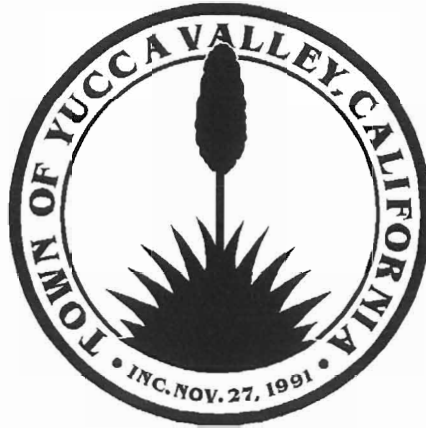


TOWN OF YUCCA VALLEY
REDEVELOPMENT AGENCY MEETING



*The Mission of the Town of Yucca Valley is to
provide a government that is responsive to its citizens
to ensure a safe and secure environment
while maintaining the highest quality of life.*

**TUESDAY, DECEMBER 6, 2011
(Immediately following Town Council Meeting)
YUCCA VALLEY COMMUNITY CENTER
YUCCA ROOM
57090 - 29 PALMS HIGHWAY
YUCCA VALLEY, CALIFORNIA 92284**

**CLOSED SESSION
YUCCA VALLEY COMMUNITY CENTER
57090 - 29 PALMS HIGHWAY
YUCCA VALLEY, CALIFORNIA 92284**

* * * *

**REDEVELOPMENT AGENCY
*George Huntington, Agency Chair
Dawn Rowe, Agency Vice Chair
Merl Abel, Agency Member
Isaac Hagerman, Agency Member
Robert Lombardo, Agency Member***

* * * *

**TOWN ADMINISTRATIVE OFFICE:
760-369-7207**

www.yucca-valley.org

**AGENDA
MEETING OF THE
TOWN OF YUCCA VALLEY REDEVELOPMENT AGENCY
TUESDAY, DECEMBER 6, 2011**

The Town of Yucca Valley complies with the Americans with Disabilities Act of 1990. If you require special assistance to attend or participate in this meeting, please call the Town Clerk's Office at 369-7209 at least 48 hours prior to the meeting.

If you wish to comment on any subject on the agenda, or any subject not on the agenda during public comments, please fill out a card and give it to the Town Clerk. The Mayor/Chair will recognize you at the appropriate time. Comment time is limited to 3 minutes.

(WHERE APPROPRIATE OR DEEMED NECESSARY, ACTION MAY BE TAKEN ON ANY ITEM LISTED IN THE AGENDA)

OPENING CEREMONIES

CALL TO ORDER

ROLL CALL: Agency Members Abel, Hagerman, Lombardo, Rowe, and Chair Huntington.

CONSENT AGENDA

- 1 1. Minutes of the Regular Redevelopment Agency Meeting of October 18, 2011.

Recommendation: Approve minutes as presented.

- 2-11 2. Unity Home Possessory Tax

Recommendation: That the Agency authorizes the reimbursement of possessory interest tax responsibility when the lease is reviewed for renewal in 2013, subject to the Agency's contracting powers being restored by the Supreme Court with respect to AB 26 & 27.

- 12-32 3. Warrant Register, December 6, 2011

Recommendation: Ratify RDA Warrant Registers total of \$294,039.12 for expenses dated September 22, 2011 through November 10, 2011. Ratify RDA Payroll Registers total of \$44,178.76 dated September 16, 2011 through November 10, 2011.

All items listed on the consent calendar are considered to be routine matters or are

considered formal documents covering previous Agency instruction. The items listed on the consent calendar may be enacted by one motion and a second. There will be no separate discussion of the consent calendar items unless a member of the Agency or Town Staff requests discussion on specific consent calendar items at the beginning of the meeting. Public requests to comment on consent calendar items should be filed with the Agency Secretary before the consent calendar is called.

Recommendation: Adopt Consent Agenda (item 1-2) (roll call vote)

Action: Move _____ 2nd _____ Roll Call Vote _____

DEPARTMENT REPORTS

33-100 4. Annual Report

Staff Report

Recommendation: That the Redevelopment Agency receives and files the Preliminary 2010/2011 Redevelopment Agency Financial Report

Action: Move _____ 2nd _____ Roll Call Vote _____.

PUBLIC COMMENTS

ADJOURNMENT

**TOWN OF YUCCA VALLEY
REDEVELOPMENT AGENCY MEETING MINUTES
OCTOBER 18, 2011**

Chair Huntington called the meeting of the Town of Yucca Valley Redevelopment Agency to order at 9:00 p.m.

Agency Members Present: Abel, Hagerman, Lombardo, Rowe, and Chair Huntington.

Staff Present: Executive Director Nuaimi, Deputy Executive Director Stueckle, Treasurer Yakimow, and Secretary Anderson.

PUBLIC COMMENTS

None

CLOSED SESSION

1. Government Code Section 54956.8, Conference with Real Property Negotiators.
State law provides the opportunity for closed session for real property purchase negotiations, prior to placement of the matter on a regularly scheduled meeting agenda for formal action.

Property: 595-162-08 & 09, 2 parcels located on the SW corner of 29 Palms Hwy and Joshua Lane
Town of Yucca Valley/Yucca Valley Redevelopment Agency
Mark Nuaimi, Real Property Negotiator
Real Property Negotiations

Chair Huntington adjourned to closed session at 9:02 p.m., reconvened at 9:20 p.m. and announced there was no reportable action taken. There were no members of the public present.

ADJOURNMENT

There being no further business, Chair Huntington adjourned the meeting at 9:20 p.m.

Respectfully submitted,

Jamie Anderson
Agency Secretary

REDEVELOPMENT AGENCY STAFF REPORT

To: Honorable Chair & Agency Board
From: Curtis Yakimow, Treasurer
Date: November 21, 2011
For **Agency** December 6, 2011
Meeting:

Subject: Unity Homes Possessory Taxes

Prior Council Review: None.

Recommendation: That the Agency authorizes the reimbursement of possessory interest taxes to Unity Homes for properties leased from the Agency to provide transitional housing, in an amount not to exceed \$6,000.

Additionally, staff requests authorization to revise the lease agreement to reflect future possessory interest tax responsibility when the lease is reviewed for renewal in 2013, subject to the Agency's contracting powers being restored by the Supreme Court with respect to AB 26&27.

Order of Procedure:

- Staff Report
- Public Comment
- Questions of Staff
- Agency Discussion
- Motion/Second
- Discussion on Motion
- Roll Call vote

Discussion: The current lease with Unity Homes, dated March 31, 1995, is silent with respect to possessory interest tax, which is a tax that exists whenever there is a private, beneficial use of publicly-owned, non-taxable real property. Such interests are typically found where private individuals, companies or corporations lease, rent or use federal, state or local government owned facilities and/or land for their own beneficial use. While Unity Homes has recently obtained exemption from this fee as a non-profit provider of social services, prior fees and penalties exist on previous balances, as well as taxes due from non-County entities.

Due to the lack of clarity in the lease agreement regarding responsibility of possessory interest tax, Staff is requesting the authorization to reimburse Unity Homes in the

Reviewed By: _____


Town Manager

Town Attorney

Mgmt Services

Dept Head

Department Report
 Consent

Ordinance Action
 Minute Action

Resolution Action
 Receive and File

Public Hearing
 Study Session

amount not to exceed \$6000 for taxes due or pending. Staff will work with the Unity Home staff to ensure as much waiver as possible at the County level. Additionally, it is staff's recommendation to revise the lease agreement to specify possessory interest tax responsibility when the lease extension is considered in 2013.

AB 26 & 27 Impact on Recommendation

AB 26&27 and subsequent court actions have limited the contracting and administrative authority of all California redevelopment agencies. However, staff and legal counsel have identified the recommended action as one that is allowable as a preexisting "enforceable obligation" under Health & Safety Code § 34167(d)(3). Section 34167(d) allows agencies to make the following payments despite the AB 26 legislation and pending judicial stay:

(3) Payments required by the federal government, preexisting obligations to the state or obligations imposed by state law, other than pass-through payments that are made by the county auditor-controller pursuant to Section 34183, or legally enforceable payments required in connection with the agencies' employees, including, but not limited to, pension payments, pension obligation debt service, and unemployment payments.

The \$6,000 in back-taxes qualifies as a "payment. . . imposed by state law" because California Revenue & Tax Code § 107.6 requires any local agency to pay the possessory taxes of a lessee where the lessee was not on-notice of such possessory taxes. Therefore, the \$6,000 in back-taxes qualifies as an enforceable obligation that may be paid by the Agency despite AB26&27.

Notwithstanding the foregoing, the future amendment of the existing lease will not move forward unless the Agency's contracting and general administrative powers are restored through a ruling by the Supreme Court.

Fiscal impact: The reimbursement costs to Unity Homes in an amount not to exceed \$6,000 will be paid from the Agency Low-Mod housing fund.

Attachments: Correspondence from Unity Homes
Lease with Unity Homes
California Revenue and Taxation Code Section 107.6



PO Box 1662 • Joshua Tree, CA 92252 • 760 366-1247

November 9, 2011

Town of Yucca Valley
57090 29 Palms Hwy
Yucca Valley, Ca. 92284

RECEIVED
NOV 9 2011
TOWN OF YUCCA VALLEY

RE: Morongo Basin Unity Home, Possessory Tax Interest

Dear Sir or Madam:

Morongo Basin Unity Home is a non-profit, 501 C (3), Public Benefit Corporation, incorporated in 1986. Morongo Basin Unity Home is committed to ending domestic violence and oppression against victims and their children. Unity Home envisions a community that restores and reinforces the strengths of victims through awareness, education, and empowerment in the prevention of domestic violence.

Morongo Basin Unity Home acquired leased units from the Town of Yucca Valley for Transitional Housing for Victims of Domestic Violence in 1994 through a written lease agreement enclosed herein. These properties include:

<u>Address:</u>	<u>APN</u>
6403 Goleta Avenue	0601-161-28-Y-000
6413 Goleta Avenue	0601-161-27-Y-000
6405 Avalon Avenue	0601-193-21-Y-000
6411 Avalon Avenue	0601-193-20-Y-000
6414 Hermosa Avenue	0601-161-12-Y-000

Recently, Morongo Basin Unity Home received notice of several Possessory Tax billings for the properties listed above. Morongo Basin Unity Home was not aware of any requirement to pay Possessory Taxes since the organization is tax-exempt.

Several inquiries was made to determine why the Unity Home is liable since there is no stipulation, notice, or disclosure within the lease agreement for Unity Home to pay any possessory taxes for properties leased from the Town of Yucca Valley. Unity Home has been leasing these properties since 1994 and not paid any taxes because of their non-profit exempt status. We had communication with Mojave Water Agency relating to the tax liability issue on November 8, 2011 to ascertain the status of our liability as it pertains

to our non-profit status. The Mojave Water Agency stated the Public agencies have an obligation to disclose the tax liability to the non-public agencies and report those agencies to the Mojave Water Control Board.

In addition to the above, the Morongo Basin Unity Home also reviewed the California Revenue, Taxation Code Section 107.6 (attached), and the code states in part the following:

...The State or any local public entity of government, when entering into a written contract with a private party whereby a possessory interest subject to property taxation may be created, shall include, or cause to be included, in that contract, a statement that the property interest may be subject to property taxation if created, and that the party in whom the possessory interest is vested may be subject to the payment of property taxes levied on the interest...

...The private party reputedly presumed to have no actual knowledge of the existence of a possessory interest tax...

...In order to show damages, the private party need not show that he or she would not have entered the contract but for the failure of notice...

Morongo Basin Unity Home was not aware of any Possessory Tax interest for any of the subject properties, nor was the possessory tax requirement disclosed in the lease agreement at any time in the past. This tax liability will place a severe burden on our agency, and may cause addition hardships with cash flow should no resolution to this matter be forthcoming.

The Tax Collector is waiting a response from this inquiry, and liens were filed against Morongo Basin Unity Home as result of the Possessory Tax Interest. This too will have a detrimental effect on the ability of Unity Home to accomplish their mission and receive funding from their grantors for domestic violence.

We greatly appreciate your attention to this matter. We look forward to an absolute resolution to this matter at the earliest time possible. If you have any questions, please contact me at 760-366-1247.

Sincerely,



M.J. Thornton
Executive Director

ENCL:

cc: County Tax Collector and Assessors office

LEASE

This Lease dated October 6, 1994 for reference purposes only is entered into by and between the Yucca Valley Redevelopment Agency, a Public Agency ("Lessor"), and Unity Home, Inc., a California not for profit corporation ("Lessor"), whose mailing address is P.O. Box 1662, Joshua Tree, California 92252-0851, upon the following terms and conditions:

1. DESCRIPTION OF PREMISES: Real property and improvements thereon commonly known as 6405 Avalon Avenue, 6413 Goleta, and 6403 Goleta, all in the Town of Yucca Valley, County of San Bernardino, State of California.

