

2023

Annual Comprehensive Financial Report



CITY OF CATHEDRAL CITY, CALIFORNIA | Year Ended June 30, 2023

2023

Annual Comprehensive Financial Report

Year Ended June 30, 2023

City of Cathedral City, California



Cathedral City

prepared by

FINANCE DEPARTMENT

Kevin J. Biersack, Financial Services Director

available online at
www.cathedralcity.gov



Cathedral City

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INTRODUCTION



CITY OF CATHEDRAL CITY | Year Ended June 30, 2023



Department of Finance

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December 15, 2023

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 (FY), 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 has been prepared by the Finance Department according to Municipal Code, Section 2.12.040. Pursuant to the requirements, we hereby issue the Annual Comprehensive Financial Report of the City for the fiscal year ended June 30, 2023.

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, 2023. 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, 2023. The independent auditors' report is presented as the first component of the financial section of this report.

THE REPORT

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, including 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, economic development, human resources, and information technology; and general administrative support to include finance, facilities, 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 Financial Services Director prepare and submit the budget to the City Council and administer it after adoption. The City Manager or the Financial 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 annual 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 (CV) conveniently located between Palm Springs to the west and Rancho Mirage to the east. With a diverse population of almost 55,000, 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 175 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 and the Gregory S. Pettis Fountain of Life, one of the most visually capturing and historically rich pieces of art in the City located within Town Square featuring mosaic tiles and stone sculptures; the Cathedral City Community Amphitheatre; seven additional parks; and three top-notch golf courses.

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), housing 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 two Council Members elected in November 2020 representing districts one and two and three Council Members representing districts three through five elected in November 2022. 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 senior management positions (Assistant City Manager along with five department heads).

ECONOMIC CONDITIONS

SALES TAX AND TRANSACTIONS & USE TAX

Sales Tax and Transaction & Use Tax is the City's lifeblood. In fiscal year (FY) 2022/2023, it accounted for almost 49.5% of the City's tax revenues and almost 33.9% of the City's traditional General Fund (Fund 100) revenues. For FY 2022/2023, sales tax and transactions and use tax is \$23.6 million versus \$23.7 million in FY 2021/2022 reflecting a \$0.1 million revenue decrease. With the adopted budget projection for FY 2022/2023 being \$18.35 million, the City had a \$5.2 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 2012/2013 to FY 2022/2023, sales tax and transactions and use tax has increased almost \$10.9 million (87%).

TRANSIENT OCCUPANCY TAX (TOT)

The City's TOT slightly increased from \$5.3 million in FY 2021/2022 to \$5.4 million in FY 2022/2023. With the phasing out of the majority of the short-term vacation rental (STVR) properties during the first six (6) months of this fiscal year, we saw the loss of STVR revenue totaling \$557,631 was offset by the increase in hotel revenues totaling \$653,592.

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 FY 2022/2023, the City has 82 cannabis businesses with 146 licenses, operating 52 sites comprised of 49 sites generating tax revenues, including 12 dispensaries, 25 cultivators, and 12 manufacturers resulting in \$3.0 million in tax revenue versus the \$4.5 million in tax revenue in fiscal year 2021/2022. In comparison to the previous fiscal year, the number of cannabis businesses decreased and the number of licenses both decreased 23%. In the upcoming fiscal year (2023/2024), we estimate revenues to be in the \$4.0 million range.

EVENTS, EVENTS AND MORE EVENTS

Cathedral City is back in business with our City events. The City's five Signature Events include the (previously held) 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:

- Cathedral Canyon Bridge
- Dream Homes Park
- Panorama Park Enhancements
- Date Palm S/O Ramon N/O Gerald Ford
- Century Park Enhancements
- Enterprise Resource Planning System
- Landau / McCallum Intersection

A complete list is provided later in the Capital Asset section of the financial report.

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 received almost \$6.4 million, 17.7% more than what was received in FY 2021/2022 (more than \$5.4 million). In the end, property tax revenues represent only 9.1% of the City's total revenue.

Although the local housing market in Cathedral City has slowed in comparison to the growth in the past few years, home values have decreased. In the past year, home values along with lower residential construction rates demonstrate the housing market continues to transition away from a seller's market. When we see additional housing units, the amount of property tax the City receives can increase, with an even greater impact on the City's sales tax revenues. Generally, with new construction, it 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 2022/2023, the City Council continued the existing community assistance program supporting the Boys and Girls Club of Cathedral City, Cathedral City Senior Center, 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, Assistance League of Coachella Valley, Boys and Girls Club of Cathedral City, Cathedral City High School, Cathedral City Senior Center, CVAG Coachella Valley Housing First, CVRM, and Inland Fair Housing.

LONG-TERM FINANCIAL PLANNING

Although we had a significantly better yearend position than planned, 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, e.g., 5.8% in FY 2022/2023, 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 provision of services to citizens. At the end of fiscal year 2022/2023, the City's General Fund (Fund 100) unassigned fund balance is \$39.4 million representing 56.6% of budgeted expenditures for the upcoming fiscal year (2023/2024).

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. 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 2022/2023 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, 2023. 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 for the two-year period beginning July 1, 2025.

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,



Kevin J. Biersack
Financial Services Director



Cathedral City

PRINCIPAL OFFICIALS

CITY COUNCIL

Mayor 2023
District 1



Rita Lamb
Term Expires 2024

Mayor Pro Tem 2023
District 3



Mark Carnevale
Term Expires 2026

Council Member
District 2



Nancy Ross
Term Expires 2024

Council Member
District 5



Raymond Gregory
Term Expires 2026

Council Member
District 4



Ernesto Gutierrez
Term Expires 2026

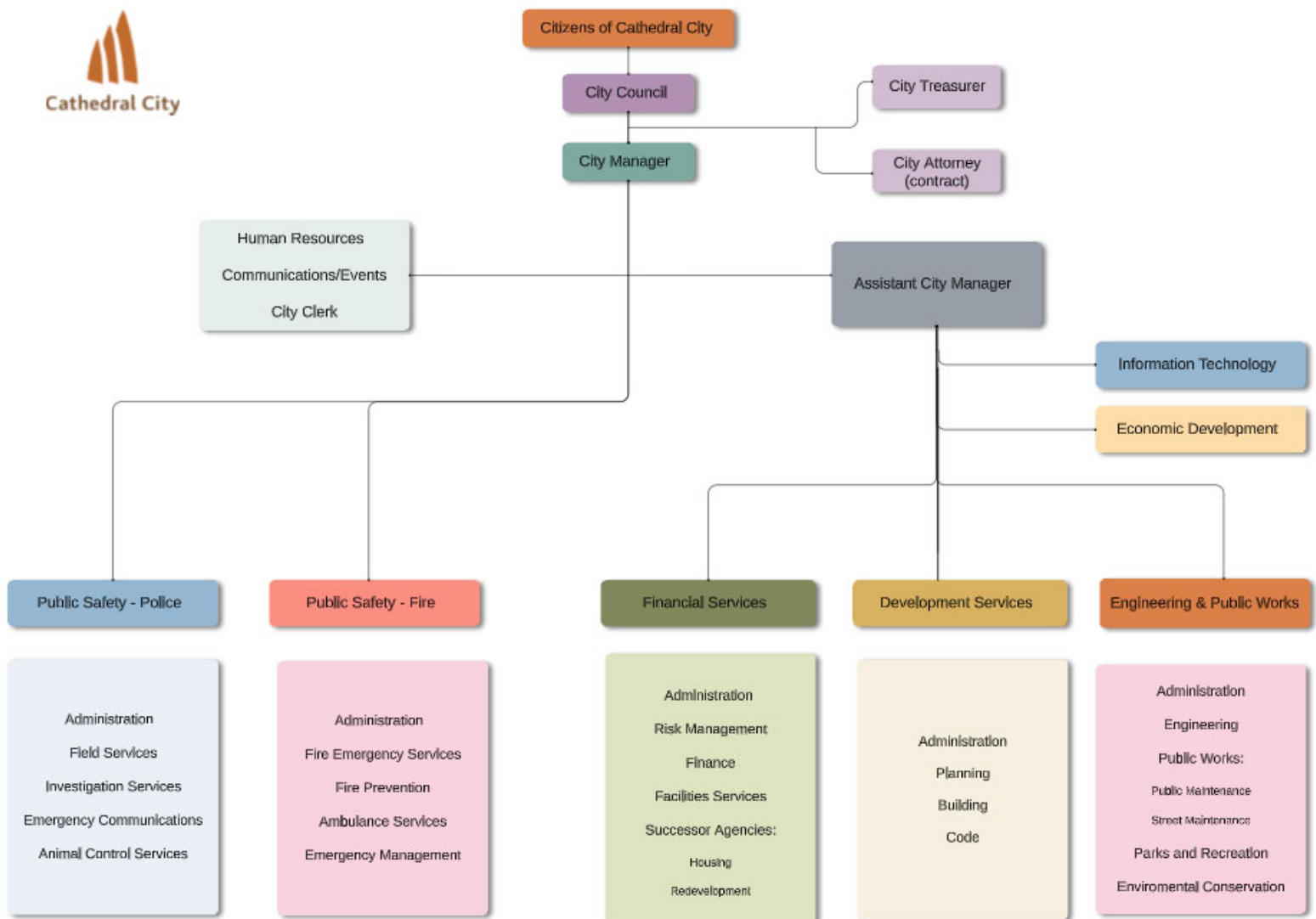
OTHER ELECTED OFFICIALS

City Treasurer..... Greg Jackson

ADMINISTRATIVE OFFICIALS

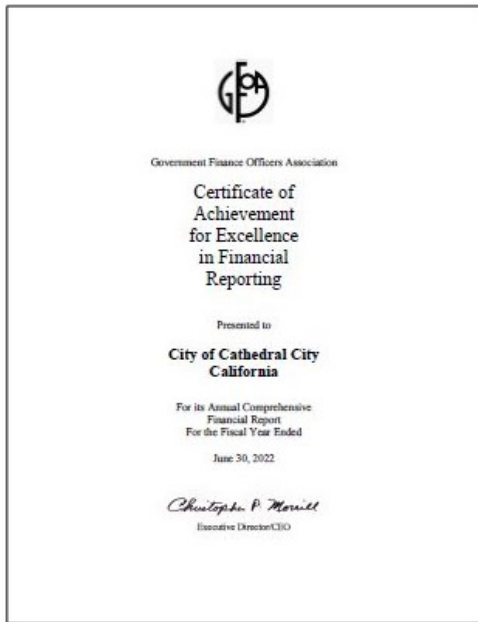
City Manager Charles McClendon
Assistant City Manager Anne Ambrose
City Attorney Eric Vail
Financial Services Director Kevin Biersack
Development Services Director Robert Rodriguez
Economic Development Director Stone James
Engineering and Public Works Director John Corella
Fire Chief..... Michael Contreras
Police Chief George Crum

CITY ORGANIZATION CHART



GOVERNMENT FINANCE OFFICERS ASSOCIATION AWARDS

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



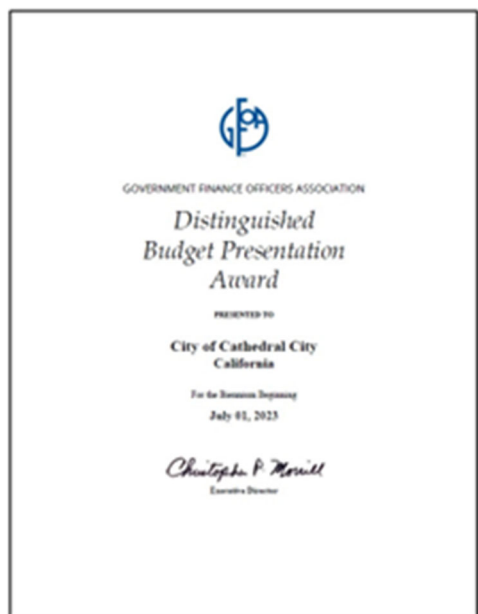
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cathedral City for its annual comprehensive financial report for the fiscal year ended June 30, 2022.

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.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting award is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2023. 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, 2025 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, 2023



Cathedral City



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of 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, 2023, 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, 2023, 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 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1.E to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.



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

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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.

Required Supplementary Information

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



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

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 accompanying 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 November 29, 2023, 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 City's internal control over financial reporting and compliance.

Brea, California
November 29, 2023



Cathedral City

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)



CITY OF CATHEDRAL CITY | Year Ended June 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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, 2023. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal. The focus of the information presented here is on the primary government.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$146,395,727 (net position). Unrestricted net position, which may be used to meet the City's ongoing obligations, was (\$109,009,700) at year end.
- The City's net position decreased \$9,179,757, in this fiscal year. Primary reasons for the net position decrease were an increase in public safety expenditures of \$4,065,398 as well as a \$49,257,176 decrease in liabilities.
- As of close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$110,168,737, an increase of \$4,686,981 from the prior year. A total of \$39,401,651, or 35.8%, 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 \$40,176,890, which represents almost 57.7% of General Fund (Fund 100) FY 2023/2024 budgeted expenditures (including transfers out). \$38,966,410 of the \$40,176,890 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 initial business functions, e.g., licensing, in October 2021 and the payroll functions in January 2022. We continue to refine and further implement the business functions.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

Over time, the 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 \$146,365,727.

Net investment in capital assets totaling \$188,320,467 is comprised of land, buildings, structures, infrastructure, vehicles, and equipment (including lease assets as part of Governmental Accounting Standards Board (GASB) 87 implementation and subscription-based assets as part of GASB 96 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 \$67,054,960 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, (\$109,009,700) 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, 2023 and 2022.

Net Position

(dollars in thousands)

	Primary Government Governmental Activities		
	2023	2022	Change
Current and other assets	\$ 151,183	157,683	(6,500)
Capital assets(net)	191,996	189,541	2,455
Total assets	343,179	347,224	(4,045)
Deferred outflows for Pensions and OPEB	53,438	68,376	(14,938)
Total deferred outflows of resources	53,438	68,376	(14,938)
Noncurrent liabilities	166,892	206,547	(39,655)
Other liabilities	13,858	23,429	(9,571)
Total liabilities	180,750	229,976	(49,226)
Deferred inflows of resources	69,501	30,079	39,422
Total deferred inflows of resources	69,501	30,079	39,422
Net Position			
Net investment in capital assets	188,321	189,060	(739)
Restricted	67,055	69,979	(2,924)
Unrestricted	(109,010)	(103,494)	(5,516)
Total net position	\$ 146,366	155,545	(9,179)

Governmental activities decreased the City's net position by \$9,179,757, for the fiscal year ended June 30, 2023. 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 decrease in assets and the increase in deferred inflows.



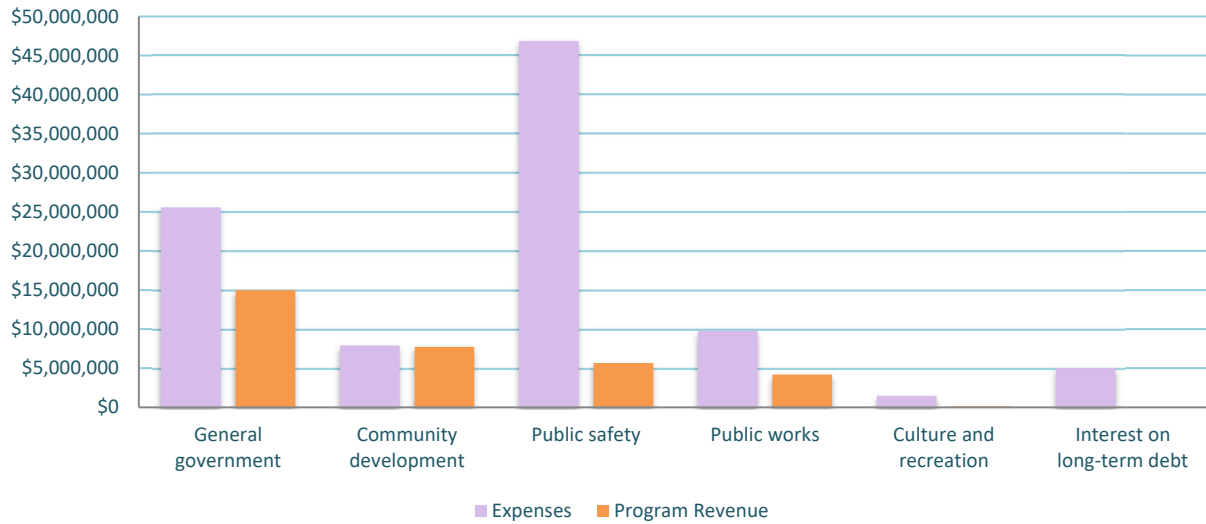
The table below summarizes the City's changes in net position (dollars in thousands) for the years ended June 30, 2023 and 2022.

Changes in Net Position

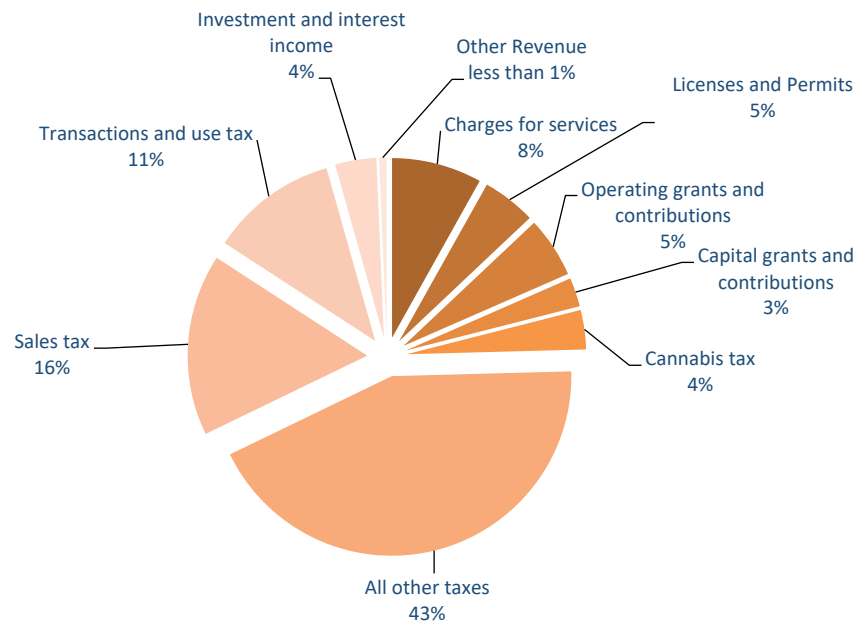
(dollars in thousands)

	Primary Government Governmental Activities		
	2023	2022	Change
Program revenues:			
Charges for services	\$11,822	11,465	357
Operating grants and contributions	18,639	11,389	7,250
Capital grants and contributions	2,213	12,361	(10,148)
General revenues:			
Taxes:			
Cannabis tax	3,002	4,508	(1,506)
Franchise tax	2,915	2,684	231
Property tax	12,016	10,520	1,496
Sales tax	13,872	14,033	(161)
Transaction and use tax	9,706	9,711	(5)
Transient occupancy/timeshare developer	5,414	5,313	101
Utility users' tax	3,627	3,242	385
Investment and interest income	3,611	676	2,935
Other revenue	435	801	(366)
Proceeds from sale of asset	-	47	(47)
Total revenues	87,272	86,750	522
Expenses:			
General government	25,575	19,340	6,235
Community development	7,916	6,725	1,191
Culture and recreation	1,461	1,137	324
Public safety	46,849	17,543	29,306
Public works	9,768	9,258	510
Interest on long-term debt	5,012	2,826	2,186
Total expenses	96,581	56,829	39,752
Revenues over (under) expenses	(9,309)	29,921	(39,230)
Change in net position	(9,309)	29,921	(39,230)
Net position – July 1	155,545	125,635	29,910
Restatement	130	(10)	-
Net position – June 30	\$146,366	155,546	(9,180)

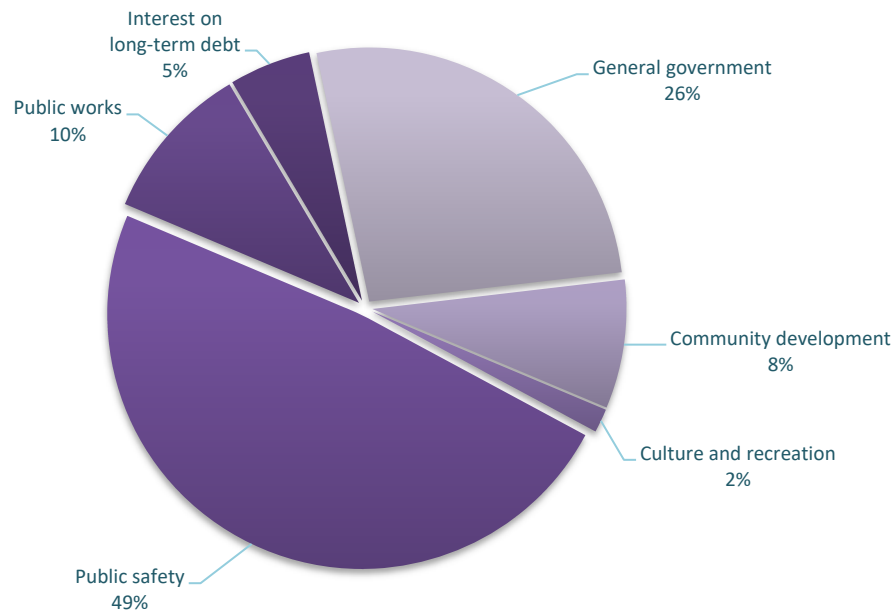
Expenses and Program Revenues - Governmental Activities



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, 2023, the City's governmental funds reported combining fund balances of \$110,168,737, shows an increase of \$4,686,981 in comparison with the prior fiscal year. For the General Fund portion, approximately 35.8% or \$39,401,651, 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 separate funds. As of June 30, 2023, unassigned fund balance for only the Fund 100 portion was \$38,966,410. 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 56.4% of the total General Fund (Fund 100) final budgeted expenditures, including transfers out (other financing uses) of \$69,078,002, while total fund balance represents 58.2% of the same amount.

The total fund balance of the City's General Fund (Fund 100) increased by \$2,548,227 or 6.8%, during the year ended June 30, 2023.

Revenues increased in fiscal year 2022/2023 from the previous fiscal year. General Fund (Fund 100) revenues, including transfers in, increased by \$8,278,590, or 13.3%, from fiscal year 2021/2022.

- Taxes in general increased \$539,910 over the previous fiscal year. The primary reasons were utility user tax increased \$385,424 and franchise fees increased \$230,292 from the previous fiscal year. cannabis tax decreased \$588,763 with increased market competition. Property tax revenue increased \$858,411 and in-lieu vehicle license fee (VLF) property tax increased \$537,424; whereas, Cannabis tax revenue decreased \$1,506,253 from the prior fiscal year.
- Licenses and permits increased \$570,545 from the prior year. The primary increase in revenues was attributed to an increase in building and construction permits and associated revenue. The primary decrease in revenues was due to the adoption of Ordinance No. 859 resulting in the prohibiting of STVRs in most residential zones.
- Charges for services decreased \$79,836 from the prior fiscal year. The primary decrease in revenues was attributed to police dispatch services decreased \$1,176,832. There were offsetting increases in paramedic service fees totaling \$891,096.

General Fund (Fund 100) expenditures, including transfers out, increased by \$12,528,917, or 18.4%, from the previous fiscal year. The increase is attributable to a \$3,639,145 increase in salaries and benefits for rehiring staff positions either cut or on hold from the COVID-19 pandemic. In addition, there were significant operational expenditures increase totaling \$8,889,772 to include facility improvements, park improvements, road improvements and a new City debt for a Pension Obligation bond expense.

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 \$256,490. This amounts to a \$28,525 net decrease 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 \$11,714,540. This amounts to a net increase in fund balance of \$16,812 during the current year. Revenues increased \$52,477 to \$137,649, while expenditures decreased \$8,694 to \$71,035. The net increase in revenues was primarily due to higher 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 \$31,455,559. This amounts to a net decrease in fund balance of \$1,005,862 during the current year. Revenues increased \$300,784 to \$5,871,603 while expenditures decreased \$323,374,060 to \$10,634,282. 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 \$4,160,423. This amounts to a net increase in fund balance of \$1,145,169 during the current year. Revenues decreased \$9,522,570 to \$2,600,345 while expenditures decreased \$10,211,460 to \$1,650,617. The increase in revenues and decrease in expenses with the net increase in fund balance was primarily due to increased project reimbursement and less construction activity.

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 \$19,841,195 during the fiscal year. Operating revenues increased \$2,756,592 to \$15,090,555, while operating expenses decreased \$1,880,308 to \$19,686,326. The net increase in revenues was mainly attributable to reinstating the monthly allocation for CalPERS; however, there were revenues related to funding received from other funds for vehicle purchases, technology improvements and facilities maintenance. The net decrease in expenditures was primarily attributable to reduced contributions to the OPEB account with the California Employers' Retiree Benefit Trust (CERBT) fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original expenditure estimates, including transfers out, for FY 2022/2023, prepared in the spring of 2021, were based on anticipated outflows of resources at that time. During FY 2022/2023, budgeted expenditures increased \$9,122,402 from \$59,955,600 to \$69,078,002 for the fiscal year ended June 30, 2023. 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 user tax and franchise fees.

Actual General Fund (Fund 100) revenues, including transfers in, were \$15,015,403 higher than the final budget for FY 2022/2023, or 27%. Significant differences between budget and actual revenues are highlighted below.

- Intergovernmental revenues were more than budget estimates by \$8,621,074 as a result of federal governmental grant funding. American Rescue Plan Act (ARPA) revenues totaling \$8,223,261 were recognized during this fiscal year.
- Tax revenues were more than budget estimates by \$4,385,544 as economic conditions were significantly more in this fiscal year than projected primarily for sales, and transaction and use taxes.
- Licenses and permits were more than budgeted estimates by \$667,583 primarily due to decreased short-term vacation rental permits.
- Use of money and property was more than budget estimates by \$566,800 primarily due to an increase in interest rates.

CAPITAL ASSETS AND BONDED DEBT ADMINISTRATION

CAPITAL ASSETS

The City's capital assets for its governmental activities as of June 30, 2023, were \$191,995,633 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, structures, vehicles/equipment, lease assets, subscription assets, infrastructure (bridges, streets, traffic signals, streetlights, etc.) and intangibles. The City's capital assets by type as of June 30, 2023 and 2022 are summarized in the table below (dollars in thousands).

