

# 2015

Comprehensive Annual  
FINANCIAL REPORT



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Comprehensive Annual  
**FINANCIAL REPORT**

CITY OF CATHEDRAL CITY, CALIFORNIA | Year Ended June 30, 2015



Cathedral City

prepared by

**FINANCE DEPARTMENT**

Tami E. Scott, Administrative Services Director

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

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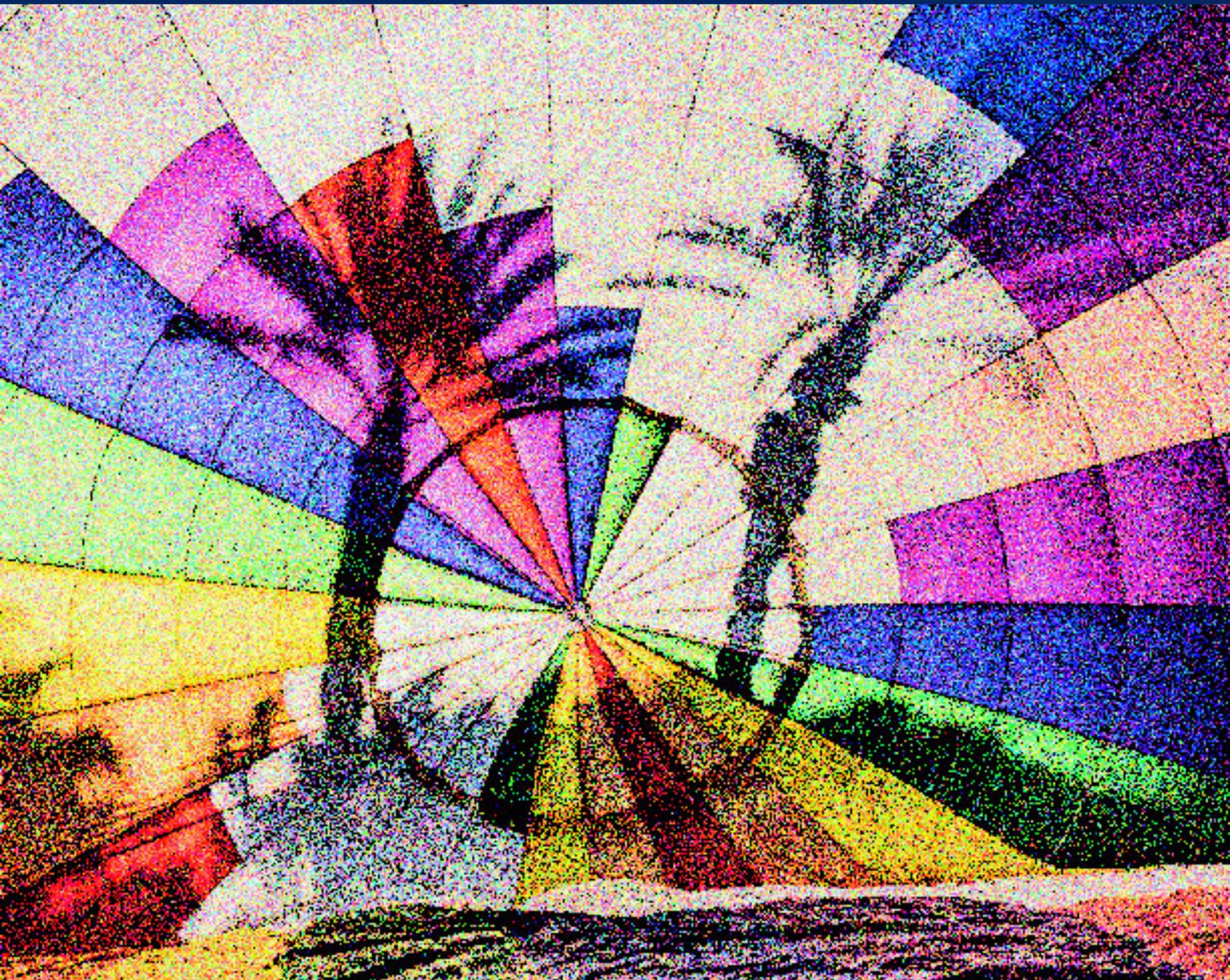
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# INTRODUCTION





**Department of Finance**

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December 7, 2015

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

Within six months of the close of each fiscal year, state law requires the City of Cathedral City (City) to publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is prepared by the Finance Department according to Municipal Code, Section 2.12.040. Pursuant to the requirements, I hereby issue the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended June 30, 2015.

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

Lance, Soll, & Lunghard, LLP, a statewide firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance the financial statements of the City are free of material misstatement for the fiscal year ended June 30, 2015. 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, 2015. The independent auditor's report is presented as the first component of the financial section of this report.

## THE REPORT

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The CAFR is presented in three major sections:

- The **Introduction** section includes this letter of transmittal, identification of the City's principal officials, the City's organization chart, and the Government Finance Officers Association awards received by the City.
- The **Financial** section includes the report of the independent auditors, Management's Discussion and Analysis (MD&A), the basic financial statements, including the government-wide financial statements comprised of the Statement of Net Position and the Statement of Activities and the accompanying notes to the financial statements. The Financial Section also includes the fund financial statements, which include the governmental funds financial statements, the proprietary funds financial statements, the fiduciary funds financial statements, and the combining individual funds financial statements for the nonmajor governmental funds and the internal service funds. Required supplementary information other than the MD&A is also included in the financial section.
- The **Statistical** section includes selected financial and demographic information, on a multi-year basis.

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

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

The budget serves as the foundation for the City's financial planning and control. The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the budget approved by the City Council. To achieve time and cost efficiencies over a traditional annual budget, the City prepares and adopts a two-year budget. Under this cycle, the second year does not require formal adoption by City Council. Each year is separate and distinct. Unencumbered funds from the first year do not carry over into the second year. City Council adopted the biennial budget for fiscal years 2013/14 and 2014/15 on May 22, 2013. In addition, City Council adopted the biennial budget for fiscal years 2015/16 and 2016/17 on June 10, 2015.

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

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

In addition to the financial audit, the City undertakes a single audit in conformance with the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The results of this single audit, including a schedule of expenditures of federal awards, and the independent auditor's reports on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards, are available in the City's separately issued single audit report.

## CITY PROFILE

The City is a business and resort community located in the heart of the Coachella Valley in eastern Riverside County. Occupying a land area of approximately 24 square miles at an elevation of 400 feet above sea level, the City boasts an ideal climate of 350 sunny days a year. The City offers clean air, scenic beauty and unlimited leisure activities, housing options and business opportunities. Bordered by Palm Springs to the west and Rancho Mirage to the east, it is the second largest city in the Coachella Valley, with an estimated population of 52,571 as of calendar year 2014.

In 1850 Colonel Henry Washington of the U.S. Army Corps of Engineers discovered the area's canyons and believed they resembled the interior of a grand cathedral thereby naming it Cathedral Canyon. In 1925, developers had the same impression, naming the area's first housing development Cathedral City. The City was incorporated on November 16, 1981.

The City operates under the council-manager form of government. Policymaking and legislative authority are vested in a City Council comprised of the 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 every two years. The Mayor is elected to serve a two-year term.

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

## ECONOMIC CONDITIONS

Sales tax is the City's lifeblood. In fiscal year 2014/15, it accounted for over 31% of the City's tax revenues and 23% of the City's traditional General Fund (Fund 100) revenues. Although yet to rebound to pre-Great Recession levels, sales tax has shown steady increases as the national and local economies have continued to improve. From the low in fiscal year 2009/10 to fiscal year 2014/15, sales tax has increased almost \$3.0 million, more than 54.0%.

### CATHEDRAL CITY AUTO CENTER

Auto sales from the Cathedral City Auto Center continue to drive the City's sales tax revenues. Opening in 1989 with five dealerships, it has grown to include 14 dealerships and 20 new car franchises today. The Cathedral City Auto Center sells 54% of the Coachella Valley's new and used vehicles. Since their low point in 2009, taxable sales for auto dealers and supplies have seen consistent year over year increases.



## EVENTS, EVENTS AND MORE EVENTS

Cathedral City has become the destination for events. The City's Signature Events include the Taste of Jalisco (November), the Balloon Festival (February), and Lesbian, Gay, Bisexual and Transgender (LGBT) Days (Easter Weekend). In addition, there are a variety of events held throughout the year, including:

- Movies in the Park (monthly)
- Identity Theft Shred Events (monthly)
- Art Party for Children and Elders (monthly)
- College of the Desert (COD) Wednesday Night Street Fair (monthly)
- Throwback Thursdays at Desert Cinemas (August – October; January – March)
- Cuisine and Art Tuesday (Tuesdays – April, July and October)
- High School Homecoming Parade
- Spooktacular
- Dia de los Muertos (Day of the Dead)
- 111 Mobile Music Festival
- Healing Fields
- Seasonal Lights, Santa and Skating on Ice
- West Coast Artists' Town Square Art Affaire
- Jammin' for Jesus
- Agnes Pelton Historical Society Home Tour
- Passport to Health: Health Fair and Glo Run/Walk



## RESTAURANT OPENINGS

This past year has been a banner year for restaurants in Cathedral City. New restaurants generating additional sales taxes for the City include:

- Capizzi's Cheesecakes ... and then some, located at 68718 East Palm Canyon Drive, Suite 204.
- Desert Cinemas complex, located at 68510 East Palm Canyon Drive, includes two new restaurants:
  - ❖ Bontá Restaurant & Bar – serving the finest in European, Latin and Mediterranean culinary cuisine.
  - ❖ Taqueria Los Arcos – offering cuisine with flavors originating from Queretaro, Mexico
- Frankie's Old World Italian Bakery, located at 68845 Perez Road, Suite H30, serving tastes and textures of biscotti and breads from Old Calabria.
- Hamachi Sushi Bar, located at 31855 Date Palm Drive, Suite 11, is a family-owned restaurant welcoming other families to be part of theirs.
- Mike's American Bistro, located at 68625 Ramon Road, Suite A101, serves steak, seafood and barbeque featuring a warm and inviting environment.

- Santorini Greek Food, located at 68375 East Palm Canyon Drive serving authentic Greek cuisine.
- Tony's Burgers, located at 35903 Date Palm Drive, whose vision is simple – great service, burgers and atmosphere from their family to yours.
- Wang's Chinese Cuisine, located at 35300 Date Palm Drive, serving Chinese cuisine and sushi.
- Zobö and Meester's, located at 68703 Perez Road, Suite A1, serves fast and fresh breakfast and lunch offering sandwiches, salads and more.

## OTHER BUSINESS OPENINGS

New business openings generating additional sales taxes for the City include:

- Big 5 Sporting Goods opened a new store at 31033 Date Palm Drive in the former Walmart building. Big 5 Sporting Goods is one of America's top retailers of name brand sporting goods and accessories.
- ARCO AM/PM tore down and built a new, state-of-the-art location at Date Palm and Vista Chino, south of the I-10 freeway. This new gas station features not only 20 gasoline pumps, including compressed natural gas (CNG) and electrical charging stations, but also a Chelo's Burgers and a Dairy Queen (DQ) Grill and Chill. In the coming year, the site will also feature a drive-thru Subway.
- In-Shape Health Club opened their first Coachella Valley club at 35935 Date Palm Drive in the former Albertson's building at Mission Plaza Shopping Center. The facility features a heated indoor pool, dozens of free group classes, state-of-the-art cardio and weight equipment, extensive childcare facility for kids 6 months – 12 years, functional training equipment including TRX, their trademarked 29-Minute Circuit® express workout, two separate group exercise studios, sauna and certified personal trainers.



## HOUSING

Cathedral City, having incorporated in 1981, is considered a post-Proposition 13 city. What this means is since the City did not have a separate property tax rate prior to the voter enactment of Proposition 13, the City cannot impose one without a vote of the citizens. Therefore, additional property tax revenues generated by development projects within the city, but not within the boundaries of the former redevelopment agency, are not remitted to the City's General Fund. Instead, the taxes are remitted to other taxing agencies such as Riverside County, school districts, and special districts. As a result, the City's General Fund generally receives approximately \$2 million, or less than 5%, of its total revenue from property tax on an annual basis.

In the Coachella Valley, developers have been building out almost 6,100 lots at large master planned and golf course communities, many of which were abandoned during the Great Recession. Although the local housing market hasn't returned to normal yet, the increase in new homes and the decline in REOs (real estate owned, typically by a lender) demonstrate the housing market is transitioning back to a more healthy market. Although additional housing units would increase the amount of property tax the City receives, it would have a greater impact on the City's sales tax revenues. New construction generally is a strong economic driver because growth in that sector generally affects other industries, such as retail, wholesale trade and transportation services.

New housing projects within the city currently in varying stages of development include:

- Desert Princess Homes at Desert Princess Country Club – 122 single-family home sites located at the Desert Princess Country Club.
- Desert Bloom Villas – 96 single-family home sites located on 30th Avenue, south of 30th Avenue and west of Landau Boulevard.
- Ramon 14 – 84 single-family home sites located on Ramon Road east of the Stater Brothers Shopping Center.
- Rio Vista Village – 14 single-family homes located near the entrance of this community north of Ventura Road.
- Stanton Place – 17 single-family home sites located in the Landau Manor community (near Landau Boulevard and McCallum Way).
- Tesoro – 22 single-family home sites located on East Palm Canyon Drive near Bankside Drive.
- The District – 47 single-family home sites located at Cree Road and Jones Road on the former Marie’s Mobile Home Park site.

## **LONG-TERM FINANCIAL PLANNING**

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Although the City continues to recover from the Great Recession of 2007 during the current year, it is necessary for the City to take actions to minimize the impact to the City’s ability to provide vital community services. In order 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% by fiscal year 2020, for the following purposes: (1) cash flow reserves (50%); (2) economic uncertainties (40%); and (3) budget-related reserves (10%). These amounts are to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to citizens. At the end of fiscal year 2014/15, the City’s unassigned General Fund (Fund 100) fund balance is at \$16,478,532, representing 47.8% of this year’s actual expenditures. Of this amount, a total of \$13,955,524 has been set aside for cash flow reserves, economic uncertainties, and budget-related reserves. This represents 41.8% of the approved fiscal year 2015/16 operating expenditures and transfers out (\$33,385,118) and 40.0% of the approved fiscal year 2016/17 operating expenditures and transfers out (\$34,888,810).

## **AWARDS AND ACKNOWLEDGEMENTS**

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The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report must satisfy both U.S. GAAP and applicable legal requirements. This was the tenth 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 fiscal year 2014/15 CAFR continues to conform to the Certificate of Achievement program requirements, and will submit it to GFOA to determine its eligibility for another certificate.

Additionally, GFOA presented a Distinguished Budget Presentation Award to the City for its biennial budget for the two-year period beginning July 1, 2013. To qualify for this award, the governmental unit must publish a budget meeting program criteria as a policy document, an operations guide, as a financial plan, and as a communications device.

The preparation of this CAFR could not have been accomplished without the skill, effort and dedication of the entire staff of the Finance Department. Other City departments were also instrumental in providing the data necessary to prepare this report. Their cooperation and continued assistance is 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 in which our independent auditors, Lance, Soll & Lunghard, LLP, conducted their audit.

Respectfully submitted,



Tami E. Scott  
Administrative Services Director

## CITY COUNCIL



**Stan Henry**  
Mayor



**Cathedral City**



**Greg Pettis**  
Mayor Pro Tem



**John Aguilar**  
Council Member



**Mark Carnevale**  
Council Member



**Shelley Kaplan**  
Council Member

**OTHER ELECTED OFFICIALS**

City Clerk Gary F. Howell

City Treasurer Henry Chan

**ADMINISTRATIVE OFFICIALS**

City Manager Charles McClendon

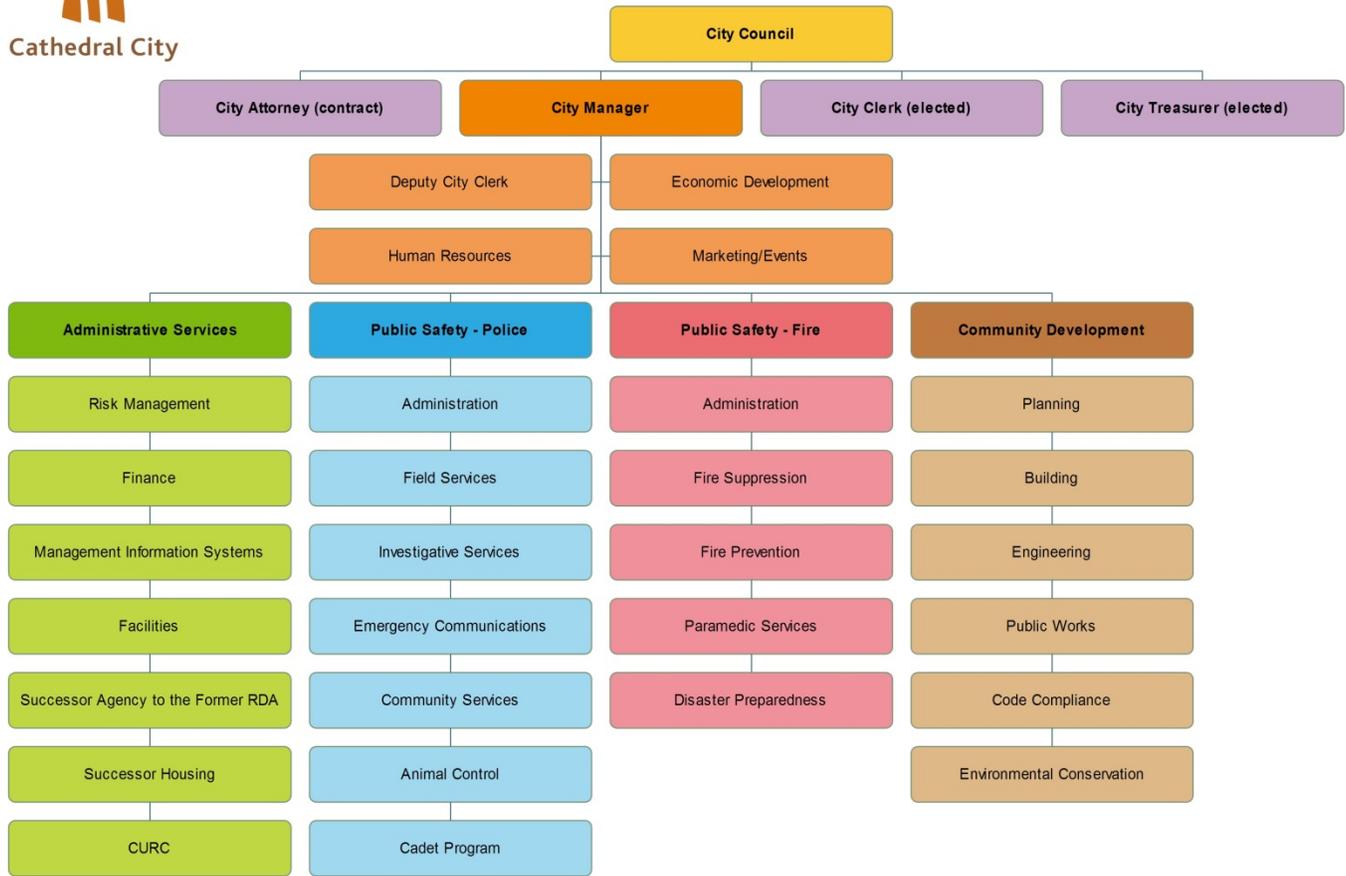
City Attorney Charles Green (Green de Bortnowsky, LLP)

Administrative Services Director Tami E. Scott

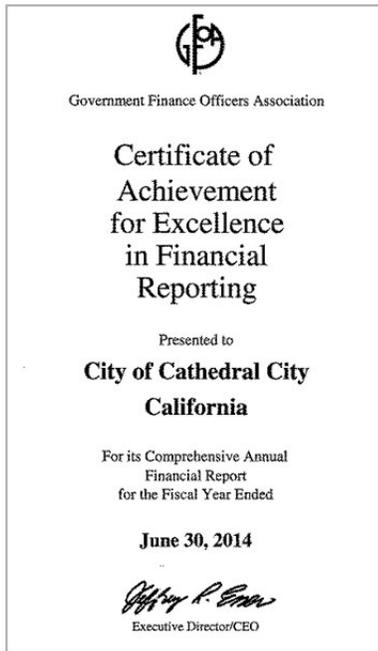
Community Development Director Pat Milos

Police Chief George Crum

Fire Chief Paul Wilson



CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cathedral City for its comprehensive annual financial report for the fiscal year ended June 30, 2014.

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

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

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

DISTINGUISHED BUDGET PRESENTATION AWARD



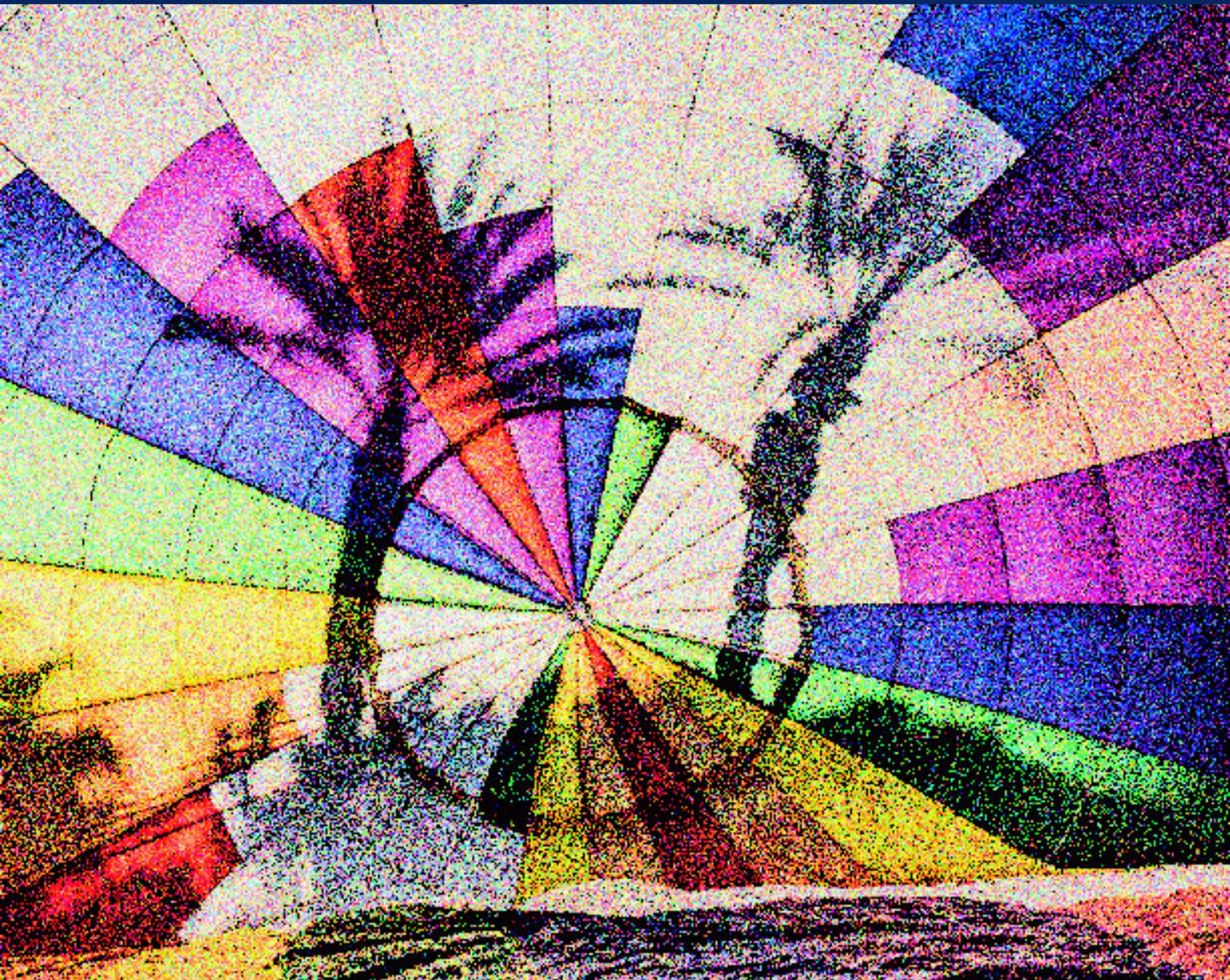
The GFOA presented a Distinguished Budget Presentation Award to the City of Cathedral City for its biennial budget for the biennium beginning July 1, 2013. To receive this award, a governmental unit must publish a budget document meeting program criteria as a policy document, as an operations guide, as a financial plan, and as a 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.

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# FINANCIAL







- David E. Hale, CPA, CFP
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Metz, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA
- Gary A. Cates, CPA
- Michael D. Mangold, CPA
- David S. Myers, CPA

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Cathedral City, California, (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Cathedral City, California, as of June 30, 2015, 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.

### **Change in Accounting Principle**

As discussed in Note F to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund, developer fees fund, and successor housing agency fund, the schedules of the proportionate share of the net pension liability, and the schedules of contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

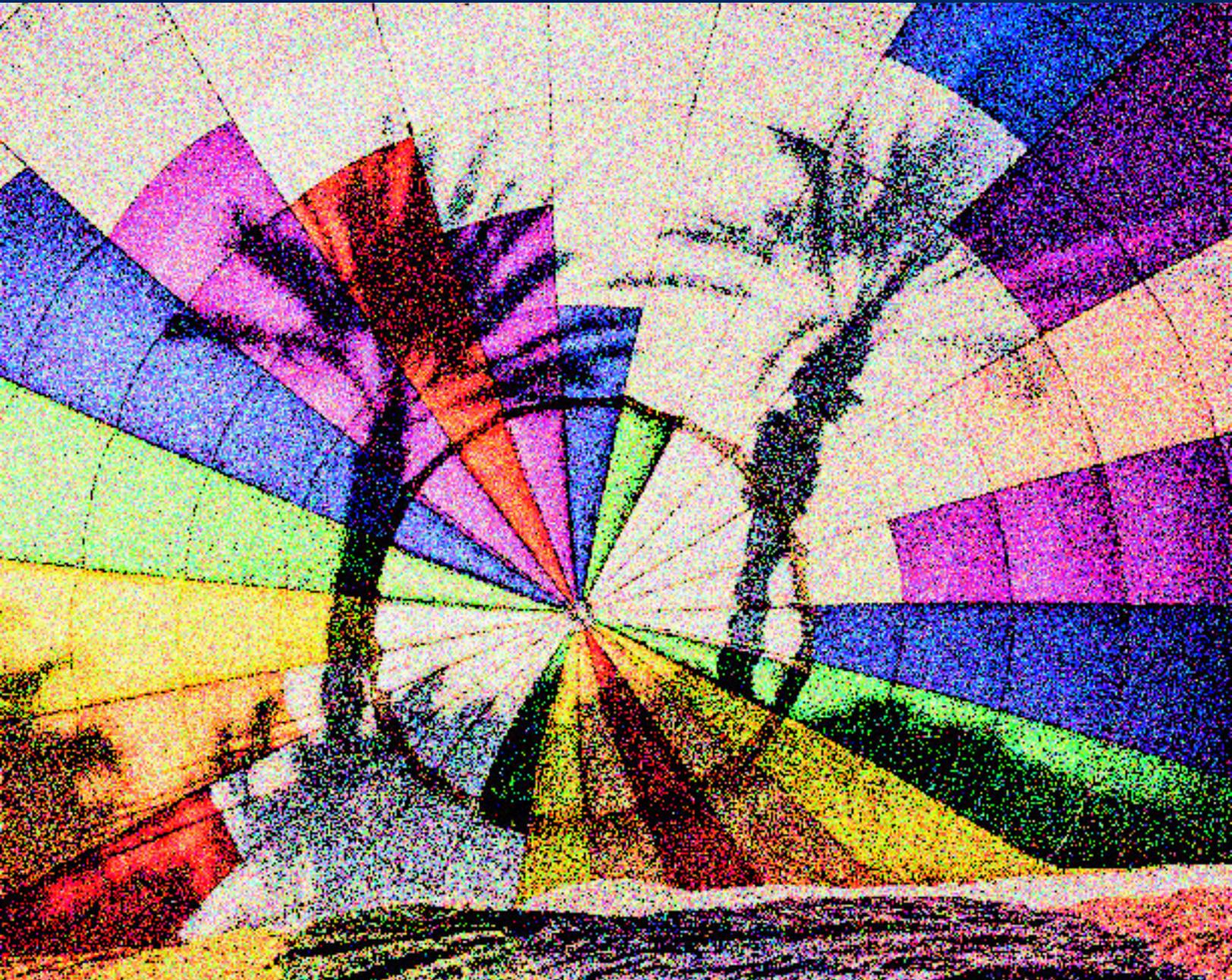
In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lance, Soll &amp; Luykhard, LLP".

Brea California  
December 1, 2015

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# MANAGEMENT'S DISCUSSION AND ANALYSIS





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, 2015. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal. The focus of the information presented here is on the primary government.

## FINANCIAL HIGHLIGHTS

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- The City's beginning net position was restated by -\$31,674,239 as a result of implementing Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 71 related to pension accounting and financial reporting.
- 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 \$61,987,156 (net position). Unrestricted net position, which may be used to meet the City's ongoing obligations, was -\$147,486,487 at year end.
- The City's net position increased by \$90,981,339 from the restated beginning net position as a result of contributions of government-use property and monies to be used for bond refunding received from other governments (special items), and increases in (1) property tax, (2) sales tax, and (3) transactions and use tax. In addition, total expenses decreased slightly from the prior year.
- As of close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$75,103,889, an increase of \$891,695 from the prior year. A total of \$16,626,410, or 22.1%, of the fund balance is categorized as unassigned. Of this amount, \$13,955,524 has been set aside for cash flow reserves, future economic uncertainties, and budget reserves, while \$2,670,886 is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance of the General Fund (Fund 100) was \$16,478,532, which represents 47.8% of General Fund (Fund 100) expenditures, including transfers out. In addition, \$13,995,524 was set aside for cash flow reserves, future economic uncertainties, and budget reserves in accordance with the new fund balance policy approved in September 2014.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position presents financial information on all of 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 that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Other nonfinancial factors, such as changes in the City's property tax base, the condition of its roads, etc. need to be taken into account when assessing the overall health of the City.

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

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

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

## FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements are designed to report information about these groupings of related accounts. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of 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. However, unlike the government-wide financial statements, 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 that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided reconciling the governmental fund financial statements to the government-wide statements explaining the relationship (or differences) between them.

The City maintains individual governmental funds organized according to their type: special revenue, debt service, and capital projects. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, two special revenue funds (Developer Fees and Successor to Housing Agency), a debt service fund (Public Financing Authority) and three capital projects funds (Areawide Capital Projects, 2002 D TAB Housing Bonds, and 2002 E TAB Housing Bonds). These funds are considered to be major funds. Data from the remaining governmental funds are considered to be nonmajor funds and are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopted a biennial appropriated budget prepared on the modified accrual basis of accounting for fiscal years 2013/14 and 2014/15. Appropriated funds included the General Fund and special revenue funds. Budgetary comparison

schedules have been provided in the required supplementary information for the General Fund and major special revenue funds to demonstrate compliance with the budget in accordance with U.S. GAAP.

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

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

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

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

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

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

The combining statements supplementary information referred to earlier in connection with nonmajor funds, internal service funds, and fiduciary funds are presented immediately following the budgetary comparison required supplementary information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$61,987,156 at the close of the most recent fiscal year.

A portion of the City's net position, -\$147,486,487, is unrestricted and if positive, 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.

Net position of \$150,988,780 includes investment in capital assets (e.g., land, buildings, structures, infrastructure, vehicles, furniture and equipment) less any related outstanding debt used to acquire those assets. The City uses these

capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net positions of the City also include \$58,484,863 of restricted net position. These are resources subject to external restrictions as to how they may be used by the City.

**Table 1** summarizes the City's net position (dollars in thousands) as of June 30, 2015 and 2014.

**Table 1**

**Net Position**

(dollars in thousands)

	<b>Primary Government Governmental Activities</b>		<b>Change</b>
	<b>2015</b>	<b>2014*</b>	
Current and other assets	\$ 96,790	95,773	1,017
Capital assets	<u>157,697</u>	<u>154,374</u>	<u>3,323</u>
<b>Total assets</b>	<b>254,487</b>	<b>250,147</b>	<b>4,340</b>
Deferred outflows related to pensions	<u>5,390</u>	<u>8,292</u>	<u>(2,902)</u>
<b>Total deferred outflows of resources</b>	<b>5,390</b>	<b>8,292</b>	<b>(2,902)</b>
Noncurrent liabilities	184,502	279,328	(94,826)
Other liabilities	<u>6,087</u>	<u>8,105</u>	<u>(2,018)</u>
<b>Total liabilities</b>	<b>190,589</b>	<b>287,433</b>	<b>(96,844)</b>
Deferred inflows related to pensions	<u>7,301</u>	-	<u>7,301</u>
<b>Total deferred inflows of resources</b>	<b>7,301</b>	<b>-</b>	<b>7,301</b>
Net investment in capital assets	150,989	95,321	55,668
Restricted	58,485	58,199	286
Unrestricted (deficit)	<u>(147,487)</u>	<u>(182,514)</u>	<u>35,027</u>
<b>Total net position</b>	<b>\$ 61,987</b>	<b>(28,994)</b>	<b>90,981</b>

\* as restated

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**Table 2** summarizes the City's changes in net position (dollars in thousands) for the years ended June 30, 2015 and 2014.

**Table 2**  
**Changes in Net Position**  
(dollars in thousands)

	<b>Primary Government</b>		<b>Change</b>
	<b>Governmental Activities</b>		
	<b>2015</b>	<b>2014</b>	
Program revenues:			
Charges for services	\$ 8,604	12,101	(3,497)
Operating grants and contributions	18,051	18,598	( 547)
Capital grants and contributions	4,767	10,052	(5,285)
General revenues:			
Taxes:			
Franchise tax	1,995	1,980	15
Property tax	6,306	5,398	908
Sales tax	9,490	8,929	561
Transaction and use tax	5,327	4,911	416
Transient occupancy/timeshare developer	1,999	1,883	116
Utility users tax	2,803	2,763	40
Investment and interest income	2,867	2,953	( 86)
Other revenue	457	461	( 4)
<b>Total revenues</b>	<b>62,666</b>	<b>70,029</b>	<b>(7,363)</b>
Expenses:			
General government	10,543	11,340	( 797)
Community development	4,741	5,906	(1,165)
Culture and recreation	695	524	171
Public safety	23,005	24,083	(1,078)
Public works	7,704	7,804	( 100)
Interest on long-term debt	7,560	10,497	(2,937)
<b>Total expenses</b>	<b>54,248</b>	<b>60,154</b>	<b>(5,906)</b>
<b>Special items</b>	<b>82,563</b>	<b>-</b>	<b>82,563</b>
<b>Change in net position</b>	<b>90,981</b>	<b>9,875</b>	<b>81,106</b>
Net position – July 1, as previously reported	2,680	(7,195)	9,875
GASB 68/71 implementation	(31,674)	-	(31,674)
Net position – July 1, as restated	(28,994)	(7,195)	(21,799)
<b>Net position – June 30</b>	<b>\$ 61,987</b>	<b>2,680</b>	<b>59,307</b>

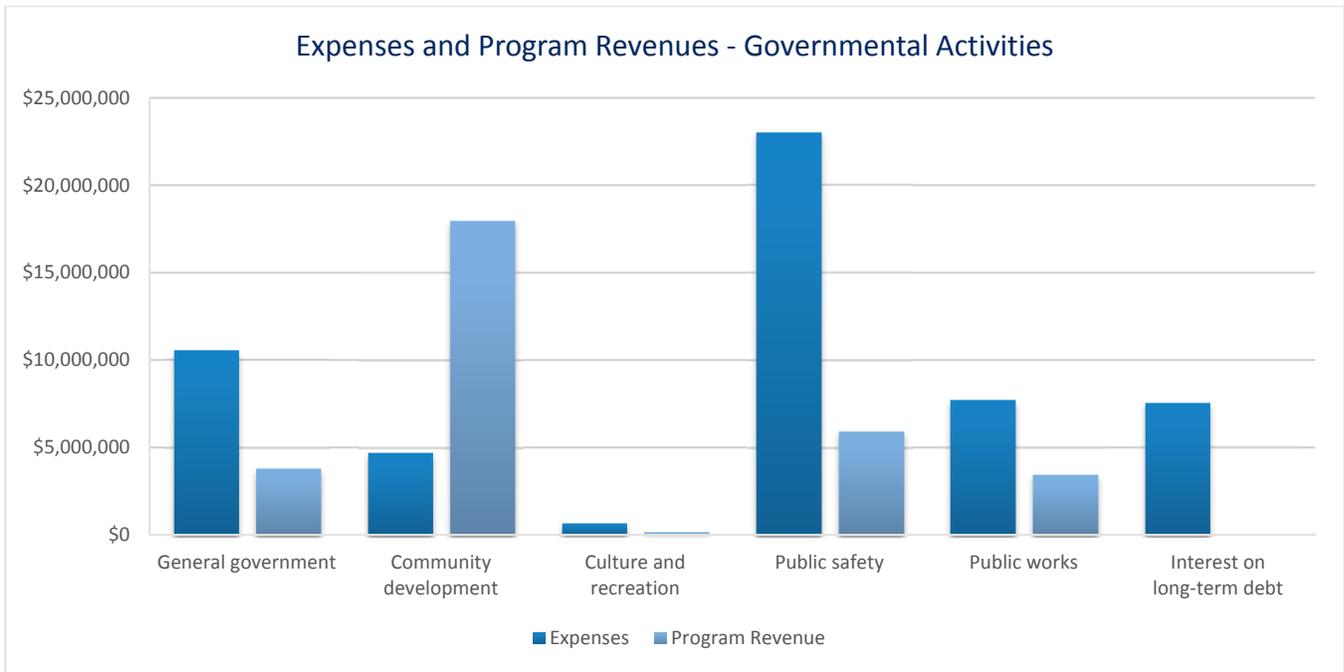
Governmental activities increased the City's net position by \$90,981,339 for the fiscal year ended June 30, 2015. Key elements of the increase are as follows:

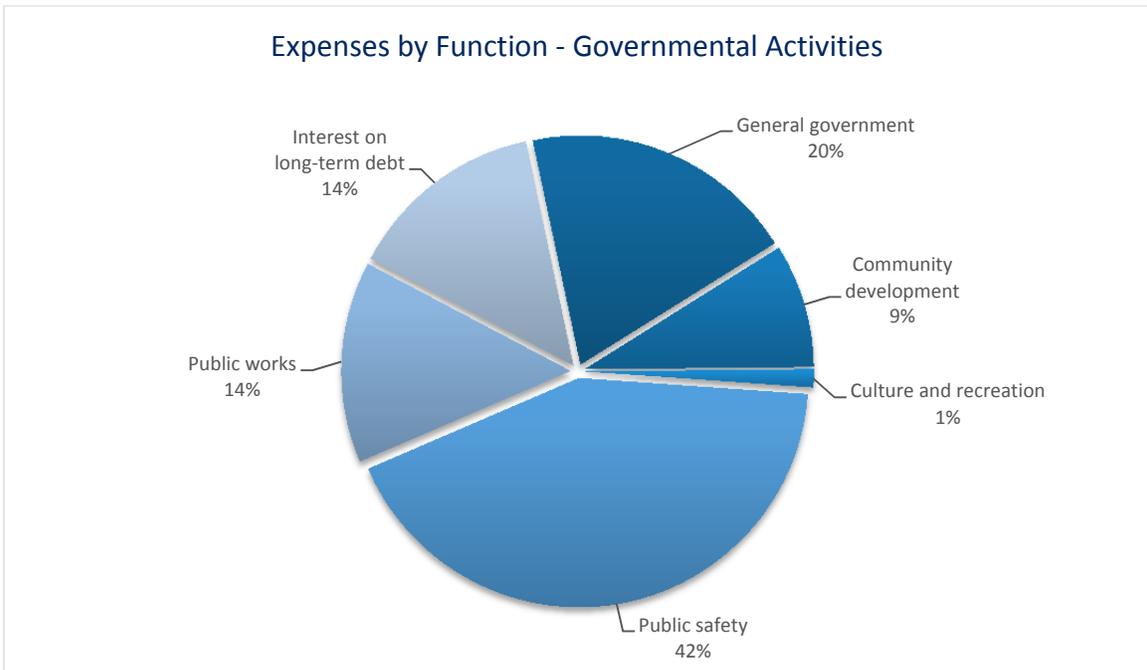
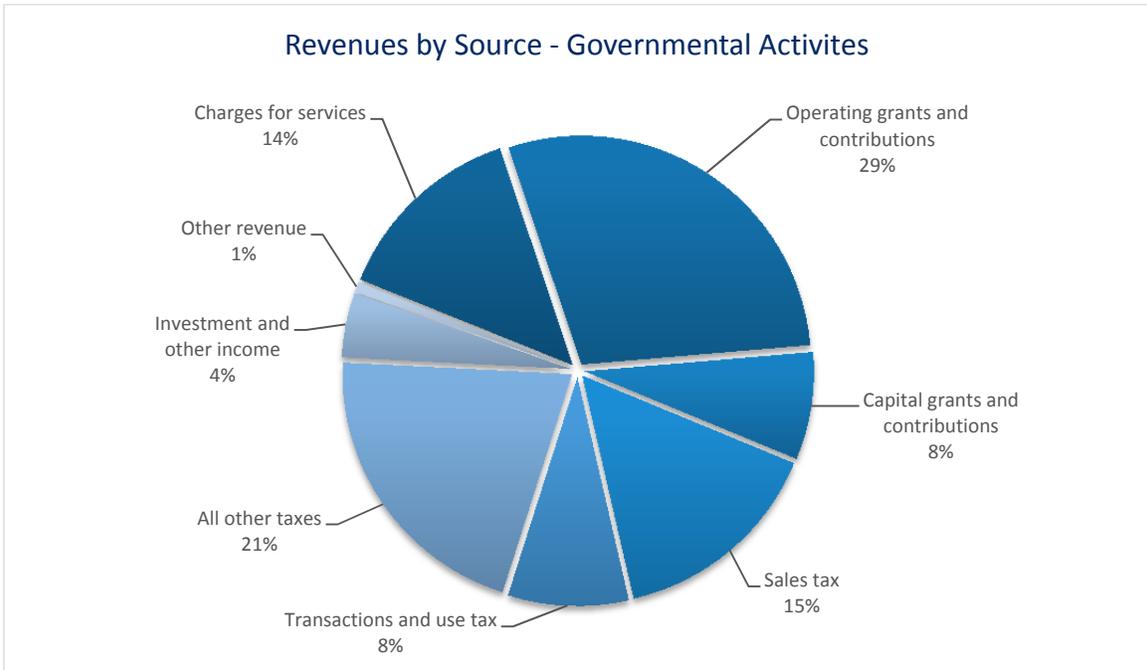
- The charges for services decrease of \$3,497,272 was the result of a decrease of \$5,220,041 related to the Creekside/Heritage Park payments (fiscal year 2013/14 was the last year the City received these payments), an increase of \$1,197,588 in administrative support and police services reimbursements for services to outside entities, and an increase of \$310,363 in paramedic service fees as a result of increased collections and receiving Ground Emergency Medical Transportation (GEMT) Program reimbursements for prior years' report filings.
- The operating grants and contributions decrease of \$546,873 was mainly attributable to a state mandated cost reimbursement received (\$1,723,873), a decrease in contributions from the Successor Agency of \$1,916,697 for bond payments as a result of the bond refunding, and a decrease of \$316,326 in the state gas tax revenues due to falling gas prices.
- The capital grants and contributions decrease of \$5,284,823 from the prior year was mainly attributable to projects having been completed and a decrease in contributions from other governments, as the Successor Agency

transferred the last of the bond monies for projects authorized by the California Department of Finance Recognized Obligation Payment Schedule (ROPS) during fiscal year 2013/14.