2. TERM: Two years commencing on completion of tenant improvements (date to be inserted) *March 31, 1995* and terminating on *March 31, 1997*. This Lease shall be automatically renewed for two year terms, unless either party gives to the other party written notice of its intention not to renew at least sixty days prior to the extension of each two year term.

3. RENT: The rental amount shall be Two Dollars (\$2.00) for each
| | | |
two year term payable on the first day of each term to Lessor at the address given for notice.

4. SECURITY DEPOSIT: N/A

5. USE: The premises are to be used for transitional-emergency housing for the victims of domestic violence and their children and for no other purposes. Lessee specifically is aware of and agrees to adhere to all the terms and conditions of that certain Land Use Restriction Agreement burdening said property entered into between Lessor and Resolution Trust Corporation. A copy of said agreement is attached as "Exhibit A" to this agreement and incorporated as though fully set forth. Lessee shall provide to Lessor a copy of the agreement including rules and regulations entered into between Lessee and prospective residents of the premises prior to the occupancy of the premises.

6. ORDINANCES AND STATUTES: Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the use of the premises.

7. ASSIGNMENT AND SUBLETTING: Lessee shall not assign this agreement or sublet any portion of the premises without prior written consent of the Lessor.

8. UTILITIES: Lessee shall be responsible for the payment of all utilities including water, gas, electricity, and trash removal.

9. MAINTENANCE, REPAIRS, OR ALTERATIONS: Lessee acknowledges that the premises are in good order and repair, unless otherwise indicated herein. Lessee shall, at its own expense, and at all times,

maintain the premises in a clean and sanitary manner and shall surrender the same, at termination hereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for damages caused by its negligence and that of its invitees or guests. Lessee shall not make alterations to the premises without the prior written consent of the Lessor. Lessee shall irrigate, including lawns and shrubbery, and keep the same clear of rubbish, if such grounds are a part of the premises and are exclusively for the use of the Lessee. Lessee shall be responsible for all repairs required except the roof, exterior walls, structural foundation, exterior painting and landscaping (with the exception of irrigation) which shall be maintained by Lessor.

10. DAMAGES TO PREMISES: If the premises are so damaged by fire or from any other cause as to render them untenable, then either party shall have the right to terminate this Lease as of the date on which such damage occurs, through written notice to the other party, to be given within fifteen (15) days after occurrence of such damage; except that should such damage or destruction occur as the result of the abuse or negligence of Lessee, or its invitees, then Lessor only shall have the right to termination.

11. ENTRY AND INSPECTION: Lessor shall have the right to enter the premises: (a) in case of emergency; (b) to make necessary or agreed repairs, decorations, alterations, improvements, supply necessary or agreed services, exhibit the premises to prospective or actual purchasers, mortgagees, workmen, or contractors; (c) when Lessee has abandoned or surrendered the premises. Except under (a) and (c), entry may not be made other than during normal business hours, and without not less than 24 hours prior notice to Lessee.

12. INDEMNIFICATION OF LESSOR: Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof, and Lessee agrees to hold Lessor harmless from any claims for damages, no matter how caused.

13. INSURANCE: Lessee, at its expense, shall maintain public liability insurance including bodily injury and property damage insuring Lessee and Lessor with minimum coverage of not less than \$1,000,000 per occurrence. Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured. The Certificate shall provide for a ten-day written notice to Lessor in the event of cancellation or material change of coverage.

To the maximum extent permitted by insurance policies which may be owned by Lessor or Lessee, Lessee and Lessor, for the benefit of each other, waive any and all rights of subrogation which might otherwise exist.

14. HAZARDOUS MATERIALS: Lessee shall not use, store, or dispose of any hazardous substances upon the premises, except if they are customarily used in residential housing and such use and storage complies with all environmental laws. Hazardous substances means any

hazardous waste, substance or toxic materials regulated under any environmental laws or regulations applicable to the property.

15. ATTORNEY'S FEES: In the event that Lessor is required to employ an attorney to enforce the terms and conditions of this agreement, or to recover possession of the premises from Lessee, Lessor shall pay to Lessor reasonable attorney's fee whether or not a legal action is filed or a judgment is obtained.

16. WAIVER: No failure of Lessor to enforce any term hereof shall be deemed a waiver.

17. NOTICES: Any notice which either party may give or is required to give, may be given by mailing the same, certified mail, to Lessee at P.O. Box 1662, Joshua Tree, California 92252-0851, or to Lessor at 57090 - 29 Palms Highway, Yucca Valley, California 92284, or to such other places as may be designated by either party.

18. DEFAULT: If Lessee fails to perform any term or condition required under this Lease, after not less than three (3) days written notice of such default given in the manner required by law, Lessor, at its option, may terminate all rights of Lessee under said agreement.

ENTIRE AGREEMENT: The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties. The following Exhibits, if any, have been made part of this agreement before the parties' execution hereof:

Exhibit "A" LAND USE RESTRICTION AGREEMENT

DATED: 10/6/94

Lessor Yucca Valley
Redevelopment Agency, a
Public Agency

BY: [Signature]

DATED: 10/4/94

Lessee Unity Home, Inc., a
California not for
profit corporation

BY: [Signature]

California Revenue and Taxation Code Section 107.6

(a) The state or any local public entity of government, when entering into a written contract with a private party whereby a possessory interest subject to property taxation may be created, shall include, or cause to be included, in that contract, a statement that the property interest may be subject to property taxation if created, and that the party in whom the possessory interest is vested may be subject to the payment of property taxes levied on the interest.

(b) Failure to comply with the requirements of this section shall not be construed to invalidate the contract. The private party may recover damages from the contracting state or local public entity, where the private party can show that without the notice, he or she had no actual knowledge of the existence of a possessory interest tax.

The private party is rebuttably presumed to have no actual knowledge of the existence of a possessory interest tax.

In order to show damages, the private party need not show that he or she would not have entered the contract but for the failure of notice.

(c) For purposes of this section:

(1) "Possessory interest" means any interest described in Section 107.

(2) "Local public entity" shall have the same meaning as that set forth in Section 900.4 of the Government Code and shall include school districts and community college districts.

(3) "State" means the state and any state agency as defined in Section 11000 of the Government Code and Section 89000 of the Education Code.

(4) "Damages" mean the amount of the possessory interest tax for the term of the contract.

(

California Revenue and Taxation Code Section 107

California Revenue and Taxation Code Section 107 Legal Research Home >
California Laws > Revenue and Taxation Code > California Revenue and
Taxation Code Section 107

"Possessory interests" means the following:

(a) Possession of, claim to, or right to the possession of land or improvements that is independent, durable, and exclusive of rights held by others in the property, except when coupled with ownership of the land or improvements in the same person. For the purposes of this subdivision:

(1) "Independent" means the ability to exercise authority and exert control over the management or operation of the property or improvements, separate and apart from the policies, statutes, ordinances, rules, and regulations of the public owner of the property or improvements. A possession or use is independent if the possession or operation of the property is sufficiently autonomous to constitute more than a mere agency.

(2) "Durable" means for a determinable period with a reasonable certainty that the use, possession, or claim with respect to the property or improvements will continue for that period.

(3) "Exclusive" means the enjoyment of a beneficial use of land or improvements, together with the ability to exclude from occupancy by means of legal process others who may interfere with that enjoyment. For purposes of this paragraph, "exclusive use" includes the following types of use in property:

(A) Sole occupancy or use of property or improvements.

(B) Use as a cotenant.

(C) Concurrent use by a person who has a primary or prevailing right to use property or improvements at any time.

(D) Concurrent uses by persons making qualitatively different uses of property or improvements.

(E) Concurrent use by persons engaged in similar uses that diminish the quantity or quality of the property or improvements.

(F) Concurrent use that does not diminish the quantity or quality of the property or improvements, if the number of those concurrent use grants is restricted.

A use of property or improvements that does not contain one of the elements in subparagraphs (A) to (F), inclusive, shall be rebuttably presumed to be a nonexclusive use.

(b) Taxable improvements on tax-exempt land.

Any possessory interest may, in the discretion of the county board of supervisors, be considered as sufficient security for the payment of any taxes levied thereon and may be placed on the secured roll.

Leasehold estates for the production of gas, petroleum and other hydrocarbon substances from beneath the surface of the earth, and other rights relating to these substances which constitute incorporeal hereditaments or profits a prendre, are sufficient security for the payment of taxes levied thereon. These estates and rights shall not be classified as possessory interests, but shall be placed on the secured roll.

If the tax on any possessory interest or leasehold estate for the production of gas, petroleum and other hydrocarbon substances is unpaid when any installment of secured taxes become delinquent, the tax collector may use those collection procedures which are available for the collection of assessments on the unsecured roll.

If the tax on any possessory interest or leasehold estate for the production of gas, petroleum and other hydrocarbon substances remains unpaid at the time set for the declaration of default for taxes carried on the secured roll, the possessory interest tax together with any penalty and costs which may be accrued thereon while on the secured roll shall be transferred to the unsecured roll.

YUCCA VALLEY REDEVELOPMENT AGENCY STAFF REPORT

To: Honorable Chair and Agency Members
From: Curtis Yakimow, Treasurer
Date: November 29, 2011
For Agency Meeting: December 6, 2011

Subject: RDA Warrant Register – December 6, 2011

Recommendation:

Ratify RDA Payroll Registers total of \$ 44,178.76 dated September 16, 2011 through November 10, 2011. Ratify RDA Warrant Registers total of \$ 294,039.12 for expenses dated September 22, 2011 through November 17, 2011.


Order of Procedure:

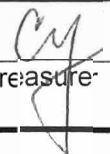
Department Report
Request Staff Report
Request Public Comment
Agency Discussion
Motion/Second
Discussion on Motion
Call the Question (Roll Call)

Attachments:

Payroll Register No. 12 dated September 16, 2011 total of \$ 11,183.40
Payroll Register No. 14 dated September 30, 2011 total of \$ 8,059.81
Payroll Register No. 16 dated October 14, 2011 total of \$ 8,261.85
Warrant Register No. 17 dated September 22, 2011 total of \$ 625.00
Payroll Register No. 18 dated October 28, 2011 total of \$ 8,410.70
Warrant Register No. 19 dated October 10, 2011 total of \$ 6,599.25
Payroll Register No. 20 dated November 10, 2011 total of \$ 8,263.00
Warrant Register No. 21 dated October 24, 2011 total of \$ 1,654.65
Warrant Register No. 23 dated November 2, 2011 total of \$ 4,602.64
Warrant Register No. 25 dated November 17, 2011 total of \$ 280,557.58

Reviewed By:


Executive Director


Treasurer

Agency Attorney

Department Report
 Consent

Ordinance Action
 Minute Action

Resolution Action
 Receive and File

Public Hearing
 Study Session

**YUCCA VALLEY RDA
WARRANT REGISTER # 12
CHECK DATE - September 16, 2011**

Payroll Summary

Summary

Salaries	\$9,250.64
Benefits	\$1,782.76
Professional Services	\$150.00

Total Payroll

\$11,183.40

Prepared by P/R & Financial Specialist



Reviewed by H/R & Risk Mgr.:



Yucca Valley Redevelopment Agency

Payroll Allocation

Pay Period 12 - Paid 09/16/2011

<u>Salaries</u>	\$9,250.64
<u>Benefits</u>	
Medicare	137.03
Medical Benefit	0.00
Workers Compensation Insurance	216.49
Life & Disability Insurance	0.00
Unemployment Insurance	72.16
Retirement	1,157.08
Car Allowance	200.00
Total Benefits:	1,782.76
<u>Professional Services (Agency Members)</u>	150.00
<u>Total RDA Payroll:</u>	\$11,183.40

Prepared by P/R & Financial Specialist:



Reviewed by H/R & Risk Mgr.:



**YUCCA VALLEY RDA
WARRANT REGISTER # 14
CHECK DATE - September 30, 2011**


Payroll Summary

Summary

Salaries	\$6,546.02
Benefits	\$1,513.79
Professional Services	\$0.00

Total Payroll

\$8,059.81

Prepared by P/R & Financial Specialist: 

