CITY OF
VICTORVILLE

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AGENDA ITEM

WRITTEN COMMUNICATIONS

CITY COUNCIL MEETING OF: FEBRUARY 9, 2010

SUBMITTED BY: Douglas B. Robertson
Deputy City Manager/
Director of Administrative Services

DATE: February 4, 2010

ATTACHED: QUARTERLY FINANCIAL STATUS REPORT AS OF DECEMBER 31, 2009 AND MID-YEAR FINANCIAL REPORTS THROUGH FEBRUARY 3, 2010.

SUBJECT: **PRESENTATION OF QUARTERLY FINANCIAL STATUS REPORT AS OF DECEMBER 31, 2009 AND MID-YEAR BUDGET REVIEW**

RECOMMENDATION: That the Honorable City Council; 1) accept the Quarterly Financial Status Report, 2) accept the mid-year budget review of economic and financial conditions, and 3) provide input for aligning the budget with year-end projections.

FISCAL IMPACT: Projected budget gap of $4,361,349 to the General Fund by June 30, 2010.

--Finance Dept. Use Only–
Additional Appropriation:

X No
___ Yes/$Amount:

Finance Director Review and Approval_____

DISCUSSION: Attached for Council's review and information is the Quarterly Financial Status Report for the second quarter of FY 2009-2010 along with mid-year financial reports through February 3, 2010.

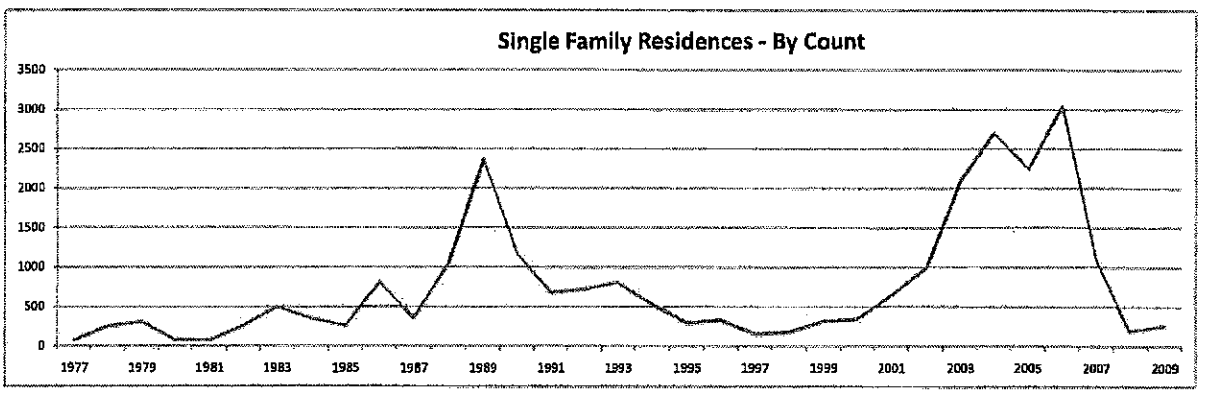
This mid-year budget review focuses on the following:

- Providing Council with economic and financial information regarding the condition of the FY 2009-2010 budget;
- Requesting Council input regarding Council goals and objectives to align the budget with projected year-end forecasts and minimize the budget gap of $4.36 million; and
- Providing Council with trends and revenue projections which may impact next fiscal year's budget development.

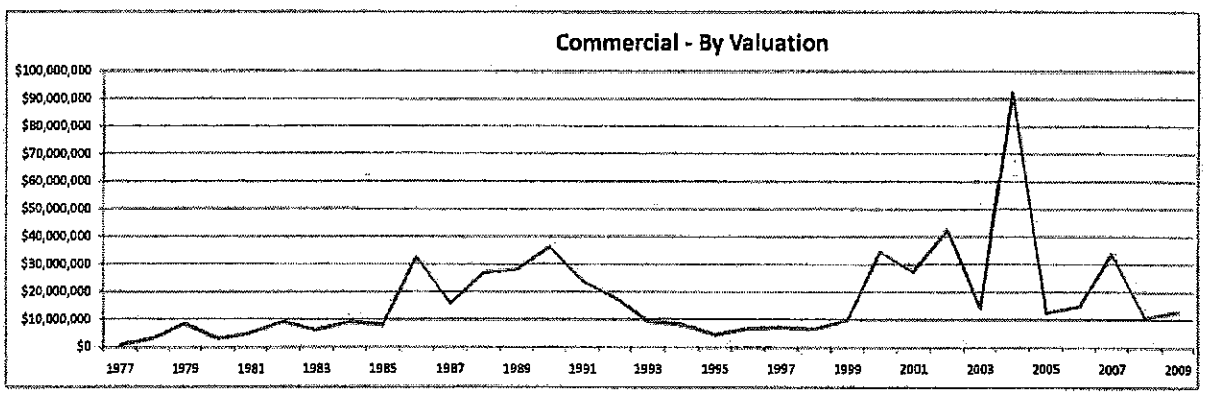
ECONOMIC INDICATORS - Victorville's continued population growth is a positive economic indicator. Between January 1 and December 31, 2009, the City grew by 3.36% (2,049) based upon residential building activity. A growing population will create demand for housing and boost retail sales and consumer serving businesses when credit conditions improve and the overall economic picture improves.

Many economists are assured that the housing market in the Inland Empire has bottomed out and recovery has begun. However, full recovery is not predicted before 2013. Evidence of recovery includes increases in demand, absorption, median price, and affordability (High Desert 75%) combined with low interest rates, and tax credits. High foreclosure rates continue, although at lower levels than before 2007 as financial institutions have been holding shadow inventories of foreclosed homes and federal incentives have allowed lenders to restrict the level of foreclosure listings to stabilize and stimulate home prices.

Assessed valuation and rate of new construction activity are key indicators for forecasting property tax revenues. Assessed valuation in the City declined by -17.7% for fiscal year 09-10 making a downward mid-year adjustment to property tax revenue a necessity. Residential construction permits rose in 2009 (260) after a low in 2008 (188) which has not been seen since 1998 (176). Similarly, commercial construction valuation raised about $4.8 million to $30.6 million in 2009, after a low of $25.8 million in 2008, the lowest commercial valuation since 1999 ($9.7 million).



Source: City of Victorville Development Department



Source: City of Victorville Development Department

Victorville's economic advantage, the availability and affordability of land, is a major driver for economic growth. Ironically this also becomes our largest disadvantage during tough economic times as experienced here during the housing market collapses of the 1990's and 2008. Although residential and commercial construction in Victorville has rebounded slightly, significant

construction will not begin again until the existing inventory of residential and commercial properties are sold.

Victorville's unemployment rates for the months of October, November and December were 16.8%, 16.6% and 16.3% respectively, essentially remaining the same since the end of the first quarter of the year. All Victor Valley cities have higher unemployment rates than the County (13.6%), California (12.4%), and the nation (10%), as our region's jobs rely so heavily on the construction, retail sales and consumer serving businesses.

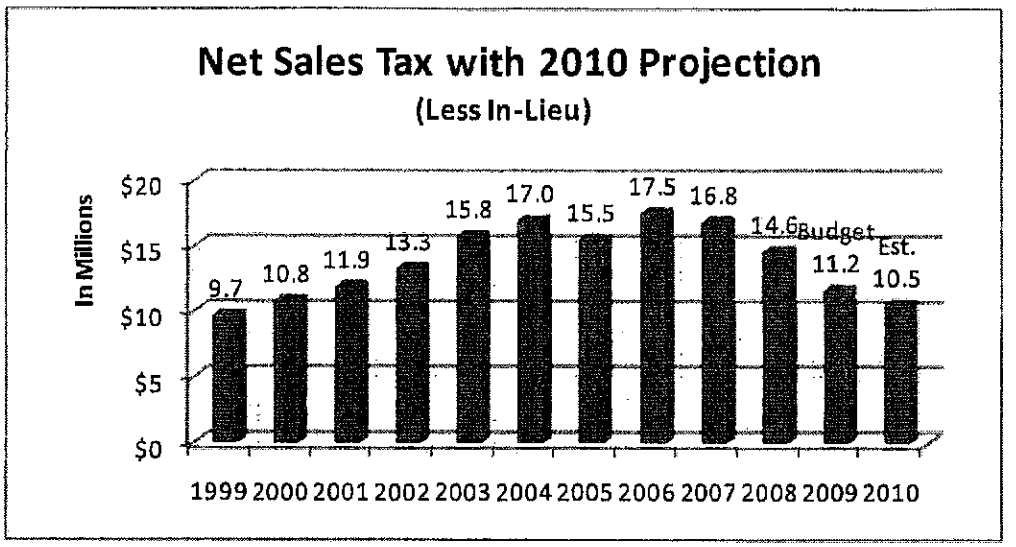
Consumer Price Index (CPI) is used as one of the standards against which the price of goods and services the City uses are measured and influences both revenue and expenditure levels when financial forecasts are made. It has also been the standard by which City employee pay raises are made. During FY 09-10, a -1.0% CPI index reduced employees salaries. The index for December was 1.8%, a 2.8% increase from the March index used in preparing the budget. Therefore we expect the costs of the goods and services the City budgeted for at the beginning of the year to increase.

The main factor in determining the level of sales tax receipts is the strength of taxable sales. Taxable sales are reported quarterly a year after they occur. During FY 07-08, taxable sales dropped in California (-2%), San Bernardino County (-5.3%), and in Victorville (-13%) and downward trends are forecasted to continue through 08-09 with San Bernardino County dropping to -13% and the State dropping to -15.6%. A slight turn-around is forecasted for California in 09-10 (+1.9%) signifying the State's hope for sales tax recovery sometime this fiscal year. Victorville's economy lags behind the State and quarterly sales tax receipts are under forecast, therefore, we expect to see continued declines into next fiscal year.

As unemployment has risen, and income levels and consumer spending have decreased, auto sales have deteriorated. As of October 2009 sales were down 23% in Victorville and similarly the State reports they were down 30% statewide. As auto sales are one of our largest sales tax generators and also affects the amount of revenues received for Motor Vehicle License fees, this decline is a noteworthy.

STATUS OF REVENUES - The City's top three General Fund revenue sources; sales tax, property tax, and franchise tax, account for nearly 70% of revenues and are tied to the economy. Revenues have been under downward pressure since 2008 and revenue forecasts have reflected this trend. Mid-year financial status reports of budgeted and actual revenues as of February 3, 2010 by account are attached for the General Fund, Special Revenue and Enterprise funds. Only those revenues which are recommended for revision or are of significant note are reported herein, all other revenue projections remain reasonable at this time.

REVISED REVENUE PROJECTIONS - Sales & Use Tax (less in-lieu) was forecast at $11.2 million based on a worsening economic condition and an anticipated contraction in retail sales, a 25% reduction from the FY 08-09 forecast. Utilizing sales tax receipts through the third quarter 2009 and lineal trend analysis, the forecast remains reasonable. By utilizing the same analysis, the projection for FY 10-11 will be -6% or approximately $700,000 less.



In-Lieu Sales Tax (i.e. Triple Flip) was forecasted at $4.6 million. As reported to Council in October, poor estimates by the State and declines in sales tax statewide will result in a $1.9 million shortfall this fiscal year. Therefore the forecast is being revised to $2.7 million creating a $1.9 million gap. As in-lieu sales taxes are based upon prior year receipts, at this time the revised forecast will be a reasonable basis for next fiscal year.

Property Tax – Staff recommends a downward adjustment to property tax revenue by $959,755. This amount is the result of a decrease in property tax revenue projections based upon current receipts and 09-10 assessed valuation decreases. Property Tax revenues are expected to continue to decrease next year due to continued falling property values and the ongoing impact of foreclosures.

Motor Vehicle License Fees (MVLF) was forecasted at $375,928. The decline in auto sales and late vehicle registration payments this fiscal year has resulted in a 19% shortfall in State revenues through December 2009. The State has made no payments for MVLF to cities for activity in October, November or December. Year-end projections assume no payments will be made for January activity either and, therefore, the forecast is being revised to $258,600, a reduction of $117,328.

As a result of these revised revenue forecasts, staff estimates a revenue shortfall in the General Fund of $2.99 million by the June 30, 2010.

Revised General Fund Revenue Forecasts

Revenue Source	Budget	Year End Projection	Over (Under) Budget	Variance
Sales Tax	11,209,885	11,209,885	0	0%
In-Lieu Sales Tax	4,578,686	2,657,348	(1,921,338)	-42%
Property Tax	17,693,887	16,734,132	(959,755)	-5%
Motor Vehicle In-Lieu	375,928	258,600	(117,328)	-31%
Budgeted Use of Reserves	1,344,011	1,344,011	0	0%
Budget Gap	35,202,397	32,203,976	(2,998,421)	-9%

STATUS OF GENERAL FUND EXPENDITURES - In preparation for this mid-year review, Department Heads were directed to review their budgets and be prepared to provide clarification to the Council. Mid-year financial status reports of budgeted and actual expenditures as of February 3, 2010 by department are attached for the General Fund, Special Revenue and Enterprise funds. The table below lists the departments which have significant variances over budget, along with year-end projections that create an additional gap of $1.36 million to the General Fund by June 30, 2010.

Revised General Fund Expenditure Projections

Department	Budget	Year-End Projection	Over (Under) Budget	Variance
GENERAL FUND				
City Attorney	250,000	1,176,284	926,284	371%
Engineering	331,624	619,346	287,722	87%
Park & Facility Development	204,128	267,376	63,248	31%
Graffiti Removal	96,573	120,400	23,827	25%
OTHER FUNDS IMPACTING GF				
Westwinds Golf Course	337,523	399,370	61,847	18%
Budget Gap	1,219,848	2,582,776	1,362,928	112%

SUMMARY - In light of revised revenue projections and an economic condition that is not projected to improve, revenue reductions and operating deficits will create a $4.36 million budget gap unless addressed before the end of the fiscal year. The City Manager, Department Heads and Finance staff will work together to reduce the deficit. Staff anticipates that reductions made at mid-year will minimize the gap this year and provide a base for a balanced budget next fiscal year.

The City Manager, Department Heads and staff from the Finance Division are available to answer questions or provide additional information to Council.

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Attachments

Quarterly Financial Report
City of Victorville
Second Quarter (October - December)
Fiscal Year 2009-2010

This report summarizes the overall financial position of the City of Victorville through the second quarter of fiscal year 2010. This report is not intended to provide a comprehensive analysis of all funds of the City, but rather to provide a summary of the General Fund, major Special Revenue Funds, Enterprise Funds and other significant issues citywide.

SIGNIFICANT CITYWIDE ISSUES

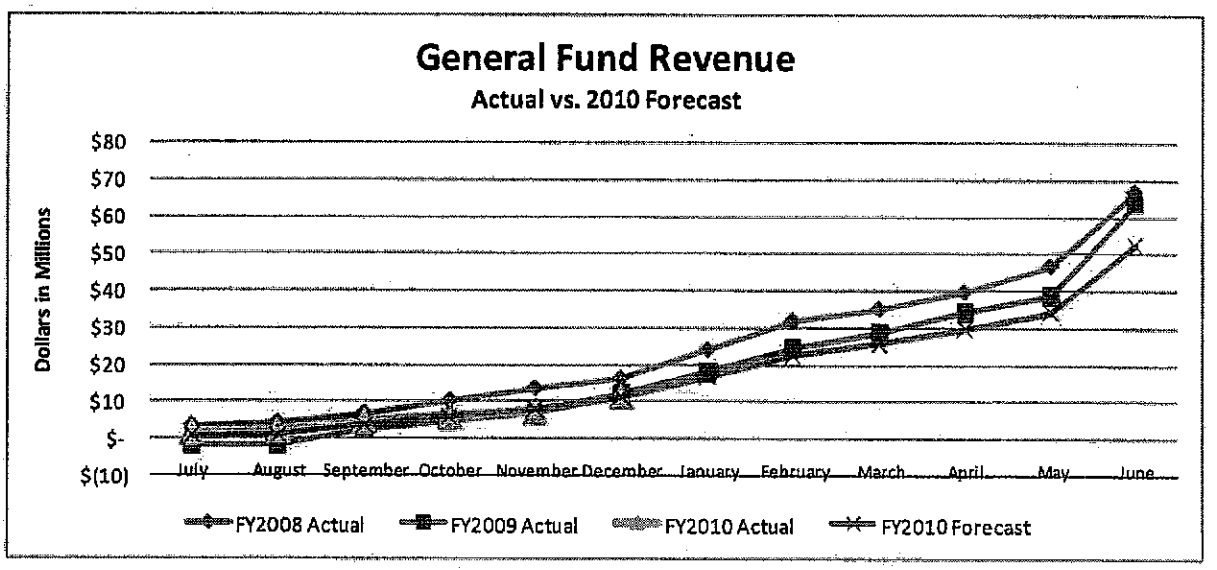
During the second quarter, the economy of the City, state and nation continued to weaken. The outlook for Victorville for the remainder of the fiscal year is guarded with some economic indicators improving, while the majority either remain sluggish or are still declining. A detailed report of economic indicators will be presented with the mid-year budget review.

STATE ACTIONS: As reported earlier, the State of California's 09-10 budget implemented a borrowing of property taxes ($1.34 million) and a shift of redevelopment agency funds (City RDA $3 million, Victorville VVEDA portion $8.6 million) to the Supplemental Education Revenue Augmentation Fund (SERAF). The City is participating in Prop 1A Securitization program and the City's receivable will be distributed in two installments on January 15, 2010 and May 3, 2010 to coincide with the City's normal tax receipt schedule. On February 5, 2010, the California Redevelopment Association (CRA) lawsuit will be heard and they are confident either a judgment or injunction will be in place before the first payment is due in May. RDA staff has made plans to cover the possibility of the SERAF revenue shift.

The Finance Division continues to advocate for conservative spending, is monitoring all revenue sources carefully, and will provide revised revenue estimates to the City Council during the mid-year budget review.

GENERAL FUND

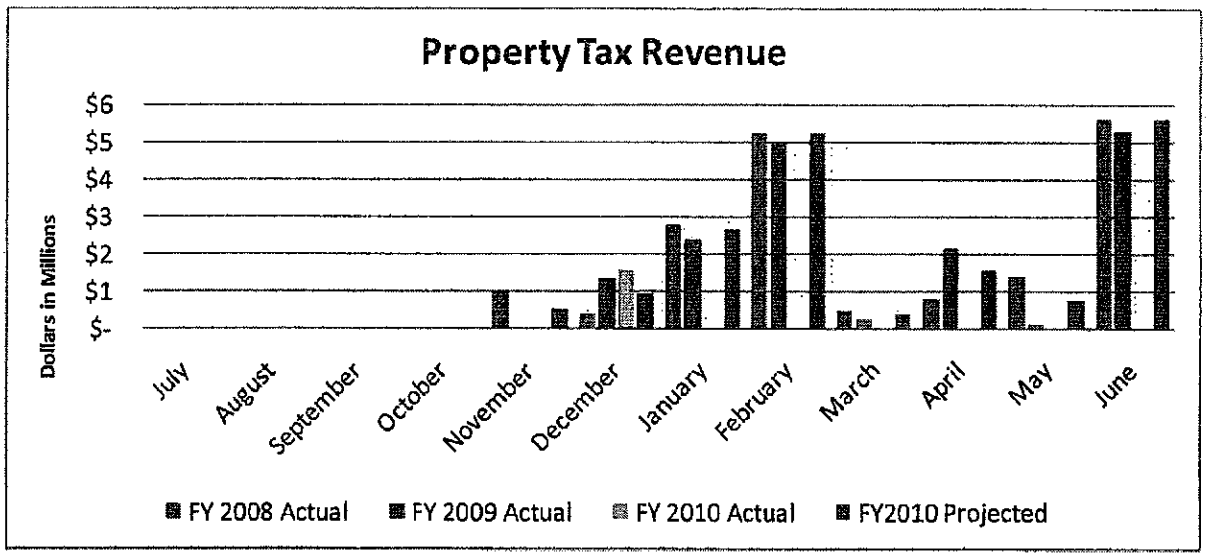
REVENUES: The City's top three revenue sources; sales tax, property tax, and franchise tax, account for nearly 70% of total General Fund revenues and all three of these revenues are tied to the economy. Overall, General Fund revenue sources are 1.8% or $203,561 above the benchmark for the period ending December 31, 2009. Although it appears that the City's General Fund is in a positive position at this time, a one-time payment of $1.5 million distorts the benchmark as sales and property taxes are all significantly below the forecast benchmarks for the period.



Quarterly Financial Report
City of Victorville
Second Quarter (October - December)
Fiscal Year 2009-2010

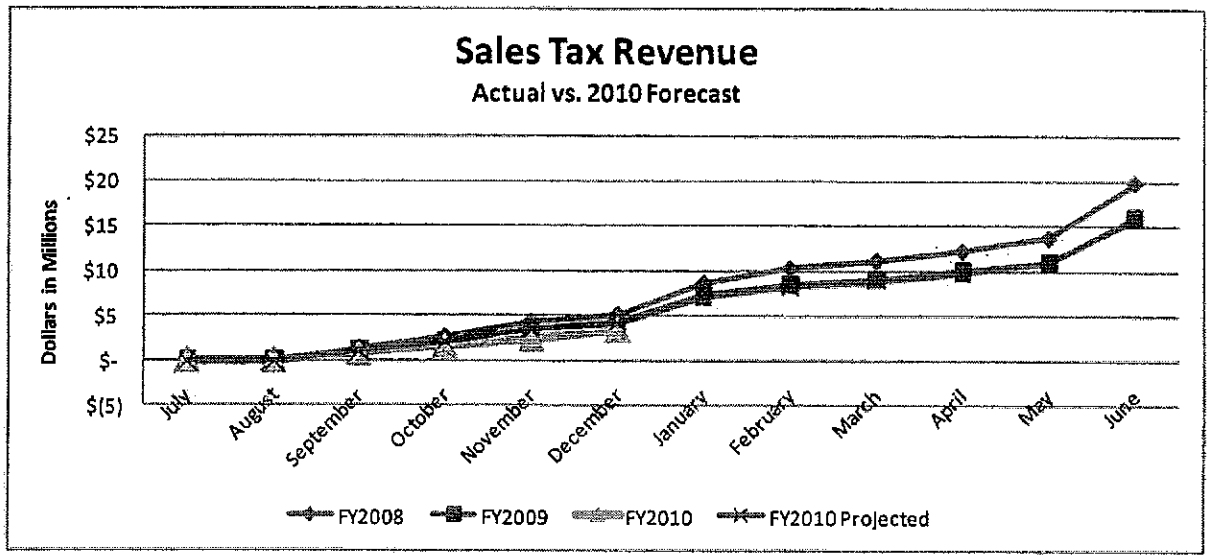
Property tax now accounts for approximately 35%, and is the largest revenue generator for the City's General Fund following the dissolution of the City's special districts last fiscal year. Final results for fiscal year 08-09 show a minor variance of less than 1% below forecast. For fiscal year 09-10, the City forecasted property tax revenues at approximately $17.7 million, an 11% decrease from the 08-09 forecast. Based upon year-to-date receipts, property tax revenues are 17.7% or $737,665 below the benchmark for the period. The first major apportionment of 09-10 will occur in January and based upon Victorville's decreased assessed value (-17.7%), Finance staff feels the forecast will need to be adjusted downward during the mid-year budget review.

Property taxes are apportioned from November through June each fiscal year; the following chart depicts monthly receipts for the current and past two fiscal years along with the 2010 forecast.

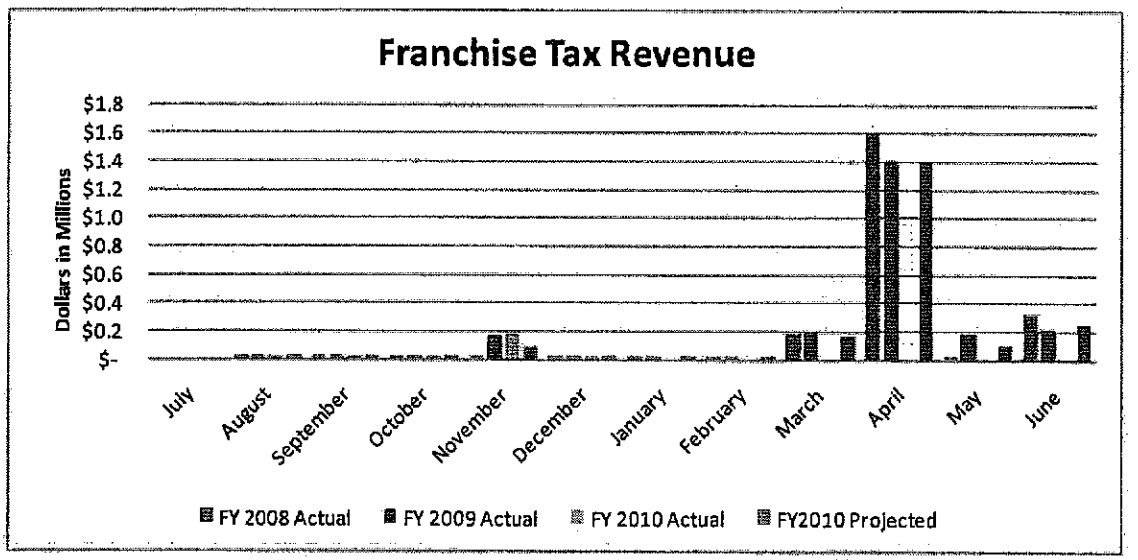


Sales tax is the second largest revenue generator for the City's General Fund, accounting for upwards of 30%. Final results for fiscal year 08-09 were 18% under forecast. For the current fiscal year, the City forecasted overall sales tax revenues to be approximately $15.8 million (general $11.2 million and in-lieu $4.6 million), a 19% reduction from the 08-09 forecast. The Finance Division continues to be concerned with sales tax revenue as the economy continues to slump. Based upon year-to-date receipts, general sales tax revenues, less in-lieu payments, are nearly 18% or $737,664 below the forecast. The countywide estimates for in-lieu sales tax allocations were released in September and showed a 20% decline statewide from the prior fiscal year. This decline coupled with almost $1 million in prior year adjustments brings the estimate for Victorville $1.9 million or 40% less than forecast. The Finance Division will recommend that this shortfall be addressed at the mid-year budget review.

Quarterly Financial Report
City of Victorville
Second Quarter (October - December)
Fiscal Year 2009-2010



Franchise tax (gas, electric, cable and disposal) accounts for approximately 4% of General Fund revenues. Final results for fiscal year 08-09 show revenues in this category were 10% over forecast. For fiscal year 09-10, the City forecasted franchise tax revenues at approximately $2.1 million, a 3% increase over the 08-09 forecast due to the addition of the Verizon franchise agreement. The franchise tax for disposal services are the only revenues received on a monthly basis with the majority of all franchise taxes collected during the fourth quarter of the year. Year-to-date receipts are currently 54% or $96,126 over the forecast benchmark (see the following chart for actuals to forecast) due to the addition of the new Verizon franchise. As there is no historical data to support increasing the forecast for the Verizon franchise and a conservative approach to forecasting this revenue source is advisable, the Finance Division will not recommend making any changes at the mid-year budget review.



Quarterly Financial Report
City of Victorville
Second Quarter (October - December)
Fiscal Year 2009-2010

EXPENDITURES: With 50% of the year complete, overall General Fund expenditures are on target with projections at 47% of budget as summarized in the table below.

GENERAL FUND Expenditures by Department	2009-2010 Budget	YTD Actual	Percent Expended
General	1,630,736	150	0%
City Council	252,240	109,803	44%
Public Information	283,968	154,227	54%
Library Services	799,638	282,309	35%
City Manager	605,118	283,482	47%
Emergency Services	8,677	7,303	84%
Risk Management	1,371,250	1,066,561	78%
City Clerk	604,816	292,459	48%
Finance	2,157,409	1,024,926	48%
Purchasing	497,763	241,463	49%
Information Technology	2,392,603	1,081,815	45%
License Control	135,146	78,883	58%
City Attorney	250,000	511,210	204%
Human Resources	720,735	350,598	49%
Police	20,209,123	8,674,392	43%
Fire	12,088,677	6,383,964	53%
Haz-Mat Cupa	47,506	160,883	339%
Development	2,241,595	1,127,843	50%
Engineering	331,624	309,173	93%
Public Works	287,156	108,529	38%
Street Sweeping	482,655	212,195	44%
Graffiti Removal	96,573	60,200	62%
Animal Control	627,935	304,353	48%
Fleet Maintenance	1,125,749	442,699	39%
Fleet Main - SCLA Bldg 999	11,350	2,843	25%
Fueling Stations	419,503	60,760	14%
Park Operations	1,403,692	708,936	51%
Park and Recreation Facilities	805,455	353,454	44%
Open Space, Trees & Medians	198,093	89,537	45%
Recreation &Community Svcs	1,257,312	547,712	44%
Park and Facility Development	204,128	133,688	65%
City Facilities	839,131	410,800	49%
Westwinds Rec Facilities	424,379	225,513	53%
Total	**54,811,735**	**25,802,662**	**47%**

Significant variances that exceed the budgeted projections are listed below and will be presented to the City Council at the mid-year budget review:

- Emergency Services – 84% expended. This function has been transferred to the County as of 7/31/09, no further expenditures are expected.
- Risk Management – 78% expended. Expenditures include $1.13 million in annual insurance premiums paid.
- City Attorney – 204% expended.
- Haz-Mat Cupa – 339% expended. The overage is attributed to payouts of accumulated benefits to Fire Department employees separating from service. This function has been transferred to the County as of 7/31/09, no further expenditures are expected.
- Engineering Department – 93% expended. All capital improvement costs were removed from the department budget.
- Graffiti – 62% expended.
- Park and Facility Development – 65% expended.

Although expenditures are on target with the current appropriation levels, it is anticipated that reductions will be necessary to coincide with the reduced revenue projections made at the mid-year budget review.

Quarterly Financial Report
City of Victorville
Second Quarter (October - December)
Fiscal Year 2009-2010

SPECIAL REVENUE FUNDS

Special Revenue Funds are dedicated funds for specific purposes or projects and their uses are legally restricted. The revenues are earmarked for direct program costs and project expenditures. Some of the Special Revenue Funds included in the table below are: Economic Development, Measure I and DIF funds. As with the General Fund, the majority of revenues for these funds are either Property Tax or Sales Tax related and are therefore not collected during the reporting period. Conversely, the majority of the appropriations are for capital improvement projects with payments made based upon construction schedules.

SPECIAL REVENUE FUNDS Revenue	2009-2010 Revenue Budget	YTD Actual	Percent Collected
Redevelopment	29,113,658	1,993,027	7%
Redevelopment Low-Mod	16,622,388	596,345	4%
Measure I	5,842,000	2,059,840	35%
DIF	5,501,050	1,486,308	27%

SPECIAL REVENUE FUNDS Expenses	2009-2010 Expenditure Budget	YTD Actual	Percent Expended
Redevelopment	32,035,808	5,639,850	18%
Redevelopmen Low-Mod	4,189,171	2,206,895	53%
Measure I	12,429,307	1,672,576	13%
DIF	12,188,714	429,498	4%

ENTERPRISE FUNDS

The following tables summarize the operating revenues and operating expenses for the City's Enterprise Funds including: Sanitary, Solid Waste, Storm Drain, VMUS, Water District, Golf, and Airport. In general, the City's Enterprise Funds revenues and expenditures are consistent with past trends.