- Sales tax and the related transactions and use tax accounted for 53.1% of all tax revenues and 23.6% of all governmental activities' revenues. These revenues totaled \$14,816,863 for the fiscal year and were up \$976,633 (7.1%) compared to fiscal year 2013/14 as a result of a 5.6% increase in total taxable sales. The largest increase in taxable sales was in the auto dealers and supplies category, which had an 8.0% increase from the previous year.
- Total expenses decreased by \$5,905,783 (9.8%) primarily due to the refunding of certain Public Financing Authority debt. Interest on long-term debt decreased by \$2,936,711. Community development expenses decreased by \$1,164,884 (19.7%) as the result of a reduction in assessment district expenses. Public safety expenses decreased by \$1,077,599 (4.5%) primarily due to the reduction of OPEB charges (\$850,219).

Public safety expenses in fiscal year 2014/15 were \$23,004,973 (42.4%) of total expenses. General government expenses were \$10,543,145 (19.5%) of total expenses, while public works expenses were \$7,703,670 (14.2%) and interest on long-term debt was \$7,560,543 (13.9%) of total expenses, respectively. The remainder of the governmental activities expenses is comprised of community development with \$4,741,006 (8.7%) and culture and recreation with \$694,850 (1.3%).





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## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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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, 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 that has not yet been limited to use for a particular purpose by either an external party, the City of Cathedral City itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the City Council.

As of June 30, 2015, the City's governmental funds reported combining fund balances of \$75,103,889, an increase of \$891,695 in comparison with the prior year. Approximately 22.1% or \$16,626,410 of the total fund balance amount constitutes unassigned fund balance. Of this amount, \$13,955,524 has been set aside for cash flow reserves, future economic uncertainties, and budget reserves in accordance with the updated fund balance policy approved in September 2014. The remaining \$2,670,886 is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. For reporting purposes, the General Fund consists of three individual funds: the General Fund (Fund 100) and two special revenue funds that do not qualify to be reported as such. As of June 30, 2015, unassigned fund balance of the General Fund (Fund 100) was \$16,478,532 while total fund balance was \$16,567,575. Of the total unassigned fund balance, \$13,955,524 has been set aside for cash flow reserves, future economic uncertainties, and budget reserves in accordance with the updated fund balance policy approved in September 2014. The remaining \$2,523,008 is available for spending at the City's discretion. As a measure of the General Fund's (Fund 100) liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 47.8% of total General Fund (Fund 100) expenditures, including transfers out, of \$34,487,993, while total fund balance represents 48.0% of the same amount.

The total fund balance of the City's General Fund (Fund 100) increased by \$1,825,720, or 12.4%, during the year ended June 30, 2015. The increase is mainly attributable to the City's continuing recovery of revenues, increases in reimbursements for services performed for others, and a state-mandated cost reimbursement.

Revenues remained stable in fiscal year 2014/15 from the previous year. General Fund (Fund 100) revenues, including transfers in, decreased by only \$108,021, or 0.3%, from fiscal year 2013/14. Certain revenues in the General Fund (Fund 100) changing significantly from fiscal year 2013/14 to 2014/15 include:

- Special assessments decreased \$5,191,044, or 98.7%, as a result of fiscal year 2013/14 being the last year Creekside/Heritage Park payments were received.
- Taxes in general increased \$1,765,272 over the previous fiscal year. Specifically, property taxes increased \$910,704 mainly as the result of an apportionment received from the county related to the sale of property owned by the former redevelopment agency and an increase in assessed values. Sales and use taxes increased by \$267,292 while the transaction and use tax increased \$415,099 over the previous year as taxable sales increased 5.6% from calendar year 2013 to calendar year 2014. Auto dealers and suppliers, which have always been the largest sector of the City's economy, had a taxable sales increase of over \$29 million, or 8.0%, from calendar year 2013 to calendar year 2014. Finally, the transient occupancy tax and time share developer fees increased \$116,931 from the previous year due to increased occupancy rates at city hotels and increased efforts in short-term rental compliance.

- Charges for services increased \$1,711,955, or 49.8%, mainly as the result of an increase of \$1,197,588 in administrative support and police services reimbursements for services to outside entities, and an increase of \$310,363 in paramedic service fees as a result of increased collections and receiving Ground Emergency Medical Transportation (GEMT) Program reimbursements for prior years' report filings.
- Intergovernmental revenues increased by \$1,684,580 as a result of a state-mandated cost reimbursement received.
- The remaining components of revenue (licenses and permits, fines and forfeitures, contributions from other governments, use of money and property and other revenue) did not change significantly from the prior year.

Overall, General Fund (Fund 100) expenditures, including transfers out, increased by \$2,460,595, or 7.7%, from the previous fiscal year. The main reasons for the net increase were (1) scheduled salary increases, increased overtime hours and higher fringe benefit costs, and (2) an increase of \$850,000 in the payment made to the Insurance internal service fund to pay off the miscellaneous employees' pension plan side fund. In the previous year, a payment of \$1,800,000 was made to the Insurance internal service fund to pay off the public safety employees' pension plans side funds.

The other major governmental funds include Developer Fees, Successor Housing Agency, Public Financing Authority, Areawide Capital Projects, Successor Housing Agency 2002 D TAB and Successor Housing Agency 2002 E TAB.

The **Developer Fees** special revenue fund had a total fund balance of \$52,044. This amounts to a net increase in fund balance of \$19,283 during the current year. The net increase was the result of the general plan maintenance fees received and interest income. There were no expenditures utilizing these monies during the current year.

The **Successor Housing Agency** special revenue fund had a total fund balance of \$20,422,672. This amounts to a net increase in fund balance of \$11,076,146 during the current year. The increase was mainly the result of closing the Successor Housing Agency 2002 D TAB and Successor Housing Agency 2002 E TAB capital projects funds and transferring the remaining fund balances totaling \$11,167,626 to the Successor Housing Agency special revenue fund. Revenues remained relatively unchanged while expenditures increased \$113,775 to \$227,278 in the current year as a result of increases in salaries, fringe benefits and relocation costs.

The **Public Financing Authority** debt service fund had a total fund balance of \$5,963,602. This amounts to a net decrease in fund balance of \$182,912 during the current year. Revenues decreased \$1,999,554 to \$13,289,599 while expenditures increased \$77,938,286 to \$93,529,004. The decrease in revenues was related to a decrease in contributions from the Successor Agency of \$1,916,697 for bond payments as a result of the bond refunding. The significant increase in expenditures was related to the current defeasance of debt originally issued by the Public Financing Authority for the benefit of the former redevelopment agency. The Redevelopment Obligation Retirement fund (a private-purpose trust fund) contributed \$79,926,516 received from the Successor Agency bonds issued in September 2014 to the Public Financing Authority. The monies were used to defease certain bond issues related to the former redevelopment agency and are reported as a special item.

The **Areawide Capital Projects** capital projects fund had a total fund balance of \$6,728,034. This amounts to a net decrease in fund balance of \$798,067 during the current year. Revenues decreased \$1,951,054 to \$5,846,106 while expenditures increased \$691,356 to \$5,948,994. In addition, transfers out increased \$695,179.

Contributing to the fund's net decrease was an increase of \$1,584,709 in grant reimbursements from federal, state and local sources (intergovernmental revenue), mostly related to the new Ocotillo Park. In addition, contributions from other governments decreased \$3,245,282 as a result of there not being any Successor Agency bond monies for projects authorized during the fiscal year. Other revenues decreased \$254,373 as the Transportation Uniform Mitigation Fee (TUMF) collections were less than the previous year due to decreased activity, while use of money and property

decreased \$36,108 as a result of lower cash balances throughout the year. Finally, transfers out increased as a result of project cost reconciliations requiring adjustments between funds.

The **Successor Housing Agency 2002 D TAB** capital projects fund had a total fund balance of \$0. This fund was closed out at year end and the remaining fund balance was transferred to the Successor Housing Agency special revenue fund.

The **Successor Housing Agency 2002 E TAB** capital projects fund had a total fund balance of \$0. This fund was closed out at year end and the remaining fund balance was transferred to the Successor Housing Agency special revenue fund.

#### PROPRIETARY FUNDS

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

Total net position of all internal service funds increased \$704,215 to \$14,576,375 during the fiscal year. Operating revenues increased \$824,175 to \$10,406,411, while operating expenses decreased \$414,461 to \$10,400,040. The net increase in revenues was mainly attributable to an increase in charges for PERS for the payoff of the miscellaneous pension plan's side fund and a decrease in other revenues related to monies received from other funds for vehicle purchases. The net decrease in expenditures was generally attributable to the decrease in PERS contributions and increases in major medical insurance, workers compensation insurance, and liability insurance costs.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the General Fund (Fund 100) original budget and the final amended budget include revisions to projected expenditures.

Original expenditure estimates, including transfers out, for fiscal year 2014/15, prepared in the spring of 2013, were based on anticipated outflows of resources at that time. Expenditures were increased \$3,607,800 to \$34,540,880 for the fiscal year ended June 30, 2015. Major revisions included:

- Increased the non-departmental budget by \$2,650,000 for additional charges related to PERS (Public Employees Retirement System) for the payoff of the miscellaneous pension plan's side fund. The budget was also increased \$71,100 for a sales tax sharing agreement.
- Increased various departments' budgets by \$344,051 for increased salary/benefit costs related to the approval of final labor agreements.
- Increased the police department budget by \$189,511 for additional costs related to the Eastern Riverside County Interoperability Communications Authority (ERICA) and Riverside Auto Theft Interdiction Detail (RAID) programs.
- Increased the City Clerk budget by \$99,918 for additional costs related to the hiring of a full-time Deputy City Clerk in 2014.
- Increased the City Management budget by \$97,954 for additional costs related to the hiring of a full-time Events Coordinator in 2014.

Differences between the final amended budget and actual revenues and expenditures are briefly summarized in the following section. As the national economy has continued to improve, the local economy has shown steady growth since 2010, specifically in the area of sales tax and the related transactions and use tax, the City's largest revenue sources.

Actual General Fund (Fund 100) revenues, including transfers in, were \$6,558,289 higher than the final budget for fiscal year 2014/15, or 22.0%, primarily due to most revenues performing better than anticipated. The only revenue category that did not achieve budget estimates was fines and forfeitures, which fell short by \$223,829 as a result of a decrease in citation revenues being collected. Significant differences between budget and actual revenues are highlighted below.

- Taxes exceeded budget estimates by \$2,491,041 as actual receipts were higher than projected for most tax categories. The larger differences were in tax categories where actual economic conditions turned out to be better than anticipated, such as property taxes, sales taxes, and transaction and use taxes.
- In charges for services, administrative support, police services reimbursements, and labor reimbursements for capital improvement projects exceeded budget estimates by \$1,563,748 as a result of increased demand for services, while paramedic service fees exceeded budget estimates by \$390,599 as a result of increased collections and receiving GEMT Program reimbursements for prior years' report filings.
- Intergovernmental revenues exceeded budget estimates by \$1,723,873 as a result of a state-mandated cost reimbursement received.
- Construction permits exceeded budget estimates by \$130,647 due to increased construction activities.

Actual costs were slightly lower than the final amended budget for expenditures, including transfers out. The difference was \$52,887, or 0.2%.

## CAPITAL ASSETS AND BONDED DEBT ADMINISTRATION

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### CAPITAL ASSETS

The City's capital assets for its governmental activities as of June 30, 2015, were \$157,697,259 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, structures, vehicles/equipment, infrastructure (bridges, streets, traffic signals, streetlights, etc.) and intangibles. The City's capital assets by type at June 30, 2015 and 2014 are summarized in **Table 3** (dollars in thousands).

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**Table 3**  
**Capital Assets**  
(dollars in thousands)

	Primary Government		Change
	Governmental Activities		
	2015	2014	
Land	\$ 26,686	24,049	2,637
Construction in progress	8,964	4,567	4,397
Buildings and improvements	10,209	11,056	( 847)
Structures and improvements	3,881	4,358	( 477)
Vehicles, furniture and equipment	3,858	3,376	482
Infrastructure	104,099	106,960	(2,861)
Intangibles	-	8	( 8)
<b>Total</b>	<b>\$ 157,697</b>	<b>154,374</b>	<b>\$ 3,323</b>

Major capital asset activity for the year ended June 30, 2015, included the following:

- Ocotillo Park (construction in progress) – \$3,816,118
- 2014 Pierce fire truck (vehicles) – \$804,067
- E. Palm Canyon road widening (infrastructure) – \$659,805
- Date Palm Drive/Vista Chino improvements (infrastructure) - \$631,632
- Date Palm Bridge @ Whitewater River (construction in progress) – \$352,268
- Cathedral Canyon Bridge Whitewater River Low Flow Crossing (construction in progress) – \$314,229
- Disposition of various police/fire vehicles (vehicles) – (\$429,441)

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

#### LONG-TERM DEBT

The City had total long-term debt of \$184,501,733 outstanding as of June 30, 2015. Of this amount, \$122,474,020 was capital improvements related (bonds and capital leases), \$59,802,778 was employee related (compensated absences, net pension liability and other postemployment benefits), and \$2,224,935 was risk management related (claims and judgments).

On September 18, 2014, the Successor Agency (private-purpose trust funds) issued \$73,755,000 in tax allocation refunding bonds. The funds generated from the bonds, together with the net premium/discount and other funds, were used to refund \$79,030,000 of debt originally issued by the Public Financing Authority for use by the former redevelopment agency. Total debt service was reduced by \$11,442,429 as a result of the refunding.

During fiscal year 2014/15, the City implemented Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 71 related to pension liability reporting. Implementation resulted in an increase of \$39,966,518 to the beginning long-term debt balance, which represented the City's proportionate share of the net pension liability. During the current fiscal year, the City's proportionate share of the net pension liability decreased by \$12,505,375.

Outstanding long-term debt at June 30, 2015, and 2014, is summarized in **Table 4** (dollars in thousands) on the following page. Additional information on the City's long-term debt for the year can be found **Note III-E** and **Note III-F** in the notes to the basic financial statements.

**Table 4**  
**Long-Term Debt**  
(dollars in thousands)

	Note Reference	Primary Government		Change
		Governmental Activities		
		2015	2014*	
Lease revenue bonds	III-F.1, III-F.4	\$ 4,065	4,245	( 180)
Tax allocation bonds	III-F.2, III-F.4	113,859	198,143	(84,284)
Limited obligation bonds	III-F.3, III-F.4	3,233	3,385	( 152)
Capital leases	III-E.1, III-F.4	1,317	1,701	( 384)
Compensated absences	I-E.13, III-F.4	3,062	2,809	253
Net pension liability	III.F.4, IV-B	27,461	39,966	(12,505)
Other postemployment benefits	III-F.4, IV-C	29,280	26,735	2,545
Claims and judgments	III-F.4, IV-A	2,225	2,345	( 120)
<b>Total</b>		<b>\$ 184,502</b>	<b>279,329</b>	<b>\$ (94,827)</b>

\* As restated.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

The adopted fiscal year 2015/16 budget for the General Fund (Fund 100) assumed stable growth in the local economy for ongoing revenues. These ongoing revenues, including transfers in, are projected to be \$33,402,175, which is an increase of \$3,646,751, or 12.3%, from the final fiscal year 2014/15 budget. However, this is a \$2,911,538, or 8.0%, reduction from the fiscal year 2014/15 actual revenues due to certain one-time monies being received during the current year.

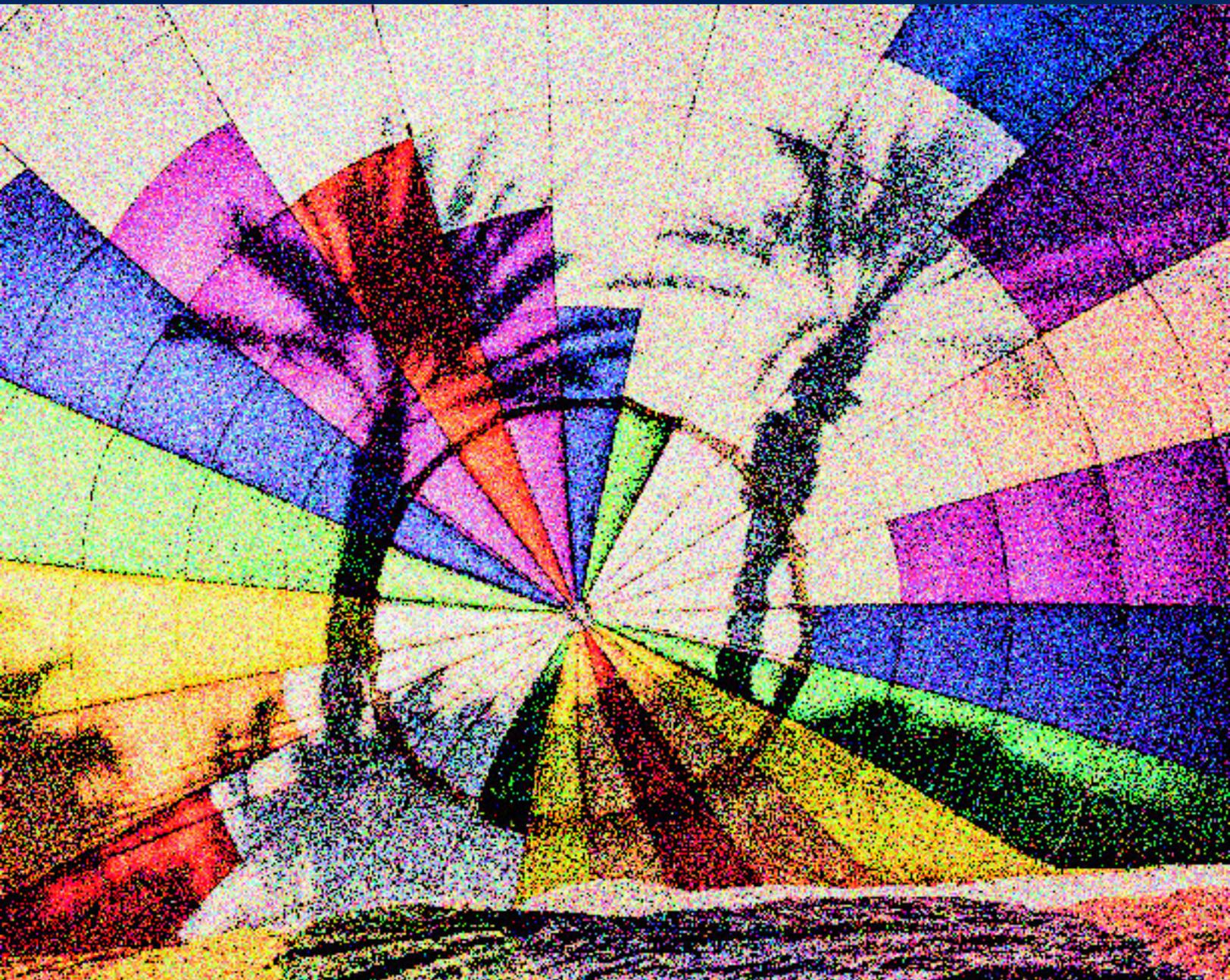
Expenditures are projected to be \$33,385,118 in fiscal year 2015/16, a decrease of \$1,102,875 from fiscal year 2014/15 actual amounts. Based on the adopted budget, it is anticipated fund balance will increase slightly during fiscal year 2015/16; however, the City remains committed to growing General Fund reserves to an appropriate level as outlined in the updated fund balance policy adopted in September 2014.

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

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# BASIC FINANCIAL STATEMENTS





## Statement of Net Position

June 30, 2015

	Primary Government Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 54,788,268
Accounts receivable	7,389,216
Interest receivable	159,103
Loans receivable	16,698,454
Deposits	1,658,419
Prepays	20,653
Inventories	26,363
Investments held in trust	3,204,969
Restricted cash and investments	5,123,612
Capital assets:	
Not being depreciated	35,649,974
Being depreciated, net	122,047,285
Assets held for disposition	7,720,404
<b>Total Assets</b>	<b>254,486,720</b>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions	5,390,478
<b>Total Deferred Outflows of Resources</b>	<b>5,390,478</b>
<b>Liabilities</b>	
Accounts payable	1,606,281
Intergovernmental payable	10,140
Interest payable	2,469,358
Unearned revenue	1,372,159
Deposits	628,980
Noncurrent liabilities:	
Due within one year	6,133,881
Due in more than one year:	
Debt and other long-term liabilities	121,626,631
Net pension liability	27,461,143
Net other postemployment benefits obligation	29,280,078
<b>Total Liabilities</b>	<b>190,588,651</b>
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions	7,301,391
<b>Total Deferred Inflows of Resources</b>	<b>7,301,391</b>
<b>Net Position</b>	
Net investment in capital assets	150,988,780
Restricted for:	
Capital projects	24,539,574
Community development	22,878,202
Debt service	8,857,828
Public safety	1,736,304
Public works	420,911
Other purposes	52,044
Unrestricted	(147,486,487)
<b>Total Net Position</b>	<b>\$ 61,987,156</b>

See accompanying notes to basic financial statements.

**Statement of Activities**

For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
General government	\$ 10,543,145	3,540,755	267,365	-
Community development	4,741,006	459,229	13,202,056	4,324,834
Culture and recreation	694,850	-	-	169,568
Public safety	23,004,973	3,843,415	1,856,295	273,181
Public works	7,703,670	760,663	2,724,982	-
Interest on long-term debt	7,560,543	-	-	-
<b>Total Governmental Activities</b>	<b>54,248,187</b>	<b>8,604,062</b>	<b>18,050,698</b>	<b>4,767,583</b>
<b>Total Primary Government</b>	<b>\$ 54,248,187</b>	<b>8,604,062</b>	<b>18,050,698</b>	<b>4,767,583</b>

**General Revenues:**

Taxes:

- 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**

**Special Items**

Contribution of government-use property to City

Contribution to City for bond refunding

**Total Special Items**

Change in net position

Net position — July 1, as previously reported

GASB 68/71 implementation

Net position — July 1, as restated

**Net position — June 30**

See accompanying notes to basic financial statements.

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

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**Primary  
Government**

---

**Governmental  
Activities**

(6,735,025)  
13,245,113  
(525,282)  
(17,032,082)  
(4,218,025)  
(7,560,543)  

---

**(22,825,844)**  
  
**(22,825,844)**

1,994,794  
6,305,544  
9,490,221  
5,326,642  
1,999,583  
2,803,336  
2,866,955  
456,874  

---

**31,243,949**

2,636,718  
79,926,516  

---

**82,563,234**

90,981,339  
  
2,680,056  
(31,674,239)  

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(28,994,183)  

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**\$ 61,987,156**

**Functions/Programs**

**Primary Government**

Governmental Activities:

General government  
Community development  
Culture and recreation  
Public safety  
Public works  
Interest on long-term debt

**Total Governmental Activities**

**Total Primary Government**

**General Revenues:**

Taxes:

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**

**Special Items**

Contribution of government-use  
property to City

Contribution to City for bond refunding

**Total Special Items**

Change in net position

Net position — July 1, as previously reported

GASB 68/71 implementation

Net position — July 1, as restated

**Net position — June 30**

**Balance Sheet — Governmental Funds**

June 30, 2015

	General	Special Revenue		Debt Service
		Developer Fees	Successor Housing Agency	Public Financing Authority
<b>Assets</b>				
Cash and investments	\$ 15,041,646	1,299,119	1,243,780	17,470
Receivables:				
Interest	109,831	1,800	1,724	24
Accounts	4,999,201	-	-	-
Loans	3,353,378	-	13,345,076	-
Prepaid assets	12,760	-	-	-
Investments held in trust	-	-	-	3,204,969
Restricted assets:				
Cash and investments with fiscal agent	-	-	-	2,741,139
Assets held for disposition	-	-	7,720,404	-
<b>Total Assets</b>	<b>\$ 23,516,816</b>	<b>1,300,919</b>	<b>22,310,984</b>	<b>5,963,602</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 940,897	8,722	21,755	-
Intergovernmental payable	-	-	-	-
Deposits from others	628,980	-	-	-
Unearned revenue	129,937	1,240,153	-	-
<b>Total Liabilities</b>	<b>1,699,814</b>	<b>1,248,875</b>	<b>21,755</b>	<b>-</b>
Deferred Inflows of Resources:				
Unavailable revenue	1,144,079	-	1,866,557	-
<b>Total Deferred Inflows of Resources</b>	<b>1,144,079</b>	<b>-</b>	<b>1,866,557</b>	<b>-</b>
Fund Balances:				
Nonspendable	12,760	-	-	-
Restricted	3,353,378	52,044	20,422,672	5,963,602
Assigned	680,375	-	-	-
Unassigned	16,626,410	-	-	-
<b>Total Fund Balances</b>	<b>20,672,923</b>	<b>52,044</b>	<b>20,422,672</b>	<b>5,963,602</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 23,516,816</b>	<b>1,300,919</b>	<b>22,310,984</b>	<b>5,963,602</b>

See accompanying notes to basic financial statements.

Capital Projects					
Areawide Capital Projects	Successor Housing Agency 2002 D TAB	Successor Housing Agency 2002 E TAB	Nonmajor Funds		
6,054,140	-	-	18,515,663	<b>Assets</b>	Cash and investments
8,390	-	-	19,847	Receivables:	Interest
1,630,590	-	-	679,201		Accounts
-	-	-	-		Loans
-	-	-	2,699		Prepaid assets
-	-	-	-		Investments held in trust
-	-	-	2,382,473	Restricted assets:	Cash and investments with fiscal agent
-	-	-	-		Assets held for disposition
<b>7,693,120</b>	<b>-</b>	<b>-</b>	<b>21,599,883</b>	<b>Total Assets</b>	
				<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>	
265,858	-	-	325,129	Liabilities:	Accounts payable
-	-	-	10,140		Intergovernmental payable
-	-	-	-		Deposits from others
-	-	-	-		Unearned revenue
<b>265,858</b>	<b>-</b>	<b>-</b>	<b>335,269</b>	<b>Total Liabilities</b>	
699,228	-	-	-	Deferred Inflows of Resources:	Unavailable revenue
<b>699,228</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Total Deferred Inflows of Resources</b>	
-	-	-	-	Fund Balances:	Nonspendable
6,556,552	-	-	21,264,614		Restricted
171,482	-	-	-		Assigned
-	-	-	-		Unassigned
<b>6,728,034</b>	<b>-</b>	<b>-</b>	<b>21,264,614</b>	<b>Total Fund Balances</b>	
<b>7,693,120</b>	<b>-</b>	<b>-</b>	<b>21,599,883</b>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	

continued

**Balance Sheet — Governmental Funds (continued)**

June 30, 2015

	<b>Total</b>
<b>Assets</b>	
Cash and investments	\$ 42,171,818
Receivables:	
Interest	141,616
Accounts	7,308,992
Loans	16,698,454
Prepaid assets	15,459
Investments held in trust	3,204,969
Restricted assets:	
Cash and investments with fiscal agent	5,123,612
Assets held for disposition	7,720,404
<b>Total Assets</b>	<b>\$ 82,385,324</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>	
Liabilities:	
Accounts payable	\$ 1,562,361
Intergovernmental payable	10,140
Deposits from others	628,980
Unearned revenue	1,370,090
<b>Total Liabilities</b>	<b>3,571,571</b>
Deferred Inflows of Resources:	
Unavailable revenue	3,709,864
<b>Total Deferred Inflows of Resources</b>	<b>3,709,864</b>
Fund Balances:	
Nonspendable	12,760
Restricted	57,612,862
Assigned	851,857
Unassigned	16,626,410
<b>Total Fund Balances</b>	<b>75,103,889</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 82,385,324</b>

See accompanying notes to basic financial statements.

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

June 30, 2015

**Total fund balances - governmental funds** **\$ 75,103,889**

Amounts reported for governmental activities in the Statement of Net Position are different because:

- Capital assets used in governmental activities, excluding internal service funds of \$2,443,162, are not financial resources, and therefore, are not reported in the funds.

Capital assets, at historical cost	252,471,442
Accumulated depreciation	(97,217,345)

- Accrued interest payable not included in the funds. (2,469,358)

- 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	3,709,864
Deferred inflows - net difference between projected and actual earnings on plan investments	(6,929,920)
Deferred inflows - differences between the employer's contributions and the employer's proportionate share of contributions	(218,931)
Deferred inflows - changes in employer's proportion	(152,540)
Deferred outflows - pension contributions subsequent to measurement date	5,222,816
Deferred outflows - differences between the employer's contributions and the employer's proportionate share of contributions	125,521
Deferred outflows - changes in employer's proportion	42,141

- 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. 14,576,375

- 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 \$2,270,924).

Bonds and capital leases	(122,268,479)
Bond premium	(205,541)
Compensated absences	(3,061,557)
Net pension liability	(27,461,143)
Other post employment benefits (OPEB)	(29,280,078)

**Net position of governmental activities** **\$ 61,987,156**

*See accompanying notes to basic financial statements.*

## Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds

For the Year Ended June 30, 2015

	General	Special Revenue		Debt Service
		Developer Fees	Successor Housing Agency	Public Financing Authority
<b>Revenues</b>				
Taxes	\$ 26,776,041	-	-	-
Intergovernmental	1,745,528	-	-	-
Licenses and permits	1,104,100	-	-	-
Fines and forfeitures	101,171	-	-	-
Charges for services	5,152,434	-	-	-
Special assessments	66,852	-	-	-
Development fees	-	189,216	-	-
Use of money and property	591,543	194	19,922	193,541
Contributions from other governments	493,501	-	-	13,096,058
Other revenue	189,646	-	115,876	-
<b>Total Revenues</b>	<b>36,220,816</b>	<b>189,410</b>	<b>135,798</b>	<b>13,289,599</b>
<b>Expenditures</b>				
Current:				
General government	9,537,361	-	-	-
Community development	2,104,484	-	227,278	-
Culture and recreation	254,878	169,567	-	-
Public safety	21,065,444	-	-	-
Public works	1,110,785	-	-	-
Capital outlay	-	560	-	-
Debt service:				
Principal	225,457	-	-	84,805,000
Interest	52,282	-	-	8,724,004
<b>Total Expenditures</b>	<b>34,350,691</b>	<b>170,127</b>	<b>227,278</b>	<b>93,529,004</b>
Excess (deficiency) of revenues over (under) expenditures	1,870,125	19,283	(91,480)	(80,239,405)
<b>Other Financing Sources (Uses)</b>				
Transfers in	464,276	-	11,167,626	506,265
Transfers out	(648,988)	-	-	(376,288)
(Loss) on sale of assets held for disposition	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(184,712)</b>	<b>-</b>	<b>11,167,626</b>	<b>129,977</b>
<b>Special Item</b>				
Contribution to City for bond refunding	-	-	-	79,926,516
Net change in fund balances	1,685,413	19,283	11,076,146	(182,912)
Fund balances — July 1	18,987,510	32,761	9,346,526	6,146,514
<b>Fund Balances — June 30</b>	<b>\$ 20,672,923</b>	<b>52,044</b>	<b>20,422,672</b>	<b>5,963,602</b>

See accompanying notes to basic financial statements.

Capital Projects					
Areawide Capital Projects	Successor Housing Agency 2002 D TAB	Successor Housing Agency 2002 E TAB	Nonmajor Funds		
					<b>Revenues</b>
-	-	-	-	-	Taxes
5,499,773	-	-	4,008,886	4,008,886	Intergovernmental
-	-	-	-	-	Licenses and permits
-	-	-	396,876	396,876	Fines and forfeitures
-	-	-	1,098,160	1,098,160	Charges for services
-	-	-	532,201	532,201	Special assessments
-	-	-	32,635	32,635	Development fees
25,578	6,601	3,242	76,741	76,741	Use of money and property
178,000	-	-	-	-	Contributions from other governments
142,755	-	-	188,622	188,622	Other revenue
<b>5,846,106</b>	<b>6,601</b>	<b>3,242</b>	<b>6,334,121</b>	<b>6,334,121</b>	<b>Total Revenues</b>
					<b>Expenditures</b>
					Current:
-	-	-	-	-	General government
158,590	-	-	1,890,927	1,890,927	Community development
-	-	-	-	-	Culture and recreation
-	-	-	623,634	623,634	Public safety
-	-	-	2,135,935	2,135,935	Public works
5,612,404	-	-	1,183,745	1,183,745	Capital outlay
					Debt service:
158,424	-	-	195,000	195,000	Principal
19,576	-	-	162,614	162,614	Interest
<b>5,948,994</b>	<b>-</b>	<b>-</b>	<b>6,191,855</b>	<b>6,191,855</b>	<b>Total Expenditures</b>
(102,888)	6,601	3,242	142,266	142,266	Excess (deficiency) of revenues over (under) expenditures
					<b>Other Financing Sources (Uses)</b>
-	-	-	771,720	771,720	Transfers in
(695,179)	(2,058,930)	(9,108,696)	(628,848)	(628,848)	Transfers out
-	(35,523)	-	-	-	(Loss) on sale of assets held for disposition
<b>(695,179)</b>	<b>(2,094,453)</b>	<b>(9,108,696)</b>	<b>142,872</b>	<b>142,872</b>	<b>Total Other Financing Sources (Uses)</b>
					<b>Special Item</b>
-	-	-	-	-	Contribution to City for bond refunding
(798,067)	(2,087,852)	(9,105,454)	285,138	285,138	Net change in fund balances
7,526,101	2,087,852	9,105,454	20,979,476	20,979,476	Fund balances — July 1
<b>6,728,034</b>	<b>-</b>	<b>-</b>	<b>21,264,614</b>	<b>21,264,614</b>	<b>Fund Balances — June 30</b>

continued

## Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds (continued)

For the Year Ended June 30, 2015

	Total
<b>Revenues</b>	
Taxes	\$ 26,776,041
Intergovernmental	11,254,187
Licenses and permits	1,104,100
Fines and forfeitures	498,047
Charges for services	6,250,594
Special assessments	599,053
Development fees	221,851
Use of money and property	917,362
Contributions from other governments	13,767,559
Other revenue	636,899
<b>Total Revenues</b>	<b>62,025,693</b>
<b>Expenditures</b>	
Current:	
General government	9,537,361
Community development	4,381,279
Culture and recreation	424,445
Public safety	21,689,078
Public works	3,246,720
Capital outlay	6,796,709
Debt service:	
Principal	85,383,881
Interest	8,958,476
<b>Total Expenditures</b>	<b>140,417,949</b>
Excess (deficiency) of revenues over (under) expenditures	(78,392,256)
<b>Other Financing Sources (Uses)</b>	
Transfers in	12,909,887
Transfers out	(13,516,929)
(Loss) on sale of assets held for disposition	(35,523)
<b>Total Other Financing Sources (Uses)</b>	<b>(642,565)</b>
<b>Special Item</b>	
Contribution to City for bond refunding	79,926,516
Net change in fund balances	891,695
Fund balances — July 1	74,212,194
<b>Fund Balances — June 30</b>	<b>\$ 75,103,889</b>

See accompanying notes to basic financial statements.

