

TOWN OF YUCCA VALLEY, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020



Town of Yucca Valley

Yucca Valley, California

Comprehensive Annual Financial Report For the fiscal year ended June 30, 2020



Administrative Services Department

Curtis Yakimow
Town Manager

Town of Yucca Valley

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INTRODUCTORY SECTION



October 27, 2020

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

The comprehensive annual financial report of the Town of Yucca Valley (the "Town") for the year ended June 30, 2020, is hereby submitted as required by both local ordinances and state statutes. These ordinances and statutes mandate that the Town of Yucca Valley annually issue a report on its financial position and activity and that an independent firm of certified public accountants audit this report. The management of the Town is responsible for the contents of the information contained in this report.

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

Blended component units, although legally separate entities, are in substance part of the primary government's operations and are included as part of the primary government. With the dissolution of redevelopment agencies statewide in California following the passage of AB x1 26, redevelopment funds were permanently transitioned to a private purpose trust fund structure for the year ended June 30, 2012 and beyond.

Governmental Structure, Local Economic Condition and Outlook

The Town, incorporated in 1991, is located in the southeastern part of the state, in the Morongo Basin just north of the Coachella Valley. The Town of Yucca Valley currently has a land area of 39 square miles and a population of 22,236. The Town is empowered to levy a voter-approved property tax on both real and personal property located within its boundaries. The Town also has the power by state statute to extend its corporate limits by annexation, when deemed appropriate by the governing council.

The Town has operated under the council-manager form of government since incorporation. Policymaking and legislative authority is vested in the Town Council, which consists of a mayor and a four-member council. The Town Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the Town's manager and attorney. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the Town, and for appointing the Town's management team. The council is elected on a non-partisan basis. During the 2017-18 fiscal year, the Town Council transitioned from an at-large election format to by-district elections.



The Town of
Yucca Valley

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

With the establishment of five separate voting districts, council candidates are required to reside within the voting district which they wish to represent. Additionally, the candidates are elected by voters residing within the same district. Council members are elected to four-year staggered terms with two council members elected every two years and three council members elected on alternate election years. The mayor is annually selected from among the council members. The November 2018 election cycle was the Town's first by-district elections.

Located in San Bernardino County, Yucca Valley is considered to be the economic hub of the Morongo Basin. With major financial institutions and a broad base of retail operations, the community serves both the commercial and retail needs of the Morongo Basin. Since the early to mid 2000's, the Town experienced a steady increase in its retail sales base, as additional retail providers have entered the Yucca Valley market to serve the increasing resident and visitor population. Despite the statewide and local economic slowdown from 2007 through 2011, the Town has experienced slow but steady growth. Retail interest in the area continues to accelerate in conjunction with the completion of several new retail developments. These additions continue to provide positive development momentum for the Town.

The Marine Corps Air Ground Combat Center, the largest Marine Corps base in the world (932 square miles), is located just 25 miles to the east of Yucca Valley, in the City of Twentynine Palms. The base is home to more than 20,000 service members and dependents and continues to thrive. In 2017 the base expanded its footprint to allow for large-scale multi-branch coordinated training events that were previously not possible. The Town considers the base as a strategic partner as many base personnel or their dependents live, work, shop and play in the Town of Yucca Valley.

Joshua Tree National Park, a stunning backdrop on Yucca Valley's southern border, attracted over three million visitors in 2019, and has led to a significant increase in short-term vacation rental properties in and around Yucca Valley and neighboring Joshua Tree. Yucca Valley is rich with history and invites the exploration of its many attractions and historical sites. Yucca Valley continues to receive high quality water both now and in future years by its participation in the California State Water Project as provided by the Hi-Desert Water District, subject to broader state water issues and the natural water cycle.

Significant Activities

Strategic Planning. The Town Council continues to actively engage in strategic planning activities in an effort to identify the overarching goals for both the Town and the community in a thoughtful and systematic process. Prioritization of goals occurs with respect to planning, financing, staffing and other needed resources. In fiscal year 2018-19, the Town Council revised its strategic plan, and aligned the fiscal year 2019-20 adopted budget to reflect the updated plan. Highlights of plan include:

- Continued implementation of two Town-wide sales tax revenue measures
- Evaluation of new park assets and continued improvements to existing parks in conjunction with the recently passed state bond measure Proposition 68
- Internal Information Technology assessment with corresponding actions

- Renovation project of a long vacant town owned property for use as the new Yucca Valley Branch Library in partnership with San Bernardino County Library
- Coordination with Hi Desert Water District in the launch of the Town-wide Sewer Collection Project and related road replacement impacts

Infrastructure Development. Infrastructure needs within the community remain great. Compounding the challenge is the fact that the Town has limited resources in meeting the many development needs. However, fiscal year 2017 represented a significant year in infrastructure funding for the Town with the full implementation of Measure Y, Measure Z, California Senate Bill 1 (SB1) and the Hi Desert Water District’s Town-wide Sewer Project. Through the combined funding of these resources, the Town has secured more dedicated infrastructure funding than at any other time since Town incorporation.

The Hi Desert Water District’s Town-wide Sewer Project continued construction throughout fiscal year 2019-20. This project is financed through a sewer assessment district passed by Yucca Valley property owners in May 2015, providing funding for Phase I of the \$146 million regional wastewater project. This project had a significant impact on Yucca Valley residents, businesses and visitors alike, with disruptions affecting local streets and roads, travel patterns and general commerce. The Town successfully coordinated related street improvement projects as part of the sewer project to ensure the most efficient use of funding available. As of the end of calendar year 2019 the first phase of the sewer project became fully functional. Private party connections continued in calendar year 2020, and the first phase of the project is scheduled for completion in 2021.

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

In recent years, the Town has experienced slow but consistent activity in both residential and commercial construction. Coupled with the start of the regional wastewater project, there is reason to believe that Town-wide development, both commercial and residential, will continue at moderately increasing levels.

Recent SFR Permit History

1999-2000	54	2009-2010	11
2000-2001	82	2010-2011	2
2001-2002	118	2011-2012	13
2002-2003	188	2012-2013	2
2003-2004	351	2013-2014	24
2004-2005	384	2014-2015	19
2005-2006	244	2015-2016	8
2006-2007	99	2016-2017	29
2007-2008	36	2018-2019	28
2008-2009	7	2019-2020	62

Annual permit valuation in FY 2019-20 totaled \$24,275,962.

Long-term financial planning. As part of the budget process, the Town forecasts revenue, expenditures and capital needs to address long-term financial concerns. The forecast is an integral part of the Town's strategic planning and budget process.

Through this activity, the Town identified the need for additional funding for both public safety and infrastructure. In FY 2015-16, the Town Council established a Revenue Ad Hoc Committee (Committee) to work with various citizen groups and stakeholders in assessing the appropriateness for voter consideration of a local sales tax revenue measure or measures. This action was in response to two sales tax initiatives that were introduced to the community in 2015, but not circulated. The Council collectively determined that there was sufficient community interest in meeting certain Town-wide needs through two revenue measures. The measures proposed on the November 2016 ballot included both a half-percent general fund sales tax revenue measure that would be allocated primarily for Town public safety, infrastructure needs, and other Town quality of life programs, and a second half-percent sales tax revenue measure to assist property owners with paying the assessment for the cost of the sewer. Both measures are each anticipated to generate approximately \$1.5 million annually for a 10 year period. Both measures were overwhelmingly supported by local voters as Measure Y – Essential Town Services passed with 72% of the vote, and Measure Z – Sewer Assistance passed with 81%. Accordingly, the measures went into effect on April 1, 2017. Fiscal year 2019-20 represented the third year of implementation of both Measure Y and Measure Z, with both measures generating revenue in excess of \$2,000,000, well in excess of initial projections.

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

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

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

The loss of the Yucca Valley Redevelopment Agency (RDA) continues to have a lasting and profound impact on the Town of Yucca Valley. The RDA was the single most impactful tool available to the Town to assist in promoting, encouraging and participating in economic development. The loss of the agency will result into the direct siphoning of \$30-\$35 million from the Town over the next ten years and beyond. As of June 2018, the dissolution process is complete, with the exception of annually required debt service payments and administration, and the annual preparation and approval of the Recognized Obligation Payment Schedule. Further, as of June 30, 2018, the local Oversight Board was dissolved as a function of law, and the Countywide Oversight Board assumed fiduciary and administrative responsibility for all future Successor Agency actions.

Financial Information

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

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

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

Independent Audit

State statutes and Town ordinance require an annual audit by independent certified public accountants. The firm of Rogers, Anderson, Malody & Scott, LLP, was re-appointed as the Town's auditors in 2015. Generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States were used by the auditors in conducting the engagement. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Other References

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

Acknowledgments. Preparation of this report was accomplished by the combined efforts of the Finance Department and other members of Town staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the Town. We would like to thank the members of the Town Council for their continued support in the planning and implementation of the Town of Yucca Valley's fiscal policies.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "C. Yakimow". The signature is written in a cursive, flowing style.

Curtis Yakimow
Town Manager

Town of Yucca Valley

Elected and Appointed Officials
(as of June 30, 2020)

Elected Officials

Mayor

Jeff Drozd

Mayor Pro Tem

Merl Abel

Council Member

Jim Schooler

Council Member

Rick Denison

Council Member

Robert Lombardo

Appointed Officials

Town Manager

Curtis Yakimow

Deputy Town Manager

Shane R. Stueckle

Town Clerk

Lesley Copeland

Town Attorney

Thomas D. Jex

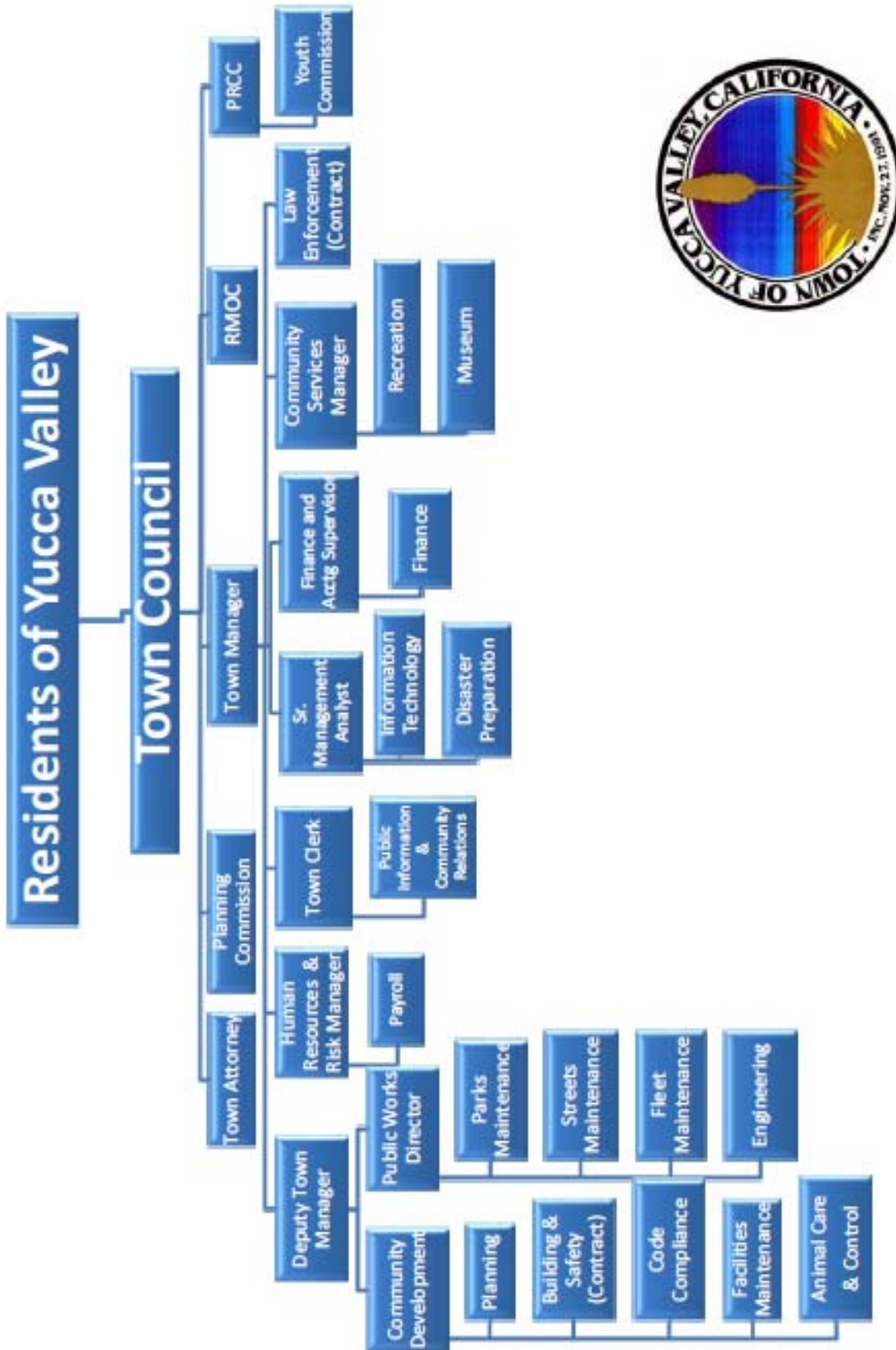
Human Resources and Risk Manager

Debra Breidenbach-Sterling

Community Services Manager

Sue Earnest

Organizational Chart





Government Finance Officers Association

Certificate of
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Reporting

Presented to

**Town of Yucca Valley
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO





FINANCIAL SECTION





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

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

INDEPENDENT AUDITOR'S REPORT

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

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST

MANAGERS / STAFF

Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA
Laura Arvizu, CPA
Louis Fernandez, CPA
Abigail Hernandez Conde, CPA, MSA
Zoe Xinlu Zhang, CPA, MSA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Yucca Valley (Town), California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants



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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules of proportionate share of net pension liability and related ratios as of the measurement date, the schedule of plan contributions, the schedule of changes in the net OPEB liability and related ratios, and the schedule of OPEB contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2020 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 27, 2020





MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis provides an overview of the financial activities of the Town of Yucca Valley for the fiscal year ended June 30, 2020. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This comprehensive annual report consists of three parts – The introductory section, the financial section (includes *management's discussion and analysis* (this section), the *basic financial statements and related notes, required supplementary information*, and an optional section that presents *combining statements* for non-major governmental funds), and the statistical section. The basic financial statements include two kinds of statements that present different views of the Town:

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

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

Reporting the Town as a Whole

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

These two statements report the Town's net position and changes in them. One can think of the Town's net position – the difference between assets, deferred outflows and deferred inflows of resources, and liabilities – as one way to measure the Town's financial health, or *financial position*. Over time, *increases and decreases* in the Town's net position are one indicator of whether its *financial health* is improving or deteriorating. One should consider other nonfinancial factors, however, such as changes in the Town's tax base or demographics, and changes in the condition of various Town infrastructure assets, to assess the *overall health* of the Town. Based on the current year's activity, the overall health of the Town changed due to the net of contributions from developers, the change in pension and OPEB liabilities, and the continuing capitalization and depreciation on capital assets.

Town of Yucca Valley

Management's Discussion and Analysis For the year ended June 30, 2020

Reporting the Town's Major Funds

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

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

Reporting the Town's Fiduciary Responsibilities

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

A summary of the Government-wide Statement of Net Position follows:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$ 30,525,149	\$ 30,612,729	\$ (87,580)
Capital assets	59,728,592	48,432,601	11,295,991
Total assets	<u>90,253,741</u>	<u>79,045,330</u>	<u>11,208,411</u>
Deferred outflows of resources	<u>1,415,984</u>	<u>1,889,835</u>	<u>(473,851)</u>
Long-term debt	5,092,559	5,298,088	(205,529)
Other liabilities	1,494,692	759,363	735,329
Total liabilities	<u>6,587,251</u>	<u>6,057,451</u>	<u>529,800</u>
Deferred inflows of resources	<u>721,638</u>	<u>579,422</u>	<u>142,216</u>
Net position:			
Net investment in capital assets	59,728,592	48,432,601	11,295,991
Restricted	14,369,385	14,158,974	210,411
Unrestricted	10,262,859	11,706,717	(1,443,858)
Total net position	<u>\$ 84,360,836</u>	<u>\$ 74,298,292</u>	<u>\$ 10,062,544</u>

Town of Yucca Valley

**Management's Discussion and Analysis
For the year ended June 30, 2020**

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

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues			
Program revenues:			
Charges for services	\$ 1,411,310	\$ 1,221,686	\$ 189,624
Operating grants and contributions	2,137,391	2,895,376	(757,985)
Capital grants and contributions	13,496,971	16,314,825	(2,817,854)
Total program revenues	<u>17,045,672</u>	<u>20,431,887</u>	<u>(3,386,215)</u>
General revenues:			
Property taxes	5,491,570	5,161,487	330,083
Sales taxes	5,759,796	5,929,763	(169,967)
Transient occupancy taxes	864,733	784,202	80,531
Franchise taxes	891,399	983,535	(92,136)
Investment income	419,312	345,044	74,268
State motor vehicle in-lieu	17,451	10,481	6,970
Other	410,570	153,775	256,795
Total general revenues	<u>13,854,831</u>	<u>13,368,287</u>	<u>486,544</u>
Total revenues	<u>30,900,503</u>	<u>33,800,174</u>	<u>(2,899,671)</u>
Program expenses			
General government	5,422,639	2,557,387	2,865,252
Public safety	6,514,290	6,172,612	341,678
Parks and recreation	1,604,249	1,972,830	(368,581)
Public works	5,095,900	5,655,114	(559,214)
Community development	2,200,881	1,775,568	425,313
Total expenses	<u>20,837,959</u>	<u>18,133,511</u>	<u>2,704,448</u>
Change in net position	10,062,544	15,666,663	(5,604,119)
Net position, beginning of year	74,298,292	58,631,629	15,666,663
Net position, end of year	<u>\$ 84,360,836</u>	<u>\$ 74,298,292</u>	<u>\$ 10,062,544</u>

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

- The net position of the Town increased, from \$74.3 million to \$84.3 million, primarily as a result of an increase in capital contributions and grants, which includes \$8,828,346 of contributed assets resulting from street and road reconstruction associated with the Hi Desert Water District sewer project. The total change in net position increased by \$10,062,544.
- Property tax revenue increased from the prior year as a result of an increase in the assessed valuation in real property. It appears the aggregate property valuations have stabilized, and it is likely that revenues will continue at the same level of modest growth in the near future.
- Sales taxes experienced a decrease of \$(169,967) for fiscal year 2020, reflecting decreased fuel prices and fuel transactions, the impacts of the COVID-19 public health event, and statewide shelter-in-place orders beginning in March 2020.
- Transient Occupancy Taxes increased by 10% from prior year, due to the increased tourism to the area via Short Term Vacation Rentals.

