                                    |
| Capital outlay                                    | -                               | (216,093)                    | 62,973            | (279,066)                                   |
| <b>Total Expenditures</b>                         | <b>40,000</b>                   | <b>2,586</b>                 | <b>255,118</b>    | <b>(252,532)</b>                            |
| Excess (deficiency) of revenues over expenditures | <b>605,000</b>                  | <b>799,031</b>               | <b>(5,036)</b>    | <b>(804,067)</b>                            |
| <b>Other Financing Sources (Uses)</b>             |                                 |                              |                   |   |
| Transfers in                                      | -                               | -                            | 30,957            | 30,957                                      |
| Transfers out                                     | -                               | -                            | -                 | -   |
| Proceeds from sale of capital assets              | -                               | -                            | -                 | -   |
| <b>Total Other Financing Sources (Uses)</b>       | <b>-</b>                        | <b>-</b>                     | <b>30,957</b>     | <b>30,957</b>                               |
| Net change in fund balance                        | 605,000                         | 799,031                      | 25,921            | (773,110)                                   |
| Fund balances - beginning (budgetary)             | 259,094                         | 259,094                      | 259,094           | -   |
| <b>Fund Balance - Ending (Budgetary)</b>          | <b>\$ 864,094</b>               | <b>1,058,125</b>             | <b>285,015</b>    | <b>(773,110)</b>                            |

See note to required supplementary information.

**Required Supplementary Information Budgetary Comparison Schedule**  
**Major Special Revenue Funds**  
**For the Year Ended June 30, 2022**

| Successor Housing Agency     |                           |                   |  |
|------------------------------|---------------------------|-------------------|--|
| Original Budgeted<br>Amounts | Final Budgeted<br>Amounts | Actual Amounts    | Variance with Final<br>Budget - Positive<br>(Negative) |
| \$ -                         | -                         | -                 | -  |
| 20,000                       | 20,000                    | (25,990)          | (45,990)   |
| 30,000                       | 30,000                    | 111,162           | 81,162   |
| <b>50,000</b>                | <b>50,000</b>             | <b>85,172</b>     | <b>35,172</b>  |
|                              |                           |                   |  |
| -                            | -                         | -                 | -  |
| 97,507                       | 97,507                    | 79,729            | 17,778   |
| -                            | -                         | -                 | -  |
| -                            | -                         | -                 | -  |
| <b>97,507</b>                | <b>97,507</b>             | <b>79,729</b>     | <b>17,778</b>  |
|                              |                           |                   |  |
| <b>(47,507)</b>              | <b>(47,507)</b>           | <b>5,443</b>      | <b>52,950</b>  |
|                              |                           |                   |  |
| -                            | -                         | -                 | -  |
| (40,839)                     | (40,839)                  | (50,491)          | (9,652)  |
| -                            | -                         | 46,968            | 46,968   |
| <b>(40,839)</b>              | <b>(40,839)</b>           | <b>(3,523)</b>    | <b>37,316</b>  |
|                              |                           |                   |  |
| (88,346)                     | (88,346)                  | 1,920             | 90,266   |
| 11,695,808                   | 11,695,808                | 11,695,808        | -  |
| <b>\$ 11,607,462</b>         | <b>11,607,462</b>         | <b>11,697,728</b> | <b>90,266</b>  |

**Revenues**

Development fees  
 Use of money and property  
 Other revenue  
**Total Revenues**

**Expenditures**

Current:  
     General government  
     Community development  
     Culture and recreation  
 Capital outlay  
**Total Expenditures**

Excess (deficiency) of revenues over expenditures

**Other Financing Sources (Uses)**

Transfers in  
 Transfers out  
 Proceeds from sale of capital assets  
**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

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### NOTE A – BUDGETARY INFORMATION

- Budgetary Data.** The City adopted a biennial budget for fiscal years 2021/2022 and 2022/2023 in May 2021. 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 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.

- Annual Appropriations Limit.** Under Article XIIIB 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, 2022, proceeds of taxes did not exceed appropriations.



# Cathedral City

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

| <b>Safety</b>  | <b>Fiscal Year</b> |             |             |             |             |
|--|--------------------|-------------|-------------|-------------|-------------|
|  | <b>2013</b>        | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> |
| Proportion of the net pension liability  | N/A                | N/A         | 0.254740%   | 0.370020%   | 0.400772%   |
| Proportionate share of the net pension liability                                       | N/A                | N/A         | 15,850,966  | 15,246,470  | 20,756,881  |
| Covered payroll  | N/A                | N/A         | 8,550,024   | 8,455,958   | 9,570,575   |
| Proportionate share of the net pension liability<br>as a percentage of covered payroll | N/A                | N/A         | 185.39%     | 180.30%     | 216.88%     |
| Plan fiduciary net position as a percentage of<br>the total pension liability          | N/A                | N/A         | 82.30%      | 77.27%      | 78.69%      |

| <b>Miscellaneous</b>   | <b>Fiscal Year</b> |             |             |             |             |
|--|--------------------|-------------|-------------|-------------|-------------|
|  | <b>2013</b>        | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> |
| Proportion of the net pension liability  | N/A                | N/A         | 0.18658%    | 0.270385%   | 0.288874%   |
| Proportionate share of the net pension liability                                       | N/A                | N/A         | 11,610,177  | 7,417,913   | 10,035,138  |
| Covered payroll  | N/A                | N/A         | 5,154,876   | 5,827,132   | 6,598,156   |
| Proportionate share of the net pension liability<br>as a percentage of covered payroll | N/A                | N/A         | 225.23%     | 127.30%     | 152.09%     |
| Plan fiduciary net position as a percentage of<br>the total pension liability          | N/A                | N/A         | 74.04%      | 79.89%      | 78.93%      |

**Notes to Schedule:**

**Note 1:** Fiscal year 2015 was the first year of implementation, therefore, only seven 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 2022 data is for the measurement date of June 30, 2021.

**Note 3:** No Assets have been accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the Pension plan.

**Source:** 2021 - 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); 2021 - GASB 68 Accounting Valuation Report - Safety Risk Pool (CalPERS); GASB 68 Accounting Valuation Report - Miscellaneous Risk Pool (CalPERS)

| Fiscal Year |            |            |            |            |  |
|-------------|------------|------------|------------|------------|--|
| 2018        | 2019       | 2020       | 2021       | 2022       |  |
| 0.400772%   | 0.404998%  | 0.405249%  | 0.407991%  | 0.419733%  | Proportion of the net pension liability  |
| 24,199,444  | 23,778,223 | 25,468,978 | 27,964,099 | 10,138,574 | Proportionate share of the net pension liability                                       |
| 9,840,773   | 11,136,589 | 11,558,416 | 11,795,603 | 11,819,484 | Covered payroll  |
| 245.91%     | 213.51%    | 220.35%    | 237.07%    | 85.78%     | Proportionate share of the net pension liability<br>as a percentage of covered payroll |
| 79.72%      | 80.45%     | 80.55%     | 79.91%     | 93.01%     | Plan fiduciary net position as a percentage of<br>the total pension liability          |

| Fiscal Year |            |            |            |           |  |
|-------------|------------|------------|------------|-----------|--|
| 2018        | 2019       | 2020       | 2021       | 2022      |  |
| 0.288874%   | 0.298566%  | 0.297837%  | 0.301842%  | 0.306779% | Proportion of the net pension liability  |
| 11,769,605  | 11,224,619 | 12,087,249 | 12,940,153 | 4,787,464 | Proportionate share of the net pension liability                                       |
| 7,365,413   | 8,144,720  | 7,940,401  | 7,956,042  | 7,466,998 | Covered payroll  |
| 159.80%     | 137.81%    | 152.22%    | 162.65%    | 64.11%    | Proportionate share of the net pension liability<br>as a percentage of covered payroll |
| 78.87%      | 80.66%     | 80.74%     | 80.18%     | 92.98%    | Plan fiduciary net position as a percentage of<br>the total pension liability          |



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

| <b>Safety</b>   | <b>Fiscal Year</b> |             |              |             |             |
|---|--------------------|-------------|--------------|-------------|-------------|
|   | <b>2013</b>        | <b>2014</b> | <b>2015</b>  | <b>2016</b> | <b>2017</b> |
| Contractually required contributions (actuarially determined)         |                    |             | \$ 1,815,106 | 1,513,632   | 2,595,594   |
| Contributions in relation to the actuarially determined contributions |                    |             | (1,815,106)  | (1,513,632) | (2,595,594) |
| Contribution deficiency (excess)                                      | -                  | -           | \$ -         | -           | -           |
| Covered payroll   | N/A                | N/A         | 8,455,958    | 9,570,575   | 9,840,773   |
| Contributions as a percentage of covered payroll                      | N/A                | N/A         | 21.47%       | 15.82%      | 26.38%      |

| <b>Miscellaneous</b>  | <b>Fiscal Year</b> |             |              |             |             |
|---|--------------------|-------------|--------------|-------------|-------------|
|   | <b>2013</b>        | <b>2014</b> | <b>2015</b>  | <b>2016</b> | <b>2017</b> |
| Contractually required contributions (actuarially determined)         |                    |             | \$ 742,834   | 524,469     | 1,377,778   |
| Contributions in relation to the actuarially determined contributions |                    |             | (742,834)    | (524,469)   | (1,377,778) |
| Contribution deficiency (excess)                                      | -                  | -           | \$ -         | -           | -           |
| Covered payroll   | N/A                | N/A         | \$ 5,827,132 | 6,598,156   | 7,365,413   |
| Contributions as a percentage of covered payroll                      | N/A                | N/A         | 12.75%       | 7.95%       | 18.71%      |

**Notes to Schedule:**

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

**Note 2: Change of assumption:** Discount rate was increased to 7.15% in FY 2018 (measurement date 06/30/2017) from 7.65% in FY 2017 (measurement date 06/30/2016).

**Note 3:** No Assets have been accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the Pension plan.

**Note 4:** On April 13, 2022 the City issued a bond in the amount of \$28,780,000 to refinance a portion of the City's CALPERS Obligation

**Source:** City of Cathedral City financial records

| Fiscal Year |             |             |             |              |   |
|-------------|-------------|-------------|-------------|--------------|---|
| 2018        | 2019        | 2020        | 2021        | 2022         |   |
| 3,070,822   | 2,940,974   | 3,412,095   | 5,107,045   | 23,193,466   | Contractually required contributions (actuarially determined)         |
| (3,070,822) | (2,940,974) | (3,412,095) | (5,107,045) | (23,193,466) | Contributions in relation to the actuarially determined contributions |
| -           | -           | -           | -           | -            | Contribution deficiency (excess)                                      |
| 11,136,589  | 11,558,416  | 11,795,603  | 11,819,484  | 11,846,499   | Covered payroll   |
| 27.57%      | 25.44%      | 28.93%      | 43.21%      | 195.78%      | Contributions as a percentage of covered payroll                      |

| Fiscal Year |             |             |             |              |   |
|-------------|-------------|-------------|-------------|--------------|---|
| 2018        | 2019        | 2020        | 2021        | 2022         |   |
| 1,498,985   | 1,165,154   | 1,361,443   | 2,020,343   | 10,454,445   | Contractually required contributions (actuarially determined)         |
| (1,498,985) | (1,165,154) | (1,361,443) | (2,020,343) | (10,454,445) | Contributions in relation to the actuarially determined contributions |
| -           | -           | -           | -           | -            | Contribution deficiency (excess)                                      |
| 8,144,720   | 7,940,401   | 7,956,042   | 7,466,998   | 8,809,046    | Covered payroll   |
| 18.40%      | 14.67%      | 17.11%      | 27.06%      | 118.68%      | 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 |         |         |         |         |
|--|-------------|---------|---------|---------|---------|
|  | 2013        | 2014    | 2015    | 2016    | 2017    |
| <b>Total OPEB Liability</b>  |             |         |         |         |         |
| 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 (3)   | N/A         | N/A     | N/A     | N/A     | N/A     |
| <b>Net change in total OPEB liability</b>                          | N/A         | N/A     | N/A     | N/A     | N/A     |
| <b>Total OPEB liability - beginning</b>                            | N/A         | N/A     | N/A     | N/A     | N/A     |
| <b>Total OPEB liability - ending</b>                               | N/A         | N/A     | N/A     | N/A     | N/A     |
| <br><b>Covered payroll</b>   | <br>N/A     | <br>N/A | <br>N/A | <br>N/A | <br>N/A |
| <br><b>Total OPEB liability as a percentage of covered payroll</b> | <br>N/A     | <br>N/A | <br>N/A | <br>N/A | <br>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:** No Assets have been accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan

**Note 3:** Includes implied subsidy

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

| Fiscal Year         |                   |                   |                   |                   |  |
|---------------------|-------------------|-------------------|-------------------|-------------------|--|
| 2018                | 2019              | 2020              | 2021              | 2022              |  |
|                     |                   |                   |                   |                   | <b>Total OPEB Liability</b>                                    |
| \$ 3,758,000        | 3,209,000         | 3,305,270         | 3,741,702         | 5,325,662         | Service Cost   |
| 2,081,000           | 2,438,000         | 2,668,666         | 2,676,742         | 2,219,235         | Interest on the Total OPEB Liability                           |
| -                   | -                 | (2,570,720)       | -                 | (8,254,039)       | Actual and expected experience difference                      |
| (8,643,000)         | (3,153,000)       | 5,579,927         | 17,923,813        | (4,123,808)       | Changes in assumptions   |
| -                   | -                 | -                 | -                 | 500,233           | Changes in benefit terms                                       |
| (1,546,000)         | (1,640,000)       | (1,803,000)       | (1,995,022)       | (1,978,308)       | Benefit payments (3)   |
| (4,350,000)         | 854,000           | 7,180,143         | 22,347,235        | (6,311,025)       | <b>Net change in total OPEB liability</b>                      |
| 70,050,000          | 65,700,000        | 66,554,000        | 73,734,143        | 96,081,378        | <b>Total OPEB liability - beginning</b>                        |
| <u>\$65,700,000</u> | <u>66,554,000</u> | <u>73,734,143</u> | <u>96,081,378</u> | <u>89,770,353</u> | <b>Total OPEB liability - ending</b>                           |
|                     |                   |                   |                   |                   |  |
| \$17,568,000        | 21,608,000        | 22,942,000        | 21,854,289        | 23,040,075        | <b>Covered payroll</b>   |
| 374%                | 308%              | 321%              | 440%              | 390%              | <b>Total OPEB liability as a percentage of covered payroll</b> |

# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022



Cathedral City

## GOVERNMENTAL FUNDS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022





# Cathedral City

## Combining Schedule of Accounts

### General Fund

June 30, 2022

|  | General Fund - As Reported    |                                       |                                   |                   |
|--|-------------------------------|---------------------------------------|-----------------------------------|-------------------|
|  | General<br>Fund<br>(Fund 100) | Big<br>League<br>Dreams<br>(Fund 431) | Special<br>Deposits<br>(Fund 711) | Total             |
| <b>Assets</b>  |                               |                                       |                                   |                   |
| Cash and investments   | \$ 33,015,389                 | 419,190                               | 15,169,539                        | 48,604,118        |
| Interest receivable  | 163,049                       | 1,100                                 | 39,785                            | 203,934           |
| Accounts receivable  | 6,265,007                     | -                                     | 5,547                             | 6,270,554         |
| Loans receivable   | 1,900,000                     | 2,338,777                             | -                                 | 4,238,777         |
| Lease receivable   | 340,698                       | -                                     | -                                 | 340,698           |
| Intergovernmental receivable   | 178,823                       | -                                     | -                                 | 178,823           |
| Prepaid assets   | 85,138                        | -                                     | -                                 | 85,138            |
| <b>Total Assets</b>  | <b>\$ 41,948,104</b>          | <b>2,759,067</b>                      | <b>15,214,871</b>                 | <b>59,922,042</b> |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>       |                               |                                       |                                   |                   |
| Liabilities:   |                               |                                       |                                   |                   |
| Accounts payable   | \$ 2,589,582                  | -                                     | 47,501                            | 2,637,083         |
| Deposits from others   | 3,300                         | -                                     | 690,337                           | 693,637           |
| Unearned revenue   | 395,530                       | -                                     | 14,477,033                        | 14,872,563        |
| Interfund payable  | -                             | -                                     | 20,315                            | 20,315            |
| <b>Total Liabilities</b>   | <b>2,988,412</b>              | <b>-</b>                              | <b>15,235,186</b>                 | <b>18,223,598</b> |
| Deferred inflows of resources:   |                               |                                       |                                   |                   |
| Unavailable revenue  | 997,965                       | -                                     | -                                 | 997,965           |
| Lease Related  | 333,067                       | -                                     | -                                 | 333,067           |
| <b>Total Deferred Inflow of Resources</b>                                  | <b>1,331,032</b>              | <b>-</b>                              | <b>-</b>                          | <b>1,331,032</b>  |
| <b>Total liabilities and deferred inflows of resources</b>                 | <b>4,319,444</b>              | <b>-</b>                              | <b>15,235,186</b>                 | <b>19,554,630</b> |
| Fund balances:   |                               |                                       |                                   |                   |
| Nonspendable   | 1,985,138                     | -                                     | -                                 | 1,985,138         |
| Restricted   | -                             | 2,338,777                             | -                                 | 2,338,777         |
| Assigned   | -                             | 420,290                               | -                                 | 420,290           |
| Unassigned   | 35,643,522                    | -                                     | (20,315)                          | 35,623,207        |
| <b>Total Fund Balances</b>   | <b>37,628,660</b>             | <b>2,759,067</b>                      | <b>(20,315)</b>                   | <b>40,367,412</b> |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 41,948,104</b>          | <b>2,759,067</b>                      | <b>15,214,871</b>                 | <b>59,922,042</b> |

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

### General Fund

For the Year Ended June 30, 2022

|   | General Fund - As Reported    |                                    |                                   |                   |
|---|-------------------------------|------------------------------------|-----------------------------------|-------------------|
|   | General<br>Fund<br>(Fund 100) | Big League<br>Dreams<br>(Fund 431) | Special<br>Deposits<br>(Fund 711) | Total             |
| <b>Revenues</b>                                   |                               |                                    |                                   |                   |
| Taxes   | \$ 50,011,759                 | -                                  | -                                 | 50,011,759        |
| Intergovernmental                                 | 2,204,609                     | -                                  | -                                 | 2,204,609         |
| Licenses and permits                              | 2,959,562                     | -                                  | -                                 | 2,959,562         |
| Fines and forfeitures                             | 552,855                       | -                                  | -                                 | 552,855           |
| Charges for services                              | 5,298,842                     | -                                  | -                                 | 5,298,842         |
| Special assessments                               | 222,431                       | -                                  | -                                 | 222,431           |
| Use of money and property                         | (394,549)                     | 379,276                            | (286,261)                         | (301,534)         |
| Contributions from other governments              | 250,000                       | -                                  | -                                 | 250,000           |
| Other revenue                                     | 357,225                       | -                                  | -                                 | 357,225           |
| <b>Total Revenues</b>                             | <b>61,462,734</b>             | <b>379,276</b>                     | <b>(286,261)</b>                  | <b>61,555,749</b> |
| <b>Expenditures</b>                               |                               |                                    |                                   |                   |
| Current:  |                               |                                    |                                   |                   |
| General government                                | 15,169,415                    | 3,125                              | -                                 | 15,172,540        |
| Community development                             | 4,639,246                     | -                                  | -                                 | 4,639,246         |
| Culture and recreation                            | 720,835                       | -                                  | -                                 | 720,835           |
| Public safety                                     | 32,306,057                    | -                                  | -                                 | 32,306,057        |
| Public works                                      | 914,277                       | -                                  | -                                 | 914,277           |
| Capital outlay:                                   |                               |                                    |                                   |                   |
| Capital outlay                                    | 1,304,194                     | -                                  | -                                 | 1,304,194         |
| <b>Total Expenditures</b>                         | <b>55,054,024</b>             | <b>3,125</b>                       | <b>-</b>                          | <b>55,057,149</b> |
| Excess of revenues over expenditures              | <b>6,408,710</b>              | <b>376,151</b>                     | <b>(286,261)</b>                  | <b>6,498,600</b>  |
| <b>Other Financing Sources (Uses)</b>             |                               |                                    |                                   |                   |
| Transfers in                                      | 566,702                       | -                                  | -                                 | 566,702           |
| Transfers out                                     | (544,045)                     | (377,971)                          | -                                 | (922,016)         |
| Related to leases                                 | 367,194                       | -                                  | -                                 | 367,194           |
| <b>Total Other Financing Sources (Uses)</b>       | <b>389,851</b>                | <b>(377,971)</b>                   | <b>-</b>                          | <b>11,880</b>     |
| Net change in fund balances                       | 6,798,561                     | (1,820)                            | (286,261)                         | 6,510,480         |
| Fund balances - beginning, as previously reported | 30,828,252                    | 2,760,887                          | 265,946                           | 33,855,085        |
| GASB 87 implementation                            | 1,847                         | -                                  | -                                 | 1,847             |
| <b>Fund Balances - Ending</b>                     | <b>\$ 37,628,660</b>          | <b>2,759,067</b>                   | <b>(20,315)</b>                   | <b>40,367,412</b> |

**Schedule of Expenditures Compared with  
Authorizations General Fund  
For the Year Ended June 30, 2022**

|                              | <b>Original Budgeted<br/>Amounts</b> | <b>Final Budgeted<br/>Amounts</b> | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget -<br/>Gain/(Loss)</b> |
|------------------------------|--------------------------------------|-----------------------------------|---------------------------|---|
| <b>Administration</b>        |                                      |                                   |                           |   |
| City Council                 | \$ 497,340                           | 497,340                           | 424,420                   | 72,920  |
| City Clerk                   | 381,746                              | 414,424                           | 386,650                   | 27,774  |
| City Attorney                | 225,000                              | 225,000                           | 239,656                   | (14,656)  |
| City Management              | 2,441,957                            | 2,572,115                         | 2,403,199                 | 168,917   |
| Administrative Services      | 10,358,148                           | 10,707,624                        | 10,185,841                | 521,782   |
| General Government           | 1,658,943                            | 1,658,943                         | 1,809,823                 | (150,880)   |
| <b>Community Development</b> |                                      |                                   |                           |   |
| Development Services         | 7,432,240                            | 9,084,016                         | 6,387,908                 | 2,696,108   |
| Public Works                 | 909,557                              | 939,992                           | 910,471                   | 29,521  |
| <b>Public Safety</b>         |                                      |                                   |                           |   |
| Police                       | 19,972,152                           | 20,935,648                        | 19,156,161                | 1,779,487   |
| Fire                         | 13,891,059                           | 13,921,494                        | 13,149,896                | 771,598   |
| <b>Grand Total</b>           | <b>\$ 57,768,142</b>                 | <b>60,956,595</b>                 | <b>55,054,024</b>         | <b>5,902,571</b>  |



## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

1. **Master Underground Plan (Fund 232).** Accounts for the cost of burying above ground utility lines. Funding is provided by developer fees.
2. **Traffic Safety (Fund 233).** Accounts for traffic safety signal installation, maintenance, and road repairs. Funding is provided by vehicle code fines collected by the County of Riverside and interest earnings.
3. **City Mitigation Fee (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, Educational and Governmental (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. **Transportation Development Act (TDA SB 821) (Fund 240).** Accounts for revenues provided by Riverside County Transportation Commission (RCTC). These funds are used for costs related to Transportation Development Act Article 3.
6. **State Gas Tax (Fund 241).** Accounts for street improvements and engineering costs. Funding is provided by the City's allocation of the state gasoline taxes and interest earnings through the Highway User Tax Account HUTA).
7. **Air Quality Improvement (Fund 242).** Accounts for revenues received under AB 2766. Expenditures are restricted to being used for air pollution reduction through the South Coast Air Quality Management District (AQMD) funding.
8. **Measure A (Fund 243).** Accounts for revenues provided by the County of Riverside Measure A use tax allocation. These funds are used for street improvements and engineering costs.
9. **Asset Forfeiture (Fund 244).** Accounts for expenditures incurred in narcotics interdiction efforts. Funding is provided by seized assets awarded by the court.
10. **Solid Waste (Fund 246).** Accounts for revenues received under AB 939. Expenditures are limited to programs initiating recycling efforts through the City.
11. **Police Grants (Fund 247).** Accounts for revenues and expenditures related to local, state and federal grants for the City's Police Department.
12. **Road Maintenance and Rehabilitation Account (RMRA) (Fund 248).** Accounts for street improvements and engineering costs received under Senate Bill (SB) 1. Funding is provided by the City's allocation of the 12-cent state gasoline tax for rehabilitation, relief, and improvements.
13. **Community Development Block Grant (Fund 251).** Accounts for projects designated in the annual action plan (AAP). Funding is provided by the U.S. Department of Housing and Urban Development.
14. **Police Department Special Revenues (Fund 255).** Accounts for receipts collected that are restricted for expenditures related to the City's Police Department projects.
15. **Fire Department Special Revenues (Fund 256).** Accounts for receipts collected that are restricted for expenditures related to the City's Fire Department projects.
16. **Fire Grants (Fund 259).** Accounts for revenues and expenditures related to local, state and federal grants for the City's Fire Department.
17. **Landscape and Lighting District (Fund 261).** Accounts for special assessments levied on real property and expenditures to provide landscaping and street lighting maintenance for the 16 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 does not have any 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. Funding is provided by developer fees.
2. **Traffic Signalization (Fund 322).** Accounts for the installation of traffic signals. Funding is provided by developer fees.
3. **Assessment District 85-1 (Fund 341).** Accounts for sewer improvements within Assessment District 85-1. Funding 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. Funding 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. Funding is provided from the Limited Obligation Improvement Bonds issued.
6. **Assessment District 88-3 (Fund 347).** Accounts for improvements within Assessment District 88-3. Funding 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. Funding is provided from the Limited Obligation Improvement Bonds issued.
8. **Assessment District 2001-01 (Fund 349).** Accounts for improvements within Assessment District 2001-01. Funding 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. Funding is provided by the Special Tax Bonds related to the Rio Vista Community Facilities District (CFD2000-1).
10. **Assessment District 2003-01 (Fund 352).** Accounts for improvements within Assessment District 2003-01. Funding is provided from the Limited Obligation Improvement Bonds issued.
11. **Assessment District 2004-01 (Fund 353).** Accounts for improvements within Assessment District 2004-01. Funding is provided from the Limited Obligation Improvement Bonds issued.
12. **Assessment District 2004-02 (Fund 354).** Accounts for improvements within Assessment District 2004-02. Funding is provided from the Limited Obligation Improvement Bonds issued.