Capital Assets		Primary Government	
(dollars in thousands)	Governmental Activities		
	2023	2022	Change
Land	\$ 29,328	29,328	-
Construction in progress	28,131	26,910	1,221
Buildings and improvements	11,181	12,061	(880)
Structures and improvements	737	878	(141)
Vehicles, furniture and equipment	5,260	4,645	615
Lease assets	293	480	(187)
Subscription assets	3,560	-	3,560
Infrastructure	113,441	115,161	(1,720)
Intangibles	65	78	(13)
Total	\$ 191,996	189,541	2,455

Major capital asset activity for the year ended June 30, 2023, included the following:

- Current year additions to infrastructure assets for projects completed during the year \$4,115,588.
- Additions to Construction in Progress include:

• Cathedral Canyon Bridge	\$ 834,261
• Dream Homes Park	\$ 407,840
• Panorama Park Enhancements	\$ 401,940
• Date Palm S/O Ramon N/O Gerald Ford	\$ 247,398
• Century Park Enhancements	\$ 207,858
• Enterprise Resource Planning System	\$ 77,456
• Landau/Mccallum Intersection	\$ 68,943
• HSIP 10 Ped Ramon@Avenida La Paloma	\$ 68,736
• HSIP 9A 10 Intersection Improvement	\$ 57,102
• HSIP 9B Varner/Date Palm Safety Imp	\$ 32,299
• East Palm Canyon MUP & Widening	\$ 29,260
• Via De Anza Phase II St Improvement	\$ 24,711
• Ramon Road Bridge	\$ 11,421
• Downtown Dog Park	\$ 9,543

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

LONG-TERM LIABILITIES

The City had total long-term debt of \$166,860,402 outstanding as of June 30, 2023. Of this amount, \$86,381,188 was capital improvements related (bonds), \$303,829 was for lease liabilities, \$3,371,337 was for subscription liabilities, \$68,886,664 was employee related (compensated absences, net pension liability and other postemployment benefits), and \$7,948,818 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, 2023, and 2022, is summarized in the table below (dollars in thousands). Additional information on the City's long-term debt for the year can be found in **Note II-E** and **Note II-F** in the notes to the basic financial statements.

Long-Term Liabilities (dollars in thousands)		Primary Government Governmental Activities		
	Note Reference	2023	2022	Change
Lease revenue bonds	II-F.1, II-F.4	\$ 26,150	28,780	(2,630)
Limited obligation bonds	II-F.2, II-F.4	24,755	26,635	(1,880)
Tax allocation bonds	II-F.3, II-F.4	35,476	37,450	(1,974)
Compensated absences	II-F.4, II-F.7	4,966	5,118	(152)
Net pension liability	II-F.4, IV-B.2	22,121	14,926	7,195
Other postemployment benefits	II-F.4, IV-C.4	41,799	89,770	(47,971)
Lease liabilities	II.E	304	494	(190)
Subscription liabilities	II.E	3,371	-	3,371
Claims and judgments	II-F.4, IV-A	7,949	3,374	4,575
Total		\$ 166,891	206,547	(39,656)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Expenditures and transfers out were projected to be \$59,995,600 in fiscal year 2022/2023 based on the originally adopted budget. This represented an increase of \$1.3 million from the \$58,648,346 fiscal year 2021/2022. 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 a \$2.5 million 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 2023/2024 budget for the General Fund (Fund 100) assumed a stable revenue stream in its revenues from sales tax, transaction and use tax, and transient occupancy tax along with increases in property tax, utility user tax, and franchise fees. These ongoing revenues, including transfers in, were budgeted to be \$67,007,499, an increase of \$11,347,686 or 20.4%, from the final fiscal year 2022/2023 budget totaling \$55,659,813. As we continue to experience continued economic stability coming out of the COVID-19 pandemic, the City is projecting continued stability of the sales tax and transaction and use tax revenues to continue in the upcoming fiscal year (FY 2023/2024). The fiscal year 2022/2023 actual revenues totaled \$70,463,576 million, which is \$8.4 million more than the fiscal year 2021/2022 actual revenues of \$62,029,436 representing a 13.6% increase. This higher than forecasted revenue in fiscal year 2022/2023 was primarily a result of \$8,223,261 of ARPA funding. As a result, the City is projecting a similar revenue stream for FY 2023/2024, net of anticipated ARPA revenues.

REQUESTS FOR INFORMATION

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





Cathedral City

BASIC FINANCIAL STATEMENTS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2023



Cathedral City

GOVERNMENT-WIDE FINANCIAL STATEMENTS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2023

Statement of Net Position
June 30, 2023

	Primary Government Governmental Activities
Assets	
Cash and investments	\$ 89,081,540
Accounts receivable	10,388,013
Interest receivable	822,197
Loans receivable	15,021,915
Lease receivable	511,770
Inventories	31,624
Deposits	2,890,373
Prepays	541,268
Investments held in trust	26,573,450
Restricted cash and investments	4,788,340
Assets held for disposition	532,996
Capital assets:	
Not being depreciated/amortized	57,458,758
Being depreciated/amortized, net	<u>134,536,875</u>
Total Assets	<u>343,179,119</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	34,576,301
Deferred outflows related to OPEB	<u>18,861,594</u>
Total Deferred Outflows of Resources	<u>53,437,895</u>
Liabilities	
Accounts payable	3,301,628
Interest payable	921,699
Unearned revenue	9,073,295
Deposits	561,416
Noncurrent liabilities:	
Due within one year:	
Bonds	7,476,094
Compensated absences	2,483,122
Claims and judgments	1,750,000
Lease liabilities	124,941
Subscription liabilities	433,484
Due in more than one year:	
Debt and other long-term liabilities	
Bonds	78,905,094
Compensated absences	2,483,121
Claims and judgments	6,198,818
Lease liabilities	178,888
Subscription liabilities	2,937,853
Net pension liability	22,120,972
Total other postemployment benefits obligation	<u>41,799,448</u>
Total Liabilities	<u>180,749,873</u>
Deferred Inflows of Resources	
Deferred inflows related to leases	497,961
Deferred inflows related to pensions	21,208,585
Deferred inflows related to OPEB	<u>47,794,868</u>
Total Deferred Inflows of Resources	<u>69,501,414</u>
Net Position	
Net investment in capital assets	188,320,467
Restricted for:	
Capital projects	6,074,691
Community development	14,193,923
Debt service	30,440,009
Low-mod income housing	11,714,540
Public safety	1,773,392
Public works	2,858,405
Unrestricted	<u>(109,009,700)</u>
Total Net Position	<u>\$ 146,365,727</u>

See accompanying notes to basic financial statements.

Statement of Activities

For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 25,574,807	6,218,803	8,603,004	141,650
Community development	7,916,482	782,342	5,019,581	1,931,892
Culture and recreation	1,460,724	-	-	119,215
Public safety	46,848,970	4,046,396	1,596,984	20,262
Public works	9,768,019	774,456	3,419,509	-
Interest on long-term debt	5,012,427	-	-	-
Total Governmental Activities	96,581,429	11,821,997	18,639,078	2,213,019
Total Primary Government	\$ 96,581,429	11,821,997	18,639,078	2,213,019

General Revenues

Taxes:

Cannabis tax

Franchise tax

Property tax

Sales tax

Transactions and use tax

Transient occupancy/timeshare developer

Utility users tax

Investment and interest income

Other revenue

Total General Revenues

Change in net position

Net Position - July 1, as previously reported

GASB 96 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:
(10,611,350)	General government
(182,667)	Community development
(1,341,509)	Culture and recreation
(41,185,328)	Public safety
(5,574,054)	Public works
(5,012,427)	Interest on long-term debt
(63,907,335)	Total Governmental Activities
(63,907,335)	Total Primary Government
	General Revenues
	Taxes:
3,001,871	Cannabis tax
2,914,705	Franchise tax
12,016,023	Property tax
13,871,872	Sales tax
9,706,198	Transactions and use tax
5,413,963	Transient occupancy/timeshare developer
3,627,037	Utility users tax
3,611,106	Investment and interest income
434,927	Other revenue
54,597,702	Total General Revenues
(9,309,633)	Change in net position
155,545,484	Net Position - July 1, as previously reported
129,876	GASB 96 implementation (Note G)
155,675,360	Net Position - July 1, as restated
\$ 146,365,727	Net Position - Ending

FUND FINANCIAL STATEMENTS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2023



Cathedral City

Balance Sheet
Governmental Funds
June 30, 2023

		<u>Special Revenue</u>		<u>Debt Service</u>
	<u>General</u>	<u>Developer Fees</u>	<u>Successor Housing Agency</u>	<u>Public Financing Authority</u>
Assets				
Cash and investments	\$ 42,233,879	2,626,315	2,678,740	-
Receivables:				
Interest	440,880	22,318	22,690	-
Accounts	7,934,986	-	583	-
Loans	2,993,510	-	12,028,405	-
Lease	428,803	-	-	-
Interfund receivable	167,917	-	-	-
Prepaid assets	310,480	-	-	93,851
Investments held in trust	-	-	-	26,573,450
Restricted assets:				
Cash and investments held with fiscal agent	-	-	-	4,788,258
Assets held for disposition	-	-	532,996	-
Total Assets	\$ 54,510,455	2,648,633	15,263,414	31,455,559
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,595,381	52,156	7,291	-
Deposits from others	555,642	-	-	-
Unearned revenue	6,716,119	2,339,987	-	-
Interfund payable	-	-	-	-
Total Liabilities	9,867,142	2,392,143	7,291	-
Deferred inflows of resources:				
Unavailable revenue	1,074,572	-	3,541,583	-
Related to leases	415,075	-	-	-
Total Deferred Inflow of Resources	1,489,647	-	3,541,583	-
Fund balances:				
Nonspendable	3,303,990	-	-	93,851
Restricted	-	256,490	11,714,540	31,361,708
Assigned	448,025	-	-	-
Unassigned	39,401,651	-	-	-
Total Fund Balances	43,153,666	256,490	11,714,540	31,455,559
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 54,510,455	2,648,633	15,263,414	31,455,559

See accompanying notes to basic financial statements.

<u>Capital Projects</u>			
<u>Areawide Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>	
			Assets
4,242,548	18,640,148	70,421,630	Cash and investments
			Receivables:
36,039	142,023	663,950	Interest
1,277,623	1,138,507	10,351,699	Accounts
-	-	15,021,915	Loans
-	-	428,803	Lease
-	-	167,917	Interfund receivable
-	770	405,101	Prepaid assets
-	-	26,573,450	Investments held in trust
			Restricted assets:
-	82	4,788,340	Cash and investments held with fiscal agent
-	-	532,996	Assets held for disposition
<u>5,556,210</u>	<u>19,921,530</u>	<u>129,355,801</u>	Total Assets
			Liabilities, Deferred Inflows of Resources, and Fund Balances
			Liabilities:
131,064	304,132	3,090,024	Accounts payable
-	-	555,642	Deposits from others
-	-	9,056,106	Unearned revenue
-	167,917	167,917	Interfund payable
<u>131,064</u>	<u>472,049</u>	<u>12,869,689</u>	Total Liabilities
			Deferred inflows of resources:
1,264,723	21,422	5,902,300	Unavailable revenue
-	-	415,075	Related to leases
<u>1,264,723</u>	<u>21,422</u>	<u>6,317,375</u>	Total Deferred Inflow of Resources
			Fund balances:
-	770	3,398,611	Nonspendable
388,904	19,427,289	63,148,931	Restricted
3,771,519	-	4,219,544	Assigned
-	-	39,401,651	Unassigned
<u>4,160,423</u>	<u>19,428,059</u>	<u>110,168,737</u>	Total Fund Balances
<u>5,556,210</u>	<u>19,921,530</u>	<u>129,355,801</u>	Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position For the Year Ended June 30, 2023

Total fund balances - governmental funds	\$ 110,168,737
Amounts reported for governmental activities in the statement of net position are different because:	
<ul style="list-style-type: none"> Capital assets used in governmental activities, excluding internal service funds of \$6,111,862, are not financial resources, and therefore, are not reported in the funds. 	
Capital assets, at historical cost	331,764,919
Accumulated depreciation	(149,734,628)
<hr/>	
<ul style="list-style-type: none"> Accrued interest payable not included in the funds. 	(921,699)
<hr/>	
<ul style="list-style-type: none"> Deferred inflows of resources represent the acquisition of net position that applies to a future period and will not be recognized as an inflow of resources on the government-wide financial statements until then. Deferred outflows of resources represent the consumption of net position that applies to a future period and will not be recognized as an outflow of resources on the government-wide financial statements until then. 	
Deferred inflows - unavailable revenues recognized under the accrual method of accounting	5,902,300
Deferred inflows - changes in assumptions	(40,764,176)
Deferred inflows - differences between actual and expected experience	(7,289,157)
Deferred inflows - differences between the employer's contributions and the employer's proportionate share of contributions	(1,881,547)
Deferred inflows - changes in employer's proportion	(19,068,577)
Deferred outflows - contributions subsequent to measurement date	16,104,103
Deferred outflows - differences between actual and expected experience	765,454
Deferred outflows - differences between the employer's contributions and the employer's proportionate share of contributions	15,067,991
Deferred outflows - changes in assumptions	15,088,977
Deferred outflows - changes in employer's proportion	1,341,391
Deferred inflows - net difference between projected and actual earnings on plan investments	5,069,980
<hr/>	
<ul style="list-style-type: none"> Internal service funds are used by management to charge the costs of these funds to their primary users governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 	19,841,195
<hr/>	
<ul style="list-style-type: none"> Long-term liabilities are not due and payable in the current period and therefore, not reported in the governmental funds (this excludes internal service fund liabilities of \$8,183,383). 	
Bonds	(86,381,188)
Compensated absences	(4,966,243)
Net pension liability	(22,120,972)
Other post employment benefits (OPEB)	(41,799,448)
Leases payable	(303,829)
Subscription payable	(3,371,337)
<hr/>	
<ul style="list-style-type: none"> Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 	
Leased asset	929,948
Accumulated amortization	(636,729)
<ul style="list-style-type: none"> Subscription assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 	
Subscription asset	4,062,859
Accumulated amortization	(502,597)
<hr/>	
Net position of governmental activities	\$ 146,365,727

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, 2023

	General	Special Revenue		Debt Service
		Developer Fees	Successor Housing Agency	Public Financing Authority
Revenues				
Taxes	\$ 50,551,669	-	-	-
Intergovernmental	8,671,074	-	-	-
Licenses and permits	3,530,107	-	-	-
Fines and forfeitures	389,501	-	-	-
Charges for services	5,126,920	-	-	-
Special assessments	241,806	-	-	-
Development fees	-	272,640	-	-
Use of money and property	1,383,322	(63,429)	53,332	1,479,911
Contributions from other governments	250,000	-	-	4,391,692
Other revenue	243,782	-	84,317	-
Total Revenues	70,388,181	209,211	137,649	5,871,603
Expenditures				
Current:				
General government	16,300,184	-	-	-
Community development	6,328,248	-	71,035	-
Culture and recreation	1,119,149	71,170	-	-
Public safety	36,478,615	-	-	-
Public works	1,049,642	-	-	-
Capital outlay	2,389,166	-	-	-
Debt service:				
Principal	441,222	-	-	6,990,000
Interest	57,120	-	-	3,644,282
Total Expenditures	64,163,346	71,170	71,035	10,634,282
Excess (deficiency) of revenues over (under) expenditures	6,224,835	138,041	66,614	(4,762,679)
Other Financing Sources (Uses)				
Transfers in	691,920	-	-	3,756,817
Transfers out	(4,342,138)	(166,566)	(49,802)	-
Related to subscriptions	211,637	-	-	-
Total Other Financing Sources (Uses)	(3,438,581)	(166,566)	(49,802)	3,756,817
Net change in fund balances	2,786,254	(28,525)	16,812	(1,005,862)
Fund balances - beginning	40,367,412	285,015	11,697,728	32,461,421
Fund Balances - Ending	\$ 43,153,666	256,490	11,714,540	31,455,559

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>		
-	-	50,551,669	Revenues
2,374,553	5,689,381	16,735,008	Taxes
-	-	3,530,107	Intergovernmental
-	180,109	569,610	Licenses and permits
-	1,760,376	6,887,296	Fines and forfeitures
-	411,567	653,373	Charges for services
-	68,500	341,140	Special assessments
6,492	288,827	3,148,455	Development fees
-	-	4,641,692	Use of money and property
219,300	18,372	565,771	Contributions from other governments
2,600,345	8,417,132	87,624,121	Other revenue
			Total Revenues
			Expenditures
			Current:
-	30,522	16,330,706	General government
219,300	1,169,459	7,788,042	Community development
-	-	1,190,319	Culture and recreation
-	115,761	36,594,376	Public safety
-	3,328,432	4,378,074	Public works
1,431,317	1,771,195	5,591,678	Capital outlay
			Debt service:
-	-	7,431,222	Principal
-	-	3,701,402	Interest
1,650,617	6,415,369	83,005,819	Total Expenditures
			Excess (deficiency) of revenues over
949,728	2,001,763	4,618,302	(under) expenditures
			Other Financing Sources (Uses)
195,441	538,144	5,182,322	Transfers in
-	(766,774)	(5,325,280)	Transfers out
-	-	211,637	Related to subscriptions
195,441	(228,630)	68,679	Total Other Financing Sources (Uses)
1,145,169	1,773,133	4,686,981	Net change in fund balances
3,015,254	17,654,926	105,481,756	Fund balances - beginning
4,160,423	19,428,059	110,168,737	Fund Balances - Ending

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances to the Statement of Activities**
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds **\$4,686,981**

- 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 amortization/depreciation exceeded capital outlay.

Capital outlay	5,385,490
Amortization/depreciation expense (excluding internal service)	(6,983,497)

• Revenues in the statement of activities that do not provide current financial	(865,745)
---------------------------------------------------------------------------------	-----------

- 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	6,990,000
-------------------------	-----------

- 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	151,912
Accrued interest payable	(804,740)
Accreted interest payable	(506,285)

- 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	(13,490,031)
-------------------------------------	--------------

- 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.

	(3,935,742)
--	-------------

- 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.

Amortization of leased assets	(187,209)
Lease repayment	190,186

- Governmental funds report acquisitions of subscription 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 subscription acquisitions were less than amortization expense in the current period.

Acquisition of subscription assets	211,637
Amortization of subscription assets	(502,597)

- Payment on subscriptions are recorded as an expenditure in the governmental funds, but the repayment reduces the subscription liability in the statement of net position.

New subscriptions entered into	(211,637)
Subscription repayment	561,644

Change in net position of governmental activities

(\$9,309,633)

See accompanying notes to basic financial statements.

Statement of Net Position
Proprietary Funds
June 30, 2023

	Governmental Activities - Internal Service Funds
Assets	
Current assets:	
Cash and investments	\$ 18,659,909
Receivables:	
Interest	158,249
Accounts	36,313
Leases	82,968
Deposits with PERMA	2,890,373
Prepaid assets	136,167
Inventories	31,624
Total Current Assets	21,995,603
Noncurrent assets:	
Capital assets:	
Intangibles	95,098
Vehicles and equipment	12,230,994
Construction in progress	787,699
Amortization of intangible assets/Depreciation	(7,001,929)
Net capital assets	6,111,862
Total Noncurrent Assets	6,111,862
Total Assets	28,107,465
Liabilities	
Current liabilities:	
Accounts payable	211,604
Deposits from others	5,774
Claims payable	1,750,000
Unearned revenue	17,188
Total Current Liabilities	1,984,566
Noncurrent liabilities:	
Claims payable	6,198,818
Total Noncurrent Liabilities	6,198,818
Total Liabilities	8,183,384
Deferred Inflows of Resources	
Lease	82,886
Total Deferred Inflows of Resources	82,886
Net Position	
Invested in capital assets	6,111,862
Unrestricted	13,729,333
Total Net Position	\$ 19,841,195

See accompanying notes to basic financial statements.

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for services	\$ 15,093,063
Other revenue	(2,508)
Total Operating Revenues	15,090,555
Operating Expenses	
Insurance claims and expenses	15,652,256
Annual contributions	2,898,000
Amortization of intangible assets/Depreciation	1,019,579
Repairs and maintenance	116,491
Total Operating Expenses	19,686,326
Operating Income	(4,595,771)
Nonoperating Revenues (Expenses)	
Lease income	53,277
Rental income	24,533
Interest and investment income	895,868
Gain on sale of capital assets	52,136
Net increase (decrease) in fair value of investments	(508,743)
Total Nonoperating Revenues (Expenses)	517,071
Income before transfers	(4,078,700)
Transfers in	142,958
Change in net position	(3,935,742)
Total net position - beginning	23,776,937
Total Net Position - Ending	\$ 19,841,195

See accompanying notes to basic financial statements.

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities	
Receipts from customers and user departments	\$ 15,531,054
Payments to suppliers for goods and services	(14,084,675)
Other operating receipts	158,407
Net Cash Provided (Used) by Operating Activities	1,604,786
Cash Flows From Noncapital Financing Activities	
Transfers in	142,958
Net Cash Provided by Noncapital Financing Activities	142,958
Cash Flows From Capital and Related Financing Activities	
Capital asset acquisitions	(1,698,770)
Proceeds from the sale of capital assets	52,136
Net Cash (Used) by Capital and Related Financing Activities	(1,646,634)
Cash Flows From Investing Activities	
Interest income	785,099
Rental income	79,275
Change in fair value of investments	(508,743)
Net Cash (Used) by Investing Activities	355,631
Net increase (decrease) in cash and cash equivalents	456,741
Cash and cash equivalents - beginning	18,203,168
Cash and Cash Equivalents - Ending	\$ 18,659,909
Reconciliation of Operating Income to Net Cash (Used) by Operating Activities:	
Operating Income (loss)	\$ (4,595,771)
Adjustments to Reconcile operating income to net cash provided (used) by operating activities:	
Amortization of intangible assets/Depreciation	1,019,579
Accounts receivable	(33,742)
Deposits with PERMA	477,966
Prepaid assets	1,697,313
Inventories	20,044
Accounts payable	(1,551,566)
Unearned revenue	(3,728)
Claims payable	4,574,691
Net Cash (Used) by Operating Activities	\$ 1,604,786

See accompanying notes to basic financial statements.

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2023

	Private-Purpose Trust Funds	
	Successor Agency Trust Funds	Custodial Funds
Assets		
Cash and investments	\$ 12,535,631	6,129,255
Receivables:		
Interest	-	69,759
Special assessments	-	305,899
Prepaid assets	868,798	-
Restricted assets:		
Cash and investments held with fiscal agent	24,893	401,456
Total Assets	13,429,322	6,906,369
Liabilities		
Accounts payable	-	5,285
Accrued interest	1,655,772	-
Due to bondholders	-	6,901,084
Bonds and notes payable:		
Due in one year	5,540,000	-
Due in more than one year	117,035,549	-
Total Liabilities	124,231,321	6,906,369
Net Position		
Restricted for dissolution of former RDA	(110,801,999)	-
Total Net Position	\$ (110,801,999)	-

See accompanying notes to basic financial statements.

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	Private-Purpose Trust Funds	Successor Agency Trust Funds	Custodial Funds
Additions			
Taxes	\$	14,930,746	-
Collections for assessment districts		-	11,911,057
Use of money and property		3,341	381,940
Net Increase (decrease) in fair value of investments		-	(224,261)
Total Additions		14,934,087	12,068,736
Deductions			
Administrative expenses		86,982	47,228
Contractual services		307,230	130,823
Interest expense		4,763,177	1,854,211
Contributions to other governments		4,641,692	-
Bond payment		-	8,905,930
Other deductions		-	1,130,544
Total Deductions		9,799,081	12,068,736
Change in net position		5,135,006	-
Net Position - beginning of the year, as previously reported		(115,937,005)	5,770,540
Restatement of Net Position (Note G)		-	(5,770,540)
		(110,801,999)	-
Net Position - End of the Year	\$	(110,801,999)	-

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE A – REPORTING ENTITY

The City of Cathedral City (the "City") was incorporated in 1981 under the general laws of the State of California and enjoyed the rights and privileges pertaining to such "general law" cities. With the November 2016 election, the City became a charter city and 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, economic development, human resources, and information technology; and general administrative support to include finance, facilities, 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*.

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.

Fiduciary Component Units.

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 is necessary for the Successor Agency to be included in 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 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 tax, property tax, utility user tax, transactions and use tax, cannabis tax, franchise fees, motor vehicle in lieu payments, transient occupancy tax, 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 purposes, 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. Assets held in custodial funds are not held in trusts or equivalent arrangements.

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 tax, sales and use tax, utility user tax, transactions and use tax, cannabis tax, franchise fees, motor vehicle in lieu payments, transient occupancy tax, 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. 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 if hired prior to September 1, 2016. For non-represented employees hired after August 31, 2016, shall accrue no more than three times their annual vacation leave allotment. 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 is 960 hours for non-represented employees if hired prior to September 1, 2016. For non-represented employees hired after August 31, 2016, with completion of five (5) years of service with the City, all sick leave hours may be applied to CalPERS service credit conversion or may cash out up to 25% of sick leave 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 tax, property tax, 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 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 Financial 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.

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

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

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

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

18. **Pensions.** For purposes of measuring the net pension liability, deferred inflows and outflows of resources related to the pension, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. 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) 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 a liability recognized within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date:	January 1, 2021
Measurement Date:	June 30, 2022
Measurement Period:	July 1, 2021 to June 30, 2022

- 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.
- 22. Leases and Subscriptions. Lessee:** The City is a lessee for non-cancellable lease of assets. 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 non-cancellable 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.

Lessor: The City is a lessor for a noncancellable lease of a building and cell tower land. For the cell tower land, the City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. For the lease of three building suites, the City recognizes a lease receivable and a deferred inflow of resources in the proprietary financial statements. The building suites being leased is classified as a capital asset on the statement of net position.

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 non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are 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.

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

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

- The City uses its estimated incremental borrowing rate as the discount rate for subscription.
- The subscription term includes the noncancellable period of the subscription plus either party's unilateral option to extend based on relevant factors. Subscription payments included in the measurement of the subscription 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 subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

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

NOTE E – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

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. This Statement did apply to the City and resulted in a net restatement of \$129,876 as part of the accounting principles. This is a one-time adjustment.

Governmental Accounting Standards Board Statement No. 99 – In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Terminology used in Statement 53 to refer to resource flows statements.

GASB Statement No. 99 is effective for financial statements as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

NOTE F – NEW ACCOUNTING PRINCIPLES YET TO BE IMPLEMENTED

Governmental Accounting Standards Board Statement No. 100 – In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 100 is effective for financial statements starting with the fiscal year beginning after June 15, 2023.

Governmental Accounting Standards Board Statement No. 101 – In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 101 is effective for financial statements starting with the fiscal year beginning after December 15, 2023.