MAJOR FUNDS

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

The **General Fund** is the primary operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,728,668, comprising the majority of the total fund balance of \$10,692,074. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 70 percent of total General Fund expenditures, while total fund balance represents 101 percent of that same amount. General Fund revenues exceeded expenditures by \$1,878,037. This excess was related to increased buildings inspections fees, and increased property values which resulted in increased property taxes, and increased transient occupancy taxes from short-term vacation rentals.

The **Town Housing Special Revenue Fund** is a special revenue fund established for transactions related to the Town's housing activities. The fund was established as the Housing Successor of the former Yucca Valley Redevelopment Agency's Low and Moderate Housing fund which was eliminated as of February 1, 2012. The revenue source is currently repayment of funds loaned to the Successor Agency. At the end of the current fiscal year, the unassigned fund balance (deficit) totaled (\$115,378). The deficit fund balance is due to advances due from the Successor Agency from prior year RDA dissolution activities. Town Housing Fund reported revenues exceeding expenditures by \$1,053.

The **Measure Z – Sewer Assistance Fund** is a special revenue fund established from the voter approved one-half percent of sales tax on retail sales within the Town limits to assist citizens with the sewer assessments costs. At the end of the current fiscal year, the restricted fund balance totaled \$572,203. The Measure Z Fund expenditures exceeded revenues by (\$495,356). This deficit was related to timing of the FY2018-19 disbursements to the Hi Desert Water District for the sewer assessment project, which are distributed on a quarterly basis.

The **Measure Y – Town Essential Services Fund** is a special revenue fund established to track the revenues and expenditures apportioned from the voter approved one-half percent of sales tax on retail sales within the Town limits to fund projects recommended by the Revenue Measure Oversight Commission. Measure Y revenues are deposited in to the General Fund and then recognized in the Measure Y Special Revenue Fund for greater transparency of the assignment and usage of the sales tax revenues. The Measure Y Fund revenues exceeded expenditures by \$332,366. At the end of the current fiscal year, the restricted fund balance totaled \$2,733,753.

The **Active Transportation Program Fund** is a special revenue fund established to account for the receipts and expenditures under the ATP grant. The purpose of the ATP is to encourage increased use of active modes of transportation. At the end of the current fiscal year, the restricted fund balance totaled \$123,115.

The **Capital Projects Reserve Fund** is a special revenue fund established to maintain a capital projects reserve for the purpose of providing funding for the planning, construction, repair and rehabilitation of the Town's capital assets. At the end of the current fiscal year, the assigned fund balance totaled \$4,101,577. Transfers into the fund are appropriated from the unassigned fund balance of the General Fund as directed by Council from prior year excess fund balances.

Town of Yucca Valley

Management's Discussion and Analysis For the year ended June 30, 2020

GENERAL FUND BUDGET

Aggregate differences between the original budget and the final budget of the General Fund revenues were somewhat significant in fiscal year 2020. Total actual revenues exceeded the final budget by \$729,153. Tax revenues exceeded the final budget by \$766,912.

Aggregate differences between the original budget and the final amended budget of the General Fund expenditures were less than the final budget, due to cost savings across departments. Significant variances include Management services budgeted expenditures of \$312,000 due to cost saving measures implemented in fiscal year 2020. Total expenditures varied from final budget by 10% with ending expenditures at \$1,262,826 less than the final amended budget, due in large part to the Town's response to the Covid-19 emergency.

These deviations did not significantly affect the General Fund's liquidity or ability to provide future government services as fund balances in the General Fund remain within the levels in the reserve policy.

CAPITAL ASSETS

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

	<u>2020</u>	<u>2019</u>
Land	\$ 5,894,751	\$ 5,948,871
Land improvements	2,801,647	3,146,462
Structures and improvements	11,737,906	8,478,309
Licensed vehicles	177,257	195,743
Machinery and equipment	976,143	903,509
Infrastructure	36,499,572	28,189,595
Construction in progress	<u>1,641,316</u>	<u>1,570,112</u>
Total	<u>\$ 59,728,592</u>	<u>\$ 48,432,601</u>

The major changes to capital assets during the year ended June 30, 2020 were as follows:

- Infrastructure increased with contributed capital by the Hi-Desert Water District for roads constructed.
- Structures and improvements increased with the completion of the PFF Library Renovation Project completion.
- Machinery and equipment increased with the purchase of furniture and equipment for the newly renovated Library.
- Construction in progress slightly increased with several new projects that began in the current fiscal year.
- Land decreased with land sold in February 2020.

There were no unexpended construction commitments as of year-end. Additional information on the Town's capital assets can be found in Note 7 to the financial statements.

Town of Yucca Valley

Management's Discussion and Analysis For the year ended June 30, 2020

LONG-TERM LIABILITIES AND LONG TERM DEBT

At the end of the current fiscal year, the Town had long term liabilities (excluding compensated absences) outstanding of \$4,894,634. As of June 30, 2020, the long-term liabilities of the Town are its obligations related to employee pensions and Other Post-Employment Benefits (OPEB).

The Town's pension plan has three levels of benefits for employees represented as Tier One, Tier Two, and Tier Three Plans. The three Tiers are funded at 73%, 91% and 90% respectively. The net pension liability is measured as total pension liability less the pension plan's fiduciary net position. The total pension liability is based on actuarial assumptions to which a long-term discount rate is applied. The long-term discount rate and the investment return on the plan influence the net pension liability from year to year and may create fluctuations that may or may not be immaterial.

The Town authorized and established a multi-employer irrevocable trust to administer the OPEB and Pension Plan benefits in 2018. As of June 30, 2020 the OPEB balance in the trust is \$652,868. Pension Plan balances in the Trust is \$1,031,036 as of June 30, 2020. These funds will fund future obligations.

Outstanding Debt

	<u>2020</u>	<u>2019</u>
Compensated absences	\$ 197,925	\$ 179,818
Total	<u>\$ 197,925</u>	<u>\$ 179,818</u>

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

Contacting Town Management

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

BASIC FINANCIAL STATEMENTS

Town of Yucca Valley

**Statement of Net Position
June 30, 2020**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 22,967,105
Restricted cash and investments	1,031,036
Accounts receivable	341,487
Due from other governments	3,052,207
Interest receivable	155,421
Notes receivable	2,925,000
Prepaid expenses	52,893
Capital assets, not being depreciated	7,536,067
Capital assets, depreciated, net	<u>52,192,525</u>
 Total assets	 <u>90,253,741</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	1,276,137
OPEB related	<u>139,847</u>
 Total deferred outflow of resources	 <u>1,415,984</u>
LIABILITIES	
Accounts payable and accrued liabilities	1,479,677
Unearned revenues	15,015
Noncurrent liabilities:	
Due within one year	
Compensated absences	49,481
Due beyond one year	
Net OPEB Liability	193,501
Net pension liability	4,701,133
Compensated absences	<u>148,444</u>
 Total liabilities	 <u>6,587,251</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	410,349
OPEB related	<u>311,289</u>
 Total deferred inflows of resources	 <u>721,638</u>
NET POSITION	
Net investment in capital assets	59,728,592
Restricted for:	
Public safety	629,834
Public works	10,640,834
Community development	3,098,717
Unrestricted	<u>10,262,859</u>
 Total net position	 <u>\$ 84,360,836</u>

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

Town of Yucca Valley

**Statement of Activities
For the year ended June 30, 2020**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Governmental Activities</u>
Governmental activities:					
General government	\$ 5,422,639	\$ 76,892	\$ -	\$ -	\$ (5,345,747)
Public safety	6,514,290	489,121	253,649	-	(5,771,520)
Parks and recreation	1,604,249	98,673	12,213	-	(1,493,363)
Public works	5,095,900	57,985	1,096,345	13,496,971	9,555,401
Community development	<u>2,200,881</u>	<u>688,639</u>	<u>775,184</u>	<u>-</u>	<u>(737,058)</u>
Total governmental activities	<u>\$ 20,837,959</u>	<u>\$ 1,411,310</u>	<u>\$ 2,137,391</u>	<u>\$ 13,496,971</u>	<u>(3,792,287)</u>
General revenues:					
Taxes					
Property tax, levied for general purpose					5,491,570
Sales tax					5,759,796
Transient occupancy tax					864,733
Franchise taxes					891,399
Motor vehicle in lieu tax					17,451
Investment earnings					419,312
Other					<u>410,570</u>
Total general revenues					<u>13,854,831</u>
Change in net position					10,062,544
Net position, beginning of year					<u>74,298,292</u>
Net position, end of year					<u>\$ 84,360,836</u>

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

Town of Yucca Valley

**Balance Sheet - Governmental Funds
June 30, 2020**

	General	Special Revenue	
		Town Housing	Measure Z - Sewer Assessment Assistance
ASSETS			
Cash and investments	\$ 7,805,533	\$ 627,735	\$ 643,240
Restricted cash and investments	1,031,036	-	-
Receivables:			
Accounts, net	308,864	-	-
Due from other governments	823,858	6,639	377,086
Interest	54,271	-	-
Prepaid items	52,893	-	-
Due from other funds	1,013,200	-	-
Advance to other funds	180,463	-	-
Total assets	\$ 11,270,118	\$ 634,374	\$ 1,020,326
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 325,434	\$ 321	\$ 448,123
Accrued salaries	237,595	-	-
Retentions payable	-	-	-
Unearned revenue	15,015	-	-
Due to other funds	-	-	-
Advance from other funds	-	749,431	-
Total liabilities	578,044	749,752	448,123
Fund balances:			
Nonspendable:			
Advance to other funds	180,463	-	-
Prepaid items	52,893	-	-
Restricted:			
Public safety	-	-	-
Community development	-	-	-
Public works	-	-	572,203
Assigned	2,730,050	-	-
Unassigned	7,728,668	(115,378)	-
Total fund balances (deficit)	10,692,074	(115,378)	572,203
Total liabilities and fund balances	\$ 11,270,118	\$ 634,374	\$ 1,020,326

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

<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Total Nonmajor</u>	<u>Total</u>
<u>Measure Y - Town</u>	<u>Active Transportation</u>	<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Essential Services</u>	<u>Program</u>	<u>Projects Reserve</u>	<u>Funds</u>	<u>Funds</u>
\$ 2,374,757	\$ -	\$ 4,260,541	\$ 7,255,299	\$ 22,967,105
-	-	-	-	1,031,036
-	7,458	10,578	14,587	341,487
377,086	941,000	-	526,538	3,052,207
-	-	-	-	54,271
-	-	-	-	52,893
-	-	-	-	1,013,200
-	-	-	568,968	749,431
<u>\$ 2,751,843</u>	<u>\$ 948,458</u>	<u>\$ 4,271,119</u>	<u>\$ 8,365,392</u>	<u>\$ 29,261,630</u>
\$ 17,272	\$ 8,490	\$ 169,542	\$ 202,078	\$ 1,171,260
818	-	-	5,336	243,749
-	51,206	-	13,462	64,668
-	-	-	-	15,015
-	765,647	-	247,553	1,013,200
-	-	-	-	749,431
<u>18,090</u>	<u>825,343</u>	<u>169,542</u>	<u>468,429</u>	<u>3,257,323</u>
-	-	-	-	180,463
-	-	-	-	52,893
-	-	-	554,688	554,688
-	-	-	26,604	26,604
2,733,753	123,115	-	7,275,418	10,704,489
-	-	4,101,577	57,454	6,889,081
-	-	-	(17,201)	7,596,089
<u>2,733,753</u>	<u>123,115</u>	<u>4,101,577</u>	<u>7,896,963</u>	<u>26,004,307</u>
<u>\$ 2,751,843</u>	<u>\$ 948,458</u>	<u>\$ 4,271,119</u>	<u>\$ 8,365,392</u>	<u>\$ 29,261,630</u>



Town of Yucca Valley

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2020**

Fund balances of governmental funds \$ 26,004,307

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

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

Notes receivable	2,925,000
Interest receivable	101,150

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

Capital assets	97,999,931
Accumulated depreciation	(38,271,339)

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

Net OPEB liability	(193,501)
Compensated absences	(197,925)
Net pension liability	(4,701,133)

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

Net deferred inflows of resources	(721,638)
Net deferred outflows of resources	1,415,984

Net position of governmental activities \$ 84,360,836

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

Town of Yucca Valley

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2020**

	General	Special Revenue	
		Town Housing	Measure Z - Sewer Assesemnt Assistance
REVENUES			
Taxes	\$ 10,864,912	\$ -	\$ 2,142,587
Licenses and permits	44,347	-	-
Intergovernmental	450,840	-	-
Charges for services	918,048	-	-
Fines, fees and forfeitures	95,679	-	-
Investment earnings	320,837	7,926	6,439
Other	300,144	-	-
Total revenues	<u>12,994,807</u>	<u>7,926</u>	<u>2,149,026</u>
EXPENDITURES			
Current:			
General government	2,029,674	-	2,644,382
Public safety	5,302,695	-	-
Parks and recreation	1,072,650	-	-
Public works	1,111,159	4,598	-
Community development	1,600,592	2,275	-
Total expenditures	<u>11,116,770</u>	<u>6,873</u>	<u>2,644,382</u>
Excess of revenues over (under) expenditures	<u>1,878,037</u>	<u>1,053</u>	<u>(495,356)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	54,000	-	-
Transfers out	(896,170)	-	-
Total other financing sources (uses)	<u>(842,170)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,035,867	1,053	(495,356)
Fund balances (deficit), beginning of year	<u>9,656,207</u>	<u>(116,431)</u>	<u>1,067,559</u>
Fund balances (deficit), end of year	<u>\$ 10,692,074</u>	<u>\$ (115,378)</u>	<u>\$ 572,203</u>

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

<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Total Nonmajor</u>	<u>Total</u>
<u>Measure Y - Town</u>	<u>Active Transportation</u>	<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Essential Services</u>	<u>Program</u>	<u>Projects Reserve</u>	<u>Funds</u>	<u>Funds</u>
\$ 2,142,586	\$ -	\$ -	\$ 23,882	\$ 15,173,967
-	-	-	-	44,347
-	953,370	1,135,578	2,358,726	4,898,514
-	-	-	35,667	953,715
-	-	-	120,085	215,764
37,363	787	-	97,729	471,081
-	-	-	-	300,144
<u>2,179,949</u>	<u>954,157</u>	<u>1,135,578</u>	<u>2,636,089</u>	<u>22,057,532</u>
59,687	-	280,909	-	5,014,652
1,001,729	-	-	60,031	6,364,455
53,856	-	3,495,308	238,890	4,860,704
375,811	1,063,863	488,548	1,431,068	4,475,047
356,500	-	190,353	30,488	2,180,208
<u>1,847,583</u>	<u>1,063,863</u>	<u>4,455,118</u>	<u>1,760,477</u>	<u>22,895,066</u>
<u>332,366</u>	<u>(109,706)</u>	<u>(3,319,540)</u>	<u>875,612</u>	<u>(837,534)</u>
-	195,000	896,170	307,875	1,453,045
-	(53,671)	(6,204)	(497,000)	(1,453,045)
-	141,329	889,966	(189,125)	-
332,366	31,623	(2,429,574)	686,487	(837,534)
<u>2,401,387</u>	<u>91,492</u>	<u>6,531,151</u>	<u>7,210,476</u>	<u>26,841,841</u>
<u>\$ 2,733,753</u>	<u>\$ 123,115</u>	<u>\$ 4,101,577</u>	<u>\$ 7,896,963</u>	<u>\$ 26,004,307</u>

Town of Yucca Valley

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2020**

Net change in fund balances - total governmental funds \$ (837,534)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Cost of assets capitalized, at net book value	5,282,018
Cost of assets disposed, at net book value	(168,936)
Contributed assets	8,828,346
Depreciation expense	(2,645,437)

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

Net change in compensated absences	(18,107)
------------------------------------	----------

Governmental funds report all contributions for pensions and OPEB as expenditures, however, in the Statement of Activities, pension and OPEB expenses are actuarially determined:

Pension related net adjustments	(501,574)
OPEB related net adjustments	109,143

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

Interest on long-term note receivable	<u>14,625</u>
---------------------------------------	---------------

Change in net position of governmental activities \$ 10,062,544

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

Town of Yucca Valley

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private Purpose Trust Fund	Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 551,994	\$ 376,814
Cash and investments with fiscal agent	7,376	-
	<u> </u>	<u> </u>
Total assets	<u>559,370</u>	<u>\$ 376,814</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunded debt	<u>252,753</u>	
LIABILITIES		
Liabilities:		
Accounts payable	-	\$ 1,290
Deposits	-	375,524
Accrued liabilities	25,462	-
Advance from other governments	6,639	-
Long-term liabilities:		
Due within one year	301,000	-
Due in more than one year	7,278,000	-
	<u> </u>	<u> </u>
Total liabilities	<u>7,611,101</u>	<u>\$ 376,814</u>
NET POSITION (DEFICIT)		
Held in trust for successor agency	<u>\$ (6,798,978)</u>	

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

Town of Yucca Valley

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2020**

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
RPTTF distributions	\$ 834,679
Investments earnings	<u>553</u>
Total additions	<u>835,232</u>
DEDUCTIONS	
Administrative payments	250,000
Interest expense	<u>309,898</u>
Total deductions	<u>559,898</u>
Change in net position	275,334
Net position (deficit), beginning of year	<u>(7,074,312)</u>
Net position (deficit), end of year	<u><u>\$ (6,798,978)</u></u>

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

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2020

Note 1: Summary of significant accounting policies

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

(a) *Reporting entity*

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

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

- The Yucca Valley Redevelopment Agency (Agency) was activated in September 1992, by the Town as a separate governing body. The Town Council declared by Ordinance that the Town Council will serve as the Board of Directors of the Agency. The primary purpose of the Agency was to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational, and public facilities. The Town's Council-members designate management and have a full accountability of the Agency's fiscal matters. As of February 1, 2012, the Redevelopment Agency ceased all operations in accordance with ABx1 26. All assets and activity of the former redevelopment agency (except for low and moderate income housing assets), as of February 1, 2012, were transferred to the Successor Agency to the Yucca Valley Redevelopment Agency (Successor Agency) (a private purpose trust fund). Since the Successor Agency is a private purpose trust fund, it can no longer be considered a component unit of the Town. Furthermore, the Town of Yucca Valley elected to be the Housing Successor and chose to retain the housing assets and functions previously held and performed by the former redevelopment agency.

