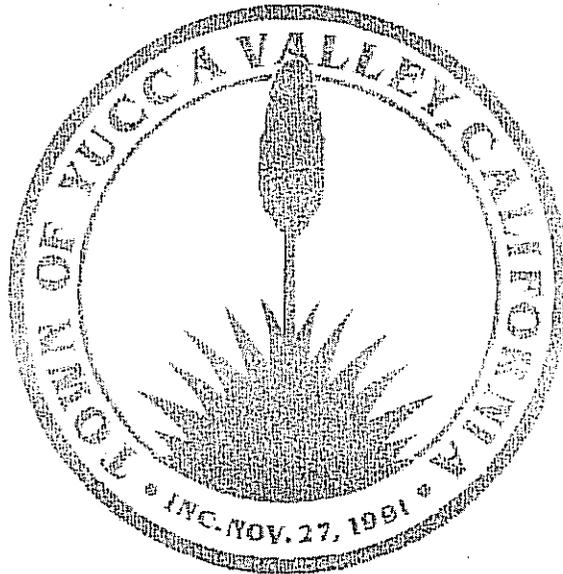


Town of Yucca Valley

Operating Budget - *Supplemental*
FY 2009-10



General Fund Expenditures
Department Budgets

Town of Yucca Valley
Adopted Budget - Supplemental
FY 2008-09 and 2009-10
General Fund Summary

FY 2007/08 Actual	FY 2008/09 Adopted		FY 2009/10 Adopted		FY 2008/09 Projected		FY 2009/10 Revised		
	Town Manager Adopted	Change	Town Manager Adopted	Change	Projected	Change from Budget	Forecast	Change from 09/10 Adpt	
Revenues									
Sales Tax	\$ 3,170,306	\$ 3,300,000	\$ 129,694	\$ -3,450,000	\$ 150,000	\$ 3,018,000	\$ (282,000)	\$ 2,755,000	\$ (695,000)
Property Tax	4,666,742	4,511,500	(175,242)	4,566,000	54,500	4,604,000	92,500	4,325,000	(241,000)
Vehicle License Funds	93,324	50,000	(43,324)	50,000	-	50,000	-	50,000	-
Franchise/TOT/Interest	1,292,977	1,139,820	(153,157)	1,233,920	94,000	1,093,520	(46,300)	1,073,020	(160,800)
Community Development	603,917	852,300	248,383	865,950	13,650	584,140	(268,160)	553,200	(312,750)
Administrative/Other	342,265	161,198	(181,067)	161,698	500	151,198	(10,000)	157,550	(4,148)
Community Services	250,359	312,000	61,641	232,000	(80,000)	272,000	(40,000)	196,000	(36,000)
Total Revenue	10,439,891	10,326,818	(113,073)	10,559,468	\$ 232,650	9,772,858	\$ (553,960)	9,109,770	(1,449,698)
Expenditures									
Personnel Services	3,974,355	4,112,284	137,929	4,362,330	250,046	\$ 3,920,624	\$ (191,660)	\$ 3,605,570	\$ (756,759)
Contract Safety	3,290,126	3,256,000	(34,126)	3,436,300	180,300	3,246,000	(10,000)	3,141,500	(294,800)
Operating Supplies and Services	2,371,698	2,797,776	426,078	2,571,977	(225,799)	2,684,879	(112,897)	2,182,810	(389,167)
Contracts and Partnerships	145,164	133,385	(11,779)	154,385	21,000	143,385	10,000	154,385	-
Capital Projects	374,451	517,347	142,896	33,200	(484,147)	293,700	(223,647)	13,700	(19,500)
Total Expenditures	10,155,794	10,816,792	660,998	10,558,192	(258,600)	10,288,588	(528,204)	9,097,965	(1,460,226)
Other Sources (Uses) of Funds									
Transfer from Other Funds	77,448	-	-	-	-	100,000	-	-	-
Transfer to Capital Projects Fund	(135,000)	141,600	141,600	-	-	-	-	-	-
Total Other Sources (Uses) of Funds	(57,552)	141,600	-	-	-	100,000	-	-	-
Increase (Decrease) in Fund Balance	226,546	(348,374)	(562,957)	1,276	349,660	(415,730)	(67,356)	1,805	(10,528)
Beginning Fund Balance	5,705,190	5,931,735	-	5,583,362	-	5,929,393	-	5,513,663	-
Ending Fund Balance	5,931,735	5,583,362	(348,374)	5,584,638	1,276	5,513,663	(69,699)	5,525,468	(59,170)
Reserve Balance Summary									
Undesignated Reserves	4,848,319	4,349,946	(498,374)	4,351,222	1,276	4,280,247	(69,699)	4,292,052	(59,170)
Operating	-	-	-	-	-	-	-	-	-
Vehicle & Equipment	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-
Catastrophic	850,000	1,000,000	150,000	1,000,000	-	1,000,000	-	1,000,000	-
Other	233,416	233,416	-	233,416	-	233,416	-	233,416	-
Ending Fund Balance	\$ 5,931,735	\$ 5,583,362	\$ (348,374)	\$ 5,584,638	\$ 1,276	\$ 5,513,663	\$ (69,699)	\$ 5,525,468	\$ (59,170)
Operating Reserves (% of Expenditures)	48%	40%	-8%	41%	1%	42%	-6%	47%	6%

Town of Yucca Valley
Adopted Budget - Supplemental
FY 2008-09 and 2009-10
General Fund Summary

	FY 2010/11 Forecast		FY 2011/12 Forecast		FY 2012/13 Forecast	
	Forecast	Change	Forecast	Change	Forecast	Change
Revenues						
Sales Tax	\$ 2,825,000	\$ 70,000	\$ 2,950,000	\$ 125,000	\$ 3,075,000	\$ 125,000
Property Tax	4,214,000	(111,000)	4,289,000	75,000	4,419,000	130,000
Vehicle License Funds	50,000	-	40,000	(10,000)	50,000	10,000
Franchise/TOT/Interest	1,026,820	(46,200)	1,066,820	40,000	1,126,820	60,000
Community Development	494,200	(59,000)	525,950	31,750	581,950	56,000
Administrative/Other	157,550	-	159,550	2,000	162,550	3,000
Community Services	183,000	(13,000)	192,100	9,100	206,700	14,600
Total Revenue	8,950,570	\$ (159,200)	\$ 9,223,420	272,850	9,622,020	\$ 398,600
Expenditures						
Personnel Services	\$ 3,675,276	\$ 69,706	\$ 3,746,116	\$ 70,840	\$ 3,818,373	\$ 72,257
Contract Safety	3,184,175	42,675	3,345,984	161,809	3,505,383	159,399
Operating Supplies and Services	2,224,400	41,590	2,262,315	37,915	2,375,045	112,730
Contracts and Partnerships	154,385	-	154,385	-	154,385	-
Capital Projects	70,200	56,500	22,700	(47,500)	24,200	1,500
Total Expenditures	9,308,436	210,471	9,531,500	223,064	9,877,386	345,886
Other Sources (Uses) of Funds						
Transfer from Other Funds	50,000	-	-	-	-	-
Transfer to Capital Projects Fund	-	-	-	-	-	-
Total Other Sources (Uses) of Funds	50,000	-	-	-	-	-
Increase (Decrease) in Fund Balance						
	(307,866)	(319,671)	(308,080)	(214)	(255,366)	52,714
Beginning Fund Balance	5,525,468		5,217,602		4,909,522	
Ending Fund Balance	5,217,602	(307,866)	4,909,522	(308,080)	4,654,156	(255,366)
Reserve Balance Summary						
Undesignated Reserves	3,984,186	(307,866)	3,676,106	(308,080)	3,420,740	(255,366)
Operating	-	-	-	-	-	-
Vehicle & Equipment	-	-	-	-	-	-
Building	-	-	-	-	-	-
Catastrophic	1,000,000	-	1,000,000	-	1,000,000	-
Other	233,416	-	233,416	-	233,416	-
Ending Fund Balance	\$ 5,217,602	\$ (307,866)	\$ 4,909,522	\$ (308,080)	\$ 4,654,156	\$ (255,366)
Operating Reserves (% of Expenditures)	43%	-4%	39%	-4%	35%	-4%