II. DETAILED NOTES FOR ALL FUNDS

NOTE A – DEPOSITS AND INVESTMENTS

- 1. Deposits.** Cash includes amounts in demand and time deposits. The City maintains a single cash account at Wells Fargo Bank for payment of general accounts payable checks and payroll checks. At year end, the City's bank balance was \$525,454. The balance reported in the June 30, 2023 financial statements was (\$551,126).

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, 2023, 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 in 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 Financial 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 Financial Services Director and City Manager, in that order, are authorized to act on his/her behalf. The City's Municipal Code requires the City Treasurer to provide a monthly report of all investments. This 'treasurer's report' meets the requirement for reporting investments.

The table on the following page 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, 2023

	Maximum Maturity	Maximum % of Portfolio*	Maximum Investment In One Issuer
Government agency issues	5 years	80%	No maximum
Banker's acceptances	180 days	40%	30%
Medium-term notes	5 years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	No maximum	\$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.

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, 2023

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

On June 30, 2023, the City's investment balances were as shown in the table below.

Investment Balances

June 30, 2023

	Fair Value
Investments governed by CA Government Code/City investment policy:	
Local Agency Investment Fund (LAIF)	\$ 85,455,478
Certificates of deposit	2,430,701
Federal agency securities	6,612,639
Medium-term notes	12,277,594
Money market mutual funds	1,457,149
Total investments governed by CA Government Code/City investment policy	\$ 108,233,561
Investments governed by debt agreements:	
Money market mutual funds	\$ 5,214,689
Local agency bonds	26,573,450
Total investments governed by debt agreements	31,788,139
Total investments	\$ 140,021,700

A reconciliation of cash and investments as shown in the basic financial statements as of June 30, 2023, is shown in the table below.

Reconciliation of Cash and Investments

June 30, 2023

	Primary Government
Governmental activities:	
Cash on hand	\$ 6,480
Other cash – Playa del Sol	57,510
Deposits with financial institutions	(551,126)
Investments	89,568,676
Subtotal – cash and investments	89,081,540
Investments held in trust	26,573,450
Restricted cash and investments	4,788,340
Total governmental activities	\$ 120,443,330
Fiduciary:	
Private-Purpose Trust Funds:	
Investments	\$ 12,535,631
Restricted cash and investments	24,893
Custodial Funds:	
Investments	6,129,255
Restricted cash and investments	401,456
Total fiduciary	19,091,235
Total cash and investments	\$ 139,534,565

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 measurements 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 on June 30, 2023.

Investment Balances

June 30, 2023

Investment Type	Total	Level 1	Level 2	Level 3
Local Agency Investment Fund (LAIF)	\$ 85,455,478	-	85,455,478	-
Certificates of deposit	2,430,701	-	2,430,701	-
Federal agency securities	6,612,639	-	6,612,639	-
Medium-term notes	12,277,594	-	12,277,594	-
Money market mutual funds	6,671,838	-	6,671,838	-
Local agency bonds	26,573,450	-	26,573,450	-
Total	\$ 140,021,700	-	140,021,700	-

- 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, 2023, the total amount invested by all public agencies in LAIF is \$25.7 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which on June 30, 2023 had an investment portfolio balance of \$168.1 billion. Of that amount, 2.78% is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 260 days as of June 30, 2023.

- 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, 2023

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)	\$ 85,455,478	85,455,478	-	-	-
Certificates of deposit	2,430,701	489,725	492,455	1,448,521	-
Federal agency securities	6,612,639	986,560	1,925,181	3,700,898	-
Medium-term notes	12,277,594	1,962,820	6,755,295	3,559,479	-
Money market mutual funds	6,671,838	6,671,838	-	-	-
Local agency bonds	26,573,450	-	1,922,072	6,306,378	18,345,000
Total	\$ 140,021,700	95,566,421	11,095,003	15,015,276	18,345,000

- 6. Credit Risk.** Credit risk is the risk that the 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, 2023 for each investment type.

Investment Ratings

June 30, 2023

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	\$ -	-	-	-	6,671,838	-	6,671,838
AA+	Aaa	-	-	6,612,639	-	-	-	6,612,639
AA-	Aa1	-	-	-	975,400	-	-	975,400
AA-	A2	-	-	-	1,841,740	-	-	1,841,740
A+	A1	-	-	-	989,300	-	-	989,300
A	A1	-	-	-	1,833,160	-	-	1,833,160
A	A2	-	-	-	1,957,960	-	-	1,957,960
A-	A1	-	-	-	2,774,588	-	-	2,774,588
A-	A2	-	-	-	1,905,446	-	-	1,905,446
NR	NR	85,455,478	2,430,701	-	-	-	26,573,450	114,459,629
Total		\$ 85,455,478	2,430,701	6,612,639	12,277,594	6,671,838	26,573,450	140,021,700

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, 2023, 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 the failure of any 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, 2023 are summarized below.

Loans Receivable

June 30, 2023	Loan	Loan	Loan Term/	Interest	Payment	Outstanding
Borrower	Date	Amount	Due Date	Rate	Frequency	Balance
TC Sports Group, LLC ¹	7/30/1998	\$4,350,239	01/31/2030	7.09%	Quarterly	2,093,510
Cathedral City Heritage Park, L.P.	12/1/2002	2,700,000	30 years ²	5.00%	Annual ³	5,167,692
Southern California Housing Development Corp.	5/1/2003	1,000,000	30 years ²	0.00%	Annual ³	-
Southern California Housing Development Corp.	9/26/2007	280,000	12/31/18 ⁶	0.00%	Lump sum ⁶	100,000
Cathedral Family Housing Partners, L.P.	9/21/2007	4,006,162	55 years ²	2.00%	Annual ³	5,072,494
Terracina Cathedral City Apartments, L.P.	12/1/2010	50,000	55 years ²	3.00%	Annual ³	53,690
Northwoods – Cathedral City LLC	8/14/2001	325,000	33 years ²	0.00%	Lump sum ⁴	325,000
Low and moderate income housing property owners	Various	Various	Various	0.00%	Lump sum ⁵	1,309,529
Coachella Valley Repertory	2/6/2018	900,000	15 years	4.25%	Monthly	900,000
Total						\$ 15,021,915

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

¹ 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.

² From date certificate of completion was issued.

³ From residual receipts, if any.

⁴ At end of loan term.

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

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



NOTE C – INTERFUND ACTIVITIES

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

Interfund Receivable/Payables		
June 30, 2023		
	Due from Other Funds	Due to Other Funds
Governmental Funds:		
General Fund	\$ 167,917	-
Nonmajor Governmental Funds	-	167,917
Total	\$ 167,917	167,917

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.

Transfers In	Transfers Out				Total
	General Fund	Developer Fees	Successor Housing	Nonmajor Governmental	
General Fund	\$ -	119,215	49,802	522,903	691,920
Public Financing Authority	3,756,817	-	-	-	3,756,817
Areawide Capital Projects	148,090	47,351	-	-	195,441
Nonmajor Governmental	408,775	-	-	129,369	538,143
Internal Service:					
Equipment Replacement Fund	28,456	-	-	114,502	142,958
Total	\$ 4,342,138	166,566	49,802	766,774	5,325,280

During the year ended June 30, 2023, various interfund transfers listed above were made to finance expenditures and service debt. Significant transfers between the governmental and/or proprietary funds consisted of:

- Debt service payments (principal and interest) of \$3,756,817 from the General Fund (Big League Dreams fund) to the Public Financing Authority debt service fund.
- General Plan cost contribution of \$148,090 from the General Fund to the Capital Improvement fund for the ATP bike project.
- Maintenance cost contribution of \$408,775 from the General Fund to the Landscape and Lighting District special revenue fund (nonmajor governmental fund).
- Transfer of \$28,456 to Equipment Replacement Fund for equipment purchases.
- Transfer of \$49,802 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, 2023, is shown in the following two tables.

1. Capital Asset Activities

For the Year Ended June 30, 2023

	July 1	Additions	Deletions	June 30
Capital assets not being depreciated:				
Land	29,328,210	-	-	29,328,210
Construction in progress	26,909,675	5,462,946	(4,242,073)	28,130,548
Total capital assets not being depreciated	56,237,885	5,462,946	(4,242,073)	57,458,758
Capital assets being amortized/depreciated:				
Buildings and improvements	30,723,547	126,485	-	30,850,032
Structures and improvements	8,941,707	-	-	8,941,707
Vehicles, furniture and equipment	16,184,979	1,631,105	(735,707)	17,080,377
Lease assets	929,948	-	-	929,948
Subscription assets	-	4,062,859	-	4,062,859
Infrastructure	226,088,240	4,115,588	-	230,203,828
Intangibles	344,008	-	-	344,008
Total capital assets being amortized/depreciated	283,212,429	9,936,037	(735,707)	292,412,759
Less accumulated amortization/depreciation for:				
Buildings and improvements	(18,662,243)	(1,007,126)	-	(19,669,369)
Structures and improvements	(8,063,930)	(140,492)	-	(8,204,422)
Vehicles, furniture and equipment	(11,539,677)	(1,007,033)	725,915	(11,820,795)
Lease assets	(449,520)	(187,209)	-	(636,729)
Subscription assets	-	(502,597)	-	(502,597)
Infrastructure	(110,927,706)	(5,834,839)	-	(116,762,545)
Intangibles	(265,843)	(13,585)	-	(279,428)
Total accumulated amortization/depreciation	(149,908,919)	(8,692,881)	725,915	(157,875,885)
Total capital assets being amortized/depreciated, net	133,303,510	1,243,156	(9,792)	134,536,875
Governmental Activities Capital Assets, net	189,541,395	6,706,102	(4,251,865)	191,995,633



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

Depreciation Expense	
June 30, 2023	
General government	\$ 1,155,730
Community development	133,889
Culture and recreation	270,406
Public safety	262,556
Public works, including depreciation of infrastructure assets	5,850,721
Capital assets held by internal service funds	1,019,579
Total	\$ 8,692,881

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, 2023, as shown in the table below.

Construction Commitments		
June 30, 2023		
Project	Project No.	Remaining Commitments
Cathedral Cayon Bridge	C08919	\$ 322,097
Ramon Road Bridge	C02500	1,275,070
Total		\$ 1,597,167

Commitments made for these projects 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 AND SUBSCRIPTION OBLIGATIONS

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 \$303,829 during the current fiscal year, of which \$124,941 is due in one year. The City made principal and interest payments totaling \$205,061 in FY 2022/2023. 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 lease assets as of the end of the current fiscal year was \$929,848 and had accumulated amortization of \$636,729.

The table on the next page shows the future principal and interest lease payments for the leases payable.

Future principal and interest lease payments

June 30, 2023

Fiscal Year Ending	Principal	Interest	Total
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
Total	\$ 303,829	15,960	319,789

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 December 31, 2025, and one will end on June 30, 2026. The office space lease terms vary with one ending on May 31, 2024, and the other on December 31, 2025. The City recognized \$161,579 in lease revenue and \$9,974 in interest revenue during the current fiscal year related to these leases. As of June 30, 2023, the City's receivable for lease payments was \$511,770. The City also has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$497,961.

Subscriptions. The City is committed under various non-cancelable subscription-based information technology arrangements (SBITA). These subscriptions are considered for accounting purposes to be assets. Intangible subscription assets are capital assets. Subscription expenses for the year ended June 30, 2023, were approximately \$656,211 for governmental activities. The City expects these subscriptions to be renewed for future commitments.

The City has over 35 noncancellable subscriptions with various vendors. The City recognizes subscription liabilities and an intangible subscription asset in the government-wide financial statements. The City also recognizes the subscription liabilities at time of inception.

During the current fiscal year, the City has subscription arrangements with various vendors for over 35 information technology-based subscriptions. Total subscription liability for all subscriptions was recorded in the amount of \$3,371,337 during the current fiscal year, of which \$433,484 is due in one year. The City made principal and interest payments totaling \$656,211 in FY 2022/2023. The city uses its incremental borrowing rate as its interest rate of 2.85%. The value of the subscription assets as of the end of the current fiscal year was \$4,062,859 and had accumulated amortization of \$502,597.

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

Future principal and interest subscription payments

June 30, 2023

Fiscal Year Ending	Principal	Interest	Total
2024	\$ 433,484	86,585	520,069
2025	441,933	74,096	516,029
2026	448,497	61,466	509,963
2027	460,602	48,525	509,127
Thereafter	1,586,821	97,544	1,684,365
Total	\$ 3,371,337	\$ 368,216	\$ 3,739,553

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, 2023

Bonds	Issue Date	Issue Amount	Interest Rate	Final Payment Date	Reserve Amount ¹	Reserve Amount	Outstanding Balance
Lease Revenue Bonds, 2022 Series A (Federally Taxable)	04/28/2022	\$28,780,000	2.506% - 4.602%	12/02/2033	2,878,000	Surety Bond	26,150,000
Total							\$26,150,000

¹ 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.

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

Lease Revenue Bonds' Debt Service Requirements

June 30, 2023

Year	Governmental Activities	
	Principal	Interest
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	2,260,000	620,725
2029-2033	11,360,000	1,714,281
2034	2,000,000	46,020
Total	\$ 26,150,000	5,722,281

2. **Limited Obligation Bonds (LOBs).** The Local Agency Revenue Bonds, Series 2015A (Limited Obligations) bond proceeds were used to purchase the entire outstanding Limited Obligation Refunding Improvement Bonds, City of Cathedral City Assessment District No. 96-1 (Rio Vista); Limited Obligation Improvement Bonds, Assessment District No. 2001-01; Limited Obligation Improvement Bonds, 35th Avenue Assessment District No. 2003-01; Limited Obligation Improvement Bonds, Dream Homes Assessment District No. 2004-01; and Limited Obligation Improvement Bonds, Cove Improvement District No. 2004-02. These outstanding bonds are collectively referred to as the "Local Obligation Issues." Repayment of the Local Agency Revenue Bonds, Series 2015A (Limited Obligations) is secured solely by principal and interest payments received from the purchased Local Obligation Issues. The Limited Obligation Bonds are not capital-related debt of the City.

Bonds outstanding on June 30, 2023, are summarized in the table on the following page.

Local Agency Revenue Bonds

June 30, 2023

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	1,428,381	1,531,604	24,755,000
Total							\$24,755,000

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

Limited Obligation Bonds' Debt Service Requirements

June 30, 2023

Year	Governmental Activities	
	Principal	Interest
2024	\$ 1,880,000	926,091
2025	1,955,000	853,942
2026	2,025,000	779,036
2027	2,090,000	701,510
2028	1,660,000	629,415
2029 – 2033	9,340,000	2,091,943
2034 – 2036	5,805,000	322,391
Total	\$ 24,755,000	6,304,327

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 on June 30, 2023, are summarized in the table below.

Tax Allocation Bonds

June 30, 2023

Bonds	Issue Date	Issue Amount	Interest Rate	Final Payment Date	Reserve Required	Reserve Amount ¹	Outstanding Balance
2000 TAB, Series A (Capital Appreciation Bonds)	03/30/2000	\$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	26,770,000
Total							\$ 28,991,000

¹ 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, 2023

Year	Governmental Activities	
	Principal	Interest ¹
2024	\$ 2,891,094	2,183,984
2025	3,015,528	2,059,473
2026	3,145,132	1,926,448
2027	3,291,233	1,780,454
2028	3,435,338	1,625,016
2029 – 2033	13,068,360	5,738,314
2034	144,316	470,342
Total	\$ 28,991,000	15,784,032

¹ Does not include accreted Interest \$6,485,189

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, 2023 totaled \$4,391,692.



4. **Changes in Long-Term Liabilities.** Long-term liability activity for the year ended June 30, 2023, is summarized in the table below.

Changes in Long-Term Liabilities

June 30, 2023

Governmental Activities	July 1	Additions	Deletions	June 30	Due within one year
Bonds:					
Direct Borrowings					
Lease revenue ¹	\$ 28,780,000	-	(2,630,000)	26,150,000	2,705,000
Public Borrowings					
Tax allocation	31,471,000	-	(2,480,000)	28,991,000	2,891,094
Limited obligation	26,635,000	-	(1,880,000)	24,755,000	1,880,000
Accreted interest	5,978,903	506,285	-	6,485,188	-
Total bonds	92,864,903	506,285	(6,990,000)	86,381,188	7,476,094
Compensated absences	5,118,155	-	(151,912)	4,966,243	2,483,122
Lease liabilities	494,012	-	(190,183)	303,829	124,941
Subscription liabilities	-	3,932,981	(561,644)	3,371,337	433,484
Net pension liability	14,926,038	40,842,846	(33,647,912)	22,120,972	-
Other postemployment benefits	89,770,353	-	(47,970,905)	41,799,448	-
Claims and judgments	3,374,127	6,529,499	(1,954,808)	7,948,818	1,750,000
Total other long-term liabilities	113,682,685	51,305,326	(84,477,364)	80,510,647	4,791,547
Total Governmental Activities	\$206,547,588	51,811,611	(91,467,364)	166,891,835	12,267,641

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, 2023.

Special Assessment Debt Outstanding Balance

June 30, 2023

Bonds	Issue Year	Maturity Year	Outstanding Balance	Due within one year
Assessment District No. 2001-01 Limited Obligation Improvement Bonds	2001	2026	\$835,000	190,000
Community Facilities District No. 2000-1 Special Tax Bonds*	2001	2030	2,170,000	190,000
Assessment District 96-1 (Rio Vista), Series 2004, Limited Obligation Refunding Improvement Bonds	2004	2026	1,308,450	302,072
35 th Avenue Assessment District No. 2003-01 Limited Obligation Improvement Bonds	2004	2034	3,550,000	210,000
Dream Homes Assessment District No. 2004-01 Limited Obligation Improvement Bonds	2004	2034	3,375,000	200,000
Cove Improvement District No. 2004-02 Limited Obligation Improvement Bonds	2005	2035	17,505,000	990,000
Total			\$28,743,450	2,082,072

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, 2023.
7. **Compensated Absences.** The City has vacation, sick and paid time off leave policies covering full-time employees. Regular status City employees earn these leaves 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.



Cathedral City

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 in the table below.

Fund Balances

June 30, 2023

	General	Developer Fees	Successor Housing Agency	Public Financing Authority	Areawide Capital Projects	Nonmajor Funds	Total
Nonspendable	\$ 3,303,990	-	-	93,851	-	770	3,398,611
Restricted:							
Capital projects	-	-	-	-	388,904	4,421,064	4,809,968
Community development	-	256,490	-	-	-	10,395,850	10,652,340
Debt service	-	-	-	31,361,708	-	-	31,361,708
Low -mod income housing	-	-	11,714,540	-	-	-	11,714,540
Public safety	-	-	-	-	-	1,751,970	1,751,970
Public works	-	-	-	-	-	2,858,405	2,858,405
Total Restricted	-	256,490	11,714,540	31,361,708	388,904	19,427,289	63,148,931
Assigned:							
Debt service	448,025	-	-	-	-	-	448,025
Purchase order encumbrance	-	-	-	-	3,771,519	-	3,771,519
Total Assigned	448,025	-	-	-	3,771,519	-	4,219,544
Unassigned:							
Budget reserves	3,940,165	-	-	-	-	-	3,940,165
Cash flow reserves	19,700,826	-	-	-	-	-	19,700,826
Economic uncertainties	15,760,660	-	-	-	-	-	15,760,660
Total Unassigned	39,401,651	-	-	-	-	-	39,401,651
Total Fund Balances	\$ 43,153,666	256,490	11,714,540	31,455,559	4,160,423	19,428,059	110,168,737

- 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 \$3,303,990 for a total of \$3,398,611 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 \$63,148,931 in total restricted fund balance. Restrictions include:

- \$4,809,968 – restricted for capital projects based on grant agreements, bond indentures, and other external parties.
- \$10,652,340 – restricted for community development activities as these monies are received from developers and grant agreements and must be used for specific purposes.
- \$31,361,708 – restricted for debt service repayment based on bond indentures and loan agreements.
- \$11,714,540 – 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.
- \$1,751,970 – restricted for public safety activities as these monies are received from grant agreements, developers, and donations and must be used for specific purposes.
- \$2,858,405– 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 Financial Services Director.

The City has \$4,219,544 in total assigned fund balance. Assigned for the following:

- \$448,025 – assigned to subsequent year's expenditures related to future debt service for the Big League Dreams lease revenue bonds.
 - \$3,771,519– 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 unassigned fund balance with amounts set aside for cash flow reserves of 50% or \$19,700,826, future economic uncertainties of 40% or \$15,760,660, and budget reserves of 10% or \$3,940,165 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, 2023

	Restricted Fund Balances	Unavailable Revenue/ Interest Payable Adjustments	Restricted Net Position Classifications
Capital projects	\$ 4,809,968	1,264,723	6,074,691
Community development	10,652,340	3,541,583	14,193,923
Debt service	31,361,708	(921,699)	30,440,009
Low-mod income housing	11,714,540	-	11,714,540
Public safety	1,751,970	21,422	1,773,392
Public works	2,858,405	-	2,858,405

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 could 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, 2023, are summarized in the table below.

Cash and Investments

June 30, 2023

	Successor Agency	
	Trust Funds	
Cash and investments pooled with City	\$	12,535,631
Restricted cash and investments		24,893
Total Cash and Investments	\$	12,560,524

- 2. Long-Term Debt.** Long-term debt reported in the accompanying financial statements as of June 30, 2023, 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 \$123,380,476 payable through August 2035. For the current year, principal and interest paid and total property tax revenues were \$10,337,994 and \$14,930,746, respectively.

Long-Term Debt

June 30, 2023

	Date	Amount	Interest Rate	Final Payment Date	Outstanding Balance
Notes payable:					
CJR Investment Partnership ¹	12/29/1986	\$2,788,423	2% over Wells Fargo prime rate	11/22/2027	\$ 20,681,272
2014A Tax Allocation Refunding Bonds	09/15/2014	46,140,000	2.00% - 5.00%	08/01/2034	27,180,000
2014B Tax Allocation Refunding Bonds	09/15/2014	15,630,000	2.00% - 5.00%	08/01/2033	10,610,000
2014C Tax Allocation Refunding Bonds	09/15/2014	11,985,000	0.70% - 4.75%	08/01/2033	7,855,000
2021A Tax Allocation Refunding Bonds	01/06/2021	26,195,000	4.00%	08/01/2035	25,090,000
2021B Tax Allocation Refunding Bonds	01/06/2021	5,905,000	1.011% - 2.785%	08/01/2032	4,880,000
2021C Tax Allocation Refunding Bonds	01/06/2021	18,840,000	4.00%	08/01/2031	15,640,000
Total					\$ 111,936,272

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

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, 2023

Year	Fiduciary Funds	
	Principal ¹	Interest
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	3,860,000	1,484,281
2029-2033	22,325,000	4,288,294
2034-2035	5,710,000	233,894
Total	\$ 45,645,000	13,695,693

¹ Does not include unamortized premiums of \$4,511,027 and unamortized discounts of \$97,885

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

2021 Tax Allocation Refunding Bonds' Debt Service Requirement

June 30, 2023

Year	Fiduciary Funds	
	Principal ¹	Interest
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	2,690,000	1,385,877
2029-2033	18,695,000	5,284,513
2034-2036	14,375,000	925,400
Total	\$ 45,610,000	14,016,641

¹ Does not include unamortized premiums of \$6,226,136

3. **Changes in Long-Term Liabilities.** Long-term liability activity for the year ended June 30, 2023, is summarized in the table below.

Changes in Long-Term Debt

June 30, 2023

	July 1	Additions	Deletions	June 30	Due within one year
Notes payable	\$ 18,911,962	1,769,310	-	20,681,272	-
2014 Tax Allocation Refunding Bonds	49,605,000	-	(3,960,000)	45,645,000	3,200,000
2021 Tax Allocation Refunding Bonds	47,880,000	-	(2,270,000)	45,610,000	2,340,000
Unamortized bond premium	11,749,212	-	(1,012,050)	10,737,162	-
Unamortized bond discount	(107,593)	-	9,708	(97,885)	-
Total	\$128,038,581	1,769,310	(7,232,342)	122,575,549	5,540,000

4. 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 on June 30, 2023.
- **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.

5. 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**.



III. 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 \$7,948,818 on June 30, 2023. 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, 2023		
	2021-2022	2022-2023
Claims Payable - Beginning of year	\$ 3,595,717	3,374,127
Incurred claims (Including IBNR) and changes in estimates	1,244,957	6,529,499
Claims payments	(1,466,547)	(1,954,808)
Claims payable - End of year	\$ 3,374,127	7,948,818
* 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 PERMA Board of Directors 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 others). 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).

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 on June 30, 2023, are summarized as follows:

Plan Provisions – Safety Pool (Police)

	TIER 1*		PEPRA
Hire Date	Prior to January 1, 2013		On or After January 1, 2013
Benefit Formula	3% @ 55		2.7% @ 57
Benefit Vesting Schedule	5 years' service		5 years' service
Benefit Payments	Monthly for life		Monthly for life
Retirement Age	50 (minimum)		50 (minimum)
Monthly Benefits, as a % of Eligible Compensation	2.4% - 3.0% 50 yrs – 55+ yrs		2.0% - 2.7% 50 yrs – 57+ yrs
Required Employee Contribution Rates	9.00%		13.75%
Required Employer Contribution Rates	21.84%		12.78%
Required Contribution during Measurement Period	24.33%		13.76%

* Closed to new entrants.

Plan Provisions – Safety Pool (Fire)

	TIER 1*	TIER 2*	PEPRA
Hire Date	Prior to November 25, 2012	On or After November 25, 2012 and Prior to January 1, 2013	On or After January 1, 2013
Benefit Formula	3% @ 55	2% @ 55	2% @ 57
Benefit Vesting Schedule	5 years' service	5 years' service	5 years' service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50 (minimum)	50 (minimum)	50 (minimum)
Monthly Benefits, as a % of Eligible Compensation	2.4% - 3.0% 50 yrs – 55+ yrs	1.426% - 2.0% 50 yrs – 55+ yrs	1.426% - 2.0% 50 yrs – 57+ yrs
Required Employee Contribution Rates	9.00%	7.00%	11.00%
Required Employer Contribution Rates	21.84%	14.74%	10.80%
Required Contribution during Measurement Period	24.33%	16.56%	11.05%

* Closed to new entrants.