# Cathedral City



**Combining Balance Sheet**  
**Nonmajor Governmental Funds by Fund Type**  
**June 30, 2022**

|  | Nonmajor Special<br>Revenue Funds | Nonmajor Capital<br>Projects Funds | Total Nonmajor<br>Governmental Funds |
|--|-----------------------------------|------------------------------------|--------------------------------------|
| <b>Assets</b>  |                                   |                                    |                                      |
| Cash and investments   | \$ 13,220,104                     | 3,724,368                          | 16,944,472                           |
| Receivables:   |                                   |                                    |                                      |
| Interest   | 34,702                            | 4,241                              | 38,943                               |
| Accounts   | 1,323,473                         | -                                  | 1,323,473                            |
| Prepaid assets   | 770                               | -                                  | 770                                  |
| Restricted assets:   |                                   |                                    |                                      |
| Cash and investments with fiscal agent                                     | -                                 | 79                                 | 79                                   |
| <b>Total Assets</b>  | <b>\$ 14,579,049</b>              | <b>3,728,688</b>                   | <b>18,307,737</b>                    |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>       |                                   |                                    |                                      |
| Liabilities:   |                                   |                                    |                                      |
| Accounts payable   | \$ 466,082                        | -                                  | 466,082                              |
| Intergovernmental payable  | 158,509                           | -                                  | 158,509                              |
| <b>Total Liabilities</b>   | <b>624,591</b>                    | <b>-</b>                           | <b>624,591</b>                       |
| Deferred inflows of resources:   |                                   |                                    |                                      |
| Unavailable revenue  | 28,220                            | -                                  | 28,220                               |
| <b>Total Deferred Inflow of Resources</b>                                  | <b>28,220</b>                     | <b>-</b>                           | <b>28,220</b>                        |
| Fund balances:   |                                   |                                    |                                      |
| Nonspendable   | 770                               | -                                  | 770                                  |
| Restricted   | 13,813,779                        | 3,728,688                          | 17,542,467                           |
| Assigned   | 111,689                           | -                                  | 111,689                              |
| <b>Total Fund Balances</b>   | <b>13,926,238</b>                 | <b>3,728,688</b>                   | <b>17,654,926</b>                    |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 14,579,049</b>              | <b>3,728,688</b>                   | <b>18,307,737</b>                    |

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds by Fund Type**  
**For the Year Ended June 30, 2022**

|  | <b>Nonmajor Special<br/>Revenue Funds</b> | <b>Nonmajor Capital<br/>Projects Funds</b> | <b>Total Nonmajor<br/>Governmental Funds</b> |
|--|---|--|--|
| <b>Revenues</b>  |   |  |  |
| Intergovernmental  | \$ 5,538,999                              | -  | 5,538,999                                    |
| Fines and forfeitures  | 215,028                                   | -  | 215,028                                      |
| Charges for services   | 1,668,290                                 | -  | 1,668,290                                    |
| Special assessments  | 384,045                                   | -  | 384,045                                      |
| Development fees   | 22,699                                    | 39,150                                     | 61,849                                       |
| Use of money and property                                    | (233,707)                                 | (28,982)                                   | (262,689)                                    |
| Other revenue  | 85,322                                    | -  | 85,322                                       |
| <b>Total Revenues</b>  | <b>7,680,676</b>                          | <b>10,168</b>                              | <b>7,690,844</b>                             |
| <b>Expenditures</b>  |   |  |  |
| Current:   |   |  |  |
| General government   | 44,733                                    | -  | 44,733                                       |
| Community development  | 1,411,847                                 | -  | 1,411,847                                    |
| Public safety  | 276,303                                   | -  | 276,303                                      |
| Public works   | 3,337,912                                 | -  | 3,337,912                                    |
| Capital outlay   | 478,210                                   | 162,688                                    | 640,898                                      |
| <b>Total Expenditures</b>                                    | <b>5,549,005</b>                          | <b>162,688</b>                             | <b>5,711,693</b>                             |
| Excess (deficiency) of revenues over<br>(under) expenditures | 2,131,671                                 | (152,520)                                  | 1,979,151                                    |
| <b>Other Financing Sources (Uses)</b>                        |   |  |  |
| Transfers in   | 419,117                                   | -  | 419,117                                      |
| Transfers out  | (690,958)                                 | -  | (690,958)                                    |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>(271,841)</b>                          | <b>-</b>                                   | <b>(271,841)</b>                             |
| Net change in fund balances                                  | 1,859,830                                 | (152,520)                                  | 1,707,310                                    |
| Fund balances - beginning                                    | 12,066,408                                | 3,881,208                                  | 15,947,616                                   |
| <b>Fund Balances - Ending</b>                                | <b>\$ 13,926,238</b>                      | <b>3,728,688</b>                           | <b>17,654,926</b>                            |

**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2022**

|  | <b>Master<br/>Underground<br/>Plan</b> | <b>Traffic<br/>Safety</b> | <b>City<br/>Mitigation<br/>Fee</b> | <b>PEG Fees</b> |
|--|--|---------------------------|------------------------------------|-----------------|
| <b>Assets</b>  |  |                           |                                    |                 |
| Cash and investments   | \$ 2,132,236                           | 513,002                   | 3,207,550                          | 514,354         |
| Receivables:   |  |                           |                                    |                 |
| Interest   | 5,597                                  | 1,347                     | 8,420                              | 1,350           |
| Accounts   | -                                      | 13,232                    | 90,468                             | 28,529          |
| Prepaid assets   | -                                      | -                         | -                                  | -               |
| <b>Total Assets</b>  | <b>2,137,833</b>                       | <b>527,581</b>            | <b>3,306,438</b>                   | <b>544,233</b>  |
| <b>Liabilities, Deferred Inflows Of Resources, And<br/>Fund Balances</b>       |  |                           |                                    |                 |
| Liabilities:   |  |                           |                                    |                 |
| Accounts payable   | \$ 8,800                               | 4,530                     | -                                  | 615             |
| Intergovernmental payable  | -                                      | -                         | -                                  | -               |
| <b>Total Liabilities</b>   | <b>8,800</b>                           | <b>4,530</b>              | <b>-</b>                           | <b>615</b>      |
| Deferred inflows of resources:   |  |                           |                                    |                 |
| Unavailable revenue  | -                                      | -                         | -                                  | -               |
| <b>Total Deferred Inflow of Resources</b>                                      | <b>-</b>                               | <b>-</b>                  | <b>-</b>                           | <b>-</b>        |
| Fund balances:   |  |                           |                                    |                 |
| Nonspendable   | -                                      | -                         | -                                  | -               |
| Restricted   | 2,129,033                              | 520,624                   | 3,290,059                          | 543,618         |
| Assigned   | -                                      | 2,427                     | 16,379                             | -               |
| <b>Total Fund Balances (Deficits)</b>  | <b>2,129,033</b>                       | <b>523,051</b>            | <b>3,306,438</b>                   | <b>543,618</b>  |
| <b>Total Liabilities, Deferred Inflows Of<br/>Resources, And Fund Balances</b> | <b>\$ 2,137,833</b>                    | <b>527,581</b>            | <b>3,306,438</b>                   | <b>544,233</b>  |

| TDA<br>SB 821 | State<br>Gas Tax | Air Quality<br>Improvement | Measure A        |
|---------------|------------------|----------------------------|------------------|
| 838           | -                | 270,249                    | 1,120,378        |
| 2             | -                | 709                        | 2,941            |
| -             | 99,460           | -                          | 514,613          |
| -             | -                | -                          | -                |
| <b>840</b>    | <b>99,460</b>    | <b>270,958</b>             | <b>1,637,932</b> |
|               |                  |                            |                  |
| -             | 11,918           | 13,008                     | 40,367           |
| -             | 74,316           | -                          | -                |
| -             | <b>86,234</b>    | <b>13,008</b>              | <b>40,367</b>    |
|               |                  |                            |                  |
| -             | -                | -                          | -                |
| -             | -                | -                          | -                |
|               |                  |                            |                  |
| -             | -                | -                          | -                |
| 840           | 13,226           | 257,950                    | 1,597,565        |
| -             | -                | -                          | -                |
| <b>840</b>    | <b>13,226</b>    | <b>257,950</b>             | <b>1,597,565</b> |
|               |                  |                            |                  |
| <b>840</b>    | <b>99,460</b>    | <b>270,958</b>             | <b>1,637,932</b> |

|  |
|--|
| <b>Assets</b>  |
| Cash and investments   |
| Receivables:   |
| Interest   |
| Accounts   |
| Prepaid assets   |
| <b>Total Assets</b>  |
|  |
| <b>Liabilities, Deferred Inflows Of Resources, And Fund Balances</b>       |
| Liabilities:   |
| Accounts payable   |
| Intergovernmental payable  |
| <b>Total Liabilities</b>   |
|  |
| Deferred inflows of resources:   |
| Unavailable revenue  |
| <b>Total Deferred Inflow of Resources</b>                                  |
|  |
| Fund balances:   |
| Nonspendable   |
| Restricted   |
| Assigned   |
| <b>Total Fund Balances (Deficits)</b>                                      |
|  |
| <b>Total Liabilities, Deferred Inflows Of Resources, And Fund Balances</b> |

**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds (continued)**  
**June 30, 2022**

|  | <b>Asset<br/>Forfeiture</b> | <b>Solid<br/>Waste</b> | <b>Police<br/>Grants</b> | <b>Road<br/>Maintenance<br/>and<br/>Rehabilitation</b> | <b>Community<br/>Development<br/>Block Grant</b> |
|--|-----------------------------|------------------------|--------------------------|--|--|
| <b>Assets</b>  |                             |                        |                          |  |  |
| Cash and investments   | \$ 290,291                  | 2,772,170              | 272,828                  | 1,404,774  | -  |
| Receivables:   |                             |                        |                          |  |  |
| Interest   | 762                         | 7,276                  | 718                      | 3,687  | -  |
| Accounts   | -                           | 117,636                | 22,096                   | 93,850   | 338,431  |
| Prepaid assets   | -                           | -                      | -                        | -  | -  |
| <b>Total Assets</b>  | <b>291,053</b>              | <b>2,897,082</b>       | <b>295,642</b>           | <b>1,502,311</b>                                       | <b>338,431</b>                                   |
| <b>Liabilities, Deferred Inflows of Resources, and<br/>Fund Balances</b>       |                             |                        |                          |  |  |
| Liabilities:   |                             |                        |                          |  |  |
| Accounts payable   | \$ -                        | 82,165                 | 29,776                   | 6,814  | 221,715  |
| Intergovernmental payable  | -                           | -                      | -                        | -  | 84,193   |
| <b>Total Liabilities</b>   | <b>-</b>                    | <b>82,165</b>          | <b>29,776</b>            | <b>6,814</b>   | <b>305,908</b>                                   |
| Deferred inflows of resources:   |                             |                        |                          |  |  |
| Unavailable revenue  | -                           | -                      | 11,120                   | -  | 17,100   |
| <b>Total Deferred Inflow of Resources</b>                                      | <b>-</b>                    | <b>-</b>               | <b>11,120</b>            | <b>-</b>   | <b>17,100</b>                                    |
| Fund balances:   |                             |                        |                          |  |  |
| Nonspendable   | -                           | -                      | -                        | -  | -  |
| Restricted   | 291,053                     | 2,814,917              | 249,246                  | 1,431,480  | (6,938)  |
| Assigned   | -                           | -                      | 5,500                    | 64,017   | 22,361   |
| <b>Total Fund Balances (Deficits)</b>  | <b>291,053</b>              | <b>2,814,917</b>       | <b>254,746</b>           | <b>1,495,497</b>                                       | <b>15,423</b>                                    |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances</b> | <b>\$ 291,053</b>           | <b>2,897,082</b>       | <b>295,642</b>           | <b>1,502,311</b>                                       | <b>338,431</b>                                   |

| <b>Police<br/>Department<br/>Special<br/>Revenues</b> | <b>Fire<br/>Department<br/>Special<br/>Revenues</b> | <b>Fire<br/>Department<br/>Grants</b> | <b>Landscape<br/>and Lighting<br/>District</b> |
|---|---|---------------------------------------|--|
| 294,346   | 44,189  | 12,488                                | 370,411  |
| 772   | 116   | 33                                    | 972  |
| -   | -   | -                                     | 5,158  |
| -   | -   | -                                     | 770  |
| <b>295,118</b>  | <b>44,305</b>                                       | <b>12,521</b>                         | <b>377,311</b>                                 |

|              |          |          |               |
|--------------|----------|----------|---------------|
| 7,974        | -        | -        | 38,400        |
| -            | -        | -        | -             |
| <b>7,974</b> | <b>-</b> | <b>-</b> | <b>38,400</b> |

|   |   |   |   |
|---|---|---|---|
| - | - | - | - |
| - | - | - | - |

|                |               |               |                |
|----------------|---------------|---------------|----------------|
|                | -             | -             | 770            |
| 286,139        | 44,305        | 12,521        | 338,141        |
| 1,005          | -             | -             | -              |
| <b>287,144</b> | <b>44,305</b> | <b>12,521</b> | <b>338,911</b> |

|                |               |               |                |
|----------------|---------------|---------------|----------------|
| <b>295,118</b> | <b>44,305</b> | <b>12,521</b> | <b>377,311</b> |
|----------------|---------------|---------------|----------------|

#### **Total**

13,220,104

34,702

1,323,473

770

**14,579,049**

#### **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**

466,082

158,509

**624,591**

Deferred inflows of resources:

Unavailable revenue

**Total Deferred Inflow of Resources**

28,220

**28,220**

Fund balances:

Nonspendable

Restricted

Assigned

**Total Fund Balances (Deficits)**

770

13,813,779

111,689

**13,926,238**

**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**

**14,579,049**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2022**

|  | <b>Master<br/>Underground<br/>Plan</b> | <b>Traffic<br/>Safety</b> | <b>City<br/>Mitigation Fee</b> | <b>PEG Fees</b> |
|--|--|---------------------------|--------------------------------|-----------------|
| <b>Revenues</b>  |  |                           |                                |                 |
| Intergovernmental  | \$ -                                   | -                         | -                              | -               |
| Fines and forfeitures  | -                                      | 215,028                   | -                              | -               |
| Charges for services   | -                                      | -                         | 344,406                        | 115,022         |
| Special assessments  | -                                      | -                         | -                              | -               |
| Development fees   | 22,699                                 | -                         | -                              | -               |
| Use of money and property                                    | (38,277)                               | (9,214)                   | (57,216)                       | (9,172)         |
| Other revenue  | -                                      | -                         | -                              | -               |
| <b>Total Revenues</b>  | <b>(15,578)</b>                        | <b>205,814</b>            | <b>287,190</b>                 | <b>105,850</b>  |
| <b>Expenditures</b>  |  |                           |                                |                 |
| Current:   |  |                           |                                |                 |
| General government   | -                                      | -                         | -                              | -               |
| Community development  | -                                      | -                         | -                              | 26,954          |
| Public safety  | -                                      | 87,139                    | -                              | -               |
| Public works   | -                                      | -                         | -                              | -               |
| Capital outlay   | 13,000                                 | 760                       | 5,276                          | -               |
| <b>Total Expenditures</b>                                    | <b>13,000</b>                          | <b>87,899</b>             | <b>5,276</b>                   | <b>26,954</b>   |
| Excess (deficiency) of revenues<br>over (under) expenditures | <b>(28,578)</b>                        | <b>117,915</b>            | <b>281,914</b>                 | <b>78,896</b>   |
| <b>Other Financing Sources (Uses)</b>                        |  |                           |                                |                 |
| Transfers in   | -                                      | -                         | -                              | -               |
| Transfers out  | -                                      | (75,690)                  | -                              | (31,708)        |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>-</b>                               | <b>(75,690)</b>           | <b>-</b>                       | <b>(31,708)</b> |
| Net change in fund balances                                  | (28,578)                               | 42,225                    | 281,914                        | 47,188          |
| Fund balances - beginning                                    | 2,157,611                              | 480,826                   | 3,024,524                      | 496,430         |
| <b>Fund Balances - Ending</b>                                | <b>\$ 2,129,033</b>                    | <b>523,051</b>            | <b>3,306,438</b>               | <b>543,618</b>  |

| <b>TDA<br/>SB 821</b> | <b>State<br/>Gas Tax</b> | <b>Air Quality<br/>Improvement</b> | <b>Measure A</b> |
|-----------------------|--------------------------|------------------------------------|------------------|
| 21,920                | 1,277,500                | 12,853                             | 2,074,478        |
| -                     | -                        | -                                  | -                |
| -                     | 16,102                   | -                                  | 16,102           |
| -                     | -                        | -                                  | -                |
| -                     | -                        | -                                  | -                |
| (16)                  | (317)                    | (4,956)                            | (19,514)         |
| -                     | -                        | -                                  | -                |
| <b>21,904</b>         | <b>1,293,285</b>         | <b>7,897</b>                       | <b>2,071,066</b> |
| -                     | -                        | -                                  | -                |
| -                     | -                        | -                                  | -                |
| -                     | -                        | -                                  | -                |
| -                     | 1,337,874                | -                                  | 1,551,711        |
| -                     | 1,750                    | -                                  | 1,750            |
| -                     | <b>1,339,624</b>         | -                                  | <b>1,553,461</b> |
| <b>21,904</b>         | <b>(46,339)</b>          | <b>7,897</b>                       | <b>517,605</b>   |
| -                     | 55,063                   | -                                  | 55,063           |
| -                     | (100,296)                | -                                  | (133,728)        |
| -                     | <b>(45,233)</b>          | -                                  | <b>(78,665)</b>  |
| 21,904                | (91,572)                 | 7,897                              | 438,940          |
| (21,064)              | 104,798                  | 250,053                            | 1,158,625        |
| <b>840</b>            | <b>13,226</b>            | <b>257,950</b>                     | <b>1,597,565</b> |

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**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**  
**For the Year Ended June 30, 2022**

|  | Asset<br>Forfeiture | Solid<br>Waste   | Police<br>Grants | Road<br>Maintenance<br>and<br>Rehabilitation | Community<br>Development<br>Block Grant |
|--|---------------------|------------------|------------------|--|---|
| <b>Revenues</b>  |                     |                  |                  |  |   |
| Intergovernmental  | \$ -                | 125,690          | 198,220          | 1,073,715                                    | 754,623                                 |
| Fines and forfeitures  | -                   | -                | -                | -  | -                                       |
| Charges for services   | 2,406               | 1,174,252        | -                | -  | -                                       |
| Special assessments  | -                   | -                | -                | -  | -                                       |
| Development fees   | -                   | -                | -                | -  | -                                       |
| Use of money and property                                    | (5,216)             | (47,851)         | (4,899)          | (23,792)                                     | 4                                       |
| Other revenue  | -                   | -                | -                | -  | -                                       |
| <b>Total Revenues</b>  | <b>(2,810)</b>      | <b>1,252,091</b> | <b>193,321</b>   | <b>1,049,923</b>                             | <b>754,627</b>                          |
| <b>Expenditures</b>  |                     |                  |                  |  |   |
| Current:   |                     |                  |                  |  |   |
| General government   | -                   | 38,002           | -                | -  | 6,731                                   |
| Community development  | -                   | 701,677          | -                | -  | 683,216                                 |
| Public safety  | -                   | -                | 138,147          | -  | -                                       |
| Public works   | -                   | -                | -                | -  | -                                       |
| Capital outlay   | -                   | -                | -                | 407,975                                      | 47,699                                  |
| <b>Total Expenditures</b>                                    | <b>-</b>            | <b>739,679</b>   | <b>138,147</b>   | <b>407,975</b>                               | <b>737,646</b>                          |
| Excess (deficiency) of revenues<br>over (under) expenditures | <b>(2,810)</b>      | <b>512,412</b>   | <b>55,174</b>    | <b>641,948</b>                               | <b>16,981</b>                           |
| <b>Other Financing Sources (Uses)</b>                        |                     |                  |                  |  |   |
| Transfers in   | -                   | -                | -                | -  | -                                       |
| Transfers out  | -                   | (31,723)         | (84,356)         | -  | (22,161)                                |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>-</b>            | <b>(31,723)</b>  | <b>(84,356)</b>  | <b>-</b>                                     | <b>(22,161)</b>                         |
| Net change in fund balances                                  | (2,810)             | 480,689          | (29,182)         | 641,948                                      | (5,180)                                 |
| Fund balances - beginning                                    | 293,863             | 2,334,228        | 283,928          | 853,549                                      | 20,603                                  |
| <b>Fund Balances - Ending</b>                                | <b>\$ 291,053</b>   | <b>2,814,917</b> | <b>254,746</b>   | <b>1,495,497</b>                             | <b>15,423</b>                           |

Continued

| Police<br>Department<br>Special<br>Revenues | Fire<br>Department<br>Special<br>Revenues | Fire<br>Department<br>Grants | Landscape<br>and Lighting<br>District | Total             |  |
|---|---|------------------------------|---------------------------------------|-------------------|--|
| -   | -   | -                            | -                                     | 5,538,999         | <b>Revenues</b>  |
| -   | -   | -                            | -                                     | 215,028           | Intergovernmental  |
| -   | -   | -                            | -                                     | 1,668,290         | Fines and forfeitures  |
| -   | -   | -                            | 384,045                               | 384,045           | Charges for services   |
| -   | -   | -                            | -                                     | 22,699            | Special assessments  |
| (5,328)                                     | (806)                                     | (224)                        | (6,913)                               | (233,707)         | Development fees   |
| 45,772                                      | 39,550                                    | -                            | -                                     | 85,322            | Use of money and property                                    |
| <b>40,444</b>                               | <b>38,744</b>                             | <b>(224)</b>                 | <b>377,132</b>                        | <b>7,680,676</b>  | Other revenue  |
|   |   |                              |                                       |                   | <b>Total Revenues</b>  |
|   |   |                              |                                       |                   | <b>Expenditures</b>  |
| -   | -   | -                            | -                                     |                   | Current:   |
| -   | -   | -                            | -                                     | 44,733            | General government   |
| 40,467                                      | 10,550                                    | -                            | -                                     | 1,411,847         | Community development  |
| -   | -   | -                            | 448,327                               | 276,303           | Public safety  |
| -   | -   | -                            | -                                     | 3,337,912         | Public works   |
| <b>40,467</b>                               | <b>10,550</b>                             | <b>-</b>                     | <b>448,327</b>                        | 478,210           | Capital outlay   |
|   |   |                              |                                       | <b>5,549,005</b>  | <b>Total Expenditures</b>                                    |
| <b>(23)</b>                                 | <b>28,194</b>                             | <b>(224)</b>                 | <b>(71,195)</b>                       |                   | Excess (deficiency) of revenues<br>over (under) expenditures |
|   |   |                              |                                       | <b>2,131,671</b>  |  |
| -   | -   | -                            | 308,991                               | 419,117           | <b>Other Financing Sources (Uses)</b>                        |
| -   | -   | -                            | (211,296)                             | (690,958)         | Transfers in   |
| -   | -   | -                            | <b>97,695</b>                         | <b>(271,841)</b>  | Transfers out  |
|   |   |                              |                                       |                   | <b>Total Other Financing Sources (Uses)</b>                  |
| (23)  | 28,194                                    | (224)                        | 26,500                                | 1,859,830         | Net change in fund balances                                  |
| 287,167                                     | 16,111                                    | 12,745                       | 312,411                               | 12,066,408        | Fund balances - beginning                                    |
| <b>287,144</b>                              | <b>44,305</b>                             | <b>12,521</b>                | <b>338,911</b>                        | <b>13,926,238</b> | <b>Fund Balances - Ending</b>                                |