ENTERPRISE FUNDS Revenue	2009-2010 Revenue Budget	YTD Actual	Percent Collected
Sanitary	10,016,803	4,430,061	44%
Storm Drain	1,397,520	609,850	44%
Solid Waste	10,731,832	5,489,834	51%
VMUS	14,102,067	3,494,138	25%
Water	77,245,302	14,752,082	19%
Golf	2,095,036	479,447	23%
1) SCLAA	31,860,212	17,105,608	54%

1) *Includes $900,000 in past due leases and $21,546,182 in VVEDA Tax Increment Pass Through.*

ENTERPRISE FUNDS Expenses	2009-2010 Expenditure Budget	YTD Actual	Percent Expended
Sanitary	9,872,286	3,020,128	31%
Storm Drain	1,354,988	283,316	21%
Solid Waste	11,716,002	4,257,811	36%
VMUS	14,480,781	5,141,518	36%
Water	75,246,132	18,620,209	25%
Golf	1,935,402	796,515	41%
1) SCLAA	30,657,197	3,357,392	11%

1) *SCLAA budget includes $21,546,180 for debt service payments.*

GENERAL FUND - FUND 10100

Fund Description	Account/ Dept	Description	09-10 Budget	Cumulative Totals As of 2/3/10	Percent Collected/ Expended
		Revenues by Account			
General Fund	410010	Facility Rental	20,000.00	18,208.85	91%
General Fund	410012	Park Rental	1,700.00	1,735.00	102%
General Fund	410018	Concession Rental	1,700.00	7,061.70	415%
Recreation & Parks Distri	410022	Field Preparation	800.00	1,118.00	140%
Recreation & Parks Distri	410023	Ballfield Rental/Lights	16,000.00	20,975.64	131%
Recreation & Parks Distri	410024	Ballfield Rent/Lghts WW	400.00	56.00	14%
Recreation & Parks Distri	410025	Equipment Rental PB	375.00	2.00	1%
Recreation & Parks Distri	410026	Equipment Rental WSC	-	1.00	100%
Recreation & Parks Distri	410027	Facility Rentals WSC	500.00	-	0%
Recreation & Parks Distri	410029	Park Rentals WSC	500.00	300.00	60%
General Fund	411014	SMIP Emergency Services	1,500.00	217.64	15%
Recreation & Parks Distri	417008	Vending Machines	2,500.00	2,188.74	88%
Recreation & Parks Distri	417011	Volunteen Concessions	1,000.00	447.75	45%
General Fund	419051	Xerox and Ordinance Copies	1,319.00	364.10	28%
General Fund	419052	Maps & Publications	1,294.00	354.25	27%
General Fund	419053	Notary Service Fees	250.00	200.00	80%
General Fund	419103	Subdivision and Filing Fee	103,093.00	22,725.50	22%
General Fund	419201	Plan Check & Energy Calculatn	279,079.00	148,979.84	53%
General Fund	419202	Building Plans Imaging	89,161.00	19,496.88	22%
General Fund	419204	Building Code Abatement	168,033.00	217,651.43	130%
General Fund	419205	Certificate of Occupancy	18,800.00	9,950.00	53%
General Fund	419206	Imprvmnt Plan Check Fee	100,202.00	22,724.61	23%
General Fund	419208	Traffic Sig (multij)Plan Check	233.00	1,500.00	644%
General Fund	419212	Map Check Fee	9,280.00	1,090.00	12%
General Fund	419301	Underground Tank Plan Check	15,000.00	2,400.00	16%
General Fund	419302	Aboveground Tank Plan Check	500.00	-	0%
General Fund	419401	Engineering Inspection Fee	50,000.00	144,932.28	290%
General Fund	419501	Special Street Services	12,000.00	9,869.39	82%
Fire Protection District	419601	Weed Cleaning	-	721.75	100%
General Fund	421001	Household haz waste fee	101,000.00	56,024.01	55%
General Fund	422001	Business License App Fee	69,667.00	41,500.00	60%
General Fund	423007	Filing Fees	587.00	150.00	26%
General Fund	423008	Special Police Services	21,000.00	14,600.00	70%
General Fund	423030	Special Inspector Fee	-	2,080.00	100%
General Fund	423035	Animal Trap Rentals	100.00	-	0%
General Fund	423036	Microchipping Animals	430.00	375.00	87%
Recreation & Parks Distri	424023	PeeWeeClasses	129,416.00	85,581.05	66%
Recreation & Parks Distri	424027	PeeWee Classes/Sports Pebble	10,000.00	6,619.00	66%
Recreation & Parks Distri	424031	Youth Classes	95,374.00	60,091.50	63%
Recreation & Parks Distri	424035	6th Street After School Progrm	2,100.00	2,915.33	139%
Recreation & Parks Distri	425019	Adult Classes	1,800.00	1,548.25	86%
Recreation & Parks Distri	426008	Jr. Kids Club	8,600.00	4,475.00	52%
Recreation & Parks Distri	426009	Kids Club	24,080.00	19,133.10	79%
Recreation & Parks Distri	427017	Special Events	2,000.00	(139.00)	-7%
Recreation & Parks Distri	428023	Youth Sports	36,980.00	22,552.00	61%
Recreation & Parks Distri	429020	Adult Sports	78,398.00	60,621.00	77%
Recreation & Parks Distri	430010	Tennis Court Light Rental	500.00	273.00	55%
Recreation & Parks Distri	430014	Racquetball Fees PB	4,500.00	4,574.00	102%
Recreation & Parks Distri	430015	Racquetball Fees WSC	-	6,723.00	100%

GENERAL FUND - FUND 10100

Fund Description	Account/ Dept	Description	09-10 Budget	Cumulative Totals - As of 2/3/10	Percent Collected/ Expended
Recreation & Parks Distri	430016	Tennis Lessons/Tourneys PB	1,900.00	1,091.50	57%
Recreation & Parks Distri	431019	Aquatics Pebble Beach	55,055.00	16,740.93	30%
		Charges for Services	**1,538,706.00**	**1,062,801.02**	**69%**
General Fund	416005	Police Cost Recovery	200.00	-	0%
General Fund	416006	Emergency Response Recovery	-	400.00	100%
General Fund	416008	Animal Shelter Fees	5,358.00	3,005.00	56%
General Fund	416009	Citation Correction Fee	2,600.00	-	0%
General Fund	416012	False Alarm Administration	200.00	20.00	10%
General Fund	416013	Owner Turn in Fee	5,050.00	3,625.00	72%
Fire Protection District	416021	Special Fire Services	-	100.00	100%
General Fund	416027	Work for Other Depts/Agencies	33,000.00	26,049.00	79%
Recreation & Parks Distri	416031	Victor Elem S.D. Maint Contrct	15,000.00	30,692.91	205%
General Fund	416032	Animal Control Cost Recovery	900.00	245.00	27%
Recreation & Parks Distri	416036	Reimbursed Electric Bills	7,639.00	3,080.98	40%
General Fund	416042	Cost Recovery - General	1,502,658.00	1,501,306.53	100%
		Cost Recovery	**1,572,605.00**	**1,568,524.42**	**100%**
General Fund	416011	Towed Vehicle Administration	180,000.00	107,025.00	59%
General Fund	416026	Administrative Citation Fees	21,960.00	2,617.54	12%
General Fund	408002	Parking Fine	119,000.00	66,019.04	55%
General Fund	408003	General Court Fine	15,000.00	5,148.92	34%
General Fund	408004	Crime Prevention Fine	400.00	286.76	72%
General Fund	408005	Returned Check Fine	23,465.00	16,516.28	70%
General Fund	408006	Late Fee Fine	43,000.00	24,581.45	57%
General Fund	408009	Police False Alarm Fine	5,700.00	2,369.08	42%
General Fund	409001	Business License Penalty	2,223.00	1,409.65	63%
General Fund	409002	Dog License Penalty	-	517.70	100%
General Fund	409003	Grease Trap Permit Penalty	67.00	700.00	1045%
		Fine & Forefeitures	**410,815.00**	**227,191.42**	**55%**
General Fund	410001	Unallocated Interest	-	43,544.08	100%
General Fund	410002	Interest Income	150.00	1.23	1%
General Fund	410005	Lease Occupancy	99,157.00	58,664.22	59%
		Interest & Rent	**99,307.00**	**102,209.53**	**103%**
General Fund	418008	Budgeted Transfers Received CR	1,150,846.00	1,950.00	0%
		Interfund Transfers	**1,150,846.00**	**1,950.00**	**0%**
General Fund	405005	Electric Franchise	1,055,000.00	-	0%
General Fund	405010	Gas Franchise	330,000.00	-	0%
General Fund	405013	Verizon Franchise	67,867.00	44,338.69	65%
General Fund	405015	Cable Franchise	481,831.00	126,054.53	26%
General Fund	405020	Solid Waste Franchise	211,389.00	157,927.06	75%
General Fund	406001	Business License	281,979.00	158,200.00	56%
General Fund	406002	Animal License	101,000.00	30,087.95	30%
General Fund	406004	Spay/Neuter Fee	88,130.00	11,139.42	13%
General Fund	406005	Animal Breeding License	1,000.00	100.00	10%
General Fund	407001	Mobile Home Park Permit	9,141.00	7,555.00	83%
General Fund	407002	Building Permit	399,282.00	194,574.65	49%

GENERAL FUND - FUND 10100

Fund Description	Account/ Dept	Description	09-10 Budget	Cumulative Totals As of 2/3/10	Percent Collected/ Expended
General Fund	407003	Plumbing Permit	86,248.00	63,479.71	74%
General Fund	407004	Electrical Permit	73,145.00	32,957.30	45%
General Fund	407006	Grease Trap & Interceptors Pmt	12,293.00	13,620.00	111%
General Fund	407009	Garage Sale Permit	3,213.00	1,830.00	57%
General Fund	407010	Hazardous Material Handler Permit	64,000.00	30,305.00	47%
General Fund	407011	Limited Hazardous Material Handler	7,250.00	2,500.00	34%
General Fund	407013	Underground Storage Tank Permit	40,000.00	18,360.00	46%
General Fund	407017	Hazardous Waste Gen Permit	45,000.00	23,150.00	51%
General Fund	407018	Aboveground Vaulted Storage Permit	7,500.00	4,000.00	53%
General Fund	407021	Animal Permit	2,450.00	525.00	21%
General Fund	407022	CalARP Permit	750.00	-	0%
General Fund	407023	Street Use Permit	1,500.00	916.00	61%
General Fund	407024	Mechanical Permits	22,135.00	11,461.52	52%
General Fund	407026	Massage Permit	9,600.00	4,025.00	42%
		License & Permits	**3,401,703.00**	**937,106.83**	**28%**
General Fund	417009	CNG Fuel Sales	386,180.00	123,400.12	32%
General Fund	418001	Donations	17,200.00	980.89	6%
General Fund	418002	Over and Under	-	54.34	100%
General Fund	418003	Pass Through Donation	4,105,275.00	-	0%
General Fund	418006	Sundry	85,080.00	15,429.28	18%
General Fund	418007	Flexible Spending Reimbursement	1,250.00	-	0%
General Fund	418010	Scrap Materials	5,600.00	1,696.46	30%
General Fund	418014	Cost Allocations Received	4,558,383.00	2,279,055.00	50%
		Miscellaneous Revenue	**9,158,968.00**	**2,420,616.09**	**26%**
General Fund	410251	San Bernardino County	50,000.00	50,000.00	100%
General Fund	411012	State Assistance	60,000.00	14,253.87	24%
General Fund	416001	Booking Fee Restitution	1,500.00	878.45	59%
General Fund	411001	Motor Vehicle In Lieu Fees	375,928.00	73,228.25	19%
General Fund	411006	Pari Mutuel Fairgrounds	27,893.00	3,832.47	14%
		Other Taxes	**515,321.00**	**142,193.04**	**28%**
General Fund	401001	Property Taxes	18,243,887.00	8,367,065.60	46%
General Fund	401009	Property Transfer Tax	295,628.00	160,448.66	54%
		Property Taxes	**18,539,515.00**	**8,527,514.26**	**46%**
General Fund	401016	In-Lieu Sales Tax	4,578,686.00	861,442.18	19%
General Fund	403001	Sales and Use Tax General	11,209,885.00	4,237,175.28	38%
		Sales tax	**15,788,571.00**	**5,098,617.46**	**32%**
General Fund	404999	General Transient Occupancy Tx	933,000.00	343,743.49	37%
		Transient Occupancy Tax	**933,000.00**	**343,743.49**	**37%**
		General Fund	***53,109,357.00***	***20,432,467.56***	38%
		Expenditures By Department			
General Fund	61000	Development Department	2,241,595.00	1,285,180.11	57%
		Development	**2,241,595.00**	**1,285,180.11**	**57%**

GENERAL FUND - FUND 10100

Fund Description	Account/ Dept	Description	09-10 Budget	Cumulative Totals - As of 2/3/10	Percent Collected/ Expended
General Fund	65000	Engineering Department	331,624.00	400,217.02	121%
		Engineering	331,624.00	400,217.02	121%
Fire Protection District	55100	Fire Administration and Preven	12,088,677.00	7,405,606.90	61%
Fire Protection District	55800	Household Hazardous waste	-	3,077.02	100%
Haz-Mat CUPA	55600	Haz-Mat Cupa	-	191.38	100%
General Fund	55900	Fire Museum	-	348.41	100%
General Fund	55950	Exporer Post Station #2	-	62.47	100%
		Fire	12,136,183.00	7,570,054.54	62%
General Fund	10000	General	1,630,736.00	150.00	0%
General Fund	15000	City Council	257,240.00	141,811.67	55%
General Fund	15015	Public Infmtion & Comm Affairs	283,968.00	171,549.99	60%
General Fund	15017	Library Services	799,638.00	331,427.46	41%
General Fund	20000	City Manager	605,118.00	335,608.31	55%
General Fund	20100	Emergency Services	8,677.00	8,546.24	98%
General Fund	22000	Risk Management	1,371,250.00	1,083,287.30	79%
General Fund	25000	City Clerk	604,816.00	336,353.87	56%
General Fund	30000	Finance Department	2,192,409.00	1,208,339.88	55%
General Fund	30100	Purchasing	497,763.00	274,927.99	55%
General Fund	30200	Information Services	2,392,603.00	1,262,007.86	53%
General Fund	30400	License Control	135,146.00	96,622.21	71%
General Fund	35000	City Attorney	250,000.00	662,236.55	265%
General Fund	45000	Human Resources Department	720,735.00	403,181.90	56%
		General Government	11,750,099.00	6,316,051.23	54%
Recreation & Parks Distri	80050	Park Operations	1,403,692.00	798,399.55	57%
Recreation & Parks Distri	80100	Park and Recreation Facilities	805,455.00	414,991.03	52%
General Fund	80150	Open Space Trees and Medians	198,093.00	103,269.51	52%
Recreation & Parks Distri	80200	Recreation and Community Servi	1,257,312.00	619,367.45	49%
Recreation & Parks Distri	80250	Park and Facility Development	204,128.00	151,704.25	74%
General Fund	80400	City Facilities	839,131.00	497,143.52	59%
Recreation & Parks Distri	80500	Westwinds Recreation Facilitie	424,379.00	253,734.19	60%
		Parks & Recreation	5,132,190.00	2,838,609.50	55%
General Fund	50000	Police Department	20,246,201.00	10,144,093.70	50%
		Police	20,246,201.00	10,144,093.70	50%
General Fund	70000	Public Works Department	287,156.00	129,301.35	45%
General Fund	70150	Street Sweeping	482,655.00	245,997.42	51%
General Fund	70250	Graffiti Removal	96,573.00	66,563.78	69%
General Fund	70400	Animal Control	628,425.00	374,681.87	60%
General Fund	70500	Fleet Maintenance	899,749.00	505,852.82	56%
General Fund	70503	Fleet Main - SCLA Bldg 999	11,350.00	2,954.71	26%
General Fund	70650	Fueling Stations	419,503.00	67,455.90	16%
		Public Works	3,051,411.00	1,392,807.85	46%
		General Fund	*54,889,303.00*	*29,947,013.95*	*55%*

GOLF COURSES - FUND 25500

Fund Description	Account/ Dept	Description	09-10 Budget	Cumulative Totals As of 2/3/10	Percent Collected/ Expended
		Revenues by Account			
City Golf Courses	417005	Golf Balls Sold	-	617.90	100%
City Golf Courses	417006	Golf Clubs Sold	27,100.00	11,331.84	42%
City Golf Courses	417007	Merchandise Sold	66,400.00	34,438.63	52%
City Golf Courses	419902	Golf Course Memberships	105,000.00	58,390.00	56%
City Golf Courses	419904	Golf Green Fees	511,000.00	205,114.25	40%
City Golf Courses	419906	Golf Club Repairs	11,900.00	2,263.45	19%
City Golf Courses	419907	In House Golf Pro Lessons	5,000.00	730.00	15%
City Golf Courses	419909	Driving Range Fee	-	7,383.00	100%
City Golf Courses	419912	Junior Golf Membership	900.00	240.00	27%
City Golf Courses	416034	Golf Course Cost Recovery	-	10,420.22	100%
City Golf Courses	416042	Cost Recovery-General	51,300.00	7,809.98	15%
City Golf Courses	419901	Membership Cart Fees	40,600.00	13,440.00	33%
City Golf Courses	418002	Over and Under	-	(339.75)	100%
City Golf Courses	418010	Scrap Materials	500.00	-	0%
City Golf Courses	410005	Lease Occupancy	22,500.00	6,000.00	27%
City Golf Courses	410006	Golf Course Concession Lease	29,600.00	19,802.60	67%
City Golf Courses	410007	Cart Rental	386,500.00	135,553.60	35%
		Golf	*1,258,300.00*	*513,195.72*	*41%*
City Golf Courses	418008	Budgeted Transfers Received CR	804,736.00	-	0%
		Golf	2,063,036.00	-	0%
		Expenditures By Department			
City Golf Courses	80300	Green Tree Golf Course	1,597,879.00	652,305.91	41%
City Golf Courses	80301	Westwinds Golf Course	337,523.00	231,663.12	69%
		Golf	*1,935,402.00*	*883,969.03*	*46%*

SANITARY - FUNDS 25100/25110

Fund	Fund Description	Account/ Dept	Description	09-10 Budget	Cumulative Totals As of 2/3/10	Percent Collected/ Expended
			Revenues by Account			
25100	Sanitary District Operatio	401001	Property Taxes	0.00	2,460.58	100%
25100	Sanitary District Operatio	415011	Sewer Connection Fee	0.00	17,055.00	100%
25100	Sanitary District Operatio	418006	Sundry	0.00	710,518.09	100%
25100	Sanitary District Operatio	420002	Sewer Use Fee (VVWRA)	9,635,902.00	3,676,166.61	38%
25110	Sanitary District Capital	415011	Sewer Connection Fee	379,901.00	34,437.50	9%
25110	Sanitary District Capital	416029	Sewer Capital Recovery	1,000.00	0.00	0%
			Sanitary District	*10,016,803.00*	*4,440,637.78*	*44%*
			Expenditures By Department			
25100	Sanitary District Operatio	65000	Engineering Department	556,264.00	57,609.58	10%
25100	Sanitary District Operatio	70350	Sanitary District	9,033,384.00	3,599,534.34	40%
25100	Sanitary District Operatio	70355	SCLA WW Treatment Facility	0.00	918.91	100%
25110	Sanitary District Capital	65000	Engineering Department	482,638.00	50,796.18	11%
			Sanitary District	*10,072,286.00*	*3,708,859.01*	*37%*

VICTORVILLE MUNICIPAL UTILITY - FUNDS 25115/25116

Fund Description	Account/ Dept	Description	09-10 Budget	Cumulative Totals As of 2/3/10	Percent Collected/ Expended
		Revenues by Account			
Victorville Municipal Utilit	408006	Late Fee Fine	-	872.08	100%
Victorville Municipal Utilit	410002	Interest Income	-	1,365.08	100%
Victorville Municipal Utilit	410009	Sale of Real/Personal Property	4,241,562.00	1,881,000.00	44%
Victorville Municipal Utilit	414002	Loan Proceeds	1,889,000.00	-	0%
Victorville Municipal Utilit	418006	Sundry	-	16,156.86	100%
Victorville Municipal Utilit	423023	Natural Gas Sales	878,195.00	135,987.64	15%
Victorville Municipal Utilit	423028	Steam Sold	154,577.00	13,260.41	9%
Victorville Municipal Utilit	423031	Electricity Sales	6,767,733.00	1,944,518.47	29%
Victorville Municipal Utilit	457401	Connection Fees	-	80,074.63	100%
Public Purpose Program	423023	Natural Gas Sales	24,000.00	-	0%
Public Purpose Program	423031	Electricity Sales	147,000.00	-	0%
		VMUS	*14,102,067.00*	*4,073,235.17*	*29%*
		Expenditures By Department			
Victorville Municipal Utilit	70627	VMUS - Electric	14,663,291.25	5,536,191.31	38%
Victorville Municipal Utilit	70628	VMUS - Gas	1,706,986.00	134,604.10	8%
Victorville Municipal Utilit	70640	VMUS - Utility Development	20,452.00	27,045.36	132%
Public Purpose Program	70640	VMUS - Utility Development	412,026.00	37,202.04	9%
		VMUS	*16,802,755.25*	*5,735,042.81*	*34%*

WATER DISTRICT - FUNDS 25410/25420/25422

Description	Account/ Dept	Description	09-10 Budget	Cumulative Totals - As of 2/3/10	Percent Collected/ Expended
		Revenues by Account			
WID #2 - A.D. 2	401001	Property Taxes	691,219.00	352,367.62	51%
Water Imprvmnt District 2	410002	Interest Income	80,000.00	-	0%
Water Imprvmnt District 1	414003	Sale of Bonds	41,949,083.00	-	0%
Water Imprvmnt District 1	416027	Work for Other Depts/Agencies	1,272,000.00	61,347.67	5%
Water Imprvmnt District 1	416042	Cost Recovery - General	250,000.00	-	0%
Water Imprvmnt District 1	418006	Sundry	-	88.67	100%
Water Imprvmnt District 1	451100	Water Sales-Residential	11,810,000.00	5,656,321.91	48%
Water Imprvmnt District 1	451200	Water Sales-Other	2,442,000.00	954,778.03	39%
Water Imprvmnt District 1	451300	Water Sales-Business	2,348,000.00	980,621.44	42%
Water Imprvmnt District 1	453700	Metered Service	8,540,000.00	3,745,886.53	44%
Water Imprvmnt District 2	453700	Metered Service	625,000.00	-	0%
Water Imprvmnt District 2	453750	Arsenic Surchrge	-	266,955.60	100%
Water Imprvmnt District 1	453800	Fire Service	60,000.00	34,864.17	58%
Water Imprvmnt District 1	457300	Service Fees	768,000.00	199,012.22	26%
Water Imprvmnt District 1	457301	Meter Installation Fee	92,000.00	58,173.00	63%
Water Imprvmnt District 1	457302	Service Call Fee	348,000.00	21,152.00	6%
Water Imprvmnt District 1	457303	Inspection Permit Fees	108,000.00	11,026.82	10%
Water Imprvmnt District 1	457304	Plans & Specification Fees	60,000.00	-	0%
Water Imprvmnt District 1	457306	Fines	24,000.00	-	0%
Water Imprvmnt District 1	457401	Connection Fees	2,720,000.00	568,280.70	21%
Water Imprvmnt District 1	457402	Alternate Water Source Fees	1,288,000.00	233,506.80	18%
Water Imprvmnt District 1	457980	Standby Fees	75,000.00	143,423.77	191%
Water Imprvmnt District 2	457980	Standby Fees	325,000.00	30,444.44	9%
Water Imprvmnt District 1	459100	Interest Income	930,000.00	1,345.57	0%
Water Imprvmnt District 1	459200	Invest Unreal Gains/Losses	40,000.00	-	0%
Water Imprvmnt District 1	459850	Other Revenue	-	1,906,260.89	100%
Water Imprvmnt District 1	459900	Tax Revenue	400,000.00	284,038.52	71%
		Water District	***77,245,302.00***	***15,509,896.37***	***20%***
		Expenditures By Department			
Water Imprvmnt District 1	70050	Maintenance of Streets	100,000.00	541.14	1%
Water Imprvmnt District 1	70355	SCLA WW Treatment Facility	41,949,083.00	12,622,301.23	30%
Water Imprvmnt District 1	72510	Production Svcs	11,829,664.00	3,153,715.23	27%
Water Imprvmnt District 1	72530	Quality Svcs	1,643,100.00	956,171.82	58%
~~Water Imprvmnt District 1~~	~~72540~~	~~Field Svcs~~	~~1,714,903.00~~	~~843,676.57~~	~~49%~~
Water Imprvmnt District 1	72550	Customer Svcs	3,432,800.00	1,181,226.54	34%
Water Imprvmnt District 1	72560	Administration Svcs	3,320,224.00	1,872,439.10	56%
Water Imprvmnt District 1	72563	Conservation Svcs	315,539.00	169,691.18	54%
Water Imprvmnt District 1	72565	Engineering Svcs	739,491.00	291,345.44	39%
Water Imprvmnt District 1	72570	Non-Operating Svcs	-	(9,919.05)	-100%
Water Imprvmnt District 1	72900	Water Capital Projects	15,712,173.00	1,726,100.89	11%
Water Imprvmnt District 2	72570	Non-Operating Svcs	1,119,434.00	148,237.61	13%
WID #2 - A.D. 2	72570	Non-Operating Svcs	591,220.00	3,362.65	1%
		Water District	***82,467,631.00***	***22,958,890.35***	***28%***

SOLID WASTE/RECYCLING - FUNDS 30100/30200/30310/31000

Fund Description	Account/ Dept	Description	09-10 Budget	Cumulative Totals As of 2/3/10	Percent Collected/ Expended
		Revenues by Account			
Solid Waste Managemen	419701	Administration Charge	812,604.00	470,480.33	58%
Solid Waste Managemen	419702	Solid Waste Pickup Charge	4,490,000.00	2,494,096.86	56%
Solid Waste Managemen	419704	Landfill Tipping Charge	2,600,000.00	1,327,482.16	51%
Solid Waste Managemen	421001	Household Haz Waste Fee	-	7.53	100%
Source Reduction and R	419701	Administration Charge	275,000.00	195,089.21	71%
Source Reduction and R	419703	Recycle Pickup Fee	577,728.00	290,066.22	50%
Source Reduction and R	419705	Source Reduction Recycling Fee	1,836,500.00	946,134.51	52%
Landfill Mitigation	410251	San Bernardino County	140,000.00	34,025.50	24%
Household Hazardous W	421001	Household Haz Waste Fee	-	(8.69)	-100%
		Solid Waste	*10,731,832.00*	*5,757,373.63*	*54%*
		Expenditures By Department			
Solid Waste Managemen	30500	Solid Waste Management	8,730,421.00	3,895,986.68	45%
Source Reduction and R	30600	Source Reduction and Recycling	2,929,275.00	1,218,898.03	42%
Landfill Mitigation	30500	Solid Waste Management	47,306.00	3,695.08	8%
Landfill Mitigation	70050	Maintenance of Streets	9,000.00	2,499.00	28%
Haz-Mat CUPA	55600	Haz-Mat CUPA	-	(785.98)	-100%
		Solid Waste	*11,716,002.00*	*5,120,292.81*	*44%*

STORM DRAIN UTILITY - FUND 30800

Fund Description	Account/ Dept	Description	09-10 Budget	Cumulative Totals As of 2/3/10	Percent Collected/ Expended
		Revenues by Account			
Storm Drain Utility	415008	Storm Drain Utility Fee	1,397,520.00	609,856.99	44%
		Storm Drain Utility	*1,397,520.00*	*609,856.99*	*44%*
		Expenditures By Department			
Storm Drain Utility	65000	Engineering Department	747,176.00	74,924.32	10%
Storm Drain Utility	70200	Storm Drain Utility	937,812.00	313,670.26	33%
		Storm Drain Utility	1,684,988.00	388,594.58	23%

SCLAA - FUND 30913

Fund Description	Account/ Dept	Description	09-10 Budget	Cumulative Totals - As of 2/3/10	Percent Collected/ Expended
		Revenues by Account			
So Cal Logistics Airport /	408006	Late Fee Fine	-	1,050.32	100%
So Cal Logistics Airport /	410005	Lease Occupancy	4,987,134.00	2,280,422.54	46%
So Cal Logistics Airport /	410251	San Bernardino County	95,000.00	82,263.17	87%
So Cal Logistics Airport /	410030	Ground Lease	664,411.00	395,713.54	60%
So Cal Logistics Airport /	410031	Past Due Lease Payments	-	1,245,696.46	100%
So Cal Logistics Airport /	414002	Loan Proceeds	1,700,000.00	-	0%
So Cal Logistics Airport /	416036	Reimbursed Electric Bills	55,282.00	48,725.71	88%
So Cal Logistics Airport /	416039	SCLA Tenant Cost Recovery	613,205.00	2,326.14	0%
So Cal Logistics Airport /	418003	Pass through donation	21,546,180.00	12,408,727.35	58%
So Cal Logistics Airport /	418006	Sundry	-	4,000.00	100%
So Cal Logistics Airport /	423014	SCLA Landing Fee	1,850,000.00	912,888.51	49%
So Cal Logistics Airport /	423015	SCLA Fuel Flowage Fee	271,000.00	198,806.77	73%
So Cal Logistics Airport /	423016	SCLA Concession Sales	12,000.00	25,536.96	213%
So Cal Logistics Airport /	423017	SCLA Port Fee	5,000.00	-	0%
So Cal Logistics Airport /	423024	SCLA Aircraft Parking Fees	25,000.00	37,541.93	150%
So Cal Logistics Airport /	423032	Wash Rack Fees	8,000.00	4,320.00	54%
So Cal Logistics Airport /	423033	Aircraft Tiedown Fees	-	1,640.00	100%
So Cal Logistics Airport /	440003	Activation/Deactivation-GPZone	28,000.00	-	0%
		SCLA	*31,860,212.00*	*17,649,659.40*	*55%*
		Expenditures By Department			
So Cal Logistics Airport /	90050	So Cal Logis Airport Authority	21,546,182.00	-	0%
So Cal Logistics Airport /	90051	Airport Administration	1,938,507.00	1,213,919.72	63%
So Cal Logistics Airport /	90053	Airport Fire Station	1,605,483.00	909,750.41	57%
So Cal Logistics Airport /	90055	Airport Operations	3,178,064.50	939,857.19	30%
So Cal Logistics Airport /	90063	Airport Facilities Maintenance	1,877,404.00	505,064.38	27%
So Cal Logistics Airport /	90064	Airport Airfield Maintenance	511,556.00	258,168.25	50%
		SCLA	*30,657,196.50*	*3,826,759.95*	*12%*

