

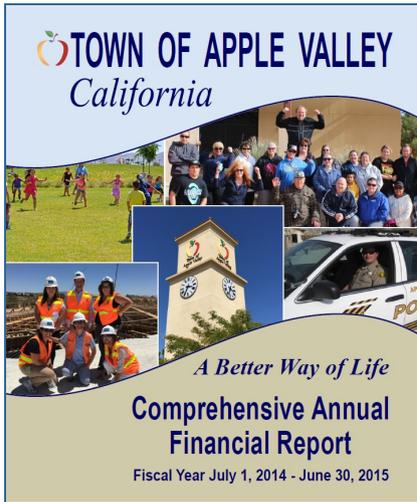
# TOWN OF APPLE VALLEY *California*



*A Better Way of Life*

## **Comprehensive Annual Financial Report**

**Fiscal Year July 1, 2014 - June 30, 2015**



## About the Cover

Voted the “Best City to Live” in the High Desert by *Daily Press* readers four years in a row, Apple Valley continues to emerge as one of Southern California’s premier communities. Improvements to infrastructure, quality public safety and abundant recreational opportunities continue to meet the needs of residents and businesses who enjoy Apple Valley’s “Better Way of Life.”

**TOWN OF APPLE VALLEY, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Year Ended June 30, 2015

Prepared by  
Finance Department

Marc Puckett  
Assistant Town Manager - Finance & Administration

**Town of Apple Valley, California  
Comprehensive Annual Financial Report  
Year Ended June 30, 2015**

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**Town of Apple Valley, California  
Comprehensive Annual Financial Report  
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## **INTRODUCTORY SECTION**



# Town of Apple Valley

A Better Way of Life

December 23, 2015

***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, 2015.

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 exceed anticipated 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, 2015, 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 makes 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 latter 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 70,687 in 2014. 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 WaBa Grill and Salon 18 Suites. The following retailers are expected to open in 2016 HD Surplus, Les Schwab Tires and Jimmy John's Also, during the 2014-15 fiscal year, the Town Council approved an Owner Participation Agreement with AVDC, LLC, for the development of a 1.35 million square foot distribution center project in the NAVISP area. The project will provide 400 to 500 permanent jobs and another 300 construction jobs, and is expected to open in late 2017.

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 the prior 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, 2014, 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 thirteenth 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, 2015, 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.

The Town also received the GFOA's Distinguished Budget Presentation Award for its 2014-15 annual budget document. This was the second year that the Town has received this award. To qualify for the Distinguished Budget Presentation Award, the Town's budget had to be judged proficient as a policy document, a financial plan, an operating guide, and a communication device.

***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,

A handwritten signature in black ink, appearing to read "Marc R. Puckett". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Marc R. Puckett  
Assistant Town Manager  
Finance & Administration

# Town of Apple Valley

## Listing of Public Officials

### Town Council

Larry Cusack  
*Mayor*

Barb Stanton  
*Mayor Pro-Tem*



Art Bishop  
*Councilmember*

Scott Nassif  
*Councilmember*

A Better Way of Life

Curt Emick  
*Councilmember*

### Town Staff

Frank Robinson  
*Town Manager*

John Brown, *Town Attorney*

LaVonda Pearson, *CMC, Town Clerk*

Nikki Salas, *Human Resources Director*

Captain Lana Tomlin, *Chief of Police*

Marc Puckett, *Assistant Town Manager*  
Finance and Administration

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

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

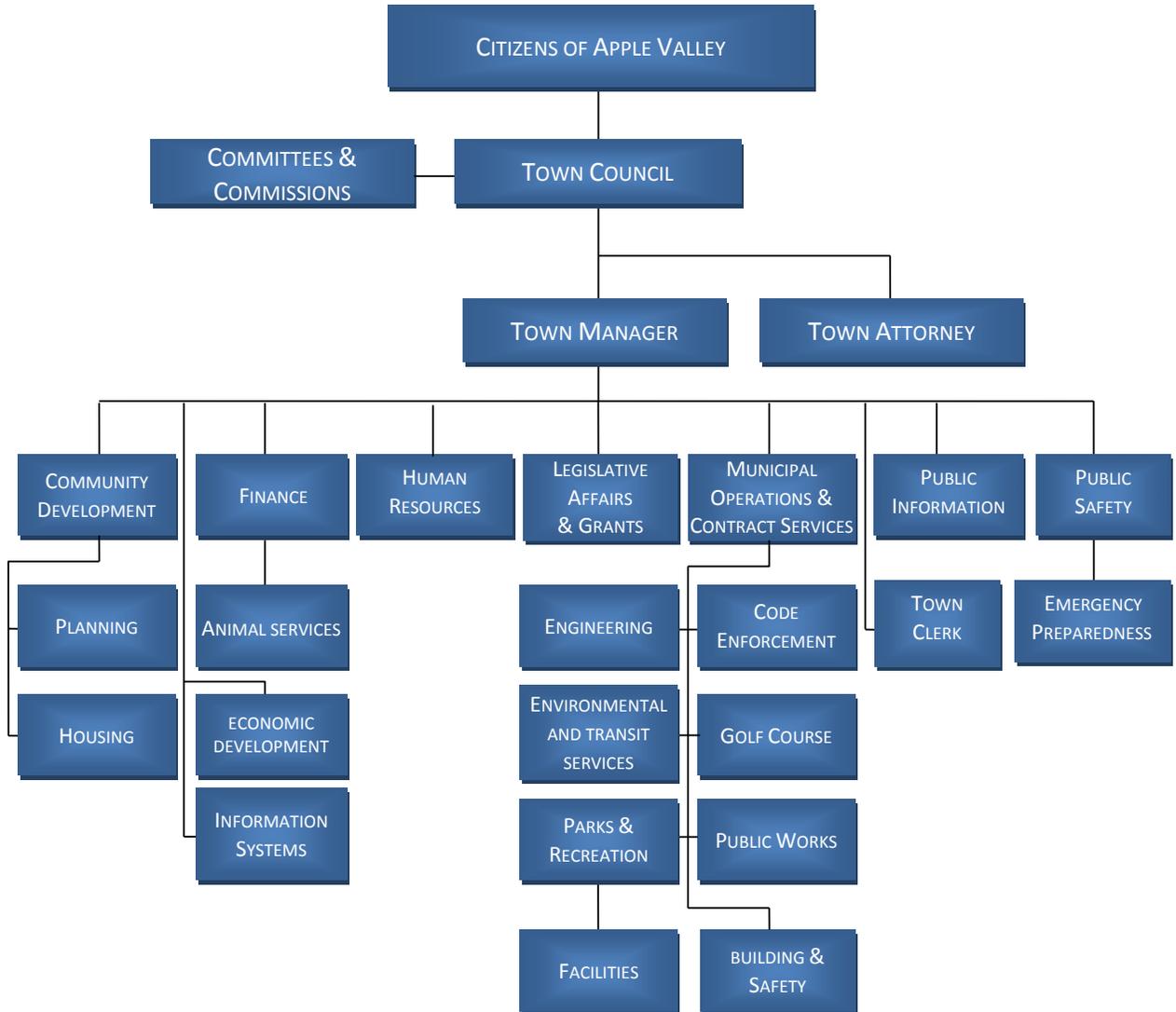
Kathie Martin, *Marketing & Public*  
*Affairs Officer*

Brad Miller, *Town Engineer*

Lance Miller, *Director of Public Works*

# Town of Apple Valley ORGANIZATIONAL CHART

Fiscal Year 2014-2015





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, 2014**

Executive Director/CEO

## **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, 2015, 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, 2015, 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.

***Change in Accounting Principle***

As described in Note V. C to the financial statements, in 2015, the Town adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

***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 December 23, 2015 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 & Fankhaed, LLP*

December 23, 2015

## Town of Apple Valley Management Discussion and Analysis

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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, 2015. 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-viii 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 2014-15 by \$448,791,350 (*net position*). Of this amount, \$5,845,376 (*unrestricted net position*) may be used to meet the Town’s ongoing obligations to citizens and creditors.
- The Town’s total net position increased by \$5,747,542 from the prior fiscal year total of \$443,043,808.
- As of FY 2014-15 year end, the Town’s governmental funds reported combined ending fund balances of \$34,370,945, an increase of \$6,385,194 in comparison with the prior fiscal year. Of this total amount, 21.5 percent or \$7,405,423, is available for spending at the government’s discretion (*unrestricted fund balance*).
- At the end of fiscal year 2014-15, unrestricted fund balance for the general fund was \$8,190,121, or 36.5 percent of total general fund expenditures.
- The Town of Apple Valley’s total outstanding long-term liabilities for Government Activities and Business-type Activities increased by \$4,256,103 or 22.3 percent, during fiscal year 2015. The increase was mainly due to the Town’s implementation of Governmental Accounting Standards Board Statement No. 68 (GASB 68) and repayment of long-term debt. 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 25 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, and the Project Manager Grants fund, all of which are considered to be major funds. Data from the other nineteen 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 28-68 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$448,791,350 at the close of the most recent fiscal year.

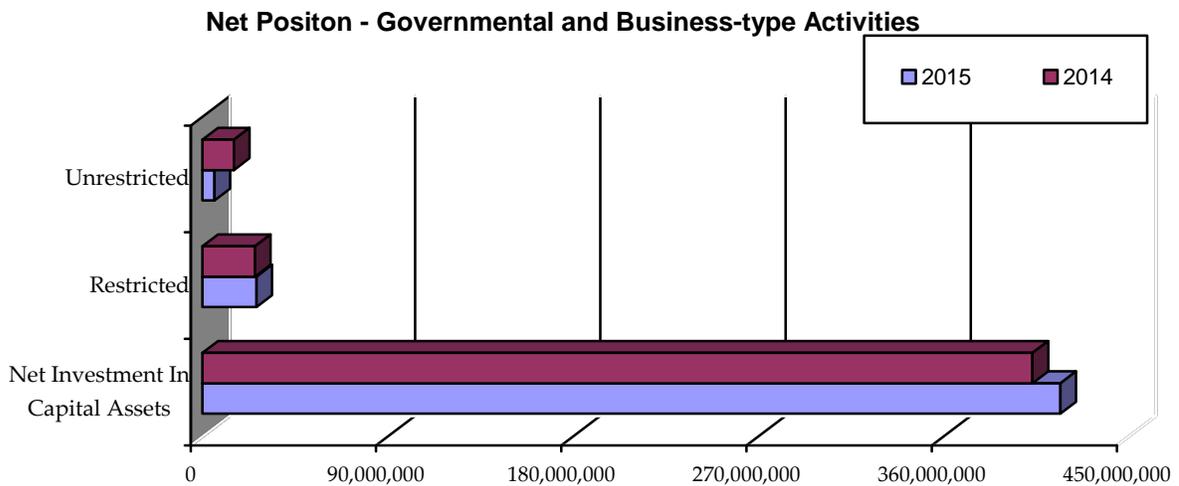
**Town of Apple Valley's Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 42,587,782	\$41,770,529	\$ 9,074,942	\$ 10,708,632	\$ 51,662,724	\$ 52,479,161
Capital assets	<u>393,985,752</u>	<u>382,080,942</u>	<u>33,374,903</u>	<u>34,052,928</u>	<u>427,360,655</u>	<u>416,133,870</u>
<b>Total assets</b>	<b><u>\$436,573,534</u></b>	<b><u>\$423,851,471</u></b>	<b><u>\$ 42,449,845</u></b>	<b><u>\$ 44,761,560</u></b>	<b><u>\$479,023,379</u></b>	<b><u>\$468,613,031</u></b>
Total Deferred Outflows of Resources	\$ 1,601,675	\$	\$ 131,550	\$	\$ 1,733,225	\$
Long-term liabilities outstanding	21,601,769	16,444,010	1,701,552	2,603,208	23,303,321	19,047,218
Other liabilities	<u>4,967,490</u>	<u>5,048,569</u>	<u>1,577,072</u>	<u>1,473,436</u>	<u>6,544,562</u>	<u>6,522,005</u>
<b>Total liabilities</b>	<b><u>\$ 26,569,259</u></b>	<b><u>\$ 21,492,579</u></b>	<b><u>\$ 3,278,624</u></b>	<b><u>\$ 4,076,644</u></b>	<b><u>\$ 29,847,883</u></b>	<b><u>\$ 25,569,223</u></b>
Total Deferred Inflows of Resources	\$ 1,956,662	\$	\$ 160,709	\$	\$ 2,117,371	\$
Net Position:						
Net investment in capital assets	383,503,226	370,565,096	33,311,903	32,781,178	416,815,129	403,346,274
Restricted	25,023,536	22,736,379	1,107,309	1,737,952	26,130,845	25,474,331
Unrestricted	<u>1,122,526</u>	<u>9,057,417</u>	<u>4,722,850</u>	<u>6,165,786</u>	<u>5,845,376</u>	<u>15,223,203</u>
<b>Total net position</b>	<b><u>\$409,649,288</u></b>	<b><u>\$402,358,892</u></b>	<b><u>\$ 39,142,062</u></b>	<b><u>\$40,684,916</u></b>	<b><u>\$448,791,350</u></b>	<b><u>\$443,043,808</u></b>

The largest portion of the Town's net position (92.9 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 (5.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (1.3 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 all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



The government's net position increased by \$5,747,542 during the current fiscal year.

**Governmental activities**

Governmental activities increased the Town's net position by \$7,290,396 (1.6 percent). Key elements of this increase are as follows:

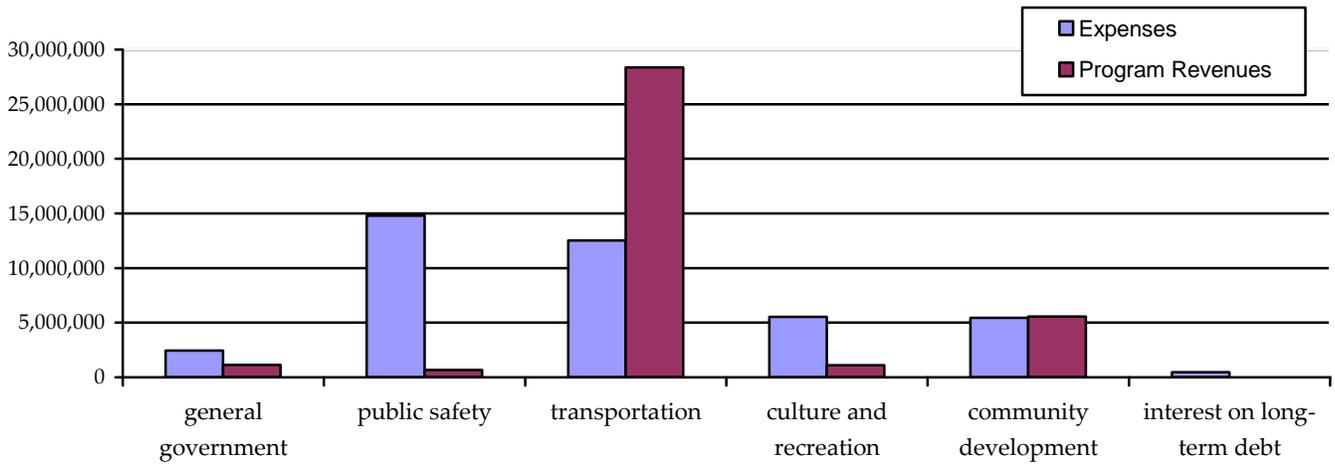
- Other Tax revenue increased \$1,989,054 (33.0 percent). Of this amount, \$1,872,993 was an increase in Franchise fee revenues compared to the prior fiscal year. Franchise fees increased by 12 percent for sewage and trash customers which, in part, contributed to the increase in the current year revenues.
- 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, capital outlay exceeded depreciation expenditures by \$11,904,810. As a result, net position increased by \$11,904,810.
- The Town implemented GASB 68 during the current fiscal year which increased long-term liabilities but also decreased net position by \$6,758,323.

Overall, General Government expenditures decreased by \$511,339 (17.3 percent) mainly due to a \$538,033 decrease in the Annual Required Contribution for OPEB obligation. The decrease was due to changes in plan benefits assumptions and cost method for the June 30, 2015 valuation period.

