



TOWN OF APPLE VALLEY

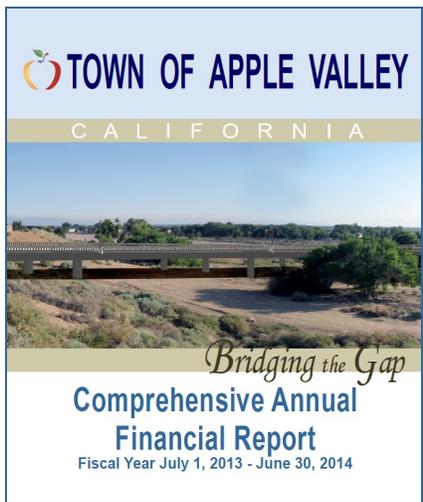
C A L I F O R N I A



Bridging the Gap

Comprehensive Annual Financial Report

Fiscal Year July 1, 2013 - June 30, 2014



About the Cover

The Yucca Loma Bridge/ Yates Road/ Green Tree Blvd. Corridor Project will provide a new and critical east-west corridor including a bridge across the Mojave River, which has been planned for more than 45 years. The Yucca Loma Bridge is under Town of Apple Valley jurisdiction, and will connect the communities within the greater Victor Valley urban area to each other, providing a new pathway to reach Interstate 15 and the recently completed La Mesa/ Nisqualli Interchange. The Yucca Loma Bridge is over 1600 feet long, approximately 100 feet wide, and will take nearly two years to construct.

TOWN OF APPLE VALLEY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2014

Prepared by
Finance Department

Marc Puckett
Assistant Town Manager - Finance & Administration

**Town of Apple Valley, California
Comprehensive Annual Financial Report
Year Ended June 30, 2014**

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INTRODUCTORY SECTION



Town of Apple Valley

A Better Way of Life

November 10, 2014

For the Citizens of the Town of Apple Valley,

***Honorable Mayor and Town Council
Town of Apple Valley***

State law requires that all general-purpose local governments publish each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Town of Apple Valley for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the Town of Apple Valley. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report.

Management of the Town of Apple Valley has established a comprehensive internal control framework that is designed to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Town of Apple Valley's financial statements have been audited by Van Lant & Fankhanel, LLP, a firm of licensed certified public accountants. The independent auditors concluded that the Town's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with generally accepted accounting principles. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Apple Valley's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE TOWN

The Reporting Entity

This report combines the financial statements of the Town of Apple Valley and the Apple Valley Public Financing Authority to constitute a single reporting entity. This combined presentation better represents the financial activities of the Town of Apple Valley.

The Town directly provides a limited range of services and contracts for several other services. The Town's significant reliance on contracted services has the benefit of reducing expenses to the citizens of Apple Valley while simultaneously providing the Town with a high degree of flexibility in responding to changing economic conditions. Contracted services include police protection, information technology, building and safety, engineering, street maintenance, capital improvements, waste management, local transit, and attorney services. Staff provided services include customer service and community relations, community development (which includes planning, economic development, housing and grant administration activities as well as overall department administration), public works oversight and inspection, animal control, financial management and administrative management. All of these activities are included in this report.

Fire protection is provided by a separate, independent service district which existed prior to Town incorporation. A majority of the Town is served by private water companies. Additionally, the Apple Valley Unified School District is a separate entity. Accordingly, none of these entities are included in this report.

History of the Town

The Town of Apple Valley is a General Law Council/Manager municipality located approximately 90 miles northeast of Los Angeles, approximately 40 miles north of San Bernardino and entirely within the County of San Bernardino. Apple Valley, along with three other cities, geographically make up the Victor Valley. The Town boundary encompasses approximately 78 square miles making it one of the largest incorporated California jurisdictions. The Town incorporated in November 1988, following local voter approval.

The Town's modern history begins in the 1940's when the Apple Valley Building and Development Company (also known as Apple Valley Ranchos) began developing the area. The company's founders, Newton Bass and Bud Westlund, planned and developed the area and sold property they had developed. They also made Apple Valley their home and continued to guide Apple Valley's growth for the rest of their lives.

Apple Valley incorporation was initiated locally due to a general dissatisfaction with uncontrolled growth. County development codes and land use control issues were perceived as being inadequate to maintain the Apple Valley image desired by locals.

Additional factors contributing to incorporation were inadequate law enforcement and poor road maintenance. A 1986-87 feasibility study concluded that incorporation would increase law enforcement protection, improve the roads and transportation needs and provide greater local control over the future growth of the area while maintaining the same level of services in other areas. Just prior to incorporation, typical response times for a crime in progress call was in excess of one hour. Currently, the average response time is 3-5 minutes. Similarly, far more annual road maintenance has been accomplished since incorporation than was done prior to incorporation. Of the approximately 411 miles of roads in Apple Valley an estimated 382 miles (93 percent) have been resurfaced in some form or another since incorporation.

Today, the view of Apple Valley is an upscale community with a rural atmosphere. Town leaders seek to avoid typical urban problems while keeping a quality community approach. A prevailing philosophy recognizes the basic need to be responsive to the community so the citizens know that their choice in forming the Town of Apple Valley was correct.

These views are reflected in the Town of Apple Valley Mission Statement:

Recognizing the decisions we make today will forever affect the lives of those who live here today and those who will follow us, the mission of the Town of Apple Valley is, in simple words, to maintain "A Better Way of Life."

The Annual Operating Budget

The Town of Apple Valley maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town's governing body. Activities of the general fund, special revenue funds, enterprise funds, debt service fund and capital projects funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level. Appropriations lapse at year end. However, appropriations generally are re-appropriated as part of the following fiscal year's operating budget.

ECONOMIC CONDITION AND OUTLOOK

From a historical perspective, growth in the area which became known as the Town of Apple Valley proceeded at a fairly slow, but steady pace. Early development consisted primarily of custom-built single family homes on one acre lots. In the later half of the 1980s, however, the pace quickened as residents of the Inland Empire and Greater East Los Angeles area became aware of the moderate cost of housing, amenities and quality of life offered by the area. Tract development began to occur. Various types of businesses began to locate in the Town to serve the basic needs of the new residents. Apple Valley's population grew from approximately 16,000 in 1980 to 70,755 in 2013. The three major industries within Apple Valley became building and construction (primarily of single family homes), real estate and the medical industry.

With the downturn in the Southern California economy in the early 1990s, growth declined significantly. The recession hit just as Apple Valley's commercial development was getting underway. As a result, financing for commercial development became scarce and property values plummeted. Residential and commercial development, as measured by the number of construction permits issued, remained at a rate well below the pre-recession 1989-90 peaks. Although 1993-94 residential construction showed a decrease from the prior year, the number of construction starts in 1999-00 reflected an increase but remained far below the 1989-90 level.

Despite the recession and the downturn in development, Apple Valley's retail sales remained stable. Beginning in 2001-02, the Town experienced tremendous growth, both in residential and commercial/industrial development. Recently opened national and local commercial retail development further improved, and now drives Apple Valley's retail sales revenues.

Apple Valley did experience a marketing challenge in the area of commercial development. The consumer market trends in the late 90s encouraged consumers to patronize larger discount chains rather than smaller retail outlets. Until recently, the larger discount chains chose to meet the greater Victor Valley market and generally located along major freeway access in neighboring cities. As a result, retail sales per capita in Apple Valley were well below those of a neighboring city with significant freeway access. This trend began to change in 2005. One factor that contributed to this change was due to Apple Valley's continued population growth and significantly increased demand created by a large consumer population ready to spend its dollars in Apple Valley. A commercial market study conducted at that time indicated that 75 percent of the lost sales revenue could be recaptured by the addition of specific commercial retailers. Another

contributing growth factor in retail sales was the increasing traffic congestion along major routes to the freeway which encouraged Apple Valley consumers to look within Apple Valley for their needs.

Evidence of this trend was the 2005 opening of a Lowe's Home Improvement Warehouse, a second Apple Valley location for Stater Bros., and Wal-Greens at the northeast corner of Bear Valley and Apple Valley Roads. Soon thereafter, construction commenced on the Jess Ranch Marketplace, a 750,000 regional commercial center at this same intersection. California's first Super Target opened in July 2007 at Apple Valley Commons, located adjacent to the Town's Civic Center.

In October 2006 the Town Council approved the North Apple Valley Industrial Specific Plan (NAVISP) to drive industrial development opportunities. The NAVISP market is exemplified by a 1.34 million square foot Walmart Distribution Center and a 70,000 square foot TruBlu Logistics Center (formerly Fresenius Medical Care). Major industrial developers, including IDS Real Estate Group and Watson Land Company are actively marketing 900-plus total acres for development. This activity continues to be a major revenue source and has been instrumental in pioneering infrastructure development to north Apple Valley. In 2011, the Town Council earmarked \$1.6 million for future infrastructure development in this area.

Other economic highlights include the continued expansion of Apple Valley's regional center for advanced health care services including pediatrics, radiology and neurosurgery. The Town is home to Apple Valley Radiology and Oncology Center as well as Saint Mary's Medical Center—a 186-bed acute care hospital that provides diagnostic, radiology and surgical procedures as well as wellness and prevention programs. An independent physicians group has also received preliminary approvals to build a 50-acre medical campus complete with a 100-bed general acute-care hospital, sub-acute care facility, and medical and professional offices.

The same attractions which brought people into Apple Valley in the 1980s—moderate housing costs, recreation amenities and rural character offered by the area—continue as a driving force in the Town's economic growth and maintenance of the quality of life offered to its residents.

Major Initiatives

Economic Development

Economic Development is one of the primary goals of the Town's Vision 2020 master plan. The Town Council has directed implementation of a highly customer service oriented approach to its economic development efforts. These efforts include a highly proactive approach towards redevelopment, economic development and various housing functions.

As retail development continues to expand into the Apple Valley market, the Town has implemented a targeted marketing and industrial business attraction program. These efforts will provide a strong foundation for business attraction and retention programs well into the future.

Since 2005, more than 200 stores have opened in Apple Valley. Retailers recently opening a store in Apple Valley within the last 12 months include Ulta Beauty Cosmetics, Jersey Mike's Subs, Spirit River Café, Giuseppe's Italian, Juice It Up and Fat Jack's American Cuisine. Also, a Walmart Super Store was recently approved and grading of the site for construction has been completed. The store is expected to open during 2015. However, legal challenges to the store's construction from a private attorney has delayed initiation of the construction phase.

Economic Development efforts continue to target other industries as well, including the automobile sector, general merchandise, hotel services, medical and professional office users, full-service restaurants and apparel retailers.

The Town's goals for the next 12 months include focusing on attracting logistics based industrial development, including solar energy, manufacturing and distribution facilities that can take advantage of the North Apple Valley Industrial Specific Plan's streamlined entitlement process, inexpensive land and operating costs, and strategic market location and accessibility. The NAVISP area, projected to site 30 million square feet and provide 38,000 jobs at build out, will be a major logistics and manufacturing hub and influence subsidiary services, including housing and commercial markets. Recently, an existing manufacturer, Telexca, Inc. has significantly expanded their local operations marking a major step forward in implementation of the goals outlined in the specific plan.

Capital Improvement Program

The Capital Improvement Program is an on-going proactive effort to stimulate incentives primarily in the commercial market but with secondary benefit for the residential market. The goal is to encourage retail and job-producing industries.

The Town recently funded major road improvements to the Apple Valley Road corridor, including widening, installation of landscaped medians, signal light installations, infrastructure extensions, and surface improvements. In anticipation of Apple Valley's northerly growth trend, Apple Valley Road, a major south/north arterial, was extended northward to connect Apple Valley's eastern perimeter to Interstate 15. This \$1.2 million road improvement project was funded by tax increment revenues. Future improvements to this corridor include rehabilitation of Apple Valley Road from Bear Valley Road to Town Center.

A significant project initiated during this fiscal year is the construction phase for the \$43 million Yucca Loma Bridge project. When completed, the Yucca Loma Bridge will connect Apple Valley to Victorville with an additional crossing over the Mojave River, and ultimately provide additional access to Interstate 15. Another significant project getting underway during this time frame is preliminary alignment and engineering studies needed to re-engineer and re-align the intersection of Apple Valley Road and Highway 18. This is a joint project between Caltrans and the Town of Apple Valley to improve the functional efficiency of this very heavily traveled intersection, to relieve congestion, and improve safety.

The Town recently completed the update of the General Plan, to make recommendations to update land use patterns. With the General Plan update completed, the Town will initiate an update to the Sewer Master Plan to address specific changes subsequently adopted by the General Plan Update. The Sewer Master Plan provides the technical detail necessary to allow developers and civil design consultants to properly design and build sewer system improvements that will provide capacity, not only for their specific project, but capacities necessary for a regional development area at build-out based on the land use designations. This document allows staff to provide developers with sufficient information necessary to evaluate and prepare detailed cost projection and estimate for system improvements associated with their respective development needs.

Future Capital Improvement projects are being planned or are under consideration. The projects are expected to fall within one of three time frames: 1-2 years, 2-5 years and 5+ years.

- 1-2 years: Improvements for the Bear Valley Road Bridge rehabilitation project will be constructed in phases. The Engineering Department has retained a consultant for structural engineering services to help analyze and rehab the existing bridge. The

consultant will also perform engineering design work to prepare for the widening of the bridge to address the deficient deck conditions. The completed bridge will consist of six east/west travel lanes, a center median, shoulders and class 1 bike paths. The Engineering Department has successfully applied for federal funds under the Highway Bridge Program (HBP) which will fund a majority of the project costs.

- 2-5 years: A joint Highway 18 corridor study between the Town and the California Department of Transportation (Caltrans) will evaluate redesign alternatives for the outer highways to improve access to businesses and reduce traffic safety conflicts. The intersection re-alignment and traffic signal improvements at Apple Valley Road and Highway 18 will be under construction during this time frame.
- 5+ years: The Apple Valley Road/Falchion Road interchange with Interstate 15 will commence construction during this time frame. This project is part of a coordinated effort with the City of Victorville and the Victor Valley Economic Development Authority to construct infrastructure for the development of the former George Air Force Base, now Southern California Logistics Airport. A joint Apple Valley/Victorville engineering study is in progress to design the freeway interchange which will create Apple Valley's first direct access to Interstate 15.

Quality of Life Issues

Several initiatives are focused on maintaining a high quality of life for Apple Valley residents.

The REACH (Rehabilitation and Education Action for Community Housing) Project began operation in early 1993. A cooperative effort between the Town's code compliance and police departments, in conjunction with the Apple Valley Fire Protection District, REACH achieved quick access in its effort to preserve quality community housing by aggressively tackling health, safety and maintenance issues.

A high priority has been placed on positively influencing the young citizens of the community and significant resources have been committed to this endeavor.

As in every other Southern California community, public safety is a major priority in Apple Valley, although the Town has not experienced the dramatic increase in violence experienced by many more urban Southland communities.

The contractual relationship by which the San Bernardino County Sheriff's Department provides law enforcement services for the Town of Apple Valley to maintain local control of its distinctive "Police Department". At the same time, the Town maintains the availability and depth of resources of the much larger Sheriff's Department, all the while sharing the cost of liability insurance with the County and twelve other "contract" cities in a financially advantageous arrangement.

For several years now, the Town has had two law enforcement programs, the POP (Problem Oriented Policing) Program and the TRU (Telephone Reporting Unit) program. The POP program releases two officers to work in conjunction with code enforcement officers of the Town. The officers focus their efforts towards crime prevention and code enforcement in target areas within the Town. The TRU program has recently been replaced by adding an additional Sheriff's Service Specialist who can respond to calls from citizens that are not in progress, thus freeing police officers to handle the priority calls along with pro-active patrol. The Town can add two Specialist positions for about the same cost as one full time officer, leaving the officers available for crimes that are in progress.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Town's comprehensive financial report for the year ended, June 30, 2013, was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). This was the twelfth year that the Town has received this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report for the year ended, June 30, 2014, continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

In closing, this report was made possible by the leadership and support of the governing body of the Town of Apple Valley.

The preparation of this report on a timely basis is a team effort, requiring the dedication and cooperation of the entire Finance Department staff and continued support of the Town Manager's Office and Town Council. The guidance and suggestions from the accounting firm of Van Lant & Fankhanel, LLP, were also invaluable in completion of this report.

Sincerely,



Marc R. Puckett
Director of Finance

Town of Apple Valley

Comprehensive Annual Financial Report Fiscal Year 2013/14

Town Officials

Town Council

Art Bishop
Mayor



A Better Way of Life

Larry Cusack
Mayor Pro-Tem

Scott Nassif
Councilmember

Barb Stanton
Councilmember

Curt Emick
Councilmember

Town Staff

Frank Robinson
Town Manager

John Brown, *Town Attorney*

Nikki Salas, *Human Resources Director*

Marc Puckett, *Assistant Town Manager*
Finance and Administration

Lori Lamson, *Assistant Town Manager*
Community and Development Services

Brad Miller, *Town Engineer*

LaVonda Pearson, *CMC, Town Clerk*

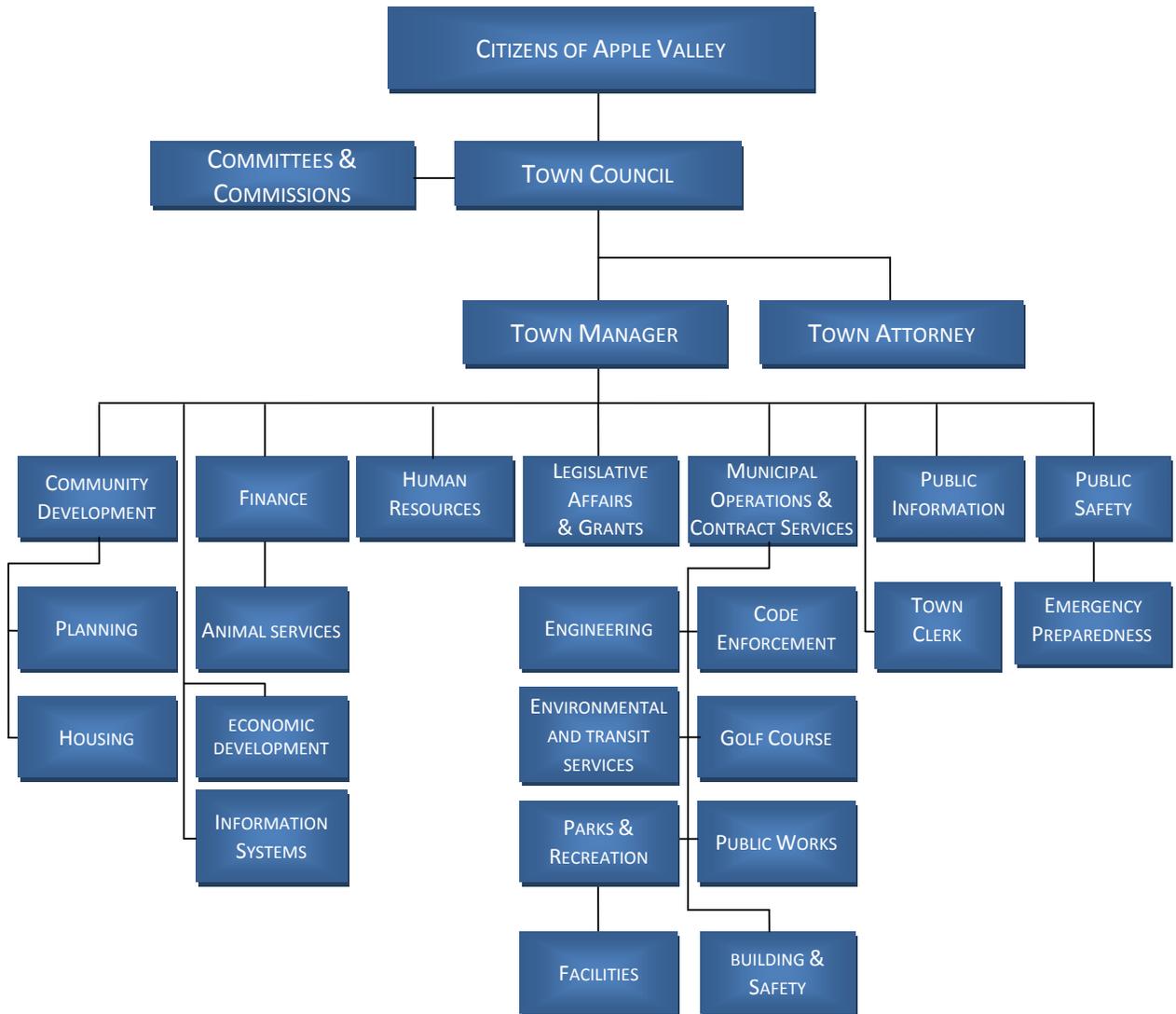
Captain Lana Tomlin, *Chief of Police*

Dennis Cron, *Assistant Town Manager*
Municipal Operations and Contract Services

Kathie Martin, *Marketing & Public Affairs*
Officer

Town of Apple Valley ORGANIZATIONAL CHART

Fiscal Year 2013-2014





Government Finance Officers Association

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

Presented to

**Town of Apple Valley
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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FINANCIAL SECTION



Independent Auditor's Report

The Honorable Town Council
Town of Apple Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Apple Valley (the "Town"), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Apple Valley, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, the schedules listed in the "Supplementary Information" section of the table of contents, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the Supplementary Information section of the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in

the United States of America. In our opinion, the schedules listed in the Supplementary Information section of the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 10, 2014 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and on compliance.

Van Lant & Fankhaenel, LLP

November 10, 2014

Town of Apple Valley
Management Discussion and Analysis

As management of the Town of Apple Valley (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the Fiscal Year 2013-14 by \$443,043,808 (*net position*). Of this amount, \$15,223,203 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$3,151,607 from the prior fiscal year total of \$446,195,415.
- As of FY 2013-14 year end, the Town's governmental funds reported combined ending fund balances of \$27,985,751, a decrease of \$3,014,920 in comparison with the prior fiscal year. Of this total amount, 22.7 percent or \$6,359,698, is available for spending at the government's discretion (*unrestricted fund balance*).
- At the end of fiscal year 2013-14, unrestricted fund balance for the general fund was \$8,808,635, or 41.4 percent of total general fund expenditures.
- The Town of Apple Valley's total debt for Government Activities and Business-type Activities decreased by \$1,518,775 or 7.4 percent, during fiscal year 2014. No new debt was issued in the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets and liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, transportation, culture and recreation, community development, and health. The business-type activities of the Town include sewer services, solid waste management and leisure golf at the Apple Valley Golf Course.

The Apple Valley Public Financing Authority is a legally separate authority for which the Town is financially accountable. It functions for all practical purposes as a department of the Town of Apple Valley, and therefore has been included in the governmental activities of the Town.

The government-wide financial statements can be found on pages 14-16 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: *governmental funds, proprietary funds, and fiduciary funds.*

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Town's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Parks and Recreation fund, HOME fund, Capital Projects fund, Measure I fund, Governmental Facilities Fees fund, and the Project Manager Grants fund, all of which are considered to be major funds. Data from the other twenty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17-22 of this report.

Proprietary funds. The Town maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer services, waste management operations and leisure golf at the Apple Valley Golf Course.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Waste Management and Golf Course funds. The Sewer and Waste Management funds are considered to be major funds of the Town.

The basic proprietary fund financial statements can be found on pages 23-25 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs.

The basic fiduciary fund financial statements can be found on pages 26-27.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-67 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town's progress in funding its obligation to provide pension benefits to its employees, as well as providing budgetary comparison schedules for the General fund, the Parks and Recreation fund, and HOME fund. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$443,043,808 at the close of the most recent fiscal year.

The largest portion of the Town's net position (91.0 percent) reflects its investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town's net position (5.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (3.4 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in its investment in capital assets, net position subject to external restrictions, and unrestricted categories of net position for the government as a whole as well as for the business-type activities. Governmental activities are positive in all categories of net assets.

The government's net position decreased by \$3,151,607 during the current fiscal year.

