

# Measure J Commission Policy Roadmap / Calendar for the Year

REVISED October 10, 2017

## POLICY REVIEW

- 1) Annual financial recommendations will be for 100%, or as close thereto, from available Measure J Funds after debt service.
- 2) The City's General Fund will be used to provide a 1 million dollar contingency for those projects approved in the annual June budget meeting
- 3) The annual budget will contain a category titled "Community Projects", which will be an allocation of 1 million dollars.
- 4) All Capital Project recommendations other than the Community Projects category will be chosen from the Capital Projects list provided to the Measure J Commission by City Staff.
- 5) Measure J will allocate annually 3 million dollar to roads
- 6) All Commission recommendations for Capital Projects and for the Community Projects theme will be presented to City Council in a joint meeting to be held at the Council meeting in May.

## CALENDAR

(The Commission meets every third Thursday of the month at 4:00 p.m. in the Large Conference Room at City Hall).

September 21, 2017

Welcome new Commissioner Jim Gazan. **Capital Project TRUE UP** presentation by City staff on all ongoing projects. Financial discussion on implications of potential underage or overages. Report will be provided PRIOR to the September meeting. **Policy Review. Calendar review. Review Community Project proposals.** General discussion.

October 19, 2017

**Report from Amy Blaisdell and Denise Goolsby on the communications strategy for Measure J (possible video); Staff report on potential upside in Measure J funds of \$3.3M from the September "True Up."** Discuss potential **new ADHOC/Sub-Committee(s).**

November 16, 2017

Start reviewing list of Capital Projects not funded in FY 2017-2018. Will be provided by city staff.

December 21, 2017 (**Commission Dark**)

January 18, 2018

Staff presentation on **Measure J Audit** of FY 2016-2017 Financials.

February 15, 2018

Review previous list of **unfunded Capital Projects.**

March 15, 2018

Staff presentation of FINALIZED recommended **Capital Projects** for FY 2018-2019. Discussion and analysis.

April 19, 2018

Vote on / finalize list of Recommended **Capital Projects** for FY 2017-2018

May 17, 2018

**Joint City Council / Measure J Commission meeting** presenting M-J Capital Projects theme for FY 2019-2020 or as recommended.

June 21, 2018

**Review** final City Council budget decisions / M-J Adopted Budget 2018/19. Elect new officers

July/August, 2018 (**Commission Dark**)

**MEASURE J COMMISSION**  
CITY OF PALM SPRINGS, CALIFORNIA  
[www.palmspringsca.gov](http://www.palmspringsca.gov)



MEETING MINUTES  
THURSDAY, NOVEMBER 16, 2017, 4:00 p.m.  
CITY HALL LARGE CONFERENCE ROOM

**CALL TO ORDER:** Chair Johnson called the November 16, 2017 Regular Meeting of the Measure J Commission of the City of Palm Springs to order at 4:01 p.m.

**ROLL CALL:**

**PRESENT:** Commissioners Bixon, Gazan, Vogel, Williams, Vice-Chair Hammond and Chair Johnson.

**ABSENT:** Commissioner Cohen, Dada and Marshall.

**ALSO PRESENT:** Commission Secretary Muniz, Finance Director Kiehl, and Assistant City Manager/City Engineer Fuller.

**PLEDGE OF ALLEGIANCE:** Commissioner Vogel led the Pledge.

**ACCEPTANCE OF THE AGENDA:** Approve the Agenda as presented. **Motion by Vice-Chair Hammond, seconded by Commissioner Vogel and unanimously carried noting the absence of Commissioner Cohen, Dada and Marshall.**

**APPROVAL OF MINUTES:** Approve the October 19, 2017 Minutes as presented. **Motion by Vice-Chair Hammond, seconded by Commissioner Gazan and unanimously carried noting the absence of Commissioner Cohen, Dada and Marshall.**

