Town of Yucca Valley

Yucca Valley, California

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2010

Administrative Services Department

Curtis Yakimow
Director of Administrative Services

Kathy Ainsworth
Senior Accountant

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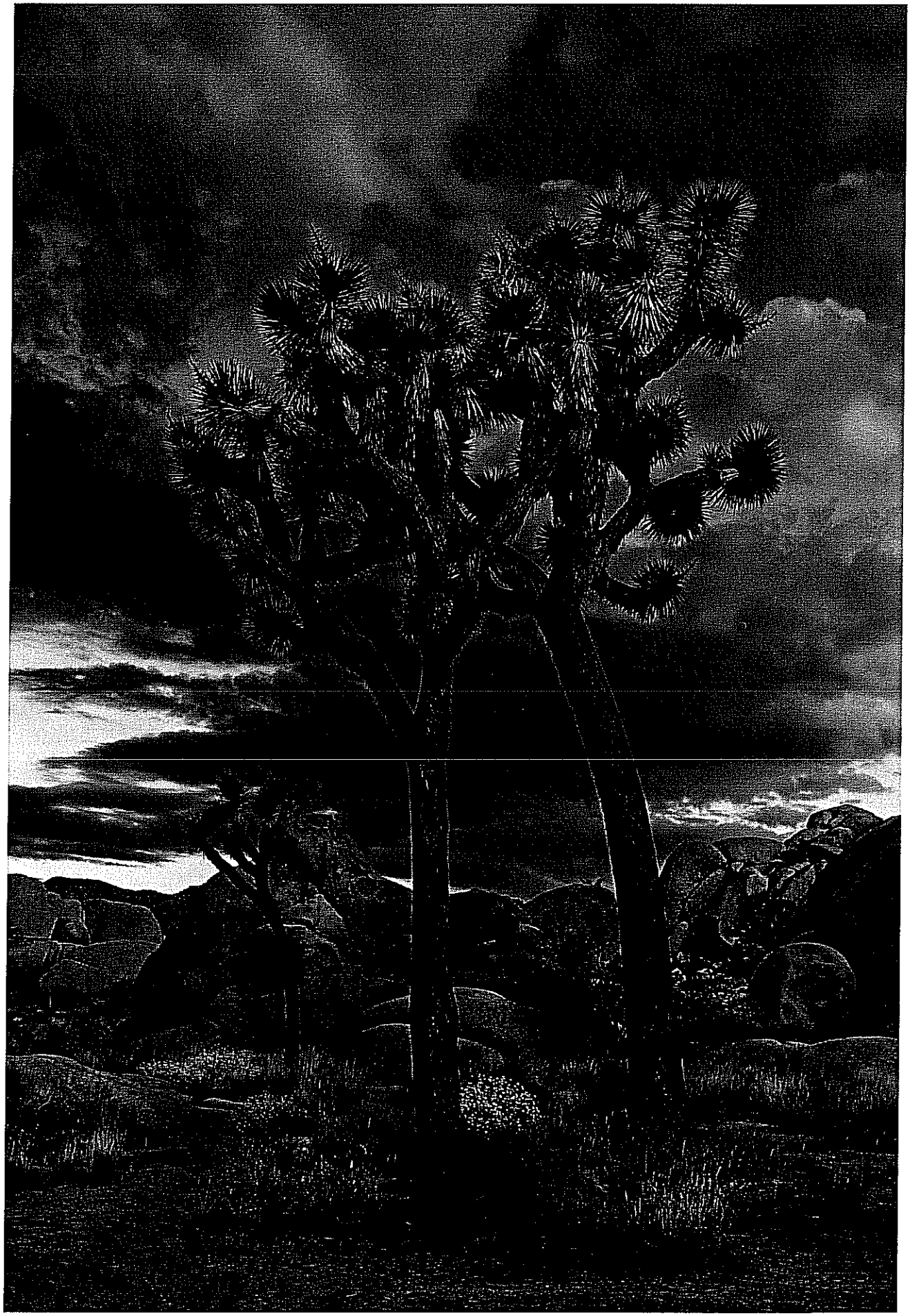

INTRODUCTORY SECTION

December 1, 2010

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, 2010, is hereby submitted as required by both local ordinances and state statutes. These ordinances and statutes mandate that the Town of Yucca Valley annually issue 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 public safety, 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 the San Bernardino County Fire Department.

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.

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 21,500. 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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Town Council, for overseeing the day-to-day operations of the Town, and for appointing the heads of the Town's departments. The council is elected on a non-partisan basis. Council members are elected to four-year staggered terms with two council members elected every two years and three council members elected on alternate election years. The mayor is selected from among the council members.

Located in San Bernardino County, Yucca Valley is considered to be the economic hub of the Morongo Basin. With several major financial institutions and a broad base of retail operations, the community serves the needs of the Morongo Basin. In the early 2000's, the Town experienced a steady increase in its retail sales base, as additional retail providers entered the Yucca Valley market to serve the increasing population, including the opening of a major home improvement retailer. Since 2006 however, the slowing economy has had a significant impact on local consumer spending in the basin, particularly with auto and retail sales. In early 2009, the Town lost one of its auto dealerships to insolvency. Over the course of the next two years, the Town continued to experience declines in both retail sales and assessed valuation of both commercial and residential properties. While there are some signs of improvement on the horizon, it is unlikely that this downward trend will abate in the near-term, but rather will have a continuing impact on the Town.

The Marine Corps Air Ground Combat Center, the largest Marine Corps base in the world (932 square miles), is located just 25 miles to the east of Yucca Valley. The base is home to more than 17,000 service members and dependants and continues to thrive. Published communication from the base indentifies continuing plans for base expansion both now and in the near future.

Joshua Tree National Park, a stunning backdrop on Yucca Valley's southern border, attracts more than one million visitors each year. Yucca Valley is rich with history and invites the exploration of local sites that served as a hub of Southern California's mining activity during the states' gold rush days. Yucca Valley is assured of an ample supply of high quality water now and in future years by its participation in the California State Water Project as provided by the Hi-Desert Water District, subject to broader state water issues. Consistently clear night skies have made Yucca Valley a favorite location of amateur astronomers, and is home of the annual Starry Nights Festival.

Significant Activities

Strategic Planning. The Town Council continues to actively engage in strategic planning activities in an effort to identify the overarching goals for both the Town and the community at large. Through this process, prioritization of goals occurs with respect to planning, financing, staffing and other needed resources. Examples of current identified priorities include ongoing public safety commitments, park facilities prioritization, organizational review and improvement, and short and long-term fiscal planning. To ensure consistent progress toward the Town's strategic initiatives, the Town Council focused their strategic planning efforts on the development of a tangible work program framework to be used by Town staff in the implementation of the strategic plan. This work plan with corresponding actions steps was completed in the spring of 2009, updated in 2010, and will undergo continued review and refinement.

Infrastructure Development. Being a relatively young Town, infrastructure needs within the community are great. Increasing the difficulty is the fact that the Town has limited resources in meeting the many development needs. Nonetheless, the Town continues in its project delivery program with recent focus on specific improvements to State Highway 62, the primary thoroughfare bisecting the Town. The majority of these improvements focus on sidewalks, median islands, curb and gutter, and widening of selected areas within the Town. While most of the efforts underway are

centered on the planning aspects of the projects, construction of certain segments is anticipated to commence within the next two fiscal years. The Town continues to seek organizational and financial participation to the degree possible at the county, state and federal level.

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.

During the early 2000's, building activity in the Town increased steadily, peaking in fiscal year 2005. Since then, single family building has slowed considerably as shown in the table below. Within the Town, the lack of a regionalized sewer treatment system continues to hamper some areas of commercial growth, and coupled with a sluggish regional economy, overall commercial activity has slowed considerably. As part of the Council's strategic planning efforts, the Town has committed to support the overall sewer treatment objective of the Hi-Desert Water District, the responsible agency for the planned wastewater treatment facility. The District's target date for operation of phase I of the wastewater treatment facility is currently 2011-2013.

Recent SFR Permit History

1999-2000	54	2004-2005	384
2000-2001	82	2005-2006	244
2001-2002	118	2006-2007	99
2002-2003	188	2007-2008	36
2003-2004	351	2008-2009	7
		2009-2010	11

Annual permit valuation has also been decreasing considerably with total permit valuation for the fiscal year ending June 30, 2010 of $1,403,100.

Cost Containment. To ensure the fiscal stability of the Town during times of economic stress, the management and staff of the Town presented a cost containment plan to the Town Council as part of the annual budgeting process. As a result, budgets of the Town beginning in FY 2008-09 and beyond have been focused on cost containment in all areas of Town operations. These changes can be seen in the financial results for the year ended June 30, 2010. Both revenues and expenditures are down across almost all departments and functions, and are reflective of the Town's ongoing commitment to align services with available resources. It is anticipated that future year's financial results will be based on a continued conservative fiscal approach. While this effort will be ongoing, there is no assurance that the economic stress resulting from broader regional, state and federal challenges will not have a significant negative fiscal impact on the Town. In an effort to be in a position to respond to this expected financial challenge, the Town Council has waived its formal reserve policy limitations to allow for a larger general fund surplus as a percentage of annual expenditures. This waiver has allowed the Town to retain a larger unreserved fund balance as a resource in addressing economic uncertainty.

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.

Independent Audit

State statutes and Town ordinance require an annual audit by independent certified public accountants. The firm of Rogers, Anderson, Malody and Scott, LLP was appointed as the Town's auditors in the spring of 2008. Generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, were used by the auditors in conducting the engagement. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Other References

Additional information and detail is contained in the Management's Discussion and Analysis and the Notes to the Basic Financial Statements found in the Financial Section of the report.

Acknowledgments. Preparation of this report was accomplished by the combined efforts of the Administrative Services Department, and other members of Town staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the Town. We would like to thank the members of the Town Council for their continued support in the planning and implementation of the Town of Yucca Valley's fiscal policies. Finally, we would also like to recognize the substantial contribution of Rogers, Anderson, Malody and Scott, LLP for their assistance in the preparation of this report.

Respectfully submitted,

Mark Nuaimi
Town Manager

Curtis Yakimow
Administrative Services Director

Town of Yucca Valley

Elected and Appointed Officials

June 30, 2010

Elected Officials

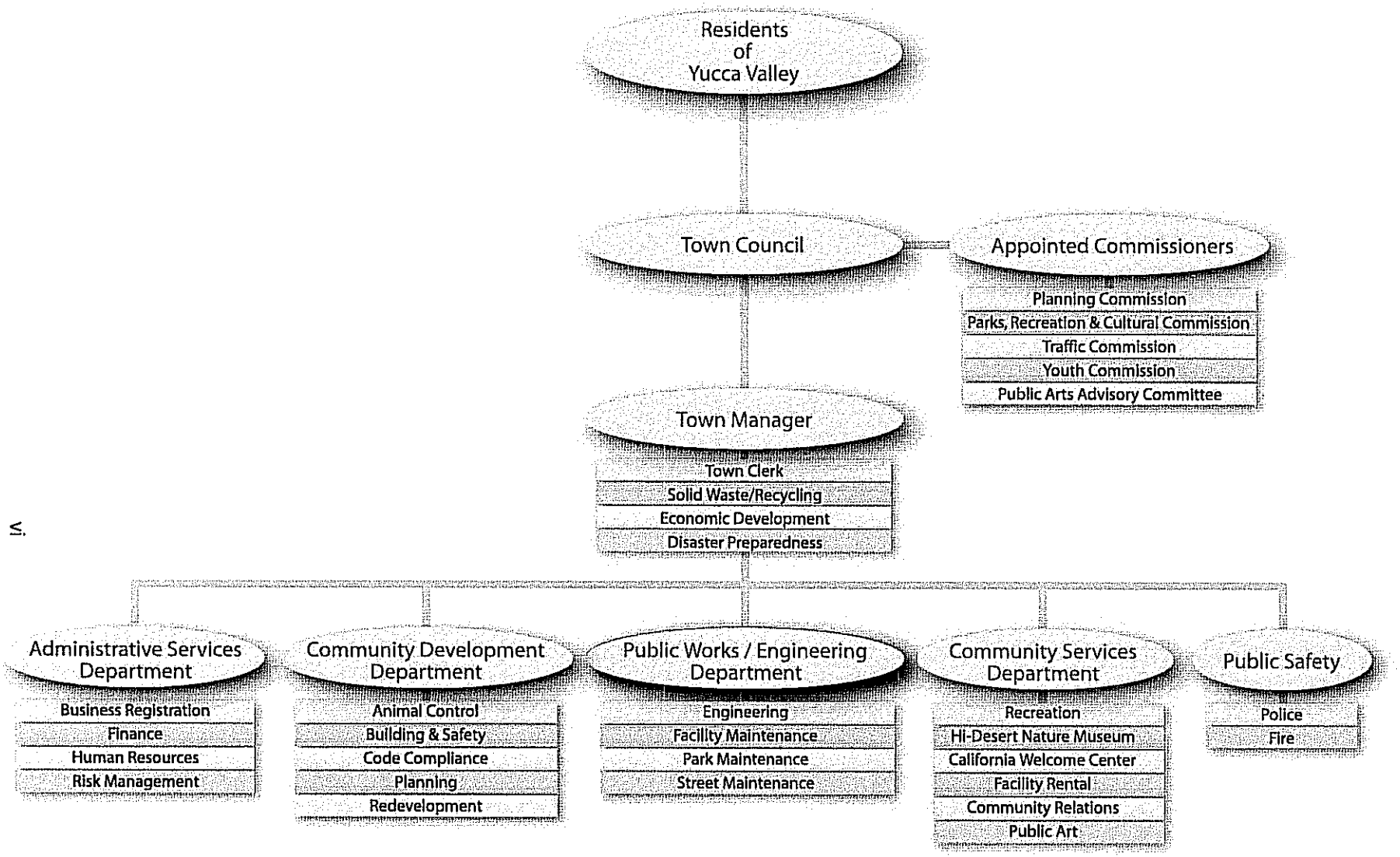
Mayor	Chad Mayes
Mayor Pro Tem	Lori Herbel
Council Member	Bill Neeb
Council Member	George Huntington
Council Member	Frank Luckino

Appointed Officials

Interim Town Manager	John Tooker
Town Attorney	Douglas Haubert
Town Clerk	Jamie Anderson
Deputy Town Manager	Shane Stueckle
Director of Administrative Services	Curtis Yakimow
Director of Community Services	Jim Schooler
Human Resources and Risk Manager	Dani Lassetter

TOWN OF YUCCA VALLEY, CALIFORNIA

• INC. NOV. 27, 1991 •


Residents of Yucca Valley
Town Council
Appointed Commissioners
Planning Commission
Parks, Recreation & Cultural Commission
Traffic Commission
Youth Commission
Public Arts Advisory Committee
Town Manager
Town Clerk
Solid Waste/Recycling
Economic Development
Disaster Preparedness
Administrative Services Department
Business Registration
Finance
Human Resources
Risk Management
Community Development Department
Animal Control
Building & Safety
Code Compliance
Planning
Redevelopment
Public Works / Engineering Department
Engineering
Facility Maintenance
Park Maintenance
Street Maintenance
Community Services Department
Recreation
Hi-Desert Nature Museum
California Welcome Center
Facility Rental
Community Relations
Public Art
Public Safety
Police
Fire