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2020

Note 1: Summary of significant accounting policies (continued)

(a) *Reporting entity (continued)*

- The Yucca Valley Financing Authority (Financing Authority) was activated in November 1995, by a Joint Exercise of Powers Agreement between the Town and the Financing Authority. The Financing Authority was created for the purpose of assisting the financing or refinancing of certain public capital facilities within the Town. The Financing Authority's activities are blended with those of the Town in these financial statements.

(b) *Measurement focus and basis of accounting*

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

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

Government-wide financial statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as the discretely presented component units. The Town has no business-type activities or discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated), however, inter-fund services provided and used are not eliminated in the process of consolidation.

Government-wide financial statements are presented using the *economic resources measurement focus* and *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the *accrual basis of accounting*, revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from the non-exchange transactions are recognized in accordance with the requirements of generally accepted accounting principles (GAAP).

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 1: Summary of significant accounting policies (continued)

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

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

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

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

Fund financial statements

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

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

Governmental funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Town used an availability period of 60 days, however, grants reimbursements revenues are considered available if received within 6 months of the end of the current fiscal year.

Notes to the Basic Financial Statements
For the year ended June 30, 2020

Note 1: Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 1: Summary of significant accounting policies (continued)

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

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

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

Fiduciary funds

In the fund financial statements, fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. This means that all assets and deferred outflows of resources, and all liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their balance sheets.

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

(c) *Fund classifications*

The funds designated as major funds in the fund financial statements are determined by a mathematical calculation consistent with generally accepted accounting principles.

The Town reports the following major governmental funds:

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

Town Housing Fund – This fund accounts for activities related to the Town’s housing activities. The fund was established as the Housing Successor of the former redevelopment agency’s Low and Moderate Income Housing Fund. Sources of revenue are investment income and interest from loans.

Measure Z Sewer Assessment Assistance – This fund accounts for revenues and expenditures apportioned from the voter approved one-half percent of sales tax on retail sales within the Town limits to assist citizens with the sewer assessments costs. This fund is overseen by the Revenue Measure Oversight Commission and/or Town Council.

Measure Y Town Essential Services – This fund accounts for revenues and expenditures apportioned from the voter approved one-half percent of sales tax on retail sales within the Town limits to fund projects recommended by the Revenue Measure Oversight Commission and/or Town Council.

Active Transportation Program – Established to account for the receipts and expenditures under the ATP grant. The purpose of ATP is to encourage increased use of active modes of transportation.

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2020

Note 1: Summary of significant accounting policies (continued)

(c) *Fund classifications (continued)*

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

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

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

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

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

Private Purpose Trust Fund – This fund accounts for the activities of the Successor Agency to the former Town of Yucca Valley Redevelopment Agency. The fund primary purpose is to expedite the dissolution of the former redevelopment agency.

(d) *Appropriations limit*

Under Article XIII B of the California Constitution (the GANN Spending Limitation Initiative), the Town is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund agreements. For the fiscal year ended June 30, 2020, proceeds of taxes did not exceed allowed appropriations.

(e) *Cash and investments*

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

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

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2020

Note 1: Summary of significant accounting policies (continued)

(e) Cash and investments (continued)

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

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

(f) Capital assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Developers contributed capital assets are valued at their estimated fair market value at the date of the contribution. Donated capital assets are recorded at their estimated acquisition value at the date of acquisition. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more. Capital assets include additions to public domain (infrastructure) consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

The following schedule summarizes capital asset useful lives:

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

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

(g) Compensated absences

In accordance with generally accepted accounting principles, a liability is recorded in the government-wide financial statements for compensated absences (unpaid vacation, sick leave and compensatory time) since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under generally accepted accounting principles, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. The Town does not pay unused sick leave to employees upon separation of service. Amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the Town and the employee.

(h) Advances to other funds

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

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2020

Note 1: Summary of significant accounting policies (continued)

(i) *Property taxes*

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

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

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

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

(j) *Use of estimates*

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

(k) *Fund balance reporting and governmental fund type definitions*

In accordance with generally accepted accounting principles, the following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

The Town Council, establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. The Town of Yucca Valley Fund Balance Policy authorizes the Town Manager to assign Fund Balances for specific purposes. When both restricted and unrestricted resources are available for use when expenditures are incurred, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. It is also the Town's policy to consider committed amounts as being reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2020

Note 1: Summary of significant accounting policies (continued)

(l) *Inventories*

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

(m) *Prepaid items*

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

(n) *Claims and judgments*

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

(o) *Pension plan*

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

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

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

(p) *Other post-employment benefits (OPEB)*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 2: Cash and investments

Cash and investments are reported as follows:

Statement of net position:		
Cash and investments		\$ 22,967,105
Restricted cash and investments*		1,031,036
Statement of fiduciary net position:		
Cash and investments		928,808
Cash and investments with fiscal agent		7,376
		<hr/>
Total cash and investments		<u>\$ 24,934,325</u>
Cash and investments held by the Town consist of the following:		
Cash on hand		\$ 3,390
Deposits with financial institutions		4,763,668
Investments		20,167,267
		<hr/>
Total cash and investments		<u>\$ 24,934,325</u>

*Restricted cash and investments are related to the Pension Trust Fund being held with PARS to supplement the Town's Pension Plan created in 2018.

Investments authorized by debt agreements

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

<u>Authorized investment type</u>	<u>Maximum maturity</u>	<u>Maximum percentage allowed</u>	<u>Maximum investment in one issuer</u>
U.S. Treasury obligations	None	None	None
U.S. Agency securities	None	None	None
Bankers acceptances	180 days	None	None
Commercial paper	270 days	None	None
Money market mutual funds	N/A	None	None
Repurchase agreements	270 days	None	None
Investment contracts	30 years	None	None

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 2: Cash and investments (continued)

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

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

Investment types authorized by investment policy	Maximum maturity*	Maximum percentage of portfolio*	Maximum investment in one issuer*
U.S. Treasury obligations	5 years	None	None
U.S. Agency securities	5 years	None	None
Commercial paper	180 days	15%	10%
Negotiable certificates of deposits	5 years	30%	None
Money market mutual funds	N/A	20%	None
Local Agency Investment Fund	N/A	None	\$75,000,000

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

Disclosure relating to interest rate risk

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

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

Investment type	Totals	Remaining maturity (in months)			
		12 or less	13 to 24	25 to 60	More than 60
State investment pool	\$ 14,946,774	\$ 14,946,774	\$ -	\$ -	\$ -
Money market	4,182,081	4,182,081	-	-	-
PARS Pension Trust	1,031,036	1,031,036	-	-	-
Held by bond trustee:					
Money market	7,376	7,376	-	-	-
Total investments	\$ 20,167,267	\$ 20,167,267	\$ -	\$ -	\$ -

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 2: Cash and investments (continued)

Disclosures relating to credit risk

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

Investment type	Amount	Minimum legal rating	Ratings at fiscal year end	
			Aaa	Not rated
State investment pool	\$ 14,946,774	N/A	\$ -	\$ 14,946,774
Money market	4,182,081		-	4,182,081
PARS Pension Trust	1,031,036	N/A	-	1,031,036
Held by bond trustee:				
Money market	<u>7,376</u>		<u>-</u>	<u>7,376</u>
Totals	<u>\$ 20,167,267</u>		<u>\$ -</u>	<u>\$ 20,167,267</u>

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits.

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

As of June 30, 2020, \$8,311,321 of the Town's deposits with financial institutions in excess of Federal Depository Insurance Corporation (FDIC) limits were held in collateralized accounts as required by the California Government Code as stated above.

As of June 30, 2020, \$301,994 of the Successor Agency's deposits with financial institutions in excess of Federal Depository Insurance Corporation (FDIC) limits were held in collateralized accounts as required by the California Government Code as stated above.

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

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 2: Cash and investments (continued)

Investment in State investment pool

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

Concentration of credit risk

The investment policy of the Town contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of *total Town investments* for the year ended June 30, 2020.

Fair value measurements

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

As of June 30, 2020, none of the \$20,167,267 in investments held by the Town were subject to classification under the fair value hierarchy.

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Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 3: Advances/Due from/to other funds

Interfund advances balances at June 30, 2020 were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Town Housing - Major Special Revenue Fund	\$ 180,463
Non Major Governmental Funds	Town Housing - Major Special Revenue Fund	<u>568,968</u>
	Total interfund	<u>\$ 749,431</u>

These represent prior years borrowings from the Town Housing Fund to fund the Senior Housing Project described in Note 4.

Due to/from other funds balances at June 30, 2020 were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Active Transportation Program	\$ 765,647
	Non Major Governmental Funds	<u>247,553</u>
	Total	<u>\$ 1,013,200</u>

These represent borrowings from other governmental funds to cover temporary cash deficit.

Note 4: Notes receivable

On or about March 20, 2012, the Town of Yucca Valley entered into certain Affordable Housing, Financing and Disposition and Development Agreement (Loan) that concerns the development of a 75-unit affordable rental housing complex for senior citizens (Project) with Yucca Valley Senior Housing Partners, LP (Developer) in the amount not to exceed Two Million Nine Hundred Twenty-Five Thousand Even Dollars (\$2,925,000) repayable to the Town with residual receipts after completion of the project. The Loan amount includes the purchase price of the site being conveyed by the Town to the Developer plus such amounts of the Town Loan advanced to the Developer. Interest shall accrue on the outstanding principal amount at the simple rate of one-half of one percent (0.5 %) per annum until repaid in full. Interest accrued on the Note as of June 30, 2020 is \$101,150. This amount is included in the interest receivable balance at June 30, 2020. The principal outstanding balance of the Note receivable at June 30, 2020 is \$2,925,000.

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 5: Transfers in and out

Transfers in and out for the year ended June 30, 2020 were as follows:

<u>Transfers in</u>	<u>Transfers out</u>		<u>Amount</u>
General Fund	Nonmajor Governmental Funds	(a)	<u>\$ 54,000</u>
Active Transportation Program	Nonmajor Governmental Funds	(b)	<u>195,000</u>
Capital Projects Reserve Fund	General Fund	(b)	<u>896,170</u>
Non Major Governmental Funds	Active Transportation Program	(b)	53,671
	Capital Projects Reserve Fund	(b)	6,204
	Nonmajor Governmental Funds	(b)	<u>248,000</u>
			<u>307,875</u>
Total transfers			<u><u>\$ 1,453,045</u></u>

(a) Transfer was completed for appropriated funding for Animal Shelter.

(b) Transfer was completed for capital project funding.

Note 6: Due from other governments

The amounts due from other governments at June 30, 2020 consist of the following:

	<u>Amount</u>
County of San Bernardino	\$ 166,689
State of California	2,878,879
Other	<u>6,639</u>
Total due from other governments	<u><u>\$ 3,052,207</u></u>

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 7: Capital assets

Capital asset activity for the year ended June 30, 2020 is as follows:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,948,871	\$ -	\$ (54,120)	\$ 5,894,751
Construction in progress	1,570,112	5,030,463	(4,959,259)	1,641,316
Total capital assets not being depreciated	<u>7,518,983</u>	<u>5,030,463</u>	<u>(5,013,379)</u>	<u>7,536,067</u>
Capital assets being depreciated:				
Building and improvements				
Land improvements	7,807,678	-	-	7,807,678
Structures and improvements	12,595,259	3,640,779	(126,281)	16,109,757
Infrastructure	52,297,265	10,138,552	-	62,435,817
Vehicles and equipment				
Machinery and equipment	2,611,311	259,829	-	2,871,140
Licensed vehicles	1,239,472	-	-	1,239,472
Total capital assets being depreciated	<u>76,550,985</u>	<u>14,039,160</u>	<u>(126,281)</u>	<u>90,463,864</u>
Less accumulated depreciation for:				
Building and improvements				
Land improvements	(4,661,216)	(344,815)	-	(5,006,031)
Structures and improvements	(4,116,950)	(266,366)	11,465	(4,371,851)
Infrastructure	(24,107,670)	(1,828,575)	-	(25,936,245)
Vehicles and equipment				
Machinery and equipment	(1,707,802)	(187,195)	-	(1,894,997)
Licensed vehicles	(1,043,729)	(18,486)	-	(1,062,215)
Total accumulated depreciation	<u>(35,637,367)</u>	<u>(2,645,437)</u>	<u>11,465</u>	<u>(38,271,339)</u>
Total capital assets, being depreciated, net	<u>40,913,618</u>	<u>11,393,723</u>	<u>(114,816)</u>	<u>52,192,525</u>
Governmental activities capital assets, net	<u>\$ 48,432,601</u>	<u>\$ 16,424,186</u>	<u>\$ (5,128,195)</u>	<u>\$ 59,728,592</u>

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

General government	\$ 318,935
Parks and recreation	173,050
Public safety	39,955
Public works	2,111,515
Community development	1,982
Total depreciation expense	<u>\$ 2,645,437</u>

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 8: Long-term liabilities

Changes in long-term liabilities during the year ended June 30, 2020 were as follows:

<i>Governmental activities:</i>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Compensated absences	<u>\$ 179,818</u>	<u>\$ 169,607</u>	<u>\$ (151,500)</u>	<u>\$ 197,925</u>	<u>\$ 49,481</u>
Total long-term liabilities	<u><u>\$ 179,818</u></u>	<u><u>\$ 169,607</u></u>	<u><u>\$ (151,500)</u></u>	<u><u>\$ 197,925</u></u>	<u><u>\$ 49,481</u></u>

These liabilities are normally liquidated from resources of the General Fund.

Note 9: Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 9: Defined Benefit Pension Plan (continued)

A. General Information about the Pension Plan (continued)

Benefits Provided (continued)

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

The Plans' provisions and benefits in effect at June 30, 2020 are summarized as follows:

	<u>Miscellaneous First Tier</u>	<u>Miscellaneous Second Tier</u>	<u>Miscellaneous PEPRA</u>
	Prior to July 1, 2011	From July 1, 2011 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.092% to 2.272%	1.0% to 2.5%
Required employee contribution rates	7.954%	6.915%	6.750%
Required employer contribution rates	13.300%	8.081%	6.985%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2020 were \$565,731. The actual employer payments of \$833,506 made to CalPERS by the Town during the measurement period ended June 30, 2019 differed from the Town's proportionate share of the employer's contributions of \$669,106 by \$164,400 which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 9: Defined Benefit Pension Plan (continued)

B. Net Pension Liability

The Town's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CALPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until purchasing power protection allowance floor on purchasing power applies, 2.5% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website at www.calpers.ca.gov.

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2020

Note 9: Defined Benefit Pension Plan (continued)

B. Net Pension Liability (continued)

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

<u>Asset Class¹</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10²</u>	<u>Real Return Years 11+³</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)
Total	<u>100%</u>		

¹ In the System's CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

² An expected inflation of 2.0% used for this period

³ An expected inflation of 2.92% used for this period

Change of Assumptions

There were no changes in assumptions.

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 9: Defined Benefit Pension Plan (continued)

B. Net Pension Liability (continued)

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position

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

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

C. Proportionate Share of Net Pension Liability

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

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2018 (VD)	\$ 19,409,624	\$ 14,777,180	\$ 4,632,444
Balance at: 6/30/2019 (MD)	20,849,070	16,147,937	4,701,133
Net change during 2018-19	\$ 1,439,446	\$ 1,370,757	\$ 68,689

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

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 9: Defined Benefit Pension Plan (continued)

C. Proportionate Share of Net Pension Liability (continued)

The Town's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The Town's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website at www.calpers.ca.gov.

The Town's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 measurement dates was as follows:

Proportionate Share - June 30, 2018	0.12292%
Proportionate Share - June 30, 2019	<u>0.11740%</u>
Change - Increase (Decrease)	<u><u>(0.00552%)</u></u>

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

The following presents the Town's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Net Pension Liability	\$ 7,505,396	\$ 4,701,133	\$ 2,386,411

Subsequent Events

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 9: Defined Benefit Pension Plan (continued)

C. Proportionate Share of Net Pension Liability (continued)

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

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

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

The EARSL for PERF C for the measurement period ending June 30, 2019 is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2018), the Town's net pension liability was \$4,632,444. For the measurement period ending June 30, 2019 (the measurement date), the Town incurred a pension expense of \$1,067,304.

As of June 30, 2020, the Town has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 224,172	\$ 79,467
Differences between Expected and Actual Experience	326,513	25,298
Differences between Projected and Actual Investment Earnings	-	82,190
Differences between Employer's Contributions and Proportionate Share of Contributions	121,137	87,776
Change in Employer's Proportion	38,584	135,618
Pension Contributions Made Subsequent to Measurement Date	565,731	-
Total	\$ 1,276,137	\$ 410,349

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 9: Defined Benefit Pension Plan (continued)

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

These amounts above are net of outflows and inflows recognized in the 2018-19 measurement period expense. Contributions subsequent to the measurement date of \$565,731 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2021	\$ 313,730
2022	(65,068)
2023	34,787
2024	16,608
2025	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2020, the Town reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year then ended.

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Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2020

Note 10: Other post-employment benefits (OPEB)

Plan description

The Town has established an agent multiple-employer Retiree Healthcare Plan (HC Plan). This coverage is available for employees who satisfy the requirements for retirement under the California Public Employees Retirement System (PERS), which requires the attainment of age 50 (age 52, if new to CalPERS on or after January 1, 2013) with five years of State or public agency service or approved disability retirement. The healthcare coverage provided by PERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 75. Medical plan benefits are provided through CalPERS, as permitted by the Public Employees' Medical and Hospital and Care Act (PEMHCA). As a PEMHCA employer, the Town has elected the unequal contribution method, where the contribution will be increased annually until it reaches the same employer contribution as active employee medical plan coverage. A separate financial report is not prepared for the HC Plan.

Employees Covered

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	41
Inactive employees or beneficiaries currently receiving benefits	4
Total	45
Inactive plan members entitled but not receiving benefits	23*

*Retirees eligible to return to the Town for PEMHCA coverage.

