

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year
Ended June 30, 2023



Town of Yucca Valley

Yucca Valley, California

Annual Comprehensive Financial Report For the fiscal year ended June 30, 2023



Administrative Services Department

Curtis Yakimow
Town Manager

Town of Yucca Valley

Table of Contents June 30, 2023

	<u>PAGE</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i
Elected and Appointed Officials	vii
Organizational Chart	viii
GFOA Certificate of Achievement for Excellence in Financial Reporting	ix
FINANCIAL SECTION:	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Governmental Funds	
Balance Sheet	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Fiduciary Funds	
Statement of Fiduciary Net Position	18
Statement of Changes in Fiduciary Net Position	19
Notes to the Basic Financial Statements	20
Required Supplementary Information	
Budgetary Comparison Schedules:	
General Fund	52
Town Housing Special Revenue Fund	54
Measure Z – Sewer Assessment Assistance Special Revenue Fund	55
Desert Community Program Prop 68 Grant Special Revenue Fund	56
Active Transportation Grant Special Revenue Fund	57
Schedule of Town's Proportionate Share of Plan's NPL and Related Ratios as of the measurement date	58
Schedule of Plan's Contributions	59
Schedule of Changes in the Net OPEB Liability and Related Ratios	60
Schedule of OPEB Contributions	61
Notes to Required Supplementary Information	62

Town of Yucca Valley

Table of Contents, continued June 30, 2023

	<u>PAGE</u>
Supplemental Schedules	
Nonmajor Governmental Funds	
Combined Balance Sheet	63
Combined Statement of Revenues, Expenditures and Changes in Fund Balances	64
Nonmajor Special Revenue Funds	
Fund Descriptions	65
Combining Balance Sheet	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	72
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Quimby Fees Special Revenue Fund	77
Traffic Safety Special Revenue Fund	78
Asset Seizure Special Revenue Fund	79
Gas Tax Special Revenue Fund	80
Local Transportation Act Special Revenue Fund	81
Measure I - 65% Major Arterial Special Revenue Fund	82
Street in Lieu Special Revenue Fund	83
Measure I - 2010 - 2040 Special Revenue Fund	84
Road Maintenance Rehabilitation Special Revenue Fund	85
Mello-Roos Special Revenue Fund	86
COPS - LLESA Special YV Revenue Fund	87
ARPA Special Revenue Fund	88
Recycling Activities Grant Special Revenue Fund	89
Landscape and Lighting Maintenance Special Revenue Fund	90
Street and Drainage District Fees Special Revenue Fund	91
Development Impact Fees Special Revenue Fund	92
Community Development Block Grant Special Revenue Fund	93
California Humanities Special Revenue Fund	94
CARES Act Special Revenue Fund	95
Highway Safety Improvement Special Revenue Fund	96
Measure Y – Essential Services Special Revenue Fund	97
 Nonmajor Capital Projects Fund	
Fund Description	98
Balance Sheet – Nonmajor Capital Projects Fund	99
Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Capital Projects Fund	100
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Retail Sector Improvements Capital Projects Fund	101
 Major Capital Projects Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Capital Projects Reserve Capital Projects Fund	102

Town of Yucca Valley

Table of Contents, continued
June 30, 2023

	<u>PAGE</u>
STATISTICAL SECTION:	
Overview of Statistical Section	103
Net Position by Component	104
Change in Net Position	106
Fund Balances of Governmental Funds	110
Changes in Fund Balances of Governmental Funds	111
Assessed Value and Estimated Actual Value of Taxable Property	113
Direct and Overlapping Property Tax Rates	114
Principal Property Taxpayers	117
Property Tax Levies and Collections	118
Ratios of Outstanding Debt by Type	119
Ratios of General Bonded Debt Outstanding	120
Legal Debt Margin Information	121
Pledged-Revenue Coverage	123
Demographic and Economic Statistics	124
Principal Employers	125
Employment Trends and Other Miscellaneous Information	126
Operating Indicators by Function	127
Capital Assets Statistics by Function	128



INTRODUCTORY SECTION



November 15, 2023

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

The comprehensive annual financial report of the Town of Yucca Valley (the "Town") for the year ended June 30, 2023, is hereby submitted as required by both local ordinances and state statutes. These ordinances and statutes mandate that the Town of Yucca Valley annually issues a report on its financial position and activity and that an independent firm of certified public accountants audit this report. The management of the Town is responsible for the contents of the information contained in this report.

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

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

Governmental Structure, Local Economic Condition and Outlook

The Town, incorporated in 1991, is located in the southeastern part of the state, in the Morongo Basin just north of the Coachella Valley. The Town of Yucca Valley currently has a land area of 39 square miles and a population of 21,635. The Town is empowered to levy a voter-approved property tax on both real and personal property located within its boundaries. The Town also has the power by state statute to extend its corporate limits by annexation, when deemed appropriate by the governing council.

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



The Town of
Yucca Valley

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

Located in San Bernardino County, Yucca Valley is considered to be the economic hub of the Morongo Basin. With major financial institutions and a broad base of retail operations, the community serves both the commercial and retail needs of the Morongo Basin. Since the early to mid-2000's, the Town experienced a steady increase in its retail sales base, as additional retail providers have entered the Yucca Valley market to serve the increasing resident and visitor population. Despite the statewide and local economic slowdown from 2007 through 2011, the Town has experienced slow but steady growth. Retail interest in the area continues to accelerate in conjunction with the completion of several new retail developments. These additions continue to provide positive development momentum for the Town. Beginning in approximately 2018, the Town has experienced robust sales tax growth, attributable to the increase in tourism visitation.

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

Joshua Tree National Park, a stunning backdrop on Yucca Valley's southern border, attracted 3 million visitors in 2022, and has led to a significant increase in short-term vacation rental properties in and around Yucca Valley and neighboring Joshua Tree. Yucca Valley is rich in history and invites the exploration of its many attractions and historical sites. Yucca Valley continues to receive high quality water both now and in future years by its participation in the California State Water Project as provided by the Hi-Desert Water District, subject to broader state water issues and the natural water cycle.

Significant Activities

Strategic Planning. The Town Council continues to actively engage in strategic planning activities in an effort to identify the overarching goals for both the Town and the community in a thoughtful and systematic process. Prioritization of goals occurs with respect to planning, financing, staffing and other needed resources. In fiscal year 2022-23, the Town Council executed its strategic plan in alignment with the adopted budget. Highlights of the plan include:

- Continued improvements to existing parks, in conjunction with the recently passed State bond measure Proposition 68 and awarded grant funding.
- Internal Information Technology assessment with corresponding actions and installations.

- Continued coordination with Hi Desert Water District in the launch of the Town-wide Sewer Collection Project and related road replacement impacts.
- Infrastructure improvements in its maintained road system, including expansion of major arterials, sidewalks, and other significant enhancements.
- Assessment, planning, and initiation of long-term capital maintenance and/or replacement projects related to Town facilities for municipal operations.

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

The Hi Desert Water District's Town wide Sewer Project completed Phase 1 in 2022 and is scheduled to complete Phase 2 by the end of 2028. This project is financed through a sewer assessment district passed by Yucca Valley property owners in May 2015, providing funding for Phase I of the \$146 million regional wastewater project. This project had a significant impact on Yucca Valley residents, businesses, and visitors alike, with disruptions affecting local streets and roads, travel patterns and general commerce. The Town successfully coordinated related street improvement projects as part of the sewer project to ensure the most efficient use of funding available.

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

In recent years, the Town has experienced slow but consistent activity in both residential and commercial construction. In 2019, The California Department of Fish and Wildlife and Game Commission received the petition for listing the Western Joshua Tree as a candidate for the California Endangered Species list. Due to the prevalence of this native species in the Town's limits, significant impacts have been introduced to the Town's Building and Safety division and the continuation of residential and commercial construction activity which can be noted through the steady increase in permit activity in the most recent fiscal years. The Western Joshua Tree Conservation Act (WJTCA) was passed in July 2023 to conserve western Joshua tree and its habitat while supporting the state's renewable energy and housing priorities. The WJTCA created a streamlined permitting framework for certain development activities and collects mitigation fees for the acquisition and conservation of western Joshua tree habitat and other actions to conserve western Joshua Trees and will play a large part in the continue development of Town residential and commercial construction.

Recent SFR Permit History

1999-2000	54	2009-2010	11
2000-2001	82	2010-2011	2
2001-2002	118	2011-2012	13
2002-2003	188	2012-2013	2
2003-2004	351	2013-2014	24
2004-2005	384	2014-2015	22
2005-2006	244	2015-2016	8
2006-2007	99	2016-2017	29
2007-2008	36	2018-2019	28
2008-2009	7	2019-2020	62
2020-2021	61	2021-2022	50
2022-2023	44		

Annual permit valuation in FY 2022-23 totaled \$37,109,949.

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

Through this activity, the Town identified the need for additional funding for both public safety and infrastructure. In FY 2015-16, the Town Council established a Revenue Ad Hoc Committee (Committee) to work with various citizen groups and stakeholders in assessing the appropriateness for voter consideration of a local sales tax revenue measure or measures. The Council collectively determined that there was sufficient community interest in meeting certain Town-wide needs through two revenue measures. The measures proposed on the November 2016 ballot included both a half-percent general fund sales tax revenue measure that would be allocated primarily for Town public safety, infrastructure needs, and other Town quality of life programs, and a second half-percent sales tax revenue measure to assist property owners with paying the assessment for the cost of the sewer. Together these measures have generated just over \$10 million in additional revenues since their inception and are anticipated to generate approximately \$2.5 million annually for the remaining four-year period. Both measures were overwhelmingly supported by local voters as Measure Y – Essential Town Services passed with 72% of the vote, and Measure Z – Sewer Assistance passed with 81%. Accordingly, the measures went into effect on April 1, 2017.

In 2022, the Town also secured additional funding for future infrastructure projects through the \$20 million financing lease agreement to fund future costs of capital improvement projects, including but not limited to; the Town Hall consolidation project, Senior Center rehabilitation, and Aquatics and Recreation facility.

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

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

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

The loss of the Yucca Valley Redevelopment Agency (RDA) continues to have a lasting and profound impact on the Town of Yucca Valley. The RDA was the single most impactful tool available to the Town to assist in promoting, encouraging and participating in economic development. The loss of the agency will result into the direct siphoning of \$30-\$35 million from the Town over the next ten years and beyond. As of June 2018, the dissolution process is complete, with the exception of annually required debt service payments and administration. In 2021, the Department of Finance approved the Last and Final Recognized Obligation Payment Schedule which completes the reporting requirements through the life of the Successor Agency's debt obligations.

Financial Information

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

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

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

Independent Audit

State statutes and Town ordinance require an annual audit by independent certified public accountants. The firm of Rogers, Anderson, Malody & Scott, LLP, was re-appointed as the Town’s auditors in 2020. Generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States were used by the auditors in conducting the engagement. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Other References

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

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

Respectfully submitted,



Curtis Yakimow
Town Manager



Jordan Gumbish
Finance Manager

Town of Yucca Valley

Elected and Appointed Officials
(as of June 30, 2023)

Elected Officials

Mayor
Merl Abel

Mayor Pro Tem
Jim Schooler

Council Member
Jeff Drozd

Council Member
Rick Denison

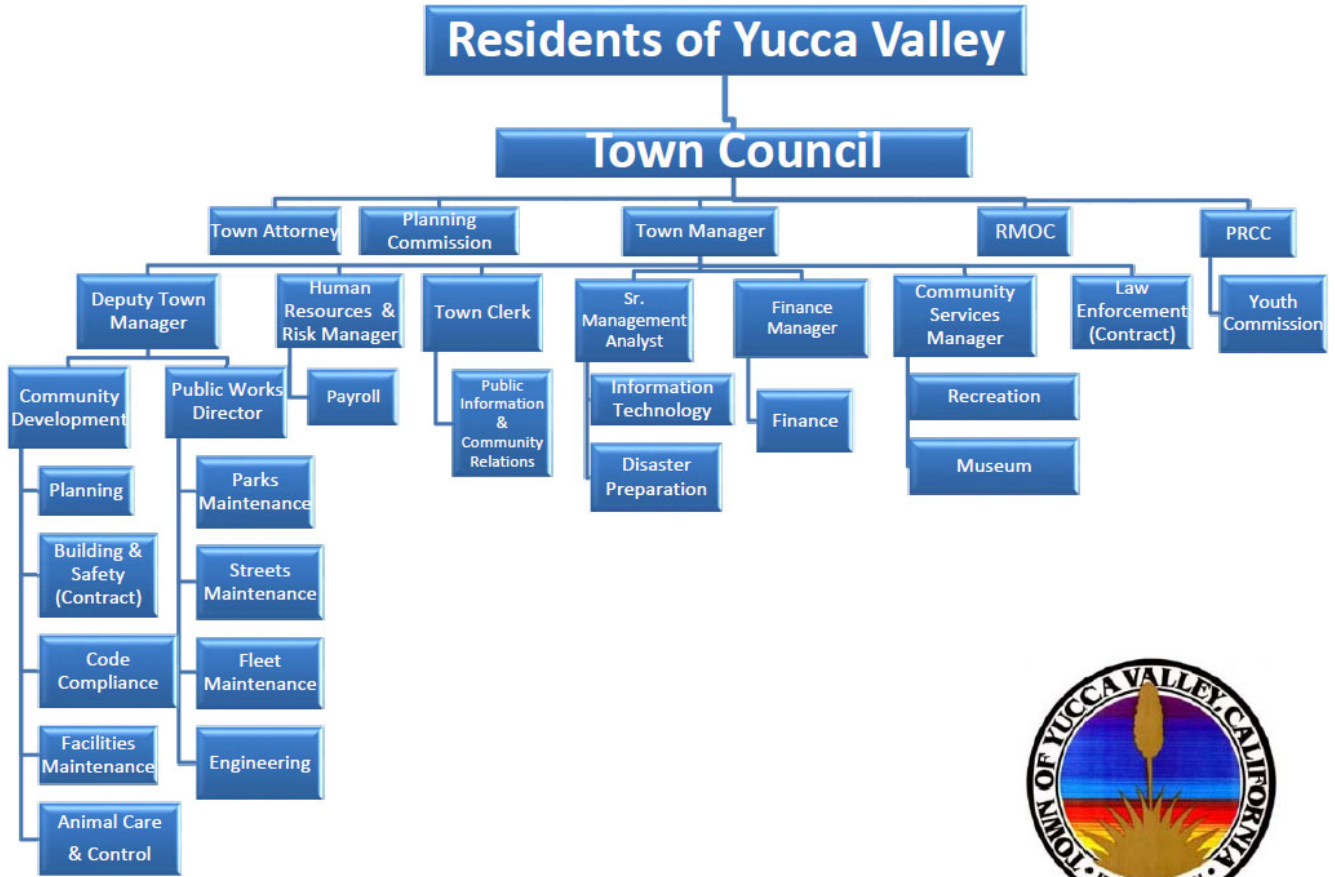
Council Member
Robert Lombardo

Appointed Officials

Town Manager
Curtis Yakimow

Town Attorney
Thomas D. Jex

Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Yucca Valley
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO





FINANCIAL SECTION





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Independent Auditor's Report

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

PARTNERS

Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants



Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Yucca Valley (Town), California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 of the financial statements, the Town adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription Based IT Arrangements*. Our opinions are not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual non-major fund financial statements and the budgetary comparison schedules for major and non-major funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual report. The other information comprises the transmittal letter and the statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 15, 2023





MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis provide an overview of the financial activities of the Town of Yucca Valley for the fiscal year ended June 30, 2023. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Reporting the Town as a Whole

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

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

Town of Yucca Valley

Management's Discussion and Analysis For the year ended June 30, 2023

Reporting the Town's Major Funds

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

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

Reporting the Town's Fiduciary Responsibilities

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

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

	2023	2022	Change
Current and other assets	\$ 67,900,845	\$ 45,398,136	\$ 22,502,709
Capital and intangible assets	66,686,733	61,573,194	5,113,539
Total assets	<u>134,587,578</u>	<u>106,971,330</u>	<u>27,616,248</u>
Deferred outflows of resources	<u>3,252,613</u>	<u>1,464,445</u>	<u>1,788,168</u>
Long-term liabilities	25,829,104	5,018,652	20,810,452
Other liabilities	<u>2,413,873</u>	<u>2,774,250</u>	<u>(360,377)</u>
Total liabilities	<u>28,242,977</u>	<u>7,792,902</u>	<u>20,450,075</u>
Deferred inflows of resources	<u>1,404,877</u>	<u>3,135,685</u>	<u>(1,730,808)</u>
Net position:			
Net investment in capital assets	46,634,736	58,771,013	(12,136,277)
Restricted	37,782,099	21,274,775	16,507,324
Unrestricted	<u>23,775,502</u>	<u>17,461,400</u>	<u>6,314,102</u>
Total net position	<u>\$ 108,192,337</u>	<u>\$ 97,507,188</u>	<u>\$ 10,685,149</u>

Town of Yucca Valley

**Management's Discussion and Analysis
For the year ended June 30, 2023**

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

	2023	2022	Change
Revenues			
Program revenues:			
Charges for services	\$ 2,594,524	\$ 2,805,884	\$ (211,360)
Operating grants and contributions	2,600,418	2,507,914	92,504
Capital grants and contributions	4,335,926	3,911,433	424,493
Total program revenues	<u>9,530,868</u>	<u>9,225,231</u>	<u>305,637</u>
General revenues:			
Property taxes	6,848,828	6,239,189	609,639
Sales taxes	7,817,246	7,717,316	99,930
Transient occupancy taxes	3,760,718	2,686,405	1,074,313
Franchise taxes	1,223,536	1,196,857	26,679
Investment income	845,893	(363,420)	1,209,313
State motor vehicle in-lieu	22,359	25,797	(3,438)
Other	3,392,766	3,331,176	61,590
Total general revenues	<u>23,911,346</u>	<u>20,833,320</u>	<u>3,078,026</u>
Total revenues	<u>33,442,214</u>	<u>30,058,551</u>	<u>3,383,663</u>
Program expenses			
General government	6,866,307	6,224,558	641,749
Public safety	6,947,696	6,844,833	102,863
Parks and recreation	1,837,796	1,533,261	304,535
Public works	4,434,373	4,303,980	130,393
Community development	2,328,103	1,779,673	548,430
Interest and fiscal charges	342,790	23,953	318,837
Total expenses	<u>22,757,065</u>	<u>20,710,258</u>	<u>2,046,807</u>
Change in net position	10,685,149	9,348,293	1,336,856
Net position, beginning of year	97,507,188	88,158,895	9,348,293
Net position, end of year	<u>\$ 108,192,337</u>	<u>\$ 97,507,188</u>	<u>\$ 10,685,149</u>

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

- The net position of the Town increased, from \$97.5 million to \$108 million, primarily as a result of increases in general revenues across all categories, with the most significant increases derived from transient occupancy tax and investment income revenues. The total change in net position increased by \$10,685,149.
- Property tax revenue increased from the prior year as a result of an increase in the assessed valuation of real property combined with increased real estate sales activity. It appears the aggregate property valuations have somewhat stabilized, and it is likely that revenues will continue at the same level of modest growth in the near future.
- Sales taxes experienced an increase of \$99,930, reflecting the steadily increasing economic development and tourism to the Town and surrounding desert areas.
- Continuation and implementation of long-term capital maintenance and/or replacement projects related to Town facilities for municipal operations.