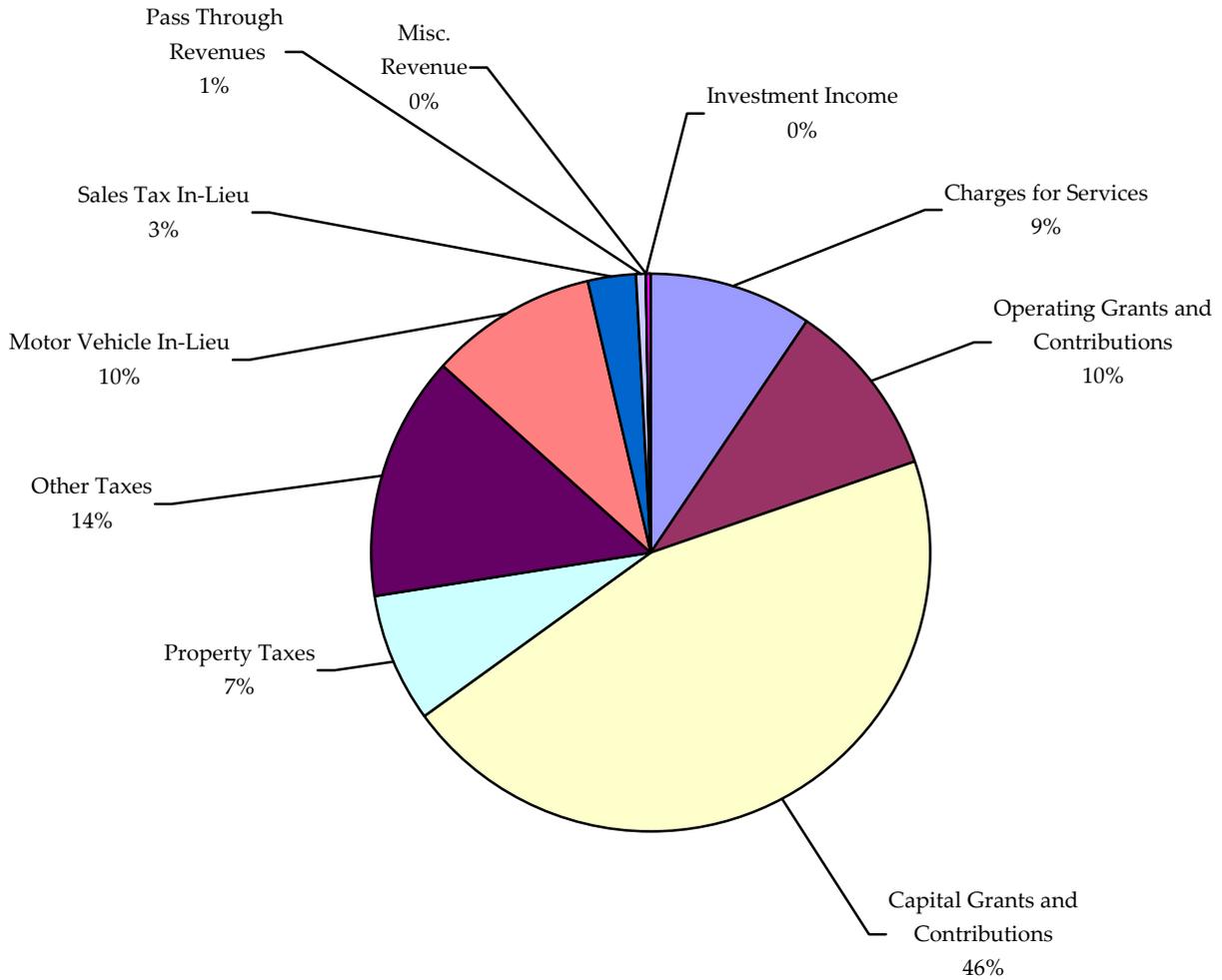
**Town of Apple Valley's Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>						
Program revenues:						
Charges for service	\$5,346,095	\$5,011,798	\$16,893,256	\$15,350,601	\$22,239,351	\$20,362,399
Operating grants and contributions	5,739,525	7,204,421	19,714	20,070	5,759,239	7,224,491
Capital grants and contributions	25,763,181	5,836,010	789,094	725,666	26,552,275	6,561,676
General revenues:						
Property taxes	4,219,546	5,181,242			4,219,546	5,181,242
Other taxes	8,011,777	6,022,723			8,011,777	6,022,723
Motor Vehicle in-Lieu	5,529,795	5,257,876			5,529,795	5,257,876
Sales Tax in-Lieu	1,496,120	1,275,364			1,496,120	1,275,364
Pass Through Revenues	369,580	328,726			369,580	328,726
Miscellaneous Revenues	21,339	101,822			21,339	101,822
Loss on Disposal of Capital Assets		(28,385)				(28,385)
Investment Income	99,082	82,115	48,967	26,493	148,049	108,608
<b>Total revenues</b>	<b>56,596,040</b>	<b>36,273,712</b>	<b>17,751,031</b>	<b>16,122,830</b>	<b>74,347,071</b>	<b>52,396,542</b>
<b>Expenses</b>						
General government	2,448,223	2,959,562			2,448,223	2,959,562
Public safety	14,794,005	14,216,088			14,794,005	14,216,088
Transportation	12,514,941	10,283,286			12,514,941	10,283,286
Culture and recreation	5,536,503	5,556,224			5,536,503	5,556,224
Community Development	5,435,047	5,703,246			5,435,047	5,703,246
Interest on long-term debt	471,578	434,622			471,578	434,622
Golf Course			1,066,920	1,132,898	1,066,920	1,132,898
Sewer			6,272,205	6,045,017	6,272,205	6,045,017
Waste Management			11,709,931	9,217,206	11,709,931	9,217,206
<b>Total expenses</b>	<b>41,200,297</b>	<b>39,153,028</b>	<b>19,049,056</b>	<b>16,395,121</b>	<b>60,249,353</b>	<b>55,548,149</b>
Change in N/P before Transfers	15,395,743	(2,879,316)	(1,298,025)	(272,291)	14,097,718	(3,151,607)
Transfers	(310,261)	356,612	310,261	(356,612)		
Change in net position	15,085,482	(2,522,704)	(987,764)	(628,903)	14,097,718	(3,151,607)
Net position (beginning)	402,358,892	404,881,596	40,684,916	41,313,819	443,043,808	446,195,415
Prior Period Adjustment	(7,795,086)		(555,090)		(8,350,176)	
<b>Net position (ending)</b>	<b>\$409,649,288</b>	<b>\$402,358,892</b>	<b>\$39,142,062</b>	<b>\$40,684,916</b>	<b>\$448,791,350</b>	<b>\$443,043,808</b>

### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities

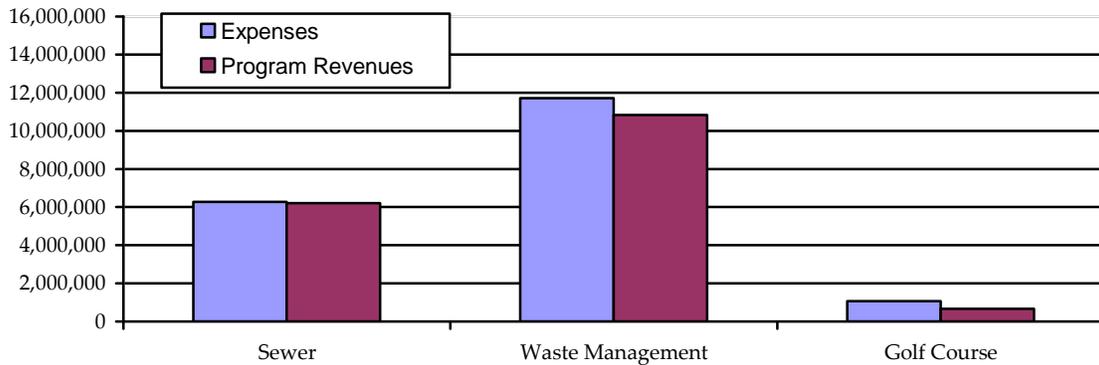


**Business-type activities**

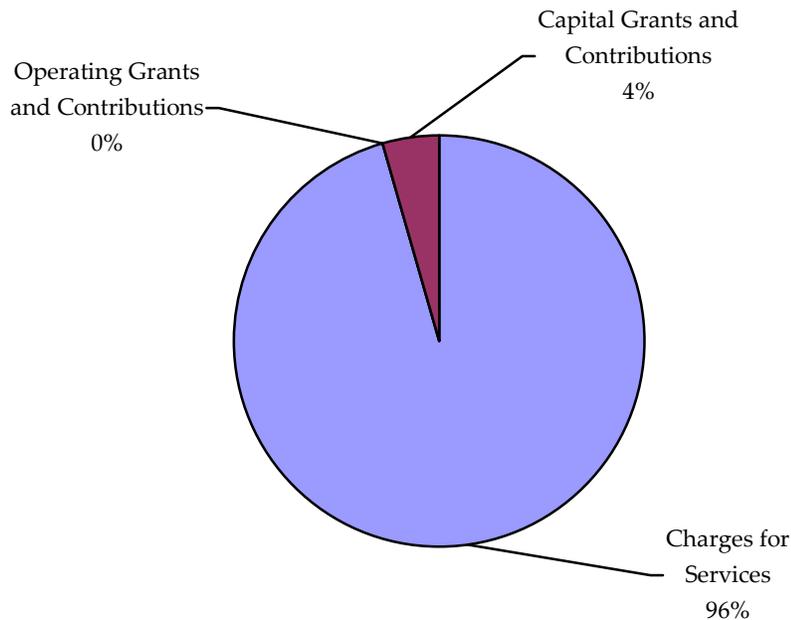
Business-type activities decreased the Town’s net position by \$1,542,854. Key elements of this decrease are as follows:

- The Sewer fund’s net position decreased by \$467,975 this fiscal year. This was mainly due to a prior period adjustment of \$470,985 due the implementation of GASB 68 in the 2014-15 fiscal year.
- The Waste Management fund’s net position decreased by \$935,716. Of this amount, \$458,567 was due to increases in contract services and \$84,105 is a prior period adjustment due to the implementation of GASB 68 in the 2014-15 fiscal year. The remaining decrease was due to various increases in other operating costs.
- The Apple Valley Golf Course fund’s net position decreased by \$139,163 this fiscal year. This was mainly due to greater maintenance costs and no corresponding increase in charges for services in the 2014-15 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 \$34,370,945, an increase of \$6,385,184 in comparison with the prior fiscal year. Approximately 21.5 percent of this total amount (\$7,405,413) constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance (\$26,965,522) 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 \$18,201,651. Of this amount, \$8,190,121 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 36.5 percent of total general fund expenditures. The fund balance of the Town's General Fund decreased by \$104,500 during the current fiscal year.

The Parks and Recreation fund has a total accumulated fund deficit of \$(6,637,633), which is reported as unassigned. The net decrease in fund balance during the current year in the Parks and Recreation fund was \$202,627. This is primarily due to program costs exceeding available revenues.

The HOME fund has a total accumulated fund balance of \$3,112,750, which is reported as restricted. The net increase in fund balance during the year in the HOME fund was \$3,649,763. This increase was a result of \$2,962,896 prior period adjustment due to moving of long-term receivables previously recorded as deferred inflows – unavailable revenue to restricted fund balance. In addition, unavailable revenue from prior years were received in the 2014-15 fiscal year resulting in \$686,867 excess revenue over expenditures.

The Capital Projects fund has a fund balance of \$4,346,595 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 \$5,786,420 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 \$357,577. This increase was due to the total Measure I dollars spent for capital projects this year not exceeding the Measure I revenues received.

**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 \$5,122,381. The total decrease in net position for the fiscal year in the Sewer fund was \$464,975. For the Solid Waste Management fund, unrestricted net position totaled \$3,199,661 at year end. The total decrease in net assets for the Solid Waste Management fund for the fiscal year was \$935,716. Correspondingly, unrestricted net position for the Apple Valley Golf Course fund as of June 30, 2015 amounted to \$(1,986,563).

**General Fund Budgetary Highlights**

The original budget as approved by the Town Council projected an appropriation to fund balance of \$162,116 for the year. The final adopted budget, as amended, projected an appropriation of \$497,424 to fund balance. At year end, actual budgetary performance resulted in a net decrease in fund balance of \$104,500. Tax revenues increased from budgetary projections by \$164,857. As 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 exceeded the amount projected. Tax revenue increased by \$1,499,904 over the prior year levels. 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 by \$116,903 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 \$1,239,006 due to expenditures for the Town’s efforts to acquire the Apple Valley Ranchos Water System, increased litigations, NPDES compliance and contract services for building and safety and engineering totaling \$1,049,647 that was not budgeted for. Appropriations for the building and safety and engineering departments are based on projected activity for a given year. During the 2014-15 fiscal year, actual activity exceeded the projected activity by \$245,559.

**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, 2015, amounts to \$427,360,655 (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 increase in the Town’s investment in capital assets for the current fiscal year was \$11,226,785 (an \$11,904,810 increase for governmental activities and a \$678,025 decrease for business-type activities).

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

Asset Category	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 99,443,343	\$ 99,351,514	\$ 1,877,112	\$ 1,877,112	\$ 101,320,455	\$101,228,626
Water Rights			3,650,000	3,650,000	3,650,000	3,650,000
Construction in Progress	44,441,569	20,128,624	130,189		44,571,758	20,128,624
Furniture and Equipment	717,535	1,140,160			717,535	1,140,160
Trucks and Automobiles	44,192	63,621	73,863	122,041	118,055	185,662
Structures and Improvements	63,300,673	66,356,215			63,300,673	66,356,215
Infrastructure	186,038,440	195,040,808			186,038,440	195,040,808
Building and System			167,423	150,510	167,423	150,510
Machinery and Equipment			143,176	101,792	143,176	101,792
Collector Lines			27,333,140	28,151,473	27,333,140	28,151,473
<b>Total Capital Assets</b>	<b>\$ 393,985,752</b>	<b>\$ 382,080,942</b>	<b>\$ 33,374,903</b>	<b>\$ 34,052,928</b>	<b>\$427,360,655</b>	<b>\$416,133,870</b>

Additional information on the Town of Apple Valley’s capital assets can be found in note IV.E on pages 44-45 of this report.

**Long-term debt:** At the end of the current fiscal year, the Town had total bonded debt outstanding of \$10,545,526. This amount comprises debt backed by the full faith and credit of the government. The Town's total bonded debt outstanding decreased by \$2,242,070 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 \$181,579,853, which is \$171,034,327 (legal debt margin) in excess of the Town's outstanding general obligation debt.

**Town of Apple Valley's Outstanding Debt**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Certificates of Participation	\$ 2,077,000	\$ 2,638,250	\$ 63,000	\$ 136,750	\$ 2,140,000	\$ 2,775,000
Lease Revenue Bonds	8,405,526	8,877,596			8,405,526	8,877,596
Claims Payable	45,000	45,000			45,000	45,000
Special assessment debt with Governmental commitment				1,135,000		1,135,000
Net Pension Liability	7,828,804		506,677		8,335,481	
Compensated Absences	1,062,228	1,029,605			1,062,228	1,029,605
Pension-related Debt		1,659,895				1,659,895
Net OPEB Obligation	2,183,211	2,193,664			2,183,211	2,193,664
Installment Purchase Agreement			1,131,875	1,331,458	1,131,875	1,331,458
<b>Total</b>	<b>\$ 21,601,769</b>	<b>\$ 16,444,010</b>	<b>\$ 1,701,552</b>	<b>\$ 2,603,208</b>	<b>\$ 23,303,321</b>	<b>\$ 19,047,218</b>

Additional information of the Town of Apple Valley's long-term debt can be found in note IV.F on pages 46-50 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.

## **BASIC FINANCIAL STATEMENTS**

**Town of Apple Valley, California**  
**Statement of Net Position**  
**June 30, 2015**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 24,889,202	\$ 7,888,413	\$ 32,777,615
Accounts Receivable	1,097,495	1,902,851	3,000,346
Interest Receivable	43,509	10,189	53,698
Due from Other Governments, Net	6,831,235	74,974	6,906,209
Due from Successor Agency	232,615		232,615
Internal Balances	3,492,776	(3,492,776)	-
Loans Receivable	5,643,557		5,643,557
Prepaid Items	43,612		43,612
Investment in Joint Venture		1,583,982	1,583,982
Restricted Assets:			
Cash and Investments with Fiscal Agent	313,781	1,107,309	1,421,090
Capital Assets, Not Being Depreciated:			
Land	99,443,343	1,877,112	101,320,455
Water Rights		3,650,000	3,650,000
Construction in Progress	44,441,569	130,189	44,571,758
Capital Assets, Net of Accumulated Depreciation:			
Structures and Improvements	63,300,673	167,423	63,468,096
Furniture and Equipment	717,535	143,176	860,711
Trucks and Automobiles	44,192	73,863	118,055
Collector Lines		27,333,140	27,333,140
Infrastructure	186,038,440		186,038,440
Total Assets	<u>436,573,534</u>	<u>42,449,845</u>	<u>479,023,379</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Contributions	1,379,240	113,281	1,492,521
Proportionate Share Contribution Differences	222,435	18,269	240,704
Total Deferred Outflows of Resources	<u>1,601,675</u>	<u>131,550</u>	<u>1,733,225</u>
<b>LIABILITIES</b>			
Accounts Payable	4,202,712	573,489	4,776,201
Accrued Liabilities	579,252	50,796	630,048
Interest Payable	166,006	-	166,006
Due to Other Governments		384,588	384,588
Unearned Revenue	19,520	523,604	543,124
Amounts Due Bondholders		44,595	44,595
Noncurrent Liabilities:			
Due Within One Year	1,915,312	272,167	2,187,479
Due in More Than One Year, Net	19,686,457	1,429,385	21,115,842
Total Liabilities	<u>26,569,259</u>	<u>3,278,624</u>	<u>29,847,883</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Actuarial Amounts	1,956,662	160,709	2,117,371
<b>NET POSITION</b>			
Net Investment in Capital Assets	383,503,226	33,311,903	416,815,129
Restricted for:			
Transportation	14,407,549		14,407,549
Culture and Recreation	150,317		150,317
Community Development	10,465,670		10,465,670
Capital Projects		1,107,309	1,107,309
Unrestricted	1,122,526	4,722,850	5,845,376
Total Net Position	<u>\$ 409,649,288</u>	<u>\$ 39,142,062</u>	<u>\$ 448,791,350</u>

The accompanying notes are an integral part of this statement.

**Town of Apple Valley, California**  
**Statement of Activities**  
**Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 2,448,223	\$ 1,070,307	\$	\$ 68,539
Public Safety	14,794,005	163,039	484,846	28,526
Transportation	12,514,941		2,818,666	25,540,252
Culture and Recreation	5,536,503	984,766		119,987
Community Development	5,435,047	3,127,983	2,436,013	5,877
Interest on Long-Term Debt	471,578			
<b>Total Governmental Activities</b>	<u>41,200,297</u>	<u>5,346,095</u>	<u>5,739,525</u>	<u>25,763,181</u>
<b>Business-type Activities:</b>				
Sewer	6,272,205	5,443,113		764,094
Waste Management	11,709,931	10,813,719	19,714	
Apple Valley Golf Course	1,066,920	636,424		25,000
<b>Total Business-type Activities</b>	<u>19,049,056</u>	<u>16,893,256</u>	<u>19,714</u>	<u>789,094</u>
<b>Total Primary Government</b>	<u>\$ 60,249,353</u>	<u>\$ 22,239,351</u>	<u>\$ 5,759,239</u>	<u>\$ 26,552,275</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

Miscellaneous Revenues

Investment Income

Transfers

**Total General Revenues and Transfers**

Change in Net Position

Net Position - Beginning

Prior Period Adjustments

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
\$ (1,309,377)	\$	\$ (1,309,377)
(14,117,594)		(14,117,594)
15,843,977		15,843,977
(4,431,750)		(4,431,750)
134,826		134,826
(471,578)		(471,578)
<u>(4,351,496)</u>	<u>-</u>	<u>(4,351,496)</u>
	(64,998)	(64,998)
	(876,498)	(876,498)
	<u>(405,496)</u>	<u>(405,496)</u>
<u>-</u>	<u>(1,346,992)</u>	<u>(1,346,992)</u>
<u>(4,351,496)</u>	<u>(1,346,992)</u>	<u>(5,698,488)</u>
4,219,546		4,219,546
3,765,877		3,765,877
4,239,000		4,239,000
6,900		6,900
5,529,795		5,529,795
1,496,120		1,496,120
369,580		369,580
21,339		21,339
99,082	48,967	148,049
<u>(310,261)</u>	<u>310,261</u>	<u>-</u>
<u>19,436,978</u>	<u>359,228</u>	<u>19,796,206</u>
15,085,482	(987,764)	14,097,718
402,358,892	40,684,916	443,043,808
<u>(7,795,086)</u>	<u>(555,090)</u>	<u>(8,350,176)</u>
<u>\$ 409,649,288</u>	<u>\$ 39,142,062</u>	<u>\$ 448,791,350</u>

The accompanying notes are an integral part of this statement.