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

For the Year Ended June 30, 2015

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 891,695</b>
<ul style="list-style-type: none"> <li>• Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.</li> </ul>	
Capital outlay	6,423,142
Capital contributions	2,636,718
Depreciation expense (excluding internal service)	(6,545,944)
.....	
<ul style="list-style-type: none"> <li>• Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</li> </ul>	
	585,320
.....	
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	
<p>These differences in the treatment of long-term debt and related items consist of:</p>	
Bond principal payments	85,000,000
Capital lease principal payments	383,881
Bond premium/discount amortization	(70,685)
.....	
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	
Compensated absences	(253,066)
Accrued interest payable	1,468,618
Net other post-employment benefits (OPEB) obligation	(2,544,738)
.....	
<ul style="list-style-type: none"> <li>• Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</li> </ul>	
City pension contributions	5,222,816
Cost of benefits earned net of employee contributions (pension expense from pension schedule)	(2,920,633)
.....	
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	
	704,215
.....	
<b>Change in net position of governmental activities</b>	<b>\$ 90,981,339</b>

See accompanying notes to basic financial statements.

**Statement of Net Position — Proprietary Funds**

June 30, 2015

	<b>Governmental Activities - Internal Service Funds</b>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 12,616,450
Receivables:	
Interest	17,487
Accounts	80,224
Deposits with PERMA	1,658,419
Prepaid assets	5,194
Inventories	26,363
<b>Total Current Assets</b>	<b>14,404,137</b>
Noncurrent assets:	
Capital assets:	
Vehicles and equipment	8,217,446
Accumulated depreciation	(5,774,284)
Net capital assets	2,443,162
<b>Total Noncurrent Assets</b>	<b>2,443,162</b>
<b>Total Assets</b>	<b>16,847,299</b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	43,920
Claims payable	1,000,000
Unearned revenue	2,069
<b>Total Current Liabilities</b>	<b>1,045,989</b>
Noncurrent liabilities:	
Claims payable	1,224,935
<b>Total Noncurrent Liabilities</b>	<b>1,224,935</b>
<b>Total Liabilities</b>	<b>2,270,924</b>
<b>Net Position</b>	
Net investment in capital assets	2,443,162
Unrestricted	12,133,213
<b>Total Net Position</b>	<b>\$ 14,576,375</b>

*See accompanying notes to basic financial statements.*

## Statement of Revenues, Expenses, and Changes in Net Position — Proprietary Funds

For the Year Ended June 30, 2015

	Governmental Activities - Internal Service Funds
<b>Operating Revenues</b>	
Charges for services	\$ 10,311,916
Other revenue	94,495
<b>Total Operating Revenues</b>	<b>10,406,411</b>
<b>Operating Expenses</b>	
Insurance claims and expenses	9,893,801
Minor equipment	1,926
Depreciation	503,923
Other operating expenses	390
<b>Total Operating Expenses</b>	<b>10,400,040</b>
Operating income	6,371
<b>Nonoperating Revenues</b>	
Interest and investment income	83,036
Gain on sale of capital assets	7,766
<b>Total Nonoperating Revenues</b>	<b>90,802</b>
Income before transfers	97,173
Transfers in	607,042
Change in net position	704,215
Net position — July 1	13,872,160
<b>Net Position — June 30</b>	<b>\$ 14,576,375</b>

See accompanying notes to basic financial statements.

**Statement of Cash Flows — Proprietary Funds**

For the Year Ended June 30, 2015

	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash Flows From Operating Activities</b>	
Receipts from customers and user departments	\$ 10,820,753
Payments to suppliers for goods and services	(10,587,419)
Other receipts	159,296
<b>Net Cash Provided by Operating Activities</b>	<b>392,630</b>
<b>Cash Flows From Noncapital Financing Activities</b>	
Transfers in	607,042
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>607,042</b>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Capital asset acquisitions	(511,618)
Proceeds from the sale of capital assets	9,954
<b>Net Cash (Used) By Capital and Related Financing Activities</b>	<b>(501,664)</b>
<b>Cash Flows From Investing Activities</b>	
Interest received	79,080
<b>Net Cash Provided by Investing Activities</b>	<b>79,080</b>
Net increase in cash and cash equivalents	577,088
Cash and cash equivalents — July 1	12,039,362
<b>Cash and Cash Equivalents — June 30</b>	<b>\$ 12,616,450</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating income	\$ 6,371
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	503,923
Accounts receivable	196,822
Deposits with PERMA	(174,526)
Prepaid assets	(3,875)
Inventories	11,088
Accounts payable	(27,911)
Unearned revenue	758
Claims payable	(120,020)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 392,630</b>
<b>Noncash Investing, Capital, and Financing Activities</b>	
Capital asset purchase (prepaid)	\$ 804,067

See accompanying notes to basic financial statements.

## Statement of Fiduciary Net Position — Fiduciary Funds

June 30, 2015

	Private- Purpose Trust Funds	Agency Funds
	Successor Agency Trust Funds	Agency Funds
<b>Assets</b>		
Cash and investments	\$ 14,969,519	4,142,598
Receivables:		
Interest	26,405	11,557
Loans	9,872,777	-
Special assessments	-	166,717
Prepaid assets	715,671	-
Restricted assets:		
Held with Successor Agency	7,815,503	-
Cash and investments held with fiscal agent	23,603	4,066,130
Assets held for disposition	1,090,317	33,096
<b>Total Assets</b>	<b>34,513,795</b>	<b>8,420,098</b>
<b>Liabilities</b>		
Accounts payable	6,229	36,110
Accrued interest	1,403,793	-
Due to bondholders	-	8,383,988
Long-term liabilities:		
Due in one year	3,725,000	-
Due in more than one year	90,196,307	-
<b>Total Liabilities</b>	<b>95,331,329</b>	<b>8,420,098</b>
<b>Net Position</b>		
Held in trust for other purposes	(60,817,534)	
<b>Total Net Position</b>	<b>\$ (60,817,534)</b>	

See accompanying notes to basic financial statements.

**Statement of Changes in Fiduciary Net Position — Fiduciary Funds**

For the Year Ended June 30, 2015

	Private- Purpose Trust Funds
	Successor Agency Trust Funds
<b>Additions</b>	
Taxes	\$ 16,802,716
Use of money and property	625,719
<b>Total Additions</b>	<b>17,428,435</b>
<b>Deductions</b>	
Administrative expenses	724,394
Contractual services	4,231,205
Other operating expenses	49,111
Interest expense	2,713,042
Costs of issuance	1,052,561
Contributions to other governments	16,598,382
Loss on sale of assets held for disposition	26,864,304
<b>Total Deductions</b>	<b>52,232,999</b>
<b>Special Items</b>	
Contribution of government-use property to City	(1,829,718)
Contribution to City for bond refunding	(79,926,516)
<b>Total Special Items</b>	<b>(81,756,234)</b>
Change in net position	(116,560,798)
Net position — July 1	55,743,264
<b>Net Position — June 30</b>	<b>\$ (60,817,534)</b>

See accompanying notes to basic financial statements.

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### NOTE A – REPORTING ENTITY

The City of Cathedral City (the "City") was incorporated in 1981 under the general laws of the State of California and enjoys all the rights and privileges pertaining to such "general law" cities. The City operates under a Council-Manager form of government and the City Council is comprised of five members. Among the services provided by the City are public safety (police and fire protection), public works (maintenance of streets and parks), community development (building, planning, engineering and code compliance), business development, community events and general administrative support.

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

#### 1. Blended Component Units.

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

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

#### 2. Fiduciary Component Unit.

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

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Remaining assets can 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 will only be allocated property tax revenues in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The nature and significance of the relationship between the City and the Successor Agency is such that it would be misleading to exclude the Successor Agency from the City's financial statements. The Successor Agency is reported herein in the City's fiduciary funds as private-purpose trust funds. Separate financial statements for the Successor Agency are not prepared. The Successor Agency's fiscal year end is 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 all of the non-fiduciary activities of the primary government and its component units. 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 all of the City's assets and liabilities, with the difference between the two 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 that are restricted to meeting the operational or capital requirements of a particular 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 (although excluded from the government-wide financial statements). 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 60 days after year end. Sales

taxes, property taxes, utility users' taxes, transactions and use taxes, franchise fees, motor vehicle in lieu payments, transient occupancy taxes, grants, and interest associated with the current fiscal period are susceptible to accrual. Other revenue items become measurable and available when cash is received by the City and are recognized as revenue at that time. Expenditures are recorded when the related liability is incurred, except for debt service expenditures, and expenditures related to compensated absences and claims and judgments, which are not recognized until paid.

The City reports the following governmental fund types:

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

For reporting purposes, the General Fund includes the following funds: 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 Big League Dreams and Special Deposits funds do not meet the fund type definitions included in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Therefore, for U.S. GAAP reporting they are included as part of the General Fund.

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

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

- The Developer Fees special revenue fund is used to account for the various fees charged to developers and collected by the City. The fees collected are restricted for the specific purposes designated by each of the fees.
- The Successor Housing Agency special revenue fund accounts for restricted revenue, such as housing program repayments, rental income, and interest earnings that are 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.
- The Successor Housing Agency 2002 D TAB capital projects fund accounts for financial resources, such as remaining bond proceeds, monies received from asset dispositions and interest earnings that are to be used in accordance with applicable housing-related provisions of the Community Redevelopment law. This fund was closed into the Successor Housing Agency special revenue fund as of June 30, 2015.
- The Successor Housing Agency 2002 E TAB capital projects fund accounts for financial resources, such as remaining bond proceeds, monies received from asset dispositions and interest earnings that are to be used in

accordance with applicable housing-related provisions of the Community Redevelopment law. This fund was closed into the Successor Housing Agency special revenue fund as of June 30, 2015.

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

The City reports the following proprietary fund type:

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

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

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

#### **NOTE D – ELIMINATING INTERNAL ACTIVITY**

Interfund loans, including those from cash overdrafts in funds, interfund services provided or used, and prepaid expenditures of internal service funds are eliminated as internal balances in the government-wide statement of net position. This is to minimize the "grossing-up" effect on assets and liabilities within the governmental activities column of the primary government. As a result, interfund loans and interfund services provided and/or used reported in the governmental funds balance sheet have been eliminated in the government-wide statement of net position.

Eliminations were made in the statement of activities to remove the "doubling-up" effect of internal service fund activity. The effect of interfund services provided and used between functions has not been eliminated in the statement of activities since to do so would misstate both the expenses of the purchasing function and the program revenues of the selling function.

#### **NOTE E – ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCES**

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

Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. City investments are recorded at fair value, which is primarily determined on the basis of quoted market prices at year end, except for certain certificates of deposit and investment agreements that are reported at cost because they are not transferable and they have terms that are 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 and falls 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 a 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), highly-liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the internal service funds' share in the cash and investment pool of the City. The entire balance of cash and investments on the statement of net position for the internal service funds is considered cash and cash equivalents for purposes of the statement of cash flows.
- 3. Accounts Receivable.** Property taxes, sales and use taxes, utility users' taxes, transactions and use taxes, franchise fees, and transient occupancy taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 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.** During the course of 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.
- 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. Restricted Assets.** Certain cash and investments held by the fiscal agent reported in governmental activities, the Public Financing Authority debt service fund, and the 2004 Series A Limited Obligation Bonds 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 District 2001-01, CFD Rio Vista, and Assessment District 2003-01 capital projects funds are classified as restricted assets as they are remaining proceeds of debt issues and their use is limited by applicable bond covenants.

- 10. 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 are recorded at estimated fair value at the date of donation. Capital assets are defined by the City as 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 that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

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

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

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

- 10. Assets Held for Disposition (formerly Land Held for Resale).** Upon the dissolution of the former redevelopment agency, the City took on the role of 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.

- 11. Deferred Outflows/Inflows of Resources.** In addition to assets, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category, the deferred outflows relating to the pensions reported in the government-wide statement of net position. These outflows are the results of contributions made after the measurement period, which are expensed in the following year, and adjustments due to the difference in proportions and the difference between actual contributions made and the proportionate share of the risk pool’s total contributions. These amounts are deferred and amortized over the expected average remaining service life time.

In addition to liabilities, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item that qualifies for reporting in this category in the government-wide statement of net position – deferred inflows relating to pensions. These inflows are the result of adjustments due to the difference in proportions, and the net difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized over the expected average remaining service life time and straight-line over a five-year period, respectively. The government also has one type of item that qualifies for reporting in this category under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: sales taxes, property taxes, grant reimbursements and interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

- 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 substantially all of its employees.

Regular status City employees earn vacation hours based upon their respective Memorandum of Understanding (MOU) and length of service. Employees can carry forward unused vacation hours up to twice the annual earned amount for use in a subsequent year. There is no limit for non-represented employees. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, a liability is recorded in the government-wide financial statements for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of 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. Hours that can be carried forward for use in a subsequent year range from 580 to 1,440. The maximum for non-represented employees is 960 hours. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, a liability is recorded in the government-wide financial statements for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee.

A current liability is accrued in the governmental funds for material compensated absences due on demand to governmental funds employees that have terminated 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. Pensions.** For purposes of measuring the net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under 'Forms and Publications'.

**15. 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 from time to time, 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 programs 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.

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

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

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

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

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

Unassigned – The residual classification, which includes all spendable amounts not contained in other classifications. This classification also includes amounts set aside for cash flow reserves, economic uncertainties and budget-related reserves in accordance with the revised fund balance policy approved on September 10, 2014 (Resolution 2014-37). The revised fund balance policy strives to set aside a minimum of 33% of budgeted expenditures and transfers out, with a target of 50% by fiscal year 2020 for cash flow reserves (50%), economic uncertainties (40%) and budget-related reserves (10%).

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**18. 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 that are received within 60 days after year end.

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

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

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.

**19. 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.

**20. Use of Estimates.** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### **NOTE F – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES**

**Governmental Accounting Standards Board Statements No. 68 and 71** – In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The statement’s objective is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

GASB Statement No. 68 is effective for periods beginning after June 15, 2014. The provisions of Statement No. 71 are required to be applied simultaneously with the provisions of Statement No. 68. The City reviewed the applicability of these Statements and determined they were applicable. Implementation resulted in the following impact to the City’s financial statements for the year ended at June 30, 2015.

Net position, June 30, 2014, as previously reported	\$ 2,680,056
Net pension liability, June 30, 2014	(39,966,518)
Deferred outflows of resources, June 30, 2014	<u>8,292,279</u>
Net position, June 30, 2014, as restated	<u>\$ (28,994,183)</u>

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

**Governmental Accounting Standards Board Statement No. 72** – In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The statement’s objective is to enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government’s financial position.

GASB Statement No. 72 is effective for periods beginning after June 15, 2015.

**Governmental Accounting Standards Board Statement No. 73** – In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statement Nos. 67 and 68 with regard to: (1) information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported; (2) accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined pension plans; and (3) timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

GASB Statement No. 72 is effective for periods beginning after June 15, 2016.

**Governmental Accounting Standards Board Statement No. 74** – In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. Statement No. 74 replaces Statements No. 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended and No. 57, *OPEB Measurements by Agency Employers and Agent Multiple-Employer Plans*. It also includes requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, and Statement No. 50, *Pension Disclosures*.

GASB Statement No. 74 is effective for periods beginning after June 15, 2016.

**Governmental Accounting Standards Board Statement No. 75** – In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Statement establishes new accounting and financial reporting for OPEB that is provided to the employees of state and local governments. Statement No. 75 replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

GASB Statement No. 75 is effective for periods beginning after June 15, 2017.

**Governmental Accounting Standards Board Statement No. 76** – In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local government entities in conformity with GAAP and the framework for selecting those principles. The Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

GASB Statement No. 76 is effective for periods beginning after June 15, 2015.

**Governmental Accounting Standards Board Statement No. 77** – In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about a government’s tax abatement agreements and the impact that they have on a government’s finances. The Statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government’s tax revenues.

GASB Statement No. 77 is effective for periods beginning after December 15, 2015.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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### NOTE A – DEFICIT FUND EQUITY

There were no funds with a deficit fund balance or net position at June 30, 2015.

## III. DETAILED NOTES FOR ALL FUNDS

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### NOTE A – DEPOSITS AND INVESTMENTS

- 1. Deposits.** Cash includes amounts in demand and time deposits. The City maintains a single cash account at Wells Fargo Bank for payment of general accounts payable checks and payroll checks. At year end, the City's bank balance was \$76,276. The balance reported in the June 30, 2015 financial statements was \$(250,408). The difference between the two amounts represents outstanding checks, deposits in transit, and other reconciling items.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are 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 that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured by the FDIC.

As of June 30, 2015, deposits were not subject to custodial credit risk as they were entirely insured or collateralized with securities held by the City or the City’s agent in the City’s name.

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

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

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

**Table 1**  
**Authorized Investments – City Treasurer**  
 June 30, 2015

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

\* Excluding amounts held by bond trustee, which are not subject to California Government Code restrictions.  
 † LAIF account balances are capped at \$50 million for regular accounts. Bond proceeds accounts have no deposit restrictions. The City maintains five separate accounts with LAIF – two regular accounts and three bond proceeds accounts.

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

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

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Table 2

**Authorized Investments – Bond Trustees**

June 30, 2015

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

At June 30, 2015, the City’s investment balances were as shown in **Table 3** below.

Table 3

**Investment Balances**

June 30, 2015

	<b>Fair Value</b>
<b>Investments governed by CA Government Code/City investment policy:</b>	
Local Agency Investment Fund (LAIF)	\$ 62,737,108
Certificates of deposit	2,510,747
Federal agency securities	4,986,709
Medium-term notes	11,539,413
Money market mutual funds	1,086,919
<b>Total investments governed by CA Government Code/City investment policy</b>	<b>82,860,896</b>
<b>Investments governed by debt agreements:</b>	
Local Agency Investment Fund (LAIF)	421,601
Money market mutual funds	7,815,385
Local agency bonds	3,204,969
<b>Total investments governed by debt agreements</b>	<b>11,441,955</b>
<b>Total investments</b>	<b>\$ 94,302,851</b>

[This space left blank intentionally.]

A reconciliation of cash and investments as shown in the basic financial statements as of June 30, 2015, is shown in **Table 4** below.

**Table 4**  
**Reconciliation of Cash and Investments**  
 June 30, 2015

	<b>Primary Government</b>
<b>Governmental activities:</b>	
Cash on hand	\$ 3,650
Other cash – Playa del Sol	78,109
Deposits with financial institutions	(250,408)
Investments	<u>54,956,917</u>
Subtotal – cash and investments	54,788,268
Investments held in trust	3,204,969
Restricted cash and investments	<u>5,123,612</u>
<b>Total governmental activities</b>	<b>\$ 63,116,849</b>
<b>Fiduciary:</b>	
Private-Purpose Trust Funds:	
Investments	14,969,519
Restricted cash and investments	7,839,106
Agency Funds:	
Investments	4,142,598
Restricted cash and investments	<u>4,066,130</u>
<b>Total fiduciary</b>	<b><u>31,017,353</u></b>
<b>Total cash and investments</b>	<b><u>\$ 94,134,202</u></b>

**3. 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, 2015, the total amount invested by all public agencies in LAIF is \$21.5 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2015 had an investment portfolio balance of \$69.6 billion. Of that amount, 2.08% is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 239 days as of June 30, 2015.

**4. 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 that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, as necessary, to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City’s investments (including investments held by the bond trustee) to market interest rate fluctuations is provided by **Table 5**, which shows the distribution of the City’s investments by maturity.

Table 5

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)	\$ 63,158,709	63,158,709	-	-	-
Certificates of deposit	2,510,747	-	1,009,596	1,501,151	-
Federal agency securities	4,986,709	-	-	4,986,709	-
Medium-term notes	11,539,413	4,019,713	3,045,121	4,474,579	-
Money market mutual funds	8,902,304	8,902,304	-	-	-
Local agency bonds	3,204,969	197,252	417,438	720,711	1,869,568
<b>Total</b>	<b>\$ 94,302,851</b>	<b>76,277,978</b>	<b>4,472,155</b>	<b>11,683,150</b>	<b>1,869,568</b>

5. **Credit Risk.** Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. It is measured by the assignment of a rating by nationally-recognized statistical rating organizations, such as Standard & Poor's (S&P) and Moody's. All City investments, except for certificates of deposit, local agency bonds, and LAIF require a minimum 'A' rating by the rating organization at the time of purchase. **Table 6** below presents the actual rating by S&P and Moody's as of June 30, 2015 for each investment type.

Table 6

S&P	Moody's	LAIF	Certificates of Deposit	Federal Agency Securities	Medium-Term Notes	Money Market Mutual Funds	Local Agency Bonds	Total
AAAm	Aaa-mf	\$ -	-	-	-	8,902,304	-	8,902,304
AA+	Aaa	-	-	4,986,709	-	-	-	4,986,709
AA+	A1	-	-	-	995,388	-	-	995,388
AA-	A1e	-	-	-	503,560	-	-	503,560
A+	A2	-	-	-	2,008,045	-	-	2,008,045
A	A3	-	-	-	1,993,035	-	-	1,993,035
A	Baa1	-	-	-	1,003,055	-	-	1,003,055
A-	A2	-	-	-	989,762	-	-	989,762
A-	A3	-	-	-	3,021,429	-	-	3,021,429
A-	Baa1	-	-	-	1,025,139	-	-	1,025,139
NR	NR	63,158,709	2,510,747	-	-	-	3,204,969	68,874,425
<b>Total</b>		<b>\$ 63,158,709</b>	<b>2,510,747</b>	<b>4,986,709</b>	<b>11,539,413</b>	<b>8,902,304</b>	<b>3,204,969</b>	<b>94,302,851</b>

NR - Not rated

6. **Custodial Credit Risk.** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2015, in accordance with the City's investment policy, none of the City's investments were held with a counterparty. All of the City's investments were held with independent third party custodian banks. The City uses Union Bank N.A., Wells Fargo Securities, and Mutual Securities, Inc. as third-party custody and safekeeping services for its investment securities. Custodial credit risk is the risk that the City will not be able to recover the value of its investments in the event of a failure of these entities. All City investments held in custody and safekeeping by these entities are held in the name of the City and are segregated from securities owned by the bank. This is the lowest level of custodial credit risk exposure.

**NOTE B – RECEIVABLES**

1. **Loans Receivable.** The City's outstanding loans receivable as of June 30, 2015 are summarized in **Table 7** below.

Table 7

**Loans Receivable**

June 30, 2015

Borrower	Loan Date	Loan Amount	Loan Term/ Due Date	Interest Rate	Payment Frequency	Outstanding Balance
Big League Dreams Sports, LLC	07/30/98	\$ 4,350,239	09/30/27	10.02%	Quarterly	\$ 3,303,378
Cathedral/Creekside, L.P.	11/01/02	1,800,000	30 years <sup>1</sup>	0.00%	Annual <sup>2</sup>	1,800,000
Cathedral City Heritage Park, L.P.	12/01/02	2,700,000	30 years <sup>1</sup>	5.00%	Annual <sup>2</sup>	4,140,960
Southern California Housing Development Corp.	05/01/03	1,000,000	30 years <sup>1</sup>	0.00%	Annual <sup>2</sup>	1,000,000
Southern California Housing Development Corp.	09/26/07	280,000	12/31/15	0.00%	Lump sum <sup>3</sup>	280,000
Cathedral Family Housing Partners, L.P.	09/21/07	4,006,162	55 years <sup>1</sup>	2.00%	Annual <sup>2</sup>	4,431,069
Terracina Cathedral City Apartments, L.P.	12/01/10	50,000	55 years <sup>1</sup>	3.00%	Annual <sup>2</sup>	50,690
Northwoods – Cathedral City LLC	08/14/01	325,000	33 years <sup>1</sup>	0.00%	Lump sum <sup>3</sup>	325,000
Low and moderate income housing property owners Cathedral Center	Various 06/30/15	Various 50,000	Various 5 years	0.00%	Lump sum <sup>4</sup> Annual	1,317,357 50,000
<b>Total</b>						<b><u>\$ 16,698,454</u></b>

<sup>1</sup> From date certificate of completion was issued.

<sup>2</sup> From residual receipts, if any.

<sup>3</sup> At end of loan term.

<sup>4</sup> At time property owner refinances/sells the property or no longer qualifies for low/moderate income housing under established guidelines.

On June 22, 2015, the City entered into a one-time, no interest loan agreement with the Cathedral Center in the amount of \$50,000. The loan is to be repaid at the rate of \$10,000 per year beginning in fiscal year 2015-16. If contributions to the Cathedral Center from individuals, grants, foundations, and other sources exceed \$60,000 in the fiscal year immediately preceding the date on which each loan repayment is due, then \$5,000 of the repayment due for that year shall be forgiven. If such contributions exceed \$75,000, the entire \$10,000 repayment due for that year shall be forgiven. The loan was made to the Cathedral Center on June 30, 2015.

**NOTE C – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The City's interfund balances and transfers as of June 30, 2015 are summarized below.

- Interfund Receivables/Payables.** "Due to/from" balances are short-term loans to cover temporary cash shortages. "Advances to/from" balances would represent long-term loan activity between various funds. There were no short-term or long-term loan activities between funds as of June 30, 2015.
- 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 revenues to reimburse labor and overhead of various programs that the government must account for in other funds in accordance with budgetary authorizations. Transfers are summarized in Table 8 on the following page.

Table 8

Transfers In	Transfers Out						Total
	General Fund	Public Financing Authority	Areawide Capital Projects	2002 TAB D Housing Bonds	2002 TAB E Housing Bonds	Nonmajor Governmental	
General Fund	\$ -	-	-	-	-	464,276	464,276
Successor Housing Agency	-	-	-	2,058,930	9,108,696	-	11,167,626
Public Financing Authority	506,265	-	-	-	-	-	506,265
Nonmajor Governmental	142,723	376,288	88,137	-	-	164,572	771,720
Internal Service: Insurance Fund	-	-	607,042	-	-	-	607,042
<b>Total</b>	<b>\$ 648,988</b>	<b>376,288</b>	<b>695,179</b>	<b>2,058,930</b>	<b>9,108,696</b>	<b>628,848</b>	<b>13,516,929</b>

During the year ended June 30, 2015, various interfund transfers listed above were made to finance expenditures and service debt. Transfers between the governmental and/or proprietary funds consisted of:

- \$9,108,696 and \$2,058,930 from the 2002 TAB E Housing Bonds and 2002 TAB D Housing Bonds funds, respectively, to the Successor Housing Agency fund. The remaining balances in these funds were transferred to close out the funds.
- \$607,042 from the Areawide Capital Projects fund to the Insurance fund.
- \$506,265 from the General Fund (Big League Dreams fund) to the Public Financing Authority fund for debt service payments (principal and interest) as they became due.
- \$464,276 from various nonmajor governmental funds to the General Fund for salary/benefits and other cost reimbursements.
- \$376,288 from the Public Financing Authority fund to the 2004 Limited Obligation Bond A fund (nonmajor fund) for debt service payments (principal and interest) as they became due.
- \$164,572 from various nonmajor governmental funds to other nonmajor governmental funds for salary/benefits reimbursements.
- \$142,723 from the General Fund to a nonmajor governmental fund for maintenance costs reimbursements.
- \$88,137 from the Areawide Capital Projects fund to a nonmajor governmental fund for project cost corrections.

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**NOTE D – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, is shown in **Table 9** and **Table 10** below.

**1. Governmental Activities.****Table 9****Governmental Activities**

For the Year Ended June 30, 2015

	July 1	Additions	Deletions	Transfers	June 30
<b>Capital assets not being depreciated:</b>					
Land	\$ 24,049,537	2,636,718	-	-	26,686,255
Construction in progress	<u>4,567,017</u>	<u>6,423,142</u>	-	<u>(2,026,440)</u>	<u>8,963,719</u>
<b>Total capital assets not being depreciated</b>	<b>28,616,554</b>	<b>9,059,860</b>	<b>-</b>	<b>(2,026,440)</b>	<b>35,649,974</b>
<b>Capital assets being depreciated:</b>					
Buildings and improvements	22,878,029	-	-	-	22,878,029
Structures and improvements	8,941,707	-	-	-	8,941,707
Vehicles, furniture and equipment	14,207,672	1,315,685	(420,466)	-	15,102,891
Infrastructure	175,683,030	-	-	2,026,440	177,709,470
Intangibles	<u>406,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,817</u>
<b>Total capital assets being depreciated</b>	<b>222,117,255</b>	<b>1,315,685</b>	<b>(420,466)</b>	<b>2,026,440</b>	<b>225,038,914</b>
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	(11,822,150)	(847,227)	-	-	(12,669,377)
Structures and improvements	(4,583,433)	(477,143)	-	-	(5,060,576)
Vehicles, furniture and equipment	(10,831,561)	(831,259)	418,278	-	(11,244,542)
Infrastructure	(68,723,632)	(4,886,685)	-	-	(73,610,317)
Intangibles	<u>(399,264)</u>	<u>(7,553)</u>	<u>-</u>	<u>-</u>	<u>(406,817)</u>
<b>Total accumulated depreciation</b>	<b>(96,360,040)</b>	<b>(7,049,867)</b>	<b>418,278</b>	<b>-</b>	<b>(102,991,629)</b>
<b>Total capital assets being depreciated, net</b>	<b>125,757,215</b>	<b>(5,734,182)</b>	<b>(2,188)</b>	<b>2,026,440</b>	<b>122,047,285</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 154,373,769</b>	<b>3,325,678</b>	<b>(2,188)</b>	<b>-</b>	<b>157,697,259</b>

**2. Depreciation Expense.** Depreciation expense that was charged to governmental activities' functions is summarized in **Table 10** below.

**Table 10**

General government	\$ 530,502
Community development	470,540
Culture and recreation	270,405
Public safety	338,586
Public works, including depreciation of infrastructure assets	4,935,911
Capital assets held by internal service funds	<u>503,923</u>
<b>Total</b>	<b>\$ 7,049,867</b>

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3. **Construction Commitments.** The City's governmental-type activities have entered into construction and professional services contracts having remaining commitments under contract as of June 30, 2015, as shown in **Table 11** below.

Table 11

Project	Project No.	Remaining Commitments
Date Palm Drive/I-10 Interchange	8724	\$ 1,116,322
Whitewater Neighborhood Park	7012	456,415
Jefferson Street/I-10 Interchange	8726	306,636
<b>Total</b>		<b>\$ 1,879,373</b>

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

## NOTE E – LEASE OBLIGATIONS

1. **Capital Leases.** The governmental activities capital leases are for various equipment purchases and improvements made as summarized in **Table 12** below.

Table 12

Lessor	Purpose	Final Payment	Payment Frequency	Outstanding Balance
Sun Trust Leasing Corporation <sup>1</sup>	Energy savings project: building lighting, traffic LEDs, solar electric panels and window tinting.	09/23/16	Annual	\$ 319,028
Motorola, Inc. <sup>1</sup>	Eastern Riverside County Interoperable Communications Authority (ERICA) backbone – dispatch/subscriber equipment.	10/01/18	Annual	891,502
Dell Financial Services	Upgrade server and storage capabilities.	04/01/19	Monthly	106,825
<b>Total</b>				<b>\$ 1,317,355</b>

<sup>1</sup> The former redevelopment agency committed to making the annual payments required under the agreement. The Successor Agency continues to fund the annual payments through the semi-annual Recognized Obligation Payment Schedule (ROPS).

The related net book values of plant and equipment under capital lease obligations as of June 30, 2015, are summarized in **Table 13** below.

Table 13

Governmental Activities	
Buildings and improvements	\$ 216,856
Structures and improvements	2,269,559
Vehicles, furniture and equipment	2,151,511
Infrastructure	360,669
Less accumulated depreciation	(2,060,809)
<b>Net Book Value</b>	<b>\$ 2,937,786</b>

**Table 14** is a schedule by year of future minimum lease obligations together with the present value of the net minimum lease payments as of June 30, 2015.

Table 14

Year	Governmental Activities
2016	\$ 455,740
2017	438,164
2018	277,739
2019	<u>272,748</u>
<b>Total minimum lease payments</b>	<b>1,444,391</b>
Less amounts representing interest	<u>(127,036)</u>
<b>Present value of minimum lease payments</b>	<b><u>\$ 1,317,355</u></b>

2. **Operating Leases.** The City is committed under various cancelable leases for property and equipment. These leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended June 30, 2015, were approximately \$36,194 for governmental activities. The City expects these leases to be replaced in the ordinary course of business with similar leases. Future minimum lease payments should be approximately the same amount.

**NOTE F – LONG-TERM DEBT**

1. **Lease Revenue Bonds.** Bond 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 summarized in **Table 15** below.

Table 15

Bonds	Issue Date	Issue Amount	Interest Rate	Final Payment Date	Reserve Required	Reserve Amount	Outstanding Balance
1997 Taxable Lease Revenue	03/19/97	\$ 5,920,000	7.75% - 7.875%	08/01/27	\$ 592,000	\$ 592,060	<u>\$ 4,065,000</u>
<b>Total</b>							<b><u>\$ 4,065,000</u></b>

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

Table 16

Year	Governmental Activities	
	Principal	Interest
2016	\$ 190,000	311,988
2017	205,000	296,681
2018	220,000	280,212
2019	240,000	262,238
2020	260,000	242,550
2021 – 2025	1,630,000	859,556
2026 – 2028	<u>1,320,000</u>	<u>161,437</u>
<b>Total</b>	<b><u>\$ 4,065,000</u></b>	<b><u>2,414,662</u></b>

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

other payments under the lease agreements. For the current year, principal and interest paid and total lease revenues received were \$506,325.

2. **Tax Allocation Bonds (TABs).** Tax allocation bonds were generally issued to finance the construction and acquisition of certain capital improvements in the designated project areas of the former redevelopment agency. In addition, proceeds of housing-related bonds were used by the former redevelopment agency to increase, improve, and preserve the supply of low/moderate income housing. Bonds outstanding at June 30, 2015, are summarized in **Table 17** below.

Table 17

Bonds	Issue Date	Issue Amount	Interest Rate	Final Payment Date	Reserve Required	Reserve Amount <sup>1</sup>	Outstanding Balance
2000 TAB, Series A (Capital Appreciation Bonds)	03/30/00	\$ 2,221,000	6.00% - 6.15%	08/01/33	-	-	\$ 2,221,000
2004 TAB, Series B	12/02/04	8,630,000	4.93% - 5.87%	08/01/34	598,165	598,165	6,930,000
2007 TAB, Series A	03/09/07	29,740,000	4.50%	08/01/35	1,700,217	1,700,217	29,740,000
2007 TAB, Series B	03/09/07	53,400,000	5.14% - 5.39%	08/01/31	3,052,844	3,052,844	43,445,000
2007 TAB, Series C	03/09/07	31,860,000	4.00% - 5.00%	08/01/35	2,148,925	2,149,014	28,190,000
<b>Total</b>							<b>\$ 110,526,000</b>

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

On September 18, 2014, the Successor Agency (private-purpose trust funds) issued \$73,755,000 in tax allocation refunding bonds with interest rates ranging from 0.7% to 5.0%. The funds generated from the bonds, together with the net premium/discount and other funds, were used to refund \$79,030,000 of debt originally issued by the Public Financing Authority for use by the former redevelopment agency. The refunded bonds included the outstanding 2000 Tax Allocation Revenue Bonds – Series A (serial current interest senior bonds and term senior bonds), 2002 Tax Allocation Revenue Bonds – Series A, 2002 Tax Allocation Revenue Bonds – Series D (Housing), 2002 Tax Allocation Revenue Bonds – Series E (Housing), 2004 Tax Allocation Revenue Bonds – Series A, and 2005 Tax Allocation Revenue Bonds – Series A. (See **Note III-H.4** – Successor Agency Trust Funds for Assets of Former Redevelopment Agency.) Total debt service was reduced by \$11,442,429 as a result of the refunding. The net present value of the debt service savings is called an economic gain and amounted to \$8,704,974.

Tax allocation bonds' debt service requirements to maturity are summarized in **Table 18** below.

Table 18

Year	Governmental Activities	
	Principal <sup>1</sup>	Interest <sup>2</sup>
2016	\$ 2,755,000	5,320,172
2017	2,885,000	5,183,751
2018	3,025,000	5,039,615
2019	3,175,000	4,885,248
2020	3,330,000	4,720,115
2021 – 2025	19,971,621	22,377,036
2026 – 2030	26,229,719	19,245,038
2031 – 2035	36,964,660	10,638,324
2036	12,190,000	274,275
<b>Total</b>	<b>\$ 110,526,000</b>	<b>77,683,574</b>

<sup>1</sup> Does not include unamortized premiums of \$162,787.

<sup>2</sup> Does not include accreted interest of \$3,170,124.

The City pledged a portion of future property tax increment revenues to repay the outstanding bonds. The bonds are payable solely from these incremental property taxes generated by increased property values in the project areas.

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

Contributions (property taxes) received from the Successor Agency during the fiscal year ended June 30, 2015 totaled \$13,096,058.

- 3. Limited Obligation Bonds (LOBs).** Bond proceeds were used to purchase the entire outstanding Limited Obligation Refunding Improvement Bonds City of Cathedral City Assessment District 96-1 (Rio Vista) Series 2004. In addition, proceeds refunded the Authority’s 1996 Series A and Series B Revenue Bonds, which were paid off in September 2011. Repayment of the remaining outstanding bonds is secured solely by payments received from the 2004 Rio Vista District Bonds. Bonds outstanding at June 30, 2015, are summarized in **Table 19** below.

Table 19

Bonds	Issue Date	Issue Amount	Interest Rate	Final Payment Date	Reserve Required	Reserve Amount <sup>1</sup>	Outstanding Balance
2004 Series A LOBs	12/03/04	\$15,525,000	4.25% - 5.30%	09/02/26	\$ 359,612	\$ 226,335	\$ 3,190,000
<b>Total</b>							<b>\$ 3,190,000</b>

<sup>1</sup> Per the bond indenture, the reserve was funded for \$179,806 (50% of the required amount) with bond proceeds. Thereafter, the reserve amount would be increased based on interest earnings until the reserve was 100% funded.

Limited obligation bonds’ debt service requirements to maturity are summarized in **Table 20** below.

Table 20

Year	Governmental Activities	
	Principal <sup>1</sup>	Interest
2016	\$ 205,000	153,960
2017	215,000	144,559
2018	225,000	134,492
2019	235,000	123,854
2020	245,000	112,571
2021 – 2025	1,410,000	363,189
2026 – 2027	655,000	35,113
<b>Total</b>	<b>\$ 3,190,000</b>	<b>1,067,738</b>

<sup>1</sup> Does not include unamortized premiums of \$42,754.

**4. Changes in Long-Term Liabilities.** Long-term liability activity for the year ended June 30, 2015, is summarized in **Table 21** below.