Certificate of Achievement for Excellence in Financial Reporting

Presented to

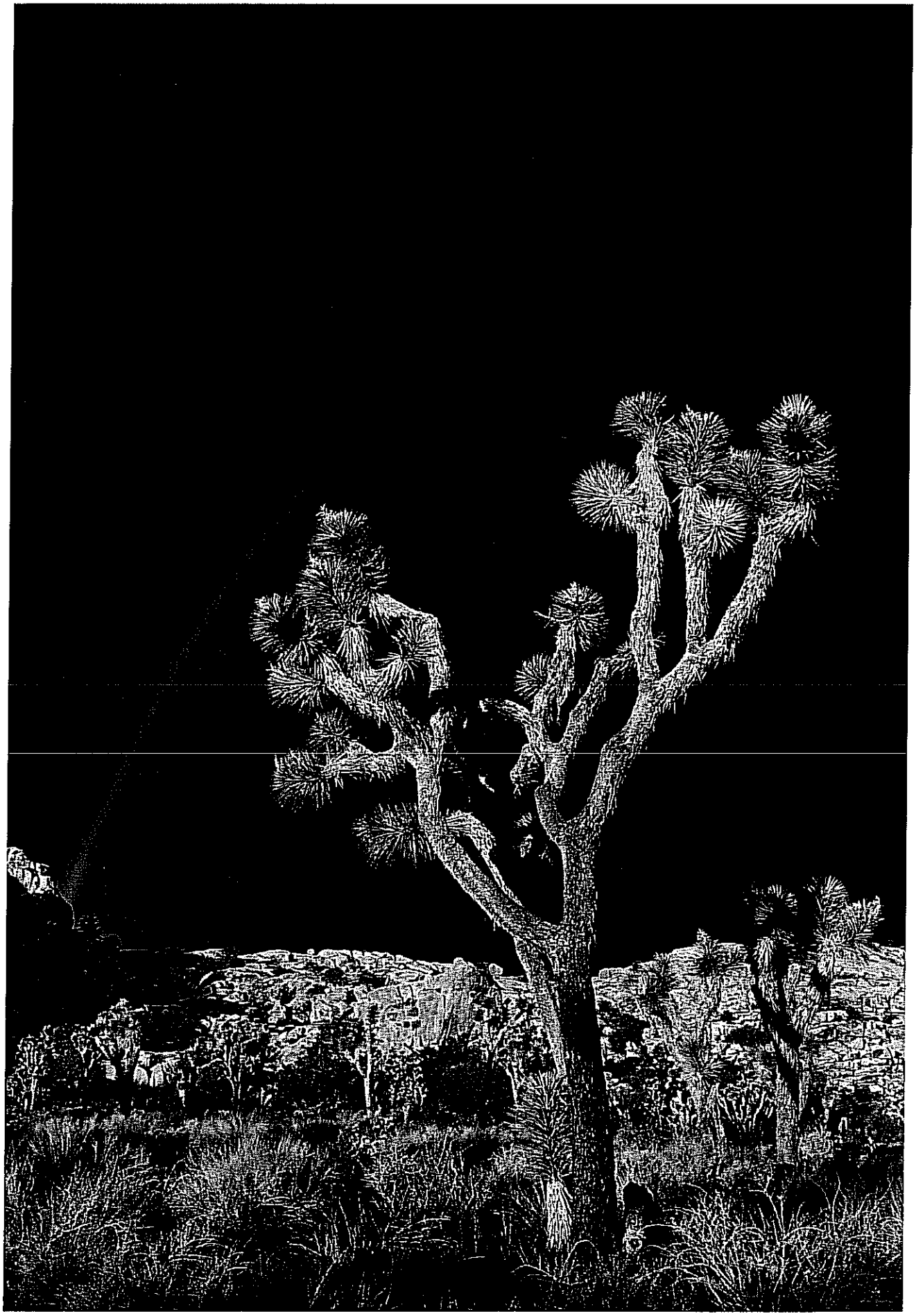
Town of Yucca Valley California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director



FINANCIAL SECTION

ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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OF COUNSEL
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KIRK A. FRANKS, C.P.A.
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PAPA MATAR THIAW, C.P.A.
KATHERINE J. MUIR, C.P.A.
MAYA S. IVANOVA, C.P.A.
CHRISTOPHER MONTOYA, C.P.A.
DANIELLE E. ODGERS, C.P.A.

Honorable Mayor and Town Council
Town of Yucca Valley
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 (Town) California, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Yucca Valley, California, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 of the financial statements, the Town adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in 2010

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2010 on our consideration of the Town of Yucca Valley, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

PCPS THE AICPA ALLIANCE FOR CPA FIRMS

CALIFORNIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

VANIR TOWER • *290 NORTH "D" STREET • SUITE 300*
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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Yucca Valley, California's basic financial statements. The introductory section, the combined nonmajor fund financial statements, the combining nonmajor fund financial statements, the nonmajor individual budgetary comparison information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combined nonmajor fund financial statements, the combining nonmajor fund financial statements and the nonmajor individual budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Rogers, Anderson, Malody & Scott, LLP

November 16, 2010

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, 2010. 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 three parts – The introductory section, the financial section (includes *management's discussion and analysis* (this section), the *basic financial statements and related notes*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds and internal service funds) and the statistical section. 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.
These two statements report the Town's net assets and changes in them. You can think of the Town's net assets – the difference between assets and liabilities – as one way to measure the Town's financial health, or *financial position*. Over time, *increases and decreases* in the Town's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's tax base or demographics, and changes in the condition of various Town infrastructure assets, to assess the *overall health* of the Town.

Reporting the Town's Major Funds

The **fund financial statements** provide detailed information about the Town's most significant funds, rather than the Town as a whole. Some funds are required to be established by State law or by debt covenants. However, Town management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain taxes, grants, or other money (like grants received). The Town's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds* – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities) and *governmental funds* in a reconciliation at the bottom of the fund financial statements.

- *Proprietary funds* –The Town uses internal service funds (a component of proprietary funds) to report activities that provide supplies and services for the various programs and activities of the Town. Proprietary funds are reported in the same way that activities are reported in the Statement of Net Assets and the Statement of Activities.

Reporting the Town's Fiduciary Responsibilities

The Town is an agent for certain assets held for, and under the control of, other organizations and individuals. All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Assets. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	2010	2009	Change
Current and other assets	$ 26,212,151	$ 29,294,253	$ (3,082,102)
Capital assets	24,668,349	21,099,457	3,568,892
Total assets	50,880,500	50,393,710	486,790
Long-term debt	10,572,977	10,695,647	(122,670)
Other liabilities	1,657,793	1,162,309	495,484
Total liabilities	12,230,770	11,857,956	372,814
Net assets:			
Invested in capital assets	20,670,064	18,017,678	2,652,386
Restricted	9,960,683	12,118,747	(2,158,064)
Unrestricted	8,018,983	8,399,329	(380,346)
Total net assets	$ 38,649,730	$ 38,535,754	$ 113,976

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

Revenues			
Program revenues:			
Charges for services	$ 1,013,487	$ 900,732	$ 112,755
Operating contributions and grants	1,864,296	2,447,329	(583,033)
Capital contributions and grants	1,022,507	959,192	63,315
Total program revenues	3,900,290	4,307,253	(406,963)
General revenues:			
Property taxes	6,684,036	7,337,878	(653,842)
Sales taxes	2,720,029	2,980,561	(260,532)
Transient occupancy taxes	143,487	172,622	(29,135)
Franchise taxes	754,715	816,713	(61,998)
Investment income	132,170	432,158	(299,988)
State motor vehicle in-lieu	62,397	72,272	(9,875)
Other	131,560	180,585	(49,025)
Total general revenues	10,628,394	11,992,789	(1,364,395)
Total revenues	14,528,684	16,300,042	(1,771,358)
Program expenses			
General government	2,392,307	2,435,817	(43,510)
Public safety	3,955,882	3,923,404	32,478
Parks and recreation	1,277,855	1,512,733	(234,878)
Public works	3,235,938	615,102	2,620,836
Community development	2,940,622	2,122,924	817,698
Interest expense and other charges	612,104	612,532	(428)
Total expenses	14,414,708	11,222,512	3,192,196
Change in net assets	113,976	5,077,530	(4,963,554)
Net assets, beginning of year	38,535,754	33,458,224	5,077,530
Net assets, end of year	$ 38,649,730	$ 38,535,754	$ 113,976

The increase or decrease in net assets can provide an indication as to whether the overall financial position of the Town improved or deteriorated during the year. An analysis of the Town's operations reveals the following:

- Net assets of the Town remained relatively unchanged, from $38.5 million to $38.6 million, although there were significant changes in the Town's underlying activities as further described below.

- Government-wide revenues decreased substantially in 2010 as the Town's major revenue sources decreased significantly. Alternatively, the Town completed several ongoing projects in the fiscal year, leading to an increase in total program expenses. As a result, the decrease in total revenues of $1.8 million was offset by an increase in total expenses of $3.2 million.

- Property tax revenue decreased significantly from the prior year as a result of a 9% decrease in assessed valuation. It is likely that aggregate property valuations will continue to decline in future years as assessment values are adjusted to true market conditions. This process generally lags the current property market by 12-18 months. In addition, the County tax assessor has indicated that broad downward adjustments are occurring reflecting the challenges facing the housing market countywide, including Yucca Valley. This decline has had and will continue to have a significant impact on the Town's ability to provide current levels of service without offsetting increases in revenue. As a result, the Town has had to contract and in some cases reduce service levels to match available revenues. This trend will continue in the near future.

- Sales taxes declined in fiscal year 2010 by approximately 9% reflecting a decrease in the retail sector, particularly auto sales. The decline in sales tax is anticipated to continue in upcoming years reflecting weakness in the broader economy until such time as there is improvement in the broader economy.

- The Town's investment income decreased 69% due to significantly lower returns on cash investments, with the Town's investment pool yielding less than 1% annually. This limitation is expected to continue in the next 12 – 18 months.

- The above decrease in revenue was partially off-set by an overall decrease in operating expenditures as a result of lower staffing and other operating costs. The Town has implemented an aggressive cost cutting approach, and continues to identify a full range of potential cost savings. Over the past two fiscal years, the Town has reduced staffing levels by over 18% with reductions in both filled and unfilled positions. Additionally, the Town's General Fund has reduced operating expenditures by over 15% in the past two years. The Town will continue to reduce operating expenditures as necessary to ensure that spending levels are aligned with current resources.

MAJOR FUNDS

As noted earlier, the Town uses fund accounting to provide proper financial management of the Town's resources and to demonstrate compliance with finance-related legal requirements.

The **General Fund** is the primary operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was $6,218,404, comprising the majority of the total fund balance of $6,568,404. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 68 percent of total general fund expenditures, while total fund balance represents 72 percent of that same amount. General fund revenues exceeded expenditures by a minor amount of $73,366.

The **Redevelopment Agency Capital Projects Fund** – fund reflects a fund balance of $5,646,177 and is related to the revenue received from bond proceeds related to the 2008 tax allocation bonds. This balance is restricted for use on qualified redevelopment agency projects within the redevelopment project area.

The **Redevelopment Debt Service Fund** has a total fund balance of $3,713,435, all of which is legally restricted by law and debt covenants for redevelopment debt service transactions of the Town's Redevelopment Agency.

The **Proposition 1B Fund** has a total fund balance of $118,161 representing the remaining balance of grant funding available to complete qualified infrastructure projects funded by the grant.

The changes in fund balance were not significantly different from prior year balances, and reflect the anticipated differences from operational activity.

GENERAL FUND BUDGET

Aggregate differences between the original budget and the final amended budget of the General Fund revenues were relatively minor. In General Fund revenues, actual sales tax received varied from budget by approximately -1.3%, reflecting a slowing economy while revenue related to charges for services varied by 15.2% as a result of slightly increased building development in light of reduced expectations. There were no significant variations of any budgetary variances between the final amended budget and actual results for total revenues.

Aggregate differences between the original budget and the final amended budget of the General Fund expenditures were substantial. Total general government expenditures varied from budget by -25% as the Town decreased all levels of spending in direct response to the decrease in revenues. As a result, ending expenditures were $923,000 less than the final amended budget.

Net transfers of $18,033 into the General Fund were the result of the receipt of planned revenues related to miscellaneous reimbursements from other funds.

These deviations did not significantly affect the Town's liquidity or ability to provide future government services, although the level of services provided has changed in response to the decrease in available resources.

CAPITAL ASSETS

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

	2010	2009
Land	$ 5,053,757	$ 4,113,951
Land improvements	2,757,991	2,982,115
Structures and improvements	4,613,742	4,750,614
Licensed vehicles	504,168	622,788
Machinery and equipment	1,120,597	1,177,037
Infrastructure	7,718,949	7,328,113
Construction in progress	2,899,145	1,214,839
Total	$ 24,668,349	$ 22,189,457

The major changes to capital assets during the year ended June 30, 2010 were as follows:

- During the fiscal year, the Town increased its construction in progress by $1,683,875 due to continuing work on multiple infrastructure projects. These projects primarily consisted of street improvements, signalization improvements, sidewalk, curb and gutter efforts, and other infrastructure projects in various stages of completion. The Town, through the efforts of Redevelopment Agency, increased its land assets with the acquisition of certain parcels necessary for meeting the Agency's objectives. Additional information regarding the Agency's activities can be found in the Agency's financial statements issued under separate cover at the address identified in the section titled Contacting Town Management.

Total unexpended construction commitments as of yearend were $1,971,875 related to the Town's current State Route 62 Rehabilitation and Realignment projects. Additional information on the Town's capital assets can be found in Note 7 to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the Town had bonded debt and loans (excluding compensated absences) outstanding of $10,530,619.

Outstanding Debt

	2010	2009
Tax allocation revenue bonds	$ 10,290,000	$ 10,460,000
General obligation debt	67,924	171,632
Ca Energy Commission loans	172,695	180,401
OPEB obligation	163,771	-
Total	$ 10,694,390	$ 10,812,033

Additional information on the Town's long-term debt can be found in the Notes 8, 9 and 10 of the accompanying financial statements.

Contacting Town Management

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, you may contact the Administrative Services Department, at the Town of Yucca Valley, 57090 Twentynine Palms Highway, Yucca Valley, California 92284.

BASIC FINANCIAL STATEMENTS

Statement of Net Assets
June 30, 2010

	Governmental Activities
ASSETS	
Cash and investments	$ 22,100,667
Cash with fiscal agent	743,203
Accounts receivable	234,704
Due from other governments	761,642
Interest receivable	45,072
Note receivable	363,673
Deferred charges	304,638
Property held for resale	1,658,552
Capital assets, not being depreciated	7,952,902
Capital assets, depreciated, net	16,715,447
Total assets	50,880,500
LIABILITIES	
Accounts payable and accrued liabilities	1,579,810
Interest payable	40,193
Deferred revenue	37,790
Noncurrent liabilities:	
Due within one year	296,105
Due in more than one year	10,276,872
Total liabilities	12,230,770
NET ASSETS	
Invested in capital assets, net of related debt	20,670,064
Restricted	
Public safety	448,778
Public works	6,126,730
Community development	3,385,175
Unrestricted	8,018,983
Total net assets	$ 38,649,730

The accompanying notes are an integral part of these financial statements.

