

# **Town of Yucca Valley**

Yucca Valley, California

## **Comprehensive Annual Financial Report** For the fiscal year ended June 30, 2016



### **Administrative Services Department**

Curtis Yakimow  
Town Manager

Sharon Cisneros, CPA  
Finance Manager

*Town of Yucca Valley*

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## INTRODUCTORY SECTION



November 1, 2016

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, 2016, 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, planning, building and safety, 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. With the dissolution of redevelopment agencies statewide in California following the passage of ABx1 26, redevelopment funds were permanently transitioned to a private-purpose trust fund structure for the year ended June 30, 2012 and beyond.

### ***Governmental Structure, Local Economic Condition and Outlook***

The Town, incorporated in 1991, is located in the southeastern part of the state, in the Morongo Basin just north of the Coachella Valley. The Town of Yucca Valley currently has a land area of 39 square miles and a population of approximately 21,280. The Town is empowered to levy a voter-approved 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 of  
**Yucca Valley**

The Town has operated under the council-manager form of government since incorporation. Policymaking and legislative authority is vested in the Town Council, which consists of a mayor and a four-member council. The Town Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the Town's manager and attorney. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the Town, and for appointing the Town's management team. 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 major financial institutions and a broad base of retail operations, the community serves both the commercial and retail 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. Starting in 2006 however, the slowing economy 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, and over the course of the next few years, the Town continued to experience declines in both retail sales and assessed valuation of both commercial and residential properties.

Beginning in about 2012, this trend has stabilized and has been replaced by slow but steady growth. Retail interest in the area continues to accelerate in conjunction with the completion of several new retail developments. 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 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, in the City of Twenty-nine Palms. The base is home to more than 20,000 service members and dependents and continues to thrive. Base command has provided updates that indicate that the majority of recently planned capital improvement projects have been or are nearing completion. Accordingly, many of the private contractors associated with base expansion projects have wound down their local presence. Through recent congressional action, the base has expanded its footprint to allow for large-scale multi-branch coordinated training events that were previously not possible. The Town considers the base as a strategic partner as many base personnel or their dependents live, work, shop and play in the Town of Yucca Valley.

Joshua Tree National Park, a stunning backdrop on Yucca Valley's southern border, attracts approximately two 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 continues to receive high quality water both 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 and the natural water cycle.



## ***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 2015-16 represented significant progress towards the implementation of the strategic plan as adopted by the Town Council. Highlights of the plan progress include:

- Supporting franchise hauler's plan to build a new local transfer station that will provide enhanced solid waste and recycling opportunities
- Acquisition of new park assets and improvements to existing parks
- Began partnership with San Bernardino County Library to renovate a long vacant town owned property for use as the new Yucca Valley Branch Library
- Economic development progress with opening of several new commercial locations
- Pension and Other Post Employment Benefit reform implementation with accompanying financial commitment to reducing related liabilities

***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 to enhance public safety, as well as appropriate support to the Hi Desert Water District in their development of a regional wastewater facility.

A new sewer assessment district was passed by Yucca Valley property owners in May 2015, which will provide funding for Phase I of the \$146 million regional wastewater project. The related assessment for single equivalent dwelling unit (EDU) connections is \$18,160. The assessment due for all Town owned properties is estimated at \$610,000 with an additional \$310,000 for construction costs related to connecting to the system. This project will have a significant impact on Yucca Valley residents, businesses and visitors alike, with disruptions affecting local streets and roads, travel patterns and general commerce. The project is also likely to provide a positive financial impact through the multiplier effect of significant public works projects. On October 20, 2016, the groundbreaking on Phase 1 of the project was completed. The Hi Desert Water District serves as the lead agency on this project. The Town is coordinating street improvements with the street reconstruction completed as part of the sewer project to ensure the most efficient use of funding available as well as diminish the impact on residents as much as possible.

**Building Activity.** The Building and Safety division is an integral segment of the Community Development/Public Works Department. Responsible for all new construction within the Town of Yucca Valley, 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 and residential growth, and coupled with a sluggish regional economy, overall development activity has been restrained. In a similar pattern to the Town's sales tax environment, fiscal year 2014-15 showed signs of both the housing and commercial market stabilizing, and beginning to move forward once again. The Town has begun to see activity in residential construction, as several previously defunct projects had new life breathed into them. Coupled with the positive regional wastewater project assessment vote, there is reason to believe that Town-wide development, both commercial and residential, will continue at increasing levels. However, with the completion of the sewer system estimated to be in 2019, it will be some time before any significant increase is anticipated. While this progress remains exposed to comprehensive state, national and international economic events, the Town is confident that the local economy can continue on its return to modest growth.

**Recent SFR Permit History**

|           |     |           |    |
|-----------|-----|-----------|----|
| 1999-2000 | 54  | 2008-2009 | 7  |
| 2000-2001 | 82  | 2009-2010 | 11 |
| 2001-2002 | 118 | 2010-2011 | 2  |
| 2002-2003 | 188 | 2011-2012 | 13 |
| 2003-2004 | 351 | 2012-2013 | 2  |
| 2004-2005 | 384 | 2013-2014 | 24 |
| 2005-2006 | 244 | 2014-2015 | 19 |
| 2006-2007 | 99  | 2015-2016 | 8  |
| 2007-2008 | 36  |           |    |

Annual permit valuation decreased in FY 2015-16 with total permit valuation for the fiscal year ending June 30, 2016 of \$1,012,448.

**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 personnel 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. Over the past three fiscal years, the Town has focused on adjusting service delivery with the resources available as a result of the changes. This has resulted in a streamlined and efficient service delivery model that focuses on quality versus quantity, and from desired programming to essential programming.

While disappointed in the contraction of some service and program alternatives, the community has been generally supportive, understanding the need for fiscal sustainability. In an effort to be in a position to respond to recent and continued financial challenges, 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 moving into the future.

In FY2015-16, a Classification and Compensation Study was completed to ensure that employees are paid on a fair, competitive and sustainable basis, as well as updating the class descriptions equitably across the organization as a follow up to the last study completed in 2007. The process included a significant cost impact analysis and review of the long-term sustainability impacts. Recommendations based on the study were balanced against the need for fiscal prudence and sustainability. Compensation study implementation generally resulted in the majority of employees receiving a 2.5% salary increase. However, employee compensation in the management designations were recommended below market median, at 90% median.

Also in FY2015-16, the Town significantly decreased annual pension costs in future years by paying the side fund loan with CalPERS in full. Payment totaling \$641,552 which were funded from the unrestricted reserves saved the Town an estimated \$155,000 in interest. Thus, reducing future years' required contributions.

**Long-term financial planning.** As part of the budget process, the Town forecasts revenue, expenditures and capital needs to address long-term financial concerns. The forecast is an integral part of the strategic planning and budget process. The Town's forecast includes consideration for infrastructure improvements prior to and after the completion of the sewer system project scheduled to begin late in calendar year 2016.

Also identified in the forecast is the need for additional funding for both public safety and Infrastructure. In FY2015-16, the Town Council established a Revenue Ad Hoc Committee (Committee) to work with various citizen groups and stakeholders in assessing the appropriateness for voter consideration of a local sales tax revenue measure or measures. This action was in response to two sales tax initiatives that were introduced to the community in 2015, but not circulated. The Council collectively determined that there was sufficient community interest in meeting certain Town-wide needs through two revenue measures. The measures proposed on the November 8th ballot include both a half-percent general fund sales tax revenue measure that would be allocated primarily for Town public safety, infrastructure needs, and other Town quality of life programs, and a second half-percent sales tax revenue measure to assist property owners with paying the assessment for the cost of the sewer. It is estimated to generate approximately \$1.5 million annually for a 10 year period. The funds from the measure, if passed, will address the needs of the General Fund for both public safety and infrastructure.

**Redevelopment Agency.** As identified in our previous reports, 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.

The loss of the Yucca Valley Redevelopment Agency (RDA) continues to 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 into the direct siphoning of \$25-\$30 million from the Town over the next ten years and beyond. In fiscal year 2015-16, the Town, acting as Successor Agency, continued the orderly dissolution process. The Oversight Board approved a bond expenditure agreement between the Successor Agency and the Town of Yucca Valley. Subsequently, in August 2016, the Department of Finance approved the agreement and the transfer of approximately \$2,400,000 of bond proceeds with will transferred to the Town to be expended in accordance with the bond agreements. The Town anticipates that the dissolution process will be completed with a Last and Final ROPS in fiscal year 2017-18 in accordance with recent legislation

### ***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 2011 and 2015. 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 Finance 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,



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Curtis Yakimow  
Town Manager



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Sharon Cisneros, CPA  
Finance Manager

# *Town of Yucca Valley*

## Elected and Appointed Officials

### **Elected Officials**

Mayor

**Robert Leone**

Mayor Pro Tem

**Merl Abel**

Council Member

**George Huntington**

Council Member

**Rick Denison**

Council Member

**Robert Lombardo**

### **Appointed Officials**

Town Manager

**Curtis Yakimow**

Deputy Town Manager

**Shane R. Stueckle**

Finance Manager

**Sharon Cisneros, CPA**

Town Clerk

**Lesley Copeland**

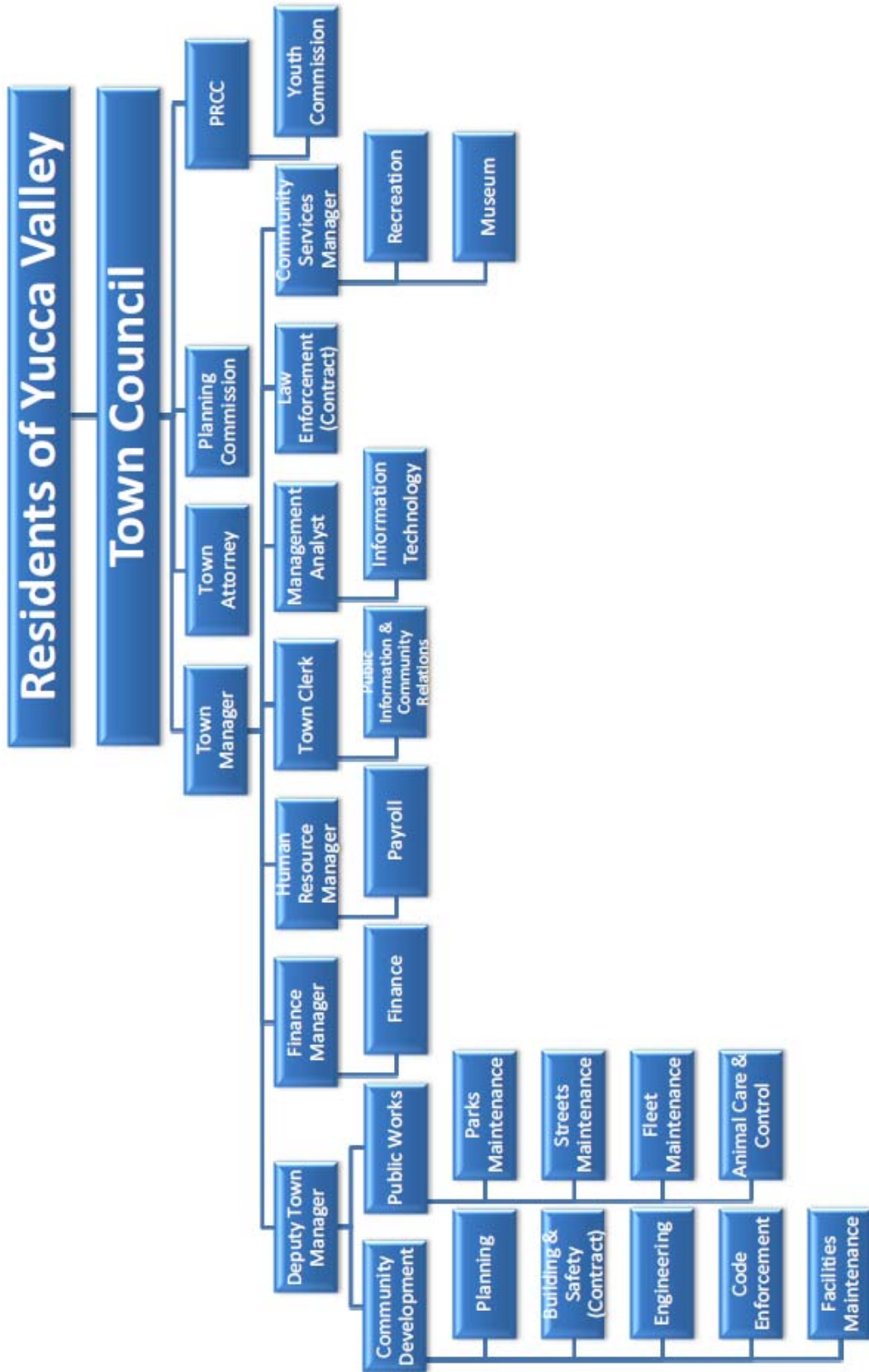
Town Attorney

**Lona Laymon**

Human Resources Manager

**Debra Breidenbach-Sterling**

Organizational Chart





Government Finance Officers Association

**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, 2015**

Executive Director/CEO





## FINANCIAL SECTION





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

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

**PARTNERS**

Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Kirk A. Franks, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Bradferd A. Welebir, CPA, MBA, CGMA  
Jay H. Zercher, CPA (Partner Emeritus)  
Phillip H. Waller, CPA (Partner Emeritus)

**MANAGERS / STAFF**

Jenny Liu, CPA, MST  
Seong-Hyea Lee, CPA, MBA  
Charles De Simoni, CPA  
Nathan Statham, CPA, MBA  
Gardenya Duran, CPA  
Ivan Gonzales, CPA, MSA  
Brianna Schultz, CPA  
Daniel Hernandez, CPA, MBA  
Lisa Dongxue Guo, CPA, MSA

**MEMBERS**

American Institute of  
Certified Public Accountants

PCPS The AICPA Alliance  
for CPA Firms

Governmental Audit  
Quality Center

California Society of  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

***Report on the Financial Statements***

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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, OPEB schedule of funding progress, schedule of the Town's proportionate share of the plans' net pension liability and related ratios as of the measurement date, and schedule of plan's contributions 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and budgetary comparison schedules are 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2016 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP

San Bernardino, California  
November 1, 2016





**MANAGEMENT'S DISCUSSION AND ANALYSIS**





## *Town of Yucca Valley*

### **Management's Discussion and Analysis For the year ended June 30, 2016**

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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, 2016. 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 Position 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 non-major 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 Position 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 position and changes in them. One can think of the Town's net position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – as one way to measure the Town's financial health, or *financial position*. Over time, *increases and decreases* in the Town's net position 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 net of contributions from the Successor Agency and the continuing depreciation on capital assets.

# Town of Yucca Valley

## Management's Discussion and Analysis For the year ended June 30, 2016

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### 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 Position and the Statement of Activities) and *governmental funds* in reconciliations 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 Position 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 Position follows:

|                                  | 2016                 | 2015                 | Change              |
|----------------------------------|----------------------|----------------------|---------------------|
| Current and other assets         | \$ 21,080,876        | \$ 19,276,296        | \$ 1,804,580        |
| Capital assets                   | 36,204,105           | 32,591,351           | 3,612,754           |
| Total assets                     | <u>57,284,981</u>    | <u>51,867,647</u>    | <u>5,417,334</u>    |
| Deferred outflows of resources   | <u>1,429,395</u>     | <u>480,823</u>       | <u>948,572</u>      |
| Long-term debt                   | 4,753,587            | 4,134,226            | 619,361             |
| Other liabilities                | 714,862              | 811,036              | (96,174)            |
| Total liabilities                | <u>5,468,449</u>     | <u>4,945,262</u>     | <u>523,187</u>      |
| Deferred inflows of resources    | <u>334,605</u>       | <u>853,203</u>       | <u>(518,598)</u>    |
| Net position:                    |                      |                      |                     |
| Net investment in capital assets | 36,204,105           | 32,591,351           | 3,612,754           |
| Restricted                       | 11,960,573           | 9,745,235            | 2,215,338           |
| Unrestricted                     | 4,746,644            | 4,213,419            | 533,225             |
| Total net position               | <u>\$ 52,911,322</u> | <u>\$ 46,550,005</u> | <u>\$ 6,361,317</u> |

# Town of Yucca Valley

## Management's Discussion and Analysis For the year ended June 30, 2016

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

|  | 2016                 | 2015                 | Change              |
|--|----------------------|----------------------|---------------------|
| <b>Revenues</b>                              |                      |                      |                     |
| Program revenues:                            |                      |                      |                     |
| Charges for services                         | \$ 774,308           | \$ 637,987           | \$ 136,321          |
| Operating contributions and grants           | 3,279,736            | 3,154,115            | 125,621             |
| Capital contributions and grants             | 4,862,151            | 3,813,649            | 1,048,502           |
| Total program revenues                       | <u>8,916,195</u>     | <u>7,605,751</u>     | <u>1,310,444</u>    |
| General revenues:                            |                      |                      |                     |
| Property taxes                               | 4,478,913            | 4,366,088            | 112,825             |
| Sales taxes                                  | 3,498,005            | 3,003,421            | 494,584             |
| Transient occupancy taxes                    | 290,878              | 571,645              | (280,767)           |
| Franchise taxes                              | 851,943              | 833,722              | 18,221              |
| Investment income                            | 37,559               | 42,786               | (5,227)             |
| State motor vehicle in-lieu                  | 8,616                | 8,726                | (110)               |
| Other  | 340,551              | 146,230              | 194,321             |
| Total general revenues                       | <u>9,506,465</u>     | <u>8,972,618</u>     | <u>533,847</u>      |
| Total revenues                               | <u>18,422,660</u>    | <u>16,578,369</u>    | <u>1,844,291</u>    |
| <b>Program expenses</b>                      |                      |                      |                     |
| General government                           | 1,922,138            | 1,808,076            | 114,062             |
| Public safety                                | 4,968,371            | 4,897,263            | 71,108              |
| Parks and recreation                         | 813,926              | 729,359              | 84,567              |
| Public works                                 | 3,124,182            | 1,979,622            | 1,144,560           |
| Community development                        | 1,232,726            | 2,168,836            | (936,110)           |
| Interest expense and other charges           | -                    | -                    | -                   |
| Total expenses                               | <u>12,061,343</u>    | <u>11,583,156</u>    | <u>478,187</u>      |
| <b>Special Item</b>                          |                      |                      |                     |
| Contribution from Successor Agency           | -                    | 3,038,093            | (3,038,093)         |
| Change in net position                       | 6,361,317            | 8,033,306            | (1,671,989)         |
| Net position, beginning of year, as restated | 46,550,005           | 38,516,699           | 8,033,306           |
| Net position, end of year                    | <u>\$ 52,911,322</u> | <u>\$ 46,550,005</u> | <u>\$ 6,361,317</u> |

The increase or decrease in net position 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:

- The net position of the Town increased, from \$46.5 million to \$52.9 million, primarily as a result of an increase in Contributions of park property from a local non-profit organization and cost containment. Some of the more significant highlights in the Town's underlying activities are further described below.
- Government-wide revenues increased in 2016 primarily due to an increase in sales tax revenues as a result of new businesses opening in Town. Due primarily to the donation of a developed park and cost containment, the total net position increased by \$6,361,317.
- Property tax revenue increased from the prior year as a result of an increase in the assessed valuation in real property. It appears that aggregate property valuations are stabilizing, and it is likely that revenues will continue at the same level with modest growth in the near future.
- Sales taxes experienced an increase of 16% for fiscal year end 2016, reflecting an increase building and construction and autos and transportation offset by decreases in both fuel and service stations and business and industry.

## *Town of Yucca Valley*

### **Management's Discussion and Analysis For the year ended June 30, 2016**

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- An area of increased expenses was in the improvement of public parks, signal installation, and infrastructure maintenance in public works. In FY 2015-16, the addition of a large sports park into the infrastructure of the Town as well as continuing maintenance on streets contributed to the increase in expenditures. This trend will continue over the next fiscal year as long-planned street reconstruction and maintenance projects continue.
- Due to the increase in revenue, the Town was able to increase expenditures in the parks and recreation program and general government to partially recover suspended programs that were dramatically cut in prior fiscal years due to reorganization of staff and resources. The Town continued expense management resulting in only a slight increase in total expenditures while still allowing for the annual increase in public safety and quality of life programming in parks and recreation. 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.

#### **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 \$6,057,106, comprising the majority of the total fund balance of \$8,332,476. 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 61 percent of total general fund expenditures, while total fund balance represents 84 percent of that same amount. General fund revenues exceeded expenditures by \$545,873. This excess was related to increases in sales tax and transient occupancy tax revenues as well as savings in operating supplies and services which were offset by increases in personnel costs resulting from the side fund loan payment to CalPERS.

The **Town Housing Special Revenue Fund** is a special revenue fund established for transactions related to the Town's housing activities. The fund was established as the Housing Successor of the former Yucca Valley Redevelopment Agency's Low and Moderate Housing fund which was eliminated as of February 1, 2012. The revenue source is currently repayment of funds loaned to the Successor Agency. At the end of the current fiscal year, the restricted fund balance totaled (\$113,021). The negative fund balance is due to advances due from the Successor Agency from prior year RDA dissolution activities. Town Housing Fund expenditures exceeded revenues by \$(385). This deficit was related to operating expenditures for which the fund does not currently have sufficient income to offset.

The **Development Impact Fees (DIF) Fund** is a special revenue 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 improvement of public facilities as a result of Town growth. At the end of the current fiscal year, the restricted fund balance totaled \$1,543,442, comprising the majority of the total fund balance of \$2,101,462. Development Impact Fees Fund revenues exceeded expenditures by \$25,115. This excess was related to the loan payment for the new Animal Shelter paid from the General Facilities portion of the fund.

The **Community Development Block Grant (CDBG) Fund** is a special revenue fund established to account for financing of rehabilitation of privately held homes and government infrastructure. Financing is provided by the Federal Housing and Community Development Act. At the end of the current fiscal year, there was no remaining fund balance in the fund. CDBG Fund expenditures exceeded revenue by \$(111,852), however, budgeted funds to complete the park project were transferred in. A recent park renovation project was completed and the fund closed pending further projects.

## Town of Yucca Valley

### Management's Discussion and Analysis For the year ended June 30, 2016

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The **Capital Projects Reserve Fund** is a special revenue fund 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. At the end of the current fiscal year, the restricted fund balance totaled \$2,231,564. Capital Projects Reserve Fund revenue exceeded expenditures by \$7,209. This excess was related primarily to a one-time project related refund. Revenue into the fund is appropriated from the unassigned fund balance of the General Fund as directed by Council from prior year excess fund balances.

#### **GENERAL FUND BUDGET**

Aggregate differences between the original budget and the final budget of the General Fund revenues were not significant in fiscal year 2016 with the exception of the unanticipated other revenue received in the General Fund early in the year. Actual revenues exceeded the final budget by \$504,340 due to higher sales and transient occupancy tax revenues than expected.

Aggregate differences between the original budget and the final amended budget of the General Fund expenditures were higher as the final budget incorporated additional appropriations by Council. The Council appropriated additional funds for expenses related to retirement costs, classification and compensation study implementation, and professional services, in addition to the allocation to the infrastructure reserve. Total general government expenditures varied from final budget by 7.5% as the Town realized some savings throughout the organization. As a result, ending expenditures were \$802,382 less than the final amended budget.

These deviations did not significantly affect the Town's liquidity or ability to provide future government services, although the historical 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>2016</u>          | <u>2015</u>          |
|-----------------------------|----------------------|----------------------|
| Land                        | \$ 5,841,437         | \$ 5,646,437         |
| Land improvements           | 3,867,004            | 1,682,384            |
| Structures and improvements | 9,284,978            | 7,455,357            |
| Licensed vehicles           | 58,585               | 31,959               |
| Machinery and equipment     | 505,712              | 608,086              |
| Infrastructure              | 15,732,051           | 11,959,865           |
| Construction in progress    | <u>914,338</u>       | <u>5,207,263</u>     |
| Total                       | <u>\$ 36,204,105</u> | <u>\$ 32,591,351</u> |

The major changes to capital assets during the year ended June 30, 2016 were as follows:

- During the fiscal year, the Town increased its land, land improvements, structures and improvements, and infrastructure by more than \$7,981,427 primarily with the addition of the Brehm Sports Park. The addition of this new facility is the culmination of a multi-year partnership with a local not for profit to provide additional parks in the community.
- Decreases in construction in progress by \$4,292,925 is due to completion of infrastructure projects began in prior fiscal years. These projects reflect infrastructure activities focused on State Highway 62.

## Town of Yucca Valley

### Management's Discussion and Analysis For the year ended June 30, 2016

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- A small increase in licensed vehicles reflects the beginning of the planned replacement of aging fleet vehicles. Machinery and equipment decreased due to depreciation on existing assets.

Total unexpended construction commitments as of year-end were \$19,219 related to a park project finished but not completely invoiced. 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 long term debt (excluding compensated absences) outstanding of \$4,557,434. As of June 30, 2016, the long-term liability of the Town is its obligations related to employee pensions and Other Post-Employment Benefits (OPEB).

It is notable that a change in accounting principle restated the balances for the prior year for the net pension liability. The Town's pension plan has three levels of benefits for employees represented as Tier One, Tier Two, and Tier Three Plans. The three Tiers are funded at 73%, 96% and 95% respectively. The net pension liability is measured as total pension liability less the pension plan's fiduciary net position. The total pension liability is based on actuarial assumptions to which a long-term discount rate is applied. The long-term discount rate and the investment return on the plan influence the net pension liability from year to year and may create fluctuations that may or may not be immaterial.

The Town authorized and established a multi-employer irrevocable trust to administer the OPEB benefits. As of June 30, 2016, the balance in the trust is \$184,000. These funds will fund future obligations.