Table 21

Governmental Activities	July 1 (restated) †	Additions	Deletions	June 30	Due within one year
<b>Bonds:</b>					
Lease revenue	\$ 4,245,000	-	(180,000)	4,065,000	190,000
Tax allocation	195,151,000	-	(84,625,000)	110,526,000	2,755,000
Limited obligation	3,385,000	-	(195,000)	3,190,000	205,000
Unamortized bond discount	(98,255)	-	98,255	-	-
Unamortized bond premium	233,111	-	(27,570)	205,541	-
Accreted interest	<u>2,856,626</u>	<u>313,498</u>	<u>-</u>	<u>3,170,124</u>	<u>-</u>
<b>Total bonds</b>	<b>205,772,482</b>	<b>313,498</b>	<b>(84,929,315)</b>	<b>121,156,665</b>	<b>3,150,000</b>
Capital lease obligations	<u>1,701,236</u>	<u>-</u>	<u>(383,881)</u>	<u>1,317,355</u>	<u>383,881</u>
<b>Total bonds and capital lease obligations</b>	<b>207,473,718</b>	<b>313,498</b>	<b>(85,313,196)</b>	<b>122,474,020</b>	<b>3,533,881</b>
<b>Other long-term liabilities:</b>					
Compensated absences	2,808,491	2,037,709	(1,784,643)	3,061,557	1,600,000
Net pension liability †	39,966,518	2,920,633	(15,426,008)	27,461,143	-
Other postemployment benefits	26,735,340	3,661,087	(1,116,349)	29,280,078	-
Claims and judgments	<u>2,344,955</u>	<u>813,768</u>	<u>(933,788)</u>	<u>2,224,935</u>	<u>1,000,000</u>
<b>Total other long-term liabilities</b>	<b>71,855,304</b>	<b>9,433,197</b>	<b>(19,260,788)</b>	<b>62,027,713</b>	<b>2,600,000</b>
<b>Total Governmental Activities</b>	<b>\$ 279,329,022</b>	<b>9,746,695</b>	<b>(104,573,984)</b>	<b>184,501,733</b>	<b>6,133,881</b>

† July 1 balance restated for implementation of GASB Statement Nos. 68 and 71.

**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 or moral obligation for the payment of this debt. Therefore, this debt is not included in general long-term debt of the City. **Table 22** summarizes the outstanding balance of each of these issues as of June 30, 2015.

Table 22

Bonds	Issue Year	Maturity Year	Outstanding Balance
Assessment District No. 2001-01 Limited Obligation Improvement Bonds	2001	2026	\$ 2,045,000
Community Facilities District No. 2000-1 Special Tax Bonds	2001	2030	11,005,000
Assessment District 96-1 (Rio Vista), Series 2004, Limited Obligation Refunding Improvement Bonds	2004	2026	3,204,969
35 <sup>th</sup> Avenue Assessment District No. 2003-01 Limited Obligation Improvement Bonds	2004	2034	5,035,000
Dream Homes Assessment District No. 2004-01 Limited Obligation Improvement Bonds	2004	2034	4,680,000
Cove Improvement District No. 2004-02 Limited Obligation Improvement Bonds	2005	2035	<u>26,830,000</u>
<b>Total</b>			<b>\$ 52,799,969</b>

## 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 that use funds from more than one classification, the City will generally determine the order which the funds are used on a case-by-case basis, taking into account any application requirements of grant agreements, contracts, business

circumstances, or other constraints. If no restrictions otherwise exist, the order of spending of resources will be restricted, committed, assigned and lastly, unassigned.

Fund balances by classification are detailed in **Table 23** below.

Table 23

	General	Developer Fees	Successor Housing Agency	Public Financing Authority	Areawide Capital Projects	Nonmajor Funds	Total
<b>Nonspendable</b>	\$ 12,760	-	-	-	-	-	12,760
<b>Restricted:</b>							
Capital projects	-	-	-	-	6,556,552	8,897,309	15,453,861
Commercial building operations	50,000	-	-	-	-	-	50,000
Community development	-	52,044	-	-	-	2,382,020	2,434,064
Debt service	3,303,378	-	-	5,963,602	-	1,406,114	10,673,094
Low-mod income housing	-	-	20,422,672	-	-	-	20,422,672
Public safety	-	-	-	-	-	1,746,312	1,746,312
Public works	-	-	-	-	-	6,832,859	6,832,859
<b>Total Restricted</b>	<b>3,353,378</b>	<b>52,044</b>	<b>20,422,672</b>	<b>5,963,602</b>	<b>6,556,552</b>	<b>21,264,614</b>	<b>57,612,862</b>
<b>Assigned:</b>							
Capital projects	-	-	-	-	171,482	-	171,482
Commercial building operations	23,335	-	-	-	-	-	23,335
Debt service	654,092	-	-	-	-	-	654,092
Live Arts	2,948	-	-	-	-	-	2,948
<b>Total Assigned</b>	<b>680,375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>171,482</b>	<b>-</b>	<b>851,857</b>
<b>Unassigned:</b>							
Budget reserves	1,395,552	-	-	-	-	-	1,395,552
Cash flow reserves	6,977,762	-	-	-	-	-	6,977,762
Economic uncertainties	5,582,210	-	-	-	-	-	5,582,210
Unassigned	2,670,886	-	-	-	-	-	2,670,886
<b>Total Unassigned</b>	<b>16,626,410</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,626,410</b>
<b>Total Fund Balances</b>	<b>\$ 20,672,923</b>	<b>52,044</b>	<b>20,422,672</b>	<b>5,963,602</b>	<b>6,728,034</b>	<b>21,264,614</b>	<b>75,103,889</b>

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

The City has prepaid assets of \$12,760, which is 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 \$57,612,862 in total restricted fund balance. Restrictions include:

- \$20,422,672 – 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.
- \$15,453,861 – restricted for capital projects based on bond indentures, grant agreements, and other external parties.
- \$10,673,094 – restricted for debt service repayment based on bond indentures and loan agreements.
- \$6,832,859 – restricted for public works improvements as these monies are received from State and County allocations and local district assessments that have restrictions on their use.
- \$2,434,064 – restricted for community development activities as these monies are received from developers and grant agreements and must be used for specific purposes.

- \$1,746,312 – restricted for public safety activities as these monies are received from developers, grant agreements and donations and must be used for specific purposes.
  - \$50,000 – restricted for operating a commercial building owned by the City and managed by a third party. The third party management agreement requires the City to maintain a minimum working capital balance of \$50,000 with the management company.
- 3. Committed Fund Balances.** Committed funds can only be used for specific purposes pursuant to constraints imposed by City Council, the highest level of decision-making authority in the City. City Council’s formal action to establish committed funds, and to rescind committed funds, is through passage of a resolution. The City currently has no committed fund balances.
- 4. Assigned Fund Balances.** Assigned fund balances are intended for specific purposes but do not require an action by City Council. Although City Council can assign funds, this is generally performed by the City Manager and/or Administrative Services Director.

The City has \$851,857 in total assigned fund balance. Of this total, assignments have been made for future debt service related to Big League Dreams lease revenue bonds (\$654,092), ongoing capital projects (\$171,482), funds in excess of the minimum working capital balance related to the commercial building owned by the City (\$23,335), and supporting the Live Arts program (\$2,948).

- 5. Unassigned Fund Balances.** Unassigned fund balance is the residual classification for the General Fund. A negative unassigned fund balance occurs when expenditures exceed amounts that are nonspendable, restricted, committed, or assigned. No funds had a negative unassigned fund balance. The General Fund (as reported) had amounts set aside for cash flow reserves (\$6,977,762), future economic uncertainties (\$5,582,210), and budget reserves (\$1,395,552) in accordance with the updated fund balance policy (Resolution 2014-37, September 10, 2014) and the remaining unassigned fund balance of \$2,670,886.

#### **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 had 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 they are distributed to other units of state and local government. On May 25, 2011, the City Council elected to become the successor agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 2011-133 in the event of dissolution.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of an oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated property tax revenues in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

1. **Cash and Investments.** Cash and investments reported in the accompanying financial statements as of June 30, 2015, are summarized in **Table 24** below.

Table 24

	<b>Successor Agency Trust Funds</b>
Cash and investments pooled with City	\$ 14,969,519
Restricted cash and investments	<u>7,839,106</u>
<b>Total Cash and Investments</b>	<b><u>\$ 22,808,625</u></b>

2. **Loans Receivable.** Loans receivable reported in the accompanying financial statements as of June 30, 2015, are summarized in **Table 25** below.

Table 25

<b>Borrower</b>	<b>Loan Date</b>	<b>Loan Amount</b>	<b>Loan Term/ Due Date</b>	<b>Interest Rate</b>	<b>Payment Frequency</b>	<b>Outstanding Balance</b>
Flooring Innovations	01/03/11	168,400	01/02/16	7.00%	Lump sum <sup>1</sup>	\$ 221,333
Cathedral Hotel Group, LP/Cathedral Group Ltd.	02/26/10	7,000,000	08/26/16	7.00%	Lump sum <sup>2</sup>	<u>9,651,444</u>
<b>Total</b>						<b><u>\$ 9,872,777</u></b>

<sup>1</sup> At end of loan term. In the event the term expires without an event of default occurring, the full loan and all accrued interest thereon will be forgiven.

<sup>2</sup> At end of loan term. If prior to the due date the Borrower has satisfied all release conditions, the note and all accrued interest thereon will be forgiven.

3. **Capital Assets.** Capital asset activity for the year ended June 30, 2015, is summarized in **Table 26**.

Table 26

	<b>July1</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>June 30</b>
<b>Capital assets not being depreciated:</b>					
Land	\$ 61,043	-	(61,043)	-	-
<b>Total capital assets not being depreciated</b>	<b>61,043</b>	<b>-</b>	<b>(61,043)</b>	<b>-</b>	<b>-</b>
<b>Capital assets being depreciated:</b>					
Buildings and improvements	3,781,341	-	(3,781,341)	-	-
<b>Total capital assets being depreciated</b>	<b>3,781,341</b>	<b>-</b>	<b>(3,781,341)</b>	<b>-</b>	<b>-</b>
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	(1,819,675)	(114,430)	1,934,105	-	-
<b>Total accumulated depreciation</b>	<b>(1,819,675)</b>	<b>(114,430)</b>	<b>1,934,105</b>	<b>-</b>	<b>-</b>
<b>Total capital assets being depreciated, net</b>	<b>1,961,666</b>	<b>(114,430)</b>	<b>(1,847,236)</b>	<b>-</b>	<b>-</b>
<b>Total capital assets, net</b>	<b><u>\$ 2,022,709</u></b>	<b><u>(114,430)</u></b>	<b><u>(1,908,279)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

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4. **Long-Term Debt.** Long-term debt reported in the accompanying financial statements as of June 30, 2015, is summarized in **Table 27** below.

Table 27

	Date	Amount	Interest Rate	Final Payment Date	Outstanding Balance
Notes payable:					
CJR Investment Partnership	12/29/86	\$ 2,788,423	2% over Wells Fargo prime rate	11/22/27 <sup>1</sup>	\$ 12,490,094
2014A Tax Allocation Refunding Bonds	09/15/14	46,140,000	2.00% - 5.00%	08/01/34	46,140,000
2014B Tax Allocation Refunding Bonds	09/15/14	15,630,000	2.00% - 5.00%	08/01/33	15,630,000
2014C Tax Allocation Refunding Bonds	09/15/14	11,985,000	0.70% - 4.75%	08/01/33	11,985,000
2014 TARB - total					73,755,000
Other tax allocation bonds <sup>2</sup>					-
<b>Total</b>					<b>\$ 86,245,094</b>

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

<sup>2</sup> Various tax allocation bonds were issued by the Public Financing Authority. The bond proceeds were either loaned to the former redevelopment agency or used to purchase tax allocation bonds issued simultaneously by the former redevelopment agency. In the Comprehensive Annual Financial Report, activity related to the tax allocation bonds has consistently been reported in the Public Financing Authority fund. Although the tax allocation bonds are also a debt of the former redevelopment agency, activity will continue to be reported under the Public Financing Authority to avoid reporting the same debt twice. Refer to **Note III-F.2** for a complete discussion of the outstanding other tax allocation bonds.

On September 18, 2014, the Successor Agency issued \$73,755,000 in tax allocation refunding bonds with interest rates ranging from 0.7% to 5.0%. The funds generated from the bonds, together with the net premium/discount and other funds, were used to refund \$79,030,000 of debt originally issued by the Public Financing Authority for use by the former redevelopment agency. The refunded bonds included the outstanding 2000 Tax Allocation Revenue Bonds – Series A (serial current interest senior bonds and term senior bonds), 2002 Tax Allocation Revenue Bonds – Series A, 2002 Tax Allocation Revenue Bonds – Series D (Housing), 2002 Tax Allocation Revenue Bonds – Series E (Housing), 2004 Tax Allocation Revenue Bonds – Series A, and 2005 Tax Allocation Revenue Bonds – Series A. (See **Note II-F.2** – Long-Term Debt.) The refunding plan and bond issuance were reviewed and approved by the California Department of Finance on July 11, 2014. The Successor Agency's bond refundings are the first refunding bond issuances completed since the dissolution of all redevelopment agencies in the State.

The refunding plan consisted of three bond issuances: (1) Tax Allocation Revenue Refunding Bonds, Series 2014A (\$46,140,000); (2) Tax Allocation Housing Revenue Refunding Bonds, Series 2014B (\$15,630,000); and (3) Taxable Tax Allocation Housing Revenue Refunding Bonds, Series 2014C (\$11,985,000). The bonds were sold at a net premium/discount of \$7,982,126, which generated additional funds for the refunding program. Total debt service was reduced by \$11,442,429 as a result of the refunding.

The bonds are payable in annual installments ranging from \$1,845,000 to \$4,905,000 until maturity on August 1, 2034. Interest is payable semiannually on February 1 and August 1, with rates ranging from 0.70% to 5.00% per annum. The outstanding bonds at June 30, 2015 were \$46,140,000, \$15,630,000 and \$11,985,000, respectively.

The Successor Agency pledged a portion of future property tax increment revenues to repay the outstanding bonds. The bonds are payable solely from these incremental property taxes generated by increased property values in the project areas.

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 that is 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 2014 Tax Allocation Refunding Bonds' debt service requirements to maturity are summarized in **Table 28** below.

**Table 28**

Year	Governmental Activities	
	Principal <sup>1</sup>	Interest
2016	\$ 3,725,000	3,335,557
2017	3,105,000	3,259,758
2018	3,180,000	3,159,237
2019	3,300,000	3,025,898
2020	3,455,000	2,870,002
2021 – 2025	17,910,000	11,751,715
2026 – 2030	19,345,000	7,368,575
2031 – 2035	<u>19,735,000</u>	<u>2,148,869</u>
<b>Total</b>	<b><u>\$ 73,755,000</u></b>	<b><u>36,919,611</u></b>

<sup>1</sup> Does not include unamortized premiums of \$7,851,759 and unamortized discounts of \$175,546.

- 5. Changes in Long-Term Liabilities.** Long-term liability activity for the year ended June 30, 2015, is summarized in **Table 29** below.

**Table 29**

	July1	Additions	Deletions	June 30	Due within one year
Loans payable	\$ 271,311	-	(271,311)	-	-
Notes payable	11,869,508	623,149	(2,563)	12,490,094	-
2014 Tax Allocation Refunding Bonds	-	73,755,000	-	73,755,000	3,725,000
Unamortized bond premium	-	8,164,953	(313,194)	7,851,759	-
Unamortized bond discount	-	<u>(182,827)</u>	<u>7,281</u>	<u>(175,546)</u>	-
<b>Total</b>	<b><u>\$ 12,140,819</u></b>	<b><u>82,360,275</u></b>	<b><u>(579,787)</u></b>	<b><u>93,921,307</u></b>	<b><u>3,725,000</u></b>

- 6. Loan Guarantees.** On April 23, 2003, the former redevelopment agency agreed to guaranty monthly loan payments in favor of Royal Indemnity Company on behalf of Palm Canyon Partners, LLC (the "Landlord") in the amount of \$99,826 per month. These payments are funded by rent payments made by the tenant, North American Cinema, Inc. (NACI), to the former redevelopment agency for a 14- screen multiplex theater complex (Mary Pickford Theatre) that opened in 2001.

In June 2005, Palm Canyon Partners, LLC sold the property to MPT 1 Investors, LLC and MPT 2 Investors, LLC (the "Landlords") as tenants in common. On July 5, 2005, a new lease guaranty was signed in favor of IXIS Real Estate Capital, Inc. under the same terms as the previous lease guaranty. In October 2007, the landlords and the former redevelopment agency amended the loan guaranty to change the lender from IXIS Real Estate Capital, Inc. to LaSalle Bank National Association.

In April 2009, Rolling Hills Silver Spur Pickford Theatre, LLC assumed the loan from MPT 1 Investors, LLC and MPT 2 Investors, LLC. In addition, MPT 1 Investors, LLC and MPT 2 Investors, LLC assigned all of its rights, title and interest as landlord under the lease agreement to Rolling Hills Silver Spur Pickford Theatre, LLC.

In June 2011, the second amendment to the Redevelopment Assistance Agreement was approved. This amendment would have extended the former redevelopment agency guaranty for a period of five years (June 16, 2016 through June 15, 2021) at a maximum sum of \$500,000 per year. This extension was conditioned on an approved and

executed disposition and development agreement (DDA). The DDA was not executed; therefore, the amendment is no longer effective.

As of June 30, 2015, there are 12 payments remaining on the original guarantee totaling \$1,197,912.

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

- **Sun Trust Leasing Corporation.** On September 23, 2004, the City entered into a Master Lease Agreement with Sun Trust Leasing Corporation for the purpose of facilitating equipment lease/purchase financing. Under the Master Lease Agreement, the City can enter into special equipment schedules for the purchase of necessary equipment or improvements. Upon payment completion of any equipment lease (financing), the equipment contained therein shall become the property of the City without further payment.

Equipment Schedule 001 was initiated on September 23, 2004, for \$2,753,500 for the financing of an energy savings project to install building lighting and window tinting in City Hall, solar electric panels on the top level of the parking garage and traffic LED with Honeywell. The former redevelopment agency committed to making the annual payments required under the lease agreement. Refer to **Note III-E.1** for additional information.

- **Motorola, Inc.** On September 26, 2008, the City entered into an equipment lease-purchase agreement with Motorola, Inc. for the purpose of financing dispatch and subscriber equipment utilizing the ERICA (Eastern Riverside County Interoperable Communications Authority) backbone. Upon payment completion, the equipment contained therein shall become the property of the City without further payment. On April 1, 2009, the agreement was amended because of a scope reduction in the equipment required. The amendment reduced the total price of the agreement and the payment schedule was modified accordingly. The former redevelopment agency committed to making the annual payments required under the agreement. Refer to **Note III-E.1** for additional information.
- **Cooperation Agreement with City for Administrative Services.** On January 26, 2011, the former redevelopment agency and the City entered into a cooperation agreement for the provision of staff support, office space on a full gross basis, janitorial support, administrative and financial support, human resource and legal support, as well as use of general office equipment and telephone and information services, use of pool vehicles, and use of meeting space. The initial cost for these services was \$2.6 million annually beginning in fiscal year 2010/11. This amount may be increased annually in accordance with increases in the Consumer Price Index for All Urban Consumers – Los Angeles, Riverside, Orange County Area (1967 = 100). Reimbursement is subject to the administrative cost limit of the Assembly Bill 1X 26, which is the greater of 3% of monies received from the Redevelopment Property Tax Trust Fund or \$250,000.
- **Grant Agreement with Downtown Foundation.** On January 17, 2011, the former redevelopment agency and the Downtown Foundation entered into a grant agreement whereby the former redevelopment agency will provide annual funding of \$400,000 to the Downtown Foundation through December 31, 2036 or as long as an operating deficit exists.
- **Owner Participation Agreements (OPA).** The former redevelopment agency entered into various owner participation agreements during its lifetime. No liabilities have been reflected in the accompanying financial statements at June 30, 2015, for the following agreements.

**Roberta's Limited Partnership/Garcadia Holdings, LLC**

On November 10, 2005, the former redevelopment agency and Roberta's Limited Partnership entered into an owner participation agreement granting the developer up to \$3 million to create new facilities for the

Acura/Mazda dealerships and remodeling the existing facilities to serve the Toyota and Honda dealerships. Annual payments are equal to 50% of the incremental sales tax over the base year level (calendar year 2002). The annual payment will continue until the earlier of the date the assistance is paid in full, or the end of 12 years (June 30, 2017), whichever occurs first.

On September 24, 2008, Roberta's Limited Partnership entered into an agreement with Garcadia Holdings, LLC, directing the former redevelopment agency to make all payments due under the OPA to Garcadia Holdings, LLC.

#### **Palm Springs Motors**

On January 7, 2007, the former redevelopment agency and Palm Springs Motors entered into an owner participation agreement granting the developer up to \$1,000,000 to expand the automobile dealership. Payments are equal to 50% of the incremental sales tax for the particular calendar quarter, but cannot exceed the annual cap of \$250,000. Amounts due in excess of the calendar year cap will be added to the following year payment, but will remain subject to the annual cap. The eligibility period is the earlier of the date the assistance is paid in full, or the thirteenth anniversary of the completion date, whether or not the assistance reaches the \$1,000,000 ceiling. The certificate of completion was issued on June 23, 2010. Therefore, the latest date for this agreement is June 23, 2023.

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

#### **Primaso, Inc.**

On March 9, 2011, the former redevelopment agency and Primaso, Inc. entered into an owner participation agreement granting the developer up to \$500,000 to upgrade and remodel the existing facility to commence operation of a Fiat dealer. Payments are equal to 50% of the annual sales tax as defined, but cannot exceed the annual cap of \$50,000. Amounts due in excess of the calendar year cap will be added to the following year payment, but will remain subject to the annual cap. Annual payments will continue until the assistance is paid in full, or ten years from the commencement of the payment period. The payment period will commence one year from the date on which the new Fiat dealership has been fully open and operating.

#### **City Urban Revitalization Corporation (CURC)**

On January 17, 2011, the former redevelopment agency and CURC entered into an owner participation agreement granting the developer up to \$250 million in available bond proceeds and existing and future tax increment monies to develop various projects in the Downtown Area. Disbursal of funds will be authorized only following approval of specific projects and activities that are 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.

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

**IV. OTHER NOTE DISCLOSURES**

**NOTE A – RISK MANAGEMENT**

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

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 \$2,224,935 at June 30, 2015. Settled claims from general liability and workers’ compensation risks have not exceeded commercial insurance coverage for the past three years.

Changes in claims liabilities for the past two years are summarized in **Table 30** below.

**Table 30**

<b>Year</b>	<b>Beginning Balance</b>	<b>Claims Incurred/ Changes in Estimates</b>	<b>Claims Payments</b>	<b>Ending Balance</b>
2013-14	\$ 3,494,521	96,751	(1,246,317)	2,344,955
2014-15	2,344,955	703,630	(823,650)	2,224,935

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

**NOTE B – PENSION PLANS**

**1. General Information about the Pension Plans**

**Plan Descriptions.** All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety Plans for the City of Cathedral City (“Safety Plans”) (police and fire) and Miscellaneous Plan of the City of Cathedral City (“Miscellaneous Plan”) (all other). These plans are cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute. The City selects benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through a City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website ([www.calpers.ca.gov](http://www.calpers.ca.gov)).

**Benefits Provided.** CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years



of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized in **Tables 31** through **33** as follows:

**Table 31**

**Plan Provisions – Safety Plan (Police)**

	<b>TIER 1</b>		<b>PEPRA</b>
Hire Date	Prior to January 1, 2013		On or After January 1, 1013
Benefit Formula	3% @ 55		2.7% @ 57
Benefit Vesting Schedule	5 years service		5 years service
Benefit Payments	Monthly for life		Monthly for life
Retirement Age	50 (minimum)		50 (minimum)
Monthly Benefits, as a % of Eligible Compensation	2.4% - 3.0% 50 yrs – 55+ yrs		2.0% - 2.7% 50 yrs – 57+ yrs
Required Employee Contribution Rates	9.0%		11.5%
Required Employer Contribution Rates	16.523%		11.153%

**Table 32**

**Plan Provisions – Safety Plan (Fire)**

	<b>TIER 1</b>	<b>TIER 2</b>	<b>PEPRA</b>
Hire Date	Prior to November 25, 2012	On or After November 25, 2012 and Prior to January 1, 2013	On or After January 1, 1013
Benefit Formula	3% @ 55	2% @ 55	2% @ 57
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50 (minimum)	50 (minimum)	50 (minimum)
Monthly Benefits, as a % of Eligible Compensation	2.4% - 3.0% 50 yrs – 55+ yrs	1.426% - 2.0% 50 yrs – 55+ yrs	1.426% - 2.0% 50 yrs – 57+ yrs
Required Employee Contribution Rates	9.0%	7.0%	9.5%
Required Employer Contribution Rates	16.523%	11.53%	9.069%

**Table 33**

**Plan Provisions – Miscellaneous Plan**

	<b>TIER 1</b>	<b>TIER 2</b>	<b>PEPRA</b>
Hire Date	Prior to November 25, 2012	On or After November 25, 2012 and Prior to January 1, 2013	On or After January 1, 1013
Benefit Formula	2% @ 55	2% @ 60	2% @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50 (minimum)	50 (minimum)	52 (minimum)
Monthly Benefits, as a % of Eligible Compensation	1.426% - 2.418% 50yrs – 63+ yrs	1.092% - 2.418% 50 yrs – 63+ yrs	1.0% - 2.5% 52 yrs – 67+ yrs
Required Employee Contribution Rates	7.0%	7.0%	6.25%
Required Employer Contribution Rates	8.445%	6.709%	6.237%

**Contributions.** Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plans' 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.

For the year ended June 30, 2015, contributions to the pension plans from the City were \$5,222,816, thereby reducing the City's net pension liability by \$2,302,183.

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate share of the net pension liability of each Plan as shown in **Table 34** below.

**Table 34**

	<b>Proportionate Share of Net Pension Liability</b>
Safety (Police)	\$ 9,777,265
Safety (Fire)	6,073,701
Miscellaneous	<u>11,610,177</u>
<b>Total Net Pension Liability</b>	<b><u>\$ 27,461,143</u></b>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans was measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard 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 plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 is summarized in **Table 35** below.

**Table 35**

	<b>Proportion June 30, 2013</b>	<b>Proportion June 30, 2014</b>	<b>Change - Increase/ (Decrease)</b>
Safety (Police) – Tier 1	0.35029%	0.26065%	(0.08964%)
Safety (Police) – PEPRA	0.00000%	0.00000%	0.00000%
Safety (Fire) – Tier 1	0.19627%	0.16192%	(0.03435%)
Miscellaneous – Tier 1	0.37077%	0.46796%	0.09719%

For the year ended June 30, 2015, the City recognized pension expense of \$2,920,633 for all plans in total. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources identified in **Table 36** below.

**Table 36**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,222,816	-
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Differences between the employer’s contributions and the employer’s proportionate share of contributions	125,521	(218,931)
Changes in employer’s proportion	42,141	(152,540)
Net difference between projected and actual earnings on plan investments	-	(6,929,920)
<b>Total</b>	<b>\$ 5,390,478</b>	<b>(7,301,391)</b>

\$5,222,816 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as summarized in **Table 37** below.

**Table 37**

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2015	\$ (1,796,489)
2016	(1,796,489)
2017	(1,788,601)
2018	(1,752,150)
2019	-
Thereafter	-

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**Actuarial Methods and Assumptions Used to Determine Total Pension Liability.** For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the actuarial methods and assumptions summarized in **Table 38** below.

Table 38

**Actuarial Assumptions**

	Safety (Police)	Safety (Fire)	Miscellaneous
Actuarial Cost Method	Entry age normal		
Actuarial Assumptions:			
Discount Rate		7.50%	
Inflation		2.75%	
Salary Increases <sup>1</sup>		3.30% - 14.20%	
Investment Rate of Return <sup>2</sup>		7.50%	
Mortality Rate Table <sup>3</sup>	Derived using CalPERS' Membership Data for all Funds.		
Post-Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies; 2.75% thereafter.		

<sup>1</sup> Depending on age, service and type of employment.

<sup>2</sup> Net of pension plan investment and administrative expenses, including inflation.

<sup>3</sup> The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study Report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under 'Forms and Publications' ([www.calpers.ca.gov](http://www.calpers.ca.gov)).

**Discount Rate.** The discount rate used to measure the total pension liability was 7.50 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section ([www.calpers.ca.gov](http://www.calpers.ca.gov)).

According to Paragraph 30 of Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS determined this difference to be immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. More information can be found on the CalPERS website ([www.calpers.ca.gov](http://www.calpers.ca.gov)).

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statement Nos. 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in future years. 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 – 60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**Table 39** below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

**Table 39**

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1- 10 <sup>(a)</sup></b>	<b>Real Return Years 11+ <sup>(b)</sup></b>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
<b>Total</b>	<b><u>100.0%</u></b>		

<sup>(a)</sup> An expected inflation of 2.5% used for this period.

<sup>(b)</sup> An expected inflation of 3.0% used for this period.

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.**

**Table 40** on the following page presents the City’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

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Table 40

	Discount Rate 1% Decrease 6.50%	Current Discount Rate 7.50%	Discount Rate 1% Increase 8.50%
<b>City's Proportionate Share of the Net Pension Liability:</b>			
Safety (Police):			
Tier 1	\$ 17,175,893	9,777,101	3,680,816
PEPRA	282	164	66
Safety (Fire):			
Tier 1	10,595,714	6,073,701	2,347,757
Miscellaneous:			
Tier 1	<u>17,542,278</u>	<u>11,610,177</u>	<u>6,687,097</u>
<b>Totals</b>	<b><u>\$ 45,314,167</u></b>	<b><u>27,461,143</u></b>	<b><u>12,715,736</u></b>

**Pension Plan Fiduciary Net Position.** Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information ([www.calpers.ca.gov](http://www.calpers.ca.gov)).

### 3. Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$52,772 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

## NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

**1. Plan Description.** By Council resolution 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 are 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 cap(s) depending on whether the employee was hired before or after January 1, 2013. Employees hired after January 1, 2013 are subject to a vesting schedule that ranges from 50% at 10 years of CalPERS service and increasing to 100% at 20 or more years, except for employees taking a disability retirement, whereby they are 100% vested. In addition to the group health insurance, the City will continue to pay the full premiums for both dental and vision insurance, as applicable to each of the respective labor unit agreements as long as the medical premiums are under the respective caps. The plan is a single-employer defined benefit plan. The plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

**2. Funding Policy.** 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 amount necessary to fund future benefits is based on projections from the January 1, 2013, actuarial study completed by Bartel Associates, LLC in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

For the year ended June 30, 2015, the City made contributions totaling \$1,116,349, of which \$1,116,349 represented current contributions. There were no premium contributions paid by retirees that exceeded the monthly contribution established by the City.

- 3. Annual OPEB Cost and Net OPEB Obligation.** The City's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

**Table 41** summarizes the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan.

**Table 41**

Annual required contribution	\$ 4,563,023
Interest on net OPEB obligation	1,047,087
Adjustment to annual required contribution	<u>(1,949,023)</u>
<b>Annual OPEB cost</b>	<b>3,661,087</b>
Employer contributions	<u>(1,116,349)</u>
<b>Increase in net OPEB obligation</b>	<b>2,544,738</b>
Net OPEB obligation, July 1	<u>26,735,340</u>
<b>Net OPEB obligation, June 30</b>	<b><u>\$ 29,280,078</u></b>

The net OPEB obligation of \$29,280,078 is included as a noncurrent liability on the Statement of Net Position. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the previous two years are shown in **Table 42** below.

**Table 42**

Fiscal Year Ended	Annual OPEB Cost	Contributions	% of Annual Cost OPEB Contributions	Net OPEB Obligation
06/30/13	\$ 4,741,033	963,691	20.3%	22,985,016
06/30/14	4,906,282	1,155,958	23.6%	26,735,340
06/30/15	3,661,087	1,116,349	30.5%	29,280,078

- 4. Funded Status and Funding Progress.** The funded status for the year ended June 30, 2015, is summarized in **Table 43** (as of January 1, 2013, the most recent actuarial valuation date).

**Table 43**

**OPEB**

June 30, 2015

Actuarial Accrued Liability (AAL)	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
\$ 42,929,000	\$ -	\$ 42,929,000	0.0%	\$ 13,305,000	322.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following these notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

- 5. Actuarial Methods and Assumptions.** 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 sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations as summarized in **Table 44**.

**Table 44**

**Actuarial Methods and Assumptions – OPEB**

Actuarial valuation date	January 1, 2013
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years (as of June 30, 2015)
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation	3.00%
Projected salary increases	3.25%
Healthcare cost trend	Actual premiums for 2015; 7.5% (non-Medicare) and 7.8% (Medicare), for 2016, reduced each year thereafter until an ultimate rate of 5% is reached in 2021
Retirement age	59.1 (miscellaneous employees), 56.0 (public safety-police), and 56.7 (public safety-fire)

**NOTE D – 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, who shall be 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, 2015, the City reimbursed the City of Indio \$177,711 for its proportional share of ongoing costs.

**NOTE E – CONTINGENCIES**

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



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

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

#### **NOTE F – SUBSEQUENT EVENTS**

**July 2015.** On July 9, 2015, the Authority sold \$3,768,000 in lease revenue refunding bonds and together with other funds, refunded and redeemed \$4,065,000 of the Public Financing Authority's outstanding 1997 Taxable Lease Revenue Bonds (Capital Facilities Projects).

The refunding plan consisted of the Lease Revenue Refunding Bonds (Capital Facilities Projects, Series 2015A (Taxable)). The bonds were sold at par. In addition to refunding savings, the principal amount of bonds was reduced from \$4,050,000 to \$3,768,000. Total debt service was reduced by \$1,645,114 as a result of the refunding.

**September 2015.** On September 9, 2015, the Authority sold \$39,100,000 in local agency revenue bonds and together with other funds, refunded and redeemed \$2,985,000 of the Public Financing Authority's outstanding Limited Obligation Refunding Improvement Bonds City of Cathedral City Assessment District 96-1 (Rio Vista) Series 2004, after which the Authority shall acquire the Assessment District 96-1 (Rio Vista), Series 2004, Limited Obligation Refunding Improvement Bonds. In addition, the Authority purchased, but did not cancel, the Assessment District No. 2001-01 Limited Obligation Improvement Bonds, the 35th Avenue Assessment District No. 2003-01 Limited Obligation Improvement Bonds, the Dream Homes Assessment District No. 2004-01 Limited Obligation Improvement Bonds, and the Cove Improvement District No. 2004-02 Limited Obligation Improvement Bonds.

The refunding plan consisted of the Local Agency Revenue Bonds, 2015 Series A. The bonds were sold at par. In addition to refunding savings, the principal amount of bonds was reduced from \$40,255,000 to \$39,100,000. Total debt service was reduced by \$8,508,506 as a result of the refunding and purchase.

## Required Supplementary Information Budgetary Comparison Schedule — General Fund

For the Year Ended June 30, 2015

	General Fund (Fund 100)			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 24,285,000	24,285,000	26,776,041	2,491,041
Intergovernmental	-	-	1,745,528	1,745,528
Licenses and permits	867,500	867,500	1,104,100	236,600
Fines and forfeitures	325,000	325,000	101,171	(223,829)
Charges for services	2,928,000	3,028,000	5,152,434	2,124,434
Special assessments	40,000	40,000	66,852	26,852
Use of money and property	143,500	143,500	220,164	76,664
Contributions from other governments	439,791	439,791	493,501	53,710
Other revenue	130,000	130,000	189,646	59,646
<b>Total Revenues</b>	<b>29,158,791</b>	<b>29,258,791</b>	<b>35,849,437</b>	<b>6,590,646</b>
<b>Expenditures</b>				
Current:				
General government	6,480,281	9,657,463	9,537,361	120,102
Community development	1,691,359	1,991,227	2,104,484	(113,257)
Culture and recreation	238,700	288,700	249,457	39,243
Public safety	21,208,863	21,234,426	21,065,444	168,982
Public works	950,472	1,005,659	1,110,785	(105,126)
Capital outlay	6,000	6,000	-	6,000
Debt service:				
Principal	200,006	200,006	225,457	(25,451)
Interest	47,785	47,785	52,282	(4,497)
<b>Total Expenditures</b>	<b>30,823,466</b>	<b>34,431,266</b>	<b>34,345,270</b>	<b>85,996</b>
Excess of revenues over expenditures	(1,664,675)	(5,172,475)	1,504,167	6,676,642
<b>Other Financing Sources (Uses)</b>				
Transfers in	496,633	496,633	464,276	(32,357)
Transfers out	(109,614)	(109,614)	(142,723)	(33,109)
<b>Total Other Financing Sources (Uses)</b>	<b>387,019</b>	<b>387,019</b>	<b>321,553</b>	<b>(65,466)</b>
Net change in fund balance	(1,277,656)	(4,785,456)	1,825,720	6,611,176
Fund balance — July 1 (budgetary)	14,741,855	14,741,855	14,741,855	-
<b>Fund balance — June 30 (budgetary)</b>	<b>13,464,199</b>	<b>9,956,399</b>	<b>16,567,575</b>	<b>6,611,176</b>
<b>Adjustments to Conform to GAAP:</b>				
GASB Statement No. 54 reporting adjustments:				
Special Deposits fund balance			147,878	
Big League Dreams fund balance			3,957,470	
<b>Fund balance — June 30 (GAAP)</b>			<b>20,672,923</b>	

See note to required supplementary information.

## Required Supplementary Information Budgetary Comparison Schedule — Major Special Revenue Funds

For the Year Ended June 30, 2015

	Developer Fees			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Development fees	\$ 22,100	193,100	189,216	(3,884)
Use of money and property	50	50	194	144
Other revenue	-	-	-	-
<b>Total Revenues</b>	<b>22,150</b>	<b>193,150</b>	<b>189,410</b>	<b>(3,740)</b>
<b>Expenditures</b>				
Current:				
Community development	11,242	11,242	-	11,242
Culture and recreation	3,608	174,608	169,567	5,041
Capital outlay	-	-	560	(560)
<b>Total Expenditures</b>	<b>14,850</b>	<b>185,850</b>	<b>170,127</b>	<b>15,723</b>
Excess of revenues over expenditures	7,300	7,300	19,283	11,983
<b>Other Financing Sources</b>				
Transfers in	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	7,300	7,300	19,283	11,983
Fund balance — July 1 (budgetary)	32,761	32,761	32,761	-
<b>Fund balance — June 30 (budgetary)</b>	<b>40,061</b>	<b>40,061</b>	<b>52,044</b>	<b>11,983</b>

See note to required supplementary information.