MAJOR FUNDS

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

The **General Fund** is the primary operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$16,346,197, comprising the majority of the total fund balance of \$22,203,018. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 116 percent of total General Fund expenditures, while total fund balance represents 146 percent of that same amount. General Fund revenues exceeded expenditures by \$5,027,675. This excess was related to increased property values which resulted in increased property taxes and increased transient occupancy taxes from short-term vacation rentals combined with lower spending activity across all departments, particularly public safety expenditures.

The **Town Housing Special Revenue Fund** is a special revenue fund established for transactions related to the Town's housing activities. The fund was established as the Housing Successor of the former Yucca Valley Redevelopment Agency's Low and Moderate Housing fund which was eliminated as of February 1, 2012. The revenue source is currently repayment of funds loaned to the Successor Agency. At the end of the current fiscal year, the unassigned fund balance (deficit) totaled (\$161,581). The deficit fund balance is due to advances due from the Successor Agency from prior year RDA dissolution activities. Town Housing Fund reported expenditures exceeding revenues by (\$38,038).

The **Measure Z – Sewer Assistance Fund** is a special revenue fund established from the voter approved one-half percent of sales tax on retail sales within the Town limits to assist citizens with the sewer assessments costs. At the end of the current fiscal year, the restricted fund balance totaled \$712,957. The Measure Z Fund expenditures exceeded revenues by (\$61,411).

The **Prop 68 Grant Fund** is a special revenue fund established to track the receipts and expenditures from the Statewide Parks Desert Community Program – Prop 68 Grant for the development of public facilities that will assist in achieving active recreational projects, including aquatic and fitness centers. The Prop 68 Grant Fund revenues exceeded expenditures by \$0. At the end of the current fiscal year, the restricted fund balance totaled (\$128,397).

The **Active Transportation Program Fund** is a special revenue fund established to account for the receipts and expenditures under the ATP grant. The purpose of ATP is to encourage increased use of active modes of transportation. The Active Transportation Program Fund expenditures exceeded revenues by (\$3,571,863). At the end of the current fiscal year, the restricted fund balance totaled (\$549,016).

The **Capital Projects Reserve Fund** is a special revenue fund established to maintain a capital projects reserve for the purpose of providing funding for the planning, construction, repair and rehabilitation of the Town's capital assets. At the end of the current fiscal year, the assigned fund balance totaled \$8,860,222. Transfers into the fund are appropriated from the unassigned fund balance of the General Fund as directed by Council from prior year excess fund balances.

Town of Yucca Valley

Management's Discussion and Analysis For the year ended June 30, 2023

GENERAL FUND BUDGET

Aggregate differences between the original budget and the final budget of the General Fund revenues were somewhat significant in fiscal year 2023. Total actual revenues exceeded the final budget by \$2,096,143. 84% of that excess was due to various tax revenues exceeding the final budget by \$1,770,696.

Aggregate differences between the original budget and the final amended budget of the General Fund expenditures were less than the final budget, due to cost savings across departments. The General Fund was \$1,359,101 under final budgeted amounts or 8%. Significant variances include Community Development which was under budget by \$482,445 due to the reduction of professional services costs during the year.

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

CAPITAL ASSETS

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

	<u>2023</u>	<u>2022</u>
Land	\$ 6,395,361	\$ 6,346,251
Land improvements	2,558,514	2,230,827
Structures and improvements	11,566,558	11,499,066
Licensed vehicles	572,185	244,782
Machinery and equipment	1,259,403	1,230,270
Infrastructure	39,463,027	37,036,780
Intangible right to use asset	52,855	74,028
Construction in progress	<u>4,818,830</u>	<u>2,911,190</u>
Total	<u>\$ 66,686,733</u>	<u>\$ 61,573,194</u>

- Land improvements increased with the completion of the North Park Improvement project.
- Licensed vehicles increased with the purchase and replacement of Town fleet vehicles for the public works and parks divisions.
- Construction in progress increased with continuation of several capital projects that began in the prior fiscal year.
- Infrastructure increased with the completion of the Little League and Onaga pedestrian improvement projects.

There were several unexpended construction commitments as of year-end. For more information on the unexpended commitments and additional information on the Town's capital assets, please see Note 7 to the financial statements.

Town of Yucca Valley

Management's Discussion and Analysis For the year ended June 30, 2023

LONG-TERM LIABILITIES AND LONG-TERM DEBT

At the end of the current fiscal year, the Town had long term liabilities (excluding compensated absences) outstanding of \$20,126,766. As of June 30, 2023, the long-term liabilities of the Town are a leaseback agreement, obligations related to employee pensions and Other Post-Employment Benefits (OPEB) and lease liabilities.

The Town's pension plan has three levels of benefits for employees represented as Tier One, Tier Two, and Tier Three Plans. As of the June 30, 2022 valuation date, the three Tiers are funded at 75.1%, 90.2% and 88.1% respectively, excluding the Section 115 trust restricted amount of \$2,627,732. The net pension liability is measured as total pension liability less the pension plan's fiduciary net position. The total pension liability is based on actuarial assumptions to which a long-term discount rate is applied. The long-term discount rate and the investment return on the plan influence the net pension liability from year to year and may create fluctuations that may or may not be immaterial.

The Town authorized and established a multi-employer irrevocable trust to administer the OPEB and Pension Plan benefits in 2018. The OPEB balance in the trust is netted against the total OPEB liability. The OPEB Plan balance in the Trust is \$923,944 as of June 30, 2023. These funds will fund future obligations.

Other long-term liabilities

	<u>2023</u>	<u>2022</u>
Leaseback agreement	\$ 19,804,000	\$ 2,704,134
Compensated absences	226,086	256,780
Lease liabilities	53,258	74,293
Arbitrage liability	<u>43,422</u>	<u>-</u>
Total	<u>\$ 20,126,766</u>	<u>\$ 3,035,207</u>

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

Contacting Town Management

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

BASIC FINANCIAL STATEMENTS

Town of Yucca Valley

**Statement of Net Position
June 30, 2023**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 55,890,133
Restricted cash and investments	2,627,732
Accounts receivable	672,835
Due from other governments	4,730,191
Interest receivable	193,455
Loan receivable	2,925,000
Lease receivable	647,094
Prepaid expenses	214,405
Capital assets, not being depreciated	11,214,191
Capital assets, depreciated, net	<u>55,472,542</u>
Total assets	<u>134,587,578</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	2,998,486
OPEB related	<u>254,127</u>
Total deferred outflow of resources	<u>3,252,613</u>
LIABILITIES	
Accounts payable and accrued liabilities	2,185,849
Unearned revenues	33,285
Interest payable	194,739
Noncurrent liabilities:	
Due within one year	
Long-term liabilities	886,200
Compensated absences	56,522
Due beyond one year	
Long-term liabilities	19,014,480
Net OPEB liability	217,749
Net pension liability	5,484,589
Compensated absences	<u>169,564</u>
Total liabilities	<u>28,242,977</u>
DEFERRED INFLOWS OF RESOURCES	
Lease related	647,094
Pension related	579,608
OPEB related	<u>178,175</u>
Total deferred inflows of resources	<u>1,404,877</u>
NET POSITION	
Net investment in capital assets	46,634,736
Restricted for:	
Investment in Section 115 trust	2,627,732
General government	532
Public safety	6,150,478
Public works	7,302,280
Community development	21,701,077
Unrestricted	<u>23,775,502</u>
Total net position	<u>\$ 108,192,337</u>

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

Town of Yucca Valley

**Statement of Activities
For the year ended June 30, 2023**

	Expenses	Program Revenues		Net Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 6,866,307	\$ 303,628	\$ -	\$ -
Public safety	6,947,696	1,058,245	265,325	-
Parks and recreation	1,837,796	157,328	21,788	-
Public works	4,434,373	150,661	1,145,087	4,334,566
Community development	2,328,103	924,662	1,168,218	1,360
Interest and fiscal charges	342,790	-	-	-
Total governmental activities	\$ 22,757,065	\$ 2,594,524	\$ 2,600,418	\$ 4,335,926
				(13,226,197)
General revenues:				
Taxes				
Property tax, levied for general purpose				6,848,828
Sales tax				7,817,246
Transient occupancy tax				3,760,718
Franchise taxes				1,223,536
Motor vehicle in lieu tax				22,359
Investment earnings				845,893
Other				3,392,766
Total general revenues				23,911,346
Change in net position				10,685,149
Net position, beginning of year				97,507,188
Net position, end of year				\$ 108,192,337

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

Town of Yucca Valley

**Balance Sheet - Governmental Funds
June 30, 2023**

	General	Town Housing	Special Revenue	
			Measure Z - Sewer Assessment Assistance	Desert Community Program Prop 68 Grant
ASSETS				
Cash and investments	\$ 15,571,861	\$ 626,816	\$ 988,661	\$ -
Restricted cash and investments	2,627,732	-	-	-
Receivables:				
Accounts, net	651,608	6,639	-	-
Due from other governments	1,222,658	-	446,390	2,264,503
Interest	48,430	-	-	-
Leases	647,094	-	-	-
Prepaid items	214,405	-	-	-
Due from other funds	2,696,596	-	-	900
Advance to other funds	183,067	-	-	-
Total assets	\$ 23,863,451	\$ 633,455	\$ 1,435,051	\$ 2,265,403
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 505,079	\$ 34,790	\$ 722,094	\$ 57,534
Accrued salaries	474,075	-	-	-
Retentions payable	-	-	-	-
Unearned revenue	33,285	-	-	-
Due to other funds	900	-	-	2,336,266
Advance from other funds	-	760,246	-	-
Total liabilities	1,013,339	795,036	722,094	2,393,800
Deferred inflows of resources:				
Lease related	647,094	-	-	-
Total deferred inflows of resources	647,094	-	-	-
Fund balances (deficit):				
Nonspendable:				
Advance to other funds	183,067	-	-	-
Prepaid items	214,405	-	-	-
Restricted:				
General government	-	-	-	-
Public safety	270,410	-	-	-
Parks and recreation	61,207	-	-	-
Community development	-	-	-	-
Section 115 Trust	2,627,732	-	-	-
Public works	-	-	712,957	-
Assigned	2,500,000	-	-	-
Unassigned	16,346,197	(161,581)	-	(128,397)
Total fund balances	22,203,018	(161,581)	712,957	(128,397)
Total liabilities, deferred inflows of resources and fund balances	\$ 23,863,451	\$ 633,455	\$ 1,435,051	\$ 2,265,403

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

<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>		
<u>Active</u>			<u>Total Nonmajor</u>	<u>Total</u>
<u>Transportation</u>	<u>Capital Projects</u>		<u>Governmental</u>	<u>Governmental</u>
<u>Program</u>	<u>Reserve</u>	<u>Debt Service</u>	<u>Funds</u>	<u>Funds</u>
\$ -	\$ 8,754,081	\$ 18,336,057	\$ 11,612,657	\$ 55,890,133
-	-	-	-	2,627,732
-	-	-	14,588	672,835
-	117,729	-	678,911	4,730,191
-	-	-	-	48,430
-	-	-	-	647,094
-	-	-	-	214,405
-	-	-	-	2,697,496
-	-	-	577,179	760,246
<u>\$ -</u>	<u>\$ 8,871,810</u>	<u>\$ 18,336,057</u>	<u>\$ 12,883,335</u>	<u>\$ 68,288,562</u>
\$ 185,879	\$ 11,588	\$ -	\$ 155,449	\$ 1,672,413
-	-	-	9,865	483,940
15,186	-	-	14,310	29,496
-	-	-	-	33,285
347,951	-	-	12,379	2,697,496
-	-	-	-	760,246
<u>549,016</u>	<u>11,588</u>	<u>-</u>	<u>192,003</u>	<u>5,676,876</u>
-	-	-	-	647,094
-	-	-	-	647,094
-	-	-	577,179	760,246
-	-	-	-	214,405
-	-	-	532	532
-	-	-	867,805	1,138,215
-	-	-	-	61,207
-	-	18,336,057	237,088	18,573,145
-	-	-	-	2,627,732
-	-	-	10,963,200	11,676,157
-	8,860,222	-	57,907	11,418,129
(549,016)	-	-	(12,379)	15,494,824
<u>(549,016)</u>	<u>8,860,222</u>	<u>18,336,057</u>	<u>12,691,332</u>	<u>61,964,592</u>
<u>\$ -</u>	<u>\$ 8,871,810</u>	<u>\$ 18,336,057</u>	<u>\$ 12,883,335</u>	<u>\$ 68,288,562</u>

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



Town of Yucca Valley

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023**

Fund balances of governmental funds \$ 61,964,592

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

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

Notes receivable	2,925,000
Interest receivable	145,025

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

Capital assets	109,856,190
Accumulated depreciation/amortization	(43,169,457)

Accrued interest payable for the current portion of interest due on the leaseback agreement that has not been reported in the governmental funds.	(194,739)
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Long-term liabilities are not due and payable in the current period:

Net OPEB liability	(217,749)
Compensated absences	(226,086)
Net pension liability	(5,484,589)
Long term debt	(19,900,680)

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

Net deferred inflows of resources	(757,783)
Net deferred outflows of resources	<u>3,252,613</u>

Net position of governmental activities \$ 108,192,337

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

Town of Yucca Valley

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2023**

	Special Revenue			
	General	Town Housing	Measure Z - Sewer Assessment Assistance	Desert Community Program Prop 68 Grant
REVENUES				
Taxes	\$ 16,741,196	\$ -	\$ 2,909,133	\$ -
Licenses and permits	73,059	-	-	-
Intergovernmental	654,644	-	-	1,377,715
Charges for services	1,573,146	-	-	-
Fines, fees and forfeitures	295,502	-	-	-
Investment earnings	727,421	2,206	4,045	-
Other	81,680	-	-	-
Total revenues	<u>20,146,648</u>	<u>2,206</u>	<u>2,913,178</u>	<u>1,377,715</u>
EXPENDITURES				
Current:				
General government	3,378,340	1,250	2,974,589	-
Public safety	6,007,426	-	-	-
Parks and recreation	1,555,399	-	-	278,973
Public works	2,032,305	38,994	-	1,098,742
Community development	2,144,969	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	534	-	-	-
Total expenditures	<u>15,118,973</u>	<u>40,244</u>	<u>2,974,589</u>	<u>1,377,715</u>
Excess of revenues over (under) expenditures	<u>5,027,675</u>	<u>(38,038)</u>	<u>(61,411)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Transfers in	2,669,006	-	-	-
Transfers out	(4,044,660)	-	-	-
Total other financing sources (uses)	<u>(1,375,654)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,652,021	(38,038)	(61,411)	-
FUND BALANCES (DEFICIT)				
Beginning of year	18,550,997	(123,543)	774,368	(128,397)
End of year	<u>\$ 22,203,018</u>	<u>\$ (161,581)</u>	<u>\$ 712,957</u>	<u>\$ (128,397)</u>

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

<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>		
<u>Active Transportation Program</u>	<u>Capital Projects Reserve</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 3,026,061	\$ 22,676,390
-	-	-	-	73,059
261,614	-	-	5,364,834	7,658,807
-	-	-	57,529	1,630,675
-	-	-	98,882	394,384
4,899	1,360	107,462	49,917	897,310
-	-	-	62,311	143,991
<u>266,513</u>	<u>1,360</u>	<u>107,462</u>	<u>8,659,534</u>	<u>33,474,616</u>
-	375,546	-	146,329	6,876,054
-	-	-	891,530	6,898,956
-	74,320	-	372,959	2,281,651
3,838,376	-	-	1,926,098	8,934,515
-	50,536	-	149,016	2,344,521
-	-	425,000	-	425,000
-	-	171,271	-	171,805
<u>3,838,376</u>	<u>500,402</u>	<u>596,271</u>	<u>3,485,932</u>	<u>27,932,502</u>
<u>(3,571,863)</u>	<u>(499,042)</u>	<u>(488,809)</u>	<u>5,173,602</u>	<u>5,542,114</u>
-	-	17,524,866	-	17,524,866
2,142,005	2,750,928	1,300,000	-	8,861,939
-	(1,025,000)	-	(3,792,279)	(8,861,939)
<u>2,142,005</u>	<u>1,725,928</u>	<u>18,824,866</u>	<u>(3,792,279)</u>	<u>17,524,866</u>
(1,429,858)	1,226,886	18,336,057	1,381,323	23,066,980
<u>880,842</u>	<u>7,633,336</u>	<u>-</u>	<u>11,310,009</u>	<u>38,897,612</u>
<u>\$ (549,016)</u>	<u>\$ 8,860,222</u>	<u>\$ 18,336,057</u>	<u>\$ 12,691,332</u>	<u>\$ 61,964,592</u>

