



# **Town of Yucca Valley**

Yucca Valley, California

## **Comprehensive Annual Financial Report** For the fiscal year ended June 30, 2012



### **Administrative Services Department**

Curtis Yakimow  
Director of Administrative Services

Sharon Cisneros  
Senior Accountant

## Table of Contents

	PAGE
<b>INTRODUCTORY SECTION:</b>	
Letter of Transmittal	i
Table of Elected and Appointed Officials	vii
Organizational Chart	viii
GFOA Certificate of Achievement for Excellence in Financial Reporting	ix
<b>FINANCIAL SECTION:</b>	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
<b>Basic Financial Statements</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Assets	9
Statement of Activities	10
<b>Fund Financial Statements</b>	
<b>Governmental Funds</b>	
Balance Sheet	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
<b>Proprietary Fund</b>	
Statement of Fund Net Assets	17
Statement of Revenues, Expenses and Changes in Fund Net Assets	18
Statement of Cash Flows	19
<b>Agency Funds</b>	
Statement of Fiduciary Net Assets	20
Statement of Changes in Fiduciary Net Assets	21
<b>Notes to the Basic Financial Statements</b>	22
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedules - General Fund	45
RDA – Low/Mod Housing Special Revenue Fund	47
Development Impact Fees Fund	48
Town Housing Special Revenue Fund	49
Other Post-employment Benefits Plan – Schedule of Funding Progress	50
<b>Notes to Required Supplementary Information</b>	51

## Table of Contents

	<u>PAGE</u>
<b>Supplemental Schedules</b>	
<b>Nonmajor Governmental Funds</b>	
Combined Balance Sheet	52
Combined Statement of Revenues, Expenditures and Changes in Fund Balances	53
<b>Nonmajor Special Revenue Funds</b>	
Fund Descriptions	54
Combining Balance Sheet	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	63
<b>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual</b>	
Quimby Fees Special Revenue Fund	70
CLEEPS - High Tech Special Revenue Fund	71
COPS - SLESF Special Revenue Fund	72
Traffic Safety Special Revenue Fund	73
Asset Seizure Special Revenue Fund	74
AB2928 - State Construction Grant Special Revenue Fund	75
AB2928 - TCRP Special Revenue Fund	76
Gas Tax Special Revenue Fund	77
Local Transportation Act Special Revenue Fund	78
Safe Routes to School Special Revenue Fund	79
Measure I - 65% Major Arterial Special Revenue Fund	80
Measure I - 30% Local Roads Special Revenue Fund	81
Measure I - 2010 - 2040 Special Revenue Fund	82
Prop 1B – Special Revenue Fund	83
Flood Control – Special Revenue Fund	84
California Energy Commission – Special Revenue Fund	85
AB 2766 - Air Pollution Special Revenue Fund	86
HUD - Jerry Lewis Park Special Revenue Fund	87
CDBG Special Revenue Fund	88
Recycling Activities Grant Special Revenue Fund	89
Landscape and Lighting Maintenance Special Revenue Fund	90
Street and Drainage District Special Revenue Fund	91
CMAQ Special Revenue Fund	92
Public Lands Federal Grant Special Revenue Fund	93
COPS – LLESA Special Revenue Fund	94

## Table of Contents

	<u>PAGE</u>
<b>Major Debt Service Fund</b>	
Fund Description	95
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Redevelopment Agency	96
<b>Major Capital Projects Fund</b>	
Fund Description	97
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Capital Projects Reserve	98
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Redevelopment Agency	99
<b>Fiduciary Funds</b>	
Combining Statement of Fiduciary Net Assets	100
Combining Statement of Changes in Fiduciary Net Assets	101
Statement of Changes in Fiduciary Assets and Liabilities	102
<b><i>STATISTICAL SECTION:</i></b>	
Overview of Statistical Section	103
Net Assets by Component	104
Change in Net Assets	106
Fund Balances of Governmental Funds	110
Changes in Fund Balances of Governmental Funds	112
Assessed Value and Estimated Actual Value of Taxable Property	114
Direct and Overlapping Property Tax Rates	115
Principal Property Tax Payers	117
Property Tax Levies and Collections	118
Ratios of Outstanding Debt by Type	119
Ratios of General Bonded Debt Outstanding	120
Legal Debt Margin Information	121
Pledged-Revenue Coverage	123
Demographic and Economic Statistics	124
Principal Employers	125
Employment Trends and Other Miscellaneous Information	126
Operating Indicators by Function	127
Capital Asset Statistics by Function	128



**INTRODUCTORY SECTION**

December 1, 2012

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, 2012, 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. Furthermore, due to the dissolution of redevelopment agencies statewide in California following the passage of AB x1 26, the redevelopment funds are transitioned to a private party trust fund structure for the year ended June 30, 2012.

### ***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 20,900. 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,



The Town of  
**Yucca Valley**

57090 Twentynine Palms Highway • Yucca Valley, California 92284  
760/369-7207 • FAX 760/369-0626

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 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 to mid 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. 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 two of its four 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.

This trend has stabilized and has been replaced by slow but steady growth. Retail interest in the area is progressing as an existing major retailer broke ground on a new and expanded location in Town, and a smaller general merchandise store nears completion on a new store in the Town's Old Town area. These additions, along with several other developments and tenant improvements in various stages of planning, continue to provide positive development momentum for the Town. The Town is cautious given the current national and international economic downturn; however private development within the Town continues to move forward.

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 identifies 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.

### ***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. Fiscal year 2012 represented significant progress towards the implementation of the revised vision as adopted by the Town Council. This move forward resulted in the following work plan over the past year:

- Comprehensive update to the Town's General Plan
- Ongoing public safety commitments
- Enhanced park facilities prioritization
- Commitment to securing quality affordable senior housing
- Collaboration in a public-public partnership with the Hi-Desert Water District in regional wastewater system delivery
- Expenditure reduction and operational efficiency
- Long-term revenue stability
- Pension reform implementation

To ensure consistent progress toward these strategic initiatives, the Town Council focused their 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 winter of 2011, with staff committed to moving these efforts forward in an efficient and accelerated manner.

**Infrastructure Development.** Infrastructure needs within the community remain great. Compounding the challenge is the fact that the Town has limited resources in meeting the many development needs. As a result of the strategic planning session and the accompanying direction, the paramount infrastructure priority of the Town is maintenance of Town roads and infrastructure and the development of a regional wastewater facility. While the Hi-Desert Water District is the public agency responsible for the delivery of the wastewater facility, the Town took an active role in FY 2012 in the development of various financing strategies aimed at lowering the cost of the project to the local community. These efforts continue, and will likely remain at the forefront of the Town's infrastructure priorities. The Hi-Desert Water District's target date for completion of phase I of the wastewater treatment facility is currently 2016.

Additional infrastructure projects include continued 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 past efforts were centered on the planning aspects of the projects, construction of certain segments is anticipated to commence within the next fiscal year. The Town continues to seek organizational and financial participation to the degree possible at the county, state and federal level. Recent communications with the regional transportation agencies has yielded promising commitments of funding resources for some of these broader transportation initiatives along the State highway.

**Building Activity.** The Building and 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. From 2005 through 2010, single family building 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.

In a similar pattern to the Town's sales tax environment, 2012 showed signs of the housing and commercial market stabilizing. The Town has begun to see activity in residential construction, as several previously defunct projects had new life breathed into them. Coupled with steady progress on the regional wastewater project, there is reason to believe that Town-wide development, both commercial and residential, will continue at increased levels. While this progress remains exposed to the comprehensive state, national and international economic events, the Town is hopeful that the local economy can continue on its return to modest growth.

**Recent SFR Permit History**

1999-2000	54	2006-2007	99
2000-2001	82	2007-2008	36
2001-2002	118	2008-2009	7
2002-2003	188	2009-2010	11
2003-2004	351	2010-2011	2
2004-2005	384	2011-2012	13
2005-2006	244		

Annual permit valuation increased in FY 2011-12 with total permit valuation for the fiscal year ending June 30, 2012 of \$1,651,960.

**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. 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, including substantial efforts to reduce both short and long term employment expenditures. To this degree, the Town completed an aggressive employee compensation, retirement and benefits review, and has made significant expenditure control changes to those areas. While this effort will be ongoing, there is no assurance that the economic stress resulting from broader regional, state, federal and international 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 continues to waive 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 unassigned fund balance as a resource in addressing economic uncertainty.

**Redevelopment Agency.** On December 29, 2011, the California Supreme Court upheld Assembly Bill 1x 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. Most cities in California had established a redevelopment agency that was included in the reporting entity of the city or Town as a blended component unit (since the Town council, in many cases, also served as the governing board for those agencies).

The Bill provided that upon dissolution of a redevelopment agency, either the Town or another unit of local government would agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. If the Town declined to accept the role of successor agency, other local agencies had the option to elect to perform this role. If no local agency accepted the role of successor agency the Governor was

empowered by the Bill to establish a local "designated local authority" to perform this role. On January 10, 2012 the Town Council met and created a Successor Agency in accordance with the Bill as part of the Town's resolution number 12-01.

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

The loss of the Yucca Valley Redevelopment Agency (RDA) will have a lasting and profound impact on the Town of Yucca Valley. The RDA was the single most impactful tool available to the Town to assist in promoting, encouraging and participating in economic development. The loss of the agency will result in the direct siphoning of \$25-\$30 million from the Town over the next ten years. It remains to be seen if there may be future legislative action at the state that will restore this tool in any shape or form. Until that time, Town staff will incorporate the impacts of the RDA loss into the strategic planning activities of the Town Council in an attempt to address the loss of this important tool.

### **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***

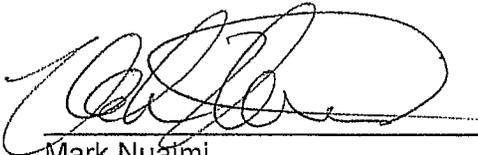
State statutes and Town ordinance require an annual audit by independent certified public accountants. The firm of Rogers, Anderson, Malody and Scott, LLP was appointed as the Town's auditors in the spring of 2008 and renewed in the spring of 2011. Generally accepted auditing standards and the standards 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.

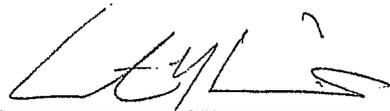
**Acknowledgments.** Preparation of this report was accomplished by the combined efforts of the Administrative Services Department and other members of Town staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the Town. We would like to thank the members of the 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

### **Elected Officials**

Mayor

**Dawn Rowe**

Mayor Pro Tem

**Isaac Hagerman**

Council Member

**Merl Abel**

Council Member

**George Huntington**

Council Member

**Robert Lombardo**

### **Appointed Officials**

Town Manager

**Mark Nuaimi**

Deputy Town Manager

**Shane R. Stueckle**

Town Clerk

**Jamie Anderson**

Town Attorney

**Lona Laymon**

Director of Administrative Services

**Curtis Yakimow**

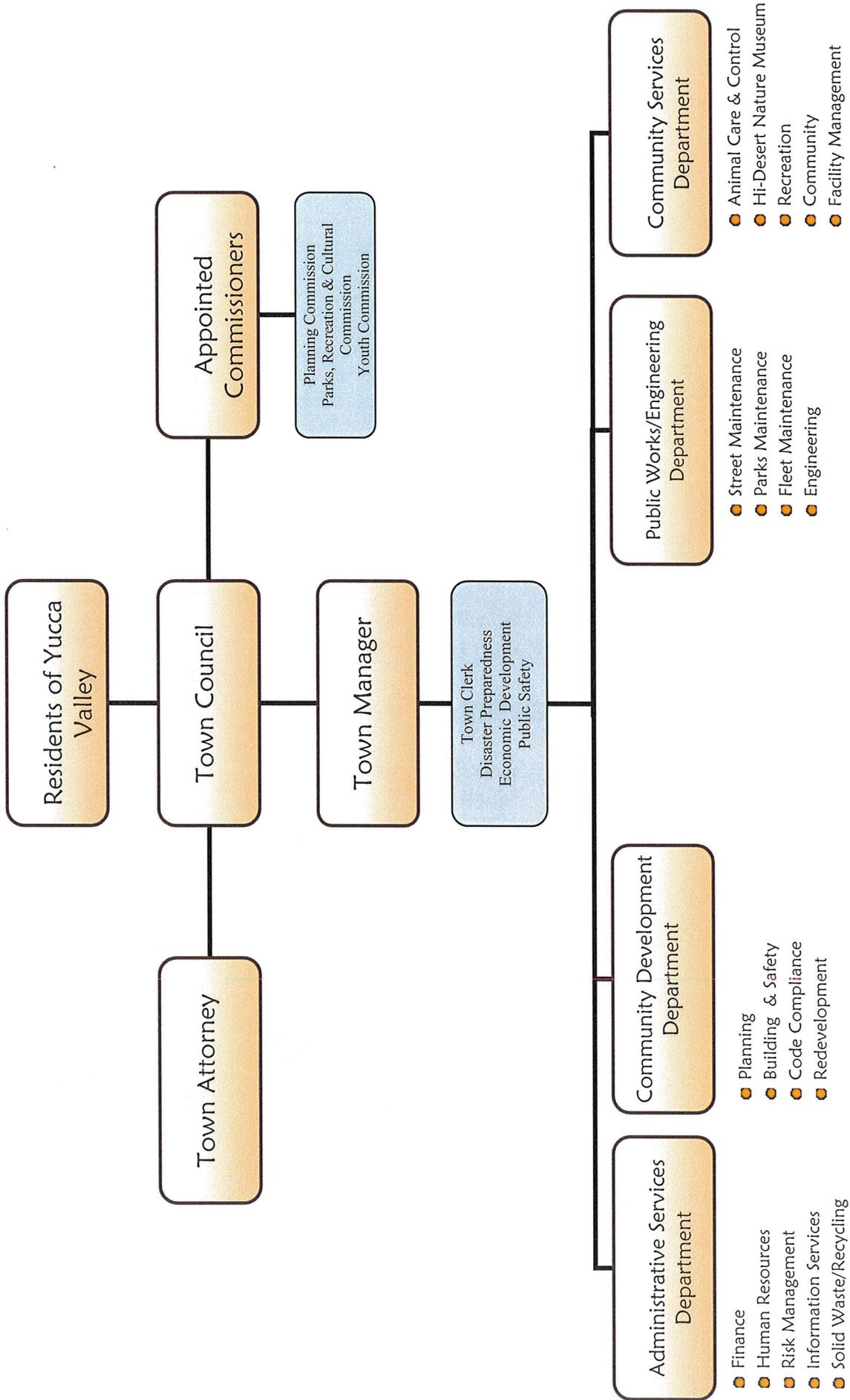
Director of Community Services

**James A. Schooler**

Human Resources Manager

**Debra Breidenbach-Sterling**

# ORGANIZATIONAL CHART



# 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, 2011

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.



*Linda C. Dandson*

President

*Jeffrey R. Emer*

Executive Director





**FINANCIAL SECTION**



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramscpa.net

**PARTNERS**

Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Kirk A. Franks, CPA  
Matthew B. Wilson, CPA, MSA  
Scott W. Manno, CPA  
Leena Shanbhag, CPA, MST  
Jay H. Zercher, CPA (Retired)  
Phillip H. Waller, CPA (Retired)

**MANAGERS / STAFF**

Nancy O'Rafferty, CPA, MBA  
Bradferd A. Welebir, CPA, MBA  
Jenny Liu, CPA, MST  
Katie L. Millsom, CPA  
Papa Matar Thiaw, CPA, MBA  
Maya S. Ivanova, CPA, MBA  
Danielle E. Odgers, CPA  
William C. Clayton, CPA  
Peter E. Murray, CPA  
Genivive Schwarzkopf, CPA  
Megan Hackney, CPA  
Seong-Hyea Lee, CPA, MBA  
Charles De Simoni, CPA

**MEMBERS**

American Institute of  
Certified Public Accountants

PCPS The AICPA Alliance  
for CPA Firms

Governmental Audit  
Quality Center

California Society of  
Certified Public Accountants

Honorable Mayor and Town Council  
Town of Yucca Valley  
Yucca Valley, California

**INDEPENDENT AUDITOR'S 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, 2012, 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, 2012, 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.

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. Therefore, as of February 1, 2012, the Yucca Valley Redevelopment Agency, a component unit of the Town ceased to exist. All functions, of the former redevelopment agency either passed to the Town or to the Successor Agency to the Yucca Valley Redevelopment Agency.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other post-employment benefits plan schedule of funding progress 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 Maloney & Scott, LLP*

November 21, 2012

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis provides an overview of the financial activities of the Town of Yucca Valley for the fiscal year ended June 30, 2012. 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

This comprehensive 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. One 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. One should 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. Based on the current year's activity, the overall health of the Town changed due to the extraordinary gain/loss associated with the dissolution of the Yucca Valley Redevelopment Agency.

