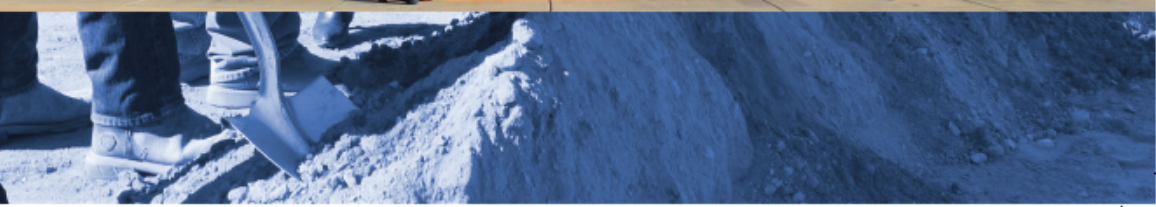


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR JULY 1, 2019-JUNE 30, 2020



Town of
Apple Valley
California



**TOWN OF APPLE VALLEY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2020**

**Prepared by
Finance Department**

**TOWN OF APPLE VALLEY, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2020
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Town of Apple Valley

A Better Way of Life

May 31, 2021

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, 2020.

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 Harshwal & Company, 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, 2020, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires 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, the Apple Valley Public Financing Authority and the Apple Valley Community Resource Foundation 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, building and safety, engineering, street maintenance, capital improvements, waste management, local transit, attorney services, and golf course management. 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 73,077 in 2017. 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.

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 1.32 million square foot Walmart Distribution Center and a 140,000 square feet Fresenius Medical Care TruBlu Logistics Center. Major industrial developers, including Watson Land Company are actively marketing large acre parcels 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, of which a portion was pledged as part of an attraction of a 1.3 million square foot. Big Lots distribution center that opened for business in the early fall of 2020.

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.

81 Retailers opened a store in Apple Valley within the last 12 months including but not limited to, 18 Tapps Tavern!, A.V. Smoke Shop, Anna's Pet Grooming, Apple Valley Auto Spa, Aromatherapy Relaxation, Beyond Apple Valley, CDS Professional Services, Daggett Motorsports, Dollar Deal Thrift, ecoATM, LLC, EMK Smog & Repair, Fashion Trendz, Heart Driven, Inc., High End Smokeshop, J's Tees, Larsen Liquidations, Limitless Consulting, Inc., Loui Smoke & Vape Shop, MG Arts Signs, Paradise Water, Premier Auto Sales, and Sprint Connect, LP.

With sustainable economic development as a top Council priority, and a bright vision of the Town's future, Apple Valley Choice Energy (AVCE) launched as a new electric utility service in April 2017. AVCE has been providing electrical service to Apple Valley residents for the past twenty months and currently serves more than 28,000 customers with a 90% participation rate.

Southern California Edison (SCE) continues to provide the Town's customers with electricity delivery, power line maintenance, and billing services; however, AVCE provides the electricity itself. AVCE offers competitive and affordable rates for a greener renewable energy.

Moving energy in-house provides the community with a twofold opportunity: the first - to orient electricity provision to meet the needs of residents and businesses; the second - to meet the Town's goal of increasing local energy efficiency. AVCE offers customers the ability to choose between two products with varying levels of renewable energy content. The Core Choice option (in which all customers are automatically enrolled) includes a 35% renewable energy content, while the More Choice option includes 50% renewable energy for a nominal flat rate cost of \$2 per month added to the residential customer billing.

AVCE serves as a long-term, sustainable revenue source which benefits not only AVCE customers, but the Apple Valley community as a whole. AVCE enables the Town to create an energy generation portfolio, giving Apple Valley the ability to determine the amount of renewable energy sources that will be used in its service area. This provides an opportunity to harness local sustainable resources, such as solar and wind power. As a result, the Town will not only meet the State of California's requirement of using 33% renewable energy by 2020, but will surpass this goal.

Additional benefits with AVCE are personalized customer service and enhanced Town relationships with residents and businesses. Apple Valley's Town Council sets the energy rates, enabling AVCE customers to have greater influence than previously. Customers with rate or other concerns can interact directly with the Town Council, as opposed to the California Public Utilities Commission.

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.

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 measure revenues. Recent improvements to this corridor include rehabilitation of Apple Valley Road from Bear Valley Road to Town Center.

With the \$43 million Yucca Loma Bridge project finally completed and open to the public, Apple Valley residents can now enjoy the connection of, Yates Road, Green Tree Boulevard Extension, and Yucca Loma Road Corridor to Victorville with the additional crossing over the Mojave River, and ultimately gain additional access to Interstate 15. The Town is ready to move forward and focus on another significant project that was getting underway during this time frame. The final engineering designs needed to re-engineer and re-align the intersection of Apple Valley Road and Highway 18 is a joint project between the California Department of Transportation (Caltrans) and the Town 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 a class 1 bike path. 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 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 High Desert Corridor Interchange with Interstate 15 will commence construction during this time frame. This project in Apple Valley is part of a coordinated effort with 13 stakeholder agencies including the County of Los Angeles, County of San Bernardino, SCAG, SBCTA, LA Metro, Caltrans, and all affected municipalities within the Victor Valley, and the Antelope Valley, to construct infrastructure for the development of a new 63 mile long Multi-modal Transportation Corridor. The new High Desert Corridor extends from SR-18 in eastern Apple Valley, to SR-14 in Palmdale, and will provide direct access to the former George Air Force Base, now Southern California Logistics Airport. Environmental Studies and Preliminary Engineering is in progress to design the new Corridor, including a new 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.

