

Town of Yucca Valley, California



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2007

TOWN OF YUCCA VALLEY

Yucca Valley, California

Comprehensive Annual Financial Report

Year ended June 30, 2007



Administrative Services Department

Curtis Yakimow
Administrative Services Director

Kathy Ainsworth
Accountant

TOWN OF YUCCA VALLEY

Comprehensive Annual Financial Report

Year ended June 30, 2007

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December 13, 2007

Citizens of the Town of Yucca Valley
Honorable Mayor
Members of the Town Council

The comprehensive annual financial report of the Town of Yucca Valley (the "Town") for the year ended June 30, 2007, is hereby submitted as required by both local ordinances and state statutes. These ordinances and statues mandate that the Town of Yucca Valley issue annually, a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. The management of the Town is responsible for the contents of the information contained in this report.

The financial reporting entity (the Town) includes all the funds of the primary government (i.e., the Town of Yucca Valley as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The Town provides a wide range of services including code enforcement, animal control, construction and maintenance of streets and infrastructure, recreational activities and cultural events. The Town provides public safety through a contract with the San Bernardino County Sheriff. Fire protection is provided to the Town and surrounding areas directly by San Bernardino County's Yucca Valley Fire District.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Redevelopment Agency is shown as a Special Revenue Fund, a Debt Service Fund, and a Capital Projects Fund. The Community Center Authority is reported as a Debt Service Fund.

Governmental Structure, Local Economic Condition and Outlook

The Town, incorporated in 1991, is located in the southeastern part of the state, in the Morongo Basin just north of the Coachella Valley. The Town of Yucca Valley currently has a land area of 39 square miles and a population of approximately 21,000. The Town is empowered to levy a property tax on both real and personal property located within its boundaries. The Town also has the power by state statute to extend its corporate limits by annexation, when deemed appropriate by the governing council.

The Town has operated under the council-manager form of government since incorporation. Policymaking and legislative authority is vested in the Town Council, which consists of a mayor and a four-member council. The Town Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the Town's manager and attorney. The Town manager is responsible for carrying out the policies and ordinances of the



The Town of
Yucca Valley

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Building Activity. The Building & Safety department is an integral segment of the Community Development/Public Works Department. Responsible for all new construction within the Town of Yucca Valley, the Building and Safety staff play a critical role in ensuring not just health and safety components of building construction, but also in coordinating the additional construction requirements of other divisions and sections, including engineering, planning, and public works.

Over the past few years, building activity in the Town has increased steadily, peaking in fiscal year 2005. Since then, single family building has slowed considerably as shown in the table below. Although the lack of a regionalized sewer treatment system continues to hamper some areas of commercial growth, overall commercial activity continues at a reasonable pace.

Recent SFR Permit History

1999-2000	54	2003-2004	351
2000-2001	82	2004-2005	384
2001-2002	118	2005-2006	244
2002-2003	188	2006-2007	99

Annual permit valuation has also been increasing since fiscal year 1996, when total permit valuation was \$3,938,000. For the fiscal year ending June 30, 2007, permit valuation totaled \$31,725,102.

Financial Information

Management of the Town is responsible for establishing and maintaining a system of internal control designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements that conform to generally accepted accounting principles. The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met.

As a recipient of federal, state and local financial assistance, the Town is also responsible for ensuring that an adequate system of internal control is in place to maintain and document compliance with applicable laws and regulations related to these programs. This system is subject to periodic evaluation by the Town's management.

In addition, the Town maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town's council. Activities of the general fund, certain special revenue funds and debt service funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level.

Cash Management Policies and Practices

The Town Council annually adopts an investment policy that conforms to California State law, Town ordinance and resolutions, prudent money management, and the "prudent person" standards. The ordered objectives of the Town's investment policy are safety, liquidity, and yield. While recognizing the importance of a competitive yield, the safety of principle remains the Town's primary investment objective. The Town of Yucca Valley utilizes the Local Agency Investment Fund (LAIF) as the primary investment vehicle for idle cash. LAIF is a pooled investment fund administered by the State of California Treasurer's Office.

Town of Yucca Valley

Elected and Appointed Officials

June 30, 2007

Elected Officials

Mayor
Mayor Pro Tem
Council Member
Council Member
Council Member

William Neeb
Robert Leone
Frank Luckino
Chad Mayes
Lori Herbel

Appointed Officials

Town Manager
Town Attorney
Town Clerk
Deputy Town Manager
Director of Administrative Services
Director of Community Development
Director of Community Services
Human Resources and Risk Manager

Andy Takata
Naomi Silvergleid
Jamie Anderson
Shane Stueckle
Curtis Yakimow
Tom Best
Jim Schooler
Dani Lassetter





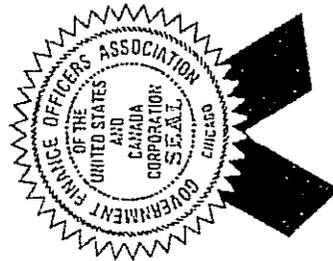
The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Administrative Services Department
Town of Yucca Valley, California



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Date June 4, 2007



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Honorable Mayor and Town Council
Town of Yucca Valley, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Yucca Valley, California, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the Town of Yucca Valley, California. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Yucca Valley, California as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, of the Town of Yucca Valley, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Yucca Valley's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have not audited the information contained in the introductory and statistical schedules and accordingly, express no opinion on the information contained therein.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis provides an overview of the financial activities of the Town of Yucca Valley for the fiscal year ended June 30, 2007. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Also included in the accompanying report are the fund financial statements. The fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Town government, reporting the Town's operations in *more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provides additional financial and budgetary information.

Reporting the Town as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the Town as a whole. One of the most important questions asked about the Town's finances is, "Is the Town *as a whole* better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the government-wide *statement of net assets* follows:

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Current and other assets	\$16,440,560	13,954,886	2,485,674
Capital assets	<u>36,554,276</u>	<u>32,772,271</u>	<u>3,782,005</u>
Total assets	<u>52,994,836</u>	<u>46,727,157</u>	<u>6,267,679</u>
Long-term debt	4,636,536	4,854,201	(217,665)
Other liabilities	<u>1,119,676</u>	<u>1,167,527</u>	<u>(47,851)</u>
Total liabilities	<u>5,756,212</u>	<u>6,021,728</u>	<u>(265,516)</u>
Net assets:			
Invested in capital assets	32,093,731	28,557,712	3,536,019
Restricted	3,701,001	3,233,997	467,004
Unrestricted	<u>11,443,892</u>	<u>8,913,720</u>	<u>2,530,172</u>
Total net assets	<u>\$47,238,624</u>	<u>40,705,429</u>	<u>6,533,195</u>

A summary of the government-wide *statement of activities* follows:

Revenues:

Program revenues:

Charges for services	\$ 966,144	1,235,976	(269,832)
Operating contributions and grants	3,369,479	2,910,993	458,486
Capital contributions and grants	<u>342,216</u>	<u>-</u>	<u>342,216</u>
Total program revenues	<u>4,677,839</u>	<u>4,146,969</u>	<u>530,870</u>

General revenues:

Property taxes	4,185,302	3,264,007	921,295
Sales taxes	3,290,412	2,958,865	331,547
Transient occupancy taxes	133,612	129,968	3,644
Franchise taxes	779,957	773,076	6,881
Investment income	463,536	272,701	190,835
State motor vehicle in lieu	1,669,034	1,449,006	220,028
Other revenue	<u>215,245</u>	<u>161,247</u>	<u>53,998</u>
Total general revenues	<u>10,737,098</u>	<u>9,008,870</u>	<u>1,728,228</u>

Total revenues	<u>15,414,937</u>	<u>13,155,839</u>	<u>2,259,098</u>
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Program expenses:

General government	1,700,382	1,875,001	(174,619)
Public safety	3,711,665	3,001,568	710,097
Parks and recreation	1,235,369	1,040,235	195,134
Public works	4,387,109	3,885,289	501,820
Community development	1,561,046	2,232,448	(671,402)
Interest expense and other charges	<u>333,449</u>	<u>463,163</u>	<u>(129,714)</u>
Total expenses	<u>12,929,020</u>	<u>12,497,704</u>	<u>431,316</u>

Increase (decrease) in net assets	2,485,917	658,135	1,827,782
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Beginning net assets, as restated	<u>44,752,707</u>	<u>40,047,294</u>	<u>4,705,413</u>
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Ending net assets	<u>\$47,238,624</u>	<u>40,705,429</u>	<u>6,533,195</u>
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GENERAL FUND BUDGET

Differences between the original budget and the final amended budget of the General Fund were relatively minor.