Plan Provisions – Miscellaneous Pool

	TIER 1*	TIER 2*	PEPRA
Hire Date	Prior to November 25, 2012	On or After November 25, 2012 and Prior to January 1, 2013	On or After January 1, 2013
Benefit Formula	2% @ 55	2% @ 60	2% @ 62
Benefit Vesting Schedule	5 years' service	5 years' service	5 years' service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50 (minimum)	50 (minimum)	52 (minimum)
Monthly Benefits, as a % of Eligible Compensation	1.426% - 2.418% 50yrs – 63+ yrs	1.092% - 2.418% 50 yrs – 63+ yrs	1.0% - 2.5% 52 yrs – 67+ yrs
Required Employee Contribution Rates	7.00%	7.00%	7.00%
Required Employer Normal Cost Rates	10.87%	8.63%	7.47%
Required Contribution during Measurement Period	12.52%	0.10%	10.15%

* 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, 2023 were \$11,488,327.

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

As of June 30, 2023, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$22,210,972.

The City's net pension liability for the Plan is measured as a proportionate share of the net pension liability. The net pension liability of the Plan was measured as of June 30, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 is summarized in the table below.

Proportionate Share of Net Pension Liability

June 30, 2022

	Proportion June 30, 2021	Proportion June 30, 2022	Change
Safety	0.407991%	0.419733%	0.011742%
Miscellaneous	0.301842%	0.306779%	0.004937%

For the year ended June 30, 2023, the City recognized an increase in pension expense of \$29,484,267 for the plan. On June 30, 2023, 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, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 11,488,327	-
Differences between actual and expected experience	765,453	(258,464)
Changes in assumptions	2,242,019	-
Differences between employer's contributions and employer's proportionate share of contributions	15,067,991	(1,881,548)
Changes in employer's proportion	1,341,391	(19,068,573)
Net difference between projected and actual earnings on plan investments	3,671,120	-
Total	\$34,576,301	(21,208,585)

Subsequent to the measurement date but before the end of this fiscal year, \$11,488,327 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 Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2023	\$ (158,910)
2024	28,938
2025	(232,161)
2026	2,241,522
Thereafter	-
	<u>\$ 1,879,389</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability. For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021 and June 30, 2022 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, 2022 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under 'Forms and Publications' (www.calpers.ca.gov).

Discount Rate. The discount rate used to measure the total pension liability for Public Employee Retirement Fund (PERF) C was 6.90%. 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, 2023

Pension Plan	
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds.
Post-Retirement Benefit Increase	Contract COLA up to 2.30 until Purchasing Power Protection Allowance Floor on Purchasing Power applies

¹ The mortality table was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvements using 80% of scale MP 2020 published by Society of Actuaries. For more details on this table, please refer to the 2021 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, 2023.

Long-Term Expected Real Rates of Return by Asset Class

June 30, 2023

Asset Class (1)	New Strategic	Real Return
	Allocation	Years 1- 10 ⁽¹⁾⁽²⁾
Global equity - cap-weighted	30.00%	4.45%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

⁽¹⁾ An expected inflation of 2.30% used for this period.

⁽²⁾ 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate.

City's Proportionate Share of Net Pension Liability

June 30, 2023

	Discount Rate	Current	Discount Rate
	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
City's Proportionate Share of the			
Net Pension Liability:	53,981,723	22,120,972	(3,972,541)

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, 2022, and the CalPERS' GASB 68 Accounting Valuation Reports for the public agency miscellaneous and safety risk pool, which can be found on CalPERS' website (www.calpers.ca.gov).

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

- 1. Plan Description.** By Council resolutions and through agreements with its labor units, the City provides certain health care benefits for employees who retire directly from the City. Employees taking a qualified retirement under the CalPERS system within 120 days of separation from the City may elect to participate in such group health insurance policies as provided by the City under the following conditions: (a) the unit member must be age 50 and have worked for the City at least 5 years prior to retiring; and (b) all retired unit members shall be eligible for a City-paid contribution up to the applicable maximum (caps) for single, single plus one, and family coverage.

Eligible retired employees (annuitants) under the Public Employees' Medical and Hospital Care Act (PEMHCA), Government Code Section 22750, et seq. are subject to PEMHCA laws. Under PEMHCA's "equal contribution rule" (Government Code Section 22892), the City is required to contribute the same premium amount for both active employees and annuitants, but not less than "the PEMHCA minimum," which is an amount adjusted annually by CalPERS to reflect any change in the medical care component of the Consumer Price Index. The "PEMHCA" minimum for 2023 is \$151 per month.

Under the "equal contribution rule," reducing the City's contribution for future hires' retiree benefits requires 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, 2023

Active employees	178
Retirees currently receiving benefits	148
Retirees entitled to but not yet receiving benefits	-

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, 2022 total OPEB liability. As of June 30, 2022, the City reported a Total OPEB liability of \$41,799,448.

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	Annual Contributions to Trust
Discount Rate	6.00% at June 30, 2022 2.16% at June 30, 2021 (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, 2023, the City recognized OPEB expense of \$117,582. As of fiscal year ending June 30, 2023, 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, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 4,615,777	-
Changes in assumptions	12,846,958	(40,764,176)
Differences between expected & actual experience	-	(7,030,692)
Differences between projected & actual earnings	1,398,859	-
Total	\$ 18,861,594	(47,794,868)

The \$4,615,777 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 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, 2024.

Reduction of the Total OPEB Liability

Fiscal Year End June 30	Deferred Outflows/(Inflows) of Resources
2024 \$	(5,741,849)
2025	(4,656,849)
2026	(4,413,844)
2027	(4,843,736)
2028	(7,184,981)
Thereafter	(6,707,792)
Total \$	(33,549,051)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00 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 6.00 percent.

Changes in the OPEB Liability

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

	Increase/(Decrease)
	Total OPEB
	Liability/(Assets)
Balance at June 30, 2022 (Measurement Period)	\$ 89,770,353
Changes recognized over the measurement period:	
Service Cost	4,702,089
Interest	2,018,252
Assumption Changes	(42,170,512)
Contributions - employer	(13,865,398)
Net investment income	1,335,161
Administrative expenses	9,503
Net Changes	(47,970,905)
Balance at June 30, 2023 (Measurement date 06/30/2022)	\$ 41,799,448

* Includes implied subsidy of \$274,000

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, 2022:

Total Net OPEB Liability using Discount Rate

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Total Net OPEB Liability \$	49,466,368	41,799,448	35,586,163

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, 2022:

Total Net OPEB Liability using Health Care Cost Trend Rates

	1% Decrease	Cost Trend Rates	1% Increase
Total Net OPEB Liability \$	35,108,137	41,799,448	49,501,160

NOTE D – TAX ABATEMENT PROGRAMS

In accordance with GASB 77, *Tax Abatement Disclosures*, information related to the City's Tax Abatement Programs is 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
Purpose of the Program	Encourage economic development through commercial growth. Program is designed to retain, expand and attract commercial businesses along with the economic benefits associated with them.	Provide incentive program for the renovation and opening of existing and new hotel facilities. The program is designed to enhance the tourist and travel experiences of City visitors, provide amenities to the public, assist the City in achieving tourism goals and increase the transient occupancy tax revenue of the City.
Tax Being Abated	Local Sales Tax (LST)	Transient Occupancy Tax (TOT)
Authority under which abatement agreements are entered	Cathedral City (CC) Ordinance 730 § 1, 2013; CC Ordinance 712 § 1, 2012	CC Ordinance 729 § 1, 2013; CC Ordinance 713 § 1, 2012
Criteria to be eligible to receive abatement	All applicants must demonstrate a need for the improvement and provide evidence of the ability to construct the improvement to the satisfaction of the City.	All applicants must demonstrate a need for the improvement and provide evidence of the ability to construct the improvement to the satisfaction of the City.
How recipient's taxes are reduced	Entities with sharing agreements, receive a rebate of LST after they have filed and paid all required taxes within a reporting period.	Entities with sharing agreements, receive a rebate of TOT after they have filed and paid all required taxes within a reporting period.
How abatement amount is determined	A percentage is applied to the eligible LST increment.	A percentage is applied to the eligible TOT increment.
Provisions for recapturing abated taxes	N/A	N/A
Types of commitments made by the City other than to reduce taxes	N/A	N/A
Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	\$113,059	\$746,515

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, 2023, the City reimbursed the City of Indio \$238,482 for its final proportional share of annual operating costs for ERICA.

In FY 2020/2021, City Council approved to have the City join PSEC (Public Safety Enterprise Communications) to solve interoperability issues and improve communication with other local agencies within the County. The City is currently transitioning from ERICA to PSEC and there will be some overlap in order for there to be a seamless transition.

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 11, 2021 in response to the economic fallout of the Coronavirus pandemic, President Biden passed the American Rescue Plan Act (ARPA), providing \$1.9 trillion in economic stimulus funding through a variety of channels. The plan included \$350 billion in emergency funding for state, local, territorial, and tribal governments, known as the Coronavirus State and Local Fiscal Recovery Funds. The State of California has received over \$43 billion to date. In FY 2022/2023 the City of Cathedral City used the following funding: rehiring of \$8,223,261, supplemental pay of \$836,963, and revenue recovery of \$6,000,884.

NOTE G – RESTATEMENT OF BEGINNING BALANCES

Beginning Net Position (Governmental Activities). As of June 30, 2023, the beginning net position was restated for the following activity:

Beginning net position, as previously reported	\$ 155,545,484
Leases - GASB Statement No. 96	129,876
Beginning net position, as restated	<u>\$ 155,675,360</u>

The amount of \$129,876 was related to subscriptions in accordance with the implementation of GASB Statement No. 96.

Beginning Net Position (Fiduciary Activities). For the fiscal year ended June 30, 2023, the city adjusted the liability balance of the custodial funds to reclassify the net assets held for the payment of future conduit debt service payments as a liability (due to bondholders). This adjustment in the amount of (\$5,770,540) was in accordance with new information provided to the City from the GASB during the fiscal year in response to a technical inquiry from the City’s auditors.

Beginning Net Position (Fiduciary Activities). As of June 30, 2023, the beginning net position was restated for the following activity:

Beginning net position, as previously reported	\$ 5,770,540
GASB Statement No. 84	(5,770,540)
Beginning net position, as restated	<u>\$ -</u>

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF CATHEDRAL CITY | Year Ended June 30, 2023

Required Supplementary Information Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2023

	General Fund (Fund 100)			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 46,166,125	46,166,125	50,551,669	4,385,544
Intergovernmental	\$50,000	50,000	8,671,074	8,621,074
Licenses and permits	2,862,524	2,862,524	3,530,107	667,583
Fines and forfeitures	270,000	270,000	389,501	119,501
Charges for services	4,207,367	4,853,670	5,126,920	273,250
Special assessments	240,000	240,000	241,806	1,806
Use of money and property	200,000	200,000	766,800	566,800
Contributions from other governments	153,986	153,986	250,000	96,014
Other revenue	50,000	67,500	243,782	176,282
Total Revenues	54,200,002	54,863,805	69,771,659	14,907,854
Expenditures				
Current:				
General government	15,221,735	16,903,401	16,300,184	603,217
Community development	5,209,730	6,770,356	6,328,248	442,108
Culture and recreation	648,750	896,547	1,119,149	(222,602)
Public safety	36,606,347	36,731,613	36,478,615	252,998
Public works	888,834	1,080,371	1,049,642	30,729
Capital outlay	900,000	2,772,867	2,389,166	383,701
Debt service:				
Principal	-	-	441,222	(441,222)
Interest	-	-	57,120	(57,120)
Total Expenditures	59,475,396	65,155,155	64,163,346	991,809
Excess (deficiency) of revenues over expenditures	(5,275,394)	(10,291,350)	5,608,313	15,899,663
Other Financing Sources (Uses)				
Transfers in	623,564	796,008	691,920	(104,088)
Transfers out	(480,204)	(3,922,847)	(3,963,640)	(40,793)
Related to subscriptions	-	-	211,637	211,637
Total Other Financing Sources (Uses)	143,360	(3,126,839)	(3,060,083)	66,756
Net change in fund balance	(5,132,034)	(13,418,189)	2,548,230	15,966,419
Fund balance - beginning (budgetary)	37,628,660	37,628,660	37,628,660	-
Fund Balance - Ending (Budgetary)	\$ 32,496,626	24,210,471	40,176,890	15,966,419
Adjustments to Conform to GAAP:				
GASB Statement No. 54 reporting adjustments:				
Special Deposits fund 711 balance			435,241	
Big League Dreams fund 431 balance			2,541,535	
Fund Balance - June 30 (GAAP)			43,153,666	

See note to required supplementary information.

Required Supplementary Information Budgetary Comparison Schedule

Major Special Revenue Funds

For the Year Ended June 30, 2023

	Developer Fees			Variance with
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Final Budget - Positive
Revenues				
Development fees	\$ 640,000	700,304	272,640	(427,664)
Use of money and property	5,000	5,000	(63,429)	(68,429)
Other revenue	-	-	-	-
Total Revenues	645,000	705,304	209,211	(496,093)
Expenditures				
Current:				
Community development	40,000	40,750	-	40,750
Culture and recreation	-	699,854	71,170	628,684
Capital outlay	10,000	10,000	-	10,000
Total Expenditures	50,000	750,604	71,170	679,434
Excess (deficiency) of revenues over expenditures	595,000	(45,300)	138,041	183,341
Other Financing Sources (Uses)				
Transfers out	-	(190,126)	(166,566)	23,560
Total Other Financing Sources (Uses)	-	(190,126)	(166,566)	23,560
Net change in fund balance	595,000	(235,426)	(28,525)	206,901
Fund balances - beginning (budgetary)	285,015	285,015	285,015	-
Fund Balance - Ending (Budgetary)	\$ 880,015	49,589	256,490	206,901

See note to required supplementary information.

Successor Housing Agency

Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive
\$ -	-	-	-
20,000	20,000	53,332	33,332
30,000	30,000	84,317	54,317
50,000	50,000	137,649	87,649
63,064	63,064	71,035	(7,971)
-	-	-	-
-	-	-	-
63,064	63,064	71,035	(7,971)
(13,064)	(13,064)	66,614	79,678
(42,066)	(42,066)	(49,802)	(7,736)
(42,066)	(42,066)	(49,802)	(7,736)
(55,130)	(55,130)	16,812	71,942
11,697,728	11,697,728	11,697,728	-
\$ 11,642,598	11,642,598	11,714,540	71,942

Revenues

Development fees
Use of money and property
Other revenue

Total Revenues

Expenditures

Current:

Community development
Culture and recreation
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 balance

Fund balances - beginning (budgetary)

Fund Balance - Ending (Budgetary)

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 Financial 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 Financial 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 Financial Services Director and approved by the Financial 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 Financial 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 Financial 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, 2023, 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**

Safety	Fiscal Year				
	2014	2015	2016	2017	2018
Proportion of the net pension liability	N/A	0.254740%	0.370020%	0.294378%	0.400772%
Proportionate share of the net pension liability	N/A	15,850,966	15,246,470	20,756,881	24,199,444
Covered payroll	N/A	8,550,024	8,455,958	9,570,575	9,840,773
Proportionate share of the net pension liability as a percentage of covered payroll	N/A	185.39%	180.30%	216.88%	245.91%
Plan fiduciary net position as a percentage of the total pension liability	N/A	82.30%	77.27%	78.69%	79.72%

Miscellaneous	Fiscal Year				
	2014	2015	2016	2017	2018
Proportion of the net pension liability	N/A	0.18658%	0.270385%	0.213534%	0.288874%
Proportionate share of the net pension liability	N/A	11,610,177	7,417,913	10,035,138	11,769,605
Covered payroll	N/A	5,154,876	5,827,132	6,598,156	7,365,413
Proportionate share of the net pension liability as a percentage of covered payroll	N/A	225.23%	127.30%	152.09%	159.80%
Plan fiduciary net position as a percentage of the total pension liability	N/A	74.04%	79.89%	78.93%	78.87%

Notes to Schedule:

Note 1: Fiscal year 2015 was the first year of implementation, therefore, only nine 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 2023 data is for the measurement date of June 30, 2022.

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: 2023 - 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); 2023 - GASB 68 Accounting Valuation Report - Safety Risk Pool (CalPERS); GASB 68 Accounting Valuation Report - Miscellaneous Risk Pool (CalPERS)

Fiscal Year					
2019	2020	2021	2022	2023	
0.404998%	0.405249%	0.407991%	0.419733%	0.288891%	Proportion of the net pension liability
23,778,223	25,468,978	27,964,099	10,138,574	15,077,674	Proportionate share of the net pension liability
11,136,589	11,558,416	11,795,603	11,819,484	11,846,499	Covered payroll
213.51%	220.35%	237.07%	85.78%	127.28%	Proportionate share of the net pension liability as a percentage of covered payroll
80.45%	80.55%	79.91%	93.01%	90.49%	Plan fiduciary net position as a percentage of the total pension liability

Fiscal Year					
2019	2020	2021	2022	2023	
0.298566%	0.297837%	0.301842%	0.306779%	0.252131%	Proportion of the net pension liability
11,224,619	12,087,249	12,940,153	4,787,464	7,043,298	Proportionate share of the net pension liability
8,144,720	7,940,401	7,956,042	7,466,998	8,809,046	Covered payroll
137.81%	152.22%	162.65%	64.11%	79.96%	Proportionate share of the net pension liability as a percentage of covered payroll
80.66%	80.74%	80.18%	92.98%	90.36%	Plan fiduciary net position as a percentage of the total pension liability

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

Safety	Fiscal Year				
	2014	2015	2016	2017	2018
Contractually required contributions (actuarially determined)	\$ -	\$1,815,106	1,513,632	2,595,594	3,070,822
Contributions in relation to the actuarially determined contributions	-	(1,815,106)	(1,513,632)	(2,595,594)	(3,070,822)
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	N/A	8,455,958	9,570,575	9,840,773	11,136,589
Contributions as a percentage of covered payroll	N/A	21.47%	15.82%	26.38%	27.57%

Miscellaneous	Fiscal Year				
	2014	2015	2016	2017	2018
Contractually required contributions (actuarially determined)	\$ -	742,834	524,469	1,377,778	1,498,985
Contributions in relation to the actuarially determined contributions	-	(742,834)	(524,469)	(1,377,778)	(1,498,985)
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	N/A	\$5,827,132	6,598,156	7,365,413	8,144,720
Contributions as a percentage of covered payroll	N/A	12.75%	7.95%	18.71%	18.40%

Notes to Schedule:

Note 1: Fiscal year 2015 was the first year of implementation, therefore, only nine 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 fiscal year 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					
2019	2020	2021	2022	2023	
2,940,974	3,412,095	5,107,045	23,193,466	8,632,350	Contractually required contributions (actuarially determined)
(2,940,974)	(3,412,095)	(5,107,045)	(23,193,466)	(8,632,350)	Contributions in relation to the actuarially determined contributions
-	-	-	-	-	Contribution deficiency (excess)
11,558,416	11,795,603	11,819,484	11,846,499	12,583,927	Covered payroll
25.44%	28.93%	43.21%	195.78%	68.60%	Contributions as a percentage of covered payroll

Fiscal Year					
2018	2019	2020	2021	2022	
1,165,154	1,361,443	2,020,343	10,454,445	2,855,978	Contractually required contributions (actuarially determined)
(1,165,154)	(1,361,443)	(2,020,343)	(10,454,445)	(2,855,978)	Contributions in relation to the actuarially determined contributions
-	-	-	-	-	Contribution deficiency (excess)
7,940,401	7,956,042	7,466,998	8,809,046	9,610,082	Covered payroll
14.67%	17.11%	27.06%	118.68%	29.72%	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				
	2014	2015	2016	2017	2018
Total OPEB Liability					
Service Cost	N/A	N/A	N/A	N/A	\$ 3,758,000
Interest on the Total OPEB Liability	N/A	N/A	N/A	N/A	2,081,000
Actual and expected experience difference	N/A	N/A	N/A	N/A	-
Changes in assumptions	N/A	N/A	N/A	N/A	(8,643,000)
Changes in benefit terms	N/A	N/A	N/A	N/A	-
Benefit payments (3)	N/A	N/A	N/A	N/A	(1,546,000)
Administrative expenses	N/A	N/A	N/A	N/A	-
Contributions - Employer	N/A	N/A	N/A	N/A	-
Net investment income	N/A	N/A	N/A	N/A	-
Net change in total OPEB liability	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>(4,350,000)</u>
Total OPEB liability - beginning	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>70,050,000</u>
Total OPEB liability - ending	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>\$65,700,000</u></u>
 Covered employee payroll	 N/A	 N/A	 N/A	 N/A	 \$17,568,000
 Total OPEB liability as a percentage of covered employee payroll	 N/A	 N/A	 N/A	 N/A	 374%

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					
2019	2020	2021	2022	2023	
					Total OPEB Liability
3,209,000	3,305,270	3,741,702	5,325,662	4,702,089	Service Cost
2,438,000	2,668,666	2,676,742	2,219,235	2,018,252	Interest on the Total OPEB Liability
-	(2,570,720)	-	(8,254,039)	-	Actual and expected experience difference
(3,153,000)	5,579,927	17,923,813	(4,123,808)	(42,170,512)	Changes in assumptions
-	-	-	500,233	-	Changes in benefit terms
(1,640,000)	(1,803,000)	(1,995,022)	(1,978,308)	-	Benefit payments (3)
-	-	-	-	9,503	Administrative expenses
-	-	-	-	(13,865,398)	Contributions - Employer
-	-	-	-	1,335,161	Net investment income
854,000	7,180,143	22,347,235	(6,311,025)	(47,970,905)	Net change in total OPEB liability
65,700,000	66,554,000	73,734,143	96,081,378	89,770,353	Total OPEB liability - beginning
66,554,000	73,734,143	96,081,378	89,770,353	41,799,448	Total OPEB liability - ending
21,608,000	22,942,000	21,854,289	23,040,075	24,214,356	Covered employee payroll
308%	321%	440%	390%	173%	Total OPEB liability as a percentage of covered employee payroll

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES



CITY OF CATHEDRAL CITY | Year Ended June 30, 2023



Cathedral City

GOVERNMENTAL FUNDS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2023

Combining Schedule of Accounts

General Fund

June 30, 2023

	General Fund - As Reported			Total
	General Fund (Fund 100)	Big League Dreams (Fund 431)	Special Deposits (Fund 711)	
Assets				
Cash and investments	\$ 34,561,889	444,247	7,227,743	42,233,879
Interest receivable	376,112	3,778	60,990	440,880
Accounts receivable	7,760,146	-	174,840	7,934,986
Loans receivable	900,000	2,093,510	-	2,993,510
Lease receivable	428,803	-	-	428,803
Interfund receivable	167,917	-	-	167,917
Prepaid assets	310,480	-	-	310,480
Total Assets	\$ 44,505,347	2,541,535	7,463,573	54,510,455
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,583,563	-	11,818	2,595,381
Deposits from others	2,500	-	553,142	555,642
Unearned revenue	252,747	-	6,463,372	6,716,119
Total Liabilities	2,838,810	-	7,028,332	9,867,142
Deferred inflows of resources:				
Unavailable revenue	1,074,572	-	-	1,074,572
Lease Related	415,075	-	-	415,075
Total Deferred Inflow of Resources	1,489,647	-	-	1,489,647
Fund balances:				
Nonspendable	1,210,480	2,093,510	-	3,303,990
Restricted	-	-	-	-
Assigned	-	448,025	-	448,025
Unassigned	38,966,410	-	435,241	39,401,651
Total Fund Balances	40,176,890	2,541,535	435,241	43,153,666
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 44,505,347	2,541,535	7,463,573	54,510,455

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

General Fund

For the Year Ended June 30, 2023

	General Fund - As Reported			
	General Fund (Fund 100)	Big League Dreams (Fund 431)	Special Deposits (Fund 711)	Total
Revenues				
Taxes	\$ 50,551,669	-	-	50,551,669
Intergovernmental	8,671,074	-	-	8,671,074
Licenses and permits	3,530,107	-	-	3,530,107
Fines and forfeitures	389,501	-	-	389,501
Charges for services	5,126,920	-	-	5,126,920
Special assessments	241,806	-	-	241,806
Use of money and property	766,800	160,966	455,556	1,383,322
Contributions from other governments	250,000	-	-	250,000
Other revenue	243,782	-	-	243,782
Total Revenues	69,771,659	160,966	455,556	70,388,181
Expenditures				
Current:				
General government	16,300,184	-	-	16,300,184
Community development	6,328,248	-	-	6,328,248
Culture and recreation	1,119,149	-	-	1,119,149
Public safety	36,478,615	-	-	36,478,615
Public works	1,049,642	-	-	1,049,642
Capital outlay	2,389,166	-	-	2,389,166
Debt service:				
Principal	441,222	-	-	441,222
Interest	57,120	-	-	57,120
Total Expenditures	64,163,346	-	-	64,163,346
Excess of revenues over expenditures	5,608,313	160,966	455,556	6,224,835
Other Financing Sources (Uses)				
Transfers in	691,920	-	-	691,920
Transfers out	(3,963,640)	(378,498)	-	(4,342,138)
Related to subscriptions	211,637	-	-	211,637
Total Other Financing Sources (Uses)	(3,060,083)	(378,498)	-	(3,438,581)
Net change in fund balances	2,548,230	(217,532)	455,556	2,786,254
Fund balances - beginning	37,628,660	2,759,067	(20,315)	40,367,412
Fund Balances - Ending	\$ 40,176,890	2,541,535	435,241	43,153,666

**Schedule of Expenditures Compared with
Authorizations General Fund
For the Year Ended June 30, 2023**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Gain/(Loss)
Administration				
City Council	\$ 550,065	514,550	406,027	108,522
City Clerk	468,501	454,014	474,899	(20,885)
City Attorney	225,000	225,000	211,575	13,425
City Management	4,932,992	5,273,638	5,207,427	66,212
Administrative Services	7,427,870	8,766,274	8,721,660	44,614
General Government	1,659,507	5,091,651	5,095,933	(4,282)
Community Development				
Development Services	7,032,756	10,777,163	10,456,874	320,289
Public Works	886,634	1,078,171	1,045,521	32,651
Public Safety				
Police	21,991,231	21,657,128	21,404,639	252,489
Fire	14,781,044	15,240,413	15,102,432	137,981
Grand Total	\$ 59,955,600	69,078,003	68,126,987	951,015

Note 1: The above amounts include expenditures and transfers out.



Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual General Fund

For the Year Ended June 30, 2023

			Big League Dreams
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Use of money and property	\$ 500	160,966	160,466
Total Revenues	500	160,966	160,466
Expenditures			
Current:			
General government	4,250	-	4,250
Total Expenditures	4,250	-	4,250
Excess (deficiency) of revenues over expenditures	(3,750)	160,966	164,716
Other Financing Sources (Uses)			
Transfers out	(378,498)	(378,498)	-
Total Other Financing Sources (Uses)	(378,498)	(378,498)	-
Net change in fund balances	(382,248)	(217,532)	164,716
Fund balances - beginning	2,759,067	2,759,067	-
Fund Balances - Ending	\$ 2,376,819	2,541,535	164,716

		Special Deposits	
		Variance with	
		Final Budget -	
Final Budgeted		Positive	
Amounts	Actual Amounts	(Negative)	
			Revenues
10,000	455,556	445,556	Use of money and property
10,000	455,556	445,556	Total Revenues
			Expenditures
			Current:
-	-	-	General government
-	-	-	Total Expenditures
10,000	455,556	445,556	Excess (deficiency) of revenues over expenditures
			Other Financing Sources (Uses)
-	-	-	Transfers out
-	-	-	Total Other Financing Sources (Uses)
10,000	455,556	445,556	Net change in fund balances
(20,315)	(20,315)	-	Fund balances - beginning
(10,315)	435,241	445,556	Fund Balances - Ending

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.

Combining Balance Sheet
Nonmajor Governmental Funds by Fund Type
June 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 14,895,281	3,744,867	18,640,148
Receivables:			
Interest	127,860	14,163	142,023
Accounts	1,137,856	651	1,138,507
Prepaid assets	770	-	770
Restricted assets:			
Cash and investments with fiscal agent	-	82	82
Total Assets	\$ 16,161,767	3,759,763	19,921,530
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 304,132	-	304,132
Interfund payable	167,917	-	167,917
Total Liabilities	472,049	-	472,049
Deferred inflows of resources:			
Unavailable revenue	21,422	-	21,422
Total Deferred Inflow of Resources	21,422	-	21,422
Fund balances:			
Nonspendable	770	-	770
Restricted	15,667,526	3,759,763	19,427,289
Total Fund Balances	15,668,296	3,759,763	19,428,059
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,161,767	3,759,763	19,921,530

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds by Fund Type
For the Year Ended June 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$ 5,689,381	-	5,689,381
Fines and forfeitures	180,109	-	180,109
Charges for services	1,760,376	-	1,760,376
Special assessments	410,916	651	411,567
Development fees	39,550	28,950	68,500
Use of money and property	256,830	31,997	288,827
Other revenue	18,372	-	18,372
Total Revenues	8,355,534	61,598	8,417,132
Expenditures			
Current:			
General government	30,522	-	30,522
Community development	1,159,460	9,999	1,169,459
Public safety	115,761	-	115,761
Public works	3,328,432	-	3,328,432
Capital outlay	1,750,671	20,524	1,771,195
Total Expenditures	6,384,846	30,523	6,415,369
Excess (deficiency) of revenues over (under) expenditures	1,970,688	31,075	2,001,763
Other Financing Sources (Uses)			
Transfers in	538,144	-	538,144
Transfers out	(766,774)	-	(766,774)
Total Other Financing Sources (Uses)	(228,630)	-	(228,630)
Net change in fund balances	1,742,058	31,075	1,773,133
Fund balances - beginning	13,926,238	3,728,688	17,654,926
Fund Balances - Ending	\$ 15,668,296	3,759,763	19,428,059

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Master Underground Plan	Traffic Safety	City Mitigation Fee	PEG Fees
Assets				
Cash and investments	\$ 2,190,079	524,577	3,585,634	567,891
Receivables:				
Interest	18,614	4,458	30,477	4,827
Accounts	-	23,133	67,575	25,794
Prepaid assets	-	-	-	-
Total Assets	2,208,693	552,168	3,683,686	598,512
Liabilities, Deferred Inflows Of Resources, And Fund Balances				
Liabilities:				
Accounts payable	\$ -	5,302	-	1,221
Interfund payable	-	-	-	-
Total Liabilities	-	5,302	-	1,221
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total Deferred Inflow of Resources	-	-	-	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	2,208,693	546,866	3,683,686	597,291
Total Fund Balances (Deficits)	2,208,693	546,866	3,683,686	597,291
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	\$ 2,208,693	552,168	3,683,686	598,512

TDA SB 821	State Gas Tax	Air Quality Improvement	Measure A
850	-	291,153	1,783,248
7	-	2,475	15,164
-	115,366	17,289	368,942
-	-	-	-
857	115,366	310,917	2,167,354
-	19,495	26,240	25,046
-	87,456	-	-
-	106,951	26,240	25,046
-	-	-	-
-	-	-	-
-	-	-	-
857	8,415	284,677	2,142,308
857	8,415	284,677	2,142,308
857	115,366	310,917	2,167,354

Assets

Cash and investments

Receivables:

Interest

Accounts

Prepaid assets

Total Assets

Liabilities, Deferred Inflows Of Resources, And Fund Balances

Liabilities:

Accounts payable

Interfund payable

Total Liabilities

Deferred inflows of resources:

Unavailable revenue

Total Deferred Inflow of Resources

Fund balances:

Nonspendable

Restricted

Total Fund Balances (Deficits)

**Total Liabilities, Deferred Inflows Of
Resources, And Fund Balances**

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Asset Forfeiture	Solid Waste	Police Grants	Road Maintenance and Rehabilitation	Community Development Block Grant
Assets					
Cash and investments	\$ 294,332	3,061,323	466,543	1,383,284	-
Receivables:					
Interest	2,501	25,955	5,292	11,761	-
Accounts	6,142	145,174	33,332	103,830	124,032
Prepaid assets	-	-	-	-	-
Total Assets	302,975	3,232,452	505,167	1,498,875	124,032
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ -	186,383	84	394	28,148
Interfund payable	-	-	-	-	80,461
Total Liabilities	-	186,383	84	394	108,609
Deferred inflows of resources:					
Unavailable revenue	-	-	21,422	-	-
Total Deferred Inflow of Resources	-	-	21,422	-	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	302,975	3,046,069	483,661	1,498,481	15,423
Total Fund Balances (Deficits)	302,975	3,046,069	483,661	1,498,481	15,423
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 302,975	3,232,452	505,167	1,498,875	124,032

Continued

Police Department Special Revenues	Fire Department Special Revenues	Fire Department Grants	Landscape and Lighting District	Total	
284,288	23,327	12,662	426,090	14,895,281	Assets
2,416	186	108	3,619	127,860	Cash and investments
102,226	-	-	5,021	1,137,856	Receivables:
-	-	-	770	770	Interest
388,930	23,513	12,770	435,500	16,161,767	Accounts
					Prepaid assets
					Total Assets
					Liabilities, Deferred Inflows of Resources, and
					Fund Balances
92	-	-	11,727	304,132	Liabilities:
-	-	-	-	167,917	Accounts payable
92	-	-	11,727	472,049	Interfund payable
					Total Liabilities
-	-	-	-	21,422	Deferred inflows of resources:
-	-	-	-	21,422	Unavailable revenue
					Total Deferred Inflow of Resources
-	-	-	770	770	Fund balances:
388,838	23,513	12,770	423,003	15,667,526	Nonspendable
388,838	23,513	12,770	423,773	15,668,296	Restricted
					Total Fund Balances (Deficits)
388,930	23,513	12,770	435,500	16,161,767	Total Liabilities, Deferred Inflows of
					Resources, and Fund Balances

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	Master Underground Plan	Traffic Safety	City Mitigation Fee	PEG Fees
Revenues				
Intergovernmental	\$ -	-	-	-
Fines and forfeitures	-	180,109	-	-
Charges for services	-	-	315,558	107,518
Special assessments	-	-	-	-
Development fees	39,550	-	-	-
Use of money and property	42,310	10,084	61,690	10,060
Other revenue	-	-	-	-
Total Revenues	81,860	190,193	377,248	117,578
Expenditures				
Current:				
General government	-	-	-	-
Community development	-	-	-	31,245
Public safety	-	88,416	-	-
Public works	-	-	-	-
Capital outlay	2,200	-	-	-
Total Expenditures	2,200	88,416	-	31,245
Excess (deficiency) of revenues over (under) expenditures	79,660	101,777	377,248	86,333
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(77,962)	-	(32,660)
Total Other Financing Sources (Uses)	-	(77,962)	-	(32,660)
Net change in fund balances	79,660	23,815	377,248	53,673
Fund balances - beginning	2,129,033	523,051	3,306,438	543,618
Fund Balances - Ending	\$ 2,208,693	546,866	3,683,686	597,291

TDA SB 821	State Gas Tax	Air Quality Improvement	Measure A
-	1,318,238	21,546	2,101,271
-	-	-	-
-	23,991	-	23,991
-	-	-	-
-	-	-	-
17	276	5,181	17,183
-	-	-	-
17	1,342,505	26,727	2,142,445
-	-	-	-
-	-	-	-
-	-	-	-
-	1,308,693	-	1,508,688
-	-	-	2,880
-	1,308,693	-	1,524,643
17	33,812	26,727	617,802
-	64,684	-	64,684
-	(103,307)	-	(137,743)
-	(38,623)	-	(73,059)
17	(4,811)	26,727	544,743
840	13,226	257,950	1,597,565
857	8,415	284,677	2,142,308

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, 2023

	Asset Forfeiture	Solid Waste	Police Grants	Road Maintenance and Rehabilitation	Community Development Block Grant
Revenues					
Intergovernmental	\$ -	50,998	243,133	1,144,796	696,172
Fines and forfeitures	-	-	-	-	-
Charges for services	6,142	1,283,176	-	-	-
Special assessments	-	-	-	-	-
Development fees	-	-	-	-	-
Use of money and property	5,780	59,900	3,832	27,314	-
Other revenue	-	-	-	-	-
Total Revenues	11,922	1,394,074	246,965	1,172,110	696,172
Expenditures					
Current:					
General government	-	28,665	-	-	1,857
Community development	-	913,930	-	-	201,210
Public safety	-	-	15,014	-	-
Public works	-	-	-	-	-
Capital outlay	-	118,325	-	1,169,126	458,140
Total Expenditures	-	1,060,920	15,014	1,169,126	661,207
Excess (deficiency) of revenues over (under) expenditures	11,922	333,154	231,951	2,984	34,965
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	(102,002)	(3,036)	-	(34,965)
Total Other Financing Sources (Uses)	-	(102,002)	(3,036)	-	(34,965)
Net change in fund balances	11,922	231,152	228,915	2,984	-
Fund balances - beginning	291,053	2,814,917	254,746	1,495,497	15,423
Fund Balances - Ending	\$ 302,975	3,046,069	483,661	1,498,481	15,423

Police Department Special Revenues	Fire Department Special Revenues	Fire Department Grants	Landscape and Lighting District	Total	
113,227	-	-	-	5,689,381	Revenues
-	-	-	-	180,109	Intergovernmental
-	-	-	-	1,760,376	Fines and forfeitures
-	-	-	410,916	410,916	Charges for services
-	-	-	-	39,550	Special assessments
5,867	946	249	6,141	256,830	Development fees
18,184	188	-	-	18,372	Use of money and property
137,278	1,134	249	417,057	8,355,534	Other revenue
					Total Revenues
					Expenditures
					Current:
-	-	-	-	30,522	General government
-	-	-	-	1,159,460	Community development
11,946	385	-	-	115,761	Public safety
-	-	-	511,051	3,328,432	Public works
-	-	-	-	1,750,671	Capital outlay
11,946	385	-	511,051	6,384,846	Total Expenditures
125,332	749	249	(93,994)	1,970,688	Excess (deficiency) of revenues over (under) expenditures
					Other Financing Sources (Uses)
-	-	-	408,776	538,144	Transfers in
(23,638)	(21,541)	-	(229,920)	(766,774)	Transfers out
(23,638)	(21,541)	-	178,856	(228,630)	Total Other Financing Sources (Uses)
101,694	(20,792)	249	84,862	1,742,058	Net change in fund balances
287,144	44,305	12,521	338,911	13,926,238	Fund balances - beginning
388,838	23,513	12,770	423,773	15,668,296	Fund Balances - Ending

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023**

	Master Underground Plan		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Fines and forfeitures	\$ -	-	-
Development fees	50,000	39,550	(10,450)
Use of money and property	10,000	42,310	32,310
Total Revenues	60,000	81,860	21,860
Expenditures			
Current:			
Public safety	-	-	-
Public works	-	-	-
Capital outlay	-	2,200	(2,200)
Total Expenditures	-	2,200	(2,200)
Excess (deficiency) of revenues over expenditures	60,000	79,660	19,660
Other Financing Sources (Uses)			
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net change in fund balances	60,000	79,660	19,660
Fund balances - beginning	2,129,033	2,129,033	-
Fund Balances - Ending	\$ 2,189,033	2,208,693	19,660

Traffic Safety			
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	
125,000	180,109	55,109	Revenues
-	-	-	Fines and forfeitures
5,000	10,084	5,084	Development fees
130,000	190,193	60,193	Use of money and property
			Total Revenues
			Expenditures
			Current:
66,722	88,416	(21,694)	Public safety
100,000	-	100,000	Public works
-	-	-	Capital outlay
166,722	88,416	78,306	Total Expenditures
(36,722)	101,777	(138,499)	Excess (deficiency) of revenues over expenditures
			Other Financing Sources (Uses)
(77,962)	(77,962)	-	Transfers out
(77,962)	(77,962)	-	Total Other Financing Sources (Uses)
(114,684)	23,815	138,499	Net change in fund balances
523,051	523,051	-	Fund balances - beginning
408,367	546,866	138,499	Fund Balances - Ending

continued

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

For the Year Ended June 30, 2023

			City Mitigation Fee
	Final Budgeted	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Amounts		
Revenues			
Charges for services	\$ 290,000	315,558	25,558
Use of money and property	20,000	61,690	41,690
Total Revenues	310,000	377,248	67,248
Expenditures			
Current:			
Community development	-	-	-
Capital outlay	46,379	-	46,379
Total Expenditures	46,379	-	46,379
Excess (deficiency) of revenues over expenditures	263,621	377,248	113,627
Other Financing Sources (Uses)			
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	263,621	377,248	113,627
Fund balances - beginning	3,306,438	3,306,438	-
Fund Balances - Ending	\$ 3,570,059	3,683,686	113,627

		PEG Fees
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
125,000	107,518	(17,482)
2,500	10,060	7,560
127,500	117,578	(9,922)
60,600	31,245	29,355
-	-	-
60,600	31,245	29,355
66,900	86,333	19,433
(32,660)	(32,660)	-
(32,660)	(32,660)	-
34,240	53,673	19,433
543,618	543,618	-
577,858	597,291	19,433

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, 2023**

	Transportation Development Act (TDA SB 821)		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	\$ -	-	-
Charges for services	-	-	-
Use of money and property	-	17	17
Total Revenues	-	17	17
Expenditures			
Current:			
Public works	-	-	-
Total Expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	-	17	17
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	17	17
Fund balances - beginning	840	840	-
Fund Balances - Ending	\$ 840	857	17

		State Gas Tax
		Variance with
Final Budgeted	Actual Amounts	Final Budget -
Amounts		Positive
		(Negative)
24,000	23,991	(9)
1,290,500	1,318,238	27,738
2,500	276	(2,224)
1,317,000	1,342,505	25,505
1,411,592	1,308,693	102,899
1,411,592	1,308,693	102,899
(94,592)	33,812	128,404
61,457	64,684	3,227
(137,743)	(103,307)	34,436
(76,286)	(38,623)	37,663
(170,878)	(4,811)	166,067
13,226	13,226	-
(157,652)	8,415	166,067

continued

Revenues

Intergovernmental
Charges for services
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, 2023

	Air Quality Improvement		
	Final Budgeted	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Amounts		
Revenues			
Intergovernmental	\$ 20,000	21,546	1,546
Charges for services	-	-	-
Use of money and property	2,500	5,181	2,681
Total Revenues	22,500	26,727	4,227
Expenditures			
Current:			
Community Development	-	-	-
Public works	12,500	-	12,500
Capital outlay	-	-	-
Total Expenditures	12,500	-	12,500
Excess (deficiency) of revenues over expenditures	10,000	26,727	16,727
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	(30,020)	-	30,020
Total Other Financing Sources (Uses)	(30,020)	-	30,020
Net change in fund balances	(20,020)	26,727	46,747
Fund balances - beginning	257,950	257,950	-
Fund Balances - Ending	\$ 237,930	284,677	46,747

		Measure A
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
1,650,000	2,101,271	451,271
24,000	23,991	(9)
3,500	17,183	13,683
1,677,500	2,142,445	464,945
-	13,075	(13,075)
1,716,593	1,508,688	207,905
-	2,880	(2,880)
1,716,593	1,524,643	191,950
(39,093)	617,802	656,895
61,457	64,684	3,227
(137,743)	(137,743)	-
(76,286)	(73,059)	3,227
(115,379)	544,743	660,122
1,597,565	1,597,565	-
1,482,186	2,142,308	660,122

continued

Revenues

Intergovernmental
Charges for services
Use of money and property

Total Revenues

Expenditures

Current:

Community Development
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, 2023**

			Asset Forfeiture
	Final Budgeted	Actual Amounts	Variance with
	Amounts		Final Budget -
			Positive
			(Negative)
Revenues			
Intergovernmental	\$ -	-	-
Charges for services	-	6,142	6,142
Use of money and property	1,500	5,780	4,280
Total Revenues	1,500	11,922	10,422
Expenditures			
Current:			
General government	-	-	-
Community development	-	-	-
Public safety	2,000	-	2,000
Capital outlay	-	-	-
Total Expenditures	2,000	-	2,000
Excess (deficiency) of revenues over expenditures	(500)	11,922	12,422
Other Financing Sources (Uses)			
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net change in fund balances	(500)	11,922	12,422
Fund balances - beginning	291,053	291,053	-
Fund Balances - Ending	\$ 290,553	302,975	12,422

		Solid Waste
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
13,000	50,998	37,998
1,000,000	1,283,175	283,175
5,000	59,901	54,901
1,018,000	1,394,074	376,074
48,500	28,665	19,835
890,313	913,930	(23,617)
-	-	-
402,874	118,325	284,549
1,341,687	1,060,920	280,767
(323,687)	333,154	656,841
(32,679)	(102,002)	(69,323)
(32,679)	(102,002)	(69,323)
(356,366)	231,152	587,518
2,814,917	2,814,917	-
2,458,551	3,046,069	587,518

continued

Revenues

Intergovernmental
Charges for services
Use of money and property

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, 2023

			Police Grants
	Final Budgeted	Actual Amounts	Variance with
	Amounts		Final Budget -
			Positive
			(Negative)
Revenues			
Intergovernmental	\$ 336,937	243,133	(93,804)
Use of money and property	1,000	3,832	2,832
Other revenue	-	-	-
Total Revenues	337,937	246,965	(90,972)
Expenditures			
Current:			
Public safety	183,157	15,014	168,143
Capital outlay	-	-	-
Total Expenditures	183,157	15,014	168,143
Excess (deficiency) of revenues over expenditures	154,780	231,951	77,171
Other Financing Sources (Uses)			
Transfers out	(109,280)	(3,036)	106,244
Total Other Financing Sources (Uses)	(109,280)	(3,036)	106,244
Net change in fund balances	45,500	228,915	183,415
Fund balances - beginning	254,746	254,746	-
Fund Balances - Ending	\$ 300,246	483,661	183,415

Road Maintenance and Rehabilitation		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
900,000	1,144,796	244,796
5,000	27,314	22,314
-	-	-
905,000	1,172,110	267,110
-	-	-
551,628	1,169,126	(617,498)
551,628	1,169,126	(617,498)
353,372	2,984	(350,388)
-	-	-
-	-	-
353,372	2,984	(350,388)
1,495,497	1,495,497	-
1,848,869	1,498,481	(350,388)

continued

Revenues

Intergovernmental
Use of money and property
Other revenue

Total Revenues

Expenditures

Current:

Public safety
Capital outlay

Total Expenditures

Excess (deficiency) of revenues over expenditures

Other Financing Sources (Uses)

Transfers out

Total Other Financing Sources (Uses)

Net change in fund balances

Fund balances - beginning

Fund Balances - Ending

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2023**

	Community Development Block Grant		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	\$ 666,230	696,172	29,942
Use of money and property	-	-	-
Other revenues	1,500	-	(1,500)
Total Revenues	667,730	696,172	28,442
Expenditures			
Current:			
General government	-	1,857	(1,857)
Community development	485,381	201,210	284,171
Public safety	-	-	-
Capital outlay	882,355	458,140	424,215
Total Expenditures	1,367,736	661,207	706,529
Excess (deficiency) of revenues over expenditures	(700,006)	34,965	734,971
Other Financing Sources (Uses)			
Transfers out	-	(34,965)	(34,965)
Total Other Financing Sources (Uses)	-	(34,965)	(34,965)
Net change in fund balances	(700,006)	-	700,006
Fund balances - beginning	15,423	15,423	-
Fund Balances - Ending	\$ (684,583)	15,423	700,006

Police Department Special Revenues

Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
-	113,227	113,227
1,000	5,867	4,867
25,000	18,184	(6,816)
26,000	137,278	111,278
-	-	-
-	-	-
26,004	11,946	14,058
-	-	-
26,004	11,946	14,058
(4)	125,332	125,336
(118,987)	(23,638)	95,349
(118,987)	(23,638)	95,349
(118,991)	101,694	220,685
287,144	287,144	-
168,153	388,838	220,685

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, 2023

	Fire Department Special Revenues		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Use of money and property	\$ 300	946	646
Other revenues	25,000	188	(24,812)
Total Revenues	25,300	1,134	(24,166)
Expenditures			
Current:			
Public safety	25,000	385	24,615
Total Expenditures	25,000	385	24,615
Excess (deficiency) of revenues over expenditures	300	749	449
Other Financing Sources (Uses)			
Transfers out	-	(21,541)	(21,541)
Total other financing sources (uses)	-	(21,541)	(21,541)
Net change in fund balances	300	(20,792)	(21,092)
Fund balances - beginning	44,305	44,305	-
Fund Balances - Ending	\$ 44,605	23,513	(21,092)

Fire Department Grants		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
100	249	149
-	-	-
100	249	149
-	-	-
-	-	-
100	249	149
-	-	-
-	-	-
-	249	149
12,521	12,521	-
12,521	12,770	149

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)

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, 2023

	Landscape and Lighting District		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Special assessments	\$ 412,501	410,916	(1,585)
Use of money and property	2,500	6,141	3,641
Total Revenues	415,001	417,057	2,056
Expenditures			
Current:			
Public works	538,627	511,051	27,576
Total Expenditures	538,627	511,051	27,576
Excess (deficiency) of revenues over expenditures	(123,626)	(93,994)	29,632
Other Financing Sources (Uses)			
Transfers in	377,393	408,776	31,383
Transfers out	(237,923)	(229,920)	8,003
Total Other Financing Sources (Uses)	139,470	178,856	39,386
Net change in fund balances	15,844	84,862	69,018
Fund balances - beginning	338,911	338,911	-
Fund Balances - Ending	\$ 354,755	423,773	69,018



Cathedral City

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2023

	Police and Fire Facilities	Traffic Signalization	Assessment District 85-1
Assets			
Cash and investments	\$ 343,403	215,345	260,993
Receivables:			
Interest	2,918	1,831	2,218
Accounts	-	-	-
Restricted assets:			
Cash and investments held with fiscal agent	-	-	-
Total Assets	346,321	217,176	263,211
Liabilities and Fund Balances			
Total Liabilities	\$ -	-	-
Fund balances:			
Nonspendable	-	-	-
Restricted	346,321	217,176	263,211
Assigned	-	-	-
Total Fund Balances	346,321	217,176	263,211
Total Liabilities and Fund Balances	\$ 346,321	217,176	263,211

Assessment District 86-5	Assessment District 87-2	Assessment District 88-3
561,527	13,482	271,650
4,772	115	2,309
-	-	651
-	-	-
566,299	13,597	274,610
-	-	-
-	-	-
-	-	-
566,299	13,597	274,610
-	-	-
566,299	13,597	274,610
566,299	13,597	274,610

continued

Assets

Cash and investments

Receivables:

Interest

Accounts

Restricted assets:

Cash and investments held with fiscal agent

Total Assets

Liabilities and Fund Balances

Total Liabilities

Fund balances:

Nonspendable

Restricted

Assigned

Total Fund Balances

Total Liabilities and Fund Balances

Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
June 30, 2023

	Assessment District 96-1	Assessment District 2001-01	CFD Rio Vista
Assets			
Cash and investments	\$ 487,467	117,649	4,196
Receivables:			
Interest	-	-	-
Accounts	-	-	-
Restricted assets:			
Cash and investments held with fiscal agent	-	82	-
Total Assets	487,467	117,731	4,196
Liabilities and Fund Balances			
Total Liabilities	\$ -	-	-
Fund balances:			
Nonspendable	-	-	-
Restricted	487,467	117,731	4,196
Assigned	-	-	-
Total Fund Balances	487,467	117,731	4,196
Total Liabilities and Fund Balances	\$ 487,467	117,731	4,196

Assessment District 2003-01	Assessment District 2004-01	Assessment District 2004-02	Total	
842,214	207,753	419,188	3,744,867.00	Assets
-	-	-	14,163.00	Cash and investments
-	-	-	651.00	Receivables:
-	-	-	82.00	Interest
				Accounts
				Restricted assets:
				Cash and investments held with fiscal agent
842,214	207,753	419,188	3,759,763	Total Assets
				Liabilities and Fund Balances
-	-	-	-	Total Liabilities
-	-	-	-	Fund balances:
842,214	207,753	419,188	3,759,763	Nonspendable
-	-	-	-	Restricted
842,214	207,753	419,188	3,759,763	Assigned
				Total Fund Balances
842,214	207,753	419,188	3,759,763	Total Liabilities and Fund Balances

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2023

	Police and Fire Facilities	Traffic Signalization	Assessment District 85-1
Revenues			
Development fees	\$ 20,262	8,688	-
Special assessments	-	-	-
Use of money and property	6,229	4,012	5,125
Total Revenues	26,491	12,700	5,125
Expenditures			
Total Expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	26,491	12,700	5,125
Net change in fund balances	26,491	12,700	5,125
Fund balances - beginning	319,830	204,476	258,086
Fund Balances - Ending	\$ 346,321	217,176	263,211

Assessment District 86-5	Assessment District 87-2	Assessment District 88-3
-	-	-
-	-	651
11,028	265	5,335
11,028	265	5,986
-	-	-
11,028	265	5,986
11,028	265	5,986
555,271	13,332	268,624
566,299	13,597	274,610

continued

Revenues

Development fees

Special assessments

Use of money and property

Total Revenues

Expenditures

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, 2023

	Assessment District 96-1	Assessment District 2001-01	CFD Rio Vista
Revenues			
Development fees	\$ -	-	-
Special assessments	-	-	-
Use of money and property	-	3	-
Total Revenues	<u>-</u>	<u>3</u>	<u>-</u>
Expenditures			
Current:			
Community development	-	-	-
Capital outlay	-	20,524	-
Total Expenditures	<u>-</u>	<u>20,524</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	(20,521)	-
Net change in fund balances	-	(20,521)	-
Fund balances - beginning	<u>487,467</u>	<u>138,252</u>	<u>4,196</u>
Fund Balances - Ending	<u><u>\$ 487,467</u></u>	<u><u>117,731</u></u>	<u><u>4,196</u></u>