Reviewed by H/R & Risk Mgr.: del


Yucca Valley Redevelopment Agency

Payroll Allocation

Pay Period 14 - Paid 09/30/2011

Salaries	\$6,546.02
Benefits	
Medicare	94.92
Medical Benefit	0.00
Workers Compensation Insurance	196.39
Life & Disability Insurance	0.00
Unemployment Insurance	65.46
Retirement	1,157.02
Car Allowance	0.00
Total Benefits:	1,513.79
Professional Services (Agency Members)	0.00
Total RDA Payroll:	\$8,059.81

Prepared by P/R & Financial Specialist: 

Reviewed by H/R & Risk Mgr.: 

**YUCCA VALLEY RDA
WARRANT REGISTER # 16
CHECK DATE - October 14, 2011**

Payroll Summary

Summary

Salaries	\$6,545.32
Benefits	\$1,716.53
Professional Services	\$0.00

Total Payroll

\$8,261.85

Prepared by P/R & Financial Specialist:



Reviewed by H/R & Risk Mgr.:



Yucca Valley Redevelopment Agency

Payroll Allocation

Pay Period 16 - Paid 10/14/2011

<u>Salaries</u>	\$6,545.32
<u>Benefits</u>	
Medicare	97.81
Medical Benefit	0.00
Workers Compensation Insurance	196.37
Life & Disability Insurance	0.00
Unemployment Insurance	65.46
Retirement	1,156.89
Car Allowance	200.00
Total Benefits:	1,716.53
<u>Professional Services (Agency Members)</u>	0.00
<u>Total RDA Payroll:</u>	\$8,261.85

Prepared by P/R & Financial Specialist: 

Reviewed by H/R & Risk Mgr.: 

RDA WARRANT REGISTER # 17
CHECKS DATED - SEPTEMBER 22, 2011

FUND DISTRIBUTION BREAKDOWN

Checks # 35256 and # 35257 are valid

RDA - CAPITAL PROJECTS FUND # 930	\$0.00
RDA - DEBT SERVICE FUND # 931	\$625.00
RDA - DEBT SERVICE - FUND # 932	\$0.00
GRAND TOTAL	<u><u>\$625.00</u></u>

Prepared by: Shirlene Doten, Finance
Reviewed by: Curtis Yakimow, Treasurer

Approved by: Mark Nuaimi, Executive Director

Yucca Valley Redevelopment Agency

Warrant Register

September 22, 2011

Fund	Check #	Vendor	Description	Amount
931 RDA - DEBT SERVICE FUND				
	35256	California Municipal Statistics, Inc.	CAFR Services	\$425.00
	35257	CA RDA Association	Legal Defense Fund Assessment	200.00
Total 931 RDA - DEBT SERVICE FUND				\$625.00
***	Report Total			\$625.00

**YUCCA VALLEY RDA
WARRANT REGISTER # 18
CHECK DATE - October 28, 2011**

Payroll Summary


Summary

Salaries	\$6,544.39
Benefits	\$1,716.31
Professional Services	\$150.00

Total Payroll

\$8,410.70

Prepared by P/R & Financial Specialist:



Reviewed by H/R & Risk Mgr.:



Yucca Valley Redevelopment Agency

Payroll Allocation

Pay Period 18 - Paid 10/28/2011

<u>Salaries</u>	\$6,544.39
<u>Benefits</u>	
Medicare	97.79
Medical Benefit	0.00
Workers Compensation Insurance	196.34
Life & Disability Insurance	0.00
Unemployment Insurance	65.45
Retirement	1,156.73
Car Allowance	200.00
Total Benefits:	1,716.31
<u>Professional Services (Agency Members)</u>	150.00
<u>Total RDA Payroll:</u>	\$8,410.70

Prepared by P/R & Financial Specialist: 


Reviewed by H/R & Risk Mgr.: 


RDA WARRANT REGISTER # 19
CHECK DATE - OCTOBER 10, 2011

FUND DISTRIBUTION BREAKDOWN

Checks # 35315, #35339, # 35345, # 35370, # 35382, # 35383 are valid

RDA - CAPITAL PROJECTS FUND # 930	\$0.00
RDA - DEBT SERVICE FUND # 931	\$5,617.25
RDA - DEBT SERVICE - FUND # 932	\$982.00
GRAND TOTAL	<u><u>\$6,599.25</u></u>

Prepared by: Shirlene Doten, Finance _____
Reviewed by: Curtis Yakimow, Treasurer 

Approved by: Mark Nuaimi, Executive Director 

Yucca Valley Redevelopment Agency

Warrant Register

October 11, 2011

Fund	Check #	Vendor	Description	Amount
931	RDA - DEBT SERVICE FUND			
	35315	Aleshire & Wynder, LLC	August 2011 Professional Svs.	\$1,235.00
	35345	Hi-Desert Water	Water Service	140.76
	35370	Rogers,Anderson, Malody & Scott	Professional Services	3,328.00
	35382	SCE	Electric Service	897.63
	35383	So. Cal. Gas Co.	Natural Gas Service	15.86
Total 931	RDA - DEBT SERVICE FUND			\$5,617.25
932	RDA - LOW/MODERATE HOUSING FUND			
	35339	Duane Gasaway	Engineering Services	\$150.00
	35370	Rogers,Anderson, Malody & Scott	Professional Services	832.00
Total 932	RDA - LOW/MODERATE HOUSING FUND			\$982.00
***	Report Total			\$6,599.25

**YUCCA VALLEY RDA
WARRANT REGISTER # 20
CHECK DATE - November 10, 2011**

Payroll Summary

Summary

Salaries	\$6,546.25
Benefits	\$1,716.75
Professional Services	\$0.00

Total Payroll

\$8,263.00

Prepared by P/R & Financial Specialist:



Reviewed by H/R & Risk Mgr.:



Yucca Valley Redevelopment Agency

Payroll Allocation

Pay Period 20 - Paid 11/10/2011

<u>Salaries</u>	\$6,546.25
<u>Benefits</u>	
Medicare	97.82
Medical Benefit	0.00
Workers Compensation Insurance	196.40
Life & Disability Insurance	0.00
Unemployment Insurance	65.47
Retirement	1,157.06
Car Allowance	200.00
Total Benefits:	1,716.75
<u>Professional Services (Agency Members)</u>	0.00
<u>Total RDA Payroll:</u>	\$8,263.00

Prepared by P/R & Financial Specialist:  Reviewed by H/R & Risk Mgr.: 

RDA WARRANT REGISTER # 21
CHECK DATE - OCTOBER 24, 2011

FUND DISTRIBUTION BREAKDOWN

Checks # 35440 and # 35503 are valid

RDA - CAPITAL PROJECTS FUND # 930	\$0.00
RDA - DEBT SERVICE FUND # 931	\$1,604.65
RDA - DEBT SERVICE - FUND # 932	\$50.00
GRAND TOTAL	<u><u>\$1,654.65</u></u>

Prepared by: Shirlene Doten, Finance
Reviewed by: Curtis Yakimow, Treasurer

Approved by: Mark Nuaimi, Executive Director

Yucca Valley Redevelopment Agency

Warrant Register

October 20, 2011

Fund	Check #	Vendor	Description	Amount
931		RDA - DEBT SERVICE FUND		
	35503	YV Chamber of Commerce	Joint Marketing	\$1,604.65
Total 931		RDA - DEBT SERVICE FUND		<u>\$1,604.65</u>
932		RDA - LOW/MODERATE HOUSING FUND		
	35440	Duane Gasaway	Engineering Services	\$50.00
Total 932		RDA - LOW/MODERATE HOUSING FUND		<u>\$50.00</u>
***		Report Total		<u><u>\$1,654.65</u></u>

RDA WARRANT REGISTER # 23
CHECKS DATED November 02, 2011

FUND DISTRIBUTION BREAKDOWN

Checks # 35510, # 35539, # 35556, and # 35563 are valid

RDA - CAPITAL PROJECTS FUND # 930	\$0.00
RDA - DEBT SERVICE FUND # 931	\$2,512.64
RDA - DEBT SERVICE - FUND # 932	\$2,090.00
GRAND TOTAL	<u><u>\$4,602.64</u></u>

Prepared by: Shirlene Doten, Finance

Reviewed by: Curtis Yakimow, Treasurer

Approved by: Mark Nuaimi, Executive Director

Yucca Valley Redevelopment Agency

Warrant Register

November 2, 2011

Fund	Check #	Vendor	Description	Amount
931 RDA - DEBT SERVICE FUND				
	35510	Aleshire & Wynder, LLC	Sept 2011 Professional Svs.	\$874.00
	35539	Hi-Desert Water	Water Service	20.80
	35556	Rogers,Anderson, Malody & Scott	09/11 Audit Services	1,600.00
	35563	So. Cal. Gas Co.	Natural Gas Service	17.84
Total 931 RDA - DEBT SERVICE FUND				<u>\$2,512.64</u>
932 RDA - LOW/MODERATE HOUSING FUND				
	35510	Aleshire & Wynder, LLC	Sept 2011 Professional Svs.	\$2,090.00
Total 932 RDA - LOW/MODERATE HOUSING FUND				<u>\$2,090.00</u>
Report Total				<u>\$4,602.64</u>

RDA WARRANT REGISTER # 25
CHECK DATE - NOVEMBER 17, 2011

FUND DISTRIBUTION BREAKDOWN

Checks # 35585, # 35617, # 35641, # 35645, # 35674 are valid

RDA - CAPITAL PROJECTS FUND # 930	\$0.00
RDA - DEBT SERVICE FUND # 931	\$280,437.58
RDA - DEBT SERVICE - FUND # 932	\$120.00
GRAND TOTAL	<u><u>\$280,557.58</u></u>

Prepared by: Shirlene Doten, Finance
Reviewed by: Curtis Yakimow, Treasurer

Approved by: Mark Nuaimi, Executive Director

Yucca Valley Redevelopment Agency

Warrant Register

November 17, 2011

Fund	Check #	Vendor	Description	Amount
931 RDA - DEBT SERVICE FUND				
	35585	Bank of New York Mellon	Bondholder's Interest	\$277,851.25
	35617	Hi-Desert Water	Water Service	123.57
	35641	Rogers,Anderson, Malody & Scott	10/11 Audit Services	480.00
	35645	SCE	Electric Service	378.39
	35674	YV Chamber of Commerce	Joint Marketing	1,604.37
931 RDA - DEBT SERVICE FUND				<u>\$280,437.58</u>
932 RDA - LOW/MODERATE HOUSING FUND				
	35641	Rogers,Anderson, Malody & Scott	10/11 Audit Services	\$120.00
Total 932 RDA - LOW/MODERATE HOUSING FUND				<u>\$120.00</u>
***		Report Total		<u>\$280,557.58</u>

REDEVELOPMENT AGENCY STAFF REPORT

To: Honorable Chair & Agency Board Members
From: Shane R. Stueckle, Deputy Town Manager
Date: November 29, 2011
For Agency Meeting: December 6, 2011

Subject: Preliminary 2010/2011 Annual Redevelopment Report
Preliminary 2010/2011 Annual Redevelopment Agency Financial Report

Prior Agency Review: There has been no prior review of this matter. This is an administrative requirement received annually by the Agency and by the Town Council.

Recommendation: That the Redevelopment Agency receives and files the Preliminary 2010/2011 Redevelopment Agency Financial Report

Summary: State Redevelopment law requires that an annual report be filed with the legislative body within 6 months of the end of the fiscal year.

Order of Procedure:

- Request Staff Report
- Request Public Comment
- Agency Discussion/Questions of Staff
- Motion/Second
- Discussion on Motion
- Call the Question (Roll Call Vote, Consent Agenda)

Discussion: Redevelopment law Health and Safety Code 33080 et seq. requires Redevelopment Agencies to submit to the legislative body and file with the State Controller the annual report within 6 months of the close of the fiscal year. The purpose of the report is to evaluate the implementation of Agency programs and expenditures in comparison to legal requirements. The majority of reporting requirements are focused upon financial reporting and compliance with low and moderate income housing mandated programs and expenditures.

Additionally, the report shall also include achievements from the previous fiscal year, a work program for the current fiscal year, and any recommendations for legislation necessary to carry out Redevelopment programs and functions.

Attached to this staff report is the 2010/2011 Annual Redevelopment Report. Redevelopment law requires that the Legislative Body shall review the report and take any

Reviewed By:


Town Manager

Town Attorney

Mgmt Services

SRS

Dept Head

Department Report
 Consent

Ordinance Action
 Minute Action

Resolution Action
 Receive and File

Public Hearing
 Study Session

action, which it deems appropriate on the report submitted no later than the first meeting of the legislative body occurring more than 21 days from the receipt of the report.

The Report is compiled with the additional intent of indicating "linkages" between the Agency's Five-Year Implementation Plan, the General Plan, and with the Agency's adopted programs for the current fiscal year. Finally, the Annual Audited Financial Statements are attached.