MEASURE I - FUNDS 40510/40515/40520/40525/40530

Fund Description	Account/ Dept	Description	09-10 Budget	Cumulative Totals As of 2/3/10	Percent Collected/ Expended
		Revenues by Account			
Measure I Street Arterials	403002	Measure I Sales Tax	2,612,050.00	1,619,940.90	62%
Measure I Arterial Mainte	403002	Measure I Sales Tax	460,950.00	289,907.76	63%
Measure I Arterial Mainte	419501	Special Street Services	-	203.68	100%
Measure I Local	403002	Measure I Sales Tax	2,036,500.00	740,468.45	36%
Measure I Local Mainten	403002	Measure I Sales Tax	420,500.00	130,670.94	31%
Measure I Transit	403002	Measure I Sales Tax	312,000.00	145,189.93	47%
		Measure I	*5,842,000.00*	*2,926,381.66*	*50%*
		Expenditures By Department			
Measure I Street Arterials	65000	Engineering Department	2,906,028.00	536,280.97	18%
Measure I Arterial Mainte	70450	Traffic Control	916,398.00	478,020.86	52%
Measure I Arterial Mainte	70453	Traffic Signal Maintenance	328,412.00	183,170.74	56%
Measure I Local	65000	Engineering Department	7,265,391.00	697,538.86	10%
Measure I Local	70450	Traffic Control	20,000.00	-	0%
Measure I Local	70453	Traffic Signal Maintenance	20,000.00	-	0%
Measure I Local	90055	Airport Operations	250,000.00	11,702.84	5%
Measure I Transit	70605	ADA Paratransit	723,078.00	213,215.84	29%
		Measure I	*12,429,307.00*	*2,119,930.11*	*17%*

DIF - FUNDS 60100/60200/60300/60400/60500/60610/61000/61100/61200

Fund Description	Account/ Dept	Description	09-10 Budget	Cumulative Totals - As of 2/3/10	Percent Collected/ Expended
		Revenues by Account			
Public Buildings DIF	415021	City Wide Public Bldgs DIF	445,000.00	200,209.85	45%
Fire Service DIF	415022	City Wide Fire Service DIF	92,700.00	51,308.38	55%
Road Service DIF	410002	Interest Income	-	83,910.20	100%
Road Service DIF	415015	City Wide Road DIF	3,720,000.00	721,065.73	19%
Public Safety Service DIF	415023	City Wide Public Safety DIF	56,200.00	22,014.26	39%
Recreation Service DIF	415016	City Wide Park DIF	1,075,000.00	487,496.34	45%
Recreation Service DIF	418001	Donations	-	5,000.00	100%
Nisqualli Overpass	415012	Nisqualli Overpass	13,000.00	39,157.82	301%
Goodwill Overpass	415014	Goodwill Overpass	8,200.00	-	0%
Storm Drain Fee North a	415020	Storm Drain Area J	82,700.00	75,802.80	92%
Street Lighting Dev Fees	415009	Street Lighting Fee	3,100.00	-	0%
Fire Hydrant Dev Fees	415010	Fire Hydrant Fee	5,150.00	-	0%
		DIF	*5,501,050.00*	*1,685,965.38*	*31%*
		Expenditures By Department			
Fire Service DIF	55560	Fire Station #5	475,000.00	96,061.05	20%
Road Service DIF	30200	Information Services	-	3,292.43	100%
Road Service DIF	65000	Engineering Department	9,398,160.00	86,680.42	1%
Public Safety Service DIF	50000	Police Department	485,823.00	89,332.49	18%
Recreation Service DIF	80000	Parks, Recreation & Comm. Serv	133,770.00	-	0%
Recreation Service DIF	80050	Park Operations	500,000.00	48,819.17	10%
Recreation Service DIF	80300	Green Tree Golf Course	528,698.00	98,521.28	19%
Nisqualli Overpass	65000	Engineering Department	69,730.00	20,325.99	29%
Goodwill Overpass	65000	Engineering Department	110,566.00	8,811.74	8%
Storm Drain Fee North a	65000	Engineering Department	426,385.00	79,950.49	19%
Fire Hydrant Dev Fees	72900	Water Capital Projects	60,582.00	291.00	0%
		DIF	*12,188,714.00*	*532,086.06*	*4%*

RDA - FUNDS 76931/76936/76938

Fund Description	Account/ Dept	Description	09-10 Budget	Cumulative Totals As of 2/3/10	Percent Collected/ Expended
		Revenues by Account			
Victorville Redevelopmer	401001	Property Taxes	6,544,214.00	4,243,305.08	65%
Victorville Redevelopmer	401005	Revenue & Tax Code 75 60 Charg	(71,986.00)	(8,955.09)	12%
Victorville Redevelopmer	401006	RDA Statutory Pass-Thru	(217,572.00)	(590,656.90)	271%
Victorville Redevelopmer	401007	RDA Pass Through	(981,632.00)	-	0%
Victorville Redevelopmer	410002	Interest Income	-	7,047.20	100%
Old Town Redevelopmer	401001	Property Taxes	222,251.00	96,637.87	43%
Old Town Redevelopmer	401005	Revenue & Tax Code 75 60 Charg	(4,667.00)	(293.45)	6%
Old Town Redevelopmer	401006	RDA Statutory Pass-Thru	(44,450.00)	-	0%
VV Portion of VVEDA's 8	Jun-44	Pass Through Donation	23,017,500.00	1,923,641.00	8%
		RDA	*28,463,658.00*	*5,670,725.71*	*20%*
		Expenditures By Department			
Victorville Redevelopmer	70628	VMUS Gas	380,089.00	-	0%
Victorville Redevelopmer	90021	VVRDA Bear Valley Road	9,668,215.50	3,124,460.99	32%
Victorville Redevelopmer	90022	VVRDA Hook Road	2,972,027.50	2,248,541.13	76%
Old Town Redevelopmer	90024	Old Town Redevelopment Agency	380,593.00	127,920.32	34%
VV Portion of VVEDA's 8	90042	VVEDA Tax Increment 80%	18,634,883.00	500,489.24	3%
		RDA	*32,035,808.00*	*6,001,411.68*	*19%*

RDA AFFORDABLE HOUSING FUNDS 76937/76939/76946

Fund Description	Account/ Dept	Description	09-10 Budget	Cumulative Totals As of 2/3/10	Percent Collected/ Expended
		Revenues by Account			
Victorville Redevelopmer	401001	Property Taxes	1,636,054.00	1,060,826.28	65%
Victorville Redevelopmer	401005	Revenue & Tax Code 75 60 Charg	(17,997.00)	(2,238.77)	12%
Victorville Redevelopmer	414002	Loan Proceeds	-	3,610.00	100%
Victorville Redevelopmer	410504	Misc Grants	25,000.00	119,000.00	476%
VV Portion of VVEDA's 2	410002	Interest Income	150,000.00	-	0%
VV Portion of VVEDA's 2	419701	Admin Charge	-	3,500.00	100%
Old Town RDA 20%	401001	Property Taxes	5,563.00	24,159.47	434%
Old Town RDA 20%	401005	Revenue & Tax Code 75 60 Charg	(1,232.00)	(73.35)	6%
VV Portion of VVEDA's 2	418003	Passed through donation	7,425,000.00	-	0%
		RDA Affordable Housing	*9,222,388.00*	*1,277,783.63*	*14%*
		Expenditures By Department			
Victorville Redevelopmer	90043	VVEDA Housing (Victorville)	258,269.00	4,063.01	2%
VV Portion of VVEDA's 2	90043	VVEDA Housing (Victorville)	3,868,640.00	2,122,230.25	55%
Old Town RDA 20%	90024	Old Town Redevelopment Agency	112,262.00	553.61	0%
		RDA Affordable Housing	*4,239,171.00*	*2,126,846.87*	*50%*

CITY OF
VICTORVILLE

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AGENDA ITEM
CITY OF VICTORVILLE

CITY COUNCIL MEETING OF: February 16, 2009

SUBMITTED BY: Douglas B. Robertson
Deputy City Manager

DATE: February 4, 2010

ATTACHED: City of Victorville Basic Financial Statements and Supplementary Information for year ended June 30, 2009 and City of Victorville Single Audit Report on Federal Awards for year ended June 30, 2009.

SUBJECT: **RECEIPT AND FILING OF CITY OF VICTORVILLE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION DATED 6-30-2009 AND CITY OF VICTORVILLE SINGLE AUDIT REPORT ON FEDERAL AWARDS DATED JUNE 30, 2009.**

RECOMMENDATION: That the Honorable City Council receive and file the City of Victorville Basic Financial Statements and Supplementary Information dated 6-30-2009 and the City of Victorville Single Audit Report on Federal Awards dated June 30, 2009.

FISCAL IMPACT: NONE

--Finance Dept. Use Only--
Additional Appropriation:

✓ No aom
___ Yes/$Amount:

Finance Director Review and Approval_____

DISCUSSION: The City Council received on February 10, 2009, the City of Victorville's Basic Financial Statements for Fiscal Year Ending 6-30-2009 and the City of Victorville Single Audit Report on Federal Awards dated June 30, 2009. The award to audit these Financial Statements was made in May 2009 to Mayer Hoffman McCann P.C. The financial statements and report are now being presented to Council for receipt and filing.

DBR/aom

CITY OF VICTORVILLE
Victorville, California

Basic Financial Statements
and Supplementary Information

Year ended June 30, 2009

CITY OF VICTORVILLE
INCORPORATED SEPT. 21, 1962
HOME OF THE SAN BERNARDINO COUNTY FAIR
CALIFORNIA

CITY OF VICTORVILLE

Basic Financial Statements and
Supplementary Information

Year ended June 30, 2009

TABLE OF CONTENTS

	Page
FINANCIAL SECTION:	
Independent Auditors' Report	1
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	5
Statement of Activities	6
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	10
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Statement of Revenues, Expenditures and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Proprietary Funds:	
Statement of Net Assets	18
Statement of Revenues, Expenses and Changes in Fund Net Assets	20
Statement of Cash Flows	22
Fiduciary Funds:	
Statement of Fiduciary Net Assets	24
Notes to the Basic Financial Statements	25
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	103
Low and Moderate Income Housing	104
Measure I Street Arterials Fund	105

CITY OF VICTORVILLE

Basic Financial Statements and
Supplementary Information

Year ended June 30, 2009

TABLE OF CONTENTS, (CONTINUED)

	Page
Notes to the Required Supplementary Information	106
Supplementary Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	108
Combined Statement of Revenues, Expenditures and Changes in Fund Balance	109
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	114
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Fire Protection Fund	116
Parks and Recreation Fund	117
Landscape Maintenance and Drainage Facilities Assessment District	118
Street Lighting Fund	119
Traffic Safety Fund	120
General Asset Seizure Fund	121
Storm Drain Utility Fund	122
Gas Tax Fund	123
Transportation Tax Fund	124
Other State Grants Fund	125
CDBG and HOME Grants Fund	126
Other Federal Grants Fund	127
Nonmajor Debt Service Fund:	
Combining Balance Sheet	130
Combining Statement of Revenues, Expenses and Changes in Fund Balances	131
Fiduciary Funds:	
Combining Statement of Fiduciary Assets and Liabilities	134
Combining Statement of Changes in Fiduciary Assets and Liabilities	135

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Honorable Mayor and City Council
City of Victorville, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Victorville, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Victorville. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the financial statements of the City of Victorville for the year ended June 30, 2008 and, in our report dated August 25, 2009, we expressed an unqualified opinion on those financial statements, with an explanatory paragraph added to indicate that there was substantial doubt about the City of Victorville's ability to continue as a going concern. The financial statements of the Victorville Water District for the year ended June 30, 2008 were audited by other auditors whose report we relied upon for the June 30, 2008 Victorville Water District.

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Victorville, California, as of June 30, 2009, and the respective changes in financial position and cash flows of the City of Victorville, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described further in note 15 to the financial statements, the City changed its method of accounting for postemployment benefits for fiscal years ending on or after June 30, 2009.

Honorable Mayor and City Council
City of Victorville, California

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As discussed in Note 21 to the financial statements, the City has suffered recurring losses in its General Fund, the Southern California Logistics Airport Authority Enterprise Fund and the Municipal Utilities Enterprise Fund , and those funds have a lack of liquidity and net asset deficiencies that should raise substantial doubt about the City's ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 21. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

The information identified in the accompanying table of contents as *required supplementary information* is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. 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.

The City has not presented "Managements Discussion and Analysis" that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Victorville's basic financial statements. The combining and individual nonmajor fund financial statements and budget schedules as listed on the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budget schedules 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2010 on our consideration of the City'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.

Mayer Hoffman McCann P.C.

Irvine, California
January 29, 2010

BASIC FINANCIAL STATEMENTS

CITY OF VICTORVILLE
INCORPORATED SEPT. 21, 1962
HOME OF THE SAN BERNARDINO COUNTY FAIR
CALIFORNIA

CITY OF VICTORVILLE
Statement of Net Assets
June 30, 2009
(with comparative totals for June 30, 2008)

	Governmental Activities	Business-Type Activities	Total	2008
Assets:				
Cash and investments (note 2)	$ 57,967,495	12,078,866	70,046,361	84,025,128
Cash with fiscal agent (note 2)	3,606,171	39,075,618	42,681,789	109,514,083
Restricted cash (note 2)	-	1,094,500	1,094,500	-
Receivables:				
Accounts	1,551,703	8,920,222	10,471,925	13,893,673
Interest	94,231	150,088	244,319	784,475
Due from other governments	22,408,588	6,988,721	29,397,309	39,040,302
Inventory	213,854	266,741	480,595	732,416
Prepaid items	1,971,805	3,482,491	5,454,296	4,058,623
Interfund balances	8,630,363	(8,630,363)	-	-
Land held for resale (note 5)	20,438,941	-	20,438,941	19,681,434
Deferred charges, net	-	16,150,105	16,150,105	11,360,444
Capital assets, net (note 4):	521,842,081	418,525,416	940,367,497	899,979,823
Deposits (note 21)	2,648,435	50,020,070	52,668,505	52,506,334
Long-term notes receivable (note 6)	2,638,770	69,288,411	71,927,181	68,694,717
Other assets	-	-	-	3,152,843
Total assets	644,012,437	617,410,886	1,261,423,323	1,307,424,295
Liabilities:				
Accounts payable	8,418,983	7,547,450	15,966,433	25,556,889
Accrued liabilities	1,316,066	-	1,316,066	1,462,570
Interest payable	199,390	1,938,246	2,137,636	2,767,811
Deposits payable	131,352	3,250,879	3,382,231	3,685,375
Unearned revenue	303,895	2,887,862	3,191,757	7,171,633
Due to other governments	58	-	58	2,074
Claims Payable	1,035,168	-	1,035,168	1,835,121
Noncurrent liabilities (notes 7 and 8):				
Due within one year	2,286,658	5,088,919	7,375,577	32,551,814
Due in more than one year	49,031,917	429,528,771	478,560,688	484,289,994
Total liabilities	62,723,487	450,242,127	512,965,614	559,323,281
Net assets:				
Invested in capital assets, net of related debt	477,975,776	270,533,541	748,509,317	699,669,573
Restricted for:				
Public safety	68,173	-	68,173	34,290
Community development	70,114,675	-	70,114,675	55,965,408
Public works	26,064,808	-	26,064,808	38,133,572
Parks and recreation	-	-	-	2,734,693
Capital asset construction	-	1,004,108	1,004,108	21,293,590
Debt service	-	773,962	773,962	1,036,623
Unrestricted	7,065,518	(105,142,852)	(98,077,334)	(70,766,735)
Total net assets	$ 581,288,950	167,168,759	748,457,709	748,101,014

See accompanying notes to the basic financial statements.

CITY OF VICTORVILLE
Statement of Activities
Year ended June 30, 2009
(with comparative totals for year ended June 30, 2008)

		Program Revenues		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	$ 13,133,276	3,736,617	83,875	-
Public safety	30,285,026	2,094,977	984,059	-
Community development	6,655,391	-	1,944,532	-
Public works	35,443,180	6,399,187	16,778,540	-
Parks and recreation	14,163,518	2,108,921	5,000	-
Interest on long-term debt	2,658,471	-	-	-
Total governmental activities	102,338,862	14,339,702	19,796,006	-
Business-type activities:				
Water	29,476,474	21,755,429	-	7,514,028
Airport	42,874,028	7,362,683	8,074,251	-
Municipal utility	16,883,245	6,174,881	-	-
City golf	2,973,111	1,042,900	-	3,073,364
Solid waste management	12,202,770	13,376,039	-	-
Sanitary	8,026,156	9,575,667	-	1,922,094
Rail	366,417	-	-	-
Total business-type activities	112,802,201	59,287,599	8,074,251	12,509,486
Total primary government	$ 215,141,063	73,627,301	27,870,257	12,509,486

General revenues:
Taxes:
Property taxes
Sales taxes
Transient occupancy tax
Franchise taxes
Other taxes
Investment income
Motor vehicle in lieu, unrestricted
Gain on sale of assets
Miscellaneous revenues
Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year, as restated (note 20)

Net assets (deficit) at end of year

See accompanying notes to the basic financial statements.

Governmental Activities	Business-type Activities	Total	2008
(9,312,784)	-	(9,312,784)	(9,689,807)
(27,205,990)	-	(27,205,990)	(22,686,439)
(4,710,859)	-	(4,710,859)	(2,185,490)
(12,265,453)	-	(12,265,453)	(14,175,651)
(12,049,597)	-	(12,049,597)	(6,434,571)
(2,658,471)	-	(2,658,471)	(3,776,872)
(68,203,154)	-	(68,203,154)	(58,948,830)
-			
-	(207,017)	(207,017)	1,873,010
-	(27,437,094)	(27,437,094)	(30,851,904)
-	(10,708,364)	(10,708,364)	(13,414,165)
-	1,143,153	1,143,153	3,611,156
-	1,173,269	1,173,269	400,421
-	3,471,605	3,471,605	(26,396)
-	(366,417)	(366,417)	(1,431,628)
-	(32,930,865)	(32,930,865)	(39,839,506)
(68,203,154)	(32,930,865)	(101,134,019)	(98,788,336)
27,519,671	1,653,742	29,173,413	31,145,639
11,555,538	-	11,555,538	14,625,732
784,273	-	784,273	964,075
2,302,232	-	2,302,232	2,281,449
38,234,603	2,297,497	40,532,100	41,460,314
2,942,440	3,083,021	6,025,461	11,039,229
366,537	-	366,537	455,626
49,095	415,530	464,625	211,185
163,266	1,033,437	1,196,703	15,440,961
(12,814,788)	12,814,788	-	-
71,102,867	21,298,015	92,400,882	117,624,210
2,899,713	(11,632,850)	(8,733,137)	18,835,874
578,389,237	178,801,609	757,190,846	729,265,140
$ 581,288,950	167,168,759	748,457,709	748,101,014

CITY OF VICTORVILLE
INCORPORATED SEPT. 21, 1962
HOME OF THE SAN BERNARDINO COUNTY FAIR
CALIFORNIA

Major Governmental Funds

General Fund
This fund accounts for the revenues and expenditures to carry out basic governmental activities of the City such as general government, public safety, public works, and parks and recreation. This fund accounts for all financial transactions not accounted for in the other funds.

Low and Moderate Income Housing Special Revenue Fund
This fund accounts for property tax increments received by the Victorville Redevelopment Agency to use for low and moderate-income housing programs.

Measure I Street Arterials
This fund accounts for the portion of sales tax revenue received from the County. The funds are legally restricted expenditures for the local street networks that have significant interjurisdictional or regional traffic.

Capital Impact Facilities
This fund accounts for the acquisition or construction of major capital facilities related to public improvements needed as population increases.

Victorville Redevelopment Agency Capital Projects
This fund accounts for financial resources to be used for acquisition or construction of major capital facilities.

CITY OF VICTORVILLE
Balance Sheet
Governmental Funds
June 30, 2009
(with comparative totals for June 30, 2008)

		Special Revenue	
	General	Low and Moderate Income Housing	Measure I Street Arterials
Assets			
Cash and investments	$ 3,617,692	12,799,089	9,327,352
Cash with fiscal agent	-	-	272,354
Receivables:			
Accounts	544,100	-	412,364
Interest	94,231	-	-
Notes	-	2,433,213	-
Due from other funds (note 3)	6,564,073	-	-
Advances to other funds (note 3)	-	4,674,541	-
Due from other governments	3,765,216	2,580,470	-
Inventories	213,854	-	-
Prepaid items	33,944	-	-
Land held for resale	-	13,067,232	-
Total assets	$ 14,833,110	35,554,545	10,012,070
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 2,522,561	5	1,091,984
Accrued liabilities	1,316,066	-	-
Deposits payable	44,723	-	-
Due to other funds (note 3)	-	-	-
Advances from other funds (note 3)	-	-	-
Due to other governments	-	-	-
Deferred revenue	303,895	638,441	-
Total liabilities	4,187,245	638,446	1,091,984
Fund balances (note10):			
Reserved	247,798	20,174,986	-
Unreserved:			
Undesignated, reported in:			
General fund	10,398,067	-	-
Capital project funds	-	-	-
Designated for:			
Special revenue funds	-	14,741,113	8,920,086
Capital project funds	-	-	-
Total fund balances	10,645,865	34,916,099	8,920,086
Total liabilities and fund balances	$ 14,833,110	35,554,545	10,012,070

See accompanying notes to basic financial statements.

Capital Projects				
Capital Impact Facilities	Victorville Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds	2008
3,807,632	17,595,274	10,820,456	57,967,495	72,593,807
1,328,729	-	2,005,088	3,606,171	9,226,778
172,427	-	422,812	1,551,703	9,343,228
-	-	-	94,231	325,661
-	205,257	300	2,638,770	2,424,375
-	-	3,216,333	9,780,406	5,474,144
-	10,000,000	-	14,674,541	4,556,103
-	5,841,137	10,221,765	22,408,588	35,943,096
-	-	-	213,854	309,676
-	-	1,937,861	1,971,805	479,687
-	7,371,709	-	20,438,941	19,681,434
5,308,788	41,013,377	28,624,615	135,346,505	160,357,989
2,138,157	1,345,702	1,320,574	8,418,983	11,672,971
-	-	-	1,316,066	1,243,110
-	46,282	40,347	131,352	158,044
-	-	11,150,043	11,150,043	25,989,040
-	4,674,541	-	4,674,541	4,556,103
-	-	58	58	2,074
-	68,977	5,626,378	6,637,691	5,010,675
2,138,157	6,135,502	18,137,400	32,328,734	48,632,017
-	17,576,966	3,860,749	41,860,499	35,809,041
-	-	-	10,398,067	12,132,307
-	17,300,909	-	17,300,909	16,869,918
-	-	6,626,466	30,287,665	36,417,056
3,170,631	-	-	3,170,631	10,497,650
3,170,631	34,877,875	10,487,215	103,017,771	111,725,972
5,308,788	41,013,377	28,624,615	135,346,505	160,357,989

CITY OF VICTORVILLE
INCORPORATED SEPT. 21, 1962
HOME OF THE SAN BERNARDINO COUNTY FAIR
CALIFORNIA

CITY OF VICTORVILLE

Governmental Funds

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets

June 30, 2009

Fund balances of governmental funds	$ 103,017,771
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.	
Capital assets	767,509,988
Accumulated depreciation	(245,667,907)
Deposits payable relating to governmental activities were not financial resources and therefore were not reported in governmental funds.	2,648,435
Claims payable did not require current financial resources. Therefore, claims payable were not reported as a liability in the governmental funds.	(1,035,168)
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Certificates of participation	(130,000)
Installment purchase agreements	(1,528,938)
Tax allocation bonds	(44,130,000)
Other post employment benefits	(2,039,230)
Compensated absences	(3,490,407)
Certain revenues in the governmental funds are deferred using the modified accrual basis and are recognized as revenue under the full accrual basis for reporting in the Government-wide Financial Statements.	6,333,796
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(199,390)
Net assets of governmental activities	$ 581,288,950

See accompanying notes to the basic financial statements.

CITY OF VICTORVILLE

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2009
(with comparative totals for year ended June 30, 2008)

		Special Revenue	
	General	Low and Moderate Income Housing	Measure I Street Arterials
Revenues:			
Taxes	33,717,245	1,815,628	5,326,403
Licenses and permits	3,482,429	-	-
Intergovernmental	3,056,181	8,060,034	-
Charges for services	6,549,496	-	29,211
Fines and forfeitures	407,698	-	-
Investment income	75,610	447,405	326,806
Sale of assets	135,348	-	-
Other	134,177	3,208	-
Total revenues	47,558,184	10,326,275	5,682,420
Expenditures:			
Current:			
General government	12,546,277	-	1,055
Public safety	32,393,883	-	-
Community development	-	2,558,744	-
Public works	9,998,465	-	10,073,319
Parks and recreation	5,970,730	-	-
Debt service:			
Principal	583,512	-	-
Interest	102,970	-	-
Total expenditures	61,595,837	2,558,744	10,074,374
Excess (deficiency) of revenues over (under) expenditures	(14,037,653)	7,767,531	(4,391,954)
Other financing sources (uses):			
Transfers in (note 3)	16,204,132	821,661	-
Transfers out (note 3)	(3,976,284)	(3,599,726)	(2,671,054)
Total other financing sources (uses)	12,227,848	(2,778,065)	(2,671,054)
Net change in fund balances	(1,809,805)	4,989,466	(7,063,008)
Fund balances at beginning of year	12,455,670	29,926,633	15,983,094
Fund balances at end of year	$ 10,645,865	34,916,099	8,920,086

See accompanying notes to the basic financial statements.

Capital Projects				
Capital Impact Facilities	Victorville Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds	2008
-	5,533,320	3,205,314	49,597,910	57,129,482
3,770,828	-	-	7,253,257	14,578,108
71,347	23,153,629	13,077,685	47,418,876	43,896,660
-	-	1,595,273	8,173,980	6,751,706
-	-	1,339,165	1,746,863	877,498
61,296	1,678,351	194,476	2,783,944	3,389,516
-	-	-	135,348	50,350
38,264	609	121,733	297,991	3,820,968
3,941,735	30,365,909	19,533,646	117,408,169	130,494,288
130,572	-	1,293,682	13,971,586	14,762,721
914,155	-	722,690	34,030,728	31,072,079
-	3,945,717	520,013	7,024,474	3,621,054
3,643,560	-	14,915,006	38,630,350	45,252,469
8,221,235	-	1,269,030	15,460,995	13,307,263
-	-	940,000	1,523,512	1,278,860
-	153,182	2,403,785	2,659,937	2,943,083
12,909,522	4,098,899	22,064,206	113,301,582	112,237,529
(8,967,787)	26,267,010	(2,530,560)	4,106,587	18,256,759
1,300,096	6,644,643	7,745,659	32,716,191	27,624,275
(125,328)	(22,220,405)	(12,938,182)	(45,530,979)	(50,047,615)
1,174,768	(15,575,762)	(5,192,523)	(12,814,788)	(22,423,340)
(7,793,019)	10,691,248	(7,723,083)	(8,708,201)	(4,166,581)
10,963,650	24,186,627	18,210,298	111,725,972	115,892,553
3,170,631	34,877,875	10,487,215	103,017,771	111,725,972

CITY OF VICTORVILLE

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities

Year ended June 30, 2009

Net changes in fund balances - total governmental funds	$ (8,708,201)
Amounts reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay	32,852,263
Depreciation expense	(23,638,152)
Net book value of the removed capital assets is reported as a charge against the proceed of the sale to convert gross proceeds reported in the governmental funds as revenue to the net loss on the disposition of the capital asset.	(86,253)
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,523,512
The statement of net assets includes accrued interest on long term debt.	1,466
To record as an expense the net change in claims payable and deposits relating to claims in the statement of activities	962,124
A portion of grant revenue are deferred in the governmental funds, but recognized in the Statement of Activities .	1,164,625
Unpaid interest income on advances to other funds is not a current financial resource, and therefore is not recognized as revenue in the funds.	158,496
To record as an expense the net change in other post employment benefits in the statement of activities.	(2,039,230)
To record as an expense the net change in compensated absences in the statement of activities.	709,063
Change in net assets of governmental activities	$ 2,899,713

See accompanying notes to the basic financial statements.

Enterprise Funds

Victorville Water District
This fund accounts for the Victorville Water District. This subsidiary district includes the assets, liabilities, net assets and operations of not only the Victorville Water Department but the former Victor Valley Water District and Baldy Mesa Water District.

Southern California Logistics Airport Authority Fund
This fund accounts for both operation and capital acquisition of the activities surrounding the airport. The airport funding sources comprised of federal grants, charges for services and Tax Allocation Bonds.

Municipal Utility

This fund accounts for the operation, maintenance, and capital expenditures of the City's municipal utility, which is funded by user charges, other fees and loans.

City Golf Course
This fund accounts for the operation and maintenance of the City's Golf Courses, which are funded by user charges and other fees.

Solid Waste Management
This fund accounts for all activities in the following programs: Solid Waste Management, Source Reduction and Recycling, Landfill Mitigation, Household Hazardous Waste, and the California Department of Conservation Grants.

Sanitary District Fund
This fund accounts for capital acquisition of the City's sanitary district. Revenue received for these funding sources comprised of sewer user fees and property taxes.

Southern California Logistics Rail Authority
This fund accounts for expenditures such as: acquisition, installation, and construction of rail facilities. The future rail intermodal facilities will be located adjacent to Southern California Logistics Airport. This fund is supported by grants, loans, bonds, and tax increment revenue.

CITY OF VICTORVILLE

Statement of Net Assets

Proprietary Funds

June 30, 2009
(with comparative totals for June 30, 2008)

	Victorville Water District	Southern California Logistics Airport Authority	Municipal Utility	City Golf
Assets				
Current assets:				
Cash and investments	$ 8,401,449	1,488,042	-	-
Cash with fiscal agent	6,663,198	23,238,846	8,831,800	-
Restricted cash	-	-	1,094,500	-
Accounts receivable	4,524,865	400,671	448,467	5,495
Interest receivable	144,032	6,056	-	-
Due from other funds (note 3)	-	-	-	-
Due from other governments	3,103,698	3,742,042	-	-
Inventory	212,619	-	-	54,122
Prepaids	2,249,983	1,230,508	-	-
Total current assets	25,299,844	30,106,165	10,374,767	59,617
Noncurrent assets:				
Capital assets, net (note 4)	170,477,620	127,485,063	22,812,285	21,376,104
Deferred charges,net	490,982	15,659,123	-	-
Advances to other funds (note 3)	21,929,420	-	-	-
Deposits	-	50,020,070	-	-
Notes receivable	-	69,288,411	-	-
Other assets	-	-	-	-
Total noncurrent assets	192,898,022	262,452,667	22,812,285	21,376,104
Total assets	218,197,866	292,558,832	33,187,052	21,435,721
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	2,219,493	1,860,544	1,182,603	358,297
Accrued liabilities	-	-	-	-
Deposits payable	939,195	1,620,221	-	19,650
Due to other funds (note 3)	-	-	818,427	5,745,646
Unearned revenue	1,927,813	960,049	-	-
Interest payable	282,224	1,509,964	146,058	-
Long-term debt - due within one year (note 8)	687,964	3,328,791	544,414	200,671
Total current liabilities	6,056,689	9,279,569	2,691,502	6,324,264
Noncurrent liabilities (note 8):				
Advances from other funds (note 3)	-	10,000,000	21,929,420	-
Long-term debt - due more than one year (note 8	15,272,272	325,810,011	84,167,832	1,181,284
Total noncurrent liabilities	15,272,272	335,810,011	106,097,252	1,181,284
Total liabilities	21,328,961	345,089,580	108,788,754	7,505,548
Net assets (deficit):				
Invested in capital assets, net of related debt	162,345,335	67,946,626	(53,044,236)	19,994,149
Restricted for capital asset construction	1,004,108	-	-	-
Restricted for debt service	773,962	-	-	-
Unrestricted	32,745,500	(120,477,374)	(22,557,466)	(6,063,976)
Total net assets (deficit)	$ 196,868,905	(52,530,748)	(75,601,702)	13,930,173
Total liabilities and net assets	$ 218,197,866	292,558,832	33,187,052	21,435,721

See accompanying notes to the basic financial statements.