Contributions

The HC Plan and its contribution requirements are established and may be amended by the Town Council. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2020, the Town's contributions were \$107,998 in payments to the trust, \$6,283 in contributions in the form of direct benefit payments (not reimbursed by the trust), and the estimated implied subsidy was \$19,581 resulting in total payments of \$133,862. In Fiscal Year 2015, the Town established an Irrevocable Trust with the Public Agency Retirement Services (PARS). The Irrevocable Trust was required to fully implement the Town Council's direction of prefunding the Town's OPEB liability.

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	5.75%
Inflation	2.75%
Salary Increases	3.25% per year, used only to allocate the cost of benefits between service years
Investment Rate of Return	5.75%
Mortality Rate(1)	MacLeod Watts Scale 2018 applied generationally.
Pre-Retirement Turnover(2) Healthcare Trend Rate	5.5% per year

Notes:

(1) The mortality improvement scale was updated from MacLeod Watts Scale 2017 to 2018.

(2) Medical plan premiums are assumed to increase at somewhat higher rates than assumed in the prior valuation, with the ultimate trend of 4.0% per year

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 10: Other post-employment benefits (OPEB) (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Weight</u>	<u>Asset Class Expected Return**</u>
Global Debt Securities	60.00%	6.70% to 8.70%
Fixed Income	35.00%	3.30% to 6.90 %
Cash	5.00%	2.40%

Changes in Assumptions

The discount rate used in this valuation changed from 6.3% to 5.75%, reflecting the Town's current expectation of the long term return on trust's assets. A decrease in PEMHCA Minimum Employer Contribution (MEC) from 4.5% to 4.0% per year. Change in demographic assumptions and mortality improvement scale. Exclusion of excise tax from the results given the December 2019 repeal of this provision of the Affordable Care Act (ACA).

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75% percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 10: Other post-employment benefits (OPEB) (continued)

Changes in the Net OPEB Liability

The changes in the net OPEB liability for the HC Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (B)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2019 (Valuation Date June 30, 2019)	\$ 867,498	\$ 381,672	\$ 485,826
Changes recognized for the measurement period:			
Service Cost	47,634	-	47,634
Interest	56,791	-	56,791
Differences between expected and actual experience	(235,199)	-	(235,199)
Changes of assumptions	(14,420)	-	(14,420)
Contributions - employer	-	119,672	(119,672)
Net investment income	-	27,459	(27,459)
Benefit payments	(27,364)	(27,364)	-
Net Changes	(172,558)	119,767	(292,325)
Balance at June 30, 2020 (Measurement Date June 30, 2019)	\$ 694,940	\$ 501,439	\$ 193,501

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	<u>1% Decrease 4.75%</u>	<u>Current Discount Rate 5.75%</u>	<u>1% Increase 6.75%</u>
Net OPEB Liability	\$ 282,374	\$ 193,501	\$ 119,514

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Town if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 105,189	\$ 193,501	\$ 301,999

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 10: Other post-employment benefits (OPEB) (continued)

OPEB Plan Fiduciary Net Position

PARS issues a publicly available financial report that may be obtained from the Public Agency Retirement Services, 4350 Von Karman Ave, Newport Beach, CA 92660.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

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

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

Net difference between projected and 5 years
actual earnings on OPEB plan
investments

All other amounts Straight line recognition over the expected average remaining service
lifetime (EARSL) (7.91 Years at June 30, 2019)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the Town recognized OPEB expense of \$24,719, and deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Changes of assumptions	\$ -	\$ 16,850
Differences between expected and actual experience	-	294,439
Net difference between projected and actual earnings on investments	5,985	-
Contributions subsequent to measurement date	<u>133,862</u>	<u>-</u>
Total	<u><u>\$ 139,847</u></u>	<u><u>\$ 311,289</u></u>

The \$133,862 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period.

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 10: Other post-employment benefits (OPEB) (continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2021	\$ (52,753)
2022	(52,751)
2023	(50,295)
2024	(54,064)
2025	(35,164)
Thereafter:	(60,277)

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**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 11: Risk management

The Town is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters. As such, the Town is a member of the Public Agency Risk Sharing Authority of California (PARSAC), a joint powers authority formed under Section 990 of the California Government Code for the purpose of providing joint-protection coverage and related risk management services.

Public Agency Risk Sharing Authority of California (PARSAC) Liability Program offers a combination of pooled and commercially-purchased auto and general liability coverage, plus errors and omissions coverage, above individual Member Entity self-insured retentions to limits of \$35 million per occurrence. The self-insured retentions range from \$5,000 to \$750,000. The Town's retention is \$100,000 per occurrence. PARSAC provides coverage to \$1 million and above PARSAC's coverage layer, the CSAC Excess Insurance Authority provides pooled coverage to \$5 million. Above \$5 million, PARSAC Member Entities are covered through a combination of commercial excess insurance and reinsurance.

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

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

There was no significant reduction in insurance coverage by major categories from fiscal year 2018 to 2019. Separate financial statements of PARSAC can be obtained from 1525 Response Road - Suite One, Sacramento California 95815.

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Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 12: Successor agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (Bill) that provided for the dissolution of all redevelopment agencies in the State of California. Most cities in California had established a redevelopment agency that was included in its reporting entity as a blended component unit (since the Town's council, in many cases, also served as the governing board for those agencies). The Bill provided that upon dissolution of a redevelopment agency, either the Town or another unit of local government will agree to serve as the "Successor Agency" to hold the assets until they are distributed to other units of state and local government. On January 10, 2012 the Town of Yucca Valley's Council met and created the "Successor Agency" in accordance with the Bill as part of the Town's resolution number 12-01. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Subject to the control of a newly established Oversight Board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the Successor Agency will only be allocated tax revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Town of Yucca Valley Redevelopment Agency until all enforceable obligations of the prior redevelopment agency have been paid in full.

The movement of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) was reported from governmental funds of the Town to a Private-Purpose Trust Fiduciary Fund in the fiscal year 2012.

The debt of the Successor Agency as of June 30, 2020 is as follows:

Successor Agency:	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Tax Allocation Refunding Bonds 2018	\$ 7,867,000	\$ -	\$ (288,000)	\$ 7,579,000	\$ 301,000

Future debt service requirements for the Tax Allocation Refunding Bonds 2018 are as follows:

Bonds payable		
<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 301,000	\$ 283,414
2022	313,000	271,914
2023	323,000	260,018
2024	338,000	248,338
2025	349,000	234,809
2026-2030	1,957,000	963,996
2031-2035	2,355,000	561,912
2036-2038	1,643,000	110,164
Totals	<u>\$ 7,579,000</u>	<u>\$ 2,934,565</u>

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 12: Successor agency (continued)

Tax Allocation Refunding Bonds 2018 (refunded 2008 Tax Allocation Bonds)

As of February 1, 2012, the former Redevelopment Agency's 2008 Tax Allocation Bonds were transferred to the Successor Agency to the Yucca Valley Redevelopment Agency due to ABx1 26, which dissolved redevelopment agencies in the State of California as of February 1, 2012. The Successor Agency, a separate legal entity, is responsible for the repayment of the principal and interest of the outstanding bonds. Revenues to the Successor Agency, in the form of property taxes, have been pledged for the repayment of enforceable obligations (which include the bonds).

On July, 2018, the Successor Agency to the Redevelopment Agency issued its Tax Allocation Refunding Bonds, Series 2018 (Federally Taxable) to fully refund the former Redevelopment Agency's 2008 Tax Allocation Bonds. The refunding resulted in significant annual savings by lowering the annual debt service payments, an economic gain of \$1,317,886, and in a cash flow net difference between service requirements of \$3,035,222.

In the Event of Default the Trustee may, by notice in writing by the Owners of the Bonds, declare the entire principal amount of the unpaid Tax Allocation Refunding Bonds 2018 and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable. The trustee shall exercise any other remedies available to the Trustee and the bond owners in law or at equity.

The outstanding balance of the refunding debt as of June 30, 2020 is \$7,579,000.

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Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2020

Note 13: Risks and uncertainties

Grants

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

Successor Agency

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2020 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and County in which the Successor Agency resides. If any expenses incurred or transfers made by the Successor Agency are disallowed by the State agencies or County, the Town, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding tax revenue remittances normally paid to the Town. The amount, if any, of expenses that may be disallowed by the State agencies or County, cannot be determined at this time, although management of the Successor Agency expects such amounts may, or may not be immaterial.

COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. There is considerable uncertainty around the duration of the closings and shelter in place orders and reoccurrences. As a result, the outbreak has caused uncertainty in Town operations and finances. The Town's major revenue sources, including sales tax, property tax, fees, and program revenues are directly impacted by these events, and it is probable that future revenues will be materially impacted. However, the level and duration of any financial impact cannot be estimated at this time, and no adjustments have been made to these financial statements as a result of this uncertainty.

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Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2020**

Note 14: GASB 54 – Fund balance reporting

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

	General	Special Revenue Town Housing	Special Revenue Measure Z - Sewer Assessment Assistance	Special Revenue Measure Y - Town Essential Services	Special Revenue Active Transportation Program	Capital Projects Capital Projects Reserve	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:								
Advance to other funds	\$ 180,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,463
Prepaid items	52,893	-	-	-	-	-	-	52,893
Restricted:								
Public safety								
Safety programs	-	-	-	-	-	-	554,688	554,688
Community development								
Community projects	-	-	-	-	-	-	26,604	26,604
Public works								
Fund's program	-	-	572,203	2,733,753	123,115	-	7,275,418	10,704,489
Assigned to:								
Capital projects	-	-	-	-	-	4,101,577	57,454	4,159,031
Risk management	300,000	-	-	-	-	-	-	300,000
Emergency-catastrophic	1,000,000	-	-	-	-	-	-	1,000,000
Retirees obligations	1,430,050	-	-	-	-	-	-	1,430,050
Unassigned	7,728,668	(115,378)	-	-	-	-	(17,201)	7,596,089
Total fund balances	\$ 10,692,074	\$ (115,378)	\$ 572,203	\$ 2,733,753	\$ 123,115	\$ 4,101,577	\$ 7,896,963	\$ 26,004,307

As of June 30, 2020, a deficit fund balance was recorded in the following funds:

<i>Major Special Revenue Funds:</i>	<u>Fund deficit</u>
Town Housing	\$ (115,378)
<i>Non Major Special Revenue Funds:</i>	
Community Development Block Grant	(49)
Desert Community Program Prop 68 Grant	(17,152)

REQUIRED SUPPLEMENTARY INFORMATION

Town of Yucca Valley

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2020**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 3,128,000	\$ 3,513,000	\$ 3,419,157	\$ (93,843)
Property taxes in lieu	1,905,000	1,905,000	2,072,413	167,413
Sales tax	5,385,000	3,100,000	3,617,210	517,210
Transient occupancy tax	660,000	760,000	864,733	104,733
Franchise fees	820,000	820,000	891,399	71,399
Total taxes	11,898,000	10,098,000	10,864,912	766,912
Licenses and permits	31,800	31,800	44,347	12,547
Intergovernmental:				
Motor vehicle in lieu	11,000	11,000	17,451	6,451
HOPTR	29,500	29,500	25,954	(3,546)
Other	510,329	510,329	407,435	(102,894)
Total intergovernmental	550,829	550,829	450,840	(99,989)
Charges for services:				
Planning, engineering and building fees	513,100	818,400	810,201	(8,199)
Sports programs	97,500	58,500	60,893	2,393
Other	56,400	56,400	46,954	(9,446)
Total charges for services	667,000	933,300	918,048	(15,252)
Fines and forfeitures	77,500	102,500	95,679	(6,821)
Use of money and property:				
Investment earnings	100,000	250,000	320,837	70,837
Other	21,200	299,225	300,144	919
Total revenues	13,346,329	12,265,654	12,994,807	729,153

(continued on next page)

Town of Yucca Valley

**Required Supplementary Information
Budgetary Comparison Schedule, continued
General Fund
For the year ended June 30, 2020**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
EXPENDITURES				
General government:				
Town council	\$ 128,135	\$ 128,756	\$ 93,366	\$ 35,390
Town clerk/attorney	347,325	426,210	430,451	(4,241)
Interdepartmental	405,120	473,820	311,631	162,189
Town administration	251,450	249,920	273,692	(23,772)
Management services	1,043,660	1,232,675	920,534	312,141
Total general government	2,175,690	2,511,381	2,029,674	481,707
Public works	1,016,025	1,285,443	1,111,159	174,284
Parks and recreation	1,142,260	1,197,846	1,072,650	125,196
Public safety:				
Police	4,424,655	4,534,655	4,468,186	66,469
Animal control	1,130,686	1,148,543	834,509	314,034
Total public safety	5,555,341	5,683,198	5,302,695	380,503
Community development	1,732,400	1,701,728	1,600,592	101,136
Total expenditures	11,621,716	12,379,596	11,116,770	1,262,826
Excess (deficiency) of revenues over (under) expenditures	1,724,613	(113,942)	1,878,037	1,991,979
OTHER FINANCING SOURCES (USES)				
Transfers in	54,000	54,000	54,000	-
Transfers out	(1,803,670)	(896,170)	(896,170)	-
Total other financing sources (uses)	(1,749,670)	(842,170)	(842,170)	-
Net change in fund balance	(25,057)	(956,112)	1,035,867	1,991,979
Fund balance, beginning of year	9,656,207	9,656,207	9,656,207	-
Fund balance, end of year	<u>\$ 9,631,150</u>	<u>\$ 8,700,095</u>	<u>\$ 10,692,074</u>	<u>\$ 1,991,979</u>

Town of Yucca Valley

**Required Supplementary Information
Budgetary Comparison Schedule
Town Housing Special Revenue Fund
For the year ended June 30, 2020**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Investment earnings	\$ 5,200	\$ 5,200	\$ 7,926	\$ 2,726
Total revenues	5,200	5,200	7,926	2,726
EXPENDITURES				
Current:				
Community development	6,000	6,000	2,275	3,725
Public works	-	131,300	4,598	126,702
Total expenditures	6,000	137,300	6,873	130,427
Net change in fund balance	(800)	(132,100)	1,053	(133,153)
Fund balance (deficit), beginning of year	(116,431)	(116,431)	(116,431)	-
Fund balance (deficit), end of year	\$ (117,231)	\$ (248,531)	\$ (115,378)	\$ (133,153)

Town of Yucca Valley

**Required Supplementary Information
 Budgetary Comparison Schedule
 Measure Z – Sewer Assessment Assistance Special Revenue Fund
 For the year ended June 30, 2020**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Taxes	\$ 1,795,000	\$ 2,000,000	\$ 2,142,587	\$ 142,587
Investment earnings	5,000	35,000	6,439	(28,561)
Total revenues	<u>1,800,000</u>	<u>2,035,000</u>	<u>2,149,026</u>	<u>114,026</u>
EXPENDITURES				
Current:				
General Government	<u>1,800,000</u>	<u>2,035,000</u>	<u>2,644,382</u>	<u>(609,382)</u>
Total expenditures	<u>1,800,000</u>	<u>2,035,000</u>	<u>2,644,382</u>	<u>(609,382)</u>
Net change in fund balance	-	-	(495,356)	(495,356)
Fund balance, beginning of year	<u>1,067,559</u>	<u>1,067,559</u>	<u>1,067,559</u>	-
Fund balance, end of year	<u>\$ 1,067,559</u>	<u>\$ 1,067,559</u>	<u>\$ 572,203</u>	<u>\$ (495,356)</u>

Town of Yucca Valley

**Required Supplementary Information
 Budgetary Comparison Schedule
 Measure Y – Town Essential Services Special Revenue Fund
 For the year ended June 30, 2020**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Taxes	\$ 1,795,000	\$ 2,000,000	\$ 2,142,586	\$ 142,586
Investment earnings	8,975	35,000	37,363	2,363
Total revenues	<u>1,803,975</u>	<u>2,035,000</u>	<u>2,179,949</u>	<u>144,949</u>
EXPENDITURES				
Current:				
General government	90,200	101,750	59,687	42,063
Public safety	964,391	1,001,729	1,001,729	-
Parks and recreation	35,000	472,726	53,856	418,870
Public works	385,660	1,400,590	375,811	1,024,779
Community development	300,000	663,000	356,500	306,500
Total expenditures	<u>1,775,251</u>	<u>3,639,795</u>	<u>1,847,583</u>	<u>1,792,212</u>
Net change in fund balance	28,724	(1,604,795)	332,366	1,937,161
Fund balance, beginning of year	<u>2,401,387</u>	<u>2,401,387</u>	<u>2,401,387</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,430,111</u>	<u>\$ 796,592</u>	<u>\$ 2,733,753</u>	<u>\$ 1,937,161</u>

Town of Yucca Valley

**Required Supplementary Information
Budgetary Comparison Schedule
Active Transportation Program Special Revenue Fund
For the year ended June 30, 2020**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 919,075	\$ 953,370	\$ 34,295
Investment earnings	-	-	787	787
Total revenues	-	919,075	954,157	35,082
EXPENDITURES				
Current:				
Public works	-	1,151,317	1,063,863	87,454
Total expenditures	-	1,151,317	1,063,863	87,454
Excess (deficiency) of revenues over (under) expenditures	-	(232,242)	(109,706)	122,536
OTHER FINANCING SOURCES (USES)				
Transfers in	-	195,000	195,000	-
Transfers out	-	(53,671)	(53,671)	-
Total other financing sources	-	141,329	141,329	-
Net change in fund balance	-	(90,913)	31,623	122,536
Fund balance (deficit), beginning of year	91,492	91,492	91,492	-
Fund balance, end of year	\$ 91,492	\$ 579	\$ 123,115	\$ 122,536

Town of Yucca Valley

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

<u>Measurement Date</u>	<u>Employer's Proportion of the Collective Net Pension Liability¹</u>	<u>Employer's Proportionate Share of the Collective Net Pension Liability</u>	<u>Employer's Covered Payroll²</u>	<u>Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll</u>	<u>Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
6/30/2014	0.05400%	\$ 3,360,184	\$ 2,251,339	187.98%	81.27%
6/30/2015	0.14453%	3,965,258	2,135,328	185.70%	74.39%
6/30/2016	0.11912%	4,138,188	2,221,751	186.26%	74.60%
6/30/2017	0.11987%	4,725,488	2,336,296	202.26%	74.30%
6/30/2018	0.12292%	4,632,444	2,366,626	195.74%	76.13%
6/30/2019	0.11740%	4,701,133	2,310,070	203.51%	77.45%

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

² Covered payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 68.