These deviations did not significantly affect the Town's liquidity or ability to provide future government services.

CAPITAL ASSETS

Capital assets, net of accumulated depreciation at year end are as follows:

	<u>2007</u>	<u>2006</u>
Land	\$ 5,724,594	3,028,632
Land improvements	1,112,332	1,142,437
Structures and improvements	2,639,224	1,940,952
Vehicles	646,611	665,106
Furniture and equipment	324,912	347,895
Infrastructure – street network	26,077,793	24,758,498
Construction in progress	<u>28,810</u>	<u>888,751</u>
Total	<u>\$36,554,276</u>	<u>32,772,271</u>

The major changes to capital assets during the year ended June 30, 2007 were as follows:

- A restatement of Land assets to include assets not previously recorded in prior years. See Note 6 for additional information on these adjustments. Increases in structures and improvements include the completion of the Town's solar project at Town Hall, and the increase in Infrastructure reflects the recent completion of the Joshua Lane rehabilitation.

Total unexpended construction commitments as of year end were \$1,496,420 related to the Town's current SR62 Apache to Palm Avenue Rehabilitation Project, located within the Town's maintained road system. Additional information on the Town's capital assets can be found in note 6 to the financial statements.

BASIC FINANCIAL STATEMENTS

TOWN OF YUCCA VALLEY

Statement of Activities

Year ended June 30, 2007

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	<u>Governmental Activities</u>	
Governmental activities:					
General government	\$ 1,700,382	104,172	115,247	-	(1,480,963)
Public safety	3,711,665	103,419	453,880	-	(3,154,366)
Parks and recreation	1,235,369	207,246	129,583	-	(898,540)
Public works	4,387,109	523,170	2,228,909	342,216	(1,292,814)
Community development	1,561,046	28,137	441,860	-	(1,091,049)
Interest expense and other charges	<u>333,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(333,449)</u>
 Total governmental activities	 <u>12,929,020</u>	 <u>966,144</u>	 <u>3,369,479</u>	 <u>342,216</u>	 <u>(8,251,181)</u>
 Total primary government	 <u>\$ 12,929,020</u>	 <u>966,144</u>	 <u>3,369,479</u>	 <u>342,216</u>	 <u>(8,251,181)</u>
 General revenues:					
Taxes:					
Property taxes					4,185,302
Sales taxes					3,290,412
Transient occupancy taxes					133,612
Franchise taxes					779,957
Investment income					463,536
State motor vehicle in lieu, unrestricted					1,669,034
Other					<u>215,245</u>
					 <u>10,737,098</u>
					 2,485,917
					 <u>44,752,707</u>
					 <u>\$ 47,238,624</u>

See accompanying notes to the basic financial statements.

<u>Debt Service Redevelopment Agency</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
1,786,801	6,439,490	13,916,297
368,990	-	785,547
-	263,306	336,087
-	-	18,922
131,293	34,461	659,318
31,667	79,438	190,596
-	-	29,131
-	-	31,043
<u>2,318,751</u>	<u>6,816,695</u>	<u>15,966,941</u>
280,474	359,979	930,031
-	6,039	161,519
-	29,131	29,131
-	5,409	5,409
-	-	-
<u>280,474</u>	<u>400,558</u>	<u>1,126,090</u>
-	-	31,043
-	989,663	989,663
2,038,277	67,452	2,105,729
-	2,852,038	2,852,038
-	-	5,671,854
-	2,506,984	3,190,524
-	-	-
<u>2,038,277</u>	<u>6,416,137</u>	<u>14,840,851</u>
<u>2,318,751</u>	<u>6,816,695</u>	<u>15,966,941</u>

TOWN OF YUCCA VALLEY

Governmental Funds

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

June 30, 2007

Fund balances of governmental funds	\$ 14,840,851
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets have not been included as financial resources in governmental fund activity:	
Capital assets	58,451,142
Accumulated depreciation	(21,896,866)
Long term liabilities and compensated absences that have not been included in governmental fund activity:	
Bonds and loan payable	(4,460,545)
Compensated absences	(175,991)
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(26,553)
Deferred revenue balances relating to certain receivables are not reported as liabilities in the Statement of Net Assets since revenue recognition is not based upon measurable and available criteria.	5,409
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.	<u>501,177</u>
Net assets of governmental activities	<u>\$ 47,238,624</u>

See accompanying notes to the basic financial statements.

<u>Debt Service Redevelopment Agency</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
1,810,698	29,444	8,849,815
-	-	64,263
18,158	1,559,230	4,460,436
-	-	794,627
-	356,490	410,616
87,035	237,536	797,677
-	136,671	155,209
<u>1,915,891</u>	<u>2,319,371</u>	<u>15,532,643</u>
2,500	4,816	1,699,333
-	169,575	3,703,982
-	10,725	1,219,835
-	1,162,734	3,797,852
-	328,093	1,563,853
105,000	-	219,638
396,010	-	423,008
460,532	-	460,532
<u>964,042</u>	<u>1,675,943</u>	<u>13,088,033</u>
<u>951,849</u>	<u>643,428</u>	<u>2,444,610</u>
70,964	2,186,889	2,308,853
<u>(365,381)</u>	<u>(422,336)</u>	<u>(2,808,853)</u>
<u>(294,417)</u>	<u>1,764,553</u>	<u>(500,000)</u>
657,432	2,407,981	1,944,610
<u>1,380,845</u>	<u>4,008,156</u>	<u>12,896,241</u>
<u>2,038,277</u>	<u>6,416,137</u>	<u>14,840,851</u>

TOWN OF YUCCA VALLEY
Proprietary Funds

Statement of Fund Net Assets

June 30, 2007

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
Assets:	
Current assets:	
Cash and investments (note 2)	\$ <u>502,750</u>
Total current assets	<u>502,750</u>
Total assets	<u>\$ 502,750</u>
Liabilities:	
Current liabilities:	
Accounts payable	\$ <u>1,573</u>
Total liabilities	<u>1,573</u>
Net assets:	
Unrestricted	<u>501,177</u>
Total net assets	<u>\$ 501,177</u>

See accompanying notes to the basic financial statements.

TOWN OF YUCCA VALLEY
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2007

	<u>Governmental Activities - Internal Service Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 40,333
Cash payments to suppliers for goods and services	<u>(50,225)</u>
Net cash provided by (used for) operating activities	<u>(9,892)</u>
Cash flows from noncapital financing activities:	
Cash received from other funds	<u>500,000</u>
Net cash provided by (used for) noncapital financing activities	<u>500,000</u>
Net increase (decrease) in cash and cash equivalents	490,108
Cash and cash equivalents at beginning of year	<u>12,642</u>
Cash and cash equivalents at end of year	<u><u>\$ 502,750</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 96
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Increase (decrease) in accounts payable	<u>(9,988)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (9,892)</u></u>

Noncash capital, financing and investing activities:

There were no significant noncash capital, financing and investing activities for the year ended June 30, 2007.

See accompanying notes to the basic financial statements.

TOWN OF YUCCA VALLEY

Notes to the Basic Financial Statements

Year ended June 30, 2007

(1) Summary of Significant Accounting Policies

The financial statements of the Town of Yucca Valley, California (Town) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

(a) Reporting Entity

The Town of Yucca Valley, California was incorporated November 27, 1991 under the general laws of the State of California. The Town operates under an elected Council/Town Manager form of government.