**Town of Apple Valley, California**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	General	Parks and Recreation	HOME	Capital Projects	Measure I
<b>ASSETS</b>					
Cash and Investments	\$ 6,670,547	\$	\$	\$ 4,521,300	\$ 5,539,410
Cash with Fiscal Agent					
Accounts Receivable	915,789	42,021			32,652
Interest Receivable	23,157		45	5,988	5,748
Due from Other Funds	1,341,997				
Due from Other Governments	1,524,995	53,745	1,105,219	2,724,331	278,509
Due from Successor Agency	232,615				
Advances to Other Funds	9,967,918				
Loans Receivable			3,998,781		
Prepaid Items	43,612				
<b>Total Assets</b>	<b><u>\$ 20,720,630</u></b>	<b><u>\$ 95,766</u></b>	<b><u>\$ 5,104,045</u></b>	<b><u>\$ 7,251,619</u></b>	<b><u>\$ 5,856,319</u></b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 947,521	\$ 120,743	\$ 92,061	\$ 2,823,485	\$ 69,899
Accrued Liabilities	310,650	96,313	1,340	81,539	
Due to Other Funds			887,579		
Advances From Other Funds		6,475,142			
Unearned Revenue	19,520				
<b>Total Liabilities</b>	<b><u>1,277,691</u></b>	<b><u>6,692,198</u></b>	<b><u>980,980</u></b>	<b><u>2,905,024</u></b>	<b><u>69,899</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	1,241,288	41,201	1,010,315		
<b>Total Deferred Inflows of Resources</b>	<b><u>1,241,288</u></b>	<b><u>41,201</u></b>	<b><u>1,010,315</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>FUND BALANCE (DEFICITS)</b>					
Nonspendable	10,011,530				
Restricted			3,112,750		5,786,420
Committed	4,997,037				
Assigned				4,346,595	
Unassigned	3,193,084	(6,637,633)			
<b>Total Fund Balances (Deficits)</b>	<b><u>18,201,651</u></b>	<b><u>(6,637,633)</u></b>	<b><u>3,112,750</u></b>	<b><u>4,346,595</u></b>	<b><u>5,786,420</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</b>	<b><u>\$ 20,720,630</u></b>	<b><u>\$ 95,766</u></b>	<b><u>\$ 5,104,045</u></b>	<b><u>\$ 7,251,619</u></b>	<b><u>\$ 5,856,319</u></b>

The accompanying notes are an integral part of this statement.

Project Manager Grants	Other Govern- mental Funds	Total Govern- mental Funds
\$	\$ 8,157,945	\$ 24,889,202
	313,781	313,781
	107,033	1,097,495
	8,571	43,509
		1,341,997
218,410	926,026	6,831,235
		232,615
		9,967,918
4,500	1,640,276	5,643,557
		43,612
<u>\$ 222,910</u>	<u>\$ 11,153,632</u>	<u>\$ 50,404,921</u>
\$ 43,202	\$ 105,801	\$ 4,202,712
53,682	35,728	579,252
93,771	360,647	1,341,997
		6,475,142
		19,520
<u>190,655</u>	<u>502,176</u>	<u>12,618,623</u>
<u>168,848</u>	<u>953,701</u>	<u>3,415,353</u>
<u>168,848</u>	<u>953,701</u>	<u>3,415,353</u>
		10,011,530
	8,054,822	16,953,992
		4,997,037
	1,650,528	5,997,123
(136,593)	(7,595)	(3,588,737)
<u>(136,593)</u>	<u>9,697,755</u>	<u>34,370,945</u>
<u>\$ 222,910</u>	<u>\$ 11,153,632</u>	<u>\$ 50,404,921</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, 2015**

Fund balances of governmental funds	\$ 34,370,945
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.	393,985,752
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported as available revenues in the funds.	3,415,353
Long term liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated Absences	(1,062,228)
Claims Payable	(45,000)
Certificates of Participation	(2,077,000)
Lease Revenue Bonds	(8,470,000)
Unamortized Discount	64,474
Net Pension Liability	(7,828,804)
Net OPEB Obligation	(2,183,211)
Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds:	
Deferred Pension Contributions	1,379,240
Proportionate Share Contribution Differences	222,435
Pension Actuarial Amounts - Inflows	(1,956,662)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.	(166,006)
Net position of governmental activities	\$ 409,649,288

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, 2015**

	General	Parks and Recreation	HOME	Capital Projects	Measure I
<b>REVENUES</b>					
Taxes	\$ 18,206,757	\$ 1,591,997	\$	\$	\$ 1,842,204
Licenses & Permits	819,277			463,700	
Fines & Forfeitures	526,148				
Investment Income	58,687		110	16,436	24,753
Intergovernmental	781,327		1,005,445	23,483,418	240,102
Charges for Services	1,537,952	888,974			
Other Revenue	405,886	96,508	52,728		
<b>Total Revenues</b>	<b>22,336,034</b>	<b>2,577,479</b>	<b>1,058,283</b>	<b>23,963,554</b>	<b>2,107,059</b>
<b>EXPENDITURES</b>					
Current:					
General Government	2,270,459				
Public Safety	14,221,900				
Transportation					1,743,694
Culture and Recreation		3,415,117			
Community Development	3,495,787		371,416		
Capital Outlay				23,489,433	
Debt Service:					
Principal					
Interest & Fiscal Charges		31,555			
<b>Total Expenditures</b>	<b>19,988,146</b>	<b>3,446,672</b>	<b>371,416</b>	<b>23,489,433</b>	<b>1,743,694</b>
Excess (Deficiency) of Revenues over Expenditures	2,347,888	(869,193)	686,867	474,121	363,365
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer In		688,530			
Transfer Out	(2,452,388)	(21,964)			(5,788)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,452,388)</b>	<b>666,566</b>	<b>-</b>	<b>-</b>	<b>(5,788)</b>
<b>Net Change in Fund Balances</b>	<b>(104,500)</b>	<b>(202,627)</b>	<b>686,867</b>	<b>474,121</b>	<b>357,577</b>
Fund Balances, Beginning	18,306,151	(6,435,006)	(537,013)	3,872,474	5,428,843
Prior Period Adjustments			2,962,896		
<b>Fund Balances, Ending</b>	<b>\$ 18,201,651</b>	<b>\$ (6,637,633)</b>	<b>\$ 3,112,750</b>	<b>\$ 4,346,595</b>	<b>\$ 5,786,420</b>

The accompanying notes are an integral part of this statement.

Project Manager Grants	Other Govern- mental Funds	Total Govern- mental Funds
\$	\$ 366,063	\$ 22,007,021
	422,591	1,705,568
		526,148
	35,123	135,109
307,504	3,156,195	28,973,991
		2,426,926
	81,206	636,328
<u>307,504</u>	<u>4,061,178</u>	<u>56,411,091</u>
	51,110	2,321,569
	24,000	14,245,900
	2,507,780	4,251,474
		3,415,117
347,345	769,528	4,984,076
21,055	117,162	23,627,650
	1,036,250	1,036,250
	410,435	441,990
<u>368,400</u>	<u>4,916,265</u>	<u>54,324,026</u>
<u>(60,896)</u>	<u>(855,087)</u>	<u>2,087,065</u>
89,997	1,579,050	2,357,577
	(187,698)	(2,667,838)
<u>89,997</u>	<u>1,391,352</u>	<u>(310,261)</u>
29,101	536,265	1,776,804
(170,194)	7,520,496	27,985,751
4,500	1,640,994	4,608,390
<u>\$ (136,593)</u>	<u>\$ 9,697,755</u>	<u>\$ 34,370,945</u>

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, 2015**

Net change in fund balances-total governmental funds \$ 1,776,804

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 Capital Outlay over Depreciation 11,904,810

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 184,949

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 1,036,250  
Decrease in Net Pension Liability 1,811,942

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. 10,453

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 (32,623)  
Net Change in Claims Payable -  
Net Change in Accrued Interest Payable (26,658)  
Net Change in Deferred Pension Contributions 156,712  
Net Change in Proportionate Share Contribution Differences 222,435  
Net Change in Pension Actuarial Amounts - Inflows (1,956,662)

Change in net position of governmental activities \$ 15,085,482

The accompanying notes are an integral part of this statement.

**Town of Apple Valley, California**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	Sewer	Solid Waste Management	Apple Valley Golf Course	Total
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 5,807,512	\$ 2,080,901	\$	\$ 7,888,413
Accounts Receivable	618,131	1,282,099	2,621	1,902,851
Interest Receivable	6,170	4,019		10,189
Due from Other Governments	43,983	30,991		74,974
Total Current Assets	<u>6,475,796</u>	<u>3,398,010</u>	<u>2,621</u>	<u>9,876,427</u>
Noncurrent Assets:				
Investment in Joint Venture (Net)		1,583,982		1,583,982
Restricted Assets:				
Cash and Investments with Fiscal Agent	1,107,309			1,107,309
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			130,189	130,189
Capital Assets, Net of Accumulated Depreciation	27,675,162		42,440	27,717,602
Total Noncurrent Assets	<u>32,869,583</u>	<u>1,583,982</u>	<u>1,612,629</u>	<u>36,066,194</u>
Total Assets	<u>39,345,379</u>	<u>4,981,992</u>	<u>1,615,250</u>	<u>45,942,621</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Contributions	96,118	17,163		113,281
Proportionate Share Contribution Differences	15,501	2,768		18,269
Total Deferred Outflows of Resources	<u>111,619</u>	<u>19,931</u>	<u>-</u>	<u>131,550</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	236,980	243,191	93,318	573,489
Accrued Liabilities	28,421	6,656	15,719	50,796
Due to Other Governments	384,588			384,588
Unearned Revenue	204,183	319,421		523,604
Amounts Due Bondholders	44,595			44,595
Current Portion of Long-Term Debt	63,000	209,167		272,167
Total Current Liabilities	<u>961,767</u>	<u>778,435</u>	<u>109,037</u>	<u>1,849,239</u>
Noncurrent Liabilities:				
Advances from Other Funds			3,492,776	3,492,776
Noncurrent Portion of Long-Term Debt	429,908	999,477		1,429,385
Total Noncurrent Liabilities	<u>429,908</u>	<u>999,477</u>	<u>3,492,776</u>	<u>4,922,161</u>
Total Liabilities	<u>1,391,675</u>	<u>1,777,912</u>	<u>3,601,813</u>	<u>6,771,400</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Actuarial Amounts	136,359	24,350		160,709
<b>NET POSITION</b>				
Net Investment in Capital Assets	31,699,274		1,612,629	33,311,903
Restricted for Capital Projects	1,107,309			1,107,309
Unrestricted	5,122,381	3,199,661	(3,599,192)	4,722,850
Total Net Position	<u>\$ 37,928,964</u>	<u>\$ 3,199,661</u>	<u>\$ (1,986,563)</u>	<u>\$ 39,142,062</u>

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, 2015**

	Sewer	Solid Waste Management	Apple Valley Golf Course	Total
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 5,443,113	\$ 10,813,719	\$ 636,424	\$ 16,893,256
Total Operating Revenue	<u>5,443,113</u>	<u>10,813,719</u>	<u>636,424</u>	<u>16,893,256</u>
<b>OPERATING EXPENSES</b>				
Salaries and Benefits	579,535	133,620	2,213	715,368
Contract Services	38,080	7,572,761	393,379	8,004,220
Maintenance and Treatment	1,735,392		103,272	1,838,664
Franchise Payment		1,708,966		1,708,966
General Administration	1,707,400	1,941,876		3,649,276
Depreciation	1,787,182		16,232	1,803,414
Other	393,750	210,171	551,824	1,155,745
Total Operating Expenses	<u>6,241,339</u>	<u>11,567,394</u>	<u>1,066,920</u>	<u>18,875,653</u>
Operating Income (Loss)	<u>(798,226)</u>	<u>(753,675)</u>	<u>(430,496)</u>	<u>(1,982,397)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Change in Investment in Joint Venture		(67,561)		(67,561)
Investment Income	24,080	24,887		48,967
Grant Revenue		19,714		19,714
Interest	(30,866)	(74,976)		(105,842)
Total Nonoperating Revenues (Expenses)	<u>(6,786)</u>	<u>(97,936)</u>	<u>-</u>	<u>(104,722)</u>
Income Before Contributions and Transfers	(805,012)	(851,611)	(430,496)	(2,087,119)
Capital Contributions	764,094		25,000	789,094
Transfers In	43,928		266,333	310,261
Change in Net Position	3,010	(851,611)	(139,163)	(987,764)
Total Net Position, Beginning	38,396,939	4,135,377	(1,847,400)	40,684,916
Prior Period Adjustments	(470,985)	(84,105)		(555,090)
Total Net Position, Ending	<u>\$ 37,928,964</u>	<u>\$ 3,199,661</u>	<u>\$ (1,986,563)</u>	<u>\$ 39,142,062</u>

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, 2015**

	Sewer	Solid Waste Management	Apple Valley Golf Course	Total
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 5,391,098	\$ 10,677,962	\$ 633,803	\$ 16,702,863
Cash Paid to Suppliers	(3,785,978)	(11,341,791)	(1,154,661)	(16,282,430)
Cash Paid to Employees for Services	(582,198)	(132,966)		(715,164)
Net Cash Provided (Used) by Operating Activities	<u>1,022,922</u>	<u>(796,795)</u>	<u>(520,858)</u>	<u>(294,731)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Cash Collected on Behalf of Other Governments (Paid to)	(57,600)			(57,600)
Grant Revenue		19,714		19,714
Advances Paid (to) from Other Funds			651,048	651,048
Cash Paid (to) from Other Funds	43,928			43,928
Principal Paid on Debt		(199,583)		(199,583)
Interest Paid on Debt		(74,976)		(74,976)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(13,672)</u>	<u>(254,845)</u>	<u>651,048</u>	<u>382,531</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Capital Asset Purchases	(206,104)		(130,190)	(336,294)
Special Assessments Collected for Debt Service	560,425			560,425
Principal Paid on Debt	(1,208,750)			(1,208,750)
Interest Paid on Debt	(56,971)			(56,971)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(911,400)</u>	<u>-</u>	<u>(130,190)</u>	<u>(1,041,590)</u>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	21,248	23,298		44,546
Net Cash Provided (Used) by Investing Activities	<u>21,248</u>	<u>23,298</u>	<u>-</u>	<u>44,546</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	119,098	(1,028,342)	-	(909,244)
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>6,795,723</u>	<u>3,109,243</u>		<u>9,904,966</u>
<b>Cash and Cash Equivalents, End of Fiscal Year</b>	<u>\$ 6,914,821</u>	<u>\$ 2,080,901</u>	<u>\$ -</u>	<u>\$ 8,995,722</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>				
<b>Cash Flows from Operating Activities</b>				
Operating income (loss)	\$ (798,226)	\$ (753,675)	\$ (430,496)	\$ (1,982,397)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,787,182		16,232	1,803,414
(Increase) Decrease in Accounts Receivable	(100,997)	(212,984)	(2,621)	(316,602)
(Increase) Decrease in Due from Other Governments	16,729	16,039		32,768
(Increase) Decrease in Deferred Outflows - Pensions	(26,422)	(4,718)		(31,140)
Increase (Decrease) in Accounts Payable	88,644	91,983	(91,962)	88,665
Increase (Decrease) in Accrued Liabilities	13,675	3,571	(12,011)	5,235
Increase (Decrease) in Net Pension Liability	(126,275)	(22,549)		(148,824)
Increase (Decrease) in Deferred Inflows - Pensions	136,359	24,350		160,709
Increase (Decrease) in Unearned Revenue	32,253	61,188		93,441
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 1,022,922</u>	<u>\$ (796,795)</u>	<u>\$ (520,858)</u>	<u>\$ (294,731)</u>
Non Cash Investing, Capital and Financing Activities:				
Change in Investment in Joint Venture	\$ 764,094	\$ (67,561)	\$ 25,000	\$ (67,561)
Donated Capital Assets				789,094

The accompanying notes are an integral part of this statement.

**Town of Apple Valley, California**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	Successor Agency Private-purpose Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and Investments	\$	\$ 12,707,024
Cash and Investments with Fiscal Agent	5,984,752	238,268
Accounts Receivable	126,948	407,727
Interest Receivable		580
Due from Other Governments	338,536	707,404
Prepaid Items		1,010
	6,450,236	\$ 14,062,013
Total Assets		
<b>LIABILITIES</b>		
Accounts Payable	32,133	\$ 6,641
Accrued Liabilities	5,543	12,432,990
Deposits		1,384,596
Due to Town of Apple Valley	232,615	
Interest Payable	190,451	
Bonds Payable	45,700,201	
Amounts Due to Bondholders		237,786
	46,160,943	\$ 14,062,013
Total Liabilities		
<b>NET POSITION</b>		
Net Position Held in Trust for Successor Agency	\$ (39,710,707)	

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, 2015**

	Successor Agency Private-purpose Trust Fund
<b>ADDITIONS</b>	
Taxes	\$ 3,015,384
Investment Income	<u>181</u>
Total Additions	<u>3,015,565</u>
<b>DEDUCTIONS</b>	
Administrative Costs	378,886
Project Costs	10,588,179
Interest on Bonds	<u>2,275,605</u>
Total Deductions	<u>13,242,670</u>
Change in Net Position	(10,227,105)
Net Position - Beginning of Year	<u>(29,483,602)</u>
Net Position - End of Year	<u>\$ (39,710,707)</u>

The accompanying notes are an integral part of this statement.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**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, 2015**

**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. 72

In February of 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement was issued to address accounting and financial reporting issues related to fair value measurements. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2015. The Town has elected not to early implement this statement and has not determined its effect on the financial statements.

Governmental Accounting Standards Board Statement No. 75

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement was issued to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2017. The Town has elected not to early implement this statement and has not determined its effect on the 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, 2015**

**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.

**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.

**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.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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.

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.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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 <sup>st</sup> Installment
	February 1	2 <sup>nd</sup> Installment
Delinquent Dates	December 10	1 <sup>st</sup> Installment
	April 10	2 <sup>nd</sup> 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 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, 2015**

**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, 2015**

**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, 2014 and 2015, 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, 2015**

**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 reports deferred outflows as a result of the Town's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which 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 certain items, which arise only under the modified accrual basis of accounting, which qualify 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. In addition, the Town reports deferred inflows as a result of the Town's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which qualify for reporting in this category.

**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.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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.

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.

**Town of Apple Valley, California  
Notes to Financial Statements  
Year Ended June 30, 2015**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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.

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.

**14) Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town of Apple Valley's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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 \$11,904,810 difference are as follows:

Capital Outlay	\$ 25,795,793
Depreciation Expense	<u>(13,890,983)</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>\$ 11,904,810</u>

**Town of Apple Valley, California  
Notes to Financial Statements  
Year Ended June 30, 2015**

**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, 2015:

	<u>Deficit Balance</u>
Special Revenue Funds:	
CDBG	\$ 7,595

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 \$6,637,633 and \$1,986,563, respectively, as of June 30, 2015, with current year operating deficits of \$869,193 in the Parks and Recreation Fund and \$430,496 in the Apple Valley Golf Course fund. Additional information on management's plans is discussed in Note IV B.