Town of Yucca Valley

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2023**

Net change in fund balances - total governmental funds **\$ 23,066,980**

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

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

Cost of assets capitalized	6,269,734
Depreciation expense	(1,156,195)

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

Proceeds from issuance of debt	(17,524,866)
Principal payments on long-term debt	446,035
Arbitrage liability	(43,422)

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

Change in compensated absences	30,694
Change in accrued interest	(170,985)

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

Pension related net adjustments	(319,061)
OPEB related net adjustments	75,215

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

Interest on long-term note receivable	<u>11,020</u>
---------------------------------------	---------------

Change in net position of governmental activities **\$ 10,685,149**

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

Town of Yucca Valley

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023**

	Private Purpose Trust Fund	Custodial Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 312,206	\$ 591,984
Cash and investments with fiscal agent	2	-
Accounts receivable	-	500
	<u> </u>	<u> </u>
Total assets	<u>312,208</u>	<u>592,484</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunded debt	<u>210,627</u>	<u>-</u>
LIABILITIES		
Liabilities:		
Accounts payable	-	30,027
Deposits	-	562,457
Accrued liabilities	34,137	-
Advance from other governments	6,639	-
Long-term liabilities:		
Due within one year	338,000	-
Due in more than one year	<u>6,304,000</u>	<u>-</u>
Total liabilities	<u>6,682,776</u>	<u>592,484</u>
NET POSITION (DEFICIT)		
Restricted for:		
Held in trust for successor agency	(6,159,941)	-
Individuals, organizations and other governments	<u>-</u>	<u>342,912</u>
Total net position	<u><u>\$ (6,159,941)</u></u>	<u><u>\$ 342,912</u></u>

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

Town of Yucca Valley

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2023**

	Private Purpose Trust Fund	Custodial Funds
ADDITIONS		
RPTTF distributions	\$ 620,152	\$ -
Investment earnings	712	-
Payments from individuals and organizations	-	301,402
	<u>620,864</u>	<u>301,402</u>
Total additions	<u>620,864</u>	<u>301,402</u>
DEDUCTIONS		
Payments to individuals and organizations	-	174,673
Administrative payments	35,250	10,922
Interest expense	269,182	-
	<u>304,432</u>	<u>185,595</u>
Total deductions	<u>304,432</u>	<u>185,595</u>
Net increase (decrease) in fiduciary net position	316,432	115,807
NET POSITION (DEFICIT)		
Beginning of year	<u>(6,476,373)</u>	<u>227,105</u>
End of year	<u>\$ (6,159,941)</u>	<u>\$ 342,912</u>

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

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2023

Note 1: Summary of significant accounting policies

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

(a) Reporting entity

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

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

- The Yucca Valley Redevelopment Agency (Agency) was activated in September 1992, by the Town as a separate governing body. The Town Council declared by Ordinance that the Town Council will serve as the Board of Directors of the Agency. The primary purpose of the Agency was to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational, and public facilities. The Town's Councilmembers designate management and have a full accountability of the Agency's fiscal matters. As of February 1, 2012, the Redevelopment Agency ceased all operations in accordance with ABx1 26. All assets and activity of the former redevelopment agency (except for low- and moderate-income housing assets), as of February 1, 2012, were transferred to the Successor Agency to the Yucca Valley Redevelopment Agency (Successor Agency) (a private purpose trust fund). Since the Successor Agency is a private purpose trust fund, it can no longer be considered a component unit of the Town. Furthermore, the Town of Yucca Valley elected to be the Housing Successor and chose to retain the housing assets and functions previously held and performed by the former redevelopment agency.
- The Yucca Valley Financing Authority (Financing Authority) was activated in November 1995, by a Joint Exercise of Powers Agreement between the Town and the Financing Authority. The Financing Authority was created for the purpose of assisting the financing or refinancing of certain public capital facilities within the Town. The Financing Authority's activities are blended with those of the Town in these financial statements.

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 1: Summary of significant accounting policies (continued)

(b) *Measurement focus and basis of accounting*

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

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

Government-wide financial statements

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

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

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

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

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

Notes to the Basic Financial Statements
For the year ended June 30, 2023

Note 1: Summary of significant accounting policies (continued)

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

Fund financial statements

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

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

Governmental funds

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

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

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

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

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 1: Summary of significant accounting policies (continued)

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

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

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

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

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

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

Fiduciary funds

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

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 1: Summary of significant accounting policies (continued)

(c) *Fund classifications*

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

The Town reports the following major governmental funds:

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

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

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

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

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

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

Debt Service – To account for the Town’s debt activity.

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

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

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

Custodial Fund – Established as a fund to account for deposits advanced to the Town to fund development related services provided by the Town’s Community Development department.

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

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 1: Summary of significant accounting policies (continued)

(d) *Appropriations limit*

Under Article XIII B of the California Constitution (the GANN Spending Limitation Initiative), the Town is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund agreements. For the fiscal year ended June 30, 2023, proceeds of taxes did not exceed allowed appropriations.

(e) *Cash and investments*

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

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

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

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

(f) *Capital assets*

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

The following schedule summarizes capital asset useful lives:

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

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

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 1: Summary of significant accounting policies (continued)

(g) Compensated absences

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

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

(h) Advances to other funds

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

(i) Prepaid items

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

(j) Claims and judgments

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

(k) Property taxes

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

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

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

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

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 1: Summary of significant accounting policies (continued)

(l) Use of estimates

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

(m) Fund balance reporting and governmental fund type definitions

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

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

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

(n) Inventories

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

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 1: Summary of significant accounting policies (continued)

(o) *Pension plan*

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

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

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

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

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

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

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

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

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

(q) *Implementation of new pronouncement*

GASB Statement No. 96 – Subscription Based IT Arrangements: This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 2: Cash and investments

Cash and investments are reported as follows:

Statement of net position:	
Cash and investments	\$ 55,890,133
Restricted cash and investments*	2,627,732
Statement of fiduciary net position:	
Cash and investments	904,190
Cash and investments with fiscal agent	<u>2</u>
Total cash and investments	<u><u>\$ 59,422,057</u></u>
Cash and investments held by the Town consist of the following:	
Cash on hand	\$ 3,390
Deposits with financial institutions	13,018,682
Investments	<u>46,399,985</u>
Total cash and investments	<u><u>\$ 59,422,057</u></u>

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

Investments authorized by debt agreements

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

<u>Authorized investment type</u>	<u>Maximum maturity</u>	<u>Maximum percentage allowed</u>	<u>Maximum investment in one issuer</u>
U.S. Treasury obligations	None	None	None
U.S. Agency securities	None	None	None
Bankers acceptances	180 days	None	None
Commercial paper	270 days	25%	None
Money market mutual funds	N/A	None	None
Repurchase agreements	270 days	None	None
Investment contracts	30 years	None	None
Medium-term notes (Corporate)	5 years	30%	None
Mortgage backed security	5 years	20%	None

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 2: Cash and investments (continued)

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

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

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

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

In accordance with its investment policy, the Town is authorized to invest in any securities allowed under California Government Code Section 53601.

Disclosure relating to interest rate risk

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

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

Investment type	Totals	Remaining maturity (in months)			
		12 or less	13 to 24	25 to 60	More than 60
Asset backed securities	\$ 947,460	\$ -	\$ -	\$ 947,460	\$ -
Federal agency obligations	6,290,023	3,664,650	2,379,666	245,707	-
Mortgage backed securities	480,441	-	97,071	383,370	-
Commercial paper	433,939	433,939	-	-	-
Corporate securities	2,089,202	192,809	842,618	1,053,775	-
Negotiable CD	349,805	349,805	-	-	-
US treasury obligations	16,678,818	2,201,376	8,462,568	6,014,874	-
State investment pool	6,074,702	6,074,702	-	-	-
Money market	10,427,861	10,427,861	-	-	-
PARS Pension Trust	2,627,732	2,627,732	-	-	-
Held by bond trustee:					
Money market	2	2	-	-	-
Total investments	\$ 46,399,985	\$ 25,972,876	\$ 11,781,923	\$ 8,645,186	\$ -

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2023

Note 2: Cash and investments (continued)

Disclosures relating to credit risk

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

Investment type	Amount	Ratings at fiscal year end								Not rated	
		A	A-	A+	A-1	A-1+	AA	AA+	AAA		
Asset backed securities	\$ 947,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 724,381	\$ 223,079
Federal agency obligations	6,290,023	-	-	-	-	1,926,170	-	4,114,502	-	-	249,351
Mortgage backed securities	480,441	-	-	-	-	-	-	-	-	97,071	383,370
Commercial paper	433,939	-	-	-	433,939	-	-	-	-	-	-
Corporate securities	2,089,202	722,450	532,405	420,821	-	-	124,022	145,115	144,389	-	-
Negotiable CD	349,805	-	-	-	-	349,805	-	-	-	-	-
US treasury obligations	16,678,818	-	-	-	-	-	-	16,678,818	-	-	-
State investment pool	6,074,702	-	-	-	-	-	-	-	-	-	6,074,702
Money market	10,427,861	-	-	-	-	-	-	-	-	447,803	9,980,058
PARS Pension Trust	2,627,732	-	-	-	-	-	-	-	-	-	2,627,732
Held by bond trustee:											
Money market	2	-	-	-	-	-	-	-	-	-	2
Totals	\$ 46,399,985	\$ 722,450	\$ 532,405	\$ 420,821	\$ 433,939	\$ 2,275,975	\$ 124,022	\$ 20,938,435	\$ 1,413,644	\$ 19,538,294	

Custodial credit risk

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

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

As of June 30, 2023, the Town held deposits with financial institutions in excess of Federal Depository Insurance Corporation (FDIC) limits. These funds were held in collateralized accounts as required by the California Government Code as stated above.

As of June 30, 2023, the Successor Agency's held deposits with financial institutions in excess of Federal Depository Insurance Corporation (FDIC) limits. These funds were held in collateralized accounts as required by the California Government Code as stated above.

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

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2023

Note 2: Cash and investments (continued)

Investment in State investment pool

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Town's investment in this pool is reported in the accompanying financial statements at amounts based upon the Town's pro-rata share of the fair value provided for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized costs basis. LAIF is not rated. LAIF has a minimum \$5,000 transaction amount in increments of \$1,000 with a maximum of 15 transactions (combination of deposits and withdrawals) per month. LAIF requires a one-day prior notice for deposits and withdrawals of \$10 million or more.

Concentration of credit risk

The investment policy of the Town contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of total Town investments for the year ended June 30, 2023, are as listed below.

Issuer	% of Portfolio
Federal Home Loan Bank	11.75%

Fair value measurements

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

As of June 30, 2023, the investments held by the Town were subject to classification under the fair value hierarchy are listed below.

Investments by Fair Value Level	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Asset backed securities	\$ 947,460	\$ -	\$ 947,460	\$ -
Federal agency securities	6,290,023	-	6,290,023	-
Mortgage backed securities	480,441	-	480,441	-
Commercial paper	433,939	-	433,939	-
Corporate securities	2,089,202	-	2,089,202	-
Negotiable CD	349,805	-	349,805	-
US treasury obligations	16,678,818	-	16,678,818	-
Total investments by fair value level	27,269,688	\$ -	\$ 27,269,688	\$ -
Investments not subject to fair value				
Held by Bond Trustee:				
Money market	2			
Money market	10,427,861			
State investment pool	6,074,702			
PARS Pension Trust	2,627,732			
Total investments measured at fair value	\$ 46,399,985			

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 3: Advances/Due from/to other funds

Interfund advances balances at June 30, 2023 were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Town Housing - Major Special Revenue Fund	\$ 183,067
Non Major Governmental Funds	Town Housing - Major Special Revenue Fund	<u>577,179</u>
	Total interfund	<u>\$ 760,246</u>

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

Due to/from other funds balances at June 30, 2023 were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Prop 68 Grant	\$ 2,336,266
	Non Major Governmental Funds	12,379
	Active Transportation Program ATP	347,951
Prop 68 Grant	General Fund	<u>900</u>
	Total	<u>\$ 2,697,496</u>

The balances due to the General Fund are related to negative cash balances in various funds. The balance due to Prop 68 grant is related to interfund borrowings.

Note 4: Loan receivable

On or about March 20, 2012, the Town of Yucca Valley entered into certain Affordable Housing, Financing and Disposition and Development Agreement (Loan) that concerns the development of a 75-unit affordable rental housing complex for senior citizens (Project) with Yucca Valley Senior Housing Partners, LP (Developer) in the amount not to exceed Two Million Nine Hundred Twenty-Five Thousand Even Dollars (\$2,925,000) repayable to the Town with residual receipts after completion of the project. The Loan amount includes the purchase price of the site being conveyed by the Town to the Developer plus such amounts of the Town Loan advanced to the Developer. Interest shall accrue on the outstanding principal amount at the simple rate of one-half of one percent (0.5 %) per annum until repaid in full. Interest accrued on the Loan as of June 30, 2023 is \$145,025. This amount is included in the interest receivable balance at June 30, 2023. The principal outstanding balance of the Loan receivable at June 30, 2023 is \$2,925,000.

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 5: Transfers in and out

Transfers in and out for the year ended June 30, 2023 were as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General Fund	American Rescue Plan Fund (a)	\$ 2,604,760
	Nonmajor Governmental Funds (b)	64,246
		<u>2,669,006</u>
Debt Service Fund	Nonmajor Governmental Funds (c)	1,300,000
ATP State Grant	Nonmajor Governmental Funds (c)	1,117,005
	Capital Project Reserves (c)	1,025,000
		<u>2,142,005</u>
Capital Reserve	General Fund (c)	2,744,660
	Nonmajor Governmental Funds (c)	6,268
		<u>2,750,928</u>
Total transfers		<u><u>\$ 8,861,939</u></u>

- (a) Transfer was completed for funding of public safety costs
- (b) Transfer was for funding of the Animal Shelter Facility.
- (c) Transfer was completed for capital project funding.

Note 6: Due from other governments

The amounts due from other governments at June 30, 2023 consist of the following:

	<u>Amount</u>
County of San Bernardino	\$ 663,750
State of California	<u>4,066,441</u>
Total due from other governments	<u><u>\$ 4,730,191</u></u>

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 7: Capital and intangible assets

Capital asset activity for the year ended June 30, 2023 is as follows:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,346,251	\$ 49,110	\$ -	\$ 6,395,361
Construction in progress	2,911,190	5,799,938	(3,892,298)	4,818,830
Total capital assets not being depreciated	<u>9,257,441</u>	<u>5,849,048</u>	<u>(3,892,298)</u>	<u>11,214,191</u>
Capital assets being depreciated:				
Building and improvements				
Land improvements	7,807,678	583,954	-	8,391,632
Structures and improvements	16,624,537	435,686	-	17,060,223
Infrastructure	65,172,998	2,920,859	-	68,093,857
Vehicles and equipment				
Machinery and equipment	3,324,446	39,033	-	3,363,479
Licensed vehicles	1,340,810	333,452	(35,350)	1,638,912
Right to use asset - equipment	93,896	-	-	93,896
Total capital assets being depreciated/amortized	<u>94,364,365</u>	<u>4,312,984</u>	<u>(35,350)</u>	<u>98,641,999</u>
Less accumulated depreciation/amortization for:				
Building and improvements				
Land improvements	(5,576,851)	(256,267)	-	(5,833,118)
Structures and improvements	(5,125,471)	(368,194)	-	(5,493,665)
Infrastructure	(28,136,218)	(494,612)	-	(28,630,830)
Vehicles and equipment				
Machinery and equipment	(2,094,176)	(9,900)	-	(2,104,076)
Licensed vehicles	(1,096,028)	(6,049)	35,350	(1,066,727)
Right to use asset - equipment	(19,868)	(21,173)	-	(41,041)
Total accumulated depreciation/amortization	<u>(42,048,612)</u>	<u>(1,156,195)</u>	<u>35,350</u>	<u>(43,169,457)</u>
Total capital assets, being depreciated/amortized, net	<u>52,315,753</u>	<u>3,156,789</u>	<u>-</u>	<u>55,472,542</u>
Governmental activities capital assets, net	<u>\$ 61,573,194</u>	<u>\$ 9,005,837</u>	<u>\$ (3,892,298)</u>	<u>\$ 66,686,733</u>

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

General government	\$ 330,054
Parks and recreation	164,828
Public safety	32,734
Public works	614,036
Community development	<u>14,543</u>
Total depreciation expense	<u>\$ 1,156,195</u>

Amortization expense was allocated to General government for a total of \$21,173.

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 8: Long-term liabilities

Changes in long-term liabilities during the year ended June 30, 2023 were as follows:

Governmental activities:	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Leaseback agreement	\$ 2,704,134	\$ 17,524,866	\$ (425,000)	\$ 19,804,000	\$ 865,000
Compensated absences	256,780	196,266	(226,960)	226,086	56,522
Lease liabilities	74,293	-	(21,035)	53,258	21,200
Arbitrage liability	-	43,422	-	43,422	-
Total long-term liabilities	<u>\$ 3,035,207</u>	<u>\$ 17,764,554</u>	<u>\$ (672,995)</u>	<u>\$ 20,126,766</u>	<u>\$ 942,722</u>

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

Leaseback agreement

On February 1, 2022, the Town entered into a \$20,229,000 leaseback agreement to finance the cost of various General Fund capital improvements, including the Town Hall consolidation project, Senior Center rehabilitation project and the building of an Aquatics and Recreation facility. The lease agreement is using the Yucca Valley Town Hall, Yucca Valley Community Center, Hi Desert Nature Museum and Senior Center as the subject leased properties. The lease agreement has a rate of 2.36% on the unpaid principal with the term ending on August 1, 2041, or on the date on which all of the lease payments have been paid in full.