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 the reconciliation after each 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 those 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 and Liabilities. 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:**

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Current and other assets	\$ 14,612,237	\$ 25,932,383	\$ (11,320,146)
Capital assets	<u>23,863,463</u>	<u>24,862,249</u>	<u>(998,786)</u>
Total assets	<u>38,475,700</u>	<u>50,794,632</u>	<u>(12,318,932)</u>
Long-term debt	768,446	10,574,653	(9,806,207)
Other liabilities	<u>847,486</u>	<u>1,412,735</u>	<u>(565,249)</u>
Total liabilities	<u>1,615,932</u>	<u>11,987,388</u>	<u>(10,371,456)</u>
Net assets:			
Invested in capital assets	23,795,539	20,939,003	2,856,536
Restricted	4,481,398	8,986,346	(4,504,948)
Unrestricted	<u>8,582,831</u>	<u>8,881,895</u>	<u>(299,064)</u>
Total net assets	<u>\$ 36,859,768</u>	<u>\$ 38,807,244</u>	<u>\$ (1,947,476)</u>

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

	2012	2011	Change
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 626,051	\$ 777,331	\$ (151,280)
Operating contributions and grants	2,453,409	1,815,317	638,092
Capital contributions and grants	291,704	784,267	(492,563)
Total program revenues	<u>3,371,164</u>	<u>3,376,915</u>	<u>(5,751)</u>
General revenues:			
Property taxes	5,242,751	6,136,537	(893,786)
Sales taxes	2,863,039	2,712,111	150,928
Transient occupancy taxes	188,392	164,615	23,777
Franchise taxes	809,736	780,066	29,670
Investment income	44,463	79,729	(35,266)
State motor vehicle in-lieu	10,534	97,307	(86,773)
Other	87,370	88,463	(1,093)
Total general revenues	<u>9,246,285</u>	<u>10,058,828</u>	<u>(812,543)</u>
Total revenues	<u>12,617,449</u>	<u>13,435,743</u>	<u>(818,294)</u>
<b>Program expenses</b>			
General government	1,990,496	2,505,382	(514,886)
Public safety	4,311,178	4,137,500	173,678
Parks and recreation	1,056,148	1,183,256	(127,108)
Public works	3,518,397	2,512,429	1,005,968
Community development	2,064,831	2,352,830	(287,999)
Interest expense and other charges	309,096	586,832	(277,736)
Total expenses	<u>13,250,145</u>	<u>13,278,229</u>	<u>(28,084)</u>
<b>Extraordinary Item</b>			
Loss on dissolution of Redevelopment Agency	(1,314,780)	-	(1,314,780)
Change in net assets	(1,947,476)	157,514	(2,104,990)
Net assets, beginning of year	38,807,244	38,649,730	157,514
Net assets, end of year	<u>\$ 36,859,768</u>	<u>\$ 38,807,244</u>	<u>\$ (1,947,476)</u>

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 decreased, from \$38.8 million to \$36.9 million, primarily as a result of the extraordinary loss. Some of the more significant highlights in the Town's underlying activities are further described below.
- Government-wide revenues decreased in 2012 as one of the Town's major revenue sources continued to decline, as discussed in the following paragraph. Alternatively, the Town completed several ongoing projects in the fiscal year while reducing operating expenditures in other areas, leading to a nominal decrease in total program expenses. As a result, total net assets changed by \$1,947,476.
- Property tax revenue decreased from the prior year both as a result of a slight decrease in assessed valuation, and as a result of the redevelopment agency dissolution process. Specifically, the dissolution process resulted in approximately half of the normal receipt of redevelopment agency tax receipts. The second half of the fiscal year tax receipts were no longer reflected as redevelopment revenue due to the cessation of redevelopment agencies as of February 1, 2012 (see Note 15 to the Financial Statements). It appears that aggregate property valuations remain stabilized, and the future declines or growth in property assessed values will be in the +/- 2% range. A related component of property tax is the amount of property tax backfill provided by the State of California. With one of the property tax types tied to the growth or reduction of assessed valuations, the decrease in assessed valuations has had a compounding affect on the Town's property tax receipts. With the moderation in assessed valuation

volatility, this impact should not be as significant on a prospective basis. It is likely that revenues will continue at the same level with little growth or reduction in the near future.

- Sales taxes continued to recover slowly from recession lows of 2009 and 2010, albeit at a measured and conservative pace. For the fiscal year end 2012, sales tax revenue increased 5.5%, reflecting a gain in both the auto sector and in fuel sales revenue, a result of elevated fuel prices.
- The Town's investment income continued to decrease due to significantly lower returns on cash investments, with the Town's investment pool yielding less than 0.5% annually. This limitation is expected to continue in the next 12 – 18 months, in concert with current Federal economic policy.
- The Town balanced decreases in revenue with continued reduction in operational expenditures. These reductions were associated with continued expenditure management, personnel reductions, benefit reductions and overall contraction in spending. It is anticipated that this conservative approach will continue as the Town's long-term financial planning indicates slow growth for the foreseeable future, coupled with the Town's limited ability to raise supplemental revenues. One area of increased expenditure was in the maintenance of public infrastructure. In an effort to execute certain components of the Town Council's strategic plan, the Council authorized the expenditure of \$700,000 in one-time revenues to assist in the critical maintenance of Town roads.

### **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, unassigned fund balance of the general fund was \$5,286,986, comprising the majority of the total fund balance of \$6,676,986. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 58 percent of total general fund expenditures, while total fund balance represents 73 percent of that same amount. General fund revenues fell short of expenditures by \$92,600. The majority of this deficit was related to a repayment of a general fund loan from the California Energy Commission. Excluding the one-time transaction, General Fund expenditures would have exceeded revenues by a modest amount of approximately \$69,000.

The **Redevelopment Agency Capital Projects Fund, Debt Service Fund, and Special Revenue Fund** all show a zero fund balance as of June 30, and reflect the dissolution process related to the elimination of the Yucca Valley Redevelopment Agency (see Note 15 for additional details).

The remaining Major Funds are ongoing routine funds of the Town and reflect normal operational activity.

### **GENERAL FUND BUDGET**

Aggregate differences between the original budget and the final budget and actual amounts of the General Fund budget were not significant in fiscal year 2012. In General Fund revenues, total revenues received varied from budget by \$202,000, reflecting normal operational activity within the Town.

- Total general government expenditures varied from budget by 5% as the Town did not complete some of the planning projects as of the year end. As a result, ending expenditures were \$499,617 less than the final amended budget.

As indicated earlier, there was one significant transfer in 2012 from the General Fund to the Capital Projects Reserve Fund. This one-time transfer was allocated to infrastructure maintenance needs Town-wide.

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 measurably in response to the decrease in available resources.

**CAPITAL ASSETS**

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

	<u>2012</u>	<u>2011</u>
Land	\$ 4,138,951	\$ 5,053,757
Land improvements	2,322,939	2,540,373
Structures and improvements	4,552,822	4,513,502
Licensed vehicles	281,517	387,172
Machinery and equipment	929,588	1,005,142
Infrastructure	7,304,026	7,554,141
Construction in progress	<u>4,333,620</u>	<u>3,808,162</u>
 Total	 <u>\$ 23,863,463</u>	 <u>\$ 24,862,249</u>

The major changes to capital assets during the year ended June 30, 2012 were as follows:

- During the fiscal year, the Town increased its construction in progress by \$525,000 due to continuing work on multiple infrastructure projects. These projects primarily consisted of street improvements, signalization improvements, sidewalk, curb and gutter efforts, park improvements and other infrastructure projects in various stages of completion. The majority of these infrastructure activities are focused on the State Highway bisecting the Town. 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.
- Land and Land Improvements decreased from the prior year reflecting the reclassification and transfer of certain assets related to the dissolution process of the prior Yucca Valley Redevelopment Agency.

Total unexpended construction commitments as of year-end were \$4,473,000 related to the Town's current State Route 62 rehabilitation projects, and continued development of a new neighborhood park. Additional information on the Town's capital assets can be found in Note 8 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 \$565,767. This significant change reflects the impact of the dissolution of the Yucca Valley Redevelopment Agency, and the subsequent reflection of all related activity as a Private Purpose Trust Fund.

Outstanding Debt

	<u>2012</u>	<u>2011</u>
Tax allocation revenue bonds	\$ -	\$ 10,115,000
General obligation debt	67,924	67,924
Ca Energy Commission loans	-	161,562
OPEB obligation	<u>497,843</u>	<u>322,471</u>
 Total	 <u>\$ 565,767</u>	 <u>\$ 10,666,957</u>

Additional information on the Town's long-term debt can be found in the Notes 9, 10 and 15 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*

*Town of Yucca Valley*

**Statement of Net Assets**  
**June 30, 2012**

---

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 12,410,295
Accounts receivable	914,361
Due from other governments	866,476
Interest receivable	18,467
Notes receivable	360,911
Prepaid expenses	41,727
Capital assets, not being depreciated	8,472,571
Capital assets, depreciated, net	<u>15,390,892</u>
 Total assets	 <u>38,475,700</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	847,486
Noncurrent liabilities:	
Due within one year	118,594
Due in more than one year	<u>649,852</u>
 Total liabilities	 <u>1,615,932</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	23,795,539
Restricted:	
Public safety	509,590
Public works	3,971,808
Unrestricted	<u>8,582,831</u>
 Total net assets	 <u>\$ 36,859,768</u>

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

*Town of Yucca Valley*

**Statement of Activities  
For the year ended June 30, 2012**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Governmental Activities</u>
Governmental activities:					
General government	\$ 1,990,496	\$ 3,453	\$ -	\$ -	\$ (1,987,043)
Public safety	4,311,178	156,384	588,899	-	(3,565,895)
Parks and recreation	1,056,148	209,202	7,048	110,625	(729,273)
Public works	3,518,397	63,070	998,620	181,079	(2,275,628)
Community development	2,064,831	193,942	858,842	-	(1,012,047)
Interest on long-term debt	309,096	-	-	-	(309,096)
	<u>\$ 13,250,145</u>	<u>\$ 626,051</u>	<u>\$ 2,453,409</u>	<u>\$ 291,704</u>	<u>(9,878,981)</u>
Total governmental activities					
General revenues:					
Taxes					
Property tax, levied for general purpose					5,242,751
Sales tax					2,863,039
Transient occupancy tax					188,392
Franchise taxes					809,736
Motor vehicle in lieu tax - unrestricted					10,534
Unrestricted investment earnings					44,463
Other					<u>87,370</u>
Total general revenues					9,246,285
<b>Extraordinary Item</b>					
Loss on dissolution of Redevelopment Agency					<u>(1,314,780)</u>
Change in net assets					(1,947,476)
Net assets, beginning of year					<u>38,807,244</u>
Net assets, end of year					<u>\$ 36,859,768</u>

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

*Town of Yucca Valley*

**Balance Sheet  
Governmental Funds  
June 30, 2012**

	General	Special Revenue Redevelopment Agency	Special Revenue Developmental Impact Fees	Special Revenue Town Housing
<b>ASSETS</b>				
Cash and investments	\$ 5,697,671	\$ -	\$ 543,076	\$ -
Receivables:				
Accounts, net	249,800	-	-	636,679
Due from other governments	349,410	-	-	-
Interest	18,467	-	-	-
Notes	350,000	-	-	10,911
Prepaid expenses	41,727	-	-	-
Due from other funds	203,131	-	-	-
Advance to other funds	377,000	-	-	-
Total assets	<u>\$ 7,287,206</u>	<u>\$ -</u>	<u>\$ 543,076</u>	<u>\$ 647,590</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 345,975	\$ -	\$ -	\$ -
Accrued payroll	199,325	-	-	-
Retentions payable	-	-	-	-
Deferred revenue	64,920	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	377,000	-
Total liabilities	<u>610,220</u>	<u>-</u>	<u>377,000</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Notes receivable	350,000	-	-	-
Restricted:				
Public safety	-	-	-	-
Community development	-	-	-	647,590
Parks and recreation	-	-	-	-
Public works	-	-	166,076	-
Assigned	1,040,000	-	-	-
Unassigned	5,286,986	-	-	-
Total fund balances	<u>6,676,986</u>	<u>-</u>	<u>166,076</u>	<u>647,590</u>
Total liabilities and fund balances	<u>\$ 7,287,206</u>	<u>\$ -</u>	<u>\$ 543,076</u>	<u>\$ 647,590</u>

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

Debt Service Redevelopment Agency	Capital Projects Redevelopment Agency	Capital Projects Capital Projects Reserve Fund	Total nonmajor Governmental Funds	Total Governmental Funds
-	\$ -	\$ 1,123,387	\$ 4,530,366	\$ 11,894,500
-	-	-	27,882	914,361
-	-	-	517,066	866,476
-	-	-	-	18,467
-	-	-	-	360,911
-	-	-	-	41,727
-	-	-	-	203,131
-	-	-	-	377,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,123,387</u>	<u>\$ 5,075,314</u>	<u>\$ 14,676,573</u>
\$ -	\$ -	\$ 144,373	\$ 115,314	\$ 605,662
-	-	-	9,849	209,174
-	-	16,220	15,476	31,696
-	-	-	-	64,920
-	-	-	203,131	203,131
-	-	-	-	377,000
<u>-</u>	<u>-</u>	<u>160,593</u>	<u>343,770</u>	<u>1,491,583</u>
-	-	-	-	350,000
-	-	-	509,590	509,590
-	-	-	120,744	768,334
-	-	-	585,568	585,568
-	-	-	3,696,368	3,862,444
-	-	962,794	-	2,002,794
-	-	-	(180,726)	5,106,260
<u>-</u>	<u>-</u>	<u>962,794</u>	<u>4,731,544</u>	<u>13,184,990</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,123,387</u>	<u>\$ 5,075,314</u>	<u>\$ 14,676,573</u>



*Town of Yucca Valley*

**Reconciliation of the Balance Sheet of  
Governmental Funds to the Statement of Net Assets  
June 30, 2012**

---

**Fund balances of governmental funds** \$ 13,184,990

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	50,787,349
Accumulated depreciation	(26,923,886)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 64,920

Long-term liabilities are not due and payable in the current period:

2001 Series B bonds	(67,924)
OPEB Obligation	(497,843)
Compensated absences	(202,679)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service fund are included in the statement of net assets.

514,841

**Net assets of governmental activities** \$ 36,859,768

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

*Town of Yucca Valley*

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the year ended June 30, 2012**

	General	Special Revenue Redevelopment Agency	Special Revenue Developmental Impact Fees	Special Revenue Town Housing
<b>REVENUES</b>				
Taxes	\$ 7,888,692	\$ -	\$ -	\$ -
Licenses and permits	39,382	-	-	-
Intergovernmental	553,008	-	-	-
Charges for services	429,005	-	-	-
Fines, fees and forfeitures	87,981	-	41,600	-
Investment earnings	27,403	3,722	2,001	-
Miscellaneous	1,784	-	-	-
Total revenues	<u>9,027,255</u>	<u>3,722</u>	<u>43,601</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,915,768	-	-	1,250
Public safety	4,157,872	-	-	-
Parks and recreation	1,025,253	-	-	-
Public works	632,772	-	872	-
Community development	1,222,710	113,840	-	-
Debt service:				
Principal	161,562	-	-	-
Interest and fiscal charges	3,918	-	-	-
Pass-through payments	-	-	-	-
Total expenditures	<u>9,119,855</u>	<u>113,840</u>	<u>872</u>	<u>1,250</u>
Excess (deficiency) of revenues over expenditures	<u>(92,600)</u>	<u>(110,118)</u>	<u>42,729</u>	<u>(1,250)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	<u>(700,000)</u>	<u>-</u>	<u>(399,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(700,000)</u>	<u>-</u>	<u>(399,000)</u>	<u>-</u>
<b>Extraordinary Item</b>				
Gain (loss) on dissolution of Redevelopment Agency	<u>-</u>	<u>(2,302,193)</u>	<u>-</u>	<u>648,840</u>
Net change in fund balances	(792,600)	(2,412,311)	(356,271)	647,590
Fund balances, beginning of year	<u>7,469,586</u>	<u>2,412,311</u>	<u>522,347</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,676,986</u>	<u>\$ -</u>	<u>\$ 166,076</u>	<u>\$ 647,590</u>

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

Debt Service Redevelopment Agency	Capital Projects Redevelopment Agency	Capital Projects Capital Projects Reserve Fund	Total nonmajor Governmental Funds	Total Governmental Funds
\$ 1,217,885	\$ -	\$ -	\$ -	\$ 9,106,577
-	-	-	-	39,382
9,971	-	-	2,231,278	2,794,257
-	-	-	29,945	458,950
-	-	-	53,492	183,073
1,842	10,668	-	14,709	60,345
238	-	1,300	200	3,522
<u>1,229,936</u>	<u>10,668</u>	<u>1,300</u>	<u>2,329,624</u>	<u>12,646,106</u>
258,867	-	-	-	2,175,885
-	-	-	85,884	4,243,756
-	-	-	259,213	1,284,466
-	-	815,348	1,434,871	2,883,863
-	-	-	326,220	1,662,770
-	-	-	-	161,562
344,871	-	-	-	348,789
414,791	-	-	-	414,791
<u>1,018,529</u>	<u>-</u>	<u>815,348</u>	<u>2,106,188</u>	<u>13,175,882</u>
<u>211,407</u>	<u>10,668</u>	<u>(814,048)</u>	<u>223,436</u>	<u>(529,776)</u>
-	-	700,000	629,858	1,329,858
-	-	-	(230,858)	(1,329,858)
-	-	700,000	399,000	-
<u>(2,746,083)</u>	<u>(5,546,007)</u>	<u>-</u>	<u>-</u>	<u>(9,945,443)</u>
(2,534,676)	(5,535,339)	(114,048)	622,436	(10,475,219)
<u>2,534,676</u>	<u>5,535,339</u>	<u>1,076,842</u>	<u>4,109,108</u>	<u>23,660,209</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 962,794</u>	<u>\$ 4,731,544</u>	<u>\$ 13,184,990</u>



*Town of Yucca Valley*

**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, 2012**

---

**Net change in fund balances - total governmental funds** \$ (10,475,219)

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	1,019,557
Depreciation expense	(1,103,537)

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, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on debt	161,562
----------------------------	---------

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	39,693
Increase in OPEB obligation	(175,372)
Increase in compensated absences	(19,210)

Revenues that are measurable but not available are recorded as deferred revenue under the modified accrual basis of accounting.	(28,657)
---	----------

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.