**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, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$32,777,615
Cash and Investments with Fiscal Agent	1,421,090
Statement of Fiduciary Net Position:	
Cash and Investments	12,707,024
Cash and Investments with Fiscal Agent	6,223,020
Total Cash and Investments	\$53,128,749

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**IV) DETAILED NOTES ON ALL FUNDS - Continued**

Cash and investments as of June 30, 2015 consist of the following:

Petty Cash	\$ 5,550
Deposits with Financial Institutions	22,889,124
Local Agency Investment Fund	14,303,217
U.S. Agency Securities	992,330
Certificates of Deposit	5,944,111
Money Market Mutual Funds	1,350,307
Held by Fiscal Agent:	
Mutual Fund	<u>7,644,110</u>
 Total Cash and Investments	 <u>\$53,128,749</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.

<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

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**IV) DETAILED NOTES ON ALL FUNDS - Continued**

**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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's 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

**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, 2015 the Town had the following investments:

Investment Type	6 months or less	3 to 5 years	Fair Value
State Investment Pool - LAIF	\$14,303,217	\$ -	\$ 14,303,217
U.S. Agency Securities:			
Federal Home Loan Mort. Corp.	-	992,330	992,330
Certificate of Deposits	-	5,944,111	5,944,111
Money Market Mutual Funds	1,350,307	-	1,350,307
Held by Bond Trustee:			
Mutual Funds	7,644,110	-	7,644,110
Total	<u>\$23,297,634</u>	<u>\$ 6,936,441</u>	<u>\$ 30,234,075</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.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**IV) DETAILED NOTES ON ALL FUNDS - Continued**

Investment Type		Minimum Legal Rating	Rating as of Year End		
			AAA	Aa	Not Rated
State Investment Pool - LAIF	\$ 14,303,217	N/A	\$	\$	\$ 14,303,217
U.S. Agency Securities:					
Federal Home Loan Mort. Corp.	992,330	N/A	992,330		
Certificate of Deposits	5,944,111	N/A			5,944,111
Money Market Mutual Funds	1,350,307	N/A	1,350,307		
Held by Bond Trustee:					
Mutual Fund	7,644,110	N/A	7,644,110		
Total	<u>\$ 30,234,075</u>		<u>\$ 9,986,747</u>	<u>\$ -</u>	<u>\$ 20,247,328</u>

**Concentration of Credit Risk**

The investment policy of the Town contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Town investments.

**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.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**IV) DETAILED NOTES ON ALL FUNDS - Continued**

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, 2015, investments in the following investment types were held by the broker-dealer that was used by the Town to buy the securities:

Investment Type	Reported Amount
U.S. Treasury Mutual Fund	\$ 7,644,110

**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.

**B) Interfund Receivables, Payables, and Transfers**

Amounts due to/from other funds at June 30, 2015 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,341,997	\$
HOME Fund		887,579
Project Manager Grants Fund		93,771
Nonmajor Funds		360,647
<b>Total</b>	<b>\$ 1,341,997</b>	<b>\$ 1,341,997</b>

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.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**IV) DETAILED NOTES ON ALL FUNDS - Continued**

Advances:

The General Fund has advanced \$6,475,142 and \$3,492,776 to the Parks and Recreation Fund and Apple Valley Golf Course Fund, respectively. The advances were made to fund operating deficits in those funds over a period of many years. 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, management is considering proposing a sales tax measure in the near future. The annual revenues generated from this proposed sales tax measure are estimated to be sufficient for the Parks and Recreation and Apple Valley Golf Course Funds to repay the advance from the General Fund over a period of several years.

Interfund transfers for the year ended June 30, 2015 are as follows:

<b>TRANSFERS OUT</b>	<b>TRANSFERS IN</b>					<b>Total</b>
	Parks and Recreation Fund	Project Manager Grants Fund	Other Governmental Funds	Sewer Fund	Apple Valley Golf Course	
General Fund	\$ 688,530	\$	\$ 1,497,525	\$	\$ 266,333	\$ 2,452,388
Parks and Recreation Fund				21,964		21,964
Measure I			5,788			5,788
Other Governmental Funds		89,997	75,737	21,964		187,698
<b>Total</b>	<b>\$ 688,530</b>	<b>\$ 89,997</b>	<b>\$ 1,579,050</b>	<b>\$ 43,928</b>	<b>\$ 266,333</b>	<b>\$ 2,667,838</b>

The General Fund transferred \$1,497,525 to the Other Governmental Funds to pay for debt service costs. In addition, the General Fund transferred \$688,530 and \$266,333 to the Parks and Recreation Fund and Apple Valley Golf Course to fund certain expenditures and cover operating deficits. The transfer from the Measure I Fund to the Other Governmental Funds was to reimburse the Other Governmental Funds for the costs of a project funded by Measure I. The transfer from the Other Governmental Funds to the Project Managers Grants Fund was to fund certain project costs. The transfers between the Other Governmental Funds was to fund various project costs.

**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, 2015, the amount receivable from the various agencies was \$6,831,235, which includes an allowance for doubtful accounts of \$2,996,179. An allowance for doubtful accounts has been established for these State mandated costs; due to the uncertainty of when or if these costs will be reimbursed and received from the State.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**IV) DETAILED NOTES ON ALL FUNDS - Continued**

**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, 2015, the outstanding loans receivable totaled \$5,643,557, which includes an allowance for doubtful accounts of \$1,308,052. The allowance was established for loans that are forgivable after a given period of time, assuming all conditions of the loan are met.

**E) Capital Assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 99,351,514	\$ 91,829	\$ -	\$ 99,443,343
Construction in Progress	20,128,624	25,512,799	(1,199,854)	44,441,569
Total Capital Assets, Not Being Depreciated	<u>119,480,138</u>	<u>25,604,628</u>	<u>(1,199,854)</u>	<u>143,884,912</u>
Capital Assets Being Depreciated:				
Furniture and Equipment	3,186,562	122,456	-	3,309,018
Computer Equipment	1,590,866	6,938	-	1,597,804
Trucks and Automobiles	1,420,577	-	-	1,420,577
Structures and Improvements	91,966,060	-	-	91,966,060
Infrastructure	353,186,243	1,261,625	-	354,447,868
Total Capital Assets Being Depreciated	<u>451,350,308</u>	<u>1,391,019</u>	<u>-</u>	<u>452,741,327</u>
Less Accumulated Depreciation:				
Furniture and Equipment	(2,315,438)	(444,289)	-	(2,759,727)
Computer Equipment	(1,321,830)	(107,730)	-	(1,429,560)
Trucks and Automobiles	(1,356,956)	(19,429)	-	(1,376,385)
Structures and Improvements	(25,609,845)	(3,055,542)	-	(28,665,387)
Infrastructure	(158,145,435)	(10,263,993)	-	(168,409,428)
Total Accumulated Depreciation	<u>(188,749,504)</u>	<u>(13,890,983)</u>	<u>-</u>	<u>(202,640,487)</u>
Total Capital Assets Being Depreciated, Net	<u>262,600,804</u>	<u>(12,499,964)</u>	<u>-</u>	<u>250,100,840</u>
Governmental Activities, Capital Assets, Net	<u>\$ 382,080,942</u>	<u>\$ 13,104,664</u>	<u>\$ (1,199,854)</u>	<u>\$ 393,985,752</u>

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**IV) DETAILED NOTES ON ALL FUNDS - Continued**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 1,877,112	\$ -	\$ -	\$ 1,877,112
Construction in Progress	-	130,189		130,189
Water Rights	3,650,000			3,650,000
Total Capital Assets, Not Being Depreciated	5,527,112	130,189	-	5,657,301
Capital Assets Being Depreciated:				
Buildings and System	243,909	25,000		268,909
Machinery and Equipment	478,142	101,089		579,231
Trucks and Automobiles	442,696			442,696
Collector Lines	69,248,698	869,111		70,117,809
Total Capital Assets Being Depreciated	70,413,445	995,200	-	71,408,645
Less Accumulated Depreciation:				
Buildings and System	(93,399)	(8,087)		(101,486)
Machinery and Equipment	(376,350)	(59,705)		(436,055)
Trucks and Automobiles	(320,655)	(48,178)		(368,833)
Collector Lines	(41,097,225)	(1,687,444)		(42,784,669)
Total Accumulated Depreciation	(41,887,629)	(1,803,414)	-	(43,691,043)
Total Capital Assets Being Depreciated, Net	28,525,816	(808,214)	-	27,717,602
Business-type Activities, Capital Assets, Net	\$ 34,052,928	\$ (678,025)	\$ -	\$ 33,374,903

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

Governmental Activities:	
General Government	\$ 361,584
Public Safety	548,105
Transportation	10,430,364
Culture and Recreation	2,113,008
Community Development	437,922
Total Depreciation Expense – Governmental Activities	\$ 13,890,983
Business-type Activities:	
Sewer	\$ 1,787,252
Apple Valley Golf Course	16,162
Total Depreciation Expense – Business-type Activities	\$ 1,803,414

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**IV) DETAILED NOTES ON ALL FUNDS - Continued**

**F) Long-Term Debt**

Long-term liabilities for the year ended June 30, 2015 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Certificates of Participation:					
1999 Certificates of Participation	\$ 2,170,000	\$	\$ (340,000)	\$ 1,830,000	\$ 350,000
2001 Certificates of Participation	468,250		(221,250)	247,000	247,000
Total Certificates of Participation	2,638,250	-	(561,250)	2,077,000	597,000
2007 Lease Revenue Bonds Series A Unamortized Discount on Lease Revenue Bonds	8,945,000		(475,000)	8,470,000	490,000
	(67,404)		2,930	(64,474)	
Total Lease Revenue Bonds	8,877,596	-	(472,070)	8,405,526	490,000
Compensated Absences	1,029,605	1,115,105	(1,082,482)	1,062,228	788,312
Claims Payable	45,000			45,000	40,000
Net Pension Liability		9,640,746	(1,811,942)	7,828,804	-
Pension-related Debt	1,659,895		(1,659,895)	-	-
Net OPEB Obligation	2,193,664	157,383	(167,836)	2,183,211	-
Governmental Activities Long-term Liabilities	<u>\$ 16,444,010</u>	<u>\$ 10,913,234</u>	<u>\$ (5,755,475)</u>	<u>\$ 21,601,769</u>	<u>\$ 1,915,312</u>
<b>Business-type Activities:</b>					
2001 Certificates of Participation	\$ 136,750	\$	\$ (73,750)	\$ 63,000	\$ 63,000
Special Assessment Debt with Government Commitment: Special Assessment No. 2B-R	1,135,000		(1,135,000)	-	-
Net Pension Liability	-	655,499	(148,822)	506,677	-
Obligation Under Installment Purchase Agreement	1,331,458		(199,583)	1,131,875	209,167
Business-type Activity Long-term Liabilities	<u>\$ 2,603,208</u>	<u>\$ 655,499</u>	<u>\$ (1,557,155)</u>	<u>\$ 1,701,552</u>	<u>\$ 272,167</u>

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**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, 2015 is \$1,830,000. As of June 30, 2015, the future annual maturities are as follows:

Year Ending	Principal	Interest
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>\$ 1,830,000</u>	<u>\$ 366,575</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, 2015**

**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, 2015 is \$310,000, allocated \$247,000 and \$63,000 to governmental activities and business-type activities, respectively.

As of June 30, 2015, the future annual maturities are as follows:

Year Ending	Principal	Interest
2016	\$ 310,000	\$ 9,362
	\$ 310,000	\$ 9,362

**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
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	\$ 8,470,000	\$ 2,919,070	\$ 11,389,070

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**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 bonds were paid off in the current fiscal year.

**4) 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.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**IV) DETAILED NOTES ON ALL FUNDS - Continued**

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, 2015 is \$1,131,875. As of June 30, 2015, installment purchase payment requirements to maturity are as follows:

Year Ending	Principal	Interest
2016	\$ 209,167	\$ 57,178
2017	220,833	46,828
2018	231,042	35,787
2019	243,333	24,214
2020	227,500	11,804
	\$ 1,131,875	\$ 175,811

**G) Fiduciary Fund Long-Term Debt**

Fiduciary Fund long-term debt activity for the 2014-15 fiscal year is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Fiduciary Funds:</b>					
2005 Tax Allocation Bonds	\$ 6,655,000	\$ -	\$ (200,000)	\$ 6,455,000	\$ 205,000
Unamortized Premium on Tax Allocation Bonds	34,794	-	(1,664)	33,130	-
2007 Tax Allocation Bonds VVEDA Project Area	7,930,000	-	(175,000)	7,755,000	185,000
Unamortized Discount on Tax Allocation Bonds VVEDA Project Area	(217,634)	-	9,497	(208,137)	-
2007 Tax Allocation Bonds Project Area 2	32,365,000	-	(790,000)	31,575,000	840,000
Unamortized Premium on Tax Allocation Bonds Project Area 2	94,309	-	(4,101)	90,208	-
Total Fiduciary Funds Long-term Liabilities	\$ 46,861,469	\$ -	\$ (1,161,268)	\$ 45,700,201	\$ 1,230,000

**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.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**IV) DETAILED NOTES ON ALL FUNDS - Continued**

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, 2015, 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
2016	\$ 205,000	\$ 305,552
2017	215,000	297,297
2018	225,000	288,363
2019	230,000	278,833
2020	245,000	268,902
2021	255,000	258,223
2022	260,000	246,725
2023	275,000	235,003
2024	285,000	222,603
2025	305,000	209,753
2026	315,000	196,000
2027	330,000	180,388
2028	345,000	164,038
2029	365,000	146,938
2030	385,000	128,850
2031	400,000	109,775
2032	420,000	89,950
2033	445,000	69,138
2034	465,000	47,088
2035	485,000	24,038
	\$ 6,455,000	\$ 3,767,457

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, 2015, the amount in the Bond Reserve Fund was sufficient to cover the minimum bond reserve requirement.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**IV) DETAILED NOTES ON ALL FUNDS - Continued**

Annual debt service requirements to maturity are as follows:

Year Ending	Principal	Interest
2016	\$ 185,000	\$ 363,120
2017	190,000	355,258
2018	195,000	347,088
2019	210,000	338,800
2020	215,000	329,613
2021	225,000	319,937
2022	240,000	309,812
2023	250,000	299,013
2024	265,000	287,137
2025	270,000	274,550
2026	285,000	261,725
2027	300,000	248,188
2028	315,000	233,937
2029	325,000	218,975
2030	340,000	203,538
2031	360,000	187,388
2032	375,000	170,287
2033	390,000	152,475
2034	410,000	133,950
2035	435,000	114,475
2036	965,000	93,813
2037	1,010,000	47,975
	\$ 7,755,000	\$ 5,291,054

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, 2015**

**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
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>\$ 31,575,000</u>	<u>\$ 20,871,510</u>	<u>\$ 52,446,510</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, 2015**

**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, 2015 the outstanding balance is \$1,605,000.

**I) Fund Balance**

The details of fund balances as of June 30, 2015 are as follows:

	General Fund	Parks and Recreation Fund	HOME Fund	Capital Projects Fund	Measure I Fund
Nonspendable:					
Prepaid Items	\$ 43,612	\$	\$	\$	\$
Long-term Receivables	9,967,918				
Restricted for:					
Housing			3,112,750		
Streets and Transportation					5,786,420
Community Development					
Culture and Recreation					
Committed for:					
Emergency Contingency	4,997,037				
Assigned for:					
Capital Projects				4,346,595	
Community Development					
Unassigned	3,193,084	(6,637,633)			
Total Fund Balance	\$ 18,201,651	\$ (6,637,633)	\$ 3,112,750	\$ 4,346,595	\$ 5,786,420

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**IV) DETAILED NOTES ON ALL FUNDS - Continued**

	Project Manager Grants Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid Items	\$	\$	\$ 43,612
Long-term Receivables			9,967,918
Restricted for:			
Housing		1,901,023	5,013,773
Streets and Transportation		4,685,476	10,471,896
Community Development		1,318,006	1,318,006
Culture and Recreation		150,317	150,317
Committed for:			
Emergency Contingency			4,997,037
Assigned for:			
Capital Projects			4,346,595
Community Development		1,650,528	1,650,528
Unassigned	(136,593)	(7,595)	(3,588,737)
Total Fund Balance	<u>\$ (136,593)</u>	<u>\$ 9,697,755</u>	<u>\$ 34,370,945</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	Parks and Recreation Fund	HOME Fund	Project Manager Grants Fund	Other Governmental Funds	Total
<b>Unavailable Revenue</b>						
Grants	\$		\$ 1,010,315	\$ 168,848	\$ 70,327	\$ 1,249,490
Intergovernmental	604,619				781,289	1,385,908
Franchise Taxes	269,363					269,363
Accounts Receivable	367,306	41,201			102,085	510,592
Total	<u>\$ 1,241,288</u>	<u>\$ 41,201</u>	<u>\$ 1,010,315</u>	<u>\$ 168,848</u>	<u>\$ 953,701</u>	<u>\$ 3,415,353</u>

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**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 118 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 at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years 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. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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 general government 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 from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**V) OTHER INFORMATION**

Workers' Compensation - In the workers' compensation program claims are pooled separately between public safety (police and fire) and general government 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 from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits 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 \$65,731,519. 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, 2015, 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, 2015**

**V) OTHER INFORMATION**

Changes in Claims Payable were as follows:

	2014-2015	2013-2014
Claims payable, beginning of fiscal year	\$ 45,000	\$ 45,000
Current year claims and changes in estimates	-	-
Claim payments	-	-
Claims payable, end of fiscal year	\$ 45,000	\$ 45,000

**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 2014-2015 fiscal year, the Town remitted \$2,358,460 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, 2015 was \$1,583,982. 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, 2015**

**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)**

**General Information about the Defined Benefit Pension Plans**

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the Town's Miscellaneous Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Town resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – The Plans are cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

**Town of Apple Valley, California  
Notes to Financial Statements  
Year Ended June 30, 2015**

**V) OTHER INFORMATION – Continued**

**C) Town Employees Retirement Plan (Defined Benefit Pension Plan) – Continued**

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	Miscellaneous Tier II	Miscellaneous PEPRA
	Prior to October 23, 2011	On or after October 23, 2011	On or after January 1, 2013
Hire date	October 23, 2011	October 23, 2011	January 1, 2013
Benefit formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	55	62
Monthly benefits, as a % of eligible compensation	2.7%	2%	2%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	20.144%	11.032%	6.25%

**Contributions** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous
Contributions - employer	\$ 1,003,094
Contributions - employee (paid by employer)	235,748

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2015, the Town reported net pension liabilities for its proportionate shares of the net pension liability of \$8,335,481.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**V) OTHER INFORMATION – Continued**