The individual reports to be included within the Annual Report include the Annual Audit, the State Controllers Report, the Statement of Indebtedness, the State Department of Housing and Community Development report (HCD-A, HCD-B, and HCD-C), Loan Report, Property and Loan Reports. The Auditor is completing the required HCD forms, which may not be available until the final report is presented in January 2012.

Alternatives: Staff recommends no alternatives to this action. The Legislative Body may wish to identify, clarify, or amend goals, policies, programs, achievements, etc., as presented in the Annual Report.

Fiscal impact: There are no fiscal impacts or costs, less staff preparation time and materials, for action on this item. The costs of the staff time and materials, auditor's report, and the State Controllers Report, are items for which funds were allocated in the adoption of the 2011/2012 fiscal year budget.

Attachments: Annual RDA Report
Audited Financial Statement
Statement of Indebtedness



Yucca Valley Redevelopment Agency

PRELIMINARY
2010/2011
Annual Report

**TOWN OF YUCCA VALLEY
REDEVELOPMENT AGENCY**

**PRELIMINARY
2010/2011
ANNUAL REDEVELOPMENT REPORT**

George Huntington, Agency Chair

Dawn Rowe, Agency Vice Chair

Merl Abel, Agency Member

Isaac Hagerman, Agency Member

Robert Lombardo, Agency Member

Mark Nuaimi, Executive Director

Received and Filed

December 6, 2011

PURPOSE:

The purpose of the Annual Report is to ensure compliance by the Yucca Valley Redevelopment Agency with Section 33080.1 of the Health and Safety Code. Section 33080.1 states the following.

"Every redevelopment agency shall present a report to its legislative body within six months of the end of the agency's fiscal year. The report shall contain all of the following:

- (a) An independent financial audit report for the previous fiscal year. "Audit report" means an examination of, and opinion on, the financial statements of the agency which present the results of the operations and financial position of the agency, including all financial activities with monies required to be held in a separate Low and Moderate Income Housing Fund pursuant to Section 33334.3. This audit shall be concluded in accordance with generally accepted auditing standards and the rules governing audit reports promulgated by the State Board of Accountancy. The audit report shall also include an opinion of the agency's compliance with the laws, regulations and administrative requirements governing activities of the agency.

However, the legislative body may elect to omit from inclusion in the audit report, any distinct activity of the agency which is funded exclusively by the federal government and which is subject to audit by an agency or instrumentality of the federal government.

- (b) A work program for the coming year, including goals.
- (c) An examination of the previous year's achievements and a comparison of the achievements with the goals of the previous year's work program.
- (d) Recommendations for needed legislation to carry on properly a program of housing and community development in California."

THE YUCCA VALLEY REDEVELOPMENT AGENCY

The Landers Earthquake struck the area on June 28, 1992. As a result, the Agency was established on September 3, 1992, primarily respond to the earthquake and to provide mechanisms for economic recovery as a result of the devastated impact the earthquake had on public and private property. On August 5, 1993, the Agency adopted the Project Area, which includes two separate sub-areas:

Downtown Sub-area is generally defined as the commercial corridor along State Route 62, between Homestead Hill and Balsa Avenue. This sub-area contains the Town’s primary commercial business district and covers approximately 1,432 acres.

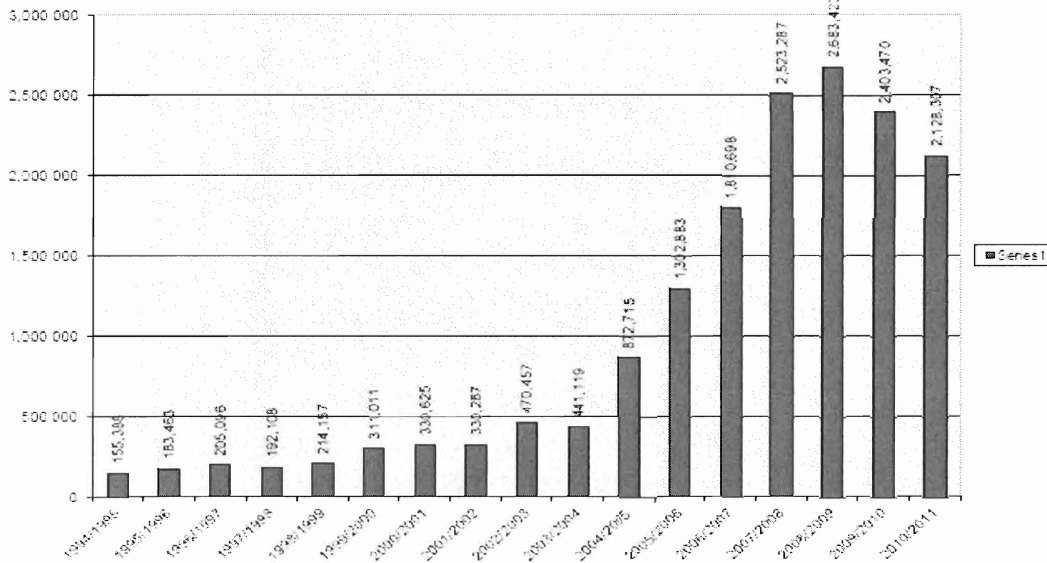
East End Residential Sub-area is generally located between State Route 62 on the north, Joshua Lane at San Andreas on the south, the extension of Indio north to State Route 62 on the east, and along Emerson, Frontera and Avalon moving south to north to State Route 62. This sub-area contains a variety of residential uses and covers approximately 925 acres.

HISTORICAL AGENCY INCREMENT:

The Agency's first tax increment was received on December 5, 1994. The following increment has been received by the Agency since inception of the Project Area on August 5, 1993,

1994/1995	\$155,388	2002/2003	\$470,457
1995/1996	\$183,463	2003/2004	\$441,113
1996/1997	\$205,096	2004/2005	\$872,715
1997/1998	\$192,108	2005/2006	\$1,302,883
1998/1999	\$214,157	2006/2007	\$1,810,698
1999/2000	\$311,011	2007/2008	\$2,523,287
2000/2001	\$330,625	2008/2009	\$2,683,423
2001/2002	\$330,287	2009/2010	\$2,403,470
		2010/2011	\$2,128,307
		TOTAL	\$16,558,488

Tax Increment Revenues by Fiscal Year



REDEVELOPMENT AGENCY GOALS

The Agency’s primary goal continues to be eliminating blighting conditions in the Project Area and ensuring the economic vitality of the Town through improvements to public infrastructure, commercial development, and affordable housing. Long-term revitalization activities are guided by the 40-year Redevelopment Plan for the Project Area. Redevelopment projects have included public facility and infrastructure improvements, affordable housing renovation, and partnerships with private industry to create jobs and expand the local economy.

The Redevelopment Plan established a variety of goals for redevelopment of the Project Area: these goals frame the redevelopment objectives for the Implementation Plan. The Redevelopment Plan goals are listed below:

Encourage Employment Opportunities.

Provide for the Rehabilitation of Commercial Structures and Residential Dwelling Units.

Encourage Redevelopment Through Owner Participation, Cooperation of Private Enterprise and Public Agencies.

Provide for the Management of Property Owned or Acquired by the Agency.

Provide Relocation Assistance.

Provide Public Improvements.

Acquire and Assemble Real Property.

Dispose of Real Property Acquired by the Agency.

Affordable Housing. Consistent with Redevelopment Law, increase, improve, and expand the community's supply of affordable housing.

Redevelopment activities will assist in the transformation of the physical and economic blight of the Project Area. The specific projects and expenditures are intended to achieve further progress towards these goals and objectives. Including the discussion regarding actual projects and expenditures and the previously defined goals and objectives, the expenditures will help eliminate blighting conditions in the following manner:

Increasing employment through provision of additional jobs created as a result of private sector investment.

Increasing residential stability as a result of improved neighborhood conditions and an improved housing stock, which meets the needs of a broad range of incomes.

Correcting original deficiencies in planning of the Project Area through redevelopment, thereby creating a more cohesive and appropriate urban environment, within the Project Area, for residents and visitors alike.

Increasing private investment as a result of catalytic projects created throughout the Project Area and the Town of Yucca Valley.

Reducing office and residential vacancies due to new residents and business entering the downtown community as blight is removed.

Correcting existing deficiencies in public infrastructure, including roadways, flood control improvements, pedestrian facilities, water facilities, and through undergrounding of utilities.

It is anticipated that the existing programs will be expanded to include other activities directly related to the goals and objectives as identified in this report.

RELATIONSHIP TO GENERAL PLAN GOALS, POLICIES, & PROGRAMS

The Yucca Valley General Plan outlines goals, policies and programs that are directly related to Agency goals within this Implementation Plan. Within the General Plan, the Economic Development and Housing Elements identify goals, policies and programs that are strongly tied to the Agency's activities. Copies of the complete Elements, which include comprehensive programs and the Element's Implementation Strategies are identified by reference in this Report.

ECONOMIC DEVELOPMENT ELEMENT

Goal 1:

A broadly based, healthy and balanced economy that provides a full range of economic and employment opportunities.

Goal 2:

Continued growth, which assures the maintenance of a revenue base adequate to support present and future public services and facilities.

Policy 1:

Maintain and strengthen the Town's role as the commercial center of the Morongo Basin and the South Mojave Desert Region.

Policy 2:

Actively solicit employment and revenue generating development compatible and consistent with the Town's General Plan.

Policy 3:

Encourage the development of the tourist/traveler commercial potential of the State Highway 62 corridor, the National Park and the Mojave Desert.

Policy 4:

Encourage resolution of domestic water issues and stable and orderly growth in permanent and seasonal households within the Community.

Policy 5:

Assure sufficient infrastructure and capital facilities in order to maintain existing economic activities and attract new commercial businesses and industry to the area.

Policy 6:

Preserve the community's marketable and unique qualities through thoughtful control of new development, protecting and enhancing the rural character of the community.

Policy 7:

Adopt and implement plans, which encourage and enhance quality development and renovation in the downtown area, along Highway 62 and Highway 247.

Policy 8:

Utilize a commercial economic profile and development implementation strategy to achieve the economic goals of the community.

Policy 9: Reinforce Yucca Valley's place as a regional administrative center through the cooperative planning of Town and County administrative facilities within the Town limits.

Policy 10:

Work to promote net annual increases in local household incomes for all socio-economic sectors of the community.

Policy 11:

Make every effort to expedite the processing of development proposals which address the economic development goals of the community and shall take the initiative to incubate new programs and projects.

Policy 12:

Encourage and promote special events, activities and uses which strengthen and promote the Town's image prestige and attractiveness as a tourist/visitor destination.

Policy 13:

Develop programs which enhance its role as the Gateway to the Joshua Tree National Park and encourage the expansion of associated tourist/traveler revenues.

HOUSING ELEMENT:

Housing Element Goals and Policies

GOAL 1

The development of a variety of housing types and prices in the Town of Yucca Valley that will accommodate both existing and future residents within all socio-economic segments of the community.

GOAL 2

The development of affordable housing projects to meet the community's need.

GOAL 3

The maintenance and rehabilitation of the Town's core neighborhoods.

Policy 1

Ensure that the quality of existing and future dwelling units in neighborhoods within the Town of Yucca Valley is preserved and maintained.

Policy 2

Provide residential lands that are adequate to meet the housing objectives for the Town.

Policy 3

Meet the housing needs of the extremely low, very low, low and moderate income population within the community, regardless of the householder's race, religion, sex, marital status, ancestry, national origin or color.

Policy 4

Promote and facilitate the use of State and Federal monies for the development and rehabilitation of affordable housing in the community.

Policy 5

Promote and preserve mobile home parks for their value as low and moderate income housing opportunities.

Policy 6

Ensure that new housing projects are designed in an energy efficient manner.

Policy 7

Residential development in the Town of Yucca Valley will preserve and protect as much as possible, the desert flora and fauna.

Policy 8

Facilitate the construction and rehabilitation of renter and owner occupied housing by providing a range of land use and zoning categories throughout the Town.

Policy 9

Encourage the development of larger unit sizes in multi-family rental projects and second units on single family lots in order to alleviate overcrowding.

Policy 10

Facilitate the development and preservation of senior housing through incentives and assistance programs.

Policy 11

Encourage the preservation of home town and rural atmosphere through design standards.

Policy 12

High density, affordable and senior projects shall be located with convenient access to shopping, public transit, and school and park facilities.

Additional programs and implementation strategies for each element are also included in the General Plan.

2010/2011 ACCOMPLISHMENTS

The following generally describes the accomplishments of the Agency during this reporting period.