3,044

Net loss in closing of RDA recognized on Government Wide Statements	<u>8,630,663</u>
---	------------------

**Change in net assets of governmental activities** \$ (1,947,476)

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

*Town of Yucca Valley*

**Statement of Fund Net Assets  
Proprietary Fund  
June 30, 2012**

---

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	<u>\$ 515,795</u>
Total assets	<u>515,795</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	<u>954</u>
Total liabilities	<u>954</u>
<b>NET ASSETS</b>	
Unrestricted	<u>514,841</u>
Total net assets	<u><u>\$ 514,841</u></u>

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

*Town of Yucca Valley*

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Fund  
For the year ended June 30, 2012**

---

	Governmental Activities
	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	<u>\$ 39,276</u>
Total operating revenues	<u>39,276</u>
<b>OPERATING EXPENSES</b>	
Operations	<u>36,232</u>
Total operating expenses	<u>36,232</u>
Operating income	3,044
Net assets, beginning of year	<u>511,797</u>
Net assets, end of year	<u><u>\$ 514,841</u></u>

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

*Town of Yucca Valley*

**Statement of Cash Flows  
Proprietary Fund  
For the year ended June 30, 2012**

---

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from user departments	\$ 39,276
Cash payments to suppliers for goods and services	<u>(36,586)</u>
Net cash provided by operating activities	<u>2,690</u>
Net increase in cash and cash equivalents	2,690
Cash and cash equivalents, beginning of year	<u>513,105</u>
Cash and cash equivalents, end of year	<u><u>\$ 515,795</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 3,044
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	<u>(354)</u>
Net cash provided by operating activities	<u><u>\$ 2,690</u></u>

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

*Town of Yucca Valley*

**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

---

	Private Purpose Trust Fund	Agency Fund
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and investments	\$ 8,135,975	\$ 169,637
Cash and investment with fiscal agent	743,203	-
Accounts receivable	-	1,716
Property held for resale	1,658,552	-
Deferred charges	282,878	-
Capital assets not being depreciated:		
Land	<u>1,879,806</u>	<u>-</u>
Total assets	<u><u>\$ 12,700,414</u></u>	<u><u>\$ 171,353</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 72,797	\$ 115
Deposits	-	171,238
Accrued liabilities	53,951	-
Advance from other governments	636,679	-
Long-term liabilities:		
Due within one year	190,000	-
Due in more than one year	<u>9,483,057</u>	<u>-</u>
Total liabilities	<u>10,436,484</u>	<u><u>\$ 171,353</u></u>
<b>NET ASSETS</b>		
Held in trust for successor agency and other purposes	<u><u>\$ 2,263,930</u></u>	

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

*Town of Yucca Valley*

**Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
From the period of inception (February 1, 2012) to June 30, 2012**

---

	<u>Private Purpose Trust Fund</u>
<b>ADDITIONS</b>	
RPTTF distributions	\$ 441,224
Investment earnings	<u>1,664</u>
Total additions	<u>442,888</u>
<b>DEDUCTIONS</b>	
Administrative payments	110,499
Debt service:	
Interest	<u>348,239</u>
Total deductions	<u>458,738</u>
Extraordinary item:	
Gain on Redevelopment Agency dissolution	<u>2,279,780</u>
Change in net assets	2,263,930
Net assets, beginning of the period	<u>-</u>
Net assets, end of the period	<u><u>\$ 2,263,930</u></u>

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

## *Town of Yucca Valley*

### **Notes to the Basic Financial Statements For the year ended June 30, 2012**

---

#### **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 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.

**Notes to the Basic Financial Statements  
For the year ended June 30, 2012**

---

**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 matters. 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. As of February 1, 2012, the Redevelopment Agency ceased all operations in accordance with ABx1 26. All assets and activity of the former redevelopment agency (except for low and moderate income housing assets), as of February 1, 2012, were transferred to the Successor Agency to the Yucca Valley Redevelopment Agency (Successor Agency) (a private purpose trust fund). Since the Successor Agency is a private purpose trust fund, it cannot be considered a component unit of the Town. All activity of the former Agency, as displayed on the statements of revenues, expenditures and changes in fund balances, are for the period of July 1, 2011 through January 31, 2012.

The Town of Yucca Valley elected to be the Housing Successor and chose to retain the housing assets and functions previously held and performed by the former redevelopment agency.

- 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.

(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).

**Notes to the Basic Financial Statements  
For the year ended June 30, 2012**

---

**Note 1: Summary of significant accounting policies (continued)**

*(b) Measurement focus and basis of accounting (continued)*

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 do not conflict or contradict guidance of the Governmental Accounting Standards Board.

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.

The 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.

Notes to the Basic Financial Statements  
For the year ended June 30, 2012

---

**Note 1: Summary of significant accounting policies (continued)**

(b) *Measurement focus and basis of accounting (continued)*

**Governmental funds**

In the fund financial statements, 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 accounts.

**Notes to the Basic Financial Statements  
For the year ended June 30, 2012**

---

**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. However, the Town chose to present the Redevelopment Agency funds as major due to the significance of the dissolution of the agency. 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.

*Developmental Impact Fees Fund* – 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 improvements of public facilities as a result of Town growth.

*Town Housing Fund* – This fund accounts for activities related to the Town's housing activities. The fund was established as the Housing Successor of the former Agency's Low and Moderate Housing fund which was eliminated as of February 1, 2012 from the former redevelopment agency's Low and

## Town of Yucca Valley

### Notes to the Basic Financial Statements For the year ended June 30, 2012

---

#### Note 1: Summary of significant accounting policies (continued)

##### (c) Fund classifications (continued)

*Town Housing Fund (continued)* – Moderate Income Housing Fund on February 1, 2012, therefore the activity on the statement of revenues, expenditure and changes in fund balances is for the period from February 1, 2012 through June 30, 2012.

*Special Revenue – Redevelopment Agency* – 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. As of February 1, 2012, the Agency ceased to exist (see note 15). The activity shown is for the period from July 1, 2011 through January 31, 2012.

*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. As of February 1, 2012, the Agency ceased to exist (see note 15). The activity shown is for the period of July 1, 2011 through January 31, 2012.

*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. As of February 1, 2012, the Agency ceased to exist (see note 15). The activity shown is for the period from July 1, 2011 through January 31, 2012.

*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.

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

*Internal Service Fund* – Established to be used to finance and account for special activities and services performed by a department for other departments in a cost reimbursement basis. Photocopy and stationary costs are currently being charged to all departments through this internal service fund.

*Agency Funds* – Established as a fund to account for deposits advanced to the Town to fund development related services provided by the Town's Community Development department. Monies in this fund are considered liabilities until expended.

*Private Purpose Trust Fund* – This fund accounts for the activities of the Successor Agency to the Town of Yucca Valley Redevelopment Agency. The fund's primary purpose is to expedite the dissolution of the former Agency's net assets (except for the low and moderate housing funds net assets) in accordance with ABx 1 26 and AB 1484.

##### (d) Appropriations limit

Under Article XIII B of the California Constitution (the GANN Spending Limitation Initiative), the Town is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules of other refund agreements. For the fiscal year ended June 30, 2012, 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

Notes to the Basic Financial Statements  
For the year ended June 30, 2012

---

**Note 1: Summary of significant accounting policies (continued)**

(e) *Cash and investments* (continued)

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.

(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.

## Town of Yucca Valley

### Notes to the Basic Financial Statements For the year ended June 30, 2012

---

#### Note 1: Summary of significant accounting policies (continued)

(h) *Advances to other funds*

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

(i) *Property taxes*

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

Accordingly, the Town 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) *Fund Balance Reporting and Governmental Fund Type Definitions*

In the fiscal year ended June 30, 2011, the Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.
- Committed – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned – amounts that are for any purpose; positive amounts are reported only in a general fund.

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2012**

---

**Note 1: Summary of significant accounting policies (continued)**

*(k) Fund Balance Reporting and Governmental Fund Type Definitions (continued)*

The Town Council, establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. The Director of Administrative Services has the authority, granted by the Council, to commit Town resources. When both restricted and unrestricted resources are available for use when an expenditure is incurred, it is the Town's policy to use restricted resource first, then unrestricted resources as they are needed. It is also the Town's policy to consider committed amounts as being reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

*(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.

*(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	\$ 12,410,295
Statement of fiduciary assets and liabilities:	
Cash and investments	8,305,612
Cash and investments with fiscal agent	<u>743,203</u>
Total cash and investments	<u><u>\$ 21,459,110</u></u>

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

Cash on hand	\$ 3,600
Deposits with financial institutions	5,236,347
Investments	<u>16,219,163</u>
Total cash and investments	<u><u>\$ 21,459,110</u></u>

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2012**

---

**Note 2: Cash and investments (continued)**

**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

**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.

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2012**

**Note 2: Cash and investments (continued)**

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:

Investment type	Totals	Remaining maturity (in months)			
		12 or less	13 to 24	25 to 60	More than 60
State investment pool	\$ 10,033,072	\$ 10,033,072	\$ -	\$ -	\$ -
Money market	5,442,888	5,442,888	-	-	-
Held by bond trustee:					
Federated Treasury Obligation	743,203	743,203	-	-	-
<b>Total investments</b>	<b>\$ 16,219,163</b>	<b>\$ 16,219,163</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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	\$ 10,033,072	N/A	\$ -	\$ 10,033,072
Money market	5,442,888	N/A	5,442,888	-
Held by bond trustee:				
Federated Treasury Obligation	743,203	N/A	743,203	-
<b>Totals</b>	<b>\$ 16,219,163</b>		<b>\$ 6,186,091</b>	<b>\$ 10,033,072</b>

**Notes to the Basic Financial Statements  
For the year ended June 30, 2012**

---

**Note 2: Cash and investments (continued)**

**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.

*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 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.

**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, 2012.

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2012**

---

**Note 3: Due from and to other funds**

Interfund receivable and payable balances at June 30, 2012 were as follows:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amounts</u>
General Fund	Nonmajor governmental funds:	
	CDBG	\$ 100,418
	Safe Routes to School	795
	CMAQ	9,080
	Public Lands Federal Grant	<u>92,838</u>
	Total interfund	<u>\$ 203,131</u>

These represent short-term borrowings to cash deficits at June 30, 2012.

**Note 4: Notes 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, 2012, the amount of accrued interest is \$18,467.

In November 2008, the Town of Yucca Valley Redevelopment 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. Pursuant to AB x1 26, the Town of Yucca Valley Redevelopment Agency was dissolved and all assets, excluding unencumbered deposits, were transferred to the Town's Housing fund. The balance in the Town's Housing fund at June 30, 2012 is \$10,911.

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2012**

---

**Note 5: Transfers in and out**

Transfers in and out for the year ended June 30, 2012 were as follows:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	Capital Projects Reserve Fund	\$ 700,000 (a)
Development Impact Fees Fund	Nonmajor Governmental Funds	399,000 (b)
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>230,858 (c)</u>
Total transfers		<u><u>\$ 1,329,858</u></u>

(a) Transfer completed as a one-time General Fund Contribution to Town Infrastructure needs.

(b) The Town embarked on the delivery of a new community park in 2011-12. The project depended on a variety of funding sources resulting in the transfer of funds from multiple sources.

(c) During the course of the fiscal year, various transactions required transfer of funds from one source to another. The amounts listed represent multiple transfers of a routine and general nature.

**Note 6: Due from other governments**

The amounts due from other governments at June 30, 2012 consist of the following:

	<u>Amount</u>
County of San Bernardino	\$ 169,988
State of California	674,900
Federal	<u>21,588</u>
Total due from other governments	<u><u>\$ 866,476</u></u>

**Note 7: Construction commitments**

Significant construction commitments as of June 30, 2012 are as follows:

<u>Description</u>	<u>Project budget</u>	<u>Cumulative expenditures to date</u>	<u>Unexpended commitments</u>
SR62 Apache to Palm Avenue Rehabilitation	\$ 2,974,536	\$ 869,621	\$ 2,104,915
Palm to Airway	\$ 1,520,667	\$ 232,826	\$ 1,287,841
Southside Park	\$ 1,339,395	\$ 259,213	\$ 1,080,182

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2012**

**Note 8: Capital assets**

Capital asset activity for the year ended June 30, 2012 is as follows:

	Beginning balance	Additions	Deletions	Ending balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 5,053,757	\$ -	\$ (914,806)	\$ 4,138,951
Construction in progress	3,808,162	525,458		4,333,620
Total capital assets not being depreciated	<u>8,861,919</u>	<u>525,458</u>	<u>(914,806)</u>	<u>8,472,571</u>
Capital assets being depreciated:				
Building and improvements				
Land improvements	4,994,712	-	-	4,994,712
Construction	6,837,604	189,887	-	7,027,491
Infrastructure	26,798,313	260,436	-	27,058,749
Vehicle & Equipment				
Machinery and equipment	1,901,302	43,776	-	1,945,078
Licensed vehicles	1,288,748	-	-	1,288,748
Total capital assets being depreciated	<u>41,820,679</u>	<u>494,099</u>	<u>-</u>	<u>42,314,778</u>
Less accumulated depreciation for:				
Building and improvements				
Land improvements	(2,454,339)	(217,434)	-	(2,671,773)
Construction	(2,324,102)	(150,567)	-	(2,474,669)
Infrastructure	(19,244,172)	(510,551)	-	(19,754,723)
Vehicle & Equipment				
Machinery and equipment	(896,160)	(119,330)	-	(1,015,490)
Licensed vehicles	(901,576)	(105,655)	-	(1,007,231)
Total accumulated depreciation	<u>(25,820,349)</u>	<u>(1,103,537)</u>	<u>-</u>	<u>(26,923,886)</u>
Total capital assets, being depreciated, net	<u>16,000,330</u>	<u>(609,438)</u>	<u>-</u>	<u>15,390,892</u>
Governmental activities capital assets, net	<u>\$ 24,862,249</u>	<u>\$ (83,980)</u>	<u>\$ (914,806)</u>	<u>\$ 23,863,463</u>

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

General government	\$ 234,104
Parks and recreation	10,488
Public works	43,348
Community development	815,597
Total depreciation expense	<u>\$ 1,103,537</u>

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2012**

**Note 9: Long-term liabilities**

Changes in long-term liabilities during the year ended June 30, 2012 were as follows:

<b>Governmental activities:</b>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
2001 Series B Bonds	\$ 67,924	\$ -	\$ -	\$ 67,924	\$ 67,924
2008 Refunding TABS	10,115,000	-	(10,115,000)	-	-
Less deferred amounts:					
On refunding	(166,011)	-	166,011	-	-
For issuance discounts	<u>(109,762)</u>	<u>-</u>	<u>109,762</u>	<u>-</u>	<u>-</u>
Total bonds payable	9,907,151	-	(9,839,227)	67,924	67,924
CA energy commission	89,933	-	(89,933)	-	-
CA energy commission	71,629	-	(71,629)	-	-
OPEB obligation	322,471	175,372	-	497,843	-
Compensated absences*	<u>183,469</u>	<u>113,216</u>	<u>(94,006)</u>	<u>202,679</u>	<u>50,670</u>
Total long-term liabilities	<u>\$ 10,574,653</u>	<u>\$ 288,588</u>	<u>\$ (10,094,795)</u>	<u>\$ 768,446</u>	<u>\$ 118,594</u>

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

*2001 Bonds – San Bernardino Associated Governments*

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. In November 2004, the Measure I half-cent sales tax was extended by the voters of San Bernardino County. The new program named Measure I 2010-2040 is separate from the old program. As of June 30, 2011, the Town still has a liability related to the old Measure I program. SANBAG is in the process of determining any amounts owed or due from the old program. Once SANBAG has determined any amounts due or owed, the liability will be settled. At June 30, 2012, the amount owed to SANBAG is \$67,924.

## *Town of Yucca Valley*

### **Notes to the Basic Financial Statements For the year ended June 30, 2012**

---

#### **Note 9: Long-term liabilities (continued)**

##### *2008 Tax Allocation Bonds*

As of February 1, 2012, the bonds were transferred to the Successor Agency to the Yucca Valley Redevelopment Agency due to ABx1 26, which dissolved redevelopment agencies in the State of California as of February 1, 2012. The Successor Agency, a separate legal entity, is responsible for the repayment of the principal and interest of the outstanding bonds. Additions to the Successor Agency, in the form of property taxes, have been pledged for the repayment of enforceable obligations (which include the bonds). Since the Redevelopment Agency no longer exists, the bonds have been removed from the Town's government-wide financial statements.

##### *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 outstanding balances for both CA Energy Commission loans were paid in full in the current year.

#### **Note 10: Retirement plan**

##### *Plan description*

The Town contributes to the California Public Employees Retirement 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 statute 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 either 7% or 8% of their annual covered salary depending on plan participation. The Town is required to contribute at an actuarially determined rate; the current rate is 17.675% or 7.733% of annual covered payroll, depending on plan participation. The contribution requirements of plan members and the Town are established and may be amended by PERS.

##### *Annual pension cost*

For 2012, the Town's annual pension cost of \$538,772 for PERS was equal to the Town's required contributions. The required contribution was determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. For the last three years, the Town has contributed \$538,772, \$456,219 and \$416,805 which has been 100% of the annual required contribution.

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2012**

---

**Note 11: Other post employment benefits**

*Plan description*

The Town provides a single-employer medical plan 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 or public agency service. The healthcare coverage provided by PERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 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 2011 and 2012, the Town contributed \$6,319 and \$ 6,997 to the plan, which was 100% of the total current premiums. The Town uses the general fund to liquidate any net other post employment obligations.