Solid Waste Management	Sanitary District	Southern California Logistic Rail Authority	Total Proprietary Funds	2008
2,184,009	-	5,366	12,078,866	11,431,321
290,131	51,643	-	39,075,618	100,287,305
-	-	-	1,094,500	-
2,244,670	1,296,054	-	8,920,222	4,550,445
-	-	-	150,088	458,814
4,549,587	3,390,132	-	7,939,719	72,426,770
102,832	40,149	-	6,988,721	3,097,206
-	-	-	266,741	422,740
2,000	-	-	3,482,491	3,578,936
9,373,229	4,777,978	5,366	79,996,966	196,253,537
3,596,170	42,465,906	30,312,268	418,525,416	387,265,600
-	-	-	16,150,105	11,360,444
-	-	-	21,929,420	-
-	-	-	50,020,070	50,020,070
-	-	-	69,288,411	66,270,342
-	-	-	-	3,152,843
3,596,170	42,465,906	30,312,268	575,913,422	518,069,299
12,969,399	47,243,884	30,317,634	655,910,388	714,322,836
1,043,961	875,552	7,000	7,547,450	13,883,918
-	-	-	-	219,460
355,003	316,810	-	3,250,879	3,527,331
-	-	6,009	6,570,082	51,911,874
-	-	-	2,887,862	2,160,958
-	-	-	1,938,246	2,566,955
327,079	-	-	5,088,919	30,528,622
1,726,043	1,192,362	13,009	27,283,438	104,799,118
-	-	-	31,929,420	-
3,097,372	-	-	429,528,771	434,801,266
3,097,372	-	-	461,458,191	434,801,266
4,823,415	1,192,362	13,009	488,741,629	539,600,384
461,850	42,517,549	30,312,268	270,533,541	235,771,185
-	-	-	1,004,108	21,293,590
-	-	-	773,962	1,036,623
7,684,134	3,533,973	(7,643)	(105,142,852)	(83,378,946)
8,145,984	46,051,522	30,304,625	167,168,759	174,722,452
12,969,399	47,243,884	30,317,634	655,910,388	714,322,836

CITY OF VICTORVILLE

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

Year ended June 30, 2009
(with comparative totals for year ended June 30, 2008)

	Victorville Water District	Southern California Logistics Airport Authority	Municipal Utility	City Golf
Operating revenues:				
Charges for services	21,755,429	7,362,683	6,174,881	1,042,900
Fines and forfeitures	-	15,666	1,031	-
Other	-	87,133	-	150,551
Total operating revenues	21,755,429	7,465,482	6,175,912	1,193,451
Operating expenses:				
Personnel services	6,561,191	2,778,914	1,277,767	1,684,804
Maintenance and operations	6,853,705	15,584,608	11,272,700	1,013,034
Production Costs	8,275,857	-	194,450	-
Depreciation	6,855,826	5,028,100	1,685,626	184,645
Total operating expenses	28,546,579	23,391,622	14,430,543	2,882,483
Operating income (loss)	(6,791,150)	(15,926,140)	(8,254,631)	(1,689,032)
Nonoperating revenues (expenses):				
Intergovernmental	2,297,497	8,100,514	-	-
Investment income	891,239	1,988,259	193,036	-
Interest expense	(688,823)	(19,482,406)	(2,452,702)	(90,628)
Impairment on capital assets	-	-	-	-
Arsenic surcharge	542,174	-	-	-
Post employment benefits adjustment	(241,072)	-	-	-
Gain (loss) on sale of assets	380,530	-	35,000	-
Other revenues	27,934	-	-	-
Total nonoperating revenues (expenses)	3,209,479	(9,393,633)	(2,224,666)	(90,628)
Income (loss) before transfers	(3,581,671)	(25,319,773)	(10,479,297)	(1,779,660)
Capital contributions	7,514,028	-	-	3,073,364
Transfers in (note 3)	-	27,814,723	-	1,253,552
Transfers out (note 3)	-	(2,656,436)	-	-
Change in net assets	3,932,357	(161,486)	(10,479,297)	2,547,256
Net assets (deficit) at beginning of year, as restated (note 20)	192,936,548	(52,369,262)	(65,122,405)	11,382,917
Net assets (deficit) at end of year	$ 196,868,905	(52,530,748)	(75,601,702)	13,930,173

See accompanying notes to the basic financial statements.

Solid Waste Management	Sanitary District	Southern California Logistics Rail Authority	Total Proprietary Funds	2008
13,376,039	9,575,667	-	59,287,599	51,259,888
201,603	-	-	218,300	5,865,299
6,186	1,159	-	245,029	440,030
13,583,828	9,576,826	-	59,750,928	57,565,217
1,294,054	1,503,940	34,600	15,135,270	15,987,672
10,528,005	5,362,454	62,502	50,677,008	55,249,790
-	-	-	8,470,307	9,266,651
203,503	1,159,762	269,315	15,386,777	13,347,702
12,025,562	8,026,156	366,417	89,669,362	93,851,815
1,558,266	1,550,670	(366,417)	(29,918,434)	(36,286,598)
-	1,627,479	-	12,025,490	5,055,601
10,487	-	-	3,083,021	7,649,712
(177,208)	-	-	(22,891,767)	(26,460,518)
-	-	-	-	754,138
-	-	-	542,174	801,399
-	-	-	(241,072)	9,908,000
-	-	-	415,530	(1,630,364)
-	-	-	27,934	(16,624)
(166,721)	1,627,479	-	(7,038,690)	(3,938,656)
1,391,545	3,178,149	(366,417)	(36,957,124)	(40,225,254)
-	1,922,094	-	12,509,486	23,356,991
-	-	1,834,775	30,903,050	53,894,174
-	(15,431,826)	-	(18,088,262)	(31,470,834)
1,391,545	(10,331,583)	1,468,358	(11,632,850)	5,555,077
6,754,439	56,383,105	28,836,267	178,801,609	169,167,375
8,145,984	46,051,522	30,304,625	167,168,759	174,722,452

CITY OF VICTORVILLE

Statement of Cash Flows

Proprietary Fund

Year ended June 30, 2009

(with comparative totals for year ended June 30, 2008)

	Victorville Water District	Southern California Logistics Airport Authority	Municipal Utility	City Golf
Cash flows from operating activities:				
Cash received from customers	$ 18,861,553	8,490,840	6,483,248	1,206,789
Cash payments to employees for services	(6,817,024)	(2,778,914)	(1,273,842)	(1,684,804)
Cash payments to suppliers for goods and services	(13,967,869)	(20,412,202)	(11,793,478)	(1,011,725)
Cash payments to other governments	(2,692,519)	(644,836)	-	-
Nonoperating miscellaneous revenue received	27,934	-	35,000	-
Net cash provided by (used for) operating activities	(4,587,925)	(15,345,112)	(6,549,072)	(1,489,740)
Cash flows from noncapital financing activities:				
Cash received from County of San Bernardino	1,150,097	-	-	-
Cash received from other funds	39,068,056	34,123,855	21,929,420	1,919,422
Cash paid to other funds	(21,929,420)	(668,188)	(21,835,783)	-
Net cash provided by (used for) noncapital financing activities	18,288,733	33,455,667	93,637	1,919,422
Cash flows from capital and related financing activities:				
Proceeds of debt	-	-	-	-
Deposits on capital assets	-	-	-	-
Cash received for capital grants	1,147,400	8,100,514	-	-
Cash received from sale of capital assets	-	-	410,579	-
Cash payments to acquire capital and other assets	(10,600,085)	(22,822,175)	(1,031,464)	(148,830)
Cash received from capital restricted revenues	4,180,927	-	-	-
Principal paid on capital-related debt	(614,959)	(28,720,000)	(517,544)	(190,224)
Interest paid on capital-related debt	(569,536)	(18,967,282)	(2,408,770)	(90,628)
Net cash provided by (used for) capital and related financing activities	(6,456,253)	(62,408,943)	(3,547,199)	(429,682)
Cash flows from investing activities:				
Payments made to acquire notes from developers	-	(3,018,069)	-	-
Interest received on investments	1,097,790	2,070,517	212,584	-
Net cash provided by (used for) investing activities	1,097,790	(947,552)	212,584	-
Net increase (decrease) in cash and cash equivalents	8,342,345	(45,245,940)	(9,790,050)	-
Cash and cash equivalents at beginning of year, as restated (note 20)	6,722,302	69,972,828	19,716,350	-
Cash and cash equivalents at end of year	$ 15,064,647	24,726,888	9,926,300	-
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (6,791,150)	(15,926,140)	(8,254,631)	(1,689,032)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	6,855,826	5,028,100	1,685,626	184,645
Nonoperating miscellaneous revenue	27,934	-	35,000	-
Gain on sale of capital asset	380,530	-	-	-
(Increase) decrease in accounts receivable	(1,788,075)	152,293	307,336	1,963
(Increase) decrease in due from other governments	(2,692,519)	(644,836)	-	-
(Increase) decrease in inventory	149,112	-	-	6,887
(Increase) decrease in prepaids	749,999	(653,554)	-	-
Increase (decrease) in compensated absences	-	-	3,925	
Increase (decrease) in accounts payable	(224,321)	(4,174,040)	(326,328)	(5,578)
Increase (decrease) in accrued liabilities	(149,460)	-	-	-
Increase (decrease) in deposits payable	(880,352)	(79,288)	-	11,375
Increase (decrease) in unearned revenue	(225,449)	952,353	-	-
Total adjustments	2,203,225	581,028	1,705,559	199,292
Net cash provided by (used for) operating activities	$ (4,587,925)	(15,345,112)	(6,549,072)	(1,489,740)
Noncash capital, financing and investing activities:				
Capital asset contributions (to) from other funds	-	(1,988,248)	-	-
Developer contributed capital assets	3,875,275	-	-	3,073,364
	$ 3,875,275	(1,988,248)	-	3,073,364

See accompanying notes to the basic financial statements.

Solid Waste Management	Sanitary District	Southern California Logistics Rail Authority	Total Proprietary Funds	2008
13,166,964	9,556,066	-	57,765,460	55,336,298
(1,294,054)	(1,503,940)	(97,102)	(15,449,680)	(37,969,145)
(10,627,980)	(5,017,805)	(1,920,674)	(64,751,733)	(46,863,277)
-	-	-	(3,337,355)	-
-	-	-	62,934	-
1,244,930	3,034,321	(2,017,776)	(25,710,374)	(29,496,124)
-	1,627,479	-	2,777,576	1,838,848
-	9,453,686	1,174,797	107,669,236	58,570,372
(4,549,587)	(15,431,826)	(500,600)	(64,915,404)	(65,529,323)
(4,549,587)	(4,350,661)	674,197	45,531,408	(5,120,103)
-	-	-	-	90,334,925
-	-	-	-	(50,020,070)
-	-	-	9,247,914	2,600,939
	-		410,579	-
-	(2,909,857)	(2,255,680)	(39,768,091)	(67,663,204)
-	-	-	4,180,927	6,460,987
(325,156)	-	-	(30,367,883)	(13,893,027)
(158,951)	-	-	(22,195,167)	(30,699,756)
(484,107)	(2,909,857)	(2,255,680)	(78,491,721)	(62,879,206)
-	-	-	(3,018,069)	(10,400,000)
10,856	-	-	3,391,747	7,445,759
10,856	-	-	373,678	(2,954,241)
(3,777,908)	(4,226,197)	(3,599,259)	(58,297,009)	(100,449,674)
6,252,048	4,277,840	3,604,625	110,545,993	212,168,300
2,474,140	51,643	5,366	52,248,984	111,718,626
1,558,266	1,550,670	(366,417)	(29,918,434)	(36,286,598)
203,503	1,159,762	269,315	15,386,777	13,347,702
-	-	-	62,934	-
-	-	-	380,530	-
(669,035)	(297,421)	-	(2,292,939)	(536,576)
(102,832)	(40,149)		(3,480,336)	-
-	-	-	155,999	241,007
-	-	-	96,445	(308,658)
			3,925	
(99,975)	414,649	(1,920,674)	(6,336,267)	(4,136,645)
-	(70,000)	-	(219,460)	(23,472)
355,003	316,810	-	(276,452)	1,698,832
-	-	-	726,904	(3,491,716)
(313,336)	1,483,651	(1,651,359)	4,208,060	6,790,474
1,244,930	3,034,321	(2,017,776)	(25,710,374)	(29,496,124)
-	-	1,166,587	(821,661)	(10,562,940)
-	1,922,094	-	8,870,733	15,491,413
-	1,922,094	1,166,587	8,049,072	4,928,473

CITY OF VICTORVILLE

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2009
(with comparative totals for June 30, 2008)

	Total Fiduciary Funds	2008
Assets		
Cash and investments (note 2)	$ 5,042,950	48,724,226
Restricted assets:		
Cash with fiscal agent (note 2)	2,576,580	2,150,505
Accounts receivable	178,651	3,712,983
Assets used for operations	16,303	76,113
Total assets	$ 7,814,484	54,663,827
Liabilities		
Accounts payable	$ 18,760	-
Deposits payable	7,795,724	10,425,203
Due to other governments	-	44,238,624
Total liabilities	$ 7,814,484	54,663,827

See accompanying notes to the basic financial statements.

(1) Summary of Significant Accounting Policies,

The financial statements of the City of Victorville, California (City) 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 City's accounting policies are described below.

(a) Reporting Entity

The City of Victorville is situated approximately 97 miles northeast of Los Angeles in Southern California's Mojave Desert. The City was incorporated in 1962 and had an estimated population at June 30, 2008 of 105,577.

The City is a general-law City that operates under the Council-Manager form of government, with five elected Council members served by a full time City Manager and staff. At June 30, 2008, the City's staff comprised of 537 full and part time employees who were responsible for the City-provided services.

The accounting policies of the City conform to accounting principles generally accepted in the United States as applicable to governments.

As required by accounting principles generally accepted in the United States, these financial statements present the City of Victorville and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City 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 City. The City 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 City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

(1) Summary of Significant Accounting Policies, (Continued)

(a) Reporting Entity, (Continued)

Based upon the above criteria, the component units of the City include the Redevelopment Agency of the City of Victorville, the Southern California Logistics Airport Authority and the Southern California Logistics Rail Authority.

Since City Council serves as the governing board for the Redevelopment Agency of the City of Victorville and Southern California Logistics Airport Authority, the component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the interfund data of the primary government. The Redevelopment Agency of the City of Victorville and Southern California Logistics Airport Authority issue separate component unit financial statements. Upon completion, the financial statements of these component units can be obtained at the City of Victorville, located at 14343 Civic Drive, Victorville, CA 92392. A brief description of the component units follows:

Redevelopment Agency of the City of Victorville

The Redevelopment Agency's financial activity commenced in September 1980. The primary purpose of the Agency is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. The Agency's financial data and transactions are included with the special revenue fund type, debt service fund type, and the capital projects fund type. Revenues of the Agency consist primarily of property tax allocations on the incremental increase of property values in the redevelopment area and revenues from the use of money and property.

Southern California Logistics Airport Authority

The Southern California Logistics Airport Authority (SCLAA), was formed in 1997 between the City of Victorville and the Redevelopment Agency of Victorville to provide for the coordination of long range planning of the territory of George Air Force Base. SCLAA's financial data and transactions are included as an enterprise fund of the City. SCLAA prepares a budget in sufficient detail to constitute an operating outline for the source and amount of funds available to SCLAA and expenditures to be made during the ensuing fiscal year.

(1) Summary of Significant Accounting Policies, (Continued)

(a) Reporting Entity, (Continued)

Southern California Logistics Airport Authority, (Continued)

SCLAA revenues consist primarily of grants and loans received by SCLAA and from profits, income, sales proceeds, interest earnings from leases and land sales and tax increment revenues.

Southern California Logistics Rail Authority

The Southern California Logistics Rail Authority (SCLRA) was formed on October 17, 2001 by the City of Victorville, the Victorville Redevelopment Agency and the Southern California Logistic Airport Authority (SCLAA). The purpose of SCLRA is to provide for the coordination of long range planning of the development of rail facilities and adjoining land surrounding and including Southern California Logistic Airport. SCLRA's financial data and transactions are included as an enterprise fund of the City. SCLRA prepares a budget in sufficient detail to constitute an operating outline for the source and amount of funds available to SCLRA and expenditures to be made during the ensuing fiscal year. SCLRA revenues consist primarily of grants and loans received by SCLRA.

Victorville Water District

On August 15, 2007, the Victor Valley Water District and the Baldy Mesa Water District were approved to be consolidated into a subsidiary district of the City of Victorville (City), known as the Victorville Water District (District, per Resolution No. 2977 of the Executive Officer of the Local Agency formation Commission (LAFCO) of San Bernardino County, which adopted a change of organization without election. All of the liabilities including debt obligations of the Victor Valley Water District and the Baldy Mesa Water District were assumed by this subsidiary district and the City effective July1, 2007 upon consolidation. Upon consolidation July 1, 2007 of the two districts the City consolidated the operations and activities of its Water Department and Water Funds into the district to serve all of the water customers of the City of Victorville under this District. The basic operations of the District are financed by user charges plus capital contributions to finance growth of the water delivery system. The District

(1) Summary of Significant Accounting Policies, (Continued)

Victorville Water District, (Continued)

is governed by a five-member Board of Directors (City Council), each holding staggered four-year terms. The District is being treated as a blended component unit subsidiary district in the City of Victorville's financial statements for the year ended June 30, 2009.

Assessment District No. 2R was established to provide financing for construction and improvement of the water system. In 1987, the Victorville County Water District 1911 Act Improvement Bonds were issued. On June 27, 1989, the Baldy Mesa Water District issued $8,292,572 in Refunding Improvement Bonds, Series 1989, Assessment District No. 2R. The District provides administrative duties such as placing assessments on the County tax rolls and submitting payments to the trustee for the assessment bond holders. Accordingly, the accounts and transactions of Assessment District No. 2R have been reported as a fiduciary fund of the City.

(b) Basis of Accounting and Measurement Focus

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

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

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 1989 are not followed in the preparation of the accompanying financial statements.

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

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 discreetly presented component units. The City of Victorville has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

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

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Taxes and other items not included among program revenues are reported instead as *general revenues*.

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

As a general rule the effect of interfund activity has been eliminated from the amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the City 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 presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

Governmental Funds, (Continued)

amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses a ninety day availability period. The City accrues the following revenue types: taxes, licenses, fines and forfeitures, and other miscellaneous revenues.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *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.

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

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

Governmental Funds, (Continued)

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net 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 an *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

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

Proprietary and Fiduciary Funds

The City's enterprise funds are proprietary funds. In the fund financial statements, proprietary 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 non-exchange transactions or ancillary activities. Operating expenses for enterprise funds include the cost of sales and services, administrative

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

expenses, and depreciation on capital asses. All revenues and expenses not meeting this definition are reported as nonoperating expenses. Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements, rather than as other financing source. Amounts paid to reduce long-term indebtedness of the proprietary funds are reported as a reduction of the related liability, rather than as expenditure.

Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenue and expenses. Agency funds are accounted for on the accrual basis of accounting.

(c) Major Funds and Fiduciary Fund Types

The City reports the following major governmental funds:

General Fund - The chief operating fund of a local government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Measure I Street Arterials Special Revenue Fund – Accounts for the portion of sales tax revenue received from the county. The funds are legally restricted expenditures for the local street networks that have significant interjurisdictional or regional traffic.

Low and Moderate Housing Special Revenue Fund – Accounts for property tax increments received by the Victorville Redevelopment Agency to use for low and moderate income housing programs.

Capital Impact Facilities Capital Projects Fund - Accounts for the acquisition or construction of major capital facilities related to public improvements needed as population increases. Revenue received from these funding sources comprised of licenses and permits earned from impact fees.

Victorville Redevelopment Agency Capital Projects Fund - Accounts for financial resources to be used for acquisition or construction of major capital facilities. The fund is composed of the redevelopment project area in Bear Valley Road / Hook Boulevard, the Old Town / Midtown project area and Victorville's portion of the Victor Valley Project Area.

(1) Summary of Significant Accounting Policies, (Continued)

(c) Major Funds and Fiduciary Fund Types, (Continued)

The City reports the following major proprietary funds:

Victorville Water District - Accounts the operation and maintenance of the City's Water Department, Baldy Mesa Water District, and Victor Valley Water District. This fund is supported by user charges and other fees.

Southern California Logistics Airport Authority Fund - Accounts for both operation and capital acquisition of the activities surrounding the airport. The former George Air Force Base now known as Southern California Logistics Airport Authority is a joint power authority formed by the City of Victorville and the Victorville Redevelopment Agency. The authority was created to effectuate the redevelopment of the former base and certain properties within an eight mile radius of the boundaries of the airport. The airport funding sources comprised of federal grants, charges for services and Tax Allocation Bonds.

Municipal Utility Fund - Accounts for the operation, maintenance, and capital expenditures of the City's municipal utility, which is funded by user charges, other fees and loans.

City Golf Course - Accounts for the operation and maintenance of the City's Golf Course, which is funded by user charges and other fees.

Solid Waste Management –Accounts for activities in the following programs: Solid Waste Management, Source Reduction and Recycling, Landfill Mitigation, Household Hazardous Waste, and the California Department of Conservation Grants.

Sanitary District Fund – Accounts for capital acquisition of the City's sanitary district. Revenue received for these funding sources comprised of sewer user fees and property taxes.

Southern California Logistics Rail Authority – Accounts for expenditures such as: acquisition, installation, and construction of rail facilities. The future rail intermodal facilities will be located adjacent to Southern California Logistics Airport. This fund is supported by grants, loans, bonds, and tax increment revenue.

(1) Summary of Significant Accounting Policies, (Continued)

(c) Major Funds and Fiduciary Fund Types, (Continued)

Additionally, the City reports the following fiduciary fund type:

Agency Funds - Fiduciary fund used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

(d) Cash and Investments

Cash includes demand deposits. The California Government Code and the City of Victorville's investment policy permit the City of Victorville to invest in various instruments and pools. Investments are reported in the accompanying balance sheet at fair value, except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

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

The City pools cash and 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.

(e) Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less from the date of acquisition 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 represent the proprietary funds' share in the cash and investment pool of the City of Victorville, and the cash recorded in the proprietary funds held by a fiscal agent.

(1) Summary of Significant Accounting Policies, (Continued)

(f) Due from Other Governments

The amounts recorded as a receivable due from other governments include sales taxes, state gas taxes, and motor vehicle in-lieu taxes, collected or provided by Federal, State, County and City Governments and unremitted to the City as of June 30, 2009.

(g) Inventory and Prepaid Items

Inventories are valued on the average cost method. Inventory in the General Fund consists of office supplies, hardware supplies, fuel and oil. The City uses the consumption method of accounting for inventories.

Inventory in the proprietary funds consist primarily of water meters, pipe and pipe fittings for construction and repair. Materials and supplies items in the proprietary funds are valued at cost using the weighted average method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide fund and proprietary financial statements.

(h) Land Held for Resale

Land held for resale consists of property acquired by the Victorville Redevelopment Agency and intended to be sold for private developers. Land held for resale is valued at the lower of cost or realizable value once that value is determinable.

(i) Capital Assets

Capital assets (including infrastructure) greater than $5,000 are capitalized and recorded at cost or at the estimated fair value of the assets at the time of acquisition where complete historical records have not been maintained. Donated capital assets are valued at their estimated fair market value at the date of the donation. The costs of normal maintenance and repairs that do not add to thee value of the asset or materially extend assets lives are not capitalized.

(1) Summary of Significant Accounting Policies, (Continued)

(i) Capital Assets, (Continued)

Capital assets include public domain ("infrastructure") capital assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

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

A summary of the estimated useful lives of capital assets is as follows:

Buildings and Improvements	10-50 years
Furniture and Equipment	3-7 years
Computer and Communications	5 years
Vehicles	5-15 years
Infrastructure	20-80 years
Water Rights	10-25 years
Other Intangible Assets	5-25 years

(j) Compensated Absences

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probably 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. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other 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 City and the employee.

(1) Summary of Significant Accounting Policies, (Continued)

(j) Compensated Absences, (Continued)

Compensated absences (unpaid vacation and sick leave) are recorded as expenditures in the year they are paid. The balance of unpaid vacation and vested sick leave at year end is recorded as a long-term liability in the government-wide financial statements, as these amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

(k) Claims and Judgments

The City 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 can be reasonably estimated. Accordingly, such claims are recorded as liabilities in the governmental and proprietary funds.

(l) Bond Discounts/Issuance Costs

For the government fund financial statements, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of any applicable discount or premium. Issuance costs, whether or not withheld from actual net proceeds received, are reported as current expenditures. For government-wide financial statements and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

(m) Property Taxes

Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of San Bernardino, California bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied to the extent that they result in current receivables within 90 days.

(1) Summary of Significant Accounting Policies, (Continued)

(m) Property Taxes, (Continued)

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full market rate (at time of purchase) and can increase the property tax rate no more than 2% per year. Cities receive a share of this basic levy proportionate to what it received in the 1976 to 1978 period. As the City of Victorville did not receive property taxes during the period of 1976-1978, the City receives a no/low property tax subvention.

(n) Estimates

The presentation of basic financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

(o) Net Assets

Net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt

This amount consists or capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets

This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets

This amount is all net assets that do not meet the definition of "invested in capital assets" or "restricted net assets."

(1) Summary of Significant Accounting Policies, (Continued)

(p) Subsequent Events

Management has evaluated subsequent events through January 29, 2010 (the date the financial statements were available to be issued). Management believes no events have occurred subsequent to the statement of financial position date and through January 29, 2010 that would require adjustment to or disclosure in the Organization's financial statements. However in Note 21 to the financial statements, management has indicated its plan to improve operations and limit obligations.

(2) Cash and Investments

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	$ 70,046,361
Cash with fiscal agent	42,681,789
Restricted cash	1,094,500
Fiduciary funds:	
Cash and investments	5,042,950
Cash with fiscal agent	2,576,580
Total cash and investments	$121,442,180

Cash and investments as of June 30, 2009 consist of the following:

Cash on hand	$ 10,434
Deposits with financial institutions	31,611,328
Investments	89,820,418
Total cash and investments	$121,442,180

(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 City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City'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	No	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	70%	None
U.S. Agency Securities	Yes	5 years	75%	None
Banker's Acceptances	No	180 days	40%	30%
Commercial Paper	No	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	2 years	15%	None
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	No	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	5 years	5%	10%
Mortgage Pass-Through Securities	No	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund	No	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

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

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit 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
Commercial Paper	180 - 270 days	None	None
Money Market Mutual Funds	None	None	None
Repurchase Agreements	30 days	None	None
Investment Contracts	None	None	None
Federal Housing Admin Debentures	None	None	None
Certificates of Deposits	30 days	None	None
State Obligations	None	None	None
Local Agency Investment Fund	None	None	None
Pre-refunded Municipal Obligations	None	None	None

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

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

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

		Remaining Maturing (in Months)			
Investment Type	Total	12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State investment pool	$ 69,632,828	69,632,828	-	-	-
Held by bond trustee:					
Money market funds	20,187,590	20,187,590	-	-	-
Total	$89,820,418	89,820,418	-	-	-

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

		Minimum Legal	Exempt From	Rating as of Year End	
Investment Type	Total	Rating	Disclosure	AAA	Not Rated
State investment pool	$ 69,632,828	N/A	-	-	69,632,828
Held by bond trustee:					
Money market funds	20,187,590	A	-	20,187,590	-
Total	$89,820,418		-	20,187,590	69,632,828

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

(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 the 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 City'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 provision 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 City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2009, $7,051,758 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts.

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

Investment in State Investment Pool

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

(3) Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2009 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Municipal Utility	818,427
	City Golf	5,745,646
		6,564,073 (a)
Solid Waste Management	Southern California Logistics Rail Authority	6,009
	Nonmajor Governmental Funds	4,543,578
		4,549,587 (b)
Sanitary District	Nonmajor Governmental Funds	3,390,132 (c)
Nonmajor Governmental Funds	Nonmajor Governmental Funds	3,216,333 (d)
Total		$17,720,125

Advances to/from others fund:

Receivable Fund	Payable Fund	Amount
Redevelopment Agency Low and Moderate Income Housing - SR	Redevelopment Agency – Capital Project	$ 4,674,541 (e)
Redevelopment Agency - Capital Project	Southern California Logistic Airport Authority	10,000,000 (f)
Victorville Water District	Municipal Utility	21,929,420 (g)
Total		$36,603,961

Generally, the above balances result from:

(a) The $818,427 due from Municipal Utility and $5,745,646 due from City Golf to General Fund are short term borrowing due to negative cash balances at the end of this fiscal year.

(3) Interfund Receivables, Payables and Transfers, (Continued)

(b) The $4,549,587 due to Solid Waste Management is short term borrowing due to negative cash balances at the end of this fiscal year. This balance includes $6,009 due from Southern California Logistic Rail Authority, $65,436 due from Other State Grants, $3,648,012 due from Other Federal Grants and $830,130 due from CDBG & HOME Grants.

(c) The $3,390,132 due from Nonmajor Governmental Funds to Sanitary District is short term borrowings by the Other Federal Grants Fund due to negative cash balances at the end of this fiscal year.

(d) The $3,216,333 due from Nonmajor Governmental Funds to Nonmajor Governmental funds is short term borrowings due to negative cash balances at the end of this fiscal year from the Street Lighting District Fund and Storm Drain Utility Fund to the Other Federal Grants Fund.

(e) The Redevelopment Agency – Capital Projects Fund entered into two agreements to borrow money from the Redevelopment Agency - Low and Moderate Housing Fund to fund the cost of redevelopment activities. Two separate agreements were entered into; on March 8, 1999 and October 3, 2006. The advance for the first agreement was $300,000, which took place on July 1, 1999, with a term of repayment of five years, including 5.69% fixed interest during the term. The outstanding balance of the first advance at June 30, 2009 is $521,747. The advance for the second agreement was $3,750,000, and has a term of repayment of three years from the date of the agreement, with the annualized Local Agency Investment Fund ("LAIF") rate as the interest rate. The outstanding balance of the second advance as of June 30, 2009 is $4,152,794. The sum of the two outstanding advances as of June 30, 2009 is $4,674,541.

(f) The Southern California Logistic Airport entered into an agreement to borrow money from the Redevelopment Agency Capital Project to fund the cost of capital improvements and redevelopment activities that were incurred in the prior years. The agreement was entered into on June 30, 2009 for $10,000,000, with a term of repayment of five years from the date of the agreement, with the annualized Local Agency Investment Fund ("LAIF") rate as the interest rate.

(3) Interfund Receivables, Payables and Transfers, (Continued)

(g) The Victorville Municipal Utility entered into two agreements to borrow money from the Victorville Water District to fund the cost of capital improvements, general administrative and operating expenditures that were incurred by the Victorville Municipal Utility in prior years. The first agreement was entered into on April 13, 2009 for $2,700,000, with a term of repayment of five years from the date of the agreement, with the annualized Local Agency Investment Fund ("LAIF") rate as the interest rate. The outstanding balance of the first advance as of June 30, 2009 is $1,929,420. The second agreement was entered into on June 30, 2009 for $20,000,000, with a term of repayment of five years from the date of the agreement, with the annualized Local Agency Investment Fund ("LAIF") rate as the interest rate. The outstanding balance of the second advance as of June 30, 2009 is $20,000,000. The sum of the two outstanding advances as of June 30, 2009 is $21,929,420.