Approve the September 21, 2017 Minutes as presented. **Motion by Vice-Chair Hammond, seconded by Commissioner Williams and unanimously carried noting the absence of Commissioner Cohen, Dada and Marshall.**

**PUBLIC COMMENT:** None.

**1. WELCOME AND COMMENTS FROM MEASURE J CHAIR:**

Chair Johnson reminded the Commission that there will not be a meeting in December; he shared that the review of the Measure J Financial Audits would be in the January 18, 2018 meeting and encouraged the Commissions attendance; also, encouraged the Commission to provide feedback on the website to Commission Secretary Ariana Muniz; and added that the clarification on the discrepancy of the September "True-Up" would be addressed under Item 4, Measure J Projects Update Report.

No action taken.

**2. CITY MANAGER'S REPORT:**

City Manager David Ready did not provide a verbal report. He commented on the new Measure J Commission promotional video and Measure J Signage. Time was allowed for Commissioners to comment and discuss.

No action taken.

At this time, Item 5.B., DISCUSSION OF MEASURE J COMMUNICATIONS STRATEGY and Item 5.C., OPEN DISCUSSION ON TOPIC AREAS THAT MIGHT REQUIRE CREATING NEW MEASURE J COMMISSION SUB-COMMITTEE(S) was moved before Item 3, FINANCE DIRECTOR'S REPORT.

At this time, City Manager Ready left the meeting at 4:43 p.m.

**3. FINANCE DIRECTOR'S REPORT:**

Finance Director Kiehl provided a verbal report.  
No action taken.

**4. MEASURE J PROJECTS UPDATE REPORT:**

Senior Civil Engineer Gianfranco Laurie provided clarification of the September "True-Up".  
No action taken.

**5. NEW BUSINESS:**

**5.A. REPORT FROM STAFF: UNFUNDED CAPITAL PROJECTS LISTED FOR FISCAL YEAR 2017/2018:**

Engineering Director Thomas Garcia and Senior Civil Engineer Gianfranco Laurie provided a verbal report.

At this time, Commissioner Bixon excused herself from the meeting at 5:04 p.m.

No action taken.

**5.B. DISCUSSION OF MEASURE J COMMUNICATIONS STRATEGY:**

Amy Blaisdell commented on the downtown revitalization project. Invited the Commission to attend the Downtown Celebration and Public Dedication on December 14, 2017. Also, commented of ways Measure J Projects are being promoted, shared new promotional video and press release on the expansion of Fire Station No. 4.

No action taken.

**5.C. OPEN DISCUSSION ON TOPIC AREAS THAT MIGHT REQUIRE CREATING NEW MEASURE J COMMISSION SUB-COMMITTEE(S):**

**Action:** Create New Measure J Commission Sub-Committee. Appointing Commissioner Bixon, Gazan and Williams. **Unanimously carried noting the absence of Commissioner Cohen, Dada and Marshall.**

**PUBLIC COMMENT:** None.

**STAFF MEMBER COMMENTS:** Senior Civil Engineer Gianfranco Laurie shared that the South Palm Canyon (La Plaza) Bollards project goes out to bid on Tuesday, November 21, 2017. Estimated lead time is about 16 weeks and plan to return to Council and award project in January 2018, breaking ground until April / May of 2018.

**COMMISSION MEMBER ITEMS, COMMENTS AND REQUESTS:** Commissioner Williams thanked the Engineering Staff for clarification on the "True-Up". Vice-Chair Hammond asked about additional street paving. Commissioner Vogel commented on Item 3, Finance Director's Report, Multi-Year Plan FY 2018/2019; and Buzz Trolley. Commissioner Vogel and Vice-Chair Hammond suggest adding discussion of continued funding of the Buzz Trolley on the next agenda.