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2022**

|   | Master Underground Plan |                  |   |
|---|-------------------------|------------------|---|
|   | Final Budgeted          | Actual           | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|   | Amounts                 | Amounts          |   |
| <b>Revenues</b>                                   |                         |                  |   |
| Fines and forfeitures                             | \$ -                    | -                | -   |
| Development fees                                  | 50,000                  | 22,699           | (27,301)  |
| Use of money and property                         | 10,000                  | (38,277)         | (48,277)  |
| <b>Total Revenues</b>                             | <b>60,000</b>           | <b>(15,578)</b>  | <b>(75,578)</b>   |
| <b>Expenditures</b>                               |                         |                  |   |
| Current:  |                         |                  |   |
| Public safety                                     | -                       | -                | -   |
| Public works                                      | -                       | -                | -   |
| Capital outlay                                    | 15,200                  | 13,000           | 2,200   |
| <b>Total Expenditures</b>                         | <b>15,200</b>           | <b>13,000</b>    | <b>2,200</b>  |
| Excess (deficiency) of revenues over expenditures | 44,800                  | (28,578)         | (73,378)  |
| <b>Other Financing Sources (Uses)</b>             |                         |                  |   |
| Transfers out                                     | -                       | -                | -   |
| <b>Total Other Financing Sources (Uses)</b>       | <b>-</b>                | <b>-</b>         | <b>-</b>  |
| Net change in fund balances                       | 44,800                  | (28,578)         | (73,378)  |
| Fund balances - beginning                         | 2,157,611               | 2,157,611        | -   |
| <b>Fund Balances - Ending</b>                     | <b>\$ 2,202,411</b>     | <b>2,129,033</b> | <b>(73,378)</b>   |

| Traffic Safety            |                   |   |
|---------------------------|-------------------|---|
| Final Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
| 125,000                   | 215,028           | 90,028  |
| -                         | -                 | -   |
| 5,000                     | (9,214)           | (14,214)  |
| <b>130,000</b>            | <b>205,814</b>    | <b>75,814</b>   |
|                           |                   |   |
| 62,529                    | 87,139            | (24,610)  |
| 100,000                   | -                 | 100,000   |
| -                         | 760               | (760)   |
| <b>162,529</b>            | <b>87,899</b>     | <b>74,630</b>   |
|                           |                   |   |
| (32,529)                  | 117,915           | (150,444)   |
|                           |                   |   |
| (75,690)                  | (75,690)          | -   |
| <b>(75,690)</b>           | <b>(75,690)</b>   | <b>-</b>  |
|                           |                   |   |
| (108,219)                 | 42,225            | 150,444   |
| 480,826                   | 480,826           | -   |
| <b>372,607</b>            | <b>523,051</b>    | <b>150,444</b>  |

continued

#### Revenues

Fines and forfeitures  
Development fees  
Use of money and property

#### Total Revenues

#### Expenditures

Current:  
Public safety  
Public works  
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, 2022**

|   |                     |                  | City Mitigation Fee |
|---|---------------------|------------------|---------------------|
|   | Final Budgeted      | Actual           | Variance with       |
|   | Amounts             | Amounts          | Final Budget -      |
|   |                     |                  | Positive            |
|   |                     |                  | (Negative)          |
| <b>Revenues</b>                                   |                     |                  |                     |
| Charges for services                              | \$ 290,000          | 344,406          | 54,406              |
| Use of money and property                         | 20,000              | (57,216)         | (77,216)            |
| <b>Total Revenues</b>                             | <b>310,000</b>      | <b>287,190</b>   | <b>(22,810)</b>     |
| <b>Expenditures</b>                               |                     |                  |                     |
| Current:  |                     |                  |                     |
| Community development                             | -                   | -                | -                   |
| Capital outlay                                    | -                   | 5,276            | (5,276)             |
| <b>Total Expenditures</b>                         | <b>-</b>            | <b>5,276</b>     | <b>(5,276)</b>      |
| Excess (deficiency) of revenues over expenditures | 310,000             | 281,914          | (28,086)            |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                     |                  |                     |
| Transfers out                                     | -                   | -                | -                   |
| Total other financing sources (uses)              | -                   | -                | -                   |
| Net change in fund balances                       | 310,000             | 281,914          | (28,086)            |
| Fund balances - beginning                         | 3,024,524           | 3,024,524        | -                   |
| <b>Fund Balances - Ending</b>                     | <b>\$ 3,334,524</b> | <b>3,306,438</b> | <b>(28,086)</b>     |

|                           |                   | PEG Fees  |
|---------------------------|-------------------|---|
| Final Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
| 125,000                   | 115,022           | (9,978)   |
| 2,500                     | (9,172)           | (11,672)  |
| <b>127,500</b>            | <b>105,850</b>    | <b>(21,650)</b>   |
|                           |                   |   |
| 69,600                    | 26,954            | 42,646  |
| -                         | -                 | -   |
| <b>69,600</b>             | <b>26,954</b>     | <b>42,646</b>   |
|                           |                   |   |
| 57,900                    | 78,896            | 20,996  |
|                           |                   |   |
| (31,708)                  | (31,708)          | -   |
| <b>(31,708)</b>           | <b>(31,708)</b>   | <b>-</b>  |
|                           |                   |   |
| 26,192                    | 47,188            | 20,996  |
| 496,430                   | 496,430           | -   |
| <b>522,622</b>            | <b>543,618</b>    | <b>20,996</b>   |

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, 2022

|   | <u>Transportation Development Act (TDA SB 821)</u> |                |                       |
|---|--|----------------|-----------------------|
|   | <b>Final Budgeted</b>                              | <b>Actual</b>  | <b>Variance with</b>  |
|   | <b>Amounts</b>                                     | <b>Amounts</b> | <b>Final Budget -</b> |
|   |  |                | <b>Positive</b>       |
|   |  |                | <b>(Negative)</b>     |
| <b>Revenues</b>                                   |  |                |                       |
| Intergovernmental                                 | \$ -   | 21,920         | 21,920                |
| Charges for services                              | -  | -              | -                     |
| Use of money and property                         | -  | (16)           | (16)                  |
| <b>Total Revenues</b>                             | <b>-</b>   | <b>21,904</b>  | <b>21,904</b>         |
| <b>Expenditures</b>                               |  |                |                       |
| Current:  |  |                |                       |
| Public works                                      | -  | -              | -                     |
| Capital outlay                                    | -  | -              | -                     |
| <b>Total Expenditures</b>                         | <b>-</b>   | <b>-</b>       | <b>-</b>              |
| Excess (deficiency) of revenues over expenditures | -  | 21,904         | 21,904                |
| <b>OTHER FINANCING SOURCES (USES)</b>             |  |                |                       |
| Transfers in                                      | -  | -              | -                     |
| Transfers out                                     | -  | -              | -                     |
| Total other financing sources (uses)              | -  | -              | -                     |
| Net change in fund balances                       | -  | 21,904         | 21,904                |
| Fund balances - beginning                         | (21,064)   | (21,064)       | -                     |
| <b>Fund Balances - Ending</b>                     | <b>\$ (21,064)</b>                                 | <b>840</b>     | <b>21,904</b>         |

|                  |                  | State Gas Tax   |
|------------------|------------------|-----------------|
|                  |                  | Variance with   |
| Final Budgeted   | Actual           | Final Budget -  |
| Amounts          | Amounts          | Positive        |
|                  |                  | (Negative)      |
| 1,290,500        | 1,277,500        | (13,000)        |
| 24,000           | 16,102           | (7,898)         |
| 2,500            | (317)            | (2,817)         |
| <b>1,317,000</b> | <b>1,293,285</b> | <b>(23,715)</b> |
|                  |                  |                 |
| 1,461,714        | 1,337,874        | 123,840         |
| -                | 1,750            | (1,750)         |
| <b>1,461,714</b> | <b>1,339,624</b> | <b>122,090</b>  |
|                  |                  |                 |
| (144,714)        | (46,339)         | 98,375          |
|                  |                  |                 |
| 57,982           | 55,063           | (2,919)         |
| (133,728)        | (100,296)        | 33,432          |
| <b>(75,746)</b>  | <b>(45,233)</b>  | <b>30,513</b>   |
|                  |                  |                 |
| (220,460)        | (91,572)         | 128,888         |
| 104,798          | 104,798          | -               |
| <b>(115,662)</b> | <b>13,226</b>    | <b>128,888</b>  |

continued

#### Revenues

Charges for services  
Intergovernmental  
Use of money and property

#### Total Revenues

#### Expenditures

Current:

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



## Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2022

|   | Air Quality Improvement   |                   |   |
|---|---------------------------|-------------------|---|
|   | Final Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
| <b>Revenues</b>                                   |                           |                   |   |
| Intergovernmental                                 | \$ 20,000                 | 12,853            | (7,147)   |
| Charges for services                              | -                         | -                 | -   |
| Use of money and property                         | 2,500                     | (4,956)           | (7,456)   |
| <b>Total Revenues</b>                             | <b>22,500</b>             | <b>7,897</b>      | <b>(14,603)</b>   |
| <b>Expenditures</b>                               |                           |                   |   |
| Current:  |                           |                   |   |
| Public works                                      | 12,500                    | -                 | 12,500  |
| Capital outlay                                    | -                         | -                 | -   |
| <b>Total Expenditures</b>                         | <b>12,500</b>             | <b>-</b>          | <b>12,500</b>   |
| Excess (deficiency) of revenues over expenditures | 10,000                    | 7,897             | (2,103)   |
| <b>Other Financing Sources (Uses)</b>             |                           |                   |   |
| Transfers in                                      | -                         | -                 | -   |
| Transfers out                                     | (29,144)                  | -                 | 29,144  |
| <b>Total Other Financing Sources (Uses)</b>       | <b>(29,144)</b>           | <b>-</b>          | <b>29,144</b>   |
| Net change in fund balances                       | (19,144)                  | 7,897             | 27,041  |
| Fund balances - beginning                         | 250,053                   | 250,053           | -   |
| <b>Fund Balances - Ending</b>                     | <b>\$ 230,909</b>         | <b>257,950</b>    | <b>27,041</b>   |

|                           |                   | Measure A   |
|---------------------------|-------------------|---|
| Final Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
| 1,600,000                 | 2,074,478         | 474,478   |
| 24,000                    | 16,102            | (7,898)   |
| 3,500                     | (19,514)          | (23,014)  |
| <b>1,627,500</b>          | <b>2,071,066</b>  | <b>443,566</b>  |
|                           |                   |   |
| 1,736,714                 | 1,551,711         | 185,003   |
| -                         | 1,750             | (1,750)   |
| <b>1,736,714</b>          | <b>1,553,461</b>  | <b>183,253</b>  |
|                           |                   |   |
| (109,214)                 | 517,605           | 626,819   |
|                           |                   |   |
| 57,982                    | 55,063            | (2,919)   |
| (133,728)                 | (133,728)         | -   |
| <b>(75,746)</b>           | <b>(78,665)</b>   | <b>(2,919)</b>  |
|                           |                   |   |
| (184,960)                 | 438,940           | 623,900   |
| 1,158,625                 | 1,158,625         | -   |
| <b>973,665</b>            | <b>1,597,565</b>  | <b>623,900</b>  |

continued

#### Revenues

Intergovernmental  
Charges for services  
Use of money and property

#### Total Revenues

#### Expenditures

Current:

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

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
Nonmajor Special Revenue Funds (continued)  
For the Year Ended June 30, 2022**

|   |                       |                | <b>Asset Forfeiture</b> |
|---|-----------------------|----------------|-------------------------|
|   | <b>Final Budgeted</b> | <b>Actual</b>  | <b>Variance with</b>    |
|   | <b>Amounts</b>        | <b>Amounts</b> | <b>Final Budget -</b>   |
|   |                       |                | <b>Positive</b>         |
|   |                       |                | <b>(Negative)</b>       |
| <b>Revenues</b>                                   |                       |                |                         |
| Intergovernmental                                 | \$ -                  | -              | -                       |
| Charges for services                              | -                     | 2,406          | 2,406                   |
| Use of money and property                         | 1,500                 | (5,216)        | (6,716)                 |
| <b>Total Revenues</b>                             | <b>1,500</b>          | <b>(2,810)</b> | <b>(4,310)</b>          |
| <b>Expenditures</b>                               |                       |                |                         |
| Current:  |                       |                |                         |
| General government                                | -                     | -              | -                       |
| Community development                             | -                     | -              | -                       |
| Public safety                                     | 2,000                 | -              | 2,000                   |
| <b>Total Expenditures</b>                         | <b>2,000</b>          | <b>-</b>       | <b>2,000</b>            |
| Excess (deficiency) of revenues over expenditures | (500)                 | (2,810)        | (2,310)                 |
| <b>Other Financing Sources (Uses)</b>             |                       |                |                         |
| Transfers out                                     | -                     | -              | -                       |
| <b>Total Other Financing Sources (Uses)</b>       | <b>-</b>              | <b>-</b>       | <b>-</b>                |
| Net change in fund balances                       | (500)                 | (2,810)        | (2,310)                 |
| Fund balances - beginning                         | 293,863               | 293,863        | -                       |
| <b>Fund Balances - Ending</b>                     | <b>\$ 293,363</b>     | <b>291,053</b> | <b>(2,310)</b>          |

|                  |                  | Solid Waste    |
|------------------|------------------|----------------|
| Final Budgeted   | Actual           | Variance with  |
| Amounts          | Amounts          | Final Budget - |
|                  |                  | Positive       |
|                  |                  | (Negative)     |
| 48,000           | 125,690          | 77,690         |
| 1,000,000        | 1,174,252        | 174,252        |
| 5,000            | (47,851)         | (52,851)       |
| <b>1,053,000</b> | <b>1,252,091</b> | <b>199,091</b> |
|                  |                  |                |
| 106,500          | 38,002           | 68,498         |
| 1,037,897        | 701,677          | 336,220        |
| -                | -                | -              |
| <b>1,144,397</b> | <b>739,679</b>   | <b>404,718</b> |
|                  |                  |                |
| (91,397)         | 512,412          | 603,809        |
|                  |                  |                |
| (31,723)         | (31,723)         | -              |
| <b>(31,723)</b>  | <b>(31,723)</b>  | <b>-</b>       |
|                  |                  |                |
| (123,120)        | 480,689          | 603,809        |
| 2,334,228        | 2,334,228        | -              |
| <b>2,211,108</b> | <b>2,814,917</b> | <b>603,809</b> |

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, 2022

|   |                   |                 | Police Grants   |
|---|-------------------|-----------------|-----------------|
|   |                   |                 | Variance with   |
|   | Final Budgeted    | Actual          | Final Budget -  |
|   | Amounts           | Amounts         | Positive        |
|   |                   |                 | (Negative)      |
| <b>Revenues</b>                                   |                   |                 |                 |
| Intergovernmental                                 | \$ 75,568         | 198,220         | 122,652         |
| Use of money and property                         | 1,000             | (4,899)         | (5,899)         |
| Other revenue                                     | -                 | -               | -               |
| <b>Total Revenues</b>                             | <b>76,568</b>     | <b>193,321</b>  | <b>116,753</b>  |
| <b>Expenditures</b>                               |                   |                 |                 |
| Current:  |                   |                 |                 |
| General government                                | -                 | -               | -               |
| Public safety                                     | 196,344           | 138,147         | 58,197          |
| Capital outlay                                    | -                 | -               | -               |
| <b>Total Expenditures</b>                         | <b>196,344</b>    | <b>138,147</b>  | <b>58,197</b>   |
| Excess (deficiency) of revenues over expenditures | (119,776)         | 55,174          | 174,950         |
| <b>Other Financing Sources (Uses)</b>             |                   |                 |                 |
| Transfers out                                     | (47,903)          | (84,356)        | (36,453)        |
| <b>Total Other Financing Sources (Uses)</b>       | <b>(47,903)</b>   | <b>(84,356)</b> | <b>(36,453)</b> |
| Net change in fund balances                       | (167,679)         | (29,182)        | 138,497         |
| Fund balances - beginning                         | 283,928           | 283,928         | -               |
| <b>Fund Balances - Ending</b>                     | <b>\$ 116,249</b> | <b>254,746</b>  | <b>138,497</b>  |

| Road Maintenance and Rehabilitation |                   |   |
|-------------------------------------|-------------------|---|
| Final Budgeted<br>Amounts           | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
| 900,000                             | 1,073,715         | 173,715   |
| 5,000                               | (23,792)          | (28,792)  |
| -                                   | -                 | -   |
| <b>905,000</b>                      | <b>1,049,923</b>  | <b>144,923</b>  |
| -                                   | -                 | -   |
| -                                   | -                 | -   |
| 1,378,881                           | 407,975           | 970,906   |
| <b>1,378,881</b>                    | <b>407,975</b>    | <b>970,906</b>  |
| (473,881)                           | 641,948           | 1,115,829   |
| -                                   | -                 | -   |
| -                                   | -                 | -   |
| (473,881)                           | 641,948           | 1,115,829   |
| 853,549                             | 853,549           | -   |
| <b>379,668</b>                      | <b>1,495,497</b>  | <b>1,115,829</b>  |

continued

#### Revenues

Intergovernmental  
Use of money and property  
Other revenue

#### Total Revenues

#### Expenditures

Current:  
General government  
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, 2022

|   | Community Development Block Grant |                   |   |
|---|-----------------------------------|-------------------|---|
|   | Final Budgeted<br>Amounts         | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
| <b>Revenues</b>                                   |                                   |                   |   |
| Intergovernmental                                 | \$ 646,825                        | 754,623           | 107,798   |
| Use of money and property                         | -                                 | 4                 | 4   |
| Other revenues                                    | 1,500                             | -                 | (1,500)   |
| <b>Total Revenues</b>                             | <b>648,325</b>                    | <b>754,627</b>    | <b>106,302</b>  |
| <b>Expenditures</b>                               |                                   |                   |   |
| Current:  |                                   |                   |   |
| General government                                | -                                 | 6,731             | (6,731)   |
| Community development                             | 767,500                           | 683,216           | 84,284  |
| Public safety                                     | -                                 | -                 | -   |
| Capital outlay                                    | 48,375                            | 47,699            | 676   |
| <b>Total Expenditures</b>                         | <b>815,875</b>                    | <b>737,646</b>    | <b>78,229</b>   |
| Excess (deficiency) of revenues over expenditures | (167,550)                         | 16,981            | 184,531   |
| <b>Other Financing Sources (Uses)</b>             |                                   |                   |   |
| Transfers out                                     | -                                 | (22,161)          | (22,161)  |
| <b>Total Other Financing Sources (Uses)</b>       | <b>-</b>                          | <b>(22,161)</b>   | <b>(22,161)</b>   |
| Net change in fund balances                       | (167,550)                         | (5,180)           | 162,370   |
| Fund balances - beginning                         | 20,603                            | 20,603            | -   |
| <b>Fund Balances - Ending</b>                     | <b>\$ (146,947)</b>               | <b>15,423</b>     | <b>162,370</b>  |

**Police Department Special Revenues**

| <b>Final Budgeted<br/>Amounts</b> | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|-----------------------------------|---------------------------|---|
| -                                 | -                         | -   |
| 1,000                             | (5,328)                   | (6,328)   |
| 30,000                            | 45,772                    | 15,772  |
| <b>31,000</b>                     | <b>40,444</b>             | <b>9,444</b>  |
| -                                 | -                         | -   |
| -                                 | -                         | -   |
| 30,000                            | 40,467                    | (10,467)  |
| -                                 | -                         | -   |
| <b>30,000</b>                     | <b>40,467</b>             | <b>(10,467)</b>   |
| 1,000                             | (23)                      | (1,023)   |
| (23,638)                          | -                         | 23,638  |
| <b>(23,638)</b>                   | <b>-</b>                  | <b>23,638</b>   |
| (22,638)                          | (23)                      | 22,615  |
| 287,167                           | 287,167                   | -   |
| <b>264,529</b>                    | <b>287,144</b>            | <b>22,615</b>   |

continued

**Revenues**

Intergovernmental  
Use of money and property  
Other revenues

**Total Revenues**

**Expenditures**

Current:  
    General government  
    Community development  
    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, 2022

|   | Fire Department Special Revenues |                   |   |
|---|----------------------------------|-------------------|---|
|   | Final Budgeted<br>Amounts        | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
| <b>Revenues</b>                                   |                                  |                   |   |
| Use of money and property                         | \$ 300                           | (806)             | (1,106)   |
| Other revenues                                    | 39,000                           | 39,550            | 550   |
| <b>Total Revenues</b>                             | <b>39,300</b>                    | <b>38,744</b>     | <b>(556)</b>  |
| <b>Expenditures</b>                               |                                  |                   |   |
| Current:  |                                  |                   |   |
| Public safety                                     | 39,000                           | 10,550            | 28,450  |
| <b>Total Expenditures</b>                         | <b>39,000</b>                    | <b>10,550</b>     | <b>28,450</b>   |
| Excess (deficiency) of revenues over expenditures | 300                              | 28,194            | 27,894  |
| <b>Other Financing Sources (Uses)</b>             |                                  |                   |   |
| Total other financing sources (uses)              | -                                | -                 | -   |
| Net change in fund balances                       | 300                              | 28,194            | 27,894  |
| Fund balances - beginning                         | 16,111                           | 16,111            | -   |
| <b>Fund Balances - Ending</b>                     | <b>\$ 16,411</b>                 | <b>44,305</b>     | <b>27,894</b>   |

**Fire Department Grants**

| <b>Final Budgeted<br/>Amounts</b> | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|-----------------------------------|---------------------------|---|
| 100                               | -                         | (100)   |
| -                                 | (224)                     | (224)   |
| <b>100</b>                        | <b>(224)</b>              | <b>(324)</b>  |
|                                   |                           |   |
| -                                 | -                         | -   |
| -                                 | -                         | -   |
| 100                               | (224)                     | (324)   |
|                                   |                           |   |
| -                                 | -                         | -   |
| -                                 | -                         | -   |
| -                                 | (224)                     | (324)   |
| 12,745                            | 12,745                    | -   |
| <b>12,745</b>                     | <b>12,521</b>             | <b>(324)</b>  |

continued

**Revenues**

Use of money and property

Other revenues

**Total Revenues**

**Expenditures**

Current:

Public safety

**Total Expenditures**

Excess (deficiency) of revenues over expenditures

**Other Financing Sources (Uses)**

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, 2022**

|   | Landscape and Lighting District |                |   |
|---|---------------------------------|----------------|---|
|   | Final Budgeted                  | Actual         | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|   | Amounts                         | Amounts        |   |
| <b>Revenues</b>                                   |                                 |                |   |
| Special assessments                               | \$ 395,659                      | 384,045        | (11,614)  |
| Use of money and property                         | 2,500                           | (6,913)        | (9,413)   |
| <b>Total Revenues</b>                             | <b>398,159</b>                  | <b>377,132</b> | <b>(21,027)</b>   |
| <b>Expenditures</b>                               |                                 |                |   |
| Current:  |                                 |                |   |
| Public works                                      | 427,729                         | 448,327        | (20,598)  |
| <b>Total Expenditures</b>                         | <b>427,729</b>                  | <b>448,327</b> | <b>(20,598)</b>   |
| Excess (deficiency) of revenues over expenditures | (29,570)                        | (71,195)       | (41,625)  |
| <b>Other Financing Sources (Uses)</b>             |                                 |                |   |
| Transfers in                                      | 314,276                         | 308,991        | (5,285)   |
| Transfers out                                     | (238,400)                       | (211,296)      | 27,104  |
| <b>Total Other Financing Sources (Uses)</b>       | <b>75,876</b>                   | <b>97,695</b>  | <b>21,819</b>   |
| Net change in fund balances                       | 46,306                          | 26,500         | (19,806)  |
| Fund balances - beginning                         | 312,411                         | 312,411        | -   |
| <b>Fund Balances - Ending</b>                     | <b>\$ 358,717</b>               | <b>338,911</b> | <b>(19,806)</b>   |

|                |                  | Special Deposits |
|----------------|------------------|------------------|
|                |                  | Variance with    |
| Final Budgeted | Actual           | Final Budget -   |
| Amounts        | Amounts          | Positive         |
|                |                  | (Negative)       |
| -              | -                | -                |
| 10,000         | (286,261)        | (296,261)        |
| <b>10,000</b>  | <b>(286,261)</b> | <b>(296,261)</b> |
|                |                  |                  |
| -              | -                | -                |
| -              | -                | -                |
| -              | -                | (296,261)        |
| -              | -                | -                |
| -              | -                | -                |
| 10,000         | (286,261)        | (296,261)        |
| 265,946        | 265,946          | -                |
| <b>275,946</b> | <b>(20,315)</b>  | <b>(296,261)</b> |

continued

#### Revenues

Special assessments  
Use of money and property

#### Total Revenues

#### Expenditures

Current:  
Public works

#### 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

## Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2022

|   | Big League Dreams   |                  |                  |
|---|---------------------|------------------|------------------|
|   |                     |                  | Variance with    |
|   | Final Budgeted      | Actual           | Final Budget -   |
|   | Amounts             | Amounts          | Positive         |
|   |                     |                  | (Negative)       |
| <b>Revenues</b>                                   |                     |                  |                  |
| Use of money and property                         | \$ 500              | 379,276          | 378,776          |
| <b>Total Revenues</b>                             | <b>500</b>          | <b>379,276</b>   | <b>378,776</b>   |
| <b>Expenditures</b>                               |                     |                  |                  |
| Current:  |                     |                  |                  |
| General government                                | 11,750              | 3,125            | 8,625            |
| <b>Total Expenditures</b>                         | <b>11,750</b>       | <b>3,125</b>     | <b>8,625</b>     |
| Excess (deficiency) of revenues over expenditures | (11,250)            | 376,151          | 387,401          |
| <b>Other Financing Sources (Uses)</b>             |                     |                  |                  |
| Transfers in                                      | 400,000             | -                | (400,000)        |
| Transfers out                                     | (377,971)           | (377,971)        | -                |
| <b>Total Other Financing Sources (Uses)</b>       | <b>22,029</b>       | <b>(377,971)</b> | <b>(400,000)</b> |
| Net change in fund balances                       | 10,779              | (1,820)          | (12,599)         |
| Fund balances - beginning                         | 2,760,887           | 2,760,887        | -                |
| <b>Fund Balances - Ending</b>                     | <b>\$ 2,771,666</b> | <b>2,759,067</b> | <b>(12,599)</b>  |