Town of Apple Valley's Net Position

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$41,770,529	\$40,840,541	\$10,708,632	\$11,220,741	\$52,479,161	\$52,061,282
Capital assets	<u>382,080,942</u>	<u>383,817,485</u>	<u>34,052,928</u>	<u>35,246,047</u>	<u>416,133,870</u>	<u>419,063,532</u>
Total assets	<u>\$423,851,471</u>	<u>\$424,658,026</u>	<u>\$44,761,560</u>	<u>\$46,466,788</u>	<u>\$468,613,031</u>	<u>\$471,124,814</u>
Long-term liabilities outstanding	16,444,010	17,184,035	2,603,208	3,381,958	19,047,218	20,565,993
Other liabilities	<u>5,048,569</u>	<u>2,592,395</u>	<u>1,473,436</u>	<u>1,771,011</u>	<u>6,522,005</u>	<u>4,363,406</u>
Total liabilities	<u>\$21,492,579</u>	<u>\$19,776,430</u>	<u>\$4,076,644</u>	<u>\$5,152,969</u>	<u>\$25,569,223</u>	<u>\$24,929,399</u>
Net Position:						
Net investment in capital assets	370,565,096	371,244,438	32,781,178	33,386,797	403,346,274	404,631,235
Restricted	22,736,379	23,906,586	1,737,952	1,737,858	24,474,331	25,644,444
Unrestricted	<u>9,057,417</u>	<u>9,730,572</u>	<u>6,165,786</u>	<u>6,189,164</u>	<u>15,223,203</u>	<u>15,919,736</u>
Total net position	<u>\$402,358,892</u>	<u>\$404,881,596</u>	<u>\$40,684,916</u>	<u>\$41,313,819</u>	<u>\$443,043,808</u>	<u>\$446,195,415</u>

Governmental activities

Governmental activities decreased the Town's net position by \$2,522,704 (1.0 percent). Key elements of this decrease are as follows:

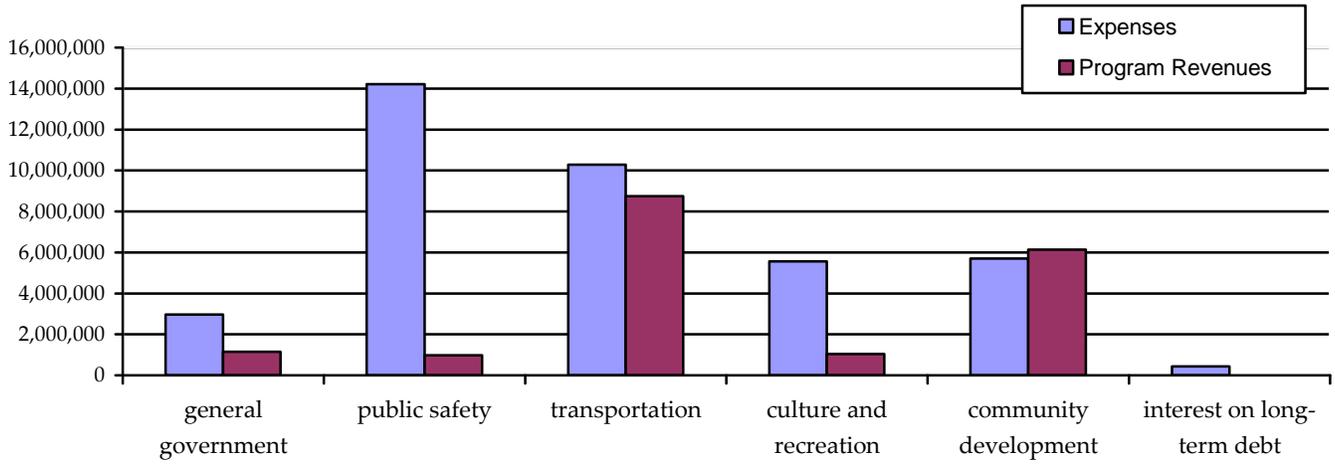
- Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. For Governmental funds, depreciation exceeded capital outlay expenditures by \$1,736,543. As a result, net assets decreased by \$1,736,543.

Overall, General Government expenditures increased by \$994,037 (51.4 percent) due to a \$333,892 subsidy to fund activities in the Golf Course fund and an increase of \$512,941 in net OPEB obligation.

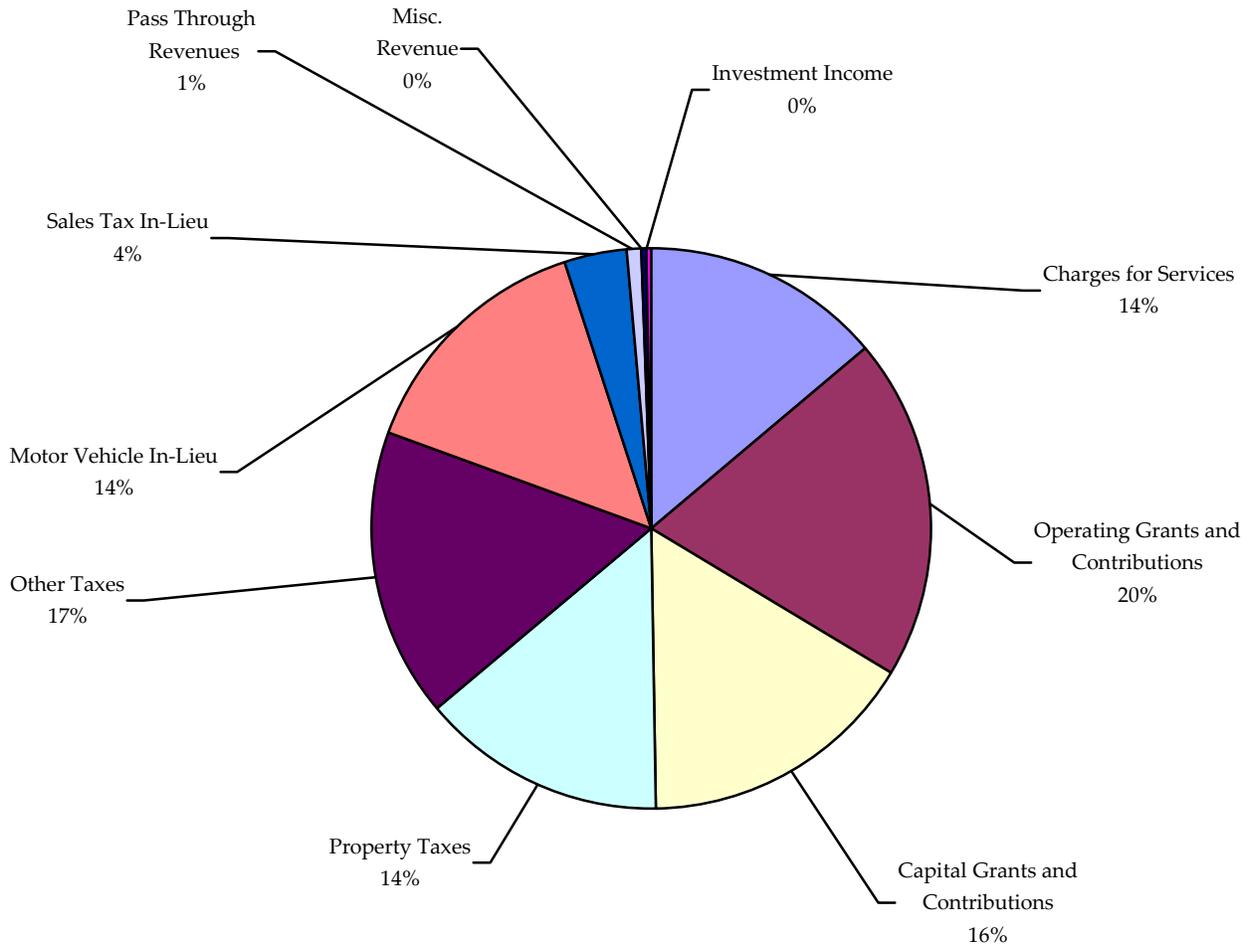
Town of Apple Valley's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Program revenues:						
Charges for service	\$5,011,798	\$3,213,459	\$15,350,601	\$14,574,875	\$20,362,399	\$17,788,334
Operating grants and contributions	7,204,421	6,662,688	20,070	19,907	7,224,491	6,682,595
Capital grants and contributions	5,836,010	3,688,576	725,666	497,875	6,561,676	4,186,451
General revenues:						
Property taxes	5,181,242	4,409,064			5,181,242	4,409,064
Other taxes	6,022,723	5,628,227			6,022,723	5,628,227
Motor Vehicle in-Lieu	5,257,876	5,136,312			5,257,876	5,136,312
Sales Tax in-Lieu	1,275,364	1,383,032			1,275,364	1,383,032
Pass Through Revenues	328,726	299,724			328,726	299,724
Miscellaneous Revenues	101,822	25,114			101,822	25,114
Loss on Disposal of Capital Assets	(28,385)	0			(28,385)	0
Investment Income	82,115	15,585	26,493	27,896	108,608	43,481
Total revenues	36,273,712	30,461,781	16,122,830	15,120,558	52,396,542	45,582,334
Expenses						
General government	2,959,562	1,935,525			2,959,562	1,935,525
Public safety	14,216,088	13,641,265			14,216,088	13,641,265
Transportation	10,283,286	10,927,503			10,283,286	10,927,503
Culture and recreation	5,556,224	5,462,689			5,556,224	5,462,689
Community Development	5,703,246	6,623,497			5,703,246	6,623,497
Interest on long-term debt	434,622	467,624			434,622	467,624
Golf Course			1,132,898	1,231,229	1,132,898	1,231,229
Sewer			6,045,017	6,443,451	6,045,017	6,443,451
Waste Management			9,217,206	8,951,222	9,217,206	8,951,222
Total expenses	39,153,028	39,058,103	16,395,121	16,625,902	55,548,149	55,684,005
Change in N/A before Transfers	(2,879,316)	(8,596,322)	(272,291)	(1,505,344)	(3,151,607)	(10,101,671)
Transfers	356,612	470,878	(356,612)	(470,878)	0	0
Change in net position	(2,522,704)	(8,125,444)	(628,903)	(1,976,227)	(3,151,607)	(10,101,671)
Net position (beginning)	404,881,596	413,293,949	41,313,819	43,408,087	446,195,415	456,702,036
Net position (ending)	\$402,358,892	\$404,881,596	\$40,684,916	\$41,313,819	\$443,043,808	\$446,195,415

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

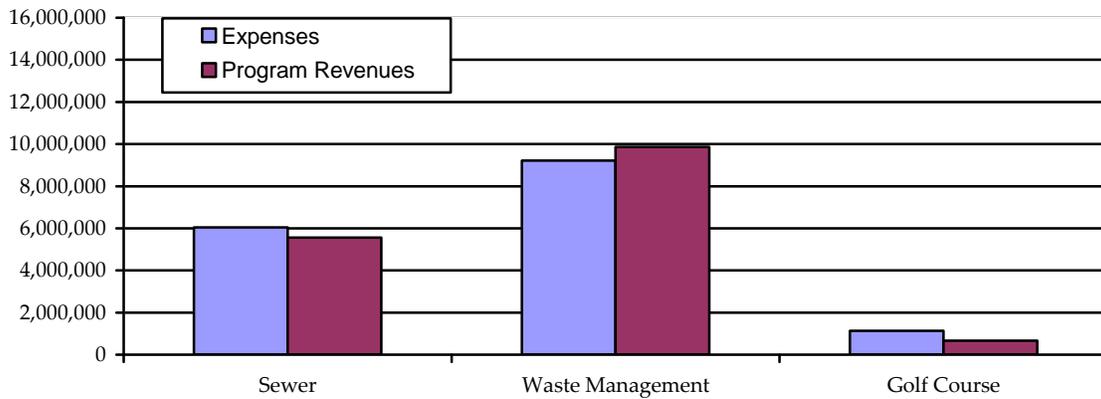


Business-type activities

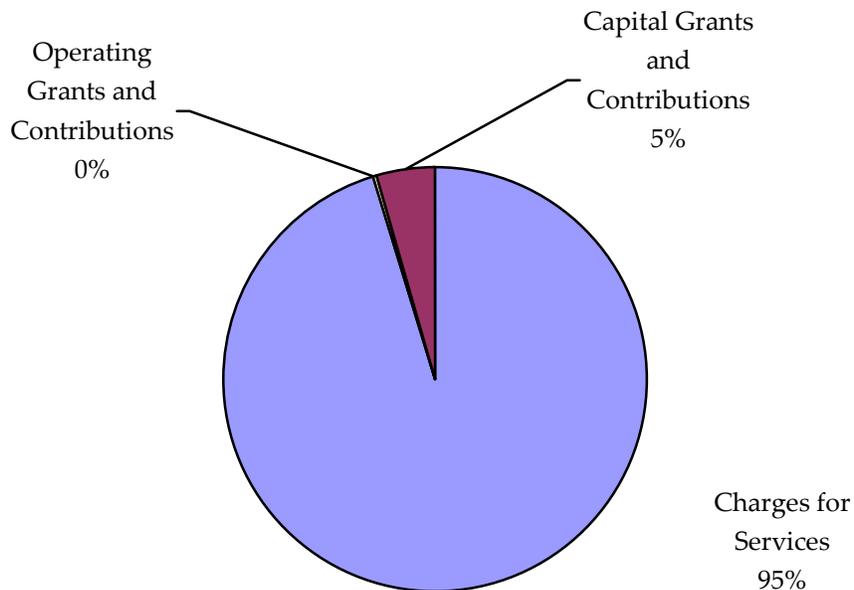
Business-type activities decreased the Town’s net position by \$628,903. Key elements of this decrease are as follows:

- The Sewer fund’s net position decreased by \$472,047 this fiscal year. This was mainly due to greater maintenance costs and no corresponding increase in charges for services in the 2013-14 fiscal year.
- The Apple Valley Golf Course fund’s net position decreased by \$138,269 this fiscal year. This was mainly due to greater maintenance costs and no corresponding increase in charges for services in the 2013-14 fiscal year.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$27,985,751, a decrease of \$3,014,920 in comparison with the prior fiscal year. Approximately 22.7 percent of this total amount (\$6,359,698) constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance (\$21,626,053) is either *restricted* or *non-spendable*.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund fund balance amounted to \$18,306,151. Of this amount, \$8,808,635 was unrestricted at the end of the fiscal year. As a measure of the general fund's liquidity, it may be useful to compare the unrestricted fund balance to total fund expenditures. Unrestricted fund balance represents 41.4 percent of total general fund expenditures. The fund balance of the Town's General Fund increased by \$965,882 during the current fiscal year.

The Parks and Recreation fund has a total accumulated fund deficit of \$(6,435,006), which is reported as unassigned. The net decrease in fund balance during the current year in the Parks and Recreation fund was \$272,542. This is primarily due to program costs exceeding available revenues and a reduction of property tax revenues due to reduced property assessments.

The HOME fund has a total accumulated deficit fund balance of \$(537,013), which is reported as unassigned. The net decrease in fund balance during the year in the HOME fund was \$525,811. This decrease was due to the total HOME dollars spent for community development this year exceeding the HOME revenues received during the Town's availability period.

The Capital Projects fund has a fund balance of \$3,872,474 at year end, which is all reported as assigned. This fund represents transportation impact fees collected by the Town and will be used for capacity enhancing street projects in the Town.

The Measure I fund has a fund balance of \$5,428,843 at year end, all of which is reported as restricted. The net increase in the fund balance during the current year for the Measure I fund was \$388,391. This increase was due to the total Measure I dollars spent for capital projects this year not exceeding the Measure I revenues received.

The Government Facilities Capital Projects fund has a fund deficit of \$(75,673) at year end, which is reported as unassigned. In July, 2007, Lease Revenue Bonds were issued in the amount of \$11,355,000. The proceeds were used to complete the Town Hall Expansion project.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

As of the end of the fiscal year, unrestricted net position of the Sewer fund was \$5,351,480. The total decrease in net position for the fiscal year in the Sewer fund was \$472,047. For the Solid Waste Management fund, unrestricted net position totaled \$4,135,377 at year end. The total decrease in net assets for the Solid Waste Management fund for the fiscal year was \$18,587. Correspondingly, unrestricted net position for the Apple Valley Golf Course fund as of June 30, 2014 amounted to \$(1,847,400).

General Fund Budgetary Highlights

The original budget as approved by the Town Council projected an appropriation to fund balance of \$174,907 for the year. The final adopted budget, as amended, projected an appropriation of \$1,067,616 to fund balance. At year end, actual budgetary performance resulted in a net increase in fund balance of \$965,882. Tax revenues decreased from budgetary projections by \$631,447. Although, the declines in taxable property values due to the recession have leveled off and many areas within the Town are now experiencing growth in taxable values at sustained rates, the actual tax revenue received was less than projected. Tax revenue, however, increased by \$1,106,000 over the prior year levels mainly due to a one-time distribution of \$1,100,000 from the Successor Agency’s unencumbered cash as determined by the California State Department of Finance. Sales tax revenues were up eleven of the prior twelve consecutive quarters on a year-over-year basis at the end of the fiscal year signaling a clear growth trend. Sales taxes increased over the prior fiscal year levels due to increased sales activity coupled with revenue increases from several new retail outlets opening in Apple Valley. Actual expenditures in the General Fund ended the fiscal year exceeding the amended budget by \$713,426 due to expenditures for a special election, increased litigations, general liability insurance premium and contract services totaling \$741,000 that was not budgeted for.

Capital Asset and Debt Administration

Capital assets. The Town’s investment in capital assets for its governmental and business type activities as of June 30, 2014, amounts to \$416,133,870 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total decrease in the Town’s investment in capital assets for the current fiscal year was \$2,929,662 (a \$1,736,543 decrease for governmental activities and a \$1,193,119 decrease for business-type activities).

Town of Apple Valley’s Capital Assets
(net of depreciation)

<i>Asset Category</i>	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 99,351,514	\$ 99,459,054	\$ 1,877,112	\$ 1,877,112	\$ 101,228,626	\$101,336,166
Water Rights			3,650,000	3,650,000	3,650,000	3,650,000
Construction in Progress	20,128,624	8,168,077			20,128,624	8,168,077
Furniture and Equipment	1,140,160	1,585,520			1,140,160	1,585,520
Trucks and Automobiles	63,621	67,572	122,041	170,219	185,662	237,791
Structures and Improvements	66,356,215	69,531,743			66,356,215	69,531,743
Infrastructure	195,040,808	205,005,519			195,040,808	205,005,519
Building and System			150,510	158,527	150,510	158,527
Machinery and Equipment			101,792	156,712	101,792	156,712
Collector Lines			28,151,473	29,233,477	28,151,473	29,233,477
Total Capital Assets	<u>\$ 382,080,942</u>	<u>\$ 383,817,485</u>	<u>\$ 34,052,928</u>	<u>\$ 35,246,047</u>	<u>\$416,133,870</u>	<u>\$419,063,532</u>

Additional information on the Town of Apple Valley’s capital assets can be found in note IV.E on pages 43-44 of this report.

Long-term debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$14,374,666. Of this amount, \$11,652,596 comprises debt backed by the full faith and credit of the government and \$1,135,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The Town's total bonded debt outstanding decreased by \$1,587,070 during the current fiscal year.

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value. The computation of the legal debt limit reflects a conversion of assessed valuation data from the current full valuation perspective to the 25% level. The current debt limitation for the Town is \$172,592,255, which is \$160,872,255 (legal debt margin) in excess of the Town's outstanding general obligation debt.

Town of Apple Valley's Outstanding Debt

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2014	2013	2014	2013	2014	2013
Certificates of Participation	\$ 2,638,250	\$ 3,185,750	\$ 136,750	\$ 209,250	\$ 2,775,000	\$ 3,395,000
Lease Revenue Bonds	8,877,596	9,329,666			8,877,596	9,329,666
Claims Payable	45,000	45,000			45,000	45,000
Special assessment debt with Governmental commitment			1,135,000	1,650,000	1,135,000	1,650,000
California Housing Loan		250,000				250,000
Compensated Absences	1,029,605	945,450			1,029,605	945,450
Pension-related Debt	1,659,895	1,689,815			1,659,895	1,689,815
Net OPEB Obligation	2,193,664	1,680,723			2,193,664	1,680,723
Capital Lease Payable		57,631				57,631
Installment Purchase Agreement			1,331,458	1,522,708	1,331,458	1,522,708
Total	\$ 16,444,010	\$ 17,184,035	\$ 2,603,208	\$ 3,381,958	\$ 19,047,218	\$ 20,565,993

Additional information of the Town of Apple Valley's long-term debt can be found in note IV.F on pages 45-54 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Town of Apple Valley's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the office of the Finance Director, Town of Apple Valley, 14955 Dale Evans Parkway, Apple Valley, CA 92307.

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Town of Apple Valley, California
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 25,558,689	\$ 8,167,014	\$ 33,725,703
Accounts Receivable	1,083,510	1,586,249	2,669,759
Interest Receivable	23,043	5,768	28,811
Due from Other Governments, Net	5,421,497	107,742	5,529,239
Due from Successor Agency	519,146		519,146
Internal Balances	3,108,061	(3,108,061)	-
Special Assessments Receivable		560,425	560,425
Loans Receivable	5,645,153		5,645,153
Prepaid Items	97,293		97,293
Investment in Joint Venture		1,651,543	1,651,543
Restricted Assets:			
Cash and Investments with Fiscal Agent	314,137	1,737,952	2,052,089
Capital Assets, Not Being Depreciated:			
Land	99,351,514	1,877,112	101,228,626
Water Rights		3,650,000	3,650,000
Construction in Progress	20,128,624		20,128,624
Capital Assets, Net of Accumulated Depreciation:			
Structures and Improvements	66,356,215	150,510	66,506,725
Machinery and Equipment	1,140,160	101,792	1,241,952
Trucks and Automobiles	63,621	122,041	185,662
Collector Lines		28,151,473	28,151,473
Infrastructure	195,040,808		195,040,808
Total Assets	<u>423,851,471</u>	<u>44,761,560</u>	<u>468,613,031</u>
LIABILITIES			
Accounts Payable	4,385,983	484,824	4,870,807
Accrued Liabilities	446,955	45,561	492,516
Interest Payable	139,348	26,105	165,453
Due to Other Governments		442,188	442,188
Unearned Revenue	76,283	430,163	506,446
Amounts Due Bondholders		44,595	44,595
Noncurrent Liabilities:			
Due Within One Year	1,902,029	816,667	2,718,696
Due in More Than One Year, Net	14,541,981	1,786,541	16,328,522
Total Liabilities	<u>21,492,579</u>	<u>4,076,644</u>	<u>25,569,223</u>
NET POSITION			
Net Investment in Capital Assets	370,565,096	32,781,178	403,346,274
Restricted for:			
Transportation	16,703,154		16,703,154
Culture and Recreation	53,534		53,534
Community Development	5,979,691		5,979,691
Capital Projects		1,107,242	1,107,242
Debt Service		630,710	630,710
Unrestricted	9,057,417	6,165,786	15,223,203
Total Net Position	<u>\$ 402,358,892</u>	<u>\$ 40,684,916</u>	<u>\$ 443,043,808</u>

The accompanying notes are an integral part of this statement.

Town of Apple Valley, California
Statement of Activities
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 2,959,562	\$ 1,077,891	\$ 1,763	\$ 68,985
Public Safety	14,216,088	144,673	814,143	23,108
Transportation	10,283,286		3,046,557	5,693,505
Culture and Recreation	5,556,224	1,001,936		44,677
Community Development	5,703,246	2,787,298	3,341,958	5,735
Interest on Long-Term Debt	434,622			
Total Governmental Activities	<u>39,153,028</u>	<u>5,011,798</u>	<u>7,204,421</u>	<u>5,836,010</u>
Business-type Activities:				
Sewer	6,045,017	4,838,790		725,666
Waste Management	9,217,206	9,851,074	20,070	
Apple Valley Golf Course	1,132,898	660,737		
Total Business-type Activities	<u>16,395,121</u>	<u>15,350,601</u>	<u>20,070</u>	<u>725,666</u>
Total Primary Government	<u><u>\$ 55,548,149</u></u>	<u><u>\$ 20,362,399</u></u>	<u><u>\$ 7,224,491</u></u>	<u><u>\$ 6,561,676</u></u>

General Revenues:

Taxes:

Property Taxes

Franchise Taxes

Sales Taxes

Transient Occupancy Taxes

Motor Vehicle in-lieu (intergovernmental, unrestricted)

Sales Taxes in-lieu

Pass Through Tax Increment Revenues

Loss on Disposal of Capital Assets

Miscellaneous Revenues

Investment Income

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (1,810,923)	\$	\$ (1,810,923)
(13,234,164)		(13,234,164)
(1,543,224)		(1,543,224)
(4,509,611)		(4,509,611)
431,745		431,745
(434,622)		(434,622)
<u>(21,100,799)</u>	<u>-</u>	<u>(21,100,799)</u>
	(480,561)	(480,561)
	653,938	653,938
	(472,161)	(472,161)
<u>-</u>	<u>(298,784)</u>	<u>(298,784)</u>
(21,100,799)	(298,784)	(21,399,583)
5,181,242		5,181,242
1,892,884		1,892,884
4,122,097		4,122,097
7,742		7,742
5,257,876		5,257,876
1,275,364		1,275,364
328,726		328,726
(28,385)		(28,385)
101,822		101,822
82,115	26,493	108,608
356,612	(356,612)	-
<u>18,578,095</u>	<u>(330,119)</u>	<u>18,247,976</u>
(2,522,704)	(628,903)	(3,151,607)
<u>404,881,596</u>	<u>41,313,819</u>	<u>446,195,415</u>
<u>\$ 402,358,892</u>	<u>\$ 40,684,916</u>	<u>\$ 443,043,808</u>

The accompanying notes are an integral part of this statement.