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Town of Yucca Valley

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

<u>Fiscal Year</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions in Relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll¹</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2015	\$ 367,774	\$ (367,774)	\$ -	\$ 2,135,328	17.22%
6/30/2016	1,096,580	(1,096,580)	-	2,221,751	49.36%
6/30/2017	394,738	(394,738)	-	2,336,296	16.90%
6/30/2018	431,923	(431,923)	-	2,366,626	18.25%
6/30/2019	833,506	(833,506)	-	2,310,070	36.08%
6/30/2020	565,731	(565,731)	-	2,586,000	21.88%

¹Covered payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 68.

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

Change in Benefit Terms: None

Changes in Assumptions: In 2019, there were no changes in assumptions or the discount rate. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Town of Yucca Valley

**Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios – Last 10 Years***

Measurement Period	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service Cost	\$ 47,634	\$ 46,135	\$ 43,662
Interest	56,791	52,546	63,239
Differences between expected and actual experience	(235,199)	-	(153,123)
Changes of assumptions	(14,420)	-	(7,319)
Contributions - employer	-	-	-
Net investment income	-	-	-
Benefit payments	(27,364)	(38,220)	(37,914)
Net change in Total OPEB Liability	<u>(172,558)</u>	<u>60,461</u>	<u>(91,455)</u>
Total OPEB Liability - beginning	<u>867,498</u>	<u>807,037</u>	<u>898,492</u>
Total OPEB Liability - ending (a)	<u>694,940</u>	<u>867,498</u>	<u>807,037</u>
 Plan Fiduciary Net Position			
Contribution - employer	119,672	134,481	109,688
Net investment income	27,459	2,037	27,376
Benefit payments	(27,364)	(38,220)	(37,914)
Net change in Plan Fiduciary Net Position	<u>119,767</u>	<u>98,298</u>	<u>99,150</u>
Plan Fiduciary Net Position - beginning	<u>381,672</u>	<u>283,374</u>	<u>184,224</u>
Plan Fiduciary Net Position - ending (b)	<u>501,439</u>	<u>381,672</u>	<u>283,374</u>
 Net OPEB Liability - ending (a) - (b)	<u>\$ 193,501</u>	<u>\$ 485,826</u>	<u>\$ 523,663</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	72.16%	44.00%	35.11%
 Covered-employee payroll	\$ 2,310,071	\$ 2,381,721	\$ 2,336,296
 Net OPEB liability as a percentage of covered-employee payroll	8.38%	20.40%	22.41%

Notes to schedule:

Changes Since the Prior Valuation:

Discount rates: Decreased from 6.30% to 5.75%.

The OPEB Plan contributions are not based on a measure of pay, consequently, covered-employee payroll amounts disclosed as the measure of payroll reflect the payroll for employees that are provided benefits through the OPEB Plan.

*Historical information is required only for measurement periods for which GASB 75 is applicable.

Future years' information will be displayed up to 10 years as information becomes available.

Town of Yucca Valley

**Required Supplementary Information
Schedule of OPEB Contributions – Last 10 Years***

Fiscal Year Ended June 30	2020	2019	2018
Actuarially Determined Contributions (ADC)	\$ 85,044	\$ 82,444	\$ 93,747
Contributions in relation to the ADC	(133,862)	(119,672)	(134,481)
Contribution deficiency/(excess)	\$ (48,818)	\$ (37,228)	\$ (40,734)
Covered-employee payroll	\$ 2,695,043	\$ 2,310,071	\$ 2,381,721
Contribution as a percentage of covered-employee payroll	4.97%	5.18%	5.65%

Notes to schedule:

Valuation date used	6/30/2019	6/30/2017	6/30/2017
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level % of pay	Level % of pay	Level % of pay
Amortization period	24 Years closed	25 Years closed	26 Years closed
Asset valuation method	Market Value	Market Value	Market Value
Inflation	2.75%	2.75%	2.75%
Healthcare cost trend rates	6.50%	7.50%	8.00%
Salary increases	3.25%	3.25%	3.25%
Investment rate of return	5.75%	6.30%	6.30%
Retirement age	From 50 to 75	From 50 to 75	From 50 to 75
Mortality	2017 CalPers Study	2017 CalPers Study	2017 CalPers Study
Mortality improvement	McLeod Watts Scale 2018	McLeod Watts Scale 2017	McLeod Watts Scale 2017

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Town of Yucca Valley

**Notes to Required Supplementary Information
For the year ended June 30, 2020**

Note 1: Budgets and budgetary data

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

All appropriated amounts are as originally adopted or as amended by the Town Council and lapse at year-end in the General Fund. For all Special Revenue Funds, unexpended appropriations for approved individual projects are carried forward to the following fiscal year. Encumbrances and continuing appropriations are re-budgeted on July 1 by Council Action. Budgetary control is exercised at the fund level. Original appropriations are modified by supplementary appropriations and transfers among budget categories. The Town Manager, Director of Administrative Services, and Finance Manager have the authority to approve budget transfers within funds, as long as there is no net increase. Council approval is required for transfers between funds, or for an increase in total appropriations.

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

In the current year, total Expenditures exceeded Budgeted amounts for the following funds:

<u>Fund:</u>	<u>Excess:</u>
- Measure Z – Major Special Revenue Fund	\$(609,382)
- Street in Lieu – Non Major Special Revenue Fund	\$(4,455)

SUPPLEMENTAL SCHEDULES

Town of Yucca Valley

**Combined Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	Special Revenue Funds	Capital Projects Funds	Totals
ASSETS			
Cash and investments	\$ 7,197,845	\$ 57,454	\$ 7,255,299
Receivables:			
Accounts, net	14,587	-	14,587
Due from other governments	526,538	-	526,538
Advance to other funds	568,968	-	568,968
Total assets	<u>\$ 8,307,938</u>	<u>\$ 57,454</u>	<u>\$ 8,365,392</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 202,078	\$ -	\$ 202,078
Accrued salaries	5,336	-	5,336
Retentions payable	13,462	-	13,462
Due to other funds	247,553	-	247,553
Total liabilities	<u>468,429</u>	<u>-</u>	<u>468,429</u>
Fund balances (deficit):			
Restricted:			
Public safety	554,688	-	554,688
Community development	26,604	-	26,604
Public works	7,275,418	-	7,275,418
Assigned	-	57,454	57,454
Unassigned	(17,201)	-	(17,201)
Total fund balances	<u>7,839,509</u>	<u>57,454</u>	<u>7,896,963</u>
Total liabilities and fund balances	<u>\$ 8,307,938</u>	<u>\$ 57,454</u>	<u>\$ 8,365,392</u>

Town of Yucca Valley

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2020**

	Special Revenue Funds	Capital Projects Funds	Totals
REVENUES			
Taxes	\$ 23,882	\$ -	\$ 23,882
Intergovernmental	2,358,726	-	2,358,726
Charges for services	35,667	-	35,667
Fines, fees and forfeitures	120,085	-	120,085
Investment earnings	96,997	732	97,729
Total revenues	<u>2,635,357</u>	<u>732</u>	<u>2,636,089</u>
EXPENDITURES			
Current:			
Public safety	60,031	-	60,031
Parks and recreation	238,890	-	238,890
Public works	1,431,068	-	1,431,068
Community development	488	30,000	30,488
Total expenditures	<u>1,730,477</u>	<u>30,000</u>	<u>1,760,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>904,880</u>	<u>(29,268)</u>	<u>875,612</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	307,875	-	307,875
Transfers out	(497,000)	-	(497,000)
Total other financing sources (uses)	<u>(189,125)</u>	<u>-</u>	<u>(189,125)</u>
Net change in fund balances	715,755	(29,268)	686,487
Fund balances, beginning of year	<u>7,123,754</u>	<u>86,722</u>	<u>7,210,476</u>
Fund balances, end of year	<u>\$ 7,839,509</u>	<u>\$ 57,454</u>	<u>\$ 7,896,963</u>

Town of Yucca Valley

Nonmajor Special Revenue Funds - Fund Descriptions For the year ended June 30, 2020

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

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

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

Asset Seizure – Established to account for assets seized during police narcotic activities.

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

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

Measure I 65% Major Arterial – Established to account for revenues for a ½ percent sales tax on all retail transaction within the County

Street in Lieu – Established as a fund to account for monies received as paid-in-lieu funds pursuant to the requirements of the Town Ordinance relating to delayed improvements.

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

Road Maintenance Rehabilitation – Established to account for receipts and expenditures of money apportioned under the Road Repair and Accountability Act of 2017, to address basic road maintenance, rehabilitation, and critical safety needs on both State and local roads.

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

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

Article 3 TDA – Established to account for financial transactions per Article Number 3 of the Transportation Development Act of 1971 (SB325) State of California Streets, Roads, Bicycle and Pedestrian Capital Facilities.

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

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

Town of Yucca Valley

Nonmajor Special Revenue Funds - Fund Descriptions (continued) For the year ended June 30, 2020

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

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

Hazard Mitigation Federal Grant – This fund accounts for revenues and expenditures from the federal grant program to assist with implementing hazard mitigation measures to reduce the risk of loss of life and property from future disasters. The Town did not budget for this Fund in 2020.

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

Highway Safety Improvements – Established to account for the receipts and expenditures under the HSIP federal grant which purpose is to achieve a significant reduction in traffic fatalities and serious injuries on all public roads.

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

California Humanities Grant – Established to account for the receipts and expenditures under the California Humanities Grant Program. The purpose is to encourage participation in public humanities, particularly by new and/or underserved audiences, and promote understanding and empathy among residents in order to cultivate a thriving democracy.

Desert Community Program Prop 68 Grant – Established to account for receipts and expenditures from the Statewide Parks Desert Community Program – Prop 68 Grant for the development of public facilities that will assist in achieving active recreational projects, including aquatic and fitness centers.

Town of Yucca Valley

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020**

	<u>Quimby Fees</u>	<u>Traffic Safety</u>	<u>Asset Seizure</u>
ASSETS			
Cash and investments	\$ 11,228	\$ 211,686	\$ 16,114
Receivables:			
Accounts, net	-	-	-
Due from other governments	-	518	-
Advance to other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 11,228</u>	<u>\$ 212,204</u>	<u>\$ 16,114</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries	-	-	-
Retentions payable	-	-	-
Due to other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):			
Restricted:			
Public safety	-	212,204	16,114
Community development	-	-	-
Public works	11,228	-	-
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>11,228</u>	<u>212,204</u>	<u>16,114</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 11,228</u>	<u>\$ 212,204</u>	<u>\$ 16,114</u>

Gas Tax	Local Transportation Act	Measure I - 65% Major Arterial	Street in Lieu	Measure I - 2010-2040
\$ 303,049	\$ 1,706,427	\$ 25,226	\$ 335,925	\$ 1,445,822
-	-	-	-	-
-	-	-	-	131,788
-	-	-	-	-
<u>\$ 303,049</u>	<u>\$ 1,706,427</u>	<u>\$ 25,226</u>	<u>\$ 335,925</u>	<u>\$ 1,577,610</u>
\$ 32,200	\$ 1,000	\$ -	\$ -	\$ 100
1,899	-	-	-	3,437
820	5,063	-	-	-
-	-	-	-	-
<u>34,919</u>	<u>6,063</u>	<u>-</u>	<u>-</u>	<u>3,537</u>
-	-	-	-	-
-	-	-	-	-
268,130	1,700,364	25,226	335,925	1,574,073
-	-	-	-	-
<u>268,130</u>	<u>1,700,364</u>	<u>25,226</u>	<u>335,925</u>	<u>1,574,073</u>
<u>\$ 303,049</u>	<u>\$ 1,706,427</u>	<u>\$ 25,226</u>	<u>\$ 335,925</u>	<u>\$ 1,577,610</u>

Town of Yucca Valley

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020**

	<u>Road Maintenance Rehabilitation</u>	<u>Mello-Roos</u>	<u>COPS - LLESA</u>
ASSETS			
Cash and investments	\$ 161,241	\$ 151,265	\$ 314,769
Receivables:			
Accounts, net	-	14,587	-
Due from other governments	58,319	-	-
Advance to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 219,560</u>	<u>\$ 165,852</u>	<u>\$ 314,769</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 9,313
Accrued salaries	-	-	-
Retentions payable	-	-	-
Due to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>-</u>	<u>9,313</u>
Fund balances (deficit):			
Restricted:			
Public safety	-	-	305,456
Community development	-	-	-
Public works	219,560	165,852	-
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances (deficit)	<u>219,560</u>	<u>165,852</u>	<u>305,456</u>
Total liabilities and fund balances	<u>\$ 219,560</u>	<u>\$ 165,852</u>	<u>\$ 314,769</u>

Article 3 TDA	Recycling Activities Grant	Landscape and Lighting Maintenance	Street and Drainage District	CMAQ
\$ 145,640	\$ 15,113	\$ 87,446	\$ 300,208	\$ 42,631
-	-	-	-	-
91,000	-	106	343	-
-	-	-	-	-
<u>\$ 236,640</u>	<u>\$ 15,113</u>	<u>\$ 87,552</u>	<u>\$ 300,551</u>	<u>\$ 42,631</u>
\$ 144,492	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
7,579	-	-	-	-
-	-	-	-	-
<u>152,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	15,113	-	-	-
84,569	-	87,552	300,551	42,631
-	-	-	-	-
<u>84,569</u>	<u>15,113</u>	<u>87,552</u>	<u>300,551</u>	<u>42,631</u>
<u>\$ 236,640</u>	<u>\$ 15,113</u>	<u>\$ 87,552</u>	<u>\$ 300,551</u>	<u>\$ 42,631</u>

Town of Yucca Valley

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020**

	Hazard Mitigation Federal Grant	Development Impact Fees	Highway Safety Improvements
ASSETS			
Cash and investments	\$ 20,914	\$ 1,839,905	\$ 51,744
Receivables:			
Accounts, net	-	-	-
Due from other governments	-	-	-
Advance to other funds	-	568,968	-
	<u>20,914</u>	<u>2,408,873</u>	<u>51,744</u>
Total assets	<u>\$ 20,914</u>	<u>\$ 2,408,873</u>	<u>\$ 51,744</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 90	\$ 770
Accrued salaries	-	-	-
Retentions payable	-	-	-
Due to other funds	-	-	-
	<u>-</u>	<u>90</u>	<u>770</u>
Total liabilities	<u>-</u>	<u>90</u>	<u>770</u>
Fund balances (deficit):			
Restricted:			
Public safety	20,914	-	-
Community development	-	-	-
Public works	-	2,408,783	50,974
Unassigned	-	-	-
	<u>20,914</u>	<u>2,408,783</u>	<u>50,974</u>
Total fund balances (deficit)	<u>20,914</u>	<u>2,408,783</u>	<u>50,974</u>
	<u>\$ 20,914</u>	<u>\$ 2,408,873</u>	<u>\$ 51,744</u>
Total liabilities and fund balances	<u>\$ 20,914</u>	<u>\$ 2,408,873</u>	<u>\$ 51,744</u>

Community Development Block Grant	California Humanities Grant	Desert Community Program Prop 68 Grant	Total
\$ 1	\$ 11,491	\$ -	\$ 7,197,845
-	-	-	14,587
-	-	244,464	526,538
-	-	-	568,968
<u>\$ 1</u>	<u>\$ 11,491</u>	<u>\$ 244,464</u>	<u>\$ 8,307,938</u>
\$ 50	\$ -	\$ 14,063	\$ 202,078
-	-	-	5,336
-	-	-	13,462
-	-	247,553	247,553
<u>50</u>	<u>-</u>	<u>261,616</u>	<u>468,429</u>
-	-	-	554,688
-	11,491	-	26,604
-	-	-	7,275,418
<u>(49)</u>	<u>-</u>	<u>(17,152)</u>	<u>(17,201)</u>
<u>(49)</u>	<u>11,491</u>	<u>(17,152)</u>	<u>7,839,509</u>
<u>\$ 1</u>	<u>\$ 11,491</u>	<u>\$ 244,464</u>	<u>\$ 8,307,938</u>

Town of Yucca Valley

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2020**

	Quimby Fees	Traffic Safety	Asset Seizure
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines, fees and forfeitures	-	9,439	-
Investment earnings	143	2,637	206
	<hr/>	<hr/>	<hr/>
Total revenues	143	12,076	206
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Public safety	-	-	-
Parks and recreation	-	-	-
Public works	-	-	-
Community development	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	143	12,076	206
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	143	12,076	206
Fund balances (deficit), beginning of year	11,085	200,128	15,908
	<hr/>	<hr/>	<hr/>
Fund balances (deficit), end of year	<u>\$ 11,228</u>	<u>\$ 212,204</u>	<u>\$ 16,114</u>

<u>Gas Tax</u>	<u>Local Transportation Act</u>	<u>Measure I - 65% Major Arterial</u>	<u>Street in Lieu</u>	<u>Measure I - 2010-2040</u>
\$ -	\$ -	\$ -	\$ -	\$ -
508,851	152,352	-	-	742,084
-	-	-	-	-
-	-	-	-	-
3,396	24,857	321	4,315	19,638
<u>512,247</u>	<u>177,209</u>	<u>321</u>	<u>4,315</u>	<u>761,722</u>
-	-	-	-	-
-	-	-	-	-
432,132	3,860	-	4,455	405,486
-	-	-	-	-
<u>432,132</u>	<u>3,860</u>	<u>-</u>	<u>4,455</u>	<u>405,486</u>
80,115	173,349	321	(140)	356,236
-	-	-	-	-
-	-	-	-	(443,000)
-	-	-	-	(443,000)
80,115	173,349	321	(140)	(86,764)
<u>188,015</u>	<u>1,527,015</u>	<u>24,905</u>	<u>336,065</u>	<u>1,660,837</u>
<u>\$ 268,130</u>	<u>\$ 1,700,364</u>	<u>\$ 25,226</u>	<u>\$ 335,925</u>	<u>\$ 1,574,073</u>