#### Outstanding Debt

|                       | <u>2016</u>         | <u>2015</u>         |
|-----------------------|---------------------|---------------------|
| Net pension liability | \$ 3,965,258        | \$ 3,360,184        |
| Compensated absences  | 196,153             | 196,520             |
| OPEB obligation       | <u>592,176</u>      | <u>577,522</u>      |
| Total                 | <u>\$ 4,753,587</u> | <u>\$ 4,134,226</u> |

Additional information on the Town's long-term debt can be found in the Notes 9, 10, 11, and 14 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 Finance Department, at the Town of Yucca Valley, 57090 Twenty-nine Palms Highway, Yucca Valley, California 92284.

*BASIC FINANCIAL STATEMENTS*

*Town of Yucca Valley*

**Statement of Net Position  
June 30, 2016**

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|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <b>ASSETS</b>                            |                                    |
| Cash and investments                     | \$ 16,169,821                      |
| Accounts receivable                      | 203,974                            |
| Due from other governments               | 1,555,823                          |
| Interest receivable                      | 55,289                             |
| Notes receivable                         | 2,929,927                          |
| Prepaid expenses                         | 166,042                            |
| Capital assets, not being depreciated    | 6,755,775                          |
| Capital assets, depreciated, net         | <u>29,448,330</u>                  |
| <br>Total assets                         | <br><u>57,284,981</u>              |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>    |                                    |
| Pension related                          | <u>1,429,395</u>                   |
| <b>LIABILITIES</b>                       |                                    |
| Accounts payable and accrued liabilities | 714,862                            |
| Noncurrent liabilities:                  |                                    |
| Due within one year                      | 49,038                             |
| Due in more than one year                | <u>4,704,549</u>                   |
| <br>Total liabilities                    | <br><u>5,468,449</u>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>     |                                    |
| Pension related                          | <u>334,605</u>                     |
| <b>NET POSITION</b>                      |                                    |
| Net investment in capital assets         | 36,204,105                         |
| Restricted for:                          |                                    |
| Public safety                            | 584,002                            |
| Public works                             | 5,919,705                          |
| Community development                    | 5,456,866                          |
| Unrestricted                             | <u>4,746,644</u>                   |
| <br>Total net position                   | <br><u>\$ 52,911,322</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, 2016**

|  | Expenses             | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Net<br>Governmental<br>Activities |
|--|----------------------|-------------------------|--|--|-----------------------------------|
| Governmental activities:                 |                      |                         |  |  |                                   |
| General government                       | \$ 1,922,138         | \$ 27,052               | \$ -                                     | \$ -                                   | \$ (1,895,086)                    |
| Public safety                            | 4,968,371            | 197,337                 | 1,761,415                                | -                                      | (3,009,619)                       |
| Parks and recreation                     | 813,926              | 212,682                 | 12,755                                   | 3,948,316                              | 3,359,827                         |
| Public works                             | 3,124,182            | 49,120                  | 477,549                                  | 745,135                                | (1,852,378)                       |
| Community development                    | 1,232,726            | 288,117                 | 1,028,017                                | 168,700                                | 252,108                           |
| <b>Total governmental activities</b>     | <b>\$ 12,061,343</b> | <b>\$ 774,308</b>       | <b>\$ 3,279,736</b>                      | <b>\$ 4,862,151</b>                    | <b>(3,145,148)</b>                |
| General revenues:                        |                      |                         |  |  |                                   |
| Taxes                                    |                      |                         |  |  |                                   |
| Property tax, levied for general purpose |                      |                         |  |  | 4,478,913                         |
| Sales tax                                |                      |                         |  |  | 3,498,005                         |
| Transient occupancy tax                  |                      |                         |  |  | 290,878                           |
| Franchise taxes                          |                      |                         |  |  | 851,943                           |
| Motor vehicle in lieu tax                |                      |                         |  |  | 8,616                             |
| Investment earnings                      |                      |                         |  |  | 37,559                            |
| Other                                    |                      |                         |  |  | 340,551                           |
| <b>Total general revenues</b>            |                      |                         |  |  | <b>9,506,465</b>                  |
| Change in net position                   |                      |                         |  |  | 6,361,317                         |
| Net position, beginning of year          |                      |                         |  |  | 46,550,005                        |
| Net position, end of year                |                      |                         |  |  | <b>\$ 52,911,322</b>              |

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

*Town of Yucca Valley*

**Balance Sheet - Governmental Funds  
June 30, 2016**

|                                      | <u>General</u>              | <u>Special Revenue<br/>Town<br/>Housing</u> | <u>Special Revenue<br/>Development<br/>Impact Fees</u> |
|--------------------------------------|-----------------------------|---|--|
| <b>ASSETS</b>                        |                             |   |  |
| Cash and investments                 | \$ 7,058,993                | \$ 546,734                                  | \$ 1,543,442   |
| Receivables:                         |                             |   |  |
| Accounts, net                        | 99,230                      | -   | -  |
| Due from other governments           | 1,088,973                   | 264,841                                     | -  |
| Interest                             | 12,639                      | -   | -  |
| Notes                                | -                           | 4,927                                       | -  |
| Prepaid items                        | 166,042                     | -   | -  |
| Due from other funds                 | 47,684                      | -   | -  |
| Advance to other funds               | 349,652                     | -   | 558,020  |
|                                      | <u>                    </u> | <u>                    </u>                 | <u>                    </u>                            |
| Total assets                         | <u>\$ 8,823,213</u>         | <u>\$ 816,502</u>                           | <u>\$ 2,101,462</u>                                    |
| <b>LIABILITIES AND FUND BALANCES</b> |                             |   |  |
| Liabilities:                         |                             |   |  |
| Accounts payable                     | \$ 229,090                  | \$ -  | \$ -   |
| Accrued payroll                      | 261,647                     | -   | -  |
| Due to other funds                   | -                           | -   | -  |
| Advance from other funds             | -                           | 929,523                                     | -  |
|                                      | <u>                    </u> | <u>                    </u>                 | <u>                    </u>                            |
| Total liabilities                    | <u>490,737</u>              | <u>929,523</u>                              | <u>-</u>   |
| Fund balances:                       |                             |   |  |
| Nonspendable:                        |                             |   |  |
| Advance to other funds               | 349,652                     | -   | 558,020  |
| Prepaid items                        | 166,042                     | -   | -  |
| Restricted:                          |                             |   |  |
| Public safety                        | 339,646                     | -   | -  |
| Community development                | 20,030                      | -   | -  |
| Public works                         | -                           | -   | 1,543,442  |
| Assigned                             | 1,400,000                   | -   | -  |
| Unassigned                           | 6,057,106                   | (113,021)                                   | -  |
|                                      | <u>                    </u> | <u>                    </u>                 | <u>                    </u>                            |
| Total fund balances (deficit)        | <u>8,332,476</u>            | <u>(113,021)</u>                            | <u>2,101,462</u>                                       |
|                                      | <u>                    </u> | <u>                    </u>                 | <u>                    </u>                            |
| Total liabilities and fund balances  | <u>\$ 8,823,213</u>         | <u>\$ 816,502</u>                           | <u>\$ 2,101,462</u>                                    |

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

| <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total Nonmajor</u> | <u>Total</u>         |
|------------------------|-------------------------|-----------------------|----------------------|
| <u>CDBG</u>            | <u>Capital</u>          | <u>Governmental</u>   | <u>Governmental</u>  |
|                        | <u>Projects Reserve</u> | <u>Funds</u>          | <u>Funds</u>         |
| \$ -                   | \$ 2,245,714            | \$ 4,228,889          | \$ 15,623,772        |
| -                      | -                       | 104,744               | 203,974              |
| 196,480                | -                       | 5,529                 | 1,555,823            |
| -                      | -                       | -                     | 12,639               |
| -                      | -                       | -                     | 4,927                |
| -                      | -                       | -                     | 166,042              |
| -                      | -                       | -                     | 47,684               |
| -                      | -                       | 21,851                | 929,523              |
| <u>\$ 196,480</u>      | <u>\$ 2,245,714</u>     | <u>\$ 4,361,013</u>   | <u>\$ 18,544,384</u> |
| \$ 148,796             | \$ 14,150               | \$ 57,296             | \$ 449,332           |
| -                      | -                       | 3,496                 | 265,143              |
| 47,684                 | -                       | -                     | 47,684               |
| -                      | -                       | -                     | 929,523              |
| <u>196,480</u>         | <u>14,150</u>           | <u>60,792</u>         | <u>1,691,682</u>     |
| -                      | -                       | 21,851                | 929,523              |
| -                      | -                       | -                     | 166,042              |
| -                      | -                       | 364,181               | 703,827              |
| -                      | -                       | 167,095               | 187,125              |
| -                      | -                       | 3,546,465             | 5,089,907            |
| -                      | 2,231,564               | 201,025               | 3,832,589            |
| -                      | -                       | (396)                 | 5,943,689            |
| <u>-</u>               | <u>2,231,564</u>        | <u>4,300,221</u>      | <u>16,852,702</u>    |
| <u>\$ 196,480</u>      | <u>\$ 2,245,714</u>     | <u>\$ 4,361,013</u>   | <u>\$ 18,544,384</u> |



*Town of Yucca Valley*

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2016**

---

**Fund balances of governmental funds** \$ 16,852,702

Amounts reported for governmental activities in the statement of net position are different because:

Long-term receivables are not reported in the governmental funds balance sheet, however, they are reported under full accrual in the Statement of Net Position 2,967,650

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds:

Capital assets 67,873,340  
Accumulated depreciation (31,669,235)

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

OPEB Obligation (592,176)  
Compensated absences (196,153)  
Net pension liability (3,965,258)

Deferred inflows and outflows of resources related to pensions are not reported in the governmental funds

Net deferred inflows of resources (334,605)  
Net deferred outflows of resources 1,429,395

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 position.

545,662

**Net position of governmental activities**

\$ 52,911,322

*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, 2016**

|   | General             | Special Revenue<br>Town<br>Housing | Special Revenue<br>Development<br>Impact Fees |
|---|---------------------|------------------------------------|---|
| <b>REVENUES</b>                                   |                     |                                    |   |
| Taxes   | \$ 9,119,739        | \$ -                               | \$ -  |
| Licenses and permits                              | 46,448              | -                                  | -   |
| Intergovernmental                                 | 525,284             | -                                  | -   |
| Charges for services                              | 516,514             | -                                  | -   |
| Fines, fees and forfeitures                       | 110,413             | -                                  | 20,552  |
| Investment earnings                               | 32,795              | 1,784                              | 4,603   |
| Other   | 137,537             | -                                  | -   |
| Total revenues                                    | <u>10,488,730</u>   | <u>1,784</u>                       | <u>25,155</u>                                 |
| <b>EXPENDITURES</b>                               |                     |                                    |   |
| Current:  |                     |                                    |   |
| General government                                | 2,144,620           | -                                  | -   |
| Public safety                                     | 4,966,865           | -                                  | -   |
| Parks and recreation                              | 807,923             | -                                  | -   |
| Public works                                      | 682,353             | -                                  | -   |
| Community development                             | 1,341,096           | 2,169                              | -   |
| Total expenditures                                | <u>9,942,857</u>    | <u>2,169</u>                       | <u>-</u>                                      |
| Excess (deficiency) of revenues over expenditures | <u>545,873</u>      | <u>(385)</u>                       | <u>25,155</u>                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                     |                                    |   |
| Transfers in                                      | 53,963              | -                                  | -   |
| Transfers out                                     | (523,900)           | -                                  | (53,963)                                      |
| Total other financing sources (uses)              | <u>(469,937)</u>    | <u>-</u>                           | <u>(53,963)</u>                               |
| Net change in fund balances                       | 75,936              | (385)                              | (28,808)                                      |
| Fund balances (deficit), beginning of year        | <u>8,256,540</u>    | <u>(112,636)</u>                   | <u>2,130,270</u>                              |
| Fund balances (deficit), end of year              | <u>\$ 8,332,476</u> | <u>\$ (113,021)</u>                | <u>\$ 2,101,462</u>                           |

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

| <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total Nonmajor</u> | <u>Total</u>         |
|------------------------|-------------------------|-----------------------|----------------------|
| <u>CDBG</u>            | <u>Capital</u>          | <u>Governmental</u>   | <u>Governmental</u>  |
| <u>CDBG</u>            | <u>Projects Reserve</u> | <u>Funds</u>          | <u>Funds</u>         |
| \$ -                   | \$ -                    | \$ 23,611             | \$ 9,143,350         |
| -                      | -                       | -                     | 46,448               |
| 326,245                | 615,000                 | 2,899,506             | 4,366,035            |
| -                      | -                       | 49,120                | 565,634              |
| -                      | -                       | 52,104                | 183,069              |
| -                      | -                       | 11,585                | 50,767               |
| -                      | 5,039                   | -                     | 142,576              |
| <u>326,245</u>         | <u>620,039</u>          | <u>3,035,926</u>      | <u>14,497,879</u>    |
| -                      | 50,725                  | -                     | 2,195,345            |
| -                      | -                       | 100,100               | 5,066,965            |
| -                      | 495,211                 | -                     | 1,303,134            |
| -                      | 66,894                  | 1,416,438             | 2,165,685            |
| <u>438,097</u>         | <u>-</u>                | <u>61,099</u>         | <u>1,842,461</u>     |
| <u>438,097</u>         | <u>612,830</u>          | <u>1,577,637</u>      | <u>12,573,590</u>    |
| <u>(111,852)</u>       | <u>7,209</u>            | <u>1,458,289</u>      | <u>1,924,289</u>     |
| 230,687                | 599,671                 | 1,398,366             | 2,282,687            |
| <u>-</u>               | <u>(61,987)</u>         | <u>(1,650,537)</u>    | <u>(2,290,387)</u>   |
| <u>230,687</u>         | <u>537,684</u>          | <u>(252,171)</u>      | <u>(7,700)</u>       |
| 118,835                | 544,893                 | 1,206,118             | 1,916,589            |
| <u>(118,835)</u>       | <u>1,686,671</u>        | <u>3,094,103</u>      | <u>14,936,113</u>    |
| <u>\$ -</u>            | <u>\$ 2,231,564</u>     | <u>\$ 4,300,221</u>   | <u>\$ 16,852,702</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, 2016**

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**Net change in fund balances - total governmental funds** \$ 1,916,589

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 | 1,038,239   |
| Depreciation expense   | (1,373,801) |

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:

|                                  |          |
|----------------------------------|----------|
| Increase in OPEB obligation      | (14,654) |
| Decrease in compensated absences | 367      |
| Pension expense net adjustments  | 862,096  |

Revenues in the statement of activities that do not provide for current financial resources are not reported as revenues in the governmental funds:

|                                       |           |
|---------------------------------------|-----------|
| Capital contributions                 | 3,948,316 |
| Interest on long term note receivable | 14,624    |

Revenues that are measureable but not available are recorded as deferred revenue under the modified accrual basis of accounting. This amount represents the balance of unearned revenue recognized in prior year.

(38,159)

Internal service funds are used by management to charge the costs of certain activities, including insurance claims and expenses, to individual funds. The change in net position of the internal service fund is reported on the statement of activities.

7,700

**Change in net position of governmental activities**

\$ 6,361,317

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



*Town of Yucca Valley*

**Statement of Net Position  
Proprietary Fund  
June 30, 2016**

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|                      | <u>Governmental<br/>Activities</u><br><u>Internal Service<br/>Fund</u> |
|----------------------|--|
| <b>ASSETS</b>        |  |
| Current assets:      |  |
| Cash and investments | <u>\$ 546,049</u>  |
| Total assets         | <u>546,049</u>   |
| <b>LIABILITIES</b>   |  |
| Current liabilities: |  |
| Accounts payable     | <u>387</u>   |
| Total liabilities    | <u>387</u>   |
| <b>NET POSITION</b>  |  |
| Unrestricted         | <u>545,662</u>   |
| Total net position   | <u><u>\$ 545,662</u></u>   |

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

*Town of Yucca Valley*

**Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
For the year ended June 30, 2016**

---

|                                 | <u>Governmental<br/>Activities<br/>Internal Service<br/>Fund</u> |
|---------------------------------|--|
| <b>OPERATING REVENUES</b>       |  |
| Charges for services            | <u>\$ 30,547</u>   |
| Total operating revenues        | <u>30,547</u>  |
| <b>OPERATING EXPENSES</b>       |  |
| Operations                      | <u>30,547</u>  |
| Total operating expenses        | <u>30,547</u>  |
| Operating income                | -  |
| Transfers in                    | <u>7,700</u>   |
| Change in net position          | 7,700  |
| Net position, beginning of year | <u>537,962</u>   |
| Net position, end of year       | <u><u>\$ 545,662</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, 2016**

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|  | Governmental<br>Activities       |
|--|----------------------------------|
|  | <u>Internal Service<br/>Fund</u> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                  |
| Cash received from user departments  | \$ 30,547                        |
| Cash payments to suppliers for goods and services  | <u>(30,547)</u>                  |
| Net cash used for operating activities   | <u>-</u>                         |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |                                  |
| Cash transferred from other funds  | <u>7,700</u>                     |
| Net cash provided by noncapital financing activities   | <u>7,700</u>                     |
| Net increase in cash and cash equivalents  | <u>7,700</u>                     |
| Cash and cash equivalents, beginning of year   | <u>538,349</u>                   |
| Cash and cash equivalents, end of year   | <u><u>\$ 546,049</u></u>         |
| <b>Reconciliation of operating income to net cash used<br/>for operating activities</b>                  |                                  |
| Operating income   | \$ -                             |
| Adjustments to reconcile operating income to<br>net cash provided by operating activities:               | <u>-</u>                         |
| Net cash used for operating activities   | <u><u>\$ -</u></u>               |
| <b>Non-cash activity</b>   |                                  |
| Investing, capital, and financing activities<br>not resulting in cash receipts or payments in the period | "None"                           |

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

*Town of Yucca Valley*

**Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016**

---

|  | Private<br>Purpose<br>Trust Fund | Agency<br>Fund              |
|--|----------------------------------|-----------------------------|
|  | <u>                    </u>      | <u>                    </u> |
| <b>ASSETS</b>                          |                                  |                             |
| Cash and investments                   | \$ 3,685,749                     | \$ 169,163                  |
| Cash and investments with fiscal agent | 743,316                          | -                           |
|  | <u>                    </u>      | <u>                    </u> |
| Total assets                           | 4,429,065                        | <u>\$ 169,163</u>           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                                  |                             |
| Deferred charges on refunded debt      | 117,185                          |                             |
|  | <u>                    </u>      |                             |
| <b>LIABILITIES</b>                     |                                  |                             |
| Liabilities:                           |                                  |                             |
| Accounts payable                       | -                                | \$ 15,295                   |
| Deposits                               | -                                | 153,868                     |
| Accrued liabilities                    | 48,792                           | -                           |
| Advance from other governments         | 264,841                          | -                           |
| Long-term liabilities:                 |                                  |                             |
| Due within one year                    | 225,000                          | -                           |
| Due in more than one year              | 8,815,566                        | -                           |
|  | <u>                    </u>      | <u>                    </u> |
| Total liabilities                      | 9,354,199                        | <u>\$ 169,163</u>           |
| <b>NET POSITION (DEFICIT)</b>          |                                  |                             |
| Held in trust for successor agency     | <u>\$ (4,807,949)</u>            |                             |

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

*Town of Yucca Valley*

**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the year ended June 30, 2016**

---

|   | <u>Private<br/>Purpose<br/>Trust Fund</u> |
|---|---|
| <b>ADDITIONS</b>                          |   |
| RPTTF distributions                       | \$ 1,321,063                              |
| Investments earnings                      | <u>83</u>                                 |
| Total additions                           | <u>1,321,146</u>                          |
| <b>DEDUCTIONS</b>                         |   |
| Amortization expense                      | 13,830                                    |
| Administrative payments                   | 200,000                                   |
| Other payments                            | 619,525                                   |
| Interest expense                          | <u>528,332</u>                            |
| Total deductions                          | <u>1,361,687</u>                          |
| Change in net position                    | (40,541)                                  |
| Net position (deficit), beginning of year | <u>(4,767,408)</u>                        |
| Net position (deficit), end of year       | <u>\$ (4,807,949)</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, 2016**

---

#### **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 governmental 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 inter-fund data of the primary government. A brief description of the Town's component units are as follows:

- 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 was 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. 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 can no longer be considered a component unit of the Town. Furthermore, 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.

## Town of Yucca Valley

### Notes to the Basic Financial Statements For the year ended June 30, 2016

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

(a) *Reporting entity (continued)*

- 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.

#### ANIMAL CARE JOINT POWERS AUTHORITY

On or about November 18, 2008, the Town and the San Bernardino County (County) signed a joint powers agreement creating the Animal Care Joint Powers Authority (ACJPA). The purpose of the Agreement was to provide for the exercise of powers common to each Member, including but not limited to, the creation of the ACJPA to provide for the financing, planning, design, and construction of an Animal Care and Control Facility (Facility) in the Town of Yucca Valley, to provide animal services and shelter services to homeless animals in the incorporated areas of the Town and the unincorporated areas of the County. The Agreement was intended to provide a framework for construction and future operations of the replacement Facility. The ACJPA was dissolved as of June 30, 2014 and the new Animal Care and Control Facility is fully operational. The Facility is operated under a Co-Ownership Agreement entered into between the Town and the County through an Operational Agreement and Budget are reviewed annually by the Town.

(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).

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, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from the non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

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

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

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.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

**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 non-major 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.

**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.



Notes to the Basic Financial Statements  
For the year ended June 30, 2016

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

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

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.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the unrestricted components of fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

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**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 deferred outflows of resources, and all liabilities and deferred inflows of resources (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 position.

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 non-exchange 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 non-operating expenses.

Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of Town revenues and expenses.

*(c) Fund classifications*

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

The Town reports the following major governmental funds:

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

*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 redevelopment agency's Low and Moderate Income Housing Fund. Sources of revenue are investment income and interest from loans.

*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 of Yucca Valley

### Notes to the Basic Financial Statements For the year ended June 30, 2016

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

(c) *Fund classifications (continued)*

*CDBG (Community Development Block Grant Fund)* – 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.

*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:

*Special Revenue Funds* – Established to account for the proceeds of resources that are restricted or committed for specific purposes other than debt service or capital projects of the Town. The proceeds of resources are a substantial portion of the inflows reported in each special revenue fund.

*Capital Projects Funds* – Established to maintain capital projects reserves for the purpose of providing funding for the planning, construction, repair and rehabilitation of the Town's capital assets and to track the progress and expenditures in other capital projects of the Town.

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

*Agency Fund* – 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 former Town of Yucca Valley Redevelopment Agency. The fund primary purpose is to expedite the dissolution of the former redevelopment agency.

(d) *Appropriations limit*

Under Article XIII B of the California Constitution (the GANN Spending Limitation Initiative), the Town is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund agreements. For the fiscal year ended June 30, 2016, proceeds of taxes did not exceed allowed appropriations.

(e) *Cash and investments*

For purposes of the statement of cash flows, cash and investments are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents have an original maturity date of three months or less from the date of purchase.

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

# Town of Yucca Valley

## Notes to the Basic Financial Statements For the year ended June 30, 2016

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

(e) *Cash and investments (continued)*

Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* include 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.

(h) *Advances to other funds*

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

## Town of Yucca Valley

### Notes to the Basic Financial Statements For the year ended June 30, 2016

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

(i) *Property taxes*

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

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

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

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

(j) *Use of estimates*

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

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

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the following fund balance 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, a Town Council Action; 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.

The Town Council, establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. The Town of Yucca Valley Fund Balance Policy authorizes the Director of Administrative Services to assign Fund Balances for specific purposes. When both restricted and unrestricted resources are available for use when expenditures are incurred, it is the Town's policy to use restricted resources 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.

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

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

*(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) Prepaid items*

Prepaid items are reported in the governmental funds under consumption method. Prepaid items are offset equally by a fund balance designation which indicates that they do not constitute expendable available resources and therefore are not available for appropriation.

*(n) 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.

*(o) Pension plans*

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

|                         |                               |
|-------------------------|-------------------------------|
| Valuation Date (VD)     | June 30, 2014                 |
| Measurement Date (MD)   | June 30, 2015                 |
| Town's Reporting Period | June 30, 2016                 |
| Measurement Period (MP) | July 1, 2014 to June 30, 2015 |

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

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**Note 2: Cash and investments**

Cash and investments are reported as follows:

|  |                      |
|--|----------------------|
| Statement of net position:             |                      |
| Cash and investments                   | \$ 16,169,821        |
| Statement of fiduciary net position:   |                      |
| Cash and investments                   | 3,854,912            |
| Cash and investments with fiscal agent | 743,316              |
|  | <hr/>                |
| Total cash and investments             | <u>\$ 20,768,049</u> |

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

|                                      |                      |
|--------------------------------------|----------------------|
| Cash on hand                         | \$ 3,390             |
| Deposits with financial institutions | 8,025,509            |
| Investments                          | 12,739,150           |
|                                      | <hr/>                |
| Total cash and investments           | <u>\$ 20,768,049</u> |

**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*.

| <u>Authorized investment type</u> | <u>Maximum maturity</u> | <u>Maximum percentage allowed</u> | <u>Maximum investment in one issuer</u> |
|-----------------------------------|-------------------------|-----------------------------------|---|
| U.S. Treasury obligations         | None                    | None                              | None                                    |
| U.S. Agency securities            | None                    | None                              | None                                    |
| Bankers 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                                    |

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

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

**Investments authorized by the California Government Code and the Town'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<br>investment policy | Maximum<br>maturity* | Maximum<br>percentage of<br>portfolio* | Maximum<br>investment in<br>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<br>deposits              | 5 years              | 30%                                    | None                                    |
| Money market mutual funds                           | N/A                  | 20%                                    | None                                    |
| Local Agency Investment Fund                        | N/A                  | None                                   | \$65,000,000                            |

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

**Disclosure relating to interest rate risk**

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

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

| Investment type                   | Totals               | Remaining maturity (in months) |             |             |                 |
|-----------------------------------|----------------------|--------------------------------|-------------|-------------|-----------------|
|                                   |                      | 12 or less                     | 13 to 24    | 25 to 60    | More<br>than 60 |
| State investment pool             | \$ 10,987,685        | \$ 10,987,685                  | \$ -        | \$ -        | \$ -            |
| Certificates of deposit           | 1,008,149            | 1,008,149                      | -           | -           | -               |
| Held by bond trustee:             |                      |                                |             |             |                 |
| Federated Treasury<br>Obligations | 743,316              | 743,316                        | -           | -           | -               |
| <b>Total investments</b>          | <b>\$ 12,739,150</b> | <b>\$ 12,739,150</b>           | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b>     |



*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

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

**Disclosures relating to credit risk**

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

| Investment type                | Amount               | Minimum legal rating | Ratings at fiscal year end |                      |
|--------------------------------|----------------------|----------------------|----------------------------|----------------------|
|                                |                      |                      | Aaa                        | Not rated            |
| State investment pool          | \$ 10,987,685        | N/A                  | \$ -                       | \$ 10,987,685        |
| Certificates of deposit        | 1,008,149            | N/A                  | -                          | 1,008,149            |
| Held by bond trustee:          |                      |                      |                            |                      |
| Federated Treasury Obligations | <u>743,316</u>       | N/A                  | <u>743,316</u>             | <u>-</u>             |
| Totals                         | <u>\$ 12,739,150</u> |                      | <u>\$ 743,316</u>          | <u>\$ 11,995,834</u> |

**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.

As of June 30, 2016, \$5,174,412 of the Town's deposits with financial institutions in excess of Federal Depository Insurance Corporation (FDIC) limits were held in collateralized accounts as required by the California Government Code as stated above.