(3) Interfund Receivables, Payables and Transfers, (Continued)

Transfers in/out:

Transfer In	Transfer Out	Amount
General Fund	Sanitary District	$15,000,000 (1)
	Nonmajor Governmental Fund	1,204,132 (2)
Subtotal		16,204,132
Low and Moderate Income Housing	Southern California Logistic Airport Authority	821,661 (3)
Capital Impact Facilities	Nonmajor Governmental Fund	1,300,096 (4)
Victorville Redevelopment Agency Capital Project Fund	Low and Moderate Income Housing	69,000
	Nonmajor Governmental Fund	6,575,643 (5)
Subtotal		6,644,643
Nonmajor Governmental Funds	General Fund	967,336 (6)
	Measure I Street Arterials	473,722
	Victorville Redevelopment Agency Capital Project Fund	3,319,662 (7)
	Capital Impact Facilities	125,328
	Nonmajor Governmental Fund	2,859,611 (8)
Subtotal		7,745,659
Southern California Logistic Airport Authority	Sanitary District	431,826
	Measure I Street Arterials	2,197,332 (9)
	General Fund	1,755,396 (10)
	Nonmajor Governmental Fund	998,700 (11)
	Low and Moderate Income Housing	3,530,726 (12)
	Victorville Redevelopment Agency Capital Project Fund	18,900,743 (13)
Subtotal		27,814,723
City Golf	General Fund	1,253,552 (14)
Southern California Logistic Rail Authority	Southern California Logistic Airport Authority	1,834,775 (15)
Total		$63,619,241

(3) Interfund Receivables, Payables and Transfers, (Continued)

1. The Sanitary District Fund transfer of $15,000,000 to General Fund was for property taxes (due to the formal dissolution of the Sanitary District as a legal entity). This amount represents a portion of property taxes received by the District since its inception in 1964 through 2008.
2. Transfers from Nonmajor Governmental Funds to the General Fund mainly consisted of transfer from Traffic Safety fund in the amount of $1,202,360 to support engineering function of the traffic safety.
3. The Southern California Logistic Airport Authority transfer of $821,661 was for the contribution of land held for resale to the Victorville Redevelopment Agency.
4. The Other Federal Grants Fund transferred $1,300,096 to Capital Impact Facilities fund to reimburse for the STIP RIP grant expenditure that was paid by the Capital Impact Facilities fund.
5. Transfer from Nonmajor Governmental Funds to the Victorville Redevelopment Agency Capital Project fund mainly consists of a $6,574,578 transfer from the Redevelopment Agency Debt Service to fund for various capital projects.
6. Transfer form the General Fund to Nonmajor Governmental Funds consists of the following:
   a) $7,276 was transferred to the Other State Grants Fund for expenditures that were not reimbursed by State grants.
   b) $719,744 was transferred to the Gas Tax Fund to support for maintenance of streets.
   c) $206,529 was transferred to the Transportation Tax Fund for Bus Shelter Maintenance and Transit expenditures.
   d) $24,903 was transferred to the Fire Protection Fund to close out the fund and merged its operation with one General Fund.
   e) $8,884 was transferred to the Parks and Recreation Fund to close out the fund and merged its operation with one General Fund.
7. Transfer from the Victorville Redevelopment Agency Capital Project Fund to the Redevelopment Agency Debt Service Fund includes transfers for payment of the 2002 Series A, 2003 Series A and B, as well as the 2005 Series A Tax Allocation Bonds.
8. Transfer from the Nonmajor Governmental Fund to the Nonmajor Governmental Fund mainly consists of $2,743,577 transfer from the Parks and Recreation Fund to the Landscape Maintenance & Drainage Facilities Assessment District Fund as a result of the closure of the Parks and Recreation Fund during fiscal year ended June 30, 2009.

(3) Interfund Receivables, Payables and Transfers, (Continued)

9. Transfer from the Measure I Fund to the Southern California Logistic Airport Authority fund mainly consists of a $2,169,456 transfer to pay for project expenditures.
10. The General Fund completed transfers in the amount of $1,755,396 to Southern California Logistic Airport Authority to support for airport operations.
11. Transfers from the Nonmajor Governmental Funds to the Southern California Logistic Airport Authority consist of $998,700 was transferred from Other Federal Grants Fund to fund expenditures that was paid by one of the Southern California Logistic Airport Authority bond funds.
12. $3,530,726 was transferred from Low and Moderate Income Housing Fund for the payment of SCLAA's portion of property tax increment that was pledged for debt service.
13. The Victorville Redevelopment Agency Fund transferred $18,900,743 to Southern California Logistic Airport Authority for payment of the SCLAA's portion of property tax increment that was pledged for debt service.
14. Transfer from the General Fund to the City Golf Fund in the amount of $1,253,552 was done to support golf course operations.
15. Transfer from the Southern California Logistic Airport Authority to the Southern California Logistic Rail Authority consists of a transfer in the amount of $668,187 for Rail Capital Improvement Projects and another transfer in the amount of $1,166,588 for the contribution of rights of way.

(4) Capital Assets

Governmental activities

The following is a summary of changes in capital assets for the year ended June 30, 2009:

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
Non-depreciable assets:				
Land	$ 34,184,125	2,099,130	(74,980)	36,208,275
Right of way	179,485,470	-	-	179,485,470
Construction in progress	19,999,316	15,433,634	(3,499,562)	31,933,388
Total non-depreciable assets	233,668,911	17,532,764	(3,574,542)	247,627,133
Depreciable assets:				
Buildings and improvements	61,612,725	1,138,834	-	62,751,559
Furniture and equipment	11,851,605	699,436	(11,368)	12,539,673
Computer and communications	4,064,529	186,207	-	4,250,736
Vehicles	4,246,647	370,886	(18,846)	4,598,687
Infrastructure	419,318,501	16,423,699	-	435,742,200
Total depreciable assets	501,094,007	18,819,062	(30,214)	519,882,855
Less accumulated depreciable:				
Buildings and improvements	(10,833,742)	(1,919,596)	-	(12,753,338)
Furniture and equipment	(7,350,825)	(380,074)	95	(7,730,804)
Computer and communications	(2,841,703)	(804,238)	-	(3,645,941)
Vehicles	(2,531,306)	(431,283)	18,845	(2,943,744)
Infrastructure	(198,491,119)	(20,102,961)	-	(218,594,080)
Total accumulated depreciation:	(222,048,695)	(23,638,152)	18,940	(245,667,907)
Total depreciable assets, net:	279,045,312	(4,819,090)	(11,274)	274,214,948
Capital assets, net:	$ 512,714,223	12,713,674	(3,585,816)	521,842,081

(4) Capital Assets, (Continued)

Depreciation expense was charged in the following functions in the Statement of Activities:

General government	$ 3,026,650
Public safety	7,372,043
Community development	1,521,705
Public works	8,368,454
Parks and recreation	3,349,300
	$23,638,152

(4) Capital Assets, (Continued)

Business-type activities

The following is a summary of capital assets for enterprise funds at June 30, 2009:

	Balance at 7/1/08 (as restated) (1)	Additions	Deletions	Balance at 6/30/2009
Non-depreciable assets				
Land	34,501,126	9,015,889	(200,000)	43,317,015
Intangibles – service credit	3,780,000	-	-	3,780,000
Water rights	1,433,400	-	-	1,433,400
Construction in progress	52,176,853	36,741,814	(28,433,860)	60,484,807
Total non-depreciable assets	91,891,379	45,757,703	(28,633,860)	109,015,222
Depreciable assets:				
Buildings and improvements	131,181,513	5,197,222	-	136,378,735
Furniture and equipment	34,401,011	912,948	-	35,313,959
Computer and communication	1,422,681	9,555	-	1,432,236
Vehicles	3,194,367	565,727	-	3,760,094
Infrastructure	262,487,997	23,625,164	-	286,113,161
Water rights	11,245,075	-	-	11,245,075
Intangibles - water related	1,353,309	-	-	1,353,309
Total depreciable assets	445,285,953	30,310,616	-	475,596,569
Less accumulated depreciation				
Buildings and improvements	(66,282,474)	(3,565,656)	-	(69,848,130)
Furniture and equipment	(9,778,037)	(2,218,906)	-	(11,996,943)
Computer and communication	(1,102,359)	(33,395)	-	(1,135,754)
Vehicles	(1,703,536)	(302,519)	-	(2,006,055)
Infrastructure	(67,680,019)	(8,538,848)	-	(76,218,867)
Water rights	(2,799,864)	(727,453)	-	(3,527,317)
Intangibles - water related	(1,353,309)	-	-	(1,353,309)
Total accumulated depreciation	(150,699,598)	(15,386,777)	-	(166,086,375)
Total depreciable assets, net	294,586,355	14,923,839	-	309,510,194
Capital assets, net:	386,477,734	60,681,542	(28,633,860)	418,525,416

(4) Capital Assets, (Continued)

(1) The beginning balance has been restated to reflect a decrease of $787,866 for the removal of construction in progress of the Municipal Utility fund that was written off due to impairment loss during fiscal year ended June 30, 2007.

Depreciation expense was charged in the following programs of the primary government:

Water	$ 6,855,826
Airport	5,028,100
Municipal Utility	1,685,626
Golf Courses	184,645
Solid Waste Management	203,503
Sanitary	1,159,762
Rail	269,315
Total	$15,386,777

(5) Land Held for Resale

As of June 30, 2009, the Victorville Redevelopment Agency has acquired and developed parcels of land in the Bear Valley and Old Town/Midtown project areas. These parcels were purchased for the purpose of providing incentives to developers in order to construct future commercial projects on the property, and are recorded as land held for resale at the value of $20,438,941.

(6) Long-Term Notes Receivable

KND Hangar Related Assets Notes Receivables

Between December 2, 2005 and February 17, 2006, loans were made to CBS in the aggregate amount of $25,383,425 in direct cash transfers for the purpose of construction of hangars at the Southern California Logistics Airport Authority. No further funds were provided directly to CBS. However, some construction work on the hangars continued after February 2006, for which CBS was unable to pay for, as subcontractors began to file liens on the project in the second quarter of 2006. By July 2006, the total of liens filed reached approximately $13 million and construction efforts by CBS had been essentially suspended. In addition, a dispute arose as to the use of the loan proceeds in the construction costs.

(6) Long-Term Notes Receivable, (Continued)

In July 2006, the City began negotiations toward a resolution of matters related to the debt owed to SCLAA and the restarting of construction of the hangars. A Mutual Release and Settlement Agreement was signed in August 2006 between SCLAA, CBS and KND Affiliaties, LLC (KND) whereby CBS was released from its obligations to SCLAA in exchange for the complete transfer of the project to KND. Thereafter, SCLAA advanced loans to KND and expended funds for other related costs in the approximate amount of $62.9 million. In addition, SCLAA was granted the option to purchase the hangars following their completion from KND in exchange for the debt that would ultimately be loaned to KND for construction costs. Ultimately, SCLAA is expected to exchange the debt owed to it for the property.

As required by generally accepted accounting principles, SCLAA has reduced the recorded value of the loans to be equal to the fair value of the property to be surrendered by the obligated party in satisfaction of his obligation to SCLAA. The fair value of this property was estimated by using the discounted future cash flow method based upon rental income that the property generates. At June 30, 2009 the notes receivable have been recorded in the Statement of Net assets at $67,814,908, including accrued interest amount of $5,448,364.

Affordable Housing Loans Receivable

The Victorville Redevelopment Agency and Southern California Logistic Airport Authority (SCLAA) have entered into agreements with a developer to establish various affordable housing project loans. At June 30, 2009, the Victorville Redevelopment Agency and SCLAA outstanding loans receivable are $2,638,770 and $1,473,503 respectively.

The following is a summary of notes receivable for the City at June 30, 2009:

	Redevelopment Agency	SCLAA
KND Notes Receivable	$ -	67,814,908
Affordable Housing Loans Receivable	2,638,770	1,473,503
Total Notes Receivable	$2,638,770	69,288,411

(7) Governmental Long-Term Liabilities

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is noted below:

	Balance at July 1, 2008	Additions	Retirements	Balance at June 30, 2009	Due Within One Year
City Debt:					
Compensated Absences	$ 4,199,470	1,502,859	2,211,922	3,490,407	700,000
OPEB Obligation	-	2,146,000	106,770	2,039,230	-
Certificates of Participation:					
1997 Series EE Refunding	255,000	-	125,000	130,000	130,000
Capital Leases:					
Bank of America	937,305	-	254,358	682,947	264,893
Municipal Finance Corp.	339,624	-	132,159	207,465	137,050
Comerica Leasing	835,521	-	196,995	638,526	204,715
Redevelopment Agency Debt:					
Tax Allocation Bonds:					
2002 Tax Allocation Bonds, A	8,930,000	-	215,000	8,715,000	225,000
2003 Tax Allocation Bonds, A	9,455,000	-	225,000	9,230,000	235,000
2003 Tax Allocation Bonds, B	4,645,000	-	110,000	4,535,000	115,000
2006 Tax Allocation Bonds, A	21,915,000	-	265,000	21,650,000	275,000
Totals	$51,511,920	3,648,859	3,842,204	51,318,575	2,286,658

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. This liability, amounting to $3,490,407 at June 30, 2009, will be paid in future years from future resources, generally liquidated by the General Fund.

Certificates of Participation

1997 Refunding Certificates of Participation, Series EE

In December 1997, $6,795,000 1997 Series EE Refunding Certificates of Participation were issued by the California Special Districts Association Finance Corporation. The City of Victorville portion of this debt issuance is $1,315,000. The proceeds were used to refinance the costs of constructing a new Community Center evidenced by the CSDA 1989 Series C Certificates of Participation.

Certificates maturing in the years 1997 to 2013 are payable December 1 in annual installments of $125,000 to $610,000. The bonds bear interest at 4.1% to 6.0%, which is due June 1 and December 1 of each year.

(7) Governmental Long-Term Liabilities, (Continued)

1997 Refunding Certificates of Participation, Series EE, (Continued)

The certificates maturing on or after December 1, 2007 are subject to optional prepayment in whole or in part by lot with premium of 2%, 1% and 0% for periods December 1, 2007 to November 30, 2008, December 1, 2008 to November 30, 2009 and December 1, 2009 and thereafter, respectively.

The required reserve for the Bonds is $133,770. As of June 30, 2009, the reserve amount was $131,864. The bonds are a special obligation of the City of Victorville payable from tax increment revenues. The amount of bonds outstanding at June 30, 2009 total $130,000.

Capital Leases

Bank of America

In November 2006, the City entered into an agreement with Bank of America Public Capital Corp. to set up a $1,300,000 lease purchase agreement. The proceeds were used to lease three fire trucks, recorded at its acquisition cost of $1,300,000.

The lease has an interest rate of 4.10%. Repayments by the City will be made in semi-annual payments of $145,103. Semi-annual payments from the City began in May of 2007 and continue through November of 2011. The amount of the lease purchase agreement outstanding at June 30, 2009 is $682,947.

Municipal Finance Corporation

In October 2000, the City entered into an agreement with Municipal Finance Corporation to set up a $921,439 lease with option to purchase. The proceeds were used for an energy retrofit project, recorded at its acquisition cost of $921,439 ($928,827, less estimated investment earnings of $7,388).

The lease has an annual interest rate of 6.10%. Repayments by the City will be made in quarterly payments ranging from $14,052 to $37,556. Quarterly payments from the City began in February of 2001 and continue through November of 2010. The amount of the lease purchase agreement outstanding at June 30, 2009 is $207,465.

(7) Governmental Long-Term Liabilities, (Continued)

Comerica Leasing Corporation

In April 2008, the City entered into a Master Municipal Lease and Option Agreement with Comerica Leasing Corporation to set up a $1,025,088 lease. The proceeds were used to lease forty-three (43) vehicles, recorded at acquisition cost of $1,025,088.

The lease has an annual interest rate of 3.85%. Repayments by the City will be made in monthly payments of $18,809. Monthly payments from the City began in April of 2008 and continue through May of 2011. The amount of the lease purchase agreement outstanding at June 30, 2009 is $638,526.

Tax Allocation Bonds

2002 Tax Allocation Bonds, Series A

In August 2002, the Redevelopment Agency issued $9,710,000 principal amount of Tax Allocation Bonds, Series A. The proceeds were used to finance certain redevelopment activities within and of the benefit to the project area.

Bonds maturing in the years 2003 to 2021 are serial bonds payable December 1 in annual installments of $80,000 to $290,000. Bonds maturing on December 1, 2014, December 1, 2031 and December 1, 2031 in the amounts of $455,000, $1,545,000 and $3,890,000 are term bonds. The outstanding bonds (serial and term) bear interest at 3.00% to 5.14% due December 1 of each year.

The bonds are subject to redemption prior to maturity as described in the bond covenants. The serial bonds maturing on December 1, 2013 are subject to optional redemption in whole or in part by lot, with premium of 2%, 1% and 0% for periods December 1, 2012 to November 30, 2013, December 1, 2013 to November 30, 2014 and December 1, 2014 and thereafter, respectively.

The term bonds maturing on December 1, 2014, December 1, 2031 and December 1, 2031 are subject to mandatory redemption in part by lot, without premium commencing December 1, 2005, December 1, 2015 and December 1, 2022 respectively, from sinking fund payments made by the Agency.

The required reserve for the Bonds is $650,054. As of June 30, 2009, the reserve amount consisting of fiscal agent cash and an insurance policy was $655,921. The bonds are payable solely from the tax revenues allocated and paid to the Victorville Redevelopment Agency with respect to the Redevelopment Project Area. The amount of bonds outstanding at June 30, 2009 total $8,715,000.

(7) Governmental Long-Term Liabilities, (Continued)

2003 Tax Allocation Bonds, Series A

In September 2003, the Redevelopment Agency issued $10,195,000 principal amount of Tax Allocation Bonds, Series A. The proceeds were used to refund the 1994 Tax Allocation Bonds, Series A, as well as finance certain redevelopment activities within and of the benefit to the project area.

Bonds maturing in the years 2004 to 2020 are serial bonds payable December 1 in annual installments of $95,000 to $380,000. Bonds maturing on December 1, 2023, December 1, 2027 and December 1, 2031 in the amounts of $1,250,000, $1,975,000 and $2,410,000 are term bonds. The outstanding bonds (serial and term) bear interest at 3.00% to 5.09% due December 1 of each year.

The term bonds maturing on December 1, 2023, December 1, 2027 and December 1, 2031 are subject to mandatory redemption in part by lot, without premium commencing December 1, 2021, December 1, 2024 and December 1, 2028 respectively, from sinking fund payments made by the Agency.

The required reserve for the Bonds is $682,425. As of June 30, 2009, the reserve amount consisting of fiscal agent cash and an insurance policy was $685,361. The bonds are payable solely from the tax revenues allocated and paid to the Victorville Redevelopment Agency with respect to the Redevelopment Project Area. The amount of bonds outstanding at June 30, 2009 is $9,230,000.

2003 Tax Allocation Bonds, Series B

In September 2003, the Redevelopment Agency issued $5,025,000 principal amount of Tax Allocation Bonds, Series B. The proceeds were used to refund the 1994 Tax Allocation Bonds, Series C, as well as finance certain redevelopment activities within and of the benefit to the project area.

Bonds maturing in the years 2004 to 2022 are serial bonds payable December 1 in annual installments of $60,000 to $205,000. Bonds maturing on December 1, 2027 and December 1, 2031 in the amounts of $1,185,000 and $1,185,000 are term bonds. The outstanding bonds (serial and term) bear interest at 3.00% to 5.09% due December 1 of each year.

The term bonds maturing on December 1, 2027 and December 1, 2031 are subject to mandatory redemption in part by lot, without premium commencing December 1, 2023 and December 1, 2028 respectively, from sinking fund payments made by the Agency.

(7) Governmental Long-Term Liabilities, (Continued)

2003 Tax Allocation Bonds, Series B, (Continued)

The required reserve for the Bonds is $340,963. As of June 30, 2009, the reserve amount consisting of fiscal agent cash and an insurance policy was $340,979. The bonds are payable solely from the tax revenues allocated and paid to the Victorville Redevelopment Agency with respect to the Redevelopment Project Area. The amount of bonds outstanding at June 30, 2009 is $4,535,000.

2006 Taxable Tax Allocation Parity Bonds, Series A

In May 2006, the Redevelopment Agency issued $22,975,000 principal amount of Taxable Tax Allocation Parity Bonds, Series A. The proceeds were used to finance certain redevelopment activities benefiting the project area.

Bonds maturing on December 1, 2011, December 1, 2021 and December 1, 2036 in the amounts of $2,185,000, $4,175,000 and $16,615,000 are term bonds. The outstanding bonds bear interest at 5.375% to 6.000% due June 1 and December 1 of each year.

The bonds are subject to redemption prior to maturity as described in the bond covenants.

The bonds maturing on December 1, 2011, December 1, 2021 and December 1, 2036 are subject to mandatory redemption in part by pro rata, without premium commencing December 1, 2006, December 1, 2012 and December 1, 2022 respectively, from sinking fund payments made by the Agency.

The required reserve for the Bonds is $2,087,412. As of June 30, 2009, the reserve amount consisting of fiscal agent cash and an insurance policy was $2,087,794. The bonds are payable solely from the tax revenues allocated and paid to the Victorville Redevelopment Agency with respect to the Redevelopment Project Area. The amount of bonds outstanding at June 30, 2009 is $21,650,000.

(7) Governmental Long-Term Liabilities, (Continued)

Debt Service Requirements to Maturity

The annual requirements to amortize outstanding general long-term liabilities of the City as of June 30, 2009, are as follows for each fiscal year ending June 30:

Year Ending June 30	Certificates of Participation Principal	Certificates of Participation Interest	Tax Allocation Bonds Principal	Tax Allocation Bonds Interest	Capital Lease Agreements Principal	Capital Lease Agreements Interest
2010	130,000	3,770	850,000	2,356,132	606,658	61,997
2011	-	-	885,000	2,318,104	538,458	35,043
2012	-	-	925,000	2,278,358	308,787	13,834
2013	-	-	965,000	2,235,673	75,035	2,684
2014	-	-	1,010,000	2,189,548	-	-
2015	-	-	1,060,000	2,139,494	-	-
2016	-	-	1,110,000	2,085,756	-	-
2017	-	-	1,165,000	2,029,330	-	-
2018	-	-	1,225,000	1,969,850	-	-
2019	-	-	1,285,000	1,907,094	-	-
2020	-	-	1,350,000	1,839,540	-	-
2021	-	-	1,420,000	1,766,854	-	-
2022	-	-	1,495,000	1,690,057	-	-
2023	-	-	1,575,000	1,608,159	-	-
2024	-	-	1,660,000	1,521,006	-	-
2025	-	-	1,745,000	1,429,231	-	-
2026	-	-	1,840,000	1,332,556	-	-
2027	-	-	1,940,000	1,230,575	-	-
2028	-	-	2,045,000	1,123,034	-	-
2029	-	-	2,155,000	1,008,625	-	-
2030	-	-	2,275,000	886,886	-	-
2031	-	-	2,400,000	758,334	-	-
2032	-	-	2,530,000	622,772	-	-
2033	-	-	2,670,000	473,100	-	-
2034	-	-	2,830,000	308,100	-	-
2035	-	-	3,000,000	133,200	-	-
2036	-	-	350,000	32,700	-	-
2037	-	-	370,000	11,100	-	-
Total	$130,000	3,770	44,130,000	39,285,168	1,528,938	113,558

(8) Business-Type Long-Term Liabilities,

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is noted below:

	Balance at July 1, 2008 (as restated)	Additions	Retirements	Balance at June 30, 2009	Due Within One Year
Business-Type Debt:					
Compensated Absences	$ 176,736	325,575	(80,000)	422,311	86,000
OPEB Obligation	-	339,000	(83,559)	255,441	-
Lease Purchase Agreements:					
Zion First National Bank	1,015,047	-	(320,961)	694,086	338,046
Comerica Leasing Corp.	440,818	-	(196,583)	244,235	205,368
Key Government Finance	1,572,179	-	(190,224)	1,381,955	200,671
Burrtec Industries	1,470,021	-	(170,156)	1,299,865	176,208
Lease Subtotal	4,498,065	-	(877,924)	3,620,141	920,293
Installment Sale Agreement:					
LaSalle Bank National Association	1,063,921	-	(289,959)	773,962	300,964
Tax Allocation Bonds:					
2005 Tax Allocation Bonds	25,570,000	-	(680,000)	24,890,000	705,000
Less: unamortized discount	(186,217)	-	(15,371)	(201,588)	(9,180)
2005 TABs Subtotal	25,383,783	-	(695,371)	24,688,412	695,820
2006 Tax Allocation Bonds (Non-housing bond)	59,840,000	-	(740,000)	59,100,000	760,000
Less: unamortized discount	(732,541)	-	(47)	(732,588)	(20,969)
2006 TABs Subtotal	59,107,459	-	(740,047)	58,367,412	739,031
2006 Tax Allocation Bonds (Housing Set-Aside)	16,070,000	-	(195,000)	15,875,000	205,000
Less: unamortized discount	(199,410)	-	(33)	(199,443)	(5,709)
2006 TABs Subtotal	15,870,590	-	(195,033)	15,675,557	199,291
2006 Tax Allocation Bonds (Parity Bonds)	42,905,000	-	(70,000)	42,835,000	75,000
Less: unamortized discount	(525,440)	-	7,529	(517,911)	(14,809)
2006 TABs Subtotal	42,379,560	-	(62,471)	42,317,089	60,191
2006 Tax Allocation Bonds (Revenue Parity Bonds)	34,930,000		(240,000)	34,690,000	295,000
Less: unamortized discount	(408,886)	-	3,117	(405,769)	(11,818)
2006 TABs Subtotal	34,521,114	-	(236,883)	34,284,231	283,182
2006 Tax Allocation Bonds (Revenue Bonds)	63,770,000		(530,000)	63,240,000	560,000
Less: unamortized discount	(3,034,358)	-	22,454	(3,011,904)	(87,577)
2006 TABs Subtotal	60,735,642	-	(507,546)	60,228,096	472,423

(8) Business-Type Long-Term Liabilities, (Continued)

	Balance at July 1, 2008 (as restated) (1)	Additions	Retirements	Balance at June 30, 2009	Due Within One Year
Tax Allocation Bonds (Continued):					
2007 Tax Allocation Bonds	40,390,000		(400,000)	39,990,000	415,000
Less: unamortized discount	(555,772)	-	5,614	(550,158)	(15,836)
2007 TABs Subtotal	39,834,228	-	(394,386)	39,439,842	399,164
2007 Tax Allocation Bonds (Non-housing bond)	42,000,000	-	(480,000)	41,520,000	425,000
Less: unamortized discount	(1,468,292)	-	31,240	(1,437,052)	(41,714)
2007 TABs Subtotal	40,531,708	-	(448,760)	40,082,948	383,286
2008 Tax Allocation Bonds	13,334,925	-	-	13,334,925	65,000
Less: unamortized discount	(1,959,172)	-	2,516,909	557,737	(1,597)
2008 TABs Subtotal	11,375,753	-	2,516,909	13,892,662	63,403
Tax Allocation Funds Subtotal	329,739,837	-	(763,588)	328,976,249	3,295,791
Notes Payable:					
2008 Tax Allocation Revenue Notes	25,385,000	-	(25,385,000)	-	-
Lease Revenue Bonds:					
2007 Variable Rate Lease Revenue Bond	83,770,000	-	-	83,770,000	-
Revenue Refunding Bonds:					
2004 Refunding Bonds	2,380,000	-	(155,000)	2,225,000	160,000
Less: unamortized discount	(118,671)	-	18,257	(100,414)	(9,129)
2004 Refunding Subtotal	2,261,329	-	(136,743)	2,124,586	150,871
Certificates of Participation:					
1998 COPs	2,160,000	-	(85,000)	2,075,000	90,000
2006 COPs	12,840,000	-	(240,000)	12,600,000	245,000
Certificates of Participation Subtotal	15,000,000	-	(325,000)	14,675,000	335,000
Total	$461,894,888	664,575	(27,941,773)	434,617,690	5,088,919

(1) The above beginning balance has been restated to remove long term debt of the Assessment District 2R. During fiscal year ended June 30, 2009, the Assessment District 2R was reclassified to a fiduciary fund of the District. Accordingly, the long-term debt of the Assessment District 2R in the amount of $3,435,000 was removed from the table above.

(8) Business-Type Long-Term Liabilities, (Continued)

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. This liability, amounting to $422,311 at June 30, 2009, will be paid in future years from future resources, generally liquidated by the Victorville Water District, Victorville Municipal Utility and the Southern California Logistic Airport Authority.

Lease Purchase Agreements:

Zion First National Bank

In May of 2003, the Municipal Utility entered into an agreement with Zion's National Bank to set up a $2,300,000 lease purchase agreement. The proceeds were used to lease co-generation equipment necessary for ongoing activities, recorded at its acquisition cost of $2,730,173.

The lease has an interest rate of 5.22%. Repayments by the Municipal Utility will be made in quarterly payments of $91,933. Quarterly payments from the Municipal Utility began in November of 2003 and continue through May of 2011. The amount of the lease purchase agreement outstanding at June 30, 2009 is $694,086.

Comerica Leasing Corporation

In November of 2004, the City of Victorville entered into an agreement with Comerica Leasing Corporation to set up a $2,054,000 lease purchase agreement. The proceeds were used to lease natural gas generator necessary for ongoing activities, recorded at its acquisition cost of $2,054,000.

The lease has an interest rate of 4.396%. An initial payment of $340,000 was made on November of 2004. Remaining repayments are being made quarterly, which began in February of 2005 and continue through November of 2015. The amount of the lease purchase agreement outstanding at June 30, 2009 is $244,235.

Key Government Finance, Inc.

In June 2006, the City of Victorville entered into an agreement with Key Government Finance, Inc. to set up a $2,200,000 equipment lease purchase agreement. The proceeds were used to purchase a Rainbird Golf Irrigation System necessary for repair, maintenance parts and minimal repair training technique.

(8) Business-Type Long-Term Liabilities, (Continued)

Key Government Finance, Inc., (Continued)

The lease has an interest rate of 5.49%. Repayments by the City Golf will be made in annual payments of $276,569. Annual payments from the City Golf began in July of 2006 and continue through July of 2015. The amount of the equipment lease purchase agreement outstanding at June 30, 2009 is $1,381,955.

Burrtec Waste Industries

In March 2004, the City of Victorville and the Town of Apple Valley entered into an agreement with Burrtec Waste Industries to set up a $3,124,875 lease purchase agreement. The proceeds were used to make certain facility improvements in order to increase materials recovery and reduce operating costs.

The lease has an interest rate of 3.50%. Repayments by the Solid Waste Management will be made in monthly payments of $30,901. Monthly payments from the Solid Waste Management began in March of 2006 and continue through February of 2016. The outstanding amount at June 30, 2009 for the City of Victorville is $1,299,865.

Installment Sale Agreement:

2004 La Salle Water Rights Note Payable

In May 2004, the City of Victorville's Baldy Mesa Water District entered into a note payable for $2,243,000. The proceeds were used for the purpose of financing the purchase of water rights

The note payable has an interest rate of 3.76%. The annual debt service is a special limited obligation of the Baldy Mesa Water District payable from and secured by a pledge of and lien on the net revenues of the Water District. Principal and interest payments are due each November 26th and May 26th. The amount of the note payable outstanding at June 30, 2009 is $773,962.

Tax Allocation Bonds:

Tax Allocation Parity Bonds, Series 2005A

In June 2005, the Southern California Logistics Airport Authority issued $42,185,000 principal amount of Tax Allocation Parity Bonds, Series 2005A. The proceeds were used to finance certain public capital improvements benefiting the Southern California Logistics Airport.