Town of Yucca Valley
Adopted Budget - Supplemental
FY 2008-09 and 2009-10

Revenue Detail										
Acct	Revenue Description	Actual 07/08	Adopted FY 08/09	% Var	Projected 08/09	% Rev	Adopted 2009/10	% Var	Revised 09/10	% Var
Property Tax										
4110	Prop Tax Admin Fee	\$ (76,726)	\$ (35,000)	-54%	\$ (75,000)	114%	\$ (31,000)	-11%	\$ (60,000)	-20%
4111	Property Tax-Secured/Unsecured	2,630,006	2,590,000	-2%	2,650,000	2%	2,590,000	0%	2,400,000	-9%
4112	Prop Tax-Supp Sec'd/Unsec'd	271,252	175,000	-35%	85,000	-51%	170,000	-3%	55,000	-35%
4114	Property Tax Penalties	17,876	9,500	-47%	12,000	26%	7,000	-26%	15,000	25%
4115	Property Transfer Tax	48,407	25,000	-48%	39,000	56%	35,000	40%	50,000	28%
4116	HOPTR	36,690	35,000	-5%	33,000	-6%	35,000	0%	35,000	6%
	Sub-total Prop Tax	2,927,505	2,799,500	-4%	2,744,000	-2%	2,806,000	0%	2,495,000	-9%
Sales Tax/VLF Revenue										
4117	Vehicle In Lieu Property	1,759,237	1,712,000	-3%	1,860,000	9%	1,760,000	3%	1,830,000	-2%
4120	1% Local Tax	3,170,306	3,300,000	4%	3,018,000	-9%	3,450,000	5%	2,755,000	-9%
4805	Vehicle License Fees	93,324	50,000	-46%	50,000	0%	50,000	0%	50,000	0%
	Sub-total State/County Subvention	5,022,867	5,062,000	1%	4,928,000	-3%	5,260,000	4%	4,635,000	-6%
Franchise/TOT/Interest Revenues										
4150	Franchise Fees	793,740	748,000	-6%	760,000	2%	788,000	5%	745,000	-2%
4815	Article 19 WDA	64,466	60,000	-7%	60,000	0%	61,000	2%	65,000	8%
4135	TOT Permit Fee	40	20	-50%	20	0%	20	0%	20	0%
4140	Transient Occupancy Tax	164,016	160,000	-2%	170,000	6%	178,000	11%	165,000	-3%
4610	Money Market Interest	2,432	1,800	-26%	3,500	94%	1,800	0%	3,000	-14%
4611	LAIF Interest	268,283	170,000	-37%	100,000	-41%	205,000	21%	95,000	-5%
	Sub-total Franchise/TOT/Interest	1,292,977	1,139,820	-12%	1,093,520	-4%	1,233,820	8%	1,073,020	-2%
Administrative Revenues										
4250	Business Registration	50,185	45,000	-10%	40,000	-11%	45,000	0%	40,000	0%
4402	Election Fees	0	2,500	100%	2,500	100%	0	-100%	0	-100%
4403	Notary Fees	40	50	25%	50	0%	50	0%	50	0%
4404	Passport Fees	5,850	7,000	20%	7,000	0%	7,500	7%	7,500	7%
4320	County Fines/Forfeitures	8,273	15,000	81%	10,000	-33%	15,000	0%	15,000	50%
4330	Parking Citations	565	1,000	77%	1,000	0%	1,000	0%	1,000	0%
4340	Booking Fees	85	0	-100%	0	-100%	0	0%	0	0%
4565	CERT Registration	0	0	0%	0	0%	0	0%	0	0%
4621	Lease/Rents of Bldgs	29,148	29,148	0%	29,148	0%	29,148	0%	30,000	3%
4820	County Reimbursement	19,858	5,000	-75%	5,000	0%	5,000	0%	5,000	0%
4830	State Reimbursement	129,276	0	0%	0	0%	0	0%	0	0%
4831	Mandates/MUSD Reimb	45,000	45,000	0%	45,000	0%	45,000	0%	45,000	0%
4840	Sale Of Town Assets	0	2,500	0%	2,500	0%	2,500	0%	2,500	0%
4850	Restitution-Court Order	1,070	1,500	40%	1,500	0%	1,500	0%	1,500	0%
4870	Grant Revenue 05-07	4,920	0	-100%	0	0%	0	0%	0	0%
4950	Other Miscellaneous Revenue	36,780	2,500	-93%	2,500	0%	5,000	100%	5,000	100%
4990	Reimb of Operating Expenses	11,169	5,000	0%	5,000	0%	5,000	0%	5,000	0%
4999	Transfers In	0	0	0%	0	0%	0	0%	0	0%
	Sub-total Administrative	342,265	161,198	-53%	151,198	-6%	161,698	0%	157,550	4%

Town of Yucca Valley
Adopted Budget - Supplemental
FY 2008-09 and 2009-10

Revenue Detail										
Acct	Revenue Description	Actual 07/08	Adopted FY 08/09	% Var	Projected 08/09	% Rev	Adopted 2009/10	% Var	Revised 09/10	% Var
Community Services										
4501	Recreation Revenue	156,980	165,000	5%	150,000	-9%	165,000	0%	160,000	7%
4501	Museum Gift Shop-4052	11,814	15,000	27%	10,000	-33%	16,500	10%	10,000	0%
4501	Museum-Revenue	1,703	0	-100%	0	0%	0	0%	0	0%
4906	Museum-Requests	33,416	0	-100%	0	0%	0	0%	0	0%
4620	Facility Rentals	44,368	42,000	-5%	22,000	-48%	44,000	5%	25,000	14%
4902	Donations - Museum	2,078	90,000	4230%	90,000	0%	6,500	-93%	1,000	-99%
	Sub-total Com Services	250,359	312,000	25%	272,000	-13%	232,000	-26%	196,000	-28%
Community Development										
4421	Planning Miscellaneous	16,536	16,000	-3%	16,000	0%	14,000	-13%	14,000	-13%
4440	Abatement Related Fees	20,616	18,000	-13%	14,000	-22%	15,000	-17%	15,000	7%
4460	Gen Plan Maintenance Fee	4,918	7,500	52%	7,500	0%	2,500	-67%	2,500	-67%
4461	Building Inspection Fees	237,891	440,000	85%	150,000	-66%	450,000	2%	125,000	-17%
4462	Plan Check Fees	62,714	110,000	75%	50,000	-55%	118,000	7%	50,000	0%
4463	SMIP - Residential	1,472	1,200	-18%	500	-58%	1,300	8%	500	0%
4464	SMIP - Commercial	37	500	1240%	500	0%	500	0%	500	0%
4465	Cert of Compliance-MJSD Reiml	4,475	10,000	123%	2,500	-75%	10,000	0%	2,500	0%
4466	Electronic Archive fee	158	0	-100%	0	-100%	0	0%	0	0%
4481	Engineering Fees	115	1,500	1204%	500	-67%	1,500	0%	500	0%
4483	Encroachment - Public Improvmt	0	2,500	2500%	500	500%	2,500	0%	500	0%
4484	Encroachment - Utilities	0	0	0%	0	0%	0	0%	0	0%
	Sub-total Com Development	349,132	607,200	74%	242,000	-60%	615,300	1%	211,000	-13%
Animal Control/Shelter										
4210	Commercial Permit - Generic	520	500	-4%	390	-22%	500	0%	500	28%
4230	License Fees-Dogs	20,870	20,000	-4%	21,000	5%	21,000	5%	18,000	-14%
4350	Impound Fees-Dog/Cat Pickup	14,448	9,500	-34%	7,000	-26%	9,800	3%	8,000	14%
4418	Administrative Hearing Fee	310	500	61%	500	0%	500	0%	500	0%
4419	Quarantine Fees	0	0	0%	0	0%	0	0%	0	0%
4420	Public Animal Nuisance Fee	0	0	0%	0	0%	0	0%	0	0%
4422	Potentially Dangerous	80	0	-100%	0	0%	0	0%	0	0%
4424	Euthanasia Fees	3,885	1,000	-74%	2,000	100%	750	-25%	2,000	0%
4425	Humane Trap Fees	330	100	-70%	0	-100%	100	0%	0	0%
4427	Boarding Fee	2,121	1,000	-53%	1,000	0%	1,000	0%	1,000	0%
4428	Adoptions	35,087	16,000	-54%	23,000	44%	17,500	9%	18,000	-22%
4429	Disposal Fee	1,455	0	-100%	750	100%	0	0%	1,000	33%
4430	Turn In Fees	3,581	1,000	-72%	1,500	50%	1,000	0%	1,200	-20%
4432	Town Veterinary Fees	315	0	-100%	0	0%	0	0%	0	0%
4820	County Reimbursement	165,610	195,000	18%	280,000	44%	198,000	2%	290,000	4%
4904	Donations	6,173	500	-92%	5,000	900%	500	0%	2,000	-60%
	Sub-total Animal Control/Shelter	254,785	245,100	-4%	342,140	40%	250,650	2%	342,200	0%
	Total Revenue	\$ 10,439,891	\$ 10,326,818	-1%	\$ 9,772,858	-5%	\$ 10,559,468	2%	\$ 9,109,770	-7%