# Cathedral City

**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2022**

|  | <b>Police and<br/>Fire Facilities</b> | <b>Traffic<br/>Signalization</b> | <b>Assessment<br/>District 85-1</b> |
|--|---------------------------------------|----------------------------------|-------------------------------------|
| <b>Assets</b>                                  |                                       |                                  |                                     |
| Cash and investments                           | \$ 318,993                            | 203,941                          | 257,409                             |
| Receivables:                                   |                                       |                                  |                                     |
| Interest                                       | 837                                   | 535                              | 677                                 |
| Restricted assets:                             |                                       |                                  |                                     |
| Cash and investments held with fiscal agent    | -                                     | -                                | -                                   |
| <b>Total Assets</b>                            | <b>319,830</b>                        | <b>204,476</b>                   | <b>258,086</b>                      |
| <b>Liabilities and Fund Balances</b>           |                                       |                                  |                                     |
| <b>Total Liabilities</b>                       | <b>\$ -</b>                           | <b>-</b>                         | <b>-</b>                            |
| <br>Fund balances:                             |                                       |                                  |                                     |
| Restricted                                     | 319,830                               | 204,476                          | 258,086                             |
| <b>Total Fund Balances</b>                     | <b>319,830</b>                        | <b>204,476</b>                   | <b>258,086</b>                      |
| <br><b>Total Liabilities and Fund Balances</b> | <b>\$ 319,830</b>                     | <b>204,476</b>                   | <b>258,086</b>                      |

| Assessment<br>District 86-5 | Assessment<br>District 87-2 | Assessment<br>District 88-3 |
|-----------------------------|-----------------------------|-----------------------------|
| 553,817                     | 13,297                      | 267,921                     |
| 1,454                       | 35                          | 703                         |
| -                           | -                           | -                           |
| <b>555,271</b>              | <b>13,332</b>               | <b>268,624</b>              |
| -                           | -                           | -                           |
| 555,271                     | 13,332                      | 268,624                     |
| <b>555,271</b>              | <b>13,332</b>               | <b>268,624</b>              |
| <b>555,271</b>              | <b>13,332</b>               | <b>268,624</b>              |

continued

|   |
|---|
| <b>Assets</b>                               |
| Cash and investments                        |
| Receivables:                                |
| Interest                                    |
| Restricted assets:                          |
| Cash and investments held with fiscal agent |
| <b>Total Assets</b>                         |
| <b>Liabilities and Fund Balances</b>        |
| <b>Total Liabilities</b>                    |
| Fund balances:                              |
| Restricted                                  |
| <b>Total Fund Balances</b>                  |
| <b>Total Liabilities and Fund Balances</b>  |



**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds (continued)**  
**June 30, 2022**

|  | Assessment<br>District 96-1 | Assessment<br>District 2001-01 | CFD<br>Rio Vista |
|--|-----------------------------|--------------------------------|------------------|
| <b>Assets</b>                                  |                             |                                |                  |
| Cash and investments                           | \$ 487,467                  | 138,173                        | 4,196            |
| Receivables:                                   |                             |                                |                  |
| Interest                                       | -                           | -                              | -                |
| Restricted assets:                             |                             |                                |                  |
| Cash and investments held with fiscal agent    | -                           | 79                             | -                |
| <b>Total Assets</b>                            | <b>487,467</b>              | <b>138,252</b>                 | <b>4,196</b>     |
| <b>Liabilities and Fund Balances</b>           |                             |                                |                  |
| <b>Total Liabilities</b>                       | <b>\$ -</b>                 | <b>-</b>                       | <b>-</b>         |
| <br>Fund balances:                             |                             |                                |                  |
| Restricted                                     | 487,467                     | 138,252                        | 4,196            |
| <b>Total Fund Balances</b>                     | <b>487,467</b>              | <b>138,252</b>                 | <b>4,196</b>     |
| <br><b>Total Liabilities and Fund Balances</b> | <b>\$ 487,467</b>           | <b>138,252</b>                 | <b>4,196</b>     |

| Assessment<br>District 2003-01 | Assessment<br>District 2004-01 | Assessment<br>District 2004-02 | Total            |   |
|--------------------------------|--------------------------------|--------------------------------|------------------|---|
| 842,214                        | 207,753                        | 429,187                        | 3,724,368        | <b>Assets</b>                               |
| -                              | -                              | -                              | 4,241            | Cash and investments                        |
| -                              | -                              | -                              | 79               | Receivables:                                |
| <b>842,214</b>                 | <b>207,753</b>                 | <b>429,187</b>                 | <b>3,728,688</b> | Interest                                    |
|                                |                                |                                |                  | Restricted assets:                          |
|                                |                                |                                |                  | Cash and investments held with fiscal agent |
|                                |                                |                                |                  | <b>Total Assets</b>                         |
|                                |                                |                                |                  | <b>Liabilities and Fund Balances</b>        |
| -                              | -                              | -                              | -                | <b>Total Liabilities</b>                    |
| 842,214                        | 207,753                        | 429,187                        | 3,728,688        | Fund balances:                              |
| <b>842,214</b>                 | <b>207,753</b>                 | <b>429,187</b>                 | <b>3,728,688</b> | Restricted                                  |
|                                |                                |                                |                  | <b>Total Fund Balances</b>                  |
| <b>842,214</b>                 | <b>207,753</b>                 | <b>429,187</b>                 | <b>3,728,688</b> | <b>Total Liabilities and Fund Balances</b>  |

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended June 30, 2022**

|   | <b>Police and<br/>Fire Facilities</b> | <b>Traffic<br/>Signalization</b> | <b>Assessment<br/>District 85-1</b> |
|---|---------------------------------------|----------------------------------|-------------------------------------|
| <b>Revenues</b>                                   |                                       |                                  |                                     |
| Development fees                                  | \$ 27,198                             | 11,952                           | -                                   |
| Use of money and property                         | (5,708)                               | (3,651)                          | (4,623)                             |
| <b>Total Revenues</b>                             | <b>21,490</b>                         | <b>8,301</b>                     | <b>(4,623)</b>                      |
| <b>Expenditures</b>                               |                                       |                                  |                                     |
| Current:  |                                       |                                  |                                     |
| Capital outlay                                    | -                                     | -                                | -                                   |
| <b>Total Expenditures</b>                         | <b>-</b>                              | <b>-</b>                         | <b>-</b>                            |
| Excess (deficiency) of revenues over expenditures | <b>21,490</b>                         | <b>8,301</b>                     | <b>(4,623)</b>                      |
| Net change in fund balances                       | 21,490                                | 8,301                            | (4,623)                             |
| Fund balances - beginning                         | 298,340                               | 196,175                          | 262,709                             |
| <b>Fund Balances - Ending</b>                     | <b>\$ 319,830</b>                     | <b>204,476</b>                   | <b>258,086</b>                      |

| <b>Assessment<br/>District 86-5</b> | <b>Assessment<br/>District 87-2</b> | <b>Assessment<br/>District 88-3</b> |
|-------------------------------------|-------------------------------------|-------------------------------------|
| -                                   | -                                   | -                                   |
| (9,948)                             | (238.83)                            | (4,813)                             |
| <b>(9,948)</b>                      | <b>(239)</b>                        | <b>(4,813)</b>                      |
| -                                   | -                                   | -                                   |
| -                                   | -                                   | -                                   |
| <b>(9,948)</b>                      | <b>(239)</b>                        | <b>(4,813)</b>                      |
| (9,948)                             | (239)                               | (4,813)                             |
| 565,219                             | 13,571                              | 273,437                             |
| <b>555,271</b>                      | <b>13,332</b>                       | <b>268,624</b>                      |

continued

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#### Revenues

Development fees

Use of money and property

#### Total Revenues

#### Expenditures

Current:

Capital outlay

#### Total Expenditures

Excess (deficiency) of revenues over expenditures

Net change in fund balances

Fund balances - beginning

#### Fund Balances - Ending

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds (continued)**  
**For the Year Ended June 30, 2022**

|   | <b>Assessment<br/>District 96-1</b> | <b>Assessment<br/>District 2001-01</b> | <b>CFD<br/>Rio Vista</b> |
|---|-------------------------------------|--|--------------------------|
| <b>Revenues</b>                                   |                                     |  |                          |
| Development fees                                  | \$ -                                | -                                      | -                        |
| Use of money and property                         | -                                   | -                                      | -                        |
| <b>Total Revenues</b>                             | <u>-</u>                            | <u>-</u>                               | <u>-</u>                 |
| <b>Expenditures</b>                               |                                     |  |                          |
| Current:  |                                     |  |                          |
| Capital outlay                                    | -                                   | 162,688                                | -                        |
| <b>Total Expenditures</b>                         | <u>-</u>                            | <u>162,688</u>                         | <u>-</u>                 |
| Excess (deficiency) of revenues over expenditures | -                                   | <b>(162,688)</b>                       | -                        |
| Net change in fund balances                       | -                                   | (162,688)                              | -                        |
| Fund balances - beginning                         | <u>487,467</u>                      | <u>300,940</u>                         | <u>4,196</u>             |
| <b>Fund Balances - Ending</b>                     | <u><b>\$ 487,467</b></u>            | <u><b>138,252</b></u>                  | <u><b>4,196</b></u>      |

| Assessment<br>District 2003-01 | Assessment<br>District 2004-01 | Assessment<br>District 2004-02 | Total            |   |
|--------------------------------|--------------------------------|--------------------------------|------------------|---|
| -                              | -                              | -                              | 39,150           | <b>Revenues</b>                                   |
| -                              | -                              | -                              | (28,982)         | Development fees                                  |
| -                              | -                              | -                              | <b>10,168</b>    | Use of money and property                         |
|                                |                                |                                |                  | <b>Total Revenues</b>                             |
|                                |                                |                                |                  | <b>Expenditures</b>                               |
| -                              | -                              | -                              | 162,688          | Current:  |
| -                              | -                              | -                              | <b>162,688</b>   | Capital outlay                                    |
|                                |                                |                                |                  | <b>Total Expenditures</b>                         |
| -                              | -                              | -                              | <b>(152,520)</b> | Excess (deficiency) of revenues over expenditures |
| -                              | -                              | -                              | (152,520)        | Net change in fund balances                       |
| 842,214                        | 207,753                        | 429,187                        | 3,881,208        | Fund balances - beginning                         |
| <b>842,214</b>                 | <b>207,753</b>                 | <b>429,187</b>                 | <b>3,728,688</b> | <b>Fund Balances - Ending</b>                     |

## PROPRIETARY FUNDS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022

## 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. Funding 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. Funding 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. Funding 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. Funding 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, 2022**

|  | <b>Equipment<br/>Replacement</b> | <b>Insurance</b>  | <b>Technology</b> | <b>Facilities</b> | <b>Total</b>      |
|--|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Assets</b>                              |                                  |                   |                   |                   |                   |
| Current assets:                            |                                  |                   |                   |                   |                   |
| Cash and investments                       | \$ 6,401,601                     | 6,636,449         | 881,511           | 4,283,607         | 18,203,168        |
| Receivables:                               |                                  |                   |                   |                   |                   |
| Interest                                   | 16,805                           | 17,415            | 2,315             | 10,945            | 47,480            |
| Accounts                                   | -                                | 321               | -                 | 2,250             | 2,571             |
| Lease                                      | -                                | -                 | -                 | 71,822            | 71,822            |
| Deposits with PERMA                        | -                                | 3,368,340         | -                 | -                 | 3,368,340         |
| Prepaid assets                             | -                                | 1,833,480         | -                 | -                 | 1,833,480         |
| Inventories                                | 51,668                           | -                 | -                 | -                 | 51,668            |
| <b>Total Current Assets</b>                | <b>\$ 6,470,074</b>              | <b>11,856,005</b> | <b>883,826</b>    | <b>4,368,624</b>  | <b>23,578,529</b> |
| Noncurrent assets:                         |                                  |                   |                   |                   |                   |
| Capital assets:                            |                                  |                   |                   |                   |                   |
| Vehicles and equipment                     | 11,335,595                       | -                 | -                 | -                 | 11,335,595        |
| Intangibles                                | -                                | -                 | 95,097            | -                 | 95,097            |
| Construction in progress                   | -                                | -                 | 710,243           | -                 | 710,243           |
| Accumulated depreciation                   | (6,691,332)                      | -                 | (16,933)          | -                 | (6,708,265)       |
| Net capital assets                         | <b>4,644,263</b>                 | <b>-</b>          | <b>788,407</b>    | <b>-</b>          | <b>5,432,670</b>  |
| <b>Total Noncurrent Assets</b>             | <b>4,644,263</b>                 | <b>-</b>          | <b>788,407</b>    | <b>-</b>          | <b>5,432,670</b>  |
| <b>Total Assets</b>                        | <b>11,114,337</b>                | <b>11,856,005</b> | <b>1,672,233</b>  | <b>4,368,624</b>  | <b>29,011,199</b> |
| <b>Liabilities</b>                         |                                  |                   |                   |                   |                   |
| Current liabilities:                       |                                  |                   |                   |                   |                   |
| Accounts payable                           | \$ 23,204                        | 1,736,212         | 3,756             | -                 | 1,763,172         |
| Deposits from others                       | -                                | -                 | -                 | 4,774             | 4,774             |
| Claims payable                             | -                                | 1,000,000         | -                 | -                 | 1,000,000         |
| Unearned revenue                           | -                                | 635               | -                 | 21,280            | 21,915            |
| <b>Total Current Liabilities</b>           | <b>23,204</b>                    | <b>2,736,847</b>  | <b>3,756</b>      | <b>26,054</b>     | <b>2,789,861</b>  |
| Noncurrent liabilities:                    |                                  |                   |                   |                   |                   |
| Claims payable                             | -                                | 2,374,127         | -                 | -                 | 2,374,127         |
| <b>Total Noncurrent Liabilities</b>        | <b>-</b>                         | <b>2,374,127</b>  | <b>-</b>          | <b>-</b>          | <b>2,374,127</b>  |
| <b>Total Liabilities</b>                   | <b>23,204</b>                    | <b>5,110,974</b>  | <b>3,756</b>      | <b>26,054</b>     | <b>5,163,988</b>  |
| <b>Deferred Inflows of Resources</b>       |                                  |                   |                   |                   |                   |
| Related to leases                          | -                                | -                 | -                 | 70,274            | 70,274            |
| <b>Total Deferred Inflows of Resources</b> | <b>-</b>                         | <b>-</b>          | <b>-</b>          | <b>70,274</b>     | <b>70,274</b>     |
| <b>Net Position</b>                        |                                  |                   |                   |                   |                   |
| Investment in capital assets               | 4,644,263                        | -                 | 788,407           | -                 | 5,432,670         |
| Unrestricted                               | 6,446,870                        | 6,745,031         | 880,070           | 4,272,296         | 18,344,267        |
| <b>Total Net Position</b>                  | <b>\$ 11,091,133</b>             | <b>6,745,031</b>  | <b>1,668,477</b>  | <b>4,272,296</b>  | <b>23,776,937</b> |

**Combining Statement of Revenues, Expenditures, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2022**

|   | <b>Equipment<br/>Replacement</b> | <b>Insurance</b>    | <b>Technology</b> | <b>Facilities</b> | <b>Total</b>       |
|---|----------------------------------|---------------------|-------------------|-------------------|--------------------|
| <b>Operating Revenues</b>                     |                                  |                     |                   |                   |                    |
| Charges for services                          | \$ 1,238,253                     | 9,971,136           | 237,149           | 600,000           | 12,046,538         |
| Other revenue                                 | 73,129                           | 2,186               | 120,815           | 36,356            | 232,486            |
| Lease revenue                                 |                                  |                     |                   | 50,681            | 50,681             |
| Lease revenue interest                        |                                  |                     |                   | 4,258             | 4,258              |
| <b>Total Operating Revenues</b>               | <b>1,311,382</b>                 | <b>9,973,322</b>    | <b>357,964</b>    | <b>691,295</b>    | <b>12,333,963</b>  |
| <b>Operating Expenses</b>                     |                                  |                     |                   |                   |                    |
| Insurance claims and expenses                 | -                                | 9,404,593           | -                 | -                 | 9,404,593          |
| Annual Contributions                          | -                                | 11,250,002          | -                 | -                 | 11,250,002         |
| Depreciation                                  | 769,914                          | -                   | 13,585            | -                 | 783,499            |
| Repairs and maintenance                       | -                                | 93,234              | -                 | 35,306            | 128,540            |
| <b>Total Operating Expenses</b>               | <b>769,914</b>                   | <b>20,747,829</b>   | <b>13,585</b>     | <b>35,306</b>     | <b>21,566,634</b>  |
| Operating income                              | <b>541,468</b>                   | <b>(10,774,507)</b> | <b>344,379</b>    | <b>655,989</b>    | <b>(9,232,671)</b> |
| <b>Nonoperating Revenues (Expenses)</b>       |                                  |                     |                   |                   |                    |
| Gain on sale of capital assets                | 15,081                           | -                   | -                 | -                 | 15,081             |
| Use of money and property                     | (114,011)                        | (292,559)           | (16,463)          | (74,598)          | (497,631)          |
| <b>Total Nonoperating Revenues (Expenses)</b> | <b>(98,930)</b>                  | <b>(292,559)</b>    | <b>(16,463)</b>   | <b>(74,598)</b>   | <b>(482,550)</b>   |
| Income before transfers                       | 442,538                          | (11,067,066)        | 327,916           | 581,391           | (9,715,221)        |
| Transfers in                                  | 268,718                          | -                   | -                 | -                 | 268,718            |
| Change in net position                        | 711,256                          | (11,067,066)        | 327,916           | 581,391           | (9,446,503)        |
| Total net position - as previously reported   | 10,379,877                       | 17,812,098          | 1,340,561         | 3,690,306         | 33,222,842         |
| GASB 87 implementation                        | -                                | -                   | -                 | 598               | 598                |
| <b>Total Net Position - Ending</b>            | <b>\$ 11,091,133</b>             | <b>6,745,032</b>    | <b>1,668,477</b>  | <b>4,272,295</b>  | <b>23,776,937</b>  |

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2022**

|  | <b>Equipment<br/>Replacement</b> | <b>Insurance</b>    | <b>Technology</b> | <b>Facilities</b> | <b>Total</b>       |
|--|----------------------------------|---------------------|-------------------|-------------------|--------------------|
| <b>Cash Flows From Operating Activities</b>  |                                  |                     |                   |                   |                    |
| Receipts from customers and user departments   | \$ 1,311,382                     | 10,329,046          | 357,965           | 640,494           | 12,638,887         |
| Payments to suppliers for goods and services   | (3,380)                          | (20,995,730)        | 1,408             | (35,306)          | (21,033,008)       |
| Rental Income  | -                                | -                   | -                 | 78,058            | 78,058             |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <b>1,308,002</b>                 | <b>(10,666,684)</b> | <b>359,373</b>    | <b>683,246</b>    | <b>(8,316,063)</b> |
| <b>Cash Flows From Noncapital Financing Activities</b>   |                                  |                     |                   |                   |                    |
| Transfers in   | 268,718                          | -                   | -                 | -                 | 268,718            |
| <b>Net Cash Provided by Noncapital Financing Activities</b>                                    | <b>268,718</b>                   | <b>-</b>            | <b>-</b>          | <b>-</b>          | <b>268,718</b>     |
| <b>Cash Flows From Capital and Related Financing Activities</b>                                |                                  |                     |                   |                   |                    |
| Capital asset acquisitions   | (2,360,861)                      | -                   | (74,336)          | -                 | (2,435,197)        |
| Proceeds from the sale of capital assets   | 15,081                           | -                   | -                 | -                 | 15,081             |
| <b>Net Cash (Used) by Capital and Related Financing Activities</b>                             | <b>(2,345,780)</b>               | <b>-</b>            | <b>(74,336)</b>   | <b>-</b>          | <b>(2,420,116)</b> |
| <b>Cash Flows From Investing Activities</b>  |                                  |                     |                   |                   |                    |
| Interest expense   | (117,554)                        | (277,423)           | (17,640)          | (79,278)          | (491,895)          |
| <b>Net Cash (Used) by Investing Activities</b>   | <b>(117,554)</b>                 | <b>(277,423)</b>    | <b>(17,640)</b>   | <b>(79,278)</b>   | <b>(491,895)</b>   |
| Net increase (decrease) in cash and cash equivalents   | (886,614)                        | (10,944,107)        | 267,397           | 603,968           | (10,959,356)       |
| Cash and cash equivalents - beginning  | 7,288,214                        | 17,580,555          | 614,115           | 3,679,640         | 29,162,524         |
| <b>Cash and Cash Equivalents - Ending</b>  | <b>\$ 6,401,600</b>              | <b>6,636,448</b>    | <b>881,512</b>    | <b>4,283,608</b>  | <b>18,203,168</b>  |
| <b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b> |                                  |                     |                   |                   |                    |
| Operating Income   | 541,469                          | (10,774,508)        | 344,380           | 655,989           | (9,232,670)        |
| Adjustments to Reconcile operating income to net cash provided (used) by operating activities: |                                  |                     |                   |                   |                    |
| Depreciation   | 769,914                          | -                   | 13,585            | -                 | 783,499            |
| Accounts receivable  | -                                | 7,223               | -                 | (65,576)          | (58,353)           |
| Leases receivable  | -                                | -                   | -                 | 70,274            | 70,274             |
| Deposits with PERMA  | -                                | 349,045             | -                 | -                 | 349,045            |
| Prepaid assets   | -                                | (1,704,082)         | -                 | -                 | (1,704,082)        |
| Inventories  | (21,699)                         | -                   | -                 | -                 | (21,699)           |
| Accounts payable   | 18,318                           | 1,677,772           | 1,408             | -                 | 1,697,498          |
| Unearned revenue   | -                                | (544)               | -                 | 22,559            | 22,015             |
| Claims payable   | -                                | (221,590)           | -                 | -                 | (221,590)          |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <b>\$ 1,308,002</b>              | <b>(10,666,684)</b> | <b>359,373</b>    | <b>683,246</b>    | <b>(8,316,063)</b> |



# Cathedral City

## FIDUCIARY FUNDS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022

## FIDUCIARY FUNDS

Fiduciary funds are trust and custodial funds accounting 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, custodial funds, external investment trust funds and private-purpose trust 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 & 2021 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.