(8) Business-Type Long-Term Liabilities, (Continued)

Tax Allocation Parity Bonds, Series 2005A, (Continued)

Bonds maturing on December 1, 2010, December 1, 2015, December 1, 2020, December 1, 2025, December 1, 2030, and December 1, 2035 in the amounts of $2,765,000, $3,365,000, $5,140,000, $6,335,000, $7,870,000 and $15,335,000 are term bonds. The outstanding bonds bear interest at 3.50% to 5.00% due June 1 and December 1 of each year.

The bonds are subject to redemption prior to maturity as described in the bond covenants. The bonds maturing on or after June 1, 2015 are subject to optional redemption in whole or in part by lot, without premium.

The bonds maturing on December 1, 2010, December 1, 2015, December 1, 2020, December 1, 2025, December 1, 2030, and December 1, 2035 are subject to mandatory redemption in part by lot, without premium, commencing December 1, 2007, December 1, 2012, December 1, 2016, December 1, 2021, December 1, 2026, and December 1, 2031, respectively, from sinking fund payments made by SCLAA.

In the fiscal year ended June 30, 2006 these bonds have been partially defeased by the issuance of the Tax Allocation Revenue Parity Bonds, Refunding Series 2006 (Non-Housing). The required reserve for the Bonds is $1,797,890. As of June 30, 2008 the reserve amount was $1,803,714. The Bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding (net of unamortized discounts of $201,588) at June 30, 2009 is $24,688,412.

Tax Allocation Revenue Parity Bonds, Refunding Series 2006 (Non-Housing)

In June 2006, the Southern California Logistics Airport Authority issued $62,780,000 principal amount of Tax Allocation Revenue Parity Bonds, Refunding Series 2006. The proceeds were used to refund the 2001 Tax Allocation Bonds, a portion of 2003 Tax Allocation Bonds, and a portion of 2005 Tax Allocation Bonds. As a result, the 2001 and 2003 Tax Allocation Bonds are considered to be defeased, and the 2005 Tax Allocation Bonds are considered to be partially defeased. The respective liabilities have been removed from the statement of net assets.

Bonds maturing on December 1, 2026, December 1, 2031, December 1, 2036 and December 1, 2043 in the amounts of $6,895,000, $8,595,000, $10,810,000 and $20,335,000 are term bonds. The outstanding bonds bear interest at 4.50% to 5.00% due June 1 and December 1 of each year.

The bonds are subject to redemption prior to maturity as described in the bond covenants. The bonds maturing on or after June 1, 2016 are subject to optional redemption in whole or in part by lot without premium.

(8) Business-Type Long-Term Liabilities, (Continued)

Tax Allocation Revenue Parity Bonds, Refunding Series 2006 (Non-Housing), (Continued)

The bonds maturing on December 1, 2026, December 1, 2031, December 1, 2036 and December 1, 2043 are subject to mandatory redemption in part by lot, without premium, commencing December 1, 2022, December 1, 2027, December 1, 2032 and December 1, 2037, respectively, from sinking fund payments made by SCLAA.

The required reserve for the bonds is $3,518,750. As of June 30, 2009, the reserve amount was $4,545,436. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding (net of unamortized discounts of $732,588) at June 30, 2009 is $58,367,412.

Tax Allocation Revenue Parity Bonds, Refunding Series 2006 (Housing Set-Aside)

In June 2006, the Southern California Logistics Airport Authority issued $16,855,000 principal amount of Housing Set-Aside Revenue Bonds, Refunding Series 2006. The proceeds were used to refund a portion of the 2003 Tax Allocation Bonds. As a result the 2003 Tax Allocation Bond is considered to be defeased and the liability has been removed from the statement of net assets.

Bonds maturing on December 1, 2026, December 1, 2031, December 1, 2036 and December 1, 2043 in the amounts of $1,855,000, $2,305,000, $2,905,000 and $5,460,000 are term bonds. The outstanding bonds bear interest at 4.50% to 5.00% due June 1 and December 1 of each year.

The bonds are subject to redemption prior to maturity as described in the bond covenants. The bonds maturing on or after June 1, 2016 are subject to optional redemption in whole or in part by lot without premium.

The bonds maturing on December 1, 2026, December 1, 2031, December 1, 2036 and December 1, 2043 are subject to mandatory redemption in part by lot, without premium, commencing December 1, 2022, December 1, 2027, December 1, 2032 and December 1, 2037, respectively, from sinking fund payments made by SCLAA.

The required reserve for the bonds is $946,001. As of June 30, 2009, the reserve amount was $1,214,182. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding (net of unamortized discounts of $199,443) at June 30, 2009 is $15,675,557.

Tax Allocation Revenue Parity Bonds, Taxable Series 2006

In June 2006, the Southern California Logistics Airport Authority issued $45,020,000 principal amount of Tax Allocation Revenue Parity Bonds, Taxable Series 2006. The proceeds were used to finance certain redevelopment activities benefiting the Southern California Airport.

(8) Business-Type Long-Term Liabilities, (Continued)

Tax Allocation Revenue Parity Bonds, Taxable Series 2006, (Continued)

Bonds maturing on December 1, 2036, and December 1, 2043 in the amounts of $20,080,000, and $24,940,000 are term bonds. The outstanding bonds bear interest at 6.10% due June 1 and December 1 of each year.

The bonds are subject to redemption prior to maturity as described in the bond covenants. The bonds are subject to optional redemption in whole or in part by lot, subject to a premium.

The bonds maturing on December 1, 2036, December 1, 2043 are subject to mandatory redemption in part by pro rata, without premium, commencing December 1, 2006, December 1, 2037, respectively, from sinking fund payments made by SCLAA.

The required reserve for the bonds is $4,194,966. As of June 30, 2009, the reserve amount was $3,257,562. As of October 2009, the reserve was fully funded at $4,195,886. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding (net of unamortized discounts of $517,911) at June 30, 2009 is $42,317,089.

Taxable Tax Allocation Revenue Parity Bonds, Forward Series 2006

In November 2006, Southern California Logistics Airport Authority issued $34,980,000 principal amount of Taxable Tax Allocation Revenue Parity Bonds, Forward Series 2006. The proceeds were used to finance and refinance certain redevelopment activities benefiting the Southern California Logistics Airport.

The bonds mature from December 1, 2007 to December 1, 2043 in varying amounts. Principal is payable in annual installments ranging from $50,000 to $2,320,000, commencing December 1, 2007. The bonds accrue interest at rates between 6.25% and 6.30%. Interest on the bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2007.

The bonds are subject to optional and mandatory redemption prior to maturity.

The bonds are secured by pledged tax revenues. The required reserve for the Bonds is $2,476,455. As of June 30, 2009, the reserve amount was $2,499,990. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding (net of unamortized discounts of $405,769) at June 30, 2009 is $34,284,231.

Taxable Subordinate Tax Allocation Revenue Bonds, Series 2006

In November 2006, the Southern California Logistics Airport Authority issued $64,165,000 principal amount of Taxable Subordinate Tax Allocation Revenue Bonds, Series 2006. The proceeds were used to finance certain redevelopment activities benefiting the Southern California Logistics Airport.

(8) Business-Type Long-Term Liabilities, (Continued)

Taxable Subordinate Tax Allocation Revenue Bonds, Series 2006, (Continued)

The bonds mature from December 1, 2007 to December 1, 2043 in varying amounts. Principal is payable in annual installments ranging from $395,000 to $4,135,000, commencing December 1, 2007. The bonds accrue interest at 6.05%. Interest on the bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2007.

The bonds are subject to optional and mandatory redemption prior to maturity.

The bonds are secured by pledged tax revenues. The required reserve for the bonds is $4,389,930. As of June 30, 2009, the reserve amount was $4,419,173. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding (net of unamortized discounts of $3,011,904) at June 30, 2009 is $60,228,096.

Taxable Housing Set-Aside Revenue Parity Bonds, Series 2007

In March 2007, the Southern California Logistics Airport Authority issued $41,460,000 principal amount of Taxable Housing Set-Aside Revenue Parity Bonds, Series 2007. The proceeds were used to finance certain low and moderate income housing programs of the Authority.

Bonds maturing on December 1, 2012, December 1, 2017, December 1, 2022, December 1, 2027, and December 1, 2043 in the amounts of $3,265,000, $2,800,000, $3,620,000, $4,685,000 and $27,090,000 are term bonds. The outstanding bonds bear interest at 5.00%, 5.20%, 5.25%, 5.40% and 5.55% due June 1 and December 1 of each year.

The bonds are subject to optional redemption in whole or in part by lot, without premium.

The required reserve for the Bonds is $1,299,705. As of June 30, 2009, the reserve amount consisting of fiscal agent cash and an insurance policy was $1,313,126. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding (net of unamortized discounts of $550,158) at June 30, 2009 is $39,439,842.

Subordinate Tax Allocation Revenue Bonds, Series 2007

In December 2007, the Southern California Logistics Airport Authority issued $42,000,000 principal amount Subordinate Tax Allocation Revenue Bonds, Series 2007. The proceeds were used to finance certain redevelopment activities benefiting the Southern California Logistics Airport.

(8) Business-Type Long-Term Liabilities, (Continued)

Subordinate Tax Allocation Revenue Bonds, Series 2007, (Continued)

Bonds maturing on December 1, 2008, December 1, 2009, December 1, 2012, December 1, 2017, December 1, 2022, December 1, 2027, December 1, 2032, December 1, 2032, December 1, 2037, December 1 2037, December 1, 2037, December 1, 2043 and December 1, 2043 in the amounts of $480,000, $425,000, $1,395,000, $2,805,000, $3,640,000, $4,745,000, $3,000,000, $3,275,000, $3,325,000, $3,800,000, $1,250,000, $9,210,000 and $4,650,000 are term bonds. The outstanding bonds bear interest at 4.000%, 4.200%, 4.375%, 5.250%, 5.375%, 5.600%, 5.900%, 6.000%, 5.900%, 6.000%, 6.100%, 5.900% and 6.150% due June 1 and December 1 of each year.

The bonds are subject to redemption prior to maturity at the option of the Authority, on or after December 1, 2017, in whole or in part by lot, without premium.

The bonds maturing on the dates described above are subject to mandatory redemption in part by lot, without premium, commencing December 1, 2010, December 1, 2013, December1, 2018, December 1, 2023, December 1, 2028, December 1, 2028, December 1, 2033, December 1, 2033, December 1, 2033, December 1, 2038, and December 1, 2038, respectively, from sinking fund payments made by SCLAA.

The required reserve for the Bonds is $2,824,473. As of June 30, 2009, the reserve amount was $2,847,463. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding (net of unamortized discounts of $1,437,052) at June 30, 2009 is $40,082,948.

Subordinate Tax Allocation Revenue Bonds, Series 2008

In May 2008, the Southern California Logistics Airport Authority issued $13,334,925 principal amount of Subordinate Tax Allocation Revenue Bonds, Series 2008A. The proceeds were used to finance certain redevelopment activities benefiting the Southern California Logistics Airport and to partially refund the $35,000,000 principal amount of Subordinate Tax Allocation Revenue Notes, Series 2008 (see below).

Bonds maturing on December 1, 2010, December 1, 2013, December 1, 2018, December 1, 2023, December 1, 2033, December 1, 2038, and December 1, 2043 in the amounts of $130,000, $215,000, $340,000, $530,000, $1,675,000, $1,285,000, and $1,720,000 are Current Interest Bonds. The outstanding bonds bear interest at 4.25%, 4.50%, 5.00%, 5.25%, 6.00%, 6.00% and 6.00% due June 1 and December 1 of each year.

Bonds maturing on December 1 of each year beginning 2044 through 2050 in the initial principal amounts of $1,316,266, $1,216,397, $1,123,621, $1,037,536, $957,600, $883,633, and $814,910 are Capital Appreciation Bonds. The outstanding bonds bear yields to maturity of 7.3002915%, 7.3200962%, 7.3401156%, 7.3600963%, 7.3802848%, 7.4000414% and 7.4202729%. All of the bonds have a maturity value of $18,085,000.

(8) Business-Type Long-Term Liabilities, (Continued)

Subordinate Tax Allocation Revenue Bonds, Series 2008, (Continued)

The Current Interest Bonds are subject to redemption prior to maturity at the option of the Authority, on or after December 1, 2018, in whole or in part by lot, without premium. The Capital Appreciation Bonds are subject to optional redemption in whole or in part by lot, without premium.

The required reserve for the Bonds is $1,332,492. As of June 30, 2009, the reserve amount was $1,336,903. The bonds are a special obligation of the Southern California Logistics Airport Authority payable from tax increment revenues. The amount of bonds outstanding (net of unamortized discounts of $557,737) at June 30, 2009 is $13,892,662.

Notes Payable:

Subordinate Tax Allocation Revenue Notes, Series 2008

In February 2008, the Southern California Logistics Airport Authority issued $35,000,000 principal amount of Subordinate Tax Allocation Revenue Notes, Series 2008. The proceeds were used to finance certain redevelopment activities benefiting the Southern California Logistics Airport.

The notes have a maturity date of October 7, 2008 in the amount of $35,000,000. The notes accrue interest at a rate of 7%. Interest on the notes is payable semiannually on April 7, 2008 and October 7, 2008.

The notes are subject to optional redemption in whole or in part by lot, without premium.

The notes are a special obligation of the Southern California Logistics Airport Authority payable from tax increments revenues. On October 7, 2008, principal and accrued interest in the amount of $25,385,000 has been repaid by the SCLAA.

Lease Revenue Bonds:

Variable Rate Lease Revenue Bonds, Series 2007A

In May 2007, the Victorville Joint Powers Financing Authority issued $83,770,000 principal amount of Variable Rate Lease Revenue Bonds, Series 2007A. The bonds were issued to refund the 2005 Variable Rate Lease Revenue Bonds, Series A ($41,000,000) and 2006 Variable Rate Lease Revenue Bonds, Series A ($23,645,000). The proceeds were used to assist the City of Victorville in financing a cogeneration power plant and other related facilities.

The bonds are subject to optional redemption in whole or in part by lot, without premium.

(8) Business-Type Long-Term Liabilities, (Continued)

Variable Rate Lease Revenue Bonds, Series 2007A, (Continued)

The required reserve for the Bonds is $5,872,700. As of June 30, 2009, the reserve amount was $6,048,091. The bonds are a special obligation of the Victorville Joint Powers Financing Authority payable from revenues consisting primarily of base rental lease payments paid by the city and amount held in the funds and established under the indenture. The amount of bonds outstanding at June 30, 2009 is $83,770,000.

Revenue Refunding Bonds:

2004 Project Revenue Bonds

In November 1994, the City entered into an installment purchase agreement to acquire a one-half undivided interest in the Victor Valley Materials Recovery Facility. The design and construction of the Facility was completed in October 1995 and was funded by the issuance of $6,825,000 Project Revenue Bonds, Series 1994 through the Mojave Desert and Mountain Solid Waste Joint Powers Authority (Authority). On May 1, 2004, the $5,910,000 Project Revenue Refunding Bonds, Series 2004 were used to currently refund the 1994 bonds, which have no balance.

The City is obligated to make monthly installment purchase payments to the Authority equal to the sum of (1) one-twelfth of the next principal payment and (2) one-sixth of the next interest payment. Interest on the installment purchase obligation ranges from 2.0% to 5.1% and total annual principal installments range from $135,000 to $252,500.

The City will pay to the Authority the installment payments solely from service revenues, which consist primarily of rates and charges imposed by the City for Solid Waste Management services.

Covenants within the installment purchase agreement require the City of Victorville to establish annual rates sufficient to pay operating expenses and debt service payments in such fiscal year. In addition, such rates shall be charged to produce net revenues equal to at least 125% of the debt service payments due and payable in such fiscal year. Since the beginning of the fiscal year on July 1, 2008 through June 30, 2009, the City was in compliance with the rate covenants.

The required reserve for the bonds is $536,070. As of June 30, 2008, the reserve amount was $536,070. The City of Victorville's 50% amount of bonds outstanding (net of unamortized discounts of $100,414) at June 30, 2009 is $2,124,586.

(8) Business-Type Long-Term Liabilities, (Continued)

Certificates of Participation:

1998 Certificates of Participation

In 1998, the City of Victorville's Baldy Mesa Water District issued 1998 Certificates of Participation in the amount $2,850,000. The proceeds were used to finance public improvements within the Baldy Mesa Water District service area.

The Certificates of Participation had a stated interest rates ranging from 4.10% to 5.00%. The annual debt service is a special limited obligation of the District payable from and secured by a pledge of and lien on the net revenues of the District. Principal and interest payments are due each August 1st and interest only payments are due each February 1st. The amount of Certificates of Participation outstanding at June 30, 2009 is $2,075,000.

2006 Certificates of Participation

On March 1, 2006, the City of Victorville's Baldy Mesa Water District issued 2006 Certificates of Participation. The proceeds were used to finance public improvements within the Baldy Mesa Water District service area.

The Certificates of Participation had a stated interest rates ranging from 3.20% to 5.00%. The annual debt service is a special limited obligation of the District payable from and secured by a pledge of and lien on the net revenues of the District. Principal and interest payments are due each August 1st and interest only payments are due each February 1st. The amount of Certificates of Participation outstanding at June 30, 2009 is $12,600,000.

(8) Business-Type Long-Term Liabilities, (Continued)

Debt Service Requirements to Maturity

The annual requirements to amortize outstanding proprietary fund debt of the City as of June 30, 2009, are as follows for each fiscal year ending June 30:

Year Ending June 30	Lease Purchase Agreements Principal	Lease Purchase Agreements Interest	Installment Sale Agreement Principal	Installment Sale Agreement Interest	Tax Allocation Bonds Principal	Tax Allocation Bonds Interest
2010	$ 920,293	155,652	300,964	26,298	3,505,000	18,041,180
2011	789,074	113,414	312,386	14,876	3,660,000	17,880,302
2012	412,283	83,179	160,612	3,019	3,830,000	17,710,021
2013	431,269	64,194	-	-	4,005,000	17,524,678
2014	454,167	44,295	-	-	4,195,000	17,321,385
2015	469,023	23,440	-	-	4,410,000	17,104,023
2016	144,032	1,897	-	-	4,635,000	16,874,359
2017	-	-	-	-	4,865,000	16,635,808
2018	-	-	-	-	5,110,000	16,387,661
2019	-	-	-	-	5,365,000	16,124,391
2020	-	-	-	-	5,635,000	15,845,331
2021	-	-	-	-	5,920,000	15,550,720
2022	-	-	-	-	6,225,000	15,238,104
2023	-	-	-	-	6,550,000	14,906,577
2024	-	-	-	-	6,885,000	14,555,859
2025	-	-	-	-	7,245,000	14,184,559
2026	-	-	-	-	7,630,000	13,792,810
2027	-	-	-	-	8,035,000	13,379,169
2028	-	-	-	-	8,455,000	12,942,639
2029	-	-	-	-	8,905,000	12,479,819
2030	-	-	-	-	9,385,000	11,989,006
2031	-	-	-	-	9,885,000	11,471,438
2032	-	-	-	-	10,425,000	10,911,069
2033	-	-	-	-	11,010,000	10,298,555
2034	-	-	-	-	11,640,000	9,644,576
2035	-	-	-	-	12,320,000	8,952,393
2036	-	-	-	-	13,030,000	8,219,803
2037	-	-	-	-	13,780,000	7,444,720
2038	-	-	-	-	14,575,000	6,624,438
2039	-	-	-	-	15,425,000	5,755,975
2040	-	-	-	-	16,310,000	4,836,911
2041	-	-	-	-	17,260,000	3,864,369
2042	-	-	-	-	18,260,000	2,835,006
2043	-	-	-	-	19,315,000	1,745,708
2044	-	-	-	-	20,440,000	592,825
2045	-	-	-	-	1,316,226	16,768,774
2046	-	-	-	-	1,216,397	16,868,603
2047	-	-	-	-	1,123,621	16,961,379

(8) Business-Type Long-Term Liabilities, (Continued)

Debt Service Requirements to Maturity, (Continued)

Year Ending June 30	Lease Purchase Agreements Principal	Lease Purchase Agreements Interest	Installment Sale Agreement Principal	Installment Sale Agreement Interest	Tax Allocation Bonds Principal	Tax Allocation Bonds Interest
2048	-	-	-	-	1,037,536	17,047,464
2049	-	-	-	-	957,602	17,127,399
2050	-	-	-	-	883,633	17,201,367
2051	-	-	-	-	814,910	17,270,090
Subtotal	3,620,141	486,071	773,962	44,193	335,474,925	538,911,263
Less: Unam. Disc.	-	-	-	-	(6,498,676)	-
Total	$3,620,141	486,071	773,962	44,193	328,976,249	538,911,263

Year Ending June 30	Certificate of Participation Principal	Certificate of Participation Interest	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest	Revenue Refunding Bonds Principal	Revenue Refunding Bonds Interest
2010	335,000	669,268	-	-	160,000	104,943
2011	350,000	656,313	300,000	-	167,500	98,943
2012	360,000	642,765	400,000	-	172,500	92,075
2013	370,000	628,615	500,000	-	182,500	84,658
2014	385,000	613,905	750,000	-	190,000	76,445
2015	410,000	595,805	1,000,000	-	197,500	67,515
2016	430,000	576,655	1,620,000	-	210,000	58,035
2017	440,000	556,705	1,705,000	-	220,000	47,745
2018	465,000	536,055	1,795,000	-	230,000	36,745
2019	490,000	516,240	1,895,000	-	242,500	25,245
2020	505,000	495,240	1,995,000	-	252,500	12,877
2021	530,000	473,390	2,100,000	-	-	-
2022	550,000	450,375	2,210,000	-	-	-
2023	575,000	426,180	2,330,000	-	-	-
2024	600,000	399,845	2,455,000	-	-	-
2025	625,000	372,483	2,585,000	-	-	-
2026	465,000	348,625	2,720,000	-	-	-
2027	485,000	328,398	2,865,000	-	-	-
2028	505,000	307,300	3,020,000	-	-	-
2029	530,000	284,575	3,180,000	-	-	-
2030	555,000	260,725	3,345,000	-	-	-
2031	580,000	235,750	3,525,000	-	-	-
2032	605,000	206,750	3,715,000	-	-	-
2033	640,000	176,500	3,910,000	-	-	-
2034	670,000	144,500	4,120,000	-	-	-
2035	705,000	111,000	4,335,000	-	-	-
2036	740,000	75,750	4,565,000	-	-	-

(8) Business-Type Long-Term Liabilities, (Continued)

Debt Service Requirements to Maturity, (Continued)

Year Ending June 30	Certificate of Participation Principal	Certificate of Participation Interest	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest	Revenue Refunding Bonds Principal	Revenue Refunding Bonds Interest
2037	775,000	38,750	4,810,000	-	-	-
2038	-	-	5,065,000	-	-	-
2039	-	-	5,335,000	-	-	-
2040	-	-	5,620,000	-	-	-
Subtotal	-	-	83,770,000	-	2,225,000	705,226
Less: Unam. Dis.	-	-	-	-	(100,414)	-
Total	$14,675,000	11,128,462	83,770,000	-	2,124,586	705,226

(9) Pledged Revenue

The City and its component units have a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses, where required)	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service as a Percentage of Pledged Revenue
Property Tax Increment pledged by the Victorville Redevelopment Agency.	$ 6,055,931	3,207,682	53%
Property Tax Increment (non-housing) pledged by the Southern California Logistics Airport Authority	23,156,629	17,651,596	76%
Property Tax Increment (housing) pledged by the Southern California Logistics Airport Authority	8,060,034	3,530,727	44%
Water Charges for Services	1,461,285	1,004,728	69%

(10) Fund Balances

Fund balances of governmental funds at June 30, 2009 consisted of the following reserves:

	General	Low and Moderate Housing - SR	Measure I Street Arterials	Capital Impact Facilities	Victorville Redevelopment Agency – CP	Nonmajor Funds	Totals
Reserved for:							
Notes receivable	$ -	2,433,213	-	-	205,257	300	2,638,770
Inventories	213,854	-	-	-	-	-	213,854
Prepaid items	33,944	-	-	-	-	1,937,861	1,971,806
Advances to other funds	-	4,674,541	-	-	10,000,000	-	14,674,541
Land held for resale	-	13,067,232	-	-	7,371,709	-	20,438,941
Debt service	-	-	-	-	-	1,922,588	1,922,588
Total reserved	247,798	20,174,986	-	-	17,576,966	3,860,749	41,860,499
Unreserved:							
Undesignated	10,398,067	-	-	-	17,300,909	-	27,698,976
Designated	-	14,741,113	8,920,086	3,170,631	-	6,626,466	33,458,296
Total unreserved	10,398,067	14,741,113	8,920,086	3,170,631	17,300,909	6,626,466	61,157,272
Total fund balances	$10,645,865	34,916,099	8,920,086	3,170,631	34,877,875	10,487,215	103,017,771

(11) Deficit Fund Balances

The following funds had deficit fund balances/net assets as of June 30, 2009.

	Deficit Fund Balance
Special Revenue Funds:	
CDBG & HOME Grants	$ 363,934
Other Federal Grants	5,434,404
Enterprise Funds:	
Southern California Logistics Airport Authority (SCLAA)	53,297,711
Municipal Utility	75,601,702

(12) Expenditures in Excess of Appropriations

The following funds reported total expenditures in excess of total appropriations for the year ended June 30, 2009:

	Budget	Actual	Variance
Special Revenue Funds:			
Street Lighting	939,941	1,107,290	(167,349)
Other State Grants	1,318,234	2,055,999	(737,765)

(13) Defined Benefit Pension Plan

Plan Description

The City of Victorville contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, 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. Copies of PERS' annual financial reports may be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811.

Funding Policy

Participants are required to contribute 7% (9% for safety employee) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and City contract with employee bargaining groups and the employer contribution rate is established and may be amended by PERS.

Annual Pension Cost

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2008 to June 30, 2009 has been determined by an actuarial valuation of the plan as of June 30, 2006. The contribution rate indicated for the period is 20.842 of payroll for the safety plan and 12.239% of payroll for the miscellaneous plan.

(13) Defined Benefit Pension Plan, (Continued)

A summary of principle assumptions and methods used to determine the ARC is shown below.

	Miscellaneous Plan	Safety Plan
Valuation Date	June 30, 2006	June 30, 2006
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	30 Years as of the Valuation Date	14 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market	15 Year Smoothed Market
Actuarial Assumptions		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0% and an annual production growth of 0.25%	A merit scale varying by duration employment coupled with an assumed annual inflation growth of 3.0% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. The schedule of funding progress, presented below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(13) Defined Benefit Pension Plan, (Continued)

Required Supplementary Information – Miscellaneous

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (UAAL)/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
6/30/06	$63,276,105	54,822,174	8,453,931	86.6%	21,156,545	40.0%
6/30/07	73,904,059	63,243,609	10,660,450	85.6%	25,924,824	41.1%
6/30/08	84,379,802	72,565,970	11,813,832	86.0%	32,871,039	35.9%

PERS requires plans with less than 100 active members as of June 30, 2004 to participate in a risk pool. Mandated pooling was effective for the Safety Plan with the June 30, 2005 actuarial valuation. As such, individual employer's retirement data is no longer available.

For each of the fiscal years shown below, the City has contributed at the actuarial determined rate provided by PERS' actuaries:

Annual Pension Cost (Employer Contribution)

Fiscal Year	Safety	Miscellaneous	Percentage of APC Contributed	Net Pension Obligation
6/30/07	$980,955	2,988,368	100%	-
6/30/08	1,080,013	3,809,572	100%	-
6/30/09	121,237	3,945,848	100%	-

(14) Deferred Compensation

The City has established a deferred compensation plan through Great-West Life and Annuity Insurance Company in accordance with Internal Revenue Code Section 457(b), whereby the City employees may elect to defer portions of their compensation in a self-directed investment plan for retirement. The City makes no contribution to the plan on behalf of the members. Plan assets are invested in each individual's name with several deferred compensation plan providers. Distributions are made upon the participant's termination, retirement, death or total disability, and in a manner in accordance with the election made by the participant. The City has no liability for losses under the plan.

(15) Post Employment Benefit Plan

Other Post Employment Benefits Plan

During the year ended June 30, 2009, the City implemented GASB Statement No.45 which changed the accounting and financial reporting used by local government employers for postemployment benefits. Previously, the costs of such benefits were generally recognized as expenditures/expenses of local government employers on a pay-as-you-go basis. The new reporting requirement for these benefit programs as they pertain to the City are set forth below.

Plan Descriptions. The City of Victorville contributes to two single-employer defined benefit healthcare plans: City Retiree Healthcare Plan (City Plan) and Water District Retiree Healthcare Plan (District Plan). Each plan provides medical benefits to eligible retired City employees and Water District employees and beneficiaries in accordance with various labor agreements. The plan covers employees who retire directly from the City with 8 years of service (5 years for Water District employees). The Water District Retiree Healthcare Plan also provides Dental and Vision benefits to eligible former Water District employees with 15 years of service. The City provides a contribution up to a certain amount (a portion of the Health Net HMO single premium). The percentage varies based on years of City service. The City currently also pays life insurance premium for eight Water District retirees and no benefit is available for future retirees.

City's Funding Policy. The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For the fiscal year ended June 30, 2009, the City contributed $190,329 to the plan. The City has not established a trust that is administered by the City for the purpose of holding assets accumulated for plan benefits.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the value of employer promised benefits expected to be earned or allocated for each fiscal year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

(15) Post Employment Benefit Plan, (Continued)

	City and Water District Plan
Annual required contribution	$2,485,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	2,485,000
Contributions made (including premium paid)	(190,329)
Increase in net OPEB cost (expense)	2,294,671
Net OPEB obligation – beginning of year	-
Net OPEB obligation – end of year	$2,294,671

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years for each of the plans were as follows (dollar amounts in thousands):

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/07	N/A	N/A	N/A
6/30/08	N/A	N/A	N/A
6/30/09	$2,294,671	190,329	8.29%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information at the end of this note, present multi-year trend information about whether the actuarial value of plan asset is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

(15) Post Employment Benefit Plan, (Continued)

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

The actuarial cost method used for this valuation is the Entry Age Normal (EAN) cost method. Under the EAN cost method, the Normal Cost for each participant is determined as a level percent of payroll throughout the participant's working lifetime. The Unfunded Actuarial Accrued Liability was amortized over a fixed 30-year period as a level percentage of payroll beginning with the 2008/09 fiscal year. The City has selected the discount rate (4.25%) and healthcare is assumed to increase, on the average 7.1% for HMO's and 7.5% for PPO's a year for the next 9 year, with a 3% inflation rate.

Schedule of Funding Progress

The funding progress of the plan as of the date of the most recent actuarial valuation is as follows:

Actuarial Date	Actuarial Assets	Actuarial Accrued Liability Entry Age	Unfunded AAL Unfunded (UAAL)	Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/08	$ -	$21,266,000	$21,266,000	0%	$25,251,000	84.22%

(16) Joint Ventures

The City participates in joint ventures through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint venture is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint ventures, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on

(16) Joint Ventures, (Continued)

that board. Obligations and liabilities of these joint ventures are not the City's responsibility and the City does not have an equity interest in the assets of each joint venture except upon dissolution of the joint venture.