On February 17, 2022, the Town made the first draw against the loan of \$2,704,134 with the remainder of the balance to drawn in full by December 31, 2022.

Future payments on the leaseback agreement are as follows:

Leaseback agreement		
<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 865,000	\$ 462,300
2025	885,000	441,768
2026	907,000	420,752
2027	928,000	399,228
2028	950,000	377,198
2029-2033	5,100,000	1,536,767
2034-2038	5,735,000	901,908
2039-2043	4,434,000	211,737
Totals	<u>\$ 19,804,000</u>	<u>\$ 4,751,658</u>

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 8: Long-term liabilities (continued)

Lease liabilities

The Town entered into various leases as Lessee for the use of equipment ranging from 60 months to 17 quarters. Initial lease liability was recorded in the amount of \$74,293. As of June 30, 2023, the value of the lease liabilities are \$53,258. The Town is required to make quarterly fixed payments ranging from \$216-231. The leases have an interest rate of 1.09%. The equipment's estimated useful lives range from 60-68 months as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$93,896 with accumulated amortization of \$41,041.

Future payments on the total lease liabilities are as follows:

Leases		
<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 21,200	\$ 368
2025	21,367	201
2026	9,361	54
2027	1,330	2
Totals	<u>\$ 53,258</u>	<u>\$ 625</u>

Note 9: Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Town sponsors three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and Town's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

Notes to the Basic Financial Statements
For the year ended June 30, 2023

Note 9: Defined Benefit Pension Plan (continued)

A. General Information about the Pension Plan (continued)

Benefits Provided

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

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

The Plans' provisions and benefits in effect at June 30, 2023 are summarized as follows:

	<u>Miscellaneous First Tier</u>	<u>Miscellaneous Second Tier</u>	<u>Miscellaneous PEPRA</u>
	Prior to July 1, 2011	From July 1, 2011 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.092% to 2.272%	1.0% to 2.5%
Required employer contribution rates	13.35%	8.63%	7.47%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2023 were \$740,106. The actual employer payments of \$648,049 made to CalPERS by the District during the measurement period ended June 30, 2023 differed from the District's proportionate share of the employer's contributions of \$1,033,190 by \$(385,141), which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 9: Defined Benefit Pension Plan (continued)

B. Net Pension Liability

The Town's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CALPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include 1generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 9: Defined Benefit Pension Plan (continued)

B. Net Pension Liability (continued)

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return ^{1,2}</u>
Global Equity - cap-weighted	30.00%	4.54%
Global Equity - non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
Total	<u>100%</u>	

¹ An expected inflation of 2.30% used for this period

² Figures are based on the 2021 Asset Liability Management study.

Change of Assumptions

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Notes to the Basic Financial Statements
For the year ended June 30, 2023

Note 9: Defined Benefit Pension Plan (continued)

B. Net Pension Liability (continued)

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Pension Plan Fiduciary Net Position

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

C. Proportionate Share of Net Pension Liability

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

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2021 (VD)	\$ 23,194,865	\$ 21,259,823	\$ 1,935,042
Balance at: 6/30/2022 (MD)	25,403,115	19,918,526	5,484,589
Net change during 2021-22	<u>\$ 2,208,250</u>	<u>\$ (1,341,297)</u>	<u>\$ 3,549,547</u>

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

The Town's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov.

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 9: Defined Benefit Pension Plan (continued)

C. Proportionate Share of Net Pension Liability

The Town's proportionate share of the net pension liability for the Miscellaneous Plan as of June 30, 2021 and 2022 measurement dates was as follows:

Proportionate Share - June 30, 2021	0.10191%
Proportionate Share - June 30, 2022	<u>0.11721%</u>
Change - Increase (Decrease)	<u>0.01530%</u>

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

The following presents the Town's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
<u>Net Pension Liability</u>	<u>\$ 8,947,491</u>	<u>\$ 5,484,589</u>	<u>\$ 2,635,479</u>

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

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

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

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

The EARSL for PERF C for the measurement period ending June 30, 2022 is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 9: Defined Benefit Pension Plan (continued)

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

As of the start of the measurement period (July 1, 2021), the Town's net pension liability was \$1,935,042. For the measurement period ending June 30, 2023 (the measurement date), the Town incurred a pension expense of \$1,059,167.

As of June 30, 2023, the Town has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 562,011	\$ -
Differences between expected and actual experience	110,141	73,768
Differences between projected and actual investment earnings	1,004,631	-
Differences between employer's contributions and proportionate share of contributions	199,825	319,519
Change in employer's proportion	381,772	186,321
Pension contributions made subsequent to measurement date	740,106	-
Total	\$ 2,998,486	\$ 579,608

The amounts above are net of outflows and inflows recognized in the 2021-22 measurement period expense. Contributions subsequent to the measurement date of \$740,106 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2023	\$ 447,737
2024	395,731
2025	220,836
2026	614,468
2027	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2023, the Town reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year then ended.

Town of Yucca Valley

Notes to the Basic Financial Statements For the year ended June 30, 2023

Note 10: Other post-employment benefits (OPEB)

Plan description

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

Employees Covered

As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	44
Inactive employees or beneficiaries currently receiving benefits	5
Total	49
Inactive plan members entitled but not receiving benefits	22

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

Contributions

The HC Plan and its contribution requirements are established and may be amended by the Town Council. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2023, the Town's contributions were \$69,943 in payments to the trust, \$7,947 in contributions in the form of direct benefit payments (not reimbursed by the trust), and the estimated implied subsidy was \$31,678 resulting in a total of \$109,568. In fiscal year 2015, the Town established an Irrevocable Trust with the Public Agency Retirement Services (PARS). The Irrevocable Trust was required to fully implement the Town Council's direction of prefunding the Town's OPEB liability.

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	5.65%
Inflation	2.50% per year
Salary Increases	3.00% per year, used to allocate the cost of benefits between service years
Investment Rate of Return	5.65% as of June 30, 2021, and 5.75% as of June 30, 2019 net of plan investment expense
Mortality Rate ⁽¹⁾	MacLeod Watt Scale 2020 applied generationally from 2015
Pre-Retirement Turnover(2) Healthcare Trend Rate	5.7% (increase effective January 1, 2022) and grand down to 4% for years 2076 and later

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

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

Net OPEB Liability (continued)

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

<u>Asset Class</u>	<u>Weight</u>	<u>Asset Class Expected Return**</u>
Equity	60.00%	6.8% to 7.30%
Fixed Income	35.00%	3.30% to 6.10 %
Cash	5.00%	2.40%

Changes in Assumptions

There have been no changes of assumptions or methods from the previous measurement date.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.65% percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

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

	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net OPEB Liability/(Asset) (c) = (a) - (b)</u>
Balance at June 30, 2022 (Measurement Date June 30, 2021)	\$ 903,753	\$ 855,350	\$ 48,403
Changes recognized for the measurement period:			
Service cost	61,207	-	61,207
Interest	53,877	-	53,877
Contributions - employer	-	70,247	(70,247)
Net investment income	-	(124,509)	124,509
Benefit payments	(22,757)	(22,757)	-
Net change	<u>92,327</u>	<u>(77,019)</u>	<u>169,346</u>
Balance at June 30, 2023 (Measurement Date June 30, 2022)	<u>\$ 996,080</u>	<u>\$ 778,331</u>	<u>\$ 217,749</u>

Notes to the Basic Financial Statements
For the year ended June 30, 2023

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

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

The following presents the net OPEB liability of the Town if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	1% Decrease 4.65%	Current discount rate 5.65%	1% Increase 6.65%
Net OPEB Liability	\$ 341,871	\$ 217,749	\$ 115,056

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

The following presents the net OPEB liability of the Town if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	1% Decrease	Current healthcare cost trend rates	1% Increase
Net OPEB Liability	\$ 95,270	\$ 217,749	\$ 369,103

OPEB Plan Fiduciary Net Position

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

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

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

Net difference between projected and actual earnings on trust earnings 5-year straight-line recognition

All other amounts

Straight-line recognition over the expected average remaining services lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years. The EARSL was 8.02 years.

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

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

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

For the fiscal year ended June 30, 2023, the Town recognized OPEB income of \$34,353, and deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 81,800	\$ 8,315
Differences between expected and actual experience	-	169,860
Net difference between projected and actual earnings on investments	62,759	-
Contributions subsequent to measurement date	109,568	-
Total	\$ 254,127	\$ 178,175

The \$109,568 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period.

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

Fiscal year ended June 30:	Deferred outflows/(inflows) of resources
2024	\$ (34,831)
2025	(15,931)
2026	(15,569)
2027	14,923
2028	8,809
Thereafter:	8,983

Note 11: Risk Management

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

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

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 11: Risk Management (continued)

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

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

There was no significant reduction in insurance coverage by major categories from fiscal year 2020 to 2022 and no settlements exceeding insurance coverage over the past three years. Separate financial statements of PARSAC can be obtained from 1525 Response Road - Suite One, Sacramento California 95815.

Note 12: Successor Agency

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

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

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

The debt of the Successor Agency as of June 30, 2023 is as follows:

Successor Agency:	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>	<u>Long Term Debt</u>
Tax Allocation Refunding						
Bonds 2018 - Direct lending	<u>\$ 6,965,000</u>	<u>\$ -</u>	<u>\$ (323,000)</u>	<u>\$ 6,642,000</u>	<u>\$ 338,000</u>	<u>\$ 6,304,000</u>

Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 12: Successor Agency (continued)

Tax Allocation Refunding Bonds 2018 (refunded 2008 Tax Allocation Bonds) – Direct lending

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

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

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

The outstanding balance of the refunding debt as of June 30, 2023 is \$6,642,000.

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

Bonds payable		
<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 338,000	\$ 271,914
2025	349,000	260,018
2026	364,000	248,338
2027	378,000	234,809
2028	391,000	221,477
2029-2033	2,184,000	889,408
2034-2038	2,638,000	472,228
Totals	<u>\$ 6,642,000</u>	<u>\$ 2,598,192</u>

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Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 13: Risks and Uncertainties

Grants

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

Successor Agency

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2023 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and County in which the Successor Agency resides. If any expenses incurred or transfers made by the Successor Agency are disallowed by the State agencies or County, the Town, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding tax revenue remittances normally paid to the Town. The amount, if any, of expenses that may be disallowed by the State agencies or County, cannot be determined at this time, although management of the Successor Agency expects such amounts may, or may not be immaterial.

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Town of Yucca Valley

**Notes to the Basic Financial Statements
For the year ended June 30, 2023**

Note 14: GASB 54 – Fund balance reporting

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

	Special Revenue					Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
	General	Town Housing	Measure Z - Sewer Assessment	Desert Community	Active	Capital Projects Reserve	Debt Service		
				Program Prop 68 Grant	Transportation Program				
Nonspendable:									
Advance to other funds	\$ 183,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 577,179	\$ 760,246
Prepaid items	214,405	-	-	-	-	-	-	-	214,405
Restricted:									
Public safety									
Animal services	270,410	-	-	-	-	-	-	-	270,410
Safety programs	-	-	-	-	-	-	-	867,805	867,805
Community development									
Community projects	-	-	-	-	-	-	18,336,057	237,088	18,573,145
Public works									
Fund's program	-	-	712,957	-	-	-	-	10,963,200	11,676,157
Parks and recreation									
Rec programs	61,207	-	-	-	-	-	-	-	61,207
General government									
Section 115 Trust	2,627,732	-	-	-	-	-	-	-	2,627,732
General government serv	-	-	-	-	-	-	-	532	532
Assigned to:									
Capital projects	-	-	-	-	-	8,860,222	-	57,907	8,918,129
Risk management	500,000	-	-	-	-	-	-	-	500,000
Emergency-catastrophic	1,500,000	-	-	-	-	-	-	-	1,500,000
Retirees obligations	500,000	-	-	-	-	-	-	-	500,000
Unassigned	16,346,197	(161,581)	-	(128,397)	(549,016)	-	-	(12,379)	15,494,824
Total fund balances	\$ 22,203,018	\$ (161,581)	\$ 712,957	\$ (128,397)	\$ (549,016)	\$ 8,860,222	\$ 18,336,057	\$ 12,691,332	\$ 61,964,592

As of June 30, 2023, a deficit fund balance was recorded in the following funds:

<i>Major Special Revenue Funds:</i>	<u>Fund deficit</u>
Town Housing	\$ (161,581)
Prop 68 Grant	(128,397)
Active Transportation Program	(549,016)
 <i>Non Major Special Revenue Funds:</i>	
Highway Safety Improvements	(12,379)

REQUIRED SUPPLEMENTARY INFORMATION

Town of Yucca Valley

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2023**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 3,923,500	\$ 3,923,500	\$ 4,234,362	\$ 310,862
Property taxes in lieu	2,200,000	2,200,000	2,614,466	414,466
Sales tax	4,700,000	4,700,000	4,908,114	208,114
Transient occupancy tax	2,400,000	3,100,000	3,760,718	660,718
Franchise fees	1,047,000	1,047,000	1,223,536	176,536
Total taxes	14,270,500	14,970,500	16,741,196	1,770,696
Licenses and permits	70,000	70,000	73,059	3,059
Intergovernmental:				
Motor vehicle in lieu	20,000	20,000	22,359	2,359
HOPTR	25,000	25,000	23,639	(1,361)
Other	563,345	563,345	608,646	45,301
Total intergovernmental	608,345	608,345	654,644	46,299
Charges for services:				
Planning, engineering and building fees	911,860	1,101,860	1,409,066	307,206
Sports programs	72,500	72,500	113,464	40,964
Other	55,800	55,800	50,616	(5,184)
Total charges for services	1,040,160	1,230,160	1,573,146	342,986
Fines and forfeitures	544,500	619,500	295,502	(323,998)
Use of money and property:				
Investment earnings	150,000	500,000	727,421	227,421
Other	52,000	52,000	81,680	29,680
Total revenues	16,735,505	18,050,505	20,146,648	2,096,143

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Town of Yucca Valley

**Required Supplementary Information
Budgetary Comparison Schedule, continued
General Fund
For the year ended June 30, 2023**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
EXPENDITURES				
General government:				
Town council	\$ 158,530	\$ 203,530	\$ 156,416	\$ 47,114
Town clerk/attorney	522,582	639,582	708,206	(68,624)
Interdepartmental	410,700	550,700	591,399	(40,699)
Town administration	414,200	445,800	451,785	(5,985)
Management services	1,404,457	1,552,267	1,470,534	81,733
Total general government	2,910,469	3,391,879	3,378,340	13,539
Public safety:				
Police	5,186,000	5,296,000	5,016,311	279,689
Animal control	1,120,832	1,141,832	991,115	150,717
Total public safety	6,306,832	6,437,832	6,007,426	430,406
Parks and recreation	1,789,970	1,955,770	1,555,399	400,371
Public works	1,755,919	2,065,179	2,032,305	32,874
Community development	2,591,324	2,627,414	2,144,969	482,445
Interest and fiscal charges	-	-	534	(534)
Total expenditures	15,354,514	16,478,074	15,118,973	1,359,101
Excess (deficiency) of revenues over (under) expenditures	1,380,991	1,572,431	5,027,675	3,455,244
OTHER FINANCING SOURCES (USES)				
Transfers in	2,658,760	2,668,972	2,669,006	34
Transfers out	(1,309,660)	(4,044,660)	(4,044,660)	-
Total other financing sources (uses)	1,349,100	(1,375,688)	(1,375,654)	34
Net change in fund balance	2,730,091	196,743	3,652,021	3,455,278
FUND BALANCES (DEFICIT)				
Beginning of year	18,550,997	18,550,997	18,550,997	-
End of year	\$ 21,281,088	\$ 18,747,740	\$ 22,203,018	\$ 3,455,278

Town of Yucca Valley

**Required Supplementary Information
Budgetary Comparison Schedule
Town Housing Special Revenue Fund
For the year ended June 30, 2023**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Investment earnings	\$ 1,500	\$ 1,500	\$ 2,206	\$ 706
Total revenues	1,500	1,500	2,206	706
EXPENDITURES				
Current:				
General Government	2,500	2,500	1,250	1,250
Public works	30,000	50,000	38,994	11,006
Total expenditures	32,500	52,500	40,244	12,256
Net change in fund balance	(31,000)	(51,000)	(38,038)	12,962
FUND BALANCE (DEFICIT)				
Fund balance, beginning of year	(123,543)	(123,543)	(123,543)	-
Fund balance, end of year	\$ (154,543)	\$ (174,543)	\$ (161,581)	\$ 12,962

Town of Yucca Valley

**Required Supplementary Information
 Budgetary Comparison Schedule
 Measure Z – Sewer Assessment Assistance Special Revenue Fund
 For the year ended June 30, 2023**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Taxes	\$ 2,800,000	\$ 2,800,000	\$ 2,909,133	\$ 109,133
Investment earnings	5,000	5,000	4,045	(955)
Total revenues	<u>2,805,000</u>	<u>2,805,000</u>	<u>2,913,178</u>	<u>108,178</u>
EXPENDITURES				
Current:				
General Government	<u>2,805,000</u>	<u>2,805,000</u>	<u>2,974,589</u>	<u>(169,589)</u>
Total expenditures	<u>2,805,000</u>	<u>2,805,000</u>	<u>2,974,589</u>	<u>(169,589)</u>
Net change in fund balance	-	-	(61,411)	(61,411)
FUND BALANCE (DEFICIT)				
Fund balance, beginning of year	<u>774,368</u>	<u>774,368</u>	<u>774,368</u>	<u>-</u>
Fund balance, end of year	<u>\$ 774,368</u>	<u>\$ 774,368</u>	<u>\$ 712,957</u>	<u>\$ (61,411)</u>