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.

## *Town of Yucca Valley*

### **Notes to the Basic Financial Statements For the year ended June 30, 2016**

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

##### **Investment in State investment pool**

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Town's investment in this pool is reported in the accompanying financial statements at amounts based upon the Town's pro-rata share of the fair value provided 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, 2016.

##### **Fair value measurements**

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

None of the investments held by the Town as of June 30, 2016 fall under the fair value hierarchy levels established by the GASB Statement No. 72.

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

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

Interfund receivable and payable balances at June 30, 2016 were as follows:

| <u>Receivable fund</u> | <u>Payable fund</u> | <u>Amounts</u>   |
|------------------------|---------------------|------------------|
| General Fund           | CDBG - Major Fund   | \$ 47,684        |
|                        | Total interfund     | <u>\$ 47,684</u> |

These represent short-term borrowings for cash deficits at June 30, 2016.

**Note 4: Notes receivable**

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 of the Home note receivable in the Town's Housing fund at June 30, 2016 is \$4,297.

On or about March 20, 2012, the Town of Yucca Valley entered into certain Affordable Housing, Financing and Disposition and Development Agreement (Loan) that concerns the development of a 75-unit affordable rental housing complex for senior citizens (Project) with Yucca Valley Senior Housing Partners, LP (Developer) in the amount not to exceed Two Million Nine Hundred Twenty-Five Thousand Even Dollars (\$2,925,000) repayable to the Town with residual receipts after completion of the project. The Loan amount includes the purchase price of the site being conveyed by the Town to the Developer plus such amounts of the Town Loan advanced to the Developer. Interest shall accrue on the outstanding principal amount at the simple rate of one-half of one percent (0.5 %) per annum until repaid in full. Interest accrued in the Note as of June 30, 2016 are \$42,650. The principal outstanding balance of the Note receivable at June 30, 2016 is \$2,925,630.

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

**Note 5: Transfers in and out**

Transfers in and out for the year ended June 30, 2016 were as follows:

| <u>Transfers from</u>       | <u>Transfers to</u>         | <u>Amount</u>        |
|-----------------------------|-----------------------------|----------------------|
| General Fund                | Internal Service Fund       | (a) \$ 7,700         |
| Development Impact Fees     | General Fund                | (b) 53,963           |
| General Fund                | Capital Projects Reserve    | (c) 516,200          |
| Capital Projects Reserve    | CDBG                        | (d - e) 61,987       |
| Nonmajor Governmental Funds | Capital Projects Reserve    | (f) 83,471           |
| Nonmajor Governmental Funds | CDBG                        | (e) 168,700          |
| Nonmajor Governmental Funds | Nonmajor Governmental Funds | (f) <u>1,398,366</u> |
| Total transfers             |                             | <u>\$ 2,290,387</u>  |

- (a) Transfer was a transfer of funds to be reserved for vehicle replacement per County agreement-Animal shelter.
- (b) Transfer was completed as appropriated funding for animal shelter county loan repayment.
- (c) Transfer was completed as appropriated funding for infrastructure maintenance.
- (d) Transfer was completed as appropriated funding for sign replacement
- (e) Transfer was completed as appropriated funding for capital projects.
- (f) Transfer was a repayment of appropriated funds for road projects.

**Note 6: Due from other governments**

The amounts due from other governments at June 30, 2016 consist of the following:

|                                  | <u>Amount</u>       |
|----------------------------------|---------------------|
| County of San Bernardino         | \$ 369,722          |
| State of California              | 921,013             |
| Other                            | <u>265,088</u>      |
| Total due from other governments | <u>\$ 1,555,823</u> |

**Note 7: Construction commitments**

Significant construction commitments as of June 30, 2016 are as follows:

| <u>Project Description</u> | <u>Project budget</u> | <u>Cumulative expenditures</u> | <u>Unexpended commitments</u> |
|----------------------------|-----------------------|--------------------------------|-------------------------------|
| Paradise Park Improvements | \$ 440,180            | \$ 420,961                     | \$ 19,219                     |

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

**Note 8: Capital assets**

Capital asset activity for the year ended June 30, 2016 is as follows:

|   | Beginning<br>balance | Additions           | Deletions   | Transfers          | Ending<br>balance    |
|---|----------------------|---------------------|-------------|--------------------|----------------------|
| <b>Governmental activities:</b>                     |                      |                     |             |                    |                      |
| Capital assets not being depreciated:               |                      |                     |             |                    |                      |
| Land  | \$ 5,646,437         | \$ 195,000          | \$ -        | \$ -               | \$ 5,841,437         |
| Construction in progress                            | 5,207,263            | 425,111             | -           | (4,718,036)        | 914,338              |
| <b>Total capital assets not being depreciated</b>   | <b>10,853,700</b>    | <b>620,111</b>      | <b>-</b>    | <b>(4,718,036)</b> | <b>6,755,775</b>     |
| Capital assets being depreciated:                   |                      |                     |             |                    |                      |
| Building and improvements                           |                      |                     |             |                    |                      |
| Land improvements                                   | 5,005,825            | 2,006,249           | -           | 497,552            | 7,509,626            |
| Structures and improvements                         | 10,498,719           | 2,096,540           | -           | -                  | 12,595,259           |
| Infrastructure                                      | 33,253,038           | 209,644             | -           | 4,220,484          | 37,683,166           |
| Vehicles and Equipment                              |                      |                     |             |                    |                      |
| Machinery and equipment                             | 1,986,755            | 5,365               | -           | -                  | 1,992,120            |
| Licensed vehicles                                   | 1,288,748            | 48,646              | -           | -                  | 1,337,394            |
| <b>Total capital assets being depreciated</b>       | <b>52,033,085</b>    | <b>4,366,444</b>    | <b>-</b>    | <b>4,718,036</b>   | <b>61,117,565</b>    |
| Less accumulated depreciation for:                  |                      |                     |             |                    |                      |
| Building and improvements                           |                      |                     |             |                    |                      |
| Land improvements                                   | (3,323,441)          | (319,181)           | -           | -                  | (3,642,622)          |
| Structures and improvements                         | (3,043,362)          | (266,919)           | -           | -                  | (3,310,281)          |
| Infrastructure                                      | (21,293,173)         | (657,942)           | -           | -                  | (21,951,115)         |
| Vehicles and Equipment                              |                      |                     |             |                    |                      |
| Machinery and equipment                             | (1,378,669)          | (107,739)           | -           | -                  | (1,486,408)          |
| Licensed vehicles                                   | (1,256,789)          | (22,020)            | -           | -                  | (1,278,809)          |
| <b>Total accumulated depreciation</b>               | <b>(30,295,434)</b>  | <b>(1,373,801)</b>  | <b>-</b>    | <b>-</b>           | <b>(31,669,235)</b>  |
| <b>Total capital assets, being depreciated, net</b> | <b>21,737,651</b>    | <b>2,992,643</b>    | <b>-</b>    | <b>4,718,036</b>   | <b>29,448,330</b>    |
| <b>Governmental activities capital assets, net</b>  | <b>\$ 32,591,351</b> | <b>\$ 3,612,754</b> | <b>\$ -</b> | <b>\$ -</b>        | <b>\$ 36,204,105</b> |

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

|                                   |                     |
|-----------------------------------|---------------------|
| General government                | \$ 238,801          |
| Parks and recreation              | 40,390              |
| Public works                      | 1,074,618           |
| Community development             | 19,992              |
| <b>Total depreciation expense</b> | <b>\$ 1,373,801</b> |

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

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**Note 9: Long-term liabilities**

Changes in long-term liabilities during the year ended June 30, 2016 were as follows:

| <b>Governmental activities:</b>     | <u>Beginning<br/>balance</u> | <u>Additions</u>        | <u>Deletions</u>          | <u>Ending<br/>balance</u> | <u>Due within<br/>one year</u> |
|-------------------------------------|------------------------------|-------------------------|---------------------------|---------------------------|--------------------------------|
| Net pension liability (see Note 10) | \$ 3,360,184                 | \$ 1,062,848            | \$ (457,774)              | \$ 3,965,258              | \$ -                           |
| OPEB obligation (see Note 11)       | 577,522                      | 14,654                  | -                         | 592,176                   | -                              |
| Compensated absences*               | 196,520                      | 141,306                 | (141,673)                 | 196,153                   | 49,038                         |
| <br>Total long-term liabilities     | <br><u>\$ 4,134,226</u>      | <br><u>\$ 1,218,808</u> | <br><u>\$ (1,057,221)</u> | <br><u>\$ 4,753,587</u>   | <br><u>\$ 49,038</u>           |

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

**Note 10: Defined Benefit Pension Plan**

**A. General Information about the Pension Plan**

**Plan Description**

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the miscellaneous pool. Accordingly, rate plans within the miscellaneous pool are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous pool. The Town sponsors three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and Town's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

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**Note 10: Defined Benefit Pension Plan (continued)**

**A. General Information about the Pension Plan (continued)**

**Benefits Provided (continued)**

The Plans operate under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plans' authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plans' provisions and benefits in effect at June 30, 2016 (measurement date) are summarized as follows:

|   | <u>Miscellaneous First Tier</u> | <u>Miscellaneous Second Tier</u>          | <u>Miscellaneous PEPRA</u>     |
|---|---------------------------------|---|--------------------------------|
|   | Prior to<br>July 1, 2011        | From July 1, 2011 to<br>December 31, 2012 | On or after<br>January 1, 2013 |
| Hire date   |                                 |   |                                |
| Benefit formula                                   | 2.7% @ 55                       | 2% @ 60                                   | 2% @ 62                        |
| Benefit vesting schedule                          | 5 years service                 | 5 years service                           | 5 years service                |
| Benefit payments                                  | monthly for life                | monthly for life                          | monthly for life               |
| Retirement age                                    | 50                              | 50  | 52                             |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.7%                    | 1.092% to 2.272%                          | 1.0% to 2.5%                   |
| Required employee contribution rates              | 8.000%                          | 7.000%                                    | 6.250%                         |
| Required employer contribution rates              | 10.298%                         | 6.709%                                    | 6.237%                         |

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Employer Contributions for the measurement period ended June 30, 2015 are \$457,552. The actual employer payments of \$457,552 made to CalPERS by the Agency during the measurement period ended June 30, 2015 differed from the Agency's proportionate share of the employer's contributions of \$398,484 by \$59,068, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

## Town of Yucca Valley

### Notes to the Basic Financial Statements For the year ended June 30, 2016

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#### Note 10: Defined Benefit Pension Plan (continued)

##### **B. Net Pension Liability**

The Town of Yucca Valley's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Town uses the General Fund's available net position to liquidate any net pension obligations. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

##### **Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

|  |   |
|--|---|
| Valuation Date                           | June 30, 2014   |
| Measurement Date                         | June 30, 2015   |
| Actuarial Cost Method                    | Entry Age Normal  |
| Asset Valuation Method                   | Market Value  |
| Actuarial Assumptions:                   |   |
| Discount Rate                            | 7.65%   |
| Inflation                                | 2.75%   |
| Salary Increases <sup>(1)</sup>          | 3.30% - 14.20%  |
| Investment Rate of Return <sup>(2)</sup> | 7.65%   |
| Mortality Rate Table <sup>(3)</sup>      | Derived using CALPERS' membership data for all Funds  |
| Post Retirement Benefit Increase         | Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter |

(1) Annual increases vary by category, entry age, and duration of service

(2) Net of pension plan investments and administrative expenses, includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

##### **Change of Assumptions**

GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.



*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

**Note 10: Defined Benefit Pension Plan (continued)**

**B. Net Pension Liability (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

| <u>Asset Class</u>            | <u>New Strategic Allocation</u> | <u>Real Return Years 1 - 10<sup>1</sup></u> | <u>Real Return Years 11+<sup>2</sup></u> |
|-------------------------------|---------------------------------|---|--|
| Global Equity                 | 47.0%                           | 5.25%                                       | 5.71%                                    |
| Global Fixed Income           | 19.0%                           | 0.99%                                       | 2.43%                                    |
| Inflation Sensitive           | 6.0%                            | 0.45%                                       | 3.36%                                    |
| Private Equity                | 12.0%                           | 6.83%                                       | 6.95%                                    |
| Real Estate                   | 11.0%                           | 4.50%                                       | 5.13%                                    |
| Infrastructure and Forestland | 3.0%                            | 4.50%                                       | 5.09%                                    |
| Liquidity                     | 2.0%                            | (0.55%)                                     | (1.05%)                                  |
| Total                         | <u>100%</u>                     |   |  |

<sup>1</sup> An expected inflation of 2.5% used for this period

<sup>2</sup> An expected inflation of 3.0% used for this period

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

**Note 10: Defined Benefit Pension Plan (continued)**

**B. Net Pension Liability (continued)**

**Pension Plan Fiduciary Net Position**

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves

**C. Proportionate Share of Net Pension Liability**

The following table shows the Plans' proportionate share of the net pension liability over the measurement period.

|                            | Increase (Decrease)                    |                                       |  |
|----------------------------|--|---------------------------------------|--|
|                            | Plan Total<br>Pension Liability<br>(a) | Plan Fiduciary Net<br>Position<br>(b) | Plan Net Pension<br>Liability<br>(c) = (a) - (b) |
| Balance at: 6/30/2014 (VD) | \$ 15,004,991                          | \$ 11,644,807                         | \$ 3,360,184                                     |
| Balance at: 6/30/2015 (MD) | 15,485,201                             | 11,519,943                            | 3,965,258  |
| Net changes during 2014-15 | \$ 480,210                             | \$ (124,864)                          | \$ 605,074                                       |

Valuation Date (VD), Measurement Date (MD).

The Town's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Town's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website under Forms and Publications, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The Town's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

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**Note 10: Defined Benefit Pension Plan (continued)**

**C. Proportionate Share of Net Pension Liability (continued)**

|                                     |                        |
|-------------------------------------|------------------------|
| Proportionate Share - June 30, 2014 | 0.13596%               |
| Proportionate Share - June 30, 2015 | <u>0.14453%</u>        |
| Change - Increase (Decrease)        | <u><u>0.00857%</u></u> |

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Town's proportionate share of the net pension liability for the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

|   | Discount Rate - 1%<br>(6.65%) | Current Discount<br>Rate (7.65%) | Discount Rate + 1%<br>(8.65%) |
|---|-------------------------------|----------------------------------|-------------------------------|
| Miscellaneous Plan's<br>Net Pension Liability | \$ 6,074,136                  | \$ 3,965,258                     | \$ 2,224,134                  |

***Subsequent Events***

There were no subsequent events that would materially affect the results presented in this disclosure.

***Recognition of Gains and Losses***

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

|  |  |
|--|--|
| Difference between projected and actual earnings | 5 year straight-line amortization  |
| All other amounts                                | Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period |

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

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**Note 10: Defined Benefit Pension Plan (continued)**

**C. Proportionate Share of Net Pension Liability (continued)**

**Recognition of Gains and Losses (continued)**

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for the Plans for the 2014-15 measurement period is 3.8 years, which was obtained by dividing the total service years of 467,023 (the sum of remaining service lifetimes of the active employees) by 122,410 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

As of the start of the measurement period (July 1, 2014), the net pension liability for the plan was \$3,360,184.

For the measurement period ending June 30, 2015 (the measurement date), the Town incurred a pension expense of \$234,484 for the Plan.

As of June 30, 2016, the Town has deferred outflows and deferred inflows of resources related to pensions as follows:

| <b>Miscellaneous First Tier Plan</b>   | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> |
|--|---------------------------------------|--------------------------------------|
| Differences Between Expected and Actual Experience                               | \$ 23,557                             | \$ -                                 |
| Changes of Assumptions   | -                                     | (222,875)                            |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | -                                     | (111,730)                            |
| Change in Employer's Proportion  | 256,007                               | -                                    |
| Difference in Actual vs Projected Contributions                                  | 53,251                                | -                                    |
| Pension Contributions Subsequent to Measurement Date                             | 1,096,580                             | -                                    |
| <b>Total</b>   | <b>\$ 1,429,395</b>                   | <b>\$ (334,605)</b>                  |

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

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**Note 10: Defined Benefit Pension Plans (continued)**

***D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)***

These amounts above are net of outflows and inflows recognized in the 2014-15 measurement period expense. The \$1,096,580 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| <b>Measurement Period<br/>Ended June 30:</b> | <b>Deferred<br/>Outflows/(Inflows) of<br/>Resources</b> |
|--|---|
| 2016   | \$ (42,524)   |
| 2017   | (40,361)  |
| 2018   | (40,948)  |
| 2019   | 122,042   |
| 2020   | -   |
| Thereafter                                   | -   |

***E. Payable to the Pension Plan***

At June 30, 2015, the Town reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

## Town of Yucca Valley

### Notes to the Basic Financial Statements For the year ended June 30, 2016

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#### 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. In August 2014, the Town established an Irrevocable Trust with the Public Agency Retirement Services (PARS). The Irrevocable Trust was required to fully implement the Town Council's direction of prefunding the Town's Other Post-Employment Benefits liability. As of June 30, 2016, the balance of the trust is \$184,000.

##### *Funding policy*

The contribution requirements of the Town are established and may be amended by the Town Council. The required contribution is based on a prefunding basis financing requirements. For fiscal year 2015 and 2014, the Town contributed \$78,425 and \$60,094 to the plan, respectively, which was 100% of the total current premiums plus an additional contribution to match the Actuarially Annual Required Contribution (ARC) on a prefunding basis. As of June 30, 2016, the contribution requirements include an amortization of the unfunded AAL over an open 30-year period with payments developed as a level percent of pay. The Town uses the General Fund's available net positions 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:

|  | <u>June 30, 2016</u> |
|--|----------------------|
| Annual required contributions              | \$ 88,147            |
| Interest on net OPEB obligation            | 39,560               |
| Adjustment to annual required contribution | <u>(34,628)</u>      |
| Annual OPEB cost                           | 93,079               |
| Contributions made                         | <u>(78,425)</u>      |
| Increase in net OPEB obligation            | 14,654               |
| Net OPEB obligation, beginning of year     | 577,522              |
| Net OPEB obligation, end of year           | <u>\$ 592,176</u>    |

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

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**Note 11: Other post-employment benefits (continued)**

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

| Fiscal year<br>ended | Annual OPEB<br>cost | Percentage of<br>annual OPEB cost<br>contributed | Net OPEB<br>obligation |
|----------------------|---------------------|--|------------------------|
| June 30, 2014        | \$ 67,404           | 102.30%  | \$ 573,067             |
| June 30, 2015        | 64,549              | 93.10%   | 577,522                |
| June 30, 2016        | 93,079              | 84.26%   | 592,176                |

*Funded status and progress*

The funded status of the plan as of July 1, 2015, was as follows:

|   |                   |
|---|-------------------|
| Actuarial accrued liability (AAL)                 | \$ 831,114        |
| Actuarial value of plan assets                    | 114,598           |
| Unfunded actuarial accrued liability (UAAL)       | <u>\$ 716,516</u> |
| <br>  |                   |
| Funded ratio (actuarial value of plan assets/AAL) | 13.79%            |
| Covered payroll (active plan members)             | \$ 2,264,040      |
| UAAL as a percentage of covered payroll           | 31.65%            |

As of July 1, 2015, the most recent valuation date, the plan was 13.79% funded. The actuarial accrued liability for benefits was \$831,114, and the actuarial value of assets was \$114,598, resulting in an unfunded actuarial accrued liability (UAAL) of \$716,516 and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 13.79%. 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.

## Town of Yucca Valley

### Notes to the Basic Financial Statements For the year ended June 30, 2016

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

Following are the most relevant actuarial assumptions included in the valuation:

|                           |                       |
|---------------------------|-----------------------|
| Valuation Date            | July 1, 2015          |
| Funding Method            | Entry Age Normal Cost |
| Asset Valuation Method    | Market Value          |
| Discount Rates            | 6.85%                 |
| Salary Increase Trend     | 3.25% per year        |
| Inflation Rate            | 2.75% per year        |
| Healthcare Increase Trend | 4.5% to 7.5% per year |

#### 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.

Public Agency Risk Sharing Authority of California (PARSAC) Liability Program offers a combination of pooled and commercially-purchased auto and general liability coverage, plus errors and omissions coverage, above individual Member Entity self-insured retentions to limits of \$35 million per occurrence. The self-insured retentions range from \$5,000 to \$750,000. The Town's retention is \$25,000 per occurrence. PARSAC provides coverage to \$1 million and above PARSAC's coverage layer, the CSAC Excess Insurance Authority provides pooled coverage to \$5 million. Above \$5 million, PARSAC Member Entities are covered through a combination of commercial excess insurance and reinsurance.

Employment Practices Liability coverage is provided through the Employment Risk Management Authority (ERMA). ERMA provides coverage above the Town's retention to \$1 million. Losses above \$1 million to \$35 million are covered through CSAC.

PARSAC implemented a Workers' Compensation Program on July 1, 1990. The Workers' Compensation Program offers coverage consistent with that mandated by state law. PARSAC provides coverage to \$500,000 above the Member Entity's self-insured retention which ranges from \$0 to \$350,000. The Local Agency Workers' Compensation Excess Pool (LAWCX) provides coverage above \$500,000 to \$5 million and losses above \$5 million to statutory limits are covered through joint purchased commercial excess insurance.

There was no significant reduction in insurance coverage by major categories from fiscal year 2015 to 2016. There were no settlements in the fiscal year 2016.

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



*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

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**Note 13: Deficit fund balances**

As of June 30, 2016, a deficit fund balance was recorded in the following funds:

|   |                     |
|---|---------------------|
| <i>Major Special Revenue Funds:</i>     | <u>Fund deficit</u> |
| Town Housing                            | \$ (113,021)        |
| <i>Non Major Special Revenue Funds:</i> |                     |
| CMAQ                                    | (396)               |

**Note 14: Successor Agency**

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (Bill) that provided 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 its reporting entity as a blended component unit (since the City's 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 City 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. On January 10, 2012 the Town of Yucca Valley's Council met and created the "Successor Agency" in accordance with the Bill as part of the Town's resolution number 12-01. 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.

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, the Successor Agency 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 Town of Yucca Valley Redevelopment Agency until all enforceable obligations of the prior redevelopment agency have been paid in full.

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) was reported from governmental funds of the Town to a Private-Purpose Trust Fiduciary Fund in the fiscal year 2012.

The debt of the Successor Agency as of June 30, 2016 is as follows:

| <b>Successor Agency:</b>    | <u>Beginning<br/>balance</u> | <u>Additions</u> | <u>Deletions</u>    | <u>Ending<br/>balance</u> | <u>Due within<br/>one year</u> |
|-----------------------------|------------------------------|------------------|---------------------|---------------------------|--------------------------------|
| 2008 Refunding TABS         | \$ 9,345,000                 | \$ -             | \$ (215,000)        | \$ 9,130,000              | \$ 225,000                     |
| Less deferred amounts:      |                              |                  |                     |                           |                                |
| Issuance discount           | <u>(93,500)</u>              | <u>-</u>         | <u>4,066</u>        | <u>(89,434)</u>           | <u>-</u>                       |
| Total long-term liabilities | <u>\$ 9,251,500</u>          | <u>\$ -</u>      | <u>\$ (210,934)</u> | <u>\$ 9,040,566</u>       | <u>\$ 225,000</u>              |

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

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**Note 14: Successor Agency (continued)**

Future debt service requirements are as follows:

| <b>Bonds payable</b>       |                     |                     |
|----------------------------|---------------------|---------------------|
| <u>Year ending June 30</u> | <u>Principal</u>    | <u>Interest</u>     |
| 2017                       | \$ 225,000          | \$ 512,253          |
| 2018                       | 235,000             | 501,002             |
| 2019                       | 250,000             | 489,017             |
| 2020                       | 260,000             | 476,018             |
| 2021                       | 275,000             | 462,238             |
| 2022-2026                  | 1,620,000           | 2,068,365           |
| 2027-2031                  | 2,115,000           | 1,567,950           |
| 2032-2036                  | 2,795,000           | 889,813             |
| 2037-2038                  | <u>1,355,000</u>    | <u>117,874</u>      |
| Totals                     | <u>\$ 9,130,000</u> | <u>\$ 7,084,530</u> |

*2008 Tax Allocation Bonds*

As of February 1, 2012, the bonds were transferred from the former redevelopment agency 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. Revenues to the Successor Agency, in the form of property taxes, have been pledged for the repayment of enforceable obligations (which include the bonds).

