

Town of Yucca Valley

Yucca Valley, California

Comprehensive Annual Financial Report For the fiscal year ended June 30, 2015



Administrative Services Department

Curtis Yakimow
Town Manager

Sharon Cisneros, CPA
Finance Manager

Town of Yucca Valley

Table of Contents
June 30, 2015

	<u>PAGE</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i
Table of Elected and Appointed Officials	vii
Organizational Chart	viii
GFOA Certificate of Achievement for Excellence in Financial Reporting	ix
FINANCIAL SECTION:	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Governmental Funds	
Balance Sheet	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Proprietary Fund	
Statement of Net Position	18
Statement of Revenues, Expenses and Changes in Net Position	19
Statement of Cash Flows	20
Fiduciary Funds	
Statement of Fiduciary Net Position	21
Statement of Changes in Fiduciary Net Position	22
Notes to the Basic Financial Statements	23
Required Supplementary Information	
Budgetary Comparison Schedules:	
General Fund	57
Development Impact Fees Special Revenue Fund	59
Town Housing Special Revenue Fund	60
Public Lands Federal Grant Special Revenue Fund	61
Other Post-Employment Benefits Plan – Schedule of Funding Progress	62
Schedule of Town's Proportionate Share of Plan's NPL and Related Ratios	63
Schedule of Plan's Contributions	64
Notes to Required Supplementary Information	65

Town of Yucca Valley

Table of Contents, continued
June 30, 2015

	<u>PAGE</u>
Supplemental Schedules	
Nonmajor Governmental Funds	
Combined Balance Sheet	66
Combined Statement of Revenues, Expenditures and Changes in Fund Balances	67
Nonmajor Special Revenue Funds	
Fund Descriptions	68
Combining Balance Sheet	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	77
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Quimby Fees Special Revenue Fund	84
Measure I 2010-2040 Regional Special Revenue Fund	85
Traffic Safety Special Revenue Fund	86
Asset Seizure Special Revenue Fund	87
Prop 1B - SLPP Special Revenue Fund	88
Highway Safety Improvements Special Revenue Fund	89
Gas Tax Special Revenue Fund	90
Local Transportation Act Special Revenue Fund	91
Safe Routes to School Special Revenue Fund	92
Measure I - 65% Major Arterial Special Revenue Fund	93
Measure I - 30% Local Roads Special Revenue Fund	94
Measure I - 2010 - 2040 Special Revenue Fund	95
Mello Roos Special Revenue Fund	96
COPS - LLESA Special Revenue Fund	97
AB 2766 - Air Pollution Special Revenue Fund	98
CDBG Special Revenue Fund	99
Recycling Activities Grant Special Revenue Fund	100
Landscape and Lighting Maintenance Special Revenue Fund	101
Street and Drainage District Special Revenue Fund	102
CMAQ Special Revenue Fund	103
AB2928 State Construction Grant Special Revenue Fund	104
SAFETEA-LU Special Revenue Fund	105

Town of Yucca Valley

Table of Contents, continued
June 30, 2015

	<u>PAGE</u>
Nonmajor Capital Projects Fund	
Funds Description	106
Combining Balance Sheet – Nonmajor Capital Projects Funds	107
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds	108
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Reserve Fund	109
Fiduciary Funds	
Combining Statement of Fiduciary Net Position – Private Purpose Trust	110
Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust	111
Statement of Changes in Fiduciary Assets and Liabilities – Agency Fund	112
 STATISTICAL SECTION:	
Overview of Statistical Section	113
Net Position by Component	114
Change in Net Position	116
Fund Balances of Governmental Funds	120
Changes in Fund Balances of Governmental Funds	122
Assessed Value and Estimated Actual Value of Taxable Property	124
Direct and Overlapping Property Tax Rates	125
Principal Property Tax Payers	127
Property Tax Levies and Collections	128
Ratios of Outstanding Debt by Type	129
Ratios of General Bonded Debt Outstanding	130
Legal Debt Margin Information	131
Pledged-Revenue Coverage	133
Demographic and Economic Statistics	134
Principal Employers	135
Employment Trends and Other Miscellaneous Information	136
Operating Indicators by Function	137
Capital Assets Statistics by Function	138



INTRODUCTORY SECTION

October 27, 2015

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, 2015, is hereby submitted as required by both local ordinances and state statutes. These ordinances and statutes mandate that the Town of Yucca Valley annually issue a report on its financial position and activity and that an independent firm of certified public accountants audit this report. The management of the Town is responsible for the contents of the information contained in this report.

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

Blended component units, although legally separate entities, are in substance, part of the primary government's operations, and are included as part of the primary government. With the dissolution of redevelopment agencies statewide in California following the passage of ABx1 26, redevelopment funds were permanently transitioned to a private-purpose trust fund structure for the year ended June 30, 2012 and beyond.

Governmental Structure, Local Economic Condition and Outlook

The Town, incorporated in 1991, is located in the southeastern part of the state, in the Morongo Basin just north of the Coachella Valley. The Town of Yucca Valley currently has a land area of 39 square miles and a population of approximately 21,050. The Town is empowered to levy a voter-approved property tax on both real and personal property located within its boundaries. The Town also has the power by state statute to extend its corporate limits by annexation, when deemed appropriate by the governing council.



The Town of
Yucca Valley

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The Town has operated under the council-manager form of government since incorporation. Policymaking and legislative authority is vested in the Town Council, which consists of a mayor and a four-member council. The Town Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the Town's manager and attorney. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the Town, and for appointing the Town's management team. The council is elected on a non-partisan basis. Council members are elected to four-year staggered terms with two council members elected every two years and three council members elected on alternate election years. The mayor is selected from among the council members.

Located in San Bernardino County, Yucca Valley is considered to be the economic hub of the Morongo Basin. With major financial institutions and a broad base of retail operations, the community serves both the commercial and retail needs of the Morongo Basin. In the early to mid 2000's, the Town experienced a steady increase in its retail sales base, as additional retail providers entered the Yucca Valley market to serve the increasing population. Starting in 2006 however, the slowing economy had a significant impact on local consumer spending in the basin, particularly with auto and retail sales. In early 2009, the Town lost two of its four auto dealerships, and over the course of the next few years, the Town continued to experience declines in both retail sales and assessed valuation of both commercial and residential properties.

Beginning in about 2012, this trend has stabilized and has been replaced by slow but steady growth. Retail interest in the area continues to accelerate in conjunction with the completion of several new retail developments. These additions, along with several other developments and tenant improvements in various stages of planning, continue to provide positive development momentum for the Town. The Town is cautious given the current national and international economic downturn; however private development within the Town continues to move forward in a positive but measured pace.

The Marine Corps Air Ground Combat Center, the largest Marine Corps base in the world (932 square miles), is located just 25 miles to the east of Yucca Valley, in the City of Twenty-nine Palms. The base is home to more than 20,000 service members and dependents and continues to thrive. Base command has provided updates that indicate that the majority of recently planned capital improvement projects have been or are nearing completion. Accordingly, many of the private contractors associated with base expansion projects have wound down their local presence. Through recent congressional action, the base has expanded its footprint to allow for large-scale multi-branch coordinated training events that were previously not possible. The Town considers the base as a strategic partner as many base personnel or their dependents live, work, shop and play in the Town of Yucca Valley.

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

Significant Activities

Strategic Planning. The Town Council continues to actively engage in strategic planning activities in an effort to identify the overarching goals for both the Town and the community at large. Through this process, prioritization of goals occurs with respect to planning, financing, staffing and other needed resources. Fiscal year 2014-15 represented significant progress towards the implementation of the vision as adopted by the Town Council. Highlights of the progress include:

- Completion of several multi-million dollar public infrastructure projects impacting the state highway within Town limits
- Acquisition of new park assets and improvements to existing parks
- Affordable senior housing project fully leased
- Economic development progress with opening of privately owned golf course and new commercial locations
- Pension and Other Post Employment Benefit reform implementation with accompanying financial commitment to reducing related liabilities

Infrastructure Development. Infrastructure needs within the community remain great. Compounding the challenge is the fact that the Town has limited resources in meeting the many development needs. As a result of the strategic planning session and the accompanying direction, the paramount infrastructure priority of the Town is maintenance of Town roads and infrastructure to enhance public safety, as well as appropriate support to the Hi Desert Water District in their development of a regional wastewater facility.

Additional infrastructure projects include continued focus on specific improvements to State Highway 62, the primary thoroughfare bisecting the Town. The majority of these improvements focus on sidewalks, median islands, curb and gutter, and widening of selected areas within the Town. Construction of all segments began 2013 and the majority of these significant projects were completed in fiscal year 2014-15. The Town continues to seek organizational and financial participation to the degree possible at the county, state and federal level. Recent communications with the regional transportation agencies has yielded promising commitments of funding resources for some of these broader transportation initiatives along the State highway and other major arterial roads in the Town.

A new sewer assessment district was passed by Yucca Valley property owners in May 2015, which will provide funding for Phase I of the \$145 million regional wastewater project. The related assessment for single equivalent dwelling unit (EDU) connections is expected to be approximately \$18,000. The assessment due for all Town owned properties is estimated at \$650,000. This project will have a significant impact on Yucca Valley residents, businesses and visitors alike, with disruptions affecting local streets and roads, travel patterns and general commerce. The project is also likely to provide a positive financial impact through the multiplier effect of significant public works projects. Groundbreaking on Phase 1 is anticipated in the third quarter of calendar year 2016 and the Hi-Desert Water District serves as the lead agency on this project.

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

During the early 2000's, building activity in the Town increased steadily, peaking in fiscal year 2005. From 2005 through 2010, single family building slowed considerably as shown in the table below. Within the Town, the lack of a regionalized sewer treatment system continues to hamper some areas of commercial and residential growth, and coupled with a sluggish regional economy, overall development activity has been restrained. In a similar pattern to the Town's sales tax environment, fiscal year 2014-15 showed signs of both the housing and commercial market stabilizing, and beginning to move forward once again. The Town has begun to see activity in residential construction, as several previously defunct projects had new life breathed into them. Coupled with the positive regional wastewater project assessment vote, there is reason to believe that Town-wide development, both commercial and residential, will continue at increasing levels. However, with the completion of the sewer system estimated to be in 2019, it will be some time before any significant increase is anticipated. While this progress remains exposed to comprehensive state, national and international economic events, the Town is hopeful that the local economy can continue on its return to modest growth.

Recent SFR Permit History

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

Annual permit valuation decreased in FY 2014-15 with total permit valuation for the fiscal year ending June 30, 2015 of \$2,314,192.

Cost Containment. To ensure the fiscal stability of the Town during times of economic stress, the management and staff of the Town presented a cost containment plan to the Town Council as part of the annual budgeting process. As a result, budgets of the Town beginning in FY 2008-09 and beyond have been focused on cost containment in all areas of Town operations. Both revenues and expenditures are down across almost all departments and functions, and are reflective of the Town's ongoing commitment to align services with available resources, including substantial efforts to reduce both short and long term personnel expenditures. To this degree, the Town completed an aggressive employee compensation, retirement and benefits review, and has made significant expenditure control changes to those areas. Continuing with this theme, in late fiscal year 2012-13, the Town Council authorized the offering of an early retirement incentive to qualified employees, resulting in a 12% participation rate. Over the past two fiscal years, the Town has focused on adjusting service delivery with the resources available as a result of the changes.

This has resulted in a streamlined and efficient service delivery model that focuses on quality versus quantity, and from desired programming to essential programming. While disappointed in the contraction of some service and program alternatives, the community has been generally supportive, understanding the need for fiscal sustainability. In an effort to be in a position to respond to recent and continued financial challenges, the Town Council continues to waive its formal reserve policy limitations to allow for a larger general fund surplus as a percentage of annual expenditures. This waiver has allowed the Town to retain a larger unassigned fund balance as a resource in addressing economic uncertainty moving into the future. This approach continues in the fiscal year 2014-15, with ending total unassigned reserve levels exceeding 66% of expenditures.

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

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

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

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

The loss of the Yucca Valley Redevelopment Agency (RDA) continues to have a lasting and profound impact on the Town of Yucca Valley. The RDA was the single most impactful tool available to the Town to assist in promoting, encouraging and participating in economic development. The loss of the agency will result into the direct siphoning of \$25-\$30 million from the Town over the next ten years and beyond. In fiscal year 2014-15, the Town, acting as Successor Agency, continued the orderly dissolution process. The properties identified in the Long Range Property Management Plan were transferred to the Town per the approved plan. The Town anticipates that the dissolution process will be completed with a Last and Final ROPS in the next fiscal year in accordance with recent legislation.

Financial Information.

Management of the Town is responsible for establishing and maintaining a system of internal control designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements that conform to generally accepted accounting principles. The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. As a recipient of federal, state and local financial assistance, the Town is also responsible for ensuring that an adequate system of internal control is in place to maintain and document compliance with applicable laws and regulations related to these programs. This system is subject to periodic evaluation by the Town's management.

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

Independent Audit

State statutes and Town ordinance require an annual audit by independent certified public accountants. The firm of Rogers, Anderson, Malody and Scott, LLP was appointed as the Town's auditors in the spring of 2008 and renewed 2011 and 2015. Generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, were used by the auditors in conducting the engagement. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Other References

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

Acknowledgments

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

Respectfully submitted,



Curtis Yakimow
Town Manager



Sharon Cisneros, CPA
Senior Accountant

Town of Yucca Valley

Elected and Appointed Officials

Elected Officials

Mayor

George Huntington

Mayor Pro Tem

Robert Leone

Council Member

Merl Abel

Council Member

Rick Denison

Council Member

Robert Lombardo

Appointed Officials

Town Manager

Curtis Yakimow

Deputy Town Manager

Shane R. Stueckle

Finance Manager

Sharon Cisneros, CPA

Town Clerk

Lesley Copeland

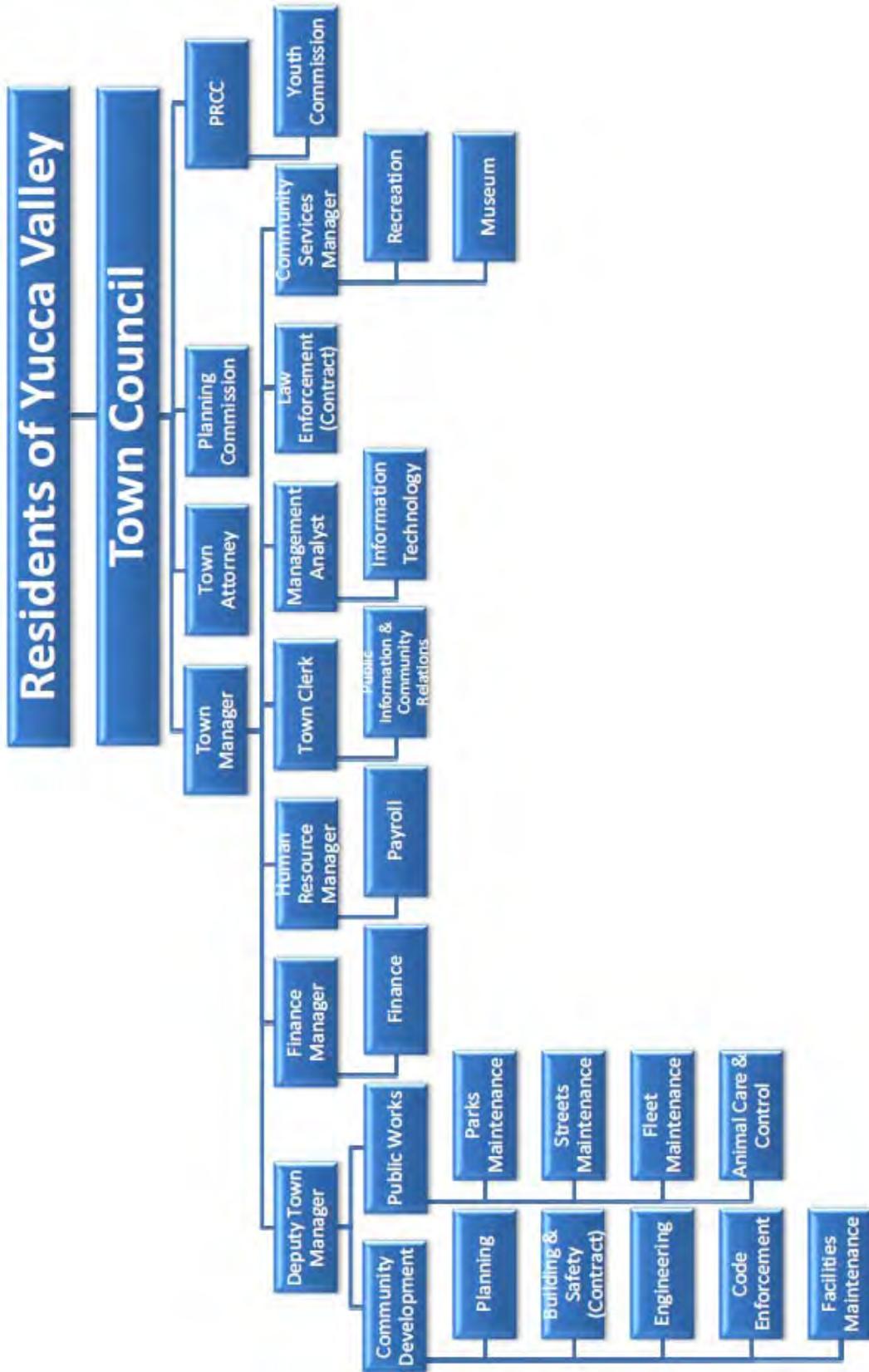
Town Attorney

Lona Laymon

Human Resources Manager

Debra Breidenbach-Sterling

Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Yucca Valley
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO





FINANCIAL SECTION



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

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

INDEPENDENT AUDITOR'S REPORT

PARTNERS

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

DIRECTORS

Bradford A. Welebir, CPA, MBA

MANAGERS / STAFF

Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Yiann Fang, CPA
Nathan Statham, CPA, MBA
Brigitia Bartha, CPA
Gardenya Duran, CPA
Juan Romero, CPA
Ivan Gonzales, CPA, MSA
Brianna Pascoe, CPA

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, 2015, 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

California Society of
Certified Public Accountants

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, 2015, 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.