Town of Yucca Valley

**Required Supplementary Information
 Budgetary Comparison Schedule
 Desert Community Program Prop 68 Grant Special Revenue Fund
 For the year ended June 30, 2023**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 9,707,964	\$ 18,301,713	\$ 1,377,715	\$(16,923,998)
Total revenues	9,707,964	18,301,713	1,377,715	(16,923,998)
EXPENDITURES				
Current:				
General government	-	-	72,270	(72,270)
Parks and recreation	-	1,998,958	278,973	1,719,985
Public works	9,707,964	16,174,360	1,098,742	15,075,618
Total expenditures	9,707,964	18,173,318	1,449,985	16,723,333
Excess (deficiency) of revenues over (under) expenditures	-	128,395	(72,270)	(200,665)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	5,000,000	-	(5,000,000)
Total other financing sources	-	5,000,000	-	(5,000,000)
Net change in fund balance	-	5,128,395	(72,270)	(5,200,665)
FUND BALANCE (DEFICIT)				
Fund balance, beginning of year	(128,397)	(128,397)	(128,397)	-
Fund balance, end of year	\$ (128,397)	\$ 4,999,998	\$ (200,667)	\$ (5,200,665)

Town of Yucca Valley

**Required Supplementary Information
Budgetary Comparison Schedule
Active Transportation Grant Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 1,312,654	\$ 261,614	\$ (1,051,040)
Investment earnings	-	4,899	4,899
Total revenues	<u>1,312,654</u>	<u>266,513</u>	<u>(1,046,141)</u>
EXPENDITURES			
Current:			
Public works	<u>4,334,756</u>	<u>3,838,376</u>	<u>496,380</u>
Total expenditures	<u>4,334,756</u>	<u>3,838,376</u>	<u>496,380</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,022,102)</u>	<u>(3,571,863)</u>	<u>(549,761)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>2,142,005</u>	<u>2,142,005</u>	<u>-</u>
Total other financing sources	<u>2,142,005</u>	<u>2,142,005</u>	<u>-</u>
Net change in fund balance	(880,097)	(1,429,858)	(549,761)
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>880,842</u>	<u>880,842</u>	<u>-</u>
Fund balance, end of year	<u>\$ 745</u>	<u>\$ (549,016)</u>	<u>\$ (549,761)</u>

Town of Yucca Valley

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

<u>Measurement Date</u>	<u>Employer's Proportion of the Collective Net Pension Liability¹</u>	<u>Employer's Proportionate Share of the Collective Net Pension Liability</u>	<u>Employer's Covered Payroll²</u>	<u>Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll</u>	<u>Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
6/30/2014	0.05381%	\$ 3,360,184	\$ 2,251,339	187.98%	81.27%
6/30/2015	0.05777%	3,965,258	2,135,328	185.70%	74.39%
6/30/2016	0.04782%	4,138,188	2,221,751	186.26%	74.60%
6/30/2017	0.04765%	4,725,488	2,336,296	202.26%	74.30%
6/30/2018	0.04807%	4,632,444	2,366,626	195.74%	76.13%
6/30/2019	0.04588%	4,701,133	2,310,070	203.51%	77.45%
6/30/2020	0.04732%	5,148,536	2,586,000	199.09%	76.49%
6/30/2021	0.03578%	1,935,042	2,798,265	69.15%	91.66%
6/30/2022	0.04748%	5,484,589	3,021,783	181.50%	78.41%

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

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

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

Town of Yucca Valley

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

<u>Fiscal Year</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions in Relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll¹</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2015	\$ 367,774	\$ (367,774)	\$ -	\$ 2,135,328	17.22%
6/30/2016	455,028	(1,096,580)	(641,552)	2,221,751	49.36%
6/30/2017	394,738	(394,738)	-	2,336,296	16.90%
6/30/2018	431,923	(431,923)	-	2,366,626	18.25%
6/30/2019	833,506	(833,506)	-	2,310,070	36.08%
6/30/2020	565,731	(565,731)	-	2,586,000	21.88%
6/30/2021	644,070	(1,271,095)	(627,025)	2,798,265	45.42%
6/30/2022	684,049	(684,049)	-	3,021,783	22.64%
6/30/2023	740,106	(740,106)	-	3,275,659	22.59%

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

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

Notes to Schedule:

Change in Benefit Terms: None

Changes in Assumptions: No change in assumptions for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Town of Yucca Valley

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

Measurement Period	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service Cost	\$ 61,207	\$ 47,056	\$ 45,575	\$ 47,634	\$ 46,135	\$ 43,662
Interest	53,877	45,739	41,836	56,791	52,546	63,239
Differences between expected and actual experience	-	(38,330)	-	(235,199)	-	(153,123)
Changes of assumptions	-	108,976	-	(14,420)	-	(7,319)
Benefit payments	(22,757)	(16,175)	(25,864)	(27,364)	(38,220)	(37,914)
Net change in Total OPEB Liability	92,327	147,266	61,547	(172,558)	60,461	(91,455)
Total OPEB Liability - beginning	903,753	756,487	694,940	867,498	807,037	898,492
Total OPEB Liability - ending (a)	996,080	903,753	756,487	694,940	867,498	807,037
Plan Fiduciary Net Position						
Contribution - employer	70,247	42,082	160,812	119,672	134,481	109,688
Net investment income	(124,509)	176,574	16,482	27,459	2,037	27,376
Benefit payments	(22,757)	(16,175)	(25,864)	(27,364)	(38,220)	(37,914)
Net change in Plan Fiduciary Net Position	(77,019)	202,481	151,430	119,767	98,298	99,150
Plan Fiduciary Net Position - beginning	855,350	652,869	501,439	381,672	283,374	184,224
Plan Fiduciary Net Position - ending (b)	778,331	855,350	652,869	501,439	381,672	283,374
Net OPEB Liability - ending (a) - (b)	\$ 217,749	\$ 48,403	\$ 103,618	\$ 193,501	\$ 485,826	\$ 523,663
Plan fiduciary net position as a percentage of the total OPEB liability	78.14%	94.64%	86.30%	72.16%	44.00%	35.11%
Covered-employee payroll	\$ 3,021,783	\$ 2,798,265	\$ 2,695,043	\$ 2,310,071	\$ 2,381,721	\$ 2,336,296
Net OPEB liability as a percentage of covered-employee payroll	7.21%	1.73%	3.84%	8.38%	20.40%	22.41%

Notes to schedule:

Changes Since the Prior Valuation:

Discount rates: Decreased from 5.75% to 5.65%.

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

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

Town of Yucca Valley

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

Fiscal Year Ended June 30	2023	2022	2021	2020	2019	2018
Actuarially Determined Contributions (ADC)	\$ 69,225	\$ 58,443	\$ 56,719	\$ 85,044	\$ 82,444	\$ 93,747
Contributions in relation to the ADC	(109,568)	(70,247)	(42,082)	(133,862)	(119,672)	(134,481)
Contribution deficiency/(excess)	<u>\$ (40,343)</u>	<u>\$ (11,804)</u>	<u>\$ 14,637</u>	<u>\$ (48,818)</u>	<u>\$ (37,228)</u>	<u>\$ (40,734)</u>
Covered-employee payroll	\$ 3,275,916	\$ 3,021,783	\$ 2,798,265	\$ 2,695,043	\$ 2,310,071	\$ 2,381,721
Contribution as a percentage of covered-employee payroll	3.34%	2.32%	1.50%	4.97%	5.18%	5.65%
Notes to schedule:						
Valuation date used	<u>6/30/2021</u>	<u>6/30/2019</u>	<u>6/30/2019</u>	<u>6/30/2019</u>	<u>6/30/2017</u>	<u>6/30/2017</u>
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level % of pay	Level % of pay	Level % of pay	Level % of pay	Level % of pay	Level % of pay
Amortization period	21 Years closed	22 Years closed	23 Years closed	24 Years closed	25 Years closed	26 Years closed
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%
Healthcare cost trend rates	5.70%	6.50%	6.50%	6.50%	8.00%	8.00%
Salary increases	3.00%	3.25%	3.25%	3.25%	3.25%	3.25%
Investment rate of return	5.65%	5.75%	5.75%	5.75%	6.30%	6.30%
Retirement age	From 50 to 75	From 50 to 75	From 50 to 75	From 50 to 75	From 50 to 75	From 50 to 75
Mortality	2017 CalPers Study	2017 CalPers Study	2017 CalPers Study	2017 CalPers Study	2014 CalPers Study	2014 CalPers Study
Mortality improvement	McLeod Watts Scale 2020	McLeod Watts Scale 2018	McLeod Watts Scale 2018	McLeod Watts Scale 2018	McLeod Watts Scale 2017	McLeod Watts Scale 2017

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

Town of Yucca Valley

**Notes to Required Supplementary Information
For the year ended June 30, 2023**

Note 1: Budgets and budgetary data

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

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

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

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

Major Fund:	Excess:
Measure Z – Major Special Revenue Fund	\$169,589

SUPPLEMENTAL SCHEDULES

Town of Yucca Valley

**Combined Balance Sheet
Nonmajor Governmental Funds
June 30, 2023**

	Special Revenue Funds	Capital Projects Funds	Totals
ASSETS			
Cash and investments	\$ 11,554,750	\$ 57,907	\$ 11,612,657
Receivables:			
Accounts, net	14,588	-	14,588
Due from other governments	678,911	-	678,911
Advance to other funds	577,179	-	577,179
Total assets	<u>\$ 12,825,428</u>	<u>\$ 57,907</u>	<u>\$ 12,883,335</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 155,449	\$ -	\$ 155,449
Accrued salaries	9,865	-	9,865
Retentions payable	14,310	-	14,310
Due to other funds	12,379	-	12,379
Total liabilities	<u>192,003</u>	<u>-</u>	<u>192,003</u>
Fund balances (deficit):			
Nonspendable:			
Advance to other funds	577,179	-	577,179
Restricted:			
General government	532	-	532
Public safety	867,805	-	867,805
Community development	237,088	-	237,088
Public works	10,963,200	-	10,963,200
Assigned	-	57,907	57,907
Unassigned	(12,379)	-	(12,379)
Total fund balances	<u>12,633,425</u>	<u>57,907</u>	<u>12,691,332</u>
Total liabilities and fund balances	<u>\$ 12,825,428</u>	<u>\$ 57,907</u>	<u>\$ 12,883,335</u>

Town of Yucca Valley

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2023**

	Special Revenue Funds	Capital Projects Funds	Totals
REVENUES			
Taxes	\$ 3,026,061	\$ -	\$ 3,026,061
Intergovernmental	5,364,834	-	5,364,834
Charges for services	57,529	-	57,529
Fines, fees and forfeitures	98,882	-	98,882
Investment earnings	49,713	204	49,917
Other	62,311	-	62,311
	<u>8,659,330</u>	<u>204</u>	<u>8,659,534</u>
EXPENDITURES			
Current:			
General government	146,329	-	146,329
Public safety	891,530	-	891,530
Parks and recreation	372,959	-	372,959
Public works	1,926,098	-	1,926,098
Community development	149,016	-	149,016
	<u>3,485,932</u>	<u>-</u>	<u>3,485,932</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,173,398</u>	<u>204</u>	<u>5,173,602</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(3,792,279)</u>	<u>-</u>	<u>(3,792,279)</u>
Total other financing sources (uses)	<u>(3,792,279)</u>	<u>-</u>	<u>(3,792,279)</u>
Net change in fund balances	1,381,119	204	1,381,323
FUND BALANCES (DEFICIT)			
Beginning of year	<u>11,252,306</u>	<u>57,703</u>	<u>11,310,009</u>
End of year	<u>\$ 12,633,425</u>	<u>\$ 57,907</u>	<u>\$ 12,691,332</u>

Town of Yucca Valley

Nonmajor Special Revenue Funds - Fund Descriptions For the year ended June 30, 2023

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

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

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

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

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

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

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

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

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

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

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

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

ARPA – This fund accounts for revenues and expenditures from the American Rescue Plan Act.

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

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

Town of Yucca Valley

Nonmajor Special Revenue Funds - Fund Descriptions (continued) For the year ended June 30, 2023

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

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

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

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

Coronavirus, Aid, Relief and Economic Security Act (CARES Act) – Established to account for grants related to the CARES Act of 2020. The grant is to be used to reimburse the Town for costs associated with the Covid-19 pandemic. Amounts were passed through by the County of San Bernardino.

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

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

Town of Yucca Valley

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023**

	Quimby Fees	Traffic Safety	Asset Seizure	Gas Tax
ASSETS				
Cash and investments	\$ 11,317	\$ 228,715	\$ 16,240	\$ 702,106
Receivables:				
Accounts, net	-	-	-	-
Due from other governments	-	765	-	48,677
Advance to other funds	-	-	-	-
Total assets	\$ 11,317	\$ 229,480	\$ 16,240	\$ 750,783
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 10,610
Accrued salaries	-	-	-	1,971
Retentions payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	12,581
Fund balances (deficit):				
Nonspendable:				
Advance to other funds	-	-	-	-
Restricted:				
General government	-	-	-	-
Public safety	-	229,480	16,240	-
Community development	-	-	-	-
Public works	11,317	-	-	738,202
Unassigned	-	-	-	-
Total fund balances	11,317	229,480	16,240	738,202
Total liabilities and fund balances	\$ 11,317	\$ 229,480	\$ 16,240	\$ 750,783

Local Transportation Act	Measure I - 65% Major Arterial	Street in Lieu	Measure I - 2010-2040	Road Maintenance Rehabilitation	Mello-Roos
\$ 253,225	\$ -	\$ 400,937	\$ 1,382,459	\$ 324,216	\$ 381,434
-	-	-	-	-	14,588
-	-	-	97,775	85,303	-
-	-	-	-	-	-
<u>\$ 253,225</u>	<u>\$ -</u>	<u>\$ 400,937</u>	<u>\$ 1,480,234</u>	<u>\$ 409,519</u>	<u>\$ 396,022</u>
\$ -	\$ -	\$ -	\$ 10,085	\$ -	\$ 1,756
-	-	-	6,319	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	16,404	-	1,756
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
253,225	-	400,937	1,463,830	409,519	394,266
-	-	-	-	-	-
<u>253,225</u>	<u>-</u>	<u>400,937</u>	<u>1,463,830</u>	<u>409,519</u>	<u>394,266</u>
<u>\$ 253,225</u>	<u>\$ -</u>	<u>\$ 400,937</u>	<u>\$ 1,480,234</u>	<u>\$ 409,519</u>	<u>\$ 396,022</u>

Town of Yucca Valley

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023**

	COPS - LLESA	ARPA	Recycling Activities Grant	Landscape and Lighting Maintenance
ASSETS				
Cash and investments	\$ 623,617	\$ 532	\$ 45,909	\$ 100,733
Receivables:				
Accounts, net	-	-	-	-
Due from other governments	-	-	-	-
Advance to other funds	-	-	-	-
Total assets	<u>\$ 623,617</u>	<u>\$ 532</u>	<u>\$ 45,909</u>	<u>\$ 100,733</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,532	\$ -	\$ 3,484	\$ -
Accrued salaries	-	-	-	-
Retentions payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>1,532</u>	<u>-</u>	<u>3,484</u>	<u>-</u>
Fund balances (deficit):				
Nonspendable:				
Advance to other funds	-	-	-	-
Restricted:				
General government	-	532	-	-
Public safety	622,085	-	-	-
Community development	-	-	42,425	-
Public works	-	-	-	100,733
Unassigned	-	-	-	-
Total fund balances	<u>622,085</u>	<u>532</u>	<u>42,425</u>	<u>100,733</u>
Total liabilities and fund balances	<u>\$ 623,617</u>	<u>\$ 532</u>	<u>\$ 45,909</u>	<u>\$ 100,733</u>

Street and Drainage District	Development Impact Fees	Community Development Block Grant	California Humanities Grant	CARES Act	Highway Safety Improvements
\$ 382,851	\$ 1,796,057	\$ 194,663	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	577,179	-	-	-	-
<u>\$ 382,851</u>	<u>\$ 2,373,236</u>	<u>\$ 194,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	12,379
-	-	-	-	-	12,379
-	577,179	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	194,663	-	-	-
382,851	1,796,057	-	-	-	-
-	-	-	-	-	(12,379)
<u>382,851</u>	<u>2,373,236</u>	<u>194,663</u>	<u>-</u>	<u>-</u>	<u>(12,379)</u>
<u>\$ 382,851</u>	<u>\$ 2,373,236</u>	<u>\$ 194,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Yucca Valley

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023**

	Measure Y - Essential Services	Total
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 4,709,739	\$ 11,554,750
Receivables:		
Accounts, net	-	14,588
Due from other governments	446,391	678,911
Advance to other funds	-	577,179
	<u> </u>	<u> </u>
Total assets	<u>\$ 5,156,130</u>	<u>\$ 12,825,428</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 127,982	\$ 155,449
Accrued salaries	1,575	9,865
Retentions payable	14,310	14,310
Due to other funds	-	12,379
	<u> </u>	<u> </u>
Total liabilities	<u>143,867</u>	<u>192,003</u>
Fund balances (deficit):		
Nonspendable:		
Advance to other funds	-	577,179
Restricted:		
General government	-	532
Public safety	-	867,805
Community development	-	237,088
Public works	5,012,263	10,963,200
Unassigned	-	(12,379)
	<u> </u>	<u> </u>
Total fund balances	<u>5,012,263</u>	<u>12,633,425</u>
Total liabilities and fund balances	<u>\$ 5,156,130</u>	<u>\$ 12,825,428</u>