**Note 15: 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, 2016 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and County in which the Successor Agency resides. If any expenses incurred or transfers made by the Successor Agency are disallowed by the State agencies or County, the Town, 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 tax revenue remittances normally paid to the Town. The amount, if any, of expenses that may be disallowed by the State agencies or County, cannot be determined at this time, although management of the Successor Agency expects such amounts may, or may not be immaterial.

*Town of Yucca Valley*

**Notes to the Basic Financial Statements  
For the year ended June 30, 2016**

**Note 16: GASB 54 – Fund Balance Reporting**

The following functional detail and principal purpose of Fund Balance is presented to comply with the requirements of GASB 54 for restricted, committed, and assigned fund balances, to enhance fund balance information reported, and to improve fund balance decision usefulness:

|                            | General             | Special Revenue<br>Town<br>Housing | Special Revenue<br>Development<br>Impact Fees | Special Revenue<br>CDBG | Capital<br>Projects<br>Capital<br>Projects Reserve | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------|---------------------|------------------------------------|---|-------------------------|--|-----------------------------------|--------------------------------|
| Nonspendable:              |                     |                                    |   |                         |  |                                   |                                |
| Advance to other funds     | \$ 349,652          | \$ -                               | \$ 558,020                                    | \$ -                    | \$ -   | \$ 21,851                         | \$ 929,523                     |
| Prepaid Items              | 166,042             | -                                  | -   | -                       | -  | -                                 | 166,042                        |
| Restricted:                |                     |                                    |   |                         |  |                                   |                                |
| Public safety              |                     |                                    |   |                         |  |                                   |                                |
| Animal care                | 339,646             | -                                  | -   | -                       | -  | -                                 | 339,646                        |
| Safety programs            | -                   | -                                  | -   | -                       | -  | 364,181                           | 364,181                        |
| Community development      |                     |                                    |   |                         |  |                                   |                                |
| Projects development       | 20,030              | -                                  | -   | -                       | -  | -                                 | 20,030                         |
| Community projects         | -                   | -                                  | -   | -                       | -  | 167,095                           | 167,095                        |
| Public works               |                     |                                    |   |                         |  |                                   |                                |
| Fund's program             | -                   | -                                  | 1,543,442                                     | -                       | -  | 3,546,465                         | 5,089,907                      |
| Assigned to:               |                     |                                    |   |                         |  |                                   |                                |
| Capital projects           | -                   | -                                  | -   | -                       | 2,231,564  | 201,025                           | 2,432,589                      |
| Risk Management            | 300,000             | -                                  | -   | -                       | -  | -                                 | 300,000                        |
| Emergency-Catastrophic     | 1,000,000           | -                                  | -   | -                       | -  | -                                 | 1,000,000                      |
| Other                      | 100,000             | -                                  | -   | -                       | -  | -                                 | 100,000                        |
| Unassigned                 | 6,057,106           | (113,021)                          | -   | -                       | -  | (396)                             | 5,943,689                      |
| <b>Total fund balances</b> | <b>\$ 8,332,476</b> | <b>\$ (113,021)</b>                | <b>\$ 2,101,462</b>                           | <b>\$ -</b>             | <b>\$ 2,231,564</b>                                | <b>\$ 4,300,221</b>               | <b>\$ 16,852,702</b>           |



*REQUIRED SUPPLEMENTARY INFORMATION*

*Town of Yucca Valley*

**Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the year ended June 30, 2016**

|   | Budgeted amounts    |                     | Actual amounts       | Variance with final budget |
|---|---------------------|---------------------|----------------------|----------------------------|
|   | Original            | Final               |                      |                            |
| <b>REVENUES</b>                         |                     |                     |                      |                            |
| Taxes:                                  |                     |                     |                      |                            |
| Property taxes                          | \$ 2,689,283        | \$ 2,789,283        | \$ 2,749,594         | \$ (39,689)                |
| Property taxes in lieu                  | 1,640,957           | 1,640,957           | 1,729,319            | 88,362                     |
| Sales tax                               | 3,318,450           | 3,318,450           | 3,498,005            | 179,555                    |
| Transient occupancy tax                 | 165,000             | 165,000             | 290,878              | 125,878                    |
| Franchise fees                          | 775,000             | 775,000             | 851,943              | 76,943                     |
| <b>Total taxes</b>                      | <b>8,588,690</b>    | <b>8,688,690</b>    | <b>9,119,739</b>     | <b>431,049</b>             |
| Licenses and permits                    | 50,000              | 50,000              | 46,448               | (3,552)                    |
| Intergovernmental:                      |                     |                     |                      |                            |
| Motor vehicle in lieu                   | 15,000              | 15,000              | 8,616                | (6,384)                    |
| HOPTR                                   | 29,000              | 29,000              | 28,338               | (662)                      |
| Other                                   | 433,000             | 450,000             | 488,330              | 38,330                     |
| <b>Total intergovernmental</b>          | <b>477,000</b>      | <b>494,000</b>      | <b>525,284</b>       | <b>31,284</b>              |
| Charges for services:                   |                     |                     |                      |                            |
| Planning, engineering and building fees | 351,750             | 351,750             | 336,003              | (15,747)                   |
| Sports programs                         | 130,000             | 130,000             | 118,516              | (11,484)                   |
| Other                                   | 60,200              | 60,200              | 61,995               | 1,795                      |
| <b>Total charges for services</b>       | <b>541,950</b>      | <b>541,950</b>      | <b>516,514</b>       | <b>(25,436)</b>            |
| Fines and forfeitures                   | 56,750              | 56,750              | 110,413              | 53,663                     |
| Use of money and property:              |                     |                     |                      |                            |
| Investment earnings                     | 25,000              | 25,000              | 32,795               | 7,795                      |
| Other                                   | 31,000              | 128,000             | 137,537              | 9,537                      |
| <b>Total revenues</b>                   | <b>\$ 9,770,390</b> | <b>\$ 9,984,390</b> | <b>\$ 10,488,730</b> | <b>\$ 504,340</b>          |

(continued on next page)

*Town of Yucca Valley*

**Required Supplementary Information  
Budgetary Comparison Schedule, continued  
General Fund  
For the year ended June 30, 2016**

|   | Budgeted amounts    |                     | Actual amounts      | Variance with final budget |
|---|---------------------|---------------------|---------------------|----------------------------|
|   | Original            | Final               |                     |                            |
| <b>EXPENDITURES</b>                               |                     |                     |                     |                            |
| General government:                               |                     |                     |                     |                            |
| Town council                                      | \$ 116,805          | \$ 116,805          | \$ 98,976           | \$ 17,829                  |
| Town clerk/attorney                               | 260,580             | 361,310             | 285,978             | 75,332                     |
| Interdepartmental                                 | 332,125             | 1,047,802           | 806,482             | 241,320                    |
| Town administration                               | 292,405             | 329,560             | 262,696             | 66,864                     |
| Management services                               | 1,139,220           | 793,230             | 690,488             | 102,742                    |
| Total general government                          | 2,141,135           | 2,648,707           | 2,144,620           | 504,087                    |
| Public works                                      | 726,012             | 726,012             | 682,353             | 43,659                     |
| Parks and recreation                              | 784,360             | 895,755             | 807,923             | 87,832                     |
| Public safety:                                    |                     |                     |                     |                            |
| Police  | 4,105,572           | 4,131,660           | 4,077,232           | 54,428                     |
| Animal control                                    | 945,160             | 953,760             | 889,633             | 64,127                     |
| Total public safety                               | 5,050,732           | 5,085,420           | 4,966,865           | 118,555                    |
| Community development                             | 1,290,495           | 1,389,345           | 1,341,096           | 48,249                     |
| Total expenditures                                | 9,992,734           | 10,745,239          | 9,942,857           | 802,382                    |
| Excess (deficiency) of revenues over expenditures | (222,344)           | (760,849)           | 545,873             | 1,306,722                  |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                     |                     |                     |                            |
| Transfers in                                      | 54,000              | 54,000              | 53,963              | (37)                       |
| Transfers out                                     | (157,700)           | (523,900)           | (523,900)           | -                          |
| Total other financing sources (uses)              | (103,700)           | (469,900)           | (469,937)           | (37)                       |
| Net change in fund balance                        | (326,044)           | (1,230,749)         | 75,936              | 1,306,685                  |
| Fund balance, beginning of year                   | 8,256,540           | 8,256,540           | 8,256,540           | -                          |
| Fund balance, end of year                         | <u>\$ 7,930,496</u> | <u>\$ 7,025,791</u> | <u>\$ 8,332,476</u> | <u>\$ 1,306,685</u>        |

*Town of Yucca Valley*

**Required Supplementary Information  
Budgetary Comparison Schedule  
Town Housing Special Revenue Fund  
For the year ended June 30, 2016**

|   | Budgeted amounts |              | Actual amounts | Variance with final budget |
|---|------------------|--------------|----------------|----------------------------|
|   | Original         | Final        |                |                            |
| <b>REVENUES</b>                                   |                  |              |                |                            |
| Investment earnings                               | \$ 1,500         | \$ 1,500     | \$ 1,784       | \$ 284                     |
| Total revenues                                    | 1,500            | 1,500        | 1,784          | 284                        |
| <b>EXPENDITURES</b>                               |                  |              |                |                            |
| Current:  |                  |              |                |                            |
| Community development                             | 7,000            | 7,000        | 2,169          | 4,831                      |
| Total expenditures                                | 7,000            | 7,000        | 2,169          | 4,831                      |
| Excess (deficiency) of revenues over expenditures | (5,500)          | (5,500)      | (385)          | 5,115                      |
| Net change in fund balance                        | (5,500)          | (5,500)      | (385)          | 5,115                      |
| Fund balance (deficit), beginning of year         | (112,636)        | (112,636)    | (112,636)      | -                          |
| Fund balance (deficit), end of year               | \$ (118,136)     | \$ (118,136) | \$ (113,021)   | \$ 5,115                   |



*Town of Yucca Valley*

**Required Supplementary Information  
Budgetary Comparison Schedule  
Developmental Impact Fees Special Revenue Fund  
For the year ended June 30, 2016**

|   | Budgeted amounts    |                     | Actual amounts      | Variance with final budget |
|---|---------------------|---------------------|---------------------|----------------------------|
|   | Original            | Final               |                     |                            |
| <b>REVENUES</b>   |                     |                     |                     |                            |
| Fines, fees and forfeitures                               | \$ 125,000          | \$ 125,000          | \$ 20,552           | \$ (104,448)               |
| Investment earnings                                       | -                   | -                   | 4,603               | 4,603                      |
| Total revenues  | <u>125,000</u>      | <u>125,000</u>      | <u>25,155</u>       | <u>(99,845)</u>            |
| <b>EXPENDITURES</b>                                       |                     |                     |                     |                            |
| Current:  |                     |                     |                     |                            |
| Public works  | <u>1,000</u>        | <u>1,000</u>        | <u>-</u>            | <u>1,000</u>               |
| Total expenditures  | <u>1,000</u>        | <u>1,000</u>        | <u>-</u>            | <u>1,000</u>               |
| Excess (deficiency) of revenues over (under) expenditures | <u>124,000</u>      | <u>124,000</u>      | <u>25,155</u>       | <u>(98,845)</u>            |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                     |                     |                     |                            |
| Transfers out   | <u>(54,000)</u>     | <u>(54,000)</u>     | <u>(53,963)</u>     | <u>37</u>                  |
| Total other financing uses                                | <u>(54,000)</u>     | <u>(54,000)</u>     | <u>(53,963)</u>     | <u>37</u>                  |
| Net change in fund balance                                | 70,000              | 70,000              | (28,808)            | (98,808)                   |
| Fund balance, beginning of year                           | <u>2,130,270</u>    | <u>2,130,270</u>    | <u>2,130,270</u>    | <u>-</u>                   |
| Fund balance, end of year                                 | <u>\$ 2,200,270</u> | <u>\$ 2,200,270</u> | <u>\$ 2,101,462</u> | <u>\$ (98,808)</u>         |

*Town of Yucca Valley*

**Required Supplementary Information  
Budgetary Comparison Schedule  
CDBG Special Revenue Fund  
For the year ended June 30, 2016**

|   | Budgeted amounts |            | Actual amounts | Variance with final budget |
|---|------------------|------------|----------------|----------------------------|
|   | Original         | Final      |                |                            |
| <b>REVENUES</b>   |                  |            |                |                            |
| Intergovernmental   | \$ 145,000       | \$ 326,745 | \$ 326,245     | \$ (500)                   |
| Total revenues  | 145,000          | 326,745    | 326,245        | (500)                      |
| <b>EXPENDITURES</b>                                       |                  |            |                |                            |
| Current:  |                  |            |                |                            |
| Community development                                     | 100,000          | 475,680    | 438,097        | 37,583                     |
| Total expenditures  | 100,000          | 475,680    | 438,097        | 37,583                     |
| Excess (deficiency) of revenues over (under) expenditures | 45,000           | (148,935)  | (111,852)      | 37,083                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                  |            |                |                            |
| Transfers in  | -                | 267,770    | 230,687        | (37,083)                   |
| Total other financing sources (uses)                      | -                | 267,770    | 230,687        | (37,083)                   |
| Net change in fund balance                                | 45,000           | 118,835    | 118,835        | -                          |
| Fund balance (deficit), beginning of year                 | (118,835)        | (118,835)  | (118,835)      | -                          |
| Fund balance (deficit), end of year                       | \$ (73,835)      | \$ -       | \$ -           | \$ -                       |

*Town of Yucca Valley*

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

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| Actuarial valuation date | Actuarial Value of assets (a) | Actuarial accrued liability (AAL)-Entry age (b) | Unfunded AAL (UAAL) (b-a) | Funded ratio (a/b) | Covered payroll (c) | UAAL as a percentage of covered payroll [(b-a)/c] |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|---|
| 7/1/2015                 | \$ 114,598                    | \$ 831,114                                      | \$ 716,516                | 13.79%             | \$ 2,264,040        | 31.65%  |
| 7/1/2012                 | 60,000                        | 575,922   | 515,922                   | 10.42%             | 2,634,234           | 19.59%  |
| 7/1/2008                 | -                             | 968,973   | 968,973                   | 0.00%              | 2,770,000           | 34.98%  |

*Town of Yucca Valley*

**Required Supplementary Information  
Schedule of the Town's Proportionate Share of the Plan's Net Pension Liability  
and Related Ratios as of the Measurement Date – Last 10 Years\***

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|   | Measurement<br>Date<br><u>6/30/2014</u> | Measurement<br>Date<br><u>6/30/2015</u> |
|---|---|---|
| Employer's Proportion of the Collective Net Pension Liability <sup>1</sup>  | 0.05400%                                | 0.14453%                                |
| Employer's Proportionate Share of the Collective Net Pension Liability  | \$ 3,360,184                            | \$ 3,965,258                            |
| Employer's Covered Payroll <sup>2</sup>   | \$ 2,251,339                            | \$ 2,135,328                            |
| Employer's Proportionate Share of the Collective Net Pension Liability as a<br>Percentage of the Employer's Covered Payroll | 187.98%                                 | 156.01%                                 |
| Pension Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability  | 81.27%                                  | 74.39%                                  |

<sup>1</sup> Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

<sup>2</sup> Covered payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 82.

*Town of Yucca Valley*

**Required Supplementary Information  
Schedule of Plan's Contributions – Last 10 Years\***

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|   | Fiscal Year Ending |              |
|---|--------------------|--------------|
|   | 6/30/2016          | 6/30/2015    |
| Contractually Determined Contributions                                  | \$ 1,096,580       | \$ 367,774   |
| Contributions in Relation to the Contractually Determined Contributions | 1,096,580          | 457,774      |
| Contribution Deficiency (Excess)  | \$ -               | \$ (90,000)  |
| Employer's Covered Payroll <sup>1</sup>                                 | \$ 2,251,339       | \$ 2,135,328 |
| Contributions as a Percentage of Covered Payroll                        | 48.71%             | 21.44%       |

<sup>1</sup> Covered payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 82.

*Notes to Schedule:*

Change in Benefit Terms: None

Change in Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

**Notes to Required Supplementary Information  
For the year ended June 30, 2016**

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**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 in the General Fund. For all Special Revenue Funds, unexpended appropriations for approved individual projects are carried forward to the following fiscal year. 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, Director of Administrative Services, and Finance Manager 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.

Formal budgetary integration is employed as a management control device during the year for the general, special revenue, and capital projects funds. Budgets for these funds are adopted on a basis consistent with generally accepted accounting principles for all government funds.

*SUPPLEMENTAL SCHEDULES*

*Town of Yucca Valley*

**Combined Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016**

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|  | Special<br>Revenue<br>Funds | Capital<br>Projects<br>Funds | Totals              |
|--|-----------------------------|------------------------------|---------------------|
|  | <u>          </u>           | <u>          </u>            | <u>          </u>   |
| <b>ASSETS</b>                            |                             |                              |                     |
| Cash and investments                     | \$ 4,027,864                | \$ 201,025                   | \$ 4,228,889        |
| Receivables:                             |                             |                              |                     |
| Accounts, net                            | 104,744                     | -                            | 104,744             |
| Due from other governments               | 5,529                       | -                            | 5,529               |
| Advance to other funds                   | 21,851                      | -                            | 21,851              |
|  | <u>          </u>           | <u>          </u>            | <u>          </u>   |
| Total assets                             | <u>\$ 4,159,988</u>         | <u>\$ 201,025</u>            | <u>\$ 4,361,013</u> |
| <br><b>LIABILITIES AND FUND BALANCES</b> |                             |                              |                     |
| Liabilities:                             |                             |                              |                     |
| Accounts payable                         | \$ 57,296                   | \$ -                         | \$ 57,296           |
| Accrued payroll                          | 3,496                       | -                            | 3,496               |
|  | <u>          </u>           | <u>          </u>            | <u>          </u>   |
| Total liabilities                        | <u>60,792</u>               | <u>-</u>                     | <u>60,792</u>       |
| <br>Fund balances:                       |                             |                              |                     |
| Nonspendable:                            |                             |                              |                     |
| Advance to other funds                   | 21,851                      | -                            | 21,851              |
| Restricted:                              |                             |                              |                     |
| Public safety                            | 364,181                     | -                            | 364,181             |
| Community development                    | 167,095                     | -                            | 167,095             |
| Public works                             | 3,546,465                   | -                            | 3,546,465           |
| Assigned                                 | -                           | 201,025                      | 201,025             |
| Unassigned                               | (396)                       | -                            | (396)               |
|  | <u>          </u>           | <u>          </u>            | <u>          </u>   |
| Total fund balances                      | <u>4,099,196</u>            | <u>201,025</u>               | <u>4,300,221</u>    |
|  | <u>          </u>           | <u>          </u>            | <u>          </u>   |
| Total liabilities and fund balances      | <u>\$ 4,159,988</u>         | <u>\$ 201,025</u>            | <u>\$ 4,361,013</u> |



*Town of Yucca Valley*

**Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
For the year ended June 30, 2016**

|   | Special<br>Revenue<br>Funds | Capital<br>Projects<br>Funds | Totals              |
|---|-----------------------------|------------------------------|---------------------|
| <b>REVENUES</b>                         |                             |                              |                     |
| Taxes                                   | \$ 23,611                   | \$ -                         | \$ 23,611           |
| Intergovernmental                       | 2,899,506                   | -                            | 2,899,506           |
| Charges for services                    | 49,120                      | -                            | 49,120              |
| Fines, fees and forfeitures             | 52,104                      | -                            | 52,104              |
| Investment earnings                     | 10,991                      | 594                          | 11,585              |
|   | <u>3,035,332</u>            | <u>594</u>                   | <u>3,035,926</u>    |
| Total revenues                          |                             |                              |                     |
| <b>EXPENDITURES</b>                     |                             |                              |                     |
| Current:                                |                             |                              |                     |
| Public safety                           | 100,100                     | -                            | 100,100             |
| Public works                            | 1,416,438                   | -                            | 1,416,438           |
| Community development                   | 61,099                      | -                            | 61,099              |
|   | <u>1,577,637</u>            | <u>-</u>                     | <u>1,577,637</u>    |
| Total expenditures                      |                             |                              |                     |
| Excess of revenues over<br>expenditures | <u>1,457,695</u>            | <u>594</u>                   | <u>1,458,289</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                             |                              |                     |
| Transfers in                            | 1,398,366                   | -                            | 1,398,366           |
| Transfers out                           | (1,650,537)                 | -                            | (1,650,537)         |
|   | <u>(252,171)</u>            | <u>-</u>                     | <u>(252,171)</u>    |
| Total other financing sources (uses)    |                             |                              |                     |
| Net change in fund balances             | 1,205,524                   | 594                          | 1,206,118           |
| Fund balances, beginning of year        | <u>2,893,672</u>            | <u>200,431</u>               | <u>3,094,103</u>    |
| Fund balances, end of year              | <u>\$ 4,099,196</u>         | <u>\$ 201,025</u>            | <u>\$ 4,300,221</u> |

## *Town of Yucca Valley*

### **Nonmajor Special Revenue Funds For the year ended June 30, 2016**

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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.

*Measure I 2010-2040 Regional Funds* – Established to account for the Town's share of competitively awarded revenues which represent 25% of the regional allocation of a voter approved (1/2%) local transportation sales tax Measure I 2010-2040, for the use in regional street projects.

*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.

*Public Lands Federal Grant* – Established by the Federal Highway Administration (FHWA), and allocated through local government (SANBAG), for highway transportation projects. Funds administered by Cal Trans.

*SAFETEA-LU* – Established to account for grant funds from the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) signed in 2005, to provide funding for highways, highways safety and public transportation.

*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.

*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.

## *Town of Yucca Valley*

### **Nonmajor Special Revenue Funds For the year ended June 30, 2016**

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*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. The Town did not budget for this Special Revenue Fund for 2015.

*Mello-Roos* – Established to provide maintenance of streets, roads and other qualified infrastructure construction as part of new development pursuant to the Mello-Roos Community Facility Act of 1982, which provides a mechanism for funding such maintenance activities.

*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.

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

*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.

*AB2928 State Construction Fund* – This fund accounts for grants monies received for traffic and pedestrian safety improvement projects on Highway 62.

*HRP State Grant* – Established to account for state grants under the Housing-Related Parks Program for the creation of new parks or rehabilitation or improvements to existing ones.