- **Implementation of the Old Town Specific Plan Through Property Acquisition.** These efforts were placed on hold pending the adoption of the Yucca Valley General Plan update, including reevaluation of circulation alternatives.

- **Creation of Affordable Housing Units:** The Agency continued moving forward in its efforts towards the creation of new affordable housing units within Project Area No. 1. Following the RFQ/RFP process, the Agency entered into agreements with National CORE for the development of 75 affordable housing units on Agency owned property at the north-west corner of SR 62 and Dumosa Avenue. The Agency in conjunction with its development partner obtained land use entitlements for the project.

- **Realignment of State Route 62.** These efforts were placed on hold pending the adoption of the Yucca Valley General Plan update, including reevaluation of circulation alternatives.

The following provides a partial identification of Agency programmatic expenditures during the reporting period.

Financial Participation in New Construction:	\$0.00
Storefront Improvement Rebate Program:	\$0.00
Infrastructure Maintenance Program:	\$0.00
Infrastructure Program:	\$0.00
Sign Replacement Program:	\$0.00
Property Purchase	\$940,000
Redevelopment Agency Operations:	\$356,718

Redevelopment Operations include those expenditures customary for carrying out adopted Agency activities: The above number includes General Administration,

Salaries and Benefits, Audit costs, and the Property Tax Administration fee paid to San Bernardino County.

Low and Moderate Income Housing General Admin:	\$ 16,387
Low and Moderate Income Housing Project	\$ 176,230

Agency staff continued to work with housing interests on increasing the supply of LMI housing opportunities.

2011/2012 WORK PROGRAM

Subject to the Court ruling anticipated to be issued in January 2012, and based upon the adopted 5-Year Implementation Plan, the Agency will be considering several policies and programs in the following categories.

Implement Old Town Specific Plan

The Agency will implement the Plan's economic development, infrastructure and housing objectives. This may include installing trash receptacles, directional signage, benches, and street and pathway illumination, as well as continued policy discussions and efforts regarding the potential realignment of SR 62.

Completion of this project will help create new jobs and will boost the local economy by attracting new businesses to the area.

Façade Improvement Program

The Agency will consider implementation of a Façade Improvement Program based upon available financial resources.

A Façade Improvement Program (FIP) may provide business and property owners an opportunity to rehabilitate dilapidated buildings. The Agency may provide matching funds to facilitate exterior façade improvements which can increase business exposure and pedestrian traffic, and enliven older, commercial districts.

Completion of this project will help improve unsafe and unhealthy structures, alleviate visual blight and depreciated or stagnant property values, provide architectural continuity, and eliminate factors hindering economically viable uses.

Branding & Marketing Program

As the Town continues to grow and prosper, a unifying marketing and branding strategy is needed to help shape the Town's image. This branding strategy will be developed and help the Town define how it will market itself and attract visitors and investors. The Agency will fund this effort that will identify the community's assets by gathering input

from residents and stakeholders, as well as graphic concepts to be used in future marketing campaigns. Completion of this project will help create new jobs and will boost the local economy of the community by attracting new businesses and residents to the area.

Land Acquisition

The Agency has strategic plans to acquire and consolidate critical parcels for future mixed use development within the Old Town Specific Plan area. Completion of this program will allow the agency to market these consolidated parcels to private development or combine public facilities within the mixed use concept to promote blight removal within the Old Town Specific Plan area.

Public Infrastructure Program

The Agency will participate in the ongoing initiative to install sidewalks, traffic-calming medians, and other motor and pedestrian circulation system improvements. The initial activities will occur primarily in the Old Town area and along Highway 62. This project will provide necessary repairs to the street systems and facilitate the safe and efficient movement of traffic and allow storm water to drain more efficiently.

Infrastructure Improvements

Infrastructure improvements, including health & safety issues and concerns, will serve to implement a number of agency goals and objectives towards the elimination of physical and economic blight within the project area.

The following goals and objectives within the Agency's Five-Year Implementation Plan link the program to overall Agency goals and objectives.

Eliminate and prevent the spread and recurrence of blight and deterioration.

Redevelop, rehabilitate, conserve, restore and renew the project area. In addition, work in conjunction with Town of Yucca Valley programs which encourage proper maintenance of residential properties, facilitate the productive use of abandoned housing, as well as emphasize the need for proper maintenance of streets and public pedestrian facilities.

Develop and maintain a quality Yucca Valley Town Center area that will provide public/quasi-public, institutional, and financial services to the Town and the Morongo Basin.

Maintain and expand upon existing shopping opportunities within the Redevelopment Project Area that will provide the Basin with retail shopping opportunities as well as encourage project investment and merchants to locate

within the Project Area.

Infrastructure projects are currently underway, at varying levels, including the following.

SR 62, Apache to Palm, Median Islands, federal, RDA, and Measure I fund allocations are anticipated;

SR 62, Airway to Sage, widening to six lanes, federal, RDA, and Measure I fund allocations are anticipated;

SR 62 realignment, long term project, Remembrance Park to Inca/Hopi, federal, state, RDA and Measure I fund allocations are anticipated.

Affordable Housing Program

Agency Housing Assistance Programs - The Agency will evaluate program alternatives for providing financial housing assistance via programs such as the Mortgage Assistance Program to assist very low, low or moderate-income households through grants for down payments and closing costs, Home Improvement grants to assist very low and low-income homeowners in improvement of their property, and work with privately funded housing programs such as Habitat for Humanity to encourage the construction of ownership units. Completion of this project would eliminate blighted residential properties in the Project Area and create decent, safe, and sanitary affordable housing.

The Agency will continue with its efforts towards the development of new affordable housing units within the Town, as a continuation of the Senior Housing Project. In working with the selected development team, the Agency will complete necessary plans to apply for Federal HUD, state tax credit, and HOME funds made available through the County of San Bernardino.

REQUIREMENTS REGARDING COMPLIANCE WITH SECTION 33080.1(c)

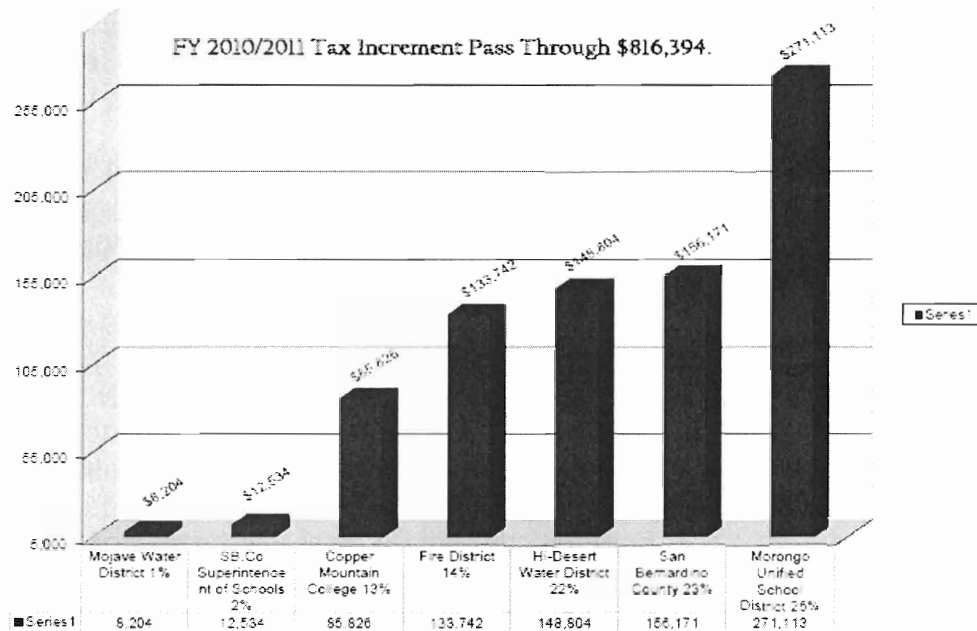
As a part of the annual reporting requirements, the Health & Safety Code stipulates that the Agency will report on very specific activity of the Agency in relation to the expenditure(s) of the low and moderate income housing fund (mandatory 20% set-a-side).

- 1 The Yucca Valley Redevelopment Agency displaced no individual or families from their units during the reporting period.

- 2 The Yucca Valley Redevelopment Agency anticipates displacing no individuals or families within any of the income categories.
- 3 There were no units, within any of the income categories for individuals and families, which were removed from the housing market during the reporting period as part of a redevelopment agency project.
- 4 No units were constructed within Project Area No. 1 which are restricted to low and moderate income housing needs and are required by agreement or ordinance to be made available at affordable costs.
- 5 For fiscal year 2010/2011, the Agency received approximately \$2,128,307 in increment. Therefore, approximately \$425,661 constituted increment for the low & moderate fund. Because the increment is pledged to bonded indebtedness, the increment is passed to the trustee for bonded indebtedness payments, and the low & moderate fund contains prior accrued increment and interest.
- 6 The total costs for planning and general administrative costs during the reporting period were approximately \$494,047^[c1]. These costs include Redevelopment Agency Operation costs as well as the costs incurred during the year for the Old Town Specific Plan and SR 62 Master Planning projects.

33080.5: REQUIREMENTS REGARDING COMPLIANCE WITH SEC. 33080.1 (b).

- 1 The amount of outstanding indebtedness of the agency and each project area was \$10,115,000.
- 2 The amount of tax increment property tax revenues generated in the Agency and in each project area was \$2,128,307.
- 3 The amount of tax increment revenues paid to a taxing agency pursuant to subdivision (b) of Section 33401 was \$816,393. Including the payment to the Supplemental Educational Revenue Augmentation Fund (SERAF), the total paid was \$947,474.



- 4 The financial transaction report required pursuant to Section 53891 of the Government Code is attached.
- 5 No other information is deemed necessary.

33080.7. ADDITIONAL REQUIREMENTS REGARDING COMPLIANCE WITH SEC. 33080.1(C): EXCESS SURPLUS: LOW AND MODERATE INCOME HOUSING FUND

For the purposes of compliance with subdivision (c) of Section 33080.1 and in addition to the requirements of Section 33080.4, the description of the agency's activities shall identify the amount of excess surplus, as defined in Section 33334.10, which has accumulated in the agency's Low and Moderate Income Housing Fund. Of the total excess surplus, the description shall also identify the amount that has accrued to the Low and Moderate Income Housing Fund during each fiscal year. This component of the annual report shall also include any plan that is required and reported by subdivision (c) of Section 33334.10.

For the fiscal year ending June 30, 2011 there were approximately \$200,000_[c2] in excess funds in the LMI program. The Agency is underway with a development project

for low/moderate income housing in the project area. It is anticipated that this project will be continue during fiscal year 2011/2012, and that a component of any such development will require the use of most or all of the existing funds in the low/moderate income housing fund.

**Yucca Valley Redevelopment Agency
Property Report
Fiscal Year 2010/2011**

Property report (describes properties owned by the agency and those acquired in the previous fiscal year), Health and Safety Code Section 33080.4

New Properties: The following listed properties were purchased during Fiscal Year 2009/2010 by the Agency:

Assessor Parcel Numbers: 595-361-021 (Partial) and 595-371-011
North West Corner of Dumosa and SR 62
Total Purchase Price: \$940,000
3.81 +/- acres of vacant land

Disposition of Existing Properties:

The following properties were transferred from the Agency to the Town of Yucca Valley.

Assessor Parcel Numbers: 586-321-11, 12, 13, 14 & 15
Total Purchase Price: \$500,000
2.11 acres of vacant land and .34 acres containing a 1,360 square foot vacant commercial structure
Acquired by Agency in FY 2009/2010

Assessor Parcel Numbers: 586-101-08 & 09
Total Purchase Price: \$305,000
.48 total acres containing a 3,843 square foot vacant commercial building
Acquired by Agency in FY 2009/2010

Assessor Parcel Numbers: 586-322-04 & 05
Total Purchase Price: \$126,092
.72 acres of vacant land
Acquired by Agency in FY 2009/2010

APNs 586-321-01, 02, 16, & 17, for approximately .738 acres.
Vacant lands, acquired by Agency in 2005/2006

Assessor Parcel Numbers: 595-162-08 & 09
Total Purchase Price: \$1,630,000
2.6 total acres containing a 7,322 square foot vacant commercial building and an adjacent vacant parcel
Acquired by Agency in FY 2009/2010

Existing Properties

The Redevelopment Agency owns the following properties.