Town of Apple Valley, California
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>	<u>Parks and Recreation</u>	<u>HOME</u>	<u>Capital Projects</u>	<u>Measure I</u>
ASSETS					
Cash and Investments	\$ 7,359,424	\$	\$	\$ 5,504,789	\$ 5,173,059
Cash with Fiscal Agent					
Accounts Receivable	868,319	52,422		7,300	44,077
Interest Receivable	11,053		25	3,368	3,821
Due from Other Funds	4,187,953				
Due from Other Governments	3,941,724	57,764	611,299	2,502,661	281,120
Due from Successor Agency	519,146				
Advances to Other Funds	6,292,162				
Loans Receivable			2,479,487		
Prepaid Items	97,293				
Total Assets	<u>\$ 23,277,074</u>	<u>\$ 110,186</u>	<u>\$ 3,090,811</u>	<u>\$ 8,018,118</u>	<u>\$ 5,502,077</u>
LIABILITIES					
Accounts Payable	\$ 918,176	\$ 167,520	\$ 1,610	\$ 3,069,645	\$ 47,465
Accrued Liabilities	326,785	58,948	520	36,779	
Due to Other Governments					
Due to Other Funds			538,557		
Advances From Other Funds		6,292,162			
Unearned Revenue	76,283				
Total Liabilities	<u>1,321,244</u>	<u>6,518,630</u>	<u>540,687</u>	<u>3,106,424</u>	<u>47,465</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	3,649,679	26,562	3,087,137	1,039,220	25,769
Total Deferred Inflows of Resources	<u>3,649,679</u>	<u>26,562</u>	<u>3,087,137</u>	<u>1,039,220</u>	<u>25,769</u>
FUND BALANCE (DEFICITS)					
Nonspendable	9,497,516				
Restricted					5,428,843
Committed	4,730,937				
Assigned				3,872,474	
Unassigned	4,077,698	(6,435,006)	(537,013)		
Total Fund Balances (Deficits)	<u>18,306,151</u>	<u>(6,435,006)</u>	<u>(537,013)</u>	<u>3,872,474</u>	<u>5,428,843</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 23,277,074</u>	<u>\$ 110,186</u>	<u>\$ 3,090,811</u>	<u>\$ 8,018,118</u>	<u>\$ 5,502,077</u>

The accompanying notes are an integral part of this statement.

<u>Governmental Facilities</u>	<u>Project Manager Grants</u>	<u>Other Govern- mental Funds</u>	<u>Total Govern- mental Funds</u>
\$	\$	\$ 7,521,417	\$ 25,558,689
		314,137	314,137
		111,392	1,083,510
18		4,758	23,043
			4,187,953
	211,917	811,191	8,417,676
			519,146
			6,292,162
	4,500	3,161,166	5,645,153
			97,293
<u>\$ 18</u>	<u>\$ 216,417</u>	<u>\$ 11,924,061</u>	<u>\$ 52,138,762</u>
\$	\$ 65,805	\$ 115,762	\$ 4,385,983
	6,012	17,911	446,955
			-
75,691	111,601	354,043	1,079,892
			6,292,162
			76,283
<u>75,691</u>	<u>183,418</u>	<u>487,716</u>	<u>12,281,275</u>
	203,193	3,840,176	11,871,736
<u>-</u>	<u>203,193</u>	<u>3,840,176</u>	<u>11,871,736</u>
			9,497,516
		5,992,080	11,420,923
			4,730,937
		1,643,789	5,516,263
<u>(75,673)</u>	<u>(170,194)</u>	<u>(39,700)</u>	<u>(3,179,888)</u>
<u>(75,673)</u>	<u>(170,194)</u>	<u>7,596,169</u>	<u>27,985,751</u>
<u>\$ 18</u>	<u>\$ 216,417</u>	<u>\$ 11,924,061</u>	<u>\$ 52,138,762</u>

The accompanying notes are an integral part of this statement.

Town of Apple Valley, California
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014

Fund balances of governmental funds	\$ 27,985,751
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	382,080,942
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported as available revenues in the funds.	8,875,557
Long term liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated Absences	(1,029,605)
Claims Payable	(45,000)
Certificates of Participation	(2,638,250)
Lease Revenue Bonds	(8,945,000)
Unamortized Discount	67,404
Pension-related Debt	(1,659,895)
Net OPEB Obligation	(2,193,664)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.	<u>(139,348)</u>
Net position of governmental activities	<u><u>\$ 402,358,892</u></u>

The accompanying notes are an integral part of this statement.

Town of Apple Valley, California
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2014

	General	Parks and Recreation	HOME	Capital Projects	Measure I
REVENUES					
Taxes	\$ 16,706,853	\$ 1,520,279	\$	\$	\$ 1,807,607
Licenses & Permits	737,995			497,520	
Fines & Forfeitures	433,059				
Investment Income	33,938		89	13,382	10,026
Intergovernmental	796,455		795,113	2,165,389	25,561
Charges for Services	1,445,581	918,558			
Other Revenue	1,039,304	165,799	58,661	24	
Total Revenues	21,193,185	2,604,636	853,863	2,676,315	1,843,194
EXPENDITURES					
Current:					
General Government	2,055,371				
Public Safety	13,665,192				
Transportation	90,316				1,663,496
Culture and Recreation		3,410,848			
Community Development	3,037,840		1,379,674		
Capital Outlay	14,760			8,330,687	
Debt Service:					
Principal	57,631				
Interest & Fiscal Charges	2,637	12,215			
Total Expenditures	18,923,747	3,423,063	1,379,674	8,330,687	1,663,496
Excess (Deficiency) of Revenues over Expenditures	2,269,438	(818,427)	(525,811)	(5,654,372)	179,698
OTHER FINANCING SOURCES (USES)					
Transfer In	690,504	545,885		498,921	
Transfer Out	(2,343,924)				(498,921)
Sale of General Capital Assets	349,864				
Total Other Financing Sources (Uses)	(1,303,556)	545,885	-	498,921	(498,921)
Net Change in Fund Balances	965,882	(272,542)	(525,811)	(5,155,451)	(319,223)
Fund Balances, Beginning	17,340,269	(6,162,464)	(11,202)	9,027,925	5,748,066
Fund Balances, Ending	\$ 18,306,151	\$ (6,435,006)	\$ (537,013)	\$ 3,872,474	\$ 5,428,843

The accompanying notes are an integral part of this statement.

Governmental Facilities	Project Manager Grants	Other Govern- mental Funds	Total Govern- mental Funds
\$	\$	\$ 366,904	\$ 20,401,643
		348,815	1,584,330
			433,059
		12,066	69,501
	384,165	4,161,447	8,328,130
			2,364,139
		382,877	1,646,665
-	384,165	5,272,109	34,827,467
		32,079	2,087,450
			13,665,192
		2,279,285	4,033,097
			3,410,848
	262,318	799,601	5,479,433
	22,839		8,368,286
		1,002,500	1,060,131
6		429,568	444,426
6	285,157	4,543,033	38,548,863
(6)	99,008	729,076	(3,721,396)
		1,464,147	3,199,457
			(2,842,845)
			349,864
-	-	1,464,147	706,476
(6)	99,008	2,193,223	(3,014,920)
(75,667)	(269,202)	5,402,946	31,000,671
\$ (75,673)	\$ (170,194)	\$ 7,596,169	\$ 27,985,751

The accompanying notes are an integral part of this statement.

Town of Apple Valley, California
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2014

Net change in fund balances-total governmental funds	\$ (3,014,920)
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 these assets is allocated over their estimated useful lives as depreciation expense.	
Excess Depreciation over Capital Outlay	(1,736,543)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
	1,476,000
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 effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Amortization of Discounts	(2,930)
Principal Paid on Long-Term Debt	1,310,131
Decrease in Pension-related Debt	29,920
The net OPEB Obligation reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. The following amount represents the net change in the OPEB obligation.	
	(512,941)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures.	
Net Change in Compensated Absences	(84,155)
Net Change in Claims Payable	-
Net Change in Accrued Interest Payable	12,734
	12,734
Change in net position of governmental activities	\$ (2,522,704)

The accompanying notes are an integral part of this statement.

Town of Apple Valley, California
Statement of Net Position
Proprietary Funds
June 30, 2014

	Sewer	Solid Waste Management	Apple Valley Golf Course	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 5,057,771	\$ 3,109,243	\$	\$ 8,167,014
Accounts Receivable	517,134	1,069,115		1,586,249
Interest Receivable	3,338	2,430		5,768
Due from Other Governments	60,712	47,030		107,742
	<u>5,638,955</u>	<u>4,227,818</u>	<u>-</u>	<u>9,866,773</u>
Total Current Assets				
Noncurrent Assets:				
Special Assessments Receivable	560,425			560,425
Investment in Joint Venture (Net)		1,651,543		1,651,543
Restricted Assets:				
Cash and Investments with Fiscal Agent	1,737,952			1,737,952
Capital Assets, Not Being Depreciated:				
Land	437,112		1,440,000	1,877,112
Water Rights	3,650,000			3,650,000
Construction in Progress				-
Capital Assets, Net of Accumulated Depreciation	28,492,145		33,671	28,525,816
	<u>34,877,634</u>	<u>1,651,543</u>	<u>1,473,671</u>	<u>38,002,848</u>
Total Noncurrent Assets				
Total Assets				
	<u>40,516,589</u>	<u>5,879,361</u>	<u>1,473,671</u>	<u>47,869,621</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	148,336	151,208	185,280	484,824
Accrued Liabilities	14,746	3,085	27,730	45,561
Interest Payable	26,105			26,105
Due to Other Governments	442,188			442,188
Due to Other Funds			3,108,061	3,108,061
Unearned Revenue	171,930	258,233		430,163
Amounts Due Bondholders	44,595			44,595
Current Portion of Long-Term Debt	618,750	197,917		816,667
	<u>1,466,650</u>	<u>610,443</u>	<u>3,321,071</u>	<u>5,398,164</u>
Total Current Liabilities				
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Debt	653,000	1,133,541		1,786,541
	<u>653,000</u>	<u>1,133,541</u>	<u>-</u>	<u>1,786,541</u>
Total Noncurrent Liabilities				
Total Liabilities				
	<u>2,119,650</u>	<u>1,743,984</u>	<u>3,321,071</u>	<u>7,184,705</u>
NET POSITION				
Net Investment in Capital Assets	31,307,507		1,473,671	32,781,178
Restricted for Capital Projects	1,107,242			1,107,242
Restricted for Debt Service	630,710			630,710
Unrestricted	5,351,480	4,135,377	(3,321,071)	6,165,786
	<u>38,396,939</u>	<u>4,135,377</u>	<u>(1,847,400)</u>	<u>40,684,916</u>
Total Net Position				

The accompanying notes are an integral part of this statement.

Town of Apple Valley, California
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2014

	Sewer	Solid Waste Management	Apple Valley Golf Course	Total
OPERATING REVENUES				
Charges for Services	\$ 4,838,790	\$ 9,851,074	\$ 660,737	\$ 15,350,601
Total Operating Revenue	4,838,790	9,851,074	660,737	15,350,601
OPERATING EXPENSES				
Salaries and Benefits	546,007	139,283	2,383	687,673
Contract Services	43,206	7,114,194	437,441	7,594,841
Maintenance and Treatment	1,629,623		187,435	1,817,058
Depreciation	1,776,871		16,162	1,793,033
Other	1,964,916	1,804,963	489,477	4,259,356
Total Operating Expenses	5,960,623	9,058,440	1,132,898	16,151,961
Operating Income (Loss)	(1,121,833)	792,634	(472,161)	(801,360)
NONOPERATING REVENUES (EXPENSES)				
Change in Investment in Joint Venture		(67,561)		(67,561)
Investment Income	8,514	17,979		26,493
Grant Revenue		20,070		20,070
Interest	(84,394)	(91,205)		(175,599)
Total Nonoperating Revenues (Expenses)	(75,880)	(120,717)	-	(196,597)
Income Before Contributions and Transfers	(1,197,713)	671,917	(472,161)	(997,957)
Capital Contributions	725,666			725,666
Transfers In			333,892	333,892
Transfers Out		(690,504)		(690,504)
Change in Net Position	(472,047)	(18,587)	(138,269)	(628,903)
Total Net Position, Beginning	38,868,986	4,153,964	(1,709,131)	41,313,819
Total Net Position, Ending	\$ 38,396,939	\$ 4,135,377	\$ (1,847,400)	\$ 40,684,916

The accompanying notes are an integral part of this statement.

Town of Apple Valley, California
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2014

	Sewer	Solid Waste Management	Apple Valley Golf Course	Total
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 4,755,207	\$ 9,823,804	\$ 660,737	\$ 15,239,748
Cash Paid to Suppliers	(3,931,294)	(9,237,328)	(992,663)	(14,161,285)
Cash Paid to Employees for Services	(553,061)	(161,810)		(714,871)
Net Cash Provided (Used) by Operating Activities	<u>270,852</u>	<u>424,666</u>	<u>(331,926)</u>	<u>363,592</u>
Cash Flows from Noncapital Financing Activities				
Cash Collected on Behalf of Other Governments (Paid to)	239,958			239,958
Grant Revenue		20,070		20,070
Advances Paid (to) from Other Funds			311,464	311,464
Cash Paid (to) from Other Funds		(690,504)		(690,504)
Principal Paid on Debt		(191,250)		(191,250)
Interest Paid on Debt		(91,205)		(91,205)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>239,958</u>	<u>(952,889)</u>	<u>311,464</u>	<u>(401,467)</u>
Cash Flows from Capital and Related Financing Activities				
Capital Asset Purchases	(92,391)			(92,391)
Special Assessments Collected for Debt Service	733,144			733,144
Principal Paid on Debt	(587,500)			(587,500)
Interest Paid on Debt	(96,239)			(96,239)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(42,986)</u>	<u>-</u>	<u>-</u>	<u>(42,986)</u>
Cash Flows from Investing Activities				
Interest Received on Investments	7,460	17,416		24,876
Net Cash Provided (Used) by Investing Activities	<u>7,460</u>	<u>17,416</u>	<u>-</u>	<u>24,876</u>
Net Increase (Decrease) in Cash and Cash Equivalents	475,284	(510,807)	(20,462)	(55,985)
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>6,320,439</u>	<u>3,620,050</u>	<u>20,462</u>	<u>9,960,951</u>
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 6,795,723</u>	<u>\$ 3,109,243</u>	<u>\$ -</u>	<u>\$ 9,904,966</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Cash Flows from Operating Activities				
Operating income (loss)	\$ (1,121,833)	\$ 792,634	\$ (472,161)	\$ (801,360)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,776,871		16,162	1,793,033
(Increase) Decrease in Accounts Receivable	(45,188)	7,982		(37,206)
(Increase) Decrease in Due from Other Governments	(41,771)	(23,416)		(65,187)
Increase (Decrease) in Accounts Payable	(293,549)	(318,171)	104,292	(507,428)
Increase (Decrease) in Accrued Liabilities	(7,054)	(22,527)	19,781	(9,800)
Increase (Decrease) in Deferred Revenue	3,376	(11,836)		(8,460)
Net Cash Provided (Used) by Operating Activities	<u>\$ 270,852</u>	<u>\$ 424,666</u>	<u>\$ (331,926)</u>	<u>\$ 363,592</u>
Non Cash Investing, Capital and Financing Activities:				
Change in Investment in Joint Venture	\$	\$ (67,561)	\$	\$ (67,561)
Donated Capital Assets	507,523			

The accompanying notes are an integral part of this statement.

Town of Apple Valley, California
Statement of Net Position
Fiduciary Funds
June 30, 2014

	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS		
Cash and Investments	\$	\$ 12,226,190
Cash and Investments with Fiscal Agent	16,921,121	238,318
Accounts Receivable	130,682	333,585
Interest Receivable		585
Due from Other Governments	1,110,557	680,009
Prepaid Items		4,332
	<u>18,162,360</u>	<u>\$ 13,483,019</u>
LIABILITIES		
Accounts Payable	21,965	\$ 79,229
Accrued Liabilities	52,289	11,855,668
Deposits		1,309,953
Due to Town of Apple Valley	519,146	
Interest Payable	191,093	
Bonds Payable	46,861,469	
Amounts Due to Bondholders		238,169
	<u>47,645,962</u>	<u>\$ 13,483,019</u>
NET POSITION		
Net Position Held in Trust for Successor Agency	<u>\$ (29,483,602)</u>	

The accompanying notes are an integral part of this statement.

Town of Apple Valley, California
Statement of Changes in Net Position
Fiduciary Fund
Year Ended June 30, 2014

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Taxes	\$ 4,718,366
Investment Income	6,464
Total Additions	4,724,830
DEDUCTIONS	
Administrative Costs	12,523,035
Project Costs	3,160,689
Interest on Bonds	2,329,468
Total Deductions	18,013,192
Change in Net Position	(13,288,362)
Net Position - Beginning of Year	(16,195,240)
Net Position - End of Year	\$ (29,483,602)

The accompanying notes are an integral part of this statement.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Description of Reporting Entity

The Town of Apple Valley, California was incorporated on November 28, 1988 under the general laws of the State of California. The Town operates under a Council - Manager form of government and currently provides the following services as authorized by its charter: public safety (police protection), streets, planning and zoning, waste management, and general administrative services.

As required by generally accepted accounting principles, 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 either 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 if the organization is fiscally dependent upon the Town (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 considered to be blended component units. Blended component units, although legally separate entities, are, in substance, part of the Town's operations. The following organizations are considered to be component units of the Town:

Apple Valley Public Financing Authority

The Apple Valley Public Financing Authority ("Authority") was established to provide financing to the Town of Apple Valley for specified capital improvement projects. The governing board of the Authority is composed of the same individuals that serve as council members for the Town of Apple Valley. Separate financial statements are not prepared for the Authority.

B) Government-wide and Fund Financial Statements

The Town's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-Wide Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the Town include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment 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 that are properly not included among program revenues are reported instead as general revenues.

Fund Financial Statements: Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Governmental Accounting Standards Board Statement No. 68

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. This statement was issued to improve the financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. Statement No. 68 is effective for periods beginning after June 15, 2014. The Town has elected not to early implement GASB No. 68 and has not determined its effect on the Town's financial statements.

D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except Agency Funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

General Fund - This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for and reported in another fund.

Parks and Recreation Fund - This fund accounts for all revenues, including property tax revenues, and expenditures of the Apple Valley Parks and Recreation Department (formerly Recreation and Parks District) that are required to be separately maintained in accordance with the provisions of California Government Code Section 57642.

HOME Fund – This fund accounts for revenue received from the Department of Housing and Urban Development for assisting low and moderate income individuals to purchase homes.

Capital Projects Fund - This fund was established to account for all of the Town's construction projects that are not being separately accounted for in other capital project funds (with the exception of those funded through non-major capital project funds and enterprise funds). Financing is provided primarily through transfers in from the General Fund, and from State and Federal grants.

Measure I Fund - This fund accounts for all capital projects funded with Measure I monies.

Governmental Facilities Fund - This fund accounts for and reports financial resources restricted, committed, or assigned to activities related to the construction of the new Town Hall Annex.

Project Manager Grants Fund - This fund accounts for non-budgeted funds awarded to the Town during the course of the fiscal year mainly for capital related activities.

The Town reports the following major proprietary funds:

Sewer Fund - This fund accounts for the costs of providing sewer services to the general public within the Town's service area and the user charges by which these costs are recovered.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Solid Waste Management Fund - This fund accounts for the costs of providing trash services to commercial and residential units and the user charges by which these costs are recovered.

Apple Valley Golf Course Fund - This fund accounts for the costs of providing golf to the general public and the user charges by which these costs are recovered.

Additionally, the Town reports the following fund types:

The Agency Funds are used to account for money received by the Town as an agent for individuals, other governments and other entities. Specifically, the Town reports activities related to the Victor Valley Transit Authority, Assessment District 98-1, Village PBID, Victor Valley Economic Development Authority, Mojave Desert and Mountain Integrated Waste Management Authority, and certain deposits in Agency funds.

The Private-purpose Trust Fund is used to account for the balances and transactions of the Successor Agency to the Redevelopment Agency of the Town of Apple Valley.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for services provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E) Assets , Liabilities, and Net Position or Equity

1) Cash and Investments

For purposes of presentation in the statement of cash flows, cash equivalents 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 change in value because of changes in interest rates. Investments purchased within three months of original maturity are considered to be cash equivalents.

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

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

2) Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	March 1	
Levy Year	July 1 to June 30	
Due Dates	November 1	1 st Installment
	February 1	2 nd Installment
Delinquent Dates	December 10	1 st Installment
	April 10	2 nd Installment

Under California law, property taxes are assessed and collected by counties up to 1% of assessed value, plus other increases approved by voters. Property tax revenues are pooled and then allocated to cities based on complex formulas prescribed by state statutes.

3) Restricted Assets

Certain proceeds of the Town's long-term debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts and their use is limited by bond covenants.

4) Capital Assets

Capital assets, which include land, structures, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Assets purchased in excess of \$5,000 are capitalized if they have an expected useful life of 2 years or more. The cost of normal maintenance and repairs that do not add to the value of the asset's lives are not capitalized.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Major capital outlay for capital assets and improvements are capitalized as projects are constructed. For debt-financed capital assets, interest incurred during the construction phase is reflected in the capitalization value of the asset constructed, net of interest earned on the invested proceeds over the same period. Capital assets acquired through lease obligations are valued at the present value of future lease payments at the date acquired.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Town chose to include all such items acquired in fiscal years ending after June 30, 1980. The Town was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the Town constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the Town values these capital assets at the estimated fair value of the item at the date of its donation.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the proprietary funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each capital asset class is as follows:

Infrastructure	20 to 50 Years
Collector Lines	40 Years
Buildings	30 Years
Machinery and Equipment	5 Years
Automobile and Truck Equipment	5 Years
Computer Equipment	5 Years
Leasehold Improvements	3 Years

5) Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

6) Compensated Absences

Permanent Town employees earn from 10 to 20 vacation days a year, depending upon their length of employment, and 12 sick days a year. Employees can carry forward from 20 to 40 days in earned but unused vacation days depending on the number of years of continuous service. Sick leave hours may be converted to vacation hours at a rate of two sick leave hours to one vacation hour. Payment of converted sick leave hours in excess of 240 hours will occur only upon termination of employment.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave, except for those employees that have not completed 6 months of continuous service.

All accumulated vacation leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Leave benefits are generally liquidated by the general fund.

7) Claims and Judgments

The Town records a liability for litigation, judgements 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. An estimate based upon historical data has been made for exposure to losses incurred but not yet reported. As of June 30, 2013 and 2014, the balance of accrued claims and judgments is \$45,000 and \$45,000, respectively. Expenditures related to claims and judgments are recorded in the General Fund.

8) Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond discounts and premiums are deferred and amortized on a straight-line basis over the terms of the bonds.

Unamortized refunding costs represent the difference between the reacquisition price of debt (outstanding principal of the debt, as well as the call premium) and its net carrying value (face value of the debt, adjusted for unamortized premiums or discounts). The difference is amortized over the shorter of 1) the life of the refunding debt or 2) the life of the refunded debt. The amortization is treated as an adjustment to interest expense of the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9) Transfers

Transfers are reported as other financing sources and uses in the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds and in the Statement of Revenues, Expenses and Changes in Net Position for the proprietary funds.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Town currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

11) Net Position

In the Government-wide financial statements; net position is classified in the following categories:

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position

This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents the net position of the Town that is not externally restricted for any project or other purpose.

12) Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position, is applied.

13) Fund Balance

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). 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 government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, 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.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that may be specified by the Town Council by ordinance or resolution (these are of equal binding depending on the commitment being made) to formally commit part of the Town's fund balances or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal Town Council's action utilizing the same type of action that was originally used.

The Town's committed fund balance includes:

- General Fund Emergency Operating Contingency

The Town's General Fund balance committed for emergency contingencies has been set by resolution and is for specific uses listed as the declaration of a state or federal state of emergency, or a local emergency as defined in the Town of Apple Valley Municipal Code.

Assigned Fund Balance - Amounts that are constrained by the Town's intent to use specified financial resources for specific purposes, but are neither restricted nor committed. The Town Council through a resolution, delegates the authority to assign amounts to be used for specific purposes to the Director of Finance.

**Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014**

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Unassigned Fund Balance - These are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances.

II) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this \$1,736,543 difference are as follows:

Capital Outlay	\$ 12,604,776
Loss on Disposal of Capital Assets	(379,619)
Depreciation Expense	<u>(13,961,700)</u>
 Net adjustment to <i>net change in fund balances -total governmental funds</i> to arrive at <i>change in net position of governmental activities</i> .	 \$ <u>(1,736,543)</u>

III) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A) Deficit Fund Balances/Net Position

The following non-major fund had a deficit fund balance as of June 30, 2014:

	<u>Deficit Balance</u>
Special Revenue Funds:	
CDBG	\$ 39,700

Management expects these deficits to be eliminated either by future revenues or transfers from the Town's general fund.