*Town of Yucca Valley*

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2016**

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|                                      | <u>Quimby Fees</u>          | <u>Measure I<br/>2010-2040<br/>Regional Funds</u> | <u>Traffic<br/>Safety</u>   |
|--------------------------------------|-----------------------------|---|-----------------------------|
| <b>ASSETS</b>                        |                             |   |                             |
| Cash and investments                 | \$ 125,477                  | \$ -  | \$ 232,181                  |
| Receivables:                         |                             |   |                             |
| Accounts, net                        | -                           | -   | -                           |
| Due from other governments           | -                           | -   | 5,529                       |
| Advance to other funds               | -                           | -   | -                           |
|                                      | <u>                    </u> | <u>                    </u>                       | <u>                    </u> |
| Total assets                         | <u>\$ 125,477</u>           | <u>\$ -</u>                                       | <u>\$ 237,710</u>           |
| <b>LIABILITIES AND FUND BALANCES</b> |                             |   |                             |
| Liabilities:                         |                             |   |                             |
| Accounts payable                     | \$ -                        | \$ -  | \$ -                        |
| Accrued payroll                      | -                           | -   | -                           |
|                                      | <u>                    </u> | <u>                    </u>                       | <u>                    </u> |
| Total liabilities                    | <u>-</u>                    | <u>-</u>  | <u>-</u>                    |
| Fund balances (deficit):             |                             |   |                             |
| Nonspendable:                        |                             |   |                             |
| Advance to other funds               | -                           | -   | -                           |
| Restricted:                          |                             |   |                             |
| Public safety                        | -                           | -   | 237,710                     |
| Community development                | -                           | -   | -                           |
| Public works                         | 125,477                     | -   | -                           |
| Unassigned                           | -                           | -   | -                           |
|                                      | <u>                    </u> | <u>                    </u>                       | <u>                    </u> |
| Total fund balances (deficit)        | <u>125,477</u>              | <u>-</u>  | <u>237,710</u>              |
| Total liabilities and fund balances  | <u>\$ 125,477</u>           | <u>\$ -</u>                                       | <u>\$ 237,710</u>           |

| Asset<br>Seizure | Public Lands<br>Federal Grant | SAFETEA-LU  | Gas Tax           |
|------------------|-------------------------------|-------------|-------------------|
| \$ 6,646         | \$ -                          | \$ -        | \$ 679,755        |
| -                | -                             | -           | -                 |
| -                | -                             | -           | -                 |
| <u>\$ 6,646</u>  | <u>\$ -</u>                   | <u>\$ -</u> | <u>\$ 679,755</u> |
| \$ -             | \$ -                          | \$ -        | \$ 18,727         |
| -                | -                             | -           | 3,496             |
| -                | -                             | -           | 22,223            |
| -                | -                             | -           | -                 |
| 6,646            | -                             | -           | -                 |
| -                | -                             | -           | -                 |
| -                | -                             | -           | 657,532           |
| -                | -                             | -           | -                 |
| <u>6,646</u>     | <u>-</u>                      | <u>-</u>    | <u>657,532</u>    |
| <u>\$ 6,646</u>  | <u>\$ -</u>                   | <u>\$ -</u> | <u>\$ 679,755</u> |

*Town of Yucca Valley*

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2016**

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|                                      | Local<br>Transportation<br>Act | Safe Routes<br>to School    | Measure I -<br>65% Major<br>Arterial |
|--------------------------------------|--------------------------------|-----------------------------|--------------------------------------|
|                                      | <u>                    </u>    | <u>                    </u> | <u>                    </u>          |
| <b>ASSETS</b>                        |                                |                             |                                      |
| Cash and investments                 | \$ 745,871                     | \$ -                        | \$ 481,641                           |
| Receivables:                         |                                |                             |                                      |
| Accounts, net                        | -                              | -                           | -                                    |
| Due from other governments           | -                              | -                           | -                                    |
| Advance to other funds               | 21,851                         | -                           | -                                    |
|                                      | <u>                    </u>    | <u>                    </u> | <u>                    </u>          |
| Total assets                         | <u>\$ 767,722</u>              | <u>\$ -</u>                 | <u>\$ 481,641</u>                    |
| <b>LIABILITIES AND FUND BALANCES</b> |                                |                             |                                      |
| Liabilities:                         |                                |                             |                                      |
| Accounts payable                     | \$ -                           | \$ -                        | \$ -                                 |
| Accrued payroll                      | -                              | -                           | -                                    |
|                                      | <u>                    </u>    | <u>                    </u> | <u>                    </u>          |
| Total liabilities                    | <u>-</u>                       | <u>-</u>                    | <u>-</u>                             |
| Fund balances (deficit):             |                                |                             |                                      |
| Nonspendable:                        |                                |                             |                                      |
| Advance to other funds               | 21,851                         | -                           | -                                    |
| Restricted:                          |                                |                             |                                      |
| Public safety                        | -                              | -                           | -                                    |
| Community development                | -                              | -                           | -                                    |
| Public works                         | 745,871                        | -                           | 481,641                              |
| Unassigned                           | -                              | -                           | -                                    |
|                                      | <u>                    </u>    | <u>                    </u> | <u>                    </u>          |
| Total fund balances (deficit)        | <u>767,722</u>                 | <u>-</u>                    | <u>481,641</u>                       |
| Total liabilities and fund balances  | <u>\$ 767,722</u>              | <u>\$ -</u>                 | <u>\$ 481,641</u>                    |

| Measure I -<br>30% Local<br>Roads | Measure I -<br>2010-2040 | Flood<br>Control | Mello-Roos       | COPS -<br>LLESA   |
|-----------------------------------|--------------------------|------------------|------------------|-------------------|
| \$ 71,200                         | \$ 936,530               | \$ 69,565        | \$ 75,545        | \$ 144,943        |
| -                                 | 104,744                  | -                | -                | -                 |
| -                                 | -                        | -                | -                | -                 |
| -                                 | -                        | -                | -                | -                 |
| <u>\$ 71,200</u>                  | <u>\$ 1,041,274</u>      | <u>\$ 69,565</u> | <u>\$ 75,545</u> | <u>\$ 144,943</u> |
| \$ -                              | \$ 5,121                 | \$ -             | \$ -             | \$ 25,118         |
| -                                 | -                        | -                | -                | -                 |
| -                                 | 5,121                    | -                | -                | 25,118            |
| -                                 | -                        | -                | -                | -                 |
| -                                 | -                        | -                | -                | 119,825           |
| -                                 | -                        | -                | -                | -                 |
| 71,200                            | 1,036,153                | 69,565           | 75,545           | -                 |
| -                                 | -                        | -                | -                | -                 |
| <u>71,200</u>                     | <u>1,036,153</u>         | <u>69,565</u>    | <u>75,545</u>    | <u>119,825</u>    |
| <u>\$ 71,200</u>                  | <u>\$ 1,041,274</u>      | <u>\$ 69,565</u> | <u>\$ 75,545</u> | <u>\$ 144,943</u> |

*Town of Yucca Valley*

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2016**

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|                                      | AB 2766 -<br>Air<br>Pollution | Recycling<br>Activities<br>Grant | Landscape<br>and Lighting<br>Maintenance |
|--------------------------------------|-------------------------------|----------------------------------|--|
| <b>ASSETS</b>                        |                               |                                  |  |
| Cash and investments                 | \$ 165,988                    | \$ 1,107                         | \$ 55,677                                |
| Receivables:                         |                               |                                  |  |
| Accounts, net                        | -                             | -                                | -  |
| Due from other governments           | -                             | -                                | -  |
| Advance to other funds               | -                             | -                                | -  |
|                                      | <hr/>                         | <hr/>                            | <hr/>                                    |
| Total assets                         | <u>\$ 165,988</u>             | <u>\$ 1,107</u>                  | <u>\$ 55,677</u>                         |
| <b>LIABILITIES AND FUND BALANCES</b> |                               |                                  |  |
| Liabilities:                         |                               |                                  |  |
| Accounts payable                     | \$ -                          | \$ -                             | \$ -                                     |
| Accrued payroll                      | -                             | -                                | -  |
|                                      | <hr/>                         | <hr/>                            | <hr/>                                    |
| Total liabilities                    | <hr/> -                       | <hr/> -                          | <hr/> -                                  |
| Fund balances (deficit):             |                               |                                  |  |
| Nonspendable:                        |                               |                                  |  |
| Advance to other funds               | -                             | -                                | -  |
| Restricted:                          |                               |                                  |  |
| Public safety                        | -                             | -                                | -  |
| Community development                | 165,988                       | 1,107                            | -  |
| Public works                         | -                             | -                                | 55,677                                   |
| Unassigned                           | -                             | -                                | -  |
|                                      | <hr/>                         | <hr/>                            | <hr/>                                    |
| Total fund balances (deficit)        | <hr/> 165,988                 | <hr/> 1,107                      | <hr/> 55,677                             |
| Total liabilities and fund balances  | <u>\$ 165,988</u>             | <u>\$ 1,107</u>                  | <u>\$ 55,677</u>                         |



| Street and<br>Drainage<br>District | CMAQ            | AB2928-State<br>Construction Grant | HRP State<br>Grant | Total               |
|------------------------------------|-----------------|------------------------------------|--------------------|---------------------|
| \$ 227,804                         | \$ 7,934        | \$ -                               | \$ -               | \$ 4,027,864        |
| -                                  | -               | -                                  | -                  | 104,744             |
| -                                  | -               | -                                  | -                  | 5,529               |
| -                                  | -               | -                                  | -                  | 21,851              |
| <u>\$ 227,804</u>                  | <u>\$ 7,934</u> | <u>\$ -</u>                        | <u>\$ -</u>        | <u>\$ 4,159,988</u> |
| \$ -                               | \$ 8,330        | \$ -                               |                    | \$ 57,296           |
| -                                  | -               | -                                  | -                  | 3,496               |
| -                                  | 8,330           | -                                  | -                  | 60,792              |
| -                                  | -               | -                                  | -                  | 21,851              |
| -                                  | -               | -                                  | -                  | 364,181             |
| -                                  | -               | -                                  | -                  | 167,095             |
| 227,804                            | -               | -                                  | -                  | 3,546,465           |
| -                                  | (396)           | -                                  | -                  | (396)               |
| <u>227,804</u>                     | <u>(396)</u>    | <u>-</u>                           | <u>-</u>           | <u>4,099,196</u>    |
| <u>\$ 227,804</u>                  | <u>\$ 7,934</u> | <u>\$ -</u>                        | <u>\$ -</u>        | <u>\$ 4,159,988</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, 2016**

|  | Quimby Fees       | Measure I<br>2010-2040<br>Regional Funds | Traffic<br>Safety |
|--|-------------------|--|-------------------|
| <b>REVENUES</b>  |                   |  |                   |
| Taxes  | \$ -              | \$ -                                     | \$ -              |
| Intergovernmental  | -                 | 19,344                                   | -                 |
| Charges for services   | -                 | -  | -                 |
| Fines, fees and forfeitures                                  | 21,003            | -  | 31,101            |
| Investment earnings  | 369               | 134                                      | 542               |
| <b>Total revenues</b>  | <b>21,372</b>     | <b>19,478</b>                            | <b>31,643</b>     |
| <b>EXPENDITURES</b>  |                   |  |                   |
| Current:   |                   |  |                   |
| Public safety  | -                 | -  | -                 |
| Public works   | -                 | -  | -                 |
| Community development  | -                 | 18,623                                   | -                 |
| <b>Total expenditures</b>                                    | <b>-</b>          | <b>18,623</b>                            | <b>-</b>          |
| Excess (deficiency) of revenues<br>over (under) expenditures | 21,372            | 855                                      | 31,643            |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                   |  |                   |
| Transfers in   | -                 | -  | 57,107            |
| Transfers out  | -                 | (57,107)                                 | -                 |
| <b>Total other financing sources (uses)</b>                  | <b>-</b>          | <b>(57,107)</b>                          | <b>57,107</b>     |
| Net change in fund balances                                  | 21,372            | (56,252)                                 | 88,750            |
| Fund balances (deficit), beginning of year                   | 104,105           | 56,252                                   | 148,960           |
| Fund balances (deficit), end of year                         | <u>\$ 125,477</u> | <u>\$ -</u>                              | <u>\$ 237,710</u> |

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| Asset<br>Seizure | Public Lands<br>Federal Grant | SAFETEA-LU         | Gas Tax           |
|------------------|-------------------------------|--------------------|-------------------|
| \$ -             | \$ -                          | \$ -               | \$ -              |
| -                | -                             | 1,302,259          | 468,286           |
| -                | -                             | -                  | -                 |
| -                | -                             | -                  | -                 |
| 19               | -                             | -                  | 2,324             |
| <u>19</u>        | <u>-</u>                      | <u>1,302,259</u>   | <u>470,610</u>    |
| -                | -                             | -                  | -                 |
| -                | 1,612                         | -                  | 675,750           |
| -                | -                             | -                  | -                 |
| <u>-</u>         | <u>1,612</u>                  | <u>-</u>           | <u>675,750</u>    |
| 19               | (1,612)                       | 1,302,259          | (205,140)         |
| -                | 1,302,259                     | -                  | -                 |
| <u>-</u>         | <u>(25,181)</u>               | <u>(1,302,259)</u> | <u>-</u>          |
| <u>-</u>         | <u>1,277,078</u>              | <u>(1,302,259)</u> | <u>-</u>          |
| 19               | 1,275,466                     | -                  | (205,140)         |
| <u>6,627</u>     | <u>(1,275,466)</u>            | <u>-</u>           | <u>862,672</u>    |
| <u>\$ 6,646</u>  | <u>\$ -</u>                   | <u>\$ -</u>        | <u>\$ 657,532</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, 2016**

|  | Local<br>Transportation<br>Act | Safe Routes<br>to School | Measure I -<br>65% Major<br>Arterial |
|--|--------------------------------|--------------------------|--------------------------------------|
| <b>REVENUES</b>  |                                |                          |                                      |
| Taxes  | \$ -                           | \$ -                     | \$ -                                 |
| Intergovernmental  | 26,426                         | 85,636                   | -                                    |
| Charges for services   | -                              | -                        | -                                    |
| Fines, fees and forfeitures                                  | -                              | -                        | -                                    |
| Investment earnings  | 1,889                          | -                        | 1,551                                |
| Total revenues   | <u>28,315</u>                  | <u>85,636</u>            | <u>1,551</u>                         |
| <b>EXPENDITURES</b>  |                                |                          |                                      |
| Current:   |                                |                          |                                      |
| Public safety  | -                              | -                        | -                                    |
| Public works   | 560                            | 96,688                   | 94,241                               |
| Community development  | -                              | -                        | -                                    |
| Total expenditures   | <u>560</u>                     | <u>96,688</u>            | <u>94,241</u>                        |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>27,755</u>                  | <u>(11,052)</u>          | <u>(92,690)</u>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                |                          |                                      |
| Transfers in   | -                              | -                        | -                                    |
| Transfers out  | <u>(39,000)</u>                | <u>-</u>                 | <u>-</u>                             |
| Total other financing sources (uses)                         | <u>(39,000)</u>                | <u>-</u>                 | <u>-</u>                             |
| Net change in fund balances                                  | (11,245)                       | (11,052)                 | (92,690)                             |
| Fund balances (deficit), beginning of year                   | <u>778,967</u>                 | <u>11,052</u>            | <u>574,331</u>                       |
| Fund balances (deficit), end of year                         | <u>\$ 767,722</u>              | <u>\$ -</u>              | <u>\$ 481,641</u>                    |

| Measure I -<br>30% Local<br>Roads | Measure I -<br>2010-2040 | Flood<br>Control | Mello-Roos       | COPS -<br>LLESA   |
|-----------------------------------|--------------------------|------------------|------------------|-------------------|
| \$ -                              | \$ -                     | \$ -             | \$ 23,611        | \$ -              |
| -                                 | 693,848                  | -                | -                | 114,640           |
| -                                 | -                        | -                | -                | -                 |
| -                                 | -                        | -                | -                | -                 |
| 211                               | 2,093                    | -                | 191              | 406               |
| <u>211</u>                        | <u>695,941</u>           | <u>-</u>         | <u>23,802</u>    | <u>115,046</u>    |
| -                                 | -                        | -                | -                | 100,100           |
| -                                 | 537,552                  | -                | -                | -                 |
| -                                 | -                        | -                | -                | -                 |
| -                                 | 537,552                  | -                | -                | 100,100           |
| <u>211</u>                        | <u>158,389</u>           | <u>-</u>         | <u>23,802</u>    | <u>14,946</u>     |
| -                                 | -                        | -                | -                | -                 |
| -                                 | -                        | -                | -                | -                 |
| -                                 | -                        | -                | -                | -                 |
| 211                               | 158,389                  | -                | 23,802           | 14,946            |
| <u>70,989</u>                     | <u>877,764</u>           | <u>69,565</u>    | <u>51,743</u>    | <u>104,879</u>    |
| <u>\$ 71,200</u>                  | <u>\$ 1,036,153</u>      | <u>\$ 69,565</u> | <u>\$ 75,545</u> | <u>\$ 119,825</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, 2016**

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|  | AB 2766 -<br>Air<br>Pollution | Recycling<br>Activities<br>Grant | Landscape<br>and Lighting<br>Maintenance |
|--|-------------------------------|----------------------------------|--|
| <b>REVENUES</b>  |                               |                                  |  |
| Taxes  | \$ -                          | \$ -                             | \$ -                                     |
| Intergovernmental  | 14,545                        | 5,822                            | -  |
| Charges for services   | -                             | -                                | 12,499                                   |
| Fines, fees and forfeitures                                  | -                             | -                                | -  |
| Investment earnings  | 476                           | 9                                | 149                                      |
|  | <hr/>                         | <hr/>                            | <hr/>                                    |
| Total revenues   | 15,021                        | 5,831                            | 12,648                                   |
|  | <hr/>                         | <hr/>                            | <hr/>                                    |
| <b>EXPENDITURES</b>  |                               |                                  |  |
| Current:   |                               |                                  |  |
| Public safety  | -                             | -                                | -  |
| Public works   | -                             | -                                | 4,740                                    |
| Community development  | -                             | 4,546                            | -  |
|  | <hr/>                         | <hr/>                            | <hr/>                                    |
| Total expenditures   | -                             | 4,546                            | 4,740                                    |
|  | <hr/>                         | <hr/>                            | <hr/>                                    |
| Excess (deficiency) of revenues<br>over (under) expenditures | 15,021                        | 1,285                            | 7,908                                    |
|  | <hr/>                         | <hr/>                            | <hr/>                                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                               |                                  |  |
| Transfers in   | -                             | -                                | -  |
| Transfers out  | -                             | -                                | -  |
|  | <hr/>                         | <hr/>                            | <hr/>                                    |
| Total other financing sources (uses)                         | -                             | -                                | -  |
|  | <hr/>                         | <hr/>                            | <hr/>                                    |
| Net change in fund balances                                  | 15,021                        | 1,285                            | 7,908                                    |
| Fund balances (deficit), beginning of year                   | 150,967                       | (178)                            | 47,769                                   |
|  | <hr/>                         | <hr/>                            | <hr/>                                    |
| Fund balances (deficit), end of year                         | \$ 165,988                    | \$ 1,107                         | \$ 55,677                                |
|  | <hr/> <hr/>                   | <hr/> <hr/>                      | <hr/> <hr/>                              |

| Street and<br>Drainage<br>District | CMAQ            | AB2928-State<br>Construction Grant | HRP State<br>Grant | Total               |
|------------------------------------|-----------------|------------------------------------|--------------------|---------------------|
| \$ -                               | \$ -            | \$ -                               | \$ -               | \$ 23,611           |
| -                                  | -               | -                                  | 168,700            | 2,899,506           |
| 36,621                             | -               | -                                  | -                  | 49,120              |
| -                                  | -               | -                                  | -                  | 52,104              |
| 628                                | -               | -                                  | -                  | 10,991              |
| <u>37,249</u>                      | <u>-</u>        | <u>-</u>                           | <u>168,700</u>     | <u>3,035,332</u>    |
| -                                  | -               | -                                  | -                  | 100,100             |
| 5,240                              | -               | 55                                 | -                  | 1,416,438           |
| -                                  | 37,930          | -                                  | -                  | 61,099              |
| <u>5,240</u>                       | <u>37,930</u>   | <u>55</u>                          | <u>-</u>           | <u>1,577,637</u>    |
| <u>32,009</u>                      | <u>(37,930)</u> | <u>(55)</u>                        | <u>168,700</u>     | <u>1,457,695</u>    |
| -                                  | 39,000          | -                                  | -                  | 1,398,366           |
| -                                  | -               | (58,290)                           | (168,700)          | (1,650,537)         |
| -                                  | 39,000          | (58,290)                           | (168,700)          | (252,171)           |
| 32,009                             | 1,070           | (58,345)                           | -                  | 1,205,524           |
| <u>195,795</u>                     | <u>(1,466)</u>  | <u>58,345</u>                      | <u>-</u>           | <u>2,893,672</u>    |
| <u>\$ 227,804</u>                  | <u>\$ (396)</u> | <u>\$ -</u>                        | <u>\$ -</u>        | <u>\$ 4,099,196</u> |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Quimby Fees Special Revenue Fund  
For the year ended June 30, 2016**

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|                                 | <u>Final budgeted<br/>amounts</u> | <u>Actual<br/>amounts</u> | <u>Variance with<br/>final budget</u> |
|---------------------------------|-----------------------------------|---------------------------|---------------------------------------|
| <b>REVENUES</b>                 |                                   |                           |                                       |
| Fines, fees and forfeitures     | \$ 150                            | \$ 21,003                 | \$ 20,853                             |
| Investment earnings             | -                                 | 369                       | 369                                   |
|                                 | <u>150</u>                        | <u>21,372</u>             | <u>21,222</u>                         |
| <b>EXPENDITURES</b>             |                                   |                           |                                       |
| Total expenditures              | <u>-</u>                          | <u>-</u>                  | <u>-</u>                              |
| Net change in fund balance      | 150                               | 21,372                    | 21,222                                |
| Fund balance, beginning of year | <u>104,105</u>                    | <u>104,105</u>            | <u>-</u>                              |
| Fund balance, end of year       | <u><u>\$ 104,255</u></u>          | <u><u>\$ 125,477</u></u>  | <u><u>\$ 21,222</u></u>               |



*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Measure I 2010-2040 Regional Special Revenue Fund  
For the year ended June 30, 2016**

|  | Final budgeted<br>amounts | Actual<br>amounts  | Variance with<br>final budget |
|--|---------------------------|--------------------|-------------------------------|
| <b>REVENUES</b>  |                           |                    |                               |
| Intergovernmental  | \$ 19,344                 | \$ 19,344          | \$ -                          |
| Investment earnings  | -                         | 134                | 134                           |
| Total revenues   | <u>19,344</u>             | <u>19,478</u>      | <u>134</u>                    |
| <b>EXPENDITURES</b>  |                           |                    |                               |
| Current:   |                           |                    |                               |
| Community development  | <u>20,311</u>             | <u>18,623</u>      | <u>1,688</u>                  |
| Total expenditures   | <u>20,311</u>             | <u>18,623</u>      | <u>1,688</u>                  |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(967)</u>              | <u>855</u>         | <u>1,822</u>                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                           |                    |                               |
| Transfers out  | <u>(55,285)</u>           | <u>(57,107)</u>    | <u>(1,822)</u>                |
| Total other financing uses                                   | <u>(55,285)</u>           | <u>(57,107)</u>    | <u>(1,822)</u>                |
| Net change in fund balance                                   | (56,252)                  | (56,252)           | -                             |
| Fund balance, beginning of year                              | <u>56,252</u>             | <u>56,252</u>      | <u>-</u>                      |
| Fund balance, end of year                                    | <u><u>\$ -</u></u>        | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>            |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Traffic Safety Special Revenue Fund  
For the year ended June 30, 2016**

|  | Final budgeted<br>amounts | Actual<br>amounts        | Variance with<br>final budget |
|--|---------------------------|--------------------------|-------------------------------|
| <b>REVENUES</b>  |                           |                          |                               |
| Fines, fees and forfeitures                                  | \$ 50,000                 | \$ 31,101                | \$ (18,899)                   |
| Investment earnings  | 200                       | 542                      | 342                           |
| Total revenues   | <u>50,200</u>             | <u>31,643</u>            | <u>(18,557)</u>               |
| <b>EXPENDITURES</b>  |                           |                          |                               |
| Current:   |                           |                          |                               |
| Public safety  | <u>1,500</u>              | <u>-</u>                 | <u>1,500</u>                  |
| Total expenditures   | <u>1,500</u>              | <u>-</u>                 | <u>1,500</u>                  |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>48,700</u>             | <u>31,643</u>            | <u>(17,057)</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                           |                          |                               |
| Transfers in   | <u>55,285</u>             | <u>57,107</u>            | <u>1,822</u>                  |
| Total other financing uses                                   | <u>55,285</u>             | <u>57,107</u>            | <u>1,822</u>                  |
| Net change in fund balance                                   | 103,985                   | 88,750                   | (15,235)                      |
| Fund balance, beginning of year                              | <u>148,960</u>            | <u>148,960</u>           | <u>-</u>                      |
| Fund balance, end of year                                    | <u><u>\$ 252,945</u></u>  | <u><u>\$ 237,710</u></u> | <u><u>\$ (15,235)</u></u>     |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Asset Seizure Special Revenue Fund  
For the year ended June 30, 2016**

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|                                 | <u>Final budgeted<br/>amounts</u> | <u>Actual<br/>amounts</u> | <u>Variance with<br/>final budget</u> |
|---------------------------------|-----------------------------------|---------------------------|---------------------------------------|
| <b>REVENUES</b>                 |                                   |                           |                                       |
| Investment earnings             | <u>\$ 15</u>                      | <u>\$ 19</u>              | <u>\$ 4</u>                           |
| Total revenues                  | <u>15</u>                         | <u>19</u>                 | <u>4</u>                              |
| <b>EXPENDITURES</b>             |                                   |                           |                                       |
| Current:                        |                                   |                           |                                       |
| Public safety                   | <u>2,000</u>                      | <u>-</u>                  | <u>2,000</u>                          |
| Total expenditures              | <u>2,000</u>                      | <u>-</u>                  | <u>2,000</u>                          |
| Net change in fund balance      | <u>(1,985)</u>                    | <u>19</u>                 | <u>2,004</u>                          |
| Fund balance, beginning of year | <u>6,627</u>                      | <u>6,627</u>              | <u>-</u>                              |
| Fund balance, end of year       | <u><u>\$ 4,642</u></u>            | <u><u>\$ 6,646</u></u>    | <u><u>\$ 2,004</u></u>                |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Public Lands Federal Grant Special Revenue Fund  
For the year ended June 30, 2016**

|  | Final budgeted<br>amounts | Actual<br>amounts | Variance with<br>final budget |
|--|---------------------------|-------------------|-------------------------------|
| <b>REVENUES</b>  |                           |                   |                               |
| Total revenues   | \$ -                      | \$ -              | \$ -                          |
| <b>EXPENDITURES</b>  |                           |                   |                               |
| Current:   |                           |                   |                               |
| Public works   | 26,954                    | 1,612             | 25,342                        |
| Total expenditures   | 26,954                    | 1,612             | 25,342                        |
| Excess (deficiency) of revenues<br>over (under) expenditures | (26,954)                  | (1,612)           | 25,342                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                           |                   |                               |
| Transfers in   | 1,302,420                 | 1,302,259         | (161)                         |
| Transfers out  | -                         | (25,181)          | (25,181)                      |
| Total other financing uses                                   | 1,302,420                 | 1,277,078         | (25,342)                      |
| Net change in fund balance                                   | 1,275,466                 | 1,275,466         | -                             |
| Fund balance (deficit), beginning of year                    | (1,275,466)               | (1,275,466)       | -                             |
| Fund balance, end of year                                    | \$ -                      | \$ -              | \$ -                          |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
SAFETEA-LU Special Revenue Fund  
For the year ended June 30, 2016**

|                                       | Final budgeted<br>amounts | Actual<br>amounts  | Variance with<br>final budget |
|---------------------------------------|---------------------------|--------------------|-------------------------------|
| <b>REVENUES</b>                       |                           |                    |                               |
| Intergovernmental                     | \$ 1,302,420              | \$ 1,302,259       | \$ (161)                      |
| Total revenues                        | <u>1,302,420</u>          | <u>1,302,259</u>   | <u>(161)</u>                  |
| <b>EXPENDITURES</b>                   |                           |                    |                               |
| Total expenditures                    | <u>-</u>                  | <u>-</u>           | <u>-</u>                      |
| Excess of revenues over expenditures  | <u>1,302,420</u>          | <u>1,302,259</u>   | <u>(161)</u>                  |
| <b>OTHER FINANCING SOURCES (USES)</b> |                           |                    |                               |
| Transfers out                         | <u>(1,302,420)</u>        | <u>(1,302,259)</u> | <u>161</u>                    |
| Total other financing uses            | <u>(1,302,420)</u>        | <u>(1,302,259)</u> | <u>161</u>                    |
| Net change in fund balance            | -                         | -                  | -                             |
| Fund balance, beginning of year       | <u>-</u>                  | <u>-</u>           | <u>-</u>                      |
| Fund balance, end of year             | <u><u>\$ -</u></u>        | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>            |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Gas Tax Special Revenue Fund  
For the year ended June 30, 2016**