## CUSTODIAL FUNDS

Custodial 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 (35<sup>th</sup> 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 Funds**  
**June 30, 2022**

|   | <b>Redevelopment<br/>Obligation<br/>Retirement</b> | <b>Successor Agency<br/>2014 &amp; 2021<br/>Series A/B/C TABs</b> | <b>Successor<br/>Agency<br/>Administration</b> |
|---|--|---|--|
| <b>Assets</b>                               |  |   |  |
| Cash and investments                        | \$ 9,407,914                                       | -   | -  |
| Receivables:                                |  |   |  |
| Interest                                    | -  | -   | -  |
| Intergovernmental receivable                | 2,727,253  |   |  |
| Prepaid assets                              | -  | 950,530   | -  |
| Restricted assets:                          |  |   |  |
| Cash and investments held with fiscal agent | -  | 3,196,159   | -  |
| <b>Total Assets</b>                         | <b>\$ 12,135,167</b>                               | <b>4,146,689</b>  | <b>-</b>                                       |
| <b>Liabilities</b>                          |  |   |  |
| Accounts payable                            | \$ -   | -   | -  |
| Intergovernmental payable                   | -  | 2,727,253   |  |
| Accrued interest                            | -  | 1,767,557   | -  |
| Noncurrent liabilities:                     |  |   |  |
| Due in one year                             | -  | 6,230,000   | -  |
| Due in more than one year                   | -  | 102,896,619   | -  |
| <b>Total Liabilities</b>                    | <b>-</b>   | <b>113,621,429</b>  | <b>-</b>                                       |
| <b>Net Position</b>                         |  |   |  |
| Restricted for:                             |  |   |  |
| Restricted for dissolution of former RDA    | 12,135,167   | (109,474,740)   | -  |
| <b>Total Net Position</b>                   | <b>\$ 12,135,167</b>                               | <b>(109,474,740)</b>  | <b>-</b>                                       |

| <u>Successor<br/>Agency Other</u> | <u>Successor<br/>Agency 2007<br/>Series A TAB</u> | <u>Successor<br/>Agency 2007<br/>Series C TAB</u> | <u>Total</u>         |   |
|-----------------------------------|---|---|----------------------|---|
| -                                 | 157,515   | 260,941   | 9,826,370            | <b>Assets</b>                               |
| -                                 | 404   | 670   | 1,074                | Cash and investments                        |
| -                                 | -   | -   | 2,727,253            | Receivables:                                |
| -                                 | -   | -   | 950,530              | Interest                                    |
| -                                 | -   | -   | 3,196,159            | Intergovernmental receivable                |
| -                                 | -   | -   | 16,701,386           | Prepaid assets                              |
| -                                 | -   | -   |                      | Restricted assets:                          |
| -                                 | -   | -   |                      | Cash and investments held with fiscal agent |
| <u>18,911,962</u>                 | <u>157,919</u>                                    | <u>261,611</u>                                    |                      | <b>Total Assets</b>                         |
|                                   |   |   |                      |   |
| -                                 | 105,000   | -   | 105,000              | <b>Liabilities</b>                          |
| -                                 | -   | -   | 2,727,253            | Accounts payable                            |
| -                                 | -   | -   | 1,767,557            | Intergovernmental payable                   |
| -                                 | -   | -   | 6,230,000            | Accrued interest                            |
| <u>18,911,962</u>                 | <u>-</u>  | <u>-</u>  | <u>121,808,581</u>   | Noncurrent liabilities:                     |
| <u>18,911,962</u>                 | <u>105,000</u>                                    | <u>-</u>  | <u>132,638,391</u>   | Due in one year                             |
|                                   |   |   |                      | Due in more than one year                   |
|                                   |   |   |                      | <b>Total Liabilities</b>                    |
|                                   |   |   |                      |   |
| (18,911,962)                      | 52,919  | 261,611   | (115,937,005)        | <b>Net Position</b>                         |
| <u>(18,911,962)</u>               | <u>52,919</u>                                     | <u>261,611</u>                                    | <u>(115,937,005)</u> | Restricted for:                             |
|                                   |   |   |                      | Restricted for dissolution of former RDA    |
|                                   |   |   |                      | <b>Total Net Position</b>                   |



**Combining Statement of Changes in Fiduciary Net Position**  
**Private-Purpose Trust Funds - Successor Agency Trust Funds**  
**For the Year Ended June 30, 2022**

|                                       | <b>Redevelopment<br/>Obligation<br/>Retirement</b> | <b>Successor Agency<br/>2014 &amp; 2021<br/>Series A/B/C TABs</b> | <b>Successor<br/>Agency<br/>Administration</b> |
|---------------------------------------|--|---|--|
| <b>Additions</b>                      |  |   |  |
| Taxes                                 | \$ 15,258,072                                      | -   | -  |
| Use of money and property             | -  | 19  | -  |
| <b>Total Additions</b>                | <b>15,258,072</b>                                  | <b>19</b>   | <b>-</b>                                       |
| <b>Deductions</b>                     |  |   |  |
| Administrative expenses               | -  | 86,962  | -  |
| Contractual services                  | 20,393   | -   | -  |
| Interest expense                      | -  | 3,272,599   | -  |
| Contributions to other governments    | 3,995,042  | -   | 250,000  |
| <b>Total Deductions</b>               | <b>4,015,435</b>                                   | <b>3,359,561</b>  | <b>250,000</b>                                 |
| <b>Transfers In (Out)</b>             |  |   |  |
| Transfers in                          | -  | 10,351,409  | 250,000  |
| Transfers out                         | (10,601,409)                                       | -   | -  |
| <b>Total Transfers In (Out)</b>       | <b>(10,601,409)</b>                                | <b>10,351,409</b>   | <b>250,000</b>                                 |
| Change in net position                | 641,228  | 6,991,867   | -  |
| Net Position - beginning of the year  | 11,493,939   | (116,466,607)   | -  |
| <b>Net Position - End of the Year</b> | <b>\$ 12,135,167</b>                               | <b>(109,474,740)</b>  | <b>-</b>                                       |

| Successor<br>Agency Other | Successor<br>Agency 2007<br>Series A TAB | Successor<br>Agency 2007<br>Series C TAB | Total                |                                       |
|---------------------------|--|--|----------------------|---------------------------------------|
| -                         | -  | -  | 15,258,072           | <b>Additions</b>                      |
| -                         | 1,050                                    | 1,739                                    | 2,808                | Taxes                                 |
| -                         | <b>1,050</b>                             | <b>1,739</b>                             | <b>15,260,880</b>    | Use of money and property             |
|                           |  |  |                      | <b>Total Additions</b>                |
| -                         | -  | -  | 86,962               | <b>Deductions</b>                     |
| -                         | 105,000                                  | -  | 125,393              | Administrative expenses               |
| 977,058                   | -  | -  | 4,249,657            | Contractual services                  |
| -                         | -  | -  | 4,245,042            | Interest expense                      |
| <b>977,058</b>            | <b>105,000</b>                           | -  | <b>8,707,054</b>     | Contributions to other governments    |
|                           |  |  |                      | <b>Total Deductions</b>               |
| -                         | -  | -  | 10,601,409           | <b>Transfers In (Out)</b>             |
| -                         | -  | -  | (10,601,409)         | Transfers in                          |
| -                         | -  | -  | -                    | Transfers out                         |
|                           |  |  |                      | <b>Total Transfers In (Out)</b>       |
| (977,058)                 | (103,950)                                | 1,739                                    | 6,553,826            | Change in net position                |
| (17,934,904)              | 156,870                                  | 259,871                                  | (122,490,831)        | Net Position - beginning of the year  |
| <b>(18,911,962)</b>       | <b>52,920</b>                            | <b>261,610</b>                           | <b>(115,937,005)</b> | <b>Net Position - End of the Year</b> |

**Combining Statement of Fiduciary Net Position**  
**All Custodial Funds**  
**June 30, 2022**

|  | Assessment Dist<br>96-1 Debt Svc | Assessment Dist<br>01-01 Debt Svc | Comm Fac Dist<br>00-01 Debt Svc |
|--|----------------------------------|-----------------------------------|---------------------------------|
| <b>Assets</b>                                      |                                  |                                   |                                 |
| Cash and investments                               | \$ 872,333                       | 371,954                           | 794,591                         |
| Receivables:                                       |                                  |                                   |                                 |
| Interest   | 3,569                            | 1,339                             | 2,097                           |
| Special assessments                                | 9,577                            | 2,039                             | 185,338                         |
| Restricted assets:                                 |                                  |                                   |                                 |
| Cash and investments held with fiscal agent        | -                                | 9                                 | 1                               |
| <b>Total Assets</b>                                | <b>\$ 885,479</b>                | <b>375,341</b>                    | <b>982,027</b>                  |
| <b>Liabilities</b>                                 |                                  |                                   |                                 |
| Accounts payable                                   | \$ -                             | -                                 | 13,764                          |
| <b>Total Liabilities</b>                           | <b>-</b>                         | <b>-</b>                          | <b>13,764</b>                   |
| <b>Net Position</b>                                |                                  |                                   |                                 |
| Restricted for organizations and other governments | 885,479                          | 375,341                           | 968,263                         |
| <b>Total Net Position</b>                          | <b>\$ 885,479</b>                | <b>375,341</b>                    | <b>968,263</b>                  |

See accompanying notes to basic financial statements.

| Assessment Dist<br>03-01 Debt Svc | Assessment Dist<br>04-01 Debt Svc | Assessment Dist<br>04-02 Debt Svc | Total Custodial<br>funds |
|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------|
| 702,429                           | 618,170                           | 2,100,470                         | 5,459,947                |
| 4,055                             | 2,168                             | 6,640                             | 19,868                   |
| 10,180                            | 52,665                            | 44,680                            | 304,479                  |
| -                                 | -                                 | -                                 | 10                       |
| <b>716,664</b>                    | <b>673,003</b>                    | <b>2,151,790</b>                  | <b>5,784,304</b>         |
| -                                 | -                                 | -                                 | 13,764                   |
| -                                 | -                                 | -                                 | <b>13,764</b>            |
| 716,664                           | 673,003                           | 2,151,790                         | 5,770,540                |
| <b>716,664</b>                    | <b>673,003</b>                    | <b>2,151,790</b>                  | <b>5,770,540</b>         |

#### Assets

Cash and investments

Receivables:

Interest

Special assessments

Restricted assets:

Cash and investments held with fiscal agent

#### Total Assets

#### Liabilites

Accounts payable

#### Total Liabilities

#### Net Position

Restricted for organizations and other governments

#### Total Net Position

**Combining Statement of Changes in Fiduciary Net Position**  
**All Custodial Funds**  
**For the Year Ended June 30, 2022**

|  | Assessment Dist<br>96-1 Debt Svc | Assessment Dist<br>01-01 Debt Svc | Comm Fac Dist<br>00-01 Debt Svc |
|--|----------------------------------|-----------------------------------|---------------------------------|
| <b>Additions</b>   |                                  |                                   |                                 |
| Special assessments  | \$ 427,100                       | 263,634                           | 777,321                         |
| Use of money and property                                    | (25,273)                         | -                                 | -                               |
| <b>Total Additions</b>                                       | <b>401,827</b>                   | <b>263,634</b>                    | <b>777,321</b>                  |
| <b>Deductions</b>  |                                  |                                   |                                 |
| Administrative expenses                                      | -                                | -                                 | 12,017                          |
| Contractual services   | 45,323                           | 12,038                            | 120,339                         |
| Interest expense   | 105,969                          | 79,819                            | 629,927                         |
| Bond payment   | 270,188                          | 175,000                           | -                               |
| <b>Total deductions</b>                                      | <b>421,480</b>                   | <b>266,857</b>                    | <b>762,283</b>                  |
| Change in net position                                       | (19,653)                         | (3,223)                           | 15,038                          |
| Net Position - beginning of the year, as previously reported | (959,436)                        | (811,436)                         | (8,266,775)                     |
| Restatement of Net Position (Note G)                         | 1,864,568                        | 1,190,000                         | 9,220,000                       |
| Beginning of year, as restated                               | 905,132                          | 378,564                           | 953,225                         |
| <b>Net Position - End of the Year</b>                        | <b>\$ 885,479</b>                | <b>375,341</b>                    | <b>968,263</b>                  |

See accompanying notes to basic financial statements.

| Assessment Dist<br>03-01 Debt Svc | Assessment Dist<br>04-01 Debt Svc | Assessment Dist<br>04-02 Debt Svc | Total Custodial<br>Funds |
|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------|
| 474,786                           | 426,660                           | 2,022,683                         | 4,392,184                |
| -                                 | -                                 | -                                 | (25,273)                 |
| <b>474,786</b>                    | <b>426,660</b>                    | <b>2,022,683</b>                  | <b>4,366,911</b>         |
| 9,484                             | 14,099                            | 33,827                            | 69,427                   |
| 6,210                             | 8,298                             | 17,106                            | 209,314                  |
| 257,349                           | 232,392                           | 1,002,276                         | 2,307,732                |
| 225,000                           | 185,000                           | 980,000                           | 1,835,188                |
| <b>498,043</b>                    | <b>439,789</b>                    | <b>2,033,209</b>                  | <b>4,421,661</b>         |
| (23,257)                          | (13,129)                          | (10,526)                          | (54,750)                 |
| (3,255,079)                       | (3,063,868)                       | (17,302,684)                      | (33,659,278)             |
| 3,995,000                         | 3,750,000                         | 19,465,000                        | 39,484,568               |
| 739,921                           | 686,132                           | 2,162,316                         | 5,825,290                |
| <b>716,664</b>                    | <b>673,003</b>                    | <b>2,151,790</b>                  | <b>5,770,540</b>         |

#### Additions

Special assessments  
Use of money and property

#### Total Additions

#### Deductions

Administrative expenses  
Contractual services  
Interest expense  
Bond payment

#### Total deductions

Change in net position

Net Position - beginning of the year, as  
previously reported

Restatement of Net Position (Note G)

Beginning of year, as restated

#### Net Position - End of the Year

## STATISTICAL (UNAUDITED)



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022

## CONTENTS

This part of the City of Cathedral City's annual comprehensive 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.

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### **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.

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### **186      REVENUE CAPACITY**

These schedules contain information to help the reader assess the City's local revenue sources of sales tax and property tax.

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### **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.

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### **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.

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### **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.



# FINANCIAL TRENDS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022



Cathedral City

## Net Position by Component

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

|   | Fiscal Year    |              |               |               |               |
|---|----------------|--------------|---------------|---------------|---------------|
|   | 2013           | 2014         | 2015          | 2016          | 2017          |
| <b>Governmental activities:</b>                   |                |              |               |               |               |
| Net investment in capital assets                  | 95,005         | 95,321       | 150,220       | 153,866       | 148,362       |
| Restricted  | 51,116         | 58,199       | 58,485        | 92,298        | 86,986        |
| Unrestricted                                      | (153,315)      | (150,840)    | (147,400)     | (184,264)     | (181,885)     |
| <b>Total governmental activities net position</b> | <b>(7,194)</b> | <b>2,680</b> | <b>61,305</b> | <b>61,900</b> | <b>53,463</b> |
| <b>Primary government:</b>                        |                |              |               |               |               |
| Net investment in capital assets                  | 95,005         | 95,321       | 150,220       | 153,866       | 148,362       |
| Restricted  | 51,116         | 58,199       | 58,485        | 92,298        | 86,986        |
| Unrestricted                                      | (153,315)      | (150,840)    | (147,400)     | (184,264)     | (181,885)     |
| <b>Total primary government net position</b>      | <b>(7,194)</b> | <b>2,680</b> | <b>61,305</b> | <b>61,900</b> | <b>53,463</b> |
|   | Note 1         |              | Note 2        |               |               |

### Notes to Schedule:

**Note 1:** Restated balances - includes prior period adjustment of (\$14).

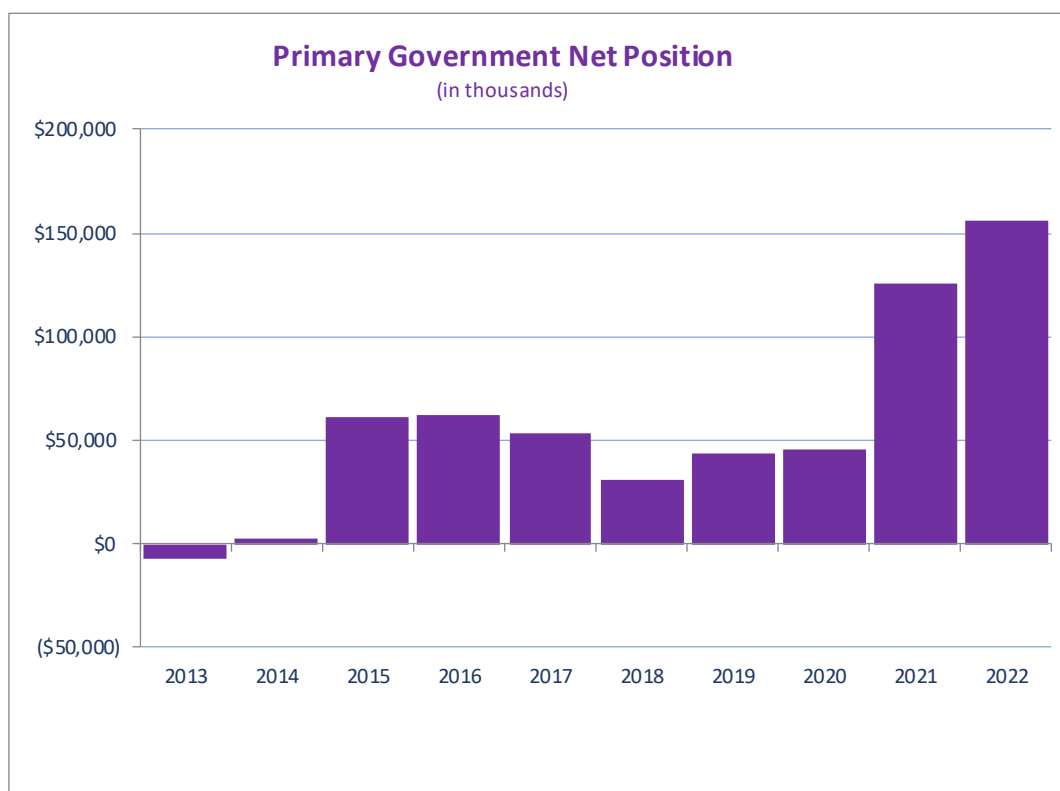
**Note 2:** Restated balances - includes prior period adjustment of (\$682).

**Note 3:** Restated balances - includes prior period adjustment of (\$32,564).

**Note 4:** Restated balances - includes prior period adjustment of (\$10).

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

| Fiscal Year   |               |               |                |                |   |
|---------------|---------------|---------------|----------------|----------------|---|
| 2018          | 2019          | 2020          | 2021           | 2022           |   |
| 158,755       | 164,676       | 164,895       | 181,191        | 189,060        | <b>Governmental activities:</b>                   |
| 81,329        | 59,708        | 60,653        | 60,369         | 69,979         | Net investment in capital assets                  |
| (209,315)     | (180,835)     | (180,272)     | (115,925)      | (103,494)      | Restricted  |
| <b>30,769</b> | <b>43,549</b> | <b>45,276</b> | <b>125,635</b> | <b>155,545</b> | Unrestricted                                      |
|               |               |               |                |                | <b>Total governmental activities net position</b> |
| 158,755       | 164,676       | 164,895       | 181,191        | 189,060        | <b>Primary government:</b>                        |
| 81,329        | 59,708        | 60,653        | 60,369         | 69,979         | Net investment in capital assets                  |
| (209,315)     | (180,835)     | (180,272)     | (115,925)      | (103,494)      | Restricted  |
| <b>30,769</b> | <b>43,549</b> | <b>45,276</b> | <b>125,635</b> | <b>155,545</b> | Unrestricted                                      |
|               |               |               |                |                | <b>Total primary government net position</b>      |
| Note 3        |               |               |                | Note 4         |   |



## Changes in Net Position

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

|   | Fiscal Year        |                 |                 |                 |                 |
|---|--------------------|-----------------|-----------------|-----------------|-----------------|
|   | 2013               | 2014            | 2015            | 2016            | 2017            |
| <b>Expenses</b>                                       |                    |                 |                 |                 |                 |
| <b>Governmental activities:</b>                       |                    |                 |                 |                 |                 |
| General government!                                   | \$ 8,827           | 11,340          | 10,543          | 10,550          | 12,378          |
| Community development!                                | 9,474              | 5,906           | 4,741           | 7,455           | 12,929          |
| Culture and recreation!                               | 562                | 524             | 695             | 1,134           | 979             |
| Public safety   | 23,110             | 24,083          | 23,005          | 22,324          | 26,663          |
| Public works  | 7,581              | 7,804           | 7,704           | 7,874           | 8,971           |
| Interest on long-term debt                            | 10,755             | 10,497          | 7,560           | 7,052           | 7,090           |
| <b>Total governmental activities</b>                  | <b>\$ 60,309</b>   | <b>60,154</b>   | <b>54,248</b>   | <b>56,389</b>   | <b>69,010</b>   |
| <b>Program Revenues</b>                               |                    |                 |                 |                 |                 |
| <b>Governmental activities:</b>                       |                    |                 |                 |                 |                 |
| Charges for services:                                 |                    |                 |                 |                 |                 |
| General government                                    | \$ 2,289           | 2,273           | 3,541           | 2,888           | 3,512           |
| Community development                                 | 63                 | 590             | 459             | 702             | 714             |
| Public safety   | 6,781              | 8,479           | 3,843           | 3,471           | 3,665           |
| Public works  | 726                | 759             | 761             | 798             | 843             |
| Operating grants and contributions                    | 8,110              | 18,598          | 18,051          | 15,066          | 11,636          |
| Capital grants and contributions                      | 4,329              | 10,052          | 4,767           | 624             | 2,998           |
| <b>Total governmental activities program revenues</b> | <b>\$ 22,298</b>   | <b>40,751</b>   | <b>31,422</b>   | <b>23,549</b>   | <b>23,368</b>   |
| <b>Net (Expense)/Revenue</b>                          |                    |                 |                 |                 |                 |
| <b>Total Primary Government Net Expense</b>           | <b>\$ (38,011)</b> | <b>(19,403)</b> | <b>(22,826)</b> | <b>(32,840)</b> | <b>(45,642)</b> |

| Fiscal Year     |                 |                 |                 |                 |   |
|-----------------|-----------------|-----------------|-----------------|-----------------|---|
| 2018            | 2019            | 2020            | 2021            | 2022            |   |
|                 |                 |                 |                 |                 | <b>Expenses</b>                                       |
|                 |                 |                 |                 |                 | <b>Governmental activities:</b>                       |
| 22,668          | 12,914          | 16,393          | 15,585          | 19,340          | General government                                    |
| 5,864           | 6,416           | 6,345           | 9,782           | 6,725           | Community development                                 |
| 729             | 1,125           | 859             | 740             | 1,136           | Culture and recreation                                |
| 28,948          | 31,259          | 33,182          | 35,006          | 17,543          | Public safety   |
| 12,860          | 9,267           | 11,600          | 9,132           | 9,259           | Public works  |
| 6,852           | 6,581           | 6,366           | 5,015           | 2,826           | Interest on long-term debt                            |
| <b>77,921</b>   | <b>67,562</b>   | <b>74,745</b>   | <b>75,260</b>   | <b>56,829</b>   | <b>Total governmental activities</b>                  |
|                 |                 |                 |                 |                 | <b>Program Revenues</b>                               |
|                 |                 |                 |                 |                 | <b>Governmental activities:</b>                       |
|                 |                 |                 |                 |                 | Charges for services:                                 |
| 15,764          | 8,471           | 9,532           | 11,226          | 5,872           | General government                                    |
| 1,166           | 1,178           | 951             | 1,239           | 773             | Community development                                 |
| 4,055           | 4,067           | 4,861           | 4,363           | 4,059           | Public safety   |
| 906             | 894             | 666             | 749             | 761             | Public works  |
| 14,023          | 13,412          | 13,114          | 13,695          | 11,388          | Operating grants and contributions                    |
| 14,097          | 7,860           | 2,593           | 22,019          | 12,361          | Capital grants and contributions                      |
| <b>50,011</b>   | <b>35,882</b>   | <b>31,717</b>   | <b>53,291</b>   | <b>35,214</b>   | <b>Total governmental activities program revenues</b> |
|                 |                 |                 |                 |                 | <b>Net (Expense)/Revenue</b>                          |
| <b>(27,910)</b> | <b>(31,680)</b> | <b>(43,028)</b> | <b>(21,969)</b> | <b>(21,615)</b> | <b>Total Primary Government Net Expense</b>           |

continued

## Changes in Net Position (continued)

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

|   | Fiscal Year        |               |                |               |                |
|---|--------------------|---------------|----------------|---------------|----------------|
|   | 2013               | 2014          | 2015           | 2016          | 2017           |
| <b>General Revenues and Other Changes in Net Position</b> |                    |               |                |               |                |
| <b>Governmental activities:</b>                           |                    |               |                |               |                |
| Taxes:  |                    |               |                |               |                |
| Cannabis tax  | \$ -               | -             | -              | 47            | 450            |
| Franchise tax   | 1,882              | 1,980         | 1,995          | 2,021         | 2,146          |
| Property tax  | 5,450              | 5,398         | 6,306          | 7,429         | 7,869          |
| Sales tax (Note 1)  | 7,823              | 8,929         | 9,490          | 9,695         | 8,821          |
| Transactions and use tax                                  | 4,725              | 4,912         | 5,327          | 5,821         | 5,658          |
| Transient occupancy tax/timeshare developer!              | 1,644              | 1,883         | 2,000          | 2,328         | 3,070          |
| Utility users tax   | 2,802              | 2,763         | 2,803          | 2,754         | 2,717          |
| Investment and interest income                            | 2,620              | 2,953         | 2,867          | 4,296         | 5,117          |
| Other revenues  | 791                | 460           | 456            | 318           | 1,357          |
| Extraordinary items                                       | (2,567)            | -             | -              | -             | -              |
| Proceeds of capital asset                                 | -                  | -             | -              | -             | -              |
| Special items   | -                  | -             | 82,563         | (1,274)       | -              |
| <b>Total governmental activities</b>                      | <b>\$ 25,170</b>   | <b>29,278</b> | <b>113,807</b> | <b>33,435</b> | <b>37,205</b>  |
| <b>Changes in Net Position</b>                            |                    |               |                |               |                |
| <b>Total Primary Government</b>                           | <b>\$ (12,841)</b> | <b>9,875</b>  | <b>90,981</b>  | <b>595</b>    | <b>(8,437)</b> |
|   |                    |               |                | (Note 1)      |                |

### Notes to Schedule:

**Note 1:** 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 2014/2015, with final payments being received in fiscal year 2015/2016.