**C) Town Employees Retirement Plan (Defined Benefit Pension Plan) – Continued**

The Town's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The Town's proportionate share of the net pension liability as of June 30, 2013 and 2014 was as follows:

	Miscellaneous
Proportion - June 30, 2013	0.31415%
Proportion - June 30, 2014	0.33726%
Change - Increase (Decrease)	0.02311%

For the year ended June 30, 2015, the Town recognized pension expense of \$1,238,842. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,492,521	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	240,704	185,569
Net differences between projected and actual earnings on plan investments	-	1,931,802
	\$ 1,733,225	\$ 2,117,371
Total		

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**V) OTHER INFORMATION – Continued**

**C) Town Employees Retirement Plan (Defined Benefit Pension Plan) – Continued**

\$1,492,521 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2016	\$ (468,441)
2017	(468,441)
2018	(468,441)
2019	(471,344)
2020	-
Thereafter	-

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	Miscellaneous
Measurement date	June 30, 2013
Actuarial cost method	June 30, 2014
Actuarial assumptions:	entry-age normal
Discount rate	7.50%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.50% (2)
Mortality	(3)

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) Derived using CalPERS' Membership Data for all Funds.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**V) OTHER INFORMATION – Continued**

**C) Town Employees Retirement Plan (Defined Benefit Pension Plan) – Continued**

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**V) OTHER INFORMATION – Continued**

**C) Town Employees Retirement Plan (Defined Benefit Pension Plan) – Continued**

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

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

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

	<u>Miscellaneous</u>
1% Decrease	6.50%
Net Pension Liability	\$ 13,172,301
Current Discount Rate	7.50%
Net Pension Liability	\$ 8,335,481
1% Increase	8.50%
Net Pension Liability	\$ 4,321,378

**Pension Plan Fiduciary Net Position** – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**Town of Apple Valley, California  
Notes to Financial Statements  
Year Ended June 30, 2015**

**V) OTHER INFORMATION – Continued**

**C) Town Employees Retirement Plan (Defined Benefit Pension Plan) – Continued**

**Payable to the Pension Plan**

At June 30, 2015, the Town reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

**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 2.7% 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 2015 were as follows:

Annual Required Contribution	\$ 170,207
Interest on Net OPEB Obligation (Asset)	27,241
Adjustment to Annual Required Contribution	<u>(40,065)</u>
Annual OPEB Cost	157,383
Contributions Made	(61,968)
OPEB Change in Cost Method Amortization	<u>(105,868)</u>
Increase (Decrease) in Net OPEB Obligation (Asset)	(10,453)
Net OPEB Obligation (Asset) Beginning of Year	<u>2,193,664</u>
Net OPEB Obligation (Asset) End of Year	<u><u>\$ 2,183,211</u></u>

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**V) OTHER INFORMATION – Continued**

For 2015, the Town's annual OPEB cost (expense) of \$157,383 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 2015 and the two preceding years were as follows:

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>
6/30/15	\$ 157,383	39.4%	\$ 2,183,211
6/30/14	\$ 600,101	14.5%	\$ 2,193,664
6/30/13	\$ 576,574	12.9%	1,680,723

**Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2015, was as follows:

Actuarial Accrued Liability (AAL)	\$ 1,149,046
Actuarial Value of Plan Assets	\$ 0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,149,046
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 6,370,240
UAAL as a Percentage of Covered Payroll	18.04%

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, 2015**

**V) OTHER INFORMATION – Continued**

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

Valuation Date	June 30, 2015
Actuarial Cost Method	Projected Unit Cost Method
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 2014/15, 9.0% for 2015/16 graded to 5.0% for 2020+
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. The estimated amount of remaining construction obligations at year-end is \$10,245,435.

**F) Subsequent Events**

On September 1, 2015, the Town made the final payment for the 2001 Variable Rate Demand Refunding Certificates of Participation. Also, the Town Council on November 17, 2015 adopted Resolutions of Necessity authorizing the Town of Apple Valley's acquisition of Apple Valley Ranchos Water Company's Apple Valley Water System by Eminent Domain and the filing of a complaint.

**Town of Apple Valley, California**  
**Notes to Financial Statements**  
**Year Ended June 30, 2015**

**V) OTHER INFORMATION – Continued**

**G) Prior Period Adjustments**

The prior period adjustment in the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balances is the result of the following adjustments:

Statement of Activities	
Governmental Activities	Business-type Activities
(1) \$	(6,758,323) \$ (555,090)
(2)	483,408 -
(2)	(1,311,450) -
(3)	(208,721) -
<b>\$</b>	<b>(7,795,086) \$ (555,090)</b>

Statement of Revenues, Expenditures and Changes in Fund Balances		
HOME	Project Manager Grants	Other Governmental Funds
(4) \$	2,962,896 \$	4,500 \$ 1,849,715
(3)	-	(208,721)
<b>\$</b>	<b>2,962,896 \$</b>	<b>4,500 \$ 1,640,994</b>

(1) The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2014-15. As a result, the beginning net position in the Statement of Activities – Governmental Activities and Business-type Activities and was restated by \$6,758,323 and \$555,090, respectively, to reflect the cumulative effect of applying this statement. In addition, the beginning net position in the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds was restated by \$470,985 and \$84,105 in the Sewer and Solid Waste Management Funds, respectively.

(2) \$483,408 and (\$1,311,450), is to correct loans receivable recorded as expenses in the prior year and to record an allowance for doubtful accounts for loan receivable balances that are forgivable, respectively.

(3) (\$208,721) is to adjust Gas Tax revenues and accruals in accordance with the California State Controller’s Office.

(4) \$2,962,896, \$4,500, and \$1,849,715, respectively, are the result of moving long-term receivables previously recorded as deferred inflows – unavailable revenues to restricted fund balance.

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 17,587,600	\$ 18,041,900	\$ 18,206,757	\$ 164,857
Licenses & Permits	640,800	701,100	819,277	118,177
Fines & Forfeitures	473,100	565,500	526,148	(39,352)
Investment Income	198,000	110,000	58,687	(51,313)
Intergovernmental	794,246	820,069	781,327	(38,742)
Charges for Services	1,412,600	1,355,800	1,537,952	182,152
Other Revenue	225,602	250,602	405,886	155,284
<b>Total Revenues</b>	<b>21,331,948</b>	<b>21,844,971</b>	<b>22,336,034</b>	<b>491,063</b>
<b>EXPENDITURES</b>				
Current:				
General Government	1,162,956	1,325,020	2,270,459	(945,439)
Public Safety	14,261,622	14,277,273	14,221,900	55,373
Community Development	3,146,847	3,146,847	3,495,787	(348,940)
<b>Total Expenditures</b>	<b>18,571,425</b>	<b>18,749,140</b>	<b>19,988,146</b>	<b>(1,239,006)</b>
Excess (Deficiency) of Revenues over Expenditures	2,760,523	3,095,831	2,347,888	(747,943)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(2,598,407)	(2,598,407)	(2,452,388)	146,019
<b>Total Other Financing Sources (Uses)</b>	<b>(2,598,407)</b>	<b>(2,598,407)</b>	<b>(2,452,388)</b>	<b>146,019</b>
<b>Net Change in Fund Balances</b>	<b>162,116</b>	<b>497,424</b>	<b>(104,500)</b>	<b>(601,924)</b>
Fund Balances, Beginning	18,306,151	18,306,151	18,306,151	
Fund Balances, Ending	<u>\$ 18,468,267</u>	<u>\$ 18,803,575</u>	<u>\$ 18,201,651</u>	<u>\$ (601,924)</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,000,000	\$ 2,000,000	\$ 1,591,997	\$ (408,003)
Charges for Services	890,522	891,122	888,974	(2,148)
Other Revenue	122,250	122,250	96,508	(25,742)
Total Revenues	<u>3,012,772</u>	<u>3,013,372</u>	<u>2,577,479</u>	<u>(435,893)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and Recreation	3,689,302	3,689,902	3,415,117	274,785
Debt Service:				
Interest & Fiscal Charges	12,000	12,000	31,555	(19,555)
Total Expenditures	<u>3,701,302</u>	<u>3,701,902</u>	<u>3,446,672</u>	<u>255,230</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(688,530)</u>	<u>(688,530)</u>	<u>(869,193)</u>	<u>(180,663)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	688,530	688,530	688,530	-
Transfers Out	(22,000)	(22,000)	(21,964)	36
Total Other Financing Sources (Uses)	<u>666,530</u>	<u>666,530</u>	<u>666,566</u>	<u>36</u>
Net Change in Fund Balance	(22,000)	(22,000)	(202,627)	(180,627)
Fund Balance, Beginning	<u>(6,435,006)</u>	<u>(6,435,006)</u>	<u>(6,435,006)</u>	
Fund Balance, Ending	<u>\$ (6,457,006)</u>	<u>\$ (6,457,006)</u>	<u>\$ (6,637,633)</u>	<u>\$ (180,627)</u>

**Town of Apple Valley, California**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - HOME Fund**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$	\$	\$ 110	\$ 110
Intergovernmental	2,082,163	2,082,163	1,005,445	(1,076,718)
Other Revenue			52,728	52,728
Total Revenues	<u>2,082,163</u>	<u>2,082,163</u>	<u>1,058,283</u>	<u>(1,023,880)</u>
<b>EXPENDITURES</b>				
Current:				
Community Development	<u>2,081,458</u>	<u>2,081,458</u>	<u>371,416</u>	<u>1,710,042</u>
Total Expenditures	<u>2,081,458</u>	<u>2,081,458</u>	<u>371,416</u>	<u>1,710,042</u>
Excess (Deficiency) of Revenues over Expenditures	<u>705</u>	<u>705</u>	<u>686,867</u>	<u>686,162</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				-
Transfers Out				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	705	705	686,867	686,162
Fund Balance, Beginning	(537,013)	(537,013)	(537,013)	-
Prior Period Adjustment			<u>2,962,896</u>	<u>2,962,896</u>
Fund Balance, Ending	<u>\$ (536,308)</u>	<u>\$ (536,308)</u>	<u>\$ 3,112,750</u>	<u>\$ 3,649,058</u>

**Town of Apple Valley, California**  
**Required Supplementary Information**  
**Year Ended June 30, 2015**

**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]
06/30/15	\$ -	\$ 1,149,046	\$ 1,149,046	0%	\$ 6,370,240	18.038%
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%

**Town of Apple Valley, California  
Required Supplementary Information  
Year Ended June 30, 2015**

**SCHEDULE OF THE TOWNS'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
Last 10 Years\***

		Miscellaneous Risk Pool 2015
Proportion of the Net Pension Liability		0.13396%
Proportionate Share of Net Pension Liability	\$	8,335,481
Covered - Employee Payroll	\$	6,370,240
Proportionate Share of the Net Pension Liability as a percentage of Payroll		130.85%
Plan's Fiduciary Net Position	\$	28,124,055
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		77.14%

**Notes to the Schedule of the Town's Proportionate Share of the Net Pension Liability**

**Benefit Changes:** None

**Changes in Assumptions:** None

\*Fiscal year 2015 is the first year of implementation, therefore only one year of information is available.

**Town of Apple Valley, California  
Required Supplementary Information  
Year Ended June 30, 2015**

**SCHEDULE OF PLAN CONTRIBUTIONS  
Last 10 Years\***

	<u>2015</u>
Contractually Required Contributions (actuarially determined)	\$ 1,100,418
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,100,418)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 6,370,240
Contributions as a Percentage of Covered Employee Payroll	17.27%

**Notes to the Schedule of Plan Contributions**

Valuation Date: 6/30/2013

\*Fiscal year 2015 is the first year of implementation, therefore only one year of information is available.

**Town of Apple Valley, California**  
**Notes to Required Supplementary Information**  
**Year Ended June 30, 2015**

**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 \$1,239,006.

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.

**Transportation Development Act Fund** - To account for the revenues and expenditures of the Town's share of Article 3 and 8 monies which are restricted in use for transit or street repair/construction 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.

**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.

**Town of Apple Valley, California**  
**Nonmajor Governmental Funds - Continued**

**Capital Projects Funds:**

**Governmental Facilities Fund** - To account for and report financial resources restricted, committed, or assigned to activities related to the construction of the new Town Hall Annex.

**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, 2015**

	Special Revenue			Neighborhood Stabilization Program
	Street Maintenance	CDBG	Air Pollution Control District	
<b>ASSETS</b>				
Cash and Investments	\$ 125,652	\$	\$ 85,105	\$ 129,784
Cash with Fiscal Agent				
Accounts Receivable	756			
Interest Receivable			83	58
Due from Other Governments		140,177		
Loans Receivable				
<b>Total Assets</b>	<u>\$ 126,408</u>	<u>\$ 140,177</u>	<u>\$ 85,188</u>	<u>\$ 129,842</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 66,074	\$ 18,150	\$	\$
Accrued Liabilities	23,299	12,429		
Due to Other Funds		46,866		
<b>Total Liabilities</b>	<u>89,373</u>	<u>77,445</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue		70,327		
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>70,327</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICITS)</b>				
Restricted	37,035		85,188	129,842
Assigned				
Unassigned		(7,595)		
<b>Total Fund Balances (Deficits)</b>	<u>37,035</u>	<u>(7,595)</u>	<u>85,188</u>	<u>129,842</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</b>	<u>\$ 126,408</u>	<u>\$ 140,177</u>	<u>\$ 85,188</u>	<u>\$ 129,842</u>

Special Revenue						
Assessment District L-1	Transportation Development Act	Prop 1B	ADDI Down Payment Assistance	Help Down Payment Assistance	Quimby Fees	HCD State Program Income
\$ 1,240,935	\$ 1,681,624	\$ 3,947	\$ 1	\$	\$ 150,166	\$ 86,047
4,192						
1,342	1,854	4			151	92
1,157	781,289					
				185,434		565,278
<u>\$ 1,247,626</u>	<u>\$ 2,464,767</u>	<u>\$ 3,951</u>	<u>\$ 1</u>	<u>\$ 185,434</u>	<u>\$ 150,317</u>	<u>\$ 651,417</u>
\$ 14,808	\$ 6,553	\$	\$	\$	\$	\$
14,808	6,553	-	-	-	-	-
	781,289					
-	781,289	-	-	-	-	-
1,232,818	1,676,925	3,951	1	185,434	150,317	651,417
<u>1,232,818</u>	<u>1,676,925</u>	<u>3,951</u>	<u>1</u>	<u>185,434</u>	<u>150,317</u>	<u>651,417</u>
<u>\$ 1,247,626</u>	<u>\$ 2,464,767</u>	<u>\$ 3,951</u>	<u>\$ 1</u>	<u>\$ 185,434</u>	<u>\$ 150,317</u>	<u>\$ 651,417</u>

Continued

**Town of Apple Valley, California**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Continued**  
**June 30, 2015**

	Special Revenue	Capital Projects		
	CDBG Program Income	Government Facilities	NAVISP Infrastructure	Storm Drains
<b>ASSETS</b>				
Cash and Investments	\$ 41,275	\$	\$ 1,648,987	\$ 1,422,406
Cash with Fiscal Agent				
Accounts Receivable	102,085			
Interest Receivable	87		1,757	1,502
Due from Other Governments	3,403			
Loans Receivable	889,564			
 Total Assets	<u>\$ 1,036,414</u>	<u>\$ -</u>	<u>\$ 1,650,744</u>	<u>\$ 1,423,908</u>
<b>LIABILITIES</b>				
Accounts Payable	\$	\$	\$ 216	\$
Accrued Liabilities				
Due to Other Funds				
 Total Liabilities	<u>-</u>	<u>-</u>	<u>216</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	102,085			
 Total Deferred Inflows of Resources	<u>102,085</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICITS)</b>				
Restricted	934,329			1,423,908
Assigned			1,650,528	
Unassigned				
 Total Fund Balances (Deficits)	<u>934,329</u>	<u>-</u>	<u>1,650,528</u>	<u>1,423,908</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 1,036,414</u>	<u>\$ -</u>	<u>\$ 1,650,744</u>	<u>\$ 1,423,908</u>

Capital Projects	Debt Service			Total Nonmajor Governmental Funds
	2007 Town Hall Revenue Bonds	1999 COPS	2001 COPS	
Development Impact Fees				
\$ 1,542,016	\$	\$ 116,660	\$ 197,121	\$ 8,157,945
				313,781
				107,033
1,641				8,571
				926,026
				1,640,276
<u>\$ 1,543,657</u>	<u>\$ -</u>	<u>\$ 116,660</u>	<u>\$ 197,121</u>	<u>\$ 11,153,632</u>
\$	\$	\$	\$	\$ 105,801
				35,728
		116,660	197,121	360,647
		116,660	197,121	502,176
				953,701
				953,701
1,543,657				8,054,822
				1,650,528
				(7,595)
1,543,657	-	-	-	9,697,755
<u>\$ 1,543,657</u>	<u>\$ -</u>	<u>\$ 116,660</u>	<u>\$ 197,121</u>	<u>\$ 11,153,632</u>

**Town of Apple Valley, California**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2015**

	Special Revenue			
	Street Maintenance	CDBG	Air Pollution Control District	Neighborhood Stabilization Program
<b>REVENUES</b>				
Taxes	\$	\$	\$ 47,955	\$
Licenses and Permits				
Investment Income	113		321	247
Intergovernmental	1,986,230	586,100		51,687
Other Revenue	2,758			78,448
	<u>1,989,101</u>	<u>586,100</u>	<u>48,276</u>	<u>130,382</u>
<b>EXPENDITURES</b>				
Current:				
General Government				
Public Safety				
Transportation	2,183,652		47,260	
Community Development		553,995		51,688
Capital Outlay	26,811			
Debt Service:				
Principal				
Interest and Fiscal Charges				
	<u>2,210,463</u>	<u>553,995</u>	<u>47,260</u>	<u>51,688</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(221,362)</u>	<u>32,105</u>	<u>1,016</u>	<u>78,694</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				
Transfers Out	(21,964)			
	<u>(21,964)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(243,326)	32,105	1,016	78,694
Fund Balances - Beginning	489,082	(39,700)	84,172	51,148
Prior Period Adjustments	(208,721)			
Fund Balances - Ending	<u>\$ 37,035</u>	<u>\$ (7,595)</u>	<u>\$ 85,188</u>	<u>\$ 129,842</u>

Special Revenue						
Assessment District L-1	Transportation Development Act	Prop 1B	ADDI Down Payment Assistance	Help Down Payment Assistance	Quimby Fees	HCD State Program Income
\$ 318,108	\$	\$	\$	\$	\$	\$
5,254	7,759 532,178	8			96,240 543	343
<u>323,362</u>	<u>539,937</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>96,783</u>	<u>343</u>
232,712	43,601 90,351					124,532
<u>232,712</u>	<u>133,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,532</u>
90,650	405,985	8	-	-	96,783	(124,189)
	5,788 (89,997)					
<u>-</u>	<u>(84,209)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
90,650	321,776	8	-	-	96,783	(124,189)
1,142,168	1,355,149	3,943	1	-	53,534	53,879
				185,434		721,727
<u>\$ 1,232,818</u>	<u>\$ 1,676,925</u>	<u>\$ 3,951</u>	<u>\$ 1</u>	<u>\$ 185,434</u>	<u>\$ 150,317</u>	<u>\$ 651,417</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, 2015**