Town of Yucca Valley
Adopted Budget - Supplemental
FY 2008-09 and 2009-10

Acct	Revenue Description	Forecast 2010/11	% Var	Forecast 2011/12	% Var	Forecast 2012/13	% Var
Property Tax							
4110	Prop Tax Admin Fee	\$ (31,000)	-48%	\$ (31,000)	0%	\$ (31,000)	0%
4111	Property Tax-Secured/Unsecured	2,300,000	-4%	2,350,000	2%	2,450,000	4%
4112	Prop Tax-Supp Sec'd/Unsec'd	45,000	-18%	40,000	-11%	45,000	13%
4114	Property Tax Penalties	15,000	0%	10,000	-33%	10,000	0%
4115	Property Transfer Tax	50,000	0%	60,000	20%	60,000	0%
4116	HOPTR	35,000	0%	35,000	0%	35,000	0%
	Sub-total Prop Tax	2,414,000	-3%	2,464,000	2%	2,569,000	4%
Sales Tax/VLF Revenue							
4117	Vehicle In Lieu Property	1,800,000	-2%	1,825,000	1%	1,850,000	1%
4120	1% Local Tax	2,825,000	3%	2,950,000	4%	3,075,000	4%
4805	Vehicle License Fees	50,000	0%	40,000	-20%	50,000	25%
	Sub-total State/County Subvention	4,675,000	1%	4,815,000	3%	4,975,000	3%
Franchise/TOT/Interest Revenues							
4150	Franchise Fees	730,000	-2%	755,000	3%	780,000	3%
4815	Article 19 WDA	50,000	-23%	50,000	0%	50,000	0%
4135	TOT Permit Fee	20	0%	20	0%	20	0%
4140	Transient Occupancy Tax	160,000	-3%	165,000	3%	175,000	6%
4610	Money Market Interest	1,800	-40%	1,800	0%	1,800	0%
4611	LAIF Interest	85,000	-11%	95,000	12%	120,000	26%
	Sub-total Franchise/TOT/Interest	1,026,820	-4%	1,066,820	4%	1,126,820	6%
Administrative Revenues							
4250	Business Registration	40,000	0%	42,000	5%	45,000	7%
4402	Election Fees	0	0%	0	0%	0	0%
4403	Notary Fees	50	0%	50	0%	50	0%
4404	Passport Fees	7,500	0%	7,500	0%	7,500	0%
4320	County Fines/Forfeitures	15,000	0%	15,000	0%	15,000	0%
4330	Parking Citations	1,000	0%	1,000	0%	1,000	0%
4340	Booking Fees	0	0%	0	0%	0	0%
4565	CERT Registration	0	0%	0	0%	0	0%
4621	Lease/Rents of Bldgs	30,000	0%	30,000	0%	30,000	0%
4820	County Reimbursement	5,000	0%	5,000	0%	5,000	0%
4830	State Reimbursement	0	0%	0	0%	0	0%
4831	Mandates/MUSD Reimb	45,000	0%	45,000	0%	45,000	0%
4840	Sale Of Town Assets	2,500	0%	2,500	0%	2,500	0%
4850	Restitution-Court Order	1,500	0%	1,500	0%	1,500	0%
4870	Grant Revenue 05-07	0	0%	0	0%	0	0%
4950	Other Miscellaneous Revenue	5,000	0%	5,000	0%	5,000	0%
4990	Reimb of Operating Expenses	5,000	0%	5,000	0%	5,000	0%
4999	Transfers In	0	0%	0	0%	0	0%
	Sub-total Administrative	157,550	0%	159,550	1%	162,550	2%

Town of Yucca Valley
Adopted Budget - Supplemental
FY 2008-09 and 2009-10

Acct	Revenue Description	Forecast 2010/11	% Var	Forecast 2011/12	% Var	Forecast 2012/13	% Var
Community Services							
4501	Recreation Revenue	150,000	-6%	155,000	3%	165,000	6%
4501	Museum Gift Shop-4052	12,000	20%	14,000	17%	15,500	11%
4501	Museum-Revenue	0	0%	0	0%	0	0%
4906	Museum-Bequests	0	0%	0	0%	0	0%
4620	Facility Rentals	20,000	-20%	22,000	10%	25,000	14%
4902	Donations - Museum	1,000	0%	1,100	10%	1,200	9%
	Sub-total Com Services	183,000	-7%	192,100	5%	206,700	8%
Community Development							
4421	Planning Miscellaneous	14,000	0%	14,000	0%	14,000	0%
4440	Abatement Related Fees	15,000	0%	15,000	0%	15,000	0%
4460	Gen Plan Maintenance Fee	2,500	0%	2,500	0%	2,500	0%
4461	Building Inspection Fees	175,000	40%	200,000	14%	250,000	25%
4462	Plan Check Fees	40,000	-20%	45,000	13%	50,000	11%
4463	SMIP - Residential	1,300	160%	1,300	0%	1,300	0%
4464	SMIP - Commercial	500	0%	500	0%	500	0%
4465	Cert of Compliance-MUSD Reiml	2,500	0%	2,500	0%	2,500	0%
4466	Electronic Archive fee	0	0%	0	0%	0	0%
4481	Engineering Fees	500	0%	500	0%	500	0%
4483	Encroachment - Public Improvmt	2,500	400%	2,500	0%	2,500	0%
4484	Encroachment - Utilities	0	0%	0	0%	0	0%
	Sub-total Com Development	253,800	20%	283,800	12%	338,800	19%
Animal Control/Shelter							
4210	Commercial Permit - Generic	500	0%	500	0%	500	0%
4230	License Fees-Dogs	13,000	-26%	15,000	15%	15,000	0%
4350	Impound Fees-Dog/Cat Pickup	9,800	23%	9,800	0%	9,800	0%
4418	Administrative Hearing Fee	500	0%	500	0%	500	0%
4419	Quarantine Fees	0	0%	0	0%	0	0%
4420	Public Animal Nuisance Fee	0	0%	0	0%	0	0%
4422	Potentially Dangerous	0	0%	0	0%	0	0%
4424	Euthanasia Fees	1,000	-50%	750	-25%	750	0%
4425	Humane Trap Fees	100	0%	100	0%	100	0%
4427	Boarding Fee	1,000	0%	1,000	0%	1,000	0%
4428	Adoptions	15,000	-17%	15,000	0%	16,000	7%
4429	Disposal Fee	0	-100%	0	0%	0	0%
4430	Turn In Fees	1,000	-17%	1,000	0%	1,000	0%
4432	Town Veterinary Fees	0	0%	0	0%	0	0%
4820	County Reimbursement	198,000	-32%	198,000	0%	198,000	0%
4904	Donations	500	-75%	500	0%	500	0%
	Sub-total Animal Control/Shelter	240,400	-30%	242,150	1%	243,150	0%
	Total Revenue	\$ 8,950,570	-2%	\$ 9,223,420	3%	\$ 9,622,020	4%

Town of Yucca Valley
Adopted Budget - Supplemental
FY 2008-09 and 2009-10

Acct.	Description	Town Manager Recommendation						2010-11 Forecast Budget	2011-12 Forecast Budget	2012-13 Forecast Budget	
		2007-08 Actual	2008-09 Adopted Budget	% Var	2009-2010 Adopted Budget	% Var	2008-09 Projected Actual				2009-10 Revised Budget
Expenditure Summary by Category											
Personnel Services		3,974,355	4,112,284	3%	4,362,330	6%	3,920,624	3,605,570	3,675,276	3,746,116	3,818,373
Operating Supplies and Services		2,371,698	2,797,776	18%	2,571,977	-8%	2,684,879	2,182,610	2,224,400	2,262,315	2,375,045
Contract Safety		3,290,126	3,256,000	-1%	3,436,300	6%	3,246,000	3,141,500	3,184,175	3,345,984	3,505,383
Partnerships		145,164	133,385	-8%	154,385	16%	143,385	154,385	154,385	154,385	154,385
Capital Projects		374,451	517,347	38%	33,200	-94%	293,700	13,700	70,200	22,700	24,200
Total		10,155,794	10,816,792	7%	10,558,192	-2%	10,288,588	9,097,965	9,308,436	9,531,500	9,877,386
Expenditure Summary by Department											
Town Council		372,305	448,312	20%	136,070	-70%	238,165	135,910	139,165	136,165	141,165
Town Manager		764,711	845,551	11%	877,522	4%	757,576	884,523	812,726	813,166	848,459
Legal Counsel		99,191	80,000	-19%	80,000	0%	80,000	80,000	80,000	80,000	80,000
Administrative Services		686,732	729,484	6%	751,030	3%	1,098,065	630,827	648,451	658,038	667,194
Community Services		1,286,591	1,440,968	12%	1,422,975	-1%	1,398,960	1,206,690	1,239,212	1,262,778	1,300,863
Community Development		2,034,709	2,232,104	10%	2,131,562	-5%	1,769,587	1,621,938	1,781,550	1,785,858	1,853,244
Public Works		1,344,835	1,470,142	9%	1,396,903	-5%	1,407,484	1,100,248	1,121,829	1,141,661	1,168,750
Contract Safety		3,290,126	3,256,000	-1%	3,436,300	6%	3,246,000	3,141,500	3,184,175	3,345,984	3,505,383
Interdepartmental		276,594	314,232	14%	325,829	4%	292,732	296,329	301,329	307,829	312,329
Total		10,155,794	10,816,792	7%	10,558,192	-2%	10,288,588	9,097,965	9,308,436	9,531,500	9,877,386