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|                                 | <u>Final budgeted<br/>amounts</u> | <u>Actual<br/>amounts</u> | <u>Variance with<br/>final budget</u> |
|---------------------------------|-----------------------------------|---------------------------|---------------------------------------|
| <b>REVENUES</b>                 |                                   |                           |                                       |
| Intergovernmental               | \$ 500,000                        | \$ 468,286                | \$ (31,714)                           |
| Investment earnings             | 1,000                             | 2,324                     | 1,324                                 |
|                                 | <u>501,000</u>                    | <u>470,610</u>            | <u>(30,390)</u>                       |
| <b>EXPENDITURES</b>             |                                   |                           |                                       |
| Current:                        |                                   |                           |                                       |
| Public works                    | <u>946,715</u>                    | <u>675,750</u>            | <u>270,965</u>                        |
|                                 | <u>946,715</u>                    | <u>675,750</u>            | <u>270,965</u>                        |
| Net change in fund balance      | (445,715)                         | (205,140)                 | 240,575                               |
| Fund balance, beginning of year | <u>862,672</u>                    | <u>862,672</u>            | <u>-</u>                              |
| Fund balance, end of year       | <u>\$ 416,957</u>                 | <u>\$ 657,532</u>         | <u>\$ 240,575</u>                     |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Local Transportation Act Special Revenue Fund  
For the year ended June 30, 2016**

|   | Final budgeted<br>amounts | Actual<br>amounts | Variance with<br>final budget |
|---|---------------------------|-------------------|-------------------------------|
| <b>REVENUES</b>   |                           |                   |                               |
| Intergovernmental   | \$ 26,426                 | \$ 26,426         | \$ -                          |
| Investment earnings                                       | 250                       | 1,889             | 1,639                         |
| Total revenues  | <u>26,676</u>             | <u>28,315</u>     | <u>1,639</u>                  |
| <b>EXPENDITURES</b>                                       |                           |                   |                               |
| Current:  |                           |                   |                               |
| Public works  | <u>392,957</u>            | <u>560</u>        | <u>392,397</u>                |
| Total expenditures  | <u>392,957</u>            | <u>560</u>        | <u>392,397</u>                |
| Excess (deficiency) of revenues over (under) expenditures | <u>(366,281)</u>          | <u>27,755</u>     | <u>394,036</u>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                           |                   |                               |
| Transfers out   | <u>(120,000)</u>          | <u>(39,000)</u>   | <u>81,000</u>                 |
| Total other financing sources                             | <u>(120,000)</u>          | <u>(39,000)</u>   | <u>81,000</u>                 |
| Net change in fund balance                                | (486,281)                 | (11,245)          | 475,036                       |
| Fund balance, beginning of year                           | <u>778,967</u>            | <u>778,967</u>    | <u>-</u>                      |
| Fund balance, end of year                                 | <u>\$ 292,686</u>         | <u>\$ 767,722</u> | <u>\$ 475,036</u>             |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Safe Routes to School Special Revenue Fund  
For the year ended June 30, 2016**

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|                                 | <u>Final budgeted<br/>amounts</u> | <u>Actual<br/>amounts</u> | <u>Variance with<br/>final budget</u> |
|---------------------------------|-----------------------------------|---------------------------|---------------------------------------|
| <b>REVENUES</b>                 |                                   |                           |                                       |
| Intergovernmental               | <u>\$ 47,500</u>                  | <u>\$ 85,636</u>          | <u>\$ 38,136</u>                      |
| Total revenues                  | <u>47,500</u>                     | <u>85,636</u>             | <u>38,136</u>                         |
| <b>EXPENDITURES</b>             |                                   |                           |                                       |
| Current:                        |                                   |                           |                                       |
| Public works                    | <u>96,711</u>                     | <u>96,688</u>             | <u>23</u>                             |
| Total expenditures              | <u>96,711</u>                     | <u>96,688</u>             | <u>23</u>                             |
| Net change in fund balance      | (49,211)                          | (11,052)                  | 38,159                                |
| Fund balance, beginning of year | <u>11,052</u>                     | <u>11,052</u>             | <u>-</u>                              |
| Fund balance, end of year       | <u><u>\$ (38,159)</u></u>         | <u><u>\$ -</u></u>        | <u><u>\$ 38,159</u></u>               |



*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Measure I - 65% Major Arterial Special Revenue Fund  
For the year ended June 30, 2016**

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|                                 | <u>Final budgeted<br/>amounts</u> | <u>Actual<br/>amounts</u> | <u>Variance with<br/>final budget</u> |
|---------------------------------|-----------------------------------|---------------------------|---------------------------------------|
| <b>REVENUES</b>                 |                                   |                           |                                       |
| Investment earnings             | <u>\$ 100</u>                     | <u>\$ 1,551</u>           | <u>\$ 1,451</u>                       |
| Total revenues                  | <u>100</u>                        | <u>1,551</u>              | <u>1,451</u>                          |
| <b>EXPENDITURES</b>             |                                   |                           |                                       |
| Current:                        |                                   |                           |                                       |
| Public works                    | <u>98,963</u>                     | <u>94,241</u>             | <u>4,722</u>                          |
| Total expenditures              | <u>98,963</u>                     | <u>94,241</u>             | <u>4,722</u>                          |
| Net change in fund balance      | (98,863)                          | (92,690)                  | 6,173                                 |
| Fund balance, beginning of year | <u>574,331</u>                    | <u>574,331</u>            | <u>-</u>                              |
| Fund balance, end of year       | <u>\$ 475,468</u>                 | <u>\$ 481,641</u>         | <u>\$ 6,173</u>                       |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Measure I - 30% Local Roads Special Revenue Fund  
For the year ended June 30, 2016**

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|                                 | <u>Final budgeted<br/>amounts</u> | <u>Actual<br/>amounts</u>      | <u>Variance with<br/>final budget</u> |
|---------------------------------|-----------------------------------|--------------------------------|---------------------------------------|
| <b>REVENUES</b>                 |                                   |                                |                                       |
| Investment earnings             | <u>\$        200</u>              | <u>\$        211</u>           | <u>\$          11</u>                 |
| Total revenues                  | <u>          200</u>              | <u>          211</u>           | <u>          11</u>                   |
| <b>EXPENDITURES</b>             |                                   |                                |                                       |
| Total expenditures              | <u>          -</u>                | <u>          -</u>             | <u>          -</u>                    |
| Net change in fund balance      | 200                               | 211                            | 11                                    |
| Fund balance, beginning of year | <u>      70,989</u>               | <u>      70,989</u>            | <u>          -</u>                    |
| Fund balance, end of year       | <u><u>      \$  71,189</u></u>    | <u><u>      \$  71,200</u></u> | <u><u>      \$      11</u></u>        |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Measure I – 2010 – 2040 Special Revenue Fund  
For the year ended June 30, 2016**

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|                                 | <u>Final budgeted<br/>amounts</u> | <u>Actual<br/>amounts</u> | <u>Variance with<br/>final budget</u> |
|---------------------------------|-----------------------------------|---------------------------|---------------------------------------|
| <b>REVENUES</b>                 |                                   |                           |                                       |
| Intergovernmental               | \$ 695,000                        | \$ 693,848                | \$ (1,152)                            |
| Investment earnings             | 400                               | 2,093                     | 1,693                                 |
|                                 | <u>695,400</u>                    | <u>695,941</u>            | <u>541</u>                            |
| <b>EXPENDITURES</b>             |                                   |                           |                                       |
| Current:                        |                                   |                           |                                       |
| Public works                    | <u>668,130</u>                    | <u>537,552</u>            | <u>130,578</u>                        |
|                                 | <u>668,130</u>                    | <u>537,552</u>            | <u>130,578</u>                        |
| Net change in fund balance      | 27,270                            | 158,389                   | 131,119                               |
| Fund balance, beginning of year | <u>877,764</u>                    | <u>877,764</u>            | <u>-</u>                              |
| Fund balance, end of year       | <u>\$ 905,034</u>                 | <u>\$ 1,036,153</u>       | <u>\$ 131,119</u>                     |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Mello Roos Special Revenue Fund  
For the year ended June 30, 2016**

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|                                 | <u>Final budgeted<br/>amounts</u> | <u>Actual<br/>amounts</u> | <u>Variance with<br/>final budget</u> |
|---------------------------------|-----------------------------------|---------------------------|---------------------------------------|
| <b>REVENUES</b>                 |                                   |                           |                                       |
| Taxes                           | \$ 22,688                         | \$ 23,611                 | \$ 923                                |
| Investment earnings             | 20                                | 191                       | 171                                   |
| Total revenues                  | <u>22,708</u>                     | <u>23,802</u>             | <u>1,094</u>                          |
| <b>EXPENDITURES</b>             |                                   |                           |                                       |
| Current:                        |                                   |                           |                                       |
| Public works                    | <u>5,800</u>                      | <u>-</u>                  | <u>5,800</u>                          |
| Total expenditures              | <u>5,800</u>                      | <u>-</u>                  | <u>5,800</u>                          |
| Net change in fund balance      | 16,908                            | 23,802                    | 6,894                                 |
| Fund balance, beginning of year | <u>51,743</u>                     | <u>51,743</u>             | <u>-</u>                              |
| Fund balance, end of year       | <u><u>\$ 68,651</u></u>           | <u><u>\$ 75,545</u></u>   | <u><u>\$ 6,894</u></u>                |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
COPS - LLESA Special Revenue Fund  
For the year ended June 30, 2016**

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|                                 | <u>Final budgeted<br/>amounts</u> | <u>Actual<br/>amounts</u> | <u>Variance with<br/>final budget</u> |
|---------------------------------|-----------------------------------|---------------------------|---------------------------------------|
| <b>REVENUES</b>                 |                                   |                           |                                       |
| Intergovernmental               | \$ 100,000                        | \$ 114,640                | \$ 14,640                             |
| Investment earnings             | 100                               | 406                       | 306                                   |
|                                 | <u>100,100</u>                    | <u>115,046</u>            | <u>14,946</u>                         |
| <b>EXPENDITURES</b>             |                                   |                           |                                       |
| Current:                        |                                   |                           |                                       |
| Public safety                   | <u>100,100</u>                    | <u>100,100</u>            | <u>-</u>                              |
|                                 | <u>100,100</u>                    | <u>100,100</u>            | <u>-</u>                              |
| Net change in fund balance      | -                                 | 14,946                    | 14,946                                |
| Fund balance, beginning of year | <u>104,879</u>                    | <u>104,879</u>            | <u>-</u>                              |
| Fund balance, end of year       | <u>\$ 104,879</u>                 | <u>\$ 119,825</u>         | <u>\$ 14,946</u>                      |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 AB 2766 - Air Pollution Special Revenue Fund  
 For the year ended June 30, 2016**

|                                 | Final budgeted<br>amounts | Actual<br>amounts        | Variance with<br>final budget |
|---------------------------------|---------------------------|--------------------------|-------------------------------|
| <b>REVENUES</b>                 |                           |                          |                               |
| Intergovernmental               | \$ 13,500                 | \$ 14,545                | \$ 1,045                      |
| Investment earnings             | 300                       | 476                      | 176                           |
|                                 | <u>13,800</u>             | <u>15,021</u>            | <u>1,221</u>                  |
| <b>EXPENDITURES</b>             |                           |                          |                               |
| Current:                        |                           |                          |                               |
| Public works                    | <u>75,500</u>             | <u>-</u>                 | <u>75,500</u>                 |
|                                 | <u>75,500</u>             | <u>-</u>                 | <u>75,500</u>                 |
| Net change in fund balance      | (61,700)                  | 15,021                   | 76,721                        |
| Fund balance, beginning of year | <u>150,967</u>            | <u>150,967</u>           | <u>-</u>                      |
| Fund balance, end of year       | <u><u>\$ 89,267</u></u>   | <u><u>\$ 165,988</u></u> | <u><u>\$ 76,721</u></u>       |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Recycling Activities Grant Special Revenue Fund  
 For the year ended June 30, 2016**

|   | Final budgeted<br>amounts | Actual<br>amounts | Variance with<br>final budget |
|---|---------------------------|-------------------|-------------------------------|
| <b>REVENUES</b>                           |                           |                   |                               |
| Intergovernmental                         | \$ 5,000                  | \$ 5,822          | \$ 822                        |
| Investment earnings                       | -                         | 9                 | 9                             |
|   | <u>5,000</u>              | <u>5,831</u>      | <u>831</u>                    |
| <b>EXPENDITURES</b>                       |                           |                   |                               |
| Current:                                  |                           |                   |                               |
| Community development                     | 4,822                     | 4,546             | 276                           |
|   | <u>4,822</u>              | <u>4,546</u>      | <u>276</u>                    |
| Net change in fund balance                | 178                       | 1,285             | 1,107                         |
| Fund balance (deficit), beginning of year | <u>(178)</u>              | <u>(178)</u>      | <u>-</u>                      |
| Fund balance, end of year                 | <u>\$ -</u>               | <u>\$ 1,107</u>   | <u>\$ 1,107</u>               |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Landscape and Lighting Maintenance Special Revenue Fund  
For the year ended June 30, 2016**

|                                 | Final budgeted<br>amounts | Actual<br>amounts       | Variance with<br>final budget |
|---------------------------------|---------------------------|-------------------------|-------------------------------|
| <b>REVENUES</b>                 |                           |                         |                               |
| Charges for services            | \$ 6,066                  | \$ 12,499               | \$ 6,433                      |
| Investment earnings             | 50                        | 149                     | 99                            |
|                                 | <u>6,116</u>              | <u>12,648</u>           | <u>6,532</u>                  |
| <b>EXPENDITURES</b>             |                           |                         |                               |
| Current:                        |                           |                         |                               |
| Public works                    | <u>5,595</u>              | <u>4,740</u>            | <u>855</u>                    |
|                                 | <u>5,595</u>              | <u>4,740</u>            | <u>855</u>                    |
| Net change in fund balance      | 521                       | 7,908                   | 7,387                         |
| Fund balance, beginning of year | <u>47,769</u>             | <u>47,769</u>           | <u>-</u>                      |
| Fund balance, end of year       | <u><u>\$ 48,290</u></u>   | <u><u>\$ 55,677</u></u> | <u><u>\$ 7,387</u></u>        |



*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Street and Drainage District Special Revenue Fund  
For the year ended June 30, 2016**

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|                                 | <u>Final budgeted<br/>amounts</u> | <u>Actual<br/>amounts</u> | <u>Variance with<br/>final budget</u> |
|---------------------------------|-----------------------------------|---------------------------|---------------------------------------|
| <b>REVENUES</b>                 |                                   |                           |                                       |
| Charges for services            | \$ 20,121                         | \$ 36,621                 | \$ 16,500                             |
| Investment earnings             | 275                               | 628                       | 353                                   |
|                                 | <u>20,396</u>                     | <u>37,249</u>             | <u>16,853</u>                         |
| <b>EXPENDITURES</b>             |                                   |                           |                                       |
| Current:                        |                                   |                           |                                       |
| Public works                    | <u>5,600</u>                      | <u>5,240</u>              | <u>360</u>                            |
|                                 | <u>5,600</u>                      | <u>5,240</u>              | <u>360</u>                            |
| Net change in fund balance      | 14,796                            | 32,009                    | 17,213                                |
| Fund balance, beginning of year | <u>195,795</u>                    | <u>195,795</u>            | <u>-</u>                              |
| Fund balance, end of year       | <u>\$ 210,591</u>                 | <u>\$ 227,804</u>         | <u>\$ 17,213</u>                      |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
CMAQ Special Revenue Fund  
For the year ended June 30, 2016**

|  | Final budgeted<br>amounts | Actual<br>amounts | Variance with<br>final budget |
|--|---------------------------|-------------------|-------------------------------|
| <b>REVENUES</b>  |                           |                   |                               |
| Intergovernmental  | \$ 118,216                | \$ -              | \$ (118,216)                  |
| Total revenues   | <u>118,216</u>            | <u>-</u>          | <u>(118,216)</u>              |
| <b>EXPENDITURES</b>  |                           |                   |                               |
| Current:   |                           |                   |                               |
| Community development  | <u>236,800</u>            | <u>37,930</u>     | <u>198,870</u>                |
| Total expenditures   | <u>236,800</u>            | <u>37,930</u>     | <u>198,870</u>                |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(118,584)</u>          | <u>(37,930)</u>   | <u>80,654</u>                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                           |                   |                               |
| Transfers in   | <u>120,000</u>            | <u>39,000</u>     | <u>(81,000)</u>               |
| Total other financing sources                                | <u>120,000</u>            | <u>39,000</u>     | <u>(81,000)</u>               |
| Net change in fund balance                                   | 1,416                     | 1,070             | (346)                         |
| Fund balance (deficit), beginning of year                    | <u>(1,466)</u>            | <u>(1,466)</u>    | <u>-</u>                      |
| Fund balance (deficit), end of year                          | <u>\$ (50)</u>            | <u>\$ (396)</u>   | <u>\$ (346)</u>               |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 AB2928 State Construction Grant Special Revenue Fund  
 For the year ended June 30, 2016**

|  | Final budgeted<br>amounts | Actual<br>amounts | Variance with<br>final budget |
|--|---------------------------|-------------------|-------------------------------|
| <b>REVENUES</b>  |                           |                   |                               |
| Total revenues   | \$ -                      | \$ -              | \$ -                          |
| <b>EXPENDITURES</b>  |                           |                   |                               |
| Current:   |                           |                   |                               |
| Public works   | 58,345                    | 55                | 58,290                        |
| Total expenditures   | 58,345                    | 55                | 58,290                        |
| Excess (deficiency) of revenues<br>over (under) expenditures | (58,345)                  | (55)              | 58,290                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                           |                   |                               |
| Transfers out  | -                         | (58,290)          | (58,290)                      |
| Total other financing sources                                | -                         | (58,290)          | (58,290)                      |
| Net change in fund balance                                   | (58,345)                  | (58,345)          | -                             |
| Fund balance, beginning of year                              | 58,345                    | 58,345            | -                             |
| Fund balance, end of year                                    | \$ -                      | \$ -              | \$ -                          |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 HRP State Grant Special Revenue Fund  
 For the year ended June 30, 2016**

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|  | Final budgeted<br>amounts | Actual<br>amounts  | Variance with<br>final budget |
|--|---------------------------|--------------------|-------------------------------|
| <b>REVENUES</b>  |                           |                    |                               |
| Intergovernmental  | \$ 168,700                | \$ 168,700         | \$ -                          |
| Total revenues   | <u>168,700</u>            | <u>168,700</u>     | <u>-</u>                      |
| <b>EXPENDITURES</b>  |                           |                    |                               |
| Total expenditures   | <u>-</u>                  | <u>-</u>           | <u>-</u>                      |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>168,700</u>            | <u>168,700</u>     | <u>-</u>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                           |                    |                               |
| Transfers out  | <u>(168,700)</u>          | <u>(168,700)</u>   | <u>-</u>                      |
| Total other financing sources                                | <u>(168,700)</u>          | <u>(168,700)</u>   | <u>-</u>                      |
| Net change in fund balance                                   | -                         | -                  | -                             |
| Fund balance, beginning of year                              | <u>-</u>                  | <u>-</u>           | <u>-</u>                      |
| Fund balance, end of year                                    | <u><u>\$ -</u></u>        | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>            |

*Town of Yucca Valley*

**Nonmajor Capital Projects Funds**  
**June 30, 2016**

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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).

*Retail Sector Improvements* – Established to account for the improvement of the retail business sector of the Town.

*Town of Yucca Valley*

**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2016**

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|                                     | Retail<br>Sector<br>Improvements |
|-------------------------------------|----------------------------------|
| <b>ASSETS</b>                       |                                  |
| Cash and investments                | \$ 201,025                       |
| Total assets                        | <u>\$ 201,025</u>                |
| <b>LIABILITIES AND FUND BALANCE</b> |                                  |
| Liabilities:                        |                                  |
| Total liabilities                   | <u>\$ -</u>                      |
| Fund balance:                       |                                  |
| Assigned                            | <u>201,025</u>                   |
| Total fund balance                  | <u>201,025</u>                   |
| Total liabilities and fund balance  | <u>\$ 201,025</u>                |

*Town of Yucca Valley*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the year ended June 30, 2016**

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|                                      | <u>Retail<br/>Sector<br/>Improvements</u> |
|--------------------------------------|---|
| <b>REVENUES</b>                      |   |
| Investment earnings                  | \$ 594                                    |
| Total revenues                       | <u>594</u>                                |
| <b>EXPENDITURES</b>                  |   |
| Total expenditures                   | <u>-</u>                                  |
| Excess of revenues over expenditures | <u>594</u>                                |
| Net change in fund balance           | 594                                       |
| Fund balance, beginning of year      | <u>200,431</u>                            |
| Fund balance, end of year            | <u><u>\$ 201,025</u></u>                  |

*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Retail Sector Improvements Capital Projects Fund  
For the year ended June 30, 2016**

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|                                 | <u>Final budgeted<br/>amounts</u> | <u>Actual<br/>amounts</u> | <u>Variance with<br/>final budget</u> |
|---------------------------------|-----------------------------------|---------------------------|---------------------------------------|
| <b>REVENUES</b>                 |                                   |                           |                                       |
| Investment earnings             | <u>\$ 300</u>                     | <u>\$ 594</u>             | <u>\$ 294</u>                         |
| Total revenues                  | <u>300</u>                        | <u>594</u>                | <u>294</u>                            |
| <b>EXPENDITURES</b>             |                                   |                           |                                       |
| Current:                        |                                   |                           |                                       |
| Public works                    | <u>50,000</u>                     | <u>-</u>                  | <u>50,000</u>                         |
| Total expenditures              | <u>50,000</u>                     | <u>-</u>                  | <u>50,000</u>                         |
| Net change in fund balance      | (49,700)                          | 594                       | 50,294                                |
| Fund balance, beginning of year | <u>200,431</u>                    | <u>200,431</u>            | <u>-</u>                              |
| Fund balance, end of year       | <u><u>\$ 150,731</u></u>          | <u><u>\$ 201,025</u></u>  | <u><u>\$ 50,294</u></u>               |



*Town of Yucca Valley*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Capital Projects Reserve Capital Projects Fund  
For the year ended June 30, 2016**

|   | Budgeted amounts |             | Actual amounts | Variance with final budget |
|---|------------------|-------------|----------------|----------------------------|
|   | Original         | Final       |                |                            |
| <b>REVENUES</b>   |                  |             |                |                            |
| Intergovernmental   | \$ -             | \$ 615,000  | \$ 615,000     | \$ -                       |
| Other   | -                | -           | 5,039          | 5,039                      |
| Total revenues  | -                | 615,000     | 620,039        | 5,039                      |
| <b>EXPENDITURES</b>                                       |                  |             |                |                            |
| Current:  |                  |             |                |                            |
| General government  | 134,000          | 290,474     | 50,725         | 239,749                    |
| Public safety   | -                | 50,000      | -              | 50,000                     |
| Parks and recreation                                      | -                | 551,750     | 495,211        | 56,539                     |
| Public works  | 150,000          | 1,160,000   | 66,894         | 1,093,106                  |
| Community development                                     | -                | 582,000     | -              | 582,000                    |
| Total expenditures  | 284,000          | 2,634,224   | 612,830        | 2,021,394                  |
| Excess (deficiency) of revenues over (under) expenditures | (284,000)        | (2,019,224) | 7,209          | 2,026,433                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                  |             |                |                            |
| Transfers in  | 150,000          | 516,200     | 599,671        | 83,471                     |
| Transfers out   | -                | (99,070)    | (61,987)       | 37,083                     |
| Total other financing sources                             | 150,000          | 417,130     | 537,684        | 120,554                    |
| Net change in fund balance                                | (134,000)        | (1,602,094) | 544,893        | 2,146,987                  |
| Fund balance, beginning of year                           | 1,686,671        | 1,686,671   | 1,686,671      | -                          |
| Fund balance, end of year                                 | \$ 1,552,671     | \$ 84,577   | \$ 2,231,564   | \$ 2,146,987               |

*Town of Yucca Valley*

**Fiduciary Funds**

**Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds**

**June 30, 2016**

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|  | Successor<br>Capital Projects<br>Fund | Successor<br>RORF<br>Fund | Total                 |
|--|---------------------------------------|---------------------------|-----------------------|
| <b>ASSETS</b>                          |                                       |                           |                       |
| Cash and investments                   | \$ 3,207,885                          | \$ 477,864                | \$ 3,685,749          |
| Cash and investments with fiscal agent | -                                     | 743,316                   | 743,316               |
| Total assets                           | <u>3,207,885</u>                      | <u>1,221,180</u>          | <u>4,429,065</u>      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                                       |                           |                       |
| Deferred charges on refunded debt      | -                                     | 117,185                   | 117,185               |
| <b>LIABILITIES</b>                     |                                       |                           |                       |
| Accrued liabilities                    | -                                     | 48,792                    | 48,792                |
| Advance from other governments         | -                                     | 264,841                   | 264,841               |
| Long-term liabilities:                 |                                       |                           |                       |
| Due within one year                    | -                                     | 225,000                   | 225,000               |
| Due in more than one year              | -                                     | 8,815,566                 | 8,815,566             |
| Total liabilities                      | <u>-</u>                              | <u>9,354,199</u>          | <u>9,354,199</u>      |
| <b>NET POSITION (DEFICIT)</b>          |                                       |                           |                       |
| Held in trust for successor agency     | <u>\$ 3,207,885</u>                   | <u>\$ (8,015,834)</u>     | <u>\$ (4,807,949)</u> |