	Special Revenue	Capital Projects		
	CDBG Program Income	Government Facilities	NAVISP Infrastructure	Storm Drains
<b>REVENUES</b>				
Taxes	\$	\$	\$	\$
Licenses and Permits				155,023
Investment Income	392		7,294	6,101
Intergovernmental				
Other Revenue				
Total Revenues	392	-	7,294	161,124
<b>EXPENDITURES</b>				
Current:				
General Government				
Public Safety				
Transportation			555	
Community Development	38,902			411
Capital Outlay				
Debt Service:				
Principal				
Interest and Fiscal Charges		64		
Total Expenditures	38,902	64	555	411
Excess (Deficiency) of Revenues Over Expenditures	(38,510)	(64)	6,739	160,713
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In		75,737		
Transfers Out				
Total Other Financing Sources (Uses)	-	75,737	-	-
Net Change in Fund Balances	(38,510)	75,673	6,739	160,713
Fund Balances - Beginning	30,285	(75,673)	1,643,789	1,263,195
Prior Period Adjustments	942,554	-		
Fund Balances - Ending	\$ 934,329	\$ -	\$ 1,650,528	\$ 1,423,908

Capital Projects	Debt Service			Total Nonmajor Governmental Funds
	2007 Town Hall Revenue Bonds	1999 COPS	2001 COPS	
Development Impact Fees				
\$	\$	\$	\$	\$
171,328				366,063
6,748				422,591
				35,123
				3,156,195
				81,206
<u>178,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,061,178</u>
24,000	2,749	39,499	8,862	51,110
				24,000
				2,507,780
				769,528
				117,162
	475,000	340,000	221,250	1,036,250
	408,544	1,485	342	410,435
<u>24,000</u>	<u>886,293</u>	<u>380,984</u>	<u>230,454</u>	<u>4,916,265</u>
<u>154,076</u>	<u>(886,293)</u>	<u>(380,984)</u>	<u>(230,454)</u>	<u>(855,087)</u>
(75,737)	886,293	380,778	230,454	1,579,050
<u>(75,737)</u>	<u>886,293</u>	<u>380,778</u>	<u>230,454</u>	<u>(187,698)</u>
(75,737)	886,293	380,778	230,454	1,391,352
78,339	-	(206)	-	536,265
1,465,318	-	206	-	7,520,496
				1,640,994
<u>\$ 1,543,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,697,755</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses and Permits	\$ 400,000	\$ 400,000	\$ 463,700	\$ 63,700
Investment Income	12,000	12,000	16,436	4,436
Intergovernmental	27,034,477	27,034,477	23,483,418	(3,551,059)
Other Revenue				-
Total Revenues	<u>27,446,477</u>	<u>27,446,477</u>	<u>23,963,554</u>	<u>(3,482,923)</u>
<b>EXPENDITURES</b>				
Current:				
Community Development				-
Capital Outlay	<u>27,157,077</u>	<u>27,657,077</u>	<u>23,489,433</u>	<u>4,167,644</u>
Total Expenditures	<u>27,157,077</u>	<u>27,657,077</u>	<u>23,489,433</u>	<u>4,167,644</u>
Excess (Deficiency) of Revenues over Expenditures	<u>289,400</u>	<u>(210,600)</u>	<u>474,121</u>	<u>684,721</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				-
Transfers Out				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	289,400	(210,600)	474,121	684,721
Fund Balance, Beginning	<u>3,872,474</u>	<u>3,872,474</u>	<u>3,872,474</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 4,161,874</u>	<u>\$ 3,661,874</u>	<u>\$ 4,346,595</u>	<u>\$ 684,721</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,842,204	\$ 242,204
Investment Income	5,000	5,000	24,753	19,753
Intergovernmental	1,488,053	1,488,053	240,102	(1,247,951)
Total Revenues	<u>3,093,053</u>	<u>3,093,053</u>	<u>2,107,059</u>	<u>(985,994)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	5,223,350	6,776,809	1,743,694	5,033,115
Total Expenditures	<u>5,223,350</u>	<u>6,776,809</u>	<u>1,743,694</u>	<u>5,033,115</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,130,297)</u>	<u>(3,683,756)</u>	<u>363,365</u>	<u>4,047,121</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				-
Transfers Out			(5,788)	(5,788)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(5,788)</u>	<u>(5,788)</u>
Net Change in Fund Balances	(2,130,297)	(3,683,756)	357,577	4,041,333
Fund Balance, Beginning	<u>5,428,843</u>	<u>5,428,843</u>	<u>5,428,843</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 3,298,546</u>	<u>\$ 1,745,087</u>	<u>\$ 5,786,420</u>	<u>\$ 4,041,333</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 549,483	\$ 668,483	\$ 307,504	\$ (360,979)
Total Revenues	<u>549,483</u>	<u>668,483</u>	<u>307,504</u>	<u>(360,979)</u>
<b>EXPENDITURES</b>				
Current:				
Community Development	547,665	666,665	347,345	319,320
Capital Outlay			21,055	(21,055)
Total Expenditures	<u>547,665</u>	<u>666,665</u>	<u>368,400</u>	<u>298,265</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,818</u>	<u>1,818</u>	<u>(60,896)</u>	<u>(62,714)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In			89,997	89,997
Transfers Out				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>89,997</u>	<u>89,997</u>
Net Change in Fund Balances	1,818	1,818	29,101	27,283
Fund Balances, Beginning	(170,194)	(170,194)	(170,194)	
Prior Period Adjustment			4,500	4,500
Fund Balances, Ending	<u>\$ (168,376)</u>	<u>\$ (168,376)</u>	<u>\$ (136,593)</u>	<u>\$ 31,783</u>

**Town of Apple Valley, California**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Street Maintenance Fund**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,762,663	\$ 1,762,663	\$ 1,986,230	\$ 223,567
Investment Income			113	113
Other Revenue			2,758	2,758
	<hr/>		<hr/>	
Total Revenues	1,762,663	1,762,663	1,989,101	226,438
<b>EXPENDITURES</b>				
Current:				
Transportation	2,388,075	2,388,075	2,183,652	204,423
Capital Outlay	28,000	28,000	26,811	1,189
	<hr/>		<hr/>	
Total Expenditures	2,416,075	2,416,075	2,210,463	205,612
Excess (Deficiency) of Revenues over Expenditures	(653,412)	(653,412)	(221,362)	432,050
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	350,000	350,000		(350,000)
Transfers Out	(22,000)	(22,000)	(21,964)	36
	<hr/>		<hr/>	
Total Other Financing Sources (Uses)	328,000	328,000	(21,964)	(349,964)
Net Change in Fund Balances	(325,412)	(325,412)	(243,326)	82,086
Fund Balance, Beginning	489,082	489,082	489,082	-
Prior Period Adjustments			(208,721)	(208,721)
	<hr/>		<hr/>	
Fund Balance, Ending	\$ 163,670	\$ 163,670	\$ 37,035	\$ (126,635)

**Town of Apple Valley, California**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - CDBG**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 953,572	\$ 1,169,193	\$ 586,100	\$ (583,093)
Other Revenue				-
Total Revenues	<u>953,572</u>	<u>1,169,193</u>	<u>586,100</u>	<u>(583,093)</u>
<b>EXPENDITURES</b>				
Current:				
Community Development	<u>945,432</u>	<u>1,161,053</u>	<u>553,995</u>	<u>607,058</u>
Total Expenditures	<u>945,432</u>	<u>1,161,053</u>	<u>553,995</u>	<u>607,058</u>
Excess (Deficiency) of Revenues over Expenditures	<u>8,140</u>	<u>8,140</u>	<u>32,105</u>	<u>23,965</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	8,140	8,140	32,105	23,965
Fund Balance, Beginning	<u>(39,700)</u>	<u>(39,700)</u>	<u>(39,700)</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (31,560)</u>	<u>\$ (31,560)</u>	<u>\$ (7,595)</u>	<u>\$ 23,965</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 47,320	\$ 47,320	\$ 47,955	\$ 635
Investment Income	130	130	321	191
Total Revenues	<u>47,450</u>	<u>47,450</u>	<u>48,276</u>	<u>826</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	<u>47,320</u>	<u>47,320</u>	<u>47,260</u>	<u>60</u>
Total Expenditures	<u>47,320</u>	<u>47,320</u>	<u>47,260</u>	<u>60</u>
Excess (Deficiency) of Revenues over Expenditures	130	130	1,016	886
Fund Balance, Beginning	<u>84,172</u>	<u>84,172</u>	<u>84,172</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 84,302</u></u>	<u><u>\$ 84,302</u></u>	<u><u>\$ 85,188</u></u>	<u><u>\$ 886</u></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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$	\$	\$ 247	\$ 247
Intergovernmental		51,561	51,687	126
Other Revenue			78,448	78,448
Total Revenues	-	51,561	130,382	78,821
<b>EXPENDITURES</b>				
Transportation				-
Community Development		51,561	51,688	(127)
Total Expenditures	-	51,561	51,688	(127)
Excess (Deficiency) of Revenues over Expenditures	-	-	78,694	78,694
Fund Balance, Beginning	51,148	51,148	51,148	
Fund Balance, Ending	\$ 51,148	\$ 51,148	\$ 129,842	\$ 78,694

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 324,000	\$ 324,000	\$ 318,108	\$ (5,892)
Investment Income	1,350	1,350	5,254	3,904
Total Revenues	<u>325,350</u>	<u>325,350</u>	<u>323,362</u>	<u>(1,988)</u>
<b>EXPENDITURES</b>				
Transportation	<u>160,250</u>	<u>160,250</u>	<u>232,712</u>	<u>(72,462)</u>
Total Expenditures	<u>160,250</u>	<u>160,250</u>	<u>232,712</u>	<u>(72,462)</u>
Excess (Deficiency) of Revenues over Expenditures	165,100	165,100	90,650	(74,450)
Fund Balance, Beginning	<u>1,142,168</u>	<u>1,142,168</u>	<u>1,142,168</u>	<u>                    </u>
Fund Balance, Ending	<u><u>\$ 1,307,268</u></u>	<u><u>\$ 1,307,268</u></u>	<u><u>\$ 1,232,818</u></u>	<u><u>\$ (74,450)</u></u>

**Town of Apple Valley, California**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Transportation Development Act Fund**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$	\$	\$ 7,759	\$ 7,759
Intergovernmental	748,300	1,104,000	532,178	(571,822)
Total Revenues	748,300	1,104,000	539,937	(564,063)
<b>EXPENDITURES</b>				
Current:				
Transportation	60,000	60,000	43,601	16,399
Capital Outlay	214,000	569,700	90,351	479,349
Total Expenditures	274,000	629,700	133,952	495,748
Excess (Deficiency) of Revenues over Expenditures	474,300	474,300	405,985	(68,315)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In			5,788	5,788
Transfers Out	(350,000)	(350,000)	(89,997)	260,003
Total Other Financing Sources (Uses)	(350,000)	(350,000)	(84,209)	265,791
Net Change in Fund Balance	124,300	124,300	321,776	197,476
Fund Balances, Beginning	1,355,149	1,355,149	1,355,149	
Fund Balances, Ending	\$ 1,479,449	\$ 1,479,449	\$ 1,676,925	\$ 197,476

**Town of Apple Valley, California**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Quimby Fees Fund**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses and Permits	\$ 20,000	\$ 20,000	\$ 96,240	\$ 76,240
Investment Income	40	40	543	503
Total Revenues	<u>20,040</u>	<u>20,040</u>	<u>96,783</u>	<u>76,743</u>
<b>EXPENDITURES</b>				
Culture and Recreation				-
Capital Outlay	13,050	13,050		13,050
Total Expenditures	<u>13,050</u>	<u>13,050</u>	<u>-</u>	<u>13,050</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,990</u>	<u>6,990</u>	<u>96,783</u>	<u>89,793</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	6,990	6,990	96,783	89,793
Fund Balance, Beginning	<u>53,534</u>	<u>53,534</u>	<u>53,534</u>	
Fund Balance, Ending	<u><u>\$ 60,524</u></u>	<u><u>\$ 60,524</u></u>	<u><u>\$ 150,317</u></u>	<u><u>\$ 89,793</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$ 2,500	\$ 2,500	\$ 7,294	\$ 4,794
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>7,294</u>	<u>4,794</u>
<b>EXPENDITURES</b>				
Transportation		965,274	555	964,719
Total Expenditures	<u>-</u>	<u>965,274</u>	<u>555</u>	<u>964,719</u>
Excess (Deficiency) of Revenues over Expenditures	2,500	(962,774)	6,739	969,513
Fund Balance, Beginning	<u>1,643,789</u>	<u>1,643,789</u>	<u>1,643,789</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 1,646,289</u></u>	<u><u>\$ 681,015</u></u>	<u><u>\$ 1,650,528</u></u>	<u><u>\$ 969,513</u></u>

**Town of Apple Valley, California**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Storm Drains**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses & Permits	\$ 90,000	\$ 90,000	\$ 155,023	\$ 65,023
Investment Income	1,500	1,500	6,101	4,601
Total Revenues	<u>91,500</u>	<u>91,500</u>	<u>161,124</u>	<u>69,624</u>
<b>EXPENDITURES</b>				
Current:				
Community Development	100,000	100,000	411	99,589
Capital Outlay				-
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>411</u>	<u>99,589</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(8,500)</u>	<u>(8,500)</u>	<u>160,713</u>	<u>169,213</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
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)	160,713	169,213
Fund Balance, Beginning	<u>1,263,195</u>	<u>1,263,195</u>	<u>1,263,195</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 1,254,695</u></u>	<u><u>\$ 1,254,695</u></u>	<u><u>\$ 1,423,908</u></u>	<u><u>\$ 169,213</u></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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses & Permits	\$ 104,000	\$ 104,000	\$ 171,328	\$ 67,328
Investment Income	1,900	1,900	6,748	4,848
Total Revenues	<u>105,900</u>	<u>105,900</u>	<u>178,076</u>	<u>72,176</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety			24,000	(24,000)
Capital Outlay				-
Total Expenditures	<u>-</u>	<u>-</u>	<u>24,000</u>	<u>(24,000)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>105,900</u>	<u>105,900</u>	<u>154,076</u>	<u>48,176</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In				-
Transfers Out			(75,737)	(75,737)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(75,737)</u>	<u>(75,737)</u>
Net Change in Fund Balances	105,900	105,900	78,339	(27,561)
Fund Balance, Beginning	<u>1,465,318</u>	<u>1,465,318</u>	<u>1,465,318</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,571,218</u>	<u>\$ 1,571,218</u>	<u>\$ 1,543,657</u>	<u>\$ (27,561)</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$	\$	\$	\$ -
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
General Government	3,000	3,000	2,749	251
Debt Service				
Principal	475,000	475,000	475,000	-
Interest and Fiscal Charges	408,544	408,544	408,544	-
Total Expenditures	886,544	886,544	886,293	251
Excess (Deficiency) of Revenues over Expenditures	(886,544)	(886,544)	(886,293)	251
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	886,544	886,544	886,293	(251)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	886,544	886,544	886,293	(251)
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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$	\$	\$	\$ -
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
General Government	70,000	70,000	39,499	30,501
Debt Service				
Principal	340,000	340,000	340,000	
Interest and Fiscal Charges	10,000	10,000	1,485	8,515
Total Expenditures	420,000	420,000	380,984	39,016
Excess (Deficiency) of Revenues over Expenditures	(420,000)	(420,000)	(380,984)	39,016
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	420,000	420,000	380,778	(39,222)
Total Other Financing Sources (Uses)	420,000	420,000	380,778	(39,222)
Net Change in Fund Balances	-	-	(206)	(206)
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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$	\$	\$	\$ -
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
General Government	30,000	30,000	8,862	21,138
Debt Service				
Principal	295,000	295,000	221,250	73,750
Interest and Fiscal Charges	12,000	12,000	342	11,658
Total Expenditures	337,000	337,000	230,454	106,546
Excess (Deficiency) of Revenues over Expenditures	(337,000)	(337,000)	(230,454)	106,546
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	337,000	337,000	230,454	(106,546)
Total Other Financing Sources (Uses)	337,000	337,000	230,454	(106,546)
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, 2015**

	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
<b>ASSETS</b>						
Cash and Investments	\$ 750,179	\$ 2,050	\$ (239)	\$ 498,751	\$ 11,281,293	\$ 169,367
Cash with Fiscal Agent			238,268			
Accounts Receivable						405,643
Interest Receivable				546		
Due from Other Governments				13,687	673,067	
Prepaid Items						1,010
	<u>\$ 750,179</u>	<u>\$ 2,050</u>	<u>\$ 238,029</u>	<u>\$ 512,984</u>	<u>\$ 11,954,360</u>	<u>\$ 576,020</u>
Total Assets	<u>\$ 750,179</u>	<u>\$ 2,050</u>	<u>\$ 238,029</u>	<u>\$ 512,984</u>	<u>\$ 11,954,360</u>	<u>\$ 576,020</u>
<b>LIABILITIES</b>						
Accounts Payable	\$	\$ 2,050	\$	\$ 4,591	\$	\$
Accrued Liabilites			243		11,954,360	478,387
Deposits	750,179			508,393		97,633
Amounts Due Bondholders			237,786			
	<u>\$ 750,179</u>	<u>\$ 2,050</u>	<u>\$ 238,029</u>	<u>\$ 512,984</u>	<u>\$ 11,954,360</u>	<u>\$ 576,020</u>
Total Liabilities	<u>\$ 750,179</u>	<u>\$ 2,050</u>	<u>\$ 238,029</u>	<u>\$ 512,984</u>	<u>\$ 11,954,360</u>	<u>\$ 576,020</u>

Opportunity High Desert Trust Fund	Total
\$ 5,623	\$ 12,707,024
	238,268
2,084	407,727
34	580
20,650	707,404
	1,010
<u>\$ 28,391</u>	<u>\$ 14,062,013</u>
\$	\$ 6,641
	12,432,990
28,391	1,384,596
	237,786
<u>\$ 28,391</u>	<u>\$ 14,062,013</u>