Statement of Activities
June 30, 2010

	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Net Governmental Activities
Governmental activities:					
General government	$ 2,392,307	$ 28,055	$ -	$ -	$ (2,364,252)
Public safety	3,955,882	155,839	450,096	-	(3,349,947)
Parks and recreation	1,277,855	280,928	3,249	61,041	(932,637)
Public works	3,235,938	186,982	1,319,179	961,466	(768,311)
Community development	2,940,622	361,683	91,772	-	(2,487,167)
Interest on long-term debt	612,104	-	-	-	(612,104)
Total governmental activities	$ 14,414,708	$ 1,013,487	$ 1,864,296	$ 1,022,507	(10,514,418)

General revenues:	
Taxes	
Property tax, levied for general purpose	6,684,036
Sales tax	2,720,029
Transient occupancy tax	143,487
Franchise taxes	754,715
Motor vehicle in lieu tax - unrestricted	62,397
Unrestricted investment earnings	132,170
Other	131,560
Total general revenues	10,628,394
Change in net assets	113,976
Net assets, beginning of year	38,535,754
Net assets, end of year	$ 38,649,730

The accompanying notes are an integral part of these financial statements.

Balance Sheet
Governmental Funds
June 30, 2010

	General	Debt Service Redevelopment Agency	Capital Projects Redevelopment Agency
ASSETS			
Cash and investments	$ 5,990,848	$ 2,294,013	$ 5,724,797
Cash with fiscal agent	-	743,203	-
Receivables:			
Accounts, net	131,382	-	-
Due from other governments	500,765	-	-
Interest	26,150	3,067	7,557
Notes	350,000	-	-
Due from other funds	213,882	-	-
Property held for resale	-	1,658,552	-
Advance to other funds	-	-	-
Total assets	$ 7,213,027	$ 4,698,835	$ 5,732,354
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 257,891	$ 343,125	$ 86,177
Accrued payroll	268,225	5,596	-
Deferred revenue	118,507	-	-
Due to other funds	-	-	-
Advance from other funds	-	636,679	-
Total Liabilities	644,623	985,400	86,177
Fund balances:			
Reserved for:			
Low and moderate housing	-	-	-
Advance to other funds	-	-	-
Note receivable	350,000	-	-
Debt service	-	3,713,435	-
Unreserved:			
Designated, reported in:			
Capital projects fund	-	-	5,646,177
Undesignated, reported in:			
General fund	6,218,404	-	-
Special revenue funds	-	-	-
Total fund balances	6,568,404	3,713,435	5,646,177
Total liabilities and fund balances	$ 7,213,027	$ 4,698,835	$ 5,732,354

The accompanying notes are an integral part of these financial statements.

Prop 1B	Total Nonmajor Governmental Funds	Total Governmental Funds
$ 515,436	$ 7,063,776	$ 21,588,870
-	-	743,203
-	103,322	234,704
3,546	257,331	761,642
680	7,618	45,072
-	13,673	363,673
-	-	213,882
-	-	1,658,552
-	636,679	636,679
$ 519,662	$ 8,082,399	$ 26,246,277
$ 401,501	$ 207,993	$ 1,296,687
-	9,302	283,123
-	37,790	156,297
-	213,882	213,882
-	-	636,679
401,501	468,967	2,586,668
-	1,577,290	1,577,290
-	636,679	636,679
-	13,673	363,673
-	-	3,713,435
-	1,090,877	6,737,054
-	-	6,218,404
118,161	4,294,913	4,413,074
118,161	7,613,432	23,659,609
$ 519,662	$ 8,082,399	$ 26,246,277

TOWN OF YUCCA VALLEY, CALIFORNIA

• INC. NOV. 27, 1991 •

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2010

Fund balances of governmental funds	$	23,659,609
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets		49,347,750
Accumulated depreciation		(24,679,401)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		118,507
Long-term liabilities are not due and payable in the current period:		
2008 tax allocation bonds		(10,290,000)
2001 Series B bonds		(67,924)
California Energy Commission loans		(172,695)
Cost of issuance - deferred		304,638
Deferred charges		289,603
OPEB Obligation		(163,771)
Compensated absences		(168,190)
Accrued interest payable for the current portion of interest due on bonds.		(40,193)
Internal service funds are used by management to charge the costs certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service fund is included in the statement of net assets.		511,797
Net assets of governmental activities	$	38,649,730

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2010

	General	Debt Service Redevelopment Agency	Capital Projects Redevelopment Agency
REVENUES			
Taxes	$ 7,889,514	$ 2,403,470	$ -
Licenses and permits	68,937	-	-
Intergovernmental	526,049	21,766	-
Charges for services	529,952	-	-
Fines, fees and forfeitures	163,422	-	-
Investment earnings	47,642	23,039	35,014
Miscellaneous	20,060	-	-
Total revenues	9,245,576	2,448,275	35,014
EXPENDITURES			
Current:			
General government	1,906,479	271,035	-
Public safety	3,838,896	-	-
Parks and recreation	1,289,095	-	-
Public works	853,631	-	-
Community development	1,265,739	-	1,286,065
Debt service:			
Principal	7,706	170,000	-
Interest and fiscal charges	10,664	573,917	-
Supplemental ERAF shift	-	636,679	-
Pass-through payments	-	763,369	-
Total expenditures	9,172,210	2,415,000	1,286,065
Excess (deficiency) of revenues over expenditures	73,366	33,275	(1,251,051)
OTHER FINANCING SOURCES (USES)			
Transfers in	26,081	65,299	-
Transfers out	(8,048)	(509,069)	-
Total other financing sources (uses)	18,033	(443,770)	-
Net change in fund balances	91,399	(410,495)	(1,251,051)
Fund balances, beginning of year	6,477,005	4,123,930	6,897,228
Fund balances, end of year	$ 6,568,404	$ 3,713,435	$ 5,646,177

The accompanying notes are an integral part of these financial statements.

Prop 1B	Total Non-major Governmental Funds	Total Governmental Funds
$ -	$ -	$ 10,292,984
-	-	68,937
32,710	2,413,382	2,993,907
-	14,445	544,397
-	178,050	341,472
3,369	38,731	147,795
-	625	20,685
36,079	2,645,233	14,410,177
-	-	2,177,514
-	530,358	4,369,254
-	59,054	1,348,149
455,921	2,863,715	4,173,267
-	110,655	2,662,459
-	103,708	281,414
-	14,142	598,723
-	-	636,679
-	-	763,369
455,921	3,681,632	17,010,828
(419,842)	(1,036,399)	(2,600,651)
-	1,064,280	1,155,660
-	(638,543)	(1,155,660)
-	425,737	-
(419,842)	(610,662)	(2,600,651)
538,003	8,224,094	26,260,260
$ 118,161	$ 7,613,432	$ 23,659,609

TOWN OF YUCCA VALLEY, CALIFORNIA

INC. NOV. 27, 1991

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2010

Net change in fund balances - total governmental funds	$	(2,600,651)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:		
Cost of assets capitalized, less disposals at net book value		3,612,054
Depreciation expense		(1,133,162)
The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, wereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of of these differences in the treatment of long-term debt and related items.		
Principal payments on debt		281,414
Amortization of:		
Loss on refunding		(9,765)
Cost of issuance		(10,880)
Bond discount		(4,065)
Some expenses reported in the statements of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest expense		449
Increase in OPEB obligation		(163,771)
Decrease in compensated absenses		18,857
Revenues that are measureable but not available are recorded as deferred revenue under the modified accrual basis of accounting.		118,507
Internal service funds are used by management to charge the costs of certain activities, including insurance claims and expenses, to individual funds. The net revenues/(expenses) of the internal service fund are reported on the statement of activities.		4,989
Change in net assets of governmental activities	$	113,976

The accompanying notes are an integral part of these financial statements.

Statement of Fund Net Assets
Proprietary Fund
June 30, 2010

	Governmental Activities Internal Service Fund
ASSETS	
Current assets:	
Cash and investments	$ 511,797
Total assets	511,797
LIABILITIES	
Current liabilities:	
Accounts payable	-
Total liabilities	-
NET ASSETS	
Unrestricted	511,797
Total net assets	$ 511,797

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the year ended June 30, 2010

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Charges for services	$ 40,466
Total operating revenues	40,466
OPERATING EXPENSES	
Operations	35,477
Total operating expenses	35,477
Change in net assets	4,989
Net assets, beginning of year	506,808
Net assets, end of year	$ 511,797

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
Proprietary Fund
For the year ended June 30, 2010

	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user departments	$ 40,466
Cash payments to suppliers for goods and services	(35,706)
Net cash provided by operating activities	4,760
Net increase in cash and cash equivalents	4,760
Cash and cash equivalents, beginning of year	507,037
Cash and cash equivalents, end of year	$ 511,797
Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 4,989
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	(229)
Net cash provided by operating activities	$ 4,760

The accompanying notes are an integral part of these financial statements.

Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

ASSETS	
Cash and investments	$ 312,386
Accounts receivable	3,261
Total assets	$ 315,647
LIABILITIES	
Liabilities:	
Accounts payable	$ 2,600
Deposits	313,047
Total liabilities	$ 315,647

The accompanying notes are an integral part of these financial statements.

Note 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 Town's significant 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 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. All of the Town's component units are blended component units. 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. A brief description of the Town's component units are as follows:

- The Yucca Valley Community Center Authority (Authority) entered into a Joint Powers agreement with the Yucca Valley Park and Recreation District (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. All rights and obligations of the Authority were completed as of May 2009. Accordingly, the Authority was dissolved effective June 2, 2009 through joint action of the Authority, the Town of Yucca Valley and San Bernardino County.

- The Yucca Valley Park and Recreation District (District) was dissolved pursuant to the Resolution No. 93-151 of the San Bernardino County Board of Supervisors dated June 15, 1993. The Local Agency Formation Commission (LAFCO) approved the dissolution on June 18, 1993.

  The Town Council declared by ordinance that the Town Council would serve as the Board of Directors for the District. The District was formed to provide recreation facilities in the Yucca Valley area. The Town's Council members designate management and have full accountability for the District's fiscal matters. The District's activities are now reflected as a department of the Town's General Fund.

Note 1: Summary of Significant Accounting Policies (continued)

(a) Reporting Entity (continued)

- The Yucca Valley Redevelopment Agency (Agency) was activated in September 1992, by the Town as a separate governing body. The Town Council declared by Ordinance that the Town Council will serve as the Board of Directors of the Agency. The primary purpose of the Agency is to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational and public facilities. The Town's Council-members designate management and have a full accountability of the Agency's fiscal matter. The Agency's activities are blended with those of the Town in these financial statements and this component unit is considered to be a blended component unit. The Agency issues separate component unit financial statements that may be obtained at 57090 Twenty-nine Palms Highway, Yucca Valley, California, 92284.

- The Yucca Valley Financing Authority (Financing Authority) was activated in November 1995, by a Joint Exercise of Powers Agreement between the Town and the Financing Authority. The Financing Authority was created for the purpose of assisting the financing or refinancing of certain public capital facilities within the Town. The Financing Authority's activities are blended with those of the Town in these financial statements. Separate component unit financial statements for the Financing Authority are not prepared.

(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 has no business-type activities or 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).

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards they do not conflict or contradict guidance of the Governmental Accounting Standards Board.

Note 1: Summary of Significant Accounting Policies (continued)

(b) Measurement Focus and Basis of Accounting (continued)

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 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by the Town and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included as program revenues are reported as general revenues.

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.

Fund Financial Statements

The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are represented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the Town primarily represent assets held by the Town in a custodial capacity for other individuals or organizations.

Note 1: Summary of Significant Accounting Policies (continued)

(b) Measurement Focus and Basis of Accounting (continued)

Governmental Funds

In the fund financial statement, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Town used an availability period of 60 days.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent they are normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

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 in their balance sheets in spite of their spending measurement focus. Special reporting treatment is used to indicate 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.

Note 1: Summary of Significant Accounting Policies (continued)

(b) Measurement Focus and Basis of Accounting (continued)

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current 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.

When both restricted and unrestricted sources are combined in a fund, expenses/expenditures are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary and Fiduciary Funds

The Town's internal service fund is a proprietary fund. In the fund financial statements, proprietary funds and fiduciary funds are presented using the *accrual basis of accounting.* Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the *economic resources measurement focus.* This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating expenses. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of Town revenues and expenses.

(c) Fund Classifications

The funds designated as major funds in the fund financial statements are determined by a mathematical calculation consistent with GASB statement No.34. The Town reports the following major governmental funds:

General Fund – The General Fund is used to account for resources traditionally associated with governments, which are not legally required or by sound financial management, to be accounted for in another fund.

Capital Projects – Redevelopment Agency – Established 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 California Community Redevelopment Law. Agency funds are used to fund operating expenditures and capital projects.

Note 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.

Proposition 1b – Established to account for monies received from the State through Prop 1b. This proposition provided $19 billion in bond funds for a variety of transportation projects, including $2 billion for cities and counties for maintenance and improvements of local transportation facilities. The Town expects to receive approximately $650,000 for qualified local transportation projects.

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 stationary 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 XIIIB 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 of other refund agreements. For the fiscal year ended June 30, 2010, proceeds of taxes did not exceed allowed 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.

Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The Town pools cash investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments.* Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

Note 1: Summary of Significant Accounting Policies (continued)

(f) Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of $5,000 are capitalized if they have an expected useful life of three years or more.

Capital assets include additions to public domain (infrastructure) consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

The following schedule summarizes capital asset useful lives:

Improvements	10-66 years
Buildings	20-50 years
Vehicles	8 years
Furniture and Equipment	3-25 years
Infrastructure	20-99 years

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements.

(g) Compensated Absences

In accordance with GASB statement No. 16, a liability is recorded in the government-wide financial statements, 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 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 receivables and as reserved fund balance by the advancing governmental fund and as a liability in the receiving fund.

Note 1: Summary of Significant Accounting Policies (continued)

(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 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.

(j) Use of Estimates

The financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on estimates and assumptions made by Management. Actual results could differ from those amounts.

(k) Implementation of New Pronouncements

Effective July 1, 2009, the Town adopted a new accounting statement issued by the Governmental Accounting Standards Board (GASB):

Statement No. 45, *Accounting and financial Reporting by Employers for Postemployment Benefits Other Than Pensions*

In addition to pensions, many state and local governmental employers provide other postemployment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits when provided separately from a pension plan. This Statement establishes standards for the measurement, recognition, and display of OPEB expense and related liabilities, note disclosures, and if applicable, required supplementary information in the financial reports of state and local governmental employers. This Statement improves the relevance and usefulness of financial reporting by (a) requiring systematic accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

(l) Inventories

Inventories are stated at average cost. Physical counts of inventory are taken on a cyclical basis during each fiscal year with perpetual records adjusted to actual at that time. The Town uses the consumption method of accounting for inventories.

Note 1: Summary of Significant Accounting Policies (continued)

(m) Claims and Judgments
The Town records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

Note 2: Cash and Investments

Cash and investments are reported as follows:

Statement of net assets:	
Cash and investments	$ 22,100,667
Cash and investments with fiscal agent	743,203
Statement of fiduciary assets and liabilities:	
Cash and investments	312,386
Total cash and investments	$ 23,156,256

Cash and investments held by the Town consist of the following:

Cash on hand	$ 3,400
Deposits with financial institutions	524,352
Investments	22,628,504
Total cash and investments	$ 23,156,256

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Town's investment policy. The table below identifies the *investment types* that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address *interest rate risk* and *concentration of credit risk.*

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	270 days	None	None
Investment Contracts	30 years	None	None

Note 2: Cash and Investments (continued)

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 trustees 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 Investment policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer *
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Commercial Paper	180 days	15%	10%
Negotiable Certificates of Deposits	5 years	20%	None
Money Market Mutual Funds	N/A	20%	None
Local Agency Investment Fund	N/A	None	None

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

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by diversifying its investment maturities evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Town's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investment by maturity:

		Remaining maturity (in months)			
Investment type	Totals	12 or less	13 to 24	25 to 60	More than 60
State Investment Pool	$ 21,532,721	$ 21,532,721	$ -	$ -	$ -
Money market	352,580	352,580	-	-	-
Held by bond trustee:					
Money market	743,203	743,203	-	-	-
Total investments	$ 22,628,504	$ 22,628,504	$ -	$ -	$ -

Note 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.