Assessment District 2003-01	Assessment District 2004-01	Assessment District 2004-02	Total	
-	-	-	28,950	Revenues
-	-	-	651	Development fees
-	-	-	31,997	Special assessments
-	-	-	61,598	Use of money and property
				Total Revenues
				Expenditures
				Current:
-	-	9,999	9,999	Community development
-	-	-	20,524	Capital outlay
-	-	9,999	30,523	Total Expenditures
-	-	(9,999)	31,075	expenditures
-	-	(9,999)	31,075	Net change in fund balances
842,214	207,753	429,187	3,728,688	Fund balances - beginning
842,214	207,753	419,188	3,759,763	Fund Balances - Ending

PROPRIETARY FUNDS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2023

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, 2023

	Equipment Replacement	Insurance	Technology	Facilities	Total
Assets					
Current assets:					
Cash and investments	\$ 6,769,439	6,056,011	1,010,639	4,823,820	18,659,909
Receivables:					
Interest	57,571	51,545	8,597	40,536	158,249
Accounts	30,750	2,708	-	2,855	36,313
Lease	-	-	-	82,968	82,968
Deposits with PERMA	-	2,890,373	-	-	2,890,373
Prepaid assets	160	136,007	-	-	136,167
Inventories	31,624	-	-	-	31,624
Total Current Assets	\$ 6,889,544	9,136,644	1,019,236	4,950,179	21,995,603
Noncurrent assets:					
Capital assets:					
Vehicles and equipment	12,230,994	-	-	-	12,230,994
Intangibles	-	-	95,098	-	95,098
Construction in progress	-	-	787,699	-	787,699
Amortization of Intangible Assets/Depreciation	(6,971,411)	-	(30,518)	-	(7,001,929)
Net capital assets	5,259,583	-	852,279	-	6,111,862
Total Noncurrent Assets	5,259,583	-	852,279	-	6,111,862
Total Assets	12,149,127	9,136,644	1,871,515	4,950,179	28,107,465
Liabilities					
Current liabilities:					
Accounts payable	\$ 161,566	19,435	1,148	29,455	211,604
Deposits from others	-	-	-	5,774	5,774
Claims payable	-	1,750,000	-	-	1,750,000
Unearned revenue	-	848	-	16,340	17,188
Total Current Liabilities	161,566	1,770,283	1,148	51,569	1,984,566
Noncurrent liabilities:					
Claims payable	-	6,198,818	-	-	6,198,818
Total Noncurrent Liabilities	-	6,198,818	-	-	6,198,818
Total Liabilities	161,566	7,969,101	1,148	51,569	8,183,384
Deferred Inflows of Resources					
Related to leases	-	-	-	82,886	82,886
Total Deferred Inflows of Resources	-	-	-	82,886	82,886
Net Position					
Invested in capital assets	5,259,583	-	852,279	-	6,111,862
Unrestricted	6,727,978	1,167,543	1,018,088	4,815,724	13,729,333
Total Net Position	\$ 11,987,561	1,167,543	1,870,367	4,815,724	19,841,195

Combining Statement of Revenues, Expenditures, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Equipment Replacement	Insurance	Technology	Facilities	Total
Operating Revenues					
Charges for services	\$ 1,595,386	12,797,208	200,469	500,000	15,093,063
Other revenue	(3,667)	359	-	800	(2,508)
Total Operating Revenues	1,591,719	12,797,567	200,469	500,800	15,090,555
Operating Expenses					
Insurance claims and expenses	-	15,652,256	-	-	15,652,256
Annual Contributions	-	2,898,000	-	-	2,898,000
Amortization of Intangible Assets/Depreciation	1,005,994	-	13,585	-	1,019,579
Repairs and maintenance	197	7,561	-	108,733	116,491
Total Operating Expenses	1,006,191	18,557,817	13,585	108,733	19,686,326
Operating income	585,528	(5,760,250)	186,884	392,067	(4,595,771)
Nonoperating Revenues (Expenses)					
Lease income	-	-	-	53,277	53,277
Rental income	-	-	-	24,533	24,533
Interest and investment income	300,886	348,469	42,645	203,868	895,868
Gain on sale of capital assets	52,136	-	-	-	52,136
Net increase (decrease) in fair value of investments	(185,080)	(165,708)	(27,639)	(130,316)	(508,743)
Total Nonoperating Revenues (Expenses)	167,942	182,761	15,006	151,362	517,071
Income before transfers	753,470	(5,577,489)	201,890	543,429	(4,078,700)
Transfers in	142,958	-	-	-	142,958
Change in net position	896,428	(5,577,489)	201,890	543,429	(3,935,742)
Total net position - beginning	11,091,133	6,745,032	1,668,477	4,272,295	23,776,937
Total Net Position - Ending	\$ 11,987,561	1,167,543	1,870,367	4,815,724	19,841,195

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	Equipment Replacement	Insurance	Technology	Facilities	Total
Cash Flows From Operating Activities					
Receipts from customers and user departments	\$ 1,560,972	13,273,359	200,469	496,254	15,531,054
Payments to suppliers for goods and services	(360)	(14,002,429)	(2,608)	(79,278)	(14,084,675)
Other operating receipts	158,407	-	-	-	158,407
Net Cash Provided (Used) by Operating Activities	1,719,019	(729,070)	197,861	416,976	1,604,786
Cash Flows From Noncapital Financing Activities					
Transfers in	142,958	-	-	-	142,958
Net Cash Provided by Noncapital Financing Activities	142,958	-	-	-	142,958
Cash Flows From Capital and Related Financing Activities					
Capital asset acquisitions	(1,621,314)	-	(77,456)	-	(1,698,770)
Proceeds from the sale of capital assets	52,136	-	-	-	52,136
Net Cash (Used) by Capital and Related Financing Activities	(1,569,178)	-	(77,456)	-	(1,646,634)
Cash Flows From Investing Activities					
Interest income	260,120	314,341	36,361	174,277	785,099
Rental income	-	-	-	79,275	79,275
Change in fair value of investments	(185,080)	(165,708)	(27,639)	(130,316)	(508,743)
Net Cash (Used) by Investing Activities	75,040	148,633	8,722	123,236	355,631
Net increase (decrease) in cash and cash equivalents	367,839	(580,437)	129,127	540,212	456,741
Cash and cash equivalents - beginning	6,401,600	6,636,448	881,512	4,283,608	18,203,168
Cash and Cash Equivalents - Ending	\$ 6,769,439	6,056,011	1,010,639	4,823,820	18,659,909
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (loss)	585,528	(5,760,250)	186,884	392,067	(4,595,771)
Adjustments to Reconcile operating income to net cash provided (used) by operating activities:					
Amortization of Intangible Assets/Depreciation	1,005,994	-	13,585	-	1,019,579
Accounts receivable	(30,750)	(2,387)	-	(605)	(33,742)
Deposits with PERMA	-	477,966	-	-	477,966
Prepaid assets	(160)	1,697,473	-	-	1,697,313
Inventories	20,044	-	-	-	20,044
Accounts payable	138,363	(1,716,775)	(2,608)	29,454	(1,551,566)
Unearned revenue	-	212	-	(3,940)	(3,728)
Claims payable	-	4,574,691	-	-	4,574,691
Net Cash Provided (Used) by Operating Activities	\$ 1,719,019	(729,070)	197,861	416,976	1,604,786



Cathedral City

FIDUCIARY FUNDS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2023

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 (35th Avenue).
5. **Assessment District 2004-01 (Fund 453).** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds (Dream Homes).
6. **Assessment District 2004-02 (Fund 454).** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds (Cove Improvement).

Combining Statement of Fiduciary Net Position

Private-Purpose Trust Funds - Successor Agency Trust Funds

June 30, 2023

	Redevelopment Obligation Retirement	Successor Agency 2014 & 2021 Series A/B/C TABs	Successor Agency Administration
Assets			
Cash and investments	\$ 12,069,272	442,104	-
Prepaid assets	-	868,798	-
Restricted assets:			
Cash and investments held with fiscal agent	-	24,893	-
Total Assets	\$ 12,069,272	1,335,795	-
Liabilities			
Accrued interest	-	1,655,772	-
Bonds and notes payable:			
Due in one year	-	5,540,000	-
Due in more than one year	-	96,354,277	-
Total Liabilities	\$ -	103,550,049	-
Net Position			
Restricted for:			
Restricted for dissolution of former RDA	12,069,272	(102,214,254)	-
Total Net Position	\$ 12,069,272	(102,214,254)	-

Successor Agency Other	Successor Agency 2007 Series A TAB	Successor Agency 2007 Series C TAB	Total	
-	12,644	11,611	12,535,631	Assets
-	-	-	868,798	Cash and investments
-	-	-	24,893	Prepaid assets
-	-	-		Restricted assets:
-	-	-		Cash and investments held with fiscal
-	12,644	11,611	13,429,322	Total Assets
-	-	-		Liabilities
-	-	-	1,655,772	Accrued interest
-	-	-	5,540,000	Bonds and notes payable:
20,681,272	-	-	117,035,549	Due in one year
20,681,272	-	-	124,231,321	Due in more than one year
				Total Liabilities
				Net Position
(20,681,272)	12,644	11,611	(110,801,999)	Restricted for:
(20,681,272)	12,644	11,611	(110,801,999)	Restricted for dissolution of former RDA
				Total Net Position

Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds - Successor Agency Trust Funds
For the Year Ended June 30, 2023

	Redevelopment Obligation Retirement	Successor Agency 2014 & 2021 Series A/B/C TABs	Successor Agency Administration
Additions			
Taxes	\$ 14,930,746	-	-
Use of money and property	-	3,341	-
Total Additions	14,930,746	3,341	-
Deductions			
Administrative expenses	-	86,982	-
Contractual services	16,955	-	-
Interest expense	-	2,993,867	-
Contributions to other governments	4,391,692	-	250,000
Total Deductions	4,408,647	3,080,849	250,000
Transfers In (Out)			
Transfers in	-	(10,337,994)	(250,000)
Transfers out	10,587,994	-	-
Total Transfers In (Out)	10,587,994	(10,337,994)	(250,000)
Change in net position	(65,895)	7,260,486	-
Net Position - beginning of the year	12,135,167	(109,474,740)	-
Net Position - End of the Year	\$ 12,069,272	(102,214,254)	-

Successor Agency Other	Successor Agency 2007 Series A TAB	Successor Agency 2007 Series C TAB	Total	
				Additions
-	-	-	14,930,746	Taxes
-	-	-	3,341	Use of money and property
-	-	-	14,934,087	Total Additions
				Deductions
-	-	-	86,982	Administrative expenses
-	40,275	250,000	307,230	Contractual services
1,769,310	-	-	4,763,177	Interest expense
-	-	-	4,641,692	Contributions to other governments
1,769,310	40,275	250,000	9,799,081	Total Deductions
				Transfers In (Out)
-	-	-	(10,587,994)	Transfers in
-	-	-	10,587,994	Transfers out
-	-	-	-	Total Transfers In (Out)
(1,769,310)	(40,275)	(250,000)	5,135,006	Change in net position
(18,911,962)	52,919	261,611	(115,937,005)	Net Position - beginning of the year
(20,681,272)	12,644	11,611	(110,801,999)	Net Position - End of the Year

Combining Statement of Fiduciary Net Position
All Custodial Funds
June 30, 2023

	Assessment Dist 96-1 Debt Svc	Assessment Dist 01-01 Debt Svc	Comm Fac Dist 00-01 Debt Svc
Assets			
Cash and investments	\$ 892,185	383,894	1,348,336
Receivables:			
Interest	11,726	4,263	11,495
Special assessments	7,033	1,029	189,286
Restricted assets:			
Cash and investments held with fiscal agent	-	34	401,422
Total Assets	\$ 910,944	389,220	1,950,539
Liabilities			
Accounts payable	904	43	492
Due to bondholders	910,040	389,177	1,950,047
Total Liabilities	\$ 910,944	389,220	1,950,539
Net Position	\$ -	-	-

Assessment Dist 03-01 Debt Svc	Assessment Dist 04-01 Debt Svc	Assessment Dist 04-02 Debt Svc	Total Custodial Funds
740,584	657,725	2,106,531	6,129,255
13,453	7,356	21,466	69,759
12,262	47,899	48,390	305,899
-	-	-	401,456
766,299	712,980	2,176,387	6,906,369
438	1,640	1,768	5,285
765,861	711,340	2,174,619	6,901,084
766,299	712,980	2,176,387	6,906,369
-	-	-	-

Assets

Cash and investments

Receivables:

Interest

Special assessments

Restricted assets:

Cash and investments held with fiscal agent

Total Assets

Liabilites

Accounts payable

Due to bondholders

Total Liabilities

Net Position

Combining Statement of Changes in Fiduciary Net Position
All Custodial Funds
For the Year Ended June 30, 2023

	Assessment Dist 96-1 Debt Svc	Assessment Dist 01-01 Debt Svc	Comm Fac Dist 00-01 Debt Svc
Additions			
Collections for assessment districts	\$ 413,090	253,878	8,420,320
Use of money and property	62,382	22,450	78,214
Net Increase (decrease) in fair value of investments	(37,696)	(13,704)	(36,955)
Total Additions	437,776	262,624	8,461,579
Deductions			
Administrative expenses	-	-	10,358
Contractual services	37,999	9,819	39,154
Interest expense	89,286	58,969	380,283
Bond payment	285,930	180,000	7,050,000
Other deductions	24,561	13,836	981,784
Total Deductions	437,776	262,624	8,461,579
Change in net position	-	-	-
Net Position - beginning of the year, as previously reported	885,479	375,341	968,263
Restatement of Net Position (Note G)	(885,479)	(375,341)	(968,263)
Beginning of year, as restated	-	-	-
Net Position - End of the Year	\$ -	-	-

Assessment Dist 03-01 Debt Svc	Assessment Dist 04-01 Debt Svc	Assessment Dist 04-02 Debt Svc	Total Custodial Funds
470,476	442,891	1,910,402	11,911,057
71,463	38,031	109,400	381,940
(43,249)	(23,647)	(69,010)	(224,261)
498,690	457,275	1,950,792	12,068,736
6,356	9,320	21,194	47,228
7,482	13,390	22,979	130,823
215,655	206,228	903,790	1,854,211
220,000	190,000	980,000	8,905,930
49,197	38,337	22,829	1,130,544
498,690	457,275	1,950,792	12,068,736
-	-	-	-
716,664	673,003	2,151,790	5,770,540
(716,664)	(673,003)	(2,151,790)	(5,770,540)
-	-	-	-
-	-	-	-

Additions

Collections for assessment districts
Use of money and property
Net Increase (decrease) in fair value of investments

Total Additions

Deductions

Administrative expenses
Contractual services
Interest expense
Bond payment
Other deductions

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, 2023

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.

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.

184 REVENUE CAPACITY

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

196 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.

202 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.

206 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, 2023



Cathedral City

Net Position by Component

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	95,321	150,220	153,866	148,362	158,755	164,676	164,895	181,191	189,060	188,320
Restricted	58,199	58,485	92,298	86,986	81,329	59,708	60,653	60,369	69,979	67,055
Unrestricted	(150,840)	(147,400)	(184,264)	(181,885)	(209,315)	(180,835)	(180,272)	(115,925)	(103,494)	(109,010)
Total governmental activities net position	2,680	61,305	61,900	53,463	30,769	43,549	45,276	125,635	155,545	146,366
Primary government:										
Net investment in capital assets	95,321	150,220	153,866	148,362	158,755	164,676	164,895	181,191	189,060	188,320
Restricted	58,199	58,485	92,298	86,986	81,329	59,708	60,653	60,369	69,979	67,055
Unrestricted	(150,840)	(147,400)	(184,264)	(181,885)	(209,315)	(180,835)	(180,272)	(115,925)	(103,494)	(109,010)
Total primary government net position	2,680	61,305	61,900	53,463	30,769	43,549	45,276	125,635	155,545	146,366
	Note 1				Note 2				Note 3	Note 4

Notes to Schedule:

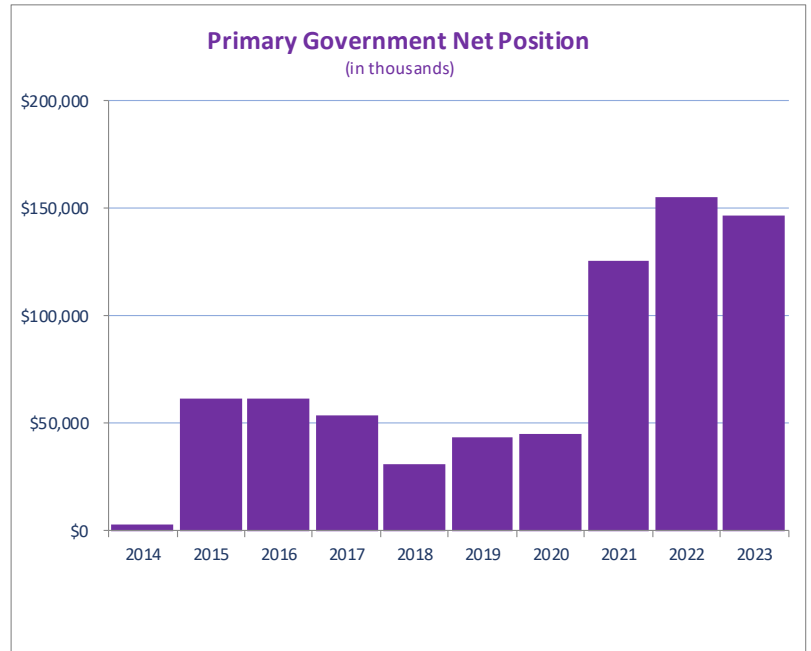
Note 1: Restated balances - includes prior period adjustment of (\$682).

Note 2: Restated balances - includes prior period adjustment of (\$32,564).

Note 3: Restated balances - includes prior period adjustment of (\$10).

Note 4: Restated balances - includes prior period adjustment of (\$169).

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



Changes in Net Position- Program Revenue

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,273	3,541	2,888	3,512	15,764	8,471	9,532	11,226	5,872	6,219
Community development	590	459	702	714	1,166	1,178	951	1,239	773	782
Public safety	8,479	3,843	3,471	3,665	4,055	4,067	4,861	4,363	4,059	4,046
Public works	759	761	798	843	906	894	666	749	761	774
Operating grants and contributions	18,598	18,051	15,066	11,636	14,023	13,412	13,114	13,695	11,388	18,639
Capital grants and contributions	10,052	4,767	624	2,998	14,097	7,860	2,593	22,019	12,361	2,213
Total governmental activities program revenues	40,751	31,422	23,549	23,368	50,011	35,882	31,717	53,291	35,214	32,674
Expenses										
Governmental activities:										
General government	11,340	10,543	10,550	12,378	22,668	12,914	16,393	15,585	19,340	25,575
Community development	5,906	4,741	7,455	12,929	5,864	6,416	6,345	9,782	6,725	7,916
Culture and recreation	524	695	1,134	979	729	1,125	859	740	1,136	1,461
Public safety	24,083	23,005	22,324	26,663	28,948	31,259	33,182	35,006	17,543	46,849
Public works	7,804	7,704	7,874	8,971	12,860	9,267	11,600	9,132	9,259	9,768
Interest on long-term debt	10,497	7,560	7,052	7,090	6,852	6,581	6,366	5,015	2,826	5,012
Total governmental activities	60,154	54,248	56,389	69,010	77,921	67,562	74,745	75,260	56,829	96,581
Net (Expense)/Revenue										
Total Primary Government Net Expense	\$ (19,403)	(22,826)	(32,840)	(45,642)	(27,910)	(31,680)	(43,028)	(21,969)	(21,615)	(63,907)

Changes in Net Position - General Revenues

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Cannabis tax	\$ -	-	47	450	1,894	4,607	4,356	5,097	4,508	3,002
Franchise tax	1,980	1,995	2,021	2,146	2,114	2,231	2,213	2,440	2,684	2,915
Property tax	5,398	6,306	7,429	7,869	8,626	9,128	9,933	9,834	10,520	12,016
Sales tax (Note 1)	8,929	9,490	9,695	8,821	9,155	10,412	9,370	12,430	14,033	13,872
Transactions and use tax	4,912	5,327	5,821	5,658	6,105	7,289	6,644	8,049	9,712	9,706
Transient occupancy tax/timeshare developer	1,883	2,000	2,328	3,070	3,726	4,232	3,379	3,670	5,313	5,414
Utility users tax	2,763	2,803	2,754	2,717	2,699	2,692	2,694	2,940	3,242	3,627
Investment and interest income	2,953	2,867	4,296	5,117	2,713	3,498	3,996	2,418	676	3,611
Other revenues	460	456	318	1,357	747	371	2,171	399	801	434
Extraordinary items	-	-	-	-	-	-	-	-	-	-
Proceeds of capital asset	-	-	-	-	-	-	-	-	47	-
Special items	-	82,563	(1,274)	-	-	-	-	55,051	-	-
Total governmental activities	29,278	113,807	33,435	37,205	37,779	44,460	44,755	102,328	51,536	54,597
Changes in Net Position										
Total Primary Government	\$ 9,875	90,981	595	(8,437)	9,869	12,780	1,727	80,359	29,921	(9,310)

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

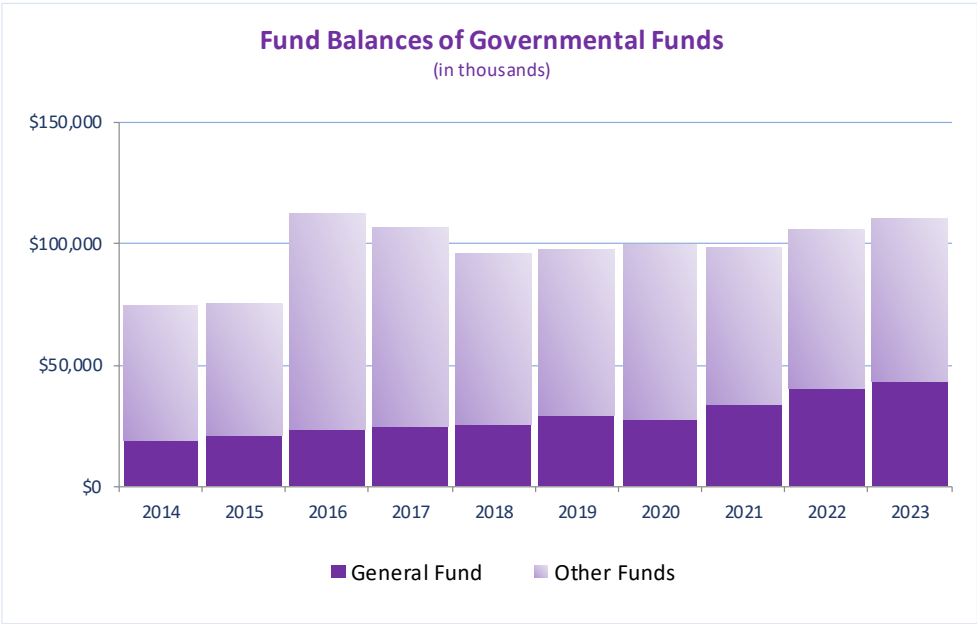
Fund Balances of Governmental Funds
Last Ten Fiscal Years (dollar in thousands – modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Nonspendable	\$ 28	13	48	10	16	6	64	1,980	1,985	3,304
Restricted	3,710	3,353	3,177	2,994	2,798	2,632	2,587	2,587	2,339	-
Assigned	4,644	680	830	4,341	863	833	503	1,133	420	448
Unassigned	10,605	16,626	19,186	17,656	22,044	25,867	24,401	28,155	35,623	39,402
Total General Fund	\$ 18,987	20,672	23,241	25,001	25,721	29,338	27,555	33,855	40,367	43,154
All other governmental funds:										
Nonspendable	-	-	1	1	2	7	-	-	-	95
Restricted	54,567	54,259	88,754	81,465	70,548	68,205	72,413	64,395	61,987	62,488
Assigned	658	172	247	297	-	-	-	-	3,127	4,433
Unassigned	-	-	-	(79)	-	-	-	-	-	-
Total all other governmental funds	\$ 55,225	54,431	89,002	81,684	70,550	68,212	72,413	64,395	65,114	67,015

Notes to Schedule:

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

Source: City of Cathedral City, Fund Financial Statements



Changes in Fund Balances of Governmental Funds

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

	2014	2015	2016	2017	2018
Revenues					
Taxes	\$ 25,011	26,776	29,775	30,566	34,319
Intergovernmental	7,419	11,254	7,035	4,893	14,323
Licenses and permits	970	1,104	1,197	1,349	1,877
Fines and forfeitures	487	498	463	597	496
Charges for services	4,502	6,251	5,259	6,019	7,205
Special assessments	5,755	599	561	571	620
Development fees	74	222	84	170	678
Use of money and property	1,181	917	1,991	2,738	2,625
Contributions from City	-	-	794	-	-
Contributions from property owners	4,532	-	3,418	-	-
Contributions from other entities	-	-	-	1,400	-
Contributions from other governments	18,980	13,768	8,783	8,722	8,598
Other revenue	848	637	670	460	1,731
Total Revenues	\$ 69,759	62,026	60,030	57,485	72,472
Expenditures					
General government	\$ 8,439	9,537	8,861	9,910	11,180
Community development	5,384	4,381	4,662	5,679	5,459
Culture and recreation	254	425	742	709	458
Public safety	20,897	21,689	22,114	24,006	27,391
Public works	2,741	3,247	2,950	3,497	3,599
Capital outlay (Note 1)	4,228	6,797	4,254	8,625	20,094
Principal retirement	6,063	85,384	10,624	5,206	7,032
Interest	10,329	8,958	6,459	6,840	6,578
Debt issuance costs	-	-	838	-	-
Total Expenditures	\$ 58,335	140,418	61,504	64,472	81,791
Excess (deficiency) of revenues over (under) expenditures	(78,392)	(1,474)	(6,987)	(9,319)	(9,319)
Other Financing Sources (Uses)					
Issuance of debt	137	-	36,170	-	-
Issuance of refunding debt	-	-	6,698	-	-
Payment to refunded bond escrow	-	-	-	-	-
Related to leases	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	1,448	127
Gain (loss) on sale of assets held for disposition	-	(36)	-	-	-
Transfers in	1,741	12,910	2,146	508	678
Transfers out	(1,782)	(13,517)	(5,128)	(526)	(799)
Total Other Financing Sources (Uses)	\$ 96	(643)	39,886	1,430	6
Special items	-	79,927	(1,274)	-	(1,102)
Net Change in Fund Balances	\$ (78,296)	77,810	31,625	(7,889)	(10,415)
Debt service as a % of noncapital expenditures	30.3%	70.6%	29.8%	21.6%	22.1%