*Annual OPEB cost and net OPEB obligation*

The Town's annual other OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) 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, 2012
Annual required contributions	\$ 187,960
Interest on net OPEB obligation	14,511
Adjustment to annual required contribution	<u>(20,102)</u>
Annual OPEB cost (expense)	182,369
Contributions made	<u>(6,997)</u>
Increase in net OPEB obligation	175,372
Net OPEB obligation, beginning of year	<u>322,471</u>
Net OPEB obligation, end of year	<u><u>\$ 497,843</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 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, 2010	\$ 167,858	2.43%	\$ 163,771
June 30, 2011	\$ 165,019	3.83%	\$ 322,471
June 30, 2012	\$ 182,369	3.84%	\$ 497,843

## Town of Yucca Valley

### Notes to the Basic Financial Statements For the year ended June 30, 2012

---

#### Note 11: Other post employment benefits (continued)

##### *Funded status and progress*

The funded status of the plan as of June 30, 2012, was as follows:

Actuarial accrued liability (AAL)	\$	968,973
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	<u>\$</u>	<u>968,973</u>
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll (active plan members)	\$	2,770,000

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. Also, an inflation rate of 3.25 percent was used.

#### Note 12: 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.

Notes to the Basic Financial Statements  
For the year ended June 30, 2012

---

**Note 12: Risk management (continued)**

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.

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 year 2010-2011 to fiscal year 2011-2012. Furthermore, there was no settlement which exceeded the insurance coverage for the fiscal years 2009-2010, 2010-2011 and 2011-2012.

**Note 13: Deficit fund balances**

As of June 30, 2012, a deficit fund balance was recorded in the following funds:

	<u>Fund deficit</u>
<i>Special Revenue Funds:</i>	
Safe Routes to School	\$ (28)
CDBG	\$ (78,830)
Public Lands Federal Grant	\$ (92,838)
CMAQ	\$ (9,030)

## *Town of Yucca Valley*

### **Notes to the Basic Financial Statements For the year ended June 30, 2012**

---

#### **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: Dissolution of California redevelopment agencies**

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. Most cities in California had established a redevelopment agency that was included in the reporting entity of the Town as a blended component unit (since the Town council, in many cases, also served as the governing board for those agencies).

The Bill provides that upon dissolution of a redevelopment agency, either the Town or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. If the Town declines to accept the role of successor agency, other local agencies may elect to perform this role. If no local agency accepts the role of successor agency the Governor is empowered by the Bill to establish a local "designated local authority" to perform this role. On January 10, 2012 the Town Council met and created a Successor Agency in accordance with the Bill as part of the Town's resolution number 12-01.

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

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

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency is reported in the governmental funds of the Town. After the date of dissolution, activities of the dissolved redevelopment agency are reported in a fiduciary trust fund (private purpose trust fund) in the fiduciary statements of the Town.

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2012**

**Note 15: Dissolution of California redevelopment agencies (continued)**

The movement of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the Town to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of the assets and liabilities as of February 1, 2012 was reported in the fiduciary private-purpose trust fund as an extraordinary loss (or gain). Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds will not be the same amount as the extraordinary loss (or gain) that will be recognized in the fiduciary fund financial statements.

In accordance with the provisions of ABX 1 26 (Bill) and the California Supreme Court's decision to uphold the Bill, the obligations of the former redevelopment agency became vested with the funds established for the successor agency upon the date of dissolution, February 1, 2012. Former tax increment revenues pledged to fund the debts of the former redevelopment agency will be distributed to the Successor Agency subject to the reapportionment of such revenues as provided by the Bill.

The debt of the Successor Agency as of June 30, 2012 is as follows:

<b>Successor Agency:</b>	Balance at transfer from Redevelopment Agency	Additions	Deletions	Ending balance	Due within one year
2008 Refunding TABS	\$ 10,115,000	\$ -	\$ (180,000)	\$ 9,935,000	\$ 190,000
Less deferred amounts:					
On refunding	(166,011)	-	9,765	(156,246)	-
For issuance discounts	(109,762)	-	4,065	(105,697)	-
Total long-term liabilities	<u>\$ 9,839,227</u>	<u>\$ -</u>	<u>\$ (166,170)</u>	<u>\$ 9,673,057</u>	<u>\$ 190,000</u>

Future debt service requirements are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 190,000	\$ 548,142
2014	195,000	540,162
2015	205,000	531,582
2016	215,000	522,358
2017	225,000	512,253
2018-2022	1,310,000	2,375,663
2023-2027	1,710,000	1,979,264
2028-2032	2,235,000	1,448,288
2033-2037	2,955,000	729,100
2038	695,000	39,962
Totals	<u>\$ 9,935,000</u>	<u>\$ 9,226,774</u>

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2012**

---

**Note 16: Risks and uncertainties**

*Grants*

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 may, or may not be immaterial.

*Successor Agency*

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2012 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City. The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time, although the Successor Agency expects such amounts may, or may not be immaterial.



*REQUIRED SUPPLEMENTARY INFORMATION*

*Town of Yucca Valley*

**Required Supplementary Information  
Budgetary Comparison Schedule - Revenues  
General Fund  
For the year ended June 30, 2012**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 2,415,000	\$ 2,415,000	\$ 2,457,382	\$ 42,382
Property taxes in lieu	1,530,000	1,530,000	1,570,696	40,696
Sales tax	2,855,000	2,855,000	2,863,039	8,039
Transient occupancy tax	160,000	160,000	187,839	27,839
Franchise fees	755,000	755,000	809,736	54,736
Total taxes	7,715,000	7,715,000	7,888,692	173,692
Licenses and permits	50,000	50,000	39,382	(10,618)
Intergovernmental:				
Motor vehicle in lieu	55,000	55,000	10,534	(44,466)
HOPTR	33,000	33,000	32,592	(408)
Other	402,000	402,000	509,882	107,882
Total intergovernmental	490,000	490,000	553,008	63,008
Charges for services:				
Planning, engineering and building fees	404,250	404,250	210,020	(194,230)
Sports programs	15,000	15,000	149,923	134,923
Other	62,550	62,550	69,062	6,512
Total charges for services	481,800	481,800	429,005	(52,795)
Fines and forfeitures	28,965	28,965	87,981	59,016
Use of money and property:				
Investment earnings	40,500	40,500	27,403	(13,097)
Miscellaneous	19,000	19,000	1,784	(17,216)
Total revenues	\$ 8,825,265	\$ 8,825,265	\$ 9,027,255	\$ 201,990

*Town of Yucca Valley*

**Required Supplementary Information  
Budgetary Comparison Schedule - Expenditures  
General Fund  
For the year ended June 30, 2012**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
<b>EXPENDITURES</b>				
General government:				
Town council	\$ 90,172	\$ 90,172	\$ 83,578	\$ 6,594
Town clerk/attorney	301,487	301,487	287,354	14,133
Interdepartmental	314,134	314,134	294,336	19,798
Town administration	410,483	410,483	426,849	(16,366)
Management services	848,861	848,861	823,651	25,210
Total general government	1,965,137	1,965,137	1,915,768	49,369
Public works	679,229	679,229	632,772	46,457
Parks and recreation	1,060,096	1,060,096	1,025,253	34,843
Public safety:				
Police	3,438,233	3,438,233	3,490,353	(52,120)
Animal control	680,465	680,465	667,519	12,946
Total public safety	4,118,698	4,118,698	4,157,872	(39,174)
Community development	1,630,832	1,630,832	1,222,710	408,122
Debt service:				
Principal	161,562	161,562	161,562	-
Interest	3,918	3,918	3,918	-
Total debt service	165,480	165,480	165,480	-
Total expenditures	9,619,472	9,619,472	9,119,855	499,617
Excess (deficiency) of revenues over expenditures	(794,207)	(794,207)	(92,600)	701,607
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(700,000)	(700,000)	(700,000)	-
Total other financing sources (uses)	(700,000)	(700,000)	(700,000)	-
Net change in fund balance	(1,494,207)	(1,494,207)	(792,600)	701,607
Fund balance, beginning of year	7,469,586	7,469,586	7,469,586	-
Fund balance, end of year	\$ 5,975,379	\$ 5,975,379	\$ 6,676,986	\$ 701,607

*Town of Yucca Valley*

**Required Supplementary Information  
Budgetary Comparison Schedule  
RDA – Low/Mod Housing Special Revenue Fund  
For the year ended June 30, 2012**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 164,660	\$ 164,660	\$ 3,722	\$ (160,938)
Total revenues	164,660	164,660	3,722	(160,938)
<b>EXPENDITURES</b>				
Current:				
Community development	611,000	611,000	113,840	497,160
Total expenditures	611,000	611,000	113,840	497,160
Excess (deficiency) of revenues over expenditures	(446,340)	(446,340)	(110,118)	336,222
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(2,302,193)	(2,302,193)	-	2,302,193
Total other financing sources (uses)	(2,302,193)	(2,302,193)	-	2,302,193
<b>EXTRAORDINARY ITEM</b>				
Loss on dissolution of Redevelopment Agency	-	-	(2,302,193)	(2,302,193)
Net change in fund balance	(2,748,533)	(2,748,533)	(2,412,311)	336,222
Fund balance, beginning of year	2,412,311	2,412,311	2,412,311	-
Fund balance, end of year	\$ (336,222)	\$ (336,222)	\$ -	\$ 336,222

*Town of Yucca Valley*

**Required Supplementary Information  
 Budgetary Comparison Schedule  
 Development Impact Fees Special Revenue Fund  
 For the year ended June 30, 2012**

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Fines, fees and forfeitures	\$ 30,600	\$ 30,600	\$ 41,600	\$ 11,000
Investment earnings	-	-	2,001	2,001
Total revenues	<u>30,600</u>	<u>30,600</u>	<u>43,601</u>	<u>13,001</u>
<b>EXPENDITURES</b>				
Current:				
Public works	-	-	872	(872)
Total expenditures	<u>-</u>	<u>-</u>	<u>872</u>	<u>(872)</u>
Excess of revenues over expenditures	<u>30,600</u>	<u>30,600</u>	<u>42,729</u>	<u>12,129</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(399,000)</u>	<u>(399,000)</u>	<u>(399,000)</u>	<u>-</u>
Total other financing uses	<u>(399,000)</u>	<u>(399,000)</u>	<u>(399,000)</u>	<u>-</u>
Net change in fund balance	(368,400)	(368,400)	(356,271)	12,129
Fund balance, beginning of year	<u>522,347</u>	<u>522,347</u>	<u>522,347</u>	<u>-</u>
Fund balance, end of year	<u>\$ 153,947</u>	<u>\$ 153,947</u>	<u>\$ 166,076</u>	<u>\$ 12,129</u>

*Town of Yucca Valley*

**Required Supplementary Information  
Budgetary Comparison Schedule  
Town Housing Special Revenue Fund  
For the year ended June 30, 2012**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 3,000	\$ 3,000	\$ -	\$ (3,000)
Total revenues	3,000	3,000	-	(3,000)
<b>EXPENDITURES</b>				
Current:				
General government	300,000	300,000	1,250	298,750
Total expenditures	300,000	300,000	1,250	298,750
Excess (deficiency) of revenues over expenditures	(297,000)	(297,000)	(1,250)	295,750
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,302,193	2,302,193	-	(2,302,193)
Total other financing sources (uses)	2,302,193	2,302,193	-	(2,302,193)
<b>EXTRAORDINARY ITEM</b>				
Gain on dissolution of Redevelopment Agency	-	-	648,840	648,840
Net change in fund balance	2,005,193	2,005,193	647,590	(1,357,603)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ 2,005,193	\$ 2,005,193	\$ 647,590	\$ (1,357,603)

*Town of Yucca Valley*

**Required Supplementary Information  
Other Post-employment Benefits Plan  
Schedule of Funding Progress**

---

<u>Actuarial valuation date</u>	<u>Actuarial Value of assets (a)</u>	<u>Actuarial accrued liability (AAL)- Entry age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered payroll (c)</u>	<u>UAAL as a percentage of covered payroll [(b-a)/c]</u>
7/1/2008	\$ -	\$ 968,973	\$ 968,973	0.00%	\$ 2,770,000	35%

As of June 30, 2012, the Town is in the process of obtaining a new actuarial valuation of its OPEB plan.

**Notes to Required Supplementary Information  
For the year ended June 30, 2012**

---

**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 and the Director of Administrative Services have 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. The private purpose trust fund and the fiduciary funds do not have formally adopted budgets.

*SUPPLEMENTAL SCHEDULES*



*Town of Yucca Valley*

**Combined Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2012**

---

	Special Revenue Funds
<b>ASSETS</b>	
Cash and investments	\$ 4,530,366
Receivables:	
Accounts, net	27,882
Due from other governments	<u>517,066</u>
Total assets	<u>\$ 5,075,314</u>
 <b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 115,314
Accrued payroll	9,849
Retentions payable	15,476
Due to other funds	<u>203,131</u>
Total liabilities	<u>343,770</u>
 Fund balances:	
Restricted:	
Public safety	509,590
Community development	120,744
Parks and recreation	585,568
Public works	3,696,368
Unassigned	<u>(180,726)</u>
Total fund balances	<u>4,731,544</u>
Total liabilities and fund balances	<u>\$ 5,075,314</u>

*Town of Yucca Valley*

**Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
For the year ended June 30, 2012**

---

	Special Revenue Funds
	<u>                    </u>
<b>REVENUES</b>	
Intergovernmental	\$ 2,231,278
Charges for services	29,945
Fines, fees and forfeitures	53,492
Investment earnings	14,709
Miscellaneous	<u>200</u>
Total revenues	<u>2,329,624</u>
<b>EXPENDITURES</b>	
Current:	
Public safety	85,884
Parks and recreation	259,213
Public works	1,434,871
Community development	<u>326,220</u>
Total expenditures	<u>2,106,188</u>
Excess of revenues over expenditures	<u>223,436</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in	629,858
Transfers out	<u>(230,858)</u>
Total other financing sources (uses)	<u>399,000</u>
Net change in fund balances	622,436
Fund balances, beginning of year	<u>4,109,108</u>
Fund balances, end of year	<u><u>\$ 4,731,544</u></u>

## *Town of Yucca Valley*

### **Nonmajor Special Revenue Funds For the year ended June 30, 2012**

---

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

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

*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 to account for assets seized during police narcotic activities.

*AB2928 – State Construction Grant* – Established to account for grant monies received for traffic and pedestrian safety improvement projects on Highway 62.

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

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

*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.

*Safe Routes to School* – Established by the Federal government 1) to enable and encourage children in kindergarten through eighth grade (K-8), including children with disabilities, to safely walk and bicycle to school, 2) to make walking and bicycling to school a more appealing mode choice, and 3) to facilitate the planning, design, and implementation of projects that will improve safety, environment, and overall quality of life.

*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.

## *Town of Yucca Valley*

### **Nonmajor Special Revenue Funds For the year ended June 30, 2012**

---

*Measure I – 2010-2040* – Established to account for revenues from a voter approved (1/2%) local transportation sales tax for Measure I - 2010-2040, for the use in unrestricted street projects.

*Prop 1B* – Established by approval of the voters in November 2006. This proposition provided \$19.925 billion in bonds for a variety of transportation priorities, including \$2 billion for cities and counties to fund the maintenance and improvement of local transportation facilities.

*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-ARRA-EECBG* – Established by the Energy Independence and Security Act of 2007 and is funded by the American Recovery and Reinvestment Act of 2009. The EECBG program is to assist cities and counties with local programs that reduce fossil fuel emissions, reduce total energy use, and to improve energy efficiency.

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

*HUD – Jerry Lewis Park* – Established with federal funds made available through the US Dept 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 purpose 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 matching funds.

*CDBG (Community Development Block Grant)* – Established to account for financing of rehabilitation of privately held homes and government infrastructures. Financing is provided by the Federal Housing and Community Development Act.

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

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

*Street and Drainage District* – Established to provide improvements and maintenance of streets, roads, and highways needed to keep the streets in a 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.

*CMAQ* – Established through SANBAG for certain safety projects identified in United States Code Title 23 Section 120 that identifies organizations that are eligible to receive 100% CMAQ funding.

*Public Lands Federal Grant* – Established by the Federal Highway Administration (FHWA) and allocated through local government San Bernardino Association of Governments (SANBAG) for highway transportation projects that are eligible and listed on the approved Regional Transportation Improvement Project (RTIP) list. Funds are administered by Cal Trans.

*COPS – LLESA* – Established by the American Recovery and Reinvestment Act to create and enhance crime prevention involving cooperation between community residents and law enforcement personnel to control, detect and investigate crime and the prosecution of criminals.