6405 Avalon Avenue: Leased to Unity Home.
Residential Duplex structure, acquired by the Agency in 1994

6411 Avalon Avenue: Leased to Unity Home.
Residential Duplex structure, acquired by the Agency in 1994

6414 Hermosa Avenue: Leased to Unity Home.
Residential Duplex structure, acquired by the Agency in 1994

6413 Goleta Avenue: Leased to Unity Home.
Residential Duplex structure, acquired by the Agency in 1994

6403 Goleta Avenue: Leased to Unity Home.
Residential Duplex structure, acquired by the Agency in 1994

**Yucca Valley Redevelopment Agency
Loan Report
Fiscal Year 2010/2011**

Loan report (identifies loans (receivable) which equal or exceed \$50,000 and that were found by the agency during the previous fiscal year to have either defaulted or not complied with the terms of the agreements approved by the Agency), Health and Safety Code Section 33080.

The Yucca Valley Redevelopment Agency has not issued any loans which fit the criteria of exceeding \$50,000 and that were found to have defaulted or not complied with the terms of the loan agreement.

**Yucca Valley Redevelopment Agency
Housing Activities Report
Fiscal Year 2010/2011**

Housing Activities Report, Health and Safety Code Sections 33080.4 and Section 33080.7

During the reporting period, fiscal year 2010/2011, the Yucca Valley Redevelopment Agency did not displace or move from their dwelling units as part of a redevelopment project, any non-elderly and elderly households, including very low income households, other lower income households, and person and families of moderate income.

During the present fiscal year, the Agency projects will not require the displacement of any individuals from their dwellings as part of a redevelopment project. Subsequently, it is not necessary to prepare or adopt a replacement-housing plan for each project area.

During the previous fiscal year, the Redevelopment Agency did not destroy or remove any dwelling units housing very low-income households, other lower income households, and persons and families of moderate income.

During the previous fiscal year, 2010/2011 the Redevelopment Agency did not complete any work that resulted in the creation of covenants or other restrictions that limit the occupancy to any age group, including elderly persons and families. And the only income restrictions that exist are those that are applicable to the expenditure of Low and Moderate Income (LMI) funds.

All properties formerly acquired and rehabilitated by the Agency have remained occupied during the previous fiscal year by low and moderate income individuals and/or families.

The LMI fund was not used for off-sited improvement costs, during this reporting period, fiscal year 2010/2011.

The LMI fund was not used for infrastructure costs during this reporting period, fiscal year 2010/2011.

Approximately \$16,387 were expended for planning and general administrative costs associated with the necessary support for the Senior Housing Project.

There are no contracts for future construction of LMI housing that were funded during the reporting period. The Agency entered into an agreement for the future construction of affordable housing units for the property located at the north-west corner of SR 62 and Dumosa Avenue (Senior Housing Project).

There are approximately \$200,000 excess LMI funds that will be expended for the development of the 75-unit Senior Housing Project as it moves forward to construction.

DRAFT

**YUCCA VALLEY
REDEVELOPMENT AGENCY
(A component unit of the Town of Yucca Valley)**

**Financial Statements and
Supplemental Data**

For the year ended June 30, 2011

(With Independent Auditor's Report Thereon)

DRAFT

**Yucca Valley Redevelopment Agency
Financial Statements and Supplemental Data
For the year ended June 30, 2011**

Table of Contents

Independent Auditor's Report	1
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements:	
<i>Governmental Funds:</i>	
Balance Sheet	5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	6
Statement of Revenues, Expenditures and Changes in Fund Balances	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
<i>Notes to the Basic Financial Statements</i>	9
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22

DRAFT

Agency Board
Yucca Valley Redevelopment Agency
Yucca Valley, California

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of Yucca Valley Redevelopment Agency (the Agency), a component unit of the Town of Yucca Valley, California, as of and for the year ended June 30, 2011, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Yucca Valley Redevelopment Agency, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

During the year under audit, the Agency adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Management has omitted Management's Discussion and Analysis and the budgetary comparison data that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2011, on our consideration of the Yucca Valley Redevelopment Agency'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

September 8, 2011

Yucca Valley Redevelopment Agency
Statement of Net Assets
June 30, 2011

DRAFT

	Governmental Activities
Assets	
Cash and investments	\$ 8,865,282
Cash with fiscal agent	743,203
Receivables:	
Property taxes	3,907
Interest	9,990
Notes	12,311
Land held for resale	1,658,552
Deferred charges	293,758
Capital assets not being depreciated:	
Land	<u>1,879,806</u>
 Total assets	 <u>13,466,809</u>
 Liabilities	
Accounts payable and accrued expenses	810,921
Interest payable	39,693
Long-term liabilities:	
Due within one year	180,000
Due in more than one year	<u>9,659,227</u>
 Total liabilities	 <u>10,689,841</u>
 Net assets	
Invested in capital assets	1,879,806
Restricted for:	
Community development	<u>897,162</u>
 Total net assets	 <u><u>\$ 2,776,968</u></u>

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

**Yucca Valley Redevelopment Agency
Statement of Activities
For the year ended June 30, 2011**

DRAFT

	Governmental Activities
Program expenses	
Governmental activities:	
General government	\$ 340,331
Community development	279,290
Low and moderate housing	192,617
Interest on long-term debt	579,595
Total program expenses	1,391,833
General revenues	
Taxes:	
Tax increment, net	1,311,914
Intergovernmental, unrestricted	20,703
Investment income	45,076
Total general revenues	1,377,693
Change in net assets	(14,140)
Net assets, beginning of year	2,791,108
Net assets, end of year	\$ 2,776,968

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

**Yucca Valley Redevelopment Agency
Balance Sheet
Governmental Funds
June 30, 2011**

DRAFT

	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and investments	\$ 1,881,486	\$ 1,454,688	\$ 5,529,108	\$ 8,865,282
Cash with fiscal agent	-	743,203	-	743,203
Receivables:				
Property taxes	-	-	-	-
Interest	2,120	1,639	6,231	9,990
Notes	12,311	-	-	12,311
Due from other governments	-	3,907	-	3,907
Advance to other funds	636,679	-	-	636,679
Land held for resale	-	1,658,552	-	1,658,552
Total assets	\$ 2,532,596	\$ 3,861,989	\$ 5,535,339	\$ 11,929,924
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 120,286	\$ 683,073	\$ -	\$ 803,359
Accrued payroll	-	7,562	-	7,562
Advance from other funds	-	636,679	-	636,679
Total liabilities	120,286	1,327,314	-	1,447,600
Fund balances:				
Nonspendable	648,990	1,658,552	-	2,307,542
Restricted for:				
Low and moderate housing	1,763,320	-	-	1,763,320
Debt service	-	876,123	-	876,123
Community development	-	-	5,535,339	5,535,339
Total fund balances	2,412,310	2,534,675	5,535,339	10,482,324
Total liabilities and fund balances	\$ 2,532,596	\$ 3,861,989	\$ 5,535,339	\$ 11,929,924

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

**Yucca Valley Redevelopment Agency
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011**

DRAFT

Fund balances of governmental funds	\$ 10,482,324
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are not financial resources, therefore, they are excluded from the governmental financial statements.	1,879,806
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Assets.	
Bonds payable	(10,115,000)
Deferred loss on refunding	171,711
Bond discount	104,062
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(39,693)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Deferred charges	<u>293,758</u>
Net assets of governmental activities	<u><u>\$ 2,776,968</u></u>

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

**Yucca Valley Redevelopment Agency
Statement of Revenues, Expenditures and Changes
in Fund Balances
For the year ended June 30, 2011**

DRAFT

	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Tax increment	\$ -	\$ 2,128,307	\$ -	\$ 2,128,307
Intergovernmental	-	20,703	-	20,703
Investment income	8,223	10,362	26,491	45,076
Total revenues	8,223	2,159,372	26,491	2,194,086
Expenditures				
Current:				
General government	-	1,280,331	-	1,280,331
Community development	192,617	-	137,329	329,946
Debt service:				
Principal	-	175,000	-	175,000
Interest and fiscal charges	-	566,265	-	566,265
Supplemental ERAF shift	-	131,081	-	131,081
Pass-through payments	-	816,393	-	816,393
Total expenditures	192,617	2,969,070	137,329	3,299,016
Excess of revenues over (under) expenditures	(184,394)	(809,698)	(110,838)	(1,104,930)
Other financing sources (uses)				
Transfers in	434,688	65,626	-	500,314
Transfers out	(65,626)	(434,688)	-	(500,314)
Total other financing sources (uses)	369,062	(369,062)	-	-
Net change in fund balances	184,668	(1,178,760)	(110,838)	(1,104,930)
Fund balances, beginning of year	2,227,642	3,713,435	5,646,177	11,587,254
Fund balances, end of year	\$ 2,412,310	\$ 2,534,675	\$ 5,535,339	\$ 10,482,324

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

**Yucca Valley Redevelopment Agency
 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, 2011**

DRAFT

Net change in fund balances of governmental funds \$ (1,104,930)

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 such assets is capitalized. 940,000

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, does not have an effect on net assets.

Principal payments on debt 175,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest expense	500
Amortization of:	
Loss on refunding	(9,765)
Cost of issuance	(10,880)
Bond discount	(4,065)
	(14,140)

Change in net assets of governmental activities \$ (14,140)

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

**Yucca Valley Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2011**

DRAFT

Note 1: Summary of significant accounting policies

The following is a summary of the significant accounting policies of the Yucca Valley Redevelopment Agency (the Agency):

(a) *Reporting entity*

The Agency was created by Ordinance No. 37 of the Yucca Valley Town Council, adopted September 3, 1992. The Agency was established pursuant to the Community Redevelopment Law of California. Project Area No. 1 was adopted as of August 6, 1993. The specific goal of the Project is to eliminate the many instances of visual, economic, physical and social blight within the project area. Therefore, all of the Agency's assets are restricted by the Community Redevelopment Law for the purpose of redevelopment (the elimination of blight). In addition, the Agency is a component unit of the Town of Yucca Valley as determined by applying the criteria set forth in GASBS No. 14, as amended by GASBS No. 39.

(b) *Measurement focus and basis of accounting*

The basic financial statements of the Agency 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 Yucca Valley Redevelopment Agency has no business-type activities or discretely presented component units or fiduciary activities. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the Agency. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *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. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

**Yucca Valley Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2011**

DRAFT

Note 1: Summary of significant accounting policies (continued)

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

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund financial statements

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

Fund financial statements for the government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds primarily represent assets held by the Agency in a custodial capacity for other individuals or organizations. The Agency has no nonmajor funds, enterprise funds, or fiduciary funds.

Governmental funds

In the fund financial statements, governmental funds and agency funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets.

**Yucca Valley Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2011**

DRAFT

Note 1: Summary of significant accounting policies (continued)

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

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 Agency uses a sixty-day availability period.

Revenue recognition is subject to the *measurable* and *available* 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 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 nonexchange* 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 nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, government 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.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of long-term receivables are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent 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 *another financing source* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

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

**Yucca Valley Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2011**

DRAFT

Note 1: Summary of significant accounting policies (continued)

(c) *Major funds*

The following funds are presented as major funds in the accompanying basic financial statements:

Special Revenue – Low and Moderate Housing Fund – To account for the required 20% set aside of property tax increments that is legally restricted for increasing or improving housing for low and moderate income households.

Debt Service – Redevelopment Debt Service Fund – To account for the accumulation of resources for the payment of debt service for bond principal, interest, trustee fees and the payment of support services.

Capital Projects – Redevelopment Capital Projects Fund – To account for the bond proceeds, interest and other funding that will be used for development, planning, construction and land acquisition.

(d) *Relationship to the Town of Yucca Valley*

The Yucca Valley Redevelopment Agency is an integral part of the reporting entity of the Town of Yucca Valley (the Town). The funds of the Agency have been included within the scope of the comprehensive annual financial report of the Town because the Town is financially accountable. Only the funds of the Agency are included herein and these financial statements, therefore, do not purport to represent the financial position or results of operations of the Town of Yucca Valley, California.

(e) *Tax increment revenue*

The Agency has no power to levy and collect taxes, and any legislative property tax de-emphasis might necessarily reduce the amount of tax revenues that would otherwise be available to pay the principal of, and interest on, loans from the Town of Yucca Valley. Broadened property tax exemptions could have a similar effect. Conversely, any increase in the tax rate or assessed valuation, or any reduction or elimination of present exemptions would necessarily increase the amount of tax revenues that would be available to pay principal and interest on tax allocation bonds or loans from the Town.

The following table details the Agency's property tax calendar:

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 Agency in installments during the year.

**Yucca Valley Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2011**

DRAFT

Note 1: Summary of significant accounting policies (continued)

(f) *Investments*

GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the Agency reports its investments at fair value in the balance sheet. All investment earnings, including changes in the fair value of investments, is recognized as revenue in the operating statement.