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

2019	2020	2021	2022	2023	
					Revenues
40,590	38,589	44,460	50,012	50,552	Taxes
13,939	9,519	15,601	19,669	16,735	Intergovernmental
2,498	2,861	2,957	2,960	3,530	Licenses and permits
284	422	621	768	570	Fines and forfeitures
7,016	7,248	7,232	6,967	6,887	Charges for services
651	557	1,444	606	653	Special assessments
402	1,104	312	315	341	Development fees
2,775	3,211	2,297	980	3,148	Use of money and property
-	-	-	-	-	Contributions from City
-	-	-	-	-	Contributions from property owners
-	-	-	-	-	Contributions from other entities
8,483	8,224	8,301	4,245	4,642	Contributions from other governments
661	1,427	945	754	566	Other revenue
77,299	73,162	84,169	87,276	87,624	Total Revenues
					Expenditures
11,472	13,176	12,518	23,437	16,331	General government
5,951	5,772	9,083	6,380	7,788	Community development
854	589	470	866	1,190	Culture and recreation
29,542	31,042	30,952	50,491	36,594	Public safety
4,230	3,254	3,072	4,252	4,378	Public works
12,040	6,025	14,822	13,670	5,592	Capital outlay (Note 1)
5,481	5,396	63,597	4,527	7,431	Principal retirement
6,294	6,041	5,840	2,830	3,701	Interest
-	-	-	521	-	Debt issuance costs
75,864	71,295	140,354	106,974	83,006	Total Expenditures
1,435	1,867	(56,185)	(19,698)	4,618	Excess (deficiency) of revenues over (under) expenditures
					Other Financing Sources (Uses)
-	-	-	-	-	Issuance of debt
-	-	-	28,780	-	Issuance of refunding debt
-	-	-	(1,997)	-	Payment to refunded bond escrow
-	-	-	367	212	Related to leases
-	851	-	-	-	Proceeds from sale of capital assets
-	-	-	47	-	Gain (loss) on sale of assets held for disposition
837	3,371	1,759	1,395	5,182	Transfers in
(992)	(3,670)	(2,344)	(1,663)	(5,325)	Transfers out
(155)	552	(585)	26,929	69	Total Other Financing Sources (Uses)
-	-	55,051	-	-	Special items
1,280	2,419	(1,719)	7,230	4,687	Net Change in Fund Balances
18.4%	17.5%	55.3%	7.9%	14.4%	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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Taxes										
Cannabis	\$ -	-	47	450	1,894	4,607	4,356	5,097	4,508	3,002
Franchise	1,980	1,995	1,885	2,145	2,114	2,230	2,213	2,440	2,684	2,915
In-lieu VLF property (Note 1)	3,408	3,578	3,776	3,959	4,140	4,331	4,571	4,836	5,107	5,644
Property	1,907	2,647	3,575	3,847	4,486	4,797	5,362	4,998	5,414	6,372
Sales (Note 2)	8,159	8,427	9,596	8,727	9,155	10,412	9,370	12,430	14,033	13,872
Time share developer	543	552	557	567	579	605	612	590	699	685
Transactions and use	4,911	5,327	5,821	5,658	6,105	7,289	6,644	8,049	9,712	9,706
Transient occupancy	1,340	1,447	1,771	2,504	3,147	3,627	2,766	3,081	4,613	4,729
Utility users	2,763	2,803	2,747	2,709	2,699	2,692	2,694	2,940	3,242	3,627
Total	\$ 25,011	26,776	29,775	30,566	34,319	40,590	38,588	44,461	50,012	50,552

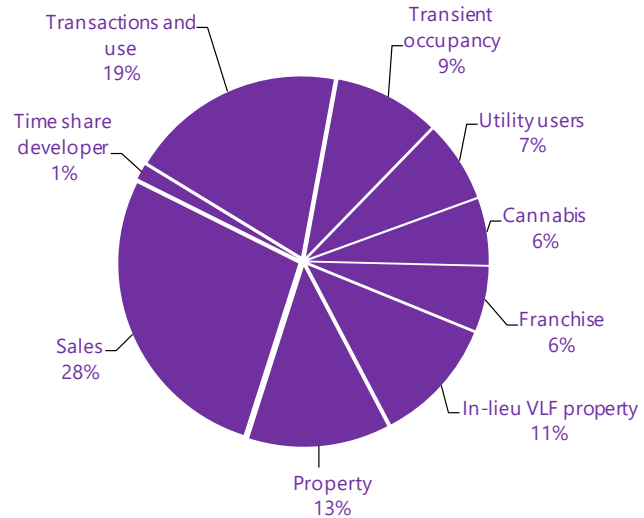
Notes to Schedule:

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 2014/2015, with final payments being received in fiscal year 2015/2016.

Source: City of Cathedral City Finance Department

2023 Tax Revenues by Source





Cathedral City

REVENUE CAPACITY



CITY OF CATHEDRAL CITY | Year Ended June 30, 2023



Cathedral City

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

	Calendar Year				
	2013	2014	2015	2016	2017
Apparel stores	\$ 10,751	10,691	10,230	10,052	7,628
General merchandise	31,144	31,276	29,907	29,425	31,286
Food stores	27,379	27,873	29,100	29,666	30,118
Eating and drinking places	55,514	60,152	67,760	73,046	74,755
Building materials	27,042	31,851	36,067	32,720	33,639
Auto dealers and supplies	375,021	405,626	447,716	445,860	460,217
Service stations	82,618	87,171	85,656	71,809	75,544
Other retail stores	84,948	81,831	79,898	81,562	86,228
All other outlets	130,588	134,134	145,398	151,114	152,938
Total	\$ 825,005	870,605	931,732	925,254	952,353
Sales tax rate:					
State rate (Note 2)	6.50%	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 4)	0.50%	0.50%	0.50%	0.50%	0.25%
District rate-Cathedral City - Measures H/B (Note 3)	1.00%	1.00%	1.00%	1.00%	1.00%
Total sales tax rate	9.00%	9.00%	9.00%	9.00%	8.75%

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 increased from 6.25% to 6.50% effective January 1, 2013.

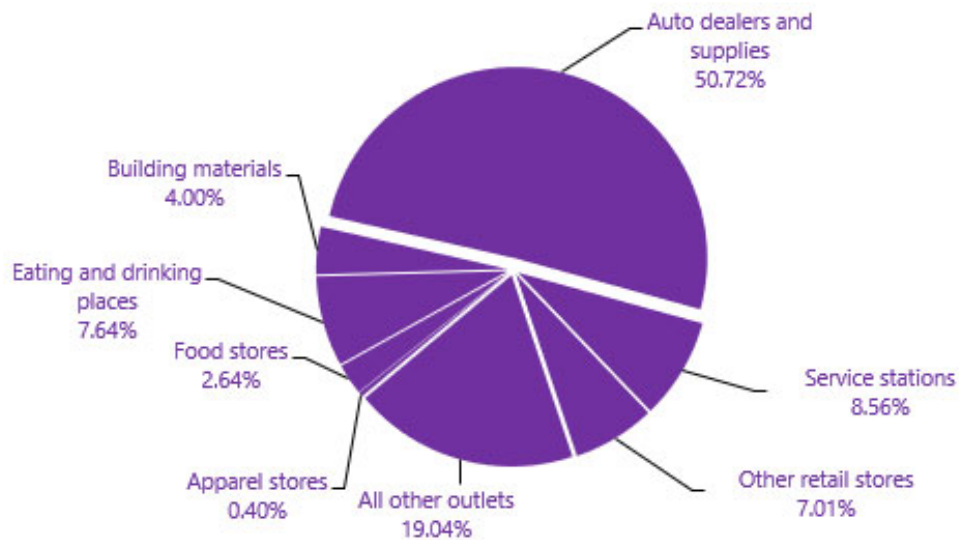
Note 3: Additional District tax rate of 1.00% effective October 1, 2010, resulting from the passage of Measure H in June 2010. The District tax was temporary and set to expire September 30, 2015. In June 2014, voters approved Measure B extending the 1% tax indefinitely.

Note 4: 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					
2018	2019	2020	2021	2022	
3,639	1,321	977	5,336	5,534	Apparel stores
33,893	31,797	36,539	N/A	N/A	General merchandise
31,598	31,626	34,297	34,627	36,912	Food stores
79,042	86,327	75,443	98,274	106,816	Eating and drinking places
39,180	40,622	39,588	49,123	55,991	Building materials
473,615	486,812	514,581	670,699	709,557	Auto dealers and supplies
88,324	89,602	75,774	102,236	119,780	Service stations
95,117	90,116	96,913	102,612	98,018	Other retail stores
161,255	187,304	229,445	256,434	266,416	All other outlets
1,005,663	1,045,527	1,103,557	1,319,341	1,399,024	Total
					Sales tax rate:
6.50%	6.50%	6.50%	6.50%	6.50%	State rate (Note 2)
1.00%	1.00%	1.00%	1.00%	1.00%	Local rate
0.25%	0.25%	0.25%	0.25%	0.25%	District rate-Riverside County - Measure A (transit) (Note 4)
1.00%	1.00%	1.00%	1.00%	1.00%	District rate-Cathedral City - Measures H/B (Note 3)
8.75%	8.75%	8.75%	8.75%	8.75%	Total sales tax rate

Calendar Year 2022 Taxable Sales by Category



Top 25 Sales Tax Producers

Current Year and Nine Years Ago (listed alphabetically)

2023		2014	
Taxpayer	Business	Taxpayer	Business
76	Service Stations	Acura of the Desert	New Motor Vehicle Dealers
Arco AM PM	Service Stations	Arco AM PM	Service Stations
Arco AM PM	Service Stations	Arco AM PM	Service Stations
Arco AM PM	Service Stations	Arco AM PM	Service Stations
Arco AM PM	Service Stations	Burlington	Family Apparel
C & M Building Materials	Building Materials	Circle K	Service Stations
Crystal Chrysler Jeep Dodge Center	New Motor Vehicle Dealers	Crystal Chrysler Jeep Dodge Center	New Motor Vehicle Dealers
Ferguson Enterprises	Plumbing/Electrical Supplies	Desert Lexus	New Motor Vehicle Dealers
Honda of the Desert	New Motor Vehicle Dealers	Food 4 Less	Grocery Stores
Jessup Auto Plaza Cadillac	New Motor Vehicle Dealers	Honda of the Desert	New Motor Vehicle Dealers
Jessup Volvo Cars	New Motor Vehicle Dealers	Jessup Auto Plaza Cadillac	New Motor Vehicle Dealers
Mike Thompson RVs	Trailers/RVs	McDonalds	Quick-Service Restaurants
Palm Springs Ford	New Motor Vehicle Dealers	Palm Springs Ford	New Motor Vehicle Dealers
Palm Springs Kia	New Motor Vehicle Dealers	Palm Springs Kia	New Motor Vehicle Dealers
Palm Springs Nissan	New Motor Vehicle Dealers	Palm Springs Nissan	New Motor Vehicle Dealers
Palm Springs Subaru	New Motor Vehicle Dealers	Palm Springs Oil	Service Stations
Shottenkirk Desert Lexus	New Motor Vehicle Dealers	Palm Springs Subaru	New Motor Vehicle Dealers
Stater Bros	Grocery Stores	Saini Brothers Arco AM PM	Service Stations
Target	Discount Dept Stores	Stater Bros	Grocery Stores
Tesla Motors	New Motor Vehicle Dealers	Target	Discount Dept Stores
Tower Market	Service Stations	Toyota of the Desert	New Motor Vehicle Dealers
Toyota Lease Trust	Auto Lease	United Rentals	Repair Shop/Equip. Rentals
Toyota of the Desert	New Motor Vehicle Dealers	Valero	Service Stations
United Rentals	Repair Shop/Equip. Rentals	Volkswagen of Palm Springs	New Motor Vehicle Dealers
Volkswagen of Palm Springs	New Motor Vehicle Dealers	Walgreens	Drug Stores
Percentage of total paid by top 25 accounts - 65.85%		Percentage of total paid by top 25 accounts - 64.08%	

Notes to Schedule:

Note 1: Information is for the period January 2023 through December 2023 and January 2014 through December 2014, 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				
	2014	2015	2016	2017	2018
Residential	2,282,069	2,466,935	2,625,425	2,745,532	2,876,288
Commercial	443,092	438,756	462,758	481,117	515,231
Industrial	92,134	87,068	89,529	96,035	115,863
Agricultural	-	-	-	-	-
Government owned	535	537	548	557	1,144
Institutional	4,927	178	181	5,301	3,977
Recreational	23,606	21,724	21,557	21,862	24,579
Vacant	83,339	86,718	90,054	116,356	119,914
Cross reference	536,668	550,002	567,938	585,569	603,650
Unsecured	92,786	90,909	83,412	92,497	74,021
Other	-	-	-	-	52
Total net taxable assessed value (Note 2)	3,559,156	3,742,827	3,941,402	4,144,826	4,334,719
 Total direct tax rate (Note 3)	 0.21541	 0.19547	 0.21475	 0.21335	 0.21487
 Estimated actual taxable value (Note 4)	 N/A	 N/A	 N/A	 N/A	 N/A
 Assessed value as a percentage of estimated actual value (Note 4)	 N/A	 N/A	 N/A	 N/A	 N/A

Notes to Schedule:

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

Note 2: The "total net taxable assessed value" is net of tax-exempt property. In addition, homeowners exemptions are not included in the above totals.

Note 3: Beginning in 2013/2014, 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 2013/2014 - 2022/2023 Combined Tax Rolls)

Fiscal Year					
2019	2020	2021	2022	2023	
3,021,328	3,194,080	3,393,368	3,624,486	4,014,703	Residential
536,161	554,771	581,577	599,436	613,618	Commercial
133,061	151,508	184,560	193,974	221,691	Industrial
-	3,199	4,111	4,673	7,866	Agricultural
1,156	1,233	602	609	621	Government owned
273	7,847	8,061	8,470	11,137	Institutional
28,289	28,216	29,499	32,492	32,593	Recreational
123,162	122,637	117,734	112,715	124,511	Vacant
622,037	639,326	659,783	689,335	791,858	Cross reference
76,336	77,616	79,575	82,531	88,672	Unsecured
-	3,938	3,492	20	21	Other
4,541,803	4,784,371	5,062,362	5,348,741	5,907,291	Total net taxable assessed value (Note 2)
0.21438	0.21470	0.21415	0.21420	0.21416	Total direct tax rate (Note 3)
N/A	N/A	N/A	N/A	N/A	Estimated actual taxable value (Note 4)
N/A	N/A	N/A	N/A	N/A	Assessed value as a percentage of estimated actual value (Note 4)

Direct and Overlapping Property Tax Rates

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Direct rate										
City's share of 1% levy per Prop 13 (Note 1)	0.13976	0.13976	0.13976	0.13911	0.14072	0.14072	0.14072	0.14072	0.14072	0.14072
Total direct rate (Note 2)	0.21541	0.19547	0.21475	0.21335	0.21487	0.21438	0.21470	0.21415	0.21420	0.21416
Direct and overlapping rates (Note 3)										
Basic levy (Note 4)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Coachella Valley Water District (CVWD)	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.11000	0.11000
Desert Community College	0.01995	0.02325	0.02087	0.02036	0.04030	0.03978	0.03983	0.03947	0.03950	0.03950
Desert Water Agency	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000
Palm Springs Unified B&I - 1992-A	0.12961	0.10160	0.08978	0.11802	0.11146	0.10603	0.10542	0.10334	0.15030	0.15187
Total direct and overlapping rates	1.34956	1.32485	1.31065	1.33838	1.35176	1.34581	1.34524	1.34281	1.39980	1.40137

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 2013/2014 - 2022/2023 Tax Rate Table)

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

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Welk Park North	\$ 95,821	1	1.58%	\$ 26,830	3	0.73%
MHC Date Palm LLC	36,441	2	0.60%	31,444	1	0.86%
Bobs LLC	33,481	3	0.55%			
CC RP LLC	21,694	4	0.36%			
MHH Cathedral City Holdings LLC	20,904	5	0.34%			
Frome Development Omega	20,083	6	0.33%			
Robertas LP	19,323	7	0.32%	21,120	4	0.58%
Ocotillo Place Apartments LLC	18,737	8	0.31%			
T Alliance One Palm Springs LLC	18,115	9	0.30%			
WH Campanile 141	17,113	10	0.28%			
34251 Date Palm Drive Holdings				30,105	2	0.82%
BRE Throne Plaza Rio Vista				15,980	5	0.44%
Meristar Sub C1				14,199	6	0.39%
Rolling Hills Silver Spur Pickford Theater				14,194	7	0.39%
Goble Investment				13,608	8	0.37%
WCP of DSSH Holding 3 LLC				13,539	9	0.37%
Palm Springs Motors Inc				13,131	10	0.36%
Totals	\$ 301,712		4.97%	\$ 194,150		5.31%

Note to Schedule:

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

Source: HdL, Coren & Cone (Riverside County Assessor 2022/2023 and 2013/2014 Combined Tax Rolls and the SBE Unitary Tax Roll)

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Tax levy for fiscal year (Note 1 & 3)	739	688	688	704	695	686	732	778	690	782
Structural Fire Tax (Note 3)	477	484	481	497	491	497	474	508	577	511
RPTTF and RDV (Note 3)	559	1,327	2,263	2,423	3,062	3,385	3,948	3,372	3,683	4,825
Total tax	1,775	2,499	3,432	3,624	4,248	4,568	5,154	4,658	4,950	6,118
Collections in year due	1,013	1,029	1,032	1,055	1,052	1,033	1,023	1,027	1,036	1,039
Collections in subsequent years (Note 2)	24	22	-	-	-	-	-	-	-	-
Total collections identifiable with levy year	1,037	1,051	1,032	1,055	1,052	1,033	1,023	1,027	1,036	1,039
Percentage of levy collected in year due	83.31%	87.80%	88.28%	87.84%	88.70%	87.32%	84.83%	79.86%	81.77%	80.36%
Total percentage of levy collected	85.28%	89.68%	88.28%	87.84%	88.70%	87.32%	84.83%	79.86%	81.77%	80.36%
Total										
Tax levy for fiscal year (Note 1 & 3)	739	688	688	704	695	686	732	778	690	782
Structural Fire Tax (Note 3)	477	484	481	497	491	497	474	508	577	511
RPTTF and RDV (Note 3)	559	1,327	2,263	2,423	3,062	3,385	3,948	3,372	3,683	4,825
Total tax	1,775	2,499	3,432	3,624	4,248	4,568	5,154	4,658	4,950	6,118
Collections in year due	1,013	1,029	1,032	1,055	1,052	1,033	1,023	1,027	1,036	1,039
Collections in subsequent years (Note 2)	24	22	-	-	-	-	-	-	-	-
Total collections identifiable with levy year	1,037	1,051	1,032	1,055	1,052	1,033	1,023	1,027	1,036	1,039
Percentage of levy collected in year due	83.31%	87.80%	88.28%	87.84%	88.70%	87.32%	84.83%	79.86%	81.77%	80.36%
Total percentage of levy collected	85.28%	89.68%	88.28%	87.84%	88.70%	87.32%	84.83%	79.86%	81.77%	80.36%

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 2014 through 2018 were modified to reflect these changes.

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



Cathedral City

DEBT CAPACITY



CITY OF CATHEDRAL CITY | Year Ended June 30, 2023

Ratios of Outstanding Debt by Type

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Lease revenue bonds	\$ 4,245	4,065	3,554	3,322	3,081	2,827	2,561	2,284	28,780	26,150
Limited obligation bonds	3,432	3,233	39,100	37,410	33,900	32,110	30,310	28,520	26,635	24,755
Tax allocation bonds	198,096	113,859	111,429	108,889	106,231	103,446	100,531	39,328	37,450	35,476
Capital leases	1,701	1,317	917	518	262	-	-	-	-	-
Compensated absences	2,808	3,062	3,450	3,731	3,911	4,092	4,399	4,701	5,118	4,966
Net pension liability	39,967	27,461	22,664	30,792	35,969	35,003	37,556	40,904	14,926	22,121
Other postemployment benefits	26,735	29,280	31,912	70,050	65,700	66,554	73,734	96,081	89,770	41,799
Lease liabilities	-	-	-	-	-	-	-	-	494	304
Subscription liabilities	-	-	-	-	-	-	-	-	-	3,340
Claims and judgments	2,345	2,225	2,892	3,357	5,013	4,324	4,185	3,596	3,374	7,949
Total primary government	279,329	184,502	215,918	258,069	254,067	248,356	253,276	215,414	206,547	166,860
Percentage of personal income	19.36%	11.90%	14.99%	14.41%	13.13%	11.85%	9.59%	14.79%	13.39%	10.69%
Per capita	3,945	2,330	2,857	2,752	2,619	2,520	2,490	3,991	3,984	3,244

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 2023 debt, calendar year 2022 personal income/population data were used.)

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

Ratios of General Bonded Debt Outstanding

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Lease revenue bonds	\$ 4,245	4,065	3,554	3,322	3,081	2,827	2,561	2,284	28,780	26,150
Tax allocation bonds	198,096	113,859	111,429	108,889	106,231	103,446	100,531	39,328	37,450	35,476
Limited obligation bonds	3,432	3,233	39,100	37,410	33,900	32,110	30,310	28,520	26,635	24,755
Total bonded debt	205,773	121,157	154,083	149,621	143,212	138,383	133,402	70,132	92,865	86,381
Less: Debt service reserves	(4,146)	(4,165)	(4,778)	(3,578)	-	(4,774)	(5,178)	(3,363)	(3,194)	(3,234)
Net bonded debt	\$201,627	116,992	149,305	146,043	143,212	133,609	128,224	66,769	89,671	83,147
Percentage of net bonded debt to actual taxable assessed value of property (Note 2)	5.39%	2.97%	3.60%	3.52%	3.30%	2.94%	2.68%	1.32%	1.68%	1.41%
Net bonded debt per capita (Note 3)	3,835	2,156	2,737	2,677	2,614	2,433	2,393	1,237	1,730	1,617

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

Direct and Overlapping Governmental Activities Debt

For the Year Ended June 30, 2023

	Debt Outstanding	Percentage Applicable ⁽²⁾	City of Cathedral City Share of Debt
Direct and Overlapping Tax and Assessment Debt ⁽¹⁾			
Desert Community College District	\$ 486,615,000	5.837%	28,403,718
Palm Springs Unified School District	418,287,347	15.212%	63,629,871
Cathedral City Public Financing Authority Local Agency Revenue Bonds, 2015 Series A (Limited Obligations)	24,805,000	100.000%	24,755,000
City of Cathedral City Community Facilities District No. 2000-01	2,170,000	100.000%	2,170,000
City of Cathedral City 1915 Act Bonds	26,573,450	100.000%	26,573,450
Total direct and overlapping tax and assessment debt			<u>\$ 145,532,039</u>
Direct and Overlapping General Fund Debt			
Riverside County General Fund Obligations	\$ 686,776,829	1.631%	\$ 11,201,330
Riverside County Pension Obligation Bonds	748,540,000	1.631%	12,208,687
Cathedral City Public Financing Authority, 2015 Lease Revenue Refunding Bonds, Series 2015A (Taxable)	26,150,000	100.000%	26,150,000
Total direct and overlapping general fund debt			<u>\$ 49,560,017</u>
Direct Tax Increment Debt (Cathedral City Public Financing Authority Bonds)			
City of Cathedral City Merged Redevelopment Project Area Nos. 1 and 2	\$ 8,706,189	100.000%	\$ 8,706,189 ⁽³⁾
City of Cathedral City Redevelopment Project Area No. 3	4,880,000	100.000%	4,880,000
City of Cathedral City 2006 Merged Redevelopment Project Area	73,726,136	100.000%	73,726,136 ⁽⁴⁾
Total direct tax increment debt			<u>\$ 87,312,325</u>
Overlapping Tax Increment Debt (Successor Agencies)			
City of Cathedral City Redevelopment 2006 Merged Project Area	\$ 27,180,000	97.217%	\$ 26,423,581 ⁽⁵⁾
City of Cathedral City Redevelopment Housing Bonds	18,465,000	97.217%	17,951,119 ⁽⁵⁾
City of Rancho Mirage 1984 Redevelopment Project Area	40,986,027	0.223%	91,399
City of Rancho Mirage Redevelopment Housing Bonds	8,195,000	0.141%	11,555
Total overlapping tax increment debt			<u>\$ 44,477,654</u>
Total direct debt			\$ 138,217,325
Total overlapping debt			\$ 188,664,710
Combined total debt			\$ 326,882,035 ⁽⁶⁾
Ratios to 2022-23 Assessed Valuation: (\$5,907,533,620)			
Total direct and overlapping tax and assessment debt			2.46%
Total direct debt (\$138,217,325)			2.34%
Combined total debt			5.53%
Ratio to Redevelopment Incremental Valuation: (\$5,409,060,227)			
Total direct and overlapping tax increment debt			2.44%

(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: Total direct debt of the City is \$86,381,188.

Legal Debt Margin Information
Last Ten Fiscal Years (dollar in thousands)

Calculation of Legal Debt Margin for Fiscal Year 2023

Assessed Value	\$ 5,907,291
Debt limit % (Note 1)	15.00%
Debt limit - (15% of assessed value)	886,094
Less: Debt applicable to limit	(26,150)
Legal debt margin — June 30	\$ 859,944

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 555,380	583,377	591,210	621,724	650,208	681,270	717,656	759,354	802,311	886,094
Total net debt applicable to limit	-	-	-	-	-	-	-	-	(28,780)	(26,150)
Legal debt margin	\$ 555,380	583,377	591,210	621,724	650,208	681,270	717,656	759,354	773,531	859,944
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-3.59%	-2.95%

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 2022/2023 Combined Tax Rolls)

Pledged-Revenue Coverage

Last Ten Fiscal Years (dollar in thousands)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Lease Revenue Bonds										
Pledged lease revenues	475	475	299	378	377	380	380	380	2,403	3,758
Available for debt service	475	475	299	378	377	380	380	380	2,403	3,758
Debt service - principal and interest	505	506	299	378	377	380	380	380	2,403	3,758
Coverage	0.94	0.94	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Tax Allocation Bonds (Note 1):										
Pledged property taxes	15,879	16,803	14,073	15,017	14,501	14,734	14,748	14,820	15,258	14,931
Available for debt service	15,879	16,803	14,073	15,017	14,501	14,501	14,748	14,820	15,258	14,931
Debt service - principal and interest	15,086	13,096 (Note 2)	8,075	8,069	8,065	8,060	8,050	8,051	14,372	14,768 (Note 3)
Coverage	1.05	1.28	1.74	1.86	1.80	1.83	1.83	1.84	1.06	1.01

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 \$14,930,746. These amounts were pledged to pay the tax allocation bond debt issued by the Public Financing Authority (principal/interest of \$4,391,692), and the Successor Agency (principal/interest of \$10,376,438).