Emphasis of a Matter

Change in Accounting Principle

As discussed in Note 1 of the financial statements, the Town adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2015 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 Maloney & Scott, LLP

San Bernardino, California
October 27, 2015





MANAGEMENT'S DISCUSSION AND ANALYSIS



Town of Yucca Valley

Management's Discussion and Analysis For the year ended June 30, 2015

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, 2015. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Reporting the Town as a Whole

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

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

Town of Yucca Valley

Management's Discussion and Analysis For the year ended June 30, 2015

Reporting the Town's Major Funds

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

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

Reporting the Town's Fiduciary Responsibilities

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	2015	2014	Change
Current and other assets	\$ 19,276,296	\$ 18,149,783	\$ 1,126,513
Capital assets	32,591,351	25,913,868	6,677,483
Total assets	<u>51,867,647</u>	<u>44,063,651</u>	<u>7,803,996</u>
Deferred outflows of resources	<u>480,823</u>	-	480,823
Long-term debt	4,134,226	756,969	3,377,257
Other liabilities	811,036	948,253	(137,217)
Total liabilities	<u>4,945,262</u>	<u>1,705,222</u>	<u>3,240,040</u>
Deferred inflows of resources	<u>853,203</u>	-	853,203
Net position:			
Net investment in capital assets	32,591,351	25,913,868	6,677,483
Restricted	9,745,235	9,340,709	404,526
Unrestricted	4,213,419	7,103,852	(2,890,433)
Total net position	<u>\$ 46,550,005</u>	<u>\$ 42,358,429</u>	<u>\$ 4,191,576</u>

Town of Yucca Valley

Management's Discussion and Analysis For the year ended June 30, 2015

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

	2015	2014	Change
Revenues			
Program revenues:			
Charges for services	\$ 637,987	\$ 677,508	\$ (39,521)
Operating contributions and grants	3,154,115	2,496,097	658,018
Capital contributions and grants	3,813,649	4,089,011	(275,362)
Total program revenues	<u>7,605,751</u>	<u>7,262,616</u>	<u>343,135</u>
General revenues:			
Property taxes	4,366,088	4,110,921	255,167
Sales taxes	3,003,421	2,972,557	30,864
Transient occupancy taxes	571,645	134,183	437,462
Franchise taxes	833,722	791,821	41,901
Investment income	42,786	15,019	27,767
State motor vehicle in-lieu	8,726	9,033	(307)
Other	146,230	298,222	(151,992)
Total general revenues	<u>8,972,618</u>	<u>8,331,756</u>	<u>640,862</u>
Total revenues	<u>16,578,369</u>	<u>15,594,372</u>	<u>983,997</u>
Program expenses			
General government	1,808,076	1,839,715	(31,639)
Public safety	4,897,263	4,784,560	112,703
Parks and recreation	729,359	399,990	329,369
Public works	1,979,622	2,970,101	(990,479)
Community development	2,168,836	1,579,315	589,521
Total expenses	<u>11,583,156</u>	<u>11,573,681</u>	<u>9,475</u>
Special Item			
Contribution from Successor Agency	3,038,093	-	3,038,093
Change in net position	8,033,306	4,020,691	4,012,615
Net position, beginning of year, as restated	38,516,699	38,337,738	178,961
Net position, end of year	<u>\$ 46,550,005</u>	<u>\$ 42,358,429</u>	<u>\$ 4,191,576</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 \$38.5 million to \$46.5 million, primarily as a result of an increase in Contributions of property from the Successor Agency and a prior year adjustment due to a change in accounting principle. Some of the more significant highlights in the Town's underlying activities are further described below.
- Government-wide revenues increased in 2015 due to collection of prior year Transient Occupancy Taxes and an increase in operating grants. Due primarily to the prior period adjustment reducing the beginning of year net position and the transfer of prior Redevelopment Agency (RDA) properties through the completion of the Long Range Property Management Plan in accordance RDA dissolution legislation, the total net position increased by \$8,033,306.
- Property tax revenue increased from the prior year as a result of an increase in the assessed valuation in real property. It appears that aggregate property valuations are stabilizing, and it is likely that revenues will continue at the same level with modest growth in the near future.
- Sales taxes experienced a slight increase of 1.0% for fiscal year end 2015, restaurants and hotels of 14%, and general consumer goods of 9%, offset by decreases in both fuel and service stations and food and drugs.

Town of Yucca Valley

Management's Discussion and Analysis For the year ended June 30, 2015

- The Town's investment income continued to decrease slightly due to significantly lower returns on cash investments, with the Town's investment pool yielding less than 0.28% annually. This limitation has mitigated the investing in certificates of deposit late in the fiscal year with yields of 0.75%-1.0% annually.
- An area of increased expenses was in the improvement of public parks, signal installation, and senior housing support in community development. In FY 2014-15, a number of projects continued to advance from the project planning stage to construction. This trend will continue over the next fiscal year as long-planned community development projects continue.
- Due to the increase in revenue, the Town was able to increase expenditures in the parks and recreation program to partially recover suspended programs that were dramatically cut in the prior fiscal year due to reorganization of staff and resources. The Town continued expense management resulting in only a slight increase in total expenditures while still allowing for the annual increase in public safety and quality programming in parks and recreation. It is anticipated that this conservative approach will continue as the Town's long-term financial planning indicates slow growth for the foreseeable future, coupled with the Town's limited ability to raise supplemental revenues.

MAJOR FUNDS

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

The **General Fund** is the primary operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,850,818, comprising the majority of the total fund balance of \$8,256,540. 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 66 percent of total general fund expenditures, while total fund balance represents 93 percent of that same amount. General Fund revenues exceeded expenditures by \$1,071,266. The majority of this excess was related to a one-time recovery in Transient Occupancy Tax and an increase in property tax revenue. The remaining Major Funds are ongoing routine funds of the Town and reflect normal operational activity.

GENERAL FUND BUDGET

Aggregate differences between the original budget and the final budget of the General Fund revenues were not significant in fiscal year 2015 with the exception of the allocation of the prior year excess revenue over expenditures allocated by council for infrastructure project reserve. Actual revenues exceeded the final budget by \$493,000 due to a one-time recovery and higher property taxes than expected.

Aggregate differences between the original budget and the final amended budget of the General Fund expenditures were higher as the final budget incorporated additional appropriations by Council. The Council appropriated additional funds for expenses related to retirement costs, legal fees, and election costs, in addition to the allocation to the infrastructure reserve. Total general government expenditures varied from final budget by 7.5% as the Town realized some of the savings throughout the organization. As a result, ending expenditures were \$736,000 less than the final amended budget.

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

Town of Yucca Valley

**Management's Discussion and Analysis
For the year ended June 30, 2015**

CAPITAL ASSETS

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

	<u>2015</u>	<u>2014</u>
Land	\$ 5,646,437	\$ 3,674,216
Land improvements	1,682,384	1,888,509
Structures and improvements	7,455,357	6,606,450
Licensed vehicles	31,959	101,387
Machinery and equipment	608,086	730,271
Infrastructure	11,959,865	10,825,205
Construction in progress	<u>5,207,263</u>	<u>2,087,830</u>
Total	<u>\$ 32,591,351</u>	<u>\$ 25,913,868</u>

The major changes to capital assets during the year ended June 30, 2015 were as follows:

- During the fiscal year, the Town increased its construction in progress by \$3,100,000 due to continuation of the infrastructure projects begun but not completed in the fiscal year. These projects reflect infrastructure activities focused on State Highway 62.
- An increase in Infrastructure, Structures and improvements, and Land resulted primarily from the completion of the Long Range Property Management Plan which transferred for RDA properties into the Town for governmental use. There was also construction in progress transfers in Infrastructure due to the completion of projects consisting of street improvements, sidewalk, curb and gutter improvements in Town neighborhoods.

Total unexpended construction commitments as of year-end were \$35,800 related to a park project and a signal project still in progress. Additional information on the Town's capital assets can be found in Note 8 to the financial statements.

Town of Yucca Valley

Management's Discussion and Analysis For the year ended June 30, 2015

LONG-TERM DEBT

At the end of the current fiscal year, the Town had bonded debt and loans (excluding compensated absences) outstanding of \$3,937,706. As of June 30, 2015, the long-term liability of the Town is its obligations related to employee pensions and Other Post-Employment Benefits (OPEB).

It is notable that a change in accounting principle restated the balances for the prior year for the net pension liability. The Town's pension plan has three levels of benefits for employees represented as Tier One, Tier Two, and Tier Three Plans. The three Tiers are funded at 78%, 83% and 83% respectively. Council has designated additional funds towards payment toward the net liability in the Tier One plan in the next fiscal year. The net pension liability is measured as total pension liability less the pension plan's fiduciary net position. The total pension liability is based on actuarial assumptions to which a long-term discount rate is applied. The long-term discount rate and the investment return on the plan influence the net pension liability from year to year and may create fluctuations that may or may not be immaterial.

The Town authorized and established a multi-employer irrevocable trust to administer the OPEB benefits. As of June 30, 2015, the balance in the trust is \$115,000. These funds will fund future obligations.

Outstanding Debt

	<u>2015</u>	<u>2014</u>
Net pension liability	\$ 3,360,184	\$ -
Compensated absences	196,520	183,902
OPEB obligation	<u>577,522</u>	<u>573,067</u>
Total	<u>\$ 4,134,226</u>	<u>\$ 756,969</u>

Additional information on the Town's long-term debt can be found in the Notes 9, 10, 11, and 14 of the accompanying financial statements.

Contacting Town Management

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

BASIC FINANCIAL STATEMENTS

Town of Yucca Valley

**Statement of Net Position
June 30, 2015**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 13,999,211
Accounts receivable	273,051
Due from other governments	1,580,610
Interest receivable	34,959
Notes receivable	2,931,484
Prepaid expenses	456,981
Capital assets, not being depreciated	10,853,700
Capital assets, depreciated, net	<u>21,737,651</u>
 Total assets	 <u>51,867,647</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>480,823</u>
LIABILITIES	
Accounts payable and accrued liabilities	811,036
Noncurrent liabilities:	
Due within one year	49,130
Due in more than one year	<u>4,085,096</u>
 Total liabilities	 <u>4,945,262</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	<u>853,203</u>
NET POSITION	
Net investment in capital assets	32,591,351
Restricted for:	
Public safety	222,891
Public works	4,651,728
Community development	4,870,616
Unrestricted	<u>4,213,419</u>
 Total net position	 <u><u>\$ 46,550,005</u></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, 2015**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Governmental Activities</u>
Governmental activities:					
General government	\$ 1,808,076	\$ 31,484	\$ -	\$ -	\$ (1,776,592)
Public safety	4,897,263	148,751	645,198	-	(4,103,314)
Parks and recreation	729,359	186,075	13,435	-	(529,849)
Public works	1,979,622	26,164	1,693,848	3,750,260	3,490,650
Community development	2,168,836	245,513	801,634	63,389	(1,058,300)
Total governmental activities	<u>\$ 11,583,156</u>	<u>\$ 637,987</u>	<u>\$ 3,154,115</u>	<u>\$ 3,813,649</u>	<u>(3,977,405)</u>
General revenues:					
Taxes					
Property tax, levied for general purpose					4,366,088
Sales tax					3,003,421
Transient occupancy tax					571,645
Franchise taxes					833,722
Motor vehicle in lieu tax - unrestricted					8,726
Investment earnings					42,786
Other					<u>146,230</u>
Total general revenues					<u>8,972,618</u>
Special Item					
Contributions from successor agency					<u>3,038,093</u>
Change in net position					8,033,306
Net position, beginning of year, as restated (see Note 17)					<u>38,516,699</u>
Net position, end of year					<u>\$ 46,550,005</u>

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

Town of Yucca Valley

**Balance Sheet - Governmental Funds
June 30, 2015**

	General	Special Revenue	
		Developmental Impact Fees	Town Housing
ASSETS			
Cash and investments	\$ 6,097,728	\$ 1,575,000	\$ 540,982
Receivables:			
Accounts, net	126,318	-	-
Due from other governments	469,074	-	545,972
Interest	6,934	-	-
Notes	-	-	6,483
Prepaid items	272,981	-	-
Due from other funds	1,543,292	-	-
Advance to other funds	347,929	555,270	-
Total assets	<u>\$ 8,864,256</u>	<u>\$ 2,130,270</u>	<u>\$ 1,093,437</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 282,026	\$ -	\$ -
Accrued payroll	325,690	-	-
Retentions payable	-	-	-
Due to other funds	-	-	-
Advance from other funds	-	-	1,206,073
Total liabilities	<u>607,716</u>	<u>-</u>	<u>1,206,073</u>
Deferred inflows of resources:			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable:			
Advance to other funds	347,929	555,270	-
Prepaid items	272,981	-	-
Restricted:			
Public safety	-	-	-
Community development	-	-	-
Public works	-	1,575,000	-
Assigned	1,784,812	-	-
Unassigned	5,850,818	-	(112,636)
Total fund balances (deficit)	<u>8,256,540</u>	<u>2,130,270</u>	<u>(112,636)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,864,256</u>	<u>\$ 2,130,270</u>	<u>\$ 1,093,437</u>

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

Special Revenue	Total Nonmajor Governmental Funds	Total Governmental Funds
Public Lands Federal Grant		
\$ -	\$ 5,247,238	\$ 13,460,948
-	146,733	273,051
-	565,564	1,580,610
-	-	6,934
-	-	6,483
-	184,000	456,981
-	-	1,543,292
-	302,874	1,206,073
<u>\$ -</u>	<u>\$ 6,446,409</u>	<u>\$ 18,534,372</u>
\$ -	\$ 163,547	\$ 445,573
-	7,321	333,011
-	32,151	32,151
1,275,466	267,826	1,543,292
-	-	1,206,073
<u>1,275,466</u>	<u>470,845</u>	<u>3,560,100</u>
-	38,159	38,159
-	-	903,199
-	-	272,981
-	271,518	271,518
-	150,967	150,967
-	3,748,297	5,323,297
-	1,887,102	3,671,914
(1,275,466)	(120,479)	4,342,237
<u>(1,275,466)</u>	<u>5,937,405</u>	<u>14,936,113</u>
<u>\$ -</u>	<u>\$ 6,446,409</u>	<u>\$ 18,534,372</u>



Town of Yucca Valley

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2015**

Fund balances of governmental funds \$ 14,936,113

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

Long-term receivables are not reported in the governmental funds balance sheet, however, they are reported under full accrual in the Statement of Net Position 2,953,026

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

Capital assets 62,886,785
Accumulated depreciation (30,295,434)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds but recognized in the governmental activities. 38,159

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

OPEB Obligation (577,522)
Compensated absences (196,520)
Net pension liability (3,360,184)

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

Net deferred inflows of resources (853,203)
Net deferred outflows of resources 480,823

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

537,962

Net position of governmental activities \$ 46,550,005

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, 2015**

	General	Special Revenue Developmental Impact Fees	Special Revenue Town Housing
REVENUES			
Taxes	\$ 8,775,051	\$ -	\$ -
Licenses and permits	46,239	-	-
Intergovernmental	508,957	-	-
Charges for services	489,087	-	-
Fines, fees and forfeitures	59,576	396,939	-
Investment earnings	15,345	2,800	1,304
Other	82,404	-	-
	<u>9,976,659</u>	<u>399,739</u>	<u>1,304</u>
EXPENDITURES			
Current:			
General government	1,597,543	-	-
Public safety	4,708,424	-	-
Parks and recreation	793,532	-	-
Public works	624,745	-	-
Community development	1,181,149	-	160,947
	<u>8,905,393</u>	<u>-</u>	<u>160,947</u>
Excess (deficiency) of revenues over expenditures	<u>1,071,266</u>	<u>399,739</u>	<u>(159,643)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	54,000	-	-
Transfers out	(529,000)	(54,000)	-
	<u>(475,000)</u>	<u>(54,000)</u>	<u>-</u>
Net change in fund balances	596,266	345,739	(159,643)
Fund balances (deficit), beginning of year	<u>7,660,274</u>	<u>1,784,531</u>	<u>47,007</u>
Fund balances (deficit), end of year	<u>\$ 8,256,540</u>	<u>\$ 2,130,270</u>	<u>\$ (112,636)</u>

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

Special Revenue	Total Nonmajor Governmental Funds	Total Governmental Funds
Public Lands		
Federal Grant		
\$ -	\$ 23,462	\$ 8,798,513
-	-	46,239
-	4,922,602	5,431,559
-	25,744	514,831
-	30,790	487,305
-	8,024	27,473
-	-	82,404
-	5,010,622	15,388,324
-	-	1,597,543
-	200,500	4,908,924
-	-	793,532
2,358,275	1,730,550	4,713,570
-	990,430	2,332,526
2,358,275	2,921,480	14,346,095
(2,358,275)	2,089,142	1,042,229
1,331,301	1,698,267	3,083,568
-	(2,514,568)	(3,097,568)
1,331,301	(816,301)	(14,000)
(1,026,974)	1,272,841	1,028,229
(248,492)	4,664,564	13,907,884
\$ (1,275,466)	\$ 5,937,405	\$ 14,936,113