<b>Successor Housing Agency</b>				
<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	
-	-	-	-	<b>Revenues</b>
58,000	58,000	19,922	(38,078)	Development fees
56,700	56,700	115,876	59,176	Use of money and property
<b>114,700</b>	<b>114,700</b>	<b>135,798</b>	<b>21,098</b>	Other revenue
				<b>Total Revenues</b>
				<b>Expenditures</b>
				Current:
141,136	221,772	227,278	(5,506)	Community development
-	-	-	-	Culture and recreation
-	-	-	-	Capital outlay
<b>141,136</b>	<b>221,772</b>	<b>227,278</b>	<b>(5,506)</b>	<b>Total Expenditures</b>
(26,436)	(107,072)	(91,480)	15,592	Excess of revenues over expenditures
-	-	11,167,626	11,167,626	<b>Other Financing Sources</b>
-	-	11,167,626	11,167,626	Transfers in
				<b>Total Other Financing Sources</b>
(26,436)	(107,072)	11,076,146	11,183,218	Net change in fund balance
9,346,526	9,346,526	9,346,526	-	Fund balance — July 1 (budgetary)
<b>9,320,090</b>	<b>9,239,454</b>	<b>20,422,672</b>	<b>11,183,218</b>	<b>Fund balance — June 30 (budgetary)</b>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULES**

**NOTE A – BUDGETARY INFORMATION**

**1. Budgetary Data.** The City adopted a biennial budget for fiscal years 2013/14 and 2014/15 in May 2013. 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 are not presented herein, as the budgets for these funds are long-term in nature.

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

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

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

**2. Annual Appropriations Limit.** Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements. For the fiscal year ended June 30, 2015, proceeds of taxes did not exceed appropriations.

**NOTE B – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Budget basis expenditures (including transfers out) exceeded appropriations for the fund identified in the table below.

<b>Fund</b>	<b>Fund Type</b>	<b>Appropriation</b>	<b>Expenditures and Transfers Out</b>	<b>Excess Over Appropriation</b>
Successor to Housing Agency	Major – Special Revenue	\$ 221,772	\$ 227,278	\$ 5,506

The excess expenditures were the result of leave cashouts that were not originally anticipated.

**Required Supplementary Information —  
Schedule of the City's Proportionate Share of the Net Pension Liability — Safety (Police)**

Last Ten Fiscal Years

TIER 1	Fiscal Year				
	2006	2007	2008	2009	2010
Proportion of the net pension liability	NA	NA	NA	NA	NA
Proportionate share of the net pension liability	NA	NA	NA	NA	NA
Covered - employee payroll	NA	NA	NA	NA	NA
Proportionate share of the net pension liability as a percentage of covered-employee payroll	NA	NA	NA	NA	NA
Plan fiduciary net position as a percentage of the total pension liability	NA	NA	NA	NA	NA

PEPRA	Fiscal Year				
	2006	2007	2008	2009	2010
Proportion of the net pension liability	NA	NA	NA	NA	NA
Proportionate share of the net pension liability	NA	NA	NA	NA	NA
Covered - employee payroll	NA	NA	NA	NA	NA
Proportionate share of the net pension liability as a percentage of covered-employee payroll	NA	NA	NA	NA	NA
Plan fiduciary net position as a percentage of the total pension liability	NA	NA	NA	NA	NA

**Notes to Schedule:**

**Note 1:** Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

**Note 2:** Amounts reported are for the measurement date, which is one year prior to the reporting date. For example Fiscal Year 2015 data is for the measurement date of June 30, 2014.

**Source:** GASB 68 Accounting Valuation Report - Safety Police Plan (CalPERS); GASB 68 Accounting Valuation Report - PEPRA Safety Police Plan (CalPERS)

Fiscal Year					
2011	2012	2013	2014	2015	
NA	NA	NA	NA	0.15713%	Proportion of the net pension liability
NA	NA	NA	NA	9,777,101	Proportionate share of the net pension liability
NA	NA	NA	NA	4,875,329	Covered - employee payroll
NA	NA	NA	NA	200.54%	Proportionate share of the net pension liability as a percentage of covered-employee payroll
NA	NA	NA	NA	82.30%	Plan fiduciary net position as a percentage of the total pension liability

Fiscal Year					
2011	2012	2013	2014	2015	
NA	NA	NA	NA	0.00000%	Proportion of the net pension liability
NA	NA	NA	NA	164	Proportionate share of the net pension liability
NA	NA	NA	NA	64,766	Covered - employee payroll
NA	NA	NA	NA	0.25%	Proportionate share of the net pension liability as a percentage of covered-employee payroll
NA	NA	NA	NA	81.43%	Plan fiduciary net position as a percentage of the total pension liability

## Required Supplementary Information — Schedule of the City's Proportionate Share of the Net Pension Liability — Safety (Fire)

Last Ten Fiscal Years

TIER 1	Fiscal Year				
	2006	2007	2008	2009	2010
Proportion of the net pension liability	NA	NA	NA	NA	NA
Proportionate share of the net pension liability	NA	NA	NA	NA	NA
Covered - employee payroll	NA	NA	NA	NA	NA
Proportionate share of the net pension liability as a percentage of covered-employee payroll	NA	NA	NA	NA	NA
Plan fiduciary net position as a percentage of the total pension liability	NA	NA	NA	NA	NA

### Notes to Schedule:

**Note 1:** Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

**Note 2:** Amounts reported are for the measurement date, which is one year prior to the reporting date. For example Fiscal Year 2015 data is for the measurement date of June 30, 2014.

**Source:** GASB 68 Accounting Valuation Report - Safety Fire Plan (CalPERS)

	Fiscal Year					
	2011	2012	2013	2014	2015	
NA	NA	NA	NA	NA	0.09761%	Proportion of the net pension liability
NA	NA	NA	NA	NA	6,073,701	Proportionate share of the net pension liability
NA	NA	NA	NA	NA	3,609,929	Covered - employee payroll
NA	NA	NA	NA	NA	168.25%	Proportionate share of the net pension liability as a percentage of covered-employee payroll
NA	NA	NA	NA	NA	82.01%	Plan fiduciary net position as a percentage of the total pension liability

## Required Supplementary Information — Schedule of the City's Proportionate Share of the Net Pension Liability — Miscellaneous

Last Ten Fiscal Years

TIER 1	Fiscal Year				
	2006	2007	2008	2009	2010
Proportion of the net pension liability	NA	NA	NA	NA	NA
Proportionate share of the net pension liability	NA	NA	NA	NA	NA
Covered - employee payroll	NA	NA	NA	NA	NA
Proportionate share of the net pension liability as a percentage of covered-employee payroll	NA	NA	NA	NA	NA
Plan fiduciary net position as a percentage of the total pension liability	NA	NA	NA	NA	NA

### Notes to Schedule:

**Note 1:** Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

**Note 2:** Amounts reported are for the measurement date, which is one year prior to the reporting date. For example Fiscal Year 2015 data is for the measurement date of June 30, 2014.

**Source:** GASB 68 Accounting Valuation Report - Miscellaneous First Tier Plan (CalPERS)

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

**Required Supplementary Information —  
Schedule of Contributions — Safety (Police)**

Last Ten Fiscal Years

TIER 1	Fiscal Year				
	2006	2007	2008	2009	2010
Contractually required contributions (actuarially determined)					
Contributions in relation to the actuarially determined contributions					
Contribution deficiency (excess)	-	-	-	-	-
Covered - employee payroll	NA	NA	NA	NA	NA
Contributions as a percentage of covered- employee payroll	NA	NA	NA	NA	NA

PEPRA	Fiscal Year				
	2006	2007	2008	2009	2010
Contractually required contributions (actuarially determined)					
Contributions in relation to the actuarially determined contributions					
Contribution deficiency (excess)	-	-	-	-	-
Covered - employee payroll	NA	NA	NA	NA	NA
Contributions as a percentage of covered- employee payroll	NA	NA	NA	NA	NA

**Notes to Schedule:**

**Note 1:** Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

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

Fiscal Year					
2011	2012	2013	2014	2015	
				998,158	Contractually required contributions (actuarially determined)
				(998,158)	Contributions in relation to the actuarially determined contributions
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Contribution deficiency (excess)
NA	NA	NA	NA	4,536,548	Covered - employee payroll
NA	NA	NA	NA	22.00%	Contributions as a percentage of covered-employee payroll

Fiscal Year					
2011	2012	2013	2014	2015	
				23,641	Contractually required contributions (actuarially determined)
				(23,641)	Contributions in relation to the actuarially determined contributions
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Contribution deficiency (excess)
NA	NA	NA	NA	211,707	Covered - employee payroll
NA	NA	NA	NA	11.17%	Contributions as a percentage of covered-employee payroll

**Required Supplementary Information —  
Schedule of Contributions — Safety (Fire)**

Last Ten Fiscal Years

TIER 1	Fiscal Year				
	2006	2007	2008	2009	2010
Contractually required contributions (actuarially determined)					
Contributions in relation to the actuarially determined contributions					
Contribution deficiency (excess)	-	-	-	-	-
Covered - employee payroll	NA	NA	NA	NA	NA
Contributions as a percentage of covered-employee payroll	NA	NA	NA	NA	NA

TIER 2	Fiscal Year				
	2006	2007	2008	2009	2010
Contractually required contributions (actuarially determined)					
Contributions in relation to the actuarially determined contributions					
Contribution deficiency (excess)	-	-	-	-	-
Covered - employee payroll					
Contributions as a percentage of covered-employee payroll					

PEPRA	Fiscal Year				
	2006	2007	2008	2009	2010
Contractually required contributions (actuarially determined)					
Contributions in relation to the actuarially determined contributions					
Contribution deficiency (excess)	-	-	-	-	-
Covered - employee payroll					
Contributions as a percentage of covered-employee payroll					

**Notes to Schedule:**

**Note 1:** Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

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

Fiscal Year					
2011	2012	2013	2014	2015	
				765,690	Contractually required contributions (actuarially determined)
				(765,690)	Contributions in relation to the actuarially determined contributions
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Contribution deficiency (excess)
NA	NA	NA	NA	3,460,771	Covered - employee payroll
NA	NA	NA	NA	22.12%	Contributions as a percentage of covered-employee payroll

Fiscal Year					
2011	2012	2013	2014	2015	
				10,620	Contractually required contributions (actuarially determined)
				(10,620)	Contributions in relation to the actuarially determined contributions
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Contribution deficiency (excess)
				68,580	Covered - employee payroll
				15.49%	Contributions as a percentage of covered-employee payroll

Fiscal Year					
2011	2012	2013	2014	2015	
				16,997	Contractually required contributions (actuarially determined)
				(16,997)	Contributions in relation to the actuarially determined contributions
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Contribution deficiency (excess)
				178,352	Covered - employee payroll
				9.53%	Contributions as a percentage of covered-employee payroll

**Required Supplementary Information —  
Schedule of Contributions — Miscellaneous**

Last Ten Fiscal Years

TIER 1	Fiscal Year				
	2006	2007	2008	2009	2010
Contractually required contributions (actuarially determined)					
Contributions in relation to the actuarially determined contributions					
Contribution deficiency (excess)	-	-	-	-	-
Covered - employee payroll	NA	NA	NA	NA	NA
Contributions as a percentage of covered-employee payroll	NA	NA	NA	NA	NA

TIER 2	Fiscal Year				
	2006	2007	2008	2009	2010
Contractually required contributions (actuarially determined)					
Contributions in relation to the actuarially determined contributions					
Contribution deficiency (excess)	-	-	-	-	-
Covered - employee payroll					
Contributions as a percentage of covered-employee payroll					

PEPRA	Fiscal Year				
	2006	2007	2008	2009	2010
Contractually required contributions (actuarially determined)					
Contributions in relation to the actuarially determined contributions					
Contribution deficiency (excess)	-	-	-	-	-
Covered - employee payroll					
Contributions as a percentage of covered-employee payroll					

**Notes to Schedule:**

**Note 1:** Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

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

Fiscal Year					
2011	2012	2013	2014	2015	
				687,004	Contractually required contributions (actuarially determined)
				(687,004)	Contributions in relation to the actuarially determined contributions
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Contribution deficiency (excess)
NA	NA	NA	NA	4,942,872	Covered - employee payroll
NA	NA	NA	NA	13.90%	Contributions as a percentage of covered-employee payroll

Fiscal Year					
2011	2012	2013	2014	2015	
				6,114	Contractually required contributions (actuarially determined)
				(6,114)	Contributions in relation to the actuarially determined contributions
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Contribution deficiency (excess)
				70,216	Covered - employee payroll
				8.71%	Contributions as a percentage of covered-employee payroll

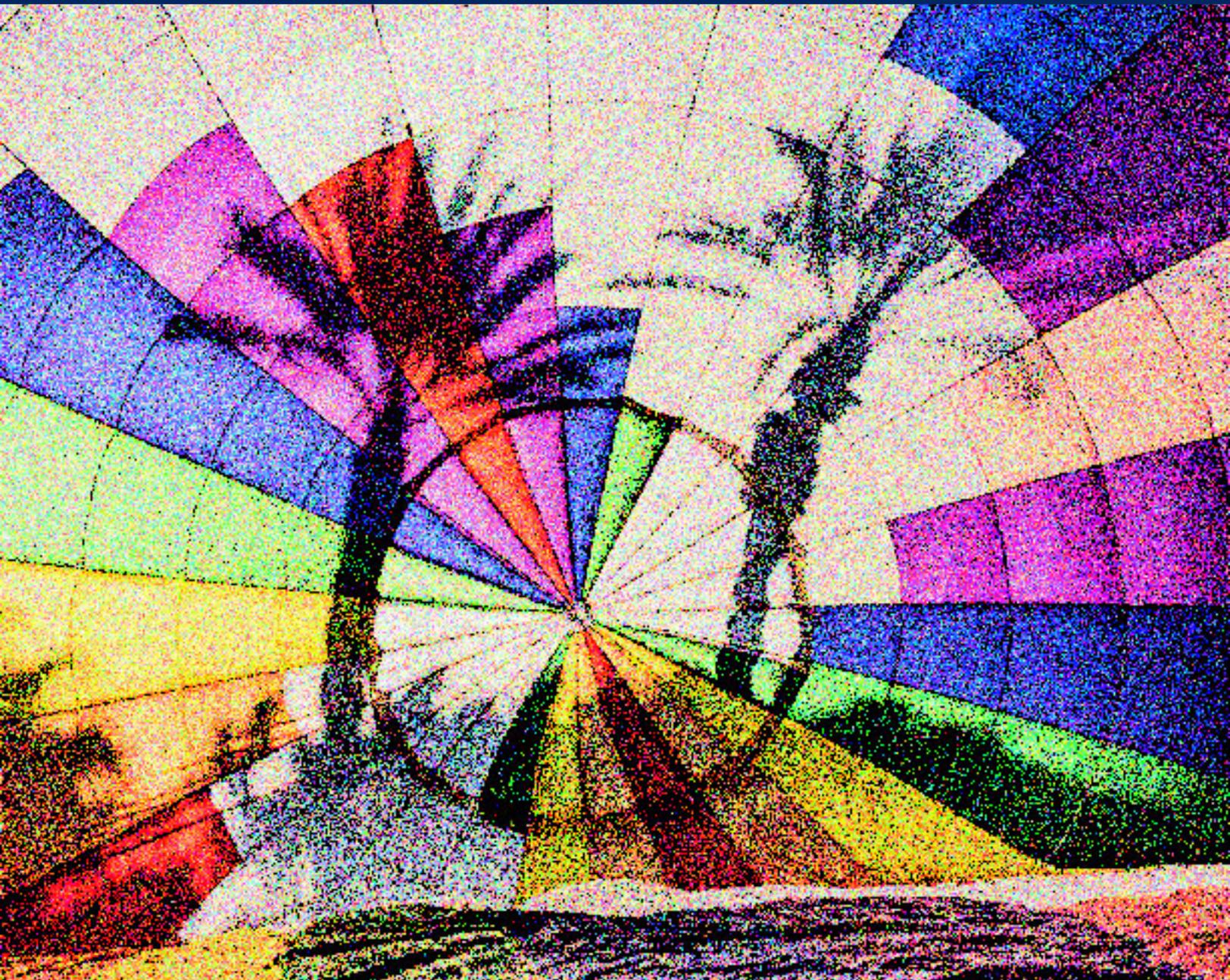
Fiscal Year					
2011	2012	2013	2014	2015	
				49,716	Contractually required contributions (actuarially determined)
				(49,716)	Contributions in relation to the actuarially determined contributions
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Contribution deficiency (excess)
				814,044	Covered - employee payroll
				6.11%	Contributions as a percentage of covered-employee payroll

### Required Supplementary Information — OPEB Schedule of Funding Progress

June 30, 2015

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Payroll
January 1, 2007	\$ 31,713,000	\$ -	\$ 31,713,000	0.0%	\$ 15,283,000	207.5%
January 1, 2009	42,192,000	-	42,192,000	0.0%	18,731,000	225.3%
January 1, 2011	43,186,000	-	43,186,000	0.0%	17,108,000	252.4%
January 1, 2013	42,929,000	-	42,929,000	0.0%	13,305,000	322.7%

# GOVERNMENTAL FUNDS





## Combining Schedule of Accounts — General Fund

June 30, 2015

	General Fund - As Reported			Total
	General Fund (Fund 100)	Big League Dreams (Fund 431)	Special Deposits (Fund 711)	
<b>Assets</b>				
Cash and investments	\$ 13,697,445	564,405	779,796	15,041,646
Interest receivable	19,063	89,687	1,081	109,831
Accounts receivable	4,999,201	-	-	4,999,201
Loans receivable	50,000	3,303,378	-	3,353,378
Prepaid assets	12,760	-	-	12,760
<b>Total Assets</b>	<b>\$ 18,778,469</b>	<b>3,957,470</b>	<b>780,877</b>	<b>23,516,816</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 931,299	-	9,598	940,897
Deposits from others	5,579	-	623,401	628,980
Unearned revenue	129,937	-	-	129,937
<b>Total Liabilities</b>	<b>1,066,815</b>	<b>-</b>	<b>632,999</b>	<b>1,699,814</b>
Deferred Inflows of Resources:				
Unavailable revenue	1,144,079	-	-	1,144,079
<b>Total Deferred Inflows of Resources</b>	<b>1,144,079</b>	<b>-</b>	<b>-</b>	<b>1,144,079</b>
Fund Balances:				
Nonspendable	12,760	-	-	12,760
Restricted	50,000	3,303,378	-	3,353,378
Assigned	26,283	654,092	-	680,375
Unassigned	16,478,532	-	147,878	16,626,410
<b>Total Fund Balances</b>	<b>16,567,575</b>	<b>3,957,470</b>	<b>147,878</b>	<b>20,672,923</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 18,778,469</b>	<b>3,957,470</b>	<b>780,877</b>	<b>23,516,816</b>

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

For the Year Ended June 30, 2015

	General Fund - As Reported			Total
	General Fund (Fund 100)	Big League Dreams (Fund 431)	Special Deposits (Fund 711)	
<b>Revenues</b>				
Taxes	\$ 26,776,041	-	-	26,776,041
Intergovernmental	1,745,528	-	-	1,745,528
Licenses and permits	1,104,100	-	-	1,104,100
Fines and forfeitures	101,171	-	-	101,171
Charges for services	5,152,434	-	-	5,152,434
Special assessments	66,852	-	-	66,852
Use of money and property	220,164	367,417	3,962	591,543
Contributions from other governments	493,501	-	-	493,501
Other revenue	189,646	-	-	189,646
<b>Total Revenues</b>	<b>35,849,437</b>	<b>367,417</b>	<b>3,962</b>	<b>36,220,816</b>
<b>Expenditures</b>				
Current:				
General government	9,537,361	-	-	9,537,361
Community development	2,104,484	-	-	2,104,484
Culture and recreation	249,457	5,421	-	254,878
Public safety	21,065,444	-	-	21,065,444
Public works	1,110,785	-	-	1,110,785
Debt service:				
Principal	225,457	-	-	225,457
Interest	52,282	-	-	52,282
<b>Total Expenditures</b>	<b>34,345,270</b>	<b>5,421</b>	<b>-</b>	<b>34,350,691</b>
Excess of revenues over expenditures	1,504,167	361,996	3,962	1,870,125
<b>Other Financing Sources (Uses)</b>				
Transfers in	464,276	-	-	464,276
Transfers out	(142,723)	(506,265)	-	(648,988)
<b>Total Other Financing Sources (Uses)</b>	<b>321,553</b>	<b>(506,265)</b>	<b>-</b>	<b>(184,712)</b>
Net change in fund balances	1,825,720	(144,269)	3,962	1,685,413
Fund balances — July 1	14,741,855	4,101,739	143,916	18,987,510
<b>Fund Balances — June 30</b>	<b>\$ 16,567,575</b>	<b>3,957,470</b>	<b>147,878</b>	<b>20,672,923</b>

## Schedule of Expenditures Compared with Authorizations — General Fund

For the Year Ended June 30, 2015

	General Fund (Fund 100)			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Administration</b>				
City Council	\$ 140,150	155,334	154,908	426
City Clerk	157,318	273,637	272,754	883
City Attorney	103,000	103,000	156,147	(53,147)
City Management	1,107,758	1,243,077	1,242,301	776
Administrative Services	4,058,765	4,116,150	4,059,195	56,955
Nondepartmental	1,240,015	3,933,615	3,918,932	14,683
<b>Community Development</b>				
Development Services	1,973,662	1,991,227	2,022,353	(31,126)
Public Works	1,300,347	1,356,210	1,348,168	8,042
<b>Public Safety</b>				
Police	13,269,267	13,557,482	13,504,310	53,172
Fire	7,582,798	7,811,148	7,808,925	2,223
<b>Total</b>	<b>\$ 30,933,080</b>	<b>34,540,880</b>	<b>34,487,993</b>	<b>52,887</b>

Note 1: Amounts include expenditures and transfers out.

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

- 1. Master Underground Plan.** Accounts for the cost of burying above ground utility lines. Financing is provided by developer fees.
- 2. Traffic Safety.** Accounts for traffic safety signal installation, maintenance, and road repairs. Financing is provided by vehicle code fines collected by the County of Riverside.
- 3. Transfer Station Road.** 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. TDA SB821.** Accounts for the revenue and expenditures under the Transportation Development Act (TDA) Article 3 Riverside County Transportation Commission (RCTC) approved projects. Projects are funded by the RCTC.
- 5. State Gas Tax.** Accounts for street improvements and engineering costs. Financing is provided by the City's allocation of the state gasoline taxes.
- 6. Air Quality Improvement.** Accounts for revenues received under AB 2766. Expenditures are restricted to being used for air pollution reduction.
- 7. Measure A.** Accounts for revenues provided by the County of Riverside Measure A allocation. These funds are used for street improvements and engineering costs.
- 8. Asset Forfeiture.** Accounts for expenditures incurred in narcotics interdiction efforts. Financing is provided by seized assets awarded by the court.
- 9. Solid Waste.** Accounts for revenues received under AB 939. Expenditures are limited to programs that initiate recycling efforts through the City.
- 10. Police Grants.** Accounts for revenues and expenditures related to state and federal grants for the City's Police Department.
- 11. Community Development Block Grant.** Accounts for projects designated in the annual action plan. Financing is provided by the U.S. Department of Housing and Urban Development.
- 12. Police Department Special Revenues.** Accounts for receipts collected that are restricted for expenditures related to the City's Police Department projects.
- 13. Fire Department Special Revenues.** Accounts for revenues and expenditures related to state and federal grants and receipts collected that are restricted for expenditures related to the City's Fire Department projects.
- 14. Landscape and Lighting District.** Accounts for special assessments levied on real property and expenditures to provide landscaping and street lighting maintenance to the zones within the district.

- 15. Energy and Efficiency Block Grant.** Accounts for projects designated in the grant. Financing is provided by the U.S. Department of Energy.

#### 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.

- 1. 2004 Series A Limited Obligation Bonds.** Accounts for principal and interest payments on the Limited Obligation Improvement Bonds.

#### 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.** Accounts for the purchase of police and fire land, buildings, and replacement equipment. Financing is provided by developer fees.
- 2. Traffic Signalization.** Accounts for the installation of traffic signals. Financing is provided by developer fees.
- 3. Assessment District 85-1.** Accounts for curbs, gutters, and sewer construction within Assessment District 85-1. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 4. Assessment District 86-1.** Accounts for certain street, water, and sewer improvements within Assessment District 86-1. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 5. Assessment District 86-5.** Accounts for certain street, water, and sewer improvements within Assessment District 86-5. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 6. Assessment District 87-2.** Accounts for certain street, water, and sewer improvements within Assessment District 87-2. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 7. Assessment District 88-2.** Accounts for improvements within Assessment District 88-2. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 8. Assessment District 88-3.** Accounts for improvements within Assessment District 88-3. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 9. Assessment District 96-1.** Accounts for improvements within Assessment District 96-1. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 10. Assessment District 2001-01.** Accounts for improvements within Assessment District 2001-01. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 11. CFD Rio Vista.** Accounts for improvements within the Rio Vista Community Facilities District. Financing is provided by contributions from property owners.
- 12. Assessment District 2003-01.** Accounts for improvements within Assessment District 2003-01. Financing is provided from the Limited Obligation Improvement Bonds issued.

- 13. **Assessment District 2004-01.** Accounts for improvements within Assessment District 2004-01. Financing is provided from the Limited Obligation Improvement Bonds issued.
- 14. **Assessment District 2004-02.** Accounts for improvements within Assessment District 2004-02. Financing is provided from the Limited Obligation Improvement Bonds issued.

## Combining Balance Sheet — Nonmajor Governmental Funds by Fund Type

June 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 10,561,443	-	7,954,220	18,515,663
Receivables:				
Interest	14,637	-	5,210	19,847
Accounts	594,573	-	84,628	679,201
Prepaid assets	2,699	-	-	2,699
Restricted assets:				
Cash and investments with fiscal agent	-	1,406,114	976,359	2,382,473
<b>Total Assets</b>	<b>\$ 11,173,352</b>	<b>1,406,114</b>	<b>9,020,417</b>	<b>21,599,883</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 325,129	-	-	325,129
Intergovernmental payable	10,140	-	-	10,140
<b>Total Liabilities</b>	<b>335,269</b>	<b>-</b>	<b>-</b>	<b>335,269</b>
Fund Balances:				
Restricted	10,838,083	1,406,114	9,020,417	21,264,614
<b>Total Fund Balances</b>	<b>10,838,083</b>	<b>1,406,114</b>	<b>9,020,417</b>	<b>21,264,614</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,173,352</b>	<b>1,406,114</b>	<b>9,020,417</b>	<b>21,599,883</b>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances —  
Nonmajor Governmental Funds by Fund Type**

For the Year Ended June 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Intergovernmental	\$ 3,925,494	-	83,392	4,008,886
Fines and forfeitures	396,876	-	-	396,876
Charges for services	1,098,160	-	-	1,098,160
Special assessments	447,306	-	84,895	532,201
Development fees	13,885	-	18,750	32,635
Use of money and property	57,903	139	18,699	76,741
Other revenue	188,622	-	-	188,622
<b>Total Revenues</b>	<b>6,128,246</b>	<b>139</b>	<b>205,736</b>	<b>6,334,121</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Community development	1,856,267	-	34,660	1,890,927
Public safety	589,645	-	33,989	623,634
Public works	2,135,935	-	-	2,135,935
Capital outlay	358,269	-	825,476	1,183,745
Debt service:				
Principal	-	195,000	-	195,000
Interest	-	162,614	-	162,614
<b>Total Expenditures</b>	<b>4,940,116</b>	<b>357,614</b>	<b>894,125</b>	<b>6,191,855</b>
Excess (deficiency) of revenues over (under) expenditures	1,188,130	(357,475)	(688,389)	142,266
<b>Other Financing Sources (Uses)</b>				
Transfers in	307,295	376,288	88,137	771,720
Transfers out	(628,848)	-	-	(628,848)
<b>Total Other Financing Sources (Uses)</b>	<b>(321,553)</b>	<b>376,288</b>	<b>88,137</b>	<b>142,872</b>
Net change in fund balances	866,577	18,813	(600,252)	285,138
Fund balances — July 1	9,971,506	1,387,301	9,620,669	20,979,476
<b>Fund Balances — June 30</b>	<b>\$ 10,838,083</b>	<b>1,406,114</b>	<b>9,020,417</b>	<b>21,264,614</b>

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**Combining Balance Sheet — Nonmajor Special Revenue Funds**

June 30, 2015

	Master Underground Plan	Traffic Safety	Transfer Station Road	TDA SB821
<b>Assets</b>				
Cash and investments	\$ 1,677,622	1,034,486	1,372,725	49
Receivables:				
Interest	2,325	1,434	1,902	-
Accounts	-	31,706	48,658	-
Prepaid assets	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,679,947</b>	<b>1,067,626</b>	<b>1,423,285</b>	<b>49</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	61,280	-	49
Intergovernmental payable	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>61,280</b>	<b>-</b>	<b>49</b>
Fund Balances:				
Restricted	1,679,947	1,006,346	1,423,285	-
<b>Total Fund Balances</b>	<b>1,679,947</b>	<b>1,006,346</b>	<b>1,423,285</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,679,947</b>	<b>1,067,626</b>	<b>1,423,285</b>	<b>49</b>

State Gas Tax	Air Quality Improvement	Measure A	Asset Forfeiture	
4,022,339	271,632	723,377	245,625	<b>Assets</b>
				Cash and investments
5,574	377	1,003	340	Receivables:
-	16,900	321,447	-	Interest
-	-	-	-	Accounts
				Prepaid assets
<b>4,027,913</b>	<b>288,909</b>	<b>1,045,827</b>	<b>245,965</b>	<b>Total Assets</b>
				<b>Liabilities and Fund Balances</b>
				Liabilities:
21,975	444	63,102	2,313	Accounts payable
-	10,140	-	-	Intergovernmental payable
<b>21,975</b>	<b>10,584</b>	<b>63,102</b>	<b>2,313</b>	<b>Total Liabilities</b>
				Fund Balances:
4,005,938	278,325	982,725	243,652	Restricted
<b>4,005,938</b>	<b>278,325</b>	<b>982,725</b>	<b>243,652</b>	<b>Total Fund Balances</b>
<b>4,027,913</b>	<b>288,909</b>	<b>1,045,827</b>	<b>245,965</b>	<b>Total Liabilities and Fund Balances</b>

continued

**Combining Balance Sheet — Nonmajor Special Revenue Funds (continued)**

June 30, 2015

	Solid Waste	Police Grants	Community Development Block Grant	Police Department Special Revenues
<b>Assets</b>				
Cash and investments	\$ 528,012	129,184	12,163	320,652
Receivables:				
Interest	732	179	17	444
Accounts	101,714	16,667	32,432	2,600
Prepaid assets	549	-	-	1,380
<b>Total Assets</b>	<b>\$ 631,007</b>	<b>146,030</b>	<b>44,612</b>	<b>325,076</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 78,552	45,938	25,392	435
Intergovernmental payable	-	-	-	-
<b>Total Liabilities</b>	<b>78,552</b>	<b>45,938</b>	<b>25,392</b>	<b>435</b>
Fund Balances:				
Restricted	552,455	100,092	19,220	324,641
<b>Total Fund Balances</b>	<b>552,455</b>	<b>100,092</b>	<b>19,220</b>	<b>324,641</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 631,007</b>	<b>146,030</b>	<b>44,612</b>	<b>325,076</b>

Fire Department Special Revenues	Landscape and Lighting District	Energy and Efficiency Block Grant	Total	
45,140	160,863	17,574	10,561,443	<b>Assets</b>
63	223	24	14,637	Cash and investments
16,370	6,079	-	594,573	Receivables:
-	770	-	2,699	Interest
<b>61,573</b>	<b>167,935</b>	<b>17,598</b>	<b>11,173,352</b>	Accounts
				Prepaid assets
				<b>Total Assets</b>
				<b>Liabilities and Fund Balances</b>
				Liabilities:
-	25,349	300	325,129	Accounts payable
-	-	-	10,140	Intergovernmental payable
<b>-</b>	<b>25,349</b>	<b>300</b>	<b>335,269</b>	<b>Total Liabilities</b>
				Fund Balances:
61,573	142,586	17,298	10,838,083	Restricted
<b>61,573</b>	<b>142,586</b>	<b>17,298</b>	<b>10,838,083</b>	<b>Total Fund Balances</b>
<b>61,573</b>	<b>167,935</b>	<b>17,598</b>	<b>11,173,352</b>	<b>Total Liabilities and Fund Balances</b>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances —  
Nonmajor Special Revenue Funds**

For the Year Ended June 30, 2015

	Master Underground Plan	Traffic Safety	Transfer Station Road	TDA SB821
<b>Revenues</b>				
Intergovernmental	\$ -	-	-	-
Fines and forfeitures	-	396,876	-	-
Charges for services	-	-	285,152	-
Special assessments	-	-	-	-
Development fees	13,885	-	-	-
Use of money and property	9,520	5,653	7,968	-
Other revenue	-	-	-	-
<b>Total Revenues</b>	<b>23,405</b>	<b>402,529</b>	<b>293,120</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
Community development	-	-	26,400	49
Public safety	-	219,337	-	-
Public works	-	-	-	-
Capital outlay	-	10,647	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>229,984</b>	<b>26,400</b>	<b>49</b>
Excess (deficiency) of revenues over (under) expenditures	23,405	172,545	266,720	(49)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	(76,589)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(76,589)</b>	<b>-</b>	<b>-</b>
Net change in fund balances	23,405	95,956	266,720	(49)
Fund balances (deficits) — July 1 (as restated)	1,656,542	910,390	1,156,565	49
<b>Fund Balances — June 30</b>	<b>\$ 1,679,947</b>	<b>1,006,346</b>	<b>1,423,285</b>	<b>-</b>

State Gas Tax	Air Quality Improvement	Measure A	Asset Forfeiture	
1,336,805	50,997	1,375,894	-	<b>Revenues</b>
-	-	-	-	Intergovernmental
14,103	-	14,102	-	Fines and forfeitures
-	-	-	-	Charges for services
-	-	-	-	Special assessments
22,548	1,535	3,849	1,327	Development fees
210	-	210	-	Use of money and property
<b>1,373,666</b>	<b>52,532</b>	<b>1,394,055</b>	<b>1,327</b>	Other revenue
				<b>Total Revenues</b>
				<b>Expenditures</b>
				Current:
26,013	-	280,240	-	Community development
-	-	-	5,452	Public safety
867,211	16,564	931,262	-	Public works
87,298	-	71,935	-	Capital outlay
<b>980,522</b>	<b>16,564</b>	<b>1,283,437</b>	<b>5,452</b>	<b>Total Expenditures</b>
				Excess (deficiency) of revenues over (under) expenditures
393,144	35,968	110,618	(4,125)	
				<b>Other Financing Sources (Uses)</b>
82,286	-	82,286	-	Transfers in
(72,833)	(25,000)	(109,563)	-	Transfers out
<b>9,453</b>	<b>(25,000)</b>	<b>(27,277)</b>	<b>-</b>	<b>Total Other Financing Sources (Uses)</b>
402,597	10,968	83,341	(4,125)	Net change in fund balances
3,603,341	267,357	899,384	247,777	Fund balances (deficits) — July 1 (as restated)
<b>4,005,938</b>	<b>278,325</b>	<b>982,725</b>	<b>243,652</b>	<b>Fund Balances — June 30</b>

continued

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances —  
Nonmajor Special Revenue Funds (continued)**

For the Year Ended June 30, 2015

	Solid Waste	Police Grants	Community Development Block Grant	Police Department Special Revenues
<b>Revenues</b>				
Intergovernmental	\$ -	126,290	1,003,986	-
Fines and forfeitures	-	-	-	-
Charges for services	784,803	-	-	-
Special assessments	-	-	-	-
Development fees	-	-	-	-
Use of money and property	2,844	748	71	1,836
Other revenue	47,672	-	14,830	96,007
<b>Total Revenues</b>	<b>835,319</b>	<b>127,038</b>	<b>1,018,887</b>	<b>97,843</b>
<b>Expenditures</b>				
Current:				
Community development	637,897	-	815,597	-
Public safety	-	107,218	-	157,793
Public works	-	-	-	-
Capital outlay	-	-	188,389	-
<b>Total Expenditures</b>	<b>637,897</b>	<b>107,218</b>	<b>1,003,986</b>	<b>157,793</b>
Excess (deficiency) of revenues over (under) expenditures	197,422	19,820	14,901	(59,950)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	(27,795)	-	-	(26,408)
<b>Total Other Financing Sources (Uses)</b>	<b>(27,795)</b>	<b>-</b>	<b>-</b>	<b>(26,408)</b>
Net change in fund balances	169,627	19,820	14,901	(86,358)
Fund balances (deficits) — July 1 (as restated)	382,828	80,272	4,319	410,999
<b>Fund Balances — June 30</b>	<b>\$ 552,455</b>	<b>100,092</b>	<b>19,220</b>	<b>324,641</b>

Fire Department Special Revenues	Landscape and Lighting District	Energy and Efficiency Block Grant	Total	
31,522	-	-	3,925,494	<b>Revenues</b>
-	-	-	396,876	Intergovernmental
-	-	-	1,098,160	Fines and forfeitures
-	447,306	-	447,306	Charges for services
-	-	-	13,885	Special assessments
60	(158)	102	57,903	Development fees
29,693	-	-	188,622	Use of money and property
<b>61,275</b>	<b>447,148</b>	<b>102</b>	<b>6,128,246</b>	Other revenue
				<b>Total Revenues</b>
				<b>Expenditures</b>
				Current:
-	-	70,071	1,856,267	Community development
99,845	-	-	589,645	Public safety
-	320,898	-	2,135,935	Public works
-	-	-	358,269	Capital outlay
<b>99,845</b>	<b>320,898</b>	<b>70,071</b>	<b>4,940,116</b>	<b>Total Expenditures</b>
				Excess (deficiency) of revenues over (under) expenditures
(38,570)	126,250	(69,969)	1,188,130	
				<b>Other Financing Sources (Uses)</b>
-	142,723	-	307,295	Transfers in
-	(290,660)	-	(628,848)	Transfers out
-	<b>(147,937)</b>	-	<b>(321,553)</b>	<b>Total Other Financing Sources (Uses)</b>
(38,570)	(21,687)	(69,969)	866,577	Net change in fund balances
100,143	164,273	87,267	9,971,506	Fund balances (deficits) — July 1 (as restated)
<b>61,573</b>	<b>142,586</b>	<b>17,298</b>	<b>10,838,083</b>	<b>Fund Balances — June 30</b>

**Schedule of Revenues, Expenditures, and Changes in Fund Balances —  
Budget and Actual – Nonmajor Special Revenue Funds**

For the Year Ended June 30, 2015

	Master Underground Plan		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Fines and forfeitures	\$ -	-	-
Development fees	4,000	13,885	9,885
Use of money and property	8,000	9,520	1,520
<b>Total Revenues</b>	<b>12,000</b>	<b>23,405</b>	<b>11,405</b>
<b>Expenditures</b>			
Current:			
Public safety	-	-	-
Capital outlay	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues over expenditures	12,000	23,405	11,405
<b>Other Financing Sources (Uses)</b>			
Transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	12,000	23,405	11,405
Fund balances — July 1	1,656,542	1,656,542	-
<b>Fund Balances — June 30</b>	<b>\$ 1,668,542</b>	<b>1,679,947</b>	<b>11,405</b>