*Town of Yucca Valley*

**Fiduciary Funds**

**Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds**

**For the year ended June 30, 2016**

|   | Successor<br>Capital Projects<br>Fund | Successor<br>RORF<br>Fund | Total                 |
|---|---------------------------------------|---------------------------|-----------------------|
| <b>ADDITIONS</b>                          |                                       |                           |                       |
| RPTTF distributions                       | \$ -                                  | \$ 1,321,063              | \$ 1,321,063          |
| Investments earnings                      | -                                     | 83                        | 83                    |
| Total additions                           | <u>-</u>                              | <u>1,321,146</u>          | <u>1,321,146</u>      |
| <b>DEDUCTIONS</b>                         |                                       |                           |                       |
| Amortization expense                      | -                                     | 13,830                    | 13,830                |
| Administrative payments                   | -                                     | 200,000                   | 200,000               |
| Other payments                            | 615,000                               | 4,525                     | 619,525               |
| Interest expense                          | -                                     | 528,332                   | 528,332               |
| Total deductions                          | <u>615,000</u>                        | <u>746,687</u>            | <u>1,361,687</u>      |
| Change in net position                    | (615,000)                             | 574,459                   | (40,541)              |
| Net position (deficit), beginning of year | <u>3,822,885</u>                      | <u>(8,590,293)</u>        | <u>(4,767,408)</u>    |
| Net position (deficit), end of year       | <u>\$ 3,207,885</u>                   | <u>\$ (8,015,834)</u>     | <u>\$ (4,807,949)</u> |

*Town of Yucca Valley*

**Fiduciary Funds  
Statement of Changes in Fiduciary Assets and Liabilities – Agency Fund  
For the year ended June 30, 2016**

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|                      | <u>Beginning<br/>balance</u> | <u>Additions</u>         | <u>Reductions</u>        | <u>Ending<br/>balance</u> |
|----------------------|------------------------------|--------------------------|--------------------------|---------------------------|
| <b>ASSETS</b>        |                              |                          |                          |                           |
| Cash and investments | <u>\$ 172,390</u>            | <u>\$ 198,035</u>        | <u>\$ 201,262</u>        | <u>\$ 169,163</u>         |
| Total assets         | <u><u>\$ 172,390</u></u>     | <u><u>\$ 198,035</u></u> | <u><u>\$ 201,262</u></u> | <u><u>\$ 169,163</u></u>  |
| <b>LIABILITIES</b>   |                              |                          |                          |                           |
| Accounts payable     | <u>\$ 910</u>                | <u>\$ 147,915</u>        | <u>\$ 133,530</u>        | <u>\$ 15,295</u>          |
| Deposits             | <u>171,480</u>               | <u>198,035</u>           | <u>215,647</u>           | <u>153,868</u>            |
| Total liabilities    | <u><u>\$ 172,390</u></u>     | <u><u>\$ 345,950</u></u> | <u><u>\$ 349,177</u></u> | <u><u>\$ 169,163</u></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 Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)**

|   | Fiscal year          |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 |
| Governmental activities:                      |                      |                      |                      |                      |                      |
| Net invested in capital assets                | \$ 32,093,731        | \$ 15,486,748        | \$ 18,017,678        | \$ 20,670,064        | \$ 20,939,003        |
| Restricted                                    | 3,701,001            | 10,364,881           | 12,118,747           | 9,960,683            | 8,986,346            |
| Unrestricted                                  | 11,443,892           | 7,606,595            | 8,399,329            | 8,018,983            | 8,881,895            |
| Total governmental activities<br>net position | <u>\$ 47,238,624</u> | <u>\$ 33,458,224</u> | <u>\$ 38,535,754</u> | <u>\$ 38,649,730</u> | <u>\$ 38,807,244</u> |
| Primary government:                           |                      |                      |                      |                      |                      |
| Net invested in capital assets                | \$ 32,093,731        | \$ 15,486,748        | \$ 18,017,678        | \$ 20,670,064        | \$ 20,939,003        |
| Restricted                                    | 3,701,001            | 10,364,881           | 12,118,747           | 9,960,683            | 8,986,346            |
| Unrestricted                                  | 11,443,892           | 7,606,595            | 8,399,329            | 8,018,983            | 8,881,895            |
| Total primary government<br>net position      | <u>\$ 47,238,624</u> | <u>\$ 33,458,224</u> | <u>\$ 38,535,754</u> | <u>\$ 38,649,730</u> | <u>\$ 38,807,244</u> |



|  | Fiscal year          |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 |
| Governmental activities:                   |                      |                      |                      |                      |                      |
| Net invested in capital assets             | \$ 23,795,539        | \$ 23,484,183        | \$ 25,913,868        | \$ 32,591,351        | \$ 36,204,105        |
| Restricted                                 | 4,481,398            | 7,600,076            | 9,340,709            | 9,745,235            | 11,960,573           |
| Unrestricted                               | 8,582,831            | 7,253,479            | 7,103,852            | 4,213,416            | 4,746,644            |
| Total governmental activities net position | <u>\$ 36,859,768</u> | <u>\$ 38,337,738</u> | <u>\$ 42,358,429</u> | <u>\$ 46,550,002</u> | <u>\$ 52,911,322</u> |
| Primary government:                        |                      |                      |                      |                      |                      |
| Net invested in capital assets             | \$ 23,795,539        | \$ 23,484,183        | \$ 25,913,868        | \$ 32,591,351        | \$ 36,204,105        |
| Restricted                                 | 4,481,398            | 7,600,076            | 9,340,709            | 9,745,235            | 11,960,573           |
| Unrestricted                               | 8,582,831            | 7,253,479            | 7,103,852            | 4,213,419            | 4,746,644            |
| Total primary government net position      | <u>\$ 36,859,768</u> | <u>\$ 38,337,738</u> | <u>\$ 42,358,429</u> | <u>\$ 46,550,005</u> | <u>\$ 52,911,322</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 Position  
Last Ten Fiscal Years  
(accrual basis of accounting)**

|  | Fiscal year           |                       |                       |                        |                       |
|--|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|
|  | 2007                  | 2008                  | 2009                  | 2010                   | 2011                  |
| Expenses:                                      |                       |                       |                       |                        |                       |
| Governmental activities:                       |                       |                       |                       |                        |                       |
| General government                             | \$ 1,700,382          | \$ 2,366,009          | \$ 2,435,817          | \$ 2,392,307           | \$ 2,505,382          |
| Public safety                                  | 3,711,665             | 4,036,107             | 3,923,404             | 3,955,882              | 4,137,500             |
| Parks and recreation                           | 1,235,369             | 1,295,429             | 1,512,733             | 1,277,855              | 1,183,256             |
| Public works                                   | 4,387,109             | 3,326,374             | 615,102               | 3,235,938              | 2,512,429             |
| Community development                          | 1,561,046             | 2,813,886             | 2,122,924             | 2,940,622              | 2,352,830             |
| Interest on long-term debt                     | 333,449               | 488,468               | 612,532               | 612,104                | 586,832               |
| Total governmental activities expenses         | <u>12,929,020</u>     | <u>14,326,273</u>     | <u>11,222,512</u>     | <u>14,414,708</u>      | <u>13,278,229</u>     |
| Total primary government expenses              | <u>12,929,020</u>     | <u>14,326,273</u>     | <u>11,222,512</u>     | <u>14,414,708</u>      | <u>13,278,229</u>     |
| Program revenues:                              |                       |                       |                       |                        |                       |
| Governmental activities:                       |                       |                       |                       |                        |                       |
| Charges for services:                          |                       |                       |                       |                        |                       |
| General government                             | 104,172               | 39,273                | 36,959                | 28,055                 | 68,840                |
| Public safety                                  | 103,419               | 130,496               | 151,855               | 155,839                | 135,383               |
| Parks and recreation                           | 207,246               | 223,666               | 238,920               | 280,928                | 267,357               |
| Public works                                   | 523,170               | 156,967               | 217,849               | 186,982                | 71,198                |
| Community development                          | 28,137                | 349,452               | 255,149               | 361,683                | 234,553               |
| Operating grants and contributions             | 342,216               | 1,831,563             | 959,192               | 1,022,507              | 784,267               |
| Capital grants and contributions               | <u>3,369,479</u>      | <u>2,465,909</u>      | <u>2,447,329</u>      | <u>1,864,296</u>       | <u>1,815,317</u>      |
| Total governmental activities program revenues | <u>4,677,839</u>      | <u>5,197,326</u>      | <u>4,307,253</u>      | <u>3,900,290</u>       | <u>3,376,915</u>      |
| Total primary government program revenues      | <u>4,677,839</u>      | <u>5,197,326</u>      | <u>4,307,253</u>      | <u>3,900,290</u>       | <u>3,376,915</u>      |
| Net revenues (expenses)                        | <u>\$ (8,251,181)</u> | <u>\$ (9,128,947)</u> | <u>\$ (6,915,259)</u> | <u>\$ (10,514,418)</u> | <u>\$ (9,901,314)</u> |

|  | Fiscal year           |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  |
| Expenses:                                      |                       |                       |                       |                       |                       |
| Governmental activities:                       |                       |                       |                       |                       |                       |
| General government                             | \$ 1,990,496          | \$ 2,255,173          | \$ 1,839,715          | \$ 1,808,076          | \$ 1,922,138          |
| Public safety                                  | 4,311,178             | 4,477,341             | 4,784,560             | 4,897,263             | 4,968,371             |
| Parks and recreation                           | 1,056,148             | 2,111,901             | 399,990               | 729,359               | 813,926               |
| Public works                                   | 3,518,397             | 1,500,235             | 2,970,101             | 1,979,622             | 3,124,182             |
| Community development                          | 2,064,831             | 2,266,567             | 1,579,315             | 2,168,836             | 1,232,726             |
| Interest on long-term debt                     | 309,096               | -                     | -                     | -                     | -                     |
| Total governmental activities expenses         | <u>13,250,146</u>     | <u>12,611,217</u>     | <u>11,573,681</u>     | <u>11,583,156</u>     | <u>12,061,343</u>     |
| Total primary government expenses              | <u>13,250,146</u>     | <u>12,611,217</u>     | <u>11,573,681</u>     | <u>11,583,156</u>     | <u>12,061,343</u>     |
| Program revenues:                              |                       |                       |                       |                       |                       |
| Governmental activities:                       |                       |                       |                       |                       |                       |
| Charges for services:                          |                       |                       |                       |                       |                       |
| General government                             | 3,453                 | 12,481                | 26,043                | 31,484                | 27,052                |
| Public safety                                  | 156,384               | 137,990               | 148,294               | 148,751               | 197,337               |
| Parks and recreation                           | 209,202               | 215,701               | 175,184               | 186,075               | 212,682               |
| Public works                                   | 63,070                | 65,160                | 105,391               | 26,164                | 49,120                |
| Community development                          | 193,942               | 272,992               | 222,596               | 245,513               | 288,117               |
| Operating grants and contributions             | 291,705               | 979,280               | 2,496,097             | 3,154,115             | 3,279,736             |
| Capital grants and contributions               | 2,453,409             | 2,064,465             | 4,089,011             | 3,813,649             | 4,862,151             |
| Total governmental activities program revenues | <u>3,371,165</u>      | <u>3,748,069</u>      | <u>7,262,616</u>      | <u>7,605,751</u>      | <u>8,916,195</u>      |
| Total primary government program revenues      | <u>3,371,165</u>      | <u>3,748,069</u>      | <u>7,262,616</u>      | <u>7,605,751</u>      | <u>8,916,195</u>      |
| Net revenues (expenses)                        | <u>\$ (9,878,981)</u> | <u>\$ (8,863,148)</u> | <u>\$ (4,311,065)</u> | <u>\$ (3,977,405)</u> | <u>\$ (3,145,148)</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 Position  
Last Ten Fiscal Years  
(accrual basis of accounting)**

|   | Fiscal year  |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
|   | 2007         | 2008         | 2009         | 2010         | 2011         |
| General revenues and other changes in net position: |              |              |              |              |              |
| Governmental activities:                            |              |              |              |              |              |
| Taxes:  |              |              |              |              |              |
| Property tax levied for general purposes            | \$ 4,185,302 | \$ 7,161,622 | \$ 7,337,878 | \$ 6,684,036 | \$ 6,136,537 |
| Sales tax   | 3,290,412    | 3,170,306    | 2,980,561    | 2,720,029    | 2,712,111    |
| Transient occupancy tax                             | 133,612      | 164,056      | 172,622      | 143,487      | 164,615      |
| Franchise taxes                                     | 779,957      | 793,740      | 816,713      | 754,715      | 780,066      |
| Motor vehicle in lieu tax, unrestricted             | 463,536      | 93,324       | 72,272       | 62,397       | 97,307       |
| Unrestricted investment earnings                    | 215,245      | 571,218      | 432,158      | 132,170      | 79,729       |
| Other   | 1,669,034    | 124,199      | 180,585      | 131,560      | 88,463       |
| Extraordinary/Special Items:                        |              |              |              |              |              |
| Gain (loss)/contributions from Redevelopment Agency | -            | -            | -            | -            | -            |
| Total governmental activities                       | 10,737,098   | 12,078,465   | 11,992,789   | 10,628,394   | 10,058,828   |
| Total primary government                            | 10,737,098   | 12,078,465   | 11,992,789   | 10,628,394   | 10,058,828   |
| Total primary government change in net position     | \$ 2,485,917 | \$ 2,949,518 | \$ 5,077,530 | \$ 113,976   | \$ 157,514   |

|   | Fiscal year    |              |              |              |              |
|---|----------------|--------------|--------------|--------------|--------------|
|   | 2012           | 2013         | 2014         | 2015         | 2016         |
| General revenues and other changes in net position: |                |              |              |              |              |
| Governmental activities:                            |                |              |              |              |              |
| Taxes:  |                |              |              |              |              |
| Property tax levied for general purposes            | \$ 5,242,751   | \$ 4,474,719 | \$ 4,110,921 | \$ 4,366,088 | \$ 4,478,913 |
| Sales tax   | 2,863,039      | 3,083,885    | 2,972,557    | 3,003,421    | 3,498,005    |
| Transient occupancy tax                             | 188,392        | 147,195      | 134,183      | 571,645      | 290,878      |
| Franchise taxes                                     | 809,736        | 765,448      | 791,821      | 833,722      | 851,943      |
| Motor vehicle in lieu tax, unrestricted             | 10,534         | 10,915       | 9,033        | 8,726        | 8,616        |
| Unrestricted investment earnings                    | 44,463         | 36,135       | 15,019       | 42,786       | 37,559       |
| Other   | 87,370         | 245,556      | 298,222      | 146,230      | 340,551      |
| Extraordinary/Special Items:                        |                |              |              |              |              |
| Gain (loss)/contributions from Redevelopment Agency | (1,314,780)    | 1,577,265    | -            | 3,038,093    | -            |
| Total governmental activities                       | 7,931,505      | 10,341,118   | 8,331,756    | 12,010,711   | 9,506,465    |
| Total primary government                            | 7,931,505      | 10,341,118   | 8,331,756    | 12,010,711   | 9,506,465    |
| Total primary government change in net position     | \$ (1,947,476) | \$ 1,477,970 | \$ 4,020,691 | \$ 8,033,306 | \$ 6,361,317 |

\* 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 Ten Fiscal Years  
(modified accrual basis of accounting)**

| <b>Pre GASB 54</b>                        | Fiscal year          |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2007                 | 2008                 | 2009                 | 2010                 |                      |                      |
| General Fund:                             |                      |                      |                      |                      |                      |                      |
| Reserved                                  | \$ 187,334           | \$ 31,043            | \$ -                 | \$ 394,396           |                      |                      |
| Unreserved                                | 5,897,785            | 5,671,854            | 5,929,393            | 6,082,609            |                      |                      |
| <b>Total General Fund</b>                 | <b>6,085,119</b>     | <b>5,702,897</b>     | <b>5,929,393</b>     | <b>6,477,005</b>     |                      |                      |
| All other governmental funds:             |                      |                      |                      |                      |                      |                      |
| Reserved, reported in:                    |                      |                      |                      |                      |                      |                      |
| Debt service fund                         | 1,380,845            | 2,038,277            | 3,739,101            | 4,123,930            |                      |                      |
| Other                                     | 731,507              | 1,057,115            | 1,696,897            | 1,901,449            |                      |                      |
| Unreserved, reported in:                  |                      |                      |                      |                      |                      |                      |
| Capital projects funds                    | 1,543,723            | 2,852,038            | 7,879,820            | 8,400,605            |                      |                      |
| Special revenue funds                     | 3,155,047            | 3,190,524            | 4,642,554            | 5,357,271            |                      |                      |
| <b>Total all other governmental funds</b> | <b>6,811,122</b>     | <b>9,137,954</b>     | <b>17,958,372</b>    | <b>19,783,255</b>    |                      |                      |
| <b>Total all governmental funds</b>       | <b>\$ 12,896,241</b> | <b>\$ 14,840,851</b> | <b>\$ 23,887,765</b> | <b>\$ 26,260,260</b> |                      |                      |
|   |                      |                      |                      |                      |                      |                      |
| <b>Post GASB 54</b>                       | Fiscal year          |                      |                      |                      |                      |                      |
|   | 2011                 | 2012*                | 2013                 | 2014                 | 2015                 | 2016                 |
| General Fund:                             |                      |                      |                      |                      |                      |                      |
| Nonspendable                              | \$ 350,000           | \$ 350,000           | \$ 1,132,137         | \$ 693,540           | \$ 620,910           | \$ 515,694           |
| Restricted                                | -                    | -                    | 302,679              | 331,414              | -                    | 359,676              |
| Assigned                                  | -                    | 1,040,000            | 1,300,000            | 1,300,000            | 1,784,812            | 1,400,000            |
| Unassigned                                | 7,119,586            | 5,286,986            | 4,335,892            | 5,335,320            | 5,850,818            | 6,057,106            |
| <b>Total General Fund</b>                 | <b>7,469,586</b>     | <b>6,676,986</b>     | <b>7,070,708</b>     | <b>7,660,274</b>     | <b>8,256,540</b>     | <b>8,332,476</b>     |
| All other governmental funds:             |                      |                      |                      |                      |                      |                      |
| Nonspendable                              | -                    | -                    | 482,475              | 857,999              | 555,270              | 579,871              |
| Restricted:                               |                      |                      |                      |                      |                      |                      |
| Public safety                             | 451,708              | 509,590              | 438,155              | 453,824              | 271,518              | 364,181              |
| Debt service                              | 2,534,676            | -                    | -                    | -                    | -                    | -                    |
| Community development                     | 8,058,375            | 768,334              | 1,142,177            | 180,120              | 150,967              | 167,095              |
| Parks and recreation                      | 96,552               | 585,568              | -                    | -                    | -                    | -                    |
| Public works                              | 4,015,566            | 3,862,444            | 3,450,409            | 3,768,729            | 5,323,297            | 5,089,907            |
| Assigned                                  | 1,076,842            | 962,794              | 429,257              | 2,253,854            | 1,887,102            | 2,432,589            |
| Unassigned                                | (43,097)             | (180,726)            | 70,720               | (1,266,916)          | (1,508,581)          | (113,417)            |
| <b>Total all other governmental funds</b> | <b>16,190,622</b>    | <b>6,508,004</b>     | <b>6,013,193</b>     | <b>6,247,610</b>     | <b>6,679,573</b>     | <b>8,520,226</b>     |
| <b>Total all governmental funds</b>       | <b>\$ 23,660,208</b> | <b>\$ 13,184,990</b> | <b>\$ 13,083,901</b> | <b>\$ 13,907,884</b> | <b>\$ 14,936,113</b> | <b>\$ 16,852,702</b> |

During the 2011 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 Ten Fiscal Years  
(modified accrual basis of accounting)**

|  | Fiscal year         |                     |                     |                       |                   |
|--|---------------------|---------------------|---------------------|-----------------------|-------------------|
|  | 2007                | 2008                | 2009                | 2010                  | 2011              |
| <b>Revenues:</b>   |                     |                     |                     |                       |                   |
| Taxes  | \$ 8,849,815        | \$ 11,330,968       | \$ 11,318,597       | \$ 10,292,984         | \$ 9,776,769      |
| Licenses and permits   | 64,263              | 71,575              | 65,579              | 68,937                | 58,956            |
| Intergovernmental  | 410,616             | 3,911,034           | 3,296,061           | 2,993,907             | 3,692,772         |
| Charges for services   | 797,677             | 639,810             | 518,262             | 544,397               | 545,198           |
| Fines, fees and forfeitures                                    | 4,460,436           | 394,293             | 224,734             | 341,472               | 179,376           |
| Investment earnings  | 794,627             | 700,277             | 536,835             | 147,795               | 100,866           |
| Miscellaneous  | 155,209             | 233,243             | 340,389             | 20,685                | 46,735            |
| <b>Total revenues</b>  | <b>15,532,643</b>   | <b>17,281,200</b>   | <b>16,300,457</b>   | <b>14,410,177</b>     | <b>14,400,672</b> |
| <b>Expenditures:</b>   |                     |                     |                     |                       |                   |
| <b>Current:</b>  |                     |                     |                     |                       |                   |
| General government   | 1,699,333           | 2,144,688           | 2,291,878           | 2,177,514             | 3,152,504         |
| Public safety  | 3,703,982           | 4,066,649           | 3,923,404           | 4,369,254             | 4,114,119         |
| Parks and recreation   | 1,563,853           | 1,286,589           | 1,528,478           | 1,348,149             | 1,253,535         |
| Public works   | 1,219,835           | 3,602,888           | 2,752,637           | 4,173,267             | 2,622,724         |
| Community development  | 3,797,852           | 1,993,089           | 1,565,868           | 2,662,459             | 1,550,082         |
| <b>Debt service:</b>   |                     |                     |                     |                       |                   |
| Principal retirement   | 219,638             | 303,255             | 317,802             | 281,414               | 186,133           |
| Interest and fiscal charges                                    | 423,008             | 421,054             | 652,027             | 598,723               | 573,502           |
| Bond issuance costs  | -                   | 326,398             | -                   | -                     | -                 |
| Supplemental ERAF shift  | -                   | -                   | -                   | 636,679               | 131,081           |
| Pass-through payments  | 460,532             | 826,797             | 859,868             | 763,369               | 816,393           |
| <b>Total expenditures</b>                                      | <b>13,088,033</b>   | <b>14,971,407</b>   | <b>13,891,962</b>   | <b>17,010,828</b>     | <b>14,400,073</b> |
| <b>Excess (deficiency) of revenues over expenditures</b>       | <b>2,444,610</b>    | <b>2,309,793</b>    | <b>2,408,495</b>    | <b>(2,600,651)</b>    | <b>599</b>        |
| <b>Other financing sources (uses):</b>                         |                     |                     |                     |                       |                   |
| Transfers in   | 2,308,853           | 5,810,777           | 1,294,966           | 1,294,966             | 1,155,660         |
| Transfers out  | (2,808,853)         | (5,767,636)         | (1,330,966)         | (1,330,966)           | (1,155,660)       |
| Proceeds of loan   | -                   | 76,800              | -                   | -                     | -                 |
| Refunded bond issuance   | -                   | 10,625,000          | -                   | -                     | -                 |
| Bond discount  | -                   | (121,957)           | -                   | -                     | -                 |
| Payment to refunded bond escrow agent                          | -                   | (3,924,561)         | -                   | -                     | -                 |
| <b>Total other financing sources (uses)</b>                    | <b>(500,000)</b>    | <b>6,698,423</b>    | <b>(36,000)</b>     | <b>(36,000)</b>       | <b>-</b>          |
| <b>Extraordinary/Special Item</b>                              |                     |                     |                     |                       |                   |
| Gain (loss) on dissolution of Redevelopment Agency             | -                   | -                   | -                   | -                     | -                 |
| <b>Net change in fund balances</b>                             | <b>\$ 1,944,610</b> | <b>\$ 9,008,216</b> | <b>\$ 2,372,495</b> | <b>\$ (2,636,651)</b> | <b>\$ 599</b>     |
| <b>Debt service as a percentage of noncapital expenditures</b> | <b>5.1%</b>         | <b>5.2%</b>         | <b>9.1%</b>         | <b>6.6%</b>           | <b>6.2%</b>       |



|   | Fiscal year            |                     |                   |                     |                     |
|---|------------------------|---------------------|-------------------|---------------------|---------------------|
|   | 2012                   | 2013                | 2014              | 2015                | 2016                |
| <b>Revenues:</b>  |                        |                     |                   |                     |                     |
| Taxes   | \$ 9,106,577           | \$ 8,485,175        | \$ 8,032,148      | \$ 8,798,513        | \$ 9,143,350        |
| Licenses and permits  | 39,382                 | 41,886              | 48,060            | 46,239              | 46,448              |
| Intergovernmental   | 2,794,257              | 2,516,302           | 4,028,335         | 5,431,559           | 4,366,035           |
| Charges for services  | 458,950                | 610,937             | 600,865           | 514,831             | 565,634             |
| Fines, fees and forfeitures   | 183,073                | 186,211             | 1,936,155         | 487,305             | 183,069             |
| Investment earnings   | 60,345                 | 45,059              | 23,953            | 27,473              | 50,767              |
| Miscellaneous   | 3,522                  | 646,261             | 278,060           | 82,404              | 142,576             |
| Total revenues  | <u>12,646,106</u>      | <u>12,531,831</u>   | <u>14,947,576</u> | <u>15,388,324</u>   | <u>14,497,879</u>   |
| <b>Expenditures:</b>  |                        |                     |                   |                     |                     |
| Current:  |                        |                     |                   |                     |                     |
| General government  | 2,175,885              | 2,175,279           | 1,607,946         | 1,597,543           | 2,195,345           |
| Public safety   | 4,243,756              | 4,485,396           | 4,780,111         | 4,908,924           | 5,066,965           |
| Parks and recreation  | 1,284,466              | 2,109,872           | 666,853           | 793,532             | 1,303,134           |
| Public works  | 2,883,863              | 2,465,206           | 4,700,039         | 4,713,570           | 2,165,685           |
| Community development   | 1,662,770              | 2,474,167           | 2,368,644         | 2,332,526           | 1,842,461           |
| Debt service:   |                        |                     |                   |                     |                     |
| Principal retirement  | 161,562                | -                   | -                 | -                   | -                   |
| Interest and fiscal charges   | 348,789                | -                   | -                 | -                   | -                   |
| Bond issuance costs   | -                      | -                   | -                 | -                   | -                   |
| Supplemental ERAF shift   | -                      | -                   | -                 | -                   | -                   |
| Pass-through payments   | 414,791                | -                   | -                 | -                   | -                   |
| Total expenditures  | <u>13,175,882</u>      | <u>13,709,920</u>   | <u>14,123,593</u> | <u>14,346,095</u>   | <u>12,573,590</u>   |
| Excess (deficiency) of revenues over expenditures                             | <u>(529,776)</u>       | <u>(1,178,089)</u>  | <u>823,983</u>    | <u>1,042,229</u>    | <u>1,924,289</u>    |
| <b>Other financing sources (uses):</b>  |                        |                     |                   |                     |                     |
| Transfers in  | 1,329,858              | 628,272             | 1,573,081         | 3,083,568           | 2,282,687           |
| Transfers out   | (1,329,858)            | (628,272)           | (1,573,081)       | (3,097,568)         | (2,290,387)         |
| Proceeds of loan  | -                      | -                   | -                 | -                   | -                   |
| Refunded bond issuance  | -                      | -                   | -                 | -                   | -                   |
| Bond discount   | -                      | -                   | -                 | -                   | -                   |
| Payment to refunded bond escrow agent   | -                      | -                   | -                 | -                   | -                   |
| Total other financing sources (uses)  | <u>-</u>               | <u>-</u>            | <u>-</u>          | <u>(14,000)</u>     | <u>(7,700)</u>      |
| Extraordinary/Special Item Gain (loss) on dissolution of Redevelopment Agency | <u>(9,945,443)</u>     | <u>1,077,000</u>    | <u>-</u>          | <u>-</u>            | <u>-</u>            |
| Net change in fund balances   | <u>\$ (10,475,219)</u> | <u>\$ (101,089)</u> | <u>\$ 823,983</u> | <u>\$ 1,028,229</u> | <u>\$ 1,916,589</u> |
| Debt service as a percentage of noncapital expenditures                       | 3.9%                   | 0.0%                | 0.0%              | 0.0%                | 0.0%                |

*Town of Yucca Valley*

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

| Fiscal year ended<br>June 30, | Town          |            |                     |                           |                          |
|-------------------------------|---------------|------------|---------------------|---------------------------|--------------------------|
|                               | Secured       | Unsecured  | Less:<br>exemptions | Taxable<br>assessed value | Total direct<br>tax rate |
| 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%                  |
| 2013                          | 1,114,561,955 | 31,019,077 | 26,844,714          | 1,118,736,318             | 0.2941%                  |
| 2014                          | 1,103,475,992 | 30,911,422 | 26,141,193          | 1,108,246,221             | 0.1655%                  |
| 2015                          | 1,163,382,478 | 30,332,137 | 25,665,756          | 1,168,048,859             | 0.1655%                  |
| 2016                          | 1,209,583,489 | 30,790,661 | 25,601,356          | 1,214,772,794             | 0.1655%                  |

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.