Regional Fire Protection Authority

Regional Fire Protection Authority (RFPA) was formed in 1979 between the City of Victorville, Apple Valley Fire Protection Agency and Hesperia Fire Protection District on an equal basis to provide fire protection, emergency dispatch, and related functions in order to reduce individual agency financial and personnel requirements. An Advisory Committee was established with a representative appointed by each member agency. The Advisory Committee shall consider and adopt an annual budget for RFPA. Each member contributes its pro rata share of operating costs to RFPA. As of June 30, 2004, Hesperia Fire Protection District terminated membership in RFPA. The City contributed $297,964 to RFPA for the year ended June 30, 2009 for fire protection services. Financial statements may be obtained by mailing a request to City of Victorville, 14343 Civic Drive, Victorville, CA 92392.

Mojave Desert and Mountain Integrated Waste Management Authority

Mojave Desert and Mountain Integrated Waste Management Authority (MDMA) was formed in September of 1991 between the cities of Victorville, Barstow, Big Bear Lake, Needles, Twentynine Palms, the Towns of Apple Valley and Yucca Valley and the County of San Bernardino to operate the recycling processing center known as Victor Valley Materials Recovery Facility (MRF). The City of Victorville maintains a 50% interest in the MRF. The remaining 50% interest is maintained by the Town of Apple Valley. Contribution rates from member agencies are based on each member's current population as a percentage of the total population of the MDMA. The City's contribution toward the cost of operating and maintaining the facility during the year June 30, 2009 was $94,621. The City's portion of MDMA debt and its operation are reflected in the solid waste management enterprise fund. Financial statements may be obtained by mailing a request to the City of Victorville, 14343 Civic Drive, Victorville, CA 92392.

(16) Joint Ventures, (Continued)

Victor Valley Economic Development Authority

The Victor Valley Economic Development Authority (VVEDA) was formed in 1992 between the Cities of Victorville and Hesperia, the Town of Apple Valley and the County of San Bernardino to provide the mechanism and funding to acquire George Air Force Base, facilitate the successful reuse of the property and promote economic development within the area surrounding the Air Base. In 2000, the City of Adelanto was added as a member of the Authority. Financial statements may be obtained by mailing a request to the Town of Apple Valley, 14995 Dale Evans Parkway, Apple Valley, CA 92307.

Victor Valley Transit Authority

The Victor Valley Transit Authority (VVTA) was formed in 1993 between the Cities of Victorville, Adelanto, and Hesperia, the Town of Apple Valley, and the County of San Bernardino for the purpose of implementing a public transit system to serve the Victor Valley and to provide connecting services to all other areas. The governing body of VVTA is made up of representatives from each significant participant in VVTA. Budgeting and financing are the responsibility of VVTA. The City of Victorville has agreed to sell monthly bus passes issued by VVTA and to remit between the first and tenth day of each month the previous month's sales receipts and proceeds. Financial statements may be obtained by sending a written request to Victor Valley Transit Authority, 11741 E. Santa Fe Avenue, Hesperia, CA 92345.

Victor Valley Wastewater Reclamation Authority

The Victor Valley Wastewater Reclamation Authority (VVWRA) was formed in 1999 between the Cities of Victorville, Adelanto, and Hesperia, the Town of Apple Valley, and the County of San Bernardino for the purpose of construction, operation and maintenance of sewer collection, transmission and treatment facilities within the high desert region.

The governing body of VVWRA is made up of representatives of each significant participant in VVWRA. Budgeting and financing are the responsibility of the VVWRA. The City makes monthly payments to VVWRA for sewer treatment and connection fee services. The City made payments totaling $6,355,581 to VVWRA for the year ended June 30, 2009. Financial statements may be obtained by sending a written request to Victor Valley Wastewater Reclamation Authority, 20111 Shay Road, Victorville, CA 92394.

(17) Participation in Risk Pool

The City is a member of the Public Entity Risk Management Authority (PERMA), formerly Coachella Valley Joint Powers Insurance Authority (CVJPIA), a joint powers authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of twenty-six participating member agencies, eighteen cities with populations ranging from 1,500 to 100,000, three transit agencies, and five special districts. The City participates in the liability and worker's compensation insurance programs of PERMA.

The liability program provides coverage up to $50 million per occurrence for personal injury, bodily injury, property damage and public officials' errors and omissions. The City has selected a self-insured retention of $50,000 and participates in risk sharing pools for losses up to $1 million followed by PERMA's membership in the CSAC Excess Insurance Authority for excess coverage to the limits.

The workers' compensation program provides statutory limits per accident for workers' compensation and $5 million each accident for employers' liability. The City self-insures up to a level of $250,000 per accident or employee and participates in a risk sharing pool for losses up to $500,000 followed by PERMA's membership in the Local Agency Worker's Compensation Excess Joint Powers Authority (LAWCX) and the CSAC Excess Insurance Authority for excess coverage to the limits.

Changes in the amount of claims payable for the past two fiscal years are as follows:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance	Due within one year
2007-08	1,081,798	520,770	(317,447)	1,285,121	300,000
2008-09	1,285,121	465,133	(715,086)	1,035,168	300,000

Claim payments represent disbursements from deposits held by PERMA on behalf of the City. None of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage for the past 3 years.

(18) Debt Without Government Commitment

Special Tax Bonds

The City is the collection and paying agent for the Community Facilities District No. 01-01 of the City of Victorville Special Tax Bonds, 2002 Series A. The special tax bonds are secured by valid assessment liens upon certain lands within the special assessment district and are not direct liabilities of the City and, accordingly, are not included in the accompanying general purpose financial statements. The City has no obligation beyond the balances in the designated agency funds for any delinquent assessment district bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. Neither the faith, credit or taxing power of the City is pledged to the payment of the bonds. The City acts solely as an agent for those paying assessments and for the bondholders. The outstanding balance at June 30, 2009 was $945,000.

The City is the collection and paying agent for the Community Facilities District No. 90-1 of the City of Victorville Special Tax Refunding Bonds, 2005 Series A. The special tax bonds were issued to refund the District's Special Tax Bonds, 1991 Series A. The special tax bonds are secured by valid assessment liens upon certain lands within the special assessment district and are not direct liabilities of the City and, accordingly, are not included in the accompanying general purpose financial statements. The City has no obligation beyond the balances in the designated agency funds for any delinquent assessment district bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. Neither the faith, credit or taxing power of the City is pledged to the payment of the bonds. The City acts solely as an agent for those paying assessments and for the bondholders. The outstanding balance at June 30, 2009 was $5,270,000.

The City is the collection and paying agent for the Community Facilities District No. 01-01 of the City of Victorville Special Tax Bonds, 2005 Series A. The special tax bonds are secured by valid assessment liens upon certain lands within the special assessment district and are not direct liabilities of the City and, accordingly, are not included in the accompanying general purpose financial statements. The City has no obligation beyond the balances in the designated agency funds for any delinquent assessment district bond payments. If delinquencies occur beyond the amounts held in the reserve funds created

(18) Debt Without Government Commitment, (Continued)

Special Tax Bonds, (Continued)
from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. Neither the faith, credit or taxing power of the City is pledged to the payment of the bonds. The City acts solely as an agent for those paying assessments and for the bondholders. The outstanding balance at June 30, 2009 was $3,100,000.

Refunding Improvement Bonds:
The City is the collection and paying agent for the Water Assessment District 2R of the Refunding Improvement Act Bonds, Series 2006, Assessment District 2R. On March 2, 2006, the Baldy Mesa Water District issued $4,070,000 principle amount in Refunding improvement Bonds Series 2006. The proceeds were used to refinance and refund the Refunding Improvement Bonds, Series 1989, Assessment District 2R, to fund a reserve fund for the Bonds and pay cost related to the issuance of the Bonds.

A special assessment has been levied on the property tax bill of those residents who reside within the boundaries of Assessment District 2R to repay the debt service of this obligation. Principal and interest payments are due each September 2nd and interest only payments are due each March 2nd. The amount of refunding bonds outstanding on June 30, 2009 is $2,995,000. These bonds do not constitute a debt or an obligation of the City because the bonds are solely payable and secured by assets and revenues of other parties.

Multifamily Housing Revenue Bonds
In November of 1988, the City of Victorville issued $8,400,000 Variable Rate Demand Multifamily Housing Revenue Bonds to finance the construction and development of 200 multifamily housing units in the City of Victorville. The outstanding debt at June 30, 2009 was $6,100,000. These bonds do not constitute a debt or an obligation of the City because the bonds are solely payable and secured by assets and revenues of other parties.

(19) Commitments and Contingencies

A. Litigation

The City is a defendant in certain legal actions arising in the normal course of operations. The accompanying basic financial statements reflect a liability for the probable amounts of loss associated with these claims.

(19) Commitments and Contingencies, (Continued)

B. Construction

Various construction projects were in progress at June 30, 2009 with an estimated cost to complete of approximately $77,440,547 in all fund types.

C. Commitments for the Purchase of Electricity.

In November, 2008 the Victorville Municipal Utility Services (an enterprise fund of the City of Victorville) entered into "Take or Pay" agreements for the purchase of electricity and other scheduling coordinator and settlement services with Sempra Energy Solutions. The commitments to purchase electricity extend through December 31, 2011 and are at varying contract prices based upon demand.

D. Southern California Logistics Airport Authority

Stirling Enterprise, LLC

Background

In the early 1990's the US Air Force closed George Air Force Base ("former Base"). In response the local communities formed the Victor Valley Economic Development Authority (VVEDA). VVEDA and the Air Force entered into agreements to lease and ultimately transfer title to the former Base to VVEDA. The subject land is designated as either Public Benefit Transfer (PBT) Parcels or Economic Development Conveyance (EDC) Parcels. The PBT Parcels are made up of approximately 2,200 acres previously used by the U.S. Air Force and are restricted to use as an airport. These parcels were transferred to SCLAA at no cost. The EDC Parcels are made up of approximately 1,800 acres of adjacent property which may be developed for use as commercial property. SCLAA paid $1,636,489 and is required to pay additional $37,176 for these EDC Parcels.

In 1993 a Redevelopment Plan was adopted by VVEDA establishing a redevelopment project area encompassing the former Base as well as approximately 55,000 additional acres. VVEDA delegated its decision making authority relative to the former Base, now known as Southern California Logistics Airport or SCLA, to the Southern California Logistics Airport Authority ("SCLAA"). SCLAA is a component unit entity of the City of Victorville. It is also a Joint Power Authority created by the City of Victorville and the Victorville Redevelopment Agency.

(19) Commitments and Contingencies, (Continued)

SCLAA adopted a Specific Plan in conformity with the Redevelopment Plan and adopted a Master Development Plan establishing its goal to develop the area as a cargo and aircraft maintenance facility and a business/industrial center thereby creating jobs and improving economic conditions in the Victor Valley.

In July 1998 SCLAA and Stirling Enterprises, LLC and its related entities ("Stirling") entered into the first of several agreements for the marketing, acquisition, operation and development of SCLA. The Third Amended and Restated Master Agreement ("Stirling Agreement") is the current agreement superseding all previous versions.

Revenues from Sales of Land

Pursuant to the Stirling Agreement SCLAA agreed to transfer a portion of the EDC Parcels to Stirling at the original cost with future revenue sharing based on the profit earned by Stirling. The revenue sharing formula states that to the extent that sales proceeds exceed the transfer price to Stirling, SCLAA and Stirling will share in the excess proceeds as follows:

- The first $1.00 in excess is all allocated to Stirling
- The second $1.00 is split 50%/50% between Stirling and Authority
- Thereafter, excess proceeds are split 80% to Stirling and 20% to Authority

The terms of sale and transfer are to be documented in a Disposition and Development Agreement (DDA).

The Stirling Agreement provides the Authority with discretion over incurring obligation to pay for pre-development costs and infrastructure costs. Prior to transfer, sources of revenue to finance SCLAA's infrastructure costs shall be identified, said financing to be made up primarily of tax increment revenues received by SCLAA as a pass through from VVEDA. To the extent tax increment revenues are not available; the obligations of SCLAA to contribute infrastructure financing shall be modified, deferred, or paid from outside sources such as grants or developer equity.

(19) Commitments and Contingencies, (Continued)

Management

Stirling is allowed to lease or cause to be leased both the EDC and PBT Parcels and shall participate in 20% of the Net Lease Revenue. To incentivize Stirling's marketing of the Airport, Stirling is paid 20% of the increase in Airport revenues over and above a base year Factor. Such Airport revenues include leases, landing fees, fuel flowage fees and any tariffs or fees pertaining to Airport operations. Additionally, any revenues from other interim uses such as filming will be shared on a 50%/50% basis between Stirling and Authority.

(20) Restatement of Net Assets

	Government-Wide Financial Statements		Proprietary Funds					
	Governmental	Business Type	Victorville Water District	Southern California Logistic Airport Authority	Municipal Utility	Southern California Logistic Rail Authority	Solid Waste Management	Sanitary District
Net assets (deficit) at beginning of year, as previously reported	$573,378,562	174,722,452	193,973,171	(54,609,386)	(64,334,539)	27,660,762	5,178,876	55,470,651
To record revenue not properly recognized in the previous year (1)	5,010,675	-	-	-	-	-	-	-
To remove capital assets due to impairment loss in fiscal year ended June 30, 2007 (2)	-	(787,866)	-	-	(787,866)	-	-	-
To remove net assets of the Assessment District 2R (3)	-	(1,036,623)	(1,036,623)	-	-	-	-	-
To record deferred charges of the Southern California Logistic Airport Authority bond (4)	-	3,415,629	-	3,415,629	-	-	-	-
To record expenditure that was incurred in previous year for the SCLAA but recorded as an expenditure of the SCLRA (5)	-	-	-	(1,175,505)	-	1,175,505	-	-
To record beginning accounts receivables (6)	-	2,488,017	-	-	-	-	1,575,563	912,454
Net assets (deficit) beginning of year, as restated	$578,389,237	178,801,609	192,936,548	(52,369,262)	(65,122,405)	28,836,267	6,754,439	56,383,105

1. During the fiscal year ended June 30, 2008, the City had earned $5,010,675 of various grant revenues that were not collected within the City's 90 day availability period. The revenues were properly deferred in the governmental funds but should have been recognized as revenue in the June 30, 2008 government wide financial statements under the full accrual method of accounting.

(20) Restatement of Net Assets, (Continued)

2. During the fiscal year ended June 30, 2007, the Victorville Municipal Utility wrote off certain assets due to impairment loss. In the current fiscal year, it was discovered that there were additional amounts which represent a component of the impaired asset recorded in Construction In Progress that should have been removed in the amount of $787,866.

3. During the fiscal year June 30, 2009, the Assessment District 2R was reclassified to a fiduciary fund of the Victorville Water District. Accordingly, the net assets in the amount of $1,036,623 of the Assessment District 2R were removed from the Victorville Water District and reclassified to a fiduciary fund of the District.

4. In accordance with GASB 23, deferred charges must be capitalized and amortized. In June 30, 2006, the Southern California Logistic Airport Authority (SCLAA) expensed deferred charges in the amount of $3,684,660, which overstated expenses and understated assets for June 30, 2006. The corrective effect of the entry is to add back the unamortized amount of the deferred charges as of July 1, 2008 in the amount of $3,415,629.

5. During fiscal year ended June 30, 2009, management discovered that there were expenses incurred in the Southern California Logistic Rail Authority (SCLRA) Fund in the previous fiscal year that were misclassified in the Southern California Logistic Airport Authority (SCLAA). A prior period adjustment was made to move cash from SCLAA to SCLRA and restate net asset to reflect the expenditure that should have been recorded in SCLAA. This adjustment also affects beginning cash balances in the SCLAA and SCLRA funds.

6. During fiscal year ended June 30, 2008, the Solid Waste Management and Sanitary District revenues were recorded using the cash method of accounting. A prior period adjustment of $1.6 million and $912,454 were made to record beginning accounts receivable and in the Solid Waste Management Fund and Sanitary District Fund, respectively.

(21) City's Financial Condition, Significant Financial Obligations and Management Plans

General Fund of the City of Victorville

The General Fund is typically the focal point in analyzing the financial health of the City because the General Fund is expected to able to cover both its costs and to act as a financial backstop for other funds in the event of an insufficiency with respect to the other funds. During the fiscal year ended June 30, 2009, the City consolidated the activities of the Parks and Recreation and Fire Protection Special Revenue Funds into the General Fund. For the year ended June 30, 2009 the City's Sanitary Fund transferred to the General Fund (due to the formal dissolution of the Sanitary District as a legal entity) an amount of $15,000,000 This amount represents a portion of property taxes received by the District since its inception in 1964 through 2008. For the year ended June 30, 2009, the General Fund had a net decrease in fund balance of $1,809,805.

The following is an estimate (unaudited) of General Fund Balance at December 31, 2009.

	General Fund Balance
Fund balance as of June 30, 2008,	$12,455,670
Net decrease in General Fund balance for the year ended June 30, 2009	(1,809,805)
Fund balance as of June 30, 2009	10,645,865
Estimated (decrease) in general fund balance - six months ended December 31, 2009 (unaudited)	(14,400,000)
Estimated general fund balance at December 31, 2009 (unaudited)	$(3,754,135)

The General Fund is expected to have liquidity problems and need to borrow cash from other funds.

(21) City's Financial Condition, Significant Financial Obligations and Management Plans, (Continued)

Deficit Operations for Proprietary Funds

The Southern California Logistics Airport Authority (SCLAA) has a history of operating at a significant deficit. A summary of SCLAA financial condition is as follows:

	SCLAA Deficit Balance
Net asset deficiency at June 30, 2008, as restated	$(53,270,740)
Net loss for the year ended June 30, 2009	(26,971)
Net asset deficiency at June 30, 2009	(53,297,711)
Estimated loss for the six months ended December 31, 2009 (unaudited)	(346,000)
Estimated net asset deficiency at December 31, 2009 (unaudited)	$(53,643,711)

The Municipal Utilities (VMUS) enterprise fund also has a history of operating with significant deficiencies. A summary of the financial condition of the VMUS enterprise fund is as follows:

	VMUS Deficit Balance
Net asset deficiency as of June 30, 2008	$(65,122,405)
Net loss for the year ended June 30, 2009	(10,479,297)
Net asset deficiency at June 30, 2009	(75,601,702)
Estimated net loss for the six months ended December 31, 2009 (unaudited)	(1,800,000)
Estimated net asset deficiency at December 31, 2009 (unaudited)	$(77,401,702)

(21) City's Financial Condition, Significant Financial Obligations and Management Plans, (Continued)

Significant Financial Obligations

Over the course of the last several years, the City has undertaken a number of significant projects whose ultimate goal was to create new jobs, entrance the local housing and business markets through population increases and to implement an income stream to the City. To fund these efforts the City entered into significant obligations. The two most significant obligations are the contract with General Electric and issuance of the 2007 Variable Rate Lease Revenue Bonds Series A in the amount of $83,770,000. A summary of these two obligations follows:

General Electric Purchase Contract

In 2005, the City began a process of evaluating the feasibility of constructing or causing to he constructed a power plant that was designated as Victorville #2 ("VV2"). To that end, the City signed a Services Agreement with Inland Energy, Inc. ("Inland'), which was charged with the responsibility of developing the project. Consistent with the agreement, Inland performed extensive pre-construction management services, including site layout, permitting, discussions and negotiations with contractors and subcontractors, including General Electric, which was to construct the power block in accordance with plans and specifications developed by Inland.

The development plan adopted by the City was to take all steps required to bring the project to a "build ready" state and then to seek investors to assume an ownership position of all or substantially all of the project. The benefits to the City were many, including the creation of new and well-paying jobs at the plant, enhancement of the City's ability to attract other new businesses and jobs, and significant tax increment revenues for use in further economic development and investment in housing.

On November 20, 2007, SCLAA approved a purchase contract in the adjusted amount of approximately $183 million with GE that set forth the equipment design, delivery schedules, expected costs and termination charges On December 4, 2007 the contract with GE was submitted to the City Council for ratification, which was approved. On December 5, 2007, the contract was signed by representatives of the City and SCLAA and returned to GE. Pursuant to the GE contract SCLAA deposited the sum of $50,020,070 with GE to be applied against mounts owed under the contract.

(21) City's Financial Condition, Significant Financial Obligations and Management Plans, (Continued)

General Electric Purchase Contract, (Continued)

The GE contract required periodic payments, which were negotiated to commence in November 2008, of approximately one year later, which time period would allow the City to complete other steps required to bring the project to build ready state. The GE contract also contained a schedule of termination charges, which were established in amounts similar to amounts that GE would have invested in the construction costs as the construction progressed. The GE contract provides that the City and SCLAA may terminate the contract subject to the payment of the termination charge and provides that the failure to make a payment when due, and following a cure period, may constitute a default that may trigger the application of the termination charge. The termination payment amount is approximately $56 million after deduction for the $50 million previously paid. To provide GE with additional security for payments due under the contract, SCLAA pledged and assigned certain proceeds of any new bond issue that it would issue during the period of construction..

The collapse in the credit markets that began in 2007 worsened during 2008 resulting in the failure of a number of large and nationally known financial institutions including CountryWide Financial, Washington Mutual and Lehman Brothers. The conditions that caused these firms to fail also affected the ability of the City to implement its plan of bringing the project to a "build ready" state and selling the project to an energy company.

As a result the City has been unable to conclude the planned sale of its interests in the VV2 project and the City remains unable to pay the amounts owed to GE.

The first payment due under the contract was payable on November 7, 2008. That payment due date was extended to November 21, 2008. Since November 7, 2008, the City has received additional periodic invoices from GE totaling $3.6 million, bringing the total amount owed to $126.2 million as of February 19, 2009.

On March 13, 2009, the City was notified by GE that GE considers the contract to be in default as a result of the failure by the City to make the periodic payments required in the contract and affords the City until April 16, 2009 to pay all amounts owed under the contract.

(21) City's Financial Condition, Significant Financial Obligations and Management Plans, (Continued)

General Electric Purchase Contract, (Continued)

At the present time, the City is working with a private developer and GE to determine the appropriate project that will best fit the market condition. The renewable portion of the project is more marketable than the natural gas fired portion, so the City is weighing options to maximize the current market conditions while preserving rights to build in the future when overall demand for power increases. The City is continuing negotiations with GE to resolve the contract dispute amicably.

Victorville Joint Powers Financing Authority Bond - $83,770,000

The bond was issued in May 2007, with the proceeds being used to liquidate an earlier bond in the amount of $41 million and to provide certain improvements to the City's electrical system. The proceeds from both bond offerings were used to acquire generators and other equipment for VMUS for installation at the Foxborough Distribution Center and at Southern California Logistics Airport ("SCLA").

The bonds are structured in the form of Variable Rate Lease Revenue Bonds. Under this structure, the bonds were issued with a maturity schedule beginning in 2011 and ending in 2040, but are remarketed on a weekly basis with a weekly interest rate that is established through bids extended from buyers to the remarketing agent.

Security for the bonds is an assignment of lease revenues received by VJPFA on certain assets owned by the City, consisting primarily of fire stations, City Hall certain parks and the Greentree Golf Course, which were leased to VJPFA for a nominal amount, then released back to the City for a lease amount equal to the debt service on the bonds.

The bonds have a credit enhancement instrument in the form of a letter of credit issued by Fortis Bank, N.A., ("Fortis") which guarantees a weekly liquidity market for the bonds. This enables VJPFA to enjoy very low interest rates.

(21) City's Financial Condition, Significant Financial Obligations and Management Plans, (Continued)

Victorville Joint Powers Financing Authority Bond - $83,770,000. (Continued)

The financing agreements with Fortis contain the usual and customary terms imposed on the City and VJPFA. The financing agreements contain specific events or conditions that may constitute a default under the agreements. These include a failure to submit annual financial statements, a failure to pay any debt in excess of $1 million, a deterioration in the financial condition of the City that would have a material adverse impact on the ability of the City to pay the lease amounts and a failure to obtain an unqualified opinion from the City's external CPA firm on the City's financial statements. These conditions, unless cured or waived by Fortis, constitute a default of the financing agreements.

On January 26, 2009, Fortis notified the City that it considered the City to be in default of the financing agreements in that the City failed to deliver its annual financial statements to Fortis within 210 days of the close of the fiscal year ended June 30, 2007. The 2008 Financial Statements have been issued with an unqualified opinion which include a going concern paragraph. Since January 26, 2009, the City has not received any additional default correspondence from Fortis.

Pursuant to the financing agreements with Fortis, and more specifically, a Reimbursement Agreement Fortis has a right to request reimbursement for its investment in the bonds. Fortis has not made this request. It is important to note that the City has made all payments as required under the terms of the bonds and expects to continue to do so.

(21) City's Financial Condition, Significant Financial Obligations and Management Plans, (Continued)

Management's Plans to Improve Operations and Limit City Obligations

The following are management's plans to improve City operations and limit City obligations:

- In anticipation of further revenue declines, the City has implemented a voluntary layoff for February 2010. As part of the mid-year budget review, scheduled for February 9, staff will identify the projected deficit for FY 2009-2010. At the present time, staff believes prior year balances will be sufficient to cover any projected FY 2009-2010 deficit. It is anticipated that additional layoffs or reorganizations will be necessary to ensure a balanced budget for FY 2010-2011.

- As part of the Citywide Reorganization in August 2009, Management of SCLAA was realigned to fall under the direction of the City's Economic Development, the same department that is responsible for directing the activities of the Victorville Redevelopment Agency. It is expected that the reorganization will bring greater management continuity among SCLAA and the Victorville RDA.

- The Victorville Municipal Utility (VMUS) has operated at a deficit due to the City's focus on job creation. Due to interconnection in the Foxborough area and impending interconnection in the SCLA area, as well as changes in management structure, VMUS will be revenue neutral for FY 2009-2010. With two additional large customers coming online, VMUS will be revenue positive in future fiscal years and will begin to have the ability to repay debts. Past asset deficiencies were caused by a stalled energy project in the Foxborough area. Options for these assets are being considered ranging from liquidation to a restart of construction. VMUS staff will be presenting options and recommendations to management later this fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VICTORVILLE

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 39,143,104	39,143,104	33,717,245	(5,425,859)
Licenses and permits	3,274,008	3,274,008	3,482,429	208,421
Intergovernmental	592,781	592,781	3,056,181	2,463,400
Charges for services	1,674,800	1,674,800	6,549,496	4,874,696
Fines and forfeitures	182,633	182,633	407,698	225,065
Investment income	25,000	25,000	75,610	50,610
Sale of assets	-	-	135,348	135,348
Other	8,110,263	8,110,263	134,177	(7,976,086)
Total revenues	53,002,589	53,002,589	47,558,184	(5,444,405)
Expenditures:				
Current:				
General government	27,089,744	27,299,744	12,546,277	14,753,467
Public safety	34,152,370	34,152,370	32,393,883	1,758,487
Public works	9,557,705	9,557,705	9,998,465	(440,760)
Parks and recreation	6,571,787	6,591,787	5,970,730	621,057
Debt service:				
Principal	-	-	583,512	(583,512)
Interest	-	-	102,970	(102,970)
Total expenditures	77,371,606	77,601,606	61,595,837	16,005,769
Excess (deficiency) of revenues over (under) expenditures	(24,369,017)	(24,599,017)	(14,037,653)	10,561,364
Other financing sources (uses):				
Transfers in	25,777,937	25,777,937	16,204,132	(9,573,805)
Transfers out	(15,947,791)	(15,947,791)	(3,976,284)	11,971,507
Total other financing sources (uses)	9,830,146	9,830,146	12,227,848	2,397,702
Net changes in fund balances	(14,538,871)	(14,768,871)	(1,809,805)	12,959,066
Fund balances at beginning of year, as restated	12,455,670	12,455,670	12,455,670	-
Fund balances at end of year	$ (2,083,201)	(2,313,201)	10,645,865	12,959,066

CITY OF VICTORVILLE

Redevelopment Agency - Low and Moderate Housing Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 1,871,426	1,871,426	1,815,628	(55,798)
Intergovernmental	7,394,749	7,394,749	8,060,034	665,285
Investment income	2,000	2,000	447,405	445,405
Other	-	-	3,208	3,208
Total revenues	9,268,175	9,268,175	10,326,275	1,058,100
Expenditures:				
Current:				
Community development	3,287,711	3,287,711	2,558,744	728,967
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,287,711	3,287,711	2,558,744	728,967
Excess (deficiency) of revenues over (under) expenditures	5,980,464	5,980,464	7,767,531	1,787,067
Other financing sources (uses):				
Loan proceed	10,000	10,000	-	(10,000)
Transfers in	-	-	821,661	821,661
Transfers out	(3,530,726)	(3,530,726)	(3,599,726)	(69,000)
Total other financing sources (uses)	(3,520,726)	(3,520,726)	(2,778,065)	742,661
Net changes in fund balances	2,459,738	2,459,738	4,989,466	2,529,728
Fund balances at beginning of year	29,926,633	29,926,633	29,926,633	-
Fund balances at end of year	$ 32,386,371	32,386,371	34,916,099	2,529,728

CITY OF VICTORVILLE

Measure I Street Arterials - Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 6,635,052	6,635,052	5,326,403	(1,308,649)
Charges for services	-	-	29,211	29,211
Investment income	-	-	326,806	326,806
Total revenues	6,635,052	6,635,052	5,682,420	(952,632)
Expenditures:				
Current:				
General government	-	-	1,055	(1,055)
Public works	26,723,142	26,723,142	10,073,319	16,649,823
Total expenditures	26,723,142	26,723,142	10,074,374	16,648,768
Excess (deficiency) of revenues over (under) expenditures	(20,088,090)	(20,088,090)	(4,391,954)	15,696,136
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(2,671,054)	(2,671,054)
Total other financing sources (uses)	-	-	(2,671,054)	(2,671,054)
Net change in fund balances	(20,088,090)	(20,088,090)	(7,063,008)	13,025,082
Fund balances at beginning of year	15,983,094	15,983,094	15,983,094	-
Fund balances at end of year	$ (4,104,996)	(4,104,996)	8,920,086	13,025,082

(1) Budgetary Data

The City follows these procedures in establishing the budgetary data in the financial statements.

1. The city Manager submits to the City Council a proposed operating budget. The operating budget includes the proposed expenditures and source of financing;
2. Public hearings are conducted to obtain taxpayer comments;
3. A budget is legally enacted through passage of a resolution;
4. The city Manager is authorized to transfer budgeted amounts within individual funds; however any revisions that alter total appropriations of a fund must be approved by City Council.
5. Budgeted amounts are as originally adopted and as further amended by the City Council;
6. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds, except for debt service funds, are adopted on a basis consistent with generally accepted accounting principles (GAAP) except capital outlay expenditures are budgeted on a project length basis. Effective budgetary control is achieved for debt service funds through the contractual requirements of bond indenture provisions.