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

| Fiscal Year   |               |               |                |               |   |
|---------------|---------------|---------------|----------------|---------------|---|
| 2018          | 2019          | 2020          | 2021           | 2022          |   |
|               |               |               |                |               | <b>General Revenues and Other Changes in Net Position</b> |
|               |               |               |                |               | <b>Governmental activities:</b>                           |
|               |               |               |                |               | Taxes:  |
| 1,894         | 4,607         | 4,356         | 5,097          | 4,508         | Cannabis tax  |
| 2,114         | 2,231         | 2,213         | 2,440          | 2,684         | Franchise tax   |
| 8,626         | 9,128         | 9,933         | 9,834          | 10,520        | Property tax  |
| 9,155         | 10,412        | 9,370         | 12,430         | 14,033        | Sales tax (Note 1)  |
| 6,105         | 7,289         | 6,644         | 8,049          | 9,712         | Transactions and use tax                                  |
| 3,726         | 4,232         | 3,379         | 3,670          | 5,313         | Transient occupancy tax/timeshare developer               |
| 2,699         | 2,692         | 2,694         | 2,940          | 3,242         | Utility users tax   |
| 2,713         | 3,498         | 3,996         | 2,418          | 676           | Investment and interest income                            |
| 747           | 371           | 2,171         | 399            | 801           | Other revenues  |
| -             | -             | -             | -              | -             | Extraordinary items                                       |
| -             | -             | -             | -              | 47            | Proceeds of capital asset                                 |
| -             | -             | -             | 55,051         | -             | Special items   |
| <b>37,779</b> | <b>44,460</b> | <b>44,755</b> | <b>102,328</b> | <b>51,536</b> | <b>Total governmental activities</b>                      |
|               |               |               |                |               |   |
| <b>9,869</b>  | <b>12,780</b> | <b>1,727</b>  | <b>80,359</b>  | <b>29,921</b> | <b>Changes in Net Position</b>                            |
|               |               |               |                |               | <b>Total Primary Government</b>                           |



## Fund Balances of Governmental Funds

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

|  | Fiscal Year      |               |               |               |               |
|--|------------------|---------------|---------------|---------------|---------------|
|  | 2013             | 2014          | 2015          | 2016          | 2017          |
| <b>General Fund:</b>                           |                  |               |               |               |               |
| Nonspendable                                   | \$ 3,558         | 28            | 13            | 48            | 10            |
| Restricted                                     | 50               | 3,710         | 3,353         | 3,177         | 2,994         |
| Assigned                                       | 4,120            | 4,644         | 680           | 830           | 4,341         |
| Unassigned                                     | 6,728            | 10,605        | 16,626        | 19,186        | 17,656        |
| <b>Total General Fund</b>                      | <b>\$ 14,456</b> | <b>18,987</b> | <b>20,672</b> | <b>23,241</b> | <b>25,001</b> |
|  | Note 4           |               |               |               |               |
| <b>All other governmental funds (Notes 2):</b> |                  |               |               |               |               |
| Nonspendable (Note 3)                          | 19,322           | -             | -             | 1             | 1             |
| Restricted (Note 3)                            | 28,914           | 54,567        | 54,259        | 88,754        | 81,465        |
| Assigned                                       | -                | 658           | 172           | 247           | 297           |
| Unassigned                                     | -                | -             | -             | -             | (79)          |
| <b>Total all other governmental funds</b>      | <b>\$ 48,236</b> | <b>55,225</b> | <b>54,431</b> | <b>89,002</b> | <b>81,684</b> |
|  | Note 4           |               |               |               |               |

### Notes to Schedule:

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

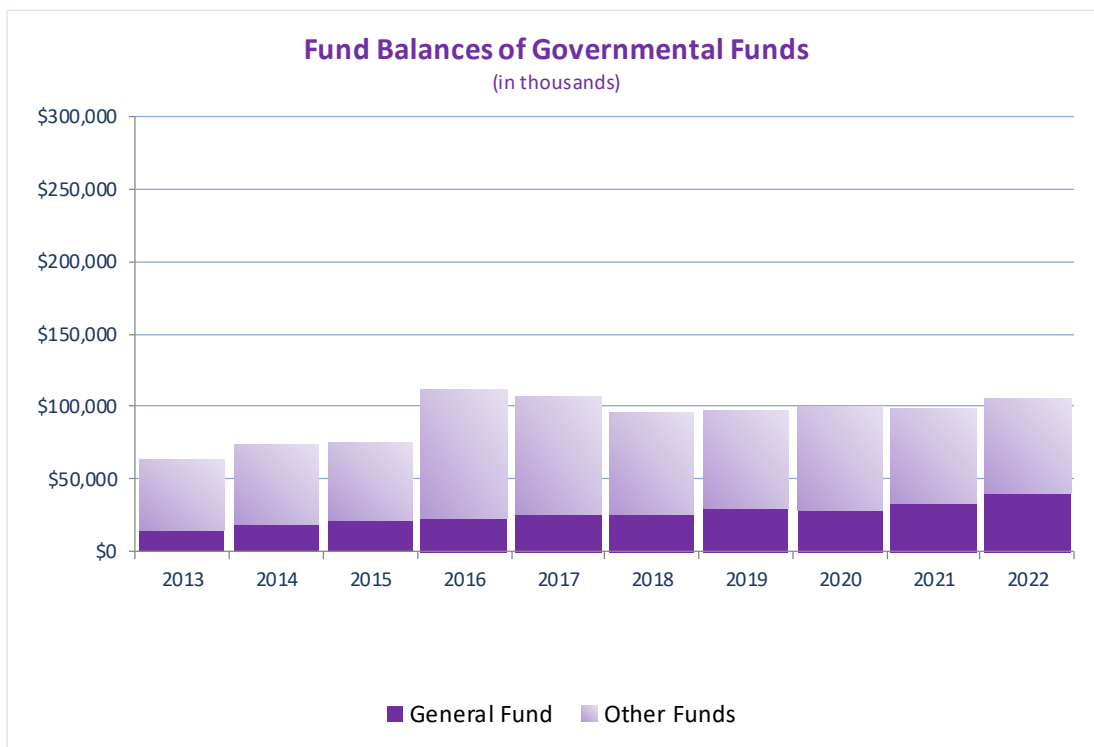
**Note 2:** Total all other governmental fund balances decreased as of June 30, 2012, as a result of the City's redevelopment agency being dissolved in accordance with AB 1X-26. The dissolution became effective February 1, 2012. All assets of the former redevelopment agency (special revenue, capital projects and debt service funds) were recorded in private-purpose trust funds for payment of outstanding obligations.

**Note 3:** 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 4:** Restated balances - includes prior period adjustments.

**Source:** City of Cathedral City, Fund Financial Statements

| Fiscal Year   |               |               |               |               |  |
|---------------|---------------|---------------|---------------|---------------|--|
| 2018          | 2019          | 2020          | 2021          | 2022          |  |
| 16            | 6             | 64            | 1,980         | 1,985         | <b>General Fund:</b>                           |
| 2,798         | 2,632         | 2,587         | 2,587         | 2,339         | Nonspendable                                   |
| 863           | 833           | 503           | 1,133         | 420           | Restricted                                     |
| 22,044        | 25,867        | 24,401        | 28,155        | 35,623        | Assigned                                       |
| <b>25,721</b> | <b>29,338</b> | <b>27,555</b> | <b>33,855</b> | <b>40,367</b> | Unassigned                                     |
|               |               |               |               |               | <b>Total General Fund</b>                      |
| 2             | 7             | -             | -             | -             | <b>All other governmental funds (Notes 2):</b> |
| 70,548        | 68,205        | 72,413        | 64,395        | 65,114        | Nonspendable (Note 3)                          |
| -             | -             | -             | -             | -             | Restricted (Note 3)                            |
| -             | -             | -             | -             | -             | Assigned                                       |
| -             | -             | -             | -             | -             | Unassigned                                     |
| <b>70,550</b> | <b>68,212</b> | <b>72,413</b> | <b>64,395</b> | <b>65,114</b> | <b>Total all other governmental funds</b>      |



## Changes in Fund Balances of Governmental Funds

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

|  | 2013               | 2014            | 2015           | 2016          | 2017           |
|--|--------------------|-----------------|----------------|---------------|----------------|
| <b>Revenues</b>  |                    |                 |                |               |                |
| Taxes  | \$ 23,816          | 25,011          | 26,776         | 29,775        | 30,566         |
| Intergovernmental  | 6,602              | 7,419           | 11,254         | 7,035         | 4,893          |
| Licenses and permits   | 857                | 970             | 1,104          | 1,197         | 1,349          |
| Fines and forfeitures  | 624                | 487             | 498            | 463           | 597            |
| Charges for services   | 4,351              | 4,502           | 6,251          | 5,259         | 6,019          |
| Special assessments  | 4,028              | 5,755           | 599            | 561           | 571            |
| Development fees   | 156                | 74              | 222            | 84            | 170            |
| Use of money and property                                    | 1,029              | 1,181           | 917            | 1,991         | 2,738          |
| Contributions from City                                      | -                  | -               | -              | 794           | -              |
| Contributions from property owners!                          | -                  | 4,532           | -              | 3,418         | -              |
| Contributions from other entities                            | -                  | -               | -              | -             | 1,400          |
| Contributions from other governments                         | 6,839              | 18,980          | 13,768         | 8,783         | 8,722          |
| Other revenue  | 668                | 848             | 637            | 670           | 460            |
| <b>Total Revenues</b>  | <b>\$ 48,970</b>   | <b>69,759</b>   | <b>62,026</b>  | <b>60,030</b> | <b>57,485</b>  |
| <b>Expenditures</b>  |                    |                 |                |               |                |
| General government   | \$ 7,329           | 8,439           | 9,537          | 8,861         | 9,910          |
| Community development  | 13,215             | 5,384           | 4,381          | 4,662         | 5,679          |
| Culture and recreation                                       | 426                | 254             | 425            | 742           | 709            |
| Public safety  | 20,814             | 20,897          | 21,689         | 22,114        | 24,006         |
| Public works   | 2,464              | 2,741           | 3,247          | 2,950         | 3,497          |
| Capital outlay (Note 1)                                      | 1,211              | 4,228           | 6,797          | 4,254         | 8,625          |
| Principal retirement   | 5,785              | 6,063           | 85,384         | 10,624        | 5,206          |
| Interest   | 10,598             | 10,329          | 8,958          | 6,459         | 6,840          |
| Debt issuance costs  | -                  | -               | -              | 838           | -              |
| <b>Total Expenditures</b>                                    | <b>\$ 61,842</b>   | <b>58,335</b>   | <b>140,418</b> | <b>61,504</b> | <b>64,472</b>  |
| Excess (deficiency) of revenues<br>over (under) expenditures | (12,872)           | (78,392)        | (1,474)        | (6,987)       | (9,319)        |
| <b>Other Financing Sources (Uses)</b>                        |                    |                 |                |               |                |
| Issuance of debt   | -                  | 137             | -              | 36,170        | -              |
| Issuance of refunding debt                                   | -                  | -               | -              | 6,698         | -              |
| Payment to refund bond escrow                                | -                  | -               | -              | -             | -              |
| Related to leases  | -                  | -               | -              | -             | -              |
| Proceeds from sale of capital assets                         | -                  | -               | -              | -             | 1,448          |
| Gain (loss) on sale of assets held for disposition!          | -                  | -               | (36)           | -             | -              |
| Transfers in   | 2,641              | 1,741           | 12,910         | 2,146         | 508            |
| Transfers out  | (2,714)            | (1,782)         | (13,517)       | (5,128)       | (526)          |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>\$ (73)</b>     | <b>96</b>       | <b>(643)</b>   | <b>39,886</b> | <b>1,430</b>   |
| Special items  | -                  | -               | 79,927         | (1,274)       | -              |
| <b>Net Change in Fund Balances</b>                           | <b>\$ (12,945)</b> | <b>(78,296)</b> | <b>77,810</b>  | <b>31,625</b> | <b>(7,889)</b> |
| Debt service as a % of noncapital expenditures               | 27.0%              | 30.3%           | 70.6%          | 29.8%         | 21.6%          |

**Note 1:** The capital outlay amounts between the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities and the Changes in Fund Balance of Governmental Funds have been reconciled and the variance is diminishing and will continue to diminish in future years.

**Source:** City of Cathedral City, Fund Financial Statements

| 2018            | 2019          | 2020          | 2021           | 2022           |   |
|-----------------|---------------|---------------|----------------|----------------|---|
|                 |               |               |                |                | <b>Revenues</b>   |
| 34,319          | 40,590        | 38,589        | 44,460         | 50,012         | Taxes   |
| 14,323          | 13,939        | 9,519         | 15,601         | 19,669         | Intergovernmental   |
| 1,877           | 2,498         | 2,861         | 2,957          | 2,960          | Licenses and permits                                      |
| 496             | 284           | 422           | 621            | 768            | Fines and forfeitures                                     |
| 7,205           | 7,016         | 7,248         | 7,232          | 6,967          | Charges for services                                      |
| 620             | 651           | 557           | 1,444          | 606            | Special assessments                                       |
| 678             | 402           | 1,104         | 312            | 315            | Development fees  |
| 2,625           | 2,775         | 3,211         | 2,297          | 980            | Use of money and property                                 |
| -               | -             | -             | -              | -              | Contributions from City                                   |
| -               | -             | -             | -              | -              | Contributions from property owners                        |
| -               | -             | -             | -              | -              | Contributions from other entities                         |
| 8,598           | 8,483         | 8,224         | 8,301          | 4,245          | Contributions from other governments                      |
| 1,731           | 661           | 1,427         | 945            | 754            | Other revenue   |
| <b>72,472</b>   | <b>77,299</b> | <b>73,162</b> | <b>84,169</b>  | <b>87,276</b>  | <b>Total Revenues</b>                                     |
|                 |               |               |                |                | <b>Expenditures</b>                                       |
| 11,180          | 11,472        | 13,176        | 12,518         | 23,437         | General government  |
| 5,459           | 5,951         | 5,772         | 9,083          | 6,380          | Community development                                     |
| 458             | 854           | 589           | 470            | 866            | Culture and recreation                                    |
| 27,391          | 29,542        | 31,042        | 30,952         | 50,491         | Public safety   |
| 3,599           | 4,230         | 3,254         | 3,072          | 4,252          | Public works  |
| 20,094          | 12,040        | 6,025         | 14,822         | 13,670         | Capital outlay (Note 1)                                   |
| 7,032           | 5,481         | 5,396         | 63,597         | 4,527          | Principal retirement                                      |
| 6,578           | 6,294         | 6,041         | 5,840          | 2,830          | Interest  |
| -               | -             | -             | -              | 521            | Debt issuance costs                                       |
| <b>81,791</b>   | <b>75,864</b> | <b>71,295</b> | <b>140,354</b> | <b>106,974</b> | <b>Total Expenditures</b>                                 |
| (9,319)         | 1,435         | 1,867         | (56,185)       | (19,698)       | Excess (deficiency) of revenues over (under) expenditures |
|                 |               |               |                |                | <b>Other Financing Sources (Uses)</b>                     |
| -               | -             | -             | -              | 28,780         | Issuance of debt  |
| -               | -             | -             | -              | -              | Issuance of refunding debt                                |
| -               | -             | -             | -              | (1,997)        | Payment to refund bond escrow                             |
| -               | -             | -             | -              | 367            | Related to leases   |
| 127             | -             | 851           | -              | 47             | Proceeds from sale of capital assets                      |
| -               | -             | -             | -              | -              | Gain (loss) on sale of assets held for disposition        |
| 678             | 837           | 3,371         | 1,759          | 1,395          | Transfers in  |
| (799)           | (992)         | (3,670)       | (2,344)        | (1,663)        | Transfers out   |
| <b>6</b>        | <b>(155)</b>  | <b>552</b>    | <b>(585)</b>   | <b>26,929</b>  | <b>Total Other Financing Sources (Uses)</b>               |
| (1,102)         | -             | -             | 55,051         | -              | Special items   |
| <b>(10,415)</b> | <b>1,280</b>  | <b>2,419</b>  | <b>(1,719)</b> | <b>7,230</b>   | <b>Net Change in Fund Balances</b>                        |
| 22.1%           | 18.4%         | 17.5%         | 55.3%          | 7.9%           | 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      |               |               |               |               |
|-------------------------------|------------------|---------------|---------------|---------------|---------------|
|                               | 2013             | 2014          | 2015          | 2016          | 2017          |
| <b>Taxes</b>                  |                  |               |               |               |               |
| Cannabis                      | \$ -             | -             | -             | 47            | 450           |
| Franchise                     | 1,881            | 1,980         | 1,995         | 1,885         | 2,145         |
| In-lieu VLF property (Note 1) | 3,260            | 3,408         | 3,578         | 3,776         | 3,959         |
| Property                      | 2,101            | 1,907         | 2,647         | 3,575         | 3,847         |
| Sales (Note 2)                | 7,403            | 8,159         | 8,427         | 9,596         | 8,727         |
| Time share developer          | 530              | 543           | 552           | 557           | 567           |
| Transactions and use          | 4,725            | 4,911         | 5,327         | 5,821         | 5,658         |
| Transient occupancy           | 1,114            | 1,340         | 1,447         | 1,771         | 2,504         |
| Utility users                 | 2,802            | 2,763         | 2,803         | 2,747         | 2,709         |
| <b>Total</b>                  | <b>\$ 23,816</b> | <b>25,011</b> | <b>26,776</b> | <b>29,775</b> | <b>30,566</b> |

### Notes to Schedule:

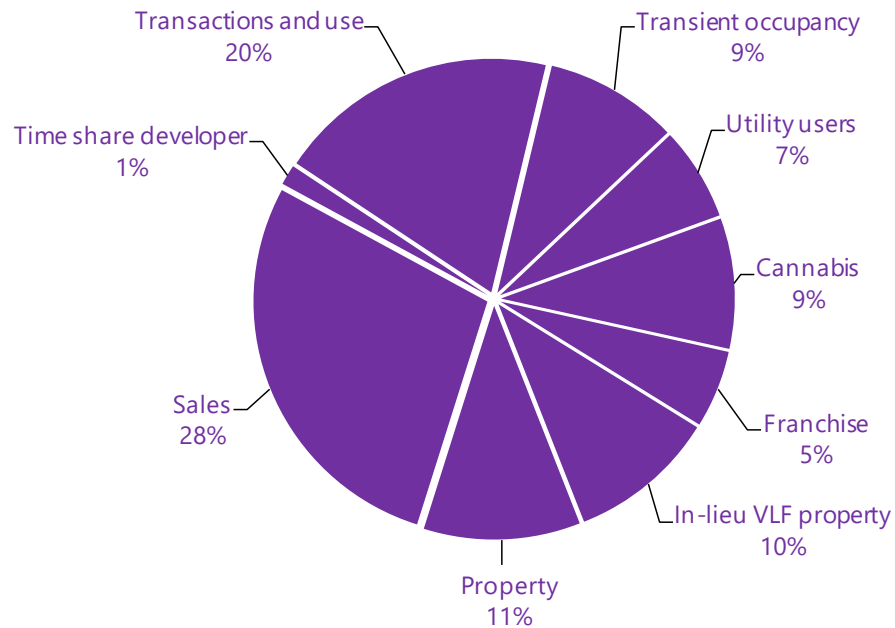
**Note 1:** As part of the negotiations surrounding a state budget deficit, cities and counties agreed to exchange state general fund revenues they received to offset vehicle license fee (VLF) reductions for a like amount of property tax revenues from ERAF (Education Revenue Augmentation Fund). The VLF/Property Tax swap began with the fiscal year ended June 30, 2005.

**Note 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 2015/2016.

**Source:** City of Cathedral City Finance Department

| Fiscal Year   |               |               |               |               |                               |
|---------------|---------------|---------------|---------------|---------------|-------------------------------|
| 2018          | 2019          | 2020          | 2021          | 2022          |                               |
|               |               |               |               |               | <b>Taxes</b>                  |
| 1,894         | 4,607         | 4,356         | 5,097         | <b>4,508</b>  | Cannabis                      |
| 2,114         | 2,230         | 2,213         | 2,440         | <b>2,684</b>  | Franchise                     |
| 4,140         | 4,331         | 4,571         | 4,836         | <b>5,107</b>  | In-lieu VLF property (Note 1) |
| 4,486         | 4,797         | 5,362         | 4,998         | <b>5,414</b>  | Property                      |
| 9,155         | 10,412        | 9,370         | 12,430        | <b>14,033</b> | Sales (Note 2)                |
| 579           | 605           | 612           | 590           | <b>699</b>    | Time share developer          |
| 6,105         | 7,289         | 6,644         | 8,049         | <b>9,712</b>  | Transactions and use          |
| 3,147         | 3,627         | 2,766         | 3,081         | <b>4,613</b>  | Transient occupancy           |
| 2,699         | 2,692         | 2,694         | 2,940         | <b>3,242</b>  | Utility users                 |
| <b>34,319</b> | <b>40,590</b> | <b>38,588</b> | <b>44,461</b> | <b>50,012</b> | Total                         |

### 2022 Tax Revenues by Source



# REVENUE CAPACITY



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022



Cathedral City



## Taxable Sales by Category

### Last Ten Calendar Years (dollar in thousands)

|  | Calendar Year     |                |                |                |                |
|--|-------------------|----------------|----------------|----------------|----------------|
|  | 2012              | 2013           | 2014           | 2015           | 2016           |
| Apparel stores   | \$ 9,802          | 10,751         | 10,691         | 10,230         | 10,052         |
| General merchandise  | 30,461            | 31,144         | 31,276         | 29,907         | 29,425         |
| Food stores  | 26,413            | 27,379         | 27,873         | 29,100         | 29,666         |
| Eating and drinking places                                   | 52,833            | 55,514         | 60,129         | 67,566         | 72,897         |
| Building materials   | 22,759            | 27,042         | 31,851         | 36,067         | 32,720         |
| Auto dealers and supplies                                    | 319,463           | 375,231        | 405,764        | 448,347        | 446,825        |
| Service stations   | 90,536            | 82,628         | 87,171         | 85,656         | 71,809         |
| Other retail stores  | 80,545            | 84,945         | 81,831         | 79,895         | 81,557         |
| All other outlets  | 116,116           | 130,198        | 133,933        | 145,109        | 149,044        |
| <b>Total</b>   | <b>\$ 718,442</b> | <b>793,581</b> | <b>838,710</b> | <b>901,248</b> | <b>890,617</b> |
| <b>Sales tax rate:</b>                                       |                   |                |                |                |                |
| State rate (Notes 2 through 3)                               | 6.25%             | 6.50%          | 6.50%          | 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%          |
| <b>Total sales tax rate</b>                                  | <b>8.75%</b>      | <b>9.00%</b>   | <b>9.00%</b>   | <b>9.00%</b>   | <b>9.00%</b>   |

#### 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.

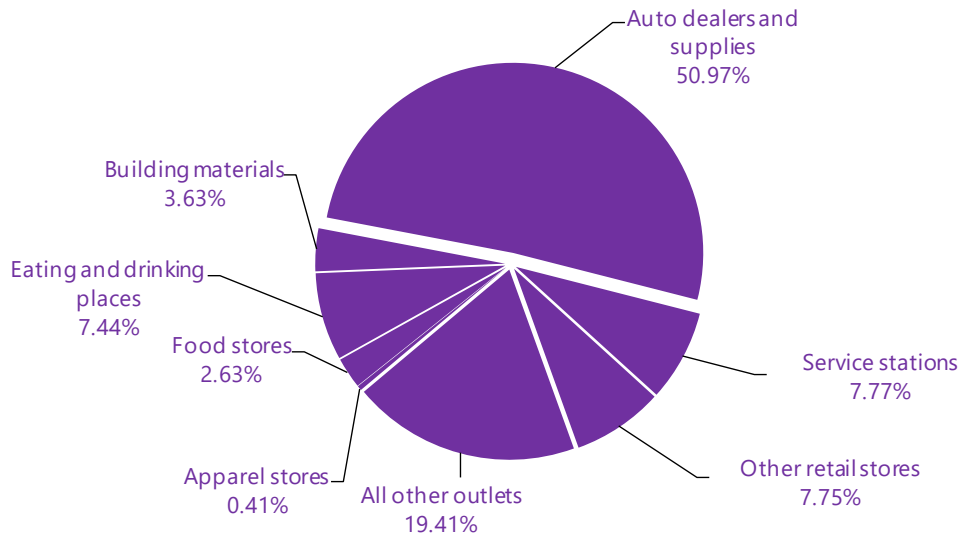
**Note 4:** Additional District tax rate of 1.00% effective October 1, 2010, resulting from the passage of Measure H in June 2010. The District tax was temporary and set to expire September 30, 2015. In June 2014, voters approved Measure B extending the 1% tax indefinitely.