The Parks and Recreation Special Revenue Fund and the Apple Valley Golf Course proprietary fund had deficit fund balance/net position of (\$6,435,006) and (\$1,847,400), respectively, as of June 30, 2014, with current year operating deficits of (\$272,542) in the Parks and Recreation Fund and (\$138,269) in the Apple Valley Golf Course fund. Additional information on management's plans is discussed in Note IV B.

**Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014**

IV) DETAILED NOTES ON ALL FUNDS

A) Cash and Investments

The Town pools all of its cash and investments except those funds required to be held by outside fiscal agents under the provisions of bond indentures.

Interest income earned on pooled cash is allocated quarterly to the various funds based on the month-end cash balances. Interest income from cash investments held with fiscal agents is credited directly to the related funds.

Cash and Investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$33,725,703
Cash and Investments with Fiscal Agent	2,052,089
Statement of Fiduciary Net Position:	
Cash and Investments	12,226,190
Cash and Investments with Fiscal Agent	<u>17,159,439</u>
 Total Cash and Investments	 <u><u>\$65,163,421</u></u>

Cash and investments as of June 30, 2014 consist of the following:

Petty Cash	\$ 5,550
Deposits with Financial Institutions	20,313,335
Local Agency Investment Fund	20,274,056
U.S. Agency Securities	4,008,780
Money Market Mutual Funds	1,350,172
Held by Fiscal Agent:	
Mutual Fund	<u>19,211,528</u>
 Total Cash and Investments	 <u><u>\$65,163,421</u></u>

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 (or the Town's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Town's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Town, rather than the general provisions of the California Government Code or the Town's investment policy.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	15%	5%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Investments Authorized by Debt Agreements

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

<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
Banker's Acceptance	None	None	None
Commercial Paper	None	None	None
Money Market Mutual Funds	None	None	None
Investment Contracts	None	None	None
Certificates of Deposits	None	None	None
Repurchase Agreements	None	None	None
Local Agency Investment Fund	N/A	None	None

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2014 the Town had the following investments:

Investment Type	6 months or less	3 to 5 years	Fair Value
State Investment Pool - LAIF	\$20,274,056	\$ -	\$ 20,274,056
U.S. Agency Securities:			
Federal Home Loan Mort. Corp.	-	3,008,170	3,008,170
Federal Home Loan Banks	-	1,000,610	1,000,610
Money Market Mutual Funds	1,350,172	-	1,350,172
Held by Bond Trustee:			
Mutual Funds	19,211,528	-	19,211,528
Total	<u>\$40,835,756</u>	<u>\$ 4,008,780</u>	<u>\$ 44,844,536</u>

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		Minimum Legal Rating	Rating as of Year End		
			AAA	Aa	Not Rated
State Investment Pool - LAIF	\$ 20,274,056	N/A	\$	\$	\$ 20,274,056
U.S. Agency Securities:					
Federal Home Loan Mort. Corp.	3,008,170	N/A	3,008,170		
Federal Home Loan Bank	1,000,610	N/A	1,000,610		
Money Market Mutual Funds	1,350,172	N/A	1,350,172		
Held by Bond Trustee:					
Mutual Fund	19,211,528	N/A	19,211,528		
Total	<u>\$ 44,844,536</u>		<u>\$ 24,570,480</u>	<u>\$ -</u>	<u>\$ 20,274,056</u>

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

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 Town's 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 or total investments in any of the major funds are as follows:

<u>Issuer</u>	<u>Amount Invested</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Mortgage Corp.	\$ 3,008,170	7%

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 risk for investments is the risk that, in the event of the failure of the counterparty 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, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government 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.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: The Town did not have any deposits with financial institutions in excess of federal depository insurance limits and held in uncollateralized accounts. As of June 30, 2014, Agency investments in the following investment types were held by the broker-dealer that was used by the Town to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Treasury Mutual Fund	\$ 19,211,528

Investment in State Investment Pool

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Entity'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 by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

B) Interfund Receivables, Payables, and Transfers

Amounts due to/from other funds at June 30, 2014 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 4,187,953	\$
HOME Fund		538,557
Governmental Facilities Fund		75,691
Project Manager Grants Fund		111,601
Nonmajor Funds		354,043
Apple Valley Golf Course (Proprietary Fund)		3,108,061
Total	<u>\$ 4,187,953</u>	<u>\$ 4,187,953</u>

The interfund payable balances represent routine and temporary cash flow assistance from the General Fund until the amounts receivable from other agencies are collected to reimburse eligible expenditures. The amount due from the Golf Course fund is a result of deficits incurred over time in the fund. The Town is taking steps to reduce and eventually eliminate these deficits and repay the amounts due to the General Fund.

Advances:

The General Fund has advanced \$6,292,161 to the Parks and Recreation Fund to fund parks and recreations activities. The Town is currently developing a plan to repay these advances to the General Fund. Steps taken to reduce and eventually eliminate these deficits include a thorough operational review of Parks and Recreation activities to reduce spending where possible. The Town has also instituted an annual review of all program participant fees to ensure that fee revenues remain current. In addition, the Town recently increased franchise fee revenues collected annually by \$1.2 million. These new revenues will be used, in part, to help eliminate deficits within the Parks and Recreation Fund by increasing budgeted transfers from the General Fund to the Parks and Recreation Fund in future years.

Interfund transfers for the year ended June 30, 2014 are as follows:

		TRANSFERS IN					
		General Fund	Parks and Recreation Fund	Capital Projects	Non-Major Governmental Funds	Apple Valley Golf Course	Total
TRANSFERS OUT	General Fund	\$	\$ 545,885	\$	\$ 1,464,147	\$ 333,892	\$ 2,343,924
	Measure I			498,921			498,921
	Solid Waste Fund	690,504					690,504
Total		<u>\$ 690,504</u>	<u>\$ 545,885</u>	<u>\$ 498,921</u>	<u>\$ 1,464,147</u>	<u>\$ 333,892</u>	<u>\$ 3,533,349</u>

The General Fund transferred \$1,464,147 to various non-major funds to eliminate deficits and fund activities in those funds. In addition, the General Fund transferred \$545,885 and \$333,892 to the Parks and Recreation Fund and Apple Valley Golf Course to fund certain expenditures. The transfer from the Measure

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

I Fund to the Capital Projects Fund was to reimburse the Capital Projects Fund for the costs of a project funded by Measure I. The transfer from the Solid Waste to the General Fund was for franchise fees.

C) Due from Other Governments

The Town receives various grants and appropriations from several Federal, State and County agencies, and also incurs certain State mandated costs. As of June 30, 2014, the amount receivable from the various agencies was \$8,417,646. Included in this balance is \$2,996,179 of State mandated costs; however it is uncertain if, or when these costs will be reimbursed and received from the State. As a result a provision for doubtful accounts of \$2,996,179 has been made and reported as uncollectible in the Statement of Net Position at June 30, 2014.

D) Loans Receivable

The Town administers a Residential Rehabilitation Loan Program and a down payment assistance program for low-to-moderate income families. The loans provided by the program have a 30-year term, and bear an interest rate of 0%. The notes may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2014, the outstanding loans receivable totaled \$5,645,153.

E) Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 99,459,054	\$ 98,247	\$ 205,787	\$ 99,351,514
Construction in Progress	8,168,077	12,175,362	214,815	20,128,624
Total Capital Assets, Not Being Depreciated	<u>107,627,131</u>	<u>12,273,609</u>	<u>420,602</u>	<u>119,480,138</u>
Capital Assets Being Depreciated:				
Furniture and Equipment	3,101,106	96,006	10,550	3,186,562
Computer Equipment	1,533,858	57,008		1,590,866
Trucks and Automobiles	1,434,704	49,669	63,796	1,420,577
Structures and Improvements	92,138,403	14,270	186,613	91,966,060
Infrastructure	352,896,750	289,493		353,186,243
Total Capital Assets Being Depreciated	<u>451,104,821</u>	<u>506,446</u>	<u>260,959</u>	<u>451,350,308</u>
Less Accumulated Depreciation:				
Furniture and Equipment	(1,895,685)	(430,303)	10,550	(2,315,438)
Computer Equipment	(1,153,759)	(168,071)		(1,321,830)
Trucks and Automobiles	(1,367,132)	(53,620)	63,796	(1,356,956)
Structures and Improvements	(22,606,660)	(3,055,502)	52,317	(25,609,845)
Infrastructure	(147,891,231)	(10,254,204)		(158,145,435)
Total Accumulated Depreciation	<u>(174,914,467)</u>	<u>(13,961,700)</u>	<u>126,663</u>	<u>(188,749,504)</u>
Total Capital Assets Being Depreciated, Net	<u>276,190,354</u>	<u>(13,455,254)</u>	<u>(134,296)</u>	<u>262,600,804</u>
Governmental Activities, Capital Assets, Net	<u>\$ 383,817,485</u>	<u>\$ (1,181,645)</u>	<u>\$ (554,898)</u>	<u>\$ 382,080,942</u>

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,877,112	\$	\$	\$ 1,877,112
Water Rights	3,650,000			3,650,000
Total Capital Assets, Not Being Depreciated	5,527,112	-	-	5,527,112
Capital Assets Being Depreciated:				
Buildings and System	243,909			243,909
Machinery and Equipment	478,142			478,142
Trucks and Automobiles	442,696			442,696
Collector Lines	68,648,784	599,914		69,248,698
Total Capital Assets Being Depreciated	69,813,531	599,914	-	70,413,445
Less Accumulated Depreciation:				
Buildings and System	(85,382)	(8,017)		(93,399)
Machinery and Equipment	(321,430)	(54,920)		(376,350)
Trucks and Automobiles	(272,477)	(48,178)		(320,655)
Collector Lines	(39,415,307)	(1,681,918)		(41,097,225)
Total Accumulated Depreciation	(40,094,596)	(1,793,033)	-	(41,887,629)
Total Capital Assets Being Depreciated, Net	29,718,935	(1,193,119)	-	28,525,816
Business-type Activities, Capital Assets, Net	\$ 35,246,047	\$ (1,193,119)	\$ -	\$ 34,052,928

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 363,424
Public Safety	550,896
Transportation	10,483,464
Culture and Recreation	2,123,765
Community Development	440,151
Total Depreciation Expense – Governmental Activities	\$ 13,961,700
Business-type Activities:	
Sewer	\$ 1,776,871
Apple Valley Golf Course	16,162
Total Depreciation Expense – Business-type Activities	\$ 1,793,033

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

F) Long-Term Debt

Long-term liabilities for the year ended June 30, 2014 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Certificates of Participation:					
1999 Certificates of Participation	\$ 2,500,000	\$	\$ (330,000)	\$ 2,170,000	\$ 340,000
2001 Certificates of Participation	685,750		(217,500)	468,250	221,250
Total Certificates of Participation	3,185,750	-	(547,500)	2,638,250	561,250
2007 Lease Revenue Bonds Series A Unamortized Discount on Lease Revenue Bonds	9,400,000		(455,000)	8,945,000	475,000
	(70,334)		2,930	(67,404)	
Total Lease Revenue Bonds	9,329,666	-	(452,070)	8,877,596	475,000
Capital Lease Payable	57,631		(57,631)	-	-
California Housing Loan	250,000		(250,000)	-	-
Compensated Absences	945,450	1,383,004	(1,298,849)	1,029,605	788,312
Claims Payable	45,000			45,000	40,000
Pension-related Debt	1,689,815		(29,920)	1,659,895	37,467
Net OPEB Obligation	1,680,723	512,941		2,193,664	
Governmental Activities Long-term Liabilities	<u>\$ 17,184,035</u>	<u>\$ 1,895,945</u>	<u>\$ (2,635,970)</u>	<u>\$ 16,444,010</u>	<u>\$ 1,902,029</u>
Business-type Activities:					
2001 Certificates of Participation	\$ 209,250	\$	\$ (72,500)	\$ 136,750	\$ 73,750
Special Assessment Debt with Government Commitment: Special Assessment No. 2B-R	1,650,000		(515,000)	1,135,000	545,000
Obligation Under Installment Purchase Agreement	1,522,708		(191,250)	1,331,458	197,917
Business-type Activity Long-term Liabilities	<u>\$ 3,381,958</u>	<u>\$ -</u>	<u>\$ (778,750)</u>	<u>\$ 2,603,208</u>	<u>\$ 816,667</u>

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

1) Certificates of Participation

- a) On September 1, 1999, the Town of Apple Valley sold Certificates of Participation in the principal amount of \$5,895,000. The Certificates were issued to provide funds to finance the construction and equipping of a new Town Hall facility and a new County office building. The Apple Valley Town Hall consists of a 26,000 square foot single-story structure that houses the Town's administrative offices. The County office building consists of a 19,000 square foot single-story structure that houses the San Bernardino County Sheriff office for the purpose of providing law enforcement service to the Town.

The Certificates bear an interest rate of approximately 5.5% payable semi-annually on March 1 and September 1 of each year. The Certificates mature annually from September 1, 2001 through September 1, 2019 in amounts ranging from \$245,000 to \$385,000. The principal balance outstanding at June 30, 2014 is \$2,170,000. As of June 30, 2014, the future annual maturities are as follows:

Year Ending	Principal	Interest
2015	\$ 340,000	\$ 128,425
2016	350,000	110,000
2017	355,000	91,025
2018	365,000	71,638
2019	375,000	51,837
2020	385,000	42,075
	<u>\$ 2,170,000</u>	<u>\$ 495,000</u>

- b) On June 1, 2001, the Town of Apple Valley sold Variable Rate Demand Refunding Certificates of Participation (the "Certificates") in the principal amount of \$3,610,000. The Certificates were issued to provide funds to advance refund and economically defease the \$2,570,000 Certificates issued on August 1, 1995 and finance certain capital expenditures of the Town Hall. The 1995 Certificates were issued to provide funds to (1) acquire an 11.8 acre site adjacent to the facilities previously used as the Town Hall, (2) to fund a matching grant to construct additional sewer and road improvements, and (3) to reimburse the Town for certain amounts expended as a result of the Town's settlement of certain outstanding lawsuits. The activities associated with the acquisition of the land and the matching grant were recorded in governmental fund types and the activities associated with the lawsuit settlement were recorded in the sewer enterprise fund. The prior certificates were outstanding in the principal amount of \$2,220,000, which was allocated \$1,332,000 and \$888,000 to governmental activities and business-type activities, respectively. The excess bond proceeds over and above the payment to the refund bond escrow agent was used to acquire furniture, fixtures and equipment for the Town Hall.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

The Certificates were executed and delivered in fully registered form without coupons in the minimum denominations of \$100,000 or any integral multiple of \$5,000 above \$100,000. After the Conversion Date, the Certificates were executed and delivered in denominations of \$5,000 or any integral multiple thereof. Interest is payable at an adjustable interest rate, on each Wednesday, or in the event any Wednesday is not a business day then on the next preceding business day (the "Interest Rate Calculation Date"), the Remarketing Agent will establish the adjustable interest rate for the period commencing the Thursday next following the Interest Rate Calculation Date to and including Wednesday of the following week (the "Interest Rate Period"), except that the final Interest Rate Period will end on September 1, 2015. The principal balance outstanding at June 30, 2014 is \$605,000, allocated \$468,250 and \$136,750 to governmental activities and business-type activities, respectively.

As of June 30, 2014, the future annual maturities are as follows:

Year Ending	Principal	Interest
2015	\$ 295,000	\$ 18,271
2016	310,000	9,362
	\$ 605,000	\$ 27,633

2) 2007 Lease Revenue Bonds

In July of 2007 the Town of Apple Valley Public Financing Authority issued \$11,355,000 of 2007 Series A Lease Revenue Bonds. Interest on the Bonds will range from 3.625% to 4.500% and is payable semi-annually on March 1 and September 1 each year. Principal is payable September 1 of each year until maturity in 2028. Proceeds from the bonds will be used to finance certain capital projects of the Town of Apple Valley including the construction of an annex to the Town Hall.

The debt service maturity schedule for the 2007 Lease Revenue Bonds is as follows:

Year Ending	Principal	Interest	Total
2015	\$ 475,000	\$ 408,544	\$ 883,544
2016	490,000	388,018	878,018
2017	515,000	365,405	880,405
2018	535,000	341,781	876,781
2019	560,000	317,494	877,494
2020	585,000	292,447	877,447
2021	610,000	265,925	875,925
2022	640,000	237,800	877,800
2023	670,000	208,325	878,325
2024	700,000	175,750	875,750
2025	735,000	139,875	874,875
2026	770,000	102,250	872,250
2027	810,000	62,750	872,750
2028	850,000	21,250	871,250
Total	\$ 8,945,000	\$ 3,327,614	\$ 12,272,614

**Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014**

IV) DETAILED NOTES ON ALL FUNDS - Continued

3) Special Assessment Debt with Government Commitment

The following represents special assessment debt with governmental commitment recorded as liabilities of the sewer enterprise fund:

To finance the cost of acquisition and construction of certain sanitary sewer facilities to serve and benefit properties within Assessment District No. 2-B, the Town sold \$9,110,678 Limited Obligation Improvement Bonds, ("refunded" bonds) 1991 Series A pursuant to the Improvement Bond Act of 1915 in September 1991. On January 1, 1996, the Town defeased this issue with \$7,191,155 Limited Obligation Improvement Refunding Bonds and \$1,585,973 of deferred connection fees relating to proceeds from the original issuance of the Assessment District 2-B limited obligation bonds. On March 2, 1996, \$8,135,000 of the outstanding refunded bonds were fully called and redeemed resulting in the classification of the transaction as a "current refunding". Accordingly, the liability for the refunded bonds is no longer included on the financial statements.

The limited obligation refunding bonds were issued as fully registered bonds in denominations of \$5,000 and bear interest ranging from 4.90% to 6.40%. Interest on the bonds is payable commencing March 2, 1996, and semi-annually thereafter on March 2 and September 2. Principal on the bonds is payable annually on September 2 of each year, commencing September 2, 1998. The outstanding balance on the bonds as of June 30, 2014 is \$1,135,000. The bonds are secured by the unpaid reassessments applicable to all properties within the Assessment District which had not previously prepaid their original assessments levied with respect to the Prior Assessment District, and said unpaid reassessments, together with interest thereon, constitute a trust fund for the redemption and payment of the principal of and interest on the bonds. The bond indenture requires a reserve fund to be held by the fiscal agent in an amount equal to \$630,710. The Town has \$630,710 on reserve with the fiscal agent at June 30, 2014. The future annual maturities as of June 30, 2014, are as follows:

Year Ending	Principal	Interest
2015	\$ 545,000	\$ 59,685
2016	590,000	20,355
	\$ 1,135,000	\$ 80,040

4) Capital Lease Payable

On February 1, 2002, the Town entered into a lease agreement to acquire real property and the existing structures on the land for a public works facility. The gross amount of the assets acquired was \$185,000, consisting of \$62,000 and \$123,000 for land and buildings, respectively. The Town is obligated to make monthly lease payments of \$1,512. The stated interest rate of the agreement is 5.5%. The lease qualifies as a capital lease for accounting purposes and is recorded in governmental activities. The capital lease obligation was paid off during the 2013-14 fiscal year.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

5) California Housing Loan

The Town obtains loans from the California Housing Finance Agency for issuing down payment assistance loans to low-to-moderate income individuals. The interest associated with these loans (3%) and the principal is to be paid back in ten years from the date of issuance. The principal balance outstanding at June 30, 2014 is \$0.

6) Obligation Under Installment Purchase Agreement

On June 1, 2004, the Town of Apple Valley entered into an installment purchase agreement with the Mojave Desert and Mountain Integrated Waste Management Authority ("Authority"). The agreement was established when the Authority issued \$5,910,000 Project Revenue Refunding Bonds series 2004. The Bonds were issued to refund the \$6,825,000 Project Revenue Bonds, which were originally issued to fund the design and construction of the Victor Valley Materials Recovery Facility. The Town owns one-half undivided interest in the Materials Recovery Facility.

The Town is obligated to make monthly installment purchase payments to the Authority commencing July 1, 2004 equal to the sum of (1) one-twelfth of the next principal payment and (2) one-sixth of the next interest payment. Interest on the installment purchase obligation ranges from 2% to 5.1% and total annual principal installments range from \$135,000 to \$252,500.

The Town will pay to the Authority the installment payments solely from service revenues, which consist primarily of rates and charges imposed by the Town for solid waste management services. Covenants within the installment purchase agreement require the Town of Apple Valley to establish annual rates sufficient to pay operating expenses and debt service payments in such fiscal year. In addition, such rates shall be charged to produce net revenues equal to at least 125% of the debt service payments due and payable in such fiscal year.

The Town's liability for unpaid installment payments at June 30, 2014 is \$1,331,458. As of June 30, 2014, installment purchase payment requirements to maturity are as follows:

Year Ending	Principal	Interest
2015	\$ 197,917	\$ 66,725
2016	210,833	57,178
2017	220,833	46,828
2018	231,042	35,787
2019	243,333	24,214
2020	227,500	11,804
	\$ 1,331,458	\$ 242,536

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

7) Pension-Related Debt

As of June 30, 2003, CalPERS implemented risk pooling for the Town's multiple-employer public employee defined benefit pension plan. At that point, in accordance with generally accepted accounting principles, the Town's Miscellaneous Plan converted from an "agent" multiple-employer plan to a "cost-sharing" multiple-employer plan. Although a portion of the Town's annual required contributions are actuarially determined and shared by all employers of the risk pool, the Town is also required to make annual payments on a "Side Fund" which was created when the Town entered the risk pool. The responsibility for funding the Side Fund is specific to the Town and is not shared by all employers in the plan. Therefore, the Side Fund falls under the definition of pension-related debt, as described in GASB Statement No. 27. The annual payments on the Side Fund represent principal and interest payments on the pension-related debt. Principal and interest are included in the retirement expenditures in the various functions.

The future debt service requirements on this debt are as follows:

Year Ending	Pension-related Debt		Total
	Principal	Interest	
2015	\$ 37,467	\$ 122,557	\$ 160,024
2016	45,770	119,455	165,225
2017	54,891	115,704	170,595
2018	64,900	111,239	176,139
2019	75,872	105,991	181,863
2020	87,887	99,887	187,774
2021	101,033	93,843	194,876
2022	115,404	84,774	200,178
2023	131,101	75,582	206,683
2024	148,234	65,167	213,401
2025	166,922	53,415	220,337
2026	187,291	40,206	227,497
2027	209,481	25,410	234,891
2028	233,642	8,883	242,525
Total	<u>\$ 1,659,895</u>	<u>\$ 1,122,113</u>	<u>\$ 2,782,008</u>

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

G) Fiduciary Fund Long-Term Debt

Fiduciary Fund long-term debt activity for the 2013-14 fiscal year is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Fiduciary Funds:					
2005 Tax Allocation Bonds	\$ 6,845,000	\$ -	\$ (190,000)	\$ 6,655,000	\$ 200,000
Unamortized Premium on Tax Allocation Bonds	36,458	-	(1,664)	34,794	-
2007 Tax Allocation Bonds VVEDA Project Area	8,100,000	-	(170,000)	7,930,000	175,000
Unamortized Discount on Tax Allocation Bonds VVEDA Project Area	(227,131)	-	9,497	(217,634)	-
2007 Tax Allocation Bonds Project Area 2	33,115,000	-	(750,000)	32,365,000	790,000
Unamortized Premium on Tax Allocation Bonds Project Area 2	98,410	-	(4,101)	94,309	-
Total Fiduciary Funds Long-term Liabilities	\$ 47,967,737	\$ -	\$ (1,106,268)	\$ 46,861,469	\$ 1,165,000

1) Tax Allocation Bonds

2005 VVEDA Tax Allocation Bonds

In May of 2005, the Agency issued \$8,130,000 in Tax Allocation Bonds, which mature in amounts from \$130,000 to \$485,000 annually from 2006 to 2035 with interest payments of 3.00% to 4.750% payable semi-annually on June 1 and December 1 of each year.

The purpose of the bonds is to finance certain public capital improvements benefiting the portion of the Victor Valley Economic Development Authority (VVEDA) Project Area that is within the Jurisdiction of the Town. The VVEDA is a joint exercise of powers authority established in 1989 of which the Town is a member. The bonds are special obligations of the Agency and are payable exclusively from Pledged Tax Revenues. The bonds are not a debt of the Town of Apple Valley, the VVEDA or its members, the State of California or any of its political subdivisions, other than the Agency, and neither the Town of Apple Valley, the VVEDA or its members, the State of California nor any of its political subdivisions, other than the Agency, is liable therefore. In no event shall the bonds be payable out of any funds or properties other than those of the Agency. At June 30, 2014, the Bond Reserve Fund was \$513,861 which was sufficient to cover the minimum bond reserve requirement. Annual debt service requirements to maturity are as follows:

Year Ending	Principal	Interest
2015	\$ 200,000	\$ 313,270
2016	205,000	305,552
2017	215,000	297,297
2018	225,000	288,363
2019	230,000	278,833
2020-2024	1,320,000	1,231,455
2025-2029	1,660,000	897,115
2030-2034	2,115,000	444,800
2035	485,000	24,038
	\$ 6,655,000	\$ 4,080,723

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

2007 VVEDA Tax Allocation Bonds

In June of 2007, the Agency issued \$8,985,000 in Tax Allocation Bonds, which mature in amounts from \$145,000 to \$1,010,000 annually from 2009 to 2037 with interest payments of 4.00% to 4.750% payable semi-annually on June 1 and December 1 of each year.