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, 2015**

Net change in fund balances - total governmental funds **\$ 1,028,229**

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

Governmental funds report contributions outlays as expenditures. However, in the statement of activities, the recoverable cost of those contributions is reported as notes receivable. 183,341

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

Cost of assets capitalized, less disposals at net book value 3,689,690
Depreciation expense (1,174,160)

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

Increase in OPEB obligation (4,455)
Increase in compensated absences (12,618)
Pension expense net adjustments 109,166

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

Developers capital contributions 1,123,861
Successor agency capital contributions 3,038,093

Revenues that are measureable but not available are recorded as deferred revenue under the modified accrual basis of accounting. This amount represents the balance of unearned revenue recognized in prior year. 38,159

Internal service funds are used by management to charge the costs of certain activities, including insurance claims and expenses, to individual funds. The change in net position of the internal service fund is reported on the statement of activities. 14,000

Change in net position of governmental activities **\$ 8,033,306**

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

Town of Yucca Valley

**Statement of Net Position
Proprietary Fund
June 30, 2015**

	<u>Governmental Activities Internal Service Fund</u>
ASSETS	
Current assets:	
Cash and investments	<u>\$ 538,263</u>
Total assets	<u>538,263</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>301</u>
Total liabilities	<u>301</u>
NET POSITION	
Unrestricted	<u>537,962</u>
Total net position	<u><u>\$ 537,962</u></u>

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

Town of Yucca Valley

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the year ended June 30, 2015**

	<u>Governmental Activities Internal Service Fund</u>
OPERATING REVENUES	
Charges for services	<u>\$ 35,354</u>
Total operating revenues	<u>35,354</u>
OPERATING EXPENSES	
Operations	<u>35,354</u>
Total operating expenses	<u>35,354</u>
Operating income	-
Transfers in	<u>14,000</u>
Change in net position	14,000
Net position, beginning of year	<u>523,962</u>
Net position, end of year	<u><u>\$ 537,962</u></u>

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

Town of Yucca Valley

**Statement of Cash Flows
Proprietary Fund
For the year ended June 30, 2015**

	<u>Governmental Activities Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user departments	\$ 35,354
Cash payments to suppliers for goods and services	<u>(36,201)</u>
Net cash used for operating activities	<u>(847)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash transferred from other funds	<u>14,000</u>
Net cash provided by noncapital financing activities	<u>14,000</u>
Net increase in cash and cash equivalents	<u>13,153</u>
Cash and cash equivalents, beginning of year	<u>525,110</u>
Cash and cash equivalents, end of year	<u>\$ 538,263</u>
Reconciliation of operating income to net cash used for operating activities	
Operating income	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	<u>(847)</u>
Net cash used for operating activities	<u>\$ (847)</u>
Non-cash activity	
Investing, capital, and financing activities not resulting in cash receipts or payments in the period	"None"

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

Town of Yucca Valley

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015**

	Private Purpose Trust Fund	Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 4,441,820	\$ 172,390
Cash and investments with fiscal agent	743,232	-
	<u> </u>	<u> </u>
Total assets	<u>5,185,052</u>	<u>\$ 172,390</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunded debt	<u>126,950</u>	
LIABILITIES		
Liabilities:		
Accounts payable	239,122	\$ 910
Deposits	-	171,480
Accrued liabilities	42,816	-
Advance from other governments	545,972	-
Long-term liabilities:		
Due within one year	215,000	-
Due in more than one year	<u>9,036,500</u>	<u>-</u>
Total liabilities	<u>10,079,410</u>	<u>\$ 172,390</u>
NET POSITION (DEFICIT)		
Held in trust for successor agency and other purposes	<u>\$ (4,767,408)</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, 2015**

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
RPTTF distributions	\$ 944,379
Interest income	<u>29</u>
Total additions	<u>944,408</u>
DEDUCTIONS	
Amortization expense	13,831
Administrative payments	250,000
Other payments	427,671
Interest expense	<u>530,100</u>
Total deductions	<u>1,221,602</u>
SPECIAL ITEM	
Contributions to the Town	<u>(3,038,093)</u>
Change in net position	(3,315,287)
Net position (deficit), beginning of year	<u>(1,452,121)</u>
Net position (deficit), end of year	<u><u>\$ (4,767,408)</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, 2015

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 interfund 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, 2015

Note 1: Summary of significant accounting policies (continued)

(a) *Reporting entity (continued)*

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

ANIMAL CARE JOINT POWERS AUTHORITY

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

(b) *Measurement focus and basis of accounting*

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

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

Government-wide financial statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The Town has no business-type activities or discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated).

Government-wide financial statements are presented using the *economic resources measurement focus* and *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the *accrual basis of accounting*, revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from the non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 1: Summary of significant accounting policies (continued)

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

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

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

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

Fund financial statements

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

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

Governmental funds

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

Notes to the Basic Financial Statements
For the year ended June 30, 2015

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, 2015**

Note 1: Summary of significant accounting policies (continued)

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

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

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

Proprietary and fiduciary funds

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

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

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

(c) Fund classifications

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

The Town reports the following major governmental funds:

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

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

Town Housing Fund – This fund accounts for activities related to the Town's housing activities. The fund was established as the Housing Successor of the former redevelopment agency's Low and Moderate Income Housing Fund.

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2015

Note 1: Summary of significant accounting policies (continued)

(c) *Fund classifications (continued)*

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

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

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

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

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

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

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

(d) *Appropriations limit*

Under Article XIII B of the California Constitution (the GANN Spending Limitation Initiative), the Town is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund agreements. For the fiscal year ended June 30, 2015, proceeds of taxes did not exceed allowed appropriations.

(e) *Cash and investments*

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

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

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

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2015

Note 1: Summary of significant accounting policies (continued)

(e) *Cash and investments (continued)*

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

(f) *Capital assets*

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

The following schedule summarizes capital asset useful lives:

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

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

(g) *Compensated absences*

In accordance with GASB Statement No. 16, a liability is recorded in the government-wide financial statements for compensated absences (unpaid vacation, sick leave and compensatory time) since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. The Town does not pay unused sick leave to employees upon separation of service. Amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the Town and the employee.

(h) *Advances to other funds*

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

(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.

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2015

Note 1: Summary of significant accounting policies (continued)

(i) *Property taxes (continued)*

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

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

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

(j) *Use of estimates*

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

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

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2015

Note 1: Summary of significant accounting policies (continued)

(l) *Inventories*

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

(m) *Prepaid items*

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

(n) *Claims and judgments*

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

(o) *Pension plans*

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

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

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

(p) *Implementation of new GASB pronouncements*

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2015

Note 1: Summary of significant accounting policies (continued)

(p) *Implementation of new GASB pronouncements (continued)*

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability

These pronouncements have been implemented for purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense/expenditures. Information about the fiduciary net position of the Town's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2: Cash and investments

Cash and investments are reported as follows:

Statement of net position:	
Cash and investments	\$ 13,999,211
Statement of fiduciary net position:	
Cash and investments	4,614,210
Cash and investments with fiscal agent	<u>743,232</u>
Total cash and investments	<u><u>\$ 19,356,653</u></u>

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

Cash on hand	\$ 3,390
Deposits with financial institutions	8,651,472
Investments	<u>10,701,791</u>
Total cash and investments	<u><u>\$ 19,356,653</u></u>

Investments authorized by debt agreements

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

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 2: Cash and investments (continued)

Authorized investment type	Maximum maturity	Maximum percentage allowed	Maximum investment in one issuer
U.S. Treasury obligations	None	None	None
U.S. Agency securities	None	None	None
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

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	\$50,000,000

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

Disclosure relating to interest rate risk

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

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 2: Cash and investments (continued)

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

Investment type	Totals	Remaining maturity (in months)			
		12 or less	13 to 24	25 to 60	More than 60
State investment pool	\$ 8,457,205	\$ 8,457,205	\$ -	\$ -	\$ -
Certificates of deposit	1,501,383	1,501,383	-	-	-
Held by bond trustee:					
Federated Treasury Obligations	743,203	743,203	-	-	-
Total investments	\$ 10,701,791	\$ 10,701,791	\$ -	\$ -	\$ -

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	\$ 8,457,205	N/A	\$ -	\$ 8,457,205
Certificates of deposit	1,501,383	N/A	-	1,501,383
Held by bond trustee:				
Federated Treasury Obligations	743,203	N/A	743,203	-
Totals	\$ 10,701,791		\$ 743,203	\$ 9,958,588

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 2: Cash and investments (continued)

Custodial credit risk

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

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

As of June 30, 2015, \$5,500,316 of the Town's deposits with financial institutions in excess of Federal Depository Insurance Corporation (FDIC) limits were held in collateralized accounts as required by the California Government Code as stated above.

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

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, 2015.

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 3: Due from and to other funds

Interfund receivable and payable balances at June 30, 2015 were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amounts</u>
General Fund	Major governmental funds:	
	Public Lands Federal Grant	\$ 1,275,466
	Nonmajor governmental funds:	
	Measure I 2010-2040	238,964
	CDBG	27,268
	Recycling Activities Grant	178
	CMAQ	1,416
		<hr/>
	Total interfund	<u>\$ 1,543,292</u>

These represent short-term borrowings for cash deficits at June 30, 2015.

Note 4: Notes receivable

In November 2008, the Town of Yucca Valley Redevelopment Agency executed a note receivable with the Morongo Basin Unity Home (the Home) in the amount of \$15,000. The Home is to use the proceeds of the note to fund the final renovation needed to complete a transitional housing project which serves to provide assistance to victims and children of domestic violence. The note bears an interest rate of 2.7% and is payable in annual installments beginning in November 2009 with final payment due in November 2018. Pursuant to AB x1 26, the Town of Yucca Valley Redevelopment Agency was dissolved and all assets, excluding unencumbered deposits, were transferred to the Town's Housing fund. The balance of the Home note receivable in the Town's Housing fund at June 30, 2015 is \$6,484.

On or about March 20, 2012, the Town of Yucca Valley entered into certain Affordable Housing, Financing and Disposition and Development Agreement (Loan) that concerns the development of a 75-unit affordable rental housing complex for senior citizens (Project) with Yucca Valley Senior Housing Partners, LP (Developer) in the amount not to exceed Two Million Nine Hundred Twenty-Five Thousand Even Dollars (\$2,925,000) repayable to the Town with residual receipts after completion of the project. The Loan amount includes the purchase price of the site being conveyed by the Town to the Developer plus such amounts of the Town Loan advanced to the Developer. Interest shall accrue on the outstanding principal amount at the simple rate of one-half of one percent (0.5 %) per annum until repaid in full. Interest accrued in the Note as of June 30, 2015 are \$28,026. The principal outstanding balance of the Note receivable at June 30, 2015 is \$2,925,000.

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 5: Transfers in and out

Transfers in and out for the year ended June 30, 2015 were as follows:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	Internal Service Fund (a)	\$ 14,000
General Fund	Nonmajor Governmental Funds (b)	515,000
Developmental Impact Fees Fund	General Fund (c)	54,000
Nonmajor Governmental Funds	Public Lands Federal Grant Fund (d)	1,331,301
Nonmajor Governmental Funds	Nonmajor Governmental Funds (e)	1,183,267
Total transfers		<u>\$ 3,097,568</u>

- (a) Transfer was a transfer of funds to be reserved for vehicle replacement per County agreement-Animal shelter.
- (b) Transfer was completed as appropriated funding for infrastructure maintenance and project related professional services.
- (c) Transfer was completed as appropriated funding for animal shelter county loan repayment.
- (d) Transfer completed as appropriated funding for road project.
- (e) Transfers were completed as appropriated funding for infrastructure projects.

Note 6: Due from other governments

The amounts due from other governments at June 30, 2015 consist of the following:

	<u>Amount</u>
County of San Bernardino	\$ 134,319
State of California	661,197
Other	785,094
Total due from other governments	<u>\$ 1,580,610</u>

Note 7: Construction commitments

Significant construction commitments as of June 30, 2015 are as follows:

<u>Project Description</u>	<u>Project budget</u>	<u>Cumulative expenditures</u>	<u>Unexpended commitments</u>
Dumosa Signal	\$ 745,538	\$ 714,312	\$ 31,226
Jacobs Playground	99,106	94,527	4,579

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 8: Capital assets

Capital asset activity for the year ended June 30, 2015 is as follows:

	Beginning balance	Additions	Deletions	Transfers	Ending balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,674,216	\$ 1,972,221	\$ -	\$ -	\$ 5,646,437
Construction in progress	2,087,830	3,678,576	-	(559,143)	5,207,263
Total capital assets not being depreciated	5,762,046	5,650,797	-	(559,143)	10,853,700
Capital assets being depreciated:					
Building and improvements					
Land improvements	4,994,712	11,113	-	-	5,005,825
Structures and improvements	9,432,847	1,065,872	-	-	10,498,719
Infrastructure	31,570,034	1,123,861	-	559,143	33,253,038
Vehicles and Equipment					
Machinery and equipment	1,986,755	-	-	-	1,986,755
Licensed vehicles	1,288,748	-	-	-	1,288,748
Total capital assets being depreciated	49,273,096	2,200,846	-	559,143	52,033,085
Less accumulated depreciation for:					
Building and improvements					
Land improvements	(3,106,203)	(217,238)	-	-	(3,323,441)
Structures and improvements	(2,826,397)	(216,965)	-	-	(3,043,362)
Infrastructure	(20,744,829)	(548,344)	-	-	(21,293,173)
Vehicles and Equipment					
Machinery and equipment	(1,256,484)	(122,185)	-	-	(1,378,669)
Licensed vehicles	(1,187,361)	(69,428)	-	-	(1,256,789)
Total accumulated depreciation	(29,121,274)	(1,174,160)	-	-	(30,295,434)
Total capital assets, being depreciated, net	20,151,822	1,026,686	-	559,143	21,737,651
Governmental activities capital assets, net	\$ 25,913,868	\$ 6,677,483	\$ -	\$ -	\$ 32,591,351

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

General government	\$ 237,958
Parks and recreation	40,248
Public works	865,379
Community development	30,575
Total depreciation expense	\$ 1,174,160

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2015

Note 9: Long-term liabilities

Changes in long-term liabilities during the year ended June 30, 2015 were as follows:

<i>Governmental activities:</i>	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Net pension liability (see Note 10)	\$ 4,177,160	\$ 1,456,782	\$ (2,273,758)	\$ 3,360,184	\$ -
OPEB obligation (see Note 11)	573,067	64,549	(60,094)	577,522	-
Compensated absences*	183,902	81,590	(68,972)	196,520	49,130
Total long-term liabilities	<u>\$ 4,934,129</u>	<u>\$ 1,602,921</u>	<u>\$ (2,402,824)</u>	<u>\$ 4,134,226</u>	<u>\$ 49,130</u>

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

2001 Bonds – San Bernardino Associated Governments

In July 1993, the San Bernardino Associated Governments (SANBAG) issued bonds for \$120,000,000. Of that, \$1,949,500 of the proceeds went to the Town. In April 2001, SANBAG issued \$47,020,000, 2001 Series B, to refinance a portion of the 1993 Series A Bonds. Of that, \$761,724 of the proceeds from refinancing went to the Town. In November 2004, the Measure I half-cent sales tax was extended by the voters of San Bernardino County. The new program named Measure I 2010-2040 is separate from the old program. In June 30, 2013, the Town eliminated from its financial statements a non-confirmable liability related to the old Measure I program for \$67,924 carrying from prior years. SANBAG is still in the process of determining if any amounts are owed or due from the old 2004 program. Once SANBAG determines any amounts due or owed, the liability will be reinstated if necessary.

Note 10: Defined Benefit Pension Plans

A. General Information about the Pension Plans

Plans Descriptions

The Plans are cost-sharing, multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plans regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report for each plan. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation reports. The actuarial valuation reports and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, 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, 2015**

Note 10: Defined Benefit Pension Plans (continued)

A. General Information about the Pension Plans (continued)

Benefits Provided (continued)

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

The Plans' provisions and benefits in effect at June 30, 2015 are summarized as follows:

	Miscellaneous First Tier
	Prior to July 1, 2011
Hire date	
Benefit formula	2.7% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%
Required employee contribution rates	8.000%
Required employer contribution rates	21.264%
	Miscellaneous Second Tier
	From July 1, 2011 to December 31, 2012
Hire date	
Benefit formula	2% @ 60
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of eligible compensation	1.092% to 2.272%
Required employee contribution rates	7.000%
Required employer contribution rates	7.846%
	Miscellaneous PEPRA
	On or after January 1, 2013
Hire date	
Benefit formula	2% @ 62
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	52
Monthly benefits, as a % of eligible compensation	1.0% to 2.0%
Required employee contribution rates	50% of Normal Cost
Required employer contribution rates	6.250%

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2015

Note 10: Defined Benefit Pension Plans (continued)

A. General Information about the Pension Plans (continued)

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 the Miscellaneous 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. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate for the respective First Tier, Second Tier, and PEPRA is 7.947, 6.880 and 6.308 percent of annual pay, and the employer's contribution rate is 19.510, 8.049 and 6.250 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. Employer Contributions for the measurement period ended June 30, 2014 for the respective First Tier, Second Tier, and PEPRA plans are \$302,585, \$27,674 and \$5,171. The actual employer payments of \$335,430 made to CalPERS by the Town during the measurement period ended June 30, 2014 differed from the Town's proportionate share of the employer's contributions of \$314,895 by \$20,535, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

B. Net Pension Liability

The Town of Yucca Valley's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 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

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous		
	First Tier	Second Tier	PEPRA
Valuation Date	June 30, 2013	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value
Actuarial Assumptions:			
Discount Rate ⁽²⁾	7.50%	7.50%	7.50%
Inflation	2.75%	2.75%	2.75%
Salary Increases ⁽¹⁾	3.30% - 14.20%	3.30% - 14.20%	3.30% - 14.20%
Investment Rate of Return ⁽²⁾	7.50%	7.50%	7.50%
Mortality Rate Table ⁽³⁾	Derived using CALPERS' membership data for all Funds		
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter		

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

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

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

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 10: Defined Benefit Pension Plans (continued)

B. Net Pension Liability (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (continued)

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. Refer to the *sensitivity of the net pension liability to changes in the discount rate* section of this note, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

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

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 10: Defined Benefit Pension Plans (continued)

B. Net Pension Liability (continued)

Discount Rate (continued)

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)
Total	<u>100%</u>		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

Information about the pension plans' 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 under Forms and Publications, at www.calpers.ca.gov. The plans' fiduciary net position and additions to/deductions from the plans' 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 each plan. Investments are reported at fair value.