**ADJOURNMENT:** The Regular Meeting of the Measure J Commission of the City of Palm Springs adjourned at 5:20 p.m. to Thursday, January 18, 2018, at 4:00 p.m., Palm Springs City Hall, Large Conference Center, 3200 E. Tahquitz Canyon Way. **Motion by Vice-Chair Hammond, seconded by Commissioner Williams and unanimously carried noting the absence of Commissioners Cohen, Dada, Marshall and Bixon.**

**APPROVED BY A MOTION OF THE MEASURE J COMMISSION THIS 18<sup>th</sup>  
DAY OF JANUARY, 2018.**

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Ariana Muñiz  
Commission Secretary

# Multi-Year Summary of Available Measure J Funds

City of Palm Springs

	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
Beginning Balance	\$793,199				
Projected Revenue *	\$13,400,000	\$13,800,000 +3%	\$14,200,000 +3%	\$14,600,000 +3%	\$15,000,000 +3%
Total Available Funds	<u>\$14,193,199</u>	<u>\$13,800,000</u>	<u>\$14,200,000</u>	<u>\$14,600,000</u>	<u>\$15,000,000</u>
<i>Existing Budget Obligations:</i>					
Multi-Year Projects:					
Street Repairs	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Trash Service - Trails	7,200	7,200	7,200	7,200	7,200
"Buzz" Program	847,962	847,962	847,962	847,962	847,962
Downtown Park	1,000,000	1,000,000	1,000,000	0	0
Uptown Parking Structure (Andaz agreement)	0	2,000,000	0	0	0
Police Department Remodel	1,750,000	0	0	0	0
Community Projects	1,202,125	1,000,000	1,000,000	1,000,000	1,000,000
Airport Reserve on Aviation Fuel Sales per FAA **	150,000	200,000	200,000	200,000	200,000
Total Multi-Year Projects	<u>\$7,957,287</u>	<u>\$8,055,162</u>	<u>\$6,055,162</u>	<u>\$5,055,162</u>	<u>\$5,055,162</u>
Adjustments to Prior-Year Projects	\$0	\$0	\$0	\$0	\$0
Other Approved Projects and Expenses:					
Debt Service	\$3,200,000	\$3,200,000	\$3,200,000	\$3,200,000	\$3,200,000
Downtown Prop Maint & Other Expenses	500,000	525,000	550,000	575,000	600,000
Fire Station #4 Remodel	1,700,000				
Bollards - Phase 1 (La Plaza)	300,000				
North Palm Canyon Crosswalks	200,000				
Total Existing Budget Obligations	<u>\$13,857,287</u>	<u>\$11,780,162</u>	<u>\$9,805,162</u>	<u>\$8,830,162</u>	<u>\$8,855,162</u>
Net New Funds Available for Budgeting	<u>\$335,912</u>	<u>\$2,019,838</u>	<u>\$4,394,838</u>	<u>\$5,769,838</u>	<u>\$6,144,838</u>

\* Note: The Director of Finance is assuming a 3% annual growth in revenues in 2018-2019 thru 2021-2022.

\*\* Note: Effective December 8, 2017, per a Federal Aviation Administration ruling, the City is required to set aside Measure J sales taxes collected on aviation fuel sales for airport project expenses.

## YTD Revenue Comparison:

2017-2018 YTD thru January 10th	\$4,661,473
2016-2017 YTD thru January 10th	\$4,129,684

# City of Palm Springs

Revenue and Expenditures  
June 30, 2017

**Maryanov Madsen Gordon & Campbell**  
CERTIFIED PUBLIC ACCOUNTANTS - A Professional Corporation

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CERTIFIED PUBLIC ACCOUNTANTS - A Professional Corporation

INDEPENDENT ACCOUNTANTS' REPORT

Mayor, City Council, and Measure J Commission  
City of Palm Springs  
Palm Springs, California

We have performed the procedures enumerated below, which were agreed to by the City of Palm Springs, solely to assist you in evaluating the actual revenues and expenditures of Measure J for the year ended June 30, 2017 as presented on Schedule 1. The City of Palm Springs' management is responsible for the Measure J revenues and expenditures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We have verified all Measure J revenues (sales tax receipts) from the State of California for the period noted in the first paragraph by reviewing documentation for each individual deposit. Schedule 1 reports year-to-date revenues of \$13,407,180.