As required by generally accepted accounting principles in the United States of America, these financial statements present the Town of Yucca Valley and its component units, entities for which the Town is considered to be financially accountable. The Town is considered to be financially accountable for an organization if the Town appoints a voting majority of that organization's governing body and the Town is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the Town. The Town is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the Town). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the Town are such that their exclusion would cause the Town's financial statements to be misleading or incomplete. A brief description of the Town's component units are as follows:

- The Yucca Valley Community Center Authority (the "Authority") entered into a Joint Powers Agreement with the Yucca Valley Park and Recreation District (the "District") in order to lease certain facilities to the District. All rights to the facilities pass to the District at the end of the lease term. The District is obligated under the Agreement to pay lease payments to the Authority and all operating and maintenance expenses of the facilities. Inasmuch as the District was dissolved, the Town assumed the lease payment obligations and all rights to the facilities will pass to the Town at the end of the lease term. The Authority's activities are reflected in the accompanying financial statements of the Town and this component unit is considered to be a blended component unit. Blended component units, although legally separate entities, are in substance, part of the Town's operations and so data from these units are reported with the interfund data of the primary government. The Authority issues separate component unit financial statements that may be obtained at 57090 Twenty-nine Palms Highway, Yucca Valley, California, 92284.

TOWN OF YUCCA VALLEY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(b) Measurement Focus and Basis of Accounting

The *basic financial statements* of the Town are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The Town of Yucca Valley has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the Town.

Government-wide financial statements are presented using the *economic resources measurement focus* and *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the *accrual basis of accounting*, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from the nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by parties outside the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

TOWN OF YUCCA VALLEY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

(b) Measurement Focus and Basis of Accounting. (Continued)

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate; however, they should not be considered "available spendable resources," since they do not represent net current assets.

Recognition of governmental fund type revenue represented by non-current receivables are deferred until they become current receivables. Non-current portions of long-term receivables are offset by fund balance reserve accounts.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

TOWN OF YUCCA VALLEY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

(c) Fund Classifications. (Continued)

Debt Service – Redevelopment Agency – Established to account for tax levies, rental and other revenues and payments of principal and interest on Yucca Valley Redevelopment loans and bonds.

The Town's fund structure also includes the following fund types:

Internal Service Fund. This fund has been established to finance and account for goods and services provided by one Town department to other Town departments or agencies. Such goods and services include: sale of photocopies and stationery supplies provided by the Central Supplies department of the Town. The Town of Yucca Valley has only one internal service fund.

Agency Funds. These funds are established to account for assets received and held by the Town while acting in the capacity as agents or custodians. Cash and deposits are maintained for activities associated with various associations and third party projects.

(d) Appropriations Limit

Under Article XIII B of the California Constitution (the GANN Spending Limitation Initiative), the Town 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, 2007, proceeds of taxes did not exceed appropriations.

(e) Cash and Investments

For purposes of the statement of cash flows, cash and investments are defined as short-term, 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 have an original maturity date of three months or less from the date of purchase.

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and have terms that are not affected by changes in market interest rates.

TOWN OF YUCCA VALLEY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(g) Compensated Absences

In accordance with GASB Statement No. 16, a liability is recorded for compensated absences (unpaid vacation, sick leave and compensatory time) 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.

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. The Town of Yucca Valley does not pay unused sick leave to employees upon separation of service. 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 Town and the employee.

(h) Advances to Other Funds

Long-term interfund advances are recorded as a receivable and as reserved fund balance by the advancing governmental fund and as a liability in the receiving fund.

(i) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas.

Accordingly, the Town of Yucca Valley accrues only those taxes, which are received from the county within 60 days after year-end:

Lien date	January 1
Levy date	March 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

The County of San Bernardino bills and collects the property taxes and remits them to the Town in installments during the year.

TOWN OF YUCCA VALLEY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Cash and investments held by the Town consist of the following at June 30, 2007:

Cash on hand	\$	2,900
Cash with financial institutions		377,378
Investments		<u>15,678,494</u>
Total cash and investments held by Town		<u>\$16,058,772</u>

Investments Authorized by the California Government Code and the Agency's Investment Policy

The table below identifies the *investment types* that are authorized for the Town by the California Government Code and the Town's investment policy. The table also identifies certain provisions of the California Code (or the Town's investment policy, if more restrictive) that address *interest rate risk* and *concentration of credit risk*. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Town, rather than the general provisions of the California Government Code or the Town's investment policy.

Investment Types Authorized by <u>State Law</u>	Authorized by Investment <u>Policy</u>	Maximum <u>Maturity *</u>	Maximum Percentage of <u>Portfolio *</u>	Maximum Investment In <u>One Issuer *</u>
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	2 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	180 days	25%	10%
Negotiable Certificates of Deposits	Yes	2 years	30%	None
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	15%	None
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	15%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	None
JPA Pools (other investment pools)	Yes	N/A	None	None

*Based on state law requirements or investment policy requirements, whichever is more restrictive.

TOWN OF YUCCA VALLEY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, The Town's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
State investment pool Held by bond trustee:	\$ 14,892,947	N/A	-	-	-	14,892,947
Money market funds	785,547	A	-	-	785,547	-
	\$ 15,678,494		-	-	785,547	14,892,947

Concentration of Credit Risk

The investment policy of the Town contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of *total Town investments* for the year ended June 30, 2007.

Custodial Credit Risk

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. The custodial credit risk for investments is the risk that, in the event of 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. The California Government Code and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits.

TOWN OF YUCCA VALLEY

Notes to the Basic Financial Statements

(Continued)

(4) Transfers In and Out

Transfers in and out for the year ended June 30, 2007 were as follows:

<u>Transfers From</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 500,000 (a)
	Nonmajor Governmental Funds	1,521,136 (b)
Debt Service – Redevelopment Agency	Nonmajor governmental funds	365,381 (c)
Nonmajor governmental funds	Measure I – 65% Major Arterial Debt Service – Redevelopment Agency	51,000 70,964
	Nonmajor governmental funds	<u>300,372 (d)</u>
		<u>\$2,808,853</u>

Interfund transfers were principally used for the following purposes:

- (a) \$500,000 was transferred from the General Fund to the Internal Service Fund (Central Supplies) for the vehicle equipment reserve.
- (b) \$1,385,136 was transferred from the General Fund to the Capital Projects Reserve Fund for the creation of this fund; \$136,000 was transferred to Permanent Flood Reimbursement Fund to setup the flood damage repair project by council approval.
- (c) \$365,381 was transferred from the Debt Service – Redevelopment Agency fund to the RDA Low/Mod Housing fund for the 20% set aside requirement.
- (d) \$198,000 was transferred from the LTF Fund to the Gas Tax Fund to cover eligible expenditures related to streets; \$85,000 was transferred from the AB2928 State Maintenance Grant Fund to the Gas Tax Fund for street operation costs; \$17,372 was transferred from the Traffic Safety Fund to the CLEEPS Fund for the calming signs project.

(5) Due from Other Governments

The amounts due from other governments at June 30, 2007 consist of the following:

County of San Bernardino	\$456,747
State of California	<u>202,571</u>
Total	<u>\$659,318</u>

TOWN OF YUCCA VALLEY

Notes to the Basic Financial Statements

(Continued)

(6) Capital Assets, (Continued)

Depreciation expense was charged in the following functions in the Statement of Activities:

General government	\$ 22,415
Public safety	7,472
Parks and recreation	14,981
Public works	687,378
Community development	<u>29,923</u>
Total	<u>\$762,169</u>

Significant construction commitments as of June 30, 2007 are as follows:

<u>Description</u>	<u>Project Budget</u>	<u>Cumulative Expenditures to Date</u>	<u>Unexpended Commitments</u>
SR62 Apache to Palm Avenue Rehabilitation	\$1,498,200	1,780	1,496,420

(7) Changes in Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2007 were as follows:

<u>Governmental activities:</u>	<u>Balance at July 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2007</u>	<u>Amount Due Within One Year</u>	<u>Amount Due Beyond One Year</u>
Bonds payable:						
1995 Series A Bonds	\$ 1,455,000	-	(40,000)	1,415,000	40,000	1,375,000
2004 Series Bonds	2,530,000	-	(65,000)	2,465,000	40,000	2,425,000
2001 Series B Bonds	<u>574,855</u>	<u>-</u>	<u>(110,401)</u>	<u>464,454</u>	<u>166,403</u>	<u>298,051</u>
Subtotal	4,559,855	-	(215,401)	4,344,454	246,403	4,098,051
CA Energy Commission	120,328	-	(4,237)	116,091	6,099	109,992
Compensated absences*	<u>174,018</u>	<u>7,562</u>	<u>(5,589)</u>	<u>175,991</u>	<u>41,400</u>	<u>134,591</u>
Total	<u>\$ 4,854,201</u>	<u>7,562</u>	<u>(225,227)</u>	<u>4,636,536</u>	<u>293,902</u>	<u>4,342,634</u>

* This liability will be paid in future years from future resources from the General Fund.