<b>Traffic Safety</b>			
<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	
285,000	396,876	111,876	<b>Revenues</b>
-	-	-	Fines and forfeitures
6,500	5,653	(847)	Development fees
<b>291,500</b>	<b>402,529</b>	<b>111,029</b>	Use of money and property
			<b>Total Revenues</b>
			<b>Expenditures</b>
			Current:
336,583	219,337	117,246	Public safety
-	10,647	(10,647)	Capital outlay
<b>336,583</b>	<b>229,984</b>	<b>106,599</b>	<b>Total Expenditures</b>
628,083	172,545	217,628	Excess of revenues over expenditures
(76,589)	(76,589)	-	<b>Other Financing Sources (Uses)</b>
<b>(76,589)</b>	<b>(76,589)</b>	<b>-</b>	Transfers out
			<b>Total Other Financing Sources (Uses)</b>
551,494	95,956	217,628	Net change in fund balances
910,390	910,390	-	Fund balances — July 1
<b>1,461,884</b>	<b>1,006,346</b>	<b>217,628</b>	<b>Fund Balances — June 30</b>

continued

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

For the Year Ended June 30, 2015

	Final Budgeted Amounts	Actual Amounts	Transfer Station Road Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Charges for services	\$ 260,000	285,152	25,152
Use of money and property	4,000	7,968	3,968
<b>Total Revenues</b>	<b>264,000</b>	<b>293,120</b>	<b>29,120</b>
<b>Expenditures</b>			
Current:			
Community development	21,400	26,400	5,000
<b>Total Expenditures</b>	<b>21,400</b>	<b>26,400</b>	<b>5,000</b>
Excess (deficiency) of revenues over (under) expenditures	242,600	266,720	24,120
Net change in fund balances	242,600	266,720	24,120
Fund balances — July 1	1,156,565	1,156,565	-
<b>Fund Balances — June 30</b>	<b>1,399,165</b>	<b>1,423,285</b>	<b>24,120</b>

TDA SB821			
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	
-	-	-	<b>Revenues</b>
-	-	-	Charges for services
-	-	-	Use of money and property
-	-	-	<b>Total Revenues</b>
			<b>Expenditures</b>
			Current:
-	49	49	Community development
-	<b>49</b>	<b>49</b>	<b>Total Expenditures</b>
-	(49)	(49)	Excess (deficiency) of revenues over (under) expenditures
(49)	(49)	(49)	Net change in fund balances
49	49	-	Fund balances — July 1
-	-	<b>(49)</b>	<b>Fund Balances — June 30</b>

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

For the Year Ended June 30, 2015

	Final Budgeted Amounts	Actual Amounts	State Gas Tax Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 1,538,220	1,336,805	(201,415)
Charges for services	-	14,103	14,103
Use of money and property	15,750	22,548	6,798
Other revenue	-	210	210
<b>Total Revenues</b>	<b>1,553,970</b>	<b>1,373,666</b>	<b>(180,304)</b>
<b>Expenditures</b>			
Current:			
Community development	-	26,013	(26,013)
Public works	852,839	867,211	(14,372)
Capital outlay	-	87,298	(87,298)
<b>Total Expenditures</b>	<b>852,839</b>	<b>980,522</b>	<b>(127,683)</b>
Excess (deficiency) of revenues over (under) expenditures	701,131	393,144	(307,987)
<b>Other Financing Sources (Uses)</b>			
Transfers in	45,460	82,286	36,826
Transfers out	(72,833)	(72,833)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(27,373)</b>	<b>9,453</b>	<b>36,826</b>
Net change in fund balances	673,758	402,597	(271,161)
Fund balances (deficits) — July 1	3,603,341	3,603,341	-
<b>Fund Balances (deficits) — June 30</b>	<b>\$ 4,277,099</b>	<b>4,005,938</b>	<b>(271,161)</b>

<b>Air Quality Improvement</b>			
<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	
26,500	50,997	24,497	<b>Revenues</b>
-	-	-	Intergovernmental
1,775	1,535	(240)	Charges for services
-	-	-	Use of money and property
<b>28,275</b>	<b>52,532</b>	<b>24,257</b>	Other revenue
			<b>Total Revenues</b>
			<b>Expenditures</b>
			Current:
-	-	-	Community development
47,500	16,564	30,936	Public works
-	-	-	Capital outlay
<b>47,500</b>	<b>16,564</b>	<b>30,936</b>	<b>Total Expenditures</b>
(19,225)	35,968	55,193	Excess (deficiency) of revenues over (under) expenditures
-	-	-	<b>Other Financing Sources (Uses)</b>
(25,000)	(25,000)	-	Transfers in
<b>(25,000)</b>	<b>(25,000)</b>	<b>-</b>	Transfers out
			<b>Total Other Financing Sources (Uses)</b>
(44,225)	10,968	55,193	Net change in fund balances
267,357	267,357	-	Fund balances (deficits) — July 1
<b>223,132</b>	<b>278,325</b>	<b>55,193</b>	<b>Fund Balances (deficits) — June 30</b>

continued

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

For the Year Ended June 30, 2015

	Final Budgeted Amounts	Actual Amounts	Measure A Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 1,500,000	1,375,894	(124,106)
Charges for services		14,102	14,102
Use of money and property	2,300	3,849	1,549
Other revenue	-	210	210
<b>Total Revenues</b>	<b>1,502,300</b>	<b>1,394,055</b>	<b>(108,245)</b>
<b>Expenditures</b>			
Current:			
Community development	124,100	280,240	(156,140)
Public safety	-	-	-
Public works	889,838	931,262	(41,424)
Capital outlay	68,758	71,935	(3,177)
<b>Total Expenditures</b>	<b>1,082,696</b>	<b>1,283,437</b>	<b>(200,741)</b>
Excess (deficiency) of revenues over (under) expenditures	419,604	110,618	(308,986)
<b>Other Financing (Uses)</b>			
Transfers in	45,460	82,286	36,826
Transfers out	(88,000)	(109,563)	(21,563)
<b>Total Other Financing (Uses)</b>	<b>(42,540)</b>	<b>(27,277)</b>	<b>15,263</b>
Net change in fund balances	377,064	83,341	(293,723)
Fund balances — July 1	899,384	899,384	-
<b>Fund Balances — June 30</b>	<b>\$ 1,276,448</b>	<b>982,725</b>	<b>(293,723)</b>

			<b>Asset Forfeiture</b>	
<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>		
-	-	-		<b>Revenues</b>
-	-	-		Intergovernmental
1,700	1,327	(373)		Charges for services
-	-	-		Use of money and property
<b>1,700</b>	<b>1,327</b>	<b>(373)</b>		Other revenue
				<b>Total Revenues</b>
				<b>Expenditures</b>
				Current:
-	-	-		Community development
-	5,452	(5,452)		Public safety
-	-	-		Public works
-	-	-		Capital outlay
<b>-</b>	<b>5,452</b>	<b>(5,452)</b>		<b>Total Expenditures</b>
1,700	(4,125)	(5,825)		Excess (deficiency) of revenues over (under) expenditures
-	-	-		<b>Other Financing (Uses)</b>
-	-	-		Transfers in
-	-	-		Transfers out
<b>-</b>	<b>-</b>	<b>-</b>		<b>Total Other Financing (Uses)</b>
1,700	(4,125)	(5,825)		Net change in fund balances
247,777	247,777	-		Fund balances — July 1
<b>249,477</b>	<b>243,652</b>	<b>(5,825)</b>		<b>Fund Balances — June 30</b>

continued

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

For the Year Ended June 30, 2015

	Final Budgeted Amounts	Actual Amounts	Solid Waste Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ -	-	-
Charges for services	735,000	784,803	49,803
Use of money and property	500	2,844	2,344
Other revenue	14,000	47,672	33,672
<b>Total Revenues</b>	<b>749,500</b>	<b>835,319</b>	<b>85,819</b>
<b>Expenditures</b>			
Current:			
Community development	516,695	637,897	(121,202)
Public safety	-	-	-
<b>Total Expenditures</b>	<b>516,695</b>	<b>637,897</b>	<b>(121,202)</b>
Excess (deficiency) of revenues over (under) expenditures	232,805	197,422	(35,383)
<b>Other Financing (Uses)</b>			
Transfers out	(27,795)	(27,795)	-
<b>Total Other Financing (Uses)</b>	<b>(27,795)</b>	<b>(27,795)</b>	<b>-</b>
Net change in fund balances	205,010	169,627	(35,383)
Fund balances — July 1	382,828	382,828	-
<b>Fund Balances — June 30</b>	<b>\$ 587,838</b>	<b>552,455</b>	<b>(35,383)</b>

			<b>Police Grants</b>
<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	
100,000	126,290	26,290	<b>Revenues</b>
	-	-	Intergovernmental
90	748	658	Charges for services
-	-	-	Use of money and property
<b>100,090</b>	<b>127,038</b>	<b>26,948</b>	Other revenue
			<b>Total Revenues</b>
			<b>Expenditures</b>
			Current:
-	-	-	Community development
100,000	107,218	(7,218)	Public safety
<b>100,000</b>	<b>107,218</b>	<b>(7,218)</b>	<b>Total Expenditures</b>
			Excess (deficiency) of revenues over (under) expenditures
90	19,820	19,730	<b>Other Financing (Uses)</b>
-	-	-	Transfers out
<b>-</b>	<b>-</b>	<b>-</b>	<b>Total Other Financing (Uses)</b>
90	19,820	19,730	Net change in fund balances
80,272	80,272	-	Fund balances — July 1
<b>80,362</b>	<b>100,092</b>	<b>19,730</b>	<b>Fund Balances — June 30</b>

continued

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

For the Year Ended June 30, 2015

	Community Development Block Grant		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 491,000	1,003,986	512,986
Use of money and property	-	71	71
Other revenue	-	14,830	14,830
<b>Total Revenues</b>	<b>491,000</b>	<b>1,018,887</b>	<b>527,887</b>
<b>Expenditures</b>			
Current:			
Community development	284,329	815,597	(531,268)
Public safety	-	-	-
Capital outlay	188,389	188,389	-
<b>Total Expenditures</b>	<b>472,718</b>	<b>1,003,986</b>	<b>(531,268)</b>
Excess (deficiency) of revenues over (under) expenditures	18,282	14,901	(3,381)
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,200	-	(1,200)
Transfers out	(20,000)	-	20,000
<b>Total Other Financing Sources (Uses)</b>	<b>(18,800)</b>	<b>-</b>	<b>18,800</b>
Net change in fund balances	(518)	14,901	15,419
Fund balances — July 1	4,319	4,319	-
<b>Fund Balances — June 30</b>	<b>\$ 3,801</b>	<b>19,220</b>	<b>15,419</b>

<b>Police Department Special Revenues</b>		
<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
-	-	-
3,200	1,836	(1,364)
86,000	96,007	10,007
<b>89,200</b>	<b>97,843</b>	<b>8,643</b>
-	-	-
112,500	157,793	(45,293)
-	-	-
<b>112,500</b>	<b>157,793</b>	<b>(45,293)</b>
(23,300)	(59,950)	(36,650)
-	-	-
(2,000)	(26,408)	(24,408)
<b>(2,000)</b>	<b>(26,408)</b>	<b>(24,408)</b>
(25,300)	(86,358)	(61,058)
410,999	410,999	-
<b>385,699</b>	<b>324,641</b>	<b>(61,058)</b>

**Revenues**

Intergovernmental  
Use of money and property  
Other revenue

**Total Revenues**

**Expenditures**

Current:  
    Community development  
    Public safety  
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 — July 1

**Fund Balances — June 30**

continued

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

For the Year Ended June 30, 2015

	Fire Department Special Revenues		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ -	31,522	31,522
Special assessments	-	-	-
Use of money and property	1,000	60	(940)
Other revenue	25,000	29,693	4,693
<b>Total Revenues</b>	<b>26,000</b>	<b>61,275</b>	<b>35,275</b>
<b>Expenditures</b>			
Current:			
Public safety	9,131	99,845	(90,714)
Public works	-	-	-
<b>Total Expenditures</b>	<b>9,131</b>	<b>99,845</b>	<b>(90,714)</b>
Excess (deficiency) of revenues over (under) expenditures	16,869	(38,570)	(55,439)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	16,869	(38,570)	(55,439)
Fund balances — July 1	100,143	100,143	-
<b>Fund Balances — June 30</b>	<b>\$ 117,012</b>	<b>61,573</b>	<b>(55,439)</b>

<b>Landscape and Lighting District</b>			
<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	
	-	-	<b>Revenues</b>
489,363	447,306	(42,057)	Intergovernmental
-	(158)	(158)	Special assessments
-	-	-	Use of money and property
-	-	-	Other revenue
<b>489,363</b>	<b>447,148</b>	<b>(42,215)</b>	<b>Total Revenues</b>
			<b>Expenditures</b>
			Current:
-	-	-	Public safety
224,680	320,898	(96,218)	Public works
<b>224,680</b>	<b>320,898</b>	<b>(96,218)</b>	<b>Total Expenditures</b>
264,683	126,250	(138,433)	Excess (deficiency) of revenues over (under) expenditures
108,414	142,723	34,309	<b>Other Financing Sources (Uses)</b>
(300,336)	(290,660)	9,676	Transfers in
(191,922)	(147,937)	43,985	Transfers out
			<b>Total Other Financing Sources (Uses)</b>
72,761	(21,687)	(94,448)	Net change in fund balances
164,273	164,273	-	Fund balances — July 1
<b>\$ 237,034</b>	<b>142,586</b>	<b>(94,448)</b>	<b>Fund Balances — June 30</b>

continued

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

For the Year Ended June 30, 2015

	Energy and Efficiency Block Grant		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Use of money and property	\$ 550	102	(448)
<b>Total Revenues</b>	<b>550</b>	<b>102</b>	<b>(448)</b>
<b>Expenditures</b>			
Current:			
Community development	-	70,071	(70,071)
<b>Total Expenditures</b>	<b>-</b>	<b>70,071</b>	<b>(70,071)</b>
Excess of revenues over expenditures	550	(69,969)	(70,519)
Net change in fund balances	550	(69,969)	(70,519)
Fund balances — July 1 (as restated)	87,267	87,267	-
<b>Fund Balances — June 30</b>	<b>\$ 87,817</b>	<b>17,298</b>	<b>(70,519)</b>

<b>Special Deposits</b>			
<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	
4,700	3,962	(738)	<b>Revenues</b>
<b>4,700</b>	<b>3,962</b>	<b>(738)</b>	Use of money and property
			<b>Total Revenues</b>
			<b>Expenditures</b>
			Current:
-	-	-	Community development
-	-	-	<b>Total Expenditures</b>
4,700	3,962	(738)	Excess of revenues over expenditures
4,700	3,962	(738)	Net change in fund balances
143,916	143,916	-	Fund balances — July 1 (as restated)
<b>148,616</b>	<b>147,878</b>	<b>(738)</b>	<b>Fund Balances — June 30</b>

continued

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

For the Year Ended June 30, 2015

	Final Budgeted Amounts	Actual Amounts	Big League Dreams Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Use of money and property	\$ 370,737	367,417	(3,320)
<b>Total Revenues</b>	<b>370,737</b>	<b>367,417</b>	<b>(3,320)</b>
<b>Expenditures</b>			
Current:			
Culture and recreation	5,200	5,421	(221)
<b>Total Expenditures</b>	<b>5,200</b>	<b>5,421</b>	<b>(221)</b>
Excess (deficiency) of revenues over (under) expenditures	365,537	361,996	(3,541)
<b>Other Financing (Uses)</b>			
Transfers out	(506,325)	(506,265)	60
<b>Total Other Financing (Uses)</b>	<b>(506,325)</b>	<b>(506,265)</b>	<b>60</b>
Net change in fund balances	(140,788)	(144,269)	(3,481)
Fund balances — July 1	4,101,739	4,101,739	-
<b>Fund Balances — June 30</b>	<b>\$ 3,960,951</b>	<b>3,957,470</b>	<b>(3,481)</b>

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**Combining Balance Sheet — Nonmajor Debt Service Funds**

June 30, 2015

	2004 Series A Ltd Obligation Bonds	Total
<b>Assets</b>		
Restricted assets:		
Cash and investments with fiscal agent	\$ 1,406,114	1,406,114
<b>Total Assets</b>	<b>\$ 1,406,114</b>	<b>1,406,114</b>
<b>Fund Balance</b>		
Restricted	\$ 1,406,114	1,406,114
<b>Total Fund Balance</b>	<b>\$ 1,406,114</b>	<b>1,406,114</b>

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Debt Service Funds

For the Year Ended June 30, 2015

	2004 Series A Ltd Obligation Bonds	Total
<b>Revenues</b>		
Use of money and property	\$ 139	139
<b>Total Revenues</b>	<b>139</b>	<b>139</b>
<b>Expenditures</b>		
Debt service:		
Principal	195,000	195,000
Interest	162,614	162,614
<b>Total Expenditures</b>	<b>357,614</b>	<b>357,614</b>
(Deficiency) of revenues (under) expenditures	(357,475)	(357,475)
<b>Other Financing Sources</b>		
Transfers in	376,288	376,288
<b>Total Other Financing Sources</b>	<b>376,288</b>	<b>376,288</b>
Net change in fund balance	18,813	18,813
Fund balance — July 1	1,387,301	1,387,301
<b>Fund balance — June 30</b>	<b>\$ 1,406,114</b>	<b>\$ 1,406,114</b>

**Combining Balance Sheet — Nonmajor Capital Projects Funds**

June 30, 2015

	Police and Fire Facilities	Traffic Signalization	Assessment District 85-1	Assessment District 86-1
<b>Assets</b>				
Cash and investments	\$ 9,994	112,943	636,103	470,255
Receivables:				
Interest	14	157	881	652
Accounts	-	-	387	61,937
Restricted assets:				
Cash and investments held with fiscal agent	-	-	-	-
<b>Total Assets</b>	<b>\$ 10,008</b>	<b>113,100</b>	<b>637,371</b>	<b>532,844</b>
<b>Fund Balances</b>				
Restricted	10,008	113,100	637,371	532,844
<b>Total Fund Balances</b>	<b>\$ 10,008</b>	<b>113,100</b>	<b>637,371</b>	<b>532,844</b>

Assessment District 86-5	Assessment District 87-2	Assessment District 88-2	Assessment District 88-3	
692,528	12,467	463,678	1,360,346	<b>Assets</b>
960	18	643	1,885	Cash and investments
2,254	-	832	19,218	Receivables:
				Interest
				Accounts
				Restricted assets:
				Cash and investments held with fiscal agent
-	-	-	-	<b>Total Assets</b>
<b>695,742</b>	<b>12,485</b>	<b>465,153</b>	<b>1,381,449</b>	
695,742	12,485	465,153	1,381,449	<b>Fund Balances</b>
<b>695,742</b>	<b>12,485</b>	<b>465,153</b>	<b>1,381,449</b>	Restricted
				<b>Total Fund Balances</b>

continued

**Combining Balance Sheet — Nonmajor Capital Projects Funds (continued)**

June 30, 2015

	Assessment District 96-1	Assessment District 2001-01	CFD Rio Vista	Assessment District 2003-01
<b>Assets</b>				
Cash and investments	\$ 208,339	\$ 123,120	120,196	361,581
Receivables:				
Interest	-	-	-	-
Accounts	-	-	-	-
Restricted assets:				
Cash and investments held with fiscal agent	-	99,823	124,426	752,110
<b>Total Assets</b>	<b>\$ 208,339</b>	<b>222,943</b>	<b>244,622</b>	<b>1,113,691</b>
<b>Fund Balances</b>				
Restricted	208,339	222,943	244,622	1,113,691
<b>Total Fund Balances</b>	<b>\$ 208,339</b>	<b>222,943</b>	<b>244,622</b>	<b>1,113,691</b>

Assessment District 2004-01	Assessment District 2004-02	Total	
541,153	2,841,517	7,954,220	Cash and investments
-	-	5,210	Receivables:
-	-	84,628	Interest
-	-	976,359	Accounts
<b>541,153</b>	<b>2,841,517</b>	<b>9,020,417</b>	Restricted assets:
			Cash and investments held with fiscal agent
			<b>Total Assets</b>
			 <b>Fund Balances</b>
541,153	2,841,517	9,020,417	Restricted
<b>541,153</b>	<b>2,841,517</b>	<b>9,020,417</b>	<b>Total Fund Balances</b>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances —  
Nonmajor Capital Projects Funds**

For the Year Ended June 30, 2015

	Police and Fire Facilities	Traffic Signalization	Assessment District 85-1	Assessment District 86-1
<b>Revenues</b>				
Intergovernmental	\$ -	-	9,705	36,992
Special assessments	-	-	387	61,936
Development fees	12,500	6,250	-	-
Use of money and property	(85)	673	3,164	1,681
<b>Total Revenues</b>	<b>12,415</b>	<b>6,923</b>	<b>13,256</b>	<b>100,609</b>
<b>Expenditures</b>				
Current:				
Community development	-	34,660	-	-
Public safety	33,989	-	-	-
Capital outlay	-	-	112,280	297,209
<b>Total Expenditures</b>	<b>33,989</b>	<b>34,660</b>	<b>112,280</b>	<b>297,209</b>
Excess of revenues over expenditures	(21,574)	(27,737)	(99,024)	(196,600)
<b>Other Financing Sources</b>				
Transfers in	-	-	-	88,137
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,137</b>
Net change in fund balances	(21,574)	(27,737)	(99,024)	(108,463)
Fund balances — July 1	31,582	140,837	736,395	641,307
<b>Fund Balances — June 30</b>	<b>\$ 10,008</b>	<b>113,100</b>	<b>637,371</b>	<b>532,844</b>

Assessment District 86-5	Assessment District 87-2	Assessment District 88-2	Assessment District 88-3	
-	-	3,425	33,270	<b>Revenues</b>
2,254	-	832	19,486	Intergovernmental
-	-	-	-	Special assessments
3,772	68	2,418	6,514	Development fees
<b>6,026</b>	<b>68</b>	<b>6,675</b>	<b>59,270</b>	Use of money and property
				<b>Total Revenues</b>
				<b>Expenditures</b>
				Current:
-	-	-	-	Community development
-	-	-	-	Public safety
-	-	39,628	376,359	Capital outlay
-	-	<b>39,628</b>	<b>376,359</b>	<b>Total Expenditures</b>
6,026	68	(32,953)	(317,089)	Excess of revenues over expenditures
				<b>Other Financing Sources</b>
-	-	-	-	Transfers in
-	-	-	-	<b>Total Other Financing Sources</b>
6,026	68	(32,953)	(317,089)	Net change in fund balances
689,716	12,417	498,106	1,698,538	Fund balances — July 1
<b>695,742</b>	<b>12,485</b>	<b>465,153</b>	<b>1,381,449</b>	<b>Fund Balances — June 30</b>

continued

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances —  
Nonmajor Capital Projects Funds (continued)**

For the Year Ended June 30, 2015

	Assessment District 96-1	Assessment District 2001-01	CFD Rio Vista	Assessment District 2003-01
<b>Revenues</b>				
Intergovernmental	\$ -	-	-	-
Special assessments	-	-	-	-
Development fees	-	-	-	-
Use of money and property	-	19	466	9
<b>Total Revenues</b>	<b>-</b>	<b>19</b>	<b>466</b>	<b>9</b>
<b>Expenditures</b>				
Current:				
Community development	-	-	-	-
Public safety	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues over expenditures	-	19	466	9
<b>Other Financing Sources</b>				
Transfers in	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	19	466	9
Fund balances — July 1	208,339	222,924	244,156	1,113,682
<b>Fund Balances — June 30</b>	<b>\$ 208,339</b>	<b>222,943</b>	<b>244,622</b>	<b>1,113,691</b>

Assessment District 2004-01	Assessment District 2004-02	Total
-	-	83,392
-	-	84,895
-	-	18,750
-	-	18,699
-	-	<b>205,736</b>
-	-	
-	-	34,660
-	-	33,989
-	-	825,476
-	-	<b>894,125</b>
-	-	
-	-	(688,389)
-	-	
-	-	88,137
-	-	<b>88,137</b>
-	-	
-	-	(600,252)
541,153	2,841,517	9,620,669
<b>541,153</b>	<b>2,841,517</b>	<b>9,020,417</b>

**Revenues**

Intergovernmental  
 Special assessments  
 Development fees  
 Use of money and property

**Total Revenues**

**Expenditures**

Current:  
     Community development  
     Public safety  
 Capital outlay

**Total Expenditures**

Excess of revenues over expenditures

**Other Financing Sources**

Transfers in

**Total Other Financing Sources**

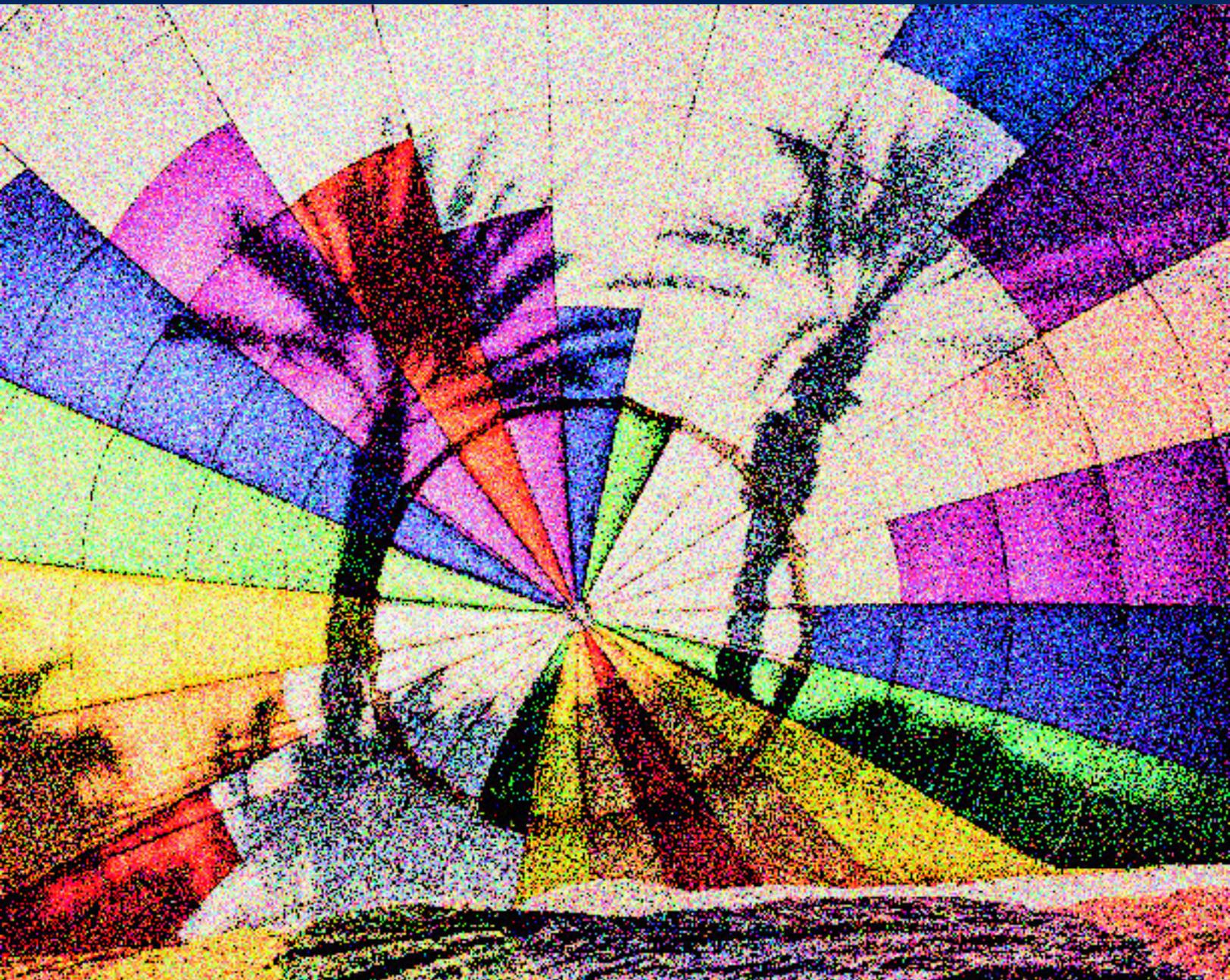
Net change in fund balances

Fund balances — July 1

**Fund Balances — June 30**

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# PROPRIETARY FUNDS





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

**Combining Statement of Net Position — Internal Service Funds**

June 30, 2015

	Equipment Replacement	Insurance	Technology
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 2,840,740	7,846,814	661,793
Receivables:			
Interest	3,939	10,875	917
Accounts	-	80,224	-
Deposits with PERMA	-	1,658,419	-
Prepaid assets	-	5,194	-
Inventories	26,363	-	-
<b>Total Current Assets</b>	<b>2,871,042</b>	<b>9,601,526</b>	<b>662,710</b>
Noncurrent assets:			
Capital assets:			
Vehicles and equipment	8,217,446	-	-
Accumulated depreciation	(5,774,284)	-	-
Net capital assets	2,443,162	-	-
<b>Total Noncurrent Assets</b>	<b>2,443,162</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>5,314,204</b>	<b>9,601,526</b>	<b>662,710</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	16,837	27,083	-
Claims payable	-	1,000,000	-
Unearned revenue	-	2,069	-
<b>Total Current Liabilities</b>	<b>16,837</b>	<b>1,029,152</b>	<b>-</b>
Noncurrent liabilities:			
Claims payable	-	1,224,935	-
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>1,224,935</b>	<b>-</b>
<b>Total Liabilities</b>	<b>16,837</b>	<b>2,254,087</b>	<b>-</b>
<b>Net Position</b>			
Net investment in capital assets	2,443,162	-	-
Unrestricted	2,854,205	7,347,439	662,710
<b>Total Net Position</b>	<b>\$ 5,297,367</b>	<b>7,347,439</b>	<b>662,710</b>

Facilities	Total	
1,267,103	12,616,450	<b>Assets</b>
1,756	17,487	Current assets:
-	80,224	Cash and investments
-	1,658,419	Receivables:
-	5,194	Interest
-	26,363	Accounts
<b>1,268,859</b>	<b>14,404,137</b>	Deposits with PERMA
		Prepaid assets
		Inventories
		<b>Total Current Assets</b>
		Noncurrent assets:
-	8,217,446	Capital assets:
-	(5,774,284)	Vehicles and equipment
-	2,443,162	Accumulated depreciation
-	<b>2,443,162</b>	Net capital assets
<b>1,268,859</b>	<b>16,847,299</b>	<b>Total Noncurrent Assets</b>
		<b>Total Assets</b>
		<b>Liabilities</b>
-	43,920	Current liabilities:
-	1,000,000	Accounts payable
-	2,069	Claims payable
-	<b>1,045,989</b>	Unearned revenue
		<b>Total Current Liabilities</b>
-	1,224,935	Noncurrent liabilities:
-	<b>1,224,935</b>	Claims payable
-	<b>2,270,924</b>	<b>Total Noncurrent Liabilities</b>
		<b>Total Liabilities</b>
-	2,443,162	<b>Net Position</b>
1,268,859	12,133,213	Net investment in capital assets
<b>1,268,859</b>	<b>14,576,375</b>	Unrestricted
		<b>Total Net Position</b>

## Combining Statement of Revenues, Expenses, and Changes in Net Position — Internal Service Funds

For the Year Ended June 30, 2015

	Equipment Replacement	Insurance	Technology
<b>Operating Revenues</b>			
Charges for services	\$ 525,000	9,764,029	22,887
Other revenue	14,041	80,454	-
<b>Total Operating Revenues</b>	<b>539,041</b>	<b>9,844,483</b>	<b>22,887</b>
<b>Operating Expenses</b>			
Insurance claims and expenses	-	9,893,801	-
Minor equipment	-	-	1,926
Depreciation	503,923	-	-
Other operating expenses	-	390	-
<b>Total Operating Expenses</b>	<b>503,923</b>	<b>9,894,191</b>	<b>1,926</b>
Operating income (loss)	35,118	(49,708)	20,961
<b>Nonoperating Revenues</b>			
Interest and investment income	14,809	57,699	3,634
Gain on sale of capital assets	7,766	-	-
<b>Total Nonoperating Revenues</b>	<b>22,575</b>	<b>57,699</b>	<b>3,634</b>
Income before transfers	57,693	7,991	24,595
Transfers in	-	607,042	-
Change in net position	57,693	615,033	24,595
Net position — July 1	5,239,674	6,732,406	638,115
<b>Net Position — June 30</b>	<b>\$ 5,297,367</b>	<b>7,347,439</b>	<b>662,710</b>

Facilities	Total	
-	10,311,916	<b>Operating Revenues</b>
-	94,495	Charges for services
-	<b>10,406,411</b>	Other revenue
		<b>Total Operating Revenues</b>
-	9,893,801	<b>Operating Expenses</b>
-	1,926	Insurance claims and expenses
-	503,923	Minor equipment
-	390	Depreciation
-	<b>10,400,040</b>	Other operating expenses
		<b>Total Operating Expenses</b>
-	6,371	Operating income (loss)
6,894	83,036	<b>Nonoperating Revenues</b>
-	7,766	Interest and investment income
<b>6,894</b>	<b>90,802</b>	Gain on sale of capital assets
		<b>Total Nonoperating Revenues</b>
6,894	97,173	Income before transfers
-	607,042	Transfers in
6,894	704,215	Change in net position
1,261,965	13,872,160	Net position — July 1
<b>1,268,859</b>	<b>14,576,375</b>	<b>Net Position — June 30</b>

**Combining Statement of Cash Flows — Internal Service Funds**

For the Year Ended June 30, 2015

	Equipment Replacement	Insurance	Technology
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and user departments	\$ 880,000	9,917,866	22,887
Payments to suppliers for goods and services	(333,832)	(10,251,639)	(1,948)
Other receipts	159,065	231	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>705,233</b>	<b>(333,542)</b>	<b>20,939</b>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers in	-	607,042	-
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>-</b>	<b>607,042</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital asset acquisitions	(511,618)	-	-
Proceeds from the sale of capital assets	9,954	-	-
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(501,664)</b>	<b>-</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>			
Interest received	13,822	55,270	3,433
<b>Net Cash Provided by Investing Activities</b>	<b>13,822</b>	<b>55,270</b>	<b>3,433</b>
Net increase (decrease) in cash and cash equivalents	217,391	328,770	24,372
Cash and cash equivalents — July 1	2,623,349	7,518,044	637,421
<b>Cash and Cash Equivalents — June 30</b>	<b>\$ 2,840,740</b>	<b>7,846,814</b>	<b>661,793</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ 35,118	(49,708)	20,961
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	503,923	-	-
Accounts receivable	145,024	51,798	-
Deposits with PERMA	-	(174,526)	-
Prepaid assets	-	(3,875)	-
Inventories	11,088	-	-
Accounts payable	10,080	(37,969)	(22)
Unearned revenue	-	758	-
Claims payable	-	(120,020)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 705,233</b>	<b>(333,542)</b>	<b>20,939</b>
<b>Noncash Investing, Capital, and Financing Activities</b>			
Capital asset purchase (prepaid)	\$ 804,067	-	-

Facilities	Total	
		<b>Cash Flows From Operating Activities</b>
-	10,820,753	Receipts from customers and user departments
-	(10,587,419)	Payments to suppliers for goods and services
-	159,296	Other receipts
-	<b>392,630</b>	<b>Net Cash Provided (Used) by Operating Activities</b>
		<b>Cash Flows From Noncapital Financing Activities</b>
-	607,042	Transfers in
-	<b>607,042</b>	<b>Net Cash Provided by Noncapital Financing Activities</b>
		<b>Cash Flows From Capital and Related Financing Activities</b>
-	(511,618)	Capital asset acquisitions
-	9,954	Proceeds from the sale of capital assets
-	<b>(501,664)</b>	<b>Net Cash (Used) by Capital and Related Financing Activities</b>
		<b>Cash Flows From Investing Activities</b>
6,555	79,080	Interest received
<b>6,555</b>	<b>79,080</b>	<b>Net Cash Provided by Investing Activities</b>
6,555	577,088	Net increase (decrease) in cash and cash equivalents
1,260,548	12,039,362	Cash and cash equivalents — July 1
<b>1,267,103</b>	<b>12,616,450</b>	<b>Cash and Cash Equivalents — June 30</b>
		<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>
-	6,371	Operating income (loss)
		Adjustments to reconcile operating income (loss) to net cash provided by operating activities:
-	503,923	Depreciation
-	196,822	Accounts receivable
-	(174,526)	Deposits with PERMA
-	(3,875)	Prepaid assets
-	11,088	Inventories
-	(27,911)	Accounts payable
-	758	Unearned revenue
-	(120,020)	Claims payable
-	<b>392,630</b>	<b>Net Cash Provided (Used) by Operating Activities</b>
		<b>Noncash Investing, Capital, and Financing Activities</b>
-	804,067	Capital asset purchase (prepaid)

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# FIDUCIARY FUNDS





## FIDUCIARY FUNDS

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

### PRIVATE-PURPOSE TRUST FUNDS

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

1. **Redevelopment Obligation Retirement.** Accounts for property taxes received to pay enforceable obligations and administrative overhead costs approved on the Recognized Obligation Payment Schedule (ROPS).
2. **Successor Agency 2014 Series A/B/C TABs.** Accounts for principal and interest payments on long-term debt of the Successor Agency.
3. **Successor Agency Administration.** 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.** Accounts for other costs related to the payment of enforceable obligations of the former redevelopment agency.
5. **Successor Agency Project Areas.** Accounts for ROPS-approved uses of 2002 Tax Allocation Bonds, Series A (Merged Project Area) proceeds of the former redevelopment agency.
6. **Successor Agency 2005 Series A TAB MPA.** Accounts for ROPS-approved uses of 2005 Tax Allocation Bonds, Series A (Merged Project Area) proceeds of the former redevelopment agency.
7. **Successor Agency 2007 Series A TAB.** Accounts for ROPS-approved uses of 2007 Tax Allocation Bonds, Series A proceeds of the former redevelopment agency.
8. **Successor Agency 2007 Series B TAB.** Accounts for ROPS-approved uses of 2007 Tax Allocation Bonds, Series B proceeds of the former redevelopment agency.
9. **Successor Agency 2007 Series C TAB.** Accounts for ROPS-approved uses of 2007 Tax Allocation Bonds, Series C proceeds of the former redevelopment agency.

### AGENCY FUNDS

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

1. **Assessment District 96-1.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Refunding Bonds (2004).
2. **Assessment District 2001-01.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds.

3. **Rio Vista Community Facilities District.** 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.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds (35<sup>th</sup> Avenue).
5. **Assessment District 2004-01.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds (Dream Homes).
6. **Assessment District 2004-02.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds (Cove Improvement).