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

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 10: Defined Benefit Pension Plans (continued)

C. Proportionate Share of Net Pension Liability

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

Miscellaneous First Tier Plan	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2013 (VD)	\$ 14,096,413	\$ 9,935,417	\$ 4,160,996
Balance at: 6/30/2014 (MD)	14,935,286	11,586,932	3,348,354
Net changes during 2013-14	<u>\$ 838,873</u>	<u>\$ 1,651,515</u>	<u>\$ (812,642)</u>

Miscellaneous Second Tier Plan	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2013 (VD)	\$ 65,672	\$ 49,537	\$ 16,135
Balance at: 6/30/2014 (MD)	69,580	57,771	11,809
Net changes during 2013-14	<u>\$ 3,908</u>	<u>\$ 8,234</u>	<u>\$ (4,326)</u>

Miscellaneous PEPRA Plan	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2013 (VD)	\$ 118	\$ 89	\$ 29
Balance at: 6/30/2014 (MD)	125	104	21
Net changes during 2013-14	<u>\$ 7</u>	<u>\$ 15</u>	<u>\$ (8)</u>

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

The Town's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Town's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The Town's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 10: Defined Benefit Pension Plans (continued)

C. Proportionate Share of Net Pension Liability (continued)

	First Tier	Second Tier	PEPRA
Proportionate Share - June 30, 2013	0.12699%	0.00049%	0.00000%
Proportionate Share - June 30, 2014	0.13548%	0.00048%	0.00000%
Change - Increase (Decrease)	0.00849%	-0.00001%	0.00000%

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

The following presents the Town's proportionate share of the net pension liability for each Plan as of the measurement date, calculated using the discount rate of 7.50 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 (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

Plans	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
First Tier Plan's Net Pension Liability	\$ 5,329,709	\$ 3,348,354	\$ 1,704,016
Second Tier Plan's Net Pension Liability	21,040	11,809	4,149
PEPRA Plan's Net Pension Liability	38	21	7

Subsequent Events

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

Recognition of Gains and Losses

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

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

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

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

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 10: Defined Benefit Pension Plans (continued)

C. Proportionate Share of Net Pension Liability (continued)

Recognition of Gains and Losses (continued)

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

The EARSL for the Plans for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (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, 2013), the net pension liability for the Miscellaneous First Tier Plan is \$4,160,996, for the Miscellaneous Second Tier Plan is \$16,135, and for the Miscellaneous PEPRA Plan is \$29 (the net pension liability of the aggregate plans as of June 30, 2013 is \$3,276,668,431).

For the measurement period ending June 30, 2014 (the measurement date), the Town's Miscellaneous First Tier Plan incurred a pension expense of \$316,096, the Miscellaneous Second Tier Plan incurred a pension expense of \$27,529, and the Miscellaneous PEPRA Plan incurred a pension expense of \$4,983 (the pension expense for the aggregate plans for the measurement period is \$239,824,465. A complete breakdown of the pension expense is as follows:

Miscellaneous First Tier Plan			
Description	Risk Pool Amounts	Employer's Share	Percentage of Employer's Share
Service Cost	\$ 338,829,351	\$ 340,763	0.10057%
Interest on the Total Pension Liability	921,162,366	1,049,338	0.11392%
Recognized Differences between Expected and Actual Experience	-	-	N/A
Recognized Changes of Assumptions	-	-	N/A
Employee Contributions	(159,834,203)	(123,662)	0.07737%
Projected Earnings on Pension Plan Investments	(678,133,636)	(740,562)	0.10921%
Recognized Differences between Projected and Actual Earnings on Plan Investments	(182,199,413)	(198,973)	0.10921%
Other Changes in Fiduciary Net Position	-	-	N/A
Recognized Portion of Adjustment due to Differences in Proportions	-	(7,981)	N/A
Recognized Differences Between Contributions and Proportionate Share of Contributions	-	(2,827)	N/A
Subtotal: Employer's Share of Expense Components	\$ 239,824,465	316,096	0.13180%
Changes of Benefit Terms	-	-	
Employer's Proportionate Share of Pension Expense		\$ 316,096	

Town of Yucca Valley

Notes to the Basic Financial Statements
For the year ended June 30, 2015

Note 10: Defined Benefit Pension Plans (continued)

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

Miscellaneous Second Tier Plan			
Description	Risk Pool Amounts	Employer's Share	Percentage of Employer's Share
Service Cost	\$ 338,829,351	\$ 51,662	0.01525%
Interest on the Total Pension Liability	921,162,366	4,889	0.00053%
Recognized Differences between Expected and Actual Experience	-	-	N/A
Recognized Changes of Assumptions	-	-	N/A
Employee Contributions	(159,834,203)	(24,262)	0.01518%
Projected Earnings on Pension Plan Investments	(678,133,636)	(3,692)	0.00054%
Recognized Differences between Projected and Actual Earnings on Plan Investments	(182,199,413)	(992)	0.00054%
Other Changes in Fiduciary Net Position	-	-	N/A
Recognized Portion of Adjustment due to Differences in Proportions	-	(6,947)	N/A
Recognized Differences Between Contributions and Proportionate Share of Contributions	-	6,871	N/A
Subtotal: Employer's Share of Expense Components	\$ 239,824,465	\$ 27,529	0.01148%
Changes of Benefit Terms	-	-	
Employer's Proportionate Share of Pension Expense		\$ 27,529	

Miscellaneous PEPRA Plan			
Description	Risk Pool Amounts	Employer's Share	Percentage of Employer's Share
Service Cost	\$ 338,829,351	\$ 10,130	0.00299%
Interest on the Total Pension Liability	921,162,366	9	0.00000%
Recognized Differences between Expected and Actual Experience	-	-	N/A
Recognized Changes of Assumptions	-	-	N/A
Employee Contributions	(159,834,203)	(5,214)	0.00326%
Projected Earnings on Pension Plan Investments	(678,133,636)	(7)	0.00000%
Recognized Differences between Projected and Actual Earnings on Plan Investments	(182,199,413)	(2)	0.00000%
Other Changes in Fiduciary Net Position	-	-	N/A
Recognized Portion of Adjustment due to Differences in Proportions	-	(1,293)	N/A
Recognized Differences Between Contributions and Proportionate Share of Contributions	-	1,360	N/A
Subtotal: Employer's Share of Expense Components	\$ 239,824,465	4,983	0.00208%
Changes of Benefit Terms	-	-	
Employer's Proportionate Share of Pension Expense		\$ 4,983	

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 10: Defined Benefit Pension Plans (continued)

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

Note: Plan administrative expenses are not displayed in the previous pension expense tables. Since the expected investment return of 7.50 percent is net of administrative expenses, administrative expenses are excluded from the tables, but implicitly included as part of investment earnings.

As of June 30, 2014, the Town has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous First Tier Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(795,890)
Adjustment due to Differences in Proportions	-	(22,345)
Net Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions	-	(7,918)
Pension Contributions Subsequent to Measurement Date	414,849	-
Total	\$ 414,849	\$ (826,153)

Miscellaneous Second Tier Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(3,969)
Adjustment due to Differences in Proportions	-	(19,453)
Net Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions	19,241	-
Pension Contributions Subsequent to Measurement Date	30,100	-
Total	\$ 49,341	\$ (23,422)

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 10: Defined Benefit Pension Plans (continued)

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

Miscellaneous PEPR Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(7)
Adjustment due to Differences in Proportions	-	(3,621)
Net Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions	3,808	-
Pension Contributions Subsequent to Measurement Date	12,825	-
Total	\$ 16,633	\$ (3,628)

These amounts above are net of outflows and inflow recognized in the 2013-14 measurement period expense. \$457,774 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous First Tier Plan	Miscellaneous Second Tier Plan	Miscellaneous PEPR Plan
2015	\$ (206,954)	\$ (7,939)	\$ (1,295)
2016	(209,781)	(1,068)	65
2017	(208,183)	320	323
2018	(201,235)	4,506	1,087

E. Payable to the Pension Plan

At June 30, 2015, the Town reported a payable of \$14,419 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2015

Note 11: Other post-employment benefits

Plan description

The Town provides a single-employer medical plan for retirees. This coverage is available for employees who satisfy the requirements for retirement under the California Public Employees Retirement System (PERS), which is age 50 or older with at least five years of State or public agency service. The healthcare coverage provided by PERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45. Medical plan benefits are provided through PERS, as permitted by the Public Employees' Medical and Hospital and Care Act (PEMHCA). As a PEMHCA employer, the Town has elected the unequal contribution method, where the contribution will be increased annually until it reaches the same employer contribution as active employee medical plan coverage. In August 2014, the Town established an Irrevocable Trust with the Public Agency Retirement Services (PARS). The Irrevocable Trust was required to fully implement the Town Council's direction of prefunding the Town's Other Post-Employment Benefits liability. As of June 30, 2015, the balance of the trust is \$115,000.

Funding policy

The contribution requirements of the Town are established and may be amended by the Town Council. The required contribution is based on a prefunding basis financing requirements. For fiscal year 2015 and 2014, the Town contributed \$60,094 and \$68,956 to the plan, respectively, which was 100% of the total current premiums plus an additional contribution to match the Actuarially Annual Required Contribution (ARC) on a prefunding basis. As of June 30, 2015, the contribution requirements include an amortization of the unfunded AAL over an open 30-year period with payments developed as a level percent of pay. The Town uses the General Fund's available net positions to liquidate any net other post-employment obligations.

Annual OPEB cost and net OPEB obligation

The Town's annual other OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

	<u>June 30, 2015</u>
Annual required contributions	\$ 61,083
Interest on net OPEB obligation	28,595
Adjustment to annual required contribution	<u>(25,129)</u>
Annual OPEB cost	64,549
Contributions made	<u>(60,094)</u>
Increase in net OPEB obligation	4,455
Net OPEB obligation, beginning of year	573,067
Net OPEB obligation, end of year	<u><u>\$ 577,522</u></u>

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2015

Note 11: Other post-employment benefits (continued)

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB cost</u>	<u>Percentage of annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
June 30, 2013	\$ 84,718	10.43%	\$ 574,619
June 30, 2014	67,404	102.30%	573,067
June 30, 2015	64,549	93.10%	577,522

Funded status and progress

The funded status of the plan as of July 1, 2012, was as follows:

Actuarial accrued liability (AAL)	\$	575,922
Actuarial value of plan assets		60,000
Unfunded actuarial accrued liability (UAAL)	\$	<u>515,922</u>
Funded ratio (actuarial value of plan assets/AAL)		10.42%
Covered payroll (active plan members)	\$	2,634,234
UAAL as a percentage of covered payroll		19.59%

As of July 1, 2012, the most recent valuation date, the plan was 10.42% funded. The actuarial accrued liability for benefits was \$575,922, and the actuarial value of assets was \$60,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$515,922 and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 10.42%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial methods and assumptions

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

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2015

Note 11: Other post-employment benefits (continued)

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

Valuation Date	July 1, 2012
Funding Method	Entry Age Normal Cost
Asset Valuation Method	Market Value
Discount Rates	7.0% for Prefunding basis
Salary Increase Trend	3.25% per year
Assumed Increase for Amortization Payments	3.25% per year
Inflation Rate	3.25% per year
Healthcare Increase Trend	4.5% per year

Note 12: Risk management

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

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

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

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

There was no significant reduction in insurance coverage by major categories from fiscal year 2014 to 2015. There were no settlements in the fiscal year 2015, however, there were two settlements which exceeded the insurance coverage in the fiscal year 2014.

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

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 13: Deficit fund balances

As of June 30, 2015, a deficit fund balance was recorded in the following funds:

<i>Major Special Revenue Funds:</i>	<u>Fund deficit</u>
Town Housing	\$ (112,636)
Public Lands Federal Grant	(1,275,466)
 <i>Non Major Special Revenue Funds:</i>	
CDBG	(118,835)
CMAQ	(1,466)
Recycling Activities	(178)

Note 14: Successor Agency

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

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

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 14: Successor Agency (continued)

The movement of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) 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, 2015 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>
2008 Refunding TABS	\$ 9,550,000	\$ -	\$ (205,000)	\$ 9,345,000	\$ 215,000
Less deferred amounts:					
Issuance discount	<u>(97,565)</u>	<u>-</u>	<u>4,065</u>	<u>(93,500)</u>	<u>-</u>
Total long-term liabilities	<u>\$ 9,452,435</u>	<u>\$ -</u>	<u>\$ (200,935)</u>	<u>\$ 9,251,500</u>	<u>\$ 215,000</u>

Future debt service requirements are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 215,000	\$ 522,358
2017	225,000	512,253
2018	235,000	501,002
2019	250,000	489,017
2020	260,000	476,018
2021-2025	1,535,000	2,152,515
2026-2030	2,005,000	1,680,388
2031-2035	2,640,000	1,041,613
2036-2038	<u>1,980,000</u>	<u>231,724</u>
Totals	<u>\$ 9,345,000</u>	<u>\$ 7,606,888</u>

2008 Tax Allocation Bonds

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

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 15: Risks and uncertainties

Grants

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

Successor Agency

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2015 (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.

Note 16: GASB 54 – Fund Balance Reporting

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

	General	Special Revenue Developmental Impact Fees	Special Revenue Town Housing	Special Revenue Public Lands Federal Grant	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Advance to other funds	\$ 347,929	\$ 555,270	\$ -	\$ -	\$ -	\$ 903,199
Prepaid Items	272,981	-	-	-	-	272,981
Restricted:						
Public safety						
Safety programs	-	-	-	-	271,518	271,518
Community development						
Community projects	-	-	-	-	150,967	150,967
Public works						
Fund program	-	1,575,000	-	-	3,748,297	5,323,297
Assigned to:						
Capital projects	302,680	-	-	-	1,887,102	2,189,782
Risk Management	200,000	-	-	-	-	200,000
Emergency-Catastrophic	1,000,000	-	-	-	-	1,000,000
Other	282,132	-	-	-	-	282,132
Unassigned	5,850,818	-	(112,636)	(1,275,466)	(120,479)	4,342,237
Total fund balances	\$ 8,256,540	\$ 2,130,270	\$ (112,636)	\$ (1,275,466)	\$ 5,937,405	\$ 14,936,113

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2015**

Note 17: Prior year restatement – Change in accounting principle

Change in Accounting Principle

As discussed in Note 1, the Town implemented GASB Statement No. 68 effective July 1, 2014. GASB 68, among other provisions, amended prior guidance with respect to the reporting of pensions. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Town's net pension liability was not previously recorded on the statement of net position. GASB 68 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements.