**Town of Apple Valley, California**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2015**

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
<b><u>TRUST AND FIDUCIARY FUND</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$ 351,210	\$ 458,807	\$ 59,838	\$ 750,179
Total Assets	<u>\$ 351,210</u>	<u>\$ 458,807</u>	<u>\$ 59,838</u>	<u>\$ 750,179</u>
<b>LIABILITIES</b>				
Deposits	\$ 351,210	\$ 521,486	\$ 122,517	\$ 750,179
Total Liabilities	<u>\$ 351,210</u>	<u>\$ 521,486</u>	<u>\$ 122,517</u>	<u>\$ 750,179</u>
<b><u>VICTOR VALLEY TRANSIT AUTHORITY FUND</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$ 1,925	\$ 8,725	\$ 8,600	\$ 2,050
Total Assets	<u>\$ 1,925</u>	<u>\$ 8,725</u>	<u>\$ 8,600</u>	<u>\$ 2,050</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,925	\$ 8,725	\$ 8,600	\$ 2,050
Total Liabilities	<u>\$ 1,925</u>	<u>\$ 8,725</u>	<u>\$ 8,600</u>	<u>\$ 2,050</u>
<b><u>ASSESSMENT DISTRICT 98-1</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ 228,121	\$ 228,360	\$ (239)
Cash with Fiscal Agent	238,318	14	64	238,268
Total Assets	<u>\$ 238,318</u>	<u>\$ 228,135</u>	<u>\$ 228,424</u>	<u>\$ 238,029</u>
<b>LIABILITIES</b>				
Amount Due Bondholders	\$ 238,169	\$ 227,892	\$ 228,275	\$ 237,786
Accrued Liabilities	149	243	149	243
Total Liabilities	<u>\$ 238,318</u>	<u>\$ 228,135</u>	<u>\$ 228,424</u>	<u>\$ 238,029</u>
<b><u>VILLAGE PBID</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$ 807,208	\$ 236,430	\$ 544,887	\$ 498,751
Interest Receivable	536	546	536	546
Due From Other Governments	6,942	13,687	6,942	13,687
Total Assets	<u>\$ 814,686</u>	<u>\$ 250,663</u>	<u>\$ 552,365</u>	<u>\$ 512,984</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 9,392	\$ 540,086	\$ 544,887	\$ 4,591
Deposits	805,294	250,663	547,564	508,393
Total Liabilities	<u>\$ 814,686</u>	<u>\$ 790,749</u>	<u>\$ 1,092,451</u>	<u>\$ 512,984</u>

Continued

**Town of Apple Valley, California**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds - Continued**  
**Year Ended June 30, 2015**

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
<b><u>VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$ 10,840,860	\$ 21,500,045	\$ 21,059,612	\$ 11,281,293
Due From Other Governments	673,067			673,067
Total Assets	<u>\$ 11,513,927</u>	<u>\$ 21,500,045</u>	<u>\$ 21,059,612</u>	<u>\$ 11,954,360</u>
<b>LIABILITIES</b>				
Accrued Liabilities	\$ 11,513,927	\$ 21,500,045	\$ 21,059,612	\$ 11,954,360
Total Liabilities	<u>\$ 11,513,927</u>	<u>\$ 21,500,045</u>	<u>\$ 21,059,612</u>	<u>\$ 11,954,360</u>
<b><u>MOJAVE DESERT AND MOUNTAIN INTEGRATED WASTE MANAGEMENT AUTHORITY</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$ 145,542	\$ 978,074	\$ 954,249	\$ 169,367
Accounts Receivable	319,553	2,898,931	2,812,841	405,643
Prepaid Items	4,332	1,010	4,332	1,010
Total Assets	<u>\$ 469,427</u>	<u>\$ 3,878,015</u>	<u>\$ 3,771,422</u>	<u>\$ 576,020</u>
<b>LIABILITIES</b>				
Accrued Liabilities	\$ 341,592	\$ 357,550	\$ 220,755	\$ 478,387
Deposits	127,835	3,520,465	3,550,667	97,633
Total Liabilities	<u>\$ 469,427</u>	<u>\$ 3,878,015</u>	<u>\$ 3,771,422</u>	<u>\$ 576,020</u>
<b><u>OPPORTUNITY HIGH DESERT TRUST FUND</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$ 79,445	\$ 70,618	\$ 144,440	\$ 5,623
Accounts Receivable	14,032	4,285	16,233	2,084
Interest Receivable	49	34	49	34
Due From Other Governments		20,650		20,650
Total Assets	<u>\$ 93,526</u>	<u>\$ 95,587</u>	<u>\$ 160,722</u>	<u>\$ 28,391</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 67,912	\$ 73,611	\$ 141,523	\$
Deposits	25,614	28,391	25,614	28,391
Total Liabilities	<u>\$ 93,526</u>	<u>\$ 102,002</u>	<u>\$ 167,137</u>	<u>\$ 28,391</u>

Continued

**Town of Apple Valley, California**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds - Continued**  
**Year Ended June 30, 2015**

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$ 12,226,190	\$ 23,480,820	\$ 22,999,986	\$ 12,707,024
Cash with Fiscal Agent	238,318	14	64	238,268
Accounts Receivable	333,585	2,903,216	2,829,074	407,727
Interest Receivable	585	580	585	580
Due From Other Governments	680,009	34,337	6,942	707,404
Prepaid Items	4,332	1,010	4,332	1,010
	<u>4,332</u>	<u>1,010</u>	<u>4,332</u>	<u>1,010</u>
Total Assets	<u>\$ 13,483,019</u>	<u>\$ 26,419,977</u>	<u>\$ 25,840,983</u>	<u>\$ 14,062,013</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 79,229	\$ 622,422	\$ 695,010	\$ 6,641
Accrued Liabilities	11,855,668	21,857,838	21,280,516	12,432,990
Deposits	1,309,953	4,321,005	4,246,362	1,384,596
Amounts Due Bondholders	238,169	227,892	228,275	237,786
	<u>238,169</u>	<u>227,892</u>	<u>228,275</u>	<u>237,786</u>
Total Liabilities	<u>\$ 13,483,019</u>	<u>\$ 27,029,157</u>	<u>\$ 26,450,163</u>	<u>\$ 14,062,013</u>

**Town of Apple Valley, California**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source<sup>1</sup>**  
**June 30, 2015**

**GOVERNMENTAL FUNDS CAPITAL ASSETS**

Land	\$ 99,443,343
Furniture and Equipment	3,309,018
Computer Equipment	1,597,804
Auto Equipment	1,420,577
Structures and Improvements	91,966,060
Infrastructure	354,447,868
Construction in Progress	<u>44,441,569</u>
Total Governmental Funds Capital Assets	<u><u>\$ 596,626,239</u></u>

**INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE**

General Fund	\$ 152,816,167
Special Revenue Funds	27,233,589
Capital Project Funds	<u>416,576,483</u>
Total Governmental Funds Capital Assets	<u><u>\$ 596,626,239</u></u>

<sup>1</sup>This 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 Activity<sup>1</sup>**  
**June 30, 2015**

	<u>Land</u>	<u>Furniture and Equipment</u>	<u>Computer Equipment</u>
<b>FUNCTION AND ACTIVITY</b>			
General Government	\$ 2,114,277	\$ 914,758	\$ 1,307,490
Public Safety	1,169,799	743,653	144,354
Transportation	87,962,042	87,120	26,591
Culture and Recreation	6,826,654	1,272,632	11,250
Cumminity Development	<u>1,370,571</u>	<u>290,855</u>	<u>108,119</u>
 Total Governmental Funds Capital Assets	 <u>\$99,443,343</u>	 <u>\$ 3,309,018</u>	 <u>\$ 1,597,804</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	\$	\$	\$ 10,675,145
394,939	11,243,715			13,696,460
403,297	5,948,469	353,967,882	44,354,028	492,749,429
491,149	57,755,755	479,986	87,541	66,924,967
	10,810,693			12,580,238
<u>\$ 1,420,577</u>	<u>\$ 91,966,060</u>	<u>\$ 354,447,868</u>	<u>\$ 44,441,569</u>	<u>\$ 596,626,239</u>

**Town of Apple Valley, California**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity<sup>1</sup>**  
**Year Ended June 30, 2015**

	Governmental Funds Capital Assets July 1, 2014	Additions	Deletions	Governmental Funds Capital Assets June 30, 2015
<b>FUNCTION AND ACTIVITY</b>				
General Government	\$ 10,668,207	\$ 6,938	\$	\$ 10,675,145
Public Safety	13,696,460			13,696,460
Transportation	467,143,760	26,805,523	(1,199,854)	492,749,429
Culture and Recreation	66,741,781	183,186		66,924,967
Community Development	12,580,238			12,580,238
	<u>\$ 570,830,446</u>	<u>\$ 26,995,647</u>	<u>\$ (1,199,854)</u>	<u>\$ 596,626,239</u>

<sup>1</sup>This 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.

<b>CONTENTS</b>	<b>PAGE</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	113
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	123
<b>Debt Capacity</b> 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.	128
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	135
<b>Operating Information</b> 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.	137

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 44,949,377	\$ 384,061,630	\$ 387,123,900	\$ 381,677,955
Restricted	24,316,125	25,102,142	51,867,938	40,971,278
Unrestricted	10,467,168	10,418,490	(13,367,654)	(1,410,378)
<b>Total Governmental Activities Net Assets</b>	<u>\$ 79,732,670</u>	<u>\$ 419,582,262</u>	<u>\$ 425,624,184</u>	<u>\$ 421,238,855</u>
<b>Business-type activities</b>				
Net Investment in Capital Assets	\$ 5,311,877	\$ 33,492,509	\$ 33,768,176	\$ 32,459,593
Restricted	1,740,000	1,792,823	1,816,804	1,818,304
Unrestricted	14,021,426	16,231,747	14,731,511	14,119,730
<b>Total Business-type Activities Net Assets</b>	<u>\$ 21,073,303</u>	<u>\$ 51,517,079</u>	<u>\$ 50,316,491</u>	<u>\$ 48,397,627</u>
<b>Primary Government</b>				
Net Investment in Capital Assets	\$ 50,261,254	\$ 417,554,139	\$ 420,892,076	\$ 414,137,548
Restricted	26,056,125	26,894,965	53,684,742	42,789,582
Unrestricted	24,488,594	26,650,237	1,363,857	12,709,352
<b>Total Primary Government Net Assets</b>	<u>\$ 100,805,973</u>	<u>\$ 471,099,341</u>	<u>\$ 475,940,675</u>	<u>\$ 469,636,482</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 390,657,277	\$ 388,785,477	\$ 379,669,535	\$ 371,244,438	\$ 370,565,096	\$ 383,503,226
32,983,379	34,274,504	17,206,203	23,906,586	22,736,379	25,023,536
(9,726,145)	(15,234,171)	16,418,211	9,730,572	9,057,417	1,122,526
<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>	<u>\$ 409,649,288</u>
\$ 31,382,013	\$ 30,868,062	\$ 34,441,896	\$ 33,386,797	\$ 32,781,178	\$ 33,311,903
1,818,186	1,818,204	1,744,747	1,737,858	1,737,952	1,107,309
12,167,184	9,627,346	7,221,444	6,189,164	6,165,786	4,722,850
<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>	<u>\$ 39,142,062</u>
\$ 422,039,290	\$ 419,653,539	\$ 414,111,431	\$ 404,631,235	\$ 403,346,274	\$ 416,815,129
34,801,565	36,092,708	18,950,950	25,644,444	24,474,331	26,130,845
2,441,039	(5,606,825)	23,639,655	15,919,736	15,223,203	5,845,376
<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>	<u>\$ 448,791,350</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 3,353,017	\$ 3,347,001	\$ 3,533,678	\$ 3,351,071
Public safety	7,690,948	9,119,965	10,430,291	11,783,023
Transportation	6,247,368	8,279,686	9,854,747	14,238,533
Culture and recreation	3,029,203	5,122,716	5,188,538	5,827,113
Community development	6,337,878	7,534,045	8,805,564	9,753,475
Health	-		3,539,966	-
Interest on long-term debt	555,475	635,095		3,203,143
Total governmental activities expenses	<u>27,213,889</u>	<u>34,038,508</u>	<u>41,352,784</u>	<u>48,156,358</u>
Business-type activities:				
Sewer	3,261,816	4,322,383	4,977,119	5,593,652
Waste Management	6,919,321	7,582,185	8,817,281	8,825,868
Apple Valley Golf Club	-	-	-	1,276,919
Total business-type activities expenses	<u>10,181,137</u>	<u>11,904,568</u>	<u>13,794,400</u>	<u>15,696,439</u>
Total primary government expenses	<u>\$ 37,395,026</u>	<u>\$ 45,943,076</u>	<u>\$ 55,147,184</u>	<u>\$ 63,852,797</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	533,383	418,186	388,483	301,671
Public safety	203,130	287,931	243,106	163,165
Transportation	197,867	228,453	88,491	39,773
Culture and recreation	602,915	827,385	919,425	938,167
Community development	4,683,154	3,205,184	1,699,164	2,266,134
Operating grants and contributions	8,200,337	5,116,858	7,034,992	4,533,857
Capital grants and contributions	11,547,363	8,396,253	7,719,437	6,620,923
Total governmental activities program revenue	<u>25,968,149</u>	<u>18,480,250</u>	<u>18,093,098</u>	<u>14,863,690</u>
Business-type activities:				
Charges for services:				
Sewer	3,343,651	3,247,042	2,852,961	2,994,301
Waste Management	8,171,421	9,529,788	9,124,792	9,827,664
Apple Valley Golf Club	-	-	-	535,589
Operating grants and contributions	-	-	-	-
Capital grants and contributions	620,351	7,787,415	1,173,704	586,969
Total business-type activities program revenue	<u>12,135,423</u>	<u>20,564,245</u>	<u>13,151,457</u>	<u>13,944,523</u>
Total primary government program revenues	<u>\$ 38,103,572</u>	<u>\$ 39,044,495</u>	<u>\$ 31,244,555</u>	<u>\$ 28,808,213</u>
Net (expense)/revenue				
Governmental activities	\$ (1,245,740)	\$ (15,558,258)	\$ (23,259,686)	\$ (33,292,668)
Business-type activities	<u>1,954,286</u>	<u>8,659,677</u>	<u>(642,943)</u>	<u>(1,751,916)</u>
Total primary government net expense	<u>\$ 708,546</u>	<u>\$ (6,898,581)</u>	<u>\$ (23,902,629)</u>	<u>\$ (35,044,584)</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,841,391	\$ 1,236,348	\$ 2,039,052	\$ 1,935,525	\$ 2,959,562	\$ 2,448,223
11,784,128	11,904,334	13,289,970	13,641,265	14,216,088	14,794,005
12,126,936	12,045,684	12,098,378	10,927,503	10,283,286	12,514,941
5,893,089	6,188,596	5,817,520	5,462,689	5,556,224	5,536,503
15,313,506	9,087,396	6,540,877	6,623,497	5,703,246	5,435,047
-	-	-	-	-	-
3,062,557	3,057,653	1,693,798	467,624	434,622	471,578
<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>	<u>41,200,297</u>
5,995,219	6,576,431	6,042,959	6,443,451	6,045,017	6,272,205
8,572,856	9,402,873	9,028,518	8,951,222	9,217,206	11,709,931
3,092,747	1,978,306	1,448,041	1,231,229	1,132,898	1,066,920
<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>19,049,056</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>	<u>\$ 60,249,353</u>
933,000	754,552	616,694	325,417	1,077,891	1,070,307
147,533	172,376	74,159	184,118	144,673	163,039
45,510	53,300	86,071	-	-	-
941,862	1,121,273	935,060	1,019,300	1,001,936	984,766
1,850,721	1,795,168	1,568,168	1,684,624	2,787,298	3,127,983
8,423,410	5,595,047	4,472,410	6,662,688	7,204,421	5,739,525
5,218,590	5,234,738	3,827,135	3,688,576	5,836,010	25,763,181
<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>	<u>36,848,801</u>
3,691,818	3,967,178	4,005,430	4,478,759	4,838,790	5,443,113
9,690,701	9,894,028	9,733,428	9,501,422	9,851,074	10,813,719
1,188,655	864,060	767,832	594,694	660,737	636,424
-	25,066	20,410	19,907	20,070	19,714
438,301	474,689	3,534,874	497,875	725,666	789,094
<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>17,702,064</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>	<u>\$ 54,550,865</u>
\$ (32,460,981)	\$ (28,793,557)	\$ (29,899,898)	\$ (25,493,380)	\$ (21,100,799)	\$ (4,351,496)
(2,651,347)	(2,732,589)	1,542,456	(1,533,245)	(298,784)	(1,346,992)
<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>\$ (5,698,488)</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes				
Property taxes	4,310,247	5,035,277	4,825,727	4,190,359
Tax increment	3,364,320	7,350,520	10,097,187	9,469,194
Franchise taxes	943,162	1,215,293	1,128,946	1,461,374
Sales taxes	2,904,475	3,458,264	3,424,928	3,668,463
Transient occupancy taxes	13,252	21,600	15,175	10,960
Motor vehicle in-lieu	4,820,766	5,616,051	6,493,901	6,670,204
Sales tax in-lieu	787,964	1,075,221	1,220,476	1,167,513
Pass through revenues	164,673	189,851	417,770	563,609
Miscellaneous revenues	595,429	386,446	169,328	105,846
Unrestricted grants and contributions	16,399	23,094	19,310	9,686
Investment income	1,117,643	1,555,032	2,442,247	1,090,479
Transfers	-	284,036	792,788	499,652
Extraordinary Item	-	-	-	-
Total governmental activities	<u>19,038,330</u>	<u>26,210,685</u>	<u>31,047,783</u>	<u>28,907,339</u>
Business-type activities:				
Investment income	356,099	477,888	613,328	332,704
Transfers	(155,249)	(284,036)	(792,788)	(499,652)
Total business-type activities	<u>200,850</u>	<u>193,852</u>	<u>(179,460)</u>	<u>(166,948)</u>
Total primary government	<u>\$ 19,239,180</u>	<u>\$ 26,404,537</u>	<u>\$ 30,868,323</u>	<u>\$ 28,740,391</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 17,792,590	\$ 10,652,427	\$ 7,788,097	\$ (4,385,329)
Business-type activities	2,155,136	8,853,529	(822,403)	(1,918,864)
Total primary government	<u>\$ 19,947,726</u>	<u>\$ 19,505,956</u>	<u>\$ 6,965,694</u>	<u>\$ (6,304,193)</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
3,816,749	3,601,017	3,718,455	4,409,064	5,181,242	4,219,546
7,203,291	5,688,809	1,955,820	-	-	-
1,565,696	1,727,194	1,460,033	1,816,243	1,892,884	3,765,877
3,689,967	3,819,221	4,139,105	3,804,832	4,122,097	4,239,000
9,823	6,051	6,670	7,152	7,742	6,900
5,931,473	5,487,173	5,167,516	5,136,312	5,257,876	5,529,795
1,189,135	1,382,393	1,267,248	1,383,032	1,275,364	1,496,120
488,762	288,495	266,405	299,724	328,726	369,580
112,597	50,623	72,527	25,114	73,437	21,339
11,498	10,985	18,962	-	-	-
628,373	172,385	36,750	15,585	82,115	99,082
489,273	470,510	483,655	470,878	356,612	(310,261)
-	-	17,818,231	-	-	-
<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>	<u>19,436,978</u>
110,376	149,328	35,674	27,896	26,493	48,967
<u>(489,273)</u>	<u>(470,510)</u>	<u>(483,655)</u>	<u>(470,878)</u>	<u>(356,612)</u>	<u>310,261</u>
<u>(378,897)</u>	<u>(321,182)</u>	<u>(447,981)</u>	<u>(442,982)</u>	<u>(330,119)</u>	<u>359,228</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>	<u>\$ 19,796,206</u>
\$ (7,324,344)	\$ (6,088,701)	\$ 6,511,479	\$ (8,125,444)	\$ (2,522,704)	\$ 15,085,482
<u>(3,030,244)</u>	<u>(3,053,771)</u>	<u>1,094,475</u>	<u>(1,976,227)</u>	<u>(628,903)</u>	<u>(987,764)</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>	<u>\$ 14,097,718</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund				
Reserved	\$ 2,197,378	\$ -	\$ -	\$ 546,925
Unreserved	12,435,177	17,021,153	17,686,555	17,094,067
Nonspendable	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 14,632,555</u>	<u>\$ 17,021,153</u>	<u>\$ 17,686,555</u>	<u>\$ 17,640,992</u>
All other governmental funds				
Reserved	\$ 6,089,259	\$ 14,470,360	\$ 1,255,854	\$ 1,883,553
Unreserved, reported in:				
Special revenue funds	10,095,398	3,004,014	12,048,634	11,359,223
Debt service funds	(289,670)	(304,156)	38,651,853	34,010,895
Capital projects funds	7,351,812	12,365,664	29,659,709	23,216,796
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 23,246,799</u>	<u>\$ 29,535,882</u>	<u>\$ 81,616,050</u>	<u>\$ 70,470,467</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.