**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  |                |                  |                  |                  |  |
|----------------|----------------|------------------|------------------|------------------|--|
| 2017           | 2018           | 2019             | 2020             | 2021             |  |
| 7,628          | 3,628          | 1,321            | 970              | 5,335            | Apparel stores   |
| 31,286         | 33,893         | 31,797           | 36,539           | N/A              | General merchandise  |
| 30,118         | 31,598         | 31,626           | 34,297           | 34,627           | Food stores  |
| 74,602         | 78,888         | 85,801           | 74,902           | 97,947           | Eating and drinking places                                   |
| 33,639         | 39,180         | 40,491           | 39,588           | 47,820           | Building materials   |
| 460,797        | 474,694        | 486,961          | 515,157          | 671,061          | Auto dealers and supplies                                    |
| 75,544         | 88,324         | 89,602           | 75,774           | 102,237          | Service stations   |
| 86,178         | 95,111         | 90,080           | 96,606           | 101,975          | Other retail stores  |
| 153,830        | 159,808        | 187,228          | 232,041          | 255,566          | All other outlets  |
| <b>953,622</b> | <b>964,189</b> | <b>1,002,222</b> | <b>1,055,226</b> | <b>1,316,568</b> | <b>Total</b>   |
|                |                |                  |                  |                  | <b>Sales tax rate:</b>                                       |
| 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%          | 0.25%          | 0.25%            | 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)         |
| <b>9.00%</b>   | <b>8.75%</b>   | <b>8.75%</b>     | <b>8.75%</b>     | <b>8.75%</b>     | <b>Total sales tax rate</b>                                  |

### Calendar Year 2021 Taxable Sales by Category



## Top 25 Sales Tax Producers

Current Year and Nine Years Ago (listed alphabetically)

| 2022   |                              | 2013   |                            |
|--|------------------------------|--|----------------------------|
| Taxpayer   | Business                     | Taxpayer   | Business                   |
| 7 Eleven   | Service Stations             | Acura of the Desert                                  | New Motor Vehicle Dealers  |
| 76   | Service Stations             | Arco AM PM   | Service Stations           |
| Arco AM PM   | Service Stations             | Arco AM PM   | Service Stations           |
| Arco AM PM   | Service Stations             | Circle K   | Service Stations           |
| Arco AM PM   | Service Stations             | Crystal Chrysler Jeep Dodge Center                   | New Motor Vehicle Dealers  |
| Arco AM PM   | Service Stations             | Desert Lexus   | New Motor Vehicle Dealers  |
| C & M Building Materials                             | Building Materials           | Honda of the Desert                                  | New Motor Vehicle Dealers  |
| Crystal Chrysler Jeep Dodge Center                   | New Motor Vehicle Dealers    | JC Mobil   | Service Stations           |
| Ewing Irrigation Products                            | Garden/Agricultural Supplies | Jessup Auto Plaza Cadillac                           | New Motor Vehicle Dealers  |
| Honda of the Desert                                  | New Motor Vehicle Dealers    | JMW Truss Roofing                                    | Contractors                |
| Jessup Auto Plaza Cadillac                           | New Motor Vehicle Dealers    | Palm Springs Ford                                    | New Motor Vehicle Dealers  |
| Jessup Volvo Cars                                    | New Motor Vehicle Dealers    | Palm Springs Kia                                     | New Motor Vehicle Dealers  |
| Mike Thompson RVs                                    | Trailers/RVs                 | Palm Springs Kia                                     | New Motor Vehicle Dealers  |
| Palm Springs Ford                                    | New Motor Vehicle Dealers    | Palm Springs Nissan                                  | New Motor Vehicle Dealers  |
| Palm Springs Kia                                     | New Motor Vehicle Dealers    | Palm Springs Oil                                     | Service Stations           |
| Palm Springs Nissan                                  | New Motor Vehicle Dealers    | Palm Springs Subaru                                  | New Motor Vehicle Dealers  |
| Palm Springs Subaru                                  | New Motor Vehicle Dealers    | Ramon Car Wash & Arco AM PM                          | Service Stations           |
| Shottenkirk Desert Lexus                             | New Motor Vehicle Dealers    | Saini Brothers Arco AM PM                            | Service Stations           |
| Stater Bros  | Grocery Stores               | Sams Club  | Discount Dept Stores       |
| Target   | Discount Dept Stores         | Stater Bros  | Grocery Stores             |
| Tesla Motors   | New Motor Vehicle Dealers    | Target   | Discount Dept Stores       |
| Toyota Lease Trust                                   | Auto Lease                   | Toyota of the Desert                                 | New Motor Vehicle Dealers  |
| Toyota of the Desert                                 | New Motor Vehicle Dealers    | United Rentals                                       | Repair Shop/Equip. Rentals |
| United Rentals                                       | Repair Shop/Equip. Rentals   | Valero   | Service Stations           |
| Volksw agen of Palm Springs                          | New Motor Vehicle Dealers    | Walgreens  | Drug Stores                |
| Percentage of total paid by top 25 accounts - 65.65% |                              | Percentage of total paid by top 25 accounts - 62.46% |                            |

### Notes to Schedule:

**Note 1:** Information is for the periods July 2021 through June 2022 and July 2012 through June 2013, 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, The HdL Companies



Cathedral City

## Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years (dollar in thousands)

|  | Fiscal Year        |                  |                  |                  |                  |
|--|--------------------|------------------|------------------|------------------|------------------|
|  | 2013               | 2014             | 2015             | 2016             | 2017             |
| Residential  | \$2,129,244        | 2,282,069        | 2,466,935        | 2,625,425        | 2,745,532        |
| Commercial   | 439,471            | 443,092          | 438,756          | 462,758          | 481,117          |
| Industrial   | 92,716             | 92,134           | 87,068           | 89,529           | 96,035           |
| Agricultural   | -                  | -                | -                | -                | -                |
| Government owned   | 525                | 535              | 537              | 548              | 557              |
| Institutional  | 8                  | 4,927            | 178              | 181              | 5,301            |
| Recreational   | 23,320             | 23,606           | 21,724           | 21,557           | 21,862           |
| Vacant   | 86,198             | 83,339           | 86,718           | 90,054           | 116,356          |
| Cross reference  | 527,791            | 536,668          | 550,002          | 567,938          | 585,569          |
| Unsecured  | 89,328             | 92,786           | 90,909           | 83,412           | 92,497           |
| Other  | -                  | -                | -                | -                | -                |
| <b>Total net taxable assessed value (Note 2)</b>                     | <b>\$3,388,601</b> | <b>3,559,156</b> | <b>3,742,827</b> | <b>3,941,402</b> | <b>4,144,826</b> |
| Total direct tax rate (Note 3)                                       | 0.88187            | 0.21541          | 0.19547          | 0.21475          | 0.21335          |
| <b>Estimated actual taxable value (Note 4)</b>                       | N/A                | N/A              | N/A              | N/A              | N/A              |
| Assessed value as a percentage of<br>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 2013/2014, 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 2012/2013.

**Note 4:** N/A - Data unavailable.

**Source:** HdL, Coren & Cone (Riverside County Assessor 2012/2013 - 2021/2022 Combined Tax Rolls)

| Fiscal Year      |                  |                  |                  |                  |  |
|------------------|------------------|------------------|------------------|------------------|--|
| 2018             | 2019             | 2020             | 2021             | 2022             |  |
| 2,876,288        | 3,021,328        | 3,194,080        | 3,393,368        | 3,624,486        | Residential  |
| 515,231          | 536,161          | 554,771          | 581,577          | 599,436          | Commercial   |
| 115,863          | 133,061          | 151,508          | 184,560          | 193,974          | Industrial   |
| -                | -                | 3,199            | 4,111            | 4,673            | Agricultural   |
| 1,144            | 1,156            | 1,233            | 602              | 609              | Government owned   |
| 3,977            | 273              | 7,847            | 8,061            | 8,470            | Institutional  |
| 24,579           | 28,289           | 28,216           | 29,499           | 32,492           | Recreational   |
| 119,914          | 123,162          | 122,637          | 117,734          | 112,715          | Vacant   |
| 603,650          | 622,037          | 639,326          | 659,783          | 689,335          | Cross reference  |
| 74,021           | 76,336           | 77,616           | 79,575           | 82,531           | Unsecured  |
| 52               | -                | 3,938            | 3,492            | 20               | Other  |
| <b>4,334,719</b> | <b>4,541,803</b> | <b>4,784,371</b> | <b>5,062,362</b> | <b>5,348,741</b> | <b>Total net taxable assessed value (Note 2)</b>                     |
| 0.21487          | 0.21438          | 0.21470          | 0.21415          | 0.21420          | Total direct tax rate (Note 3)                                       |
| N/A              | N/A              | N/A              | N/A              | N/A              | <b>Estimated actual taxable value (Note 4)</b>                       |
| N/A              | N/A              | N/A              | N/A              | N/A              | Assessed value as a percentage of<br>estimated actual value (Note 4) |

## Direct and Overlapping Property Tax Rates

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

|  | Fiscal Year    |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|
|  | 2013           | 2014           | 2015           | 2016           | 2017           |
| <b>Direct rate</b>                           |                |                |                |                |                |
| City's share of 1% levy per Prop 13 (Note 1) | 0.13976        | 0.13976        | 0.13976        | 0.13976        | 0.13911        |
| Total direct rate (Note 2)                   | 0.88187        | 0.21541        | 0.19547        | 0.21475        | 0.21335        |
| <b>Direct and overlapping rates (Note 3)</b> |                |                |                |                |                |
| Basic levy (Note 4)                          | 1.00000        | 1.00000        | 1.00000        | 1.00000        | 1.00000        |
| Coachella Valley Water District (CVWD)       | 0.08000        | 0.10000        | 0.10000        | 0.10000        | 0.10000        |
| Desert Community College                     | 0.01995        | 0.01995        | 0.02325        | 0.02087        | 0.02036        |
| Desert Water Agency                          | 0.10000        | 0.10000        | 0.10000        | 0.10000        | 0.10000        |
| Palm Springs Unified B&I - 1992-A            | 0.09351        | 0.12961        | 0.10160        | 0.08978        | 0.11802        |
| <b>Total direct and overlapping rates</b>    | <b>1.29346</b> | <b>1.34956</b> | <b>1.32485</b> | <b>1.31065</b> | <b>1.33838</b> |

#### 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:** 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 2012/2013. 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 3:** 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 4:** 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 2012/2013 - 2021/2022 Tax Rate Table)

| Fiscal Year    |                |                |                |                |  |
|----------------|----------------|----------------|----------------|----------------|--|
| 2018           | 2019           | 2020           | 2021           | 2022           |  |
| 0.14072        | 0.14072        | 0.14072        | 0.14072        | 0.14072        | <b>Direct rate</b>                           |
| 0.21487        | 0.21438        | 0.21470        | 0.21415        | 0.21420        | City's share of 1% levy per Prop 13 (Note 1) |
|                |                |                |                |                | Total direct rate (Note 2)                   |
|                |                |                |                |                | <b>Direct and overlapping rates (Note 3)</b> |
| 1.00000        | 1.00000        | 1.00000        | 1.00000        | 1.00000        | Basic levy (Note 4)                          |
| 0.10000        | 0.10000        | 0.10000        | 0.10000        | 0.11000        | Coachella Valley Water District (CVWD)       |
| 0.04030        | 0.03978        | 0.03983        | 0.03947        | 0.03950        | Desert Community College                     |
| 0.10000        | 0.10000        | 0.10000        | 0.10000        | 0.10000        | Desert Water Agency                          |
| 0.11146        | 0.10603        | 0.10542        | 0.10334        | 0.15030        | Palm Springs Unified B&I - 1992-A            |
| <b>1.35176</b> | <b>1.34581</b> | <b>1.34524</b> | <b>1.34281</b> | <b>1.39980</b> | <b>Total direct and overlapping rates</b>    |



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

| Taxpayer                                   | 2022                   |      |  | 2013                   |      |  |
|--|------------------------|------|--|------------------------|------|--|
|  | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| MHC Date Palm LLC                          | \$ 35,762              | 1    | 0.65%                                      | \$ 30,909              | 1    | 0.89%                                      |
| Welk Park North                            | 33,408                 | 2    | 0.61%                                      | 26,048                 | 3    | 0.75%                                      |
| MHH Cathedral City Holdings LLC            | 22,859                 | 3    | 0.42%                                      |                        |      |  |
| CC RP LLC                                  | 21,268                 | 4    | 0.39%                                      |                        |      |  |
| Frome Development Omega                    | 19,689                 | 5    | 0.36%                                      |                        |      |  |
| Robertas LP                                | 18,944                 | 6    | 0.34%                                      | 20,799                 | 4    | 0.60%                                      |
| Ocotillo Place Apartments LLC              | 18,275                 | 7    | 0.33%                                      |                        |      |  |
| Eddie R Fischer Trust                      | 18,057                 | 8    | 0.33%                                      |                        |      |  |
| T Alliance One Palm Springs LLC            | 17,991                 | 9    | 0.33%                                      |                        |      |  |
| Bobs LLC                                   | 17,374                 | 10   | 0.32%                                      |                        |      |  |
| 34251 Date Palm Drive Holdings             |                        |      |  | 30,021                 | 2    | 0.86%                                      |
| Edom Hills Project 1 LLC                   |                        |      |  | 16,911                 | 5    | 0.48%                                      |
| Meristar Sub C1                            |                        |      |  | 15,776                 | 6    | 0.45%                                      |
| Rolling Hills Silver Spur Pickford Theater |                        |      |  | 13,945                 | 7    | 0.40%                                      |
| Goble Investment                           |                        |      |  | 13,341                 | 8    | 0.38%                                      |
| U Store It LP                              |                        |      |  | 13,319                 | 9    | 0.38%                                      |
| Palm Springs Motors Inc                    |                        |      |  | 13,257                 | 10   | 0.38%                                      |
| <b>Totals</b>                              | <b>\$ 223,627</b>      |      | <b>4.08%</b>                               | <b>\$ 194,326</b>      |      | <b>5.57%</b>                               |

**Note to Schedule:**

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

**Source:** HdL, Coren & Cone (Riverside County Assessor 2021/2022 and 2012/2013 Combined Tax Rolls and the SBE Unitary Tax Roll)



Cathedral City

## Property Tax Levies and Collections

### Last Ten Fiscal Years (dollars in thousands)

|   | Fiscal Year |        |        |        |        |
|---|-------------|--------|--------|--------|--------|
|   | 2013        | 2014   | 2015   | 2016   | 2017   |
| <b>General Fund</b>                           |             |        |        |        |        |
| Tax levy for fiscal year (Note 1 & 4)         | 1,303       | 739    | 688    | 688    | 704    |
| Structural Fire Tax (Note 4)                  | 602         | 477    | 484    | 481    | 497    |
| RPTTF and RDV (Note 4)                        | 600         | 559    | 1,327  | 2,263  | 2,423  |
| Total tax                                     | 1,349       | 1,775  | 2,499  | 3,432  | 3,624  |
| Collections in year due                       | 994         | 1,013  | 1,029  | 1,032  | 1,055  |
| Collections in subsequent years (Note 2)      | 30          | 24     | 22     | -      | -      |
| Total collections identifiable with levy year | 1,024       | 1,037  | 1,051  | 1,032  | 1,055  |
| Percentage of levy collected in year due      | 52.18%      | 83.31% | 87.80% | 88.28% | 87.84% |
| Total percentage of levy collected            | 53.75%      | 85.28% | 89.68% | 88.28% | 87.84% |
| <b>Total</b>                                  |             |        |        |        |        |
| Tax levy for fiscal year (Note 1 & 4)         | 1,303       | 739    | 688    | 688    | 704    |
| Structural Fire Tax (Note 4)                  | 602         | 477    | 484    | 481    | 497    |
| RPTTF and RDV (Note 4)                        | 600         | 559    | 1,327  | 2,263  | 2,423  |
| Total tax                                     | 2,505       | 1,775  | 2,499  | 3,432  | 3,624  |
| Collections in year due                       | 994         | 1,013  | 1,029  | 1,032  | 1,055  |
| Collections in subsequent years (Note 2)      | 30          | 24     | 22     | -      | -      |
| Total collections identifiable with levy year | 1,024       | 1,037  | 1,051  | 1,032  | 1,055  |
| Percentage of levy collected in year due      | 52.18%      | 83.31% | 87.80% | 88.28% | 87.84% |
| Total percentage of levy collected            | 53.75%      | 85.28% | 89.68% | 88.28% | 87.84% |

(Note 3)

#### **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:** 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 2013 through 2018 were modified to reflect these changes.

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

| Fiscal Year  |              |              |              |              |   |
|--------------|--------------|--------------|--------------|--------------|---|
| 2018         | 2019         | 2020         | 2021         | 2022         |   |
|              |              |              |              |              | <b>General Fund</b>                           |
| 695          | 686          | 732          | 778          | 690          | Tax levy for fiscal year (Note 1 & 4)         |
| 491          | 497          | 474          | 508          | 577          | Structural Fire Tax (Note 4)                  |
| 3,062        | 3,385        | 3,948        | 3,165        | 3,469        | RPTTF and RDV (Note 4)                        |
| <u>4,248</u> | <u>4,568</u> | <u>5,154</u> | <u>4,451</u> | <u>4,736</u> | Total tax                                     |
| 1,052        | 1,033        | 1,023        | 1,027        | 1,036        | Collections in year due                       |
| -            | -            | -            | -            | -            | Collections in subsequent years (Note 2)      |
| <u>1,052</u> | <u>1,033</u> | <u>1,023</u> | <u>1,027</u> | <u>1,036</u> | Total collections identifiable with levy year |
| 88.70%       | 87.32%       | 84.83%       | 79.86%       | 81.77%       | Percentage of levy collected in year due      |
| 88.70%       | 87.32%       | 84.83%       | 79.86%       | 81.77%       | Total percentage of levy collected            |
|              |              |              |              |              | <b>Total</b>                                  |
| 695          | 686          | 732          | 778          | 690          | Tax levy for fiscal year (Note 1 & 4)         |
| 491          | 497          | 474          | 508          | 577          | Structural Fire Tax (Note 4)                  |
| 3,062        | 3,385        | 3,948        | 3,165        | 3,469        | RPTTF and RDV (Note 4)                        |
| <u>4,248</u> | <u>4,568</u> | <u>5,154</u> | <u>4,451</u> | <u>4,736</u> | Total tax                                     |
| 1,052        | 1,033        | 1,023        | 1,027        | 1,036        | Collections in year due                       |
| -            | -            | -            | -            | -            | Collections in subsequent years (Note 2)      |
| <u>1,052</u> | <u>1,033</u> | <u>1,023</u> | <u>1,027</u> | <u>1,036</u> | Total collections identifiable with levy year |
| 88.70%       | 87.32%       | 84.83%       | 79.86%       | 81.77%       | Percentage of levy collected in year due      |
| 88.70%       | 87.32%       | 84.83%       | 79.86%       | 81.77%       | Total percentage of levy collected            |

# DEBT CAPACITY



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022



# Cathedral City

## Ratios of Outstanding Debt by Type

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

|                                      | Fiscal Year       |                |                |                |                |
|--------------------------------------|-------------------|----------------|----------------|----------------|----------------|
|                                      | 2013              | 2014           | 2015           | 2016           | 2017           |
| <b>Governmental Activities</b>       |                   |                |                |                |                |
| Lease revenue bonds                  | \$ 4,410          | 4,245          | 4,065          | 3,554          | 3,322          |
| Tax allocation bonds                 | 203,154           | 198,096        | 113,859        | 111,429        | 108,889        |
| Limited obligation bonds             | 3,636             | 3,432          | 3,233          | 39,100         | 37,410         |
| Capital leases                       | 1,913             | 1,701          | 1,317          | 917            | 518            |
| <b>Total primary government</b>      | <b>\$ 213,113</b> | <b>207,474</b> | <b>122,474</b> | <b>155,000</b> | <b>150,139</b> |
| <b>Percentage of personal income</b> | <b>19.18%</b>     | <b>19.36%</b>  | <b>11.90%</b>  | <b>14.99%</b>  | <b>14.41%</b>  |
| <b>Per capita</b>                    | <b>4,072</b>      | <b>3,945</b>   | <b>2,330</b>   | <b>2,857</b>   | <b>2,752</b>   |

### Notes to Schedule:

**Note:** 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 2022 debt, calendar year 2021 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    |                |                |               |               |                                      |
|----------------|----------------|----------------|---------------|---------------|--------------------------------------|
| 2018           | 2019           | 2020           | 2021          | 2022          |                                      |
|                |                |                |               |               | <b>Governmental Activities</b>       |
| 3,081          | 2,827          | 2,561          | 2,284         | 28,780        | Lease revenue bonds                  |
| 106,231        | 103,446        | 100,531        | 39,328        | 37,450        | Tax allocation bonds                 |
| 33,900         | 32,110         | 30,310         | 28,520        | 26,635        | Limited obligation bonds             |
| 262            | -              | -              | -             | -             | Capital leases                       |
| <b>143,474</b> | <b>138,383</b> | <b>133,402</b> | <b>70,132</b> | <b>92,865</b> | <b>Total primary government</b>      |
| <b>13.13%</b>  | <b>11.85%</b>  | <b>9.59%</b>   | <b>4.82%</b>  | <b>6.02%</b>  | <b>Percentage of personal income</b> |
| <b>2,619</b>   | <b>2,520</b>   | <b>2,490</b>   | <b>1,299</b>  | <b>1,353</b>  | <b>Per capita</b>                    |



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

|  | Fiscal Year       |                |                |                |                |
|--|-------------------|----------------|----------------|----------------|----------------|
|  | 2013              | 2014           | 2015           | 2016           | 2017           |
| Lease revenue bonds  | \$ 4,410          | 4,245          | 4,065          | 3,554          | 3,322          |
| Tax allocation bonds   | 203,154           | 198,096        | 113,859        | 111,429        | 108,889        |
| Limited obligation bonds   | 3,636             | 3,432          | 3,233          | 39,100         | 37,410         |
| Total bonded debt  | 211,200           | 205,773        | 121,157        | 154,083        | 149,621        |
| Less: Debt service reserves  | (5,229)           | (4,146)        | (4,165)        | (4,778)        | (3,578)        |
| <b>Net bonded debt</b>   | <b>\$ 205,971</b> | <b>201,627</b> | <b>116,992</b> | <b>149,305</b> | <b>146,043</b> |
| <b>Percentage of net bonded debt to actual taxable assessed value of property (Note 2)</b> | <b>5.79%</b>      | <b>5.39%</b>   | <b>2.97%</b>   | <b>3.60%</b>   | <b>3.52%</b>   |
| <b>Net bonded debt per capita</b>  | <b>3,916</b>      | <b>3,835</b>   | <b>2,156</b>   | <b>2,737</b>   | <b>2,677</b>   |

**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    |                |                |               |               |  |
|----------------|----------------|----------------|---------------|---------------|--|
| 2018           | 2019           | 2020           | 2021          | 2022          |  |
| 3,081          | 2,827          | 2,561          | 2,284         | 28,780        | Lease revenue bonds  |
| 106,231        | 103,446        | 100,531        | 39,328        | 37,450        | Tax allocation bonds   |
| 33,900         | 32,110         | 30,310         | 28,520        | 26,635        | Limited obligation bonds   |
| 143,212        | 138,383        | 133,402        | 70,132        | 92,865        | Total bonded debt  |
| -              | (4,774)        | (5,178)        | (3,363)       | (3,194)       | Less: Debt service reserves  |
| <b>143,212</b> | <b>133,609</b> | <b>128,224</b> | <b>66,769</b> | <b>89,671</b> | <b>Net bonded debt</b>   |
| <b>3.30%</b>   | <b>2.94%</b>   | <b>2.68%</b>   | <b>1.32%</b>  | <b>1.68%</b>  | <b>Percentage of net bonded debt to actual taxable assessed value of property (Note 2)</b> |
| <b>2,614</b>   | <b>2,433</b>   | <b>2,393</b>   | <b>1,237</b>  | <b>1,288</b>  | <b>Net bonded debt per capita</b>  |

## Direct and Overlapping Governmental Activities Debt

### For the Year Ended June 30, 2022

|  | Debt<br>Outstanding | Percentage<br>Applicable <sup>(2)</sup> | City of<br>Cathedral City<br>Share of Debt |
|--|---------------------|---|--|
| <b>Direct and Overlapping Tax and Assessment Debt <sup>(1)</sup></b>   |                     |   |  |
| Desert Community College District  | \$ 510,745,000      | 5.754%                                  | 29,388,267                                 |
| Palm Springs Unified School District   | 451,708,639         | 15.135%                                 | 68,366,103                                 |
| Cathedral City Public Financing Authority Local Agency Revenue<br>Bonds, 2015 Series A (Limited Obligations) | 26,635,000          | 100.000%                                | 26,635,000                                 |
| 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  | 28,429,380          | 100.000%                                | 28,429,380                                 |
| Total direct and overlapping tax and assessment debt   |                     |   | <u>\$ 162,038,750</u>                      |
| <b>Direct and Overlapping General Fund Debt</b>  |                     |   |  |
| Riverside County General Fund Obligations  | \$ 720,218,351      | 1.615%                                  | \$ 11,631,526                              |
| Riverside County Pension Obligation Bonds  | 820,060,000         | 1.615%                                  | 13,243,969                                 |
| Cathedral City Public Financing Authority, 2015 Lease Revenue<br>Refunding Bonds, Series 2015A (Taxable)     | 28,780,000          | 100.000%                                | 28,780,000                                 |
| Total direct and overlapping general fund debt   |                     |   | <u>\$ 53,655,495</u>                       |
| <b>Direct Tax Increment Debt (Cathedral City Public Financing Authority Bonds)</b>                           |                     |   |  |
| City of Cathedral City Merged Redevelopment Project Area Nos. 1 and 2  | \$ 7,723,069        | 100.000%                                | \$ 7,723,069 <sup>(3)</sup>                |
| City of Cathedral City Redevelopment Project Area No. 3  | 5,370,000           | 100.000%                                | 5,370,000                                  |
| City of Cathedral City 2006 Merged Redevelopment Project Area  | 78,580,594          | 100.000%                                | 78,580,594 <sup>(4)</sup>                  |
| Total direct tax increment debt  |                     |   | <u>\$ 91,673,663</u>                       |
| <b>Overlapping Tax Increment Debt (Successor Agencies)</b>   |                     |   |  |
| City of Cathedral City Redevelopment 2006 Merged Project Area  | \$ 29,880,000       | 97.162%                                 | \$ 29,032,006 <sup>(5)</sup>               |
| City of Cathedral City Redevelopment Housing Bonds   | 19,725,000          | 97.162%                                 | 19,165,205 <sup>(5)</sup>                  |
| City of Rancho Mirage 1984 Redevelopment Project Area  | 43,936,027          | 0.225%                                  | 98,856                                     |
| City of Rancho Mirage Redevelopment Housing Bonds  | 10,030,000          | 0.142%                                  | 14,243                                     |
| Total overlapping tax increment debt   |                     |   | <u>\$ 48,310,310</u>                       |
| Total direct debt  |                     |   | <u>\$ 147,088,663</u> *                    |
| Total overlapping debt   |                     |   | \$ 208,589,555                             |
| Combined total debt  |                     |   | \$ 355,678,218 <sup>(6)</sup>              |
| <b>Ratios to 2020-21 Assessed Valuation: (\$5,348,739,839)</b>   |                     |   |  |
| Total direct and overlapping tax and assessment debt   |                     |   | 3.03%                                      |
| Total direct debt (\$147,088,663)  |                     |   | 2.75%                                      |
| Combined total debt  |                     |   | 6.65%                                      |
| <b>Ratio to Redevelopment Incremental Valuation: (\$4,846,789,718)</b>                                       |                     |   |  |
| Total direct and overlapping tax increment debt  |                     |   | 2.89%                                      |

(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.