We have verified the Measure J expenditures for the period noted above by reviewing prior Council approval of expenditures and supporting documentation. Schedule 1 reports year-to-date expenditures of \$13,456,198. Based on statistical sampling methods, we tested 91% (\$12,232,213) of total expenditures, all of which were verified without exception.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Measure J revenues and expenditures. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Mayor, City Council, and the Measure J Commission of the City of Palm Springs and is intended to be used by such parties to assist in meeting the requirements of section 3.22.140 "Independent Annual Audit" of Measure J, which requires an accounting of the revenues received and expenditures made from the transaction and use tax and is not intended to be used by anyone other than those specified parties.

*Maryanov Madsen Gordon & Campbell*

December 28, 2017

Measure J Capital Projects Fund  
City of Palm Springs  
Revenues and Expenditures  
June 30, 2017 Report (final)

	2016-2017 Fiscal Year			
	Revised Budget	YTD Actuals	Encumbered	Balances / Variances
<b>Revenues and Transfers In:</b>				
<b>Measure J Sales Tax Transfer In</b>				
from General Fund	13,367,805	13,367,805	0	0
Interest Income	97,782	97,782	0	0
Unrealized Investment Gain or (Loss)	(58,407)	(58,407)	0	0
<b>Total Revenues and Transfers In</b>	<b>13,407,180</b>	<b>13,407,180</b>	<b>0</b>	<b>0</b>
<b>Expenditures and Transfers Out:</b>				
Unscheduled Capital Projects / Reserves:	<b>Total = \$793,199</b>			
Unscheduled Capital Projects Reserve	793,199	0	0	793,199
Transfer Out to Debt Service Fund	3,186,965	3,186,965	0	0
Special Audit	20,000	8,768	0	11,232
Communications Expenses	11,000	730	0	10,270
Downtown Prop Maint and Landscaping	394,000	16,425	0	377,575
Streets - 2013 - Slurry Seal	42,493	0	0	42,493
Streets - 2014 - Reconstruction & Overlay	1,291	1,291	0	0
Streets - 2015 - Recon/Overlay/Seal	5,792,809	4,998,090	731,708	63,011
Desert Highland Light Poles / Fixtures / Stage	207,297	203,557	3,450	290
Ruth Hardy Park Security Path Lighting	10,210	9,941	270	0
Palm Canyon Electric "Backbone" Replacement	911,877	2,216	0	909,661
Downtown PS Development	66,157	58,932	5,568	1,657
Shade Cover at Mizell Senior Center	43,608	41,545	2,064	0
Library Planning	125,294	0	0	125,294
Entry Way Signs	507,109	504,352	0	2,756
Police Department Remodel	1,529,257	50,706	30,798	1,447,753
Building Department Microfilm to Internet	40,579	0	0	40,579
NMTP / Biking Issues	771,714	150,670	4,186	616,858
NMTP / Biking - CMAQ/CVAG Bike Lanes Grant Match	73,000	36,340	8,210	28,450
Tahquitz Creek Master Plan Improvements	270,102	187,526	0	82,576
Fire Station #2 - Chiller Replacement	821	821	0	0
Fire Stations Security Cameras	8,664	0	8,664	0
Fire Stations Keyless Entry System	37,222	5,522	0	31,700
Uptown Treewell Irrigation	31,862	93	2,644	29,125
City Hall Security Design and Installation	94,020	18,325	12,312	63,382
Downtown Project / Parking Structure / Change Orders	4,010,850	1,107,477	2,471,756	431,618
Trash Service - Trails	7,200	7,200	0	0
Air Conditioning Controls at the iHub building	47,680	0	47,680	0
Fire - Replace Apparatus Door - Fire Station 442	44,373	44,373	0	0
Fire - Emergency Alerting Systems - All Stations	98,293	124	0	98,169
Fire - Oil / Water Separator - Station 443	49,465	332	0	49,134
Tahquitz Cyn Median Landscaping Sunrise to El Cielo	8,020	0	0	8,020
Trolley Shuttle	1,167,442	808,501	322,440	36,501
Public Trails - Chino Cone	5,000	0	0	5,000
Public Works - Ajejo / Belardo Church Parking Lot Rep.	400,000	0	0	400,000
CC - Integration of HVAC / Lighting Control Systems	29,068	0	0	29,068
CC - Air Wall Rehabilitation	75,000	0	0	75,000
CC - New Welcome Banner Infrastructure	83,220	0	0	83,220
CC - Chairs and Carts	161,479	161,479	0	0
Community Enhancements	911,725	7,850	6,370	897,505
Community Traffic Projects	53,849	53,849	0	0
Community Sidewalks	941,012	193,812	4,550	742,650
Evaluation of all City Facilities	350,000	140,700	92,520	116,780
Demuth Park ADA Design, Compliance & Retrofits	500,000	329,657	170,343	0
Roof Replacements (City Hall / Leisure Ctr / Demuth)	275,000	27,561	2,312	245,127
Swim Center Replaster	250,000	29,874	5,485	214,641
HVAC Chiller, Cooling Towers Maintenance / Wifi Cntl	210,000	319	0	209,681
IT - Server Backup, Firewalls & Network Security	100,000	84,835	0	15,165
Police Technology Enhancements	600,000	486,791	0	113,209
Cornelia White House Restoration / Repairs	200,000	200	0	199,800
Library Infrastructure - Phase 1 - Design	500,000	1,480	0	498,520
Dog Park Renovation (City Hall portion only)	333,972	333,972	0	0
Chino Cone Trail	238,000	153,000	85,000	0
<b>Total Expenditures and Transfers Out</b>	<b>26,621,198</b>	<b>13,456,198</b>	<b>4,018,330</b>	<b>9,146,670</b>