Town of Yucca Valley
Adopted Budget - Supplemental
FY 2008-09 and 2009-10

Acct.	Description	2007-08 Actual	Town Manager Recommendation		2008-09 Projected Actual	2009-10 Revised Budget	2010-11 Forecast Budget	2011-12 Forecast Budget	2012-13 Forecast Budget		
			2008-09 Adopted Budget	% Var						2009-10 Adopted Budget	% Var
Departmental Summary											
Town Council		372,305	448,312	20%	136,070	-70%	238,165	139,165	136,165	141,165	
Legal Counsel		99,191	80,000	-19%	80,000	0%	80,000	80,000	80,000	80,000	
Contract Safety		3,290,126	3,256,000	-1%	3,436,300	6%	3,246,000	3,141,500	3,184,175	3,345,984	3,505,383
Interdepartmental		276,594	314,232	14%	325,829	4%	292,732	296,329	301,329	307,829	312,329
Town Manager											
05-01	Town Manager	477,922	523,556	10%	565,298	8%	477,581	602,938	503,288	510,785	518,432
05-07	Disaster Preparedness	7,671	14,625	91%	14,625	0%	13,125	14,125	18,675	19,000	20,750
05-08	Information Services	106,884	111,000	4%	107,000	-4%	74,000	86,500	94,500	97,500	106,500
05-09	Recycling & Solid Waste	55,487	63,250	14%	65,950	4%	61,750	64,950	64,950	65,250	65,250
10-12	Town Clerk	116,746	133,120	14%	124,650	-6%	131,120	116,010	133,313	120,652	137,527
	Total Town Manager	764,711	845,551	11%	877,522	4%	757,576	884,523	812,726	813,186	848,459
Administrative Services											
10-10	Finance	397,675	345,240	-13%	392,521	14%	341,733	342,787	351,421	357,167	363,028
10-11	Human Resources/Risk Mgmt	289,057	384,244	33%	358,509	-7%	756,352	288,040	297,030	300,872	304,166
	Total Administrative Services	686,732	729,484	6%	751,030	3%	1,098,085	630,827	648,451	658,038	667,194
Community Services											
40-01	Community Services Admin	342,753	338,450	-1%	356,843	5%	343,129	337,034	343,700	353,842	361,962
40-20	Recreation	483,738	468,458	-3%	486,233	4%	458,869	396,488	402,946	415,745	432,187
40-21	Museum	274,592	414,174	51%	340,514	-18%	393,078	290,983	298,281	303,706	310,729
40-22	CA Welcome Center	0	0	0%	0	0%	0	0	0	0	0
40-23	Community Relations	40,344	86,500	114%	85,000	-2%	60,500	27,800	39,900	35,100	41,600
41-40	Community Partnerships	145,164	133,385	-8%	154,385	-16%	143,385	154,385	154,385	154,385	154,385
	Total Community Services	1,286,591	1,440,968	12%	1,422,975	-1%	1,398,980	1,206,690	1,239,212	1,262,778	1,300,863
Community Development											
50-01	Comm Dev Admin	273,958	315,481	15%	278,732	-12%	286,109	258,811	311,224	319,029	321,829
50-45	Animal Shelter	387,720	454,782	17%	470,856	4%	396,238	464,508	472,525	482,539	491,070
50-50	Planning	453,248	371,495	-18%	277,045	-25%	239,229	133,595	136,103	138,161	140,770
50-51	Engineering	220,963	266,597	21%	254,237	-5%	261,634	199,843	201,906	209,012	216,159
50-52	Code Compliance	224,789	260,759	16%	267,947	3%	238,413	236,752	240,583	244,744	248,989
50-53	Building & Safety	222,963	333,575	50%	341,875	2%	116,075	99,375	135,575	154,375	191,875
50-54	Animal Control	251,069	229,416	-9%	240,871	5%	231,890	229,254	283,633	237,999	242,551
	Total Community Development	2,034,709	2,232,104	10%	2,131,562	-5%	1,769,587	1,621,938	1,781,550	1,785,858	1,853,244
Public Works											
55-01	Public Works Admin	225,802	291,426	29%	305,200	5%	291,540	199,337	203,160	207,059	211,036
55-55	Facilities Maintenance	426,300	480,538	13%	457,727	-5%	462,279	356,321	363,454	366,649	369,908
55-57	Fleet Maintenance	89,289	122,798	38%	121,881	-1%	85,198	86,881	88,881	88,881	92,881
55-58	Parks Maintenance	456,938	545,379	19%	512,096	-6%	547,466	457,710	466,335	479,072	494,925
55-59	Streets Operations (GF)	146,506	30,000	-80%	0	0%	21,000	0	0	0	0
	Total Public Works	1,344,835	1,470,142	9%	1,396,903	-5%	1,407,484	1,100,248	1,121,829	1,141,661	1,168,750
Total		10,155,794	10,816,792	7%	10,558,192	-2%	10,286,588	9,097,965	9,308,436	9,531,500	9,877,386



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

JAY H. ZERCHER, C.P.A.
 ROBERT B. MEMORY, C.P.A.
 PHILLIP H. WALLER, C.P.A.
 BRENDA L. ODLE, C.P.A.
 TERRY P. SHEA, C.P.A.
 KIRK A. FRANKS, C.P.A.
 MATTHEW B. WILSON, C.P.A.
 SCOTT W. MANNO, C.P.A.
 LEENA SHANBHAG, C.P.A.

NANCY O'RAFFERTY, C.P.A.
 BRADFORD A. WELEBIR, C.P.A.
 JENNY LIU, C.P.A.
 TIMOTHY P. HORN, C.P.A.
 KATIE L. MILLSOM, C.P.A.
 JOHN J. BADIA, C.P.A.
 JONATHAN R. KUHN, C.P.A.
 BRADFORD L. ROCKABRAND, C.P.A.
 PAPA MATAR THIAW, C.P.A.

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Yucca Valley (Town) California, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Yucca Valley, California, as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2009 on our consideration of the Town of Yucca Valley, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

MEMBERS

AMERICAN INSTITUTE OF
 CERTIFIED PUBLIC ACCOUNTANTS

PCPS THE AICPA ALLIANCE FOR CPA FIRMS

CALIFORNIA SOCIETY OF
 CERTIFIED PUBLIC ACCOUNTANTS

VANIR TOWER • 290 NORTH "D" STREET • SUITE 300
 SAN BERNARDINO, CA 92401
 (909) 889-0871 • (909) 824-6736 • FAX (909) 889-5361
 Website: www.ramscca.net

The management's discussion and analysis and budgetary comparison information and the schedule of funding progress are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Yucca Valley, California's basic financial statements. The introductory section, combining nonmajor fund financial statements, the nonmajor individual budgetary comparison information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and the nonmajor individual budgetary comparison information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Rogers, Anderson, Malady & Siro, LLP

November 16, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis provides an overview of the financial activities of the Town of Yucca Valley for the fiscal year ended June 30, 2009. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the Town:

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

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

Reporting the Town as a Whole

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

These two statements report the Town's net assets and changes in them. You can think of the Town's net assets – the difference between assets and liabilities – as one way to measure the Town's financial health, or *financial position*. Over time, *increases and decreases* in the Town's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's tax base and the condition of the Town's roads, to assess the *overall health* of the Town.

Reporting the Town's Major Funds

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

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

Reporting the Town's Fiduciary Responsibilities

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the government-wide *statement of net assets* follows:

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Current and other assets	\$29,294,253	25,932,022	3,362,231
Capital assets	<u>21,099,457</u>	<u>19,871,583</u>	<u>1,227,874</u>
Total assets	<u>50,393,710</u>	<u>45,803,605</u>	<u>4,590,105</u>
Long-term debt	10,695,647	10,998,111	(302,464)
Other liabilities	<u>1,162,309</u>	<u>1,347,270</u>	<u>(184,961)</u>
Total liabilities	<u>11,857,956</u>	<u>12,345,381</u>	<u>(487,425)</u>
Net assets:			
Invested in capital assets	18,017,678	15,486,748	2,530,930
Restricted	12,118,747	10,364,881	1,753,866
Unrestricted	<u>8,399,329</u>	<u>7,606,595</u>	<u>792,734</u>
Total net assets	<u>\$38,535,754</u>	<u>33,458,224</u>	<u>5,077,530</u>

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

Revenues:

Program revenues:

Charges for services	\$ 900,732	899,854	878
Operating contributions and grants	2,447,329	2,465,909	(18,580)
Capital contributions and grants	<u>959,192</u>	<u>1,831,563</u>	<u>(872,371)</u>
Total program revenues	<u>4,307,253</u>	<u>5,197,326</u>	<u>(890,073)</u>

General revenues:

Property taxes	7,337,878	7,161,622	176,256
Sales taxes	2,980,561	3,170,306	(189,745)
Transient occupancy taxes	172,622	164,056	8,566
Franchise taxes	816,713	793,740	22,973
Investment income	432,158	571,218	(139,060)
State motor vehicle in lieu	72,272	93,324	(21,052)
Other revenue	<u>180,585</u>	<u>124,199</u>	<u>56,386</u>
Total general revenues	<u>11,992,789</u>	<u>12,078,465</u>	<u>(85,676)</u>

Total revenues	<u>16,300,042</u>	<u>17,275,791</u>	<u>(975,749)</u>
----------------	-------------------	-------------------	------------------