Town of Yucca Valley

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2023**

	Quimby Fees	Traffic Safety	Asset Seizure	Gas Tax
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	558,618
Charges for services	-	-	-	-
Fines, fees and forfeitures	-	5,407	-	-
Investment earnings	40	799	57	2,674
Other revenue	-	-	-	-
Total revenues	<u>40</u>	<u>6,206</u>	<u>57</u>	<u>561,292</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	509,199
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>509,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>40</u>	<u>6,206</u>	<u>57</u>	<u>52,093</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	40	6,206	57	52,093
FUND BALANCES (DEFICIT):				
Beginning of year	<u>11,277</u>	<u>223,274</u>	<u>16,183</u>	<u>686,109</u>
End of year	<u>\$ 11,317</u>	<u>\$ 229,480</u>	<u>\$ 16,240</u>	<u>\$ 738,202</u>

Local Transportation Act	Measure I - 65% Major Arterial	Street in Lieu	Measure I - 2010-2040	Road Maintenance Rehabilitation	Mello-Roos
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,928
-	-	-	968,766	486,812	-
-	-	-	-	-	-
-	-	-	-	-	-
893	-	1,247	9,291	711	1,142
-	-	62,311	-	-	-
<u>893</u>	<u>-</u>	<u>63,558</u>	<u>978,057</u>	<u>487,523</u>	<u>118,070</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,126	-	508,668	-	12,065
-	-	-	-	-	-
<u>-</u>	<u>2,126</u>	<u>-</u>	<u>508,668</u>	<u>-</u>	<u>12,065</u>
<u>893</u>	<u>(2,126)</u>	<u>63,558</u>	<u>469,389</u>	<u>487,523</u>	<u>106,005</u>
-	-	-	(879,000)	(238,005)	-
-	-	-	(879,000)	(238,005)	-
893	(2,126)	63,558	(409,611)	249,518	106,005
<u>252,332</u>	<u>2,126</u>	<u>337,379</u>	<u>1,873,441</u>	<u>160,001</u>	<u>288,261</u>
<u>\$ 253,225</u>	<u>\$ -</u>	<u>\$ 400,937</u>	<u>\$ 1,463,830</u>	<u>\$ 409,519</u>	<u>\$ 394,266</u>

Town of Yucca Valley

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2023**

	COPS - LLESA	ARPA	Recycling Activities Grant	Landscape and Lighting Maintenance
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	165,306	2,604,761	36,086	-
Charges for services	-	-	-	11,019
Fines, fees and forfeitures	-	-	-	-
Investment earnings	2,116	-	127	348
Other revenue	-	-	-	-
Total revenues	<u>167,422</u>	<u>2,604,761</u>	<u>36,213</u>	<u>11,367</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	91,337	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	5,949	5,501
Community development	-	-	9,016	-
Total expenditures	<u>91,337</u>	<u>-</u>	<u>14,965</u>	<u>5,501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>76,085</u>	<u>2,604,761</u>	<u>21,248</u>	<u>5,866</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(2,604,760)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(2,604,760)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	76,085	1	21,248	5,866
FUND BALANCES (DEFICIT):				
Beginning of year	<u>546,000</u>	<u>531</u>	<u>21,177</u>	<u>94,867</u>
End of year	<u>\$ 622,085</u>	<u>\$ 532</u>	<u>\$ 42,425</u>	<u>\$ 100,733</u>

Street and Drainage District	Development Impact Fees	Community Development Block Grant	California Humanities Grant	CARES Act	Highway Safety Improvements
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	511,417	-	-	33,068
46,510	-	-	-	-	-
-	93,475	-	-	-	-
1,279	9,466	-	28	-	-
-	-	-	-	-	-
<u>47,789</u>	<u>102,941</u>	<u>511,417</u>	<u>28</u>	<u>-</u>	<u>33,068</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	289,870	-	-	-
6,997	-	-	-	-	3,833
-	-	-	-	-	-
<u>6,997</u>	<u>-</u>	<u>289,870</u>	<u>-</u>	<u>-</u>	<u>3,833</u>
<u>40,792</u>	<u>102,941</u>	<u>221,547</u>	<u>28</u>	<u>-</u>	<u>29,235</u>
-	(54,000)	-	(10,246)	(6,268)	-
-	(54,000)	-	(10,246)	(6,268)	-
40,792	48,941	221,547	(10,218)	(6,268)	29,235
<u>342,059</u>	<u>2,324,295</u>	<u>(26,884)</u>	<u>10,218</u>	<u>6,268</u>	<u>(41,614)</u>
<u>\$ 382,851</u>	<u>\$ 2,373,236</u>	<u>\$ 194,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,379)</u>

Town of Yucca Valley

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2023**

	Measure Y - Essential Services	Total
REVENUES		
Taxes	\$ 2,909,133	\$ 3,026,061
Intergovernmental	-	5,364,834
Charges for services	-	57,529
Fines, fees and forfeitures	-	98,882
Investment earnings	19,495	49,713
Other revenue	-	62,311
	<u>2,928,628</u>	<u>8,659,330</u>
Total revenues		
EXPENDITURES		
Current:		
General government	146,329	146,329
Public safety	800,193	891,530
Parks and recreation	83,089	372,959
Public works	871,760	1,926,098
Community development	140,000	149,016
	<u>2,041,371</u>	<u>3,485,932</u>
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	<u>887,257</u>	<u>5,173,398</u>
OTHER FINANCING SOURCES (USES)		
Transfers out	-	(3,792,279)
	<u>-</u>	<u>(3,792,279)</u>
Total other financing sources (uses)		
Net change in fund balances	887,257	1,381,119
FUND BALANCES (DEFICIT):		
Beginning of year	<u>4,125,006</u>	<u>11,252,306</u>
End of year	<u>\$ 5,012,263</u>	<u>\$ 12,633,425</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Quimby Fees Special Revenue Fund
For the year ended June 30, 2023**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Investment earnings	\$ 100	\$ 40	\$ (60)
Total revenues	<u>100</u>	<u>40</u>	<u>(60)</u>
EXPENDITURES			
General government	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total expenditures	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Net change in fund balance	(2,400)	40	2,440
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>11,277</u>	<u>11,277</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 8,877</u></u>	<u><u>\$ 11,317</u></u>	<u><u>\$ 2,440</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Traffic Safety Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Fines, fees and forfeitures	\$ 4,000	\$ 5,407	\$ 1,407
Investment earnings	1,000	799	(201)
Total revenues	<u>5,000</u>	<u>6,206</u>	<u>1,206</u>
EXPENDITURES			
Current:			
General government	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total expenditures	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance	(45,000)	6,206	51,206
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>223,274</u>	<u>223,274</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 178,274</u></u>	<u><u>\$ 229,480</u></u>	<u><u>\$ 51,206</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Asset Seizure Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Investment earnings	\$ 100	\$ 57	\$ (43)
Total revenues	<u>100</u>	<u>57</u>	<u>(43)</u>
EXPENDITURES			
Current:			
Public safety	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total expenditures	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Net change in fund balance	(2,400)	57	2,457
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>16,183</u>	<u>16,183</u>	<u>-</u>
Fund balance, end of year	<u>\$ 13,783</u>	<u>\$ 16,240</u>	<u>\$ 2,457</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 657,467	\$ 558,618	\$ (98,849)
Investment earnings	1,500	2,674	1,174
Total revenues	<u>658,967</u>	<u>561,292</u>	<u>(97,675)</u>
EXPENDITURES			
Current:			
Public works	<u>880,162</u>	<u>509,199</u>	<u>370,963</u>
Total expenditures	<u>880,162</u>	<u>509,199</u>	<u>370,963</u>
Net change in fund balance	(221,195)	52,093	273,288
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>686,109</u>	<u>686,109</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 464,914</u></u>	<u><u>\$ 738,202</u></u>	<u><u>\$ 273,288</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Local Transportation Act Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Investment earnings	\$ 405	\$ 893	\$ 488
Total revenues	<u>405</u>	<u>893</u>	<u>488</u>
EXPENDITURES			
Current:			
Public works	<u>86,430</u>	<u>-</u>	<u>86,430</u>
Total expenditures	<u>86,430</u>	<u>-</u>	<u>86,430</u>
Excess of revenues over expenditures	(86,025)	893	86,918
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>252,332</u>	<u>252,332</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 166,307</u></u>	<u><u>\$ 253,225</u></u>	<u><u>\$ 86,918</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure I - 65% Major Arterial Special Revenue Fund
For the year ended June 30, 2023**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES			
Current:			
Public works	<u>2,126</u>	<u>2,126</u>	<u>-</u>
Total expenditures	<u>2,126</u>	<u>2,126</u>	<u>-</u>
Net change in fund balance	(2,126)	(2,126)	-
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>2,126</u>	<u>2,126</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Street in Lieu Special Revenue Fund
For the year ended June 30, 2023**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Investment earnings	\$ -	\$ 1,247	\$ 1,247
Other revenue	<u>1,500</u>	<u>62,311</u>	<u>60,811</u>
Total revenues	<u>1,500</u>	<u>63,558</u>	<u>62,058</u>
EXPENDITURES			
Current:			
Public works	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total expenditures	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance	(48,500)	63,558	112,058
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>337,379</u>	<u>337,379</u>	<u>-</u>
Fund balance, end of year	<u>\$ 288,879</u>	<u>\$ 400,937</u>	<u>\$ 112,058</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure I – 2010 – 2040 Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 1,000,000	\$ 968,766	\$ (31,234)
Investment earnings	-	9,291	9,291
Total revenues	<u>1,000,000</u>	<u>978,057</u>	<u>(21,943)</u>
EXPENDITURES			
Current:			
Public works	<u>547,100</u>	<u>508,668</u>	<u>38,432</u>
Total expenditures	<u>547,100</u>	<u>508,668</u>	<u>38,432</u>
Excess of revenues over expenditures	<u>452,900</u>	<u>469,389</u>	<u>16,489</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(879,000)</u>	<u>(879,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(879,000)</u>	<u>(879,000)</u>	<u>-</u>
Net change in fund balance	(426,100)	(409,611)	16,489
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>1,873,441</u>	<u>1,873,441</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,447,341</u></u>	<u><u>\$ 1,463,830</u></u>	<u><u>\$ 16,489</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Road Maintenance Rehabilitation Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 509,005	\$ 486,812	\$ (22,193)
Investment earnings	1,000	711	(289)
Total revenues	<u>510,005</u>	<u>487,523</u>	<u>(22,482)</u>
EXPENDITURES			
Total expenditures	<u>271,000</u>	<u>-</u>	<u>271,000</u>
Excess of revenues over expenditures	<u>239,005</u>	<u>487,523</u>	<u>248,518</u>
OTHER FINANCING USES			
Transfers out	<u>(238,005)</u>	<u>(238,005)</u>	<u>-</u>
Total other financing uses	<u>(238,005)</u>	<u>(238,005)</u>	<u>-</u>
Net change in fund balance	1,000	249,518	248,518
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>160,001</u>	<u>160,001</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 161,001</u></u>	<u><u>\$ 409,519</u></u>	<u><u>\$ 248,518</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Mello-Roos Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Taxes	\$ 112,300	\$ 116,928	\$ 4,628
Investment earnings	500	1,142	642
Total revenues	<u>112,800</u>	<u>118,070</u>	<u>5,270</u>
EXPENDITURES			
Current:			
Public works	<u>66,200</u>	<u>12,065</u>	<u>54,135</u>
Total expenditures	<u>66,200</u>	<u>12,065</u>	<u>54,135</u>
Net change in fund balance	46,600	106,005	59,405
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>288,261</u>	<u>288,261</u>	-
Fund balance, end of year	<u><u>\$ 334,861</u></u>	<u><u>\$ 394,266</u></u>	<u><u>\$ 59,405</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
COPS - LLESA Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 150,000	\$ 165,306	\$ 15,306
Investment earnings	1,000.00	2,116	1,116
	<u>151,000</u>	<u>167,422</u>	<u>16,422</u>
EXPENDITURES			
Current:			
Public safety	<u>225,500</u>	<u>91,337</u>	<u>134,163</u>
	<u>225,500</u>	<u>91,337</u>	<u>134,163</u>
Net change in fund balance	(74,500)	76,085	150,585
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>546,000</u>	<u>546,000</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 471,500</u></u>	<u><u>\$ 622,085</u></u>	<u><u>\$ 150,585</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 ARPA Special Revenue Fund
 For the year ended June 30, 2023**

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 2,604,761	\$ 2,604,761
Total revenues	-	-	2,604,761	2,604,761
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	2,604,761	2,604,761
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,604,760)	(2,604,760)	(2,604,760)	-
Total other financing sources	(2,604,760)	(2,604,760)	(2,604,760)	-
Net change in fund balance	(2,604,760)	(2,604,760)	1	2,604,761
FUND BALANCE (DEFICIT)				
Fund balance, beginning of year	531	531	531	-
Fund balance, end of year	<u>\$ (2,604,229)</u>	<u>\$ (2,604,229)</u>	<u>\$ 532</u>	<u>\$ 2,604,761</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Recycling Activities Grant Special Revenue Fund
 For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 35,304	\$ 36,086	\$ 782
Investment earnings	50	127	77
	<u>35,354</u>	<u>36,213</u>	<u>859</u>
EXPENDITURES			
Current:			
Public works	14,782	5,949	8,833
Community development	40,550	9,016	31,534
	<u>55,332</u>	<u>14,965</u>	<u>40,367</u>
Net change in fund balance	(19,978)	21,248	41,226
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>21,177</u>	<u>21,177</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,199</u></u>	<u><u>\$ 42,425</u></u>	<u><u>\$ 41,226</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Landscape and Lighting Maintenance Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Charges for services	\$ 13,800	\$ 11,019	\$ (2,781)
Investment earnings	300	348	48
Total revenues	<u>14,100</u>	<u>11,367</u>	<u>(2,733)</u>
EXPENDITURES			
Current:			
Public works	<u>9,000</u>	<u>5,501</u>	<u>3,499</u>
Total expenditures	<u>9,000</u>	<u>5,501</u>	<u>3,499</u>
Net change in fund balance	5,100	5,866	766
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>94,867</u>	<u>94,867</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 99,967</u></u>	<u><u>\$ 100,733</u></u>	<u><u>\$ 766</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Street and Drainage District Fees Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Charges for services	\$ 44,465	\$ 46,510	\$ 2,045
Investment earnings	500	1,279	779
Total revenues	<u>44,965</u>	<u>47,789</u>	<u>2,824</u>
EXPENDITURES			
Current:			
Public works	<u>37,200</u>	<u>6,997</u>	<u>30,203</u>
Total expenditures	<u>37,200</u>	<u>6,997</u>	<u>30,203</u>
Net change in fund balance	7,765	40,792	33,027
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>342,059</u>	<u>342,059</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 349,824</u></u>	<u><u>\$ 382,851</u></u>	<u><u>\$ 33,027</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Development Impact Fees Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Fines, fees and forfeitures	\$ 150,000	\$ 93,475	\$ (56,525)
Investment earnings	5,000	9,466	4,466
Total revenues	<u>155,000</u>	<u>102,941</u>	<u>(52,059)</u>
EXPENDITURES			
Current:			
Public works	<u>630,373</u>	<u>-</u>	<u>630,373</u>
Total expenditures	<u>630,373</u>	<u>-</u>	<u>630,373</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(475,373)</u>	<u>102,941</u>	<u>578,314</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(554,000)</u>	<u>(54,000)</u>	<u>500,000</u>
Total other financing sources (uses)	<u>(554,000)</u>	<u>(54,000)</u>	<u>500,000</u>
Net change in fund balance	(1,029,373)	48,941	1,078,314
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>2,324,295</u>	<u>2,324,295</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,294,922</u>	<u>\$ 2,373,236</u>	<u>\$ 1,078,314</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 514,914	\$ 511,417	\$ (3,497)
Total revenues	<u>514,914</u>	<u>511,417</u>	<u>(3,497)</u>
EXPENDITURES			
Current:			
Parks and recreation	<u>487,895</u>	<u>289,870</u>	<u>198,025</u>
Total expenditures	<u>487,895</u>	<u>289,870</u>	<u>198,025</u>
Net change in fund balance	27,019	221,547	194,528
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>(26,884)</u>	<u>(26,884)</u>	<u>-</u>
Fund balance, end of year	<u>\$ 135</u>	<u>\$ 194,663</u>	<u>\$ 194,528</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
California Humanities Grant Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Investment earnings	\$ -	\$ 28	\$ 28
Total revenues	-	28	28
EXPENDITURES			
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	28	28
OTHER FINANCING SOURCES (USES)			
Transfers out	(10,212)	(10,246)	(34)
Total other financing sources	(10,212)	(10,246)	(34)
Net change in fund balance	(10,212)	(10,218)	(6)
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	10,218	10,218	-
Fund balance, end of year	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ (6)</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 CARES Act Special Revenue Fund
 For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
	<u> </u>	<u> </u>	<u> </u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ (6,268)	\$ (6,268)	\$ -
	<u>(6,268)</u>	<u>(6,268)</u>	<u>-</u>
Total other financing sources			
Net change in fund balance	(6,268)	(6,268)	-
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>6,268</u>	<u>6,268</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Highway Safety Improvements Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amounts	Actual amounts	Variance with final budget
REVENUES			
Intergovernmental	\$ 42,647	\$ 33,068	\$ (9,579)
Total revenues	<u>42,647</u>	<u>33,068</u>	<u>(9,579)</u>
EXPENDITURES			
Current:			
Public works	<u>15,000</u>	<u>3,833</u>	<u>11,167</u>
Total expenditures	<u>15,000</u>	<u>3,833</u>	<u>11,167</u>
Net change in fund balance	27,647	29,235	1,588
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>(41,614)</u>	<u>(41,614)</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (13,967)</u></u>	<u><u>\$ (12,379)</u></u>	<u><u>\$ 1,588</u></u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure Y – Essential Services Special Revenue Fund
For the year ended June 30, 2023**