CITY OF PALM SPRINGS, CALIFORNIA  
MEASURE J FUND

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2017

CITY OF PALM SPRINGS, CALIFORNIA

MEASURE J FUND  
FINANCIAL STATEMENTS

JUNE 30, 2017

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CPAs AND ADVISORS

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of Palm Springs, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Measure J Fund of the City of Palm Springs (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements.

### ***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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure J Fund of the City of Palm Springs, California, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.





To the Honorable Mayor and Members of the City Council  
City of Palm Springs, California

***Emphasis of a Matter***

As described in Note 1 to the financial statement, the financial statement is prepared in accordance with Measure J which requires a financial statement that presents only the Measure J Fund and does not purport to, and does not, present fairly the financial position of the City of Palm Springs, California as of June 30, 2017, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Restriction of Use***

Our report is intended solely for the information and use of the City of Palm Springs and is not intended to be and should not be used by anyone other than these specified parties.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017 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 black ink that reads "Lance, Soll &amp; Lughard, LLP". The signature is written in a cursive, flowing style.

Brea California  
December 28, 2017

CITY OF PALM SPRINGS

MEASURE J FUND  
 STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET  
 JUNE 30, 2017

	<u>Measure J Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets:</b>			
Cash and investments	\$ 11,607,191	\$ -	\$ 11,607,191
Receivables:			
Accounts receivable	1,989,600	-	1,989,600
Accrued interest	19,806	-	19,806
<b>Total Assets</b>	<b><u>\$ 13,616,597</u></b>	<b>-</b>	<b><u>13,616,597</u></b>
<b>Liabilities and Fund Balance:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 449,319	-	449,319
Accrued liabilities	2,278	-	2,278
<b>Total Liabilities</b>	<b><u>451,597</u></b>	<b>-</b>	<b><u>451,597</u></b>
<b>Fund Balance:</b>			
Assigned for capital projects	13,165,000	(13,165,000)	-
<b>Total Fund Balance</b>	<b><u>13,165,000</u></b>	<b><u>(13,165,000)</u></b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 13,616,597</u></b>		
<b>Net Position:</b>			
Unrestricted		13,165,000	13,165,000
<b>Total Net Position</b>		<b><u>\$ -</u></b>	<b><u>\$ 13,165,000</u></b>