Accordingly, beginning net position on the Statement of Activities has been restated for changes related to GASB 68 as follows:

<u>Government Wide Statement of Activities</u>	
Beginning net position, as previously reported	\$ 42,358,429
Restatement due to change in accounting principle	(3,841,730)
Beginning net position, as restated	<u>\$ 38,516,699</u>



REQUIRED SUPPLEMENTARY INFORMATION

Town of Yucca Valley

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2015**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 2,650,947	\$ 2,650,947	\$ 2,719,463	\$ 68,516
Property taxes in lieu	1,600,934	1,600,934	1,646,625	45,691
Sales tax	3,145,450	3,145,450	3,003,421	(142,029)
Transient occupancy tax	165,000	165,000	571,820	406,820
Franchise fees	765,000	765,000	833,722	68,722
Total taxes	8,327,331	8,327,331	8,775,051	447,720
Licenses and permits	50,000	50,000	46,239	(3,761)
Intergovernmental:				
Motor vehicle in lieu	15,000	15,000	8,726	(6,274)
HOPTR	29,000	29,000	29,185	185
Other	461,667	461,667	471,046	9,379
Total intergovernmental	505,667	505,667	508,957	3,290
Charges for services:				
Planning, engineering and building fees	311,750	311,750	293,726	(18,024)
Sports programs	128,000	128,000	127,142	(858)
Other	57,200	57,200	68,219	11,019
Total charges for services	496,950	496,950	489,087	(7,863)
Fines and forfeitures	56,750	56,750	59,576	2,826
Use of money and property:				
Investment earnings	20,000	20,000	15,345	(4,655)
Other	27,000	27,000	82,404	55,404
Total revenues	\$ 9,483,698	\$ 9,483,698	\$ 9,976,659	\$ 492,961

(continued on next page)

Town of Yucca Valley

**Required Supplementary Information
Budgetary Comparison Schedule, continued
General Fund
For the year ended June 30, 2015**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
EXPENDITURES				
General government:				
Town council	\$ 122,520	\$ 122,520	\$ 101,467	\$ 21,053
Town clerk/attorney	290,290	395,290	375,863	19,427
Interdepartmental	326,025	416,025	336,272	79,753
Town administration	280,835	280,835	216,355	64,480
Management services	812,975	812,975	567,586	245,389
Total general government	<u>1,832,645</u>	<u>2,027,645</u>	<u>1,597,543</u>	<u>430,102</u>
Public works	<u>722,395</u>	<u>722,395</u>	<u>624,745</u>	<u>97,650</u>
Parks and recreation	<u>777,190</u>	<u>777,190</u>	<u>793,532</u>	<u>(16,342)</u>
Public safety:				
Police	3,953,473	3,953,473	3,837,005	116,468
Animal control	925,577	925,577	871,419	54,158
Total public safety	<u>4,879,050</u>	<u>4,879,050</u>	<u>4,708,424</u>	<u>170,626</u>
Community development	<u>1,199,475</u>	<u>1,234,951</u>	<u>1,181,149</u>	<u>53,802</u>
Total expenditures	<u>9,410,755</u>	<u>9,641,231</u>	<u>8,905,393</u>	<u>735,838</u>
Excess (deficiency) of revenues over expenditures	<u>72,943</u>	<u>(157,533)</u>	<u>1,071,266</u>	<u>1,228,799</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	54,000	54,000	54,000	-
Transfers out	(120,000)	(515,000)	(529,000)	14,000
Total other financing sources (uses)	<u>(66,000)</u>	<u>(461,000)</u>	<u>(475,000)</u>	<u>14,000</u>
Net change in fund balance	6,943	(618,533)	596,266	1,242,799
Fund balance, beginning of year	<u>7,660,274</u>	<u>7,660,274</u>	<u>7,660,274</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,667,217</u>	<u>\$ 7,041,741</u>	<u>\$ 8,256,540</u>	<u>\$ 1,242,799</u>

Town of Yucca Valley

**Required Supplementary Information
 Budgetary Comparison Schedule
 Developmental Impact Fees Special Revenue Fund
 For the year ended June 30, 2015**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Fines, fees and forfeitures	\$ 100,000	\$ 100,000	\$ 396,939	\$ 296,939
Investment earnings	-	-	2,800	2,800
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>399,739</u>	<u>299,739</u>
EXPENDITURES				
Current:				
Public works	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Excess of revenues over expenditures	<u>99,000</u>	<u>99,000</u>	<u>399,739</u>	<u>300,739</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(54,000)</u>	<u>(54,000)</u>	<u>(54,000)</u>	<u>-</u>
Total other financing uses	<u>(54,000)</u>	<u>(54,000)</u>	<u>(54,000)</u>	<u>-</u>
Net change in fund balance	45,000	45,000	345,739	300,739
Fund balance, beginning of year	<u>1,784,531</u>	<u>1,784,531</u>	<u>1,784,531</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,829,531</u></u>	<u><u>\$ 1,829,531</u></u>	<u><u>\$ 2,130,270</u></u>	<u><u>\$ 300,739</u></u>

Town of Yucca Valley

**Required Supplementary Information
Budgetary Comparison Schedule
Town Housing Special Revenue Fund
For the year ended June 30, 2015**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 636,679	\$ 90,707	\$ -	\$ (90,707)
Investment earnings	1,700	1,700	1,304	(396)
Total revenues	638,379	92,407	1,304	(91,103)
EXPENDITURES				
Current:				
Community development	7,000	162,317	160,947	1,370
Total expenditures	7,000	162,317	160,947	1,370
Net change in fund balance	631,379	(69,910)	(159,643)	(89,733)
Fund balance, beginning of year	47,007	47,007	47,007	-
Fund balance, end of year	<u>\$ 678,386</u>	<u>\$ (22,903)</u>	<u>\$ (112,636)</u>	<u>\$ (89,733)</u>

Town of Yucca Valley

**Required Supplementary Information
Budgetary Comparison Schedule
Public Lands Federal Grant Special Revenue Fund
For the year ended June 30, 2015**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Public works	-	2,769,030	2,358,275	410,755
Total expenditures	-	2,769,030	2,358,275	410,755
Excess (deficiency) of revenues over (under) expenditures	-	(2,769,030)	(2,358,275)	410,755
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,033,440	1,331,301	(1,702,139)
Total other financing sources	-	3,033,440	1,331,301	(1,702,139)
Net change in fund balance	-	264,410	(1,026,974)	(1,291,384)
Fund balance (deficit), beginning of year	(248,492)	(248,492)	(248,492)	-
Fund balance (deficit), end of year	<u>\$ (248,492)</u>	<u>\$ 15,918</u>	<u>\$ (1,275,466)</u>	<u>\$ (1,291,384)</u>

Town of Yucca Valley

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

<u>Actuarial valuation date</u>	<u>Actuarial Value of assets (a)</u>	<u>Actuarial accrued liability (AAL)- Entry age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered payroll (c)</u>	<u>UAAL as a percentage of covered payroll [(b-a)/c]</u>
7/1/2012	\$ 60,000	\$ 575,922	\$ 515,922	10.42%	\$ 2,634,234	19.59%
7/1/2008	-	968,973	968,973	0.00%	2,770,000	34.98%

Town of Yucca Valley

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

	Miscellaneous		
	First Tier	Second tier	PEPRA
	<u>Measurement Date</u>	<u>Measurement Date</u>	<u>Measurement Date</u>
	6/30/2014	6/30/2014	6/30/2014
Plan's Proportion of the Net Pension Liability	0.05381%	0.00019%	0.00000%
Plan's Proportionate Share of the Net Pension Liability	\$ 3,348,354	\$ 11,809	\$ 21
Plan's Covered-Employee Payroll ¹	\$ 1,812,953	\$ 362,588	\$ 75,798
Plan's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	184.69%	3.26%	0.03%
Plan's Proportion of the Fiduciary Net Position ²	0.109%	0.001%	0.000%
Plan's Share of Risk Pool Fiduciary Net Position ²	\$ 11,586,932	\$ 57,771	\$ 104
Plan's Additional Payments to Side Fund During Measurement Period	\$ 90,000	\$ -	\$ -
Plan's Proportionate Share of the Fiduciary Net Position (<i>sum of the two preceding lines</i>)	\$ 11,676,932	\$ 57,771	\$ 104
Plan's Proportionate Share of the Fiduciary Net Position as a percentage of the Plan's Total Pension Liability	77.58%	83.03%	83.20%
Plan's Proportionate Share of Aggregate Employer Contributions ³	\$ 313,330	\$ 1,562	\$ 3

¹Covered-Employee Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

²The term Fiduciary Net Position (FNP) as used in this line denotes the aggregate risk pool's FNP at June 30, 2014 less the sum of all employers' additional side fund contributions made during the measurement period.

³The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the Measurement Period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of Fiduciary Net Position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

Town of Yucca Valley

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

	Miscellaneous		
	First Tier	Second tier	PEPRA
	Measurement Period	Measurement Period	Measurement Period
	Fiscal Year 2013-14	Fiscal Year 2013-14	Fiscal Year 2013-14
Actuarially Determined Contribution	\$ 307,656	\$ 27,674	\$ 5,172
Contributions in Relation to the Actuarially Determined Contribution	(307,656)	(27,674)	(5,172)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll ¹	\$ 1,812,953	\$ 362,588	\$ 75,798
Contributions as a Percentage of Covered-Employee Payroll	16.97%	7.63%	6.82%

¹Covered-Employee Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: None

**Notes to Required Supplementary Information
For the year ended June 30, 2015**

Note 1: Budgets and budgetary data

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

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

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

SUPPLEMENTAL SCHEDULES

Town of Yucca Valley

**Combined Balance Sheet
Nonmajor Governmental Funds
June 30, 2015**

	Special Revenue Funds	Capital Projects Funds	Totals
ASSETS			
Cash and investments	\$ 3,779,058	\$ 1,468,180	\$ 5,247,238
Receivables:			
Accounts, net	146,733	-	146,733
Due from other governments	326,442	239,122	565,564
Prepaid items	-	184,000	184,000
Advance to other funds	302,874	-	302,874
Total assets	<u>\$ 4,555,107</u>	<u>\$ 1,891,302</u>	<u>\$ 6,446,409</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 160,272	\$ 3,275	\$ 163,547
Accrued payroll	7,321	-	7,321
Retentions payable	31,226	925	32,151
Due to other funds	267,826	-	267,826
Total liabilities	<u>466,645</u>	<u>4,200</u>	<u>470,845</u>
Deferred inflows of resources:			
Unavailable revenue	38,159	-	38,159
Fund balances:			
Restricted:			
Public safety	271,518	-	271,518
Community development	150,967	-	150,967
Public works	3,748,297	-	3,748,297
Assigned	-	1,887,102	1,887,102
Unassigned	(120,479)	-	(120,479)
Total fund balances	<u>4,050,303</u>	<u>1,887,102</u>	<u>5,937,405</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,555,107</u>	<u>\$ 1,891,302</u>	<u>\$ 6,446,409</u>

Town of Yucca Valley

**Combined Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2015**

	Special Revenue Funds	Capital Projects Funds	Totals
REVENUES			
Taxes	\$ 23,462	\$ -	\$ 23,462
Intergovernmental	4,499,480	423,122	4,922,602
Charges for services	25,744	-	25,744
Fines, fees and forfeitures	30,790	-	30,790
Investment earnings	6,642	1,382	8,024
	<u>4,586,118</u>	<u>424,504</u>	<u>5,010,622</u>
Total revenues			
EXPENDITURES			
Current:			
Public safety	200,500	-	200,500
Public works	1,730,550	-	1,730,550
Community development	918,705	71,725	990,430
	<u>2,849,755</u>	<u>71,725</u>	<u>2,921,480</u>
Total expenditures			
Excess of revenues over expenditures	<u>1,736,363</u>	<u>352,779</u>	<u>2,089,142</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,183,267	515,000	1,698,267
Transfers out	<u>(2,514,568)</u>	<u>-</u>	<u>(2,514,568)</u>
Total other financing sources (uses)	<u>(1,331,301)</u>	<u>515,000</u>	<u>(816,301)</u>
Net change in fund balances	405,062	867,779	1,272,841
Fund balances, beginning of year	<u>3,645,241</u>	<u>1,019,323</u>	<u>4,664,564</u>
Fund balances, end of year	<u>\$ 4,050,303</u>	<u>\$ 1,887,102</u>	<u>\$ 5,937,405</u>

Town of Yucca Valley

Nonmajor Special Revenue Funds For the year ended June 30, 2015

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

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

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

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

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

Proposition 1B SLPP – Established to account for funds allocated to the Town through San Bernardino Associated Governments from State's Proposition 1 B State-Local Partnership Program.

Highway Safety Improvements – Established through HSIP funding appropriated by the Federal Highway Administration and administered through Cal Trans.

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

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

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

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

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

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

Town of Yucca Valley

Nonmajor Special Revenue Funds For the year ended June 30, 2015

Flood Control – Established to account for grant monies received from the State of California for flood control improvement programs and/or projects. These funds are restricted solely for flood control related projects. The Town did not budget for this Special Revenue Fund for 2015.

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

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

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

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

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

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

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

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

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

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

Town of Yucca Valley

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015**

	<u>Quimby Fees</u>	<u>Measure I 2010-2040 Regional Funds</u>
ASSETS		
Cash and investments	\$ 104,105	\$ -
Receivables:		
Accounts, net	-	-
Due from other governments	-	326,442
Advance to other funds	-	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 104,105</u>	<u>\$ 326,442</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Retentions payable	-	31,226
Due to other funds	-	238,964
	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>270,190</u>
Deferred inflows of resources:		
Unavailable revenue	-	-
	<u> </u>	<u> </u>
Fund balances (deficit):		
Restricted:		
Public safety	-	-
Community development	-	-
Public works	104,105	56,252
Unassigned	-	-
	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>104,105</u>	<u>56,252</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 104,105</u>	<u>\$ 326,442</u>

Traffic Safety	Asset Seizure	Proposition 1B SLPP	Highway Safety Improvements	Gas Tax
\$ 148,960	\$ 6,627	\$ -	\$ -	\$ 881,774
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 148,960</u>	<u>\$ 6,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 881,774</u>
\$ -	\$ -	\$ -	\$ -	\$ 11,781
-	-	-	-	7,321
-	-	-	-	-
-	-	-	-	-
-	-	-	-	19,102
-	-	-	-	-
148,960	6,627	-	-	-
-	-	-	-	-
-	-	-	-	862,672
-	-	-	-	-
<u>148,960</u>	<u>6,627</u>	<u>-</u>	<u>-</u>	<u>862,672</u>
<u>\$ 148,960</u>	<u>\$ 6,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 881,774</u>

Town of Yucca Valley

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015**

	Local Transportation Act	Safe Routes to School	Measure I - 65% Major Arterial
ASSETS			
Cash and investments	\$ 476,093	\$ 11,052	\$ 574,331
Receivables:			
Accounts, net	-	38,159	-
Due from other governments	-	-	-
Advance to other funds	302,874	-	-
Total assets	<u>\$ 778,967</u>	<u>\$ 49,211</u>	<u>\$ 574,331</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Retentions payable	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenue	-	38,159	-
Fund balances (deficit):			
Restricted:			
Public safety	-	11,052	-
Community development	-	-	-
Public works	778,967	-	574,331
Unassigned	-	-	-
Total fund balances (deficit)	<u>778,967</u>	<u>11,052</u>	<u>574,331</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 778,967</u>	<u>\$ 49,211</u>	<u>\$ 574,331</u>

Measure I - 30% Local Roads	Measure I - 2010-2040	Flood Control	Mello-Roos	COPS - LLESA
\$ 70,989	\$ 773,142	\$ 69,565	\$ 51,743	\$ 157,801
-	108,574	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 70,989</u>	<u>\$ 881,716</u>	<u>\$ 69,565</u>	<u>\$ 51,743</u>	<u>\$ 157,801</u>
\$ -	\$ 3,952	\$ -	\$ -	\$ 52,922
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>3,952</u>	<u>-</u>	<u>-</u>	<u>52,922</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	104,879
-	-	-	-	-
70,989	877,764	69,565	51,743	-
-	-	-	-	-
<u>70,989</u>	<u>877,764</u>	<u>69,565</u>	<u>51,743</u>	<u>104,879</u>
<u>\$ 70,989</u>	<u>\$ 881,716</u>	<u>\$ 69,565</u>	<u>\$ 51,743</u>	<u>\$ 157,801</u>

Town of Yucca Valley

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015**

	AB 2766 - Air Pollution	CDBG
ASSETS		
Cash and investments	\$ 150,967	\$ -
Receivables:		
Accounts, net	-	-
Due from other governments	-	-
Advance to other funds	-	-
	<u>-</u>	<u>-</u>
Total assets	<u>\$ 150,967</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 91,567
Accrued payroll	-	-
Retentions payable	-	-
Due to other funds	-	27,268
	<u>-</u>	<u>27,268</u>
Total liabilities	<u>-</u>	<u>118,835</u>
Deferred inflows of resources:		
Unavailable revenue	-	-
	<u>-</u>	<u>-</u>
Fund balances (deficit):		
Restricted:		
Public safety	-	-
Community development	150,967	-
Public works	-	-
Unassigned	-	(118,835)
	<u>-</u>	<u>(118,835)</u>
Total fund balances (deficit)	<u>150,967</u>	<u>(118,835)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 150,967</u>	<u>\$ -</u>

Recycling Activities Grant	Landscape and Lighting Maintenance	Street and Drainage District	CMAQ	AB2928-State Construction Grant
\$ -	\$ 47,769	\$ 195,795	\$ -	\$ 58,345
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 47,769</u>	<u>\$ 195,795</u>	<u>\$ -</u>	<u>\$ 58,345</u>
\$ -	\$ -	\$ -	\$ 50	\$ -
-	-	-	-	-
-	-	-	-	-
178	-	-	1,416	-
<u>178</u>	<u>-</u>	<u>-</u>	<u>1,466</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	47,769	195,795	-	58,345
(178)	-	-	(1,466)	-
<u>(178)</u>	<u>47,769</u>	<u>195,795</u>	<u>(1,466)</u>	<u>58,345</u>
<u>\$ -</u>	<u>\$ 47,769</u>	<u>\$ 195,795</u>	<u>\$ -</u>	<u>\$ 58,345</u>

Town of Yucca Valley

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015**

	<u>SAFETEA-LU</u>	<u>Total</u>
ASSETS		
Cash and investments	\$ -	\$ 3,779,058
Receivables:		
Accounts, net	-	146,733
Due from other governments	-	326,442
Advance to other funds	-	302,874
	<u>-</u>	<u>302,874</u>
Total assets	<u>\$ -</u>	<u>\$ 4,555,107</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 160,272
Accrued payroll	-	7,321
Retentions payable	-	31,226
Due to other funds	-	267,826
	<u>-</u>	<u>267,826</u>
Total liabilities	<u>-</u>	<u>466,645</u>
Deferred inflows of resources:		
Unavailable revenue	-	38,159
	<u>-</u>	<u>38,159</u>
Fund balances (deficit):		
Restricted:		
Public safety	-	271,518
Community development	-	150,967
Public works	-	3,748,297
Unassigned	-	(120,479)
	<u>-</u>	<u>(120,479)</u>
Total fund balances (deficit)	<u>-</u>	<u>4,050,303</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 4,555,107</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, 2015**

