

CITY OF PALM SPRINGS, CALIFORNIA

**Independent Accountants' Report on
Agreed-Upon Procedures
for Compliance with Ordinance No. 1945
Imposing a Transaction and Use Tax to be
Administered by the State Board of Equalization
(Measure D)**

For Fiscal Year Ended June 30, 2019



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below which were agreed to by the management of the City of Palm Springs, California (the City), solely to assist the City in evaluating compliance with Ordinance No. 1945, *Imposing a Transaction and Use Tax to be Administered by the State Board of Equalization* for the fiscal year ended June 30, 2019. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this 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.

The procedures performed, and the results obtained from the performance thereof were as follows:

- 1. Procedure Performed:** We obtained a copy and read the City of Palm Springs Ordinance related to the 0.5% local tax measure "D" in order to gain an understanding of certain requirements.

Results: We noted that the City Council placed before the voters of the City of Palm Springs a transaction and use tax measure providing for a half-cent increase in sales tax to increase the level of services the City is able to provide to the community and help pay for various public facilities that are needed in the community. The election was held on November 7, 2017, at which time, the voters passed the measure, identified as Measure D on the ballot.

- 2. Procedure Performed:** We reviewed the internal controls over collection, management and use of the Measure "D" tax revenues.

Results: Revenues from Measure D are collected by the California Department of Tax and Fee Administration (CADTF) and remitted to the City on a monthly basis. Cash receipts from Measure D are recorded in a separate general ledger account in the City's General Fund when received. A review of internal controls over cash receipts was performed as part of the City's financial audit and no deficiencies or material weaknesses was identified. The use of Measure D revenues is comingled with the general fund expenditures.

- 3. Procedure Performed:** We traced 100% of the sales tax remittance advices from the California Department of Tax and Fee Administration to the general ledger to ensure the collection and recording of Measure "D" revenues is accurate.

Results: No exception noted based on test work performed.



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4. Procedure Performed: The Ordinance indicates that money from the tax would go to the City's general fund and could be used for general governmental purposes such as fire and police protection, paramedic service, community programs (such as addressing homelessness, and providing senior and youth services), street, park and public facility cleaning, repair and maintenance, police and fire equipment, and other unfunded public needs. We verified that the City complied with this section of the ordinance and will included a table of cumulative revenues and expenditures of the measure "D".

Results: Revenues from Measure D are segregated in a separate general ledger account in the General Fund and used for general governmental purposes.

5. Procedure Performed: In accordance with Section 14 and Section 15 of the ordinance, verify the City has completed its annual audit of the City of Palm Springs performed by an independent certified public accounting firm and includes revenues and expenditures related to measure "D" in the fiscal year.

Results: The City's financial audit for fiscal year 2018-19 was performed by Lance, Soll & Lunghard, LLP, an independent certified public accounting firm. The audit included all City's revenues and expenditures including Measure D revenue.

Conclusion

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to the City.

This report is intended solely for the use of the City and is not intended to be, and should not be, used by anyone other than this specified party.

Lance, Soll & Lunghard, LLP

Brea, California
December 16, 2019