\*Note: On January 6, 2021, the Successor Agency issued \$50,940,000 in tax allocation refunding bonds. These funds were used to refund \$58,025,000 of debt originally issued by the Public Financing Authority. The refunding is not reflected in the total direct debt of The City listed in the schedule above. As a result of the bond refunding, total direct debt of the City is \$92,864,903. The variance of \$54,223,760 is a combination of the tax allocation bond refunding and associated debt payments made.



# Cathedral City

## Legal Debt Margin Information

### Last Ten Fiscal Years (dollar in thousands)

#### Calculation of Legal Debt Margin for Fiscal Year 2022

|                                      |                   |
|--------------------------------------|-------------------|
| Assessed Value                       | \$ 5,348,741      |
| Debt limit % (Note 1)                | 15.00%            |
| Debt limit - (15% of assessed value) | 802,311           |
| Less: Debt applicable to limit       | -                 |
| <b>Legal debt margin — June 30</b>   | <b>\$ 802,311</b> |

|   | Fiscal Year       |                |                |                |                |
|---|-------------------|----------------|----------------|----------------|----------------|
|   | 2013              | 2014           | 2015           | 2016           | 2017           |
| Debt limit  | \$ 508,290        | 555,380        | 583,377        | 591,210        | 621,724        |
| Total net debt applicable to limit  | -                 | -              | -              | -              | -              |
| <b>Legal debt margin</b>  | <b>\$ 508,290</b> | <b>555,380</b> | <b>583,377</b> | <b>591,210</b> | <b>621,724</b> |
| <b>Total net debt applicable to the limit as a percentage of debt limit</b> | <b>0.00%</b>      | <b>0.00%</b>   | <b>0.00%</b>   | <b>0.00%</b>   | <b>0.00%</b>   |

#### 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 2021/2022 Combined Tax Rolls)

| Fiscal Year    |                |                |                |                |  |
|----------------|----------------|----------------|----------------|----------------|--|
| 2018           | 2019           | 2020           | 2021           | 2022           |  |
| 650,208        | 681,270        | 717,656        | 759,354        | 802,311        | Debt limit   |
| -              | -              | -              | -              | -              | Total net debt applicable to limit                                   |
| <b>650,208</b> | <b>681,270</b> | <b>717,656</b> | <b>759,354</b> | <b>802,311</b> | <b>Legal debt margin</b>   |
| 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      |               |                    |               |               |
|---------------------------------------|------------------|---------------|--------------------|---------------|---------------|
|                                       | 2013             | 2014          | 2015               | 2016          | 2017          |
| <b>Lease Revenue Bonds</b>            |                  |               |                    |               |               |
| Pledged lease revenues                | \$ 475           | 475           | 475                | 299           | 378           |
| <b>Available for debt service</b>     | <b>\$ 475</b>    | <b>475</b>    | <b>475</b>         | <b>299</b>    | <b>378</b>    |
| Debt service - principal and interest | 507              | 505           | 506                | 299           | 378           |
| Coverage                              | 0.94             | 0.94          | 0.94               | 1.00          | 1.00          |
| <b>Tax Allocation Bonds (Note 1):</b> |                  |               |                    |               |               |
| Pledged property taxes                | \$ 14,364        | 15,879        | 16,803             | 14,073        | 15,017        |
| <b>Available for debt service</b>     | <b>\$ 14,364</b> | <b>15,879</b> | <b>16,803</b>      | <b>14,073</b> | <b>15,017</b> |
| Debt service - principal and interest | 15,092           | 15,086        | 13,096<br>(Note 2) | 8,075         | 8,069         |
| Coverage                              | 0.95             | 1.05          | 1.28               | 1.74          | 1.86          |

### Notes to Schedule:

**Note 1:** 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 2:** 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 3:** Pledged property taxes received totaled \$15,258,072. These amounts were pledged to pay the tax allocation bond debt issued by the Public Financing Authority (principal/interest of \$3,995,042), and the Successor Agency (principal/interest of \$10,376,591).

**Note 4:** Tax allocation bonds principal and interest totaled \$69,437,460 for the fiscal year ended June 30, 2021. Of this amount, \$55,845,402 was paid from "contributions from other governments".

**Source:** City of Cathedral City Finance Department

| Fiscal Year   |               |               |                 |               |                                       |
|---------------|---------------|---------------|-----------------|---------------|---------------------------------------|
| 2018          | 2019          | 2020          | 2021            | 2022          |                                       |
|               |               |               |                 |               | <b>Lease Revenue Bonds</b>            |
| 377           | 380           | 380           | 380             | 2,403         | Pledged lease revenues                |
| <b>377</b>    | <b>380</b>    | <b>380</b>    | <b>380</b>      | <b>2,403</b>  | <b>Available for debt service</b>     |
| 377           | 380           | 380           | 380             | 2,403         | Debt service - principal and interest |
| 1.00          | 1.00          | 1.00          | 1.00            | 1.00          | Coverage                              |
|               |               |               |                 |               | <b>Tax Allocation Bonds (Note 1):</b> |
| 14,501        | 14,734        | 14,748        | 14,820          | 15,258        | Pledged property taxes                |
| <b>14,501</b> | <b>14,501</b> | <b>14,748</b> | <b>14,820</b>   | <b>15,258</b> | <b>Available for debt service</b>     |
| 8,065         | 8,060         | 8,050         | 8,051           | 14,372        | Debt service - principal and interest |
|               |               |               | (Note 3/Note 4) |               |                                       |
| 1.80          | 1.83          | 1.83          | 1.84            | 1.06          | Coverage                              |



## DEMOGRAPHIC AND ECONOMIC INFORMATION



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022



# Cathedral City

## Demographic and Economic Statistics

### Last Ten Calendar Years

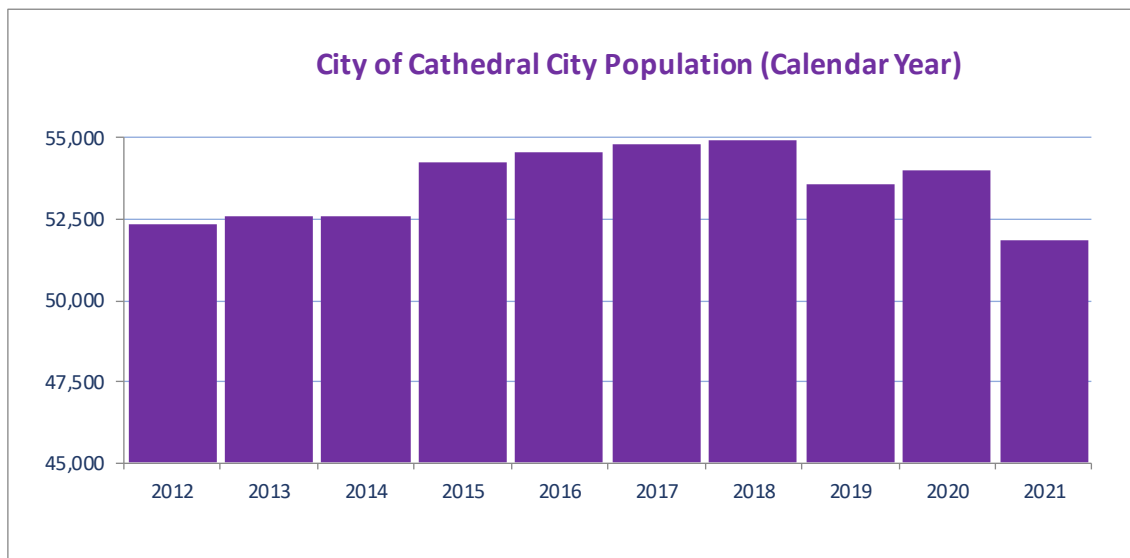
|   | Calendar Year |           |           |           |           |
|---|---------------|-----------|-----------|-----------|-----------|
|   | 2012          | 2013      | 2014      | 2015      | 2016      |
| Population <sup>1</sup>                               | 52,337        | 52,595    | 52,571    | 54,261    | 54,557    |
| Personal income (expressed in thousands) <sup>2</sup> | 1,111,219     | 1,071,623 | 1,029,235 | 1,033,859 | 1,041,771 |
| Per capita personal income <sup>2</sup>               | 21,232        | 20,375    | 19,578    | 19,053    | 19,095    |
| Unemployment rate <sup>3</sup>                        | 9.40%         | 8.10%     | 6.70%     | 5.50%     | 4.90%     |
| Median age <sup>2</sup>                               | 35.8          | 35.0      | 34.5      | 34.8      | 35.9      |
| % of population 25+ — high school degree <sup>2</sup> | 72.40%        | 73.30%    | 73.40%    | 74.40%    | 75.30%    |
| % of population 25+ — bachelor's degree <sup>2</sup>  | 15.60%        | 15.40%    | 15.00%    | 16.10%    | 16.70%    |

**Source:** <sup>1</sup> HdL, Coren & Cone (State of California, Department of Finance);

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

<sup>3</sup> HdL, Coren & Cone (California Employment Development Department)

| Calendar Year |           |           |           |           |   |
|---------------|-----------|-----------|-----------|-----------|---|
| 2017          | 2018      | 2019      | 2020      | 2021      |   |
| 54,791        | 54,907    | 53,580    | 53,973    | 51,840    | Population <sup>1</sup>                               |
| 1,092,392     | 1,167,636 | 1,391,108 | 1,456,142 | 1,543,093 | Personal income (expressed in thousands) <sup>2</sup> |
| 19,937        | 21,265    | 25,963    | 26,979    | 29,766    | Per capita personal income <sup>2</sup>               |
| 4.50%         | 4.00%     | 3.80%     | 11.50%    | 6.90%     | Unemployment rate <sup>3</sup>                        |
| 37.1          | 37.3      | 38.1      | 39.4      | 40.6      | Median age <sup>2</sup>                               |
| 76.30%        | 77.10%    | 77.30%    | 78.30%    | 79.30%    | % of population 25+ — high school degree <sup>2</sup> |
| 18.00%        | 18.60%    | 19.80%    | 21.60%    | 23.80%    | % of population 25+ — bachelor's degree <sup>2</sup>  |



## Principal Employers

### Current Year and Nine Years Ago

|                                    | 2022                 |      |                                     | 2013                 |      |                                     |
|------------------------------------|----------------------|------|-------------------------------------|----------------------|------|-------------------------------------|
|                                    | Employees            | Rank | Percentage of Total City Employment | Employees            | Rank | Percentage of Total City Employment |
| Desert Princess Homeowners         | 250-499              | 1T   | .94% - 1.87%                        | 250-499              | 1T   | 1% - 2.1%                           |
| Doubletree-Golf Resort             | 250-499              | 1T   | .94% - 1.87%                        |                      |      |                                     |
| Target                             | 250-499              | 1T   | .94% - 1.87%                        | 250-499              | 1T   | 1% - 2.1%                           |
| Cathedral City High School         | 100-249              | 3T   | 0.37% - .93%                        | 100-249              | 3T   | 0.4% - 1%                           |
| City of Cathedral City             | 100-249              | 3T   | 0.37% - .93%                        | 100-249              | 3T   | 0.4% - 1%                           |
| CA Developmental Services          | 100-249              | 3T   | 0.37% - .93%                        |                      |      |                                     |
| Honda of the Desert                | 100-249              | 3T   | 0.37% - .93%                        | 100-249              | 3T   | 0.4% - 1%                           |
| Jessup Auto Plaza                  | 100-249              | 3T   | 0.37% - .93%                        | 100-249              | 3T   | 0.4% - 1%                           |
| Nellie N. Coffman Middle School    | 100-249              | 3T   | 0.37% - .93%                        | 100-249              | 3T   | 0.4% - 1%                           |
| Quick Lane Tire & Auto Center      | 100-249              | 3T   | 0.37% - .93%                        |                      |      |                                     |
| Stater Bros. Markets (Ramon)       | 100-249              | 3T   | 0.37% - .93%                        | 100-249              | 3T   | 0.4% - 1%                           |
| Stater Bros. Markets (Vista Chino) | 100-249              | 3T   | 0.37% - .93%                        | 100-249              | 3T   | 0.4% - 1%                           |
| Toyota of the Desert               | 100-249              | 3T   | 0.37% - .93%                        | 100-249              | 3T   | 0.4% - 1%                           |
| Addus Healthcare                   |                      |      |                                     | 250-499              | 1T   | 1% - 2.1%                           |
| Palm Springs Motors                |                      |      |                                     | 100-249              | 3T   | 0.4% - 1%                           |
| <b>Totals</b>                      | <b>1,750 - 3,987</b> |      | <b>6.52% - 14.91%</b>               | <b>1,650 - 3,738</b> |      | <b>6.83% - 15.47%</b>               |

#### Note to Schedule:

**Note:** 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).



# Cathedral City

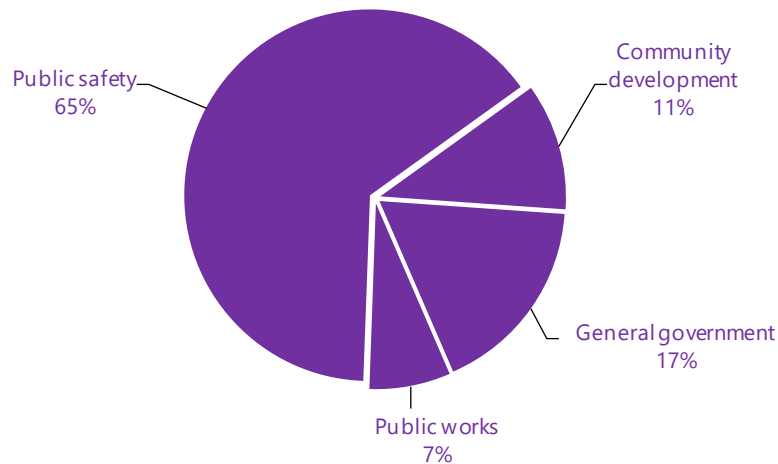
## Full-Time Equivalent City Government Employees by Function Last Ten Fiscal Years

|                             | Fiscal Year   |               |               |               |               |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
|                             | 2013          | 2014          | 2015          | 2016          | 2017          |
| General Government:         |               |               |               |               |               |
| City Council                | 5.00          | 5.00          | 5.00          | 5.00          | 5.00          |
| City Management             | 5.00          | 5.20          | 5.20          | 9.80          | 9.80          |
| City Clerk                  | 1.50          | 2.40          | 2.40          | 2.60          | 2.60          |
| Administrative Services     | 11.75         | 12.00         | 12.00         | 12.55         | 14.65         |
| Total General Government    | 23.25         | 24.60         | 24.60         | 29.95         | 32.05         |
| Public Works                | 19.00         | 22.00         | 22.00         | 15.70         | 17.70         |
| Public Safety:              |               |               |               |               |               |
| Police                      | 77.25         | 77.50         | 74.00         | 73.00         | 75.00         |
| Fire                        | 37.50         | 37.00         | 36.00         | 37.00         | 40.00         |
| Total Public Safety         | 114.75        | 114.50        | 110.00        | 110.00        | 115.00        |
| Community Development       | 8.50          | 8.50          | 12.95         | 13.90         | 17.25         |
| Planning, Building, Code    | -             | -             | -             | -             | -             |
| Engineering                 | -             | -             | -             | -             | -             |
| Total Community Development | 8.50          | 8.50          | 12.95         | 13.90         | 17.25         |
| Successor Agency to the RDA | 1.25          | 1.50          | 1.50          | 1.60          | 1.00          |
| <b>Total</b>                | <b>166.75</b> | <b>171.10</b> | <b>171.05</b> | <b>171.15</b> | <b>183.00</b> |

**Source:** City of Cathedral City (Human Resources Department)

| Fiscal Year |        |        |        |        |                             |
|-------------|--------|--------|--------|--------|-----------------------------|
| 2018        | 2019   | 2020   | 2021   | 2022   |                             |
| 5.00        | 5.50   | 5.00   | 5.00   | 6.00   | General Government:         |
| 8.40        | 8.40   | 8.00   | 7.00   | 7.00   | City Council                |
| 2.40        | 1.40   | 1.50   | 1.50   | 2.00   | City Management             |
| 14.20       | 14.20  | 15.50  | 19.00  | 21.50  | City Clerk                  |
| 30.00       | 29.50  | 30.00  | 32.50  | 36.50  | Administrative Services     |
| 17.00       | 19.25  | 17.00  | 13.00  | 14.85  | Total General Government    |
| 75.00       | 77.00  | 88.50  | 80.50  | 83.50  | Public Works                |
| 46.00       | 46.00  | 45.00  | 44.00  | 52.00  | Public Safety:              |
| 121.00      | 123.00 | 133.50 | 124.50 | 135.50 | Police                      |
| 20.00       | -      | -      | -      | -      | Fire                        |
| -           | 14.50  | 15.50  | 12.00  | 18.00  | Total Public Safety         |
| -           | 4.25   | 7.00   | 4.00   | 5.15   | Community Development       |
| 20.00       | 18.75  | 22.50  | 16.00  | 23.15  | Planning, Building, Code    |
| 1.00        | -      | -      | -      | -      | Engineering                 |
| 189.00      | 190.50 | 203.00 | 186.00 | 210.00 | Total Community Development |
|             |        |        |        |        | Successor Agency to the RDA |
|             |        |        |        |        | Total                       |

### 2022 City Employees by Function Full-Time Equivalents





## OPERATING INFORMATION



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022

## Operating Indicators by Function

### Last Ten Calendar Years

|   | Calendar Year |       |       |       |       |       |        |        |        |        |
|---|---------------|-------|-------|-------|-------|-------|--------|--------|--------|--------|
|   | 2012          | 2013  | 2014  | 2015  | 2016  | 2017  | 2018   | 2019   | 2020   | 2021   |
| <b>Public Works</b>                     |               |       |       |       |       |       |        |        |        |        |
| Streets maintained (miles)              | 154           | 154   | 154   | 157   | 157   | 157   | 157    | 159    | 161    | 161    |
| <b>Public Safety</b>                    |               |       |       |       |       |       |        |        |        |        |
| Police:                                 |               |       |       |       |       |       |        |        |        |        |
| Physical arrests (Note 1)               | 1,189         | 1,099 | 1,216 | 1,068 | 1,029 | 1,222 | 1,910  | 1,697  | 1,192  | 1,056  |
| Parking violations (Note 1)             | 1,002         | 1,519 | 1,821 | 1,413 | 990   | 1,511 | 1,120  | 1,265  | 3,143  | 1,889  |
| Traffic violations (Note 1)             | 4,085         | 4,264 | 3,292 | 2,703 | 3,113 | 3,479 | 3,853  | 1,978  | 1,381  | 1,323  |
| 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) | -             | -     | -     | -     | -     | -     | 49,901 | 48,065 | 47,800 | 45,051 |
| Fire:                                   |               |       |       |       |       |       |        |        |        |        |
| Number of 9-1-1 calls answered (Note 2) | 4,818         | 4,897 | 5,047 | 5,280 | 5,660 | 5,836 | 5,826  | 6,121  | 6,362  | 6,784  |
| <b>Community Development</b>            |               |       |       |       |       |       |        |        |        |        |
| Building permits issued                 | 1,762         | 1,409 | 1,894 | 1,463 | 1,995 | 2,173 | 2,080  | 2,212  | 1,805  | 2,119  |
| Code complaints (Note 3)                | -             | -     | 2,080 | 935   | 1,486 | 1,866 | 1,643  | 1,879  | 2,040  | 1,656  |
| Property/vehicle abatements             | -             | -     | 325   | 254   | 334   | 683   | 636    | 273    | 133    | 168    |
| Notices/citations issued                | -             | -     | 765   | 1,080 | 884   | 1,731 | 1,886  | 2,034  | 1,467  | 1,536  |

#### Notes to Schedule:

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

**Note 2:** The number of 9-1-1 calls answered reflect the number of emergency incidents that were responded to.

**Note 3:** 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.

**Source:** City of Cathedral City (various departments)

## Capital Asset Statistics by Function

### Last Ten Fiscal Years

|                               | Fiscal Year |       |       |       |       |       |       |       |       |       |
|-------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                               | 2013        | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  |
| <b>Public Works</b>           |             |       |       |       |       |       |       |       |       |       |
| Streets (center line miles)   | 154         | 154   | 157   | 157   | 157   | 157   | 157   | 159   | 161   | 161   |
| Streetlights                  | 1,184       | 1,184 | 1,190 | 1,190 | 1,190 | 1,190 | 1,190 | 2,220 | 2,225 | 2,229 |
| Traffic signs                 | 4,308       | 4,308 | 4,333 | 4,333 | 4,333 | 4,333 | 4,333 | 4,373 | 4,381 | 4,405 |
| Traffic signals               | 49          | 49    | 50    | 50    | 50    | 50    | 50    | 47    | 47    | 48    |
| <b>Public Safety</b>          |             |       |       |       |       |       |       |       |       |       |
| Police:                       |             |       |       |       |       |       |       |       |       |       |
| Stations                      | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Patrol units                  | 64          | 64    | 65    | 57    | 55    | 55    | 60    | 68    | 59    | 59    |
| Fire stations                 | 3           | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| <b>Culture and Recreation</b> |             |       |       |       |       |       |       |       |       |       |
| Parks                         | 7           | 8     | 9     | 10    | 10    | 10    | 10    | 10    | 10    | 10    |
| Parks acreage                 | 39          | 40    | 43    | 48    | 48    | 48    | 48    | 48    | 48    | 48    |
| Community centers             | 1           | 1     | 1     | 1     | 0     | 0     | 0     | 0     | 0     | 0     |
| Libraries                     | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |

**Source:** City of Cathedral City (various departments)



# Cathedral City

## GLOSSARY



CITY OF CATHEDRAL CITY | Year Ended June 30, 2022

## GLOSSARY OF ACRONYMS

### C

**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

**MOE:** Maintenance of Effort

**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



**Cathedral City**

**FINANCE DEPARTMENT**

68-700 Avenida Lalo Guerrero  
Cathedral City, CA 92234

[www.cathedralcity.gov](http://www.cathedralcity.gov)