	Final budgeted amount	Actual amounts	Variance with final budget
REVENUES			
Taxes	\$ 2,800,000	\$ 2,909,133	\$ 109,133
Investment earnings	40,000	19,495	(20,505)
Total revenues	<u>2,840,000</u>	<u>2,928,628</u>	<u>88,628</u>
EXPENDITURES			
Current:			
General government	275,375	146,329	129,046
Public safety	955,000	800,193	154,807
Parks and recreation	634,303	83,089	551,214
Public works	3,136,277	871,760	2,264,517
Community development	-	140,000	(140,000)
Total expenditures	<u>5,000,955</u>	<u>2,041,371</u>	<u>2,959,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,160,955)</u>	<u>887,257</u>	<u>3,048,212</u>
OTHER FINANCING SOURCES			
Transfers out	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>
Total other financing sources	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>
Net change in fund balance	(2,660,955)	887,257	3,548,212
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>4,125,006</u>	<u>4,125,006</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,464,051</u>	<u>\$ 5,012,263</u>	<u>\$ 3,548,212</u>

Town of Yucca Valley

Nonmajor Capital Projects Fund - Fund Description
June 30, 2023

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

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

Town of Yucca Valley

**Balance Sheet
Nonmajor Capital Projects Fund
June 30, 2023**

	Retail Sector Improvements	Total
ASSETS		
Cash and investments	\$ 57,907	\$ 57,907
Total assets	<u>\$ 57,907</u>	<u>\$ 57,907</u>
LIABILITIES AND FUND BALANCE		
Total liabilities	\$ -	\$ -
Fund balance:		
Assigned	<u>57,907</u>	<u>57,907</u>
Total fund balance	<u>57,907</u>	<u>57,907</u>
Total liabilities and fund balance	<u>\$ 57,907</u>	<u>\$ 57,907</u>

Town of Yucca Valley

**Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Fund
For the year ended June 30, 2023**

	Retail Sector Improvements	Total
REVENUES		
Investment earnings	\$ 204	\$ 204
Total revenues	<u>204</u>	<u>204</u>
EXPENDITURES		
Total expenditures	<u>-</u>	<u>-</u>
Net change in fund balance	204	204
FUND BALANCES (DEFICIT)		
Beginning of year	<u>57,703</u>	<u>57,703</u>
End of year	<u>\$ 57,907</u>	<u>\$ 57,907</u>

Town of Yucca Valley

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Retail Sector Improvements Capital Projects Fund
For the year ended June 30, 2023**

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget</u>
REVENUES			
Investment earnings	\$ 350	\$ 204	\$ (146)
Total revenues	<u>350</u>	<u>204</u>	<u>(146)</u>
EXPENDITURES			
Current:			
Community development	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	(9,650)	204	9,854
FUND BALANCE (DEFICIT)			
Fund balance, beginning of year	<u>57,703</u>	<u>57,703</u>	<u>-</u>
Fund balance, end of year	<u>\$ 48,053</u>	<u>\$ 57,907</u>	<u>\$ 9,854</u>

Town of Yucca Valley

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Major Fund
Capital Projects Reserve - Capital Projects Fund
For the year ended June 30, 2023

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 1,360	\$ 1,360
Other	30,000	30,000	-	(30,000)
Total revenues	30,000	30,000	1,360	(28,640)
EXPENDITURES				
Current:				
General government	1,050,000	1,519,873	375,546	1,144,327
Parks and recreation	450,000	698,954	74,320	624,634
Community development	250,000	651,770	50,536	601,234
Total expenditures	1,750,000	2,870,597	500,402	2,370,195
Excess (deficiency) of revenues over (under) expenditures	(1,720,000)	(2,840,597)	(499,042)	2,341,555
OTHER FINANCING SOURCES (USES)				
Transfers in	17,509,660	2,200,928	2,750,928	550,000
Transfers out	-	(2,525,000)	(1,025,000)	1,500,000
Total other financing sources (uses)	17,509,660	(324,072)	1,725,928	2,050,000
Net change in fund balance	15,789,660	(3,164,669)	1,226,886	4,391,555
FUND BALANCE (DEFICIT)				
Fund balance, beginning of year	7,633,336	7,633,336	7,633,336	-
Fund balance, end of year	\$ 23,422,996	\$ 4,468,667	\$ 8,860,222	\$ 4,391,555



STATISTICAL SECTION



Overview of Statistical Information Presented in Five Categories

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

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

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

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

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

Town of Yucca Valley

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities:					
Net investment in capital assets	\$ 25,913,868	\$ 25,913,868	\$ 32,591,351	\$ 34,786,380	\$ 34,348,033
Restricted	9,340,709	9,340,709	9,745,235	14,164,214	19,765,901
Unrestricted	7,103,852	7,103,852	4,213,416	4,498,253	4,517,695
Total governmental activities net position	<u>\$ 42,358,429</u>	<u>\$ 42,358,429</u>	<u>\$ 46,550,002</u>	<u>\$ 53,448,847</u>	<u>\$ 58,631,629</u>
Primary government:					
Net investment in capital assets	\$ 25,913,868	\$ 25,913,868	\$ 32,591,351	\$ 34,786,380	\$ 34,348,033
Restricted	9,340,709	9,340,709	9,745,235	14,164,214	19,765,901
Unrestricted	7,103,852	7,103,852	4,213,419	4,498,253	4,517,695
Total primary government net position	<u>\$ 42,358,429</u>	<u>\$ 42,358,429</u>	<u>\$ 46,550,005</u>	<u>\$ 53,448,847</u>	<u>\$ 58,631,629</u>

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

Source: Town of Yucca Valley Finance Department.

	Fiscal Year				
	2019	2020	2021	2022	2023
Governmental activities:					
Net investment in capital assets	\$ 48,432,601	\$ 59,728,592	\$ 60,269,556	\$ 58,771,013	\$ 46,634,736
Restricted	14,158,974	14,369,385	18,022,742	21,274,775	37,782,099
Unrestricted	11,706,717	10,262,859	9,866,597	17,461,400	23,775,502
Total governmental activities net position	<u>\$ 74,298,292</u>	<u>\$ 84,360,836</u>	<u>\$ 88,158,895</u>	<u>\$ 97,507,188</u>	<u>\$ 108,192,337</u>
Primary government:					
Net investment in capital assets	\$ 48,432,601	\$ 59,728,592	\$ 60,269,556	\$ 58,771,013	\$ 46,634,736
Restricted	14,158,974	14,369,385	18,022,742	21,274,775	37,782,099
Unrestricted	11,706,717	10,262,859	9,866,597	17,461,400	23,775,502
Total primary government net position	<u>\$ 74,298,292</u>	<u>\$ 84,360,836</u>	<u>\$ 88,158,895</u>	<u>\$ 97,507,188</u>	<u>\$ 108,192,337</u>

Town of Yucca Valley

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Expenses:					
Governmental activities:					
General government	\$ 1,839,715	\$ 1,808,076	\$ 1,922,138	\$ 1,891,162	\$ 2,349,441
Public safety	4,784,560	4,897,263	4,968,371	5,222,916	5,761,214
Parks and recreation	399,990	729,359	813,926	1,275,224	1,234,793
Public works	2,970,101	1,979,622	3,124,182	3,142,439	4,225,776
Community development	1,579,315	2,168,836	1,232,726	1,419,701	1,825,172
Interest on long-term debt	-	-	-	-	-
Total governmental activities expenses	<u>11,573,681</u>	<u>11,583,156</u>	<u>12,061,343</u>	<u>12,951,442</u>	<u>15,396,396</u>
Total primary government expenses	<u>11,573,681</u>	<u>11,583,156</u>	<u>12,061,343</u>	<u>12,951,442</u>	<u>15,396,396</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	26,043	31,484	27,052	115,422	93,763
Public safety	148,294	148,751	197,337	425,126	520,085
Parks and recreation	175,184	186,075	212,682	168,874	150,156
Public works	105,391	26,164	49,120	57,741	56,082
Community development	222,596	245,513	288,117	302,787	377,267
Operating grants and contributions	2,496,097	3,154,115	3,279,736	1,626,389	2,537,152
Capital grants and contributions	4,089,011	3,813,649	4,862,151	1,197,982	4,615,342
Total governmental activities program revenues	<u>7,262,616</u>	<u>7,605,751</u>	<u>8,916,195</u>	<u>3,894,321</u>	<u>8,349,847</u>
Total primary government program revenues	<u>7,262,616</u>	<u>7,605,751</u>	<u>8,916,195</u>	<u>3,894,321</u>	<u>8,349,847</u>
Net revenues (expenses)	<u>\$ (4,311,065)</u>	<u>\$ (3,977,405)</u>	<u>\$ (3,145,148)</u>	<u>\$ (9,057,121)</u>	<u>\$ (7,046,549)</u>

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

Source: Town of Yucca Valley Finance Department.

	Fiscal Year				
	2019	2020	2021	2022	2023
Expenses:					
Governmental activities:					
General government	\$ 2,557,387	\$ 5,422,639	\$ 5,286,994	\$ 6,224,558	\$ 6,866,307
Public safety	6,172,612	6,514,290	6,420,538	6,844,833	6,947,696
Parks and recreation	1,972,830	1,604,249	1,307,178	1,533,261	1,837,796
Public works	5,655,114	5,095,900	7,224,917	4,303,980	4,434,373
Community development	1,775,568	2,200,881	1,215,069	1,779,673	2,328,103
Interest on long-term debt	-	-	-	23,953	342,790
Total governmental activities expenses	<u>18,133,511</u>	<u>20,837,959</u>	<u>21,454,696</u>	<u>20,710,258</u>	<u>22,757,065</u>
Total primary government expenses	<u>18,133,511</u>	<u>20,837,959</u>	<u>21,454,696</u>	<u>20,710,258</u>	<u>22,757,065</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	132,851	76,892	157,302	279,634	303,628
Public safety	545,108	489,121	596,604	802,747	1,058,245
Parks and recreation	137,240	98,673	38,405	115,658	157,328
Public works	56,309	57,985	142,588	588,856	150,661
Community development	350,178	688,639	834,865	1,018,989	924,662
Operating grants and contributions	2,895,376	2,137,391	3,770,459	2,507,914	2,600,418
Capital grants and contributions	<u>16,314,825</u>	<u>13,496,971</u>	<u>3,159,787</u>	<u>3,911,433</u>	<u>4,335,926</u>
Total governmental activities program revenues	<u>20,431,887</u>	<u>17,045,672</u>	<u>8,700,010</u>	<u>9,225,231</u>	<u>9,530,868</u>
Total primary government program revenues	<u>20,431,887</u>	<u>17,045,672</u>	<u>8,700,010</u>	<u>9,225,231</u>	<u>9,530,868</u>
Net revenues (expenses)	<u>\$ 2,298,376</u>	<u>\$ (3,792,287)</u>	<u>\$ (12,754,686)</u>	<u>\$ (11,485,027)</u>	<u>\$ (13,226,197)</u>

Town of Yucca Valley

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

	Fiscal Year				
	2014	2015	2016	2017	2018
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property tax levied for general purposes	\$ 4,110,921	\$ 4,366,088	\$ 4,478,913	\$ 4,610,099	\$ 4,884,374
Sales tax	2,972,557	3,003,421	3,498,005	3,616,990	5,507,159
Transient occupancy tax	134,183	571,645	290,878	316,912	578,997
Franchise taxes	791,821	833,722	851,943	806,945	955,028
Motor vehicle in lieu tax, unrestricted	9,033	8,726	8,616	9,534	11,327
Unrestricted investment earnings	15,019	42,786	37,559	87,833	167,902
Other	298,222	146,230	340,551	146,333	149,626
Extraordinary/Special Items:					
Gain (loss)/contributions from Redevelopment Agency	-	3,038,093	-	-	-
Total governmental activities	<u>8,331,756</u>	<u>12,010,711</u>	<u>9,506,465</u>	<u>9,594,646</u>	<u>12,254,413</u>
Total primary government	<u>8,331,756</u>	<u>12,010,711</u>	<u>9,506,465</u>	<u>9,594,646</u>	<u>12,254,413</u>
Total primary government change in net position	<u>\$ 4,020,691</u>	<u>\$ 8,033,306</u>	<u>\$ 6,361,317</u>	<u>\$ 537,525</u>	<u>\$ 5,207,864</u>

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

Source: Town of Yucca Valley Finance Department.

	Fiscal Year				
	2019	2020	2021	2022	2023
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property tax levied for general purposes	\$ 5,161,487	\$ 5,491,570	\$ 5,826,572	\$ 6,239,189	\$ 6,848,828
Sales tax	5,929,763	5,759,796	7,295,017	7,717,316	7,817,246
Transient occupancy tax	784,202	864,733	1,926,447	2,686,405	3,760,718
Franchise taxes	983,535	891,399	998,699	1,196,857	1,223,536
Motor vehicle in lieu tax, unrestricted	10,481	17,451	16,309	25,797	22,359
Unrestricted investment earnings	345,044	419,312	319,538	(363,420)	845,893
Other	153,775	410,570	170,163	3,331,176	3,392,766
Extraordinary/Special Items:					
Gain (loss)/contributions from Redevelopment Agency	-	-	-	-	-
Total governmental activities	<u>13,368,287</u>	<u>13,854,831</u>	<u>16,552,745</u>	<u>20,833,320</u>	<u>23,911,346</u>
Total primary government	<u>13,368,287</u>	<u>13,854,831</u>	<u>16,552,745</u>	<u>20,833,320</u>	<u>23,911,346</u>
Total primary government change in net position	<u>\$ 15,666,663</u>	<u>\$ 10,062,544</u>	<u>\$ 3,798,059</u>	<u>\$ 9,348,293</u>	<u>\$ 10,685,149</u>



Town of Yucca Valley

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

	Fiscal year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Nonspendable	\$ 693,540	\$ 620,910	\$ 515,694	\$ 477,617	\$ 300,710	\$ 236,966	\$ 233,356	\$ 288,360	\$ 320,784	\$ 397,472
Restricted	331,414	-	359,676	332,536	310,570	327,057	1,031,036	2,259,818	2,759,224	2,959,349
Assigned	1,300,000	1,784,812	1,400,000	1,600,000	1,718,412	1,717,550	1,699,014	1,600,000	1,300,000	2,500,000
Unassigned	5,335,320	5,850,818	6,057,106	5,674,659	6,800,357	7,374,634	7,728,668	10,674,784	14,170,989	16,346,197
Total General Fund	7,660,274	8,256,540	8,332,476	8,084,812	9,130,049	9,656,207	10,692,074	14,822,962	18,550,997	22,203,018
All other governmental funds:										
Nonspendable	857,999	555,270	579,871	560,757	-	-	-	-	574,442	577,179
Restricted:										
General government	-	-	-	-	-	-	-	125,683	6,268	532
Public safety	453,824	271,518	364,181	421,131	373,485	421,530	554,688	659,962	785,457	867,805
Debt service	-	11,821	39,460	-	-	-	-	-	-	-
Community development	180,120	150,967	167,095	168,098	189,416	28,353	28,604	30,811	31,395	18,573,145
Parks and recreation	-	-	2,423,360	-	-	-	-	-	-	-
Public works	3,768,729	5,323,297	5,089,907	5,832,014	11,435,852	7,882,400	10,704,489	9,910,523	11,577,921	11,676,157
Assigned	2,253,854	1,887,102	2,432,589	3,867,476	4,460,878	9,019,260	4,159,031	3,681,954	7,691,039	8,918,129
Unassigned	(1,266,916)	(1,508,581)	(113,417)	(112,261)	(178,577)	(165,909)	(132,579)	(304,068)	(319,907)	(851,373)
Total all other governmental funds	6,247,610	6,691,394	10,983,046	10,737,215	16,281,054	17,185,634	15,314,233	14,104,865	20,346,615	39,761,574
Total all governmental funds	\$ 13,907,884	\$ 14,947,934	\$ 19,315,522	\$ 18,822,027	\$ 25,411,103	\$ 26,841,841	\$ 26,006,307	\$ 28,927,827	\$ 38,897,612	\$ 61,964,592

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

Source: Town of Yucca Valley Finance Department.

Town of Yucca Valley

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Revenues:					
Taxes	\$ 8,032,148	\$ 8,798,513	\$ 9,143,350	\$ 9,643,830	\$ 13,921,784
Licenses and permits	48,060	46,239	46,448	45,918	48,526
Intergovernmental	4,028,335	5,431,559	4,366,035	2,761,319	5,279,531
Charges for services	600,865	514,831	565,634	614,666	689,966
Fines, fees and forfeitures	1,936,155	487,305	183,069	218,584	323,928
Investment earnings	23,953	27,473	50,767	88,537	226,730
Other	278,060	82,404	142,576	64,415	80,478
Total revenues	14,947,576	15,388,324	14,497,879	13,437,269	20,570,943
Expenditures:					
Current:					
General government	1,607,946	1,597,543	2,195,345	1,609,571	1,938,449
Public safety	4,780,111	4,908,924	5,066,965	5,196,778	5,674,358
Parks and recreation	666,853	793,532	1,303,134	1,044,727	1,273,623
Public works	4,700,039	4,713,570	2,165,685	2,162,001	3,742,386
Community development	2,368,644	2,332,526	1,842,461	1,446,936	1,857,006
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	14,123,593	14,346,095	12,573,590	11,460,013	14,485,822
Excess (deficiency) of revenues over expenditures	823,983	1,042,229	1,924,289	1,977,256	6,085,121
Other financing sources (uses):					
Proceeds of loan	-	-	-	-	-
Transfers in	1,573,081	3,083,568	2,282,687	1,333,331	3,143,419
Transfers out	(1,573,081)	(3,097,568)	(2,290,387)	(1,341,262)	(2,639,464)
Total other financing sources (uses)	-	(14,000)	(7,700)	(7,931)	503,955
Extraordinary/Special Item					
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	-	-
Net change in fund balances	\$ 823,983	\$ 1,028,229	\$ 1,916,589	\$ 1,969,325	\$ 6,589,076
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Town of Yucca Valley Finance Department.