	<u>Quimby Fees</u>	Measure I 2010-2040 <u>Regional Funds</u>
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	-	746,878
Charges for services	-	-
Fines, fees and forfeitures	-	-
Investment earnings	188	-
	<u>188</u>	<u>-</u>
Total revenues	<u>188</u>	<u>746,878</u>
EXPENDITURES		
Current:		
Public safety	-	-
Public works	-	-
Community development	-	681,497
	<u>-</u>	<u>681,497</u>
Total expenditures	<u>-</u>	<u>681,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>188</u>	<u>65,381</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	137,400
Transfers out	-	(139,501)
	<u>-</u>	<u>(2,101)</u>
Total other financing sources (uses)	<u>-</u>	<u>(2,101)</u>
Net change in fund balances	188	63,280
Fund balances (deficit), beginning of year	<u>103,917</u>	<u>(7,028)</u>
Fund balances (deficit), end of year	<u>\$ 104,105</u>	<u>\$ 56,252</u>

Traffic Safety	Asset Seizure	Proposition 1B SLPP	Highway Safety Improvements	Gas Tax
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	972,247	590,156	540,718
-	-	-	-	-
30,790	-	-	-	-
385	12	-	-	1,576
<u>31,175</u>	<u>12</u>	<u>972,247</u>	<u>590,156</u>	<u>542,294</u>
-	-	-	-	-
-	-	-	-	551,143
-	-	-	-	-
-	-	-	-	551,143
<u>31,175</u>	<u>12</u>	<u>972,247</u>	<u>590,156</u>	<u>(8,849)</u>
50,000	-	-	-	-
<u>(155,087)</u>	<u>-</u>	<u>(972,247)</u>	<u>(590,656)</u>	<u>-</u>
<u>(105,087)</u>	<u>-</u>	<u>(972,247)</u>	<u>(590,656)</u>	<u>-</u>
(73,912)	12	-	(500)	(8,849)
<u>222,872</u>	<u>6,615</u>	<u>-</u>	<u>500</u>	<u>871,521</u>
<u>\$ 148,960</u>	<u>\$ 6,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 862,672</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, 2015**

	Local Transportation Act	Safe Routes to School	Measure I - 65% Major Arterial
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	55,306	389,769	-
Charges for services	-	-	-
Fines, fees and forfeitures	-	-	-
Investment earnings	868	-	1,305
Total revenues	<u>56,174</u>	<u>389,769</u>	<u>1,305</u>
EXPENDITURES			
Current:			
Public safety	-	-	-
Public works	159,027	414,303	-
Community development	-	-	-
Total expenditures	<u>159,027</u>	<u>414,303</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(102,853)</u>	<u>(24,534)</u>	<u>1,305</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	7,637	17,687	500
Transfers out	-	(7,637)	(511,859)
Total other financing sources (uses)	<u>7,637</u>	<u>10,050</u>	<u>(511,359)</u>
Net change in fund balances	(95,216)	(14,484)	(510,054)
Fund balances (deficit), beginning of year	<u>874,183</u>	<u>25,536</u>	<u>1,084,385</u>
Fund balances (deficit), end of year	<u>\$ 778,967</u>	<u>\$ 11,052</u>	<u>\$ 574,331</u>

Measure I - 30% Local Roads	Measure I - 2010-2040	Flood Control	Mello-Roos	COPS - LLESA
\$ -	\$ -	\$ -	\$ 23,462	\$ -
-	730,572	-	-	106,251
-	-	-	-	-
-	-	-	-	-
138	1,061	-	70	327
<u>138</u>	<u>731,633</u>	<u>-</u>	<u>23,532</u>	<u>106,578</u>
-	-	-	-	200,500
11,112	584,615	-	-	-
-	-	-	-	-
<u>11,112</u>	<u>584,615</u>	<u>-</u>	<u>-</u>	<u>200,500</u>
<u>(10,974)</u>	<u>147,018</u>	<u>-</u>	<u>23,532</u>	<u>(93,922)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(10,974)	147,018	-	23,532	(93,922)
<u>81,963</u>	<u>730,746</u>	<u>69,565</u>	<u>28,211</u>	<u>198,801</u>
<u>\$ 70,989</u>	<u>\$ 877,764</u>	<u>\$ 69,565</u>	<u>\$ 51,743</u>	<u>\$ 104,879</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, 2015**

	AB 2766 - Air Pollution	CDBG
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	14,237	69,995
Charges for services	-	-
Fines, fees and forfeitures	-	-
Investment earnings	260	-
	<u>14,497</u>	<u>69,995</u>
Total revenues	<u>14,497</u>	<u>69,995</u>
EXPENDITURES		
Current:		
Public safety	-	-
Public works	-	-
Community development	-	164,523
	<u>-</u>	<u>164,523</u>
Total expenditures	<u>-</u>	<u>164,523</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,497</u>	<u>(94,528)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	-	-
	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balances	14,497	(94,528)
Fund balances (deficit), beginning of year	<u>136,470</u>	<u>(24,307)</u>
Fund balances (deficit), end of year	<u>\$ 150,967</u>	<u>\$ (118,835)</u>

Recycling Activities Grant	Landscape and Lighting Maintenance	Street and Drainage District	CMAQ	AB2928-State Construction Grant
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	69,034	76,736
-	6,023	19,721	-	-
-	-	-	-	-
6	83	337	-	26
<u>6</u>	<u>6,106</u>	<u>20,058</u>	<u>69,034</u>	<u>76,762</u>
-	-	-	-	-
-	2,903	3,435	-	4,012
4,826	-	-	67,859	-
<u>4,826</u>	<u>2,903</u>	<u>3,435</u>	<u>67,859</u>	<u>4,012</u>
<u>(4,820)</u>	<u>3,203</u>	<u>16,623</u>	<u>1,175</u>	<u>72,750</u>
-	-	-	-	970,043
-	-	-	-	-
-	-	-	-	970,043
(4,820)	3,203	16,623	1,175	1,042,793
4,642	44,566	179,172	(2,641)	(984,448)
<u>\$ (178)</u>	<u>\$ 47,769</u>	<u>\$ 195,795</u>	<u>\$ (1,466)</u>	<u>\$ 58,345</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, 2015**

	<u>SAFETEA-LU</u>	<u>Total</u>
REVENUES		
Taxes	\$ -	\$ 23,462
Intergovernmental	137,581	4,499,480
Charges for services	-	25,744
Fines, fees and forfeitures	-	30,790
Investment earnings	-	6,642
	<u>137,581</u>	<u>4,586,118</u>
EXPENDITURES		
Current:		
Public safety	-	200,500
Public works	-	1,730,550
Community development	-	918,705
	<u>-</u>	<u>2,849,755</u>
Excess (deficiency) of revenues over (under) expenditures	<u>137,581</u>	<u>1,736,363</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	1,183,267
Transfers out	<u>(137,581)</u>	<u>(2,514,568)</u>
	<u>(137,581)</u>	<u>(1,331,301)</u>
Net change in fund balances	-	405,062
Fund balances (deficit), beginning of year	<u>-</u>	<u>3,645,241</u>
Fund balances (deficit), end of year	<u>\$ -</u>	<u>\$ 4,050,303</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, 2015**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Investment earnings	\$ 150	\$ 188	\$ 38
Total revenues	<u>150</u>	<u>188</u>	<u>38</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	150	188	38
Fund balance, beginning of year	<u>103,917</u>	<u>103,917</u>	<u>-</u>
Fund balance, end of year	<u>\$ 104,067</u>	<u>\$ 104,105</u>	<u>\$ 38</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure I 2010-2040 Regional Special Revenue Fund
For the year ended June 30, 2015**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 716,222	\$ 746,878	\$ 30,656
Total revenues	<u>716,222</u>	<u>746,878</u>	<u>30,656</u>
EXPENDITURES			
Current:			
Community development	<u>707,094</u>	<u>681,497</u>	<u>25,597</u>
Total expenditures	<u>707,094</u>	<u>681,497</u>	<u>25,597</u>
Excess of revenues over expenditures	<u>9,128</u>	<u>65,381</u>	<u>56,253</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	137,400	137,400	-
Transfers out	<u>(139,500)</u>	<u>(139,501)</u>	<u>(1)</u>
Total other financing uses	<u>(2,100)</u>	<u>(2,101)</u>	<u>(1)</u>
Net change in fund balance	7,028	63,280	56,252
Fund balance (deficit), beginning of year	<u>(7,028)</u>	<u>(7,028)</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 56,252</u>	<u>\$ 56,252</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, 2015**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Fines, fees and forfeitures	\$ 50,000	\$ 30,790	\$ (19,210)
Investment earnings	200	385	185
Total Revenues	<u>50,200</u>	<u>31,175</u>	<u>(19,025)</u>
EXPENDITURES			
Current:			
Public safety	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total expenditures	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>48,700</u>	<u>31,175</u>	<u>(17,525)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	50,000	50,000	-
Transfers out	<u>(155,087)</u>	<u>(155,087)</u>	<u>-</u>
Total other financing uses	<u>(105,087)</u>	<u>(105,087)</u>	<u>-</u>
Net change in fund balance	<u>(56,387)</u>	<u>(73,912)</u>	<u>(17,525)</u>
Fund balance, beginning of year	<u>222,872</u>	<u>222,872</u>	<u>-</u>
Fund balance, end of year	<u>\$ 166,485</u>	<u>\$ 148,960</u>	<u>\$ (17,525)</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, 2015**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Investment earnings	\$ 15	\$ 12	\$ (3)
Total Revenues	<u>15</u>	<u>12</u>	<u>(3)</u>
EXPENDITURES			
Current:			
Public safety	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Net change in fund balance	<u>(1,985)</u>	<u>12</u>	<u>1,997</u>
Fund balance, beginning of year	<u>6,615</u>	<u>6,615</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 4,630</u></u>	<u><u>\$ 6,627</u></u>	<u><u>\$ 1,997</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Proposition 1B SLPP Special Revenue Fund
 For the year ended June 30, 2015**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Intergovernmental	\$ 1,341,855	\$ 972,247	\$ (369,608)
Total revenues	<u>1,341,855</u>	<u>972,247</u>	<u>(369,608)</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>1,341,855</u>	<u>972,247</u>	<u>(369,608)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,341,855)</u>	<u>(972,247)</u>	<u>369,608</u>
Total other financing uses	<u>(1,341,855)</u>	<u>(972,247)</u>	<u>369,608</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Highway Safety Improvements Special Revenue Fund
For the year ended June 30, 2015**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 589,156	\$ 590,156	\$ 1,000
Total revenues	<u>589,156</u>	<u>590,156</u>	<u>1,000</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>589,156</u>	<u>590,156</u>	<u>1,000</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(589,656)</u>	<u>(590,656)</u>	<u>(1,000)</u>
Total other financing uses	<u>(589,656)</u>	<u>(590,656)</u>	<u>(1,000)</u>
Net change in fund balance	(500)	(500)	-
Fund balance, beginning of year	<u>500</u>	<u>500</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the year ended June 30, 2015**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Intergovernmental	\$ 500,000	\$ 540,718	\$ 40,718
Investment earnings	1,000	1,576	576
	<u>501,000</u>	<u>542,294</u>	<u>41,294</u>
EXPENDITURES			
Current:			
Public works	<u>825,950</u>	<u>551,143</u>	<u>274,807</u>
	<u>825,950</u>	<u>551,143</u>	<u>274,807</u>
Net change in fund balance	<u>(324,950)</u>	<u>(8,849)</u>	<u>316,101</u>
Fund balance, beginning of year	<u>871,521</u>	<u>871,521</u>	<u>-</u>
Fund balance, end of year	<u>\$ 546,571</u>	<u>\$ 862,672</u>	<u>\$ 316,101</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, 2015**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 55,306	\$ 55,306	\$ -
Investment earnings	500	868	368
Total revenues	<u>55,806</u>	<u>56,174</u>	<u>368</u>
EXPENDITURES			
Current:			
Public works	<u>636,470</u>	<u>159,027</u>	<u>477,443</u>
Total expenditures	<u>636,470</u>	<u>159,027</u>	<u>477,443</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(580,664)</u>	<u>(102,853)</u>	<u>477,811</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>7,637</u>	<u>7,637</u>	<u>-</u>
Total other financing sources	<u>7,637</u>	<u>7,637</u>	<u>-</u>
Net change in fund balance	(573,027)	(95,216)	477,811
Fund balance, beginning of year	<u>874,183</u>	<u>874,183</u>	<u>-</u>
Fund balance, end of year	<u>\$ 301,156</u>	<u>\$ 778,967</u>	<u>\$ 477,811</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Safe Routes to School Special Revenue Fund
For the year ended June 30, 2015**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 434,383	\$ 389,769	\$ (44,614)
Total revenues	<u>434,383</u>	<u>389,769</u>	<u>(44,614)</u>
EXPENDITURES			
Current:			
Public works	<u>469,969</u>	<u>414,303</u>	<u>55,666</u>
Total expenditures	<u>469,969</u>	<u>414,303</u>	<u>55,666</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,586)</u>	<u>(24,534)</u>	<u>11,052</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	17,687	17,687	-
Transfers out	<u>(7,637)</u>	<u>(7,637)</u>	<u>-</u>
Total other financing sources	<u>10,050</u>	<u>10,050</u>	<u>-</u>
Net change in fund balance	(25,536)	(14,484)	11,052
Fund balance, beginning of year	<u>25,536</u>	<u>25,536</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 11,052</u>	<u>\$ 11,052</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, 2015**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Investment earnings	\$ 100	\$ 1,305	\$ 1,205
Total revenues	100	1,305	1,205
EXPENDITURES			
Total expenditures	-	-	-
Excess of revenues over expenditures	100	1,305	1,205
OTHER FINANCING SOURCES (USES)			
Transfers in	-	500	500
Transfers out	(997,299)	(511,859)	485,440
Total other financing uses	(997,299)	(511,359)	485,940
Net change in fund balance	(997,199)	(510,054)	487,145
Fund balance, beginning of year	1,084,385	1,084,385	-
Fund balance, end of year	\$ 87,186	\$ 574,331	\$ 487,145