TOWN OF YUCCA VALLEY

Notes to the Basic Financial Statements

(Continued)

(8) Bond Payable, (Continued)

The annual debt service requirements to maturity for bonds are as follows:

Governmental Activities:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 227,825	262,604
2009	238,738	252,342
2010	227,891	241,328
2011	70,000	230,551
2012	75,000	225,925
2013	75,000	220,938
2014	85,000	215,837
2015	90,000	210,238
2016	95,000	204,182
2017	100,000	197,763
2018	110,000	190,981
2019	115,000	183,569
2020	125,000	175,700
2021	130,000	167,088
2022	140,000	158,113
2023	140,000	148,413
2024	150,000	138,638
2025	160,000	128,138
2026	175,000	116,912
2027	185,000	106,631
2028	195,000	95,762
2029	205,000	84,306
2030	220,000	72,263
2031	230,000	59,338
2032	245,000	45,825
2033	260,000	31,431
2034	<u>275,000</u>	<u>16,156</u>
Total	<u>\$ 4,344,454</u>	<u>4,180,972</u>

TOWN OF YUCCA VALLEY

Notes to the Basic Financial Statements

(Continued)

(10) Risk Management

The Town is a member of the Public Agency Risk Sharing Authority of California (PARSAC), a joint powers authority formed under Section 990 of the California Government Code for the purpose of providing joint-protection coverage and related risk management services. The Authority is currently comprised of 37 participating member cities.

The PARSAC's Liability Program offers a combination of pooled and commercially-purchased public auto and general liability coverages, plus errors and omissions coverage, above individual Member Entity self-insured retentions (similar to deductibles and ranging from \$0 to \$500,000) to an organizational retention of \$1 million. Beyond that \$1 million retention, there is \$4 million in jointly-purchased commercial excess coverage limits for most of the Liability Programs exposures, providing total coverage limits of \$5 million. However, for those exposures covered by the Liability Program's Memorandum of Coverage (self-funded coverage document), but not covered by the commercial excess liability insurance policy, there are full self-funded limits of \$5 million in per-occurrence coverage; thus, the Memorandum of Coverage wraps around the excess liability insurance policy and becomes, in essence, a "wrap-around document". The Town's General, Auto, Public Officials, and Employment Practices Liability Insurance carries a \$1,005,000 retention with amounts in excess of the retention covered up to \$8,995,000. All Risk Property is covered up to \$1,000,000 per occurrence.

Claims are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The PARSAC implemented a Workers' Compensation Program on July 1, 1990. The Workers' Compensation Program offers coverage consistent with that mandated by state law. The PARSAC provides coverage from \$0 to an organizational retention of \$250,000 per claim. Beyond that \$250,000 retention, there is a jointly-purchased commercial excess insurance with coverage up to statutory limits.

Separate financial statements of the Authority can be obtained from 1525 Response Road, Suite One, Sacramento, California 95815.

There was no significant reduction in insurance coverage by major categories of risk from fiscal 2005-2006 to fiscal year 2006-2007. Furthermore, there was no settlement, which exceeded the insurance coverage for the fiscal years 2004-05, 2005-06 and 2006-07.

TOWN OF YUCCA VALLEY

Notes to the Basic Financial Statements

(Continued)

(12) Defined Benefit Pension Plan (PERS), (Continued)

<i>Three-Year Trend Information</i>			
<u>Fiscal Year</u>	<u>Annual Pension Cost (employer contribution)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	292,145	100%	-
6/30/06	219,646	100%	-
6/30/07	317,685	100%	-

(13) Deficit Fund Balances

As of June 30, 2007, a deficit fund balance was recorded in the following funds:

	<u>Fund Deficit</u>
Special Revenue Funds:	
CDBG	\$ (22,887)
Public Federal Lands	(5,879)

(14) Restatement of Beginning Net Assets

Capital assets at June 30, 2006 were restated to include land and property which had not been recorded in prior years. The restatement only affects beginning net assets for the government-wide presentation. The following summarizes the effect of the restatement to beginning net assets as of July 1, 2006:

	<u>Government-Wide</u>
Net assets at beginning of year, a previously reported	\$ 40,705,429
To properly recognize land and property which had not been reported in prior years	<u>4,047,278</u>
Net assets at beginning of year, as restated	<u>\$ 44,752,707</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF YUCCA VALLEY

Notes to Required Supplementary Information

Year Ended June 30, 2007

(1) Budgets and Budgetary Data

Before the beginning of the fiscal year, the Town Manager submits to the Town Council a proposed budget for the year commencing the following July 1. Public hearings are conducted to obtain taxpayer comments and the budget is subsequently adopted through passage of a resolution.

All appropriated amounts are as originally adopted or as amended by the Town Council and lapse at year-end. Encumbrances and continuing appropriations are re-budgeted on July 1 by Council Action. Budgetary control is exercised at the fund level. Original appropriations are modified by supplementary appropriations and transfers among budget categories. The Town Manager has the authority to approve budget transfers within funds as long as there is no net increase. Council approval is required for transfers between funds or for an increase in total appropriations. There were no significant budget amendments during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for the general, special revenue, debt service and capital projects funds. Budgets for these funds are adopted on a basis consistent with generally accepted accounting principles. The Fiduciary Fund does not have a formally adopted budget.

TOWN OF YUCCA VALLEY
General Fund
Schedule of Expenditures - Budget and Actual
Year ended June 30, 2007

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
General government:				
Town council	\$ 121,620	121,620	152,811	(31,191)
Town clerk/attorney	226,617	226,617	198,716	27,901
Interdepartmental	268,454	268,454	266,571	1,883
Town administration	691,461	691,461	428,732	262,729
Management services	<u>805,639</u>	<u>805,639</u>	<u>645,187</u>	<u>160,452</u>
Total general government	<u>2,113,791</u>	<u>2,113,791</u>	<u>1,692,017</u>	<u>421,774</u>
Public works	<u>1,362,726</u>	<u>1,362,726</u>	<u>1,198,501</u>	<u>164,225</u>
Public safety:				
Police	2,884,569	2,884,569	2,899,692	(15,123)
Animal control	<u>551,160</u>	<u>551,160</u>	<u>634,715</u>	<u>(83,555)</u>
Total public safety	<u>3,435,729</u>	<u>3,435,729</u>	<u>3,534,407</u>	<u>(98,678)</u>
Parks and recreation	<u>1,285,417</u>	<u>1,285,417</u>	<u>1,209,110</u>	<u>76,307</u>
Community development	<u>1,556,225</u>	<u>1,556,225</u>	<u>1,235,760</u>	<u>320,465</u>
Debt service:				
Principal	-	-	4,237	(4,237)
Interest	<u>-</u>	<u>-</u>	<u>7,033</u>	<u>(7,033)</u>
Total debt service	<u>-</u>	<u>-</u>	<u>11,270</u>	<u>(11,270)</u>
Other financing sources (uses):				
Transfers In (Note 5)	-	-	-	-
Transfers Out (Note 5)	<u>-</u>	<u>(2,021,136)</u>	<u>(2,021,136)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(2,021,136)</u>	<u>(2,021,136)</u>	<u>-</u>
Total expenditures	<u>\$ 9,753,888</u>	<u>9,753,888</u>	<u>10,902,201</u>	<u>(1,148,313)</u>

SUPPLEMENTARY SCHEDULES

TOWN OF YUCCA VALLEY
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year ended June 30, 2007

	Special Revenue <u>Funds</u>	Debt Service <u>Funds</u>	Capital Projects <u>Funds</u>	<u>Totals</u>
Revenues:				
Taxes	\$ 29,444	-	-	29,444
Intergovernmental	1,559,230	-	-	1,559,230
Fines, fees and forfeitures	356,490	-	-	356,490
Use of money and property	163,455	-	74,081	237,536
Miscellaneous	26,318	-	110,353	136,671
	<u>2,134,937</u>	<u>-</u>	<u>184,434</u>	<u>2,319,371</u>
Expenditures:				
Current:				
General government	4,816	-	-	4,816
Public safety	169,575	-	-	169,575
Parks and recreation	-	10,725	-	10,725
Public works	1,162,734	-	-	1,162,734
Community development	66,838	-	261,255	328,093
	<u>1,403,963</u>	<u>10,725</u>	<u>261,255</u>	<u>1,675,943</u>
Excess (deficiency) of revenues over (under) expenditures	<u>730,974</u>	<u>(10,725)</u>	<u>(76,821)</u>	<u>643,428</u>
Other financing sources (uses):				
Transfers in	801,753	-	1,385,136	2,186,889
Transfers out	(422,336)	-	-	(422,336)
	<u>379,417</u>	<u>-</u>	<u>1,385,136</u>	<u>1,764,553</u>
Net change in fund balances	1,110,391	(10,725)	1,308,315	2,407,981
Fund balances at beginning of year	<u>2,386,256</u>	<u>78,177</u>	<u>1,543,723</u>	<u>4,008,156</u>
Fund balances at end of year	<u>\$ 3,496,647</u>	<u>67,452</u>	<u>2,852,038</u>	<u>6,416,137</u>

TOWN OF YUCCA VALLEY

Nonmajor Special Revenue Funds

Year Ended June 30, 2007

Special Revenue Funds are used to account for the proceeds derived from specific revenue sources which are legally restricted to expenditures for specified purposes.