*Town of Yucca Valley*

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2012**

---

	<u>Quimby Fees</u>	<u>CLEEPS - High Tech</u>	<u>COPS - SLESF</u>
<b>ASSETS</b>			
Cash and investments	\$ 64,765	\$ 4,341	\$ 113,833
Receivables:			
Accounts, net	-	-	-
Due from other governments	-	-	-
	<u>        </u>	<u>        </u>	<u>        </u>
Total assets	<u>\$ 64,765</u>	<u>\$ 4,341</u>	<u>\$ 113,833</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 17,808
Accrued payroll	-	-	-
Retentions payable	-	-	-
Due to other funds	-	-	-
	<u>        </u>	<u>        </u>	<u>        </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>17,808</u>
 Fund balances (deficit):			
Restricted:			
Public safety	-	4,341	96,025
Community development	-	-	-
Parks and recreation	-	-	-
Public works	64,765	-	-
Unassigned	-	-	-
	<u>        </u>	<u>        </u>	<u>        </u>
Total fund balances (deficit)	<u>64,765</u>	<u>4,341</u>	<u>96,025</u>
Total liabilities and fund balances	<u>\$ 64,765</u>	<u>\$ 4,341</u>	<u>\$ 113,833</u>

Traffic Safety	Asset Seizure	AB2928 - State Construction Grant	AB2928 - TCRP	Gas Tax
\$ 297,398	\$ 8,349	\$ 8,613	\$ -	\$ 602,665
-	-	-	-	-
3,758	-	17,275	-	62,515
<u>\$ 301,156</u>	<u>\$ 8,349</u>	<u>\$ 25,888</u>	<u>\$ -</u>	<u>\$ 665,180</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,394
-	-	-	-	9,849
-	-	-	-	-
-	-	-	-	-
-	-	-	-	12,243
301,156	8,349	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	25,888	-	652,937
-	-	-	-	-
<u>301,156</u>	<u>8,349</u>	<u>25,888</u>	<u>-</u>	<u>652,937</u>
<u>\$ 301,156</u>	<u>\$ 8,349</u>	<u>\$ 25,888</u>	<u>\$ -</u>	<u>\$ 665,180</u>

*Town of Yucca Valley*

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2012**

	Local Transportation Act	Safe Routes to School	Measure I - 65% Major Arterial
<b>ASSETS</b>			
Cash and investments	\$ 388,625	\$ -	\$ 1,268,703
Receivables:			
Accounts, net	-	9,210	-
Due from other governments	272,647	-	-
Total assets	<u>\$ 661,272</u>	<u>\$ 9,210</u>	<u>\$ 1,268,703</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,955	\$ 8,443	\$ -
Accrued payroll	-	-	-
Retentions payable	-	-	-
Due to other funds	-	795	-
Total liabilities	<u>1,955</u>	<u>9,238</u>	<u>-</u>
Fund balances (deficit):			
Restricted:			
Public safety	-	-	-
Community development	-	-	-
Parks and recreation	-	-	-
Public works	659,317	-	1,268,703
Unassigned	-	(28)	-
Total fund balances (deficit)	<u>659,317</u>	<u>(28)</u>	<u>1,268,703</u>
Total liabilities and fund balances	<u>\$ 661,272</u>	<u>\$ 9,210</u>	<u>\$ 1,268,703</u>

Measure I - 30% Local Roads	Measure I - 2010-2040	Prop 1B	Flood Control	CA Energy Commission
\$ 85,292	\$ 319,437	\$ 138,444	\$ 379,315	\$ -
-	-	-	-	9,592
-	-	-	-	-
<u>\$ 85,292</u>	<u>\$ 319,437</u>	<u>\$ 138,444</u>	<u>\$ 379,315</u>	<u>\$ 9,592</u>
\$ 3,674	\$ 3,990	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>3,674</u>	<u>3,990</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	9,592
-	-	-	-	-
81,618	315,447	138,444	379,315	-
-	-	-	-	-
<u>81,618</u>	<u>315,447</u>	<u>138,444</u>	<u>379,315</u>	<u>9,592</u>
<u>\$ 85,292</u>	<u>\$ 319,437</u>	<u>\$ 138,444</u>	<u>\$ 379,315</u>	<u>\$ 9,592</u>

*Town of Yucca Valley*

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2012**

	AB 2766 - Air Pollution	HUD-Jerry Lewis Park	CDBG
<b>ASSETS</b>			
Cash and investments	\$ 109,364	\$ 528,887	\$ -
Receivables:			
Accounts, net	-	-	-
Due from other governments	-	139,283	21,588
Total assets	<u>\$ 109,364</u>	<u>\$ 668,170</u>	<u>\$ 21,588</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 67,126	\$ -
Accrued payroll	-	-	-
Retentions payable	-	15,476	-
Due to other funds	-	-	100,418
Total liabilities	<u>-</u>	<u>82,602</u>	<u>100,418</u>
Fund balances (deficit):			
Restricted:			
Public safety	-	-	-
Community development	109,364	-	-
Parks and recreation	-	585,568	-
Public works	-	-	-
Unassigned	-	-	(78,830)
Total fund balances (deficit)	<u>109,364</u>	<u>585,568</u>	<u>(78,830)</u>
Total liabilities and fund balances	<u>\$ 109,364</u>	<u>\$ 668,170</u>	<u>\$ 21,588</u>

Recycling Activities Grant	Landscape and Lighting Maintenance	Street and Drainage District	CMAQ	Public Lands Federal Grant
\$ 1,788	\$ 11,013	\$ 99,815	\$ -	\$ -
-	-	-	9,080	-
-	-	-	-	-
<u>\$ 1,788</u>	<u>\$ 11,013</u>	<u>\$ 99,815</u>	<u>\$ 9,080</u>	<u>\$ -</u>
\$ -	\$ 447	\$ 447	\$ 9,030	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	9,080	92,838
-	447	447	18,110	92,838
-	-	-	-	-
1,788	-	-	-	-
-	-	-	-	-
-	10,566	99,368	-	-
-	-	-	(9,030)	(92,838)
<u>1,788</u>	<u>10,566</u>	<u>99,368</u>	<u>(9,030)</u>	<u>(92,838)</u>
<u>\$ 1,788</u>	<u>\$ 11,013</u>	<u>\$ 99,815</u>	<u>\$ 9,080</u>	<u>\$ -</u>

*Town of Yucca Valley*

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2012**

---

	COPS - LLESA	Total
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and investments	\$ 99,719	\$ 4,530,366
Receivables:		
Accounts, net	-	27,882
Due from other governments	-	517,066
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 99,719</u>	<u>\$ 5,075,314</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ -	\$ 115,314
Accrued payroll	-	9,849
Retentions payable	-	15,476
Due to other funds	-	203,131
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>-</u>	<u>343,770</u>
Fund balances (deficit):		
Restricted:		
Public safety	99,719	509,590
Community development	-	120,744
Parks and recreation	-	585,568
Public works	-	3,696,368
Unassigned	-	(180,726)
	<u>                    </u>	<u>                    </u>
Total fund balances (deficit)	<u>99,719</u>	<u>4,731,544</u>
Total liabilities and fund balances	<u>\$ 99,719</u>	<u>\$ 5,075,314</u>



*Town of Yucca Valley*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the year ended June 30, 2012**

	Quimby Fees	CLEEPS - High Tech	COPS - SLESF
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	-	-
Fines, fees and forfeitures	-	-	-
Investment earnings	498	15	553
Miscellaneous	-	-	-
	<u>498</u>	<u>15</u>	<u>553</u>
Total revenues	<u>498</u>	<u>15</u>	<u>553</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	-	-	83,635
Parks and recreation	-	-	-
Public works	17,505	-	-
Community development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
	<u>17,505</u>	<u>-</u>	<u>83,635</u>
Total expenditures	<u>17,505</u>	<u>-</u>	<u>83,635</u>
Excess (deficiency) of revenues over expenditures	<u>(17,007)</u>	<u>15</u>	<u>(83,082)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(75,000)	-	-
	<u>(75,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(75,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(92,007)	15	(83,082)
Fund balances (deficit), beginning of year	<u>156,772</u>	<u>4,326</u>	<u>179,107</u>
Fund balances (deficit), end of year	<u>\$ 64,765</u>	<u>\$ 4,341</u>	<u>\$ 96,025</u>

Traffic Safety	Asset Seizure	AB2928 - State Construction Grant	AB2928 - TCRP	Gas Tax
\$ -	\$ 8,383	\$ 97,646	\$ -	\$ 597,479
-	-	-	-	-
53,492	-	-	-	-
1,073	31	-	1	2,052
-	-	-	-	-
<u>54,565</u>	<u>8,414</u>	<u>97,646</u>	<u>1</u>	<u>599,531</u>
1,499	250	-	-	-
-	-	-	-	-
-	-	96,385	-	491,399
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,499</u>	<u>250</u>	<u>96,385</u>	<u>-</u>	<u>491,399</u>
<u>53,066</u>	<u>8,164</u>	<u>1,261</u>	<u>1</u>	<u>108,132</u>
-	-	-	-	858
<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>(858)</u>	<u>-</u>
<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>(858)</u>	<u>858</u>
33,066	8,164	1,261	(857)	108,990
<u>268,090</u>	<u>185</u>	<u>24,627</u>	<u>857</u>	<u>543,947</u>
<u>\$ 301,156</u>	<u>\$ 8,349</u>	<u>\$ 25,888</u>	<u>\$ -</u>	<u>\$ 652,937</u>

*Town of Yucca Valley*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the year ended June 30, 2012**

	Local Transportation Act	Safe Routes to School	Measure I - 65% Major Arterial
<b>REVENUES</b>			
Intergovernmental	\$ 272,647	\$ 9,210	\$ -
Charges for services	-	-	-
Fines, fees and forfeitures	-	-	-
Investment earnings	1,860	-	3,765
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>274,507</b>	<b>9,210</b>	<b>3,765</b>
<b>EXPENDITURES</b>			
Current:			
Public safety	-	-	-
Parks and recreation	-	-	-
Public works	11,791	9,210	78,561
Community development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>11,791</b>	<b>9,210</b>	<b>78,561</b>
Excess (deficiency) of revenues over expenditures	262,716	-	(74,796)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	20,000
Transfers out	(135,000)	-	-
<b>Total other financing sources (uses)</b>	<b>(135,000)</b>	<b>-</b>	<b>20,000</b>
Net change in fund balances	127,716	-	(54,796)
Fund balances (deficit), beginning of year	531,601	(28)	1,323,499
Fund balances (deficit), end of year	<u>\$ 659,317</u>	<u>\$ (28)</u>	<u>\$ 1,268,703</u>

Measure I - 30% Local Roads	Measure I - 2010-2040	Prop 1B	Flood Control	CA Energy Commission
\$ -	\$ 678,847	\$ -	\$ -	\$ 95,918
-	-	-	-	-
-	-	-	-	-
1,560	828	509	1,043	10
-	-	-	-	-
<u>1,560</u>	<u>679,675</u>	<u>509</u>	<u>1,043</u>	<u>95,928</u>
-	-	-	-	-
-	-	-	-	-
28,603	563,852	-	-	7,305
-	-	-	-	88,644
-	-	-	-	-
-	-	-	-	-
<u>28,603</u>	<u>563,852</u>	<u>-</u>	<u>-</u>	<u>95,949</u>
-	-	-	-	-
(27,043)	115,823	509	1,043	(21)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(27,043)	115,823	509	1,043	(21)
108,661	199,624	137,935	378,272	9,613
<u>\$ 81,618</u>	<u>\$ 315,447</u>	<u>\$ 138,444</u>	<u>\$ 379,315</u>	<u>\$ 9,592</u>

*Town of Yucca Valley*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the year ended June 30, 2012**

	AB 2766 - Air Pollution	HUD-Jerry Lewis Park	CDBG
<b>REVENUES</b>			
Intergovernmental	\$ 13,873	\$ 139,283	\$ 173,873
Charges for services	-	-	-
Fines, fees and forfeitures	-	-	-
Investment earnings	376	-	-
Miscellaneous	-	-	-
	<u>14,249</u>	<u>139,283</u>	<u>173,873</u>
Total revenues	<u>14,249</u>	<u>139,283</u>	<u>173,873</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	-	-	-
Parks and recreation	-	259,213	-
Public works	500	-	-
Community development	-	-	209,634
Debt service:			
Principal	-	-	-
Interest	-	-	-
	<u>500</u>	<u>259,213</u>	<u>209,634</u>
Total expenditures	<u>500</u>	<u>259,213</u>	<u>209,634</u>
Excess (deficiency) of revenues over expenditures	<u>13,749</u>	<u>(119,930)</u>	<u>(35,761)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	609,000	-
Transfers out	-	-	-
	<u>-</u>	<u>609,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>609,000</u>	<u>-</u>
Net change in fund balances	13,749	489,070	(35,761)
Fund balances (deficit), beginning of year	<u>95,615</u>	<u>96,498</u>	<u>(43,069)</u>
Fund balances (deficit), end of year	<u>\$ 109,364</u>	<u>\$ 585,568</u>	<u>\$ (78,830)</u>

Recycling Activities Grant	Landscape and Lighting Maintenance	Street and Drainage District	CMAQ	Public Lands Federal Grant
\$ 5,902	\$ -	\$ -	\$ 9,080	\$ 29,070
-	6,657	23,288	-	-
-	-	-	-	-
20	35	328	-	-
200	-	-	-	-
<u>6,122</u>	<u>6,692</u>	<u>23,616</u>	<u>9,080</u>	<u>29,070</u>
-	-	-	-	-
-	-	-	-	-
-	3,648	4,150	-	121,962
9,832	-	-	18,110	-
-	-	-	-	-
-	-	-	-	-
<u>9,832</u>	<u>3,648</u>	<u>4,150</u>	<u>18,110</u>	<u>121,962</u>
<u>(3,710)</u>	<u>3,044</u>	<u>19,466</u>	<u>(9,030)</u>	<u>(92,892)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(3,710)	3,044	19,466	(9,030)	(92,892)
5,498	7,522	79,902	-	54
<u>\$ 1,788</u>	<u>\$ 10,566</u>	<u>\$ 99,368</u>	<u>\$ (9,030)</u>	<u>\$ (92,838)</u>

	COPS - LLESA	Total
<b>REVENUES</b>		
Intergovernmental	\$ 100,067	\$ 2,231,278
Charges for services	-	29,945
Fines, fees and forfeitures	-	53,492
Investment earnings	152	14,709
Miscellaneous	-	200
	<u>100,219</u>	<u>2,329,624</u>
Total revenues		
<b>EXPENDITURES</b>		
Current:		
Public safety	500	85,884
Parks and recreation	-	259,213
Public works	-	1,434,871
Community development	-	326,220
Debt service:		
Principal	-	-
Interest	-	-
	<u>500</u>	<u>2,106,188</u>
Total expenditures		
Excess (deficiency) of revenues over expenditures	<u>99,719</u>	<u>223,436</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	629,858
Transfers out	-	(230,858)
	<u>-</u>	<u>399,000</u>
Total other financing sources (uses)		
Net change in fund balances	99,719	622,436
Fund balances (deficit), beginning of year	<u>-</u>	<u>4,109,108</u>
Fund balances (deficit), end of year	<u>\$ 99,719</u>	<u>\$ 4,731,544</u>

*Town of Yucca Valley*

**Quimby Fees Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2012**

---

	Final budgeted amounts	Actual amounts	Variance with final budget
<b>REVENUES</b>			
Investment earnings	\$ 25	\$ 498	\$ 473
Total revenues	<u>25</u>	<u>498</u>	<u>473</u>
<b>EXPENDITURES</b>			
Public works	-	17,505	(17,505)
Total expenditures	<u>-</u>	<u>17,505</u>	<u>(17,505)</u>
Excess (deficiency) of revenues over expenditures	<u>25</u>	<u>(17,007)</u>	<u>(17,032)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Total other financing uses	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Net change in fund balance	(74,975)	(92,007)	(17,032)
Fund balance, beginning of year	<u>156,772</u>	<u>156,772</u>	<u>-</u>
Fund balance, end of year	<u>\$ 81,797</u>	<u>\$ 64,765</u>	<u>\$ (17,032)</u>

*Town of Yucca Valley*

**CLEEPS - High Tech Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Investment earnings	<u>\$ 7</u>	<u>\$ 15</u>	<u>\$ 8</u>
Total revenues	<u>7</u>	<u>15</u>	<u>8</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	<u>4,326</u>	<u>-</u>	<u>4,326</u>
Total expenditures	<u>4,326</u>	<u>-</u>	<u>4,326</u>
Net change in fund balance	(4,319)	15	4,334
Fund balance, beginning of year	<u>4,326</u>	<u>4,326</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7</u>	<u>\$ 4,341</u>	<u>\$ 4,334</u>

*Town of Yucca Valley*

**COPS - SLESF Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ 100,000	\$ -	\$ (100,000)
Investment earnings	750	553	(197)
Total revenues	<u>100,750</u>	<u>553</u>	<u>(100,197)</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	<u>200,500</u>	<u>83,635</u>	<u>116,865</u>
Total expenditures	<u>200,500</u>	<u>83,635</u>	<u>116,865</u>
Net change in fund balance	(99,750)	(83,082)	16,668
Fund balance, beginning of year	<u>179,107</u>	<u>179,107</u>	<u>-</u>
Fund balance, end of year	<u>\$ 79,357</u>	<u>\$ 96,025</u>	<u>\$ 16,668</u>

*Town of Yucca Valley*

**Traffic Safety Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the year ended June 30, 2012**

	Final budgeted amounts	Actual amounts	Variance with final budget
<b>REVENUES</b>			
Fines, fees and forfeitures	\$ 50,000	\$ 53,492	\$ 3,492
Investment earnings	1,200	1,073	(127)
Total Revenues	<u>51,200</u>	<u>54,565</u>	<u>3,365</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	<u>51,500</u>	<u>1,499</u>	<u>50,001</u>
Total expenditures	<u>51,500</u>	<u>1,499</u>	<u>50,001</u>
Excess (deficiency) of revenues over expenditures	<u>(300)</u>	<u>53,066</u>	<u>53,366</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(225,000)</u>	<u>(20,000)</u>	<u>205,000</u>
Total other financing uses	<u>(225,000)</u>	<u>(20,000)</u>	<u>205,000</u>
Net change in fund balance	(225,300)	33,066	258,366
Fund balance, beginning of year	<u>268,090</u>	<u>268,090</u>	<u>-</u>
Fund balance, end of year	<u>\$ 42,790</u>	<u>\$ 301,156</u>	<u>\$ 258,366</u>

*Town of Yucca Valley*

**Asset Seizure Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 8,383	\$ 8,383
Investment earnings	-	31	31
	<u>-</u>	<u>8,414</u>	<u>8,414</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	<u>1,137</u>	<u>250</u>	<u>887</u>
	<u>1,137</u>	<u>250</u>	<u>887</u>
Net change in fund balance	(1,137)	8,164	9,301
Fund balance, beginning of year	<u>185</u>	<u>185</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (952)</u>	<u>\$ 8,349</u>	<u>\$ 9,301</u>

