

Yucca Valley Airport District 2009-2010 Budget

Ordinary Income/Expense

Income

Tiedown		32000.00
320-REVENUE ACCOUNTS NON-OPERATING		
32330	Annual Grant Income	0.00
32100	Interest Income	45.00
		43.25
Total 320 Revenue Accounts Non-Operating		43.25
Total Income		32045.00

Expense

401	Expenses, Operating	
40136	Repairs & maint.-LHI(taxi,Tie-d	5000.00
40138	Repair & maint-LHI small tools	500.00
401	Expenses, Operating - Other	250.00
		5750.00
Total 401	Expenses, Operating	5750.00
6120	Bank Service Charges	100.00
6160	Dues and Subscriptions	250.00
6180	Insurance	
6185	Liability Insurance	4500.00
		4,500.00
Total 6180	Insurance	4,500.00
6240	Miscellaneous	500.00
6250	Postage and Delivery	475.00
6270	Professional	
6650	Accounting	4500.00
		4500.00
Total 6270	Professional Fees	4500.00
6290	Rent	5500.00
6300	Repairs	4800.00
6390	Utilities	
6400	Gas and Electric	720.00
		720.00
Total 6390	Utilities	720.00
6820	Taxes	
6840	Local	250.00
6850	Property	4500.00
		4750.00
Total 6820	Taxes	4750.00
Total Expense		31845.00

Net Ordinary Income **200.00**

Financial Statements

YUCCA VALLEY AIRPORT DISTRICT

REPORT ON AUDIT

JUNE 30, 2008 AND 2007

Financial Statements

YUCCA VALLEY AIRPORT DISTRICT

REPORT ON AUDIT

JUNE 30, 2008 AND 2007

**Yucca Valley Airport District
Table of Contents**

	<u>Exhibit</u>	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT		1
BASIC FINANCIAL STATEMENTS		
Statement of Net Assets	A	2
Statement of Revenues, Expenses and Changes in Net Assets	B	3
Statement of Cash Flows	C	4
Notes to Financial Statements		5 - 9



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Board of Directors
Yucca Valley Airport District

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the business-type activities of the Yucca Valley Airport District, as of and for the years ended June 30, 2008 and 2007 as listed in the table of contents. These financial statements are the responsibility of the District'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 State Controller's Minimum Audit Requirement for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit 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 business-type activities of the Yucca Valley Airport District, as of June 30, 2008 and 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

The Yucca Valley Airport District has not presented the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Rogers Anderson Malody & Scott, LLP

May 20, 2009

MEMBERS

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Yucca Valley Airport District
Statement of Net Assets
June 30, 2008 and 2007

	2008	2007
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 41,420	\$ 55,599
Rents receivable, net	2,772	1,838
Grant receivable	-	10,000
Prepaid expenses	4,225	4,225
Total Current Assets – Unrestricted	48,417	71,662
Restricted Assets:		
Cash and cash equivalents	186,338	184,111
Total Current Assets	234,755	255,773
Noncurrent Assets:		
Capital assets:		
Land	21,125	-
Construction in progress	9,994	-
Improvements to land	670,713	670,713
Equipment	22,474	22,474
Less: Accumulated depreciation	(692,310)	(692,086)
Total Noncurrent Assets	31,996	1,101
Total Assets	266,751	256,874
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	1,774	7,680
Accrued rent – current	2,000	-
Total Current Liabilities	3,774	7,680
Noncurrent Liabilities:		
Customer deposits	8,000	6,000
Grantor payable	1,293,996	1,293,996
Note payable	275,400	275,400
Total Noncurrent Liabilities	1,577,396	1,575,396
Total Liabilities	1,581,170	1,583,076
NET ASSETS		
Invested in capital assets	31,996	1,101
Restricted	186,338	184,111
Unrestricted	(1,532,753)	(1,511,414)
Total Net Assets	\$ (1,314,419)	\$ (1,326,202)