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## Combining Statement of Fiduciary Net Position — Private-Purpose Trust Funds – Successor Agency Trust Funds

June 30, 2015

	Redevelopment Obligation Retirement	Successor Agency 2014 Series A/B/C TABs	Successor Agency Administration	Successor Agency Other
<b>Assets</b>				
Cash and investments	\$ 12,520,571	-	3,246	54,558
Receivables:				
Interest	17,427	-	5	1
Loans	-	-	-	-
Prepaid assets	-	706,426	-	-
Restricted assets:				
Held with Successor Agency	-	-	-	-
Cash and investments held with fiscal agent	-	23,603	-	-
Assets held for disposition	-	-	-	-
<b>Total Assets</b>	<b>12,537,998</b>	<b>730,029</b>	<b>3,251</b>	<b>54,559</b>
<b>Liabilities</b>				
Accounts payable	-	-	3,246	920
Accrued interest	-	1,403,793	-	-
Noncurrent liabilities:				
Due in one year	-	3,725,000	-	-
Due in more than one year	-	77,706,213	-	12,490,094
<b>Total Liabilities</b>	<b>-</b>	<b>82,835,006</b>	<b>3,246</b>	<b>12,491,014</b>
<b>Net Position</b>				
Held in trust for other purposes	12,537,998	(82,104,977)	5	(12,436,455)
<b>Total Net Position</b>	<b>\$ 12,537,998</b>	<b>(82,104,977)</b>	<b>5</b>	<b>(12,436,455)</b>

Successor Agency Project Areas	Successor Agency 2005 Series A TAB MPA	Successor Agency 2007 Series A TAB	Successor Agency 2007 Series B TAB	
30,489	-	870,327	552,830	<b>Assets</b>
43	-	2,674	3,496	Cash and investments
-	-	221,333	9,651,444	Receivables:
-	-	-	-	Interest
-	-	-	-	Loans
-	-	-	-	Prepaid assets
-	-	2,078,348	3,670,389	Restricted assets:
-	-	-	-	Held with Successor Agency
-	-	-	-	Cash and investments held with fiscal agent
-	-	1,090,317	-	Assets held for disposition
<b>30,532</b>	<b>-</b>	<b>4,262,999</b>	<b>13,878,159</b>	<b>Total Assets</b>
-	-	-	2,063	<b>Liabilities</b>
-	-	-	-	Accounts payable
-	-	-	-	Accrued interest
-	-	-	-	Noncurrent liabilities:
-	-	-	-	Due in one year
-	-	-	-	Due in more than one year
<b>-</b>	<b>-</b>	<b>-</b>	<b>2,063</b>	<b>Total Liabilities</b>
30,532	-	4,262,999	13,876,096	<b>Net Position</b>
<b>30,532</b>	<b>-</b>	<b>4,262,999</b>	<b>13,876,096</b>	Held in trust for other purposes
				<b>Total Net Position</b>

continued

**Combining Statement of Fiduciary Net Position —  
Private-Purpose Trust Funds – Successor Agency Trust Funds (continued)**

June 30, 2015

	Successor Agency 2007 Series C TAB	Total
<b>Assets</b>		
Cash and investments	\$ 937,498	14,969,519
Receivables:		
Interest	2,759	26,405
Loans	-	9,872,777
Prepaid assets	9,245	715,671
Restricted assets:		
Held with Successor Agency	2,066,766	7,815,503
Cash and investments held with fiscal agent	-	23,603
Assets held for disposition	-	1,090,317
<b>Total Assets</b>	<b>3,016,268</b>	<b>34,513,795</b>
<b>Liabilities</b>		
Accounts payable	-	6,229
Accrued interest	-	1,403,793
Noncurrent liabilities:		
Due in one year	-	3,725,000
Due in more than one year	-	90,196,307
<b>Total Liabilities</b>	<b>-</b>	<b>95,331,329</b>
<b>Net Position</b>		
Held in trust for other purposes	3,016,268	(60,817,534)
<b>Total Net Position</b>	<b>\$ 3,016,268</b>	<b>(60,817,534)</b>

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## Combining Statement of Changes in Fiduciary Net Position — Private-Purpose Trust Funds – Successor Agency Trust Funds

For the Year Ended June 30, 2015

	Redevelopment Obligation Retirement	Successor Agency 2014 Series A/B/C TABs	Successor Agency Administration	Successor Agency Other
<b>Additions</b>				
Taxes	\$ 16,802,716	-	-	-
Use of money and property	7,326	6	278	16,237
<b>Total Additions</b>	<b>16,810,042</b>	<b>6</b>	<b>278</b>	<b>16,237</b>
<b>Deductions</b>				
Administrative expenses	-	28,027	244,544	451,823
Contractual services	33,688	-	-	18,337
Other operating expenses	-	-	-	49,111
Interest expense	-	2,089,893	-	623,149
Costs of issuance	-	1,052,561	-	-
Contributions to other governments	13,096,058	-	245,710	219,000
Loss on sale of assets held for disposition	-	-	-	1,920,086
<b>Total Deductions</b>	<b>13,129,746</b>	<b>3,170,481</b>	<b>490,254</b>	<b>3,281,506</b>
<b>Transfers In (Out)</b>				
Transfers in	-	992,014	490,254	444,749
Transfers out	(1,811,955)	-	(710)	-
<b>Total Transfers In (Out)</b>	<b>(1,811,955)</b>	<b>992,014</b>	<b>489,544</b>	<b>444,749</b>
<b>Special Items</b>				
Contribution of government-use property to City	-	-	-	-
Contribution to City for bond refunding	-	(79,926,516)	-	-
<b>Total Special Items</b>	<b>-</b>	<b>(79,926,516)</b>	<b>-</b>	<b>-</b>
Change in net position	1,868,341	(82,104,977)	(432)	(2,820,520)
Net position — July 1	10,669,657	-	437	(9,615,935)
<b>Net Position — June 30</b>	<b>\$ 12,537,998</b>	<b>(82,104,977)</b>	<b>5</b>	<b>(12,436,455)</b>

Successor Agency Project Areas	Successor Agency 2005 Series A TAB MPA	Successor Agency 2007 Series A TAB	Successor Agency 2007 Series B TAB	
-	-	-	-	<b>Additions</b>
7,493	5,308	64,528	514,347	Taxes
<b>7,493</b>	<b>5,308</b>	<b>64,528</b>	<b>514,347</b>	Use of money and property
				<b>Total Additions</b>
-	-	-	-	<b>Deductions</b>
-	-	898,227	3,121,456	Administrative expenses
-	-	-	-	Contractual services
-	-	-	-	Other operating expenses
-	-	-	-	Interest expense
-	-	-	-	Costs of issuance
1,375,000	195,000	697,791	684,823	Contributions to other governments
6,176,197	1,243,154	1,612,459	14,480,908	Loss on sale of assets held for disposition
<b>7,551,197</b>	<b>1,438,154</b>	<b>3,208,477</b>	<b>18,287,187</b>	<b>Total Deductions</b>
-	-	-	-	<b>Transfers In (Out)</b>
(14,784)	(5,341)	(94,227)	-	Transfers in
<b>(14,784)</b>	<b>(5,341)</b>	<b>(94,227)</b>	<b>-</b>	Transfers out
				<b>Total Transfers In (Out)</b>
(65,556)	(249,174)	-	-	<b>Special Items</b>
-	-	-	-	Contribution of government-use property to City
<b>(65,556)</b>	<b>(249,174)</b>	<b>-</b>	<b>-</b>	Contribution to City for bond refunding
				<b>Total Special Items</b>
(7,624,044)	(1,687,361)	(3,238,176)	(17,772,840)	Change in net position
7,654,576	1,687,361	7,501,175	31,648,936	Net position — July 1
<b>30,532</b>	<b>-</b>	<b>4,262,999</b>	<b>13,876,096</b>	<b>Net Position — June 30</b>

continued

## Combining Statement of Changes in Fiduciary Net Position — Private-Purpose Trust Funds – Successor Agency Trust Funds (continued)

For the Year Ended June 30, 2015

	Successor Agency 2007 Series C TAB	Total
<b>Additions</b>		
Taxes	\$ -	16,802,716
Use of money and property	10,196	625,719
<b>Total Additions</b>	<b>10,196</b>	<b>17,428,435</b>
<b>Deductions</b>		
Administrative expenses	-	724,394
Contractual services	159,497	4,231,205
Other operating expenses	-	49,111
Interest expense	-	2,713,042
Costs of issuance	-	1,052,561
Contributions to other governments	85,000	16,598,382
Loss on sale of assets held for disposition	1,431,500	26,864,304
<b>Total Deductions</b>	<b>1,675,997</b>	<b>52,232,999</b>
<b>Transfers In (Out)</b>		
Transfers in	-	1,927,017
Transfers out	-	(1,927,017)
<b>Total Transfers In (Out)</b>	<b>-</b>	<b>-</b>
<b>Special Items</b>		
Contribution of government-use property to City	(1,514,988)	(1,829,718)
Contribution to City for bond refunding	-	(79,926,516)
<b>Total Special Items</b>	<b>(1,514,988)</b>	<b>(81,756,234)</b>
Change in net position	(3,180,789)	(116,560,798)
Net position — July 1	6,197,057	55,743,264
<b>Net Position — June 30</b>	<b>\$ 3,016,268</b>	<b>(60,817,534)</b>

## Combining Statement of Changes in Assets and Liabilities — Agency Funds

For the Year Ended June 30, 2015

	Balance July 1	Additions	Deductions	Balance June 30
<b>Assessment District 96-1</b>				
<b>Assets</b>				
Cash and investments	\$ 708,492	433,593	416,333	725,752
Receivables:				
Interest	1,030	1,295	1,030	1,295
Special assessments	15,999	7,710	15,999	7,710
Restricted cash and investments:				
Held with fiscal agent	226,313	376,310	376,288	226,335
<b>Total Assets</b>	<b>\$ 951,834</b>	<b>818,908</b>	<b>809,650</b>	<b>961,092</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,013	395,434	395,621	826
Due to bondholders	950,821	427,248	417,803	960,266
<b>Total Liabilities</b>	<b>\$ 951,834</b>	<b>822,682</b>	<b>813,424</b>	<b>961,092</b>
<b>Assessment District 2001-01</b>				
<b>Assets</b>				
Cash and investments	\$ 306,343	268,076	260,296	314,123
Receivables:				
Interest	483	606	483	606
Special assessments	2,767	1,962	2,767	1,962
Restricted cash and investments:				
Held with fiscal agent	252,795	248,231	248,202	252,824
<b>Total Assets</b>	<b>\$ 562,388</b>	<b>518,875</b>	<b>511,748</b>	<b>569,515</b>
<b>Liabilities</b>				
Accounts payable	\$ 81	254,309	254,277	113
Due to bondholders	562,307	268,183	261,088	569,402
<b>Total Liabilities</b>	<b>\$ 562,388</b>	<b>522,492</b>	<b>515,365</b>	<b>569,515</b>
<b>Rio Vista Community Facilities District</b>				
<b>Assets</b>				
Cash and investments	\$ 93,767	410,127	484,335	19,559
Receivables:				
Interest	240	193	240	193
Special assessments	10,147	8,388	10,147	8,388
Restricted cash and investments:				
Held with fiscal agent	1,229,748	386,775	976,121	640,402
Assets held for disposition	33,096	-	-	33,096
<b>Total Assets</b>	<b>\$ 1,366,998</b>	<b>805,483</b>	<b>1,470,843</b>	<b>701,638</b>
<b>Liabilities</b>				
Accounts payable	\$ 10,789	497,781	477,386	31,184
Due to bondholders	1,356,209	408,873	1,094,628	670,454
<b>Total Liabilities</b>	<b>\$ 1,366,998</b>	<b>906,654</b>	<b>1,572,014</b>	<b>701,638</b>

continued

**Combining Statement of Changes in Assets and Liabilities —  
Agency Funds (continued)**

For the Year Ended June 30, 2015

	Balance July 1	Additions	Deductions	Balance June 30
<b>Assessment District 2003-01</b>				
<b>Assets</b>				
Cash and investments	\$ 516,435	468,732	449,561	535,606
Receivables:				
Interest	987	1,244	987	1,244
Special assessments	29,606	3,865	29,606	3,865
Restricted cash and investments:				
Held with fiscal agent	437,806	434,006	434,006	437,806
<b>Total Assets</b>	<b>\$ 984,834</b>	<b>907,847</b>	<b>914,160</b>	<b>978,521</b>
<b>Liabilities</b>				
Accounts payable	\$ 653	440,604	440,794	463
Due to bondholders	984,181	444,526	450,649	978,058
<b>Total Liabilities</b>	<b>\$ 984,834</b>	<b>885,130</b>	<b>891,443</b>	<b>978,521</b>
<b>Assessment District 2004-01</b>				
<b>Assets</b>				
Cash and investments	\$ 540,093	445,597	435,847	549,843
Receivables:				
Interest	1,215	1,512	1,215	1,512
Special assessments	42,060	21,792	42,060	21,792
Restricted cash and investments:				
Held with fiscal agent	409,018	414,187	415,297	407,908
<b>Total Assets</b>	<b>\$ 992,386</b>	<b>883,088</b>	<b>894,419</b>	<b>981,055</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,176	423,874	423,567	1,483
Due to bondholders	991,210	427,211	438,849	979,572
<b>Total Liabilities</b>	<b>\$ 992,386</b>	<b>851,085</b>	<b>862,416</b>	<b>981,055</b>
<b>Assessment District 2004-02</b>				
<b>Assets</b>				
Cash and investments	\$ 1,742,913	2,448,081	2,193,279	1,997,715
Receivables:				
Interest	5,151	6,707	5,151	6,707
Special assessments	179,625	123,000	179,625	123,000
Restricted cash and investments:				
Held with fiscal agent	2,103,358	2,883,619	2,886,122	2,100,855
<b>Total Assets</b>	<b>\$ 4,031,047</b>	<b>5,461,407</b>	<b>5,264,177</b>	<b>4,228,277</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,946	2,154,341	2,154,246	2,041
Due to bondholders	4,029,101	2,399,099	2,201,964	4,226,236
<b>Total Liabilities</b>	<b>\$ 4,031,047</b>	<b>4,553,440</b>	<b>4,356,210</b>	<b>4,228,277</b>

continued

## Combining Statement of Changes in Assets and Liabilities — Agency Funds (continued)

For the Year Ended June 30, 2015

	Balance July 1	Additions	Deductions	Balance June 30
<b>Total — All Agency Funds</b>				
<b>Assets</b>				
Cash and investments	\$ 3,908,043	4,474,206	4,239,651	4,142,598
Receivables:				
Interest	9,106	11,557	9,106	11,557
Special assessments	280,204	166,717	280,204	166,717
Restricted cash and investments:				
Held with fiscal agent	4,659,038	4,743,128	5,336,036	4,066,130
Assets held for disposition	33,096	-	-	33,096
<b>Total Assets</b>	<b>\$ 8,889,487</b>	<b>9,395,608</b>	<b>9,864,997</b>	<b>8,420,098</b>
<b>Liabilities</b>				
Accounts payable	\$ 15,658	4,166,343	4,145,891	36,110
Due to bondholders	8,873,829	4,375,140	4,864,981	8,383,988
<b>Total Liabilities</b>	<b>\$ 8,889,487</b>	<b>8,541,483</b>	<b>9,010,872</b>	<b>8,420,098</b>

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STATISTICAL





## CONTENTS

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

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### **176 FINANCIAL TRENDS**

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

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### **188 REVENUE CAPACITY**

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

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### **200 DEBT CAPACITY**

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

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### **210 DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

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### **216 OPERATING INFORMATION**

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

**Net Position by Component**

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 122,219	129,980	41,220	24,533	38,381
Restricted	125,460	167,404	153,335	145,226	118,320
Unrestricted	(102,049)	(127,461)	(44,705)	(35,330)	(40,627)
<b>Total governmental activities net position</b>	<b>\$ 145,630</b>	<b>169,923</b>	<b>149,850</b>	<b>134,429</b>	<b>116,074</b>
<b>Business-type activities (Note 8):</b>					
Net investment in capital assets	\$ -	62	40	21	20
Unrestricted	-	27	18	16	225
<b>Total business-type activities net position</b>	<b>\$ -</b>	<b>89</b>	<b>58</b>	<b>37</b>	<b>245</b>
<b>Primary government:</b>					
Net investment in capital assets	\$ 122,219	130,042	41,260	24,554	38,401
Restricted	125,460	167,404	153,335	145,226	118,320
Unrestricted	(102,049)	(127,434)	(44,687)	(35,314)	(40,402)
<b>Total primary government net position</b>	<b>\$ 145,630</b>	<b>170,012</b>	<b>149,908</b>	<b>134,466</b>	<b>116,319</b>
		Note 1	Note 2	Note 3	Note 4

**Notes to Schedule:**

**Note 1:** Restated balances - includes prior period adjustment of \$1,742.

**Note 2:** Restated balances - includes prior period adjustment of (\$29,710).

**Note 3:** Restated balances - includes prior period adjustment of \$300.

**Note 4:** Restated balances - includes prior period adjustment of (\$163).

**Note 5:** Restated balances - includes prior period adjustment of (\$298).

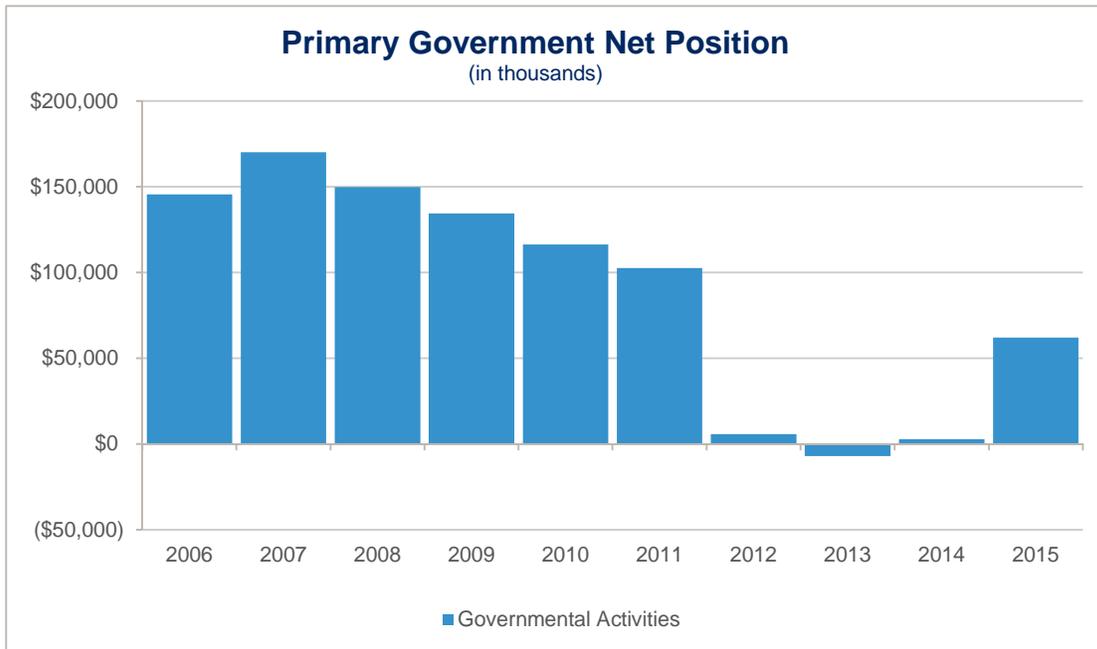
**Note 6:** Restated balances - includes prior period adjustment of (\$4,986).

**Note 7:** Restated balances - includes prior period adjustment of (\$14).

**Note 8:** In 2008, the Cathedral City Downtown Foundation was considered a blended component unit and reported as a business-type activity. Amounts for the fiscal year ended June 30, 2006 were not restated. In 2012, the Cathedral City Downtown Foundation was determined to no longer meet the definition of a component unit. Amounts for the fiscal year ended June 30, 2011 were restated to reflect this change.

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

Fiscal Year					
2011	2012	2013	2014	2015	
					<b>Governmental activities:</b>
25,065	97,876	95,005	95,321	150,989	Net investment in capital assets
128,802	65,952	51,116	58,199	58,485	Restricted
(51,202)	(158,167)	(153,315)	(150,840)	(147,487)	Unrestricted
<b>102,665</b>	<b>5,661</b>	<b>(7,194)</b>	<b>2,680</b>	<b>61,987</b>	<b>Total governmental activities net position</b>
					<b>Business-type activities (Note 8):</b>
-	-	-	-	-	Net investment in capital assets
-	-	-	-	-	Unrestricted
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Total business-type activities net position</b>
					<b>Primary government:</b>
25,065	97,876	95,005	95,321	150,989	Net investment in capital assets
128,802	65,952	51,116	58,199	58,485	Restricted
(51,202)	(158,167)	(153,315)	(150,840)	(147,487)	Unrestricted
<b>102,665</b>	<b>5,661</b>	<b>(7,194)</b>	<b>2,680</b>	<b>61,987</b>	<b>Total primary government net position</b>
Note 5	Note 6	Note 7			



## Changes in Net Position

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government	\$ 18,833	17,617	7,040	10,030	19,033
Community development	9,108	9,413	14,855	25,819	27,220
Culture and recreation	-	-	362	58	675
Public safety	17,006	19,703	21,556	25,160	25,879
Public works	5,351	4,960	4,874	6,608	6,645
Interest on long-term debt	5,113	8,070	13,856	12,190	12,080
<b>Total governmental activities</b>	<b>55,411</b>	<b>59,763</b>	<b>62,543</b>	<b>79,865</b>	<b>91,532</b>
<b>Business-type activities (Note 1):</b>					
Education	-	-	1,078	1,208	1,506
<b>Total business-type activities expenses</b>	<b>-</b>	<b>-</b>	<b>1,078</b>	<b>1,208</b>	<b>1,506</b>
<b>Total Primary Government Expenses</b>	<b>\$ 55,411</b>	<b>59,763</b>	<b>63,621</b>	<b>81,073</b>	<b>93,038</b>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
Charges for services:					
General government	\$ 3,246	7,719	2,492	3,311	3,062
Community development	44	441	560	752	892
Culture and recreation	-	-	-	-	2
Public safety	1,988	1,957	2,591	2,622	5,472
Public works	606	600	361	310	277
Operating grants and contributions	6,955	4,091	3,881	3,421	2,744
Capital grants and contributions	-	10,237	3,180	2,379	15,707
<b>Total governmental activities program revenues</b>	<b>12,839</b>	<b>25,045</b>	<b>13,065</b>	<b>12,795</b>	<b>28,156</b>
<b>Business-type activities (Note 1):</b>					
Charges for services:					
Education	-	-	743	937	1,439
Operating grants and contributions	-	-	300	250	275
<b>Total business-type activities program revenues</b>	<b>-</b>	<b>-</b>	<b>1,043</b>	<b>1,187</b>	<b>1,714</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 12,839</b>	<b>25,045</b>	<b>14,108</b>	<b>13,982</b>	<b>29,870</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (42,572)	(34,718)	(49,478)	(67,070)	(63,376)
Business-type activities	-	-	(35)	(21)	208
<b>Total Primary Government Net Expense</b>	<b>\$ (42,572)</b>	<b>(34,718)</b>	<b>(49,513)</b>	<b>(67,091)</b>	<b>(63,168)</b>

Fiscal Year				
2011	2012	2013	2014	2015
11,572	8,787	8,827	11,340	10,543
14,271	17,173	9,474	5,906	4,741
595	550	562	524	695
26,980	28,343	23,110	24,083	23,005
6,609	7,691	7,581	7,804	7,704
11,745	11,319	10,755	10,497	7,560
<b>71,772</b>	<b>73,863</b>	<b>60,309</b>	<b>60,154</b>	<b>54,248</b>
990	-	-	-	-
<b>990</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>72,762</b>	<b>73,863</b>	<b>60,309</b>	<b>60,154</b>	<b>54,248</b>
2,126	2,514	2,289	2,273	3,541
412	316	63	590	459
2	2	-	-	-
5,515	5,852	6,781	8,479	3,843
735	716	726	759	761
3,393	14,833	8,110	18,598	18,051
3,772	7,838	4,329	10,052	4,767
<b>15,955</b>	<b>32,071</b>	<b>22,298</b>	<b>40,751</b>	<b>31,422</b>
569	-	-	-	-
799	-	-	-	-
<b>1,368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>17,323</b>	<b>32,071</b>	<b>22,298</b>	<b>40,751</b>	<b>31,422</b>
(55,817)	(41,792)	(38,011)	(19,403)	(22,826)
378	-	-	-	-
<b>(55,439)</b>	<b>(41,792)</b>	<b>(38,011)</b>	<b>(19,403)</b>	<b>(22,826)</b>

**Expenses**

**Governmental activities:**

- General government
- Community development
- Culture and recreation
- Public safety
- Public works
- Interest on long-term debt

**Total governmental activities**

**Business-type activities (Note 1):**

- Education

**Total business-type activities expenses**

**Total Primary Government Expenses**

**Program Revenues**

**Governmental activities:**

- Charges for services:
  - General government
  - Community development
  - Culture and recreation
  - Public safety
  - Public works
- Operating grants and contributions
- Capital grants and contributions

**Total governmental activities program revenues**

**Business-type activities (Note 1):**

- Charges for services:
  - Education
- Operating grants and contributions

**Total business-type activities program revenues**

**Total Primary Government Program Revenues**

**Net (Expense)/Revenue**

- Governmental activities
  - Business-type activities
- Total Primary Government Net Expense**

continued

**Changes in Net Position (continued)**

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>General Revenues and Other Changes in Net Position</b>					
<b>Governmental activities:</b>					
Taxes:					
Franchise tax	\$ 4,383	2,031	1,975	1,995	1,855
Motor vehicle in lieu tax (Note 3)	4,434	3,691	-	-	-
Property tax	24,280	28,145	34,634	33,049	29,078
Sales tax (Note 2)	10,177	10,008	8,345	6,165	6,222
Transactions and use tax	-	-	-	-	-
Transient occupancy tax/timeshare developer	1,851	1,961	2,110	1,633	1,504
Utility users tax	-	-	-	635	2,861
Other	-	588	-	-	-
Investment and interest income	3,846	6,803	9,720	4,934	2,888
Capital contributions	33,244	-	-	-	-
Insurance proceeds	-	-	-	683	-
Other revenues	3,752	4,131	2,067	2,255	776
Extraordinary items	-	-	264	-	-
Special items	-	-	-	-	-
<b>Total governmental activities</b>	<b>85,967</b>	<b>57,358</b>	<b>59,115</b>	<b>51,349</b>	<b>45,184</b>
<b>Business-type activities (Note 1):</b>					
Other revenues	-	-	4	-	-
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 85,967</b>	<b>57,358</b>	<b>59,119</b>	<b>51,349</b>	<b>45,184</b>
<b>Changes in Net Position</b>					
Governmental activities	\$ 43,395	22,640	9,637	(15,721)	(18,192)
Business-type activities	-	-	(31)	(21)	208
<b>Total Primary Government</b>	<b>\$ 43,395</b>	<b>22,640</b>	<b>9,606</b>	<b>(15,742)</b>	<b>(17,984)</b>

**Notes to Schedule:**

**Note 1:** In 2008, the Cathedral City Downtown Foundation was considered a blended component unit and reported as a business-type activity. Amounts for the fiscal year ended June 30, 2006 were not restated. In 2012, the Cathedral City Downtown Foundation was determined to no longer meet the definition of a component unit. Amounts for the fiscal year ended June 30, 2011 were restated to reflect this change.

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

**Note 3:** Beginning in 2008, the motor vehicle in-lieu revenue, a state subvention, is being reported as an intergovernmental revenue.

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

Fiscal Year					
2011	2012	2013	2014	2015	
					<b>General Revenues and Other Changes in Net Position</b>
					<b>Governmental activities:</b>
					Taxes:
1,851	1,866	1,882	1,980	1,995	Franchise tax
-	-	-	-	-	Motor vehicle in lieu tax (Note 3)
21,980	13,263	5,450	5,398	6,306	Property tax
6,572	6,895	7,823	8,929	9,490	Sales tax (Note 2)
2,941	4,337	4,725	4,912	5,327	Transactions and use tax
1,463	1,657	1,644	1,883	2,000	Transient occupancy tax/timeshare developer
2,766	2,753	2,802	2,763	2,803	Utility users tax
-	-	-	-	-	Other
2,157	2,394	2,620	2,953	2,867	Investment and interest income
-	-	-	-	-	Capital contributions
-	-	-	-	-	Insurance proceeds
2,353	837	791	460	456	Other revenues
-	(84,228)	(2,567)	-	-	Extraordinary items
-	-	-	-	82,563	Special items
<b>42,083</b>	<b>(50,226)</b>	<b>25,170</b>	<b>29,278</b>	<b>113,807</b>	<b>Total governmental activities</b>
					<b>Business-type activities (Note 1):</b>
-	-	-	-	-	Other revenues
-	-	-	-	-	<b>Total business-type activities</b>
<b>42,083</b>	<b>(50,226)</b>	<b>25,170</b>	<b>29,278</b>	<b>113,807</b>	<b>Total Primary Government</b>
					<b>Changes in Net Position</b>
(13,734)	(92,018)	(12,841)	9,875	90,981	Governmental activities
378	-	-	-	-	Business-type activities
<b>(13,356)</b>	<b>(92,018)</b>	<b>(12,841)</b>	<b>9,875</b>	<b>90,981</b>	<b>Total Primary Government</b>

**Fund Balances of Governmental Funds**

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>General Fund (Note 2):</b>					
Reserved	\$ 6,836	5,624	4,249	4,463	4,210
Unreserved	12,055	20,856	16,650	14,383	12,377
Nonspendable					
Restricted					
Committed					
Assigned					
Unassigned					
<b>Total General Fund</b>	<b>\$ 18,891</b>	<b>26,480</b>	<b>20,899</b>	<b>18,846</b>	<b>16,587</b>
		Note 5	Note 5	Note 5	
<b>All other governmental funds (Notes 2, 3):</b>					
Reserved	\$ 52,607	81,269	83,077	95,782	99,386
Unreserved:					
Special revenue funds	12,716	13,955	15,089	5,699	5,461
Capital projects funds	64,282	142,992	126,372	96,817	64,116
Debt service funds	306	-	-	-	-
Nonspendable (Note 4)					
Restricted (Note 4)					
Assigned					
Unassigned					
<b>Total all other governmental funds</b>	<b>\$ 129,911</b>	<b>238,216</b>	<b>224,538</b>	<b>198,298</b>	<b>168,963</b>
		Note 5			

**Notes to Schedule:**

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

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

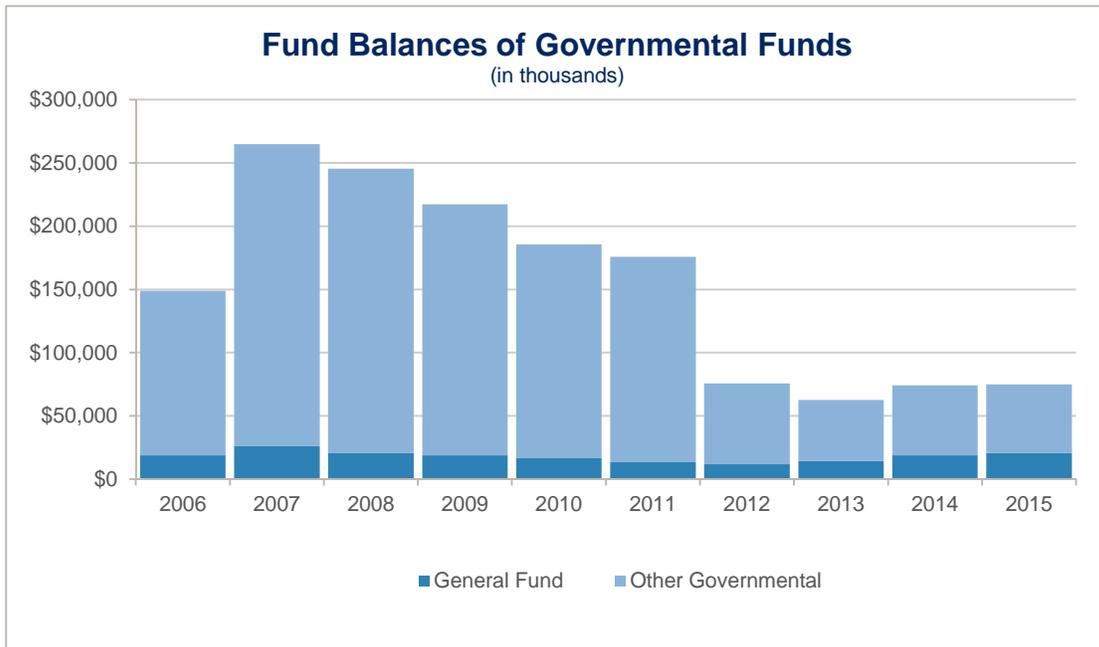
**Note 3:** Total all other governmental fund balances decreased as of June 30, 2012, as a result of the City's redevelopment agency being dissolved in accordance with AB 1X-26. The dissolution became effective February 1, 2012. All assets of the former redevelopment agency (special revenue, capital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

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

**Note 5:** Restated balances - includes prior period adjustments.

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

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



**Changes in Fund Balances of Governmental Funds**

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Revenues</b>					
Taxes	\$ 41,894	44,393	47,064	43,477	40,636
Intergovernmental	5,845	11,818	6,883	5,979	7,264
Licenses and permits	2,648	1,370	957	876	954
Fines and forfeitures	15	409	371	875	1,163
Charges for services	4,733	5,392	3,908	4,446	4,389
Special assessments	-	-	351	386	2,710
Development fees	-	-	59	1,510	68
Use of money and property	3,846	6,725	9,236	4,966	2,826
Contributions from property owners	33,244	2,394	-	-	7,648
Contributions from other governments	-	-	-	-	-
Other revenue	4,172	2,448	1,649	757	554
<b>Total Revenues</b>	<b>96,397</b>	<b>74,949</b>	<b>70,478</b>	<b>63,272</b>	<b>68,212</b>
<b>Expenditures</b>					
General government	7,517	10,976	6,672	6,697	16,399
Community development	3,217	4,329	16,204	16,475	22,090
Culture and recreation	-	-	147	217	311
Public safety	17,006	19,166	21,289	22,804	23,626
Public works	4,351	2,857	2,709	3,167	3,067
Capital outlay	17,573	31,343	20,109	18,252	14,357
Payments under pass-through agreements	5,983	4,985	5,502	6,107	4,803
Principal retirement	17,690	4,907	5,040	6,449	5,828
Interest	6,116	6,377	10,874	11,556	11,402
Other debt-related costs	650	2,366	-	38	41
<b>Total Expenditures</b>	<b>80,103</b>	<b>87,306</b>	<b>88,546</b>	<b>91,762</b>	<b>101,924</b>
Excess (deficiency) of revenues over (under) expenditures	16,294	(12,357)	(18,068)	(28,490)	(33,712)
<b>Other Financing Sources (Uses)</b>					
Issuance of debt	13,000	115,000	-	-	2,015
Bond premium	-	229	-	-	-
Loan proceeds	170	-	-	-	-
Proceeds from sale of capital assets	2	2,896	-	257	69
Gain (loss) on sale of assets held for disposition	-	4	(3)	-	200
Transfers in	30,566	142,933	26,550	34,382	42,710
Transfers out	(32,825)	(145,683)	(28,389)	(34,737)	(42,775)
<b>Total Other Financing Sources (Uses)</b>	<b>10,913</b>	<b>115,379</b>	<b>(1,842)</b>	<b>(98)</b>	<b>2,219</b>
Extraordinary items	-	-	-	-	-
Special items	-	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>\$ 27,207</b>	<b>103,022</b>	<b>(19,910)</b>	<b>(28,588)</b>	<b>(31,493)</b>
Debt service as a % of noncapital expenditures	48.7%	33.2%	25.5%	23.7%	19.7%

Source: City of Cathedral City, Fund Financial Statements

Fiscal Year					
2011	2012	2013	2014	2015	
					<b>Revenues</b>
42,128	33,231	23,816	25,011	26,776	Taxes
10,004	6,362	6,602	7,419	11,254	Intergovernmental
764	855	857	970	1,104	Licenses and permits
881	734	624	487	498	Fines and forfeitures
3,513	3,901	4,351	4,502	6,251	Charges for services
3,182	3,562	4,028	5,755	599	Special assessments
98	58	156	74	222	Development fees
1,731	1,352	1,029	1,181	917	Use of money and property
313	1,620	-	4,532	-	Contributions from property owners
-	11,240	6,839	18,980	13,768	Contributions from other governments
2,352	946	668	848	637	Other revenue
<b>64,966</b>	<b>63,861</b>	<b>48,970</b>	<b>69,759</b>	<b>62,026</b>	<b>Total Revenues</b>
					<b>Expenditures</b>
8,254	6,478	7,329	8,439	9,537	General government
13,111	16,159	13,215	5,384	4,381	Community development
271	444	426	254	425	Culture and recreation
23,155	25,019	20,814	20,897	21,689	Public safety
2,800	2,964	2,464	2,741	3,247	Public works
5,056	1,782	1,211	4,228	6,797	Capital outlay
4,494	2,089	-	-	-	Payments under pass-through agreements
6,618	6,206	5,785	6,063	85,384	Principal retirement
11,185	10,866	10,598	10,329	8,958	Interest
39	31	-	-	-	Other debt-related costs
<b>74,983</b>	<b>72,038</b>	<b>61,842</b>	<b>58,335</b>	<b>140,418</b>	<b>Total Expenditures</b>
(10,017)	(8,177)	(12,872)	11,424	(78,392)	Excess (deficiency) of revenues over (under) expenditures
					<b>Other Financing Sources (Uses)</b>
-	-	-	137	-	Issuance of debt
-	-	-	-	-	Bond premium
-	-	-	-	-	Loan proceeds
396	-	-	-	-	Proceeds from sale of capital assets
15	-	-	-	(36)	Gain (loss) on sale of assets held for disposition
52,888	52,940	2,641	1,741	12,910	Transfers in
(53,462)	(53,056)	(2,714)	(1,782)	(13,517)	Transfers out
<b>(163)</b>	<b>(116)</b>	<b>(73)</b>	<b>96</b>	<b>(643)</b>	<b>Total Other Financing Sources (Uses)</b>
-	(91,719)	-	-	-	Extraordinary items
-	-	-	-	79,927	Special items
<b>(10,180)</b>	<b>(100,012)</b>	<b>(12,945)</b>	<b>11,520</b>	<b>892</b>	<b>Net Change in Fund Balances</b>
25.1%	24.2%	28.9%	30.2%	70.4%	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				
	2006	2007	2008	2009	2010
<b>Taxes</b>					
Franchise	\$ -	-	1,975	1,995	1,856
In-lieu VLF property	3,282	3,691	4,167	4,214	3,690
Property	2,196	1,933	1,598	1,353	1,217
Sales	10,177	10,008	8,345	6,165	5,468
Time share developer	425	386	478	483	481
Transactions and use	-	-	-	-	-
Transient occupancy	1,426	1,575	1,632	1,150	1,023
Utility users	-	-	-	635	2,861
Subtotal	17,506	17,593	18,195	15,995	16,596
Motor vehicle in-lieu	1,152	276	-	-	-
Property (former RDA tax increment) (Note 1)	22,913	26,212	28,869	27,482	24,040
Special assessments	323	312	-	-	-
<b>Total</b>	<b>\$ 41,894</b>	<b>44,393</b>	<b>47,064</b>	<b>43,477</b>	<b>40,636</b>

**Notes to Schedule:**

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

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

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

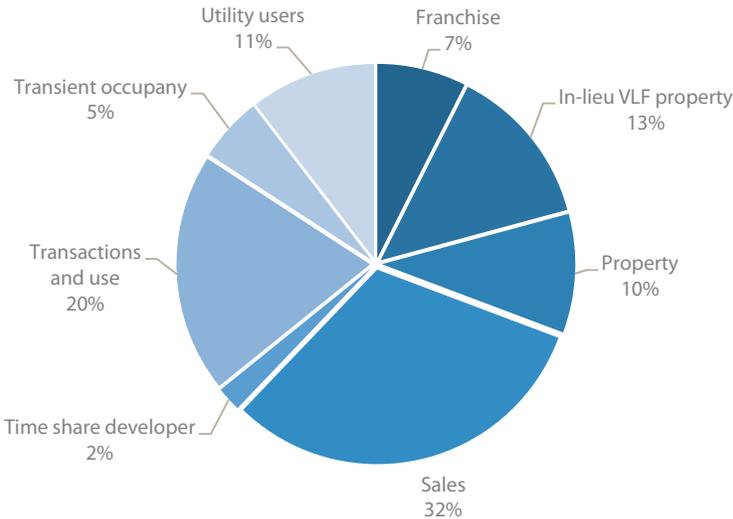
**Note 4:** Beginning in 2008, the motor vehicle in-lieu revenue, a state subvention, is being reported as intergovernmental revenue.