*Town of Yucca Valley*

**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, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Intergovernmental	<u>\$ 2,928,781</u>	<u>\$ 97,646</u>	<u>\$ (2,831,135)</u>
Total revenues	<u>2,928,781</u>	<u>97,646</u>	<u>(2,831,135)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>2,902,859</u>	<u>96,385</u>	<u>2,806,474</u>
Total expenditures	<u>2,902,859</u>	<u>96,385</u>	<u>2,806,474</u>
Net change in fund balance	25,922	1,261	(24,661)
Fund balance, beginning of year	<u>24,627</u>	<u>24,627</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 50,549</u></u>	<u><u>\$ 25,888</u></u>	<u><u>\$ (24,661)</u></u>

*Town of Yucca Valley*

**AB2928 - TCRP Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 1	\$ 1
Total revenues	<u>-</u>	<u>1</u>	<u>1</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>1</u>	<u>1</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>-</u>	<u>(858)</u>	<u>(858)</u>
Total other financing uses	<u>-</u>	<u>(858)</u>	<u>(858)</u>
Net change in fund balance	-	(857)	(857)
Fund balance, beginning of year	<u>857</u>	<u>857</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 857</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (857)</u></u>

*Town of Yucca Valley*

**Gas Tax Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ 542,000	\$ 597,479	\$ 55,479
Investment earnings	500	2,052	1,552
Total revenues	<u>542,500</u>	<u>599,531</u>	<u>57,031</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>663,104</u>	<u>491,399</u>	<u>171,705</u>
Total expenditures	<u>663,104</u>	<u>491,399</u>	<u>171,705</u>
Excess (deficiency) of revenues over expenditures	<u>(120,604)</u>	<u>108,132</u>	<u>228,736</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>-</u>	<u>858</u>	<u>858</u>
Total other financing sources	<u>-</u>	<u>858</u>	<u>858</u>
Net change in fund balance	(120,604)	108,990	229,594
Fund balance, beginning of year	<u>543,947</u>	<u>543,947</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 423,343</u></u>	<u><u>\$ 652,937</u></u>	<u><u>\$ 229,594</u></u>

*Town of Yucca Valley*

**Local Transportation Act Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the year ended June 30, 2012**

	Final budgeted amounts	Actual amounts	Variance with final budget
<b>REVENUES</b>			
Intergovernmental	\$ 95,000	\$ 272,647	\$ 177,647
Investment earnings	1,800	1,860	60
Total revenues	<u>96,800</u>	<u>274,507</u>	<u>177,707</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>95,602</u>	<u>11,791</u>	<u>83,811</u>
Total expenditures	<u>95,602</u>	<u>11,791</u>	<u>83,811</u>
Excess of revenues over expenditures	<u>1,198</u>	<u>262,716</u>	<u>261,518</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(312,120)</u>	<u>(135,000)</u>	<u>177,120</u>
Total other financing uses	<u>(312,120)</u>	<u>(135,000)</u>	<u>177,120</u>
Net change in fund balance	(310,922)	127,716	438,638
Fund balance, beginning of year	<u>531,601</u>	<u>531,601</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 220,679</u></u>	<u><u>\$ 659,317</u></u>	<u><u>\$ 438,638</u></u>

*Town of Yucca Valley*

**Safe Routes to School Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ 125,000	\$ 9,210	\$ (115,790)
Total revenues	<u>125,000</u>	<u>9,210</u>	<u>(115,790)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>125,000</u>	<u>9,210</u>	<u>115,790</u>
Total expenditures	<u>125,000</u>	<u>9,210</u>	<u>115,790</u>
Net change in fund balance	-	-	-
Fund balance (deficit), beginning of year	<u>(28)</u>	<u>(28)</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ (28)</u></u>	<u><u>\$ (28)</u></u>	<u><u>\$ -</u></u>

*Town of Yucca Valley*

**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, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Investment earnings	<u>\$ -</u>	<u>\$ 3,765</u>	<u>\$ 3,765</u>
Total revenues	<u>-</u>	<u>3,765</u>	<u>3,765</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>756,500</u>	<u>78,561</u>	<u>677,939</u>
Total expenditures	<u>756,500</u>	<u>78,561</u>	<u>677,939</u>
Excess (deficiency) of revenues over expenditures	(756,500)	(74,796)	681,704
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>184,900</u>	<u>20,000</u>	<u>(164,900)</u>
Total other financing sources	<u>184,900</u>	<u>20,000</u>	<u>(164,900)</u>
Net change in fund balance	(571,600)	(54,796)	516,804
Fund balance, beginning of year	<u>1,323,499</u>	<u>1,323,499</u>	<u>-</u>
Fund balance, end of year	<u>\$ 751,899</u>	<u>\$ 1,268,703</u>	<u>\$ 516,804</u>

*Town of Yucca Valley*

**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, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Investment earnings	<u>\$ -</u>	<u>\$ 1,560</u>	<u>\$ 1,560</u>
Total revenues	<u>-</u>	<u>1,560</u>	<u>1,560</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>112,000</u>	<u>28,603</u>	<u>83,397</u>
Total expenditures	<u>112,000</u>	<u>28,603</u>	<u>83,397</u>
Net change in fund balance	(112,000)	(27,043)	84,957
Fund balance, beginning of year	<u>108,661</u>	<u>108,661</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (3,339)</u>	<u>\$ 81,618</u>	<u>\$ 84,957</u>

*Town of Yucca Valley*

**Measure I – 2010 – 2040 Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ 574,296	\$ 678,847	\$ 104,551
Investment earnings	2,000	828	(1,172)
	<u>576,296</u>	<u>679,675</u>	<u>103,379</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>750,266</u>	<u>563,852</u>	<u>186,414</u>
	<u>750,266</u>	<u>563,852</u>	<u>186,414</u>
Net change in fund balance	(173,970)	115,823	289,793
Fund balance, beginning of year	<u>199,624</u>	<u>199,624</u>	<u>-</u>
Fund balance, end of year	<u>\$ 25,654</u>	<u>\$ 315,447</u>	<u>\$ 289,793</u>

*Town of Yucca Valley*

**Prop 1B Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 509	\$ 509
Total revenues	<u>-</u>	<u>509</u>	<u>509</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>149,000</u>	<u>-</u>	<u>149,000</u>
Total expenditures	<u>149,000</u>	<u>-</u>	<u>149,000</u>
Net change in fund balance	(149,000)	509	149,509
Fund balance, beginning of year	<u>137,935</u>	<u>137,935</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (11,065)</u>	<u>\$ 138,444</u>	<u>\$ 149,509</u>

*Town of Yucca Valley*

**Flood Control Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 1,043	\$ 1,043
Total revenues	<u>-</u>	<u>1,043</u>	<u>1,043</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>375,097</u>	<u>-</u>	<u>375,097</u>
Total expenditures	<u>375,097</u>	<u>-</u>	<u>375,097</u>
Net change in fund balance	(375,097)	1,043	376,140
Fund balance, beginning of year	<u>378,272</u>	<u>378,272</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,175</u>	<u>\$ 379,315</u>	<u>\$ 376,140</u>

*Town of Yucca Valley*

**California Energy Commission Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ 180,000	\$ 95,918	\$ (84,082)
Investment earnings	-	10	10
Total revenues	<u>180,000</u>	<u>95,928</u>	<u>(84,072)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	9,626	7,305	2,321
Community development	<u>180,000</u>	<u>88,644</u>	<u>91,356</u>
Total expenditures	<u>189,626</u>	<u>95,949</u>	<u>93,677</u>
Net change in fund balance	(9,626)	(21)	9,605
Fund balance, beginning of year	<u>9,613</u>	<u>9,613</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (13)</u>	<u>\$ 9,592</u>	<u>\$ 9,605</u>

*Town of Yucca Valley*

**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, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ 14,800	\$ 13,873	\$ (927)
Investment earnings	400	376	(24)
Total revenues	<u>15,200</u>	<u>14,249</u>	<u>(951)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>1,500</u>	<u>500</u>	<u>1,000</u>
Total expenditures	<u>1,500</u>	<u>500</u>	<u>1,000</u>
Net change in fund balance	13,700	13,749	49
Fund balance, beginning of year	<u>95,615</u>	<u>95,615</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 109,315</u></u>	<u><u>\$ 109,364</u></u>	<u><u>\$ 49</u></u>

*Town of Yucca Valley*

**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, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ 634,160	\$ 139,283	\$ (494,877)
Total revenues	<u>634,160</u>	<u>139,283</u>	<u>(494,877)</u>
<b>EXPENDITURES</b>			
Current:			
Parks and recreation	<u>1,339,395</u>	<u>259,213</u>	<u>1,080,182</u>
Total expenditures	<u>1,339,395</u>	<u>259,213</u>	<u>1,080,182</u>
Excess (deficiency) of revenues over expenditures	<u>(705,235)</u>	<u>(119,930)</u>	<u>585,305</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>609,000</u>	<u>609,000</u>	<u>-</u>
Total other financing sources	<u>609,000</u>	<u>609,000</u>	<u>-</u>
Net change in fund balance	(96,235)	489,070	585,305
Fund balance, beginning of year	<u>96,498</u>	<u>96,498</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 263</u></u>	<u><u>\$ 585,568</u></u>	<u><u>\$ 585,305</u></u>

*Town of Yucca Valley*

**CDBG Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ 423,459	\$ 173,873	\$ (249,586)
Total revenues	<u>423,459</u>	<u>173,873</u>	<u>(249,586)</u>
<b>EXPENDITURES</b>			
Current:			
Community development	<u>490,121</u>	<u>209,634</u>	<u>280,487</u>
Total expenditures	<u>490,121</u>	<u>209,634</u>	<u>280,487</u>
Net change in fund balance	(66,662)	(35,761)	30,901
Fund balance (deficit), beginning of year	<u>(43,069)</u>	<u>(43,069)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (109,731)</u>	<u>\$ (78,830)</u>	<u>\$ 30,901</u>

*Town of Yucca Valley*

**Recycling Activities Grant Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ 5,000	\$ 5,902	\$ 902
Investment earnings	5	20	15
Miscellaneous	-	200	200
	<u>5,005</u>	<u>6,122</u>	<u>1,117</u>
<b>EXPENDITURES</b>			
Current:			
Community development	<u>14,380</u>	<u>9,832</u>	<u>4,548</u>
	<u>14,380</u>	<u>9,832</u>	<u>4,548</u>
Net change in fund balance	(9,375)	(3,710)	5,665
Fund balance, beginning of year	<u>5,498</u>	<u>5,498</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ (3,877)</u></u>	<u><u>\$ 1,788</u></u>	<u><u>\$ 5,665</u></u>

*Town of Yucca Valley*

**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, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Charges for services	\$ 16,000	\$ 6,657	\$ (9,343)
Investment earnings	25	35	10
	<u>16,025</u>	<u>6,692</u>	<u>(9,333)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	4,700	3,648	1,052
	<u>4,700</u>	<u>3,648</u>	<u>1,052</u>
Net change in fund balance	11,325	3,044	(8,281)
Fund balance, beginning of year	<u>7,522</u>	<u>7,522</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 18,847</u></u>	<u><u>\$ 10,566</u></u>	<u><u>\$ (8,281)</u></u>

*Town of Yucca Valley*

**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, 2012**

---

	Final budgeted amounts	Actual amounts	Variance with final budget
<b>REVENUES</b>			
Charges for services	\$ 30,000	\$ 23,288	\$ (6,712)
Investment earnings	150	328	178
	<u>30,150</u>	<u>23,616</u>	<u>(6,534)</u>
Total revenues			
	<u>30,150</u>	<u>23,616</u>	<u>(6,534)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	5,200	4,150	1,050
	<u>5,200</u>	<u>4,150</u>	<u>1,050</u>
Total expenditures			
	<u>5,200</u>	<u>4,150</u>	<u>1,050</u>
Net change in fund balance	24,950	19,466	(5,484)
Fund balance, beginning of year	79,902	79,902	-
Fund balance, end of year	<u>\$ 104,852</u>	<u>\$ 99,368</u>	<u>\$ (5,484)</u>

*Town of Yucca Valley*

**CMAQ Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ 226,000	\$ 9,080	\$ (216,920)
Total revenues	<u>226,000</u>	<u>9,080</u>	<u>(216,920)</u>
<b>EXPENDITURES</b>			
Current:			
Community development	<u>218,312</u>	<u>18,110</u>	<u>200,202</u>
Total expenditures	<u>218,312</u>	<u>18,110</u>	<u>200,202</u>
Net change in fund balance	7,688	(9,030)	(16,718)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 7,688</u>	<u>\$ (9,030)</u>	<u>\$ (16,718)</u>

*Town of Yucca Valley*

**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, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ 2,837,120	\$ 29,070	\$ (2,808,050)
Total revenues	<u>2,837,120</u>	<u>29,070</u>	<u>(2,808,050)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>2,500,000</u>	<u>121,962</u>	<u>2,378,038</u>
Total expenditures	<u>2,500,000</u>	<u>121,962</u>	<u>2,378,038</u>
Net change in fund balance	337,120	(92,892)	(430,012)
Fund balance, beginning of year	<u>54</u>	<u>54</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 337,174</u>	<u>\$ (92,838)</u>	<u>\$ (430,012)</u>

*Town of Yucca Valley*

**COPS - LLESA Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2012**

---

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 100,067	\$ 100,067
Investment earnings	-	152	152
	<u>-</u>	<u>100,219</u>	<u>100,219</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	-	500	(500)
	<u>-</u>	<u>500</u>	<u>(500)</u>
Net change in fund balance	-	99,719	99,719
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 99,719</u>	<u>\$ 99,719</u>

*Town of Yucca Valley*

**Major Debt Service Fund  
For the year ended June 30, 2012**

---

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. As of February 1, 2012, the Agency ceased to exist (see note 17). The activity shown is for the period of July 1, 2011 through January 31, 2012.

*Town of Yucca Valley*

**Major Fund - Redevelopment Agency Debt Service  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2012**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,175,000	\$ 2,175,000	\$ 1,217,885	\$ (957,115)
Intergovernmental	-	-	9,971	9,971
Investment earnings	10,500	10,500	1,842	(8,658)
Miscellaneous	-	-	238	238
Total revenues	<u>2,185,500</u>	<u>2,185,500</u>	<u>1,229,936</u>	<u>(955,564)</u>
<b>EXPENDITURES</b>				
Current:				
General government	978,280	978,280	258,867	719,413
Debt service:				
Interest and fiscal charges	744,000	744,000	344,871	399,129
Pass-through payments	<u>683,000</u>	<u>683,000</u>	<u>414,791</u>	<u>268,209</u>
Total expenditures	<u>2,405,280</u>	<u>2,405,280</u>	<u>1,018,529</u>	<u>1,386,751</u>
Excess (deficiency) of revenues over expenditures	<u>(219,780)</u>	<u>(219,780)</u>	<u>211,407</u>	<u>431,187</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	65,000	65,000	-	(65,000)
Transfers out	<u>(3,248,103)</u>	<u>(3,248,103)</u>	<u>-</u>	<u>3,248,103</u>
Total other financing sources (uses)	<u>(3,183,103)</u>	<u>(3,183,103)</u>	<u>-</u>	<u>3,183,103</u>
<b>EXTRAORDINARY ITEM</b>				
Loss on dissolution of Redevelopment Agency	<u>-</u>	<u>-</u>	<u>(2,746,083)</u>	<u>(2,746,083)</u>
Net change in fund balance	(3,402,883)	(3,402,883)	(2,534,676)	868,207
Fund balance, beginning of year	<u>2,534,676</u>	<u>2,534,676</u>	<u>2,534,676</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (868,207)</u>	<u>\$ (868,207)</u>	<u>\$ -</u>	<u>\$ 868,207</u>

*Town of Yucca Valley*

**Major Capital Projects Funds  
For the year ended June 30, 2012**

---

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

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

*Capital Projects – Redevelopment Agency* – Established 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. As of February 1, 2012, the Agency ceased to exist (see note 17). The activity shown is for the period of July 1, 2011 through January 31, 2012.