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure I - 30% Local Roads Special Revenue Fund
For the year ended June 30, 2015**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Investment earnings	<u>\$ 200</u>	<u>\$ 138</u>	<u>\$ (62)</u>
Total revenues	<u>200</u>	<u>138</u>	<u>(62)</u>
EXPENDITURES			
Current:			
Public works	<u>30,000</u>	<u>11,112</u>	<u>18,888</u>
Total expenditures	<u>30,000</u>	<u>11,112</u>	<u>18,888</u>
Net change in fund balance	(29,800)	(10,974)	18,826
Fund balance, beginning of year	<u>81,963</u>	<u>81,963</u>	<u>-</u>
Fund balance, end of year	<u>\$ 52,163</u>	<u>\$ 70,989</u>	<u>\$ 18,826</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, 2015**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Intergovernmental	\$ 675,000	\$ 730,572	\$ 55,572
Investment earnings	400	1,061	661
	<u>675,400</u>	<u>731,633</u>	<u>56,233</u>
EXPENDITURES			
Current:			
Public works	<u>1,089,098</u>	<u>584,615</u>	<u>504,483</u>
	<u>1,089,098</u>	<u>584,615</u>	<u>504,483</u>
Net change in fund balance	(413,698)	147,018	560,716
Fund balance, beginning of year	<u>730,746</u>	<u>730,746</u>	<u>-</u>
Fund balance, end of year	<u>\$ 317,048</u>	<u>\$ 877,764</u>	<u>\$ 560,716</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, 2015**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Taxes	\$ 22,688	\$ 23,462	\$ 774
Investment earnings	20	70	50
Total revenues	<u>22,708</u>	<u>23,532</u>	<u>824</u>
EXPENDITURES			
Current:			
Public works	<u>5,800</u>	<u>-</u>	<u>5,800</u>
Total expenditures	<u>5,800</u>	<u>-</u>	<u>5,800</u>
Net change in fund balance	16,908	23,532	6,624
Fund balance, beginning of year	<u>28,211</u>	<u>28,211</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 45,119</u></u>	<u><u>\$ 51,743</u></u>	<u><u>\$ 6,624</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, 2015**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Intergovernmental	\$ 100,000	\$ 106,251	\$ 6,251
Investment earnings	100	327	227
	<u>100,100</u>	<u>106,578</u>	<u>6,478</u>
EXPENDITURES			
Current:			
Public safety	<u>200,500</u>	<u>200,500</u>	<u>-</u>
	<u>200,500</u>	<u>200,500</u>	<u>-</u>
Net change in fund balance	(100,400)	(93,922)	6,478
Fund balance, beginning of year	<u>198,801</u>	<u>198,801</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 98,401</u></u>	<u><u>\$ 104,879</u></u>	<u><u>\$ 6,478</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
AB 2766 - Air Pollution Special Revenue Fund
For the year ended June 30, 2015**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Intergovernmental	\$ 13,500	\$ 14,237	\$ 737
Investment earnings	300	260	(40)
	<u>13,800</u>	<u>14,497</u>	<u>697</u>
EXPENDITURES			
Current:			
Public works	<u>92,925</u>	<u>-</u>	<u>92,925</u>
	<u>92,925</u>	<u>-</u>	<u>92,925</u>
Net change in fund balance	(79,125)	14,497	93,622
Fund balance, beginning of year	<u>136,470</u>	<u>136,470</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 57,345</u></u>	<u><u>\$ 150,967</u></u>	<u><u>\$ 93,622</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
CDBG Special Revenue Fund
For the year ended June 30, 2015**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Intergovernmental	\$ 208,716	\$ 69,995	\$ (138,721)
Total revenues	<u>208,716</u>	<u>69,995</u>	<u>(138,721)</u>
EXPENDITURES			
Current:			
Community development	<u>208,716</u>	<u>164,523</u>	<u>44,193</u>
Total expenditures	<u>208,716</u>	<u>164,523</u>	<u>44,193</u>
Net change in fund balance	-	(94,528)	(94,528)
Fund balance (deficit), beginning of year	<u>(24,307)</u>	<u>(24,307)</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ (24,307)</u></u>	<u><u>\$ (118,835)</u></u>	<u><u>\$ (94,528)</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, 2015**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 5,000	\$ -	\$ (5,000)
Investment earnings	-	6	6
	<u>5,000</u>	<u>6</u>	<u>(4,994)</u>
Total revenues	<u>5,000</u>	<u>6</u>	<u>(4,994)</u>
EXPENDITURES			
Current:			
Community development	4,642	4,826	(184)
	<u>4,642</u>	<u>4,826</u>	<u>(184)</u>
Total expenditures	<u>4,642</u>	<u>4,826</u>	<u>(184)</u>
Net change in fund balance	358	(4,820)	(5,178)
Fund balance, beginning of year	<u>4,642</u>	<u>4,642</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 5,000</u>	<u>\$ (178)</u>	<u>\$ (5,178)</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, 2015**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Charges for services	\$ 6,066	\$ 6,023	\$ (43)
Investment earnings	50	83	33
	<u>6,116</u>	<u>6,106</u>	<u>(10)</u>
EXPENDITURES			
Current:			
Public works	<u>5,595</u>	<u>2,903</u>	<u>2,692</u>
	<u>5,595</u>	<u>2,903</u>	<u>2,692</u>
Net change in fund balance	521	3,203	2,682
Fund balance, beginning of year	<u>44,566</u>	<u>44,566</u>	<u>-</u>
Fund balance, end of year	<u>\$ 45,087</u>	<u>\$ 47,769</u>	<u>\$ 2,682</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, 2015**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Charges for services	\$ 20,121	\$ 19,721	\$ (400)
Investment earnings	275	337	62
Total revenues	<u>20,396</u>	<u>20,058</u>	<u>(338)</u>
EXPENDITURES			
Current:			
Public works	<u>5,600</u>	<u>3,435</u>	<u>2,165</u>
Total expenditures	<u>5,600</u>	<u>3,435</u>	<u>2,165</u>
Net change in fund balance	14,796	16,623	1,827
Fund balance, beginning of year	<u>179,172</u>	<u>179,172</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 193,968</u></u>	<u><u>\$ 195,795</u></u>	<u><u>\$ 1,827</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, 2015**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 187,250	\$ 69,034	\$ (118,216)
Total revenues	<u>187,250</u>	<u>69,034</u>	<u>(118,216)</u>
EXPENDITURES			
Current:			
Community development	<u>304,609</u>	<u>67,859</u>	<u>236,750</u>
Total expenditures	<u>304,609</u>	<u>67,859</u>	<u>236,750</u>
Excess (deficiency) of revenues over (under) expenditures	(117,359)	1,175	118,534
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>120,000</u>	<u>-</u>	<u>(120,000)</u>
Total other financing sources	<u>120,000</u>	<u>-</u>	<u>(120,000)</u>
Net change in fund balance	2,641	1,175	(1,466)
Fund balance (deficit), beginning of year	<u>(2,641)</u>	<u>(2,641)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ -</u>	<u>\$ (1,466)</u>	<u>\$ (1,466)</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 AB2928 State Construction Grant Special Revenue Fund
 For the year ended June 30, 2015**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 76,736	\$ 76,736	\$ -
Investment earnings	-	26	26
Total revenues	<u>76,736</u>	<u>76,762</u>	<u>26</u>
EXPENDITURES			
Current:			
Public works	<u>777,491</u>	<u>4,012</u>	<u>773,479</u>
Total expenditures	<u>777,491</u>	<u>4,012</u>	<u>773,479</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(700,755)</u>	<u>72,750</u>	<u>773,505</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,717,070</u>	<u>970,043</u>	<u>(747,027)</u>
Total other financing sources	<u>1,717,070</u>	<u>970,043</u>	<u>(747,027)</u>
Net change in fund balance	1,016,315	1,042,793	26,478
Fund balance (deficit), beginning of year	<u>(984,448)</u>	<u>(984,448)</u>	<u>-</u>
Fund balance, end of year	<u>\$ 31,867</u>	<u>\$ 58,345</u>	<u>\$ 26,478</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
SAFETEA-LU Special Revenue Fund
For the year ended June 30, 2015**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 1,440,000	\$ 137,581	\$ (1,302,419)
Total revenues	<u>1,440,000</u>	<u>137,581</u>	<u>(1,302,419)</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>1,440,000</u>	<u>137,581</u>	<u>(1,302,419)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,440,000)</u>	<u>(137,581)</u>	<u>1,302,419</u>
Total other financing uses	<u>(1,440,000)</u>	<u>(137,581)</u>	<u>1,302,419</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Town of Yucca Valley

**Non major Capital Projects Funds
June 30, 2015**

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

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

Retail Sector Improvements – Established to account for the improvement of the retail business sector of the Town. The Town did not budget for this Capital Projects Fund in 2015.

Town of Yucca Valley

**Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2015**

	Capital Projects Reserve	Retail Sector Improvements	Total
ASSETS			
Cash and investments	\$ 1,267,749	\$ 200,431	\$ 1,468,180
Receivables:			
Due from other governments	239,122	-	239,122
Prepaid items	184,000	-	184,000
	<u>1,690,871</u>	<u>200,431</u>	<u>1,891,302</u>
Total assets	<u>\$ 1,690,871</u>	<u>\$ 200,431</u>	<u>\$ 1,891,302</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 3,275	\$ -	\$ 3,275
Rententions payable	925	-	925
	<u>4,200</u>	<u>-</u>	<u>4,200</u>
Total liabilities	<u>\$ 4,200</u>	<u>\$ -</u>	<u>\$ 4,200</u>
Fund balance:			
Assigned	1,686,671	200,431	1,887,102
	<u>1,686,671</u>	<u>200,431</u>	<u>1,887,102</u>
Total fund balance	<u>1,686,671</u>	<u>200,431</u>	<u>1,887,102</u>
Total liabilities and fund balance	<u>\$ 1,690,871</u>	<u>\$ 200,431</u>	<u>\$ 1,891,302</u>

Town of Yucca Valley

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the year ended June 30, 2015**

	Capital Projects Reserve	Retail Sector Improvements	Total
REVENUES			
Intergovernmental	\$ 423,122	\$ -	\$ 423,122
Investment earnings	1,020	362	1,382
Total revenues	<u>424,142</u>	<u>362</u>	<u>424,504</u>
EXPENDITURES			
Current:			
Community development	<u>71,725</u>	<u>-</u>	<u>71,725</u>
Total expenditures	<u>71,725</u>	<u>-</u>	<u>71,725</u>
Excess of revenues over expenditures	<u>352,417</u>	<u>362</u>	<u>352,779</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>515,000</u>	<u>-</u>	<u>515,000</u>
Total other financing sources	<u>515,000</u>	<u>-</u>	<u>515,000</u>
Net change in fund balance	867,417	362	867,779
Fund balance, beginning of year	<u>819,254</u>	<u>200,069</u>	<u>1,019,323</u>
Fund balance, end of year	<u><u>\$ 1,686,671</u></u>	<u><u>\$ 200,431</u></u>	<u><u>\$ 1,887,102</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Projects Reserve Capital Projects Fund
For the year ended June 30, 2015**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 410,000	\$ 423,122	\$ 13,122
Investment earnings	-	1,020	1,020
Total Revenues	410,000	424,142	14,142
EXPENDITURES			
Current:			
Community development	588,960	71,725	517,235
Total expenditures	588,960	71,725	517,235
Excess (deficiency) of revenues over (under) expenditures	(178,960)	352,417	531,377
OTHER FINANCING SOURCES (USES)			
Transfers in	515,000	515,000	-
Transfers out	(110,729)	-	110,729
Total other financing sources	404,271	515,000	110,729
Net change in fund balance	225,311	867,417	642,106
Fund balance, beginning of year	819,254	819,254	-
Fund balance, end of year	<u>\$ 1,044,565</u>	<u>\$ 1,686,671</u>	<u>\$ 642,106</u>

Town of Yucca Valley

Fiduciary Funds
Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds
June 30, 2015

	Successor Debt Service Fund	Successor Capital Projects Fund	Successor RORF Fund	Total
ASSETS				
Cash and investments	\$ -	\$ 4,062,007	\$ 379,813	\$ 4,441,820
Cash and investments with fiscal agent	-	-	743,232	743,232
Total assets	-	4,062,007	1,123,045	5,185,052
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunded debt	-	-	126,950	126,950
LIABILITIES				
Accounts payable	-	239,122	-	239,122
Accrued liabilities	-	-	42,816	42,816
Advance from other governments	-	-	545,972	545,972
Long-term liabilities:				
Due within one year	-	-	215,000	215,000
Due in more than one year	-	-	9,036,500	9,036,500
Total liabilities	-	239,122	9,840,288	10,079,410
NET POSITION (DEFICIT)				
Held in trust for successor agency and other purposes	\$ -	\$ 3,822,885	\$ (8,590,293)	\$ (4,767,408)

Town of Yucca Valley

**Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds
For the year ended June 30, 2015**

	Successor Debt Service Fund	Successor Capital Projects Fund	Successor RORF Fund	Total
ADDITIONS				
RPTTF distributions	\$ -	\$ -	\$ 944,379	\$ 944,379
Interest income	-	-	29	29
Total additions	-	-	944,408	944,408
DEDUCTIONS				
Amortization expense	-	-	13,831	13,831
Administrative payments	-	-	250,000	250,000
Other payments	-	423,122	4,549	427,671
Interest expense	-	-	530,100	530,100
Total deductions	-	423,122	798,480	1,221,602
INTERNAL TRANSFERS				
Transfers in	-	-	389,020	389,020
Transfers out	(389,020)	-	-	(389,020)
SPECIAL ITEM				
Contributions to the Town	(3,038,093)	-	-	(3,038,093)
Change in net position	(3,427,113)	(423,122)	534,948	(3,315,287)
Net position (deficit), beginning of year,	3,427,113	4,246,007	(9,125,241)	(1,452,121)
Net position (deficit), end of year	\$ -	\$ 3,822,885	\$ (8,590,293)	\$ (4,767,408)

Town of Yucca Valley

**Fiduciary Funds
Statement of Changes in Fiduciary Assets and Liabilities – Agency Fund
For the year ended June 30, 2015**

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
ASSETS				
Cash and investments	<u>\$ 196,479</u>	<u>\$ 329,680</u>	<u>\$ 353,769</u>	<u>\$ 172,390</u>
Total assets	<u><u>\$ 196,479</u></u>	<u><u>\$ 329,680</u></u>	<u><u>\$ 353,769</u></u>	<u><u>\$ 172,390</u></u>
LIABILITIES				
Accounts payable	<u>\$ 7,180</u>	<u>\$ 175,182</u>	<u>181,452</u>	<u>\$ 910</u>
Deposits	<u>189,299</u>	<u>329,680</u>	<u>347,499</u>	<u>171,480</u>
Total liabilities	<u><u>\$ 196,479</u></u>	<u><u>\$ 504,862</u></u>	<u><u>\$ 528,951</u></u>	<u><u>\$ 172,390</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				
	2006	2007	2008	2009	2010
Governmental activities:					
Net invested in capital assets	\$ 28,557,712	\$ 32,093,731	\$ 15,486,748	\$ 18,017,678	\$ 20,670,064
Restricted	3,233,997	3,701,001	10,364,881	12,118,747	9,960,683
Unrestricted	8,913,720	11,443,892	7,606,595	8,399,329	8,018,983
Total governmental activities net position	<u>\$ 40,705,429</u>	<u>\$ 47,238,624</u>	<u>\$ 33,458,224</u>	<u>\$ 38,535,754</u>	<u>\$ 38,649,730</u>
Primary government:					
Net invested in capital assets	\$ 28,557,712	\$ 32,093,731	\$ 15,486,748	\$ 18,017,678	\$ 20,670,064
Restricted	3,233,997	3,701,001	10,364,881	12,118,747	9,960,683
Unrestricted	8,913,720	11,443,892	7,606,595	8,399,329	8,018,983
Total primary government net position	<u>\$ 40,705,429</u>	<u>\$ 47,238,624</u>	<u>\$ 33,458,224</u>	<u>\$ 38,535,754</u>	<u>\$ 38,649,730</u>

	Fiscal year				
	2011	2012*	2013	2014	2015
Governmental activities:					
Net invested in capital assets	\$ 20,939,003	\$ 23,795,539	\$ 23,484,183	\$ 25,913,868	\$ 32,591,351
Restricted	8,986,346	4,481,398	7,600,076	9,340,709	9,745,235
Unrestricted	8,881,895	8,582,831	7,253,479	7,103,852	4,213,419
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>\$ 46,550,005</u>
Primary government:					
Net invested in capital assets	\$ 20,939,003	\$ 23,795,539	\$ 23,484,183	\$ 25,913,868	\$ 32,591,351
Restricted	8,986,346	4,481,398	7,600,076	9,340,709	9,745,235
Unrestricted	8,881,895	8,582,831	7,253,479	7,103,852	4,213,419
Total primary government net position	<u>\$ 38,807,244</u>	<u>\$ 36,859,768</u>	<u>\$ 38,337,738</u>	<u>\$ 42,358,429</u>	<u>\$ 46,550,005</u>

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

Town of Yucca Valley

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

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

	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	<u>1,815,317</u>	<u>2,453,409</u>	<u>2,064,465</u>	<u>4,089,011</u>	<u>3,813,649</u>
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)	<u>\$ (9,901,314)</u>	<u>\$ (9,878,981)</u>	<u>\$ (8,863,148)</u>	<u>\$ (4,311,065)</u>	<u>\$ (3,977,405)</u>

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

Town of Yucca Valley

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

	Fiscal year				
	2006	2007	2008	2009	2010
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property tax levied for general purposes	\$ 3,264,007	\$ 4,185,302	\$ 7,161,622	\$ 7,337,878	\$ 6,684,036
Sales tax	2,958,865	3,290,412	3,170,306	2,980,561	2,720,029
Transient occupancy tax	129,968	133,612	164,056	172,622	143,487
Franchise taxes	773,076	779,957	793,740	816,713	754,715
Motor vehicle in lieu tax, unrestricted	1,449,006	463,536	93,324	72,272	62,397
Unrestricted investment earnings	272,701	215,245	571,218	432,158	132,170
Other	161,247	1,669,034	124,199	180,585	131,560
Extraordinary/Special Items:					
Gain (loss)/contributions from Redevelopment Agency	-	-	-	-	-
Total governmental activities	<u>9,008,870</u>	<u>10,737,098</u>	<u>12,078,465</u>	<u>11,992,789</u>	<u>10,628,394</u>
Total primary government	<u>9,008,870</u>	<u>10,737,098</u>	<u>12,078,465</u>	<u>11,992,789</u>	<u>10,628,394</u>
Total primary government change in net position	<u>\$ 658,135</u>	<u>\$ 2,485,917</u>	<u>\$ 2,949,518</u>	<u>\$ 5,077,530</u>	<u>\$ 113,976</u>

	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	10,058,828	7,931,505	10,341,118	8,331,756	12,010,711
Total primary government	10,058,828	7,931,505	10,341,118	8,331,756	12,010,711
Total primary government change in net position	\$ 157,514	\$ (1,947,476)	\$ 1,477,970	\$ 4,020,691	\$ 8,033,306

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

Town of Yucca Valley

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

<i>Pre GASB 54</i>	Fiscal year				
	2006	2007	2008	2009	2010
General Fund:					
Reserved	\$ 187,334	\$ 31,043	\$ -	\$ 394,396	\$ 350,000
Unreserved	5,897,785	5,671,854	5,929,393	6,082,609	6,218,404
Total General Fund	6,085,119	5,702,897	5,929,393	6,477,005	6,568,404
All other governmental funds:					
Reserved, reported in:					
Debt service fund	1,380,845	2,038,277	3,739,101	4,123,930	3,713,435
Other	731,507	1,057,115	1,696,897	1,901,449	2,227,642
Unreserved, reported in:					
Capital projects funds	1,543,723	2,852,038	7,879,820	8,400,605	6,737,054
Special revenue funds	3,155,047	3,190,524	4,642,554	5,357,271	4,413,074
Total all other governmental funds	6,811,122	9,137,954	17,958,372	19,783,255	17,091,205
Total all governmental funds	\$ 12,896,241	\$ 14,840,851	\$ 23,887,765	\$ 26,260,260	\$ 23,659,609
 <i>Post GASB 54</i>					
	Fiscal year				
	2011	2012*	2013	2014	2015
General Fund:					
Nonspendable	\$ 350,000	\$ 350,000	\$ 1,132,137	\$ 693,540	\$ 620,910
Restricted	-	-	302,679	331,414	-
Assigned	-	1,040,000	1,300,000	1,300,000	1,784,812
Unassigned	7,119,586	5,286,986	4,335,892	5,335,320	5,850,818
Total General Fund	7,469,586	6,676,986	7,070,708	7,660,274	8,256,540
All other governmental funds:					
Nonspendable	-	-	482,475	857,999	555,270
Restricted:					
Public safety	451,708	509,590	438,155	453,824	271,518
Debt service	2,534,676	-	-	-	-
Community development	8,058,375	768,334	1,142,177	180,120	150,967
Parks and recreation	96,552	585,568	-	-	-
Public works	4,015,566	3,862,444	3,450,409	3,768,729	5,323,297
Assigned	1,076,842	962,794	429,257	2,253,854	1,887,102
Unassigned	(43,097)	(180,726)	70,720	(1,266,916)	(1,508,581)
Total all other governmental funds	16,190,622	6,508,004	6,013,193	6,247,610	6,679,573
Total all governmental funds	\$ 23,660,208	\$ 13,184,990	\$ 13,083,901	\$ 13,907,884	\$ 14,936,113

During the 2011 fiscal year, the Town adopted GASBS No. 54. This Statement changed the presentation of governmental fund equity. The Town retroactively changed the fiscal year 2010 to comply with the requirements of the Statement, but chose not to retroactively apply the Statement in the Statistical Section (except for the 2010 fiscal year).