Quimby Fees – Established as a fund to account for monies received as paid-in-lieu funds pursuant to the requirements of the Town Ordinance relating to the dedication of land for parks and recreational purposes.

Development Impact Fee – Established as depository for development impact fees. The fees are levied against new development in the Town in order to pay for the construction or improvement of public facilities as a result of Town growth.

CLEEPS – 02/03 (California Law Enforcement Equipment Program) – Established to account for grant monies received to purchase equipment in compliance with the grant award. This equipment will be made available for special police and problem oriented police projects.

CLEEPS – High Tech (California Law Enforcement Equipment Program) – Established to account for grant monies received to purchase equipment in compliance with the grant award. This equipment will be made available for special police and problem oriented police projects.

COPS – SLESF – 04/05 (Supplemental Law Enforcement Special Fund) – Established to account for grant monies received as a result of AB3229 that created the Citizens Option for Public Safety Program (COPS). Expenditures for this fund are restricted to front line law enforcement services.

Traffic Safety – Established to account for expenditures financed by revenue generated from the enforcement of California vehicle codes and town ordinances. These restricted funds may be used only for traffic signals, school crossing guards, and other related traffic safety expenditures.

Asset Seizure – Established for the purpose of accounting for funds received as proceeds from the sale of assets seized during drug raids.

AB2928 State Construction Grant – Established to account for grant monies received for street and highway pavement maintenance, rehabilitation and reconstruction of necessary associated facilities such as drainage and traffic control devices.

AB2928 – TCRP (Traffic Congestion Relief Program) – Established to account for grant monies received for street and highway pavement maintenance, rehabilitation and reconstruction of necessary associated facilities such as drainage and traffic control devices.

Gas Tax – Established to account for receipts and expenditures of money apportioned under Street and Highway Code Sections 2105, 2106, 2107, and 2107.5 of the State of California. These funds must be spent only for street maintenance, repairs or construction. A limited amount may be spent on related engineering costs.

TOWN OF YUCCA VALLEY

Nonmajor Special Revenue Funds

(Continued)

Prop 40 – Parks Projects – This fund is used to account for revenues received from the State of California to be used for park improvement expenditures.

CDBG (Community Development Block Grant) – Established to account for capital projects funded by CDBG for the revitalization of low-to-moderate income areas within the Town.

Recycling Activities Grant – Established to account for grant money for eligible cities and counties, for beverage container recycling and litter cleanup activities.

Permanent Flood Reimbursement/State – Established to account for revenues received from the State of California as reimbursement, as a result of a declared state of emergency, for permanent repairs of damage caused to the Town's roadways.

Landscape/Lighting Maintenance District – Established to provide regular maintenance, repair and replacement of all facilities within the public rights-of-ways or easements which shall include, but not be limited to, the landscaping, irrigation system, signage, perimeter wall, retaining walls, pedestrian path and erosion control plantings within or adjacent to the detention basins and drainage swale.

Street and Drainage District – Established to provide improvements and maintenance of streets, roads, and highways needed to keep the streets in safe condition and to preserve the street network. Also for maintenance and operation of drainage and flood control facilities, including but not limited to floodways, channels, percolation pond, storm drain systems including pipes and catch basins and appurtenant facilities.

RDA Low/Mod Housing – Established to account for 20% set-aside for low and moderate income projects. Expenditures for this fund are designated for increasing, preserving and improving the number of low income housing units.

Public Lands Federal Grant – Public Lands Highway Discretionary Funds (PLHD) are administered by the Federal Highway Administration (FHWA) to implement the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), Public Law 109-59. PLHD funds are allocated through local government San Bernardino Association of Governments (SANBAG) for highway transportation projects that are eligible and listed on the approved Regional Transportation Improvement Project (RTIP) List. Funds are administered by Cal trans.

COPS - SLESF 04/05	Traffic Safety	Asset Seizure	AB2928 State Construction Grant	AB2928 TCRP	Gas Tax
193,916	91,948	2,466	-	54,809	331,863
-	-	-	-	-	-
-	4,465	-	-	-	-
<u>3,165</u>	<u>1,583</u>	<u>40</u>	<u>-</u>	<u>3,082</u>	<u>-</u>
<u>197,081</u>	<u>97,996</u>	<u>2,506</u>	<u>-</u>	<u>57,891</u>	<u>331,863</u>
-	-	-	-	-	62,790
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	62,790
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>197,081</u>	<u>97,996</u>	<u>2,506</u>	<u>-</u>	<u>57,891</u>	<u>269,073</u>
<u>197,081</u>	<u>97,996</u>	<u>2,506</u>	<u>-</u>	<u>57,891</u>	<u>269,073</u>
<u>197,081</u>	<u>97,996</u>	<u>2,506</u>	<u>-</u>	<u>57,891</u>	<u>331,863</u>

(Continued)

<u>Flood Control</u>	<u>CA Energy Commission</u>	<u>AB 2766 Air Pollution</u>	<u>FEMA</u>	<u>HUD-Jerry Lewis Park</u>	<u>Prop 12 - Paradise Park</u>
64,883	35,964	63,129	118,822	8,457	4,556
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,035</u>	<u>573</u>	<u>1,018</u>	<u>1,918</u>	<u>136</u>	<u>-</u>
<u>65,918</u>	<u>36,537</u>	<u>64,147</u>	<u>120,740</u>	<u>8,593</u>	<u>4,556</u>
453	325	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>453</u>	<u>325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>65,465</u>	<u>36,212</u>	<u>64,147</u>	<u>120,740</u>	<u>8,593</u>	<u>4,556</u>
<u>65,465</u>	<u>36,212</u>	<u>64,147</u>	<u>120,740</u>	<u>8,593</u>	<u>4,556</u>
<u>65,918</u>	<u>36,537</u>	<u>64,147</u>	<u>120,740</u>	<u>8,593</u>	<u>4,556</u>

(Continued)

<u>Landscape and Lighting Maintenance</u>	<u>Street and Drainage District</u>	<u>RDA Low/Mod Housing</u>	<u>Public Lands Federal Grant</u>	<u>Total</u>
4,851	22,784	973,270	-	3,518,395
-	-	-	-	263,306
-	-	-	-	34,461
<u>95</u>	<u>387</u>	<u>16,393</u>	<u>-</u>	<u>57,698</u>
<u>4,946</u>	<u>23,171</u>	<u>989,663</u>	<u>-</u>	<u>3,873,860</u>
-	-	-	476	342,673
-	-	-	5,403	29,131
-	-	-	-	<u>5,409</u>
-	-	-	<u>5,879</u>	<u>377,213</u>
-	-	989,663	-	989,663
<u>4,946</u>	<u>23,171</u>	<u>-</u>	<u>(5,879)</u>	<u>2,506,984</u>
<u>4,946</u>	<u>23,171</u>	<u>989,663</u>	<u>(5,879)</u>	<u>3,496,647</u>
<u>4,946</u>	<u>23,171</u>	<u>989,663</u>	<u>-</u>	<u>3,873,860</u>