*Town of Yucca Valley*

**Major Fund - Capital Projects Reserve Capital Projects Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the year ended June 30, 2012**

	Final budgeted amounts	Actual amounts	Variance with final budget
<b>REVENUES</b>			
Miscellaneous	\$ -	\$ 1,300	\$ 1,300
Total revenues	-	1,300	1,300
<b>EXPENDITURES</b>			
Current:			
Public works	1,405,996	815,348	\$ 590,648
Total expenditures	1,405,996	815,348	590,648
Excess (deficiency) of revenues over expenditures	(1,405,996)	(814,048)	591,948
<b>OTHER FINANCING SOURCES</b>			
Transfers in	700,000	700,000	-
Total other financing sources	700,000	700,000	-
Net change in fund balance	(705,996)	(114,048)	591,948
Fund balance, beginning of year	1,076,842	1,076,842	-
Fund balance, end of year	\$ 370,846	\$ 962,794	\$ 591,948

*Town of Yucca Valley*

**Major Fund - Redevelopment Agency Capital Projects  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the year ended June 30, 2012**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 24,000	\$ 24,000	\$ 10,668	\$ (13,332)
Total revenues	24,000	24,000	10,668	(13,332)
<b>EXPENDITURES</b>				
Current:				
Community development	110,000	110,000	-	110,000
Total expenditures	110,000	110,000	-	110,000
Excess (deficiency) of revenues over expenditures	(86,000)	(86,000)	10,668	96,668
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(5,546,007)	(5,546,007)	-	5,546,007
Total other financing sources (uses)	(5,546,007)	(5,546,007)	-	5,546,007
<b>EXTRAORDINARY ITEM</b>				
Loss on dissolution of Redevelopment Agency	-	-	(5,546,007)	(5,546,007)
Net change in fund balance	(5,632,007)	(5,632,007)	(5,535,339)	96,668
Fund balance, beginning of year	5,535,339	5,535,339	5,535,339	-
Fund balance, end of year	\$ (96,668)	\$ (96,668)	\$ -	\$ 96,668

*Town of Yucca Valley*

**Fiduciary Funds  
Combining Statement of Fiduciary Net Assets – Private Purpose Trust Fund  
June 30, 2012**

	Successor Debt Service Fund	Successor Capital Projects Fund	Successor RORF Fund	Total
<b>ASSETS</b>				
Cash and investments	\$ 2,148,744	\$ 5,546,007	\$ 441,224	\$ 8,135,975
Cash and investment with fiscal agent	743,203	-	-	743,203
Property held for resale	1,658,552	-	-	1,658,552
Deferred charges	282,878	-	-	282,878
Capital assets not being depreciated:				
Land	1,879,806	-	-	1,879,806
Total assets	<u>\$ 6,713,183</u>	<u>\$ 5,546,007</u>	<u>\$ 441,224</u>	<u>\$ 12,700,414</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 72,797	\$ -	\$ -	\$ 72,797
Accrued liabilities	53,951	-	-	53,951
Advance from other governments	636,679	-	-	636,679
Long-term liabilities:				
Due within one year	190,000	-	-	190,000
Due in more than one year	9,483,057	-	-	9,483,057
Total liabilities	<u>10,436,484</u>	<u>-</u>	<u>-</u>	<u>10,436,484</u>
<b>NET ASSETS</b>				
Held in trust for successor agency and other purposes	<u>\$ (3,723,301)</u>	<u>\$ 5,546,007</u>	<u>\$ 441,224</u>	<u>\$ 2,263,930</u>

*Town of Yucca Valley*

**Fiduciary Funds**

**Combining Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Fund  
From the period of inception (February 1, 2012) to June 30, 2012**

	Successor Debt Service Fund	Successor Capital Projects Fund	Successor RORF Fund	Total
<b>ADDITIONS</b>				
RPTTF distributions	\$ -	\$ -	\$ 441,224	\$ 441,224
Investment earnings	1,664	-	-	1,664
Total additions	<u>1,664</u>	<u>-</u>	<u>441,224</u>	<u>442,888</u>
<b>DEDUCTIONS</b>				
Administrative payments	110,499	-	-	110,499
Debt service:				
Interest	<u>348,239</u>	<u>-</u>	<u>-</u>	<u>348,239</u>
Total deductions	<u>458,738</u>	<u>-</u>	<u>-</u>	<u>458,738</u>
Extraordinary item:				
Gain (loss) on Redevelopment Agency dissolution	<u>(3,266,227)</u>	<u>5,546,007</u>	<u>-</u>	<u>2,279,780</u>
Change in net assets	(3,723,301)	5,546,007	441,224	2,263,930
Net assets, beginning of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets (deficit), end of the period	<u>\$ (3,723,301)</u>	<u>\$ 5,546,007</u>	<u>\$ 441,224</u>	<u>\$ 2,263,930</u>

*Town of Yucca Valley*

**Fiduciary Funds**  
**Statement of Changes in Fiduciary Assets and Liabilities – Agency Fund**  
**For the year ended June 30, 2012**

---

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
<b>ASSETS</b>				
Cash and investments	\$ 273,123	\$ 101,359	\$ 204,845	\$ 169,637
Accounts receivable	2,648	423	1,355	1,716
Total assets	<u>\$ 275,771</u>	<u>\$ 101,782</u>	<u>\$ 206,200</u>	<u>\$ 171,353</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 8,384	\$ 170,622	178,891	\$ 115
Deposits	267,387	100,004	196,153	171,238
Total liabilities	<u>\$ 275,771</u>	<u>\$ 270,626</u>	<u>\$ 375,044</u>	<u>\$ 171,353</u>





**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.

*Town of Yucca Valley*

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

---

	Fiscal year			
	2005	2006	2007	2008
Governmental activities:				
Invested in capital assets, net of related debt	\$ 28,417,781	\$ 28,557,712	\$ 32,093,731	\$ 15,486,748
Restricted	3,075,726	3,233,997	3,701,001	10,364,881
Unrestricted	<u>8,268,787</u>	<u>8,913,720</u>	<u>11,443,892</u>	<u>7,606,595</u>
 Total governmental activities net assets	 <u>\$ 39,762,294</u>	 <u>\$ 40,705,429</u>	 <u>\$ 47,238,624</u>	 <u>\$ 33,458,224</u>
 Primary government:				
Invested in capital assets, net of related debt	\$ 28,557,712	\$ 28,557,712	\$ 32,093,731	\$ 15,486,748
Restricted	3,233,997	3,233,997	3,701,001	10,364,881
Unrestricted	<u>8,913,720</u>	<u>8,913,720</u>	<u>11,443,892</u>	<u>7,606,595</u>
 Total primary government net assets	 <u>\$ 40,705,429</u>	 <u>\$ 40,705,429</u>	 <u>\$ 47,238,624</u>	 <u>\$ 33,458,224</u>

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

	Fiscal year			
	2009	2010	2011	2012*
Governmental activities:				
Invested in capital assets, net of related debt	\$ 18,017,678	\$ 20,670,064	\$ 20,939,003	\$ 23,795,539
Restricted	12,118,747	9,960,683	8,986,346	4,481,398
Unrestricted	8,399,329	8,018,983	8,881,895	8,582,831
Total governmental activities net assets	<u>\$ 38,535,754</u>	<u>\$ 38,649,730</u>	<u>\$ 38,807,244</u>	<u>\$ 36,859,768</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 18,017,678	\$ 20,670,064	\$ 20,939,003	\$ 23,795,539
Restricted	12,118,747	9,960,683	8,986,346	4,481,398
Unrestricted	8,399,329	8,018,983	8,881,895	8,582,831
Total primary government net assets	<u>\$ 38,535,754</u>	<u>\$ 38,649,730</u>	<u>\$ 38,807,244</u>	<u>\$ 36,859,768</u>

\* Through legislation passed by the State of California and upheld by the Supreme Court of California, redevelopment agencies were dissolved as of January 31, 2012. The legislation established Successor Agencies to assist with the dissolution process. The Successor Agency to the Yucca Valley Redevelopment Agency is a private purpose trust fund and cannot be considered a component unit of the Town of Yucca Valley. It succeeded the Yucca Valley Redevelopment Agency (RDA) on February 1, 2012. Prior to the transition date, the activities of the RDA are blended with those of the Town in these financial statements. This change in entities is reflected in the variances from prior years in the fiscal year ended June 30, 2012.

*Town of Yucca Valley*

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

	Fiscal year			
	2005	2006	2007	2008
Expenses:				
Governmental activities:				
General government	\$ 1,509,399	\$ 1,875,001	\$ 1,700,382	\$ 2,366,009
Public safety	2,742,738	3,001,568	3,711,665	4,036,107
Parks and recreation	1,175,688	1,040,235	1,235,369	1,295,429
Public works	2,783,043	3,885,289	4,387,109	3,326,374
Community development	1,631,991	2,232,448	1,561,046	2,813,886
Interest on long-term debt	380,976	463,163	333,449	488,468
Total governmental activities expenses	<u>10,223,835</u>	<u>12,497,704</u>	<u>12,929,020</u>	<u>14,326,273</u>
Total primary government expenses	<u>10,223,835</u>	<u>12,497,704</u>	<u>12,929,020</u>	<u>14,326,273</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	19,841	128,352	104,172	39,273
Public safety	97,667	34,490	103,419	130,496
Parks and recreation	234,847	221,876	207,246	223,666
Public works	912,236	787,240	523,170	156,967
Community development	32,957	64,018	28,137	349,452
Capital grants and contributions	-	-	342,216	1,831,563
Operating grants and contributions	<u>3,268,150</u>	<u>2,910,993</u>	<u>3,369,479</u>	<u>2,465,909</u>
Total governmental activities program revenues	<u>4,565,698</u>	<u>4,146,969</u>	<u>4,677,839</u>	<u>5,197,326</u>
Total primary government program revenues	<u>4,565,698</u>	<u>4,146,969</u>	<u>4,677,839</u>	<u>5,197,326</u>
Net revenues (expenses)	<u>\$ (5,658,137)</u>	<u>\$ (8,350,735)</u>	<u>\$ (8,251,181)</u>	<u>\$ (9,128,947)</u>

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

	Fiscal year			
	2009	2010	2011	2012*
Expenses:				
Governmental activities:				
General government	\$ 2,435,817	\$ 2,392,307	\$ 2,505,382	\$ 1,990,496
Public safety	3,923,404	3,955,882	4,137,500	4,311,178
Parks and recreation	1,512,733	1,277,855	1,183,256	1,056,148
Public works	615,102	3,235,938	2,512,429	3,518,397
Community development	2,122,924	2,940,622	2,352,830	2,064,831
Interest on long-term debt	612,532	612,104	586,832	309,096
Total governmental activities expenses	<u>11,222,512</u>	<u>14,414,708</u>	<u>13,278,229</u>	<u>13,250,145</u>
Total primary government expenses	<u>11,222,512</u>	<u>14,414,708</u>	<u>13,278,229</u>	<u>13,250,145</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	36,959	28,055	68,840	3,453
Public safety	151,855	155,839	135,383	156,384
Parks and recreation	238,920	280,928	267,357	209,202
Public works	217,849	186,982	71,198	63,070
Community development	255,149	361,683	234,553	193,942
Capital grants and contributions	959,192	1,022,507	784,267	291,704
Operating grants and contributions	<u>2,447,329</u>	<u>1,864,296</u>	<u>1,815,317</u>	<u>2,453,409</u>
Total governmental activities program revenues	<u>4,307,253</u>	<u>3,900,290</u>	<u>3,376,915</u>	<u>3,371,164</u>
Total primary government program revenues	<u>4,307,253</u>	<u>3,900,290</u>	<u>3,376,915</u>	<u>3,371,164</u>
Net revenues (expenses)	<u>\$ (6,915,259)</u>	<u>\$ (10,514,418)</u>	<u>\$ (9,901,314)</u>	<u>\$ (9,878,981)</u>

\* Through legislation passed by the State of California and upheld by the Supreme Court of California, redevelopment agencies were dissolved as of January 31, 2012. The legislation established Successor Agencies to assist with the dissolution process. The Successor Agency to the Yucca Valley Redevelopment Agency is a private purpose trust fund and cannot be considered a component unit of the Town of Yucca Valley. It succeeded the Yucca Valley Redevelopment Agency (RDA) on February 1, 2012. Prior to the transition date, the activities of the RDA are blended with those of the Town in these financial statements. This change in entities is reflected in the variances from prior years in the fiscal year ended June 30, 2012.

*Town of Yucca Valley*

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

---

	Fiscal year			
	2005	2006	2007	2008
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
Sales tax	2,747,900	2,958,865	3,290,412	3,170,306
Transient occupancy tax	139,997	129,968	133,612	164,056
Franchise tax	682,162	773,076	779,957	793,740
Motor vehicle in lieu tax, unrestricted	1,433,508	1,449,006	463,536	93,324
Unrestricted investment earnings	184,741	272,701	215,245	571,218
Other	279,329	161,247	1,669,034	124,199
Extraordinary Item:				
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	-
Total governmental activities	<u>8,072,382</u>	<u>9,008,870</u>	<u>10,737,098</u>	<u>12,078,465</u>
Total primary government	<u>8,072,382</u>	<u>9,008,870</u>	<u>10,737,098</u>	<u>12,078,465</u>
Total primary government change in net assets	<u><u>\$ 2,414,245</u></u>	<u><u>\$ 658,135</u></u>	<u><u>\$ 2,485,917</u></u>	<u><u>\$ 2,949,518</u></u>

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

	Fiscal year			
	2009	2010	2011	2012*
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property tax levied for general purposes	\$ 7,337,878	\$ 6,684,036	\$ 6,136,537	\$ 5,242,751
Sales tax	2,980,561	2,720,029	2,712,111	2,863,039
Transient occupancy tax	172,622	143,487	164,615	188,392
Franchise tax	816,713	754,715	780,066	809,736
Motor vehicle in lieu tax, unrestricted	72,272	62,397	97,307	10,534
Unrestricted investment earnings	432,158	132,170	79,729	44,463
Other	180,585	131,560	88,463	87,370
Extraordinary Item:				
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	(1,314,780)
Total governmental activities	<u>11,992,789</u>	<u>10,628,394</u>	<u>10,058,828</u>	<u>7,931,505</u>
Total primary government	<u>11,992,789</u>	<u>10,628,394</u>	<u>10,058,828</u>	<u>7,931,505</u>
Total primary government change in net assets	<u>\$ 5,077,530</u>	<u>\$ 113,976</u>	<u>\$ 157,514</u>	<u>\$ (1,947,476)</u>

\* Through legislation passed by the State of California and upheld by the Supreme Court of California, redevelopment agencies were dissolved as of January 31, 2012. The legislation established Successor Agencies to assist with the dissolution process. The Successor Agency to the Yucca Valley Redevelopment Agency is a private purpose trust fund and cannot be considered a component unit of the Town of Yucca Valley. It succeeded the Yucca Valley Redevelopment Agency (RDA) on February 1, 2012. Prior to the transition date, the activities of the RDA are blended with those of the Town in these financial statements. This change in entities is reflected in the variances from prior years in the fiscal year ended June 30, 2012.

*Town of Yucca Valley*

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

<b>Pre GASB 54</b>	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
<b>Total General Fund</b>	<b>5,473,167</b>	<b>6,085,119</b>	<b>5,702,897</b>	<b>5,929,393</b>	<b>6,477,005</b>	<b>6,568,404</b>
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
<b>Total all other governmental funds</b>	<b>6,134,472</b>	<b>6,811,122</b>	<b>9,137,954</b>	<b>17,958,372</b>	<b>19,783,255</b>	<b>17,091,205</b>
<b>Total all governmental funds</b>	<b>\$ 11,607,639</b>	<b>\$ 12,896,241</b>	<b>\$ 14,840,851</b>	<b>\$ 23,887,765</b>	<b>\$ 26,260,260</b>	<b>\$ 23,659,609</b>
<b>Post GASB 54</b>	Fiscal year					
	2010	2011	2012*			
General Fund:						
Nonspendable	\$ 350,000	\$ 350,000	\$ 350,000			
Assigned	-	-	1,040,000			
Unassigned	6,218,404	7,119,586	5,286,986			
<b>Total General Fund</b>	<b>6,568,404</b>	<b>7,469,586</b>	<b>6,676,986</b>			
All other governmental funds:						
Restricted:						
Public safety	448,778	451,708	509,590			
Debt service	3,713,435	2,534,676	-			
Community development	7,973,499	8,058,375	768,334			
Parks and recreation	160,993	96,552	585,568			
Public works	3,800,187	4,015,566	3,862,444			
Assigned	1,090,877	1,076,842	962,794			
Unassigned	(96,564)	(43,097)	(180,726)			
<b>Total all other governmental funds</b>	<b>17,091,205</b>	<b>16,190,622</b>	<b>6,508,004</b>			
<b>Total all governmental funds</b>	<b>\$ 23,659,609</b>	<b>\$ 23,660,208</b>	<b>\$ 13,184,990</b>			

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

---

During the prior fiscal year, the Town adopted GASBS No. 54. This Statement changed the presentation of governmental fund equity. The Town retroactively changed the fiscal year 2010 to comply with the requirements of the Statement, but chose not to retroactively apply the Statement in the Statistical Section (except for the 2010 fiscal year).

\* Through legislation passed by the State of California and upheld by the Supreme Court of California, redevelopment agencies were dissolved as of January 31, 2012. The legislation established Successor Agencies to assist with the dissolution process. The Successor Agency to the Yucca Valley Redevelopment Agency is a private purpose trust fund and cannot be considered a component unit of the Town of Yucca Valley. It succeeded the Yucca Valley Redevelopment Agency (RDA) on February 1, 2012. Prior to the transition date, the activities of the RDA are blended with those of the Town in these financial statements. This change in entities is reflected in the variances from prior years in the fiscal year ended June 30, 2012.