Source: City of Cathedral City Finance Department

DEMOGRAPHIC AND ECONOMIC INFORMATION



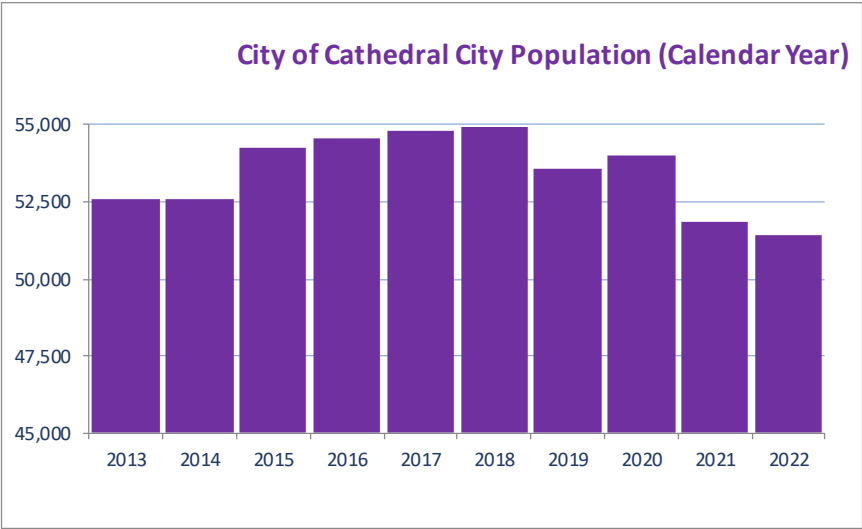
CITY OF CATHEDRAL CITY | Year Ended June 30, 2023

Demographic and Economic Statistics

Last Ten Calendar Years

	Calendar Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Population ¹	52,595	52,571	54,261	54,557	54,791	54,907	53,580	53,973	51,840	51,433
Personal income (expressed in thousands) ²	1,071,623	1,029,235	1,033,859	1,041,771	1,092,392	1,167,636	1,391,108	1,456,142	1,543,093	1,560,661
Per capita personal income ²	20,375	19,578	19,053	19,095	19,937	21,265	25,963	26,979	29,766	30,343
Unemployment rate ³	8.10%	6.70%	5.50%	4.90%	4.50%	4.00%	3.80%	11.50%	6.90%	3.70%
Median age ²	35.0	34.5	34.8	35.9	37.1	37.3	38.1	39.4	40.6	40.3
% of population 25+ — high school degree ²	73.30%	73.40%	74.40%	75.30%	76.30%	77.10%	77.30%	78.30%	79.30%	78.60%
% of population 25+ — bachelor's degree ²	15.40%	15.00%	16.10%	16.70%	18.00%	18.60%	19.80%	21.60%	23.80%	24.10%

Source: ¹ HdL, Coren & Cone (State of California, Department of Finance);
² HdL, Coren & Cone (U.S. Census Bureau, most recent American Community Survey);
³ HdL, Coren & Cone (California Employment Development Department)



Principal Employers

Current Year and Nine Years Ago

	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Desert Princess Homeowners	250-499		.97% - 1.93%	250-499	1T	1% - 2%
Doubletree-Golf Resort	250-499		.97% - 1.93%			
Target	250-499		.97% - 1.93%	250-499	1T	1% - 2%
Cathedral City High School	100-249		0.39% - .96%	100-249	3T	0.4% - 1%
City of Cathedral City	100-249		0.39% - .96%	100-249	3T	0.4% - 1%
CA Developmental Services	100-249		0.39% - .96%			
Honda of the Desert	100-249		0.39% - .96%	100-249	3T	0.4% - 1%
Jessup Auto Plaza	100-249		0.39% - .96%	100-249	3T	0.4% - 1%
Nellie N. Coffman Middle School	100-249		0.39% - .96%	100-249	3T	0.4% - 1%
Quick Lane Tire & Auto Center	100-249		0.39% - .96%			
Stater Bros. Markets (Ramon)	100-249		0.39% - .96%	100-249	3T	0.4% - 1%
Stater Bros. Markets (Vista Chino)	100-249		0.39% - .96%	100-249	3T	0.4% - 1%
Toyota of the Desert	100-249		0.39% - .96%	100-249	3T	0.4% - 1%
Addus Healthcare				250-499	1T	1% - 2%
Palm Springs Motors				100-249	3T	0.4% - 1%
Totals	1,750 - 3,987		6.76% - 15.39%	1,650 - 3,738		6.62% - 15%
	(Note 2)			(Note 2)		

Note to Schedule:

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

Note 2: Rank no longer available. Prior year data is presented.

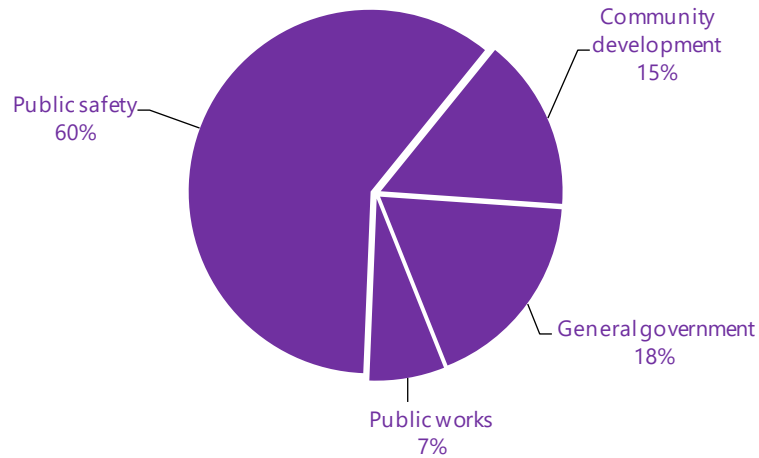
Source: U.S. Department of Labor, Bureau of Labor Statistics; State of California, Employment Development Department, Labor Market Info (information provided by Infogroup).

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government:										
City Council	5.00	5.00	5.00	5.00	5.00	5.50	5.00	5.00	6.00	6.00
City Management	5.20	5.20	9.80	9.80	8.40	8.40	8.00	7.00	7.00	8.50
City Clerk	2.40	2.40	2.60	2.60	2.40	1.40	1.50	1.50	2.00	2.00
Administrative Services	12.00	12.00	12.55	14.65	14.20	14.20	15.50	19.00	21.50	22.50
Total General Government	24.60	24.60	29.95	32.05	30.00	29.50	30.00	32.50	36.50	39.00
Public Works	22.00	22.00	15.70	17.70	17.00	19.25	17.00	13.00	14.85	14.60
Public Safety:										
Police	77.50	74.00	73.00	75.00	75.00	77.00	88.50	80.50	83.50	79.50
Fire	37.00	36.00	37.00	40.00	46.00	46.00	45.00	44.00	52.00	52.00
Total Public Safety	114.50	110.00	110.00	115.00	121.00	123.00	133.50	124.50	135.50	131.50
Community Development	8.50	12.95	13.90	17.25	20.00	-	-	-	-	-
Planning, Building, Code	-	-	-	-	-	14.50	15.50	12.00	18.00	24.00
Engineering	-	-	-	-	-	4.25	7.00	4.00	5.15	9.40
Total Community Development	8.50	12.95	13.90	17.25	20.00	18.75	22.50	16.00	23.15	33.40
Successor Agency to the RDA	1.50	1.50	1.60	1.00	1.00	-	-	-	-	-
Total	171.10	171.05	171.15	183.00	189.00	190.50	203.00	186.00	210.00	218.50

Source: City of Cathedral City (Human Resources Department)

2023 City Employees by Function Full-Time Equivalents



OPERATING INFORMATION



CITY OF CATHEDRAL CITY | Year Ended June 30, 2023

Operating Indicators by Function

Last Ten Calendar Years

	Calendar Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Works										
Streets maintained (miles)	154	154	157	157	157	157	159	161	161	161
Public Safety										
Police:										
Physical arrests (Note 1)	1,099	1,216	1,068	1,029	1,222	1,910	1,697	1,192	1,056	1,011
Parking violations (Note 1)	1,519	1,821	1,413	990	1,511	1,120	1,265	3,143	1,889	2,155
Traffic violations (Note 1)	4,264	3,292	2,703	3,113	3,479	3,853	1,978	1,381	1,323	1,393
Code complaints	2,047	-	-	-	-	-	-	-	-	-
Property/vehicle abatements	211	-	-	-	-	-	-	-	-	-
Notices/citations issued	813	-	-	-	-	-	-	-	-	-
Number of 9-1-1 calls answered (Note 1)	-	-	-	-	-	49,901	48,065	47,800	45,051	48,115
Fire:										
Number of 9-1-1 calls answered (Note 2)	4,897	5,047	5,280	5,660	5,836	5,826	6,121	6,362	6,784	7,311
Community Development										
Building permits issued	1,409	1,894	1,463	1,995	2,173	2,080	2,212	1,805	2,119	2,495
Code complaints (Note 3)	-	2,080	935	1,486	1,866	1,643	1,879	2,040	1,656	1,573
Property/vehicle abatements	-	325	254	334	683	636	273	133	168	133
Notices/citations issued	-	765	1,080	884	1,731	1,886	2,034	1,467	1,536	1,247

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.

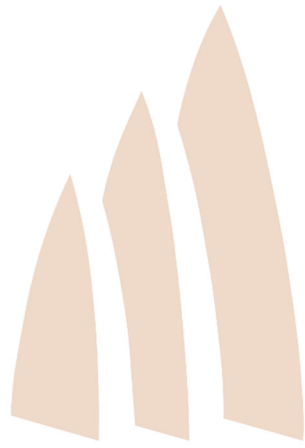
Source: City of Cathedral City (various departments)

Capital Asset Statistics by Function

Last Ten Fiscal Years

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Works										
Streets (center line miles)	154	157	157	157	157	157	159	161	161	161
Streetlights	1,184	1,190	1,190	1,190	1,190	1,190	2,220	2,225	2,229	2,232
Traffic signs	4,308	4,333	4,333	4,333	4,333	4,333	4,373	4,381	4,405	4,420
Traffic signals	49	50	50	50	50	50	47	47	48	49
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	64	65	57	55	55	60	68	59	59	63
Fire stations	3	3	3	3	3	3	3	3	3	3
Culture and Recreation										
Parks	8	9	10	10	10	10	10	10	10	10
Parks acreage	40	43	48	48	48	48	48	48	48	48
Community centers	1	1	1	0	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 OF ACRONYMS & GLOSSARY OF TERMS



CITY OF CATHEDRAL CITY | Year Ended June 30, 2023

GLOSSARY OF ACRONYMS

A

AAP:	Annual Action Plan
AB:	Assembly Bill
ACBCI:	Agua Caliente Band of Cahuilla Indians
AQMD:	Air Quality Management District
ARPA:	American Rescue Plan Act
ATP:	Active Transportation Plan

C

CA:	California
CalPERS:	California Public Employees Retirement System
CARES:	Coronavirus Aid, Relief, and Economic Security
CCSC:	Cathedral City Senior Center
CDBG:	Community Development Block Grant
CFD:	Community Facilities District
COVID-19:	Novel Coronavirus 2019-nCoV
CRF:	Coronavirus Relief Funds
CURC:	City Urban Revitalization Corporation
CV:	Coachella Valley
CVAG:	Coachella Valley Association of Government
CVREP:	Coachella Valley Repertory
CVRM:	Coachella Valley Rescue Mission
CVWD:	Coachella Valley Water District

D

DOF:	Department of Finance
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E

EARL:	Expected average remaining service lifetime
ERAF:	Education Revenue Augmentation Fund
ERP:	Enterprise Resource Planning
ERICA:	Eastern Riverside County Interoperable Communications Authority

F

FDIC: Federal Deposit Insurance Corporation

FY: Fiscal Year

G

GAAP: Generally Accepted Accounting Principles

GAAS: Generally Accepted Auditing Standards

GASB: Governmental Accounting Standards Board

GFOA: Government Finance Officers Association

H

HRA: Health Reimbursement Arrangement

HSIP: Highway Safety Improvement Program

HUTA: Highway User Tax Account

L

LAIF: Local Agency Investment Fund

LGBT: Lesbian, Gay, Bisexual, and Transgender

LLP: Limited Liability Partnership

LOB: Limited Obligation Bonds

LST: Local Sales Tax

M

MD&A: Management's Discussion and Analysis

MOU: Memorandum of Understanding

O

OPA: Owner Participation Agreements

OPEB: Other Postemployment Benefits

OMB: Office of Management and Budget

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

PM: Particulate Matter

PMIA: Pooled Money Investment Account

PPP: Public-Public Partnership Arrangements

PSEC: Public Safety Enterprise Communication

R

RCTC: Riverside County Transportation Commission

RDA: Redevelopment Agency

RMRA: Road Maintenance and Rehabilitation Account

ROPS: Recognized Obligation Payment Schedule

RPTTF: RDAs Property Tax Trust Fund

S

S&P: Standard & Poor's

SBITA: Subscription-Based Information Technology Arrangements

SEFA: Schedule of Expenditures of Federal Awards

SPT: Small Professional Theatre

STVR: Short-Term Vacation Rental

T

TAB: Tax Allocation Bonds

TDA: Transportation Development Act

TOT: Transient Occupancy Tax

V

VLF: Vehicle License Fee

GLOSSARY OF TERMS

A

ACCRUAL BASIS OF ACCOUNTING: Revenues are recognized when both measurable and earned; expenditures are recorded when services have been substantially performed or goods have been received and the liabilities incurred.

ADOPTED BUDGET: The official budget as approved by the City Council prior to the start of each fiscal year.

AMENDED BUDGET: The official budget as approved by the City Council with amendments approved throughout the budgeted fiscal year.

ANNEXATION: The inclusion, attachment, or addition of territory to a city.

APPROPRIATIONS: A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and to the time when it may be expended.

ASSESSED VALUATION: A municipality's property tax base stated in dollars based on real estate and/or other taxable business property for the purposes of taxation, sometimes expressed as a percent of the full market value of the taxable property within a community.

ASSESSMENT DISTRICT: Assessment Districts are created to provide public works improvements to a large area at one time. Municipal bonds are sold for the full cost of the improvements.

AUDIT: An official examination of an organization's accounts, performed by an independent entity.

AUTHORITY OR AGENCY: A state or local unit of government created to perform a single activity or a limited group of functions and authorized by the state legislature to issue bonded debt.

B

BALANCED BUDGET: When the budgeted expenditures are equal to or less than the budgeted revenues plus other available sources.

BOND: A security whereby an issuer borrows money from an investor and agrees and promises, by written contract, to pay a fixed principal sum on a specified date (maturity date) and at a specified rate of interest.

BOND DISCOUNT: The amount at which a bond or note is bought, or sold, below its par value excluding accrued interest.

BOND PREMIUM: The amount at which a bond or note is bought or sold above its par value or face value without including accrued interest.

BROKER: A bond trader in the secondary market buying from and selling to bond dealers. Its most common usage is as a description of a bond salesperson.

BUDGET: A plan of financial operation composed of estimated expenditures for a given period and the proposed means of financing the expenditures (through revenues).

BUDGET MESSAGE: A written discussion of the budget presented by the City Manager, or their designee, to the City Council.

C

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION: The state organization responsible for the administration of 30+ different taxes and fees, categorized as: 1) Prepaid Telephony, 2) Sales and Use Tax, 3) Special Taxes and Fees, or 4) Collection Cost Recovery Fees.

CAPITAL IMPROVEMENT PROJECT (CIP) PLAN: A plan for capital improvements to be implemented each year over multiple years to meet capital needs arising from the assessment of long-term needs. It sets forth the estimated cost for each project and specifies the resources required to finance the projected expenditures.

CAPITAL IMPROVEMENT PROJECT: The budget unit to group activities and costs necessary to implement a specific capital improvement and/or acquisition. A project can include the construction, acquisition, expansion, replacement, or rehabilitation of a physical facility or improvement. Projects often include planning and design, land acquisition, and project management costs related to such facilities and improvements.

CAPITAL OUTLAY: Expenditures for equipment/furniture and fixtures with a cost of more than \$5,000 and a useful life exceeding one year.

CAPITAL PROJECTS FUNDS: Used to account for financial resources for the acquisition or construction of major capital facilities other than those financed by proprietary (internal service) and trust funds.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG): Grants funded by the Federal government's Department of Housing and Urban Development (HUD) to eliminate blight and provide benefits to low- and moderate-income households.

CONTRACTED SERVICES: Services rendered in support of City operations and activities by external parties. These may be based upon either formal contracts or ad hoc charges.

CUSTODIAL FUND: Used to account for assets held by the City in a fiduciary capacity for individuals, government entities, and others. Such funds are operated by carrying out the specifications of trust indentures, statutes, ordinances, or other governing regulations.

CY: Calendar Year

D

DEALER: A corporation or partnership buying, selling, and maintaining an ongoing position in bonds and/or notes. They are also authorized to underwrite new issues. Some large commercial banks are licensed to act as bond dealers.

DEBT LIMIT: The maximum statutory or constitutional amount of debt the general obligation bond issuer can either issue or have outstanding at any time.

DEBT SERVICE FUNDS: Account for the accumulation of resources set aside to meet current and future debt service requirements (payments) on general long-term debt.

DELINQUENT TAXES: Property taxes that have been levied but remain unpaid on and after the due date. In California, the due dates are November 1 and March 1, and are considered delinquent if not paid by December 10 and April 10, respectively. Special levies and assessments are often due on these dates as well. When tax delinquencies exceed 5%, the Bond Advisor places the issue on its internal Bond Watch.

DEPARTMENT: A major organizational group of the City with overall management responsibility for an operation or a group of related operations within a functional area.

DEPRECIATION: The expense incurred with the expiration of a capital asset.

DIVISION: An organizational subgroup of a department.

E

ENCUMBRANCE: The commitment of appropriated funds to purchase goods, which have not been received, or services yet to be rendered.

ENTERPRISE FUNDS: Used to report any activity for which a fee is charged to external users for goods or services. Traditionally provide significant financial assistance to city's operations.

EXPENDITURES: Decreases in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service and capital outlays.

EXPENSES: Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related payments.

FIDUCIARY FUNDS: Used to account for assets held by the City acting in a fiduciary capacity for other entities, carrying out specific actions of agreements, ordinances, and other governing regulations. These funds cannot be used to support City programs.

FISCAL AGENT: Also known as the Paying Agent, the bank, designated by the issuer, to pay interest and principal to the bondholder.

FISCAL YEAR (FY): A 12-month period to which the annual operating budget applies and at the end of which an entity determines its financial position, the results of its operations, and adopts a budget for the coming year. The City of Cathedral City's fiscal year is from July 1 to June 30.

FIXED ASSETS: Equipment costing \$5,000 or more with a useful life more than one year, and not qualifying as a capital improvement project. Includes buildings, land, automotive equipment, office equipment, office furniture, acquisitions, landscaping improvements, and the like.

F

FULL-TIME EQUIVALENT (FTE): The conversion of part-time employee hours to an equivalent of a full-time position. For example: one person working 20 hours a week for a year would be 0.5 FTE.

FUND: An independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves, and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE: The equity (assets minus liabilities) of governmental fund and fiduciary fund types. However, for budgeting purposes, a working capital definition of current assets minus current liabilities is used for the computation.

G

GENERAL FUND: The City's main operating fund used to pay for City services.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP): Uniform minimum standards of and guidelines for financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules, and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provides a standard by which to measure financial presentations.

GOVERNMENTAL FUNDS: These funds are used to account for tax-supported (governmental) activities. These include the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds.

GRANT: Contributions or gifts of cash or other assets from another governmental entity or charitable organization to be expended for a specific purpose, activity, or facility. Examples are the Community Development Block Grant awarded by the Federal government, CalRecycle grants awarded by the State government, and grants awarded by the Firehouse Subs Public Safety Foundation.

I

INTERFUND TRANSFERS: Defined as "flows of assets" (such as goods or services) without equivalent flows of assets in return and without requirement for repayment.

INTERGOVERNMENTAL REVENUE: Revenue collected by one government and distributed (usually through some predetermined formula) to another level of government(s).

INTERNAL SERVICE FUNDS: Account for the goods or services provided by one fund and/or department to another fund and/or department on a cost reimbursement basis.

ISSUER: A state or local unit of government borrowing money through the sale of bonds and/or notes.

M

MAJOR FUND: Governmental fund or enterprise fund reported as a separate column in the basic fund financial statements and subject to a separate opinion in the independent auditor's report.

MELLO-ROOS BOND: The Mello-Roos (named for its legislative sponsors) Community Facilities District Act of 1982 established a method whereby almost every municipal subdivision of the state may form a special, separate district to finance a long list of public facilities by the sale of bonds and finance certain public services on a pay-as-you-go basis. These Community Facilities Districts are formed and bonds are issued authorized by a two-thirds vote of the property owners in the district. Typically, the only voters in a district are one or more real estate developers who own or have an option on the land in the district. These land-based financings were nicknamed "dirt bonds" by the Bond Advisor years ago. Bonds are sold to finance the building of facilities such as schools, parks, libraries, public utilities, and other forms of infrastructure. The Districts may provide public services that include police and fire protection, recreation programs, area maintenance, library services, flood, and storm drainage. Bonded debt service and/or the public services are paid for by special taxes levied on the real property within the district. As the developer subdivides and sells off the land, the new property owner assumes the tax burden.

MODIFIED ACCRUAL BASIS: The accrual basis of accounting where revenues are recognized when they become both "measurable" and "available" to finance expenditures of the current period. All governmental funds and custodial funds are accounted for using the modified accrual basis of accounting.

N

NON-MAJOR FUND: Funds deemed insignificant enough to not warrant an individual separate column when reported. These are aggregated and reported in a separate column.

O

OBJECTIVE: A simply phrased, readily measurable statement of aim or expected accomplishment within the fiscal year. A good statement of objective should specify a standard of performance for a given program or stated goal.

OPERATING BUDGET: A budget focusing on everyday operating activities and programs. Usually includes personnel, maintenance and operations, and capital equipment.

P

PAR VALUE: The face value or principal amount of a bond, usually \$5,000, due to the holder at maturity. It has no relation to the market value.

PERSONNEL EXPENSES: Compensation paid to or on behalf of City employees for salaries and wages, overtime, and benefits.

PREMIUM: The amount, if any, by which the price exceeds the principal amount (par value) of a bond. Its current yield will be less than its coupon rate.

PRINCIPAL: The face value of a bond, exclusive of interest.

PROJECT AREA: An area designated in the Redevelopment Plan for redevelopment and revitalization efforts.

PROPERTY TAX: A tax levied on real estate and personal property. The basic rate in Riverside County is 1% of assessed value, of which the City of Cathedral City receives approximately 16 cents for every dollar collected.

PROPOSED BUDGET: The budget as formulated and proposed by the City Manager. It is submitted to the City Council for review and approval.

PROPRIETARY FUND: These funds are used to account for business-type activities. These include the Internal Service Funds and Enterprise Funds.

R

REDEVELOPMENT AGENCY (RDA): A legislatively established subdivision of government established to revitalize blighted and economically depressed areas of a community and to promote economic growth. Tax Allocation Bonds were issued to pay the cost of land and building acquisition and their redevelopment and are repaid by the incremental increase in property tax revenues produced by the increase assessed value of the area after redevelopment. Redevelopment Agencies could sell Housing Mortgage Revenue Bonds to finance housing units within the area, 20% of which must be for low-cost housing. As a result of Assembly Bill X1-26, effective February 1, 2012, redevelopment agencies were dissolved by the state of California.

REFUNDING BOND: The issuance of a new bond for the purpose of retiring an already outstanding bond issue.

RETAINED EARNINGS: An equity account reflecting the accumulated earnings of Proprietary Fund types. For budgeting purposes, the working capital definition of fund balance is used.

REVENUE: Moneys the City receives as income such as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues, and interest income.

REVENUE BOND: A municipal bond whose debt service is payable solely from the revenues received from operating the facilities acquired or constructed with the proceeds of the bonds.

ROPS: Recognized Obligation Payment Schedule

S

SELF-INSURANCE: The retention of liabilities, arising out of the ownership of property or from some other cause, instead of transferring risk to an independent third party through the purchase of an insurance policy. The City currently provides self-insurance for \$250,000 for workers' compensation and general liability. The City participates in risk sharing pools related to general liability for losses up to \$5 million per occurrence, limited to \$10 million.

SPECIAL REVENUE FUNDS: Account for the revenue derived from specific taxes or other earmarked revenue sources (other than expendable trusts or for major capital projects) restricted by law or administrative action to expenditures for specified purposes.

SUCCESSOR AGENCY: The agency, such as city or county authorizing the creation of each redevelopment agency or another entity as provided for in Health & Safety Code Section 34173.

SUPPLEMENTAL ROLL PROPERTY TAXES: Assessed on property that changes ownership during the year and is based on the difference between the new and old assessed values.

T

TAX ALLOCATION BONDS: Bonds repaid with tax increments flowing to the Successor Agency to the RDA resulting from an increase in property taxes and assessed values over the original (frozen) base.

TAX BASE: The total resources of the community that are legally available for taxation.

TAXES: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against certain persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges, e.g., user charges.

TRUSTEE: A bank designated as the custodian of funds and official representative of bondholders. They are appointed to ensure compliance with the trust indenture.

U

USER CHARGES: Payments made by users or customers of publicly provided services benefiting specific individuals. These services exhibit "public good" characteristics. Examples of user charges are fees paid for recreational activities, building fees, police fees, etc.

W

WORKING CAPITAL: Working capital (also known as net working capital) represents the amount of day-by-day operating liquidity available to a governmental organization. Along with fixed assets such as plant and equipment, working capital is considered a part of operating capital. It is calculated as current assets minus current liabilities.

Note: This is a combined glossary of terms to include terminology for both the City of Cathedral City Adopted Budget as well as the City of Cathedral City Annual Comprehensive Financial Report.



Cathedral City

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