Program expenses:

General government	2,435,817	2,366,009	69,808
Public safety	3,923,404	4,036,107	(112,703)
Parks and recreation	1,512,733	1,295,429	217,304
Public works	615,102	3,326,374	(2,711,272)
Community development	2,122,924	2,813,886	(690,962)
Interest expense and other charges	<u>612,532</u>	<u>488,468</u>	<u>124,064</u>
Total expenses	<u>11,222,512</u>	<u>14,326,273</u>	<u>(3,103,761)</u>

Increase (decrease) in net assets	5,077,530	2,949,518	2,128,012
Beginning net assets, as restated	<u>33,458,224</u>	<u>30,508,706</u>	<u>2,949,518</u>
Ending net assets	<u>\$38,535,754</u>	<u>33,458,224</u>	<u>5,077,530</u>

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

- Net assets of the Town increased by 15.2 percent, from \$33.4 million to \$38.5 million.
- Much of this net increase resulted from a decrease in the Town's public works and community development expenditures. The combined decrease in year over year spending in these two functional areas totaled \$3.4 million, and was a reflection of both operational changes as well as capital spending deferrals.
- Property tax revenue increased slightly from the prior year as a result of increases in assessed valuation. Aggregate property valuations will decline in future years starting in fiscal year 2009-20 as assessment values are adjusted to true market conditions. This process generally lags the current property market by 12-18 months. In addition, the County tax assessor has indicated that broad downward adjustments are occurring reflecting the challenges facing the housing market countywide, including Yucca Valley. This decline will have a significant impact on the Town's ability to provide current levels of service without offsetting increases in revenue. Barring such increases, it is likely that service levels will be contracted to match available revenues.
- Sales taxes declined in fiscal year 2009 by approximately 6% reflecting a decrease in the retail sector, particularly auto sales. The rate of decline is anticipated to increase significantly in upcoming years reflecting weakness in the broader economy. This weakness is expected to continue in the Town until such time as there is improvement in the broader economy.
- The Town's investment income decreased from \$571,218 to \$432,158 due to significantly lower returns on cash investments, with the Town's investment pool yielding less than 2% annually. This limitation is expected to continue in the next 12 – 18 months.
- The above decrease in revenue was partially off-set by an overall decrease in operating expenditures as a result of lower staffing costs. The Town has implemented an aggressive cost cutting approach, and continues to identify a full range of potential cost savings.

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, unreserved fund balance of the general fund was \$6,082,609, comprising the majority of the total fund balance of \$6,477,005. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 62 percent of total general fund expenditures, while total fund balance represents 66 percent of that same amount. General fund revenues exceeded expenditures by a moderate amount of \$353,929.

The **Redevelopment Agency Capital Projects Fund** – fund reflects a fund balance of \$6,897,228 and is related to the revenue received from bond proceeds related to the 2008 tax allocation bonds. This balance is restricted for use on qualified redevelopment agency projects within the redevelopment project area.

The **Redevelopment Debt Service Fund** has a total fund balance of \$4,123,930, all of which is legally restricted by law and debt covenants for redevelopment debt service transactions of the Town's Redevelopment Agency.

The **Community Development Block Grant Fund** has a total fund balance of \$(57,898) representing outstanding commitments to other funds. It is anticipated that this negative fund balance is temporary, and will be positive in the next reporting period.

The changes in fund balance were not significantly different from prior year balances, and reflect the anticipated differences from operational activity.

GENERAL FUND BUDGET

Aggregate differences between the original budget and the final amended budget of the General Fund were relatively minor. In General Fund revenues, actual sales tax received varied from budget by approximately -9.6%, reflecting a slowing economy while revenue related to charges for services varied by -53.7% as a result of limited building development. There were no significant variations of any budgetary variances between the final amended budget and actual results for revenues General Fund expenditures. Unbudgeted transfers of \$449,683 into the General Fund were the result of the receipt of unplanned revenues related to miscellaneous reimbursements in other funds.

These deviations did not significantly affect the Town's liquidity or ability to provide future government services.

CAPITAL ASSETS

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

	<u>2009</u>	<u>2008</u>
Land	\$ 4,113,951	\$ 4,113,951
Land improvements	2,982,115	2,658,578
Structures and improvements	4,750,614	4,896,645
Vehicles	622,788	615,127
Furniture and equipment	1,177,037	1,237,740
Infrastructure – street network	7,328,113	5,679,928
Construction in progress	<u>1,214,839</u>	<u>669,614</u>
 Total	 <u>\$ 22,189,457</u>	 <u>\$ 19,871,583</u>

The major changes to capital assets during the year ended June 30, 2009 were as follows:

- During the fiscal year, the Town recognized \$2,147,970 of contributed infrastructure assets. These assets primarily consisted of curbs, sidewalks and gutters and other street improvements subsequently conveyed to the Town upon completion of the related projects. Increases in construction in progress include work on the Town's solar project at Community Development and other infrastructure projects in various stages of completion.

Total unexpended construction commitments as of year end were \$2,672,213 related to the Town's current State Route 62 Rehabilitation and Realignment projects. Additional information on the Town's capital assets can be found in Note 6 to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the Town had bonded debt and loans (excluding compensated absences) outstanding of \$10,998,111.

	<u>Outstanding Debt</u>	
	<u>2009</u>	<u>2008</u>
Tax Allocation Revenue Bonds	\$ 10,460,000	\$ 10,625,000
General Obligation Bonds	171,632	318,043
CA Energy Commission Loan	<u>180,401</u>	<u>186,792</u>
 Total	 <u>\$ 10,812,033</u>	 <u>\$ 11,129,835</u>

Additional information on the Town's long-term debt can be found in the Notes 7, 8 and 9 of the accompanying financial statements.

Contacting Town Management

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

BASIC FINANCIAL STATEMENTS

**Town of Yucca Valley
Statement of Net Assets
June 30, 2009**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 25,347,788
Cash with fiscal agent	743,203
Accounts receivable	163,104
Due from other governments	1,139,647
Interest receivable	104,993
Note receivable	365,000
Escrow deposit	25,000
Deferred charges	315,518
Capital assets, not being depreciated	5,328,790
Capital assets, depreciated, net	<u>16,860,667</u>
Total assets	<u>50,393,710</u>
LIABILITIES	
Accounts payable and accrued liabilities	1,108,813
Interest payable	40,642
Deferred revenue	12,854
Noncurrent liabilities:	
Due within one year	396,293
Due in more than one year	<u>10,299,354</u>
Total liabilities	<u>11,857,956</u>
NET ASSETS	
Invested in capital assets, net of related debt	18,017,678
Restricted	
Public safety	395,216
Public works	6,737,042
Community development	4,986,489
Unrestricted	<u>8,399,329</u>
Total net assets	<u>\$ 38,535,754</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, 2009**

	<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	\$ 2,435,817	\$ 36,959	\$ -	\$ -	\$ (2,398,858)
Public safety	3,923,404	151,855	494,392	-	(3,277,157)
Parks and recreation	1,512,733	238,920	84,416	-	(1,189,397)
Public works	615,102	217,849	1,493,788	959,192	2,055,727
Community development	2,122,924	255,149	374,733	-	(1,493,042)
Interest on long-term debt	612,532	-	-	-	(612,532)
Total governmental activities	<u>\$11,222,512</u>	<u>\$ 900,732</u>	<u>\$ 2,447,329</u>	<u>\$ 959,192</u>	<u>(6,915,259)</u>

General revenues:

Taxes	
Property tax, levied for general purpose	7,337,878
Sales tax	2,980,561
Transient occupancy tax	172,622
Franchise tax	816,713
Motor vehicle in lieu tax – unrestricted	72,272
Unrestricted investment earnings	432,158
Other	180,585
Total general revenues	<u>11,992,789</u>
 Changes in net assets	 5,077,530
 Net assets, beginning of year	 <u>33,458,224</u>
 Net assets, end of year	 <u><u>\$ 38,535,754</u></u>