COPS - SLESF 04/05	Traffic Safety	Asset Seizure	AB2928 State Construction Grant	AB2928 TCRP	Gas Tax
-	-	-	-	-	-
101,455	8,542	-	-	135,992	380,751
-	54,334	-	-	-	-
9,270	3,744	98	-	9,433	2,441
-	-	1,298	20	-	-
<u>110,725</u>	<u>66,620</u>	<u>1,396</u>	<u>20</u>	<u>145,425</u>	<u>383,192</u>
-	-	-	-	-	-
82,391	1,500	-	-	-	-
-	-	-	-	-	488,017
-	-	-	-	-	-
<u>82,391</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>488,017</u>
<u>28,334</u>	<u>65,120</u>	<u>1,396</u>	<u>20</u>	<u>145,425</u>	<u>(104,825)</u>
-	-	-	-	-	283,000
-	(17,372)	-	-	(136,000)	-
-	(17,372)	-	-	(136,000)	283,000
28,334	47,748	1,396	20	9,425	178,175
<u>168,747</u>	<u>50,248</u>	<u>1,110</u>	<u>(20)</u>	<u>48,466</u>	<u>90,898</u>
<u>197,081</u>	<u>97,996</u>	<u>2,506</u>	<u>-</u>	<u>57,891</u>	<u>269,073</u>

(Continued)

<u>Flood Control</u>	<u>CA Energy Commission</u>	<u>AB 2766 Air Pollution</u>	<u>FEMA</u>	<u>HUD-Jerry Lewis Park</u>	<u>Prop 12 - Paradise Park</u>
-	-	-	-	-	-
-	-	15,238	-	-	-
-	-	-	-	-	-
3,591	1,959	3,020	6,211	441	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,591</u>	<u>1,959</u>	<u>18,258</u>	<u>6,211</u>	<u>441</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
8,898	3,150	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>8,898</u>	<u>3,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(5,307)</u>	<u>(1,191)</u>	<u>18,258</u>	<u>6,211</u>	<u>441</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(5,307)	(1,191)	18,258	6,211	441	-
<u>70,772</u>	<u>37,403</u>	<u>45,889</u>	<u>114,529</u>	<u>8,152</u>	<u>4,556</u>
<u>65,465</u>	<u>36,212</u>	<u>64,147</u>	<u>120,740</u>	<u>8,593</u>	<u>4,556</u>

(Continued)

<u>Landscape and Lighting Maintenance</u>	<u>Street and Drainage District</u>	<u>RDA Low/Mod Housing</u>	<u>Public Lands Federal Grant</u>	<u>Total</u>
5,814	23,630	-	-	29,444
-	-	-	-	1,559,230
-	-	-	-	356,490
133	542	45,006	-	163,455
-	-	-	-	26,318
<u>5,947</u>	<u>24,172</u>	<u>45,006</u>	<u>-</u>	<u>2,134,937</u>
-	-	-	-	4,816
-	-	-	-	169,575
1,001	1,001	-	5,753	1,162,734
-	-	3,090	-	66,838
<u>1,001</u>	<u>1,001</u>	<u>3,090</u>	<u>5,753</u>	<u>1,403,963</u>
<u>4,946</u>	<u>23,171</u>	<u>41,916</u>	<u>(5,753)</u>	<u>730,974</u>
-	-	365,381	-	801,753
-	-	(70,964)	-	(422,336)
-	-	294,417	-	379,417
4,946	23,171	336,333	(5,753)	1,110,391
-	-	653,330	(126)	2,386,256
<u>4,946</u>	<u>23,171</u>	<u>989,663</u>	<u>(5,879)</u>	<u>3,496,647</u>

TOWN OF YUCCA VALLEY
Development Impact Fees Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines, fees and forfeitures	\$ 1,278,000	222,400	(1,055,600)
Use of money and property	<u>18,000</u>	<u>9,910</u>	<u>(8,090)</u>
Total revenues	<u>1,296,000</u>	<u>232,310</u>	<u>(1,063,690)</u>
Expenditures:			
Current:			
Public safety	<u>26,000</u>	<u>4,450</u>	<u>21,550</u>
Total expenditures	<u>26,000</u>	<u>4,450</u>	<u>21,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,270,000</u>	<u>227,860</u>	<u>(1,042,140)</u>
Fund balance at beginning of year	<u>57,876</u>	<u>57,876</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,327,876</u>	<u>285,736</u>	<u>(1,042,140)</u>

TOWN OF YUCCA VALLEY
CLEEPS - High Tech Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 1,000	3,311	2,311
Total revenues	<u>1,000</u>	<u>3,311</u>	<u>2,311</u>
Expenditures			
Current:			
Public safety	<u>62,372</u>	<u>80,495</u>	<u>(18,123)</u>
Total expenditures	<u>62,372</u>	<u>80,495</u>	<u>(18,123)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(61,372)</u>	<u>(77,184)</u>	<u>(15,812)</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>17,372</u>	<u>17,372</u>
Total other financing sources (uses)	<u>-</u>	<u>17,372</u>	<u>17,372</u>
Net change in fund balances	(61,372)	(59,812)	1,560
Fund balance at beginning of year	<u>76,723</u>	<u>76,723</u>	<u>-</u>
Fund balance at end of year	<u>\$ 15,351</u>	<u>16,911</u>	<u>1,560</u>

TOWN OF YUCCA VALLEY
Traffic Safety Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	8,542	8,542
Fine, fees and forfeitures	44,000	54,334	10,334
Use of money and property	<u>1,000</u>	<u>3,744</u>	<u>2,744</u>
 Total revenues	 <u>45,000</u>	 <u>66,620</u>	 <u>21,620</u>
 Expenditures			
Current:			
Public Safety	<u>26,500</u>	<u>1,500</u>	<u>25,000</u>
 Total expenditures	 <u>26,500</u>	 <u>1,500</u>	 <u>25,000</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>18,500</u>	 <u>65,120</u>	 <u>46,620</u>
 Other financing sources (uses):			
Transfers out	<u>-</u>	<u>(17,372)</u>	<u>(17,372)</u>
 Total other financing sources (uses)	 <u>-</u>	 <u>(17,372)</u>	 <u>(17,372)</u>
 Net change in fund balances	 18,500	 47,748	 29,248
 Fund balance at beginning of year	 <u>50,248</u>	 <u>50,248</u>	 <u>-</u>
 Fund balance at end of year	 <u>\$ 68,748</u>	 <u>97,996</u>	 <u>29,248</u>

TOWN OF YUCCA VALLEY
AB2928 - State Construction Grant Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Miscellaneous	\$ -	20	20
Total revenues	<u>-</u>	<u>20</u>	<u>20</u>
Expenditures:			
Current:			
Public works	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>20</u>	<u>20</u>
Net changes in fund balances	<u>-</u>	<u>20</u>	<u>20</u>
Fund balance at beginning of year	<u>(20)</u>	<u>(20)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (20)</u>	<u>-</u>	<u>20</u>

TOWN OF YUCCA VALLEY
Gas Tax Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 364,500	380,751	16,251
Use of money and property	<u>1,200</u>	<u>2,441</u>	<u>1,241</u>
Total revenues	<u>365,700</u>	<u>383,192</u>	<u>17,492</u>
Expenditures			
Current:			
Public works	<u>671,475</u>	<u>488,017</u>	<u>183,458</u>
Total expenditures	<u>671,475</u>	<u>488,017</u>	<u>183,458</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(305,775)</u>	<u>(104,825)</u>	<u>200,950</u>
Other financing sources (uses):			
Transfers in	283,000	283,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>283,000</u>	<u>283,000</u>	<u>-</u>
Net change in fund balances	(22,775)	178,175	200,950
Fund balance at beginning of year	<u>90,898</u>	<u>90,898</u>	<u>-</u>
Fund balance at end of year	<u>\$ 68,123</u>	<u>269,073</u>	<u>200,950</u>

TOWN OF YUCCA VALLEY
Measure I - 5% Transit Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 40,000	63,540	23,540
Use of money and property	<u>2,500</u>	<u>1,247</u>	<u>(1,253)</u>
 Total revenues	 <u>42,500</u>	 <u>64,787</u>	 <u>22,287</u>
 Expenditures			
Current:			
Public works	<u>42,500</u>	<u>66,486</u>	<u>(23,986)</u>
 Total expenditures	 <u>42,500</u>	 <u>66,486</u>	 <u>(23,986)</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>-</u>	 <u>(1,699)</u>	 <u>(1,699)</u>
 Fund balance at beginning of year	 <u>2,076</u>	 <u>2,076</u>	 <u>-</u>
 Fund balance at end of year	 <u>\$ 2,076</u>	 <u>377</u>	 <u>(1,699)</u>