SUPPLEMENTARY SCHEDULES

CITY OF VICTORVILLE

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2009
(with comparative totals for June 30, 2008)

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds	2008
Assets				
Assets:				
Cash and investments	$ 10,820,456	-	10,820,456	15,268,425
Cash with fiscal agent	82,500	1,922,588	2,005,088	8,388,652
Receivables:				
Accounts	422,812	-	422,812	377,867
Notes	300	-	300	700
Interest	-	-	-	11,218
Due from other funds	3,216,333	-	3,216,333	-
Due from other governments	10,221,765	-	10,221,765	5,401,299
Prepaid items	1,937,861	-	1,937,861	-
Total assets	$ 26,702,027	1,922,588	28,624,615	29,448,161
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 1,320,574	-	1,320,574	1,295,592
Deposits payable	40,347	-	40,347	4,300
Due to other funds	11,150,043	-	11,150,043	5,474,144
Due to other governments	58	-	58	2,074
Unearned revenue	5,626,378	-	5,626,378	4,461,753
Total liabilities	18,137,400	-	18,137,400	11,237,863
Fund balances:				
Reserved	1,938,161	1,922,588	3,860,749	8,358,466
Unreserved:				
Designated	14,041,964	-	14,041,964	13,930,208
Undesignated	(7,415,498)	-	(7,415,498)	(4,078,376)
Total fund balances	8,564,627	1,922,588	10,487,215	18,210,298
Total liabilities and fund balan	$ 26,702,027	1,922,588	28,624,615	29,448,161

CITY OF VICTORVILLE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2009
(with comparatives totals for year ended June 30, 2008)

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds	2008
Revenues:				
Taxes	$ 3,205,314	-	3,205,314	9,355,455
Licenses and permits	-	-	-	62,440
Intergovernmental	13,077,685	-	13,077,685	8,082,192
Charges for services	1,595,273	-	1,595,273	2,224,216
Fines and forfeitures	1,339,165	-	1,339,165	607,850
Investment income	155,215	39,261	194,476	818,507
Sale of property	-	-	-	14,000
Other	121,733	-	121,733	37,011
Total revenues	19,494,385	39,261	19,533,646	21,201,671
Expenditures:				
Current:				
General government	1,293,682	-	1,293,682	1,308,827
Public safety	722,690	-	722,690	10,274,735
Community development	520,013	-	520,013	478,024
Public works	14,915,006	-	14,915,006	10,789,843
Parks and recreation	1,269,030	-	1,269,030	6,576,389
Debt service:				
Principal	-	940,000	940,000	1,198,170
Interest	-	2,403,785	2,403,785	2,444,225
Total expenditures	18,720,421	3,343,785	22,064,206	33,070,213
Excess (deficiency) of revenues over (under) expenditures	773,964	(3,304,524)	(2,530,560)	(11,868,542)
Other financing sources (uses):				
Transfers in	4,300,670	3,444,989	7,745,659	10,530,104
Transfers out	(6,362,539)	(6,575,643)	(12,938,182)	(6,525,031)
Total other financing sources (uses)	(2,061,869)	(3,130,654)	(5,192,523)	4,005,073
Net change in fund balances	(1,287,905)	(6,435,178)	(7,723,083)	(7,863,469)
Fund balances at beginning of year, as restated	9,852,532	8,357,766	18,210,298	26,073,767
Fund balances at end of year	$ 8,564,627	1,922,588	10,487,215	18,210,298

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for revenue derived from specific taxes or other revenue sources that are restricted by law or administrative action to expenditure for specified purposes.

Fire Protection
This fund accounts for assessments made upon parcels of land within the Fire Protection District and disbursed funds related to fire prevention and protection.

Parks and Recreation
This fund accounts for revenue received from assessments levied on parcels within the District and revenue earned from recreation programs. The funds disbursed are for Park and Recreation activities.

Landscape Maintenance and Drainage Facilities Assessment District
This fund accounts for the revenue and expenditures of Assessment Districts which provided benefits to the property owner served. These improvements include items such as enhanced landscape, blocked walls, irrigation and drainage system. Since the maintenance of these enhanced facilities directly benefit the individual parcels within the district rather than the City as a whole, the maintenance costs are assessed to the property owners with the Maintenance Assessment District boundaries.

Street Lighting
This fund accounts for revenue received from assessments levied within the District and disbursed funds are for street lighting maintenance activities.

Traffic Safety
This fund accounts for revenue received from fines and forfeitures under Section 1463 of the Penal Code and disbursed funds are related to the maintenance and improvement of traffic control devices, as well as the compensation of school crossing guards who are not regular full-time members of the police department of the City.

General Asset Seizure
This fund accounts for a portion of revenues received from sales of assets seized during drug-related arrests and disbursed for authorized public safety activities.

Storm Drain Utility
This fund accounts for revenue received from storm drain user fees and expensed funds are related to storm drains.

Nonmajor Governmental Funds

Special Revenue Funds

(Continued)

Gas Tax

This fund accounts for revenue received form the State of California under Street and Highways Code Section 2105, 2106, and 2107. The allocations should be spent for street and highway maintenance and improvements.

Transportation Tax

This fund accounts for revenue received for public Transportation projects through the Local Transportation Fund, which derived from a ¼ cent of the General Sales Tax. Eligible expenses include projects related to maintenance and repair of streets and roads.

Other State Grants

This fund accounts for moneys received from the California Law Enforcement Equipment Program, AB 3229 Grant, Office of Traffic Safety Grant, California Integrated Waste Management, Job-Housing Incentive Grant, Homeland Security Grant, and Alcoholic Beverage Control Grant.

CDBG and HOME Grants

This fund accounts for the revenues and expenditures under the guidelines of the Federal Community Development Block Grant and HOME Grant programs of the U.S. Department of Housing and Urban Development. The grants are primarily used for the development of viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities for persons of low and moderate-incomes.

Other Federal Grants

This fund accounts for federal moneys received for the following grants: COPS Fast Grant, Federal Demonstration, Transportation Enhancement Act, Congestion Mitigation Air Quality Grant, Police Hiring Supplement Grant, Federal Asset Seizure, and EPA Water Reuse Grant.

CITY OF VICTORVILLE
Nonmajor Governmental Funds
Special Revenue Funds
Combining Balance Sheet

June 30, 2009
(with comparative totals for June 30, 2008)

	Fire Protection	Parks and Recreation	Landscape Maintenance & Drainage Facilities Assesment District	Street Lighting	Traffic Safety	General Asset Seizure	Storm Drain Utility
Assets							
Cash and investments	$ -	-	3,903,738	-	-	68,173	-
Cash with fiscal agent	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	100,668	-	239,121
Prepaid items	-	-	-	-	-	-	-
Notes receivable	-	-	300	-	-	-	-
Due from other funds	-	-	-	1,370,630	-	-	1,845,703
Due from other governments	-	-	69,804	4,586	-	-	-
Total assets	-	-	3,973,842	1,375,216	100,668	68,173	2,084,824
Liabilities:							
Accounts payable	-	-	122,965	85,223	6,466	-	3,321
Deposits payable	-	-	-	-	-	-	40,227
Due to other funds	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	-	-	122,965	85,223	6,466	-	43,548
Fund balances (deficit):							
Reserved for:							
Notes receivable	-	-	300	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-
Unreserved:							
Designated for special purpos	-	-	3,850,577	1,289,993	94,202	68,173	2,041,276
Undesignated	-	-	-	-	-	-	-
Total fund balances (deficit)	-	-	3,850,877	1,289,993	94,202	68,173	2,041,276
Total liabilities and fund balances	$ -	$ -	$ 3,973,842	1,375,216	100,668	68,173	2,084,824

Gas Tax	Transportation Tax	Other State Grants	CDBG & HOME Grants	Other Federal Grants	Total Special Revenue Funds	2008
1,371,769	5,083,968	392,808	-	-	10,820,456	15,268,425
-	-	82,500	-	-	82,500	42,104
-	-	178	82,845	-	422,812	377,867
-	-	3,461	-	1,934,400	1,937,861	-
-	-	-	-	-	300	700
-	-	-	-	-	3,216,333	-
141,047	220,545	179,054	416,367	9,190,362	10,221,765	5,401,299
1,512,816	5,304,513	658,001	499,212	11,124,762	26,702,027	21,090,395
8,424	110,984	100,629	33,016	849,546	1,320,574	1,295,592
-	120	-	-	-	40,347	4,300
-	-	65,436	830,130	10,254,477	11,150,043	5,474,144
-	58	-	-	-	58	2,074
-	-	171,235	-	5,455,143	5,626,378	4,461,753
8,424	111,162	337,300	863,146	16,559,166	18,137,400	11,237,863
-	-	-	-	-	300	700
-	-	3,461	-	1,934,400	1,937,861	-
1,504,392	5,193,351	-	-	-	14,041,964	13,930,208
-	-	317,240	(363,934)	(7,368,804)	(7,415,498)	(4,078,376)
1,504,392	5,193,351	320,701	(363,934)	(5,434,404)	8,564,627	9,852,532
1,512,816	5,304,513	658,001	499,212	11,124,762	26,702,027	21,090,395

CITY OF VICTORVILLE
Nonmajor Governmental Funds
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2009
(with comparative totals for year ended June 30, 2008)

	Fire Protection	Parks and Recreation	Landscape Maintenance & Drainage 'acilities Assesmer District	Street Lighting	Traffic Safety	General Asset Seizure	Storm Drain Utility
Revenues:							
Taxes	$ -	-	2,358,571	846,743	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	1,465,286
Fines and forfeitures	-	-	-	-	1,299,143	40,022	-
Investment income	-	-	6,137	2,087	-	104	2,706
Sale of property	-	-	-	-	-	-	-
Other	-	-	-	10,231	-	-	386
Total revenues	-	-	2,364,708	859,061	1,299,143	40,126	1,468,378
Expenditures:							
Current:							
General government	-	-	-	1,107,290	-	-	-
Public safety	-	-	-	-	33,957	6,243	-
Community development	-	-	-	-	-	-	-
Public works	-	-	32,771	-	-	-	1,561,494
Parks and recreation	-	-	1,224,637	-	-	-	-
Total expenditures	-	-	1,257,408	1,107,290	33,957	6,243	1,561,494
Excess (deficiency) of revenues over (under) expenditures	-	-	1,107,300	(248,229)	1,265,186	33,883	(93,116)
Other financing sources (uses):							
Transfers in	24,903	8,884	2,743,577	-	-	-	-
Transfers out	-	(2,743,577)	-	-	(1,202,360)	-	-
Total other financing sources (uses)	24,903	(2,734,693)	2,743,577	-	(1,202,360)	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	24,903	(2,734,693)	3,850,877	(248,229)	62,826	33,883	(93,116)
Fund balances (deficit) at beginning of year, as restated	(24,903)	2,734,693	-	1,538,222	31,376	34,290	2,134,392
Fund balances (deficit) at end of year	$ -	-	3,850,877	1,289,993	94,202	68,173	2,041,276

Gas Tax	Transportation Tax	Other State Grants	CDBG & HOME Grants	Other Federal Grants	Total Soecial Revenue Funds	2008
-	-	-	-	-	3,205,314	9,355,455
-	-	-	-	-	-	62,440
1,712,839	1,035,110	518,313	1,846,135	7,965,288	13,077,685	8,082,192
101,741	28,246	-	-	-	1,595,273	2,224,216
-	-	-	-	-	1,339,165	607,850
2,820	110,836	736	-	29,789	155,215	357,481
-	-	-	-	-	-	14,000
-	12,719	-	98,397	-	121,733	30,411
1,817,400	1,186,911	519,049	1,944,532	7,995,077	19,494,385	20,734,045
-	-	6,248	180,144	-	1,293,682	1,308,827
-	-	642,245	-	40,245	722,690	10,274,735
-	-	4,774	515,239	-	520,013	781,194
2,397,946	2,298,992	1,402,732	895,268	6,325,803	14,915,006	10,789,843
-	-	-	44,393	-	1,269,030	6,576,389
2,397,946	2,298,992	2,055,999	1,635,044	6,366,048	18,720,421	29,730,988
(580,546)	(1,112,081)	(1,536,950)	309,488	1,629,029	773,964	(8,996,943)
719,744	303,823	7,276	-	492,463	4,300,670	7,277,126
(97,294)	(18,741)	(1,773)	-	(2,298,794)	(6,362,539)	(867,196)
622,450	285,082	5,503	-	(1,806,331)	(2,061,869)	6,409,930
41,904	(826,999)	(1,531,447)	309,488	(177,302)	(1,287,905)	(2,587,013)
1,462,488	6,020,350	1,852,148	(673,422)	(5,257,102)	9,852,532	12,439,545
1,504,392	5,193,351	320,701	(363,934)	(5,434,404)	8,564,627	9,852,532

CITY OF VICTORVILLE

Fire Protection Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Other financing sources (uses):				
Transfers in	-	-	24,903	24,903
Net changes in fund balances	-	-	24,903	24,903
Fund balances at beginning of year	(24,903)	(24,903)	(24,903)	-
Fund balances at end of year	$ (24,903)	(24,903)	-	24,903

CITY OF VICTORVILLE

Parks and Recreation Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Other financing sources (uses):				
Transfers in	-	-	8,884	8,884
Transfers out	-	-	(2,743,577)	(2,743,577)
Net changes in fund balances	-	-	(2,734,693)	(2,734,693)
Fund balances at beginning of year	2,734,693	2,734,693	2,734,693	-
Fund balances at end of year	$ 2,734,693	2,734,693	-	(2,734,693)

CITY OF VICTORVILLE

Landscape Maintenance and Drainage Facilities Assesment District Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 2,224,063	2,224,063	2,358,571	134,508
Investment income	-	-	6,137	6,137
Total revenues	2,224,063	2,224,063	2,364,708	140,645
Expenditures:				
Current:				
Public works	64,968	64,968	32,771	32,197
Parks and recreation	3,532,400	3,532,400	1,224,637	2,307,763
Total expenditures	3,597,368	3,597,368	1,257,408	2,339,960
Net changes in fund balances	(1,373,305)	(1,373,305)	3,850,877	5,224,182
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ (1,373,305)	(1,373,305)	3,850,877	5,224,182

CITY OF VICTORVILLE

Street Lighting Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 888,797	888,797	846,743	(42,054)
Investment income	-	-	2,087	2,087
Other	-	-	10,231	10,231
Total revenues	888,797	888,797	859,061	(29,736)
Expenditures:				
Current:				
General government	939,941	939,941	1,107,290	(167,349)
Total expenditures	939,941	939,941	1,107,290	(167,349)
Net changes in fund balances	(51,144)	(51,144)	(248,229)	(197,085)
Fund balances at beginning of year	1,538,222	1,538,222	1,538,222	-
Fund balances at end of year	$ 1,487,078	1,487,078	1,289,993	(197,085)

CITY OF VICTORVILLE

Traffic Safety Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Fines and forfeitures	$ 350,000	350,000	1,299,143	949,143
Total revenues	350,000	350,000	1,299,143	949,143
Expenditures:				
Current:				
Public safety	347,000	347,000	33,957	313,043
Total expenditures	347,000	347,000	33,957	313,043
Excess (deficiency) of revenues over (under) expenditures	3,000	3,000	1,265,186	1,262,186
Other financing sources (uses):				
Transfers out	(347,000)	(347,000)	(1,202,360)	(855,360)
Total other financing sources (uses)	(347,000)	(347,000)	(1,202,360)	(855,360)
Net changes in fund balances	(344,000)	(344,000)	62,826	406,826
Fund balances at beginning of year	31,376	31,376	31,376	-
Fund balances at end of year	$ (312,624)	(312,624)	94,202	406,826

CITY OF VICTORVILLE

General Asset Seizure Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Fines and forfeitures	$ 11,500	11,500	40,022	28,522
Investment income	-	-	104	104
Total revenues	11,500	11,500	40,126	28,626
Expenditures:				
Current:				
Public safety	27,083	27,083	6,243	20,840
Total expenditures	27,083	27,083	6,243	20,840
Net changes in fund balances	(15,583)	(15,583)	33,883	49,466
Fund balances at beginning of year	34,290	34,290	34,290	-
Fund balances at end of year	$ 18,707	18,707	68,173	49,466

CITY OF VICTORVILLE

Storm Drain Utility Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Charges for services	$ 2,397,520	2,397,520	1,465,286	(932,234)
Investment income	-	-	2,706	2,706
Other	-	-	386	386
Total revenues	2,397,520	2,397,520	1,468,378	(929,142)
Expenditures:				
Current:				
Public works	4,028,618	4,028,618	1,561,494	2,467,124
Total expenditures	4,028,618	4,028,618	1,561,494	2,467,124
Net changes in fund balances	(1,631,098)	(1,631,098)	(93,116)	1,537,982
Fund balances at beginning of year	2,134,392	2,134,392	2,134,392	-
Fund balances at end of year	$ 503,294	503,294	2,041,276	1,537,982

CITY OF VICTORVILLE

Gas Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental	$ 1,300,000	1,300,000	1,712,839	412,839
Charges for services	500	500	101,741	101,241
Investment income	-	-	2,820	2,820
Total revenues	1,300,500	1,300,500	1,817,400	516,900
Expenditures:				
Current:				
Public works	3,202,559	3,202,559	2,397,946	804,613
Total expenditures	3,202,559	3,202,559	2,397,946	804,613
Excess (deficiency) of revenues over (under) expenditures	(1,902,059)	(1,902,059)	(580,546)	1,321,513
Other financing sources (uses):				
Transfers in	1,200,000	1,200,000	719,744	(480,256)
Transfers out	-	-	(97,294)	(97,294)
Total other financing sources (uses)	1,200,000	1,200,000	622,450	(577,550)
Net changes in fund balances	(702,059)	(702,059)	41,904	743,963
Fund balances at beginning of year	1,462,488	1,462,488	1,462,488	-
Fund balances at end of year	$ 760,429	760,429	1,504,392	743,963

CITY OF VICTORVILLE

Transportation Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental	$ 5,716,833	5,716,833	1,035,110	(4,681,723)
Charges for services	10,000	10,000	28,246	18,246
Investment income	-	-	110,836	110,836
Other	-	-	12,719	12,719
Total revenues	5,726,833	5,726,833	1,186,911	(4,539,922)
Expenditures:				
Current:				
Public works	7,772,321	7,772,321	2,298,992	5,473,329
Total expenditures	7,772,321	7,772,321	2,298,992	5,473,329
Excess (deficiency) of revenues over (under) expenditures	(2,045,488)	(2,045,488)	(1,112,081)	933,407
Other financing sources (uses):				
Transfers in	-	-	303,823	303,823
Transfers out	-	-	(18,741)	(18,741)
Total other financing sources (uses)	-	-	285,082	285,082
Net changes in fund balances	(2,045,488)	(2,045,488)	(826,999)	1,218,489
Fund balances at beginning of year	6,020,350	6,020,350	6,020,350	-
Fund balances at end of year	$ 3,974,862	3,974,862	5,193,351	1,218,489

CITY OF VICTORVILLE

Other State Grants Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental	$ 1,102,351	1,102,351	518,313	(584,038)
Investment income	-	-	736	736
Total revenues	1,102,351	1,102,351	519,049	(583,302)
Expenditures:				
Current:				
General government	-	-	6,248	(6,248)
Public safety	1,025,488	1,122,595	642,245	480,350
Community development	-	-	4,774	(4,774)
Public works	90,991	188,559	1,402,732	(1,214,173)
Parks and recreation	7,080	7,080	-	7,080
Total expenditures	1,123,559	1,318,234	2,055,999	(737,765)
Excess (deficiency) of revenues over (under) expenditures	(21,208)	(215,883)	(1,536,950)	(1,321,067)
Other financing sources (uses):				
Transfers in	-	-	7,276	7,276
Transfers out	-	-	(1,773)	(1,773)
Total other financing sources (us	-	-	5,503	5,503
Net changes in fund balances	(21,208)	(215,883)	(1,531,447)	(1,315,564)
Fund balances at beginning of year	1,852,148	1,852,148	1,852,148	-
Fund balances at end of year	$ 1,830,940	1,636,265	320,701	(1,315,564)

CITY OF VICTORVILLE

CDBG and HOME Grants Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental	$ 2,388,379	2,388,379	1,846,135	(542,244)
Other	-	-	98,397	98,397
Total revenues	2,388,379	2,388,379	1,944,532	(443,847)
Expenditures:				
Current:				
General government	160,907	160,907	180,144	(19,237)
Public safety	390	390	-	390
Community development	-	-	515,239	(515,239)
Public works	991,201	991,201	895,268	95,933
Parks and recreation	515,897	515,897	44,393	471,504
Total expenditures	1,668,395	1,668,395	1,635,044	33,351
Net changes in fund balances	719,984	719,984	309,488	(410,496)
Fund balances at beginning of year	(673,422)	(673,422)	(673,422)	-
Fund balances at end of year	$ 46,562	46,562	(363,934)	(410,496)

CITY OF VICTORVILLE

Other Federal Grants Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental	$ 23,402,546	23,402,546	7,965,288	(15,437,258)
Investment income	-	-	29,789	29,789
Total revenues	23,402,546	23,402,546	7,995,077	(15,407,469)
Expenditures:				
Current:				
Public safety	283,795	283,795	40,245	243,550
Community development	25,000	25,000	-	25,000
Public works	21,744,157	22,855,457	6,325,803	16,529,654
Total expenditures	22,052,952	23,164,252	6,366,048	16,798,204
Excess (deficiency) of revenues over (under) expenditures	1,349,594	238,294	1,629,029	1,390,735
Other financing sources (uses):				
Transfers in	-	-	492,463	492,463
Transfers out	-	-	(2,298,794)	(2,298,794)
Total other financing sources (uses)	-	-	(1,806,331)	(1,806,331)
Net changes in fund balances	1,349,594	238,294	(177,302)	(415,596)
Fund balances (deficit) at beginning of year	(5,257,102)	(5,257,102)	(5,257,102)	-
Fund balances (deficit) at end of year	$ (3,907,508)	(5,018,808)	(5,434,404)	(415,596)

CITY OF VICTORVILLE
INCORPORATED SEPT. 21, 1962
HOME OF THE SAN BERNARDINO COUNTY FAIR
CALIFORNIA

Nonmajor Governmental Funds

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for and payment of the City's general long-term debt principal and interest.

Redevelopment Agency Debt Service
This fund accounts for the accumulation of resources for and payment of principal and interest on the Victorville Redevelopment Agency Tax Allocation Bonds 2002 and 2003 Series A, 2003 Series B and 2006 Series A.

Parks and Recreation COP
This fund accounts for the accumulation of resources for, and payment of, the 1997 Series EE Certificates of Participation principal and interest.

CITY OF VICTORVILLE
Nonmajor Governmental Funds
Debt Service Funds
Combining Balance Sheet

June 30, 2009
(with comparative totals for June 30, 2008)

	Redevelopment Agency	Parks and Recreation COP	Total Debt Service Funds	2008
Assets				
Cash with fiscal agent	$ 1,790,724	131,864	1,922,588	8,346,548
Interest Receivable	-	-	-	11,218
Total assets	$ 1,790,724	131,864	1,922,588	8,357,766
Liabilities and Fund Balances				
Fund balances:				
Reserved for:				
Debt service	1,790,724	131,864	1,922,588	8,357,766
Total fund balances	1,790,724	131,864	1,922,588	8,357,766
Total liabilities and fund balances	$ 1,790,724	131,864	1,922,588	8,357,766

CITY OF VICTORVILLE
Nonmajor Governmental Funds
Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2009
(with comparative totals for year ended June 30, 2008)

	Redevelopment Agency	Parks and Recreation COP	Total Debt Service Funds	2008
Revenues:				
Investment income	$ 31,099	8,162	39,261	461,026
Other	-	-	-	6,600
Total revenues	31,099	8,162	39,261	467,626
Expenditures:				
Debt service:				
Principal	815,000	125,000	940,000	895,000
Interest	2,392,682	11,103	2,403,785	2,444,225
Total expenditures	3,207,682	136,103	3,343,785	3,339,225
Excess (deficiency) of revenues over (under) expenditures	(3,176,583)	(127,941)	(3,304,524)	(2,871,599)
Other financing sources (uses):				
Transfers in	3,319,661	125,328	3,444,989	3,252,978
Transfers out	(6,575,643)	-	(6,575,643)	(5,657,835)
Total other financing sources (uses)	(3,255,982)	125,328	(3,130,654)	(2,404,857)
Net change in fund balances (deficit)	(6,432,565)	(2,613)	(6,435,178)	(5,276,456)
Fund balances at beginning of year	8,223,289	134,477	8,357,766	13,634,222
Fund balances at end of year	$ 1,790,724	131,864	1,922,588	8,357,766

Fiduciary Funds

Agency Funds

Agency funds are one of four types of fiduciary funds. Agency funds are used to report resources held by the reporting government in a purely custodial capacity. Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Deposits Fund
This fund accounts for various deposits that the City receives as trust deposits. These deposits are held by the City and returned to the depositor upon completion of projects or fulfillment of purpose. The Deposit Fund also includes agency activity of Cal-CLERA and CFD 07-01

Community Facilities District 90-01
This fund accounts for the Brentwood, West Creek and Joshua Ridge assessment district in accordance with the Mello-Roos Community Facilities Act of 1982. The taxes received are for the payment made to the debt service related to this bond issuance. The debt is debt without government commitment of the City of Victorville.

Community Facilities District 01-01
This fund accounts for the Eagle Ranch assessment district in accordance with the Mello-Roos Community Facilities Act of 1982. The taxes received are for the payment made to the debt service related to this bond issuance. The debt is debt without government commitment of the City of Victorville.

Mojave Desert and Mountain Integrated Waste Management Authority (MDIWMA)

This agency fund accounts for the agency activities of the City on behalf of MDIWMA. The City is acting in a Fiduciary Capacity for MDIWMA.

Victor Valley Economic Development Authority (VVEDA)

This agency fund accounts for the agency activities of the City of Victorville on behalf of VVEDA.

Regional Fire Protection Authority

This agency fund accounts for the agency activities of the City of Victorville on behalf of the Regional Fire Protection Agency.

Fiduciary Funds

Agency Funds
(Continued)

Water Assessment District No. 2R

This agency fund accounts for the agency activities of the City of Victorville on behalf of the Water Assessment District No. 2R which includes providing administrative duties such as placing assessment on the County tax rolls and submitting payments to the trustee for the holders of $8,292,572 Refunding Improvement Bonds, Series 1989, Assessment District No. 2R (assessment bond).

CITY OF VICTORVILLE

Combining Statement of Fiduciary Assets and Liabilities

Fiduciary Funds

June 30, 2009
(with comparative totals for June 30, 2008)

	Deposit Funds	Community Facilities District 90-01	Community Facilities District 01-01	Mojave Desert and Mountain IWM/	Victor Valley Economic Development Authority	Regional Fire Protection Authority	Water Assesment District 2R	Total Fiduciary Funds	2008
Assets									
Cash and investments	$ 1,749,750	1,374,588	595,286	175,950	-	304,208	843,168	5,042,950	48,724,226
Restricted assets:									
Investments with fiscal agent	-	793,501	1,366,590	-	-	-	416,489	2,576,580	2,150,505
Accounts receivable	-	31,899	13,265	117,184	-	-	16,303	178,651	3,712,983
Assets used for operations	-	-	-	-	-	16,303	-	16,303	76,113
Total assets	$ 1,749,750	$ 2,199,988	$ 1,975,141	$ 293,134	$ -	$ 320,511	$ 1,275,960	$ 7,814,484	54,663,827
Liabilities									
Accounts payable	$ -	-	8,320	-	-	-	10,440	18,760	-
Deposits payable	1,749,750	2,199,988	1,966,821	293,134	-	320,511	1,265,520	7,795,724	10,425,203
Due to other governments	-	-	-	-	-	-	-	-	44,238,624
Total liabilities	$ 1,749,750	2,199,988	1,975,141	293,134	-	320,511	1,275,960	7,814,484	54,663,827

CITY OF VICTORVILLE

Combining Statement of Changes in Fiduciary Assets and Liabilities

Fiduciary Funds

Year ended June 30, 2009

	Beginning Balance	Additions	Deletions	Ending Balance
Deposit Funds				
Assets:				
Cash and investments	$ 1,961,037	-	(211,287)	1,749,750
Total assets	$ 1,961,037	-	(211,287)	1,749,750
Liabilities:				
Deposits payable	$ 1,961,037	-	(211,287)	1,749,750
Total liabilities	$ 1,961,037	-	(211,287)	1,749,750
Community Facilities District 90-01				
Assets:				
Cash and investments	$ 1,317,211	57,377	-	1,374,588
Restricted assets:				
Investments with fiscal agent	797,841	-	(4,340)	793,501
Accounts receivable	56,177	-	(24,278)	31,899
Total assets	$ 2,171,229	57,377	(28,618)	2,199,988
Liabilities:				
Deposits payable	$ 2,171,229	28,759	-	2,199,988
Total liabilities	$ 2,171,229	28,759	-	2,199,988
Community Facilities District 01-01				
Assets:				
Cash and investments	$ 723,180	-	(127,894)	595,286
Restricted assets:				
Investments with fiscal agent	1,352,664	13,926	-	1,366,590
Accounts receivable	14,939	-	(1,674)	13,265
Total assets	$ 2,090,783	13,926	(129,568)	1,975,141
Liabilities:				
Accounts payable	$ -	8,320	-	8,320
Deposits payable	2,090,783	-	(123,962)	1,966,821
Total liabilities	$ 2,090,783	8,320	(123,962)	1,975,141

(Continued)

CITY OF VICTORVILLE

Combining Statement of Changes in Fiduciary Assets and Liabilities

Fiduciary Funds

(Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Mojave Desert and Mountain IWMA				
Assets:				
Cash and investments	$ 204,500	-	(28,550)	175,950
Accounts receivable	211,378	-	(94,194)	117,184
Total assets	$ 415,878	-	(122,744)	293,134
Liabilities:				
Deposits payable	$ 415,878	-	(122,744)	293,134
Total liabilities	$ 415,878	-	(122,744)	293,134
Victor Valley Economic Development Authority				
Assets:				
Cash and investments	$44,471,370	-	(44,471,370)	-
Accounts receivable	3,430,489	-	(3,430,489)	-
Total assets	$47,901,859	-	(47,901,859)	-
Liabilities:				
Deposits payable	$ 3,663,235	-	(3,663,235)	-
Due to other governments	44,238,624	-	(44,238,624)	-
Total liabilities	$47,901,859	-	(47,901,859)	-
Regional Fire Protection Authority				
Assets:				
Cash and investments	$ 46,928	257,280	-	304,208
Assets used for operations	76,113	-	(59,810)	16,303
Total assets	$ 123,041	257,280	(59,810)	320,511
Liabilities:				
Deposits payable	$ 123,041	197,470	-	320,511
Total liabilities	$ 123,041	197,470	-	320,511

(Continued)

CITY OF VICTORVILLE

Combining Statement of Changes in Fiduciary Assets and Liabilities

Fiduciary Funds

(Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Water Assesment District 2R				
Assets:				
Cash and investments	$ 753,718	89,450	-	843,168
Restricted assets:				
Investments with fiscal agent	418,915	-	(2,426)	416,489
Accounts receivable	-	16,303	-	16,303
Total assets	$ 1,172,633	105,753	(2,426)	1,275,960
Liabilities:				
Accounts payable	200	10,240	-	10,440
Deposits payable	$ 1,172,433	93,087	-	1,265,520
Total liabilities	$ 1,172,633	103,327	-	1,275,960
Total-All Fiduciary Funds				
Assets:				
Cash and investments	$49,477,944	-	(44,434,994)	5,042,950
Restricted assets:				
Investments with fiscal agent	2,569,420	7,160	-	2,576,580
Accounts receivable	3,712,983	-	(3,534,332)	178,651
Assets used for operations	76,113	-	(59,810)	16,303
Total assets	$55,836,460	7,160	(48,029,136)	7,814,484
Liabilities:				
Accounts payable	$ 200	18,560		$ 18,760
Deposits payable	11,597,636	-	(3,801,912)	7,795,724
Due to other governments	44,238,624	-	(44,238,624)	-
Total liabilities	$55,836,460	18,560	(48,040,536)	7,814,484

CITY OF VICTORVILLE
INCORPORATED SEPT. 21, 1962
HOME OF THE SAN BERNARDINO COUNTY FAIR
CALIFORNIA

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