Note 3:

Beginning in Fiscal Year 2013-2014, the Total Direct Rate no longer includes revenues generated from the former redevelopment tax rate areas. Challenges to recognize enforceable obligations are assumed to have been resolved during Fiscal Year 2012-2013.

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

## Town of Yucca Valley

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

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#### Town General Fund Direct Rates

|      | <u>Town share<br/>of 1% levy</u> | <u>Debt rates</u> | <u>Total<br/>Town rate</u> | <u>Total direct<br/>rate</u> |
|------|----------------------------------|-------------------|----------------------------|------------------------------|
| 2007 | 0.1674%                          | 0.0000%           | 0.1674%                    | 0.3288%                      |
| 2008 | 0.1674%                          | 0.0000%           | 0.1674%                    | 0.3288%                      |
| 2009 | 0.1653%                          | 0.0000%           | 0.1653%                    | 0.3466%                      |
| 2010 | 0.1653%                          | 0.0000%           | 0.1653%                    | 0.3622%                      |
| 2011 | 0.1653%                          | 0.0000%           | 0.1653%                    | 0.3060%                      |
| 2012 | 0.1653%                          | 0.0000%           | 0.1653%                    | 0.3019%                      |
| 2013 | 0.1653%                          | 0.0000%           | 0.1653%                    | 0.2993%                      |
| 2014 | 0.1653%                          | 0.0000%           | 0.1653%                    | 0.1655%                      |
| 2015 | 0.1653%                          | 0.0000%           | 0.1653%                    | 0.1655%                      |
| 2016 | 0.1653%                          | 0.0000%           | 0.1653%                    | 0.1655%                      |

#### 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. Beginning in Fiscal Year 2013-2014, the Total Direct Rate no longer includes revenues generated from the former redevelopment tax rate areas. Challenges to recognize enforceable obligations are assumed to have been resolved during Fiscal Year 2012-2013.
- 3) 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.
- 4) Includes Town and Agency share.

Source: HDL direct and overlapping tax rates.

*Town of Yucca Valley*

**Direct and Overlapping Property Tax Rates  
(Rate per \$100 of assessed value)  
Last Ten Fiscal Years (Continued)**

**Overlapping rates**

|  | <u>2007</u>    | <u>2008</u>    | <u>2009</u>    | <u>2010</u>    | <u>2011</u>    | <u>2012</u>    |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Town of Yucca Valley</b>              | <b>0.16764</b> | <b>0.16764</b> | <b>0.16533</b> | <b>0.16533</b> | <b>0.16533</b> | <b>0.16533</b> |
| Copper Mountain                          |                |                |                |                |                |                |
| Community College                        | 0.03995        | 0.03995        | 0.03990        | 0.03990        | 0.03990        | 0.03990        |
| County Free Library                      | 0.01023        | 0.01023        | 0.01037        | 0.01037        | 0.01037        | 0.01037        |
| County General Fund                      | 0.10539        | 0.10539        | 0.10710        | 0.10710        | 0.10710        | 0.10710        |
| County Superintendent                    | 0.00718        | 0.00718        | 0.00729        | 0.00729        | 0.00729        | 0.00729        |
| ERAF                                     | 0.15949        | 0.15949        | 0.16220        | 0.16220        | 0.16220        | 0.16220        |
| Flood Control Admin                      | 0.00064        | 0.00064        | 0.00065        | 0.00065        | 0.00065        | 0.00065        |
| Flood Control Zone 6                     | 0.00853        | 0.00853        | 0.00845        | 0.00845        | 0.00845        | 0.00845        |
| Hi-Desert County Water                   | 0.07007        | 0.07007        | 0.06930        | 0.06930        | 0.06930        | 0.06930        |
| Hi-Desert Hospital District              | 0.01339        | 0.01339        | 0.01345        | 0.01345        | 0.01345        | 0.01345        |
| Mojave Desert RCD                        | 0.00011        | 0.00011        | 0.00009        | 0.00009        | 0.00009        | 0.00009        |
| Mojave Water Agency                      | 0.00385        | 0.00385        | 0.00393        | 0.00393        | 0.00393        | 0.00393        |
| Morongo USD                              | 0.19321        | 0.19321        | 0.19410        | 0.19410        | 0.19410        | 0.19410        |
| Yucca Valley Fire                        | 0.22032        | 0.22032        | 0.21780        | 0.21780        | 0.21780        | 0.21780        |
| <b>Total Prop 13 rate</b>                | <b>1.00000</b> | <b>1.00000</b> | <b>1.00000</b> | <b>1.00000</b> | <b>1.00000</b> | <b>1.00000</b> |
| Morongo USD                              | 0.05230        | 0.04040        | 0.05400        | 0.03910        | 0.04650        | 0.04830        |
| Copper Mountain                          |                |                |                |                |                |                |
| Community College                        | 0.01780        | 0.02480        | 0.01400        | 0.02400        | 0.02980        | 0.02670        |
| Mojave Water Agency                      | 0.08500        | 0.08500        | 0.08500        | 0.08500        | 0.08500        | 0.08500        |
| Mojave Water Agency                      |                |                |                |                |                |                |
| Land only                                | 0.11250        | 0.11250        | 0.11250        | 0.11250        | 0.11250        | 0.11250        |
| Mojave Water Agency                      | 0.05500        | 0.05500        | 0.05500        | 0.05500        | 0.05500        | 0.05500        |
| <b>Total voter approved rate</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> |
| Successor Agency                         | -              | -              | -              | -              | -              | -              |
| <b>Total direct and overlapping rate</b> | <b>1.32260</b> | <b>1.31770</b> | <b>1.32050</b> | <b>1.31560</b> | <b>1.32880</b> | <b>1.32750</b> |

Source: HDL graph on property tax break down and Cal-Muni statistics.

| 2013           | 2014           | 2015           | 2016           | Outstanding<br>debt 6/30/16<br>(4) | Share of<br>overlapping<br>debt |
|----------------|----------------|----------------|----------------|------------------------------------|---------------------------------|
| <b>0.16533</b> | <b>0.16533</b> | <b>0.16533</b> | <b>0.16533</b> | \$ -                               | \$ -                            |
| 0.03990        | 0.03990        | 0.03990        | 0.03990        | 17,197,586                         | 6,979,296                       |
| 0.01037        | 0.01037        | 0.01037        | 0.01037        | -                                  | -                               |
| 0.10710        | 0.10710        | 0.10710        | 0.10710        | 854,920,824                        | 6,839,367                       |
| 0.00729        | 0.00729        | 0.00729        | 0.00729        | -                                  | -                               |
| 0.16220        | 0.16220        | 0.16220        | 0.16220        | -                                  | -                               |
| 0.00065        | 0.00065        | 0.00065        | 0.00065        | 78,165,000                         | 625,320                         |
| 0.00845        | 0.00845        | 0.00845        | 0.00845        | -                                  | -                               |
| 0.06930        | 0.06930        | 0.06930        | 0.06930        | -                                  | -                               |
| 0.01345        | 0.01345        | 0.01345        | 0.01345        | -                                  | -                               |
| 0.00009        | 0.00009        | 0.00009        | 0.00009        | -                                  | -                               |
| 0.00393        | 0.00393        | 0.00393        | 0.00393        | -                                  | -                               |
| 0.19410        | 0.19410        | 0.19410        | 0.19410        | 43,837,039                         | 17,790,386                      |
| 0.21780        | 0.21780        | 0.21780        | 0.21780        | -                                  | -                               |
| <b>1.00000</b> | <b>1.00000</b> | <b>1.00000</b> | <b>1.00000</b> | <b>994,120,449</b>                 | <b>32,234,369</b>               |
| 0.05810        | 0.05280        | 0.05250        | 0.04660        | -                                  | -                               |
| 0.02950        | 0.02660        | 0.02830        | 0.02020        |                                    |                                 |
| 0.10500        | 0.10500        | 0.10500        | 0.10500        | 10,405,000                         | 505,787                         |
| 0.11250        | 0.11250        | 0.11250        | 0.11250        | 18,160,000                         | 10,797,391                      |
| 0.05500        | 0.05500        | 0.05500        | 0.05500        | -                                  | -                               |
| <b>0.36010</b> | <b>0.35190</b> | <b>0.35330</b> | <b>0.33930</b> | <b>28,565,000</b>                  | <b>11,303,178</b>               |
| -              | -              | -              | -              | 9,130,000                          | 9,130,000                       |
| <b>1.36010</b> | <b>1.35190</b> | <b>1.35330</b> | <b>0.33930</b> | <b>\$ 1,031,815,449</b>            | <b>\$ 52,667,547</b>            |

Source: HDL graph on property tax break down and Cal-Muni statistics.

*Town of Yucca Valley*

**Principal Property Tax Payers  
Current Year**

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|    | <u>Taxpayer</u>             | <u>Fiscal Year 2016</u>           |   |
|----|-----------------------------|-----------------------------------|---|
|    |                             | <u>Taxable<br/>assessed value</u> | <u>Percent of<br/>total town taxable<br/>assessed value</u> |
| 1  | Walmart Stores Inc          | \$ 27,248,547                     | 1.81%   |
| 2  | Home Depot USA Inc          | 13,060,281                        | 0.87%   |
| 3  | Netreit Yucca Valley LLC    | 7,367,975                         | 0.49%   |
| 4  | WJB Golf LLC                | 7,339,313                         | 0.49%   |
| 5  | Time Warner Cable           | 6,224,776                         | 0.41%   |
| 6  | Thrifty Payless Inc         | 5,638,295                         | 0.38%   |
| 7  | Shah Family Trust           | 5,581,407                         | 0.37%   |
| 8  | Steven J and Suk K Koo      | 5,262,704                         | 0.35%   |
| 9  | G and L Yucca Valley II LLC | 4,847,701                         | 0.32%   |
| 10 | Depierro Development LLC    | 4,825,119                         | 0.32%   |
|    | Totals                      | <u>\$ 87,396,118</u>              | <u>5.81%</u>  |

Source: San Bernardino County Assessor 2015-16 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 Ten Fiscal Years**

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| Fiscal year<br>ended June 30, | Taxes levied<br>for fiscal year | Collected within the<br>fiscal year of levy |           | Collections in<br>subsequent<br>years | Total collections to date |           |
|-------------------------------|---------------------------------|---|-----------|---------------------------------------|---------------------------|-----------|
|                               |                                 | Amount                                      | % of Levy |                                       | Amount                    | % of Levy |
| 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%    | 731,867                               | 4,403,922                 | 100.00%   |
| 2013                          | 4,310,331                       | 4,310,331                                   | 100.00%   | -                                     | 4,310,331                 | 100.00%   |
| 2014                          | 4,288,917                       | 4,110,921                                   | 95.85%    | 177,996                               | 4,288,917                 | 100.00%   |
| 2015                          | 4,380,418                       | 4,366,088                                   | 99.67%    | 14,330                                | 4,380,418                 | 100.00%   |
| 2016                          | 4,601,051                       | 4,507,251                                   | 97.96%    | 93,800                                | 4,601,051                 | 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

Taxes levied- Teeter schedule from SBCO

Collected- statement of activities in CAFR- general revenue

*Town of Yucca Valley*

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

| Fiscal year<br>ended June 30 | Tax allocation<br>bonds | General<br>obligation<br>bonds | Loans      | Total<br>governmental<br>activities | % of<br>personal<br>income | Debt per<br>capita |   |
|------------------------------|-------------------------|--------------------------------|------------|-------------------------------------|----------------------------|--------------------|---|
| 2007                         | \$ 3,880,000            | \$ 464,454                     | \$ 116,091 | \$ 4,460,545                        | 1.03%                      | \$ 212             |   |
| 2008                         | 10,625,000              | 318,043                        | 186,792    | 11,129,835                          | 2.75%                      | 523                |   |
| 2009                         | 10,460,000              | 171,632                        | 180,401    | 10,812,033                          | 2.39%                      | 509                |   |
| 2010                         | 10,290,000              | 67,924                         | 172,695    | 10,530,619                          | 2.43%                      | 495                |   |
| 2011                         | 10,115,000              | 67,924                         | 161,562    | 10,344,486                          | 2.45%                      | 475                |   |
| 2012                         | *                       | -                              | 67,924     | -                                   | 67,924                     | 0.02%              | 3 |
| 2013                         | *                       | -                              | -          | -                                   | -                          | -                  | - |
| 2014                         | *                       | -                              | -          | -                                   | -                          | -                  | - |
| 2015                         | *                       | -                              | -          | -                                   | -                          | -                  | - |
| 2016                         | *                       | -                              | -          | -                                   | -                          | -                  | - |

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

\* 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 Ten Fiscal Years**

| Fiscal year<br>ended<br>June 30, | Outstanding general bonded debt |                                |            |              | % of<br>personal<br>income | Per capita |
|----------------------------------|---------------------------------|--------------------------------|------------|--------------|----------------------------|------------|
|                                  | Tax allocation<br>bonds         | General<br>obligation<br>bonds | Loans      | Total        |                            |            |
| 2007                             | \$ 3,880,000                    | \$ 464,454                     | \$ 116,091 | \$ 4,344,545 | 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    | 40,631,632   | 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          |
| 2013 *                           | -                               | -                              | -          | -            | 0.00%                      | -          |
| 2014 *                           | -                               | -                              | -          | -            | 0.00%                      | -          |
| 2015 *                           | -                               | -                              | -          | -            | 0.00%                      | -          |
| 2016 *                           | -                               | -                              | -          | -            | 0.00%                      | -          |

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

\* 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 Ten Fiscal Years**

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|   | Fiscal year          |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | <u>2007</u>          | <u>2008</u>          | <u>2009</u>          | <u>2010</u>          | <u>2011</u>          |
| Assessed valuation  | \$ 1,308,322,950     | \$ 1,488,885,770     | \$ 1,590,758,294     | \$ 1,446,883,236     | \$ 1,367,679,701     |
| Conversion percentage   | 25%                  | 25%                  | 25%                  | 25%                  | 25%                  |
| Adjusted assessed valuation   | 327,080,738          | 372,221,443          | 397,689,574          | 361,720,809          | 341,919,925          |
| Debt limit percentage   | 15%                  | 15%                  | 15%                  | 15%                  | 15%                  |
| Debt limit  | 49,062,111           | 55,833,216           | 59,653,436           | 54,258,121           | 51,287,989           |
| Total net debt applicable to limit:<br>general obligation bonds     | <u>464,454</u>       | <u>318,043</u>       | <u>171,632</u>       | <u>67,924</u>        | <u>67,924</u>        |
| Legal debt margin   | <u>\$ 48,597,657</u> | <u>\$ 55,515,173</u> | <u>\$ 59,481,804</u> | <u>\$ 54,190,197</u> | <u>\$ 51,220,065</u> |
| Total debt applicable to the limit<br>as a percentage of debt limit | 0.956%               | 0.573%               | 0.289%               | 0.125%               | 0.133%               |

|   | Fiscal year          |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 |
| Assessed valuation  | \$ 1,365,523,976     | \$ 1,355,651,200     | \$ 1,340,266,831     | \$ 1,431,184,369     | \$ 1,502,995,101     |
| Conversion percentage   | 25%                  | 25%                  | 25%                  | 25%                  | 25%                  |
| Adjusted assessed valuation   | 341,380,994          | 338,912,800          | 335,066,708          | 357,796,092          | 375,748,775          |
| Debt limit percentage   | 15%                  | 15%                  | 15%                  | 15%                  | 15%                  |
| Debt limit  | 51,207,149           | 50,836,920           | 50,260,006           | 53,669,414           | 56,362,316           |
| Total net debt applicable to limit:<br>general obligation bonds     | 67,924               | -                    | -                    | -                    | -                    |
| Legal debt margin   | <u>\$ 51,139,225</u> | <u>\$ 50,836,920</u> | <u>\$ 50,260,006</u> | <u>\$ 53,669,414</u> | <u>\$ 56,362,316</u> |
| Total debt applicable to the limit<br>as a percentage of debt limit | 0.133%               | 0.000%               | 0.000%               | 0.000%               | 0.000%               |

*Town of Yucca Valley*

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

| Fiscal year<br>ended June 30, | Tax allocation bonds |              |          |       | Coverage |
|-------------------------------|----------------------|--------------|----------|-------|----------|
|                               | Tax<br>increment     | Debt service |          |       |          |
|                               |                      | Principal    | Interest |       |          |
| 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% |          |
| 2013                          | *                    | -            | -        | 0.00% |          |
| 2014                          | *                    | -            | -        | 0.00% |          |
| 2015                          | *                    | -            | -        | 0.00% |          |
| 2016                          | *                    | -            | -        | 0.00% |          |

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

\* 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 Ten Calendar Years**

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| <u>Calendar<br/>Year</u> | <u>Population<br/>(1)</u> | <u>Aggregate<br/>Personal<br/>Income (2)</u> | <u>Per Capita<br/>Personal<br/>Income (2)</u> | <u>Unemployment<br/>Rate (2)</u> |
|--------------------------|---------------------------|--|---|----------------------------------|
| 2007                     | 21,044                    | 432,000,000                                  | 20,528  | 5.60%                            |
| 2008                     | 21,268                    | 432,000,000 (3)                              | 20,312  | 8.20%                            |
| 2009                     | 21,239                    | 405,000,000                                  | 19,069  | 13.20%                           |
| 2010                     | 21,282                    | 453,000,000                                  | 21,286  | 14.20%                           |
| 2011                     | 21,800                    | 434,000,000                                  | 19,908  | 13.40%                           |
| 2012                     | 20,916                    | 423,000,000                                  | 20,236  | 12.70%                           |
| 2013                     | 21,030                    | 451,000,000                                  | 21,444  | 10.20%                           |
| 2014                     | 21,053                    | 437,000,000                                  | 20,776  | 8.70%                            |
| 2015                     | 21,030                    | 420,000,000                                  | 19,962  | 6.50%                            |
| 2016                     | 21,281                    | 435,225,000                                  | 20,451  | 8.10%                            |

Sources: (1) State Department of Finance  
(2) US Census Bureau  
(3) California Employment Development Department

Data has been adjusted by calendar year to reflect change from fiscal to calendar year basis

*Town of Yucca Valley*

**Principal Employers  
Last Five Fiscal Years**

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| Employer                        | Number of Employees |      |      |      |      | Current year<br>% of total<br>employment |
|---------------------------------|---------------------|------|------|------|------|--|
|                                 | 2012                | 2013 | 2014 | 2015 | 2016 |  |
| Morongo Unified School District | 384                 | 364  | 372  | 436  | 421  | N/A                                      |
| Wal-Mart                        | 236                 | 320  | 350  | 360  | 340  | N/A                                      |
| Braswell Family Senior Care     | 229                 | 200  | 210  | 235  | 226  | N/A                                      |
| Starter Bros.                   | 155                 | 163  | 195  | 195  | 151  | N/A                                      |
| Home Depot                      | 175                 | 177  | 185  | 136  | 135  | N/A                                      |

Source: YV Chamber of Commerce

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

*Town of Yucca Valley*

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

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**Employment Trends**

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

| <u>Function</u>       | <u>2012</u>  | <u>2013</u>  | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-----------------------|--------------|--------------|-------------|-------------|-------------|
| General government    | 9            | 9            | 8           | 8           | 8           |
| Public works          | 8            | 9            | 7.5         | 7.5         | 7.5         |
| Community development | 8            | 7.5          | 7           | 7           | 7           |
| Community service     | 14.75        | 15.25        | 12          | 12          | 12          |
| <b>Total</b>          | <b>39.75</b> | <b>40.75</b> | <b>34.5</b> | <b>34.5</b> | <b>34.5</b> |

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

*Town of Yucca Valley*

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

**Operating indicators**

| Function                       | 2007   | 2008   | 2009   | 2010   | 2011   |
|--------------------------------|--------|--------|--------|--------|--------|
| Animal Control:                |        |        |        |        |        |
| Service calls/shelter visitors | 19,114 | 22,476 | 26,808 | 27,021 | 21,475 |
| Animal licenses issued         | 1,200  | 1,475  | 1,372  | 1,443  | 2,128  |
| Community Development:         |        |        |        |        |        |
| Building permits issued        | 885    | 143    | 607    | 585    | 292    |
| Plan checks                    | 325    | 13     | 122    | 118    | 74     |
| Public Works:                  |        |        |        |        |        |
| Newly paved streets            | -      | -      | 2      | -      | -      |
| Street resurfacing (miles)     | 2.51   | 3.16   | 0.23   | 22.19  | 1.52   |
| Parks and Recreation:          |        |        |        |        |        |
| Number of recreation classes   | 1,250  | 1,193  | 1,276  | 1,144  | 936    |
| Number of facility rentals     | 397    | 379    | 720    | 732    | 746    |
| Function                       | 2012   | 2013   | 2014   | 2015   | 2016   |
| Animal Control:                |        |        |        |        |        |
| Service calls/shelter visitors | 19,716 | 18,936 | 16,884 | 17,297 | 18,697 |
| Animal licenses issued         | 1,475  | 1,322  | 1,301  | 979    | 1,048  |
| Community Development:         |        |        |        |        |        |
| Building permits issued        | 545    | 541    | 574    | 632    | 707    |
| Plan checks                    | 136    | 129    | 229    | 257    | 270    |
| Public Works:                  |        |        |        |        |        |
| Newly paved streets            | 0.50   | 0.24   | -      | -      | 0.61   |
| Street resurfacing (miles)     | 0.25   | 42.00  | 16.00  | 11.00  | 22.50  |
| Parks and Recreation:          |        |        |        |        |        |
| Number of recreation classes   | 1,199  | 960    | 948    | 948    | 1,039  |
| Number of facility rentals     | 960    | 800    | 828    | 965    | 983    |

Source: Town of Yucca Valley



*Town of Yucca Valley*

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

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**Capital asset statistics**

|                       | 2007  | 2008  | 2009  | 2010  | 2011  |
|-----------------------|-------|-------|-------|-------|-------|
| Public Works:         |       |       |       |       |       |
| Streets (miles)       | 168.3 | 168.3 | 168.3 | 168.3 | 168.3 |
| Traffic signals       | -     | -     | -     | -     | -     |
| Parks and Recreation: |       |       |       |       |       |
| Parks                 | 8     | 8     | 8     | 8     | 8     |
| Community centers     | 1     | 1     | 1     | 1     | 1     |
|                       | 2012  | 2013  | 2014  | 2015  | 2016  |
| Public Works:         |       |       |       |       |       |
| Streets (miles)       | 168.3 | 168.3 | 168.3 | 169.3 | 169.3 |
| Traffic signals       | -     | 2.0   | 2.0   | 2.0   | 2.0   |
| Parks and Recreation: |       |       |       |       |       |
| Parks                 | 8     | 9     | 9     | 9     | 9     |
| Community centers     | 1     | 1     | 1     | 1     | 1     |

Source: Town of Yucca Valley

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