The purpose of the bonds is to finance certain redevelopment projects benefiting the portion of the Victor Valley Economic Development Authority (VVEDA) Project Area within the jurisdiction of the Town of Apple Valley. The bonds are special obligations of the Agency and are payable exclusively from Pledged Tax Revenues. The bonds are not a debt of the Town of Apple Valley, the VVEDA or its members, State of California, or any of its political subdivisions, other than the Agency, and neither the Town of Apple Valley, the VVEDA or its members, the State of California nor any of its political subdivisions, other than the Agency, is liable therefore. In no event shall the bonds be payable out of any funds or properties other than those of the Agency. At June 30, 2014, the amount in the Bond Reserve Fund was sufficient to cover the minimum bond reserve requirement. Annual debt service requirements to maturity are as follows:

Year Ending	Principal	Interest
2015	\$ 175,000	\$ 370,558
2016	185,000	363,120
2017	190,000	355,258
2018	195,000	347,088
2019	210,000	338,800
2020-2024	1,195,000	1,545,513
2025-2029	1,495,000	1,237,375
2030-2034	1,875,000	847,638
2035-2037	2,410,000	256,263
	\$ 7,930,000	\$ 5,661,613

2007 Tax Allocation Bonds Project Area 2

In July of 2007, the Redevelopment Agency of the Town of Apple Valley issued \$37,230,000 in Tax Allocation Bonds. Interest on the bonds ranges from 4.00% to 5.75% and is payable semi-annually on June 1 and December 1 of each year. Principal is payable on July 1 to maturity in 2037. Proceeds from the Bonds will be used to finance certain redevelopment activities benefiting the Apple Valley Redevelopment Project Area 2.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

The debt service maturity schedule for the 2007 Tax Allocation Bonds is as follows:

Year Ending	Principal	Interest	Total
2015	\$ 790,000	\$ 1,589,175	\$ 2,379,175
2016	840,000	1,543,750	2,383,750
2017	880,000	1,505,950	2,385,950
2018	920,000	1,466,350	2,386,350
2019	960,000	1,424,950	2,384,950
2020	1,005,000	1,381,750	2,386,750
2021	1,050,000	1,331,500	2,381,500
2022	1,105,000	1,279,000	2,384,000
2023	1,155,000	1,223,750	2,378,750
2024	1,220,000	1,166,000	2,386,000
2025	1,275,000	1,105,000	2,380,000
2026	1,340,000	1,041,250	2,381,250
2027	1,405,000	979,610	2,384,610
2028	1,470,000	914,980	2,384,980
2029	1,540,000	844,420	2,384,420
2030	1,615,000	770,500	2,385,500
2031	1,695,000	689,750	2,384,750
2032	1,780,000	605,000	2,385,000
2033	1,870,000	516,000	2,386,000
2034	1,960,000	422,500	2,382,500
2035	2,060,000	324,500	2,384,500
2036	2,160,000	221,500	2,381,500
2037	2,270,000	113,500	2,383,500
Total	<u>\$ 32,365,000</u>	<u>\$ 22,460,685</u>	<u>\$ 54,825,685</u>

H) Debt Issued Without Governmental Commitment

The following issues of bonds and certificates of participation are not reflected in the Town's financial statements since they are obligations of private parties (with no government commitment) payable entirely from and secured by non-Town resources as described in the bond resolutions and statements of the various issues:

On September 10, 1991 the Town issued Hospital Revenue Certificates of Participation (St. Mary Desert Valley Hospital), 1991 Refunding Series A in the amount of \$9,485,000. The certificates were issued in order to advance refund the \$9,485,000 California Health Facilities Authority Hospital Revenue Bonds St. Mary Desert Valley Hospital, 1982 Series A issue. These certificates were issued in denominations of \$5,000 and mature October 1, 1992 through 2012 with interest rates ranging from 4.5% to 6.75%. These certificates are the obligation of a private party (St. Mary Desert Valley Hospital) payable entirely from and secured by non-Town resources.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

The Apple Valley Water District issued Special Assessment District 98-1, 1915 Improvement Act Bonds. These bonds were issued to finance the construction and acquisition of sewer improvements within the area commonly known as Jess Ranch, located within the Assessment District. The Town is in no way liable for repayments of these bonds, but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, when necessary. The bonds mature on September 2, 1999 through 2023. As of June 30, 2014 the outstanding balance is \$1,735,000.

I) Fund Balance

The details of fund balances as of June 30, 2014 are as follows:

	General Fund	Parks and Recreation Fund	HOME Fund	Capital Projects Fund	Measure I Fund
Nonspendable:					
Prepaid Items	\$ 97,293	\$	\$	\$	\$
Long-term Receivables	9,400,223				
Restricted for:					
Streets and Transportation					5,428,843
Community Development					
Culture and Recreation					
Committed for:					
Emergency Contingency	4,730,937				
Assigned for:					
Capital Projects				3,872,474	
Community Development					
Unassigned	4,077,698	(6,435,006)	(537,013)		
Total Fund Balance	\$ 18,306,151	\$ (6,435,006)	\$ (537,013)	\$ 3,872,474	\$ 5,428,843

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

IV) DETAILED NOTES ON ALL FUNDS - Continued

	Governmental Facilities Fund	Project Manager Grants Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$	\$	\$	\$ 97,293
Long-term Receivables				9,400,223
Restricted for:				
Streets and Transportation			4,660,859	10,089,702
Community Development			1,277,687	1,277,687
Culture and Recreation			53,534	53,534
Committed for:				
Emergency Contingency				4,730,937
Assigned for:				
Capital Projects				3,872,474
Community Development			1,643,789	1,643,789
Unassigned	(75,673)	(170,194)	(39,700)	(3,179,888)
Total Fund Balance	<u>\$ (75,673)</u>	<u>\$ (170,194)</u>	<u>\$ 7,596,169</u>	<u>\$ 27,985,751</u>

J) Unavailable Revenue

Unavailable revenues as of year-end from the Statement of Revenues, Expenditures, and Changes in Fund Balances are as follows:

	General Fund	Recreation Fund	HOME Fund	Capital Projects	Measure I
Unavailable Revenue					
Long-term Loans	\$	\$	\$ 2,479,487	\$	\$
Grants			607,650	1,039,220	
Intergovernmental	2,996,179				25,769
Franchise Taxes	269,363				
Other	384,137	26,562			
Total	<u>\$ 3,649,679</u>	<u>\$ 26,562</u>	<u>\$ 3,087,137</u>	<u>\$ 1,039,220</u>	<u>\$ 25,769</u>

	Project Manager Grants Fund	Other Governmental Funds	Total
Unavailable Revenue			
Long-term Loans	\$ 4,500	\$ 3,161,166	\$ 5,645,153
Grants	198,693	39,700	1,885,263
Intergovernmental		532,178	3,554,126
Franchise Taxes			269,363
Other		107,132	517,831
Total	<u>\$ 203,193</u>	<u>\$ 3,840,176</u>	<u>\$ 11,871,736</u>

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

V) OTHER INFORMATION

A) Risk Management

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement - The Town is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

Self-Insurance Programs of the Authority - Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability - In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million aggregate deductible is fully covered under a separate policy, as such, no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3 million annual aggregate deductible is fully retained by the Authority. (6) Costs covered for claims from \$15 million up to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance subject to the same annual aggregate deductibles previously stated and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

V) OTHER INFORMATION

Workers' Compensation - The Town also participates in the worker's compensation pool administered by the Authority. In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Property Insurance - The Town participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The Town property is currently insured according to a schedule of covered property submitted by the Town to the Authority. Town property currently has all-risk property insurance protection in the amount of \$64,110,872. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance - The Town purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

During the past three fiscal (claims) years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. At June 30, 2014, the amount of these liabilities was \$45,000. This liability is the Town's best estimate based on available information.

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

V) OTHER INFORMATION

Changes in Claims Payable were as follows:

	<u>2013-2014</u>	<u>2012-2013</u>
Claims payable, beginning of fiscal year	\$ 45,000	\$ 45,000
Current year claims and changes in estimates	-	-
Claim payments	-	-
	<u> </u>	<u> </u>
Claims payable, end of fiscal year	<u>\$ 45,000</u>	<u>\$ 45,000</u>

B) Participation in Joint Ventures

Victor Valley Wastewater Reclamation Authority - The Town of Apple Valley is a member of the Victor Valley Wastewater Reclamation Authority ("VWVRA"), a joint powers agreement between local governments and special districts for the purpose of construction, operation and maintenance of sewer collection, transmission and treatment facilities within the high desert region. The governing body of VWVRA is made up of representatives from each significant participant in VWVRA. The Town of Apple Valley is joint owners of the Wastewater Reclamation Plan with the cities of Victorville, Adelanto, Hesperia and the County of San Bernardino. Budgeting and financing are the responsibility of the VWVRA.

The Town makes monthly payments to VWVRA for sewer treatment and connection fee services. During the 2013-2014 fiscal year, the Town remitted \$2,270,299 to VWVRA.

The audited financial statements of the VWVRA can be obtained by request from P.O. Box 1481, Victorville, California 92393.

Mojave Desert and Mountain Integrated Waste Management Authority - The Town of Apple Valley is a member of the Mojave Desert and Mountain Integrated Waste Management Authority ("Authority"), a joint powers agreement between local governments for the purpose of studying and planning ways and means to develop source reduction and recycling elements for their respective boundaries pursuant to Public Resources Code Section 40950 (A.B. 939). The governing body of the Authority is made up of representatives from each significant participants in the Authority. Budgeting and financing are the responsibility of the Authority. Contribution rates from member agencies are based on each member's current population as a percentage of the total population of the Authority. The Town of Apple Valley maintains a 50% interest in the Materials Recovery Facility (MRF). The Town's net investment in the Joint Venture at June 30, 2014 was \$1,651,543. The remaining 50% interest is maintained by the City of Victorville. All operations are maintained through the Town and reported as an Agency Fund in the Town's financial statements.

The audited financial statements of the Authority can be obtained by request from the Town of Apple Valley at 14955 Dale Evans Parkway, Apple Valley, California 92307.

**Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014**

V) OTHER INFORMATION

Victor Valley Transit Authority - The Town of Apple Valley is a member of the Victor Valley Transit Authority (VVTA), a joint powers agreement between the Town of Apple Valley, Town of Victorville, Hesperia, and the County of San Bernardino for the purpose of implementing a public transit system to serve the Victor Valley and to provide connecting services to all other areas. The governing body of VVTA is made up of representatives from each significant participant in VVTA. Budgeting and financing are the responsibility of VVTA. The Town has agreed to sell monthly bus passes issued by VVTA and to remit quarterly the previous quarter's sales receipts and proceeds. This activity is included in the Agency Funds.

The audited financial statements of the VVTA can be obtained by request from P.O. Box 5001, Victorville, California 92393.

Victor Valley Economic Development Authority - The Town is a member of the Victor Valley Economic Development Authority (VVEDA), a joint powers authority along with the Town of Victorville, Hesperia and the County of San Bernardino. Its purpose is to coordinate the transition of George Air Force Base from military to civilian use. All operations are maintained through the Town and reported as an Agency Fund in the Town's financial statements.

The financial statements of the VVEDA can be obtained by request from the Town of Apple Valley at 14955 Dale Evans Parkway, Apple Valley, California 92307.

C) Town Employees Retirement Plan (Defined Benefit Pension Plan)

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

Funding Policy - Participants are required to contribute 8% (Tier 1 - employees hired before October 23, 2011), 7% (Tier II - employees hired after October 22, 2011 and before January 1, 2013) and 6.25% (Tier III - employees hired after December 31, 2012) of their annual covered salary. Tier I employees pay 4% of the required participant contribution, while the Town pays the remaining 4%. Participants in Tier II and Tier III pay the entire 7% and 6.25% of the required contribution. The Town is also required to make an additional contribution at an actuarially determined rate. The current rates are 17.664% (Tier I), 10.282% (Tier II) and 6.25% (Tier III) of annual covered payroll for non-safety employees. The contribution requirements of plan members and the Town are established and may be amended by PERS.

Fiscal Year	Required Contributions	Percent Contributed
6/30/12	1,149,746	100%
6/30/13	996,866	100%
6/30/14	1,126,123	100%

**Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014**

V) OTHER INFORMATION

D) Post Employment Benefits

Plan Description

The Town's single-employer defined benefit postemployment healthcare plan, (Town of Apple Valley Retiree Healthcare Plan, AVRHP), provides medical benefits to eligible retired Town employees and spouses through individual members' insurance plans. The AVRHP does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Council. The Town contributes the medical insurance premiums for qualified retirees for a maximum of ten years from the employee's retirement date from the Public Employee Retirement System but not past age 65.

The Town is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC rate is 3.25% of the current annual covered payroll. The plan is financed on a pay-as-you-go basis.

Annual OPEB Cost

The Town's annual OPEB cost, net OPEB obligation (asset) and the related information for 2014 were as follows:

Annual Required Contribution	\$ 708,240
Interest on Net OPEB Obligation (Asset)	67,229
Adjustment to Annual Required Contribution	<u>(175,368)</u>
Annual OPEB Cost	600,101
Contributions Made	(87,160)
OPEB Asset Amortization	<u>-</u>
Increase (Decrease) in Net OPEB Obligation (Asset)	512,941
Net OPEB Obligation (Asset) Beginning of Year	<u>1,680,723</u>
Net OPEB Obligation (Asset) End of Year	<u>\$ 2,193,664</u>

For 2014, the Town's annual OPEB cost (expense) of \$600,101 for AVRHP was less than the ARC. OPEB costs are typically charged to the General fund and to the Government-wide financial statements for governmental activities. The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014

V) OTHER INFORMATION

THREE-YEAR TREND INFORMATION FOR AVRHP

<u>Fiscal Year</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/14	\$ 600,101	14.5%	\$ 2,193,664
6/30/13	\$ 576,574	12.9%	1,680,723
6/30/12	\$ 548,046	7.9%	1,178,884

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, was as follows:

Actuarial Accrued Liability (AAL)	\$ 1,561,942
Actuarial Value of Plan Assets	\$ 0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,561,942
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 7,840,673
UAAL as a Percentage of Covered Payroll	19.921%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

**Town of Apple Valley, California
Notes to Financial Statements
Year Ended June 30, 2014**

V) OTHER INFORMATION

The following is a summary of the actuarial assumptions and methods:

Valuation Date	June 30, 2012			
Actuarial Cost Method	Frozen Attained Age			
Amortization method	Level Dollar Closed Basis			
Amortization Period	30 years			
Mortality	RP 2000 Mortality Table projected to 2004. Blended tables for males and females (50%/50%).			
Age at Retirement	Age 57 with 10 years of service or age +1 if eligible to retire.			
Termination Prior to Retirement				
Attained Age:	20 – 29	30 – 39	40 – 49	50+
Rate of Termination:	6%	3%	1%	0%
Health Care Trend Rate	0.0% for 2013/14, 9.0% for 2014/15 graded to 5.5% for 2018/19+			
Inflation Rate	2.75%			
Investment Rate of Return	4.00%			

E) Commitments and Contingent Liabilities

The Town is a defendant in several pending lawsuits of a nature common to many similar jurisdictions. Town management and legal counsel of the Town estimates that the potential claims against the Town not covered by insurance resulting from such litigation would not materially adversely affect the financial statements of the Town.

The Town has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

F) Subsequent Events

On September 2, 2014, the Town made a bond call to pay off the Assessment District 2-B limited obligation bonds.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 16,765,300	\$ 17,338,300	\$ 16,706,853	\$ (631,447)
Licenses & Permits	574,500	632,000	737,995	105,995
Fines & Forfeitures	542,700	452,700	433,059	(19,641)
Investment Income	85,000	45,000	33,938	(11,062)
Intergovernmental	701,472	998,768	796,455	(202,313)
Charges for Services	703,596	1,212,596	1,445,581	232,985
Other Revenue	195,500	325,500	1,039,304	713,804
Total Revenues	<u>19,568,068</u>	<u>21,004,864</u>	<u>21,193,185</u>	<u>188,321</u>
EXPENDITURES				
Current:				
General Government	1,267,986	1,503,817	2,055,371	(551,554)
Public Safety	13,531,498	13,858,794	13,665,192	193,602
Transportation			90,316	(90,316)
Community Development	2,848,550	2,808,550	3,037,840	(229,290)
Capital Outlay		20,960	14,760	6,200
Debt Service:				
Principal	15,400	15,400	57,631	(42,231)
Interest and Fiscal Charges	2,800	2,800	2,637	163
Total Expenditures	<u>17,666,234</u>	<u>18,210,321</u>	<u>18,923,747</u>	<u>(713,426)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,901,834</u>	<u>2,794,543</u>	<u>2,269,438</u>	<u>(525,105)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	780,000	780,000	690,504	(89,496)
Transfers Out	(2,506,927)	(2,506,927)	(2,343,924)	163,003
Sale of General Capital Assets			349,864	349,864
Total Other Financing Sources (Uses)	<u>(1,726,927)</u>	<u>(1,726,927)</u>	<u>(1,303,556)</u>	<u>423,371</u>
Net Change in Fund Balances	174,907	1,067,616	965,882	(101,734)
Fund Balances, Beginning	<u>17,340,269</u>	<u>17,340,269</u>	<u>17,340,269</u>	
Fund Balances, Ending	<u>\$ 17,515,176</u>	<u>\$ 18,407,885</u>	<u>\$ 18,306,151</u>	<u>\$ (101,734)</u>

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Parks and Recreation Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,000,000	\$ 2,000,000	\$ 1,520,279	\$ (479,721)
Charges for Services	873,506	873,506	918,558	45,052
Other Revenue	62,750	109,750	165,799	56,049
Total Revenues	<u>2,936,256</u>	<u>2,983,256</u>	<u>2,604,636</u>	<u>(378,620)</u>
EXPENDITURES				
Current:				
Culture and Recreation	3,460,141	3,523,344	3,410,848	112,496
Capital Outlay	10,000			-
Debt Service:				
Interest & Fiscal Charges	12,000		12,215	(12,215)
Total Expenditures	<u>3,470,141</u>	<u>3,523,344</u>	<u>3,423,063</u>	<u>100,281</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(533,885)</u>	<u>(540,088)</u>	<u>(818,427)</u>	<u>(278,339)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	545,885	545,885	545,885	-
Total Other Financing Sources (Uses)	<u>545,885</u>	<u>545,885</u>	<u>545,885</u>	<u>-</u>
Net Change in Fund Balance	12,000	5,797	(272,542)	(278,339)
Fund Balance, Beginning	<u>(6,162,464)</u>	<u>(6,162,464)</u>	<u>(6,162,464)</u>	
Fund Balance, Ending	<u>\$ (6,150,464)</u>	<u>\$ (6,156,667)</u>	<u>\$ (6,435,006)</u>	<u>\$ (278,339)</u>

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - HOME Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$ 89	\$ 89
Intergovernmental	2,655,772	2,886,976	795,113	(2,091,863)
Other Revenue			58,661	58,661
Total Revenues	<u>2,655,772</u>	<u>2,886,976</u>	<u>853,863</u>	<u>(2,033,113)</u>
EXPENDITURES				
Current:				
Community Development	<u>2,655,772</u>	<u>2,886,976</u>	<u>1,379,674</u>	<u>1,507,302</u>
Total Expenditures	<u>2,655,772</u>	<u>2,886,976</u>	<u>1,379,674</u>	<u>1,507,302</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(525,811)</u>	<u>(525,811)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Transfers Out				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	(525,811)	(525,811)
Fund Balance, Beginning	<u>(11,202)</u>	<u>(11,202)</u>	<u>(11,202)</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (11,202)</u>	<u>\$ (11,202)</u>	<u>\$ (537,013)</u>	<u>\$ (525,811)</u>

Town of Apple Valley, California
Schedule of Funding Progress for AVRHP
Year Ended June 30, 2014

Schedule of Funding Progress for AVRHP

Actuarial Valuation Date*	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
06/30/12	\$ -	\$ 1,561,942	\$ 1,561,942	0%	\$ 7,840,673	19.921%
06/30/09	\$ -	\$ 852,200	\$ 852,200	0%	\$ 6,602,216	12.908%

*GASB 45 was implemented prospectively in fiscal year 2009. There were no previous actuarial valuations.

Town of Apple Valley, California
Notes to Required Supplementary Information
Year Ended June 30, 2014

1. BUDGETS AND BUDGETARY ACCOUNTING

The Town adopts an annual budget on a basis consistent with generally accepted accounting principles. All governmental funds where revenues and expenditures can be estimated or anticipated have legally adopted annual budgets except for debt service funds for which activity is controlled by means of debt agreements. The Town Manager is required to prepare and submit to the Town Council the annual budget of the Town and administer it after adoption. Town Council approval is required for budget revisions affecting capital improvement projects, any expenditures from budgeted contingency reserve funds and for budget revisions that increase total Town appropriations. Town Manager approval is required for transfers between departments in the General Fund. Only Department Head approval is required for transfers within the Department, as long as total budgeted appropriations for that Department is not exceeded. Prior appropriations lapse unless they are reappropriated through the formal budget process. Total expenditures may not legally exceed total appropriations at the fund level.

Expenditures in Excess of Appropriations

Expenditures in the General Fund exceeded appropriations in the current year by \$713,426.

The Town did not budget for revenues or expenditures in the following funds:

ADDI Down Payment Assistance, Help Down Payment Assistance, FEMA/OES, HUD ADDI, HCD State Program Income, SANBAG Stimulus, CDBG Program Income, Governmental Facilities, and Prop 1B.

SUPPLEMENTARY INFORMATION

Town of Apple Valley, California Nonmajor Governmental Funds

Special Revenue Funds:

Street Maintenance Fund – To account for the revenues and expenditures of the Town's proportionate share of gas tax monies collected by the State of California which are restricted for street maintenance and repairs.

Community Development Block Grant Fund – To account for the revenues and expenditures of approved Federal Housing and Community Development Act projects.

Air Pollution Control District Fund – To account for monies received from the Air Pollution Control District which are used to improve air quality.

Neighborhood Stabilization Program Fund - To account for revenues received from a special CDBG allocation that addresses the problem of abandoned and foreclosed homes.

Assessment District L-1 Fund – To account for the revenues and expenditures of Assessment District L-1 which provides landscaping and right-of-way maintenance in accordance with the homeowners' agreement.

Article 8 Fund - To account for the revenues and expenditures of the Town's share of Article 8 monies which are restricted in use for transit or street repair projects/activities.

Prop 1B Fund – To account for the revenues and expenditures associated with the Town's share of Prop 1B funds.

ADDI Down Payment Assistance Fund – To account for funds received from the California Department of Housing and Community Development for down payment assistance loans given to homeowners.

Help Down Payment Assistance Fund – To account for down payment assistance loans made out to homeowners funded through the California Housing Finance Authority.

Quimby Fees Fund – To account for revenues received from developers and restricted for the development of parks.

FEMA/OES Fund – To account for FEMA expenditures and reimbursements.

HUD ADDI Fund – To account for funds received from the U.S. Department of Housing and Urban Development for down payment assistance loans given to homeowners.

HCD State Program Income Fund – To account for program income received from state funded loans repaid to the Town and expenditures made on new loans.

CDBG Program Income Fund – To account for program income received from CDBG expenditures reimbursed.

SANBAG Stimulus Fund – To account for revenues received for local projects approved under the SANBAG Local Stimulus Program.

Town of Apple Valley, California
Nonmajor Governmental Funds - Continued

Capital Projects Funds:

NAVISP Fund – To account for the construction of infrastructure improvement projects related to implementation of the North Apple Valley Industrial Specific Plan (NAVISP).

Storm Drains Fund – To account for development impact fees received for acquiring land, engineering, and/or constructing storm drain infrastructure.

Development Impact Fees Fund – To accounts for funds received to mitigate the impact of new development on the Town's infrastructure.

Debt Service Funds:

2007 Town Hall Revenue Bonds – To account for and report financial resources that are restricted for the payment of interest and principal on the 2007 Town Hall Revenue Bonds.

1999 COPS Fund – To account for and report financial resources restricted for the payment of interest and principal on the 1999 Public Facilities Financing Project Certificates of Participation.

2001 COPS Fund – To account for and report financial resources to advance refund and economically defease the \$2,570,000 Certificates of Participation issued on August 1, 1995 and payment of interest and principal on the 2001 Certificate of Participation.