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

**Town of Yucca Valley
Balance Sheet
Governmental Funds
June 30, 2009**

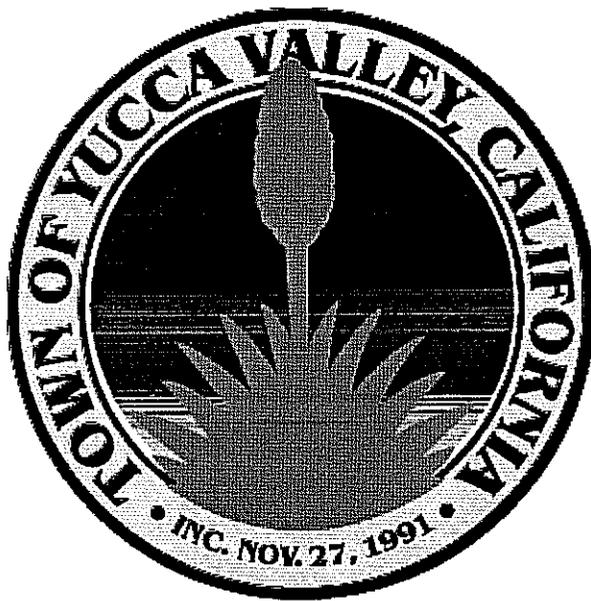
	<u>General</u>	<u>Debt Service Redevelopment Agency</u>	<u>Capital Projects Redevelopment Agency</u>
ASSETS			
Cash and investments	\$ 5,812,020	\$ 3,612,693	\$ 6,849,666
Cash with fiscal agent	-	743,203	-
Receivables:			
Accounts, net	120,056	-	-
Due from other governments	405,797	98,639	-
Interest	42,297	13,124	24,884
Notes	350,000	-	-
Due from other funds	304,199	-	-
Escrow deposit	-	-	25,000
Total assets	<u>\$ 7,034,369</u>	<u>\$ 4,467,659</u>	<u>\$ 6,899,550</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 244,206	\$ 339,042	\$ 2,322
Accrued payroll	300,304	4,687	-
Retentions payable	-	-	-
Deferred revenue	12,854	-	-
Due to other funds	-	-	-
Total liabilities	<u>557,364</u>	<u>343,729</u>	<u>2,322</u>
Fund balances:			
Reserved for:			
Encumbrances	44,396	-	-
Escrow deposit	-	-	25,000
Low and moderate housing	-	-	-
Note receivable	350,000	-	-
Debt service	-	4,123,930	-
Unreserved:			
Designated, reported in:			
Capital projects fund	-	-	6,872,228
Undesignated, reported in:			
General fund	6,082,609	-	-
Special revenue funds	-	-	-
Total fund balances	<u>6,477,005</u>	<u>4,123,930</u>	<u>6,897,228</u>
Total liabilities and fund balances	<u>\$ 7,034,369</u>	<u>\$ 4,467,659</u>	<u>\$ 6,899,550</u>

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

<u>CDBG</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 8,566,372	\$ 24,840,751
-	-	743,203
-	43,048	163,104
275,300	359,911	1,139,647
-	24,688	104,993
-	15,000	365,000
-	-	304,199
-	-	25,000
<u>\$ 275,300</u>	<u>\$ 9,009,019</u>	<u>\$ 27,685,897</u>

\$ 44,774	\$ 132,369	\$ 762,713
-	7,547	312,538
33,333	-	33,333
-	-	12,854
255,091	49,108	304,199
<u>333,198</u>	<u>189,024</u>	<u>1,425,637</u>

-	74,716	119,112
-	-	25,000
-	1,786,733	1,786,733
-	15,000	365,000
-	-	4,123,930
-	1,528,377	8,400,605
-	-	6,082,609
(57,898)	5,415,169	5,357,271
<u>(57,898)</u>	<u>8,819,995</u>	<u>26,260,260</u>
<u>\$ 275,300</u>	<u>\$ 9,009,019</u>	<u>\$ 27,685,897</u>



**Town of Yucca Valley
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Assets
June 30, 2009**

Fund balances of governmental funds \$ 26,260,260

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

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

Capital assets	45,918,449
Accumulated depreciation	(23,728,992)

Long-term liabilities are not due and payable in the current period and therefore are not reported in funds.

2008 Tax allocation bonds	(10,460,000)
2001 Series B bonds	(171,632)
California Energy Commission loans	(180,401)
Cost of issuance – deferred	315,518
Deferred charges	303,433
Compensated absences	(187,047)

Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(40,642)
--	----------

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 funds are included in the statement of net assets.	506,808
---	---------

Net assets of governmental activities \$ 38,535,754

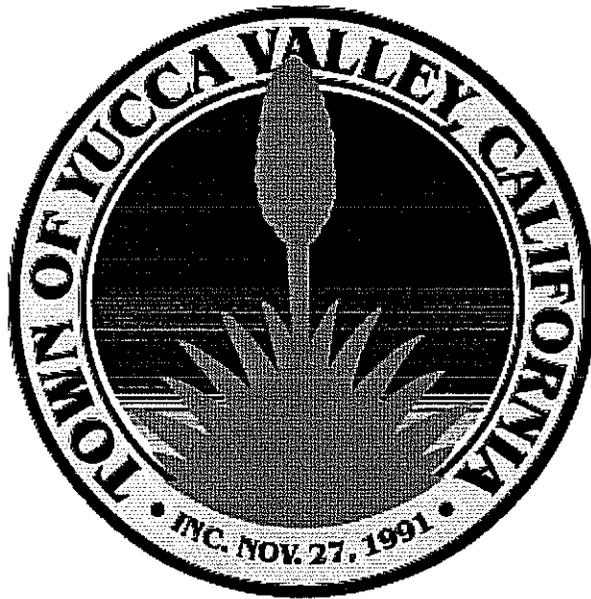
The accompanying notes are an integral part of these financial statements.

Town of Yucca Valley
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2009

	General	Debt Service Redevelopment Agency	Capital Projects Redevelopment Agency
REVENUES			
Taxes	\$ 8,635,174	\$ 2,683,423	\$ -
Licenses and permits	65,579	-	-
Intergovernmental	535,647	22,257	-
Charges for services	518,262	-	-
Fines, fees and forfeitures	34,991	-	-
Investment earnings	139,106	79,513	160,725
Miscellaneous	173,147	1,095	-
Total revenues	<u>10,101,906</u>	<u>2,786,288</u>	<u>160,725</u>
EXPENDITURES			
Current:			
General government	2,054,140	237,738	-
Public safety	3,845,248	-	-
Parks and recreation	1,424,522	-	-
Public works	1,340,975	-	-
Community development	1,071,822	-	63,940
Debt service:			
Principal	6,391	165,000	-
Interest	4,879	627,183	-
Pass-through payments	-	859,868	-
Total expenditures	<u>9,747,977</u>	<u>1,889,789</u>	<u>63,940</u>
Excess (deficiency) of revenues over expenditures	<u>353,929</u>	<u>896,499</u>	<u>96,785</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	229,683	68,445	-
Transfers out	(36,000)	(512,663)	-
Total other financing sources (uses)	<u>193,683</u>	<u>(444,218)</u>	<u>-</u>
Net change in fund balances	547,612	452,281	96,785
Fund balances, beginning of year	<u>5,929,393</u>	<u>3,671,649</u>	<u>6,800,443</u>
Fund balances, end of year	<u>\$ 6,477,005</u>	<u>\$ 4,123,930</u>	<u>\$ 6,897,228</u>

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

<u>CDBG</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 11,318,597
-	-	65,579
368,607	2,369,550	3,296,061
-	-	518,262
-	189,743	224,734
-	157,491	536,835
-	166,147	340,389
<u>368,607</u>	<u>2,882,931</u>	<u>16,300,457</u>
-	-	2,291,878
-	78,156	3,923,404
-	103,956	1,528,478
-	1,411,662	2,752,637
402,440	27,666	1,565,868
-	146,411	317,802
-	19,965	652,027
-	-	859,868
<u>402,440</u>	<u>1,787,816</u>	<u>13,891,962</u>
<u>(33,833)</u>	<u>1,095,115</u>	<u>2,408,495</u>
65,000	931,838	1,294,966
-	(782,303)	(1,330,966)
<u>65,000</u>	<u>149,535</u>	<u>(36,000)</u>
31,167	1,244,650	2,372,495
<u>(89,065)</u>	<u>7,575,345</u>	<u>23,887,765</u>
<u>\$ (57,898)</u>	<u>\$ 8,819,995</u>	<u>\$ 26,260,260</u>



Town of Yucca Valley
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the year ended June 30, 2009

Net change in fund balances – total governmental funds \$ 2,372,495

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

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

Cost of assets capitalized, less of disposals at net book value	3,436,799
Depreciation expense	(1,118,925)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on debt	317,802
Amortization of:	
Loss on refunding	(9,765)
Cost of issuance	(10,880)
Bond discount	(4,065)

Accrued interest expense related to long-term liabilities. This amount is the difference between the amount of interest paid and the amount of interest incurred on long-term liabilities.	53,325
--	--------

Compensated absences expenses reported in the statements of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.	(1,508)
--	---------

Internal service funds are used by management to charge the costs of certain activities, including insurance claims and expenses, to individual funds. The net revenues/(expenses) of the internal service fund are reported on the statement of net activities.	42,252
--	--------

Change in net assets of governmental activities	<u>\$ 5,077,530</u>
--	----------------------------

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

Town of Yucca Valley
Statement of Fund Net Assets
Proprietary Fund
June 30, 2009

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets:	
Cash and investments	\$ 507,037
Total assets	507,037
LIABILITIES	
Current liabilities:	
Accounts payable	229
Total liabilities	229
NET ASSETS	
Unrestricted	506,808
Total net assets	\$ 506,808

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

Town of Yucca Valley
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the year ended June 30, 2009

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 42,994
Total operating revenues	42,994
OPERATING EXPENSES	
Operations	36,742
Total operating expenses	36,742
Operating income	6,252
Transfers in	36,000
Change in net assets	42,252
Net assets, beginning of year	464,556
Net assets, end of year	\$ 506,808