CITY OF PALM SPRINGS

MEASURE J FUND  
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 YEAR ENDED JUNE 30, 2017

	<u>Measure J Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues:</b>			
Taxes	\$ 13,367,805	\$ -	\$ 13,367,805
Use of money and property	39,379	-	39,379
<b>Total Revenues</b>	<b>13,407,184</b>	<b>-</b>	<b>13,407,184</b>
<b>Expenditures:</b>			
Public Works	10,269,236	-	10,269,236
<b>Total Expenditures</b>	<b>10,269,236</b>	<b>-</b>	<b>10,269,236</b>
Excess (Deficiency) of Revenues Over (under) Expenditures	3,137,948	-	3,137,948
<b>Other Financing Sources (Uses):</b>			
Transfers out	(3,186,965)	-	(3,186,965)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,186,965)</b>	<b>-</b>	<b>(3,186,965)</b>
Net Change in Fund Balance/Net Position	(49,017)	-	(49,017)
Fund Balance/Net Position at Beginning of Year	13,214,017	-	13,214,017
<b>Fund Balance/Net Position at End of Year</b>	<b>\$ 13,165,000</b>	<b>\$ -</b>	<b>\$ 13,165,000</b>

**Note 1: Summary of Significant Accounting Policies**

**a. Reporting Entity**

The City of Palm Springs, California Measure J Fund (the "Fund") is used to account for the Fund's activities. Measure J is a local revenue measure passed on November 8, 2011, to maintain local community services and economically revitalize the downtown area.

The Fund is a governmental fund of the City of Palm Springs, California, and the accompanying financial statements are included in the City of Palm Springs, California's basic financial statements.

The accompanying financial statements are for Measure J Fund only and are not intended to fairly present the financial position of the City of Palm Springs, California or the results of its operations.

**b. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**c. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major funds. The government reports the following major governmental funds:

The Measure J fund is the primary operating fund. It accounts for all financial resources.

**d. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**e. Assets, Liabilities and Net Position or Equity**

Cash and Investments

The fund's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the fund are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

The fund pools its cash and investments with the City of Palm Springs.

Receivables and Payables

All receivables are shown net of an allowance for uncollectibles.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Fund Equity

In the fund financial statements, the fund reports the following fund balance classifications:

Nonspendable include 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 include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's governing board.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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**Note 1: Summary of Significant Accounting Policies (Continued)**

Net Position

Net Position is the excess of all the fund's assets over all its liabilities, regardless of fund. Net Position is divided into three captions. These captions apply only to net position, which is determined only at the government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of net position which is represented by the current net book value of the fund's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the government cannot unilaterally alter.

Unrestricted describes the portion of net position which is not restricted to use.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

**Note 2: Cash and Investments**

Cash and investments as reported in the accompanying financial statements consisted of the following:

Cash and investments	<u>\$ 11,607,191</u>
Total	<u>\$ 11,607,191</u>

The fund's cash and investments are pooled with the City of Palm Springs cash and investment in order to generate optimum interest income. Each fund's share of the pooled cash account is separately accounted for, and investment income is allocated to all participating funds based on the relationship of their average daily cash balances to the total of the pooled cash and investments. Information regarding the authorized types of deposits and investments, the type of risks (i.e. credit, interest rate, custodial, etc.) and other disclosures associated with the fund's pooled cash and investments is included in the City of Palm Springs' basic financial statements, which are available at 3200 East Tahquitz Canyon Way, Palm Springs, California 92262.