Town of Yucca Valley

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2020**

	Road Maintenance Rehabilitation	Mello-Roos	COPS - LLESA
REVENUES			
Taxes	\$ -	\$ 23,882	\$ -
Intergovernmental	381,904	-	156,422
Charges for services	-	-	-
Fines, fees and forfeitures	-	-	-
Investment earnings	2,203	1,909	3,571
	<hr/>	<hr/>	<hr/>
Total revenues	384,107	25,791	159,993
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Public safety	-	-	60,031
Parks and recreation	-	-	-
Public works	274,432	10,978	-
Community development	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	274,432	10,978	60,031
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	109,675	14,813	99,962
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	109,675	14,813	99,962
Fund balances (deficit), beginning of year	109,885	151,039	205,494
	<hr/>	<hr/>	<hr/>
Fund balances (deficit), end of year	\$ 219,560	\$ 165,852	\$ 305,456
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Article 3 TDA	Recycling Activities Grant	Landscape and Lighting Maintenance	Street and Drainage District	CMAQ
\$ -	\$ -	\$ -	\$ -	\$ -
91,000	5,739	-	-	40,000
-	-	4,835	30,832	-
-	-	-	-	-
339	137	1,113	3,656	129
<u>91,339</u>	<u>5,876</u>	<u>5,948</u>	<u>34,488</u>	<u>40,129</u>
-	-	-	-	-
-	-	-	-	-
254,770	-	4,307	5,651	1,255
-	488	-	-	-
<u>254,770</u>	<u>488</u>	<u>4,307</u>	<u>5,651</u>	<u>1,255</u>
<u>(163,431)</u>	<u>5,388</u>	<u>1,641</u>	<u>28,837</u>	<u>38,874</u>
248,000	-	-	-	-
-	-	-	-	-
<u>248,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
84,569	5,388	1,641	28,837	38,874
-	9,725	85,911	271,714	3,757
<u>\$ 84,569</u>	<u>\$ 15,113</u>	<u>\$ 87,552</u>	<u>\$ 300,551</u>	<u>\$ 42,631</u>

Town of Yucca Valley

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2020**

	Hazard Mitigation Federal Grant	Development Impact Fees	Highway Safety Improvements
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	22,601
Charges for services	-	-	-
Fines, fees and forfeitures	-	110,646	-
Investment earnings	189	27,788	297
Total revenues	189	138,434	22,898
EXPENDITURES			
Current:			
Public safety	-	-	-
Parks and recreation	-	-	-
Public works	-	8,034	25,608
Community development	-	-	-
Total expenditures	-	8,034	25,608
Excess (deficiency) of revenues over (under) expenditures	189	130,400	(2,710)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	53,671
Transfers out	-	(54,000)	-
Total other financing sources (uses)	-	(54,000)	53,671
Net change in fund balances	189	76,400	50,961
Fund balances (deficit), beginning of year	20,725	2,332,383	13
Fund balances (deficit), end of year	<u>\$ 20,914</u>	<u>\$ 2,408,783</u>	<u>\$ 50,974</u>

Community Development Block Grant	California Humanities Grant	Desert Community Program Prop 68 Grant	Total
\$ -	\$ -	\$ -	\$ 23,882
13,309	-	244,464	2,358,726
-	-	-	35,667
-	-	-	120,085
-	153	-	96,997
<u>13,309</u>	<u>153</u>	<u>244,464</u>	<u>2,635,357</u>
-	-	-	60,031
-	7,290	231,600	238,890
100	-	-	1,431,068
-	-	-	488
<u>100</u>	<u>7,290</u>	<u>231,600</u>	<u>1,730,477</u>
<u>13,209</u>	<u>(7,137)</u>	<u>12,864</u>	<u>904,880</u>
6,204	-	-	307,875
-	-	-	(497,000)
<u>6,204</u>	<u>-</u>	<u>-</u>	<u>(189,125)</u>
19,413	(7,137)	12,864	715,755
<u>(19,462)</u>	<u>18,628</u>	<u>(30,016)</u>	<u>7,123,754</u>
<u>\$ (49)</u>	<u>\$ 11,491</u>	<u>\$ (17,152)</u>	<u>\$ 7,839,509</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Quimby Fees Special Revenue Fund
For the year ended June 30, 2020**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Investment earnings	\$ 700	\$ 143	\$ (557)
Total revenues	<u>700</u>	<u>143</u>	<u>(557)</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	700	143	(557)
Fund balance, beginning of year	<u>11,085</u>	<u>11,085</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 11,785</u></u>	<u><u>\$ 11,228</u></u>	<u><u>\$ (557)</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Traffic Safety Special Revenue Fund
For the year ended June 30, 2020**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Fines, fees and forfeitures	\$ 7,000	\$ 9,439	\$ 2,439
Investment earnings	2,000	2,637	637
Total revenues	<u>9,000</u>	<u>12,076</u>	<u>3,076</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	9,000	12,076	3,076
Fund balance, beginning of year	<u>200,128</u>	<u>200,128</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 209,128</u></u>	<u><u>\$ 212,204</u></u>	<u><u>\$ 3,076</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Asset Seizure Special Revenue Fund
For the year ended June 30, 2020**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Investment earnings	<u>\$ 50</u>	<u>\$ 206</u>	<u>\$ 156</u>
Total revenues	<u>50</u>	<u>206</u>	<u>156</u>
EXPENDITURES			
Current:			
Public safety	<u>1,620</u>	<u>-</u>	<u>1,620</u>
Total expenditures	<u>1,620</u>	<u>-</u>	<u>1,620</u>
Net change in fund balance	(1,570)	206	1,776
Fund balance, beginning of year	<u>15,908</u>	<u>15,908</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 14,338</u></u>	<u><u>\$ 16,114</u></u>	<u><u>\$ 1,776</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the year ended June 30, 2020**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Intergovernmental	\$ 576,000	\$ 508,851	\$ (67,149)
Investment earnings	1,000	3,396	2,396
	<u>577,000</u>	<u>512,247</u>	<u>(64,753)</u>
EXPENDITURES			
Current:			
Public works	<u>585,035</u>	<u>432,132</u>	<u>152,903</u>
	<u>585,035</u>	<u>432,132</u>	<u>152,903</u>
Net change in fund balance	(8,035)	80,115	88,150
Fund balance, beginning of year	<u>188,015</u>	<u>188,015</u>	<u>-</u>
Fund balance, end of year	<u>\$ 179,980</u>	<u>\$ 268,130</u>	<u>\$ 88,150</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Local Transportation Act Special Revenue Fund
For the year ended June 30, 2020**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 152,352	\$ 152,352	\$ -
Investment earnings	10,000	24,857	14,857
Total revenues	<u>162,352</u>	<u>177,209</u>	<u>14,857</u>
EXPENDITURES			
Current:			
Public works	<u>380,952</u>	<u>3,860</u>	<u>377,092</u>
Total expenditures	<u>380,952</u>	<u>3,860</u>	<u>377,092</u>
Net change in fund balance	(218,600)	173,349	391,949
Fund balance, beginning of year	<u>1,527,015</u>	<u>1,527,015</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,308,415</u></u>	<u><u>\$ 1,700,364</u></u>	<u><u>\$ 391,949</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure I - 65% Major Arterial Special Revenue Fund
For the year ended June 30, 2020**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Investment earnings	\$ -	\$ 321	\$ 321
Total revenues	<u>-</u>	<u>321</u>	<u>321</u>
EXPENDITURES			
Current:			
Public works	<u>24,905</u>	<u>-</u>	<u>24,905</u>
Total expenditures	<u>24,905</u>	<u>-</u>	<u>24,905</u>
Net change in fund balance	(24,905)	321	(25,226)
Fund balance, beginning of year	<u>24,905</u>	<u>24,905</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 25,226</u></u>	<u><u>\$ (25,226)</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Streets in Lieu Special Revenue Fund
For the year ended June 30, 2020**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Investment earnings	\$ 1,000	\$ 4,315	\$ 3,315
Total revenues	<u>1,000</u>	<u>4,315</u>	<u>3,315</u>
EXPENDITURES			
Current:			
Public works	<u>-</u>	<u>4,455</u>	<u>(4,455)</u>
Total expenditures	<u>-</u>	<u>4,455</u>	<u>(4,455)</u>
Net change in fund balance	1,000	(140)	(1,140)
Fund balance, beginning of year	<u>336,065</u>	<u>336,065</u>	<u>-</u>
Fund balance, end of year	<u>\$ 337,065</u>	<u>\$ 335,925</u>	<u>\$ (1,140)</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure I – 2010 – 2040 Special Revenue Fund
For the year ended June 30, 2020**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 800,000	\$ 742,084	\$ (57,916)
Investment earnings	7,500	19,638	12,138
Total revenues	<u>807,500</u>	<u>761,722</u>	<u>(45,778)</u>
EXPENDITURES			
Current:			
Public works	<u>1,729,468</u>	<u>405,486</u>	<u>1,323,982</u>
Total expenditures	<u>1,729,468</u>	<u>405,486</u>	<u>1,323,982</u>
Excess of revenues over expenditures	<u>(921,968)</u>	<u>356,236</u>	<u>1,278,204</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(443,000)</u>	<u>(443,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(443,000)</u>	<u>(443,000)</u>	<u>-</u>
Net change in fund balance	(1,364,968)	(86,764)	1,278,204
Fund balance, beginning of year	<u>1,660,837</u>	<u>1,660,837</u>	<u>-</u>
Fund balance, end of year	<u>\$ 295,869</u>	<u>\$ 1,574,073</u>	<u>\$ 1,278,204</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Road Maintenance Rehabilitation Special Revenue Fund
For the year ended June 30, 2020**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 357,350	\$ 381,904	\$ 24,554
Investment earnings	250	2,203	1,953
Total revenues	<u>357,600</u>	<u>384,107</u>	<u>26,507</u>
EXPENDITURES			
Current:			
Public works	<u>357,600</u>	<u>274,432</u>	<u>83,168</u>
Total expenditures	<u>357,600</u>	<u>274,432</u>	<u>83,168</u>
Net change in fund balance	-	109,675	109,675
Fund balance, beginning of year	<u>109,885</u>	<u>109,885</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 109,885</u></u>	<u><u>\$ 219,560</u></u>	<u><u>\$ 109,675</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Mello Roos Special Revenue Fund
For the year ended June 30, 2020**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Taxes	\$ 114,750	\$ 23,882	\$ (90,868)
Investment earnings	700	1,909	1,209
Total revenues	<u>115,450</u>	<u>25,791</u>	<u>(89,659)</u>
EXPENDITURES			
Current:			
Public works	<u>14,650</u>	<u>10,978</u>	<u>3,672</u>
Total expenditures	<u>14,650</u>	<u>10,978</u>	<u>3,672</u>
Net change in fund balance	100,800	14,813	(85,987)
Fund balance, beginning of year	<u>151,039</u>	<u>151,039</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 251,839</u></u>	<u><u>\$ 165,852</u></u>	<u><u>\$ (85,987)</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
COPS - LLESA Special Revenue Fund
For the year ended June 30, 2020**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Intergovernmental	\$ 100,000	\$ 156,422	\$ 56,422
Investment earnings	1,500	3,571	2,071
	<u>101,500</u>	<u>159,993</u>	<u>58,493</u>
EXPENDITURES			
Current:			
Public safety	<u>101,500</u>	<u>60,031</u>	<u>41,469</u>
	<u>101,500</u>	<u>60,031</u>	<u>41,469</u>
Net change in fund balance	-	99,962	99,962
Fund balance, beginning of year	<u>205,494</u>	<u>205,494</u>	<u>-</u>
Fund balance, end of year	<u>\$ 205,494</u>	<u>\$ 305,456</u>	<u>\$ 99,962</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Article 3 TDA Special Revenue Fund
For the year ended June 30, 2020**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 91,000	\$ 91,000	\$ -
Investment earnings	-	339	339
Total revenues	<u>91,000</u>	<u>91,339</u>	<u>339</u>
EXPENDITURES			
Current:			
Public works	<u>339,000</u>	<u>254,770</u>	<u>84,230</u>
Total expenditures	<u>339,000</u>	<u>254,770</u>	<u>84,230</u>
Excess of revenues over expenditures	<u>(248,000)</u>	<u>(163,431)</u>	<u>84,569</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>248,000</u>	<u>248,000</u>	<u>-</u>
Total other financing sources (uses)	<u>248,000</u>	<u>248,000</u>	<u>-</u>
Net change in fund balance	-	84,569	84,569
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 84,569</u></u>	<u><u>\$ 84,569</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Recycling Activities Grant Special Revenue Fund
For the year ended June 30, 2020**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Intergovernmental	\$ 5,000	\$ 5,739	\$ 739
Investment earnings	50	137	87
	<u>5,050</u>	<u>5,876</u>	<u>826</u>
EXPENDITURES			
Current:			
Community development	<u>6,050</u>	<u>488</u>	<u>5,562</u>
	<u>6,050</u>	<u>488</u>	<u>5,562</u>
Net change in fund balance	(1,000)	5,388	6,388
Fund balance, beginning of year	<u>9,725</u>	<u>9,725</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 8,725</u></u>	<u><u>\$ 15,113</u></u>	<u><u>\$ 6,388</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Landscape and Lighting Maintenance Special Revenue Fund
For the year ended June 30, 2020**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Charges for services	\$ 16,800	\$ 4,835	\$ (11,965)
Investment earnings	600	1,113	513
	<u>17,400</u>	<u>5,948</u>	<u>(11,452)</u>
EXPENDITURES			
Current:			
Public works	<u>12,500</u>	<u>4,307</u>	<u>8,193</u>
	<u>12,500</u>	<u>4,307</u>	<u>8,193</u>
Net change in fund balance	4,900	1,641	(3,259)
Fund balance, beginning of year	<u>85,911</u>	<u>85,911</u>	<u>-</u>
Fund balance, end of year	<u>\$ 90,811</u>	<u>\$ 87,552</u>	<u>\$ (3,259)</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Street and Drainage District Special Revenue Fund
For the year ended June 30, 2020**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Charges for services	\$ 42,200	\$ 30,832	\$ (11,368)
Investment earnings	2,000	3,656	1,656
Total revenues	<u>44,200</u>	<u>34,488</u>	<u>(9,712)</u>
EXPENDITURES			
Current:			
Public works	<u>79,700</u>	<u>5,651</u>	<u>74,049</u>
Total expenditures	<u>79,700</u>	<u>5,651</u>	<u>74,049</u>
Net change in fund balance	(35,500)	28,837	64,337
Fund balance, beginning of year	<u>271,714</u>	<u>271,714</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 236,214</u></u>	<u><u>\$ 300,551</u></u>	<u><u>\$ 64,337</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
CMAQ Special Revenue Fund
For the year ended June 30, 2020**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 56,699	\$ 40,000	\$ (16,699)
Investment earnings	-	129	129
	<u>56,699</u>	<u>40,129</u>	<u>(16,570)</u>
EXPENDITURES			
Current:			
Public works	5,455	1,255	4,200
Community development	54,970	-	54,970
	<u>60,425</u>	<u>1,255</u>	<u>59,170</u>
Net change in fund balance	(3,726)	38,874	42,600
Fund balance (deficit), beginning of year	<u>3,757</u>	<u>3,757</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 31</u>	<u>\$ 42,631</u>	<u>\$ 42,600</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Development Impact Fees Special Revenue Fund
For the year ended June 30, 2020**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Fines, fees and forfeitures	\$ 144,000	\$ 110,646	\$ (33,354)
Investment earnings	10,000	27,788	17,788
Total revenues	<u>154,000</u>	<u>138,434</u>	<u>(15,566)</u>
EXPENDITURES			
Current:			
Public works	<u>537,238</u>	<u>8,034</u>	<u>529,204</u>
Total expenditures	<u>537,238</u>	<u>8,034</u>	<u>529,204</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(383,238)</u>	<u>130,400</u>	<u>513,638</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(532,761)</u>	<u>(54,000)</u>	<u>478,761</u>
Total other financing sources (uses)	<u>(532,761)</u>	<u>(54,000)</u>	<u>478,761</u>
Net change in fund balance	(915,999)	76,400	992,399
Fund balance, beginning of year	<u>2,332,383</u>	<u>2,332,383</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,416,384</u></u>	<u><u>\$ 2,408,783</u></u>	<u><u>\$ 992,399</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Highway Safety Special Revenue Fund
For the year ended June 30, 2020**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 1,282,492	\$ 22,601	\$ (1,259,891)
Investment earnings	-	297	297
Total revenues	<u>1,282,492</u>	<u>22,898</u>	<u>(1,259,594)</u>
EXPENDITURES			
Current:			
Public works	<u>1,761,056</u>	<u>25,608</u>	<u>1,735,448</u>
Total expenditures	<u>1,761,056</u>	<u>25,608</u>	<u>1,735,448</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(478,564)</u>	<u>(2,710)</u>	<u>475,854</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>532,432</u>	<u>53,671</u>	<u>(478,761)</u>
Total other financing sources	<u>532,432</u>	<u>53,671</u>	<u>(478,761)</u>
Net change in fund balance	53,868	50,961	(2,907)
Fund balance, beginning of year	<u>13</u>	<u>13</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 53,881</u>	<u>\$ 50,974</u>	<u>\$ (2,907)</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the year ended June 30, 2020**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 122,261	\$ 13,309	\$ (108,952)
Other revenue	72,405	-	(72,405)
	<u>194,666</u>	<u>13,309</u>	<u>(181,357)</u>
Total revenues			
EXPENDITURES			
Current:			
Public works	122,261	100	122,161
Community development	52,944	-	52,944
	<u>175,205</u>	<u>100</u>	<u>175,105</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>19,461</u>	<u>13,209</u>	<u>(6,252)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>6,204</u>	<u>6,204</u>	<u>-</u>
Total other financing sources	<u>6,204</u>	<u>6,204</u>	<u>-</u>
Net change in fund balance	25,665	19,413	(6,252)
Fund balance (deficit), beginning of year	<u>(19,462)</u>	<u>(19,462)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 6,203</u>	<u>\$ (49)</u>	<u>\$ (6,252)</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
California Humanities Grant Special Revenue Fund
For the year ended June 30, 2020**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Intergovernmental	\$ 1,600	\$ -	\$ (1,600)
Investment earnings	-	153	153
Total revenues	<u>1,600</u>	<u>153</u>	<u>(1,447)</u>
EXPENDITURES			
Current:			
Parks and recreation	<u>20,115</u>	<u>7,290</u>	<u>12,825</u>
Total expenditures	<u>20,115</u>	<u>7,290</u>	<u>12,825</u>
Net change in fund balance	(18,515)	(7,137)	11,378
Fund balance, beginning of year	<u>18,628</u>	<u>18,628</u>	<u>-</u>
Fund balance, end of year	<u>\$ 113</u>	<u>\$ 11,491</u>	<u>\$ 11,378</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Desert Community Program Prop 68 Grant Special Revenue Fund
For the year ended June 30, 2020**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Intergovernmental	\$ 2,000,000	\$ 244,464	\$ (1,755,536)
Total revenues	<u>2,000,000</u>	<u>244,464</u>	<u>(1,755,536)</u>
EXPENDITURES			
Current:			
Parks and recreation	<u>1,969,984</u>	<u>231,600</u>	<u>1,738,384</u>
Total expenditures	<u>1,969,984</u>	<u>231,600</u>	<u>1,738,384</u>
Net change in fund balance	30,016	12,864	(17,152)
Fund balance, beginning of year	<u>(30,016)</u>	<u>(30,016)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ -</u>	<u>\$ (17,152)</u>	<u>\$ (17,152)</u>