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, 2009**

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user departments	\$ 42,994
Cash payments to suppliers for goods and services	(40,450)
Net cash provided by operating activities	2,544
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from other funds	36,000
Net cash provided by noncapital financing activities	36,000
Net increase in cash and cash equivalents	38,544
Cash and cash equivalents, beginning of year	468,493
Cash and cash equivalents, end of year	\$ 507,037
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 6,252
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	(3,708)
Net cash provided by operating activities	\$ 2,544
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
None	

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

Town of Yucca Valley
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

ASSETS

Cash and investments	\$ 512,122
Accounts receivable	4,813
	<hr/>
Total assets	<u>\$ 516,935</u>

LIABILITIES

Liabilities:	
Accounts payable	\$ 75,267
Deposits payable	441,668
	<hr/>
Total liabilities	<u>\$ 516,935</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, 2009

Note 1: Summary of Significant Accounting Policies

The financial statements of the Town of Yucca Valley, California (Town) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's 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 Community Center Authority (Authority) entered into a Joint Powers agreement with the Yucca Valley Park and Recreation District (District) in order to lease certain facilities to the District. All rights to the facilities pass to the District at the end of the lease term. The District is obligated under the Agreement to pay lease payments to the Authority and all operating and maintenance expenses of the facilities. Inasmuch as the District was dissolved, the Town assumed the lease payment obligations and all rights to the facilities will pass to the Town at the end of the lease term. The Authority's activities are reflected in the accompanying financial statements of the Town and this component unit is considered to be a blended component unit.

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

(a) Reporting Entity (continued)

- The Yucca Valley Park and Recreation District (District) was dissolved pursuant to the Resolution No. 93-151 of the San Bernardino County Board of Supervisors dated June 15, 1993. The Local Agency Formation Commission (LAFCO) approved the dissolution on June 18, 1993.

The Town Council declared by ordinance that the Town Council would serve as the Board of Directors for the District. The District was formed to provide recreation facilities in the Yucca Valley area. The Town's Council members designate management and have full accountability for the District's fiscal matters. The District's activities are now reflected as a department of the Town's General Fund.

- The Yucca Valley Redevelopment Agency (Agency) was activated in September 1992, by the Town as a separate governing body. The Town Council declared by Ordinance that the Town Council will serve as the Board of Directors of the Agency. The primary purpose of the Agency is to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational and public facilities. The Town's Council-members designate management and have a full accountability of the Agency's fiscal matter. The Agency's activities are blended with those of the Town in these financial statements and this component unit is considered to be a blended component unit. The Agency issues separate component unit financial statements that may be obtained at 57090 Twenty-nine Palms Highway, Yucca Valley, California, 92284.
- 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. Separate component unit financial statements for the Financing Authority are not prepared.

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

(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 discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expense are recorded only once (by the function to which they were allocated). Interfund services provided and used are not eliminated in the process of consolidation. However, general government expenses have not been allocated as indirect expenses to the various functions of the Town.

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

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

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

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

(b) *Measurement Focus and Basis of Accounting (continued)*

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.

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

Governmental Funds

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

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

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

(b) Measurement Focus and Basis of Accounting (continued)

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 reserve accounts.

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.

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

(b) *Measurement Focus and Basis of Accounting (continued)*

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

Proprietary and Fiduciary Funds

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

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

(c) *Fund Classifications*

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

Capital Projects – Redevelopment Agency – Established to implement the goals and objectives of the Redevelopment Project Area Plans as adopted by the Town Council and the Redevelopment Agency Board consistent with the California Community Redevelopment Law. Agency funds are used to fund operating expenditures and capital projects.

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

(c) *Fund Classifications (continued)*

Debt Service – Redevelopment Agency – Established to account for tax levies, rental and other revenues and payments of principal and interest on Yucca Valley Redevelopment loans and bonds.

CDBG (Community Development Block Grant) – Established to account for capital and noncapital projects funded by CDBG for the revitalization of low-to-moderate income areas within the Town.

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

Internal Service Fund. This fund has been established to finance and account for goods and services provided by one Town department to other Town departments or agencies. Such goods and services include: sale of photocopies and stationary supplies provided by the Central Supplies department of the Town. The Town of Yucca Valley has only one internal service fund.

Agency Funds. These funds are established to account for assets received and held by the Town while acting in the capacity as agents or custodians. Cash and deposits are maintained for activities associated with various associations and third party projects.

(d) *Appropriations Limit*

Under Article XIIIB 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, 2009, proceeds of taxes did not exceed allowed appropriations.

(e) *Cash and Investments*

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

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

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

(e) *Cash and Investments (continued)*

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

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

(f) *Capital Assets*

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more.

Capital assets include additions to public domain (infrastructure) consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

The following schedule summarizes capital asset useful lives:

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

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

**Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009**

Note 1: Summary of Significant Accounting Policies (continued)

(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 reserved fund balance by the advancing governmental fund and as a liability in the receiving fund.

(i) Property Taxes

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

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

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

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

(j) Use of Estimates

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

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

(k) 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.

(l) Claims and Judgments

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

Note 2: Cash and Investments

Cash and investments are reported as follows:

Statement of net assets:	
Cash and investments	\$ 25,347,788
Cash and investments with fiscal agent	743,203
Statement of fiduciary assets and liabilities:	
Cash and investments	<u>512,122</u>
Total	<u>\$ 26,603,113</u>

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

Cash on hand	\$ 3,200
Deposits with financial institutions	26,878
Investments	<u>26,573,035</u>
Total cash and investments	<u>\$ 26,603,113</u>

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 2: Cash and Investments (continued)

Investments Authorized by the California Government Code and the Agency's Investment Policy

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

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer *
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	2 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Baker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	180 days	25%	10%
Negotiable Certificates of Deposits	Yes	2 years	30%	None
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	15%	None
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	15%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	None
JPA Pools (other investment pools)	Yes	N/A	None	None

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

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	270 days	None	None
Investment Contracts	30 years	None	None

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 2: Cash and Investments (continued)

Disclosure Relating to Interest Rate Risk

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

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

Investment Type	Remaining maturity				
	12 months or less	13 to 24 months	25 to 60 months	More than 60 months	
State investment pool	\$ 25,524,115	\$ 25,524,115	\$ -	\$ -	\$ -
Money market	305,717	305,717	-	-	-
Held by bond trustees:					
Money market	743,203	743,203	-	-	-
Total	\$ 26,573,035	\$ 26,573,035	\$ -	\$ -	\$ -

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	Rating at fiscal year end	
			Aa	Not rated
State Investment Pool	\$ 25,524,115	N/A	\$ -	\$ 25,524,115
Money market	305,717	N/A	305,717	-
Held by bond trustees:				
Money market	743,203	N/A	743,203	-
Total	\$ 26,573,035		\$ 1,048,920	\$ 25,524,115

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, 2009.

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 2: Cash and Investments (continued)

Custodial Credit Risk

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

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

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

Investment in State Investment Pool

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

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 3: Due From and To Other Funds

Interfund receivable and payable balances at June 30, 2009 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	CDBG	\$ 255,091
	Nonmajor governmental funds	<u>49,108</u>
	Total interfund	<u>\$ 304,199</u>

These short term interfund borrowings were made to cover cash deficits at June 30, 2009.

Note 4: Transfers In and Out

Transfers in and out for the year ended June 30, 2009 were as follows:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 36,000
Nonmajor Governmental Funds	CDBG Fund	65,000
Low and Moderate Housing Fund	Debt Service - Redevelopment Debt Service Fund	68,445
Debt Service - Redevelopment Debt Service Fund	Nonmajor Governmental Funds	512,663 (a)
Nonmajor Governmental Funds	General Fund	229,683
	Nonmajor Governmental Funds	<u>419,175 (b)</u>
	Total transfers	<u>\$ 1,330,966</u>

(a) A transfer of \$512,663 was made from the Debt Service - Redevelopment Debt Service Fund to the Low and Moderate Housing Fund, which represents an amount equal to the 20% set aside required to be recorded in the Low and Moderate Income Housing Fund.

(b) Transfers to cover various costs incurred by one fund and reimbursed by another.