TOWN OF YUCCA VALLEY
 CalTrans Outer Hwy Relinq Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Use of money and property	\$ -	6,797	6,797
Total revenues	<u>-</u>	<u>6,797</u>	<u>6,797</u>
Expenditures:			
Current:			
Public works	<u>132,000</u>	<u>-</u>	<u>132,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(132,000)</u>	<u>6,797</u>	<u>138,797</u>
Fund balance at beginning of year	<u>125,692</u>	<u>125,692</u>	<u>-</u>
Fund balance at end of year	<u>\$ (6,308)</u>	<u>132,489</u>	<u>138,797</u>

TOWN OF YUCCA VALLEY
CA Energy Commission Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 350,291	-	(350,291)
Use of money and property	<u>2,000</u>	<u>1,959</u>	<u>(41)</u>
Total revenues	<u>352,291</u>	<u>1,959</u>	<u>(350,332)</u>
Expenditures:			
Current:			
Public works	<u>350,582</u>	<u>3,150</u>	<u>347,432</u>
Total expenditures	<u>350,582</u>	<u>3,150</u>	<u>347,432</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,709</u>	<u>(1,191)</u>	<u>(2,900)</u>
Fund balance at beginning of year	<u>37,403</u>	<u>37,403</u>	<u>-</u>
Fund balance at end of year	<u>\$ 39,112</u>	<u>36,212</u>	<u>(2,900)</u>

TOWN OF YUCCA VALLEY
FEMA Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 1,800	6,211	4,411
Total revenues	<u>1,800</u>	<u>6,211</u>	<u>4,411</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,800</u>	<u>6,211</u>	<u>4,411</u>
Fund balance at beginning of year	<u>114,529</u>	<u>114,529</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 116,329</u></u>	<u><u>120,740</u></u>	<u><u>4,411</u></u>

TOWN OF YUCCA VALLEY
Prop 12 - Paradise Park Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2007

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	-	-
Total revenues	-	-	-
Expenditures:			
Current:			
Parks and recreation	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balance (deficit) at beginning of year	4,556	4,556	-
Fund balance (deficit) at end of year	\$ 4,556	4,556	-

TOWN OF YUCCA VALLEY
CDBG Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ <u>674,257</u>	<u>48,654</u>	<u>(625,603)</u>
Total revenues	<u>674,257</u>	<u>48,654</u>	<u>(625,603)</u>
Expenditures:			
Current:			
Community development	<u>515,564</u>	<u>63,748</u>	<u>451,816</u>
Total expenditures	<u>515,564</u>	<u>63,748</u>	<u>451,816</u>
Excess (deficiency) of revenues over (under) expenditures	<u>158,693</u>	<u>(15,094)</u>	<u>(173,787)</u>
Fund balance (deficit) at beginning of year	<u>(7,793)</u>	<u>(7,793)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 150,900</u>	<u>(22,887)</u>	<u>(173,787)</u>

TOWN OF YUCCA VALLEY
 Permanent Flood Reimb/State Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ -	24,996	24,996
Total revenues	<u>-</u>	<u>24,996</u>	<u>24,996</u>
Expenditures:			
Current:			
Public works	<u>136,000</u>	<u>129,670</u>	<u>6,330</u>
Total expenditures	<u>136,000</u>	<u>129,670</u>	<u>6,330</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(136,000)</u>	<u>(104,674)</u>	<u>31,326</u>
Other financing sources (uses)			
Transfers in	<u>-</u>	<u>136,000</u>	<u>136,000</u>
Total other financing sources (uses)	<u>-</u>	<u>136,000</u>	<u>136,000</u>
Net change in fund balances	(136,000)	31,326	167,326
Fund balance (deficit) at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (136,000)</u>	<u>31,326</u>	<u>167,326</u>

TOWN OF YUCCA VALLEY
Street and Drainage District Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Property Tax	23,650	23,630	(20)
Use of money and property	<u> -</u>	<u> 542</u>	<u> 542</u>
Total revenues	<u>23,650</u>	<u>24,172</u>	<u> 522</u>
Expenditures:			
Public Works	<u> 1,500</u>	<u> 1,001</u>	<u> 499</u>
Excess (deficiency) of revenues over (under) expenditures	<u> 22,150</u>	<u> 23,171</u>	<u> 1,021</u>
Net change in fund balances	22,150	23,171	1,021
Fund balance at beginning of year	<u> -</u>	<u> -</u>	<u> -</u>
Fund balance at end of year	<u>\$ 22,150</u>	<u> 23,171</u>	<u> 1,021</u>

TOWN OF YUCCA VALLEY
Public Lands Federal Grant Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 500,000	-	(500,000)
Use of money and property	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total revenues	<u>501,000</u>	<u>-</u>	<u>(501,000)</u>
Expenditures:			
Current:			
Public works	<u>500,000</u>	<u>5,753</u>	<u>494,247</u>
Total expenditures	<u>500,000</u>	<u>5,753</u>	<u>494,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,000</u>	<u>(5,753)</u>	<u>(6,753)</u>
Fund balance (deficit) at beginning of year	<u>(126)</u>	<u>(126)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 874</u>	<u>(5,879)</u>	<u>(6,753)</u>

TOWN OF YUCCA VALLEY

Nonmajor Debt Service Fund

Year Ended June 30, 2007

Debt Service Funds are used to account for the payment of interest and principal of long-term debt instruments of the Town and component entities.

Community Center Authority – Established to account for debt service transactions including revenue collections and payments of principal and interest on long-term obligations of the Yucca Valley Community Center Authority.

TOWN OF YUCCA VALLEY
 Nonmajor Debt Service Fund
 Community Center Authority
 Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Year Ended June 30, 2007

	Community Center <u>Authority</u>
Revenues:	
Use of money and property	\$ <u> -</u>
Total revenues	<u> -</u>
Expenditures:	
Current:	
Parks and recreation	<u> 10,725</u>
Total expenditures	<u> 10,725</u>
Excess (deficiency) of revenues over (under) expenditures	<u> (10,725)</u>
Fund balances at beginning of year	<u> 78,177</u>
Fund balances at end of year	<u><u> 67,452</u></u>

TOWN OF YUCCA VALLEY

Major Debt Service Fund

Year Ended June 30, 2007

Debt Service Funds are used to account for the payment of interest and principal of long-term debt instruments of the Town and component entities.

Debt Service – Redevelopment Agency – Established to account for tax levies, rental and other revenues and payments of principal and interest on Yucca Valley Redevelopment loans and bonds.

TOWN OF YUCCA VALLEY

Nonmajor Capital Projects Funds

Year Ended June 30, 2007

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Capital Projects Reserve – Established to maintain a capital projects reserve for the purpose of providing funding for the planning, construction, repair and rehabilitation of the Town's capital assets.

Capital Projects – Redevelopment Agency – Established as the Redevelopment Agency to implement the goals and objectives of the redevelopment Project Area Plans as adopted by the Town Council and the Redevelopment Agency Board consistent with the CA Community Redevelopment Law. Agency funds are used to fund operating expenditures and Agency capital projects.

TOWN OF YUCCA VALLEY
Nonmajor Capital Project Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Year ended June 30, 2007

	<u>Capital Projects Reserve</u>	<u>RDA Capital Projects</u>	<u>Totals</u>
Revenues:			
Use of money and property	\$ -	74,081	74,081
Miscellaneous	<u>110,353</u>	<u>-</u>	<u>110,353</u>
Total revenues	<u>110,353</u>	<u>74,081</u>	<u>184,434</u>
Expenditures:			
Current:			
Community development	<u>-</u>	<u>261,255</u>	<u>261,255</u>
Total expenditures	<u>-</u>	<u>261,255</u>	<u>261,255</u>
Excess (deficiency) of revenues over (under) expenditures	<u>110,353</u>	<u>(187,174)</u>	<u>(76,821)</u>
Other financing sources (uses):			
Transfers in	<u>1,385,136</u>	<u>-</u>	<u>1,385,136</u>
Total other financing sources (uses)	<u>1,385,136</u>	<u>-</u>	<u>1,385,136</u>
Net change in fund balances	1,495,489	(187,174)	1,308,315
Fund balances at beginning of year	<u>-</u>	<u>1,543,723</u>	<u>1,543,723</u>
Fund balances at end of year	<u>\$ 1,495,489</u>	<u>1,356,549</u>	<u>2,852,038</u>

TOWN OF YUCCA VALLEY

Statistical Section

Year Ended June 30, 2007

Overview of Statistical Information Presented in Five Categories

Financial Trend Information: Intended to assist users in understanding and assessing how a government's financial position has changed over time.