Town of Yucca Valley

Nonmajor Capital Projects Fund - Fund Description
June 30, 2020

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

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

Town of Yucca Valley

**Balance Sheet
Nonmajor Capital Projects Fund
June 30, 2020**

	<u>Retail Sector Improvements</u>
ASSETS	
Cash and investments	<u>\$ 57,454</u>
Total assets	<u><u>\$ 57,454</u></u>
LIABILITIES AND FUND BALANCE	
Total liabilities	<u>\$ -</u>
Fund balance: Assigned	<u>57,454</u>
Total fund balance	<u>57,454</u>
Total liabilities and fund balance	<u><u>\$ 57,454</u></u>

Town of Yucca Valley

**Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Fund
For the year ended June 30, 2020**

	<u>Retail Sector Improvements</u>
REVENUES	
Investment earnings	<u>\$ 732</u>
Total revenues	<u> 732</u>
EXPENDITURES	
Current:	
Community development	<u> 30,000</u>
Total expenditures	<u> 30,000</u>
Net change in fund balance	(29,268)
Fund balance, beginning of year	<u> 86,722</u>
Fund balance, end of year	<u><u> \$ 57,454</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Retail Sector Improvements Capital Projects Fund
For the year ended June 30, 2020**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Investment earnings	<u>\$ 900</u>	<u>\$ 732</u>	<u>\$ (168)</u>
Total revenues	<u>900</u>	<u>732</u>	<u>(168)</u>
EXPENDITURES			
Current:			
Community development	<u>51,000</u>	<u>30,000</u>	<u>21,000</u>
Total expenditures	<u>51,000</u>	<u>30,000</u>	<u>21,000</u>
Net change in fund balance	(50,100)	(29,268)	20,832
Fund balance, beginning of year	<u>86,722</u>	<u>86,722</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 36,622</u></u>	<u><u>\$ 57,454</u></u>	<u><u>\$ 20,832</u></u>

Town of Yucca Valley

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Major Fund
Capital Projects Reserve - Capital Projects Fund
For the year ended June 30, 2020

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 1,110,000	\$ 1,135,578	\$ 25,578
Total revenues	-	1,110,000	1,135,578	25,578
EXPENDITURES				
Current:				
General government	60,000	502,286	280,909	221,377
Parks and recreation	-	4,755,987	3,495,308	1,260,679
Public works	50,000	1,716,192	488,548	1,227,644
Community development	13,000	431,536	190,353	241,183
Total expenditures	123,000	7,406,001	4,455,118	2,950,883
Excess (deficiency) of revenues over (under) expenditures	(123,000)	(6,296,001)	(3,319,540)	2,976,461
OTHER FINANCING SOURCES (USES)				
Transfers in	8,670	896,170	896,170	-
Transfers out	-	(6,204)	(6,204)	-
Total other financing sources (uses)	8,670	889,966	889,966	-
Net change in fund balance	(114,330)	(5,406,035)	(2,429,574)	2,976,461
Fund balance, beginning of year	6,531,151	6,531,151	6,531,151	-
Fund balance, end of year	\$ 6,416,821	\$ 1,125,116	\$ 4,101,577	\$ 2,976,461

Town of Yucca Valley

**Fiduciary Funds
Statement of Changes in Fiduciary Assets and Liabilities - Agency Fund
For the Year Ended June 30, 2020**

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
ASSETS				
Cash and investments	<u>\$ 382,852</u>	<u>\$ 60,835</u>	<u>\$ (66,873)</u>	<u>\$ 376,814</u>
Total assets	<u><u>\$ 382,852</u></u>	<u><u>\$ 60,835</u></u>	<u><u>\$ (66,873)</u></u>	<u><u>\$ 376,814</u></u>
LIABILITIES				
Accounts payable	<u>\$ 500</u>	<u>\$ 48,817</u>	<u>\$ (48,027)</u>	<u>\$ 1,290</u>
Deposits	<u>382,352</u>	<u>61,905</u>	<u>(68,733)</u>	<u>375,524</u>
Total liabilities	<u><u>\$ 382,852</u></u>	<u><u>\$ 110,722</u></u>	<u><u>\$ (116,760)</u></u>	<u><u>\$ 376,814</u></u>



STATISTICAL SECTION



Overview of Statistical Information Presented in Five Categories

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

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

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

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

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

Town of Yucca Valley

**Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal year				
	2011	2012*	2013	2014	2015
Governmental activities:					
Net investment in capital assets	\$ 20,939,003	\$ 23,795,539	\$ 23,484,183	\$ 25,913,868	\$ 25,913,868
Restricted	8,986,346	4,481,398	7,600,076	9,340,709	9,340,709
Unrestricted	8,881,895	8,582,831	7,253,479	7,103,852	7,103,852
Total governmental activities net position	<u>\$ 38,807,244</u>	<u>\$ 36,859,768</u>	<u>\$ 38,337,738</u>	<u>\$ 42,358,429</u>	<u>\$ 42,358,429</u>
Primary government:					
Net investment in capital assets	\$ 20,670,064	\$ 23,795,539	\$ 23,484,183	\$ 25,913,868	\$ 25,913,868
Restricted	8,986,346	4,481,398	7,600,076	9,340,709	9,340,709
Unrestricted	8,881,895	8,582,831	7,253,479	7,103,852	7,103,852
Total primary government net position	<u>\$ 38,538,305</u>	<u>\$ 36,859,768</u>	<u>\$ 38,337,738</u>	<u>\$ 42,358,429</u>	<u>\$ 42,358,429</u>

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

Source: Town of Yucca Valley Finance Department.

	Fiscal year				
	2016	2017	2018	2019	2020
Governmental activities:					
Net investment in capital assets	\$ 32,591,351	\$ 34,786,380	\$ 34,348,033	\$ 48,432,601	\$ 59,728,592
Restricted	9,745,235	14,164,214	19,765,901	14,158,974	14,369,385
Unrestricted	4,213,416	4,498,253	4,517,695	11,706,717	10,262,859
Total governmental activities net position	<u>\$ 46,550,002</u>	<u>\$ 53,448,847</u>	<u>\$ 58,631,629</u>	<u>\$ 74,298,292</u>	<u>\$ 84,360,836</u>
Primary government:					
Net investment in capital assets	\$ 32,591,351	\$ 34,786,380	\$ 34,348,033	\$ 48,432,601	\$ 59,728,592
Restricted	9,745,235	14,164,214	19,765,901	14,158,974	14,369,385
Unrestricted	4,213,419	4,498,253	4,517,695	11,706,717	10,262,859
Total primary government net position	<u>\$ 46,550,005</u>	<u>\$ 53,448,847</u>	<u>\$ 58,631,629</u>	<u>\$ 74,298,292</u>	<u>\$ 84,360,836</u>

Source: Town of Yucca Valley Finance Department

Town of Yucca Valley

**Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal year				
	2011	2012*	2013	2014	2015
Expenses:					
Governmental activities:					
General government	\$ 2,505,382	\$ 1,990,496	\$ 2,255,173	\$ 1,839,715	\$ 1,808,076
Public safety	4,137,500	4,311,178	4,477,341	4,784,560	4,897,263
Parks and recreation	1,183,256	1,056,148	2,111,901	399,990	729,359
Public works	2,512,429	3,518,397	1,500,235	2,970,101	1,979,622
Community development	2,352,830	2,064,831	2,266,567	1,579,315	2,168,836
Interest on long-term debt	586,832	309,096	-	-	-
Total governmental activities expenses	<u>13,278,229</u>	<u>13,250,146</u>	<u>12,611,217</u>	<u>11,573,681</u>	<u>11,583,156</u>
Total primary government expenses	<u>13,278,229</u>	<u>13,250,146</u>	<u>12,611,217</u>	<u>11,573,681</u>	<u>11,583,156</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	68,840	3,453	12,481	26,043	31,484
Public safety	135,383	156,384	137,990	148,294	148,751
Parks and recreation	267,357	209,202	215,701	175,184	186,075
Public works	71,198	63,070	65,160	105,391	26,164
Community development	234,553	193,942	272,992	222,596	245,513
Operating grants and contributions	784,267	291,705	979,280	2,496,097	3,154,115
Capital grants and contributions	1,815,317	2,453,409	2,064,465	4,089,011	3,813,649
Total governmental activities program revenues	<u>3,376,915</u>	<u>3,371,165</u>	<u>3,748,069</u>	<u>7,262,616</u>	<u>7,605,751</u>
Total primary government program revenues	<u>3,376,915</u>	<u>3,371,165</u>	<u>3,748,069</u>	<u>7,262,616</u>	<u>7,605,751</u>
Net revenues (expenses)	\$ (9,901,314)	\$ (9,878,981)	\$ (8,863,148)	\$ (4,311,065)	\$ (3,977,405)

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

Source: Town of Yucca Valley Finance Department.

	Fiscal year				
	2016	2017	2018	2019	2020
Expenses:					
Governmental activities:					
General government	\$ 1,922,138	\$ 1,891,162	\$ 2,349,441	\$ 2,557,387	\$ 5,422,639
Public safety	4,968,371	5,222,916	5,761,214	6,172,612	6,514,290
Parks and recreation	813,926	1,275,224	1,234,793	1,972,830	1,604,249
Public works	3,124,182	3,142,439	4,225,776	5,655,114	5,095,900
Community development	1,232,726	1,419,701	1,825,172	1,775,568	2,200,881
Interest on long-term debt	-	-	-	-	-
Total governmental activities expenses	<u>12,061,343</u>	<u>12,951,442</u>	<u>15,396,396</u>	<u>18,133,511</u>	<u>20,837,959</u>
Total primary government expenses	<u>12,061,343</u>	<u>12,951,442</u>	<u>15,396,396</u>	<u>18,133,511</u>	<u>20,837,959</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	27,052	115,422	93,763	132,851	76,892
Public safety	197,337	425,126	520,085	545,108	489,121
Parks and recreation	212,682	168,874	150,156	137,240	98,673
Public works	49,120	57,741	56,082	56,309	57,985
Community development	288,117	302,787	377,267	350,178	688,639
Operating grants and contributions	3,279,736	1,626,389	2,537,152	2,895,376	2,137,391
Capital grants and contributions	<u>4,862,151</u>	<u>1,197,982</u>	<u>4,615,342</u>	<u>16,314,825</u>	<u>13,496,971</u>
Total governmental activities program revenues	<u>8,916,195</u>	<u>3,894,321</u>	<u>8,349,847</u>	<u>20,431,887</u>	<u>17,045,672</u>
Total primary government program revenues	<u>8,916,195</u>	<u>3,894,321</u>	<u>8,349,847</u>	<u>20,431,887</u>	<u>17,045,672</u>
Net revenues (expenses)	<u>\$ (3,145,148)</u>	<u>\$ (9,057,121)</u>	<u>\$ (7,046,549)</u>	<u>\$ 2,298,376</u>	<u>\$ (3,792,287)</u>

Source: Town of Yucca Valley Finance Department.

Town of Yucca Valley

**Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal year				
	2011	2012*	2013	2014	2015
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property tax levied for general purposes	\$ 6,136,537	\$ 5,242,751	\$ 4,474,719	\$ 4,110,921	\$ 4,366,088
Sales tax	2,712,111	2,863,039	3,083,885	2,972,557	3,003,421
Transient occupancy tax	164,615	188,392	147,195	134,183	571,645
Franchise taxes	780,066	809,736	765,448	791,821	833,722
Motor vehicle in lieu tax, unrestricted	97,307	10,534	10,915	9,033	8,726
Unrestricted investment earnings	79,729	44,463	36,135	15,019	42,786
Other	88,463	87,370	245,556	298,222	146,230
Extraordinary/Special Items:					
Gain (loss)/contributions from Redevelopment Agency	-	(1,314,780)	1,577,265	-	3,038,093
Total governmental activities	<u>10,058,828</u>	<u>7,931,505</u>	<u>10,341,118</u>	<u>8,331,756</u>	<u>12,010,711</u>
Total primary government	<u>10,058,828</u>	<u>7,931,505</u>	<u>10,341,118</u>	<u>8,331,756</u>	<u>12,010,711</u>
Total primary government change in net position	<u>\$ 157,514</u>	<u>\$ (1,947,476)</u>	<u>\$ 1,477,970</u>	<u>\$ 4,020,691</u>	<u>\$ 8,033,306</u>

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Source: Town of Yucca Valley Finance Department.

	Fiscal year				
	2016	2017	2018	2019	2020
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property tax levied for general purposes	\$ 4,478,913	\$ 4,610,099	\$ 4,884,374	\$ 5,161,487	\$ 5,491,570
Sales tax	3,498,005	3,616,990	5,507,159	5,929,763	5,759,796
Transient occupancy tax	290,878	316,912	578,997	784,202	864,733
Franchise taxes	851,943	806,945	955,028	983,535	891,399
Motor vehicle in lieu tax, unrestricted	8,616	9,534	11,327	10,481	17,451
Unrestricted investment earnings	37,559	87,833	167,902	345,044	419,312
Other	340,551	146,333	149,626	153,775	410,570
Extraordinary/Special Items:					
Gain (loss)/contributions from Redevelopment Agency	-	-	-	-	-
Total governmental activities	9,506,465	9,594,646	12,254,413	13,368,287	13,854,831
Total primary government	9,506,465	9,594,646	12,254,413	13,368,287	13,854,831
Total primary government change in net position	\$ 6,361,317	\$ 537,525	\$ 5,207,864	\$ 15,666,663	\$ 10,062,544

Source: Town of Yucca Valley Finance Department.



Town of Yucca Valley

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

	Fiscal year									
	2011	2012*	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Nonspendable	\$ 350,000	\$ 350,000	\$ 1,132,137	\$ 693,540	\$ 620,910	\$ 515,694	\$ 477,617	\$ 300,710	\$ 236,966	\$ 233,356
Restricted	-	-	302,679	331,414	-	359,676	332,536	310,570	327,057	-
Assigned	-	1,040,000	1,300,000	1,300,000	1,784,812	1,400,000	1,600,000	1,718,412	1,717,550	2,730,050
Unassigned	7,119,586	5,286,986	4,335,892	5,335,320	5,850,818	6,057,106	5,674,659	6,800,357	7,374,634	7,728,668
Total General Fund	7,469,586	6,676,986	7,070,708	7,660,274	8,256,540	8,332,476	8,084,812	9,130,049	9,656,207	10,692,074
All other governmental funds:										
Nonspendable	-	-	482,475	857,999	555,270	579,871	560,757	-	-	-
Restricted:										
Public safety	451,708	509,590	438,155	453,824	271,518	364,181	421,131	373,485	421,530	554,688
Debt service	2,534,676	-	-	-	11,821	-	-	-	-	-
Community development	8,058,375	768,334	1,142,177	180,120	150,967	167,095	168,098	189,416	28,353	26,604
Parks and recreation	96,552	585,568	-	-	-	-	-	-	-	-
Public works	4,015,566	3,862,444	3,450,409	3,768,729	5,323,297	5,089,907	5,832,014	11,435,852	7,882,400	10,704,489
Assigned	1,076,842	962,794	429,257	2,253,854	1,887,102	2,432,589	3,867,476	4,460,878	9,019,260	4,159,031
Unassigned	(43,097)	(180,726)	70,720	(1,266,916)	(1,508,581)	(113,417)	(112,261)	(178,577)	(165,909)	(132,579)
Total all other governmental funds	16,190,622	6,508,004	6,013,193	6,247,610	6,691,394	8,520,226	10,737,215	16,281,054	17,185,634	15,312,233
Total all governmental funds	\$ 23,660,208	\$ 13,184,990	\$ 13,083,901	\$ 13,907,884	\$ 14,947,934	\$ 16,852,702	\$ 18,822,027	\$ 25,411,103	\$ 26,841,841	\$ 26,004,307

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Source: Town of Yucca Valley Finance Department.

Town of Yucca Valley

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

	Fiscal year				
	2011	2012*	2013	2014	2015
Revenues:					
Taxes	\$ 9,776,769	\$ 9,106,577	\$ 8,485,175	\$ 8,032,148	\$ 8,798,513
Licenses and permits	58,956	39,382	41,886	48,060	46,239
Intergovernmental	3,692,772	2,794,257	2,516,302	4,028,335	5,431,559
Charges for services	545,198	458,950	610,937	600,865	514,831
Fines, fees and forfeitures	179,376	183,073	186,211	1,936,155	487,305
Investment earnings	100,866	60,345	45,059	23,953	27,473
Miscellaneous	46,735	3,522	646,261	278,060	82,404
Total revenues	14,400,672	12,646,106	12,531,831	14,947,576	15,388,324
Expenditures:					
Current:					
General government	3,152,504	2,175,885	2,175,279	1,607,946	1,597,543
Public safety	4,114,119	4,243,756	4,485,396	4,780,111	4,908,924
Parks and recreation	1,253,535	1,284,466	2,109,872	666,853	793,532
Public works	2,622,724	2,883,863	2,465,206	4,700,039	4,713,570
Community development	1,550,082	1,662,770	2,474,167	2,368,644	2,332,526
Debt service:					
Principal retirement	186,133	161,562	-	-	-
Interest and fiscal charges	573,502	348,789	-	-	-
Bond issuance costs	-	-	-	-	-
Supplemental ERAF shift	131,081	-	-	-	-
Pass-through payments	816,393	414,791	-	-	-
Total expenditures	14,400,073	13,175,882	13,709,920	14,123,593	14,346,095
Excess (deficiency) of revenues over expenditures	599	(529,776)	(1,178,089)	823,983	1,042,229
Other financing sources (uses):					
Transfers in	1,155,660	1,329,858	628,272	1,573,081	3,083,568
Transfers out	(1,155,660)	(1,329,858)	(628,272)	(1,573,081)	(3,097,568)
Total other financing sources (uses)	-	-	-	-	(14,000)
Extraordinary/Special Item					
Gain (loss) on dissolution of Redevelopment Agency	-	-	1,077,000	-	-
Net change in fund balances	\$ 599	\$ (529,776)	\$ (1,178,089)	\$ 823,983	\$ 1,028,229
Debt service as a percentage of noncapital expenditures	6.0%	3.9%	0.0%	0.0%	0.0%

Source: Town of Yucca Valley Finance Department.