Investment type	Amount	Minimum legal rating	Ratings at fiscal year end	
			Aaa	Not rated
State Investment Pool	$ 21,532,721	N/A	$ -	$ 21,532,721
Money market	352,580	N/A	352,580	-
Held by bond trustee:				
Money market	743,203	N/A	743,203	-
Totals	$ 22,628,504		$ 1,095,783	$ 21,532,721

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, 2010.

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.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Town deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

For investments identified as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Note 2: Cash and Investments (continued)

Investment in State Investment Pool

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Town's investment in this pool is reported in the accompanying financial statements at amounts based upon the Town's pro-rata share of the fair value provided LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized costs basis. LAIF is not rated.

Note 3: Due From and To Other Funds

Interfund receivable and payable balances at June 30, 2010 were as follows:

Receivable fund	Payable funds	Amounts
General Fund	Nonmajor governmental funds:	
	AB2928 State Construction Grant	$ 40,234
	AB2928 TCRP	21,180
	CA Energy Commission	49
	CDBG	98,376
	Recycling Activities Grant	4,221
	Public Lands Federal Grant	49,822
	Total interfund	$ 213,882

These represent short-term borrowings to cash deficits at June 30, 2010.

Note 4: Note receivable

On February 1, 2008, the Town executed a promissory note for $350,000 with the Hi-Desert Water District in order to aid the District in the construction and operation of a wastewater treatment and collection system. The interest on the note accrues daily at a rate using the PMIA Average Monthly Effective Yield as published by the State Treasurer's Office. The note is due in full on or before January 31, 2013 together with interest thereon from the date of issue of the note to the date of payment. As of June 30, 2010, the amount of accrued interest is $15,252.

In November 2008, the Agency executed a note receivable with the Morongo Basin Unity Home (the Home) in the amount of $15,000. The Home is to use the proceeds of the note to fund the final renovation needed to complete a transitional housing project which serves to provide assistance to victims and children of domestic violence. The note bears an interest rate of 2.7% and is payable in annual installments beginning in November 2009 with final payment due in November 2018. The balance at June 30, 2010 is $13,673.

Note 5: Transfers In and Out

Transfers in and out for the year ended June 30, 2010 were as follows:

Transfers from	Transfers to	Amount	
General Fund	Nonmajor Governmental Funds	$ 8,048	
Low and Moderate Housing Fund	Debt Service - Redevelopment Debt Service Fund	65,299	(b)
Debt Service- Redevelopment Debt Service Fund	Low and Moderate Housing Fund	509,069	(a)
Nonmajor Governmental Funds	Nonmajor Governmental Funds	547,163	(b)
	General Fund	26,081	
Total transfers		$ 1,155,660	

(a) A transfer of $509,069 (including amounts from prior year which had not been received) was made from the RDA Debt Service Fund to the RDA Low and Moderate Housing Fund. The transfer represents the 20% set-aside requirement.

(b) Transfers to cover various costs incurred by one fund and reimbursed by another.

Note 6: Due from Other Governments

The amounts due from other governments at June 30, 2010 consist of the following:

	Amount
County of San Bernardino	$ 256,081
State of California	373,237
Federal	106,801
Other	25,523
Total due from other governments	$ 761,642

Note 7: Capital Assets

Capital asset activity for the year ended June 30, 2010 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 4,113,951	$ 939,806	$ -	$ 5,053,757
Construction in progress.	1,214,839	2,157,608	(473,302)	2,899,145
Total capital assets not being depreciated:	5,328,790	3,097,414	(473,302)	7,952,902
Capital assets being depreciated:				
Building and improvements				
Land improvements	4,994,712	-	-	4,994,712
Construction	6,782,194	9,175	-	6,791,369
Infrastructure	25,516,217	910,349	-	26,426,566
Vehicle & Equipment				
Machinery and equipment	1,944,786	69,316	(120,649)	1,893,453
Licensed vehicles	1,351,748	-	(63,000)	1,288,748
Total capital assets being depreciated:	40,589,657	988,840	(183,649)	41,394,848
Less accumulated depreciation for:				
Building and improvements				
Land improvements	(2,012,597)	(224,124)	-	(2,236,721)
Construction	(2,031,580)	(146,047)	-	(2,177,627)
Infrastructure	(18,188,104)	(519,513)	-	(18,707,617)
Vehicle & Equipment				
Machinery and equipment	(767,749)	(124,858)	119,751	(772,856)
Licensed vehicles	(728,960)	(118,620)	63,000	(784,580)
Total accumulated depreciation	(23,728,990)	(1,133,162)	182,751	(24,679,401)
Total capital assets, being depreciated, net	16,860,667	(144,322)	(898)	16,715,447
Governmental activities capital assets, net	$ 22,189,457	$ 2,953,092	$ (474,200)	$ 24,668,349

Depreciation expense was charged to the following functions in the statement of activities:

General government	$ 194,154
Parks and recreation	9,613
Public works	885,314
Community development	44,081
Total depreciation expense	$ 1,133,162

Note 7: Capital Assets (continued)

Significant construction commitments as of June 30, 2010 are as follows:

Description	Project budget	Cumulative expenditures to date	Unexpended commitments
SR62 Apache to Plam Avenue Rehabilitation	$ 1,581,000	$ 588,167	$ 992,833
SR62 Old Town Realignment	1,246,263	267,221	979,042

Note 8: Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2010 were as follows:

Governmental activities:	Beginning balance	Additions	Deletions	Ending balance	Due within one year
2001 Series B Bonds	$ 171,632	$ -	$ (103,708)	$ 67,924	$ 67,924
2008 Refunding TABS	10,460,000	-	(170,000)	10,290,000	175,000
Less deferred amounts:					
On refunding	(185,541)	-	9,765	(175,776)	-
For issuance discounts	(117,892)	-	4,065	(113,827)	-
Total bonds payable	10,328,199	-	(259,878)	10,068,321	242,924
CA energy commission	103,601	-	(6,682)	96,919	6,986
CA energy commission	76,800	-	(1,024)	75,776	4,147
OPEB obligation	-	163,771	-	163,771	-
Compensated absences*	187,047	172,572	(191,429)	168,190	42,048
Total long-term liabilities	$ 10,695,647	$ 336,343	$ (459,013)	$ 10,572,977	$ 296,105

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

2001 Bonds – San Bernardino Associated Government

In July 1993, the San Bernardino Associated Governments (SANBAG) issued bonds for $120,000,000. Of that, $1,949,500 of the proceeds went to the Town. In April 2001, SANBAG issued $47,020,000, 2001 Series B, to refinance a portion of the 1993 Series A Bonds. Of that, $761,724 of the proceeds from refinancing went to the Town.

The 2001 bond proceeds were used for street costs in accordance with Measure "I". The repayment of these proceeds is secured by the future Measure "I" from the County of San Bernardino. The bonds are due in annual installments from March 1, 2002 to March 1, 2010. Interest is paid semiannually.

Note 8: Long Term Liabilities (continued)

Pursuant to an administrative agreement with SANBAG, amounts representing debt service payments are being withheld from the Town's monthly Measure "I" apportionments. These payments are reflected in the Town's books and records as principal and interest expense at the time of withholding as appropriate.

At June 30, 2010, the amount of bonds outstanding was $67,924.

2008 Tax Allocation Bonds

In May 2008, the Agency issued Yucca Valley Redevelopment Project Area No. 1 Tax Allocation Bonds, Series of 2008, in the aggregate principal of $10,625,000.

The bonds are dated May 1, 2008 and are in denominations of $5,000 and bear interest at rates ranging from 3.10% to 5.75%. Principal is payable annually on June 1 beginning on June 1, 2009. Interest is payable semi-annually on June 1 and December 1. The bonds mature between the time frames of June 1, 2009 and June 1, 2038 in amounts ranging from $165,000 to $695,000. At June 30, 2010, the balance held in the reserve account was $743,203 and the amount of bonds outstanding was $10,290,000.

The bonds were issued to refund on a current basis the $1,730,000 Yucca Valley Redevelopment Agency, 1995 Tax Allocation Bonds Series A and on an advanced basis $2,665,000 Yucca Valley Redevelopment Agency, 2004 Tax Allocation Revenue Bonds. The bonds were also issued to fund redevelopment activities within and for the benefit of the Redevelopment Project. A portion of the bond proceeds from the sale were placed in an irrevocable trust to be used to service the future debt service requirements of the old debt.

The reacquisition price exceeded the net carrying amount of the old debt by $195,306. This amount is being netted against the new debt and being amortized over the remaining life of the 1995 Tax Allocation Bonds Series A refunded debt. The advance refunding resulted in a decrease in debt service payments over the next 27 years of $580,972 and in an economic gain of $464,786.

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

Governmental activities:

Year ending June 30	Principal	Interest
2011	$ 242,924	$ 570,853
2012	180,000	555,702
2013	190,000	548,142
2014	195,000	540,162
2015	205,000	531,582
2016-2020	1,185,000	2,500,648
2021-2025	1,535,000	2,152,515
2026-2030	2,005,000	1,680,388
2031-2035	2,640,000	1,041,613
2036-2039	1,980,000	231,724
Totals	$ 10,357,924	$ 10,353,329

Note 8: Long Term Liabilities (continued)

California Energy Commission Loans

The CA Energy Commission loan 006-04-ECC was issued in March 2006 in the amount of $120,328 to be paid semi-annually on December 22 and June 22 commencing on December 22, 2006 through December 22, 2021. This loan bears an interest rate of 4.5% annually.

The CA Energy Commission loan 004-04-ECB was issued in January 2008 in the amount of $76,800 to be paid semi-annually on December 22 and June 22 commencing on December 22, 2009 through December 22, 2024. This loan bears an interest rate of 3.95% annually.

The annual debt service requirement to maturity for the CA Energy Commission loans are as follows:

Year ending June 30	Principal	Interest
2011	$ 11,133	$ 7,360
2012	11,598	6,886
2013	12,120	6,354
2014	12,646	5,818
2015	13,196	5,259
2016-2020	75,072	17,023
2021-2025	36,930	2,747
Totals	$ 172,695	$ 51,447

Note 9: Retirement Plan

Plan Description

The Town contributes to the California Public Employees Retirements System (PERS), a cost sharing multi-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statue and Town ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 "Q" Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 8% of their annual covered salary. The Town makes the contributions required of the employees on their behalf and for their account. The Town is required to contribute at an actuarially determined rate; the current rate 14.553% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by PERS.

Annual pension cost

For 2010, the Town's annual pension cost of $416,805 for PERS was equal to the Town's required contributions. The required contribution was determined as part of the June 30, 2007, actuarial valuation using the entry age normal actuarial cost method.

Note 10: Other Post Employment Benefits

Plan Description

The Town provides a medical plan coverage for retirees. This coverage is available for employees who satisfy the requirements for retirement under the California Public Employees Retirement System (PERS), which is age 50 or older with at least five years of State of public agency service. The healthcare coverage provided by PERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

Medical plan benefits are provided through PERS, as permitted by the Public Employees' Medical and Hospital and Care Act (PEMHCA). As a PEMHCA employer, the Town has elected the unequal contribution method, where the contribution will be increased annually until it reaches the same employer contribution as active employee medical plan coverage.

Funding Policy

The contribution requirements of the Town are established and may be amended by the Town Council. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2009-10, the Town contributed $4,087 to the plan, which was 100% of the total current premiums.

Annual OPEB Cost and NET OPEB Obligation

The Town's annual other OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

	June 30, 2010
Annual required contribution	$ 167,858
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	167,858
Contributions made	(4,087)
Increase in net OPEB obligation	163,771
Net OPEB obligation – beginning of year	-
Net OPEB obligation – end of year	$ 163,771

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	N/A	N/A	N/A
June 30, 2009	N/A	N/A	N/A
June 30, 2010	$ 167,858	2.43%	$ 163,771

Note 10: Other Post Employment Benefits (continued)

Funded Status and Progress

As of July 1, 2008, the most recent valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was $968,973, and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability (UAAL) of $968,973 and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 0.0%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Method. The actuarial assumptions included a 4.5 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10 percent initially, reduced by increments of 0.5 percent per year to an ultimate rate of 8.0 percent after the fifth year.

Note 11: Risk Management

The Town is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters. As such, 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.

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 $25,000 retention with amounts in excess of the retention covered by PARSAC up to $995,000. In addition, coverage in excess of the $1,000,000, up to $28,000,000 is covered by additional commercial insurance purchased through PARSAC. All Risk Property is covered up to $1,000,000 per occurrence with a $25,000 deductible.

Note 11: Risk Management (continued)

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

PARSAC implemented a Worker's Compensation Program on July 1, 1990. The Workers' Compensation Program offers coverage consistent with that mandated by state law. PARSAC provides coverage from up to $500,000 per claim. Beyond that $500,000 coverage, 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 2008-2009 to fiscal year 2009-2010. Furthermore, there was no settlement, which exceeded the insurance coverage for the fiscal years 2007-2008, 2008-2009 and 2009-2010.