<b>(1)</b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
	\$ 5,013	\$ -	\$ -	\$ -	\$ -	\$ -
	17,587,279	-	-	-	-	-
	-	9,979,517	8,155,142	9,143,364	9,497,516	10,011,530
	-	3,789,352	4,221,151	4,173,378	4,730,937	4,997,037
	-	4,576,951	4,979,355	4,023,527	4,077,698	3,193,084
	<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>	<u>\$ 18,201,651</u>
	\$ 1,313,680	\$ -	\$ -	\$ -	\$ -	\$ -
	11,529,459	-	-	-	-	-
	23,106,470	-	-	-	-	-
	16,331,898	-	-	-	-	-
	-	56,188	-	-	-	-
	-	46,020,428	8,997,316	9,787,783	11,420,923	16,953,992
	-	11,621,638	-	-	-	-
	-	-	10,936,987	10,668,700	5,516,263	5,997,123
	-	(11,825,614)	(6,776,370)	(6,796,081)	(7,257,586)	(6,781,821)
	<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>	<u>\$ 16,169,294</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>				
Taxes	\$ 20,032,577	\$26,950,090	\$33,501,685	\$ 30,939,770
Licenses & permits	10,854,816	6,854,873	3,206,675	1,887,117
Fines & forfeitures	270,221	332,520	304,502	256,286
Investment income	1,339,294	1,748,713	3,870,731	1,676,919
Intergovernmental	4,691,900	3,991,008	6,361,818	5,459,295
Charges for services	2,850,938	2,854,451	1,880,474	2,075,526
Other revenue	1,740,403	850,299	288,102	573,052
Total revenues	<u>41,780,149</u>	<u>43,581,954</u>	<u>49,413,987</u>	<u>42,867,965</u>
<b>Expenditures</b>				
General government	2,737,172	2,902,773	3,321,030	2,762,209
Public safety	7,686,653	9,109,124	10,352,133	11,618,591
Transportation	6,229,216	6,329,832	4,516,941	8,943,287
Culture and recreation	2,793,204	3,439,782	3,686,296	3,797,115
Community development	6,235,437	6,472,588	7,458,977	8,273,777
Capital outlay	13,321,512	13,512,547	9,589,502	12,703,815
Debt service				
Principal	578,602	587,956	1,557,245	1,701,616
Interest	556,878	603,772	3,220,495	3,166,831
Pass-Through Agreements	-	-	1,341,736	1,329,805
Debt issue costs	-	1,012,494	1,036,953	-
Total expenditures	<u>40,138,674</u>	<u>43,970,868</u>	<u>46,081,308</u>	<u>54,297,046</u>
Excess of revenues over (under) expenditures	1,641,475	(388,914)	3,332,679	(11,429,081)
<b>Other financing sources (uses)</b>				
Transfers in	453,347	6,268,509	12,682,479	9,058,685
Transfers out	(453,347)	(5,984,473)	(11,889,691)	(8,559,033)
Transfer to Agency Fund	-	-	-	(261,717)
Sale of General Capital Assets	-	-	-	-
Bond proceeds	-	9,067,464	48,585,000	-
Premium on bonds	-	(284,905)	35,102	-
Extraordinary Item	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>9,066,595</u>	<u>49,412,890</u>	<u>237,935</u>
Net change in fund balances	<u>\$ 1,641,475</u>	<u>\$ 8,677,681</u>	<u>\$52,745,569</u>	<u>\$ (11,191,146)</u>
Debt service as a percentage of noncapital expenditures	4.2%	3.9%	14.9%	13.1%

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 27,901,025	\$24,454,747	\$ 20,307,062	\$ 19,524,883	\$ 20,401,643	\$ 22,007,021
1,289,438	1,349,630	1,080,599	1,413,639	1,584,330	1,705,568
677,847	293,531	597,178	528,634	433,059	526,148
781,680	306,145	92,542	46,817	69,501	135,109
8,326,444	6,988,774	5,237,601	6,390,365	8,328,130	28,973,991
1,710,654	2,036,857	1,579,416	1,639,329	2,364,139	2,426,926
280,646	1,032,654	1,149,386	526,816	1,646,665	636,328
<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>	<u>56,411,091</u>
1,229,444	852,315	1,191,810	985,108	2,087,450	2,321,569
11,659,112	11,470,972	12,719,721	13,086,421	13,665,192	14,245,900
5,838,362	4,253,987	4,030,616	4,212,159	3,824,404	4,251,474
3,898,837	4,198,051	3,761,328	3,323,046	3,410,848	3,415,117
14,480,657	8,378,965	6,210,336	6,139,876	5,479,433	4,984,076
16,891,968	7,863,918	1,592,445	847,568	8,576,979	23,627,650
1,839,827	1,902,963	952,370	989,533	1,060,131	1,036,250
3,011,497	3,007,047	1,689,990	470,560	444,426	441,990
844,963	659,969	-	-	-	-
-	-	-	-	-	-
<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>	<u>54,324,026</u>
(18,726,933)	(6,125,849)	(2,104,832)	16,212	(3,721,396)	2,087,065
21,672,848	12,158,838	1,968,354	2,428,336	3,199,457	2,357,577
(21,183,575)	(11,688,328)	(1,484,669)	(1,957,458)	(2,842,845)	(2,667,838)
-	-	-	-	-	-
-	-	-	-	349,864	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(31,265,732)	-	-	-
<u>489,273</u>	<u>470,510</u>	<u>(30,782,047)</u>	<u>470,878</u>	<u>706,476</u>	<u>(310,261)</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>	<u>\$ 1,776,804</u>
12.4%	15.2%	9.3%	5.7%	5.8%	5.2%

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

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Vacant Land</b>
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
2015	3,663,250,402	489,745,796	102,938,558	368,381,804

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 2014/2015 Combined Tax Rolls

<b>Unsecured</b>	<b>Other</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
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%
135,086,868	82,725,994	-	4,842,129,422	1.00000%

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Town Direct Rates:</b>										
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	0.31079	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	<u>0.06641</u>									
<b>Total Direct Tax Rate</b>	<u>1.00000</u>									
<b>Overlapping Rates:</b>										
Apple Valley Unified	0.03120	0.03030	0.02470	0.02550	0.02760	0.03870	0.03740	0.03910	0.03730	0.03550
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	0.06980	0.06930	0.02640	0.01550	0.02110	0.03440	0.03480	0.03810	0.03770	0.03790
Victor High School Bond	0.02150	0.01850	0.01620	0.01670	0.05250	0.05740	0.06190	0.07680	0.07920	0.07700
Victor Valley Community College Bond	-	-	-	-	<u>0.01990</u>	<u>0.03060</u>	<u>0.02530</u>	<u>0.02740</u>	<u>0.02640</u>	<u>0.02620</u>
<b>Total Voter Approved Rate</b>	<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>	<u>0.34410</u>
<b>Total Direct and Overlapping Rates</b>	<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>	<u>1.34410</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.

Cone

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

<u>Taxpayer</u>	<u>2015</u>		<u>2006</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 Stores, Inc.	\$ 95,141,716	1.96%	\$ -	
WRI Alliance Riley Venture	64,118,029	1.32%	-	
Apple Valley Rancho Water Company	43,093,928	0.89%	26,961,861	0.74%
Target Corporation	32,815,614	0.68%	-	
Apple Valley Commons I, LLC	28,300,517	0.58%	-	
Carl E Ross Living Trust	24,433,589	0.50%	-	
Winco Foods LLC	14,564,010	0.30%	-	
Apple Valley Square Center, LLC	14,237,244	0.29%	-	
Winterfell Rock Spring Ca	13,809,589	0.29%	-	
MHC Los Ranchos LP	11,982,530	0.25%		
Wal-Mart Stores East LP			94,855,372	2.60%
Pulto Development Inc			24,302,942	0.67%
Heavy Lift Helicopter			17,005,559	0.47%
Ben K. and Jae s. Choi Revocable Trust			10,398,564	0.28%
Los Ranchos FSPE LLC			9,720,600	0.27%
Albertsons Inc			9,186,749	0.25%
Target Stores			8,093,037	0.22%
Ralph's Grocery Company			7,685,523	0.21%
Apple Valley 2004 LLC			7,550,000	0.21%
	<u>\$ 342,496,766</u>	<u>7.07%</u>	<u>\$ 215,760,207</u>	<u>5.91%</u>

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

Source: San Bernardino County Assessor 2005/06 and 2014/15 Combined Tax Rolls as summarized by HdL Coren & Cone

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

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied (2) for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date (1)</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
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%
2015	3,670,369	3,670,369	100.00%	-	3,670,369	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 2014/15 Combined Tax Rolls

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>			
	<b>Certificates of Participation</b>	<b>Tax Allocation Bonds</b>	<b>Lease Revenue Bonds</b>	<b>Capital Lease Payable</b>
2006	6,614,500	8,000,000	-	145,287
2007	6,162,000	16,860,000	-	134,879
2008	17,065,750	53,005,000	-	123,884
2009	16,280,750	52,090,000	-	112,268
2010	15,403,250	51,140,000	-	99,997
2011	14,498,250	50,155,000	-	87,034
2012	13,560,750 (1)	-	-	72,164
2013	12,515,416	-	-	57,631
2014	11,515,846	-	-	-
2015 (2)	2,077,000	-	(2) 8,405,526	-

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.
- (2) As of June 30, 2015, Lease Revenue Bonds are presentated separately from Certificates of Participation.

**Business-type Activities**

<b>Certificates of Participation</b>	<b>Special Assessment Bonds</b>	<b>Installment Purchase Agreement</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
650,500	5,265,000	2,665,208	23,340,495	1714.70%	347
593,000	4,715,000	2,518,958	30,983,837	2130.30%	443
534,250	3,750,000	2,366,250	76,845,134	5274.75%	1,104
474,250	3,410,000	2,210,205	74,577,473	5211.22%	1,069
411,750	3,015,000	2,048,958	72,118,955	5039.43%	1,034
346,750	2,579,700	1,880,625	69,547,359	4622.53%	993
279,250	2,130,000	1,706,458	17,748,622	1175.15%	253
209,250	1,650,000	1,522,708	15,955,005	1005.41%	227
136,750	1,135,000	1,331,458	14,119,054	889.71%	200
63,000	-	1,131,875	11,677,401	729.42%	165

**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>
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
2015	-	-	0.00%	0

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.

**Town of Apple Valley**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2015**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Overlapping Tax and Assessment Debt:</b>			
Mojave Water Agency	\$ 11,685,000	16.6030%	\$ 1,940,061
Victor Valley Joint Community College District	132,135,133	19.3180%	25,525,865
Victor Valley Union High School District	114,662,496	0.0002%	229
Apple Valley Unified School District	28,638,758	84.6370%	24,238,986
Oro Grande School District	306,200	0.0070%	21
Town of Apple Valley 1915 Act Bonds	1,605,000	100.0000%	1,605,000
<b>Direct and Overlapping General Fund Debt:</b>			
San Bernardino County General Fund Obligations	470,135,000	2.7080%	12,731,256
San Bernardino County Pension Obligations	455,796,704	2.7080%	12,342,975
San Bernardino County Flood Control General Fund Obligations	97,230,000	2.7080%	2,632,988
Victor Valley Union High School District Certificates of Participation	4,020,000	0.0002%	8
Apple Valley Unified School District Certificates of Participation	3,400,000	84.6370%	2,877,658
Hesperia Unified School District Certificates of Participation	103,250,000	0.0020%	2,065
Oro Grande School District Certificates of Participation	40,400,000	0.0070%	2,828
<b>Overlapping Tax Increment Debt:</b>	359,174,925	13.900-100%	89,346,200
<b>Subtotal, Overlapping Debt</b>			173,246,141
<b>Town Direct Debt</b>	10,482,526	100.0000%	10,482,526
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 183,728,667</u></u>

Notes:

The percentage of overlapping debt applicable to the town is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the town divided by the district'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 tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: San Bernardino County Assessor and Auditor

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed valuation	3,649,295,318	4,610,716,666	5,445,989,305	5,670,597,064
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	912,323,830	1,152,679,167	1,361,497,326	1,417,649,266
Debt limit percentage	15%	15%	15%	15%
Debt limit	136,848,574	172,901,875	204,224,599	212,647,390
Total net debt applicable to limit: Certificates of Participation	<u>7,265,000</u>	<u>6,755,000</u>	<u>17,590,000</u>	<u>16,755,000</u>
Legal debt margin	<u>129,583,574</u>	<u>166,146,875</u>	<u>186,634,599</u>	<u>195,892,390</u>
Total debt applicable to the limit as a percentage of debt limit	5.3%	3.9%	8.6%	7.9%

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
5,048,428,091	4,551,514,104	4,519,225,930	4,490,384,930	4,602,460,138	4,842,129,422
25%	25%	25%	25%	25%	25%
1,262,107,023	1,137,878,526	1,129,806,483	1,122,596,233	1,150,615,035	1,210,532,356
15%	15%	15%	15%	15%	15%
189,316,053	170,681,779	169,470,972	168,389,435	172,592,255	181,579,853
<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>10,545,526</u>
<u><u>173,501,053</u></u>	<u><u>155,836,779</u></u>	<u><u>155,630,972</u></u>	<u><u>155,594,435</u></u>	<u><u>160,872,255</u></u>	<u><u>171,034,327</u></u>
8.4%	8.7%	8.2%	7.6%	6.8%	5.8%

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

<b>Special Assessment Bonds</b>							
<b>Fiscal Year</b>	<b>Gross Revenues (1)</b>	<b>Gross Expenses (2)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
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%
2015	6,173,964	4,935,413	1,238,551	1,208,750	30,866	1,239,616	99.91%

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**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income In Thousands</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
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%
2014	70,687	1,600,919	22,648	8.60%

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

Source: Hdl, Coren & Cone

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

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percent of Total Employment</u>
Apple Valley Unified School District	1,800	1	7.14%	1,992	1	8.11%
St. Mary Regional Medical Center	1,660	2	6.59%	1,310	2	5.33%
Wal-Mart Distribution Center	1,001	3	3.97%	954	3	3.88%
Target Stores	547	4	2.17%	252	8	1.03%
Wal-Mart Stores	210	5	0.83%	362	5	1.47%
Town of Apple Valley	171	6	0.68%	-		
Stater Brothers Market	151	7	0.60%	301	6	1.22%
WinCo Foods	136	8	0.54%	-		
Apple Valley Post Acute Center	135	9	0.54%	-		
The Home Depot	120	10	0.48%	-		
Mountain Satellite/Ironwood Comm.				801	4	3.26%
Apple Valley Country Club				269	7	1.09%
Lowe's				199	9	0.81%
Apple Valley Christian Center				151	10	0.61%

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

Source: CA Employment Development Department (EDD)

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

<b><u>Function</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
General Government	57	33	34	33	33	35	35	35	36	37
Public Safety	55	40	39	35	30	34	35	34	41	44
Economic Development	4	7	7	9	9	10	9	3	1	2
Public Works/Wastewater	9	14	13	14	21	20	23	20	18	20
Community Development	6	9	8	12	12	13	11	12	13	15
Parks & Recreation	75	124	118	109	107	109	116	116	116	107
<b>Total</b>	<b>206</b>	<b>227</b>	<b>219</b>	<b>212</b>	<b>212</b>	<b>221</b>	<b>229</b>	<b>220</b>	<b>225</b>	<b>225</b>

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>2006</u>	<u>2007</u>	<u>2008</u>
Police:			
Arrests	1,544	1,996	2,009
Parking citations issued	97	57	78
Public works:			
Street resurfacing (miles)	31.13	52.92	48.10
Parks and recreation:			
Number of recreation classes	227	499	483
Number of facility rentals (1)	3,764	4,713	4,086
Sewer:			
New connections	1464	829	576
Average daily sewage treatment (thousands of gallons)	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>	<u>2015</u>
1,952	1,937	1,927	2,164	2,145	1,868	2,540
78	93	203	114	165	235	101
65.28	5.97	1.30	2.00	2.00	2.00	2.50
552	584	513	554	659	531	546
3,925	3,886	3,628	3,373	3,537	3,561	3,524
327	180	134	61	108	122	112
1919	1670	1814	1656	1679	1677	1680

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public works:					
Streets (miles)	414.57	417.17	422.71	422.71	422.71
Streetlights	625	628	628	628	628
Traffic signals	17	17	21	22	22
Parks and recreation:					
Parks	13	14	13	13	13
Community centers	2	2	2	2	2
Wastewater:					
Sanitary sewers (miles)	*	140	142	142	142
Storm drains (miles)	*	1	2	2	2
Number of Service Connections	*	12,313	13,179	13,506	13,686

Source: Town of Apple Valley

\* Data not available

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
422.71	422.71	422.71	422.71	422.71
628	629	629	629	629
22	24	24	24	24
13	12	12	12	12
3	3	3	3	3
142	142	142	142	142
2	2	2	2	2
13,820	13,881	13,989	14,111	14,223