The Agency pools cash and investments of all funds. 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.

(g) *Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenditures during the reporting period.

(h) *Fund equity*

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

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

The Town Council, acting as the Agency's Board, establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution.

**Yucca Valley Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2011**

DRAFT

Note 2: Cash and investments

The Town's Treasurer maintains a cash and investment pool used by all funds of the Town and by certain component units of the Town, including the Agency. The Agency does not own specifically identifiable securities of the Town's pool. The Agency's portion of this pool is reported on the financial statements as "cash and investments." Investment policies and associated risk factors applicable to Agency's funds are those of the Town and are included in the Town's comprehensive annual financial report.

Cash and investments are reported as follows:

Statement of net assets	
Cash and investments	\$ 8,865,282
Cash with fiscal agents	<u>743,203</u>
 Total	 <u><u>\$ 9,608,485</u></u>

Cash and investments held by the Agency consist of the following at June 30, 2011:

Town of Yucca Valley investment pool	\$ 8,865,282
Money market funds	<u>743,203</u>
 Total cash and investments held by Agency	 <u><u>\$ 9,608,485</u></u>

Investments authorized by the California Government Code and the Agency's investment policy

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

Investment types authorized by investment policy	Maximum maturity*	Maximum percentage of portfolio*	Maximum investment In one issuer*
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Commercial Paper	180 days	15%	10%
Negotiable Certificates of Deposit	5 years	20%	None
Money Market Mutual Funds	N/A	20%	None
Local Agency Investment Fund	N/A	None	None

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

**Yucca Valley Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2011**

DRAFT

Note 2: Cash and investments (continued)

Investments authorized by debt agreements

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

Authorized investment type	Maximum maturity	Maximum percentage allowed	Maximum investment In one issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase/Investment Agreements	None	None	None
Investment Contracts	None	None	None
Local Agency Investment Fund	N/A	None	None
FHA Obligations Guaranteed by U.S. Government	None	None	None
Federal Funds	180 days	None	None
Negotiable Certificates of Deposit	180 days	None	None
Time Deposits	180 days	None	None
FDIC Insured Deposits	None	None	None
Debt Obligations	None	None	None

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 Agency manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**Yucca Valley Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2011**

DRAFT

Note 2: Cash and investments (continued)

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

Investment type		Remaining maturity (in months)			
		12 or less	13 to 24	25 to 60	More than 60
Town of Yucca Valley investment pool	\$ 8,865,282	\$ 8,865,282	\$ -	\$ -	\$ -
Held by bond trustee:					
Money market funds	<u>743,203</u>	<u>743,203</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 9,608,485</u>	<u>\$ 9,608,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosure 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 Agency's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment type		Minimum legal rating	Exempt from disclosure	Rating as of year end	
				Aa	Not rated
Town of Yucca Valley investment pool	\$ 8,865,282	N/A	\$ -	\$ -	\$ 8,865,282
Held by bond trustee:					
Money market funds	<u>743,203</u>	A	<u>-</u>	<u>743,203</u>	<u>-</u>
Totals	<u>\$ 9,608,485</u>		<u>\$ -</u>	<u>\$ 743,203</u>	<u>\$ 8,865,282</u>

Concentration of credit risk

The investment policy of the Agency 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 or external investment pools) that represent 5% or more of total Agency investments for the year ended June 30, 2011.

**Yucca Valley Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2011**

DRAFT

Note 2: Cash and investments (continued)

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency'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 Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2011, the Agency (as a participant in the Town of Yucca Valley's pooled cash) did not have deposits with financial institutions in excess of federal depository insurance limits held in collateralized account(s).

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

Investment in State Investment Pool

The Agency 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 Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

**Yucca Valley Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2011**

DRAFT

Note 3: Long-term liabilities

Long-term liability activity for the year ended June 30, 2011 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
2008 Tax Allocation Revenue Bonds	\$ 10,290,000	\$ -	\$ (175,000)	\$ 10,115,000	\$ 180,000
Subtotal on bonds payable	10,290,000	-	(175,000)	10,115,000	180,000
Plus(less) deferred amounts:					
For deferred loss on refunding	(181,476)	-	9,765	(171,711)	-
For issuance discount	(108,127)	-	4,065	(104,062)	-
Total bonds payable	<u>\$ 10,000,397</u>	<u>\$ -</u>	<u>\$ (161,170)</u>	<u>\$ 9,839,227</u>	<u>\$ 180,000</u>

2008 Tax Allocation Bonds

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

The bonds are dated May 1, 2008 and are in denominations of \$5,000 and bear interest at rates ranging from 3.10% to 5.75%. Principal is payable annually on June 1, beginning on June 1, 2009. Interest is payable semi-annually on June 1 and December 1. The bonds mature between the time frames of June 1, 2009 and June 1, 2038 in amounts ranging from \$165,000 to \$695,000. Per the bond indenture, a reserve of \$738,500 is required to be maintained. At June 30, 2011, the balance held in the reserve account was \$743,203.

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

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

**Yucca Valley Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2011**

DRAFT

Note 3: Long-term liabilities (continued)

Pledged revenues

The Agency has pledged 100% of future tax increment revenue (less amounts payable by or required to be set aside by the Agency under any pass-through agreements and by the amount required to be set aside for low and moderate housing as required by the California Health and Safety Code) as security for the *2008 Tax Allocation Bonds* in the amount of \$22,149,957 (total principal and interest at issuance). The pledge is considered outstanding for the duration of the debt service requirements. Total pledged revenues for the fiscal year ended June 30, 2011, totaled \$2,128,307 with the required debt service amount of \$737,703 (principal and interest paid in the fiscal year ended June 30, 2011).

Debt service requirements to maturity

The annual requirements to amortize outstanding long-term liabilities of the Agency as of June 30, 2011 are as follows:

Year ending June 30	Principal	Interest
2012	\$ 180,000	\$ 555,702
2013	190,000	548,142
2014	195,000	540,162
2015	205,000	531,582
2016	215,000	522,358
2017-2021	1,245,000	2,440,528
2022-2026	1,620,000	2,068,365
2027-2031	2,115,000	1,567,950
2032-2036	2,795,000	889,813
2037-2039	1,355,000	117,874
Totals	\$ 10,115,000	\$ 9,782,476

**Yucca Valley Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2011**

DRAFT

Note 4: Transfers in and out

Transfers in and out for the year ended June 30, 2011 were as follows:

<u>Transfer from</u>	<u>Transfers to</u>	<u>Amount</u>
Low and Moderate Housing Fund	Debt Service Fund	\$ 65,626
Debt Service Fund	Low and Moderate Housing Fund	<u>434,688 (a)</u>
Total transfers		<u>\$ 500,314</u>

(a) Transfer was made from the Redevelopment Debt Service Fund to the Low and Moderate Housing Fund, which represents the 20% set aside, required to be recorded in the Low and Moderate Income Housing Fund.

Note 5: Capital assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Capital assets, not being depreciated:				
Land	<u>\$ 939,806</u>	<u>\$ 940,000</u>	<u>\$ -</u>	<u>\$ 1,879,806</u>

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.

**Yucca Valley Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2011**

DRAFT

Note 6: Advances

Advances to and from as of June 30, 2011 were as follows:

<u>Advances to</u>	<u>Advances from</u>	<u>Amount</u>
Debt Service Fund	Low and Moderate Housing Fund	<u>\$ 636,679</u>

The advance from the Low and Moderate Housing Fund to the Debt Service Fund was to fund the required Supplemental Educational Revenue Augmentation Fund property tax shift required by the State of California (see note 8).

Note 7: Notes receivable

In November 2008, the Agency executed a note receivable with the Morongo Basin Unity Home (the Home) in the amount of \$15,000. The Home is to use the proceeds of the note to fund the final renovation needed to complete a transitional housing project which serves to provide assistance to victims and children of domestic violence. The note bears an interest rate of 2.7% and is payable in annual installments beginning in November 2009 with final payment due in November 2018. The balance at June 30, 2011 is \$12,311.

Note 8: Supplemental Educational Revenue Augmentation Fund

On July 24, 2009, the State Legislature passed Assembly Bill (AB)X4-26, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency's share of this revenue shift was \$636,679 for fiscal year 2009-2010 and \$131,081 for fiscal year 2010-2011. Payments are to be made by May 10 of each respective fiscal year. In response to ABX4-26, the Agency funded the SERAF payment due in May 2010 with the Low/Mod Housing Fund.

The California Redevelopment Association (CRA) is the lead petitioner on a lawsuit to invalidate ABX4-26, similar to last year's successful lawsuit challenging the constitutionality of AB 1389. CRA filed the lawsuit on October 20, 2009. The lawsuit asserted that the transfer of property tax increment to the SERAF is not permitted under Article XVI, Section 16 of the California Constitution. The complaint also asserted impairment of contract and gift of public funds arguments. While the State made adjustments in ABX4-26 to address the constitutional issues raised by the Superior Court over last year's lawsuit challenging AB 1389, the Agency, along with the CRA and other California redevelopment agencies, believe that the SERAF remains unconstitutional. In May 2010, the Superior Court upheld the legality of ABX4-26. In August 2010, the CRA filed an appeal with the Third District Court.

DRAFT

Agency Board
Yucca Valley Redevelopment Agency
Yucca Valley, California

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the governmental activities and each major fund of the Yucca Valley Redevelopment Agency (the Agency), a component unit of the Town of Yucca Valley, California, as of and for the year ended June 30, 2011, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated September 8, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions included those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Agency Board, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

September 8, 2011

**Town Of Yucca Valley Redevelopment Agency
Redevelopment Agencies Financial Transactions Report**

General Information

Fiscal Year 2011

Members of the Governing Body	Last Name	First Name	Middle Initial
Chairperson	Huntington	George	
Member	Abel	Merl	
Member	Rowe	Dawn	
Member	Lombardo	Robert	
Member	Hagerman	Isaac	
Member			
Member			
Member			
Member			

Mailing Address

Street 1 57090 Twenty-Nine Palms Highway

Street 2 _____

City Yuca Valley State CA Zip 92284

Phone (760) 369-7207 Is Address Changed?

Agency Officials

	Last Name	First Name	Middle Initial	Phone
Executive Director	Nuaimi	Mark		(760) 369-7207
Fiscal Officer	Yakinow	Curtis		(760) 369-7207
Secretary	Anderson	Jamie		(760) 369-7207

Report Prepared By

Last Manno Independent Auditor Rogers, Anderson, Malody and Scott

First Scott

Middle Initial _____

Street 290 North D Street, Suite 30

City San Bernardino

State CA

Zip Code 92401

Phone (909) 889-0871

Agency Name: _____
Redevelopment Agencies Financial Transactions Report

Achievement Information (Unaudited)

Fiscal Year 2011

Indicate Only Those Achievements Completed During the Fiscal Year of this Report as a Direct Result
of the Activities of the Redevelopment Agency.

Please provide a description of the agency's activities/accomplishments during the past year.

(Please be specific, as this information will be the basis for possible inclusion in the publication.)

Activity Report

Enter the amount of square footage completed this year by building type and segregated by new or rehabilitated construction.

Square Footage Completed

New Construction Rehabilitated

Commercial Buildings

Industrial Buildings

Public Buildings

Other Buildings

Total Square Footage

Enter the Number of Jobs Created from the Activities of the Agency

Types Completed

A=Utilities B=Recreation C=Landscaping D=Sewer/ Storm E=Streets/ Roads
F=Bus/Transit

**Town Of Yucca Valley Redevelopment Agency
Redevelopment Agencies Financial Transactions Report**

Audit Information

Fiscal Year 2011

Was the Report Prepared from Audited Financial Data, and Did You Submit a Copy of the Audit?

 Yes

Indicate Financial Audit Opinion

 Unqualified

If Financial Audit is not yet Completed, What is the Expected Completion Date?

If the Audit Opinion was Other than Unqualified, State Briefly the Reason Given

Was a Compliance Audit Performed in Accordance with Health and Safety Code Section 33080.1 and the State Controller's Guidelines for Compliance Audits, and Did You Submit a Copy of the Audit?

 Yes

Indicate Compliance Audit Opinion

 Unqualified

If Compliance Audit is not yet Completed, What is the Expected Completion Date?

If compliance opinion includes exceptions, state the areas of non-compliance, and describe the agency's efforts to correct.

**Town Of Yucca Valley Redevelopment Agency
Redevelopment Agencies Financial Transactions Report**

Project Area Report

Fiscal Year | 2011

Project Area Name

Yucca Valley Project Area

Please Provide a Brief Description of the Activities for this Project Area During the Reporting Year.