**Note 3: Commitments and Contingent Liabilities**

The fund is subject to litigation arising in the normal course of business. In the opinion of legal counsel there is no pending litigation, which is likely to have a material adverse effect on the financial position of the fund.

**CITY OF PALM SPRINGS  
MEASURE J FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017**

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**Note 4: Risk Management**

The fund is covered under the City of Palm Springs' insurance policies. Therefore, the limitations and self-insured retentions applicable to the City also apply to the fund. Additional information on coverage and self-insured retentions can be obtained by contacting the City of Palm Springs.



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and Members of City Council  
City of Palm Springs, California

### **Report on Compliance**

We have audited the compliance of the Measure J Fund of the City of Palm Springs, California (the City) with the types of compliance requirements described in the Measure J ballot passed on November 8, 2011, (Measure J) for the year ended June 30, 2017.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of Measure J.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on compliance with the requirements of Measure J based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and Measure J. Those standards and Measure J require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material effect on Measure J Fund of the City. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the City's compliance with those requirements.

#### ***Opinion***

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to the Measure J Fund for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.



CPAs AND ADVISORS

To the Honorable Mayor and Members of City Council  
City of Palm Springs, California

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Measure J. Accordingly, this communication is not suitable for any other purpose.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in the internal control over compliance that we consider material weaknesses as defined above.

This report is intended solely for the information and use of management and the Governing Board of the City and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Lance, Soll &amp; Loughard, LLP". The signature is written in a cursive, flowing style.

Brea, California  
December 28, 2017

# New Unfunded Capital Project Requests

## City of Palm Springs

New Project Requests  
2017-18

Title	
1 Bollards - Phase 2 (Andreas/Tahquitz (Both Sides)/Baristo/Arenas)	1,500,000
2 Keyless Entry	
a Keyless Entry - Phase 1	300,000
b Keyless Entry - Phase 2	500,000
3 City Facility Upgrades/Annually	250,000
4 Demuth ADA Access - Phase 2	1,750,000
5 Emergency Operating Center - Chiller and Cooling Tower Replacements	200,000
6 Plaza Theater	
a Phase 1 - Design	500,000
b Phase 2 - Construction	5,000,000
8 Citywide IT Hardware	300,000
9 Holiday Lights	130,000
10 Emergency Generators City Facilities	1,500,000
11 Life Safety Upgrades - All City Facilities	
a Phase 1 - Design	100,000
b Phase 2 - Construction	300,000
12 PD Impound Facility - Initial Project Conception	100,000
13 Park Restrooms Renovations/Repairs (Demuth, Victoria, Sunrise and Ruth Hardy)	400,000
14 CaltransStandard Mandate - Major Arterial Striping (4" to 6" striping required)	
a Phase 1 - Design	50,000
b Phase 2 - Construction -	750,000
c Phase 3 - Maintenance - Truck with Mounted Paint Stripper	250,000
15 Boiler - Fire Station No. 2	40,000
16 Animal Shelter Replacement and Upgrades	
a Phase 1 - Design	50,000
b Phase 2 - Construction (Wall, Flooring, Kenal, Misters, Dog Run Electrical Service)	225,000
17 Chiller Replacement - City Yard	80,000
18 Cogeneration Plant Coils	120,000
19 Citywide Water Treatment Program (Public Health & Mechanical)	600,000
Upgrade Fire Sprinkler System - Demuth Community Center, Pavilion, Leisure Center, Main	
20 Library, Corporation Yard & Fleet Maintenance	1,500,000
<b>Sub-Total Funding Request</b>	<b>\$ 16,495,000</b>

## Active Projects - Needing Additional Funds

15 HVAC Replacements (City Facilities)	100,000
16 Palm Canyon Electrical Upgrades	400,000
17 CMAQ/CVAG Bicycle Lane Installation	75,000
<b>Sub-Total Funding Request</b>	<b>\$ 575,000</b>
<b>Total Funding Request</b>	<b>\$ 17,070,000</b>