Note 12: Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the following funds for the year ended June 30, 2010:

	Final budget	Actual	Variance
Special Revenue Funds:			
COPS - SLESF	$ 70,450	$ 83,187	$ (12,737)
Landscape and Lighting Maintenance	4,800	6,687	(1,887)
Street and Drainage District	5,000	7,759	(2,759)

Note 13: Deficit Fund Balances

As of June 30, 2010, a deficit fund balance was recorded in the following funds:

	Fund deficit
Special Revenue Funds:	
AB2928 – State Construction Grant	$ (35,007)
CA Energy Commission	(49)
CDBG	(48,075)
Public Lands Federal Grant	(13,433)

Note 14: Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Note 15: Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax and the supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the Town of Yucca Valley was $435,152.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The Town participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the state had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value, and as a result, no gain or loss was recorded.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF YUCCA VALLEY, CALIFORNIA

• INC. NOV. 27, 1991 •

Required Supplementary Information
Budgetary Comparison Schedule - Revenues
General Fund
For the year ended June 30, 2010

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget
REVENUES				
Taxes:				
Property taxes	$ 2,771,000	$ 2,556,000	$ 2,568,270	$ 12,270
Property taxes in lieu	1,760,000	1,830,000	1,703,013	(126,987)
Sales tax	3,450,000	2,755,000	2,720,029	(34,971)
Transient occupancy tax	178,020	165,020	143,487	(21,533)
Franchise fees	788,000	745,000	754,715	9,715
Total taxes	8,947,020	8,051,020	7,889,514	(161,506)
Licenses and permits	66,500	58,500	68,937	10,437
Fines and forfeitures	16,000	31,000	163,422	132,422
Use of money and property:				
Investment earnings	206,800	98,000	47,642	(50,358)
Charges for services:				
Planning, engineering and building fees	615,300	251,000	273,596	22,596
Sports programs	209,000	170,000	177,817	7,817
Other	83,848	39,250	78,539	39,289
Total charges for services	908,148	460,250	529,952	69,702
Intergovernmental:				
Motor vehicle in lieu	50,000	50,000	62,397	12,397
HOPTR	35,000	35,000	32,284	(2,716)
Other	309,000	405,000	431,368	26,368
Total intergovernmental	394,000	490,000	526,049	36,049
Miscellaneous	21,000	17,000	20,060	3,060
Total revenues	$ 10,559,468	$ 9,205,770	$ 9,245,576	$ 39,806

Required Supplementary Information
Budgetary Comparison Schedule - Expenditures
General Fund
For the year ended June 30, 2010

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget
EXPENDITURES				
General government:				
Town council	$ 136,070	$ 425,910	$ 109,302	$ 316,608
Town clerk/attorney	204,650	196,010	234,233	(38,223)
Interdepartmental	325,829	342,629	305,520	37,109
Town administration	672,298	699,438	499,835	199,603
Management services	751,030	882,327	757,589	124,738
Total general government	2,089,877	2,546,314	1,906,479	639,835
Public works	1,477,478	1,060,603	853,631	206,972
Public safety:				
Police	3,436,300	3,141,500	3,176,433	(34,933)
Animal control	711,727	693,762	662,463	31,299
Total public safety	4,148,027	3,835,262	3,838,896	(3,634)
Parks and recreation	1,423,216	1,284,915	1,289,095	(4,180)
Community development	1,415,514	1,350,247	1,265,739	84,508
Debt service:				
Principal	-	9,700	7,706	1,994
Interest	-	9,000	10,664	(1,664)
Total debt service	-	18,700	18,370	330
Total expenditures	10,554,112	10,096,041	9,172,210	923,831
Excess (deficiency) of revenues over expenditures	5,356	(890,271)	73,366	963,637
OTHER FINANCING SOURCES (USES)				
Transfer in	-	26,081	26,081	-
Transfers out	-	(8,048)	(8,048)	-
Total other financing sources (uses)	-	18,033	18,033	-
Net change in fund balance	5,356	(872,238)	91,399	963,637
Fund balance, beginning of year	6,477,005	6,477,005	6,477,005	-
Fund balance, end of year	$ 6,482,361	$ 5,604,767	$ 6,568,404	$ 963,637

Prop 1b Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
For the year ended June 30, 2010

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget
REVENUES				
Intergovernmental	$ -	$ 301,000	$ 32,710	$ (268,290)
Investment earnings	-	-	3,369	3,369
Total revenues	-	301,000	36,079	(264,921)
EXPENDITURES				
Current:				
Public works	269,213	839,003	455,921	383,082
Total expenditures	269,213	839,003	455,921	383,082
Net change in fund balance	(269,213)	(538,003)	(419,842)	118,161
Fund balance, beginning of year	538,003	538,003	538,003	-
Fund balance, end of year	$ 268,790	$ -	$ 118,161	$ 118,161

Note 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 for all government funds except for the Special Revenue Funds California Energy Commission and the American Recovery and Reinvestment Act. The fiduciary fund does not have a formally adopted budget.

SUPPLEMENTAL SCHEDULES

TOWN OF YUCCA VALLEY, CALIFORNIA

• INC. NOV. 27, 1991 •

Combined Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Totals
ASSETS			
Cash and investments	$ 5,972,899	$ 1,090,877	$ 7,063,776
Receivables:			
Accounts, net	103,322	-	103,322
Due from other governments	257,331	-	257,331
Interest	7,618	-	7,618
Notes	13,673	-	13,673
Advance to other funds	636,679	-	636,679
Total assets	$ 6,991,522	$ 1,090,877	$ 8,082,399
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 207,993	$ -	$ 207,993
Accrued payroll	9,302	-	9,302
Deferred revenue	37,790		37,790
Due to other funds	213,882	-	213,882
Total liabilities	468,967	-	468,967
Fund balances:			
Reserved for:			
Low and moderate housing	1,577,290	-	1,577,290
Advance to other funds	636,679	-	636,679
Note receivable	13,673	-	13,673
Unreserved:			
Designated for special projects	-	1,090,877	1,090,877
Undesignated	4,294,913	-	4,294,913
Total fund balances	6,522,555	1,090,877	7,613,432
Total liabilities and fund balances	$ 6,991,522	$ 1,090,877	$ 8,082,399

Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Totals
REVENUES			
Intergovernmental	$ 2,413,382	$ -	$ 2,413,382
Charges for services	14,445	-	14,445
Fines, fees and forfeitures	178,050	-	178,050
Investment earnings	38,731	-	38,731
Miscellaneous	625	-	625
Total revenues	2,645,233	-	2,645,233
EXPENDITURES			
Current:			
Public safety	92,858	437,500	530,358
Parks and recreation	59,054	-	59,054
Public works	2,863,715	-	2,863,715
Community development	110,655	-	110,655
Debt service:			
Principal	103,708	-	103,708
Interest	14,142	-	14,142
Total expenditures	3,244,132	437,500	3,681,632
Excess (deficiency) of revenues over expenditures	(598,899)	(437,500)	(1,036,399)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,064,280	-	1,064,280
Transfers out	(638,543)	-	(638,543)
Total other financing sources (uses)	425,737	-	425,737
Net change in fund balances	(173,162)	(437,500)	(610,662)
Fund balances, beginning of year	6,695,717	1,528,377	8,224,094
Fund balances, end of year	$ 6,522,555	$ 1,090,877	$ 7,613,432

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 payment-in-lieu funds pursuant to the requirements of the Town Ordinance relating to the dedication of land for parks and recreational purposes.

Development Impact Fees – 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 – 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 – (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 construction 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 maintenance 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 for 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.

LTF (Local Transportation Act) – Established to account for financial transactions per Article No. 8 of the Transportation Development Action of 1971 (SB325) State of California Streets, Roads, Bicycle and Pedestrian Capital Facilities.

Measure I – 5% Transit – Established to account for revenues from a (1/2%) sales tax on all retail transactions within the County.

Measure I – 65% Major Arterial – Established to account for revenues from a (1/2%) sales tax on all retail transactions within the County.

Measure I – 30% Local Roads – Established to account for revenues from a (1/2%) sales tax on all retail transactions within the County.

Cal Trans Outer Highway/Relinquishment – Established to account for expenditures and reimbursements of grant funds received from the State of California (Caltrans) for development, design and construction of improvements around public school sites in the Town, including sidewalks, flashing lights and related safety improvements.

Flood Control – Established to account for grant monies received from the State of California for flood control improvement programs and/or projects. These funds are restricted solely for flood control related projects.

CA Energy Commission – Established to account for funds related to the Energy Efficiency Conservation Block Grant Program. The purpose of the EECBG Program is to help cities and counties implement projects and programs designed to reduce fossil fuel emissions in a manner that is environmentally sustainable, and to the maximum extent practicable maximize benefits for local and regional communities, reduce total energy use, and improve energy efficiency in the building sector, the transportation sector, and other appropriate sectors.

AB2766 – Air Pollution – Established to account for receipts and expenditures for the Air Pollution Fund.

FEMA (Federal Emergency Management Agency) – Established for the purpose of accounting for expenditures associated with projects that are the result of a recognized disaster or emergency. FEMA reimburses the Town at a rate of 75% of authorized expenditures. The State of California reimburses 75% of the remaining 25%. During some years there are no FEMA projects.

HUD – Jerry Lewis Park – Federal funds made available through the US department of Housing and Urban Development. These expenditures were appropriated by Congress pursuant to the VA-HUD Independent Agencies (Economic Development Initiative) Appropriations Act of FY 2001 (Public Law 106-554). The funds are for the purposes of "creating community regional park improvements to provide recreational opportunities to the local community". Funds provided through this program are 100% grants and require no local matching funds.

CDBG (Community Development Block Grant) – Established to account for capital and noncapital 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 liter cleanup activities.

Landscape/Lighting Maintenance District – Established to provide regular maintenance, repair and replacement of all facilities within the public rights-of-ways or easement 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 in 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 (SAFETEALU), Public Law 109-59. PLHD funds are allocated through 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 Caltrans.

American Recovery and Reinvestment Act – Establish and enhance crime prevention involving cooperation between community residents and law enforcement personnel to control and investigate crime and the prosecution of criminals. Also to continue with establishing multi-jurisdictional parole/probation compliance operations, juvenile crime reduction programs and drug task forces.

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

	Quimby Fees	Development Impact Fees	CLEEPS - High Tech
ASSETS			
Cash and investments	$ 67,409	$ 476,498	$ 4,299
Receivables:			
Accounts, net	50,000	-	-
Due from other governments	-	-	-
Interest	89	629	6
Notes	-	-	-
Advance to other funds	-	-	-
Total assets	$ 117,498	$ 477,127	$ 4,305
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Accrued payroll	-	-	-
Deferred revenues	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund balances (deficit):			
Reserved for:			
Low and moderate housing	-	-	-
Advance to other funds	-	-	-
Notes receivable	-	-	-
Unreserved:			
Undesignated	117,498	477,127	4,305
Total fund balances (deficit)	117,498	477,127	4,305
Total liabilities and fund balances	$ 117,498	$ 477,127	$ 4,305

COPS SLESF	Traffic Safety	Asset Seizure	AB2928 State Construction Grant	AB2928 TCRP
$ 177,262	$ 250,342	$ 1,136	$ -	$ -
-	-	-	-	53,322
8,976	6,281	-	78,184	-
234	330	2	-	-
-	-	-	-	-
-	-	-	-	-
$ 186,472	$ 256,953	$ 1,138	$ 78,184	$ 53,322
$ 90	$ -	$ -	$ 72,957	$ 1,125
-	-	-	-	-
-	-	-	-	-
-	-	-	40,234	21,180
90	-	-	113,191	22,305
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
186,382	256,953	1,138	(35,007)	31,017
186,382	256,953	1,138	(35,007)	31,017
$ 186,472	$ 256,953	$ 1,138	$ 78,184	$ 53,322

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

	Gas Tax	Local Transportation	Measure I - 5% Transit
ASSETS			
Cash and investments	$ 458,823	$ 428,002	$ 28,579
Receivables:			
Accounts, net	-	-	-
Due from other governments	35,217	-	-
Interest	606	565	-
Notes	-	-	-
Advance to other funds	-	-	-
Total assets	$ 494,646	$ 428,567	$ 28,579
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 1,771	$ 2,163	$ 28,579
Accrued payroll	9,302	-	-
Deferred revenues	-	-	-
Due to other funds	-	-	-
Total liabilities	11,073	2,163	28,579
Fund balances (deficit):			
Reserved for:			
Low and moderate housing	-	-	-
Advance to other funds	-	-	-
Notes receivable	-	-	-
Unreserved:			
Undesignated	483,573	426,404	-
Total fund balances (deficit)	483,573	426,404	-
Total liabilities and fund balances	$ 494,646	$ 428,567	$ 28,579

Measue I 65% Major Arterial	Measure I - 30% Local Roads	CalTrans Outer Highway/ Relinquishment	Flood Control	CA Energy Commission
$ 1,544,101	$ 220,675	$ -	$ 375,994	$ -
-	-	-	-	-
-	-	-	-	-
2,038	291	-	496	-
-	-	-	-	-
-	-	-	-	-
$ 1,546,139	$ 220,966	$ -	$ 376,490	$ -
$ 56,511	$ 3,999	-	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	49
56,511	3,999	-	-	49
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,489,628	216,967	-	376,490	(49)
1,489,628	216,967	-	376,490	(49)
$ 1,546,139	$ 220,966	$ -	$ 376,490	$ -

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

	AB 2766 Air Pollution	FEMA	HUD-Jerry Lewis Park
ASSETS			
Cash and investments	$ 98,771	$ -	$ 157,372
Receivables:			
Accounts, net	-	-	-
Due from other governments	-	-	4,971
Interest	130	-	-
Notes	-	-	-
Advance to other funds	-	-	-
Total assets	$ 98,901	$ -	$ 162,343
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ 1,350
Accrued payroll	-	-	-
Deferred revenues	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	1,350
Fund balances (deficit):			
Reserved for:			
Low and moderate housing	-	-	-
Advance to other funds	-	-	-
Notes receivable	-	-	-
Unreserved:			
Undesignated	98,901	-	160,993
Total fund balances (deficit)	98,901	-	160,993
Total liabilities and fund balances	$ 98,901	$ -	$ 162,343

CDBG	Recycling Activities Grant	Landscape and Lighting Maintenance	Street and Drainage Sistrict	RDA Low/Mod Housing
$ -	$ -	$ 2,950	$ 60,776	$ 1,582,014
-	-	-	-	-
57,298	5,000	-	-	-
-	-	4	80	2,068
-	-	-	-	13,673
-	-	-	-	636,679
$ 57,298	$ 5,000	$ 2,954	$ 60,856	$ 2,234,434
$ 6,997	$ -	$ 286	$ 358	$ 6,792
-	-	-	-	-
-	-	-	-	-
98,376	4,221	-	-	-
105,373	4,221	286	358	6,792
-	-	-	-	1,577,290
-	-	-	-	636,679
-	-	-	-	13,673
(48,075)	779	2,668	60,498	-
(48,075)	779	2,668	60,498	2,227,642
$ 57,298	$ 5,000	$ 2,954	$ 60,856	$ 2,234,434

TOWN OF YUCCA VALLEY, CALIFORNIA

• INC. NOV. 27, 1991 •

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

	Public Lands Federal Grant	American Recovery and Reinvestment Act Funds	Total
ASSETS			
Cash and investments	$ -	$ 37,896	$ 5,972,899
Receivables:			
Accounts, net	-	-	103,322
Due from other governments	61,404	-	257,331
Interest	-	50	7,618
Notes	-	-	13,673
Advance to other funds	-	-	636,679
Total assets	$ 61,404	$ 37,946	$ 6,991,522
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 25,015	$ -	$ 207,993
Accrued payroll	-	-	9,302
Deferred revenues	-	37,790	37,790
Due to other funds	49,822	-	213,882
Total liabilities	74,837	37,790	468,967
Fund balances (deficit):			
Reserved for:			
Low and moderate housing	-	-	1,577,290
Advance to other funds	-	-	636,679
Notes receivable	-	-	13,673
Unreserved:			
Undesignated	(13,433)	156	4,294,913
Total fund balances (deficit)	(13,433)	156	6,522,555
Total liabilities and fund balances	$ 61,404	$ 37,946	$ 6,991,522

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2010

	Quimby Fees	Development Impact Fees	CLEEPS - High Tech
REVENUES			
Intergovernmental	$ -	$ -	$ -
Charges for services	-	-	-
Fines, fees and forfeitures	50,000	59,547	-
Investment earnings	434	3,865	40
Miscellaneous	-	-	-
Total revenues	50,434	63,412	40
EXPENDITURES			
Current:			
Public safety	-	-	6,725
Parks and recreation	-	-	-
Public works	-	1,257	-
Community development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	-	1,257	6,725
Excess (deficiency) of revenues over expenditures	50,434	62,155	(6,685)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(205,000)	-
Total other financing sources (uses)	-	(205,000)	-
Net change in fund balances	50,434	(142,845)	(6,685)
Fund balances, beginning of year	67,064	619,972	10,990
Fund balances, end of year	$ 117,498	$ 477,127	$ 4,305

COPS SLESF	Traffic Safety	Asset Seizure	AB2928 State Construction Grant	AB2928 TCRP
$ 100,287	$ -	$ -	$ 157,836	$ 192,199
-	-	-	-	-
-	68,503	-	-	-
1,077	1,505	8	-	76
-	-	-	-	-
101,364	70,008	8	157,836	192,275
83,187	1,500	1,446	-	-
-	-	-	-	-
-	-	-	242,070	1,125
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
83,187	1,500	1,446	242,070	1,125
18,177	68,508	(1,438)	(84,234)	191,150
-	-	-	-	-
-	(25,000)	-	-	(175,000)
-	(25,000)	-	-	(175,000)
18,177	43,508	(1,438)	(84,234)	16,150
168,205	213,445	2,576	49,227	14,867
$ 186,382	$ 256,953	$ 1,138	$ (35,007)	$ 31,017