Town of Apple Valley, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014

	Special Revenue			
	Street Maintenance	CDBG	Air Pollution Control District	Neighborhood Stabilization Program
ASSETS				
Cash and Investments	\$ 363,186	\$	\$ 84,116	\$ 51,119
Cash with Fiscal Agent				
Accounts Receivable	1,712			
Interest Receivable			56	29
Due from Other Governments	208,721	63,539		
Loans Receivable				1,311,452
	<u>573,619</u>	<u>63,539</u>	<u>84,172</u>	<u>1,362,600</u>
Total Assets	<u>\$ 573,619</u>	<u>\$ 63,539</u>	<u>\$ 84,172</u>	<u>\$ 1,362,600</u>
LIABILITIES				
Accounts Payable	\$ 71,169	\$ 17,241	\$	\$
Accrued Liabilities	11,725	6,186		
Due to Other Funds		40,112		
	<u>82,894</u>	<u>63,539</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>82,894</u>	<u>63,539</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	1,643	39,700		1,311,452
	<u>1,643</u>	<u>39,700</u>	<u>-</u>	<u>1,311,452</u>
Total Deferred Inflows of Resources	<u>1,643</u>	<u>39,700</u>	<u>-</u>	<u>1,311,452</u>
FUND BALANCE (DEFICITS)				
Restricted	489,082		84,172	51,148
Assigned				
Unassigned		(39,700)		
	<u>489,082</u>	<u>(39,700)</u>	<u>84,172</u>	<u>51,148</u>
Total Fund Balances (Deficits)	<u>489,082</u>	<u>(39,700)</u>	<u>84,172</u>	<u>51,148</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 573,619</u>	<u>\$ 63,539</u>	<u>\$ 84,172</u>	<u>\$ 1,362,600</u>

Special Revenue

Assessment District L-1	Article 8	Prop 1B	ADDI Down Payment Assistance	Help Down Payment Assistance	Quimby Fees	FEMA/OES
\$ 1,152,104	\$ 1,363,224	\$ 3,943	\$ 1	\$	\$ 53,501	\$
4,192						
774	1,025				33	
3,350	532,178					
				185,434		
<u>\$ 1,160,420</u>	<u>\$ 1,896,427</u>	<u>\$ 3,943</u>	<u>\$ 1</u>	<u>\$ 185,434</u>	<u>\$ 53,534</u>	<u>\$ -</u>
\$ 18,252	\$ 9,100	\$	\$	\$	\$	\$
18,252	9,100	-	-	-	-	-
	532,178			185,434		
-	532,178	-	-	185,434	-	-
1,142,168	1,355,149	3,943	1		53,534	
1,142,168	1,355,149	3,943	1	-	53,534	-
<u>\$ 1,160,420</u>	<u>\$ 1,896,427</u>	<u>\$ 3,943</u>	<u>\$ 1</u>	<u>\$ 185,434</u>	<u>\$ 53,534</u>	<u>\$ -</u>

Continued

Town of Apple Valley, California
Combining Balance Sheet
Non-Major Governmental Funds - Continued
June 30, 2014

	Special Revenue			
	HUD ADDI	HCD State Program Income	CDBG Program Income	SANBAG Stimulus
ASSETS				
Cash and Investments	\$	\$ 53,843	\$ 26,865	\$
Cash with Fiscal Agent				
Accounts Receivable			105,488	
Interest Receivable		36	18	
Due from Other Governments			3,403	
Loans Receivable		721,727	942,553	
Total Assets	\$ -	\$ 775,606	\$ 1,078,327	\$ -
LIABILITIES				
Accounts Payable	\$	\$	\$	\$
Accrued Liabilities				
Due to Other Funds				
Total Liabilities	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue		721,727	1,048,042	
Total Deferred Inflows of Resources	-	721,727	1,048,042	-
FUND BALANCE (DEFICITS)				
Restricted		53,879	30,285	
Assigned				
Unassigned				
Total Fund Balances (Deficits)	-	53,879	30,285	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ -	\$ 775,606	\$ 1,078,327	\$ -

Capital Projects			Debt Service			Total Nonmajor Governmental Funds
NAVISP Infrastructure	Storm Drains	Development Impact Fees	2007 Town Hall Revenue Bonds	1999 COPS	2001 COPS	
\$ 1,642,702	\$ 1,262,381	\$ 1,464,432	\$	\$ 116,926	\$ 197,211	\$ 7,521,417
1,087	814	886				314,137
						111,392
						4,758
						811,191
						3,161,166
<u>\$ 1,643,789</u>	<u>\$ 1,263,195</u>	<u>\$ 1,465,318</u>	<u>\$ -</u>	<u>\$ 116,926</u>	<u>\$ 197,211</u>	<u>\$ 11,924,061</u>
\$	\$	\$	\$	\$	\$	\$ 115,762
						17,911
				116,720	197,211	354,043
				116,720	197,211	487,716
						3,840,176
						3,840,176
1,643,789	1,263,195	1,465,318		206		5,992,080
						1,643,789
						(39,700)
<u>1,643,789</u>	<u>1,263,195</u>	<u>1,465,318</u>	<u>-</u>	<u>206</u>	<u>-</u>	<u>7,596,169</u>
<u>\$ 1,643,789</u>	<u>\$ 1,263,195</u>	<u>\$ 1,465,318</u>	<u>\$ -</u>	<u>\$ 116,926</u>	<u>\$ 197,211</u>	<u>\$ 11,924,061</u>

Town of Apple Valley, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2014

	Special Revenue			
	Street Maintenance	CDBG	Air Pollution Control District	Neighborhood Stabilization Program
REVENUES				
Taxes	\$	\$	\$ 46,778	\$
Licenses and Permits				
Investment Income			141	67
Intergovernmental	2,192,587	262,762		453,068
Other Revenue	274,873			54,758
Total Revenues	2,467,460	262,762	46,919	507,893
EXPENDITURES				
Current:				
General Government				
Transportation	1,978,378		47,319	
Community Development		302,462		496,063
Debt Service:				
Principal				
Interest and Fiscal Charges				
Total Expenditures	1,978,378	302,462	47,319	496,063
Excess (Deficiency) of Revenues Over Expenditures	489,082	(39,700)	(400)	11,830
OTHER FINANCING SOURCES (USES)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	489,082	(39,700)	(400)	11,830
Fund Balances - Beginning	-	-	84,572	39,318
Fund Balances - Ending	\$ 489,082	\$ (39,700)	\$ 84,172	\$ 51,148

Special Revenue

Assessment District L-1	Article 8	Prop 1B	ADDI Down Payment Assistance	Help Down Payment Assistance	Quimby Fees	FEMA/OES
\$ 320,126	\$	\$	\$	\$	\$ 38,496	\$
2,015	2,039				67	283,534
969,496						
<u>322,141</u>	<u>971,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,563</u>	<u>283,534</u>
238,500	9,100					5,988
<u>238,500</u>	<u>9,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,988</u>
83,641	962,435	-	-	-	38,563	277,546
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
83,641	962,435	-	-	-	38,563	277,546
1,058,527	392,714	3,943	1	-	14,971	(277,546)
<u>\$ 1,142,168</u>	<u>\$ 1,355,149</u>	<u>\$ 3,943</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 53,534</u>	<u>\$ -</u>

Continued

Town of Apple Valley, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds - Continued
Year Ended June 30, 2014

	Special Revenue			
	HUD ADDI	HCD State Program Income	CDBG Program Income	SANBAG Stimulus
REVENUES				
Taxes	\$	\$	\$	\$
Licenses and Permits				
Investment Income		85	28	
Intergovernmental				
Other Revenue		29,817	23,429	
Total Revenues	-	29,902	23,457	-
EXPENDITURES				
Current:				
General Government				
Transportation				
Community Development			164	
Debt Service:				
Principal				
Interest and Fiscal Charges				
Total Expenditures	-	-	164	-
Excess (Deficiency) of Revenues Over Expenditures	-	29,902	23,293	-
OTHER FINANCING SOURCES (USES)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	29,902	23,293	-
Fund Balances - Beginning	-	23,977	6,992	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 53,879</u>	<u>\$ 30,285</u>	<u>\$ -</u>

Capital Projects			Debt Service			Total Nonmajor Governmental Funds
NAVISP Infrastructure	Storm Drains	Development Impact Fees	2007 Town Hall Revenue Bonds	1999 COPS	2001 COPS	
\$	\$	\$	\$	\$	\$	\$ 366,904
	159,769	150,550				348,815
3,014	2,181	2,429				12,066
						4,161,447
						382,877
3,014	161,950	152,979	-	-	-	5,272,109
			2,529	12,591	16,959	32,079
	912					2,279,285
			455,000	330,000	217,500	1,002,500
			427,144	1,955	469	429,568
-	912	-	884,673	344,546	234,928	4,543,033
3,014	161,038	152,979	(884,673)	(344,546)	(234,928)	729,076
			884,673	344,546	234,928	1,464,147
						-
-	-	-	884,673	344,546	234,928	1,464,147
3,014	161,038	152,979	-	-	-	2,193,223
1,640,775	1,102,157	1,312,339	-	206	-	5,402,946
<u>\$ 1,643,789</u>	<u>\$ 1,263,195</u>	<u>\$ 1,465,318</u>	<u>\$ -</u>	<u>\$ 206</u>	<u>\$ -</u>	<u>\$ 7,596,169</u>

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Capital Projects Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 400,000	\$ 400,000	\$ 497,520	\$ 97,520
Investment Income	25,000	25,000	13,382	(11,618)
Intergovernmental	4,858,000	4,858,000	2,165,389	(2,692,611)
Other Revenue			24	24
Total Revenues	<u>5,283,000</u>	<u>5,283,000</u>	<u>2,676,315</u>	<u>(2,606,685)</u>
EXPENDITURES				
Current:				
Community Development				-
Capital Outlay	<u>10,211,000</u>	<u>10,211,000</u>	<u>8,330,687</u>	<u>1,880,313</u>
Total Expenditures	<u>10,211,000</u>	<u>10,211,000</u>	<u>8,330,687</u>	<u>1,880,313</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,928,000)</u>	<u>(4,928,000)</u>	<u>(5,654,372)</u>	<u>(726,372)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			498,921	498,921
Transfers Out				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>498,921</u>	<u>498,921</u>
Net Change in Fund Balances	(4,928,000)	(4,928,000)	(5,155,451)	(227,451)
Fund Balance, Beginning	<u>9,027,925</u>	<u>9,027,925</u>	<u>9,027,925</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 4,099,925</u></u>	<u><u>\$ 4,099,925</u></u>	<u><u>\$ 3,872,474</u></u>	<u><u>\$ (227,451)</u></u>

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Measure I Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,807,607	\$ 207,607
Investment Income	3,000	3,000	10,026	7,026
Intergovernmental	442,650	442,650	25,561	(417,089)
Total Revenues	<u>2,045,650</u>	<u>2,045,650</u>	<u>1,843,194</u>	<u>(202,456)</u>
EXPENDITURES				
Current:				
Transportation	4,359,150	4,359,150	1,663,496	2,695,654
Total Expenditures	<u>4,359,150</u>	<u>4,359,150</u>	<u>1,663,496</u>	<u>2,695,654</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,313,500)</u>	<u>(2,313,500)</u>	<u>179,698</u>	<u>2,493,198</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	60,000	60,000		(60,000)
Transfers Out			(498,921)	(498,921)
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>60,000</u>	<u>(498,921)</u>	<u>(558,921)</u>
Net Change in Fund Balances	(2,253,500)	(2,253,500)	(319,223)	1,934,277
Fund Balance, Beginning	<u>5,748,066</u>	<u>5,748,066</u>	<u>5,748,066</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 3,494,566</u></u>	<u><u>\$ 3,494,566</u></u>	<u><u>\$ 5,428,843</u></u>	<u><u>\$ 1,934,277</u></u>

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Project Manager Grants
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 847,700	\$ 1,424,058	\$ 384,165	\$ (1,039,893)
Total Revenues	847,700	1,424,058	384,165	(1,039,893)
EXPENDITURES				
Current:				
Community Development	847,700	1,424,058	262,318	1,161,740
Capital Outlay			22,839	(22,839)
Total Expenditures	847,700	1,424,058	285,157	1,138,901
Excess (Deficiency) of Revenues over Expenditures	-		99,008	99,008
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Transfers Out				-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	99,008	99,008
Fund Balances, Beginning	(269,202)	(269,202)	(269,202)	
Fund Balances, Ending	\$ (269,202)	\$ (269,202)	\$ (170,194)	\$ 99,008

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Street Maintenance Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,042,305	\$ 2,042,305	\$ 2,192,587	\$ 150,282
Other Revenue			274,873	274,873
Total Revenues	<u>2,042,305</u>	<u>2,042,305</u>	<u>2,467,460</u>	<u>425,155</u>
EXPENDITURES				
Current:				
Transportation	2,110,392	2,119,257	1,978,378	140,879
Capital Outlay				-
Total Expenditures	<u>2,110,392</u>	<u>2,119,257</u>	<u>1,978,378</u>	<u>140,879</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(68,087)</u>	<u>(76,952)</u>	<u>489,082</u>	<u>566,034</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	300,000	300,000		(300,000)
Transfers Out				-
Total Other Financing Sources (Uses)	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>
Net Change in Fund Balances	231,913	223,048	489,082	266,034
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	<u>\$ 231,913</u>	<u>\$ 223,048</u>	<u>\$ 489,082</u>	<u>\$ 266,034</u>

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - CDBG
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 779,661	\$ 822,230	\$ 262,762	\$ (559,468)
Other Revenue				-
Total Revenues	<u>779,661</u>	<u>822,230</u>	<u>262,762</u>	<u>(559,468)</u>
EXPENDITURES				
Current:				
Community Development	<u>779,661</u>	<u>822,230</u>	<u>302,462</u>	<u>519,768</u>
Total Expenditures	<u>779,661</u>	<u>822,230</u>	<u>302,462</u>	<u>519,768</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(39,700)</u>	<u>(39,700)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	(39,700)	(39,700)
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (39,700)</u></u>	<u><u>\$ (39,700)</u></u>

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Air Pollution Control District
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 47,320	\$ 47,320	\$ 46,778	\$ (542)
Investment Income	130	130	141	11
Total Revenues	<u>47,450</u>	<u>47,450</u>	<u>46,919</u>	<u>(531)</u>
EXPENDITURES				
Current:				
Transportation	47,320	47,320	47,319	1
Total Expenditures	<u>47,320</u>	<u>47,320</u>	<u>47,319</u>	<u>1</u>
Excess (Deficiency) of Revenues over Expenditures	130	130	(400)	(530)
Fund Balance, Beginning	<u>84,572</u>	<u>84,572</u>	<u>84,572</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 84,702</u>	<u>\$ 84,702</u>	<u>\$ 84,172</u>	<u>\$ (530)</u>

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Neighborhood Stabilization Program Fund
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Income	\$		\$ 67	\$ 67
Intergovernmental	631,233	631,233	453,068	(178,165)
Other Revenue			54,758	54,758
Total Revenues	<u>631,233</u>	<u>631,233</u>	<u>507,893</u>	<u>(123,340)</u>
EXPENDITURES				
Transportation				-
Community Development	631,233	631,233	496,063	135,170
Total Expenditures	<u>631,233</u>	<u>631,233</u>	<u>496,063</u>	<u>135,170</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	11,830	11,830
Fund Balance, Beginning	<u>\$ 39,318</u>	<u>\$ 39,318</u>	<u>\$ 39,318</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 39,318</u></u>	<u><u>\$ 39,318</u></u>	<u><u>\$ 51,148</u></u>	<u><u>\$ 11,830</u></u>

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Assessment District L-1
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 324,000	\$ 324,000	\$ 320,126	\$ (3,874)
Investment Income	1,350	1,350	2,015	665
Total Revenues	<u>325,350</u>	<u>325,350</u>	<u>322,141</u>	<u>(3,209)</u>
EXPENDITURES				
Transportation	<u>160,250</u>	<u>160,250</u>	<u>238,500</u>	<u>(78,250)</u>
Total Expenditures	<u>160,250</u>	<u>160,250</u>	<u>238,500</u>	<u>(78,250)</u>
Excess (Deficiency) of Revenues over Expenditures	165,100	165,100	83,641	(81,459)
Fund Balance, Beginning	<u>\$ 1,058,527</u>	<u>\$ 1,058,527</u>	<u>\$ 1,058,527</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 1,223,627</u></u>	<u><u>\$ 1,223,627</u></u>	<u><u>\$ 1,142,168</u></u>	<u><u>\$ (81,459)</u></u>

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Article 8 Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$ 2,039	\$ 2,039
Intergovernmental	350,000	350,000	969,496	619,496
Total Revenues	350,000	350,000	971,535	621,535
EXPENDITURES				
Current:				
Transportation	60,000	60,000	9,100	50,900
Total Expenditures	60,000	60,000	9,100	50,900
Excess (Deficiency) of Revenues over Expenditures	290,000	290,000	962,435	672,435
OTHER FINANCING SOURCES (USES)				
Transfers Out	(360,000)	(360,000)		360,000
Total Other Financing Sources (Uses)	(360,000)	(360,000)	-	360,000
Net Change in Fund Balance	(70,000)	(70,000)	962,435	1,032,435
Fund Balances, Beginning	392,714	392,714	392,714	
Fund Balances, Ending	<u>\$ 322,714</u>	<u>\$ 322,714</u>	<u>\$ 1,355,149</u>	<u>\$ 1,032,435</u>

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Quimby Fees Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 10,500	\$ 10,500	\$ 38,496	\$ 27,996
Investment Income			67	67
Total Revenues	<u>10,500</u>	<u>10,500</u>	<u>38,563</u>	<u>28,063</u>
EXPENDITURES				
Culture and Recreation				-
Capital Outlay		13,050		13,050
Total Expenditures	<u>-</u>	<u>13,050</u>	<u>-</u>	<u>13,050</u>
Excess (Deficiency) of Revenues over Expenditures	<u>10,500</u>	<u>(2,550)</u>	<u>38,563</u>	<u>41,113</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	10,500	(2,550)	38,563	41,113
Fund Balance, Beginning	<u>14,971</u>	<u>14,971</u>	<u>14,971</u>	
Fund Balance, Ending	<u><u>\$ 25,471</u></u>	<u><u>\$ 12,421</u></u>	<u><u>\$ 53,534</u></u>	<u><u>\$ 41,113</u></u>

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - NAVISP Infrastructure
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 4,000	\$ 4,000	\$ 3,014	\$ (986)
Total Revenues	4,000	4,000	3,014	(986)
EXPENDITURES				
Transportation				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	4,000	4,000	3,014	(986)
Fund Balance, Beginning	1,640,775	1,640,775	1,640,775	-
Fund Balance, Ending	<u>\$ 1,644,775</u>	<u>\$ 1,644,775</u>	<u>\$ 1,643,789</u>	<u>\$ (986)</u>

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Storm Drains
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses & Permits	\$ 90,000	\$ 90,000	\$ 159,769	\$ 69,769
Investment Income	1,500	1,500	2,181	681
Total Revenues	<u>91,500</u>	<u>91,500</u>	<u>161,950</u>	<u>70,450</u>
EXPENDITURES				
Current:				
Community Development	100,000	100,000	912	99,088
Capital Outlay				-
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>912</u>	<u>99,088</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(8,500)</u>	<u>(8,500)</u>	<u>161,038</u>	<u>169,538</u>
OTHER FINANCING SOURCES (USES)				
Transfer In				-
Transfers Out				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(8,500)	(8,500)	161,038	169,538
Fund Balance, Beginning	<u>1,102,157</u>	<u>1,102,157</u>	<u>1,102,157</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,093,657</u>	<u>\$ 1,093,657</u>	<u>\$ 1,263,195</u>	<u>\$ 169,538</u>

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Development Impact Fees
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses & Permits	\$ 78,700	\$ 78,700	\$ 150,550	\$ 71,850
Investment Income	2,100	2,100	2,429	329
Total Revenues	<u>80,800</u>	<u>80,800</u>	<u>152,979</u>	<u>72,179</u>
EXPENDITURES				
Current:				
General Government				-
Capital Outlay				-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>80,800</u>	<u>80,800</u>	<u>152,979</u>	<u>72,179</u>
OTHER FINANCING SOURCES (USES)				
Transfer In				-
Transfers Out				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	80,800	80,800	152,979	72,179
Fund Balance, Beginning	<u>1,312,339</u>	<u>1,312,339</u>	<u>1,312,339</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 1,393,139</u></u>	<u><u>\$ 1,393,139</u></u>	<u><u>\$ 1,465,318</u></u>	<u><u>\$ 72,179</u></u>

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - 2007 Town Hall Revenue Bonds
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
General Government	3,000	3,000	2,529	471
Debt Service				
Principal	455,000	455,000	455,000	-
Interest and Fiscal Charges	427,150	427,150	427,144	6
Total Expenditures	885,150	885,150	884,673	477
Excess (Deficiency) of Revenues over Expenditures	(885,150)	(885,150)	(884,673)	477
OTHER FINANCING SOURCES (USES)				
Transfers In	885,150	885,150	884,673	(477)
Transfers Out				-
Total Other Financing Sources (Uses)	885,150	885,150	884,673	(477)
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - 1999 COPS Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
General Government	70,000	70,000	12,591	57,409
Debt Service				
Principal	330,000	330,000	330,000	
Interest and Fiscal Charges	10,000	10,000	1,955	8,045
Total Expenditures	410,000	410,000	344,546	65,454
Excess (Deficiency) of Revenues over Expenditures	(410,000)	(410,000)	(344,546)	65,454
OTHER FINANCING SOURCES (USES)				
Transfers In	410,000	410,000	344,546	(65,454)
Total Other Financing Sources (Uses)	410,000	410,000	344,546	(65,454)
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning	206	206	206	-
Fund Balance, Ending	\$ 206	\$ 206	\$ 206	\$ -

Town of Apple Valley, California
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - 2001 COPS Fund
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Income	\$	\$	\$	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
General Government	30,000	30,000	16,959	13,041
Debt Service				
Principal	290,000	290,000	217,500	72,500
Interest and Fiscal Charges	12,000	12,000	469	11,531
Total Expenditures	332,000	332,000	234,928	97,072
Excess (Deficiency) of Revenues over Expenditures	(332,000)	(332,000)	(234,928)	97,072
OTHER FINANCING SOURCES (USES)				
Transfers In	332,000	332,000	234,928	(97,072)
Total Other Financing Sources (Uses)	332,000	332,000	234,928	(97,072)
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -

Town of Apple Valley, California Agency Funds

Trust and Fiduciary - Maintains the Town's Building and Safety trust deposits.

Victor Valley Transit Authority - Town acts as an administrator for the Joint Powers Authority.

Assessment District 98-1 - Town acts as the agent for the homeowners of Assessment District 98-1, and makes principal and interest payments for the Assessment District's 1915 Improvement Act Bonds.

Village PBID - To account for the assessments received and expenditures made on behalf of the Apple Valley Village Property and Business Improvement District.

Victor Valley Economic Development Authority - Town is a member of the Authority and administers the treasurer function of the Authority.

Mojave Desert and Mountain Integrated Waste Management Authority - Town is a member of the Authority and administers the treasurer function of the Authority.

Opportunity High Desert Trust Fund - Town acts as an administrator for the trust fund.