	Fiscal year				
	2016	2017	2018	2019	2020
Revenues:					
Taxes	\$ 9,143,350	\$ 9,643,830	\$ 13,921,784	\$ 15,100,374	\$ 15,173,967
Licenses and permits	46,448	45,918	48,526	55,782	44,347
Intergovernmental	4,366,035	2,761,319	5,279,531	3,260,417	4,898,514
Charges for services	565,634	614,666	689,966	651,369	953,715
Fines, fees and forfeitures	183,069	218,584	323,928	248,325	215,764
Investment earnings	50,767	88,537	226,730	472,300	471,081
Miscellaneous	142,576	64,415	80,478	64,797	300,144
Total revenues	14,497,879	13,437,269	20,570,943	19,853,364	22,057,532
Expenditures:					
Current:					
General government	2,195,345	1,609,571	1,938,449	2,334,859	5,014,652
Public safety	5,066,965	5,196,778	5,674,358	6,154,306	6,364,455
Parks and recreation	1,303,134	1,044,727	1,273,623	1,817,737	4,860,704
Public works	2,165,685	2,162,001	3,742,386	6,309,063	4,475,047
Community development	1,842,461	1,446,936	1,857,006	1,806,661	2,180,208
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Supplemental ERAF shift	-	-	-	-	-
Pass-through payments	-	-	-	-	-
Total expenditures	12,573,590	11,460,013	14,485,822	18,422,626	22,895,066
Excess (deficiency) of revenues over expenditures	1,924,289	1,977,256	6,085,121	1,430,738	(837,534)
Other financing sources (uses):					
Transfers in	2,282,687	1,333,331	3,143,419	3,724,499	1,453,045
Transfers out	(2,290,387)	(1,341,262)	(2,639,464)	(3,724,499)	(1,453,045)
Total other financing sources (uses)	(7,700)	(7,931)	503,955	-	-
Extraordinary/Special Item					
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	-	-
Net change in fund balances	\$ 1,916,589	\$ 1,969,325	\$ 6,589,076	\$ 1,430,738	\$ (837,534)
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Town of Yucca Valley Finance Department.

Town of Yucca Valley

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

Fiscal year ended June 30,	Town						Total direct tax rate
	Secured	Unsecured	SBE Nonunitary	Less: exemptions	Taxable assessed value		
2011	\$ 1,109,603,922	\$ 33,206,291	\$ -	\$ 27,759,864	\$ 1,115,050,349	0.3019%	
2012	1,112,098,163	33,029,216	-	27,544,264	1,117,583,115	0.2993%	
2013	1,114,561,955	31,019,077	-	26,844,714	1,118,736,318	0.2941%	
2014	1,103,475,992	30,911,422	-	26,141,193	1,108,246,221	0.1655%	
2015	1,163,382,478	30,332,137	-	25,665,756	1,168,048,859	0.1655%	
2016	1,209,583,489	30,790,661	-	25,601,356	1,214,772,794	0.1655%	
2017	1,233,995,499	31,116,338	-	26,797,656	1,238,314,181	0.1655%	
2018	1,286,274,570	29,593,322	-	26,283,600	1,289,584,292	0.1655%	
2019	1,354,111,570	30,080,733	-	25,711,000	1,358,481,303	0.1655%	
2020	1,438,360,203	29,798,785	7,623	25,191,600	1,442,975,011	0.1655%	

Note 1:

In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed as a result of new construction activity or at the time that it is sold to new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value.

Note 2:

Beginning in Fiscal Year 2012-13, the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during Fiscal Year 2012-13.

Note 3:

Beginning in Fiscal Year 2013-14, the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during Fiscal Year 2012-13.

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

Town of Yucca Valley

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

Town General Fund Direct Rates

	<u>Town share of 1% levy</u>	<u>Debt rates</u>	<u>Total Town rate</u>	<u>Total direct rate</u>
2011	0.1653%	0.0000%	0.1653%	0.3019%
2012	0.1653%	0.0000%	0.1653%	0.2993%
2013	0.1653%	0.0000%	0.1653%	0.1655%
2014	0.1653%	0.0000%	0.1653%	0.1655%
2015	0.1653%	0.0000%	0.1653%	0.1655%
2016	0.1653%	0.0000%	0.1653%	0.1655%
2017	0.1653%	0.0000%	0.1653%	0.1655%
2018	0.1653%	0.0000%	0.1653%	0.1655%
2019	0.1653%	0.0000%	0.1653%	0.1655%
2020	0.1653%	0.0000%	0.1653%	0.1655%

Notes:

- 1) General fund tax rates are representative and based upon the direct and overlapping rates for the largest General Fund tax rate area (TRA) by net taxable value.
- 2) Total Direct Rate is the weighted average of all individual direct rates applied by the Town. The percentages presented in the columns above do not sum across rows. Beginning in Fiscal Year 2012-2013, the Total Direct Rate no longer includes revenues generated from the former redevelopment tax rate areas. Challenges to recognize enforceable obligations are assumed to have been resolved during Fiscal Year 2012-2013.
- 3) In 1978, California voters passed Prop 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- 4) Includes Town and Agency share.

Source: HDL direct and overlapping tax rates.

Town of Yucca Valley

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

Overlapping rates

	2011	2012	2013	2014	2015	2016
Town of Yucca Valley	0.16533	0.16533	0.16533	0.16533	0.16533	0.16533
Copper Mountain						
Community College	0.03990	0.03990	0.03990	0.03990	0.03990	0.03990
County Free Library	0.01037	0.01037	0.01037	0.01037	0.01037	0.01037
County General Fund	0.10710	0.10710	0.10710	0.10710	0.10710	0.10710
County Superintendent	0.00729	0.00729	0.00729	0.00729	0.00729	0.00729
ERAF	0.16220	0.16220	0.16220	0.16220	0.16220	0.16220
Flood Control Admin	0.00065	0.00065	0.00065	0.00065	0.00065	0.00065
Flood Control Zone 6	0.00845	0.00845	0.00845	0.00845	0.00845	0.00845
Hi-Desert County Water	0.06930	0.06930	0.06930	0.06930	0.06930	0.06930
Hi-Desert Hospital District	0.01345	0.01345	0.01345	0.01345	0.01345	0.01345
Mojave Desert RCD	0.00009	0.00009	0.00009	0.00009	0.00009	0.00009
Mojave Water Agency	0.00393	0.00393	0.00393	0.00393	0.00393	0.00393
Morongo USD	0.19410	0.19410	0.19410	0.19410	0.19410	0.19410
Yucca Valley Fire	0.21780	0.21780	0.21780	0.21780	0.21780	0.21780
Total Prop 13 rate	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Morongo USD	0.04650	0.04830	0.05810	0.05280	0.05250	0.04660
Copper Mountain						
Community College	0.02980	0.02670	0.02950	0.02660	0.02830	0.02020
Mojave Water Agency	0.08500	0.08500	0.10500	0.10500	0.10500	0.10500
Mojave Water Agency						
Land only	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250
Mojave Water Agency	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500
Total voter approved rate	0.32880	0.32750	0.36010	0.35190	0.35330	0.33930
Successor Agency	-	-	-	-	-	-
Total direct and overlapping rate	1.32880	1.32750	1.36010	1.35190	1.35330	1.33930

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

2017	2018	2019	2020	Outstanding debt 6/30/20	Share of overlapping debt
0.16533	0.16533	0.16533	0.016533	\$ -	\$ -
0.03990	0.03990	0.03990	0.03990	14,636,444	5,939,615
0.01037	0.01037	0.01037	0.01037	-	-
0.10710	0.10710	0.10710	0.10710	476,352,638	3,615,517
0.00729	0.00729	0.00729	0.00729	-	-
0.16220	0.16220	0.16220	0.16220	-	-
0.00065	0.00065	0.00065	0.00065	57,155,000	433,806
0.00845	0.00845	0.00845	0.00845	-	-
0.06930	0.06930	0.06930	0.06930	-	-
0.01345	0.01345	0.01345	0.01345	-	-
0.00009	0.00009	0.00009	0.00009	-	-
0.00393	0.00393	0.00393	0.00393	-	-
0.19410	0.19410	0.19410	0.19410	42,965,022	17,435,636
0.21780	0.21780	0.21780	0.21780	-	-
1.00000	1.00000	1.00000	1.00000	591,109,104	27,424,574
0.05000	0.05000	0.05000	0.04360	-	-
0.02600	0.02600	0.02600	0.02430	-	-
0.10500	0.10500	0.10500	0.10500	4,835,000	229,663
0.11250	0.11250	0.11250	0.11250	7,395,000	4,259,816
0.05500	0.05500	0.05500	0.05500	-	-
0.34850	0.34850	0.34850	0.32540	12,230,000	4,489,479
-	-	-	-	7,579,000	7,579,000
1.34850	1.34850	1.34850	1.32540	\$ 610,918,104	\$ 39,493,053

Town of Yucca Valley

**Principal Property Tax Payers
Current Year**

	Taxpayer	Fiscal Year 2020	
		Taxable assessed value	Percent of total town taxable assessed value
1	Walmart Stores Inc	\$ 27,188,299	1.51%
2	Home Depot USA Inc	13,319,210	0.74%
3	Shah Family Trust	7,939,612	0.44%
4	GFC Joshua Village	6,952,953	0.39%
5	Guerra Family Trust	6,897,852	0.38%
6	HC 58295 29 Palms Hwy	6,896,102	0.38%
7	Time Warner Cable	6,716,813	0.37%
8	Koo Steven J and Suk K	6,258,384	0.35%
9	Samaro Chris	6,043,580	0.34%
10	Thrifty Payless Inc	5,927,144	0.33%
	Totals	<u>\$ 94,139,949</u>	<u>5.23%</u>

Source: HDL Reports.

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

Town of Yucca Valley

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal year ended June 30,	Taxes levied for fiscal year	Collected within the fiscal year of levy		Collections in subsequent years	Total collections to date	
		Amount	% of Levy		Amount	% of Levy
2011	\$ 4,450,182	\$ 4,450,182	100.00%	\$ -	\$ 4,450,182	100.00%
2012	4,403,922	3,672,055	83.38%	731,867	4,403,922	100.00%
2013	4,310,331	4,310,331	100.00%	-	4,310,331	100.00%
2014	4,288,917	4,110,921	95.85%	177,996	4,288,917	100.00%
2015	4,380,418	4,366,088	99.67%	14,330	4,380,418	100.00%
2016	4,601,051	4,507,251	97.96%	93,800	4,601,051	100.00%
2017	4,708,789	4,610,099	97.90%	98,690	4,708,789	100.00%
2018	4,848,778	4,884,374	100.73%	-	4,884,374	100.73%
2019	5,455,350	5,161,487	94.61%	293,863	5,455,350	100.00%
2020	5,801,735	5,491,570	94.65%	310,165	5,801,735	100.00%

Note:

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

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

Taxes levied- Teeter schedule from SBCO

Collected- statement of activities in CAFR- general revenue

Town of Yucca Valley

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

Fiscal year ended June 30	Tax allocation bonds	General obligation bonds	Loans	Total governmental activities	% of personal income	Debt per capita	
2011	\$ 10,115,000	\$ 67,924	\$ 161,562	\$ 10,344,486	2.45%	\$ 495	
2012	*	-	67,924	-	67,924	0.02%	3
2013	-	-	-	-	-	-	
2014	-	-	-	-	-	-	
2015	-	-	-	-	-	-	
2016	-	-	-	-	-	-	
2017	-	-	-	-	-	-	
2018	-	-	-	-	-	-	
2019	-	-	-	-	-	-	
2020	-	-	-	-	-	-	

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

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

Town of Yucca Valley

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

Fiscal year ended June 30,	Outstanding general bonded debt				% of personal income	Per capita
	Tax allocation bonds	General obligation bonds	Loans	Total		
2011	\$ 10,115,000	\$ 67,924	\$ 161,562	\$ 10,344,486	2.38%	\$ 495
2012 *	-	67,924	-	67,924	0.02%	3
2013	-	-	-	-	0.00%	-
2014	-	-	-	-	0.00%	-
2015	-	-	-	-	0.00%	-
2016	-	-	-	-	0.00%	-
2017	-	-	-	-	0.00%	-
2018	-	-	-	-	0.00%	-
2019	-	-	-	-	0.00%	-
2020	-	-	-	-	0.00%	-

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

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

Town of Yucca Valley

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

	Fiscal year				
	2011	2012	2013	2014	2015
Assessed valuation	\$ 1,367,679,701	\$ 1,365,523,976	\$ 1,355,651,200	\$ 1,340,266,831	\$ 1,431,184,369
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	341,919,925	341,380,994	338,912,800	335,066,708	357,796,092
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	51,287,989	51,207,149	50,836,920	50,260,006	53,669,414
Total net debt applicable to limit: general obligation bonds	<u>67,924</u>	<u>67,924</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 51,220,065</u>	<u>\$ 51,139,225</u>	<u>\$ 50,836,920</u>	<u>\$ 50,260,006</u>	<u>\$ 53,669,414</u>
Total debt applicable to the limit as a percentage of debt limit	0.133%	0.133%	0.000%	0.000%	0.000%

	Fiscal year				
	2016	2017	2018	2019	2020
Assessed valuation	\$ 1,502,995,101	\$ 1,483,401,141	\$ 1,548,452,864	\$ 1,652,176,125	\$ 1,755,214,224
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	375,748,775	370,850,285	387,113,216	413,044,031	438,803,556
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	56,362,316	55,627,543	58,066,982	61,956,605	65,820,533
Total net debt applicable to limit: general obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 56,362,316</u>	<u>\$ 55,627,543</u>	<u>\$ 58,066,982</u>	<u>\$ 61,956,605</u>	<u>\$ 65,820,533</u>
Total debt applicable to the limit as a percentage of debt limit	0.000%	0.000%	0.000%	0.000%	0.000%

Town of Yucca Valley

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

Fiscal year ended June 30,	Tax allocation bonds				Coverage
	Tax increment	Debt service			
		Principal	Interest		
2011	\$ 2,128,307	\$ 175,000	\$ 562,703	2.89%	
2012*	-	-	-	0.00%	
2013	-	-	-	0.00%	
2014	-	-	-	0.00%	
2015	-	-	-	0.00%	
2016	-	-	-	0.00%	
2017	-	-	-	0.00%	
2018	-	-	-	0.00%	
2019	-	-	-	0.00%	
2020	-	-	-	0.00%	

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

Town of Yucca Valley

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Aggregate Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2011	21,800	\$ 434,000,000	\$ 19,908	13.40%
2012	20,916	423,000,000	20,236	12.70%
2013	21,030	451,000,000	21,444	10.20%
2014	21,053	437,000,000	20,776	8.70%
2015	21,030	420,000,000	19,962	6.50%
2016	21,281	435,225,000	20,451	8.10%
2017	21,519	450,557,000	20,937	7.20%
2018	21,519	470,452,000	21,862	6.00%
2019	22,050	514,845,450	23,349	5.50%
2020	22,236	564,082,848	25,368	5.30%

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

Town of Yucca Valley

**Principal Employers
Last Eight Fiscal Years**

Employer	Number of Employees							
	2013	2014	2015	2016	2017	2018	2019	2020
Morongo Unified School District	364	372	436	421	317	382	325	377
Walmart	320	350	360	340	272	272	272	272
Braswell Family Senior Care	200	210	235	226	209	70	30	30
Stater Bros.	163	195	195	151	157	205	135	205
Home Depot	177	185	136	135	160	150	150	150

Source: YV Chamber of Commerce

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

Source: Yucca Valley Chamber of Commerce.

Town of Yucca Valley

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

Employment Trends – Number of Full-Time Equivalent Employees

Function	2011	2012	2013	2014	2015
General government	8	9	9	8	8
Public works	12	8	9	7.5	7.5
Community development	7	8	7.5	7	7
Community service	16.75	14.75	15.25	12	12
Total	43.75	39.75	40.75	34.5	34.5

Function	2016	2017	2018	2019	2020
General government	7	7	7	7	8
Public works	10.5	10.5	11.5	12	10
Community development	6	6	5	7	6
Community service	11	11	11	11	13
Total	34.5	34.5	34.5	37	37

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

Source: Town of Yucca Valley
The prior year's employment trends have been restated to reflect full-time equivalents (FTE's).

Town of Yucca Valley

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

Function	2011	2012	2013	2014	2015
Animal Control:					
Service calls/shelter visitors	21,475	19,716	18,936	16,884	17,297
Animal licenses issued	2,128	1,475	1,322	1,301	979
Community Development:					
Building permits issued	292	545	541	574	632
Plan checks	74	136	129	229	257
Public Works:					
Newly paved streets	-	0.50	0.24	-	-
Street resurfacing (miles)	1.52	0.25	42.00	16.00	11.00
Parks and Recreation:					
Number of recreation classes	936	1,199	960	948	948
Number of facility rentals	746	960	800	828	965
Function	2016	2017	2018	2019	2020
Animal Control:					
Service calls/shelter visitors	18,697	16,531	17,440	15,324	13,482
Animal licenses issued	1,048	919	842	899	632
Community Development:					
Building permits issued	707	787	897	804	2,219
Plan checks	270	306	333	354	1,262
Public Works:					
Newly paved streets	0.61	-	-	22.05*	12.0*
Street resurfacing (miles)	22.50	17.71	-	14.40	13.40
Parks and Recreation:					
Number of recreation classes	1,039	1,044	1,042	936	637
Number of facility rentals	983	868	1,182	981	809

* Newly paved streets included contributed streets from the Hi Desert Water District

Source: Town of Yucca Valley

Town of Yucca Valley

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

Capital asset statistics

	2011	2012	2013	2014	2015
Public Works:					
Streets (miles)	168.3	168.3	168.3	168.3	169.3
Traffic signals	-	-	2.0	2.0	2.0
Parks and Recreation:					
Parks	8	8	9	9	9
Community centers	1	1	1	1	1
	2016	2017	2018	2019	2020
Public Works:					
Streets (miles)	169.3	169.3	149.3	149.3	149.3
Traffic signals	2.0	2.0	2.0	2.0	2.0
Parks and Recreation:					
Parks	9	10	10	10	10
Community centers	1	1	1	1	1

Source: Town of Yucca Valley

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