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

Yucca Valley Airport District
Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Airport services	\$ 22,775	\$ 41,615
Operating grant	10,000	10,000
	32,775	51,615
OPERATING EXPENSES		
Professional fees	1,500	4,070
Property tax	3,954	3,898
Rent	6,000	6,000
Insurance	4,829	4,944
Utilities	768	585
Maintenance	3,801	8,356
Depreciation	224	255
Other	2,427	528
	23,503	28,636
Operating Income	9,272	22,979
NONOPERATING REVENUES		
Investment earnings	2,511	840
	2,511	840
Change in Net Assets before extraordinary item	11,783	23,819
EXTRAORDINARY ITEM		
Expropriation of Assets	-	(80,000)
Change in Net Assets	11,783	(56,181)
Total Net Assets – beginning	(1,326,202)	(1,270,021)
Total Net Assets – ending	\$ (1,314,419)	\$ (1,326,202)

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

Yucca Valley Airport District
Statement of Cash Flows
For the Years Ended June 30, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 21,841	\$ 42,266
Operating grants received	20,000	-
Payments to suppliers	(25,185)	(16,835)
Net Cash Provided by Operating Activities	16,656	25,431
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Expropriation of assets	-	(80,000)
Net Cash Used for Capital and Related Financing Activities	-	(80,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land	(21,125)	-
Purchase of construction in progress	(9,994)	-
Investment earnings	2,511	840
Net Cash Provided by (Used for) Investing Activities	(28,608)	840
Net decrease in Cash and Cash Equivalents	(11,952)	(53,729)
Cash and Cash Equivalents – beginning of the year	239,710	293,439
Cash and Cash Equivalents – end of the year	\$ 227,758	\$ 239,710
Reconciliation of operating income to net cash provided by (used for) operating activities:		
Operating income	\$ 9,272	\$ 22,979
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation expense	224	255
Operating grants received		
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	(934)	651
(Increase) decrease in grant receivable	10,000	(10,000)
(Increase) decrease in prepaid expenses	-	115
Increase (Decrease) in accounts payable	(3,867)	4,745
Increase (Decrease) in unearned rental revenue	(39)	686
Increase (Decrease) in customer deposits	2,000	6,000
Net Cash Provided by Operating Activities	\$ 16,656	\$ 25,431

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

**Yucca Valley Airport District
Notes to Financial Statements
June 30, 2008 and 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The Yucca Valley Airport District (the District) was established by an act of the Board of Supervisors of the County of San Bernardino (the County) on April 19, 1982 under Supervisor's Resolution No. 82-132. The District is located within the city limits of Yucca Valley. The District's 4,250 foot runway is lit and approved for night usage and serves as a Basic Utility I class, general aviation airport, with 23 tie-down spaces available for long-term and transient aircraft storage.

The District is governed by the actions of the Airport District's Board of Directors.

Measurement focus, basis of accounting, and financial statement presentation

The District's financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses 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 revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Cash and cash equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and payables

All rents receivable are shown net of an allowance for uncollectibles when applicable. The rents receivable balance at June 30, 2008 and 2007 are shown net of an allowance for doubtful accounts of \$308.

**Yucca Valley Airport District
Notes to Financial Statements
June 30, 2008 and 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital assets

Capital assets, which include property, plant, and equipment are reported in the financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and have an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Structures and improvements	3 – 15
Equipment	5 – 15

Long-term obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

District administration

The District has no paid employees or directors, and no pension plans. The airport General Manager is reimbursed for specified expenses. It has five elected-at-large board members, who must file annual statements with the San Bernardino County Clerk to disclose possible conflicts of interest.

**Yucca Valley Airport District
Notes to Financial Statements
June 30, 2008 and 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stewardship, compliance and accountability

A. Budgetary information

Although the District prepares and adopts an annual budget, budgetary information is not presented because the District is not legally required to adopt a budget.

NOTE 2: CASH AND DEPOSITS

Cash and cash equivalents include the cash balance of monies deposited with financial institutions. Cash and cash equivalents are shown at the fair value as of June 30, 2008 and 2007.