Town of Apple Valley, California
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

	Trust and Fiduciary	Victor Valley Transit Authority	Assessment District 98-1	Village PBID	Victor Valley Economic Dev. Authority	Mojave Desert and Mountain Integrated Waste Mgmt. Authority
ASSETS						
Cash and Investments	\$ 351,210	\$ 1,925	\$	\$ 807,208	\$ 10,840,860	\$ 145,542
Cash with Fiscal Agent			238,318			
Accounts Receivable						319,553
Interest Receivable				536		
Due from Other Governments				6,942	673,067	
Prepaid Items						4,332
	<u>\$ 351,210</u>	<u>\$ 1,925</u>	<u>\$ 238,318</u>	<u>\$ 814,686</u>	<u>\$ 11,513,927</u>	<u>\$ 469,427</u>
Total Assets						
LIABILITIES						
Accounts Payable	\$	\$ 1,925	\$	\$ 9,392	\$	\$
Accrued Liabilites			149		11,513,927	341,592
Deposits	351,210			805,294		127,835
Amounts Due Bondholders			238,169			
	<u>\$ 351,210</u>	<u>\$ 1,925</u>	<u>\$ 238,318</u>	<u>\$ 814,686</u>	<u>\$ 11,513,927</u>	<u>\$ 469,427</u>
Total Liabilities						

Opportunity High Desert Trust Fund	Total
\$ 79,445	\$ 12,226,190
	238,318
14,032	333,585
49	585
	680,009
	4,332
<u>\$ 93,526</u>	<u>\$ 13,483,019</u>
\$ 67,912	\$ 79,229
	11,855,668
25,614	1,309,953
	238,169
<u>\$ 93,526</u>	<u>\$ 13,483,019</u>

Town of Apple Valley, California
Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2014

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<u>TRUST AND FIDUCIARY FUND</u>				
ASSETS				
Cash and Investments	\$ 318,174	\$ 58,629	\$ 25,593	\$ 351,210
Total Assets	<u>\$ 318,174</u>	<u>\$ 58,629</u>	<u>\$ 25,593</u>	<u>\$ 351,210</u>
LIABILITIES				
Deposits	\$ 318,174	\$ 81,560	\$ 48,524	\$ 351,210
Total Liabilities	<u>\$ 318,174</u>	<u>\$ 81,560</u>	<u>\$ 48,524</u>	<u>\$ 351,210</u>
<u>VICTOR VALLEY TRANSIT AUTHORITY FUND</u>				
ASSETS				
Cash and Investments	\$ 2,305	\$ 9,078	\$ 9,458	\$ 1,925
Total Assets	<u>\$ 2,305</u>	<u>\$ 9,078</u>	<u>\$ 9,458</u>	<u>\$ 1,925</u>
LIABILITIES				
Accounts Payable	\$ 2,305	\$ 8,928	\$ 9,308	\$ 1,925
Total Liabilities	<u>\$ 2,305</u>	<u>\$ 8,928</u>	<u>\$ 9,308</u>	<u>\$ 1,925</u>
<u>ASSESSMENT DISTRICT 98-1</u>				
ASSETS				
Cash and Investments	\$ -	\$ 225,308	\$ 225,308	\$ -
Cash with Fiscal Agent	238,298	62	42	238,318
Total Assets	<u>\$ 238,298</u>	<u>\$ 225,370</u>	<u>\$ 225,350</u>	<u>\$ 238,318</u>
LIABILITIES				
Amount Due Bondholders	\$ 238,192	\$ 228,012	\$ 228,035	\$ 238,169
Accrued Liabilities	106	149	106	149
Total Liabilities	<u>\$ 238,298</u>	<u>\$ 228,161</u>	<u>\$ 228,141</u>	<u>\$ 238,318</u>
<u>VILLAGE PBID</u>				
ASSETS				
Cash and Investments	\$ 665,738	\$ 326,733	\$ 185,263	\$ 807,208
Interest Receivable	342	879	685	536
Due From Other Governments	7,488	6,942	7,488	6,942
Total Assets	<u>\$ 673,568</u>	<u>\$ 334,554</u>	<u>\$ 193,436</u>	<u>\$ 814,686</u>
LIABILITIES				
Accounts Payable	\$ 47,146	\$ 156,229	\$ 193,983	\$ 9,392
Accrued Liabilities	25,682	110	25,792	-
Deposits	600,740	281,478	76,924	805,294
Total Liabilities	<u>\$ 673,568</u>	<u>\$ 437,817</u>	<u>\$ 296,699</u>	<u>\$ 814,686</u>

Continued

Town of Apple Valley, California
Statement of Changes in Assets and Liabilities
Agency Funds - Continued
Year Ended June 30, 2014

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<u>VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY</u>				
ASSETS				
Cash and Investments	\$ 10,755,558	\$ 21,673,019	\$ 21,587,717	\$ 10,840,860
Due From Other Governments	673,067			673,067
Total Assets	<u>\$ 11,428,625</u>	<u>\$ 21,673,019</u>	<u>\$ 21,587,717</u>	<u>\$ 11,513,927</u>
LIABILITIES				
Accrued Liabilities	\$ 11,428,625	\$ 31,865,693	\$ 31,780,391	\$ 11,513,927
Total Liabilities	<u>\$ 11,428,625</u>	<u>\$ 31,865,693</u>	<u>\$ 31,780,391</u>	<u>\$ 11,513,927</u>
<u>MOJAVE DESERT AND MOUNTAIN INTEGRATED WASTE MANAGEMENT AUTHORITY</u>				
ASSETS				
Cash and Investments	\$ 204,239	\$ 693,956	\$ 752,653	\$ 145,542
Accounts Receivable	115,390	2,687,185	2,483,022	319,553
Prepaid Items	2,980	4,332	2,980	4,332
Total Assets	<u>\$ 322,609</u>	<u>\$ 3,385,473</u>	<u>\$ 3,238,655</u>	<u>\$ 469,427</u>
LIABILITIES				
Accrued Liabilities	\$ 151,767	\$ 341,592	\$ 151,767	\$ 341,592
Deposits	170,842	2,271,796	2,314,803	127,835
Total Liabilities	<u>\$ 322,609</u>	<u>\$ 2,613,388</u>	<u>\$ 2,466,570</u>	<u>\$ 469,427</u>
<u>OPPORTUNITY HIGH DESERT TRUST FUND</u>				
ASSETS				
Cash and Investments	\$	\$ 85,331	\$ 5,886	\$ 79,445
Accounts Receivable		51,581	37,549	14,032
Interest Receivable		49		49
Total Assets	<u>\$ -</u>	<u>\$ 136,961</u>	<u>\$ 43,435</u>	<u>\$ 93,526</u>
LIABILITIES				
Accounts Payable	\$	\$ 73,798	\$ 5,886	\$ 67,912
Deposits	-	25,614		25,614
Total Liabilities	<u>\$ -</u>	<u>\$ 99,412</u>	<u>\$ 5,886</u>	<u>\$ 93,526</u>

Continued

Town of Apple Valley, California
Statement of Changes in Assets and Liabilities
Agency Funds - Continued
Year Ended June 30, 2014

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and Investments	\$ 11,946,014	\$ 23,072,054	\$ 22,791,878	\$ 12,226,190
Cash with Fiscal Agent	238,298	62	42	238,318
Accounts Receivable	115,390	2,738,766	2,520,571	333,585
Interest Receivable	342	928	685	585
Due From Other Governments	680,555	6,942	7,488	680,009
Prepaid Items	2,980	4,332	2,980	4,332
	<u>\$ 12,983,579</u>	<u>\$ 25,823,084</u>	<u>\$ 25,323,644</u>	<u>\$ 13,483,019</u>
Total Assets				
LIABILITIES				
Accounts Payable	\$ 49,451	\$ 238,955	\$ 209,177	\$ 79,229
Accrued Liabilities	11,606,180	32,207,544	31,958,056	11,855,668
Deposits	1,089,756	2,660,448	2,440,251	1,309,953
Amounts Due Bondholders	238,192	228,012	228,035	238,169
	<u>\$ 12,983,579</u>	<u>\$ 35,334,959</u>	<u>\$ 34,835,519</u>	<u>\$ 13,483,019</u>
Total Liabilities				

Town of Apple Valley, California
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source¹
June 30, 2014

GOVERNMENTAL FUNDS CAPITAL ASSETS

Land	\$ 99,351,514
Furniture and Equipment	3,186,562
Computer Equipment	1,590,866
Auto Equipment	1,420,577
Structures and Improvements	91,966,060
Infrastructure	353,186,243
Construction in Progress	<u>20,128,624</u>
Total Governmental Funds Capital Assets	<u><u>\$ 570,830,446</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE

General Fund	\$ 152,809,429
Special Revenue Funds	27,121,868
Capital Project Funds	<u>390,899,149</u>
Total Governmental Funds Capital Assets	<u><u>\$ 570,830,446</u></u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in enterprise funds are excluded from the above amounts. The capital assets of enterprise funds are included as business-type activities in the statement of net assets.

Town of Apple Valley, California
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity¹
June 30, 2014

FUNCTION AND ACTIVITY	<u>Land</u>	<u>Furniture and Equipment</u>	<u>Computer Equipment</u>
General Government	\$ 2,114,277	\$ 914,758	\$ 1,300,552
Public Safety	1,169,799	743,653	144,354
Transportation	87,870,213	60,309	26,591
Culture and Recreation	6,826,654	1,176,987	11,250
Cumminity Development	<u>1,370,571</u>	<u>290,855</u>	<u>108,119</u>
 Total Governmental Funds Capital Assets	 <u><u>\$ 99,351,514</u></u>	 <u><u>\$ 3,186,562</u></u>	 <u><u>\$ 1,590,866</u></u>

<u>Auto Equipment</u>	<u>Structures and Improvements</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Totals</u>
\$ 131,192	\$ 6,207,428	\$	\$	\$ 10,668,207
394,939	11,243,715			13,696,460
403,297	5,948,469	352,706,257	20,128,624	467,143,760
491,149	57,755,755	479,986		66,741,781
	10,810,693			12,580,238
<u>\$ 1,420,577</u>	<u>\$ 91,966,060</u>	<u>\$ 353,186,243</u>	<u>\$ 20,128,624</u>	<u>\$ 570,830,446</u>

Town of Apple Valley, California
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity¹
Year Ended June 30, 2014

	Governmental Funds Capital Assets July 1, 2012	Additions	Deletions	Governmental Funds Capital Assets June 30, 2013
FUNCTION AND ACTIVITY				
General Government	\$ 10,563,085	\$ 115,672	\$ (10,550)	\$ 10,668,207
Public Safety	14,001,199	14,760	(319,499)	13,696,460
Transportation	454,787,509	12,467,961	(111,710)	467,143,760
Culture and Recreation	66,799,921	67,168	(125,308)	66,741,781
Community Development	12,580,238			12,580,238
	<u>\$ 558,731,952</u>	<u>\$ 12,665,561</u>	<u>\$ (567,067)</u>	<u>\$ 570,830,446</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in enterprise funds are excluded from the above amounts. The capital assets of enterprise funds are included as business-type activities in the statement of net assets.

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Town of Apple Valley's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

CONTENTS	PAGE
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	104
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	114
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	119
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	126
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	129

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 31,814,365	\$ 44,949,377	\$ 384,061,630	\$ 387,123,900
Restricted	27,481,178	24,316,125	25,102,142	51,867,938
Unrestricted	2,326,377	10,467,168	10,418,490	(13,367,654)
Total Governmental Activities Net Assets	<u>\$ 61,621,920</u>	<u>\$ 79,732,670</u>	<u>\$ 419,582,262</u>	<u>\$ 425,624,184</u>
Business-type activities				
Net Investment in Capital Assets	\$ 5,957,139	\$ 5,311,877	\$ 33,492,509	\$ 33,768,176
Restricted	985,215	1,740,000	1,792,823	1,816,804
Unrestricted	11,975,813	14,021,426	16,231,747	14,731,511
Total Business-type Activities Net Assets	<u>\$ 18,918,167</u>	<u>\$ 21,073,303</u>	<u>\$ 51,517,079</u>	<u>\$ 50,316,491</u>
Primary Government				
Net Investment in Capital Assets	\$ 37,771,504	\$ 50,261,254	\$ 417,554,139	\$ 420,892,076
Restricted	28,466,393	26,056,125	26,894,965	53,684,742
Unrestricted	14,302,190	24,488,594	26,650,237	1,363,857
Total Primary Government Net Assets	<u>\$ 80,540,087</u>	<u>\$ 100,805,973</u>	<u>\$ 471,099,341</u>	<u>\$ 475,940,675</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 381,677,955	\$ 390,657,277	\$ 388,785,477	\$ 379,669,535	\$ 371,244,438	\$ 370,565,096
40,971,278	32,983,379	34,274,504	17,206,203	23,906,586	22,736,379
(1,410,378)	(9,726,145)	(15,234,171)	16,418,211	9,730,572	9,057,417
<u>\$ 421,238,855</u>	<u>\$ 413,914,511</u>	<u>\$ 407,825,810</u>	<u>\$ 413,293,949</u>	<u>\$ 404,881,596</u>	<u>\$ 402,358,892</u>
\$ 32,459,593	\$ 31,382,013	\$ 30,868,062	\$ 34,441,896	\$ 33,386,797	\$ 32,781,178
1,818,304	1,818,186	1,818,204	1,744,747	1,737,858	1,737,952
14,119,730	12,167,184	9,627,346	7,221,444	6,189,164	6,165,786
<u>\$ 48,397,627</u>	<u>\$ 45,367,383</u>	<u>\$ 42,313,612</u>	<u>\$ 43,408,087</u>	<u>\$ 41,313,819</u>	<u>\$ 40,684,916</u>
\$ 414,137,548	\$ 422,039,290	\$ 419,653,539	\$ 414,111,431	\$ 404,631,235	\$ 403,346,274
42,789,582	34,801,565	36,092,708	18,950,950	25,644,444	24,474,331
12,709,352	2,441,039	(5,606,825)	23,639,655	15,919,736	15,223,203
<u>\$ 469,636,482</u>	<u>\$ 459,281,894</u>	<u>\$ 450,139,422</u>	<u>\$ 456,702,036</u>	<u>\$ 446,195,415</u>	<u>\$ 443,043,808</u>

**Town of Apple Valley
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses				
Governmental activities:				
General government	\$ 4,589,971	\$ 3,353,017	\$ 3,347,001	\$ 3,533,678
Public safety	6,918,109	7,690,948	9,119,965	10,430,291
Transportation	5,206,120	6,247,368	8,279,686	9,854,747
Culture and recreation	2,075,242	3,029,203	5,122,716	5,188,538
Community development	4,880,605	6,337,878	7,534,045	8,805,564
Health	-	-		3,539,966
Interest on long-term debt	166,708	555,475	635,095	
Total governmental activities expenses	<u>23,836,755</u>	<u>27,213,889</u>	<u>34,038,508</u>	<u>41,352,784</u>
Business-type activities:				
Sewer	2,397,868	3,261,816	4,322,383	4,977,119
Waste Management	5,741,487	6,919,321	7,582,185	8,817,281
Apple Valley Golf Club	-	-	-	-
Total business-type activities expenses	<u>8,139,355</u>	<u>10,181,137</u>	<u>11,904,568</u>	<u>13,794,400</u>
Total primary government expenses	<u>\$ 31,976,110</u>	<u>\$ 37,395,026</u>	<u>\$ 45,943,076</u>	<u>\$ 55,147,184</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	284,055	533,383	418,186	388,483
Public safety	276,734	203,130	287,931	243,106
Transportation	178,529	197,867	228,453	88,491
Culture and recreation	459,414	602,915	827,385	919,425
Community development	3,805,029	4,683,154	3,205,184	1,699,164
Operating grants and contributions	4,441,304	8,200,337	5,116,858	7,034,992
Capital grants and contributions	8,487,126	11,547,363	8,396,253	7,719,437
Total governmental activities program revenue	<u>17,932,191</u>	<u>25,968,149</u>	<u>18,480,250</u>	<u>18,093,098</u>
Business-type activities:				
Charges for services:				
Sewer	3,275,423	3,343,651	3,247,042	2,852,961
Waste Management	7,109,629	8,171,421	9,529,788	9,124,792
Apple Valley Golf Club	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	1,109,372	620,351	7,787,415	1,173,704
Total business-type activities program revenue	<u>11,494,424</u>	<u>12,135,423</u>	<u>20,564,245</u>	<u>13,151,457</u>
Total primary government program revenues	<u>\$ 29,426,615</u>	<u>\$ 38,103,572</u>	<u>\$ 39,044,495</u>	<u>\$ 31,244,555</u>
Net (expense)/revenue				
Governmental activities	\$ (5,904,564)	\$ (1,245,740)	\$ (15,558,258)	\$ (23,259,686)
Business-type activities	3,355,069	1,954,286	8,659,677	(642,943)
Total primary government net expense	<u>\$ (2,549,495)</u>	<u>\$ 708,546</u>	<u>\$ (6,898,581)</u>	<u>\$ (23,902,629)</u>

**Town of Apple Valley
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	3,196,875	4,310,247	5,035,277	4,825,727
Tax increment	2,431,898	3,364,320	7,350,520	10,097,187
Franchise taxes	890,573	943,162	1,215,293	1,128,946
Sales taxes	2,409,148	2,904,475	3,458,264	3,424,928
Transient occupancy taxes	13,367	13,252	21,600	15,175
Motor vehicle in-lieu	4,436,541	4,820,766	5,616,051	6,493,901
Sales tax in-lieu	682,603	787,964	1,075,221	1,220,476
Pass through revenues	135,094	164,673	189,851	417,770
Miscellaneous revenues	237,545	595,429	386,446	169,328
Unrestricted grants and contributions	16,342	16,399	23,094	19,310
Investment income	246,687	1,117,643	1,555,032	2,442,247
Transfers	1,245,089	-	284,036	792,788
Extraordinary Item	-	-	-	-
Total governmental activities	<u>15,941,762</u>	<u>19,038,330</u>	<u>26,210,685</u>	<u>31,047,783</u>
Business-type activities:				
Investment income	137,973	356,099	477,888	613,328
Transfers	(1,245,089)	(155,249)	(284,036)	(792,788)
Total business-type activities	<u>(1,107,116)</u>	<u>200,850</u>	<u>193,852</u>	<u>(179,460)</u>
Total primary government	<u>\$ 14,834,646</u>	<u>\$ 19,239,180</u>	<u>\$ 26,404,537</u>	<u>\$ 30,868,323</u>
Change in Net Assets				
Governmental activities	\$ 10,037,198	\$ 17,792,590	\$ 10,652,427	\$ 7,788,097
Business-type activities	2,247,953	2,155,136	8,853,529	(822,403)
Total primary government	<u>\$ 12,285,151</u>	<u>\$ 19,947,726</u>	<u>\$ 19,505,956</u>	<u>\$ 6,965,694</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 3,351,071	\$ 1,841,391	\$ 1,236,348	\$ 2,039,052	\$ 1,935,525	\$ 2,959,562
11,783,023	11,784,128	11,904,334	13,289,970	13,641,265	14,216,088
14,238,533	12,126,936	12,045,684	12,098,378	10,927,503	10,283,286
5,827,113	5,893,089	6,188,596	5,817,520	5,462,689	5,556,224
9,753,475	15,313,506	9,087,396	6,540,877	6,623,497	5,703,246
-	-	-	-	-	-
3,203,143	3,062,557	3,057,653	1,693,798	467,624	434,622
<u>48,156,358</u>	<u>50,021,607</u>	<u>43,520,011</u>	<u>41,479,595</u>	<u>39,058,103</u>	<u>39,153,028</u>
5,593,652	5,995,219	6,576,431	6,042,959	6,443,451	6,045,017
8,825,868	8,572,856	9,402,873	9,028,518	8,951,222	9,217,206
1,276,919	3,092,747	1,978,306	1,448,041	1,231,229	1,132,898
<u>15,696,439</u>	<u>17,660,822</u>	<u>17,957,610</u>	<u>16,519,518</u>	<u>16,625,902</u>	<u>16,395,121</u>
<u>\$ 63,852,797</u>	<u>\$ 67,682,429</u>	<u>\$ 61,477,621</u>	<u>\$ 57,999,113</u>	<u>\$ 55,684,005</u>	<u>\$ 55,548,149</u>
301,671	933,000	754,552	616,694	325,417	1,077,891
163,165	147,533	172,376	74,159	184,118	144,673
39,773	45,510	53,300	86,071	-	-
938,167	941,862	1,121,273	935,060	1,019,300	1,001,936
2,266,134	1,850,721	1,795,168	1,568,168	1,684,624	2,787,298
4,533,857	8,423,410	5,595,047	4,472,410	6,662,688	7,204,421
6,620,923	5,218,590	5,234,738	3,827,135	3,688,576	5,836,010
<u>14,863,690</u>	<u>17,560,626</u>	<u>14,726,454</u>	<u>11,579,697</u>	<u>13,564,723</u>	<u>18,052,229</u>
2,994,301	3,691,818	3,967,178	4,005,430	4,478,759	4,838,790
9,827,664	9,690,701	9,894,028	9,733,428	9,501,422	9,851,074
535,589	1,188,655	864,060	767,832	594,694	660,737
-	-	25,066	20,410	19,907	20,070
586,969	438,301	474,689	3,534,874	497,875	725,666
<u>13,944,523</u>	<u>15,009,475</u>	<u>15,225,021</u>	<u>18,061,974</u>	<u>15,092,657</u>	<u>16,096,337</u>
<u>\$ 28,808,213</u>	<u>\$ 32,570,101</u>	<u>\$ 29,951,475</u>	<u>\$ 29,641,671</u>	<u>\$ 28,657,380</u>	<u>\$ 34,148,566</u>
\$ (33,292,668)	\$ (32,460,981)	\$ (28,793,557)	\$ (29,899,898)	\$ (25,493,380)	\$ (21,100,799)
(1,751,916)	(2,651,347)	(2,732,589)	1,542,456	(1,533,245)	(298,784)
<u>\$ (35,044,584)</u>	<u>\$ (35,112,328)</u>	<u>\$ (31,526,146)</u>	<u>\$ (28,357,442)</u>	<u>\$ (27,026,625)</u>	<u>\$ (21,399,583)</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
4,190,359	3,816,749	3,601,017	3,718,455	4,409,064	5,181,242
9,469,194	7,203,291	5,688,809	1,955,820	-	-
1,461,374	1,565,696	1,727,194	1,460,033	1,816,243	1,892,884
3,668,463	3,689,967	3,819,221	4,139,105	3,804,832	4,122,097
10,960	9,823	6,051	6,670	7,152	7,742
6,670,204	5,931,473	5,487,173	5,167,516	5,136,312	5,257,876
1,167,513	1,189,135	1,382,393	1,267,248	1,383,032	1,275,364
563,609	488,762	288,495	266,405	299,724	328,726
105,846	112,597	50,623	72,527	25,114	73,437
9,686	11,498	10,985	18,962	-	-
1,090,479	628,373	172,385	36,750	15,585	82,115
499,652	489,273	470,510	483,655	470,878	356,612
-	-	-	17,818,231	-	-
<u>28,907,339</u>	<u>25,136,637</u>	<u>22,704,856</u>	<u>36,411,377</u>	<u>17,367,936</u>	<u>18,578,095</u>
332,704	110,376	149,328	35,674	27,896	26,493
(499,652)	(489,273)	(470,510)	(483,655)	(470,878)	(356,612)
<u>(166,948)</u>	<u>(378,897)</u>	<u>(321,182)</u>	<u>(447,981)</u>	<u>(442,982)</u>	<u>(330,119)</u>
<u>\$ 28,740,391</u>	<u>\$ 24,757,740</u>	<u>\$ 22,383,674</u>	<u>\$ 35,963,396</u>	<u>\$ 16,924,954</u>	<u>\$ 18,247,976</u>
\$ (4,385,329)	\$ (7,324,344)	\$ (6,088,701)	\$ 6,511,479	\$ (8,125,444)	\$ (2,522,704)
(1,918,864)	(3,030,244)	(3,053,771)	1,094,475	(1,976,227)	(628,903)
<u>\$ (6,304,193)</u>	<u>\$ (10,354,588)</u>	<u>\$ (9,142,472)</u>	<u>\$ 7,605,954</u>	<u>\$ (10,101,671)</u>	<u>\$ (3,151,607)</u>

Town of Apple Valley
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund				
Reserved	\$ 2,110,156	\$ 2,197,378	\$ -	\$ -
Unreserved	9,546,039	12,435,177	17,021,153	17,686,555
Nonspendable	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$11,656,195</u>	<u>\$14,632,555</u>	<u>\$17,021,153</u>	<u>\$ 17,686,555</u>
All other governmental funds				
Reserved	\$ 6,672,544	\$ 6,089,259	\$14,470,360	\$ 1,255,854
Unreserved, reported in:				
Special revenue funds	8,300,277	10,095,398	3,004,014	12,048,634
Debt service funds	(313,308)	(289,670)	(304,156)	38,651,853
Capital projects funds	9,809,894	7,351,812	12,365,664	29,659,709
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$24,469,407</u>	<u>\$23,246,799</u>	<u>\$29,535,882</u>	<u>\$ 81,616,050</u>

(1) The requirements of Governmental Accounting Standard Board (GASB) Statement Number 54 became effective for financial statements for periods beginning after June 15, 2010. This Statement requires the reclassification of fund balance for governmental funds into five fund balance classifications; Nonspendable, Restricted, Committed, Assigned and Unassigned. See Note

<u>2009</u>	<u>(1)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 546,925	\$ 5,013	\$ -	\$ -	\$ -	\$ -	\$ -
17,094,067	17,587,279	-	-	-	-	-
-	-	9,979,517	8,155,142	9,143,364	9,497,516	
-	-	3,789,352	4,221,151	4,173,378	4,730,937	
-	-	4,576,951	4,979,355	4,023,527	4,077,698	
<u>\$ 17,640,992</u>	<u>\$17,592,292</u>	<u>\$ 18,345,820</u>	<u>\$ 17,355,648</u>	<u>\$17,340,269</u>	<u>\$18,306,151</u>	
\$ 1,883,553	\$ 1,313,680	\$ -	\$ -	\$ -	\$ -	
11,359,223	11,529,459	-	-	-	-	
34,010,895	23,106,470	-	-	-	-	
23,216,796	16,331,898	-	-	-	-	
-	-	56,188	-	-	-	
-	-	46,020,428	8,997,316	9,787,783	12,128,537	
-	-	11,621,638	-	-	-	
-	-	-	10,936,987	10,668,700	4,808,649	
-	-	(11,825,614)	(6,776,370)	(6,796,081)	(7,257,586)	
<u>\$ 70,470,467</u>	<u>\$52,281,507</u>	<u>\$ 45,872,640</u>	<u>\$ 13,157,933</u>	<u>\$13,660,402</u>	<u>\$ 9,679,600</u>	