Activity Report

<p>Forwarded from Prior Year? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Enter Code for Type of Project Area Report <input type="text" value="P"/></p> <p>P = Standard Project Area Report L = Low and Moderate Income Housing Fund O = Other Miscellaneous Funds or Programs</p> <p>Does the Plan Include Tax Increment Provisions? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Date Project Area was Established (MM-DD-YY) <input type="text" value="8/5/1993"/></p> <p>Most Recent Date Project Area was Amended <input type="text"/></p> <p>Did this Amendment Add New Territory? <input type="text"/></p> <p>Most Recent Date Project Area was Merged <input type="text"/></p> <p>Will this Project Area be Carried Forward to Next Year? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Established Time Limit :</p> <p>Repayment of Indebtedness (Year Only) <input type="text" value="2043"/></p> <p>Effectiveness of Plan (Year Only) <input type="text" value="2033"/></p> <p>New Indebtedness (Year Only) <input type="text" value="2013"/></p> <p>Size of Project Area in Acres <input type="text" value="2,385"/></p> <p>Percentage of Land Vacant at the Inception of the Project Area <input type="text" value="20.0"/></p> <p>Health and Safety Code Section 33320.1 (xx.x%) <input type="text" value="80.0"/></p> <p>Health and Safety Code Section 33320.1 (xx.x%) <input type="text"/></p> <p>Objectives of the Project Area as Set Forth in the Project Area Plan (Enter the Appropriate Code(s) in Sequence as Shown) <input type="text" value="RCP"/></p>	<p>A = Administrative Fund M = Mortgage Revenue Bond Program S = Proposed (Survey) Project Area</p>
---	---

R = Residential | I = Industrial | C = Commercial | P = Public | O = Other

Town Of Yucca Valley Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Assessed Valuation Data

Fiscal Year 2011

Project Area Name

Yucca Valley Project Area

Frozen Base Assessed Valuation

214,157,116

Increment Assessed Valuation

223,335,866

Total Assessed Valuation

437,492,982

**Town Of Yucca Valley Redevelopment Agency
Redevelopment Agencies Financial Transactions Report**

Pass-Through / School District Assistance

Fiscal Year

2011

Project Area Name

Yucca Valley Project Area

Amounts Paid To Taxing Agencies Pursuant To:

H & S Code Section 33401

H & S Code Section 33676

H & S Code Section 33607

Total

H & S Code Section 33445

H & S Code Section 33445.5

Tax Increment Pass Through Detail

Other Payments

	H & S Code Section 33401	H & S Code Section 33676	H & S Code Section 33607	Total	H & S Code Section 33445	H & S Code Section 33445.5
County	156,171			\$156,171		
Cities				\$0		
School Districts	283,646			\$283,646		
Community College Districts	85,826			\$85,826		
Special Districts	290,749			\$290,749		
Total Paid to Taxing Agencies	\$816,392	\$0	\$0	\$816,392	\$0	\$0
Net Amount to Agency						\$1,311,914
Gross Tax Increment Generated						2,128,306

Agency Name: _____
 Redevelopment Agencies Financial Transactions Report

Capital Improvement Detail

Fiscal Year	2011					
Project Area Name	Description	Name of Taxing Agency	Amount	Code Section		

Town Of Yucca Valley Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Summary of the Statement of Indebtedness - Project Area

Fiscal Year	2011
Project Area Name	Yucca Valley Project Area
Tax Allocation Bond Debt	19,897,451
Revenue Bonds	
Other Long Term Debt	
City/County Debt	5,946,791
Low and Moderate Income Housing Fund	25,890,422
Other	52,687,252
Total	\$104,421,916
Available Revenues	3,721,734
Net Tax Increment Requirements	\$100,700,182

Town Of Yucca Valley Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year

Project Area Name

Forward from Prior Year	<input type="text" value="Yes"/>
Bond Type	Tax Allocation Bonds
Year of Authorization	2008
Principal Amount Authorized	10,625,000
Principal Amount Issued	10,625,000
Purpose of Issue	financing
Maturity Date Beginning Year	2009
Maturity Date Ending Year	2038
Principal Amount Unmatured Beginning of Fiscal Year	\$10,290,000
Adjustment Made During Year	
Adjustment Explanation	
Interest Added to Principal	
Principal Amount Issued During Fiscal Year	
Principal Amount Matured During Fiscal Year	175,000
Principal Amount Defeased During Fiscal Year	
Principal Amount Unmatured End of Fiscal Year	\$10,115,000
Principal Amount In Default	
Interest In Default	

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US;State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Agency Name: _____

Redevelopment Agencies Financial Transactions Report

Non-Agency Long-Term Debt

Fiscal Year

2011

Project Area Name

Forward from Prior Year

Bond Type

Year of Authorization

Principal Amount Authorized

Principal Amount Issued

Purpose of Issue

Maturity Date Beginning Year

Maturity Date Ending Year

Principal Amount Unmatured Beginning of Fiscal Year

Adjustment Made During Year

Adjustment Explanation

Principal Amount Issued During Fiscal Year

Principal Amount Matured During Fiscal Year

Principal Amount Defeased During Fiscal Year

Principal Amount Unmatured End of Fiscal Year

Principal Amount in Default

Interest in Default

Bond Types Allowed:

Mortgage Revenue; Industrial Development; Commercial Revenue Bond; Certificate of Participation

Town Of Yucca Valley Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Revenues

Fiscal Year

2011

Project Area Name

Yucca Valley Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	Total
Tax Increment Gross <i>(Include All Apportionments)</i>		2,128,306			\$2,128,306
Special Supplemental Subvention					\$0
Property Assessments					\$0
Sales and Use Tax					\$0
Transient Occupancy Tax					\$0
Interest Income	26,491	10,363	8,223		\$45,077
Rental Income					\$0
Lease Income					\$0
Sale of Real Estate					\$0
Gain on Land Held for Resale					\$0
Federal Grants					\$0
Grants from Other Agencies					\$0
Bond Administrative Fees					\$0
Other Revenues		20,702			\$20,702
Total Revenues	\$26,491	\$2,159,371	\$8,223	\$0	\$2,194,085

Town Of Yucca Valley Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year 2011

Project Area Name Yucca Valley Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Administration Costs		314,006	2,962		\$316,968
Professional Services	120	26,324	13,426		\$39,870
Planning, Survey, and Design			176,229		\$176,229
Real Estate Purchases		940,000			\$940,000
Acquisition Expense					\$0
Operation of Acquired Property					\$0
Relocation Costs					\$0
Relocation Payments					\$0
Site Clearance Costs					\$0
Project Improvement / Construction Costs	137,209				\$137,209
Disposal Costs					\$0
Loss on Disposition of Land Held for Resale					\$0

Town Of Yucca Valley Redevelopment Agency
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year

2011

Project Area Name

Yucca Valley Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Decline in Value of Land Held for Resale					\$0
Rehabilitation Costs					\$0
Rehabilitation Grants					\$0
Interest Expense		566,265			\$566,265
Fixed Asset Acquisitions					\$0
Subsidies to Low and Moderate Income Housing					\$0
Debt Issuance Costs					\$0
Other Expenditures Including Pass-Through Payment(s)		947,474			\$947,474
Debt Principal Payments:					
Tax Allocation Bonds and Notes		175,000			\$175,000
Revenue Bonds, Certificates of Participation, Financing Authority Bonds					\$0
City/County Advances and Loans					\$0
All Other Long-Term Debt					\$0
Total Expenditures	\$137,329	\$2,969,069	\$192,617	\$0	\$3,299,015
Excess (Deficiency) Revenues over (under) Expenditures	(\$110,838)	(\$809,698)	(\$184,394)	\$0	(\$1,104,930)

Town Of Yucca Valley Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

2011

Project Area Name

Yucca Valley Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Proceeds of Long-Term Debt					\$0
Proceeds of Refunding Bonds					\$0
Payment to Refunded Bond Escrow Agent					\$0
Advances from City/County					\$0
Sale of Fixed Assets					\$0
Miscellaneous Financing Sources (Uses)					\$0
Operating Transfers In		65,626			\$65,626
Tax Increment Transfers In			434,688		\$434,688
Operating Transfers Out			65,626		\$65,626
Tax Increment Transfers Out		434,688			\$434,688
<i>(To the Low and Moderate Income Housing Fund)</i>					
Total Other Financing Sources (Uses)	\$0	(\$369,062)	\$369,062	\$0	\$0

Town Of Yucca Valley Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

2011

Project Area Name

Yucca Valley Project Area

Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
-----------------------	--------------------	-----------------------------	-----------------------	-------

Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses

	(\$110,838)	(\$1,178,760)	\$184,668	\$0	(\$1,104,930)
--	-------------	---------------	-----------	-----	---------------

Equity, Beginning of Period

	\$5,646,177	\$3,713,435	\$2,227,642	\$0	\$11,587,254
--	-------------	-------------	-------------	-----	--------------

Prior Period Adjustments

					\$0
--	--	--	--	--	-----

Residual Equity Transfers

					\$0
--	--	--	--	--	-----

Equity, End of Period

	\$5,535,339	\$2,534,675	\$2,412,310	\$0	\$10,482,324
--	-------------	-------------	-------------	-----	--------------

**Town Of Yucca Valley Redevelopment Agency
Redevelopment Agencies Financial Transactions Report**

Balance Sheet - Assets and Other Debits

Fiscal Year	2011	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long-Term Debt	General Fixed Assets	Total
Assets and Other Debits								
Cash and Imprest Cash	5,529,108	1,454,688	1,881,486					\$8,865,282
Cash with Fiscal Agent		743,203						\$743,203
Tax Increments Receivable		3,906						\$3,906
Accounts Receivable								\$0
Accrued Interest Receivable	6,231	1,640	2,120					\$9,991
Loans Receivable			12,311					\$12,311
Contracts Receivable								\$0
Lease Payments Receivable								\$0
Unearned Finance Charge								\$0
Due from Capital Projects Fund								\$0
Due from Debt Service Fund			636,679					\$636,679
Due from Low/Moderate Income Housing Fund								\$0
Due from Special Revenue/Other Funds								\$0

Town Of Yucca Valley Redevelopment Agency
 Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

Fiscal Year	2011	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long-Term Debt	General Fixed Assets	Total
Investments								\$0
Other Assets			1,658,552					\$1,658,552
Investments: Land Held for Resale								\$0
Allowance for Decline In Value of Land Held for Resale								\$0
Fixed Assets: Land, Structures, and Improvements								\$0
Equipment								\$0
Amount Available In Debt Service Fund								\$0
Amount to be Provided for Payment of Long-Term Debt						10,115,000		\$10,115,000
Total Assets and Other Debits		\$5,535,339	\$3,861,989	\$2,532,596	\$0	\$10,115,000	\$0	\$22,044,924

(Must Equal Total Liabilities, Other Credits, and Equities)

**Town Of Yucca Valley Redevelopment Agency
Redevelopment Agencies Financial Transactions Report**

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2011	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long-Term Debt	General Fixed Assets	Total
Liabilities and Other Credits								
Accounts Payable			690,635	120,286				\$810,921
Interest Payable								\$0
Tax Anticipation Notes Payable								\$0
Loans Payable								\$0
Other Liabilities								\$0
Due to Capital Projects Fund								\$0
Due to Debt Service Fund								\$0
Due to Low/Moderate Income Housing Fund			636,679					\$636,679
Due to Special Revenue/Other Funds								\$0
Tax Allocation Bonds Payable						10,115,000		\$10,115,000
Lease Revenue, Certificates of Participation Payable, Financing Authority Bonds								\$0
All Other Long-Term Debt								\$0
Total Liabilities and Other Credits		\$0	\$1,327,314	\$120,286	\$0	\$10,115,000		\$11,562,600

**Town Of Yucca Valley Redevelopment Agency
Redevelopment Agencies Financial Transactions Report**

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2011	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long-Term Debt	General Fixed Assets	Total
Equities								
Investment In General Fixed Assets								\$0
Fund Balance Reserved			876,123	648,990				\$1,525,113
Fund Balance Unreserved-Designated								\$0
Fund Balance Unreserved-Undesignated		5,535,339	1,658,552	1,763,320				\$8,957,211
Total Equities		\$5,535,339	\$2,534,675	\$2,412,310	\$0		\$0	\$10,482,324
Total Liabilities, Other Credits, and Equities		\$5,535,339	\$3,861,989	\$2,532,596	\$0	\$10,115,000	\$0	\$22,044,924

Town Of Yucca Valley Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Summary, Combined Transfers In/Out

Fiscal Year	2011
Operating Transfers In	\$65,626
Tax Increment Transfers In	\$434,688
Operating Transfers Out	\$65,626
Tax Increment Transfers Out	\$434,688