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2010

	Gas Tax	Local Transportation	Measure I - 5% Transit
REVENUES			
Intergovernmental	$ 351,825	$ 59,340	$ 46,915
Charges for services	-	-	-
Fines, fees and forfeitures	-	-	-
Investment earnings	1,724	3,358	62
Miscellaneous	-	-	-
Total revenues	353,549	62,698	46,977
EXPENDITURES			
Current:			
Public safety	-	-	-
Parks and recreation	-	-	-
Public works	415,808	288,446	47,544
Community development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	415,808	288,446	47,544
Excess (deficiency) of revenues over expenditures	(62,259)	(225,748)	(567)
OTHER FINANCING SOURCES (USES)			
Transfers in	200,000	-	-
Transfers out	-	-	-
Total other financing sources (uses)	200,000	-	-
Net change in fund balances	137,741	(225,748)	(567)
Fund balances, beginning of year	345,832	652,152	567
Fund balances, end of year	$ 483,573	$ 426,404	$ -

Measue I - 65% Major Arterial	Measure I - 30% Local Roads	CalTrans Outer Highway/ Relinquishment	Flood Control	CA Energy Commission
$ 609,910	$ 281,497	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
9,337	2,850	724	1,369	-
-	-	-	-	-
619,247	284,347	724	1,369	-
-	-	-	-	-
-	-	-	-	-
683,986	720,884	-	-	-
-	-	-	-	49
103,708	-	-	-	-
14,142	-	-	-	-
801,836	720,884	-	-	49
(182,589)	(436,537)	724	1,369	(49)
142,163	-	-	205,000	-
-	-	(142,163)	-	-
142,163	-	(142,163)	205,000	-
(40,426)	(436,537)	(141,439)	206,369	(49)
1,530,054	653,504	141,439	170,121	-
$ 1,489,628	$ 216,967	$ -	$ 376,490	$ (49)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2010

	AB 2766 Air Pollution	FEMA	HUD-Jerry Lewis Park
REVENUES			
Intergovernmental	$ 14,472	$ -	$ 61,041
Charges for services	-	-	-
Fines, fees and forfeitures	-	-	-
Investment earnings	586	-	-
Miscellaneous	-	-	-
Total revenues	15,058	-	61,041
EXPENDITURES			
Current:			
Public safety	-	-	-
Parks and recreation	-	-	59,054
Public works	500	-	-
Community development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	500	-	59,054
Excess (deficiency) of revenues over expenditures	14,558	-	1,987
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(26,081)	-
Total other financing sources (uses)	-	(26,081)	-
Net change in fund balances	14,558	(26,081)	1,987
Fund balances, beginning of year	84,343	26,081	159,006
Fund balances, end of year	$ 98,901	$ -	$ 160,993

CDBG	Recycling Activities Grant	Landscape and Lighting Maintenance	Street and Drainage Sistrict	RDA Low/Mod Housing
$ 86,143	$ 5,000	$ -	$ -	$ -
-	-	-	14,445	-
-	-	-	-	-
-	3	38	297	11,222
-	625	-	-	-
86,143	5,628	38	14,742	11,222
-	-	-	-	-
-	-	-	-	-
-	-	6,687	7,759	-
76,320	5,203	-	-	29,083
-	-	-	-	-
-	-	-	-	-
76,320	5,203	6,687	7,759	29,083
9,823	425	(6,649)	6,983	(17,861)
-	-	-	8,048	509,069
-	-	-	-	(65,299)
-	-	-	8,048	443,770
9,823	425	(6,649)	15,031	425,909
(57,898)	354	9,317	45,467	1,801,733
$ (48,075)	$ 779	$ 2,668	$ 60,498	$ 2,227,642

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Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2010

	Public Lands Federal Grant	American Recovery and Reinvestment Act Funds	Total
REVENUES			
Intergovernmental	$ 446,917	$ -	$ 2,413,382
Charges for services	-	-	14,445
Fines, fees and forfeitures	-	-	178,050
Investment earnings	-	156	38,731
Miscellaneous	-	-	625
Total revenues	446,917	156	2,645,233
EXPENDITURES			
Current:			
Public safety	-	-	92,858
Parks and recreation	-	-	59,054
Public works	447,649	-	2,863,715
Community development	-	-	110,655
Debt service:			
Principal	-	-	103,708
Interest	-	-	14,142
Total expenditures	447,649	-	3,244,132
Excess (deficiency) of revenues over expenditures	(732)	156	(598,899)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	1,064,280
Transfers out	-	-	(638,543)
Total other financing sources (uses)	-	-	425,737
Net change in fund balances	(732)	156	(173,162)
Fund balances, beginning of year	(12,701)	-	6,695,717
Fund balances, end of year	$ (13,433)	$ 156	$ 6,522,555

Quimby Fees Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Fines, fees and forfeitures	$ -	$ 50,000	$ 50,000
Investment earnings	1,500	434	(1,066)
Total revenues	1,500	50,434	48,934
Net change in fund balance	1,500	50,434	48,934
Fund balance, beginning of year	67,064	67,064	-
Fund balance, end of year	$ 68,564	$ 117,498	$ 48,934

Development Impact Fees Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Fines, fees and forfeitures	$ 52,000	$ 59,547	$ 7,547
Investment earnings	8,000	3,865	(4,135)
Total revenues	60,000	63,412	3,412
EXPENDITURES			
Current:			
Public works	6,400	1,257	5,143
Total expenditures	6,400	1,257	5,143
Excess of revenues over expenditures	53,600	62,155	8,555
OTHER FINANCING USES			
Transfers out	(205,000)	(205,000)	-
Total other financing uses	(205,000)	(205,000)	-
Net change in fund balance	(151,400)	(142,845)	8,555
Fund balance, beginning of year	619,972	619,972	-
Fund balance, end of year	$ 468,572	$ 477,127	$ 8,555

CLEEPS – High Tech Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Investment earnings	$ 1,500	$ 40	$ (1,460)
Total revenues	1,500	40	(1,460)
EXPENDITURES			
Current:			
Public safety	10,990	6,725	4,265
Total expenditures	10,990	6,725	4,265
Net change in fund balance	(9,490)	(6,685)	2,805
Fund balance, beginning of year	10,990	10,990	-
Fund balance, end of year	$ 1,500	$ 4,305	$ 2,805

COPS – SLESF Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	$ 90,000	$ 100,287	$ 10,287
Investment earnings	800	1,077	277
Total revenues	90,800	101,364	10,564
EXPENDITURES			
Current:			
Public safety	70,450	83,187	(12,737)
Total expenditures	70,450	83,187	(12,737)
Net change in fund balance	20,350	18,177	(2,173)
Fund balance, beginning of year	168,205	168,205	-
Fund balance, end of year	$ 188,555	$ 186,382	$ (2,173)

Traffic Safety Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Fines, fees and forfeitures	$ 44,000	$ 68,503	$ 24,503
Investment earnings	1,500	1,505	5
Total revenues	45,500	70,008	24,508
EXPENDITURES			
Current:			
Public safety	4,000	1,500	2,500
Total expenditures	4,000	1,500	2,500
Excess of revenues over expenditures	41,500	68,508	27,008
OTHER FINANCING USES			
Transfers out	(25,000)	(25,000)	-
Total other financing uses	(25,000)	(25,000)	-
Net change in fund balance	16,500	43,508	27,008
Fund balance, beginning of year	213,445	213,445	-
Fund balance, end of year	$ 229,945	$ 256,953	$ 27,008

Asset Seizure Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Investment earnings	$ 50	$ 8	$ (42)
Total revenues	50	8	(42)
EXPENDITURES			
Current:			
Public safety	1,500	1,446	54
Total expenditures	1,500	1,446	54
Net change in fund balance	(1,450)	(1,438)	12
Fund balance, beginning of year	2,576	2,576	-
Fund balance, end of year	$ 1,126	$ 1,138	$ 12

AB2928 – State Construction Grant Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	$ 684,627	$ 157,836	$ (526,791)
Total revenues	684,627	157,836	(526,791)
EXPENDITURES			
Current:			
Public works	686,627	242,070	444,557
Total expenditures	686,627	242,070	444,557
Net change in fund balance	(2,000)	(84,234)	(82,234)
Fund balance, beginning of year	49,227	49,227	-
Fund balance, end of year	$ 47,227	$ (35,007)	$ (82,234)

AB2928 – TCRP Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	$ 185,000	$ 192,199	$ 7,199
Investment earnings	1,000	76	(924)
Total revenues	186,000	192,275	6,275
EXPENDITURES			
Current:			
Public works	-	1,125	(1,125)
Total expenditures	-	1,125	(1,125)
Excess of revenues over expenditures	186,000	191,150	5,150
OTHER FINANCING USES			
Transfers out	(175,000)	(175,000)	-
Total other financing uses	(175,000)	(175,000)	-
Net change in fund balance	11,000	16,150	5,150
Fund balance, beginning of year	14,867	14,867	-
Fund balance, end of year	$ 25,867	$ 31,017	$ 5,150

Gas Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	$ 350,000	$ 351,825	$ 1,825
Investment earnings	3,900	1,724	(2,176)
Total revenues	353,900	353,549	(351)
EXPENDITURES			
Current:			
Public works	584,630	415,808	168,822
Total expenditures	584,630	415,808	168,822
Excess (deficiency) of revenues over expenditures	(230,730)	(62,259)	168,471
OTHER FINANCING SOURCES			
Transfers in	200,000	200,000	-
Total other financing sources	200,000	200,000	-
Net change in fund balance	(30,730)	137,741	168,471
Fund balance, beginning of year	345,832	345,832	-
Fund balance, end of year	$ 315,102	$ 483,573	$ 168,471

Local Transportation Fund Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	$ 154,000	$ 59,340	$ (94,660)
Investment earnings	8,000	3,358	(4,642)
Total revenues	162,000	62,698	(99,302)
EXPENDITURES			
Current:			
Public works	563,474	288,446	275,028
Total expenditures	563,474	288,446	275,028
Net change in fund balance	(401,474)	(225,748)	175,726
Fund balance, beginning of year	652,152	652,152	-
Fund balance, end of year	$ 250,678	$ 426,404	$ 175,726

Measure I – 5% Transit Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	$ 60,000	$ 46,915	$ (13,085)
Investment earnings	200	62	(138)
Total revenues	60,200	46,977	(13,223)
EXPENDITURES			
Current:			
Public works	60,200	47,544	12,656
Total expenditures	60,200	47,544	12,656
Net change in fund balance	-	(567)	(567)
Fund balance, beginning of year	567	567	-
Fund balance, end of year	$ 567	$ -	$ (567)

Measure I – 65% Major Arterial Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	$ 564,118	$ 609,910	$ 45,792
Investment earnings	18,000	9,337	(8,663)
Total revenues	582,118	619,247	37,129
EXPENDITURES			
Current:			
Public works	2,084,465	683,986	1,400,479
Debt service:			
Principal	146,411	103,708	42,703
Interest	21,589	14,142	7,447
Total expenditures	2,252,465	801,836	1,450,629
Excess (deficiency) of revenues over expenditures	(1,670,347)	(182,589)	1,487,758
OTHER FINANCING SOURCES			
Transfers in	142,163	142,163	-
Total other financing sources	142,163	142,163	-
Net change in fund balance	(1,528,184)	(40,426)	1,487,758
Fund balance, beginning of year	1,530,054	1,530,054	-
Fund balance, end of year	$ 1,870	$ 1,489,628	$ 1,487,758

Measure I – 30% Local Roads Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	$ 293,709	$ 281,497	$ (12,212)
Investment earnings	10,000	2,850	(7,150)
Total revenues	303,709	284,347	(19,362)
EXPENDITURES			
Current:			
Public works	910,631	720,884	189,747
Total expenditures	910,631	720,884	189,747
Net change in fund balance	(606,922)	(436,537)	170,385
Fund balance, beginning of year	653,504	653,504	-
Fund balance, end of year	$ 46,582	$ 216,967	$ 170,385

CalTrans Outer Highway Relinquishment Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Investment earnings	$ -	$ 724	$ 724
Total revenues	-	724	724
OTHER FINANCING USES			
Transfers out	(141,439)	(142,163)	(724)
Total other financing uses	(141,439)	(142,163)	(724)
Net change in fund balance	(141,439)	(141,439)	-
Fund balance, beginning of year	141,439	141,439	-
Fund balance, end of year	$ -	$ -	$ -

Flood Control Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Investment earnings	$ -	$ 1,369	$ 1,369
Total revenues	-	1,369	1,369
EXPENDITURES			
Current:			
Public works	373,964	-	373,964
Total expenditures	373,964	-	373,964
Excess (deficiency) of revenues over expenditures	(373,964)	1,369	375,333
OTHER FINANCING SOURCES			
Transfers in	205,000	205,000	-
Total other financing sources	205,000	205,000	-
Net change in fund balance	(168,964)	206,369	375,333
Fund balance, beginning of year	170,121	170,121	-
Fund balance, end of year	$ 1,157	$ 376,490	$ 375,333

AB 2766 Air Pollution Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	$ 15,000	$ 14,472	$ (528)
Investment earnings	1,500	586	(914)
Total revenues	16,500	15,058	(1,442)
EXPENDITURES			
Current:			
Public works	32,806	500	32,306
Total expenditures	32,806	500	32,306
Net change in fund balance	(16,306)	14,558	30,864
Fund balance, beginning of year	84,343	84,343	-
Fund balance, end of year	$ 68,037	$ 98,901	$ 30,864

FEMA Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
OTHER FINANCING USES			
Transfers out	$ (26,081)	$ (26,081)	$ -
Total other financing uses	(26,081)	(26,081)	-
Net change in fund balance	(26,081)	(26,081)	-
Fund balance, beginning of year	26,081	26,081	-
Fund balance, end of year	$ -	$ -	$ -

HUD – Jerry Lewis Park Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	$ -	$ 61,041	$ 61,041
Total revenues	-	61,041	61,041
EXPENDITURES			
Current:			
Parks and recreation	692,734	59,054	633,680
Total expenditures	692,734	59,054	633,680
Net change in fund balance	(692,734)	1,987	694,721
Fund balance, beginning of year	159,006	159,006	-
Fund balance, end of year	$ (533,728)	$ 160,993	$ 694,721

CDBG Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	$ 345,607	$ 86,143	$ (259,464)
Total revenues	345,607	86,143	(259,464)
EXPENDITURES			
Current:			
Community development	345,607	76,320	269,287
Total expenditures	345,607	76,320	269,287
Net change in fund balance	-	9,823	9,823
Fund balance, beginning of year	(57,898)	(57,898)	-
Fund balance, end of year	$ (57,898)	$ (48,075)	$ 9,823

Recycling Activities Grant Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	$ 5,500	$ 5,000	$ (500)
Investment earnings	100	3	(97)
Miscellaneous	-	625	625
Total revenues	5,600	5,628	28
EXPENDITURES			
Current:			
Community development	5,300	5,203	97
Total expenditures	5,300	5,203	97
Net change in fund balance	300	425	125
Fund balance, beginning of year	354	354	-
Fund balance, end of year	$ 654	$ 779	$ 125

Landscape and Lighting Maintenance Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Investment earnings	$ 200	$ 38	$ (162)
Total revenues	200	38	(162)
EXPENDITURES			
Current:			
Public works	4,800	6,687	(1,887)
Total expenditures	4,800	6,687	(1,887)
Net change in fund balance	(4,600)	(6,649)	(2,049)
Fund balance, beginning of year	9,317	9,317	-
Fund balance, end of year	$ 4,717	$ 2,668	$ (2,049)

Street and Drainage District Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Charges for services	$ -	$ 14,445	$ 14,445
Investment earnings	900	297	(603)
Total revenues	900	14,742	13,842
EXPENDITURES			
Current:			
Public works	5,000	7,759	(2,759)
Total expenditures	5,000	7,759	(2,759)
Excess (deficiency) of revenues over expenditures	(4,100)	6,983	11,083
OTHER FINANCING SOURCES			
Transfers in	8,048	8,048	-
Total other financing sources	8,048	8,048	-
Net change in fund balance	3,948	15,031	11,083
Fund balance, beginning of year	45,467	45,467	-
Fund balance, end of year	$ 49,415	$ 60,498	$ 11,083

RDA – Low/Mod Housing Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Investment earnings	$ 42,000	$ 11,222	$ (30,778)
Total revenues	42,000	11,222	(30,778)
EXPENDITURES			
Current:			
Community development	820,000	29,083	790,917
Total expenditures	820,000	29,083	790,917
Excess (deficiency) of revenues over expenditures	(778,000)	(17,861)	760,139
OTHER FINANCING SOURCES (USES)			
Transfers in	469,000	509,069	40,069
Transfers out	(65,000)	(65,299)	(299)
Total other financing sources (uses)	404,000	443,770	39,770
Net change in fund balance	(374,000)	425,909	799,909
Fund balance, beginning of year	1,801,733	1,801,733	-
Fund balance, end of year	$ 1,427,733	$ 2,227,642	$ 799,909

Public Lands Federal Grant Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	$ -	$ 446,917	$ 446,917
Total revenues	-	446,917	446,917
EXPENDITURES			
Current:			
Public works	1,485,429	447,649	1,037,780
Total expenditures	1,485,429	447,649	1,037,780
Net change in fund balance	(1,485,429)	(732)	1,484,697
Fund balance, beginning of year	(12,701)	(12,701)	-
Fund balance, end of year	$ (1,498,130)	$ (13,433)	$ 1,484,697

Major Debt Service Fund
For the year ended June 30, 2010

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 payment of principal and interest on Yucca Valley Redevelopment loans and bonds.