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues				
Taxes	\$ 15,470,448	\$ 20,032,577	\$ 26,950,090	\$ 33,501,685
Licenses & permits	8,114,884	10,854,816	6,854,873	3,206,675
Fines & forfeitures	344,442	270,221	332,520	304,502
Investment income	491,966	1,339,294	1,748,713	3,870,731
Intergovernmental	4,154,501	4,691,900	3,991,008	6,361,818
Charges for services	2,279,639	2,850,938	2,854,451	1,880,474
Other revenue	310,416	1,740,403	850,299	288,102
Total revenues	<u>31,166,296</u>	<u>41,780,149</u>	<u>43,581,954</u>	<u>49,413,987</u>
Expenditures				
General government	4,049,347	2,737,172	2,902,773	3,321,030
Public safety	6,914,374	7,686,653	9,109,124	10,352,133
Transportation	5,195,394	6,229,216	6,329,832	4,516,941
Culture and recreation	1,896,733	2,793,204	3,439,782	3,686,296
Community development	4,850,538	6,235,437	6,472,588	7,458,977
Capital outlay	4,132,944	13,321,512	13,512,547	9,589,502
Debt service				
Principal	435,577	578,602	587,956	1,557,245
Interest	137,311	556,878	603,772	3,220,495
Pass-Through Agreements	-	-	-	1,341,736
Debt issue costs	444,207	-	1,012,494	1,036,953
Total expenditures	<u>28,056,425</u>	<u>40,138,674</u>	<u>43,970,868</u>	<u>46,081,308</u>
Excess of revenues over (under) expenditures	3,109,871	1,641,475	(388,914)	3,332,679
Other financing sources (uses)				
Transfers in	4,921,278	453,347	6,268,509	12,682,479
Transfers out	(3,682,716)	(453,347)	(5,984,473)	(11,889,691)
Transfer to Agency Fund	-	-	-	-
Sale of General Capital Assets	-	-	-	-
Bond proceeds	8,130,000	-	9,067,464	48,585,000
Premium on bonds	49,908	-	(284,905)	35,102
Extraordinary Item	-	-	-	-
Total other financing sources (uses)	<u>9,418,470</u>	<u>-</u>	<u>9,066,595</u>	<u>49,412,890</u>
Net change in fund balances	<u>\$ 12,528,341</u>	<u>\$ 1,641,475</u>	<u>\$ 8,677,681</u>	<u>\$ 52,745,569</u>
Debt service as a percentage of noncapital expenditures	2.4%	4.2%	3.9%	14.9%

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 30,939,770	\$ 27,901,025	\$ 24,454,747	\$ 20,307,062	\$ 19,524,883	\$ 20,401,643
1,887,117	1,289,438	1,349,630	1,080,599	1,413,639	1,584,330
256,286	677,847	293,531	597,178	528,634	433,059
1,676,919	781,680	306,145	92,542	46,817	69,501
5,459,295	8,326,444	6,988,774	5,237,601	6,390,365	8,328,130
2,075,526	1,710,654	2,036,857	1,579,416	1,639,329	2,364,139
573,052	280,646	1,032,654	1,149,386	526,816	1,646,665
<u>42,867,965</u>	<u>40,967,734</u>	<u>36,462,338</u>	<u>30,043,784</u>	<u>30,070,483</u>	<u>34,827,467</u>
2,762,209	1,229,444	852,315	1,191,810	985,108	2,087,450
11,618,591	11,659,112	11,470,972	12,719,721	13,086,421	13,665,192
8,943,287	5,838,362	4,253,987	4,030,616	4,212,159	3,824,404
3,797,115	3,898,837	4,198,051	3,761,328	3,323,046	3,410,848
8,273,777	14,480,657	8,378,965	6,210,336	6,139,876	5,479,433
12,703,815	16,891,968	7,863,918	1,592,445	847,568	8,576,979
1,701,616	1,839,827	1,902,963	952,370	989,533	1,060,131
3,166,831	3,011,497	3,007,047	1,689,990	470,560	444,426
1,329,805	844,963	659,969	-	-	-
-	-	-	-	-	-
<u>54,297,046</u>	<u>59,694,667</u>	<u>42,588,187</u>	<u>32,148,616</u>	<u>30,054,271</u>	<u>38,548,863</u>
(11,429,081)	(18,726,933)	(6,125,849)	(2,104,832)	16,212	(3,721,396)
9,058,685	21,672,848	12,158,838	1,968,354	2,428,336	2,700,536
(8,559,033)	(21,183,575)	(11,688,328)	(1,484,669)	(1,957,458)	(2,343,924)
(261,717)	-	-	-	-	-
-	-	-	-	-	349,864
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(31,265,732)	-	-
<u>237,935</u>	<u>489,273</u>	<u>470,510</u>	<u>(30,782,047)</u>	<u>470,878</u>	<u>706,476</u>
<u>\$ (11,191,146)</u>	<u>\$ (18,237,660)</u>	<u>\$ (5,655,339)</u>	<u>\$ (32,886,879)</u>	<u>\$ 487,090</u>	<u>\$ (3,014,920)</u>
13.1%	12.4%	15.2%	9.3%	5.7%	5.8%

**Town of Apple Valley
Assessed Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Vacant Land
2005	2,489,438,754	169,228,003	76,930,383	209,898,269
2006	2,903,209,136	185,807,290	80,859,615	318,287,291
2007	3,702,610,075	218,826,360	85,520,475	422,316,489
2008	4,400,289,170	244,221,927	91,173,729	510,056,236
2009	4,427,159,519	370,595,628	104,193,318	527,756,171
2010	3,727,991,951	451,912,848	109,259,356	508,707,791
2011	3,287,296,617	465,526,817	111,617,208	430,839,207
2012	3,266,196,822	480,536,311	105,788,103	411,335,510
2013	3,260,215,571	492,907,447	103,795,831	387,455,911
2014	3,402,497,481	497,709,903	104,897,941	378,715,488

Note: Beginning with the fiscal year ended June 30, 2001, exemptions are netted directly against the individual property categories.

In 1978 the voters of the State of California passed Proposition 13 which limited 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 of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a 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 of taxable property and is subject to the limitations described above.

Source: HdL Coren & Cone, San Bernardino County Assessor 2013/2014 Combined Tax Rolls

<u>Unsecured</u>	<u>Other</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
84,718,542	48,891,755	-	3,079,105,706	1.00000%
109,822,596	51,850,870	-	3,649,836,798	1.00000%
118,624,490	63,047,232	-	4,610,945,121	1.00000%
129,233,682	71,450,735	-	5,446,425,479	1.00000%
154,190,423	87,406,824	-	5,671,301,883	1.00000%
169,846,550	80,709,595	-	5,048,428,091	1.00000%
173,885,410	82,348,845	-	4,551,514,104	1.00000%
164,165,317	91,203,867	-	4,519,225,930	1.00000%
158,196,900	87,813,270	-	4,490,384,930	1.00000%
144,579,258	74,060,067	-	4,602,460,138	1.00000%

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Town Direct Rates:										
Town Basic Rate	0.09438	0.09438	0.09438	0.09438	0.09438	0.09438	0.09438	0.09438	0.09438	0.09438
A V Fire Protection District	0.09263	0.09263	0.09263	0.09263	0.09263	0.09263	0.09263	0.09263	0.09263	0.09263
Apple Valley Unified	0.31078	0.31078	0.31078	0.31079	0.31079	0.31079	0.31079	0.31079	0.31079	0.31079
County Free Library	0.01431	0.01431	0.01431	0.01431	0.01431	0.01431	0.01431	0.01431	0.01431	0.01431
San Bernardino County	0.14778	0.14778	0.14778	0.14778	0.14778	0.14778	0.14778	0.14778	0.14778	0.14778
County Superintendent	0.01006	0.01006	0.01006	0.01006	0.01006	0.01006	0.01006	0.01006	0.01006	0.01006
Csa 60 Victorville	0.01024	0.01024	0.01024	0.01024	0.01024	0.01024	0.01024	0.01024	0.01024	0.01024
Education Revenue Aug Fund	0.22378	0.22378	0.22378	0.22378	0.22378	0.22378	0.22378	0.22378	0.22378	0.22378
Flood Control Admin 3-6	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089
Flood Control Zone 4	0.02335	0.02335	0.02335	0.02335	0.02335	0.02335	0.02335	0.02335	0.02335	0.02335
Mojave Desert Resource Conservation District	0.00013	0.00013	0.00013	0.00013	0.00013	0.00013	0.00013	0.00013	0.00013	0.00013
Mojave Water Agency	0.00526	0.00526	0.00526	0.00526	0.00526	0.00526	0.00526	0.00526	0.00526	0.00526
Victor Valley Com. College	0.06641	0.06641	0.06641	0.06641	0.06641	0.06641	0.06641	0.06641	0.06641	0.06641
Total Direct Tax Rate	<u>1.00000</u>									
Overlapping Rates:										
Apple Valley Unified	0.03820	0.03120	0.03030	0.02470	0.02550	0.02760	0.03870	0.03740	0.03910	0.03730
Mojave Water Agency - Land Only	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250
Mojave Water Agency	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500
Oro Grande Elementary Bond	0.07960	0.06980	0.06930	0.02640	0.01550	0.02110	0.03440	0.03480	0.03810	0.03770
Victor High School Bond	0.03140	0.02150	0.01850	0.01620	0.01670	0.05250	0.05740	0.06190	0.07680	0.07920
Victor Valley Community College Bond	-	-	-	-	-	0.01990	0.03060	0.02530	0.02740	0.02640
Total Voter Approved Rate	<u>0.31670</u>	<u>0.29000</u>	<u>0.28560</u>	<u>0.23480</u>	<u>0.22520</u>	<u>0.28860</u>	<u>0.32860</u>	<u>0.32690</u>	<u>0.34890</u>	<u>0.34810</u>
Total Direct and Overlapping Rates	<u>1.31670</u>	<u>1.29000</u>	<u>1.28560</u>	<u>1.23480</u>	<u>1.22520</u>	<u>1.28860</u>	<u>1.32860</u>	<u>1.32690</u>	<u>1.34890</u>	<u>1.34810</u>

NOTE: In 1978, California voters passed Proposition 13 which sets 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.

Overlapping rates are those of local and county governments that apply to property owners within the Town. Not all overlapping rates apply to all Town property owners.

General fund tax rates are representative and based upon the direct and overlapping rates for the largest General Fund tax rate area by net taxable value.

Source: San Bernardino County Assessor 2004/05 - 2013/14 Tax Rate Table as summarized by HdL Coren & Cone

**Town of Apple Valley
Principal Property Tax Payers
Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>2014</u>		<u>2005</u>	
	<u>Taxable Assessed Value</u>	<u>Percent of Total Town Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percent of Total Town Taxable Assessed Value</u>
Wal Mart Store East Limited Partnersl	\$ 102,075,908	2.22%	\$ -	
WRI Alliance Riley Venture	68,004,617	1.48%	-	
Apple Valley Rancho Water Company	37,407,515	0.81%	24,899,645	0.81%
Target Corporation	33,075,692	0.72%	-	
Carl E Ross Living Trust	30,128,871	0.65%	-	
Apple Valley Commons I, LLC	28,635,975	0.62%	-	
Apple Valley Square Center, LLC	14,861,773	0.32%	-	
Winco Foods LLC	14,842,733	0.32%	-	
Apple Valley Retirement Residence L	14,134,687	0.31%	-	
Lowe's H/W Inc.	13,170,431	0.29%		
Pulto Development Inc			55,932,670	1.82%
Wal-Mart Stores, Inc.			26,637,868	0.87%
Heavy Lift Helicopter			11,496,405	0.37%
Los Ranchos FSPE LLC			9,530,000	0.31%
Apple Valley Real Estate Holdings LLC			9,228,064	0.30%
Albertsons Inc			9,049,823	0.29%
Ralph's Grocery Company			8,101,153	0.26%
Target Stores T939			8,043,251	0.26%
Praetorian Development and Acqns			7,135,774	0.23%
	<u>\$ 356,338,202</u>	<u>7.74%</u>	<u>\$ 170,054,653</u>	<u>5.52%</u>

The amounts shown above include assessed value data for both the Town and the Redevelopment Agency

Source: San Bernardino County Assessor 2004/05 and 2013/14 Combined Tax Rolls as summarized by HdL Coren & Cone

**Town of Apple Valley
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied (2) for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date (1)	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	1,074,813	1,074,813	100.00%	-	1,074,813	100.00%
2006	2,919,359	2,919,359	100.00%	-	2,919,359	100.00%
2007	4,005,347	4,005,347	100.00%	-	4,005,347	100.00%
2008	4,579,518	4,579,518	100.00%	-	4,579,518	100.00%
2009	4,120,024	4,120,024	100.00%	-	4,120,024	100.00%
2010	3,772,351	3,772,351	100.00%	-	3,772,351	100.00%
2011	3,502,562	3,502,562	100.00%	-	3,502,562	100.00%
2012	3,307,004	3,307,004	100.00%	-	3,307,004	100.00%
2013	3,324,933	3,324,933	100.00%	-	3,324,933	100.00%
2014	3,430,461	3,430,461	100.00%	-	3,430,461	100.00%

(1) Note: The Town participates in the San Bernardino County "Teeter" program and is guaranteed 100%

(2) Note: Taxes Levied does not include RDA revenue

Source: HdL Coren & Cone, San Bernardino County Assessor 2013/14 Combined Tax Rolls

**Town of Apple Valley
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-type Activities		
	Certificates of Participation	Tax Allocation Bonds	Capital Lease Payable	Certificates of Participation	Special Assessment Bonds	Capital Lease Payable
2005	7,053,250	8,130,000	155,139	706,750	5,636,112	-
2006	6,614,500	8,000,000	145,287	650,500	5,265,000	-
2007	6,162,000	16,860,000	134,879	593,000	4,715,000	-
2008	17,065,750	53,005,000	123,884	534,250	3,750,000	-
2009	16,280,750	52,090,000	112,268	474,250	3,410,000	-
2010	15,403,250	51,140,000	99,997	411,750	3,015,000	-
2011	14,498,250	50,155,000	87,034	346,750	2,579,700	-
2012	13,560,750 (1)	-	72,164	279,250	2,130,000	-
2013	12,515,416	-	57,631	209,250	1,650,000	-
2014	11,515,846	-	-	136,750	1,135,000	-

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

(1) As of January 31, 2012, Tax Allocation Bonds were transfers to the Successor Agency of the Redevelopment Agency of the Town of Apple Valley.

<u>Installment Purchase Agreement</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2,808,125	24,489,376	1981.82%	384
2,665,208	23,340,495	1714.70%	347
2,518,958	30,983,837	2130.30%	443
2,366,250	76,845,134	5274.75%	1,104
2,210,205	74,577,473	5211.22%	1,069
2,048,958	72,118,955	5039.43%	1,034
1,880,625	69,547,359	4622.53%	993
1,706,458	17,748,622	1175.15%	253
1,522,708	15,955,005	1005.41%	227
1,331,458	14,119,054	897.73%	200

**Town of Apple Valley
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

<u>General Bonded Debt Outstanding</u>				
<u>Fiscal Year</u>	<u>Tax Allocation Bonds</u>	<u>Total</u>	<u>Percent of Assessed Value</u>	<u>Per Capita</u>
2005	8,130,000	8,130,000	0.26%	127
2006	8,000,000	8,000,000	0.22%	119
2007	16,860,000	16,860,000	0.37%	241
2008	53,005,000	53,005,000	0.97%	761
2009	52,090,000	52,090,000	0.92%	747
2010	51,140,000	51,140,000	1.01%	730
2011	50,155,000	50,155,000	1.10%	716
2012 (1)	-	-	0.00%	0
2013	-	-	0.00%	0
2014	-	-	0.00%	0

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

(1) As of January 31, 2012, Tax Allocation Bonds were transfers to the Successor Agency of the Redevelopment Agency of the Town of Apple Valley.

**Town of Apple Valley
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Overlapping Tax and Assessment Debt:			
Mojave Water Agency	\$ 14,250,000	16.4740%	\$ 2,347,545
Victor Valley Joint Community College District	133,406,633	19.2670%	25,703,456
Victor Valley Union High School District	117,429,517	0.0002%	235
Apple Valley Unified School District	29,618,758	84.5590%	25,045,326
Oro Grande School District	395,700	0.0070%	28
Town of Apple Valley 1915 Act Bonds	2,870,000	100.0000%	2,870,000
Direct and Overlapping General Fund Debt:			
San Bernardino County General Fund Obligations	503,145,000	2.7320%	13,745,921
San Bernardino County Pension Obligations	489,138,332	2.7320%	13,363,259
San Bernardino County Flood Control General Fund Obligations	101,040,000	2.7320%	2,760,413
Victor Valley Union High School District Certificates of Participation	4,895,000	0.0002%	10
Apple Valley Unified School District Certificates of Participation	3,815,000	84.5590%	3,225,926
Hesperia Unified School District Certificates of Participation	104,225,000	0.0020%	2,085
Oro Grande School District Certificates of Participation	41,100,000	0.0070%	2,877
Overlapping Tax Increment Debt:	362,229,925	14.094-100%	<u>91,526,493</u>
Subtotal, Overlapping Debt			180,593,574
Town Direct Debt	11,720,000	100.0000%	<u>11,720,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 192,313,574</u></u>

Notes:

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the Town's boundaries and divided it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation, unless provided by the Town.

Source: San Bernardino County Assessor and Auditor

**Town of Apple Valley
Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Assessed valuation	3,078,656,762	3,649,295,318	4,610,716,666	5,445,989,305
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	769,664,191	912,323,830	1,152,679,167	1,361,497,326
Debt limit percentage	15%	15%	15%	15%
Debt limit	115,449,629	136,848,574	172,901,875	204,224,599
Total net debt applicable to limit: Certificates of Participation	<u>7,760,000</u>	<u>7,265,000</u>	<u>6,755,000</u>	<u>17,590,000</u>
Legal debt margin	<u>107,689,629</u>	<u>129,583,574</u>	<u>166,146,875</u>	<u>186,634,599</u>
Total debt applicable to the limit as a percentage of debt limit	6.7%	5.3%	3.9%	8.6%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time the legal debt margin was enacted by the State of California for local governments located within the state.

Source: San Bernardino County Assessor's Office 2013/2014 Combined Tax Rolls

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
5,670,597,064	5,048,428,091	4,551,514,104	4,519,225,930	4,490,384,930	4,602,460,138
25%	25%	25%	25%	25%	25%
1,417,649,266	1,262,107,023	1,137,878,526	1,129,806,483	1,122,596,233	1,150,615,035
15%	15%	15%	15%	15%	15%
212,647,390	189,316,053	170,681,779	169,470,972	168,389,435	172,592,255
<u>16,755,000</u>	<u>15,815,000</u>	<u>14,845,000</u>	<u>13,840,000</u>	<u>12,795,000</u>	<u>11,720,000</u>
<u>195,892,390</u>	<u>173,501,053</u>	<u>155,836,779</u>	<u>155,630,972</u>	<u>155,594,435</u>	<u>160,872,255</u>
7.9%	8.4%	8.7%	8.2%	7.6%	6.8%

**Town of Apple Valley
Pledged-Revenue Coverage,
Last Ten Fiscal Years**

Special Assessment Bonds							
Fiscal Year	Gross Revenues (1)	Gross Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
2005	4,522,768	1,862,646	2,660,122	542,778	449,535	992,313	268.07%
2006	4,273,523	2,716,227	1,557,296	576,250	422,108	998,358	155.99%
2007	4,231,588	2,705,872	1,525,716	607,500	386,338	993,838	153.52%
2008	3,474,982	3,332,796	142,186	1,023,750	301,310	1,325,060	10.73%
2009	3,814,764	3,607,565	207,199	400,000	247,590	647,590	32.00%
2010	4,197,645	3,464,210	733,435	457,500	215,977	673,477	108.90%
2011	4,554,042	5,091,496	(537,454)	500,300	186,642	686,942	-78.24%
2012	4,373,054	4,120,838	252,216	517,200	152,559	669,759	37.66%
2013	4,986,754	4,577,695	409,059	550,000	157,759	707,759	57.80%
2014	5,212,465	4,257,723	954,742	587,500	84,394	671,894	142.10%

Note 1: Total revenues (including taxes and interest).

Note 2: Includes operating and non-operating expenses, except depreciation and amortizations.

Source: Town of Apple Valley Finance Department.

**Town of Apple Valley
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population (1)	Personal Income In Thousands	Per Capita Personal Income (2)	Unemployment Rate (3)
2004	61,464	1,156,630	18,818	6.40%
2005	63,738	1,235,704	19,387	5.80%
2006	67,276	1,361,200	20,233	5.30%
2007	69,941	1,454,437	20,795	6.10%
2008	69,622	1,456,850	20,925	8.70%
2009	69,748	1,431,094	20,518	14.30%
2010	70,040	1,504,529	21,481	15.60%
2011	70,033	1,510,332	21,566	14.40%
2012	70,436	1,586,923	22,530	10.50%
2013	70,755	1,572,742	22,228	9.10%

1) Population Source: California State Department of finance

2) 2000-2009 Income, Age, and Education Data: ESRI - *Demographic Estimates are based on the last available Census*. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled by Census Block Groups that overlap the Town's boundaries.

2010 and later Income, Age and Education Data - US Census Bureau, most recent American Community Survey

3) Unemployment Data: California Employment Development Department

**Town of Apple Valley
Principal Employers
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2014</u>		<u>2005</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Apple Valley School District	1,800	7.66%	*	*
St. Mary Regional Medical Center	1,700	7.23%	*	*
Wal-Mart Distribution Center	1,001	4.26%	*	*
Target Stores	300	1.28%	*	*
Town of Apple Valley	196	0.83%	*	*
Wal-Mart Stores	191	0.81%	*	*
Apple Valley Christian Centers	189	0.80%	*	*
WinCo Foods	154	0.66%	*	*
Lowe's	142	0.60%	*	*
The Home Depot	120	0.51%	*	*

"Total Employment" as used above represents the total employment of all employers located within Town limits

Source: Town of Apple Valley Community Development Department

* Data unavailable

**Town of Apple Valley
Full-time and Part-time Town Employees
by Function
Last Ten Fiscal Years**

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government	47	57	33	34	33	33	35	35	35	36
Public safety	53	55	40	39	35	30	34	35	34	41
Economic Development	4	4	7	7	9	9	10	9	3	1
Public Works/Wastewater	6	9	14	13	14	21	20	23	20	18
Community Development	6	6	9	8	12	12	13	11	12	13
Parks & Recreation	65	75	124	118	109	107	109	116	116	116
Total	181	206	227	219	212	212	221	229	220	225

Source: Town of Apple Valley

Note: Totals represent total number of employees including Full Time and Part Time.

**Town of Apple Valley
Operating Indicators
by Function
Last Ten Fiscal Years**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police:				
Arrests	1,317	1,544	1,996	2,009
Parking citations issued	249	97	57	78
Public works:				
Street resurfacing (miles)	97.08	31.13	52.92	48.10
Parks and recreation:				
Number of recreation classes	230	227	499	483
Number of facility rentals (1)	4,172	3,764	4,713	4,086
Sewer:				
New connections	1,181	1464	829	576
Average daily sewage treatment (thousands of gallons)	2044	1971	1567	1930

Source: Town of Apple Valley
(1) Based on the # of participants

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1,952	1,937	1,927	2,164	2,145	1,868
78	93	203	114	165	235
65.28	5.97	1.30	2.00	2.00	2.00
552	584	513	554	659	531
3,925	3,886	3,628	3,373	3,537	3,561
327	180	134	61	108	122
1919	1670	1814	1656	1679	1677

**Town of Apple Valley
Capital Asset Statistics
by Function
Last Ten Fiscal Years**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Public works:					
Streets (miles)	411.07	414.57	417.17	422.71	422.71
Streetlights	621	625	628	628	628
Traffic signals	17	17	17	21	22
Parks and recreation:					
Parks	13	13	14	13	13
Community centers	2	2	2	2	2
Wastewater:					
Sanitary sewers (miles)	*	*	140	142	142
Storm drains (miles)	*	*	1	2	2
Number of Service Connections	*	*	12,313	13,179	13,506

Source: Town of Apple Valley

* Data not available

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
422.71	422.71	422.71	422.71	422.71
628	628	629	629	629
22	22	24	24	24
13	13	12	12	12
2	3	3	3	3
142	142	142	142	142
2	2	2	2	2
13,686	13,820	13,881	13,989	14,111