The District's financial instruments that are exposed to concentrations of credit risk consist of cash investments. The District, at June 30, 2008 and 2007 and periodically throughout the fiscal years, has maintained balances in various operating accounts in excess of federally insured limits.

NOTE 3: RECEIVABLES

At June 30, 2008 and 2007, the rents receivable was composed of the following:

	2008	2007
Rents receivable	\$ 3,080	\$ 2,146
Less: allowance for uncollectibles	(308)	(308)
Total rents receivable, net	<u>\$ 2,772</u>	<u>\$ 1,838</u>

NOTE 4: CONSTRUCTION IN PROGRESS

During the year ended June 30, 2008 the district had entered into an agreement to construct a new hanger facility. As of June 30, 2008, \$9,994 was spent for the construction and is shown on the statement of net assets as construction in progress.

**Yucca Valley Airport District
Notes to Financial Statements
June 30, 2008 and 2007**

NOTE 5: CAPITAL ASSETS

Capital asset activity for years ended June 30, 2008 and 2007 was as follows:

2007

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated				
Leasehold improvements	\$ 670,713	\$ -	\$ -	\$ 670,713
Equipment	22,474	-	-	22,474
Total capital assets, being depreciated	693,187	-	-	693,187
Less accumulated depreciation for:				
Leasehold improvements	(669,450)	(207)	-	(669,657)
Equipment	(22,381)	(48)	-	(22,429)
Total accumulated depreciation	(691,831)	(255)	-	(692,086)
Total capital assets, being depreciated, net	\$ 1,356	\$ (255)	\$ -	\$ 1,101
Capital assets, net	\$ 1,356	\$ (255)	\$ -	\$ 1,101

2008

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated				
Land	\$ -	\$ 21,125	\$ -	\$ 21,125
Construction in progress	-	9,994	-	9,994
Leasehold improvements	670,713	-	-	670,713
Equipment	22,474	-	-	22,474
Total capital assets, being depreciated	693,187	31,119	-	724,306
Less accumulated depreciation for:				
Leasehold improvements	(669,657)	(208)	-	(669,865)
Equipment	(22,429)	(16)	-	(22,445)
Total accumulated depreciation	(692,086)	(224)	-	(692,310)
Total capital assets, being depreciated, net	\$ 1,101	\$ 30,895	\$ -	\$ 31,996
Capital assets, net	\$ 1,101	\$ 30,895	\$ -	\$ 31,996

**Yucca Valley Airport District
Notes to Financial Statements
June 30, 2008 and 2007**

NOTE 6: CUSTOMER DEPOSITS

Deposits are collected from customers for rental space on a new hangar facility which is currently under construction. At the years ended 2008 and 2007 the District had collected deposits of \$8,000 and \$6,000, respectively.

NOTE 7: EXPROPRIATION OF ASSETS

In 2004, the District's former airport manager applied for a California Governor's Office of Emergency Services grant under the pretext of repairing the airport's runway which had become damaged by flooding in the previous year. The grant was approved in the amount of \$1,293,996 and a check was issued to the District and received by the manager in early 2006. This act was done without the knowledge of the District's Board of Directors. Subsequently, the manager deposited the funds into a bank account unknown to the Board and proceeded to expropriate \$1,030,490 during fiscal year 2006 and an additional \$80,000 during fiscal year 2007, of the funds earmarked for capital improvements. The Manager has been charged with seven counts of grand theft by embezzlement by the San Bernardino County District Attorney's Office. The District feels that they will be able to collect the cash expropriated.

NOTE 8: NOTE PAYABLE

On June 4, 2007, the District converted past due rents of \$165,803 and accrued interest on past due rents of \$109,597 into a single note payable of \$275,400. The note is non-interest bearing and can only be paid out of non-grant operating revenues. The Board feels there will be no payments toward the note payable within the next twelve months, and therefore has considered the note payable a non-current liability.

NOTE 9: FEDERAL AND STATE GRANTS

From time to time the District may receive funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.