	Fiscal Year				
	2019	2020	2021	2022	2023
Revenues:					
Taxes	\$ 15,100,374	\$ 15,173,967	\$ 18,853,247	\$ 20,869,730	\$ 22,676,390
Licenses and permits	55,782	44,347	62,993	91,175	73,059
Intergovernmental	3,260,417	4,898,514	4,190,673	6,984,326	7,658,807
Charges for services	651,369	953,715	1,139,015	1,506,875	1,630,675
Fines, fees and forfeitures	248,325	215,764	575,803	929,946	394,384
Investment earnings	472,300	471,081	312,951	(384,764)	897,310
Other	64,797	300,144	103,448	43,033	143,991
Total revenues	19,853,364	22,057,532	25,238,130	30,040,321	33,474,616
Expenditures:					
Current:					
General government	2,334,859	5,014,652	6,137,345	6,454,183	6,876,054
Public safety	6,154,306	6,364,455	6,479,823	6,891,513	6,898,956
Parks and recreation	1,817,737	4,860,704	1,335,723	2,944,760	2,281,651
Public works	6,309,063	4,475,047	6,583,326	4,271,681	8,934,515
Community development	1,806,661	2,180,208	1,778,393	2,008,200	2,344,521
Debt service:					
Principal retirement	-	-	-	-	425,000
Interest and fiscal charges	-	-	-	199	171,805
Bond issuance costs	-	-	-	204,134	-
Total expenditures	18,422,626	22,895,066	22,314,610	22,774,670	27,932,502
Excess (deficiency) of revenues over expenditures	1,430,738	(837,534)	2,923,520	7,265,651	5,542,114
Other financing sources (uses):					
Proceeds of loan	-	-	-	2,704,134	17,524,866
Transfers in	3,724,499	1,453,045	1,958,592	9,268,759	8,861,939
Transfers out	(3,724,499)	(1,453,045)	(1,958,592)	(9,268,759)	(8,861,939)
Total other financing sources (uses)	-	-	-	2,704,134	17,524,866
Extraordinary/Special Item Gain (loss) on dissolution of Redevelopment Agency	-	-	-	-	-
Net change in fund balances	\$ 1,430,738	\$ (837,534)	\$ 2,923,520	\$ 9,969,785	\$ 23,066,980
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	2.7%

Town of Yucca Valley

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

Fiscal year ended June 30,	Town						Total direct tax rate
	Secured	Unsecured	SBE Nonunitary	Less: exemptions	Taxable assessed value		
2014	\$ 1,103,475,992	\$ 30,911,422	\$ -	\$ 26,141,193	\$ 1,108,246,221	0.1655%	
2015	1,163,382,478	30,332,137	-	25,665,756	1,168,048,859	0.1655%	
2016	1,209,583,489	30,790,661	-	25,601,356	1,214,772,794	0.1655%	
2017	1,233,995,499	31,116,338	-	26,797,656	1,238,314,181	0.1655%	
2018	1,286,274,570	29,593,322	-	26,283,600	1,289,584,292	0.1655%	
2019	1,354,111,570	30,080,733	-	25,711,000	1,358,481,303	0.1655%	
2020	1,438,360,203	29,798,785	7,623	25,191,600	1,442,975,011	0.1976%	
2021	1,508,156,382	30,320,532	7,623	24,747,800	1,513,736,737	0.1960%	
2022	2,042,965,955	47,168,665	7,623	23,959,600	1,972,214,143	0.1940%	
2023	2,298,020,834	45,970,768	7,623	22,247,400	2,224,955,911	0.1940%	

Note 1:

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

Note 2:

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

Note 3:

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

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

Town of Yucca Valley

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

	Town General Fund Direct Rates			
	<u>Town share of 1% levy</u>	<u>Debt rates</u>	<u>Total Town rate</u>	<u>Total direct rate</u>
2014	0.1653%	0.0000%	0.1653%	0.1655%
2015	0.1653%	0.0000%	0.1653%	0.1655%
2016	0.1653%	0.0000%	0.1653%	0.1655%
2017	0.1653%	0.0000%	0.1653%	0.1655%
2018	0.1653%	0.0000%	0.1653%	0.1655%
2019	0.1653%	0.0000%	0.1653%	0.1655%
2020	0.1653%	0.0000%	0.1653%	0.1976%
2021	0.1653%	0.0000%	0.1653%	0.1960%
2022	0.1653%	0.0000%	0.1653%	0.1944%
2023	0.1653%	0.0000%	0.1653%	0.1917%

Notes:

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

Source: HDL direct and overlapping tax rates.

Town of Yucca Valley

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

Overlapping rates

	2014	2015	2016	2017	2018
Town of Yucca Valley	0.16533	0.16533	0.16533	0.16533	0.16533
Copper Mountain					
Community College	0.03990	0.03990	0.03990	0.03990	0.03990
County Free Library	0.01037	0.01037	0.01037	0.01037	0.01037
County General Fund	0.10710	0.10710	0.10710	0.10710	0.10710
County Superintendent	0.00729	0.00729	0.00729	0.00729	0.00729
ERAF	0.16220	0.16220	0.16220	0.16220	0.16220
Flood Control Admin	0.00065	0.00065	0.00065	0.00065	0.00065
Flood Control Zone 6	0.00845	0.00845	0.00845	0.00845	0.00845
Hi-Desert County Water	0.06930	0.06930	0.06930	0.06930	0.06930
Hi-Desert Hospital District	0.01345	0.01345	0.01345	0.01345	0.01345
Mojave Desert RCD	0.00009	0.00009	0.00009	0.00009	0.00009
Mojave Water Agency	0.00393	0.00393	0.00393	0.00393	0.00393
Morongo USD	0.19410	0.19410	0.19410	0.19410	0.19410
Yucca Valley Fire	0.21780	0.21780	0.21780	0.21780	0.21780
Total Prop 13 rate	1.0000	1.0000	1.0000	1.0000	1.0000
Morongo USD	0.05280	0.05250	0.04660	0.05000	0.04970
Copper Mountain					
Community College	0.02660	0.02830	0.02020	0.02600	0.02420
Mojave Water Agency	0.10500	0.10500	0.10500	0.10500	0.10500
Mojave Water Agency					
Land only	0.11250	0.11250	0.11250	0.11250	0.11250
Mojave Water Agency	0.05500	0.05500	0.05500	0.05500	0.05500
Total voter approved rate	0.35190	0.35330	0.33930	0.34850	0.34850
Successor Agency	-	-	-	-	-
Total direct and overlapping rate	1.35436	1.35576	1.34176	1.34846	1.34636

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

2019	2020	2021	2022	2023	Outstanding debt 6/30/23	Share of overlapping debt
0.16533	0.16533	0.16533	0.16533	0.16533	\$ 19,804,000	\$ 19,804,000
0.03990	0.03990	0.03990	0.03990	0.03990	12,167,355	4,703,291
0.01037	0.01037	0.01037	0.01037	0.01037	-	-
0.10710	0.10710	0.10710	0.10710	0.10710	223,820,000	1,750,272
0.00729	0.00729	0.00729	0.00729	0.00729	-	-
0.16220	0.16220	0.16220	0.16220	0.16220	-	-
0.00065	0.00065	0.00065	0.00065	0.00065	41,065,000	321,128
0.00845	0.00845	0.00845	0.00845	0.00845	-	-
0.06930	0.06930	0.06930	0.06930	0.06930	-	-
0.01345	0.01345	0.01345	0.01345	0.01345	-	-
0.00009	0.00009	0.00009	0.00009	0.00009	-	-
0.00393	0.00393	0.00393	0.00393	0.00393	-	-
0.19410	0.19410	0.19410	0.19410	0.19410	40,874,126	15,799,893
0.21780	0.21780	0.21780	0.21780	0.21780	-	-
1.0000	1.0000	1.0000	1.0000	1.0000	337,730,481	42,378,584
0.03580	0.04360	0.04100	0.03910	0.03910	-	-
0.02670	0.02430	0.02350	0.02180	0.02180	-	-
0.10500	0.10500	0.105	0.105	0.105	-	-
0.11250	0.11250	0.11250	0.11250	0.11250	-	-
0.05500	0.05500	0.05500	0.05500	0.05500	-	-
0.34850	0.34040	0.33700	0.33340	0.33340	-	-
-	-	-	-	-	6,642,000	6,642,000
1.33496	1.32540	1.23200	1.22840	1.58000	\$ 344,372,481	\$ 49,020,584

Town of Yucca Valley

**Principal Property Taxpayers
Current Year**

	Taxpayer	Fiscal Year 2022	
		Taxable assessed value	Percent of total town taxable assessed value
1	Walmart Stores Inc	\$ 28,369,652	1.25%
2	Home Depot USA Inc	14,274,973	0.63%
3	Gates of Spain HMC	8,244,445	0.36%
4	Sweetwater YV Joshua PropCo LLC	7,445,308	0.33%
5	Spectrum Pacific West LLC	7,445,019	0.33%
6	Guerra Family Trust 2014	7,250,874	0.32%
7	HC-58295 29 Palms Highway LLC	7,007,857	0.31%
8	County Club MHP	6,834,000	0.30%
9	Shah Family Trust Marital Trust	6,699,400	0.29%
10	Steven J and Suk K Koo	6,512,062	0.29%
	Totals	<u>\$ 100,083,590</u>	<u>4.40%</u>

Source: HDL Reports.

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

Town of Yucca Valley

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

Fiscal year ended June 30,	Taxes levied for fiscal year	Collected within the fiscal year of levy		Collections in subsequent years	Total collections to date	
		Amount	% of Levy		Amount	% of Levy
2014	\$ 4,288,917	\$ 4,110,921	95.85%	\$ 177,996	\$ 4,288,917	100.00%
2015	4,380,418	4,366,088	99.67%	14,330	4,380,418	100.00%
2016	4,601,051	4,507,251	97.96%	93,800	4,601,051	100.00%
2017	4,708,789	4,610,099	97.90%	98,690	4,708,789	100.00%
2018	4,848,778	4,884,374	100.73%	-	4,884,374	100.73%
2019	5,455,350	5,161,487	94.61%	293,863	5,455,350	100.00%
2020	5,801,735	5,491,570	94.65%	310,165	5,801,735	
2021	6,003,828	5,826,572	97.05%	177,256	6,003,828	100.00%
2022	6,304,019	6,239,189	98.97%	124,869	6,364,058	100.95%
2023	6,160,651	6,145,986	99.76%	-	6,145,986	99.76%

Note:

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

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

- 1) Taxes levied - Teeter schedule from SBCO
- 2) Collected - statement of activities in ACFR- general revenue

Town of Yucca Valley

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

Fiscal year ended June 30	Tax allocation bonds	General obligation bonds	Loans	Total governmental activities	% of personal income	Debt per capita
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	2,704,134	2,704,134	0.45%	98
2023	-	-	19,804,000	19,804,000	3.0%	646

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

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

Source: Town of Yucca Valley Finance Department.

Town of Yucca Valley

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

Fiscal year ended June 30,	Outstanding general bonded debt				% of personal income	Per capita
	Tax allocation bonds	General obligation bonds	Loans	Total		
2014	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2015	-	-	-	-	0.00%	-
2016	-	-	-	-	0.00%	-
2017	-	-	-	-	0.00%	-
2018	-	-	-	-	0.00%	-
2019	-	-	-	-	0.00%	-
2020	-	-	-	-	0.00%	-
2021	-	-	-	-	0.00%	-
2022	-	-	-	-	0.00%	-
2023	-	-	-	-	0.00%	-

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

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

Source: Town of Yucca Valley Finance Department.

Town of Yucca Valley

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

	Fiscal year				
	2014	2015	2016	2017	2018
Assessed valuation	\$ 1,340,266,831	\$ 1,431,184,369	\$ 1,502,995,101	\$ 1,483,401,141	\$ 1,548,452,864
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	335,066,708	357,796,092	375,748,775	370,850,285	387,113,216
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	50,260,006	53,669,414	56,362,316	55,627,543	58,066,982
Total net debt applicable to limit: general obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 50,260,006</u>	<u>\$ 53,669,414</u>	<u>\$ 56,362,316</u>	<u>\$ 55,627,543</u>	<u>\$ 58,066,982</u>
Total debt applicable to the limit as a percentage of debt limit	0.000%	0.000%	0.000%	0.000%	0.000%

Fiscal year				
2019	2020	2021	2022	2023
\$ 1,652,176,125	\$ 1,755,214,224	\$ 1,846,506,752	\$ 1,972,214,143	\$ 2,270,934,302
25%	25%	25%	25%	25%
413,044,031	438,803,556	461,626,688	493,053,536	567,733,576
15%	15%	15%	15%	15%
61,956,605	65,820,533	69,244,003	73,958,030	85,160,036
-	-	-	-	-
<u>\$ 61,956,605</u>	<u>\$ 65,820,533</u>	<u>\$ 69,244,003</u>	<u>\$ 73,958,030</u>	<u>\$ 85,160,036</u>
0.000%	0.000%	0.000%	3.656%	23.255%

Source: Town of Yucca Valley Finance Department.
County of San Bernardino

Town of Yucca Valley

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

Fiscal year ended June 30,	Tax allocation bonds				Coverage
	Tax increment	Debt service			
		Principal	Interest		
2014	\$ -	\$ -	\$ -	0.00%	
2015	-	-	-	0.00%	
2016	-	-	-	0.00%	
2017	-	-	-	0.00%	
2018	-	-	-	0.00%	
2019	-	-	-	0.00%	
2020	-	-	-	0.00%	
2021	-	-	-	0.00%	
2022	-	-	-	0.00%	
2023	-	-	-	0.00%	

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

Source: Town of Yucca Valley Finance Department.

Town of Yucca Valley

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Aggregate Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2013	21,030	\$ 450,967,000	\$ 21,444	10.20%
2014	21,053	437,397,000	20,776	8.70%
2015	21,030	419,801,000	19,962	6.50%
2016	21,281	435,225,000	20,451	8.10%
2017	21,519	450,557,000	20,937	7.20%
2018	21,834	470,452,000	21,547	6.00%
2019	22,050	514,853,000	23,349	5.50%
2020	22,236	564,104,000	25,368	5.30%
2021	22,330	583,327,000	26,123	14.30%
2022	21,813	603,892,000	27,684	11.10%
2023	21,635	662,883,000	30,639	5.70%

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

Sources:

- 1) State Department of Finance
- 2) US Census Bureau
- 3) California Employment Development Department

Town of Yucca Valley

Principal Employers Last Eight Fiscal Years

Employer	Number of Employees											Current year % of total employment
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Morongo Unified School District	364	372	436	421	317	382	325	377	377	328	376	4%
Walmart	320	350	360	340	272	272	272	272	272	272	267	3%
Home Depot	177	185	136	135	160	150	150	150	150	150	101	1%
Stater Bros.	163	195	195	151	157	205	135	205	135	70	70	1%
US Army		121	121	121	121	121	121	121	121	121	121	1%
CA Dept of Forestry & Fire Protection		104	104	104	104	104	104	104	104	104	104	1%
San Bernardino County School District		103	103	103	103	103	103	103	103	149	162	2%
Von's	200	75	75	75	75	75	75	75	75	91	126	1%
San Bernardino County		70	70	70	70	70	70	70	70	70	70	1%

Source: Buzzfile.com; DATAUSA.com

Total employees – Yucca Valley (2020: 8,774)

Note: There is limited employer data available for the Town of Yucca Valley

Town of Yucca Valley

Employment Trends and Other Miscellaneous Information Last Ten Fiscal Years

Employment Trends – Number of Full-Time Equivalent Employees

Function	2014	2015	2016	2017	2018
General government	8	8	7	7	7
Public works	7.5	7.5	10.5	10.5	11.5
Community development	7	7	6	6	5
Community service	12	12	11	11	11
Total	34.5	34.5	34.5	34.5	34.5

Function	2019	2020	2021	2022	2023
General government	7	8	8	8	9
Public works	12	10	10	10	11
Community development	7	6	6	6	7
Community service	11	13	13	19	15
Total	37	37	37	43	42

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

Source: Town of Yucca Valley

Town of Yucca Valley

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

Operating indicators

Function	2014	2015	2016	2017	2018
Animal Control:					
Service calls/shelter visitors	16,884	17,297	18,697	16,531	17,440
Animal licenses issued	1,301	979	1,048	919	842
Community Development:					
Building permits issued	574	632	707	787	897
Plan checks	229	257	270	306	333
Public Works:					
Newly paved streets	-	-	0.61	-	-
Street resurfacing (miles)	16.00	11.00	22.50	17.71	-
Parks and Recreation:					
Number of recreation classes	948	948	1,039	1,044	1,042
Number of facility rentals	828	965	983	868	1,182
Function	2019	2020	2021	2022	2023
Animal Control:					
Service calls/shelter visitors	15,324	13,482	11,563	12,145	11,916
Animal licenses issued	899	632	635	579	515
Community Development:					
Building permits issued	804	2,219	2,266	2,621	1,694
Plan checks	354	1,262	197	888	799
Public Works:					
Newly paved streets	22.05*	12.0*	0.56	-	-
Street resurfacing (miles)	14.40	13.40	17.21	17.21	17.21
Parks and Recreation:					
Number of recreation classes	936	637	178	388	510
Number of facility rentals	981	809	270	2,879	3,189

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

Source: Town of Yucca Valley

Town of Yucca Valley

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

Capital asset statistics

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public Works:					
Streets (miles)	168.3	169.3	169.3	169.3	149.3
Traffic signals	2.0	2.0	2.0	2.0	2.0
Parks and Recreation:					
Parks	9	9	9	10	10
Community centers	1	1	1	1	1
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Public Works:					
Streets (miles)	149.3	149.3	149.3	149.3	149.3
Traffic signals	2.0	2.0	2.0	2.0	2.0
Parks and Recreation:					
Parks	10	10	10	10	10
Community centers	1	1	1	1	1

Source: Town of Yucca Valley