*Town of Yucca Valley*

**Changes in Fund Balances of Governmental Funds  
Last Eight Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal year			
	2005	2006	2007	2008
<b>Revenues:</b>				
Taxes	\$ 6,404,644	\$ 7,418,674	\$ 8,849,815	\$ 11,330,968
Licenses and permits	32,957	26,274	64,263	71,575
Intergovernmental	4,421,358	4,103,009	410,616	3,911,034
Charges for services	1,114,273	1,030,152	797,677	639,810
Fines, fees and forfeitures	183,275	181,339	4,460,436	394,293
Investment earnings	374,953	359,527	794,627	700,277
Miscellaneous	279,329	334,134	155,209	233,243
Total revenues	<u>12,810,789</u>	<u>13,453,109</u>	<u>15,532,643</u>	<u>17,281,200</u>
<b>Expenditures:</b>				
Current:				
General government	1,472,618	1,822,720	1,699,333	2,144,688
Public safety	2,728,025	2,986,498	3,703,982	4,066,649
Parks and recreation	1,287,939	979,038	1,563,853	1,286,589
Public works	2,707,617	3,541,152	1,219,835	3,602,888
Community development	1,562,653	2,191,775	3,797,852	1,993,089
Debt service:				
Principal retirement	229,438	245,312	219,638	303,255
Interest and fiscal charges	277,023	275,881	423,008	421,054
Bond issuance costs	-	-	-	326,398
Supplemental ERAF shift	-	-	-	-
Pass-through payments	269,326	334,131	460,532	826,797
Total expenditures	<u>10,534,639</u>	<u>12,376,507</u>	<u>13,088,033</u>	<u>14,971,407</u>
Excess (deficiency) of revenues over expenditures	<u>2,276,150</u>	<u>1,076,602</u>	<u>2,444,610</u>	<u>2,309,793</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,252,396	759,482	2,308,853	5,810,777
Transfers out	(1,719,414)	(547,482)	(2,808,853)	(5,767,636)
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)	<u>(467,018)</u>	<u>212,000</u>	<u>(500,000)</u>	<u>6,698,423</u>
<b>Extraordinary Item</b>				
Gain (loss) on dissolution of Redevelopment Agency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,809,132</u>	<u>\$ 1,288,602</u>	<u>\$ 1,944,610</u>	<u>\$ 9,008,216</u>
Debt service as a percentage of noncapital expenditures	5.1%	4.3%	5.1%	5.2%

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

	Fiscal year			
	2009	2010	2011	2012*
<b>Revenues:</b>				
Taxes	\$ 11,318,597	\$ 10,292,984	\$ 9,776,769	\$ 9,106,577
Licenses and permits	65,579	68,937	58,956	39,382
Intergovernmental	3,296,061	2,993,907	3,692,772	2,794,257
Charges for services	518,262	544,397	545,198	458,950
Fines, fees and forfeitures	224,734	341,472	179,376	183,073
Investment earnings	536,835	147,795	100,866	60,345
Miscellaneous	340,389	20,685	46,735	3,522
Total revenues	<u>16,300,457</u>	<u>14,410,177</u>	<u>14,400,672</u>	<u>12,646,106</u>
<b>Expenditures:</b>				
Current:				
General government	2,291,878	2,177,514	3,152,504	2,175,885
Public safety	3,923,404	4,369,254	4,114,119	4,243,756
Parks and recreation	1,528,478	1,348,149	1,253,535	1,284,466
Public works	2,752,637	4,173,267	2,622,724	2,883,863
Community development	1,565,868	2,662,459	1,550,082	1,662,770
Debt service:				
Principal retirement	317,802	281,414	186,133	161,562
Interest and fiscal charges	652,027	598,723	573,502	348,789
Bond issuance costs	-	-	-	-
Supplemental ERAF shift	-	636,679	131,081	-
Pass-through payments	859,868	763,369	816,393	414,791
Total expenditures	<u>13,891,962</u>	<u>17,010,828</u>	<u>14,400,073</u>	<u>13,175,882</u>
Excess (deficiency) of revenues over expenditures	<u>2,408,495</u>	<u>(2,600,651)</u>	<u>599</u>	<u>(529,776)</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,294,966	1,155,660	595,314	1,329,858
Transfers out	(1,330,966)	(1,155,660)	(595,314)	(1,329,858)
Proceeds of loan	-	-	-	-
Refunded bond issuance	-	-	-	-
Bond discount	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>(36,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Extraordinary Item</b>				
Gain (loss) on dissolution of Redevelopment Agency	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,945,443)</u>
Net change in fund balances	<u>\$ 2,372,495</u>	<u>\$ (2,600,651)</u>	<u>\$ 599</u>	<u>\$ (10,475,219)</u>
Debt service as a percentage of noncapital expenditures	9.3%	6.6%	6.0%	3.9%



*Town of Yucca Valley*

**Assessed Value and Estimated Actual Value of Taxable Property  
Last Eight Fiscal Years**

Fiscal year ended June 30,	Town				Total direct tax rate
	Secured	Unsecured	Less: exemptions	Taxable assessed value	
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%
2011	1,109,603,922	33,206,291	27,759,864	1,115,050,349	0.3019%
2012	1,112,098,163	33,029,216	27,544,264	1,117,583,115	0.2993%

Note 1:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only 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 eight most current years of data for this schedule.

# Town of Yucca Valley

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

Town General Fund Direct Rates	Town share of 1% levy		RDA		Total direct rate						Outstanding debt 6/30/12 (5)	Estimated share of overlapping debt		
	Debt rates	Total Town rate	Incremental rate	Total direct rate		2005	2006	2007	2008	2009			2010	2011
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%									
2011	0.1653%	0.0000%	0.1653%	1.0000%	0.3019%									
2012	0.1653%	0.0000%	0.1653%	1.0000%	0.2993%									
<b>Overlapping rates</b>														
Town of Yucca Valley	0.16764	0.16764	0.16764	0.16764	0.16533	0.16533	0.16533	0.16533	0.16533	0.16533	0.16533	0.16533	\$ -	\$ 161,562
Copper Mountain														
Community College	0.03995	0.03995	0.03995	0.03995	0.03990	0.03990	0.03990	0.03990	0.03990	0.03990	0.03990	0.03990	18,526,776	6,984,769
County Free Library	0.01023	0.01023	0.01023	0.01023	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037	-	-
County General Fund	0.10539	0.10539	0.10539	0.10539	0.10710	0.10710	0.10710	0.10710	0.10710	0.10710	0.10710	0.10710	1,161,120,591	12,548,439
County Superintendent	0.00718	0.00718	0.00718	0.00718	0.00729	0.00729	0.00729	0.00729	0.00729	0.00729	0.00729	0.00729	-	-
ERAF	0.15949	0.15949	0.15949	0.15949	0.16220	0.16220	0.16220	0.16220	0.16220	0.16220	0.16220	0.16220	-	-
Flood Control Admin	0.00064	0.00064	0.00064	0.00064	0.00065	0.00065	0.00065	0.00065	0.00065	0.00065	0.00065	0.00065	108,210,000	1,118,897
Flood Control Zone 6	0.00853	0.00853	0.00853	0.00853	0.00845	0.00845	0.00845	0.00845	0.00845	0.00845	0.00845	0.00845	-	-
Hi-Desert County Water	0.07007	0.07007	0.07007	0.07007	0.06930	0.06930	0.06930	0.06930	0.06930	0.06930	0.06930	0.06930	2,695,000	2,539,086
Hi-Desert Hospital District	0.01339	0.01339	0.01339	0.01339	0.01345	0.01345	0.01345	0.01345	0.01345	0.01345	0.01345	0.01345	-	-
Mojave Desert RCD	0.00011	0.00011	0.00011	0.00011	0.00009	0.00009	0.00009	0.00009	0.00009	0.00009	0.00009	0.00009	-	-
Mojave Water Agency	0.00385	0.00385	0.00385	0.00385	0.00393	0.00393	0.00393	0.00393	0.00393	0.00393	0.00393	0.00393	-	-
Morongo USD	0.19321	0.19321	0.19321	0.19321	0.19410	0.19410	0.19410	0.19410	0.19410	0.19410	0.19410	0.19410	45,277,652	10,576,072
Yucca Valley Fire	0.22032	0.22032	0.22032	0.22032	0.21780	0.21780	0.21780	0.21780	0.21780	0.21780	0.21780	0.21780	-	-
<b>Total Prop 13 rate</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>\$ 1,335,830,019</b>	<b>\$ 33,928,825</b>
Morongo USD	0.00000	0.00000	0.05230	0.04040	0.05400	0.03910	0.04650	0.04830	0.04830	0.04830	0.04830	0.04830	-	-
Copper Mountain														
Community College	0.00000	0.00000	0.01780	0.02480	0.01400	0.02400	0.02980	0.02670	0.02670	0.02670	0.02670	0.02670	-	-
Mojave Water Agency	0.10000	0.09000	0.08500	0.08500	0.08500	0.08500	0.08500	0.08500	0.08500	0.08500	0.08500	0.08500	16,755,000	995,768
Mojave Water Agency														
Land only	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	26,475,000	15,125,024
Mojave Water Agency	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500	-	-
<b>Total voter approved rate</b>	<b>0.26750</b>	<b>0.25750</b>	<b>0.32260</b>	<b>0.31770</b>	<b>0.32050</b>	<b>0.31560</b>	<b>0.32880</b>	<b>0.32750</b>	<b>0.32750</b>	<b>0.32750</b>	<b>0.32750</b>	<b>0.32750</b>	<b>43,230,000</b>	<b>16,120,792</b>
<b>Total direct and overlapping rate</b>	<b>1.26750</b>	<b>1.25750</b>	<b>1.32260</b>	<b>1.31770</b>	<b>1.32046</b>	<b>1.31556</b>	<b>1.32880</b>	<b>1.32750</b>	<b>1.32750</b>	<b>1.32750</b>	<b>1.32750</b>	<b>1.32750</b>	<b>\$ 1,379,060,019</b>	<b>\$ 50,049,617</b>

---

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 statute. RDA direct and overlapping rates are applied only to the incremental property values.
- 4) In 1978, California voters passed 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.

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

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

*Town of Yucca Valley*

**Principal Property Tax Payers  
Current Year**

---

		2012	
<u>Taxpayer</u>		<u>Taxable assessed value</u>	<u>Percent of total town taxable assessed value</u>
1	Walmart Stores Inc.	\$ 16,292,342	1.19%
2	K. Moyle	10,575,236	0.77%
3	California Valley Associates	8,215,496	0.60%
4	Inland Delaware Trust	6,254,773	0.46%
5	White Trust	6,134,426	0.45%
6	Romero Trust	6,065,637	0.44%
7	Ruehman Trust	5,819,233	0.43%
8	Apache MPA	4,944,701	0.36%
9	Sandelman Trust	4,840,000	0.35%
10	Centurey-TCI LP	4,608,373	0.34%
Totals		<u>\$ 73,750,217</u>	<u>5.39%</u>

Source: San Bernardino County Assessor 2011-12 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.

*Town of Yucca Valley*

**Property Tax Levies and Collections  
Last Seven 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%
2011	4,450,182	4,450,182	100.00%	-	4,450,182	100.00%
2012	4,403,922	3,672,055	83.38%		4,403,922	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 seven most current years of data for this schedule.

*Town of Yucca Valley*

**Ratios of Outstanding Debt by Type  
Last Eight Fiscal Years**

---

<u>Fiscal year ended June 30</u>	<u>Tax allocation bonds</u>	<u>General obligation bonds</u>	<u>Loans</u>	<u>Total governmental activities</u>	<u>% of personal income</u>
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%
2011	10,115,000	67,924	161,562	10,344,486	2.38%
2012*	-	67,924	-	67,924	0.02%

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 eight most current years of data for this schedule.

\* Through legislation passed by the State of California and upheld by the Supreme Court of California, redevelopment agencies were dissolved as of January 31, 2012. The legislation established Successor Agencies to assist with the dissolution process. The Successor Agency to the Yucca Valley Redevelopment Agency is a private purpose trust fund and cannot be considered a component unit of the Town of Yucca Valley. It succeeded the Yucca Valley Redevelopment Agency (RDA) on February 1, 2012. Prior to the transition date, the activities of the RDA are blended with those of the Town in these financial statements. This change in entities is reflected in the variances from prior years in the fiscal year ended June 30, 2012.

*Town of Yucca Valley*

**Ratios of General Bonded Debt Outstanding  
Last Eight Fiscal Years**

Fiscal year ended June 30,	Outstanding general bonded debt				% of personal income	Per capita
	Tax allocation bonds	General obligation bonds	Loans	Total		
2005	\$ 4,090,000	\$ 741,231	\$ -	\$ 4,831,231	1.37%	\$ 244
2006	3,985,000	574,855	120,328	4,559,855	1.17%	228
2007	3,880,000	464,454	116,091	4,344,454	1.03%	212
2008	10,625,000	318,043	186,792	10,943,043	2.58%	523
2009	10,460,000	171,632	180,401	10,631,632	2.67%	509
2010	10,290,000	67,924	172,695	10,357,924	2.32%	495
2011	10,115,000	67,924	181,562	10,182,924	2.38%	475
2012*	-	67,924	-	67,924	0.02%	3

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 eight most current years of data for this schedule.

\* Through legislation passed by the State of California and upheld by the Supreme Court of California, redevelopment agencies were dissolved as of January 31, 2012. The legislation established Successor Agencies to assist with the dissolution process. The Successor Agency to the Yucca Valley Redevelopment Agency is a private purpose trust fund and cannot be considered a component unit of the Town of Yucca Valley. It succeeded the Yucca Valley Redevelopment Agency (RDA) on February 1, 2012. Prior to the transition date, the activities of the RDA are blended with those of the Town in these financial statements. This change in entities is reflected in the variances from prior years in the fiscal year ended June 30, 2012.

*Town of Yucca Valley*

**Legal Debt Margin Information  
Last Eight Fiscal Years**

---

	Fiscal year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Assessed valuation	\$ 899,377,178	\$ 1,067,360,308	\$ 1,308,322,950	\$ 1,488,885,770
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	224,844,295	266,840,077	327,080,738	372,221,443
Debt limit percentage	15%	15%	15%	15%
Debt limit	33,726,644	40,026,012	49,062,111	55,833,216
Total net debt applicable to limit: general obligation bonds	<u>741,231</u>	<u>574,855</u>	<u>464,454</u>	<u>318,043</u>
Legal debt margin	<u>\$ 32,985,413</u>	<u>\$ 39,451,157</u>	<u>\$ 48,597,657</u>	<u>\$ 55,515,173</u>
Total debt applicable to the limit as a percentage of debt limit	2.247%	1.457%	0.956%	0.573%

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

---

	Fiscal year			
	2009	2010	2011	2012
Assessed valuation	\$ 1,590,758,294	\$ 1,446,883,236	\$ 1,367,679,701	\$ 1,365,523,976
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	397,689,574	361,720,809	341,919,925	341,380,994
Debt limit percentage	15%	15%	15%	15%
Debt limit	59,653,436	54,258,121	51,287,989	51,207,149
Total net debt applicable to limit: general obligation bonds	<u>171,632</u>	<u>67,924</u>	<u>67,924</u>	<u>67,924</u>
Legal debt margin	<u>\$ 59,481,804</u>	<u>\$ 54,190,197</u>	<u>\$ 51,220,065</u>	<u>\$ 51,139,225</u>
Total debt applicable to the limit as a percentage of debt limit	0.289%	0.125%	0.133%	0.133%



*Town of Yucca Valley*

**Pledged-Revenue Coverage  
Last Eight Fiscal Years**

---

Fiscal year ended June 30,	Tax allocation bonds				Coverage
	Tax increment	Debt service			
		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%	
2011	2,128,307	175,000	562,703	2.89%	
2012*	-	-	-	0.00%	

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 eight most current years of data for his schedule.

\* Through legislation passed by the State of California and upheld by the Supreme Court of California, redevelopment agencies were dissolved as of January 31, 2012. The legislation established Successor Agencies to assist with the dissolution process. The Successor Agency to the Yucca Valley Redevelopment Agency is a private purpose trust fund and cannot be considered a component unit of the Town of Yucca Valley. It succeeded the Yucca Valley Redevelopment Agency (RDA) on February 1, 2012. Prior to the transition date, the activities of the RDA are blended with those of the Town in these financial statements. This change in entities is reflected in the variances from prior years in the fiscal year ended June 30, 2012.

*Town of Yucca Valley*

**Demographic and Economic Statistics  
Last Eight Calendar Years**

---

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Aggregate Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (2)</u>	
2005	19,774	\$ 353,000,000	\$ 17,852	5.30%	
2006	20,537	400,000,000	19,477	5.00%	
2007	21,044	432,000,000	20,528	5.60%	
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)
2011	21,800	434,000,000	19,908	13.40%	(4)
2012	20,916	423,000,000	20,224	12.70%	(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 eight most current years of data for this schedule.

*Town of Yucca Valley*

**Principal Employers  
Last Two Calendar Years**

---

Employer	Number of employees		Current year % of total employment
	2011	2012	
Morongo Unified School District	379	384	N/A
Wal-Mart	286	236	N/A
Stater Bros.	151	155	N/A
Hi-Desert Star	147	72	N/A
Sky Harbor Care Center	112	229	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.

*Town of Yucca Valley*

**Employment Trends and Other Miscellaneous Information  
Last Six Fiscal Years**

---

**Employment Trends**

<u>Function</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government	11	11	10	8	8	9
Public works	15	15	17	12	12	8
Community development	14	11	9	8	7	8
<u>Community service</u>	<u>8</u>	<u>8</u>	<u>18.75</u>	<u>17</u>	<u>16.75</u>	<u>14.75</u>
Total	<u>48</u>	<u>45</u>	<u>54.75</u>	<u>45</u>	<u>43.75</u>	<u>39.75</u>

<b>Date Incorporated</b>	November 27, 1991
<b>Type of Municipality</b>	General Law
<b>Form of Government</b>	Council – Town Manager
<b>Area</b>	39 Square Miles

Source: Town of Yucca Valley

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

The prior year's employment trends have been restated to reflect full-time equivalents (FTE's).

*Town of Yucca Valley*

**Operating Indicators by Function  
Last Six Fiscal Years**

---

<u>Function</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Animal Control:						
Service calls/shelter visitors	19,114	22,476	26,808	27,021	21,475	19,716
Animal licenses issued	1,200	1,475	1,372	1,443	2,128	1,475
Community Development:						
Building permits issued	885	143	607	585	292	545
Plan checks	325	13	122	118	74	136
Public Works:						
Newly paved streets	-	-	2	-	-	0.50
Street resurfacing (miles)	2.512	3.16	0.23	22.19	1.52	0.25
Parks and Recreation:						
Number of recreation classes	1,250	1,193	1,276	1,144	936	1,199
Number of facility rentals	397	379	720	732	746	960

Source: Town of Yucca Valley

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

*Town of Yucca Valley*

**Capital Asset Statistics by Function  
Last Six Fiscal Years**

---

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Public Works:						
Streets (miles)	168.3	168.3	168.3	168.3	168.3	168.3
Traffic signals	-	-	-	-	-	-
Parks and Recreation:						
Parks	8	8	8	8	8	8
Community centers	1	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 six years of data for this schedule.