Revenue Capacity Information: Intended to assist users in understanding and assessing the factors affecting a government's ability to generate its own revenue.

Debt Capacity Information: Intended to assist users in understanding and assessing a government's debt burden and its ability to issue additional debt.

Demographic and Economic Information: Intended to assist users in understanding the socioeconomic environment within which a government operates and to provide information that facilitates comparison of financial statement information over time and among governments.

Operating Information: Intended to provide information about a government's operations and resources in order to assist readers in using financial statement information to understand and assess a government's economic condition.

TOWN OF YUCCA VALLEY

Changes in Net Assets
Last Three Fiscal Years
(accrual basis of accounting)

	2005	Fiscal Year 2006	2007
Expenses:			
Governmental activities:			
General government	1,509,399	1,875,001	1,700,382
Public Safety	2,742,738	3,001,568	3,711,665
Community Services	1,175,688	1,040,235	1,235,369
Public Works	2,783,043	3,885,289	4,387,109
Community Development	1,631,991	2,232,448	1,561,046
Interest on long-term debt	380,976	463,163	333,449
Total governmental activities expenses	<u>10,223,835</u>	<u>12,497,704</u>	<u>12,929,020</u>
Total primary government expenses	<u>10,223,835</u>	<u>12,497,704</u>	<u>12,929,020</u>
Program revenues:			
Governmental activities:			
Charges for services:			
General Government	19,841	128,352	104,172
Public Safety	97,667	34,490	103,419
Community Services	234,847	221,876	207,246
Public Works	912,236	787,240	523,170
Community Development	32,957	64,018	28,137
Capital grants and contributions	0	0	342,216
Operating grants and contributions	3,268,150	2,910,993	3,369,479
Total governmental activities program revenues	<u>4,565,698</u>	<u>4,146,969</u>	<u>4,677,839</u>
Total primary government program revenues	<u>4,565,698</u>	<u>4,146,969</u>	<u>4,677,839</u>
Net revenues (expenses):			
Governmental activities	(5,658,137)	(8,350,735)	(8,251,181)
Total net revenues (expenses)	<u>(5,658,137)</u>	<u>(8,350,735)</u>	<u>(8,251,181)</u>

TOWN OF YUCCA VALLEY

Fund Balances of Governmental Funds

Last Three Fiscal Years

(modified accrual basis of accounting)

	2005	Fiscal Year 2006	2007
General fund:			
Reserved	407,143	187,334	31,043
Unreserved	5,066,024	5,897,785	5,671,854
Total general fund	5,473,167	6,085,119	5,702,897
All other governmental funds:			
Reserved, reported in:			
Debt Service Fund	883,002	1,380,845	2,038,277
Other	486,363	731,507	1,057,115
Unreserved, reported in:			
Capital Projects funds	1,825,829	1,543,723	2,852,038
Other	2,939,278	3,155,047	3,190,524
Total all other governmental funds	6,134,472	6,811,122	9,137,954

The Town of Yucca Valley has elected to show only three years of data for this schedule.

TOWN OF YUCCA VALLEY
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Three Fiscal Years

(in thousands of dollars)

Town					
Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
2005	824,302,798	28,711,598	26,501,249	826,513,147	
2006	959,832,493	29,560,629	26,619,795	962,773,327	
2007	1,147,778,043	29,798,972	26,869,764	1,150,707,251	

Redevelopment Agency					
Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
2005	73,612,245	3,190,255	3,938,469	72,864,031	0.3055%
2006	106,616,663	1,886,038	3,915,720	104,586,981	0.3058%
2007	157,995,557	3,640,830	4,020,720	157,615,667	0.3288%

NOTE:

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 re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price 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.

Source: San Bernardino County Assessor's Office

The Town of Yucca Valley has elected to show only three years of data for this schedule.

TOWN OF YUCCA VALLEY

Principal Property Tax Payers

Current Year

<u>Taxpayer</u>	<u>Fiscal Year</u>	
	<u>2007</u>	
	<u>Taxable</u>	<u>Percent of</u>
	<u>Assessed</u>	<u>Total City</u>
	<u>Value</u>	<u>Taxable</u>
		<u>Assessed</u>
		<u>Value</u>
1 Wal Mart Real Estate Business Trust	\$ 8,944,185	2.07%
2 California Valley Associates	6,739,189	1.56%
3 Robert J. Ruehman	4,011,529	0.92%
4 Apache Mobilehome Park Association	3,597,106	0.83%
5 Susan Sandelman Trust	3,396,569	0.79%
6 John Brooks & Company	3,243,063	0.75%
7 DYC Hotel LLC	3,000,000	0.69%
8 SSM LLC	2,831,142	0.66%
9 Miller Family Trust	4,042,414	0.60%
10 Pioneer Partners Inc.	3,844,923	0.57%
	<u>\$ 43,650,120</u>	<u>9.44%</u>

The amounts shown above include assessed value data for both the Town and the Redevelopment Agency.

Source: HdL Coren & Cone
San Bernardino County Assessor

The Town of Yucca Valley has elected to show only one year of data for this schedule.

TOWN OF YUCCA VALLEY
Ratios of Outstanding Debt by Type
Last Three Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds	General Obligation Bonds	Loans	Total Governmental Activities	% of Personal Income
2005	4,090,000	741,231	-	4,831,231	1.37%
2006	3,985,000	574,855	120,328	4,680,183	1.17%
2007	3,880,000	464,454	116,091	4,460,545	1.03%

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

The Town of Yucca Valley has elected to show only three years of data for this schedule.

TOWN OF YUCCA VALLEY

Legal Debt Margin Information

Last Three Fiscal Years

	Fiscal Year		
	2005	2006	2007
Assessed valuation	899,377,178	1,067,360,308	1,308,322,950
Conversion percentage	25%	25%	25%
Adjusted assessed valuation	224,844,295	266,840,077	327,080,738
Debt limit percentage	15%	15%	15%
Debt limit	33,726,644	40,026,012	49,062,111
Total net debt applicable to limit: General obligation bonds	741,231	574,855	464,454
Legal debt margin	32,985,413	39,451,157	48,597,657
Total debt applicable to the limit as a percentage of debt limit	2.20%	1.44%	0.95%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: Town Finance Department
San Bernardino County Tax Assessor's Office

The Town of Yucca Valley has elected to show only two years of data for this schedule.

TOWN OF YUCCA VALLEY
Demographic and Economic Statistics
Last Three Calendar Years

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (2)</u>
2005	19,774	353,000,000	17,852	5.30%
2006	20,537	400,000,000	19,477	5.00%
2007	21,044	432,000,000	20,528	5.60%

Sources: (1) State Department of Finance
 (2) Inland Empire Quarterly

The Town of Yucca Valley has elected to show only three years of data for this schedule.

TOWN OF YUCCA VALLEY
 Employment Trends and Other Miscellaneous Information
 Last Three Fiscal Years

Employment Trends

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government	16	15	15
Public Works	15	15	18
Community Development	9	16	17
Community Services	44	40	36
 Total	 84	 86	 86

Date Incorporated November 27, 1991

Type of Municipality General Law

Form of Government Council - Town Manager

Area 39 Square Miles

Source: Town of Yucca Valley

The Town of Yucca Valley has elected to show only three years of data for this schedule.

TOWN OF YUCCA VALLEY

**Capital Asset Statistics
by Function**

Last Three Fiscal Years

	<u>2005</u>	<u>Fiscal Year 2006</u>	<u>2007</u>
Public Works:			
Streets (miles)	153.3	153.3	168.30
Traffic signals	6	7	7
Parks and Recreation:			
Parks	8	8	8
Community Centers	1	1	1

Source: Town of Yucca Valley

The Town of Yucca Valley has elected to show only three years of data for this schedule.