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

Town of Yucca Valley

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

	Fiscal year				
	2006	2007	2008	2009	2010
Revenues:					
Taxes	\$ 7,418,674	\$ 8,849,815	\$ 11,330,968	\$ 11,318,597	\$ 10,292,984
Licenses and permits	26,274	64,263	71,575	65,579	68,937
Intergovernmental	4,103,009	410,616	3,911,034	3,296,061	2,993,907
Charges for services	1,030,152	797,677	639,810	518,262	544,397
Fines, fees and forfeitures	181,339	4,460,436	394,293	224,734	341,472
Investment earnings	359,527	794,627	700,277	536,835	147,795
Miscellaneous	334,134	155,209	233,243	340,389	20,685
Total revenues	<u>13,453,109</u>	<u>15,532,643</u>	<u>17,281,200</u>	<u>16,300,457</u>	<u>14,410,177</u>
Expenditures:					
Current:					
General government	1,822,720	1,699,333	2,144,688	2,291,878	2,177,514
Public safety	2,986,498	3,703,982	4,066,649	3,923,404	4,369,254
Parks and recreation	979,038	1,563,853	1,286,589	1,528,478	1,348,149
Public works	3,541,152	1,219,835	3,602,888	2,752,637	4,173,267
Community development	2,191,775	3,797,852	1,993,089	1,565,868	2,662,459
Debt service:					
Principal retirement	245,312	219,638	303,255	317,802	281,414
Interest and fiscal charges	275,881	423,008	421,054	652,027	598,723
Bond issuance costs	-	-	326,398	-	-
Supplemental ERAF shift	-	-	-	-	636,679
Pass-through payments	334,131	460,532	826,797	859,868	763,369
Total expenditures	<u>12,376,507</u>	<u>13,088,033</u>	<u>14,971,407</u>	<u>13,891,962</u>	<u>17,010,828</u>
Excess (deficiency) of revenues over expenditures	<u>1,076,602</u>	<u>2,444,610</u>	<u>2,309,793</u>	<u>2,408,495</u>	<u>(2,600,651)</u>
Other financing sources (uses):					
Transfers in	759,482	2,308,853	5,810,777	1,294,966	1,294,966
Transfers out	(547,482)	(2,808,853)	(5,767,636)	(1,330,966)	(1,330,966)
Proceeds of loan	-	-	76,800	-	-
Refunded bond issuance	-	-	10,625,000	-	-
Bond discount	-	-	(121,957)	-	-
Payment to refunded bond escrow agent	-	-	(3,924,561)	-	-
Total other financing sources (uses)	<u>212,000</u>	<u>(500,000)</u>	<u>6,698,423</u>	<u>(36,000)</u>	<u>(36,000)</u>
Extraordinary/Special Item					
Gain (loss) on dissolution of Redevelopment Agency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,288,602</u>	<u>\$ 1,944,610</u>	<u>\$ 9,008,216</u>	<u>\$ 2,372,495</u>	<u>\$ (2,636,651)</u>
Debt service as a percentage of noncapital expenditures	4.3%	5.1%	5.2%	9.3%	6.6%

	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	<u>14,400,672</u>	<u>12,646,106</u>	<u>12,531,831</u>	<u>14,947,576</u>	<u>15,388,324</u>
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	<u>14,400,073</u>	<u>13,175,882</u>	<u>13,709,920</u>	<u>14,123,593</u>	<u>14,346,095</u>
Excess (deficiency) of revenues over expenditures	<u>599</u>	<u>(529,776)</u>	<u>(1,178,089)</u>	<u>823,983</u>	<u>1,042,229</u>
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)
Proceeds of loan	-	-	-	-	-
Refunded bond issuance	-	-	-	-	-
Bond discount	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,000)</u>
Extraordinary/Special Item					
Gain (loss) on dissolution of Redevelopment Agency	<u>-</u>	<u>(9,945,443)</u>	<u>1,077,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 599</u>	<u>\$ (10,475,219)</u>	<u>\$ (101,089)</u>	<u>\$ 823,983</u>	<u>\$ 1,028,229</u>
Debt service as a percentage of noncapital expenditures	6.2%	3.9%	0.0%	0.0%	0.0%



Town of Yucca Valley

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

Fiscal year ended June 30,	Town					Total direct tax rate
	Secured	Unsecured	Less: exemptions	Taxable assessed value		
2006	\$ 959,832,493	\$ 29,560,629	\$ 26,619,795	\$ 962,773,327	0.3091%	
2007	1,147,778,043	29,798,972	26,869,764	1,150,707,251	0.3288%	
2008	1,280,109,208	30,099,850	27,243,364	1,282,965,694	0.3466%	
2009	1,328,588,785	30,099,850	27,658,964	1,331,029,671	0.3621%	
2010	1,198,371,820	31,265,447	27,683,664	1,201,953,603	0.3060%	
2011	1,109,603,922	33,206,291	27,759,864	1,115,050,349	0.3019%	
2012	1,112,098,163	33,029,216	27,544,264	1,117,583,115	0.2993%	
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%	

Note 1:

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

Note 2:

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

Note 3:

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

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

Town of Yucca Valley

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

Town General Fund Direct Rates

	Town share of 1% levy	Debt rates	Total Town rate	Total direct rate
2005	0.1674%	0.0000%	0.1674%	0.2940%
2006	0.1674%	0.0000%	0.1674%	0.3091%
2007	0.1674%	0.0000%	0.1674%	0.3288%
2008	0.1674%	0.0000%	0.1674%	0.3466%
2009	0.1653%	0.0000%	0.1653%	0.3622%
2010	0.1653%	0.0000%	0.1653%	0.3060%
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%	0.2941%
2014	0.1653%	0.0000%	0.1653%	0.1655%
2015	0.1653%	0.0000%	0.1653%	0.1655%

Overlapping rates

	2006	2007	2008	2009	2010
Town of Yucca Valley	0.16764	0.16764	0.16764	0.16533	0.16533
Copper Mountain					
Community College	0.03995	0.03995	0.03995	0.03990	0.03990
County Free Library	0.01023	0.01023	0.01023	0.01037	0.01037
County General Fund	0.10539	0.10539	0.10539	0.10710	0.10710
County Superintendent	0.00718	0.00718	0.00718	0.00729	0.00729
ERAF	0.15949	0.15949	0.15949	0.16220	0.16220
Flood Control Admin	0.00064	0.00064	0.00064	0.00065	0.00065
Flood Control Zone 6	0.00853	0.00853	0.00853	0.00845	0.00845
Hi-Desert County Water	0.07007	0.07007	0.07007	0.06930	0.06930
Hi-Desert Hospital District	0.01339	0.01339	0.01339	0.01345	0.01345
Mojave Desert RCD	0.00011	0.00011	0.00011	0.00009	0.00009
Mojave Water Agency	0.00385	0.00385	0.00385	0.00393	0.00393
Morongo USD	0.19321	0.19321	0.19321	0.19410	0.19410
Yucca Valley Fire	0.22032	0.22032	0.22032	0.21780	0.21780
Total Prop 13 rate	1.00000	1.00000	1.00000	1.00000	1.00000
Morongo USD	0.00000	0.05230	0.04040	0.05400	0.03910
Copper Mountain					
Community College	0.00000	0.01780	0.02480	0.01400	0.02400
Mojave Water Agency	0.09000	0.08500	0.08500	0.08500	0.08500
Mojave Water Agency					
Land only	0.11250	0.11250	0.11250	0.11250	0.11250
Mojave Water Agency	0.05500	0.05500	0.05500	0.05500	0.05500
Total voter approved rate	0.25750	0.32260	0.31770	0.32050	0.31560
Successor Agency	-	-	-	-	-
Total direct and overlapping rate	1.25750	1.32260	1.31770	1.32050	1.31560

Notes:

- 1) General fund tax rates are representative and based upon the direct and overlapping rates for the largest General Fund tax rate area (TRA) by net taxable value.
- 2) Total Direct Rate is the weighted average of all individual direct rates applied by the Town. The percentages presented in the columns above do not sum across rows. Beginning in Fiscal Year 2013-2014, the Total Direct Rate no longer includes revenues generated from the former redevelopment tax rate areas. Challenges to recognize enforceable obligations are assumed to have been resolved during Fiscal Year 2012-2013.
- 3) In 1978, California voters passed Prop 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- 4) Includes Town and Agency share.

2011	2012	2013	2014	2015	Estimated Outstanding debt 6/30/15 (5)	Share of overlapping debt
0.16533	0.16533	0.16533	0.16533	0.16533	\$ -	\$ -
0.03990	0.03990	0.03990	0.03990	0.03990	17,676,596	7,109,704
0.01037	0.01037	0.01037	0.01037	0.01037	-	-
0.10710	0.10710	0.10710	0.10710	0.10710	925,931,704	7,407,454
0.00729	0.00729	0.00729	0.00729	0.00729	-	-
0.16220	0.16220	0.16220	0.16220	0.16220	-	-
0.00065	0.00065	0.00065	0.00065	0.00065	97,230,000	777,840
0.00845	0.00845	0.00845	0.00845	0.00845	-	-
0.06930	0.06930	0.06930	0.06930	0.06930	-	-
0.01345	0.01345	0.01345	0.01345	0.01345	-	-
0.00009	0.00009	0.00009	0.00009	0.00009	-	-
0.00393	0.00393	0.00393	0.00393	0.00393	-	-
0.19410	0.19410	0.19410	0.19410	0.19410	44,312,652	17,822,992
0.21780	0.21780	0.21780	0.21780	0.21780	-	-
1.00000	1.00000	1.00000	1.00000	1.00000	1,085,150,952	33,117,990
0.04650	0.04830	0.05810	0.05280	0.05250	-	-
0.02980	0.02670	0.02950	0.02660	0.02830	-	-
0.08500	0.08500	0.10500	0.10500	0.10500	11,685,000	573,383
0.11250	0.11250	0.11250	0.11250	0.11250	20,395,000	12,074,044
0.05500	0.05500	0.05500	0.05500	0.05500	-	-
0.32880	0.32750	0.36010	0.35190	0.35330	32,080,000	12,647,427
-	-	-	-	-	9,345,000	9,345,000
1.32880	1.32750	1.36010	1.35190	1.35330	\$ 1,126,575,952	\$ 55,110,417

Source for upper portion: HDL direct and overlapping tax rates.

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

Town of Yucca Valley

**Principal Property Tax Payers
Current Year**

		Fiscal Year 2015	
<u>Taxpayer</u>		<u>Taxable assessed value</u>	<u>Percent of total town taxable assessed value</u>
1	Walmart Stores Inc	\$ 27,274,466	1.91%
2	Home Depot USA Inc	12,888,164	0.90%
3	Netreit Yucca Valley LLC	7,223,647	0.50%
4	Salsha Enterprises LLC	6,083,593	0.43%
5	Caritas Affordable Housing Inc	5,737,138	0.40%
6	Time Warner NY Cable LLC	5,657,607	0.40%
7	Thrifty Payless Inc	5,131,556	0.36%
8	Depierro Development LLC	4,790,246	0.33%
9	G and L Yucca Valley II LLC	4,752,740	0.33%
10	Bansi Palms Dollar Tree LLC	4,491,483	0.31%
Totals		<u>\$ 84,030,640</u>	<u>5.87%</u>

Source: San Bernardino County Assessor 2014-15 Combined Tax Rolls and the SBE non unitary tax roll.

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

Town of Yucca Valley

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

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
2006	\$ 3,151,522	\$ 3,151,522	100.00%	\$ -	\$ 3,151,522	100.00%
2007	4,185,302	4,185,302	100.00%	-	4,185,302	100.00%
2008	5,402,385	5,402,385	100.00%	-	5,402,385	100.00%
2009	5,480,018	5,480,018	100.00%	-	5,480,018	100.00%
2010	4,782,684	4,782,684	100.00%	-	4,782,684	100.00%
2011	4,450,182	4,450,182	100.00%	-	4,450,182	100.00%
2012	4,403,922	3,672,055	83.38%	731,867	3,672,055	83.38%
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%

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	
2006	\$ 3,985,000	\$ 574,855	\$ 120,328	\$ 4,680,183	1.08%	\$ 228	
2007	3,880,000	464,454	116,091	4,460,545	1.03%	212	
2008	10,625,000	318,043	186,792	11,129,835	2.75%	523	
2009	10,460,000	171,632	180,401	10,812,033	2.39%	509	
2010	10,290,000	67,924	172,695	10,530,619	2.43%	495	
2011	10,115,000	67,924	161,562	10,344,486	2.45%	475	
2012	*	-	67,924	-	67,924	0.02%	3
2013	*	-	-	-	-	-	-
2014	*	-	-	-	-	-	-
2015	*	-	-	-	-	-	-

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		
2006	\$ 3,985,000	\$ 574,855	\$ 120,328	\$ 4,559,855	1.17%	\$ 228
2007	3,880,000	464,454	116,091	4,344,545	1.03%	212
2008	10,625,000	318,043	186,792	10,943,043	2.58%	523
2009	10,460,000	171,632	180,401	40,631,632	2.67%	509
2010	10,290,000	67,924	172,695	10,357,924	2.32%	495
2011	10,115,000	67,924	181,562	10,182,924	2.38%	475
2012 *	-	67,924	-	67,924	0.02%	3
2013 *	-	-	-	-	0.00%	-
2014 *	-	-	-	-	0.00%	-
2015 *	-	-	-	-	0.00%	-

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				
	2006	2007	2008	2009	2010
Assessed valuation	\$ 1,067,360,308	\$ 1,308,322,950	\$ 1,488,885,770	\$ 1,590,758,294	\$ 1,446,883,236
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	266,840,077	327,080,738	372,221,443	397,689,574	361,720,809
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	40,026,012	49,062,111	55,833,216	59,653,436	54,258,121
Total net debt applicable to limit: general obligation bonds	<u>574,855</u>	<u>464,454</u>	<u>318,043</u>	<u>171,632</u>	<u>67,924</u>
Legal debt margin	<u>\$ 39,451,157</u>	<u>\$ 48,597,657</u>	<u>\$ 55,515,173</u>	<u>\$ 59,481,804</u>	<u>\$ 54,190,197</u>
Total debt applicable to the limit as a percentage of debt limit	1.457%	0.956%	0.573%	0.289%	0.125%

	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%

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		
2006	1,302,884	105,000	256,750	3.60%	
2007	1,810,698	105,000	249,038	5.11%	
2008	2,523,287	165,000	389,506	4.55%	
2009	2,683,423	165,000	610,787	3.46%	
2010	2,448,275	170,000	573,917	3.29%	
2011	2,128,307	175,000	562,703	2.89%	
2012	*	-	-	0.00%	
2013	*	-	-	0.00%	
2014	*	-	-	0.00%	
2015	*	-	-	0.00%	

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

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

Town of Yucca Valley

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Aggregate Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (2)</u>	
2006	20,537	400,000,000	19,477	5.00%	
2007	21,044	432,000,000	20,528	5.60%	
2008	21,268	432,000,000 (3)	20,312	8.20%	
2009	21,239	405,000,000	19,069	13.20%	
2010	21,282	453,000,000	21,286	14.20%	(4)
2011	21,800	434,000,000	19,908	13.40%	(4)
2012	20,916	423,000,000	20,236	12.70%	(4)
2013	21,030	451,000,000	21,444	10.20%	(4)
2014	21,053	437,000,000	20,776	8.70%	(4)
2015	21,030	420,000,000	19,962	6.50%	(4)

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

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

Town of Yucca Valley

**Principal Employers
Last Four Fiscal Years**

Employer	Number of Employees				Current year % of total employment
	2012	2013	2014	2015	
Morongo Unified School District	384	364	372	436	N/A
Wal-Mart	236	320	350	360	N/A
Braswell Continuing Care	229	200	210	235	N/A
Starter Bros.	155	163	195	195	N/A
Home Depot	175	177	185	136	N/A

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

Town of Yucca Valley

Employment Trends and Other Miscellaneous Information Last Nine Fiscal Years

Employment Trends

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	11	11	10	8	8	9	9	8	8
Public works	15	15	17	12	12	8	9	7.5	7.5
Community development	14	11	9	8	7	8	7.5	7	7
Community service	8	8	18.75	17	16.75	14.75	15.25	12	12
Total	<u>48</u>	<u>45</u>	<u>54.75</u>	<u>45</u>	<u>43.75</u>	<u>39.75</u>	<u>40.75</u>	<u>34.5</u>	<u>34.5</u>

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

Source: Town of Yucca Valley

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

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

Town of Yucca Valley

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

Operating indicators

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

Source: Town of Yucca Valley

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

Town of Yucca Valley

Capital Asset Statistics by Function Last Nine Fiscal Years

Capital asset statistics

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

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