Major Fund – Redevelopment Agency Debt Service
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
For the year ended June 30, 2010

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget
REVENUES				
Taxes	$ 2,434,000	$ 2,447,700	$ 2,403,470	$ (44,230)
Intergovernmental	-	22,300	21,766	(534)
Investment earnings	55,000	55,000	23,039	(31,961)
Total revenues	2,489,000	2,525,000	2,448,275	(76,725)
EXPENDITURES				
Current:				
General government	328,400	328,881	271,035	57,846
Debt service:				
Principal	170,000	170,000	170,000	-
Interest	570,000	583,000	573,917	9,083
Supplemental ERAF shift	-	636,679	636,679	-
Pass-through payments	879,000	879,000	763,369	115,631
Total expenditures	1,947,400	2,597,560	2,415,000	182,560
Excess (deficiency) of revenues over expenditures	541,600	(72,560)	33,275	105,835
OTHER FINANCING SOURCES (USES)				
Transfers in	65,000	65,000	65,299	299
Transfers out	(487,000)	(487,000)	(509,069)	(22,069)
Total other financing sources (uses)	(422,000)	(422,000)	(443,770)	(21,770)
Net change in fund balance	119,600	(494,560)	(410,495)	84,065
Fund balance, beginning of year	4,123,930	4,123,930	4,123,930	-
Fund balance, end of year	$ 4,243,530	$ 3,629,370	$ 3,713,435	$ 84,065

Nonmajor Capital Projects Funds
For the year ended June 30, 2010

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 Reserve Capital Projects Fund
Balance Sheet
June 30, 2010

	Capital Projects Reserve
ASSETS	
Cash and investments	$ 1,090,877
Total assets	$ 1,090,877
LIABILITIES AND FUND BALANCES	
Liabilities	$ -
Fund balances:	
Unreserved:	
Designated for special projects	1,090,877
Total fund balances	1,090,877
Total liabilities and fund balances	$ 1,090,877

Capital Projects Reserve Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2010

	Capital Projects Reserve
EXPENDITURES	
Current:	
Public safety	$ 437,500
Total expenditures	437,500
Net change in fund balance	(437,500)
Fund balances, beginning of year	1,528,377
Fund balances, end of year	$ 1,090,877

Capital Projects Reserve Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
For the year ended June 30, 2010

	Final budgeted amounts	Actual amounts	Variance with final budget
EXPENDITURES			
Total expenditures	$ 900,000	$ 437,500	$ 462,500
Excess (deficiency) of revenues over expenditures	(900,000)	(437,500)	462,500
Net change in fund balance	(900,000)	(437,500)	462,500
Fund balance, beginning of year	1,528,377	1,528,377	-
Fund balance, end of year	$ 628,377	$ 1,090,877	$ 462,500

Major Capital Projects Funds
For the year ended June 30, 2010

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).

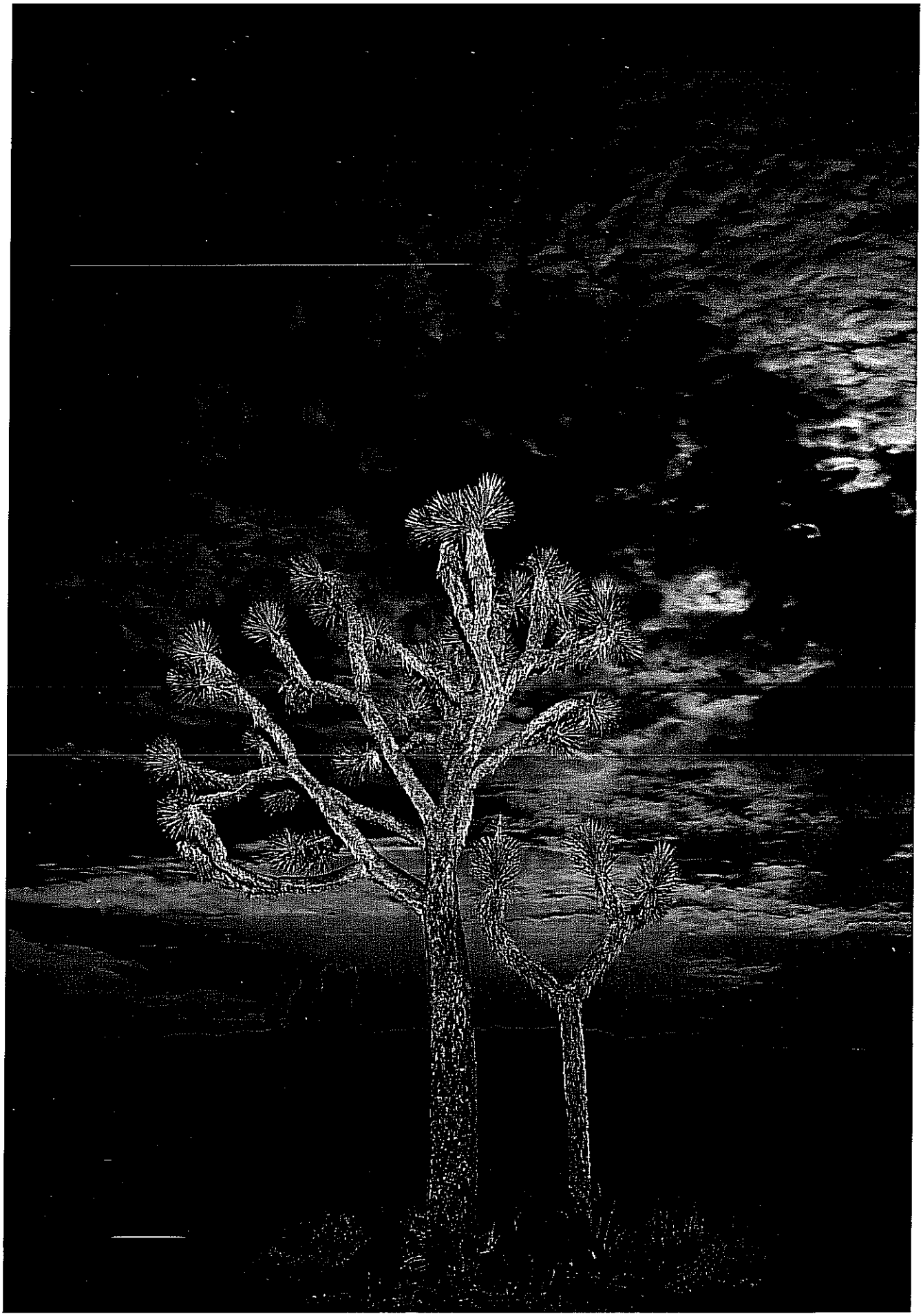
Capital Projects – Redevelopment Agency – Established to implement the goals and objectives of the Redevelopment Project Area Plans as adopted by the Town Council and the Redevelopment Agency Board consistent with the California Community Redevelopment Law. Agency funds are used for fund operating expenditures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

Major Fund – Redevelopment Agency Capital Projects
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
For the year ended June 30, 2010

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Investment earnings	$ 132,000	$ 95,000	$ 35,014	$ (59,986)
Total revenues	132,000	95,000	35,014	(59,986)
EXPENDITURES				
Current:				
Community development	870,000	5,896,263	1,286,065	4,610,198
Total expenditures	870,000	5,896,263	1,286,065	4,610,198
Net change in fund balance	(738,000)	(5,801,263)	(1,251,051)	4,550,212
Fund balance, beginning of year	6,897,228	6,897,228	6,897,228	-
Fund balance, end of year	$ 6,159,228	$ 1,095,965	$ 5,646,177	$ 4,550,212

Fiduciary Funds
Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2010

	Beginning balance	Additions	Reductions	Ending balance
ASSETS				
Cash and investments	$ 512,122	$ 133,472	$ 333,208	$ 312,386
Accounts receivable	4,813	-	1,552	3,261
Total assets	$ 516,935	$ 133,472	$ 334,760	$ 315,647
LIABILITIES				
Accounts payable	$ 75,267	$ 117,171	$ 189,838	$ 2,600
Deposits	441,668	16,301	144,922	313,047
Total liabilities	$ 516,935	$ 133,472	$ 334,760	$ 315,647



STATISTICAL SECTION

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.

Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal year					
	2005	2006	2007	2008	2009	2010
Governmental activities:						
Invested in capital assets, net of related debt	$ 28,417,781	$ 28,557,712	$ 32,093,731	$ 15,486,748	$ 18,017,678	$ 20,670,064
Restricted	3,075,726	3,233,997	3,701,001	10,364,881	12,118,747	9,960,683
Unrestricted	8,268,787	8,913,720	11,443,892	7,606,595	8,399,329	8,018,983
Total governmental activities net assets	$ 39,762,294	$ 40,705,429	$ 47,238,624	$ 33,458,224	$ 38,535,754	$ 38,649,730
Primary government:						
Invested in capital assets, net of related debt	$ 28,557,712	$ 28,557,712	$ 32,093,731	$ 15,486,748	$ 18,017,678	$ 20,670,064
Restricted	3,233,997	3,233,997	3,701,001	10,364,881	12,118,747	9,960,683
Unrestricted	8,913,720	8,913,720	11,443,892	7,606,595	8,399,329	8,018,983
Total primary government net assets	$ 40,705,429	$ 40,705,429	$ 47,238,624	$ 33,458,224	$ 38,535,754	$ 38,649,730

The Town has elected to show the six most current years of data for this schedule.

Change in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal year					
	2005	2006	2007	2008	2009	2010
Expenses:						
Governmental activities:						
General government	$ 1,509,399	$ 1,875,001	$ 1,700,382	$ 2,366,009	$ 2,435,817	$ 2,392,307
Public safety	2,742,738	3,001,568	3,711,665	4,036,107	3,923,404	3,955,882
Parks and recreation	1,175,688	1,040,235	1,235,369	1,295,429	1,512,733	1,277,855
Public works	2,783,043	3,885,289	4,387,109	3,326,374	615,102	3,235,938
Community development	1,631,991	2,232,448	1,561,046	2,813,886	2,122,924	2,940,622
Interest on long-term debt	380,976	463,163	333,449	488,468	612,532	612,104
Total governmental activities expenses	10,223,835	12,497,704	12,929,020	14,326,273	11,222,512	14,414,708
Total primary government expenses	10,223,835	12,497,704	12,929,020	14,326,273	11,222,512	14,414,708
Program revenues:						
Governmental activities:						
Charges for services:						
General government	19,841	128,352	104,172	39,273	36,959	28,055
Pubic safety	97,667	34,490	103,419	130,496	151,855	155,839
Parks and recreation	234,847	221,876	207,246	223,666	238,920	280,928
Public works	912,236	787,240	523,170	156,967	217,849	186,982
Community development	32,957	64,018	28,137	349,452	255,149	361,683
Capital grants and contributions	-	-	342,216	1,831,563	959,192	1,022,507
Operating grants and contributions	3,268,150	2,910,993	3,369,479	2,465,909	2,447,329	1,864,296
Total governmental activities program revenues	4,565,698	4,146,969	4,677,839	5,197,326	4,307,253	3,900,290
Total primary government program revenues	4,565,698	4,146,969	4,677,839	5,197,326	4,307,253	3,900,290
Net revenues (expenses):	$ (5,658,137)	$ (8,350,735)	$ (8,251,181)	$ (9,128,947)	$ (6,915,259)	$ (10,514,418)

The Town has elected to show the five most current years of data for this schedule.

Change in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal year					
	2005	2006	2007	2008	2009	2010
General revenues and other changes in net assets:						
Governmental activities:						
Taxes:						
Property tax levied for general purposes	$ 2,604,745	$ 3,264,007	$ 4,185,302	$ 7,161,622	$ 7,337,878	$ 6,684,036
Sales tax	2,747,900	2,958,865	3,290,412	3,170,306	2,980,561	2,720,029
Transient occupancy tax	139,997	129,968	133,612	164,056	172,622	143,487
Franchise tax	682,162	773,076	779,957	793,740	816,713	754,715
Motor vehicle in lieu, tax unrestricted	1,433,508	1,449,006	463,536	93,324	72,272	62,397
Unrestricted investment earnings	184,741	272,701	215,245	571,218	432,158	132,170
Other	279,329	161,247	1,669,034	124,199	180,585	131,560
Total governmental activities	8,072,382	9,008,870	10,737,098	12,078,465	11,992,789	10,628,394
Total primary government	8,072,382	9,008,870	10,737,098	12,078,465	11,992,789	10,628,394
Total primary government change in net assets	$ 2,414,245	$ 658,135	$ 2,485,917	$ 2,949,518	$ 5,077,530	$ 113,976

The Town has elected to show the six most current years of data for this schedule.

Fund Balances of Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)

	Fiscal year					
	2005	2006	2007	2008	2009	2010
General fund:						
Reserved	$ 407,143	$ 187,334	$ 31,043	$ -	$ 394,396	$ 350,000
Unreserved	5,066,024	5,897,785	5,671,854	5,929,393	6,082,609	6,218,404
Total general fund	5,473,167	6,085,119	5,702,897	5,929,393	6,477,005	6,568,404
All other governmental funds:						
Reserved, reported in:						
Debt service fund	883,002	1,380,845	2,038,277	3,739,101	4,123,930	3,713,435
Other	486,363	731,507	1,057,115	1,696,897	1,901,449	2,227,642
Unreserved, reported in:						
Capital projects funds	1,825,829	1,543,723	2,852,038	7,879,820	8,400,605	6,737,054
Special revenue funds	2,939,278	3,155,047	3,190,524	4,642,554	5,357,271	4,413,074
Total all other governmental funds	6,134,472	6,811,122	9,137,954	17,958,372	19,783,255	17,091,205
Total all governmental funds	$ 11,607,639	$ 12,896,241	$ 14,840,851	$ 23,887,765	$ 26,260,260	$ 23,659,609

The Town has elected to show the six most current years of data for this schedule.