**Note 5:** Prior to 2008, franchise fees were reported as charges for services.

*Source: City of Cathedral City Finance Department*

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

2015 Tax Revenues by Source



**Taxable Sales by Category**

Last Ten Calendar Years (dollar in thousands)

	Calendar Year				
	2005	2006	2007	2008	2009
Apparel stores	\$ 5,142	5,513	7,866	9,562	8,175
General merchandise	106,748	59,912	38,247	35,269	32,338
Food stores	34,270	34,615	33,947	33,513	34,822
Eating and drinking places	55,342	54,811	56,139	59,652	51,975
Building materials	72,735	68,968	47,819	38,900	26,686
Auto dealers and supplies	433,998	441,076	393,217	277,754	235,017
Service stations	76,525	85,004	88,469	92,037	66,347
Other retail stores	82,434	75,562	66,904	55,544	48,884
All other outlets	171,838	169,805	159,528	150,425	103,055
<b>Total</b>	<b>\$ 1,039,032</b>	<b>995,266</b>	<b>892,136</b>	<b>752,656</b>	<b>607,299</b>
<b>Sales tax rate:</b>					
State rate (Notes 2 through 5)	6.25%	6.25%	6.25%	6.25%	7.25%
Local rate (Note 2)	1.00%	1.00%	1.00%	1.00%	1.00%
District rate - Riverside County - Measure A (transit)	0.50%	0.50%	0.50%	0.50%	0.50%
District rate - Cathedral City - Measure H (Note 6)	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total sales tax rate</b>	<b>7.75%</b>	<b>7.75%</b>	<b>7.75%</b>	<b>7.75%</b>	<b>8.75%</b>

**Note 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:** State rate increased from 6.0% to 6.25% and local rate decreased from 1.25% to 1.00% effective July 1, 2004.

**Note 3:** State rate increased from 6.25% to 7.25% effective April 1, 2009.

**Note 4:** Rate decreased from 7.25% to 6.25% effective July 1, 2011.

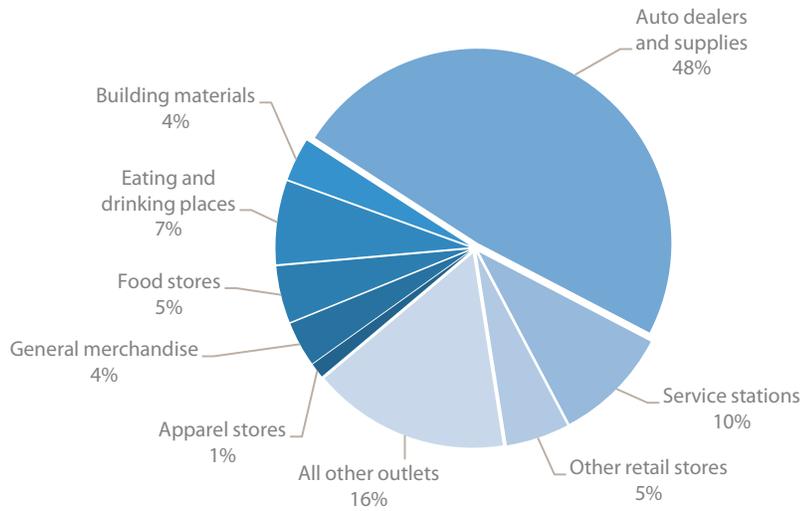
**Note 5:** Rate increased from 6.25% to 6.50% effective January 1, 2013.

**Note 6:** 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 was set to expire September 30, 2015. In June 2014, voters approved Measure B extending the 1% tax indefinitely.

**Source:** The HDL Companies; State of California Board of Equalization

Calendar Year					
2010	2011	2012	2013	2014	
8,557	10,339	9,776	10,525	10,466	Apparel stores
31,261	30,311	30,435	31,110	31,276	General merchandise
31,835	31,722	36,516	37,843	39,494	Food stores
49,371	51,715	52,343	54,253	57,841	Eating and drinking places
18,262	18,693	22,280	26,058	29,864	Building materials
259,496	291,741	319,579	375,627	405,591	Auto dealers and supplies
76,829	91,698	84,044	77,111	80,517	Service stations
47,624	42,137	44,954	47,858	43,930	Other retail stores
99,307	107,586	116,171	131,203	136,911	All other outlets
<b>622,542</b>	<b>675,942</b>	<b>716,098</b>	<b>791,588</b>	<b>835,890</b>	<b>Total</b>
					<b>Sales tax rate:</b>
7.25%	6.25%	6.25%	6.50%	6.50%	State rate (Notes 2 through 5)
1.00%	1.00%	1.00%	1.00%	1.00%	Local rate (Note 2)
0.50%	0.50%	0.50%	0.50%	0.50%	District rate - Riverside County - Measure A (transit)
1.00%	1.00%	1.00%	1.00%	1.00%	District rate - Cathedral City - Measure H (Note 6)
<b>9.75%</b>	<b>8.75%</b>	<b>8.75%</b>	<b>9.00%</b>	<b>9.00%</b>	<b>Total sales tax rate</b>

**CY 2014 Taxable Sales by Category**



**Top 25 Sales Tax Producers**

Current Year and Nine Years Ago (listed alphabetically)

2015	
Taxpayer	Business
76 Gas	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
Burlington Coat Factory	Family Apparel
Circle K	Grocery Stores Beer/Wine
Crystal Chrysler Jeep Dodge Center	New Motor Vehicle Dealers
Desert Lexus	New Motor Vehicle Dealers
Honda of the Desert	New Motor Vehicle Dealers
Hzaz Arco	Service Stations
Jessup Auto Plaza	New Motor Vehicle Dealers
Mike Thompson's RV's	Trailers/RVs
Palm Springs Kia	New Motor Vehicle Dealers
Palm Springs Motors	New Motor Vehicle Dealers
Palm Springs Nissan	New Motor Vehicle Dealers
Palm Springs Volvo/Subaru	New Motor Vehicle Dealers
Stater Bros	Grocery Stores Liquor
Target	Discount Dept Stores
Tesla Motors	New Motor Vehicle Dealers
Toyota Lease Trust	Auto Lease
Toyota of the Desert Scion	New Motor Vehicle Dealers
United Rentals	Repair Shop/Equip Rentals
Valero Corner Store	Service Stations
Volkswagen of Palm Springs	New Motor Vehicle Dealers

Percentage of total paid by top 25 accounts - 64.19%

2006	
Taxpayer	Business
Acura Mazda of the Desert	New Motor Vehicles Dealers
Albertsons	Grocery Stores Liquor
Arco AM PM	Service Stations
Arco AM PM	Service Stations
C & M Building Materials	Lumber/Building Materials
Crystal Chrysler Center	New Motor Vehicles Dealers
Desert Lexus	New Motor Vehicles Dealers
Ferguson Enterprises	Plumbing/Electrical Supplies
Honda of the Desert	New Motor Vehicles Dealers
JCS Mobile	Service Stations
Jessup Auto Plaza	New Motor Vehicles Dealers
Legacy Home Furnishings	Home Furnishings
O'Brien Hyundai	New Motor Vehicles Dealers
Palm Springs Mitsubishi	New Motor Vehicles Dealers
Palm Springs Motors	New Motor Vehicles Dealers
Palm Springs Nissan	New Motor Vehicles Dealers
Palm Springs Oil	Service Stations
Palm Springs Volvo & Subaru	New Motor Vehicles Dealers
Sam's Club	Discount Dept Stores
Spreen Saturn	New Motor Vehicles Dealers
Target	Discount Dept Stores
Toyota of the Desert	New Motor Vehicles Dealers
Ultramar	Service Stations
United Rentals	Repair Shop/Hand Tool Rentals
Walmart	Discount Dept Stores

Percentage of total paid by top 25 accounts - 62.63%

**Notes to Schedule:**

**Note 1:** Information is for the periods April 2014 through March 2015 and April 2005 through March 2006, 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:** Hinderliter, de Llamas & Associates; California State Board of Equalization

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**Assessed Value and Estimated Actual Value of Taxable Property**

Last Ten Fiscal Years (dollar in thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
Residential	\$ 2,204,561	2,610,321	2,974,597	2,951,474	2,473,035
Commercial	302,195	335,825	404,576	433,387	463,709
Industrial	73,642	78,579	86,412	90,519	92,260
Dry farm	55	56	57	59	60
Government owned	993	1,004	1,025	502	512
Institutional	1,412	1,417	2,149	7	1,200
Recreational	22,826	24,631	30,617	37,441	28,333
Vacant	85,280	148,134	145,254	150,240	120,145
SBE Nonunitary	199	163	-	-	-
Cross reference	456,023	541,799	612,413	623,396	584,741
Unsecured	90,324	98,141	91,166	100,262	92,612
Other	-	-	-	86	-
<b>Total net taxable assessed value</b>	<b>\$ 3,237,510</b>	<b>3,840,070</b>	<b>4,348,266</b>	<b>4,387,373</b>	<b>3,856,607</b>
Total direct tax rate (Note 3)	\$ 0.88107	0.90256	0.91283	0.91372	0.89971
<b>Estimated actual taxable value</b>	Note 4	Note 4	Note 4	Note 4	Note 4
Assessed value as a percentage of estimated actual value	Note 4	Note 4	Note 4	Note 4	Note 4

**Note to Schedule:**

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

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

**Note 3:** Beginning in 2013/14 the total direct rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13.

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

**Source:** HdL Coren & Cone (Riverside County Assessor 2005/06 - 2014/15 Combined Tax Rolls)

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

## Direct and Overlapping Property Tax Rates

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Direct rate</b>					
City's share of 1% levy per Prop 13 (Note 1)	\$ 0.16392	0.16455	0.16455	0.16455	0.16455
Redevelopment rate (Note 2)	1.00000	1.00000	1.00000	1.00000	1.00000
Total direct rate (Note 3)	0.88107	0.90256	0.91284	0.91372	0.89971
<b>Direct and overlapping rates (Note 4)</b>					
Basic levy (Note 5)	\$ 1.00000	1.00000	1.00000	1.00000	1.00000
Coachella Valley Water District	0.02080	0.02080	0.04000	0.04000	0.06000
CVWD Improvement District 53	0.00020	-	0.00090	-	-
CVWD Improvement District 54	0.01800	0.01800	0.00720	0.00650	0.00650
Desert Community College	0.01995	0.01995	0.01995	0.01995	0.01995
Desert Water Agency	0.06000	0.08000	0.08000	0.08000	0.08000
Palm Springs Unified B&I - 1992-A	0.05012	0.05912	0.05468	0.06007	0.12628
<b>Total direct and overlapping rates</b>	<b>\$ 1.16907</b>	<b>1.19787</b>	<b>1.20273</b>	<b>1.20652</b>	<b>1.29273</b>

**Note to Schedule:**

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

**Note 2:** Redevelopment rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated redevelopment agencies in California for fiscal year 2012/13 and years thereafter.

**Note 3:** Total direct rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the total direct rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

**Note 4:** Overlapping rates are those of local and county governments that apply to property owners within the city. Not all overlapping rates apply to all city property owners.

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

**Source:** HdL Coren & Cone (Riverside County Assessor 2005/06 - 2014/15 Tax Rate Tables)

Fiscal Year					
2011	2012	2013	2014	2015	
					<b>Direct rate</b>
0.16144	0.16144	0.16144	0.16144	0.16144	City's share of 1% levy per Prop 13 (Note 1)
1.00000	1.00000	-	-	-	Redevelopment rate (Note 2)
0.88849	0.89234	0.88187	0.21541	0.19547	Total direct rate (Note 3)
					<b>Direct and overlapping rates (Note 4)</b>
1.00000	1.00000	1.00000	1.00000	1.00000	Basic levy (Note 5)
0.08000	0.08000	0.08000	0.10000	0.10000	Coachella Valley Water District
-	-	-	-	-	CVWD Improvement District 53
0.00530	-	-	-	-	CVWD Improvement District 54
0.01995	0.01995	0.01995	0.01995	0.02325	Desert Community College
0.08000	0.08000	0.10000	0.10000	0.10000	Desert Water Agency
0.13224	0.10451	0.09351	0.12961	0.10160	Palm Springs Unified B&I - 1992-A
<b>1.31749</b>	<b>1.28446</b>	<b>1.29346</b>	<b>1.34956</b>	<b>1.32485</b>	<b>Total direct and overlapping rates</b>

**Principal Property Taxpayers**

Current Year and Nine Years Ago (dollars in thousands)

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
MHC Date Palm LLC	\$ 31,538	1	0.82%	\$ 28,900	1	0.89%
Welk Park North	26,741	2	0.69%	25,853	2	0.79%
Roberta's Limited Partnership	22,910	3	0.60%			0.00%
Bre Throne Plaza Rio Vista	15,210	4	0.40%			0.00%
Meristar Sub 1C	14,290	5	0.37%			0.00%
Rolling Hills Silver Spur Pickford	14,251	6	0.37%			0.00%
Goble Investment	13,669	7	0.36%	12,021	7	0.37%
Palm Springs Motors, Inc.	13,211	8	0.34%	11,474	8	0.35%
Forest Lawn Mortuary	11,969	9	0.31%			0.00%
34251 Date Palm Drive Holdings	11,891	10	0.31%			0.00%
Cathedral City Marketplace 1			0.00%	20,146	3	0.62%
Rio Vista Nevada			0.00%	19,654	4	0.60%
Date Palm Interiors Inc			0.00%	14,111	5	0.43%
Walmart Realty			0.00%	12,545	6	0.39%
Capstar Cathedral City Company			0.00%	11,275	9	0.35%
Target Corporation			0.00%	10,933	10	0.34%
<b>Totals</b>	<b>\$ 175,680</b>		<b>4.57%</b>	<b>166,912</b>		<b>5.13%</b>

**Notes to Schedule:**

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

**Source:** HdL Coren & Cone (Riverside County Assessor 2014/15 and 2005/06 Combined Tax Rolls and the SBE Unitary Tax Roll)

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**Property Tax Levies and Collections**

Last Ten Fiscal Years (dollars in thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>General Fund</b>					
Tax levy for fiscal year (Note 1)	\$ 1,031	1,030	1,036	1,029	1,031
Collections in year due	\$ 971	937	903	892	837
Collections in subsequent years	53	92	116	95	67
Total collections identifiable with levy year	\$ 1,024	1,029	1,019	987	904
Percentage of levy collected in year due	94.18%	90.97%	87.16%	86.69%	81.18%
Total percentage of levy collected	99.32%	99.90%	98.36%	95.92%	87.68%
<b>Redevelopment Agency</b>					
Tax levy for fiscal year (Note 1)	\$ 18,638	22,759	25,930	26,295	22,860
Collections in year due	\$ 18,583	22,634	25,997	26,279	22,619
Collections in subsequent years	-	4	-	1	-
Total collections identifiable with levy year	\$ 18,583	22,638	25,997	26,280	22,619
Percentage of levy collected in year due	99.70%	99.45%	100.26%	99.94%	98.95%
Total percentage of levy collected	99.70%	99.47%	100.26%	99.94%	98.95%
<b>Total</b>					
Tax levy for fiscal year (Note 1)	\$ 19,669	23,789	26,966	27,324	23,891
Collections in year due	\$ 19,554	23,571	26,900	27,171	23,456
Collections in subsequent years	53	96	116	96	67
Total collections identifiable with levy year	\$ 19,607	23,667	27,016	27,267	23,523
Percentage of levy collected in year due	99.42%	99.08%	99.76%	99.44%	98.18%
Total percentage of levy collected	99.68%	99.49%	100.19%	99.79%	98.46%

**Note to Schedule:**

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

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

**Note 3:** Collections for 2015 are for amounts received as of August 31, 2015.

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

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

Fiscal Year					
2011	2012	2013	2014	2015	
					<b>General Fund</b>
1,058	1,070	1,062	1,060	1,064	Tax levy for fiscal year (Note 1)
961	981	994	1,013	1,029	Collections in year due
46	37	29	24	-	Collections in subsequent years
1,007	1,018	1,023	1,037	1,029	Total collections identifiable with levy year
90.83%	91.68%	93.60%	95.57%	96.71%	Percentage of levy collected in year due
95.18%	95.14%	96.33%	97.83%	96.71%	Total percentage of levy collected
					<b>Redevelopment Agency</b>
21,196	-	-	-	-	Tax levy for fiscal year (Note 1)
21,066	-	-	-	-	Collections in year due
-	-	-	-	-	Collections in subsequent years
21,066	-	-	-	-	Total collections identifiable with levy year
99.39%	-	-	-	-	Percentage of levy collected in year due
99.39%	-	-	-	-	Total percentage of levy collected
					<b>Total</b>
22,254	1,070	1,062	1,060	1,064	Tax levy for fiscal year (Note 1)
22,027	981	994	1,013	1,029	Collections in year due
46	37	29	24	-	Collections in subsequent years
22,073	1,018	1,023	1,037	1,029	Total collections identifiable with levy year
98.98%	91.68%	93.60%	95.57%	96.71%	Percentage of levy collected in year due
99.19%	95.14%	96.33%	97.83%	96.71%	Total percentage of levy collected

### Ratios of Outstanding Debt by Type

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Governmental Activities</b>					
Lease revenue bonds	\$ 6,385	6,030	5,655	5,255	4,835
Tax allocation bonds	113,232	226,378	224,185	220,710	217,095
Limited obligation bonds	12,837	11,293	9,140	6,901	5,667
Capital leases	1,852	1,500	1,305	1,181	2,862
Long-term loans/notes	8,138	8,456	9,234	9,758	10,254
<b>Total primary government</b>	<b>\$ 142,444</b>	<b>253,657</b>	<b>249,519</b>	<b>243,805</b>	<b>240,713</b>
<b>Percentage of personal income</b>	<b>14.54%</b>	<b>24.41%</b>	<b>22.95%</b>	<b>22.31%</b>	<b>22.28%</b>
<b>Per capita</b>	<b>\$ 2,803</b>	<b>4,944</b>	<b>4,794</b>	<b>4,694</b>	<b>4,584</b>

**Note to Schedule:**

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

**Note 2:** See the *Demographic and Economic Statistics* table for personal income and population data. Personal income, population and per capita personal income data were based on calendar year information. To calculate the "% of Personal Income" and "Per Capita" statistics, total primary government debt for the fiscal year and personal income/population data for the calendar were used. (For example, for fiscal year 2015 debt, calendar year 2014 personal income/population data were used.)

**Source:** City of Cathedral City Finance Department, The HDL Companies, State of California Board of Equalization

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

### Ratios of General Bonded Debt Outstanding

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Lease revenue bonds	\$ 6,385	6,030	5,655	5,255	4,835
Tax allocation bonds	113,232	226,378	224,185	220,710	217,095
Limited obligation bonds	12,837	11,293	9,140	6,901	5,667
Total bonded debt	132,454	243,701	238,980	232,866	227,597
Less: Debt service reserves	(5,833)	(19,196)	(26,197)	(22,805)	(16,846)
<b>Net bonded debt</b>	<b>\$ 126,621</b>	<b>224,505</b>	<b>212,783</b>	<b>210,061</b>	<b>210,751</b>
<b>Percentage of net bonded debt to actual taxable assessed value of property</b>	<b>3.91%</b>	<b>5.85%</b>	<b>4.89%</b>	<b>4.79%</b>	<b>5.46%</b>
<b>Net bonded debt per capita</b>	<b>\$ 2,492</b>	<b>4,376</b>	<b>4,088</b>	<b>4,044</b>	<b>4,014</b>

**Notes to Schedule:**

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

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

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

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

Fiscal Year					
2011	2012	2013	2014	2015	
4,705	4,565	4,410	4,245	4,065	Lease revenue bonds
212,647	208,000	203,154	198,096	113,859	Tax allocation bonds
4,668	3,819	3,636	3,432	3,233	Limited obligation bonds
222,020	216,384	211,200	205,773	121,157	Total bonded debt
(21,930)	(15,397)	(5,229)	(4,146)	(4,165)	Less: Debt service reserves
<b>200,090</b>	<b>200,987</b>	<b>205,971</b>	<b>201,627</b>	<b>116,992</b>	<b>Net bonded debt</b>
<b>5.54%</b>	<b>5.79%</b>	<b>6.08%</b>	<b>5.67%</b>	<b>3.13%</b>	<b>Percentage of net bonded debt to actual taxable assessed value of property</b>
<b>3,787</b>	<b>3,869</b>	<b>3,935</b>	<b>3,834</b>	<b>2,225</b>	<b>Net bonded debt per capita</b>

**Direct and Overlapping Governmental Activities Debt**

June 30, 2015 (dollars in thousands)

<b>Direct and Overlapping Debt</b> <sup>(1)</sup>	<b>Debt Outstanding</b>	<b>Percentage Applicable</b> <sup>(2)</sup>	<b>City of Cathedral City Share of Debt</b>
<b>Direct Debt</b>			
City of Cathedral City Lease Revenue Bonds	\$ 4,065,000	100.000%	4,065,000
Cathedral City Public Financing Authority Local Agency Senior Revenue Bonds, 2004 Series A (Limited Obligations)	3,232,754	100.000%	3,232,754 <sup>(3)</sup>
Cathedral City Public Financing Authority Tax Allocation Bonds	113,858,911	100.000%	113,858,911 <sup>(4)</sup>
Capital leases	1,317,355	100.000%	1,317,355
Total direct debt			<u>\$ 122,474,020</u>
<b>Overlapping Debt</b>			
Overlapping Debt Repaid with Property Taxes and Assessments:			
City of Cathedral City 1915 Act Bonds	\$ 41,804,969	100.000%	\$ 41,804,969
City of Cathedral City Community Facilities District No. 2000-01	11,005,000	100.000%	11,005,000
Desert Community College District	308,619,492	5.489%	16,940,124
Palm Springs Unified School District	354,019,218	15.025%	53,191,388
Total overlapping tax and assessment debt			<u>\$ 122,941,481</u>
Overlapping Other Debt:			
Riverside County General Fund Obligations	\$ 961,952,082	1.655%	\$ 15,920,307
Riverside County Pension Obligations	320,470,000	1.655%	5,303,779
Riverside County Board of Education, Certificates of Participation	1,835,000	1.655%	30,369
Total gross overlapping other debt			21,254,455
Less: Riverside self-supporting obligations			(125,201)
Total net overlapping other debt			<u>\$ 21,129,254</u>
Overlapping Tax Increment Debt:			
Successor Agencies	\$ 159,536,027	0.143% - 97.231%	\$ 71,887,439 <sup>(5)</sup>
Total gross overlapping debt			<u>\$ 216,083,375</u>
Total net overlapping debt			<u>\$ 215,958,174</u>
<b>Total Debt</b>			
Gross combined total debt			<u>\$ 338,557,395<sup>(6)</sup></u>
Net combined total debt			<u>\$ 338,432,194</u>
<b>Ratios to 2014-15 Assessed Valuation: (\$3,735,849,717)</b>			
Total overlapping tax and assessment debt			3.29%
Total direct debt (\$122,474,020)			3.28%
Gross combined total debt			9.06%
Net combined total debt			9.06%
<b>Ratio to Redevelopment Incremental Valuation: (\$3,241,800,194)</b>			
Total overlapping tax increment debt			5.73%

(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) 2004 Limited Obligation Bonds, Series A. Bonds were used to purchase Assessment District 96-1 (Rio Vista) Series 2004 Limited Obligation Refunding Bonds, and are secured by the revenues from the repayment of the Assessment District Bonds. Includes bond premium.

(4) Includes bond premiums and accreted interest on capital appreciation bonds.

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

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### Legal Debt Margin Information

Last Ten Fiscal Years (dollar in thousands)

#### Calculation of Legal Debt Margin for Fiscal Year 2015

Assessed Value	3,889,177
Debt limit %	15.00%
Debt limit - (15% of assessed value)	<u>583,377</u>
Less: Debt applicable to limit	-
<b>Legal debt margin — June 30</b>	<b><u><u>\$ 583,377</u></u></b>

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt limit	\$ 485,627	576,011	652,240	658,106	578,491
Total net debt applicable to limit	-	-	-	-	-
<b>Legal debt margin</b>	<b><u><u>\$ 485,627</u></u></b>	<b><u><u>576,011</u></u></b>	<b><u><u>652,240</u></u></b>	<b><u><u>658,106</u></u></b>	<b><u><u>578,491</u></u></b>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

**Note to Schedule:**

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

**Source:** City of Cathedral City Finance Department; HdL Coren & Cone (Riverside County Assessor 2014/15 Combined Tax Rolls)

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

**Pledged-Revenue Coverage**

Last Ten Fiscal Years (dollar in thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Lease Revenue Bonds</b>					
Pledged lease revenues	\$ 777	767	767	773	487
<b>Available for debt service</b>	<b>\$ 777</b>	<b>767</b>	<b>767</b>	<b>773</b>	<b>487</b>
Debt service - principal and interest	\$ 811	812	812	815	811
Coverage (Note 2)	0.96	0.94	0.94	0.95	0.60
<b>Tax Allocation Bonds (Note 3):</b>					
Pledged tax increment	\$ 22,913	26,212	28,869	27,482	24,040
Pledged property taxes	-	-	-	-	-
<b>Available for debt service</b>	<b>\$ 22,913</b>	<b>26,212</b>	<b>28,869</b>	<b>27,482</b>	<b>24,040</b>
Debt service - principal and interest	7,093	7,639	12,377	14,446	14,440
Coverage	3.23	3.43	2.33	1.90	1.66

**Notes to Schedule:**

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

**Note 2:** The decrease in the 2010 coverage percentage was the result of using the reserve balance (\$296,000) in addition to lease revenues to make the final payment on the 1996 lease revenue bonds.

**Note 3:** 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 4:** 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".

Fiscal Year					
2011	2012	2013	2014	2015	
					<b>Lease Revenue Bonds</b>
475	475	475	475	475	Pledged lease revenues
<b>475</b>	<b>475</b>	<b>475</b>	<b>475</b>	<b>475</b>	<b>Available for debt service</b>
504	504	507	505	506	Debt service - principal and interest
0.94	0.94	0.94	0.94	0.94	Coverage (Note 2)
					<b>Tax Allocation Bonds (Note 3):</b>
21,801	10,548	-	-	-	Pledged tax increment
-	7,632	14,364	15,879	16,803	Pledged property taxes
<b>21,801</b>	<b>18,180</b>	<b>14,364</b>	<b>15,879</b>	<b>16,803</b>	<b>Available for debt service</b>
15,098	15,100	15,092	15,081	13,096 Note 4	Debt service - principal and interest
1.44	1.20	0.95	1.05	1.28	Coverage

## Demographic and Economic Statistics

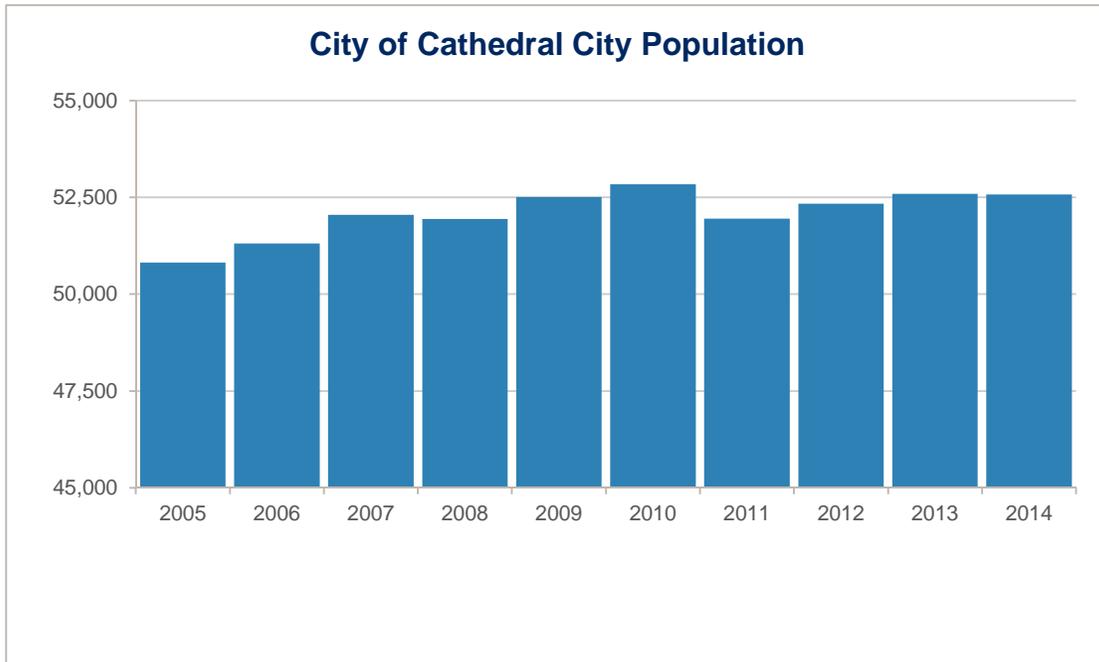
Last Ten Calendar Years

	Calendar Year				
	2005	2006	2007	2008	2009
Population <sup>1</sup>	50,821	51,306	52,046	51,945	52,508
Personal income (expressed in thousands) <sup>2</sup>	\$ 979,970	1,038,953	1,087,398	1,093,008	1,080,383
Per capita personal income <sup>2</sup>	\$ 19,283	20,250	20,893	21,042	20,576
Unemployment rate <sup>3</sup>	5.30%	4.90%	5.90%	8.30%	13.30%
Median age <sup>2</sup>	NA	NA	NA	NA	33.2
% of population 25+ — high school degree <sup>2</sup>	NA	NA	NA	NA	72.70%
% of population 25+ — bachelor's degree <sup>2</sup>	NA	NA	NA	NA	17.40%

NA - Information not available

**Source:** <sup>1</sup> HdL Coren & Cone (State of California, Department of Finance); <sup>2</sup> HdL Coren & Cone (2000-2009: ESRI - demographics are based on the last available Census); (2010 and later: U.S. Census Bureau, most recent American Community Survey); <sup>3</sup> HdL Coren & Cone (California Employment Development Department)

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



**Principal Employers**

Current Year and Nine Years Ago

	2015			2006 (Note 2)		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Addus Healthcare	250 - 499	1T	1.06% - 2.11%	NA	NA	NA
Desert Princess Golf Resort	250 - 499	1T	1.06% - 2.11%	NA	NA	NA
Target	250 - 499	1T	1.06% - 2.11%	NA	NA	NA
Cathedral City High School	100 - 249	4T	0.42% - 1.06%	NA	NA	NA
City of Cathedral City	100 - 249	4T	0.42% - 1.06%	NA	NA	NA
Honda of the Desert	100 - 249	4T	0.42% - 1.06%	NA	NA	NA
Jessup Auto Plaza	100 - 249	4T	0.42% - 1.06%	NA	NA	NA
Nellie N. Coffman Middle School	100 - 249	4T	0.42% - 1.06%	NA	NA	NA
Palm Springs Motors	100 - 249	4T	0.42% - 1.06%	NA	NA	NA
Stater Bros. Markets (Ramon)	100 - 249	4T	0.42% - 1.06%	NA	NA	NA
Stater Bros. Markets (Vista Chino)	100 - 249	4T	0.42% - 1.06%	NA	NA	NA
Toyota of the Desert	100 - 249	4T	0.42% - 1.06%	NA	NA	NA
<b>Totals</b>	<b>1,650 - 3,738</b>		<b>6.99% - 15.84%</b>	<b>-</b>		<b>0.00%</b>
Total employees	23,595			24,032		

**Notes 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:** Principal employer data from nine years ago is not available (NA).

**Source:** U.S. Department of Labor, Bureau of Labor Statistics; State of California, Employment Development Department, Labor Market Info (information provided by Infogroup, 2015)

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**Full-Time Equivalent City Government Employees by Function**

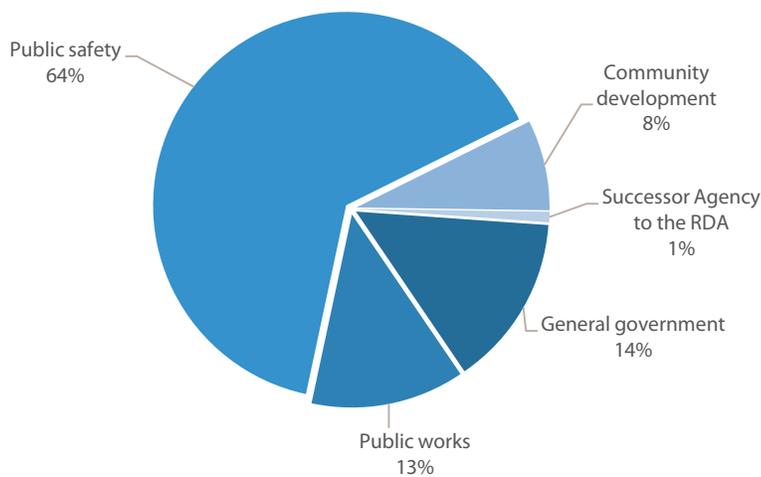
Last Ten Fiscal Years

	Fiscal Year				
	2006	2007	2008	2009	2010
General Government:					
City Council	5.00	5.00	5.00	5.00	5.00
City Management	6.00	6.00	6.00	4.00	4.50
City Clerk	2.00	1.00	2.00	2.00	1.00
Administrative Services	15.50	15.00	16.00	15.00	15.00
Redevelopment/Housing	10.00	9.00	8.00	8.00	7.50
All other	1.00	1.00	1.00	1.00	1.00
Total General Government	39.50	37.00	38.00	35.00	34.00
Public Works	25.00	26.50	31.50	31.00	29.00
Public Safety:					
Police	81.50	86.50	98.00	90.00	97.00
Fire	43.00	51.00	50.00	53.00	52.00
Total Public Safety	124.50	137.50	148.00	143.00	149.00
Community Development	19.00	20.00	21.00	20.00	14.50
Successor Agency to the RDA	-	-	-	-	-
<b>Total</b>	<b>208.00</b>	<b>221.00</b>	<b>238.50</b>	<b>229.00</b>	<b>226.50</b>

Source: City of Cathedral City (Human Resources Department)

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

### 2015 Full-Time City Employees by Function



## Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Public Works</b>					
Streets maintained (miles)	Note 1	122	154	154	154
<b>Public Safety</b>					
Police:					
Physical arrests	1,729	1,867	1,863	1,429	1,447
Parking violations	1,039	1,060	2,492	1,761	929
Traffic violations	8,868	5,838	4,400	4,916	3,225
Code complaints (Note 2)	-	-	-	-	-
Property/vehicle abatements (Note 2)	-	-	-	-	-
Notices/citations issued (Note 2)	-	-	-	-	-
Fire:					
Number of 9-1-1 calls answered (Note 2)	4,546	4,620	4,728	4,144	4,140
Code complaints (Note 2)	5,483	3,997	2,470	2,269	1,471
Property/vehicle abatements (Note 2)	180	175	113	308	66
Notices/citations issued (Note 2)	1,536	1,354	2,075	3,168	1,028
<b>Community Development</b>					
Building permits issued	2,241	1,466	1,679	1,082	1,414
Code complaints (Note 2)	-	-	-	-	-
Property/vehicle abatements (Note 2)	-	-	-	-	-
Notices/citations issued (Note 2)	-	-	-	-	-

**Notes to Schedule:**

**Note 1:** Information for the year is not available.

**Note 2:** Statistics are for the calendar year end, not fiscal year end.

**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)

Fiscal Year					
2011	2012	2013	2014	2015	
154	154	154	154	157	<b>Public Works</b> Streets maintained (miles)
					<b>Public Safety</b>
					Police:
1,263	1,189	1,099	1,216	1,068	Physical arrests
943	1,002	1,519	1,821	1,413	Parking violations
2,354	4,085	4,264	3,292	2,703	Traffic violations
-	1,761	2,047	-	-	Code complaints (Note 2)
-	226	211	-	-	Property/vehicle abatements (Note 2)
-	950	813	-	-	Notices/citations issued (Note 2)
					Fire:
4,736	4,818	4,897	Note 2	Note 2	Number of 9-1-1 calls answered (Note 2)
1,036	-	-	-	-	Code complaints (Note 2)
49	-	-	-	-	Property/vehicle abatements (Note 2)
479	-	-	-	-	Notices/citations issued (Note 2)
					<b>Community Development</b>
1,283	1,745	1,364	1,662	1,891	Building permits issued
-	-	-	2,080	Note 2	Code complaints (Note 2)
-	-	-	325	Note 2	Property/vehicle abatements (Note 2)
-	-	-	765	Note 2	Notices/citations issued (Note 2)

**Capital Asset Statistics by Function**

Last Ten Fiscal Years

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Public Works</b>					
Streets (center lane miles)	NA	122	154	154	154
Streetlights	1,144	1,161	1,161	1,161	1,181
Traffic signs	4,283	4,283	4,283	4,283	4,283
Traffic signals	46	46	46	46	48
<b>Public Safety</b>					
Police:					
Stations	1	1	1	1	1
Patrol units	78	83	82	83	80
Fire stations	3	3	3	3	3
<b>Culture and Recreation</b>					
Parks	7	7	9	9	9
Parks acreage	24	24	42	42	42
Community centers	1	1	1	1	1
Libraries	1	1	1	1	1

Source: City of Cathedral City (various departments)

Fiscal Year					
2011	2012	2013	2014	2015	
					<b>Public Works</b>
154	154	154	154	157	Streets (center lane miles)
1,184	1,184	1,184	1,184	1,190	Streetlights
4,283	4,308	4,308	4,308	4,333	Traffic signs
49	49	49	49	50	Traffic signals
					<b>Public Safety</b>
					Police:
1	1	1	1	1	Stations
76	73	64	64	65	Patrol units
3	3	3	3	3	Fire stations
					<b>Culture and Recreation</b>
9	9	9	9	9	Parks
42	42	42	42	42	Parks acreage
1	1	1	1	1	Community centers
1	1	1	1	1	Libraries



Cathedral City

## FINANCE DEPARTMENT

68-700 Avenida Lalo Guerrero  
Cathedral City, CA 92234

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