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 5: Due from Other Governments

The amounts due from other governments at June 30, 2009 consist of the following:

County of San Bernardino	\$ 1,051,142
State of California	<u>88,505</u>
Total due from other governments	<u>\$ 1,139,647</u>

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2009 is as follows:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,113,951	\$ -	\$ -	\$ 4,113,951
Construction in progress	669,614	970,826	(425,801)	1,214,839
Total capital assets not being depreciated	<u>4,783,565</u>	<u>970,826</u>	<u>(425,801)</u>	<u>5,328,790</u>
Capital assets, being depreciated:				
Building and improvements				
Land improvements	4,444,617	550,095	-	4,994,712
Construction	6,782,194	-	-	6,782,194
Infrastructure	23,368,247	2,147,970	-	25,516,217
Vehicle and equipment				
Machinery and equipment	1,881,316	63,470	-	1,944,786
Licensed vehicles	1,234,561	130,453	(13,266)	1,351,748
Total capital assets, being depreciated	<u>37,710,935</u>	<u>2,891,988</u>	<u>(13,266)</u>	<u>40,589,657</u>
Less accumulated depreciation for:				
Building and improvements				
Land improvements	(1,786,039)	(226,558)	-	(2,012,597)
Construction	(1,885,549)	(146,031)	-	(2,031,580)
Infrastructure	(17,688,319)	(499,785)	-	(18,188,104)
Vehicle and equipment				
Machinery and equipment	(643,576)	(124,173)	-	(767,749)
Licensed vehicles	(619,434)	(122,378)	12,852	(728,960)
Total accumulated depreciation	<u>(22,622,917)</u>	<u>(1,118,925)</u>	<u>12,852</u>	<u>(23,728,990)</u>
Total capital assets, being depreciated, net	<u>15,088,018</u>	<u>1,773,063</u>	<u>(414)</u>	<u>16,860,667</u>
Governmental activities capital assets, net	<u>\$19,871,583</u>	<u>\$ 2,743,889</u>	<u>\$ (426,015)</u>	<u>\$ 22,189,457</u>

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 6: Capital Assets (continued)

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

General government	\$	348,356
Parks and recreation		7,573
Community development		39,347
Public works		723,649
Total depreciation expense	\$	1,118,925

Significant construction commitments as of June 30, 2009 are as follows:

Description	Project budget	Cumulative expenditures to date	Unexpended commitments
SR62 Apache to Palm Avenue Rehabilitation	\$ 1,581,000	\$ 141,250	\$ 1,439,750
SR62 Old Town Realignment	1,246,263	13,800	1,232,463

Note 7: Changes in Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2009 were as follows:

<i>Governmental activities:</i>	Beginning balance	Additions	Deletions	Ending balance	Due within one year
2001 Series B Bonds	\$ 318,043	\$ -	\$ (146,411)	\$ 171,632	\$ 171,632
2008 Refunding TABS	10,625,000	-	(165,000)	10,460,000	170,000
Less deferred amounts:					
On refunding	(195,306)	-	(9,765)	(185,541)	-
For issuance discounts	(121,957)	-	(4,065)	(117,892)	-
Total bonds payable	10,625,780	-	(325,241)	10,328,199	341,632
CA energy commission	109,992	-	(6,391)	103,601	6,875
CA energy commission	76,800	-	-	76,800	1,024
Compensated absences*	185,539	289,274	(287,766)	187,047	46,762
Total long-term liabilities	\$10,998,111	\$ 289,274	\$ (619,398)	\$10,695,647	\$ 396,293

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

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 8: Bonds Payable

2001 Bonds – San Bernardino Associated Government

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.

The 2001 bond proceeds were used for street costs in accordance with Measure "I". The repayment of these proceeds is secured by the future Measure "I" from the County of San Bernardino. The bonds are due in annual installments from March 1, 2002 to March 1, 2010. Interest is paid semiannually.

Pursuant to an administrative agreement with SANBAG, amounts representing debt service payments are being withheld from the Town's monthly Measure "I" apportionments. These payments are reflected in the Town's books and records as principal and interest expense at the time of withholding as appropriate.

At June 30, 2009, the amount of bonds outstanding was \$171,632.

2008 Tax Allocation Bonds

In May 2008, the Agency issued Yucca Valley Redevelopment Project Area No. 1 Tax Allocation Bonds, Series of 2008, in the aggregate principal of \$10,652,000.

The bonds are dated May 1, 2008 and are in denominations of \$5,000 and bear interest at rates ranging from 3.10% to 5.75%. Principal is payable annually on June 1 beginning on June 1, 2009. Interest is payable semi-annually on June 1 and December 1. The bonds mature between the time frames of June 1, 2009 and June 1, 2038 in amounts ranging from \$165,000 to \$695,000. At June 30, 2009, the balance held in the reserve account was \$743,203 and the amount of bonds outstanding was \$10,460,000.

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

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

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 8: Bonds Payable (continued)

The annual debt service requirements to maturity for all bonds are as follows:

Governmental activities:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 341,632	\$ 575,507
2011	175,000	562,702
2012	180,000	555,702
2013	190,000	548,142
2014	195,000	540,163
2015-2019	1,130,000	2,556,212
2020-2024	1,455,000	2,231,743
2025-2029	1,900,000	1,785,939
2030-2034	2,495,000	1,185,076
2035-2038	2,570,000	379,499
Totals	<u>\$ 10,631,632</u>	<u>\$ 10,920,685</u>

Note 9: Loans Payable

The CA Energy Commission loan 006-04-ECC was issued in March 2006 in the amount of \$120,328 to be paid semi-annually on December 22 and June 22 commencing on December 22, 2006 through December 22, 2021. This loan bears an interest rate of 4.5% annually.

The CA Energy Commission loan 004-04-ECB was issued in January 2008 in the amount of \$76,800 to be paid semi-annually on December 22 and June 22 commencing on December 22, 2009 through December 22, 2024. This loan bears an interest rate of 3.95% annually.

The annual debt service requirement to maturity for the CA Energy Commission loans are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 7,899	\$ 11,810
2011	11,335	7,360
2012	11,809	6,886
2013	12,342	6,354
2014	12,876	5,818
2015-2019	73,271	20,206
2020-2024	50,869	4,823
Totals	<u>\$ 180,401</u>	<u>\$ 63,257</u>

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 10: 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.

PARSAC's Liability Program offers a combination of pooled and commercially-purchased public auto and general liability coverages, plus errors and omissions coverage, above individual Member Entity self-insured retentions (similar to deductibles and ranging from \$0 to \$500,000) to an organizational retention of \$1 million. Beyond that \$1 million retention, there is \$4 million in jointly-purchased commercial excess coverage limits for most of the Liability Programs exposures, providing total coverage limits of \$5 million. However, for those exposures covered by the Liability Program's Memorandum of Coverage (self-funded coverage document), but not covered by the commercial excess liability insurance policy, there are full self-funded limits of \$5 million in per-occurrence coverage; thus, the Memorandum of Coverage wraps around the excess liability insurance policy and becomes, in essence, a "wrap-around document". The Town's General, Auto, Public Officials, and Employment Practices Liability Insurance carries a \$5,000 retention with amounts in excess of the retention covered by PARSAC up to \$995,000. In addition, coverage in excess of the \$1,000,000, up to \$28,000,000 is covered by additional commercial insurance purchased through PARSAC. All Risk Property is covered up to \$1,000,000 per occurrence with a \$5,000 deductible.

Claims are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

PARSAC implemented a Worker's Compensation Program on July 1, 1990. The Workers' Compensation Program offers coverage consistent with that mandated by state law. PARSAC provides coverage from up to \$500,000 per claim. Beyond that \$500,000 coverage, there is a jointly-purchased commercial excess insurance with coverage up to statutory limits.

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

There was no significant reduction in insurance coverage by major categories of risk from fiscal 2007-2008 to fiscal year 2008-2009. Furthermore, there was no settlement, which exceeded the insurance coverage for the fiscal years 2006-2007, 2007-2008 and 2008-2009.

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 11: Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the following funds for the year ended June 30, 2009:

	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
<i>Special Revenue Funds:</i>			
Traffic Safety	\$ 1,500	\$ 2,344	\$ (844)
Asset Seizure	500	1,055	(555)
Permanent Flood Reimb/State	-	19,996	(19,996)
<i>Debt Service Fund:</i>			
Community Center Authority	67,452	87,754	(20,302)
Redevelopment Agency	1,824,000	1,889,789	(65,789)

Note 12: Retirement Plan

Plan Description

The Town contributes to the California Public Employees Retirements System (PERS), a cost sharing multi-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and Town ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 "Q" Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 8% of their annual covered salary. The Town makes the contributions required of the employees on their behalf and for their account. The Town is required to contribute at an actuarially determined rate; the current rate 15.276% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by PERS.

Town of Yucca Valley
Notes to the Basic Financial Statements
For the year ended June 30, 2009

Note 12: Retirement Plan (continued)

Annual pension cost

For 2009, the Town's annual pension cost of \$338,743 for PERS was equal to the Town's required contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method.

THREE YEAR TREND INFORMATION FOR PERS			
Fiscal year	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
06/30/07	\$ 317,685	100%	\$ -
06/30/08	\$ 321,927	100%	\$ -
06/30/09	\$ 338,743	100%	\$ -

Note 13: Note receivable

On February 1, 2008, the Town executed a promissory note for \$350,000 with the Hi-Desert Water District in order to aid the District in the construction and operation of a wastewater treatment and collection system. The interest on the note accrues daily at a rate using the PMIA Average Monthly Effective Yield as published by the State Treasurers Office. The note is due in full on or before January 31, 2013 together with interest thereon from the date of issue of the note to the date of payment.

Note 14: Deficit Fund Balances

As of June 30, 2009, a deficit fund balance was recorded in the following funds:

	Fund deficit
<i>Special Revenue Funds:</i>	
CDBG	\$ (57,898)
Public Lands Federal Grant	(12,701)