Fund Balances of Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)

	Fiscal year					
	2005	2006	2007	2008	2009	2010
Revenues:						
Taxes	$ 6,404,644	$ 7,418,674	$ 8,849,815	$ 11,330,968	$ 11,318,597	$ 10,292,984
Licenses and permits	32,957	26,274	64,263	71,575	65,579	68,937
Intergovernmental	4,421,358	4,103,009	410,616	3,911,034	3,296,061	2,993,907
Charges for services	1,114,273	1,030,152	797,677	639,810	518,262	544,397
Fines, fees and forfeitures	183,275	181,339	4,460,436	394,293	224,734	341,472
Investment earnings	374,953	359,527	794,627	700,277	536,835	147,795
Miscellaneous	279,329	334,134	155,209	233,243	340,389	20,685
Total revenues	12,810,789	13,453,109	15,532,643	17,281,200	16,300,457	14,410,177
Expenditures:						
Current:						
General government	1,472,618	1,822,720	1,699,333	2,144,688	2,291,878	2,177,514
Public safety	2,728,025	2,986,498	3,703,982	4,066,649	3,923,404	4,369,254
Parks & recreation	1,287,939	979,038	1,563,853	1,286,589	1,528,478	1,348,149
Public works	2,707,617	3,541,152	1,219,835	3,602,888	2,752,637	4,173,267
Community development	1,562,653	2,191,775	3,797,852	1,993,089	1,565,868	2,662,459
Debt service:						-
Principal retirement	229,438	245,312	219,638	303,255	317,802	281,414
Interest and fiscal charges	277,023	275,881	423,008	421,054	652,027	598,723
Bond issuance costs	-	-	-	326,398	-	-
Supplemental ERAF shift	-	-	-	-	-	636,679
Pass-through payments	269,326	334,131	460,532	826,797	859,868	763,369
Total expenditures	10,534,639	12,376,507	13,088,033	14,971,407	13,891,962	17,010,828
Excess (deficiency) of revenues over expenditures	2,276,150	1,076,602	2,444,610	2,309,793	2,408,495	(2,600,651)
Other financing sources (uses):						
Transfers in	1,252,396	759,482	2,308,853	5,810,777	1,294,966	1,155,660
Transfers out	(1,719,414)	(547,482)	(2,808,853)	(5,767,636)	(1,330,966)	(1,155,660)
Proceeds of loan				76,800	-	-
Refunded bond issuance	-	-	-	10,625,000	-	-
Bond discount	-	-	-	(121,957)	-	-
Payment to refunded bond escrow agent	-	-	-	(3,924,561)	-	-
Total other financing sources (uses)	(467,018)	212,000	(500,000)	6,698,423	(36,000)	-
Net change in fund balances	$ 1,809,132	$ 1,288,602	$ 1,944,610	$ 9,008,216	$ 2,372,495	$ (2,600,651)
Debt service as a percentage of noncapital expenditures	5.1%	4.3%	5.1%	5.2%	9.3%	6.4%

The Town has elected to show the six most current years of data for this schedule.

Assessed Value and Estimated Actual Value of Taxable Property
Last Six Fiscal Years

Fiscal year ended June 30,	Town Secured	Unsecured	Less: exemptions	Taxable assessed value	Total direct tax rate
2005	$ 824,302,798	$ 28,711,598	$ 26,501,249	$ 826,513,147	0.2940%
2006	959,832,493	29,560,629	26,619,795	962,773,327	0.3091%
2007	1,147,778,043	29,798,972	26,869,764	1,150,707,251	0.3288%
2008	1,280,109,208	30,099,850	27,243,364	1,282,965,694	0.3466%
2009	1,328,588,785	30,099,850	27,658,964	1,331,029,671	0.3621%
2010	1,198,371,820	31,265,447	27,683,664	1,201,953,603	0.3060%

Note 1:
In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxes. 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 date shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Note 2:
Assessed values for the updated year ended June 30, 2009 have been restated to reflect values obtained from the San Bernardino County's Assessor's Office.

Source: San Bernardino County Assessor's Office Combined Tax Rolls

The Town has elected to show the six most current years of data for this schedule.

Direct and Overlapping Property Tax Rates
(Rate per $100 of assessed value)
Last Six Fiscal Years

Town General Fund Direct Rates

	Town share of 1% levy	Debt rates	Total Town rate	RDA Incremental rate	Total direct rate
2005	0.1674%	0.0000%	0.1674%	1.0000%	0.2940%
2006	0.1674%	0.0000%	0.1674%	1.0000%	0.3091%
2007	0.1674%	0.0000%	0.1674%	1.0000%	0.3288%
2008	0.1674%	0.0000%	0.1674%	1.0000%	0.3466%
2009	0.1653%	0.0000%	0.1653%	1.0000%	0.3622%
2010	0.1653%	0.0000%	0.1653%	1.0000%	0.3060%

Overlapping rates	2005	2006	2007	2008	2009	2010	Outstanding debt 6/30/10 (5)	Estimated share of overlapping debt
Town of Yucca Valley	0.16764	0.16764	0.16764	0.16764	0.16533	0.16533	$ 172,695	$ 172,695
Copper Mountain Community College	0.03995	0.03995	0.03995	0.03995	0.03990	0.03990	-	-
County Free Library	0.01023	0.01023	0.01023	0.01023	0.01037	0.01037	-	-
County General Fund	0.10539	0.10539	0.10539	0.10539	0.10710	0.10710	1,429,795,591	15,427,494
County Superintendent	0.00718	0.00718	0.00718	0.00718	0.00729	0.00729	-	-
ERAF	0.15949	0.15949	0.15949	0.15949	0.16220	0.16220	-	-
Flood Control Admin	0.00064	0.00064	0.00064	0.00064	0.00065	0.00065	-	-
Flood Control Zone 6	0.00853	0.00853	0.00853	0.00853	0.00845	0.00845	114,710,000	1,189,543
Hi-Desert County Water	0.07007	0.07007	0.07007	0.07007	0.06930	0.06930	3,135,000	2,715,662
Hi-Desert Hospital District	0.01339	0.01339	0.01339	0.01339	0.01345	0.01345	-	-
Mojave Desert RCD	0.00011	0.00011	0.00011	0.00011	0.00009	0.00009	-	-
Mojave Water Agency	0.00385	0.00385	0.00385	0.00385	0.00393	0.00393	-	-
Morongo USD	0.19321	0.19321	0.19321	0.19321	0.19410	0.19410	-	-
Yucca Valley Fire	0.22032	0.22032	0.22032	0.22032	0.21780	0.21780	-	-
Total Prop 13 rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	$ 1,547,813,286	$ 19,505,394
Morongo USD	0.00000	0.00000	0.05230	0.04040	0.05400	0.03910	28,945	10,905,318
Copper Mountain Community College	0.00000	0.00000	0.01780	0.02480	0.01400	0.02400	19,095,923	7,194,580
Mojave Water Agency	0.10000	0.09000	0.08500	0.08500	0.08500	0.08500	19,095,000	1,034,376
Mojave Water Agency Land only	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	30,065,000	16,121,154
Mojave Water Agency	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500		
Total voter approved rate	0.26750	0.25750	0.32260	0.31770	0.32050	0.31560	68,284,868	35,255,428
Total direct and overlapping rate	1.26750	1.25750	1.32260	1.31770	1.32046	1.31556	$ 1,616,098,154	$ 54,760,822

Direct and Overlapping Property Tax Rates
(Rate per $100 of assessed value)
Last Six Fiscal Years
(continued)

Notes:

1) General fund tax rates are representative and based upon the direct and overlapping rates for the largest General Fund tax rate area (TRA) by net taxable value.
2) Total Direct Rate is the weighted average of all individual direct rates applied by the Town. The percentages presented in the columns above do not sum across rows.
3) RDA rate is based on the largest RDA tax rate (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statue. RDA direct and overlapping rates are applied only to the incremental property values.
4) In 1978, California voters passes Prop 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
5) Includes Town and Agency share; n/a – Information not available.

Source: San Bernardino County Assessor's Office & California Municipal Statistics, Inc.

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

Principal Property Tax Payers
Current Year

	Taxpayer	Fiscal year 2010 Taxable asessd value	Fiscal year 2010 Percent of total town taxable assessed value
1	WalMart Real Estate Business Trust	$ 15,511,010	1.05%
2	Home Depot United States	13,707,996	0.93%
3	California Valley Associates	8,518,959	0.58%
4	Time Warner Cable	8,214,569	0.55%
5	Yashraj Hospitality Inc	6,383,208	0.43%
6	Moyle's Health Care	6,034,607	0.41%
7	Salsha Enterprises LLC	5,555,000	0.38%
8	Neil R. Phelps	4,584,797	0.31%
9	Federal Natl Mortgage Assn	4,271,819	0.29%
10	Robert J. Ruehman	4,257,067	0.29%
		$ 77,039,032	5.22%

Source: San Bernardino County Assessor 2008-09 Combined Tax Rolls and the SBE non unitary tax roll

The Town has elected to present only one year on this schedule due to annual fluctuation in top tax payers.

Property Tax Levies and Collections
Last Five Fiscal Years

Fiscal year ended June 30,	Taxes levied for fiscal year	Collected withing the fiscal year of levy		Collections in subsequent years	Total collections to date	
		Amount	% of Levy		Amount	% of Levy
2006	$ 3,151,522	$ 3,151,522	100.00%	$ -	$ 3,151,522	100.00%
2007	4,185,302	4,185,302	100.00%	-	4,185,302	100.00%
2008	5,402,385	5,402,385	100.00%	-	5,402,385	100.00%
2009	5,480,018	5,480,018	100.00%	-	5,480,018	100.00%
2010	4,782,684	4,782,684	100.00%	-	4,782,684	100.00%

Note:
The amounts presented include the Town as a whole (including the Redevelopment Agency increment). The schedule also includes amounts collected by the Town and passed through to other agencies.

Source: The Town of Yucca Valley and the San Bernardino County Teeter Plan Notification

The Town has elected to show the five most current years of data for this schedule.

Ratios of Outstanding Debt by Type
Last Six 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%
2008	10,625,000	318,043	186,792	11,129,835	2.58%
2009	10,460,000	171,632	180,401	10,812,033	2.67%
2010	10,290,000	67,924	172,695	10,530,619	2.32%

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

The Town has elected to show the six most current years of data for this schedule.

Ratio of General Bonded Debt Outstanding
Last Six Fiscal Years

Fiscal year ended June 30,	Outstanding general bonded debt: Tax allocation bonds	General obligation bonds	Total	% of taxable assessed value (1)	Per capita
2005	$ 4,090,000	$ 741,231	$ 4,831,231	0.58%	$ 241
2006	3,985,000	574,855	4,559,855	0.47%	222
2007	3,880,000	464,454	4,344,454	0.38%	206
2008	10,625,000	318,043	10,943,043	0.85%	514
2009	10,460,000	171,632	10,631,632	0.80%	500
2010	10,290,000	67,924	10,357,924	0.86%	487

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which the Town has none).

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

The Town has elected to show the six most current years of data for this schedule.

Legal Debt Margin Information
Last Six Fiscal Years

	Fiscal year					
	2005	2006	2007	2008	2009	2010
Assessed valuation	$ 899,377,178	$ 1,067,360,308	$ 1,308,322,950	$ 1,488,885,770	$ 1,590,758,294	$ 1,446,883,236
Conversion percentage	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	224,844,295	266,840,077	327,080,738	372,221,443	397,689,574	361,720,809
Debt limit percentage	15%	15%	15%	15%	15%	15%
Debt limit	33,726,644	40,026,012	49,062,111	55,833,216	59,653,436	54,258,121
Total net debt applicable to limit: general obligation bonds	741,231	574,855	464,454	318,043	171,632	67,924
Legal debt margin	$ 32,985,413	$ 39,451,157	$ 48,597,657	$ 55,515,173	$ 59,481,804	$ 54,190,197
Total debt applicable to the limit as a percentange of debt limit	2.25%	1.46%	0.96%	0.57%	0.29%	0.13%

Town of Yucca Valley has elected to show the six most current years of data for this schedule.

Pledged-Revenue Coverage
Last Six Fiscal Years

Fiscal year ended June 30,	Tax allocation bonds			
	Tax increment	Debt service		Coverage
		Principal	Interest	
2005	$ 872,715	$ 100,000	$ 257,070	2.44%
2006	1,302,884	105,000	256,750	3.60%
2007	1,810,698	105,000	249,038	5.11%
2008	2,523,287	165,000	389,506	4.55%
2009	2,683,423	165,000	610,787	3.46%
2010	2,448,275	170,000	573,917	3.29%

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

The Town has elected to show the six most current years of data for his schedule.

Demographic and Economic Statistics
Last Six Calendar Years

Calendar Year	Population (1)	Aggregate Personal Income (2)		Per Capita Personal Income (2)	Unemployment Rate(2)	
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%	
2008	21,268	432,000,000	(3)	20,312	8.20%	(4)
2009	21,239	405,000,000		19,069	13.20%	(4)
2010	21,282	453,000,000		21,286	14.20%	(4)

Sources:
(1) State Department of Finance
(2) Inland Empire Quarterly
(3) Current Year n/a: prior year used
(4) Inland Empire regional Rate: Town rate n/a

The Town has elected to show the six most current years of data for this schedule.

Principal Employers
Last Two Calendar Years

Employer	Number of employees 2009	Number of employees 2010	Current year % of total employment
Morongo Unified School District	419	390	N/A
Wal-Mart	350	300	N/A
Stater Bros.	189	155	N/A
Hi-Desert Star	131	150	N/A
Sky Harbor Care Center	185	115	N/A

Source: YV Chamber of Commerce
N/A - Not available at this time

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

Employment Trends and Other Miscellaneous Information
Last Five Fiscal Years

Employment Trends

Function	2006	2007	2008	2009	2010
General government	15	15	14	13	13
Public works	15	18	20	14	11
Community development	16	17	16	17	7
Community service	40	36	35	31	38
Total	86	86	85	75	69

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 five years of data for this schedule.

Operating Indicators by Function
Last Five Fiscal Years

Animal Control:					
Service calls/shelter visitors	9,168	19,114	22,476	26,808	27,021
Animal licenses issued	1,409	1,200	1,475	1,372	1,443
Community Development:					
Building permits issued	1,139	885	143	607	585
Plan checks	599	325	13	122	118
Public Works:					
Newly paved streets	15	-	-	2	-
Street resurfacing (miles)	4.20	2.512	3.16	0.23	22.19
Parks and Recreation:					
Number of recreation classes	1,300	1,250	1,193	1,276	1,144
Number of facility rentals	384	397	379	720	732

Source: Town of Yucca Valley

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

Capital Asset Statistics by Function
Last Five Fiscal Years

	2006	2007	2008	2009	2010
Public Works:					
Streets (miles)	153.3	168.3	168.3	168.3	168.3
Traffic signals	-	-	-	-	-
Parks and Recreation:					
Parks	8	8	8	8	8
Community centers	1	1	1	1	1

Source: Town of Yucca Valley

Note:
1. Traffic signals have been restated to correctly reflect State ownership as part of the State highway.

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