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 Annual Financial Report for the year ended, June 30, 2017, 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 fifteenth 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, 2020, 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 2017-18 annual budget document. This was the fourth 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 Harshwal & Company, LLP, were also invaluable in completion of this report.

Sincerely,



Sydnie Harris, MSA
Director of Finance

Town of Apple Valley

Listing of Public Officials

Town Council

Scott Nassif
Mayor

Curt Emick
Mayor Pro-Tem

Larry Cusack
Councilmember



A Better Way of Life

Art Bishop
Councilmember

Kari Leon
Councilmember

Town Staff

Douglas B. Robertson
Town Manager

Thomas Rice, *Town Attorney*

Sydney Harris, *Director of Finance*

Brad Miller, *Town Engineer*

Gina Whiteside, *Director of Animal Services*

Orlando Acevedo, *Director of Business
Development and Communication*

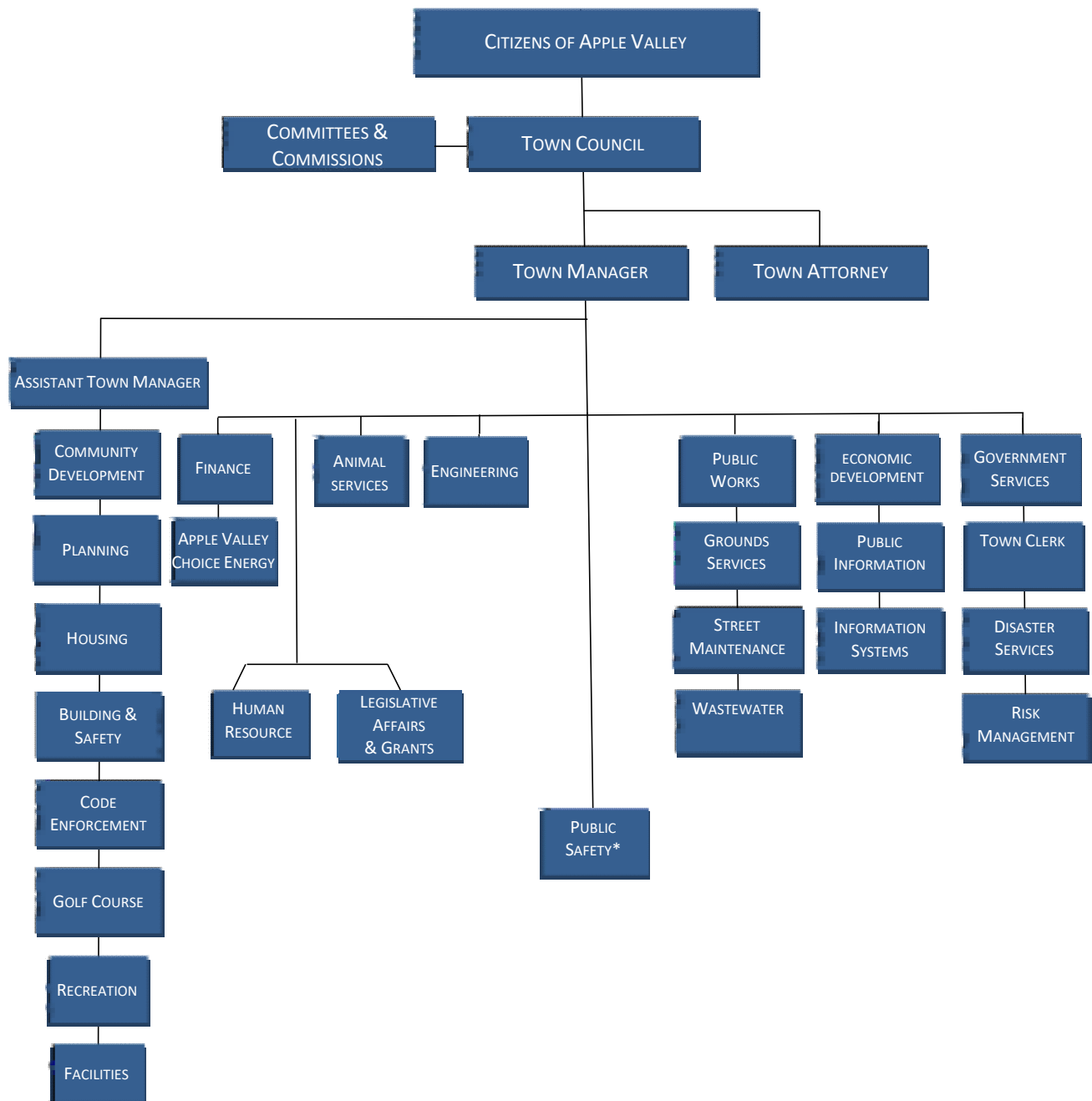
Lori Lamson, *Assistant Town Manager*

LaVonda Pearson, *CMC, Town
Clerk/Director of Government Services*

Captain Jason Cunningham, *Chief of
Police*

Town of Apple Valley

ORGANIZATIONAL CHART



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INDEPENDENT AUDITOR'S REPORT

The Honorable Town Council
Town of Apple Valley
Apple Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Apple Valley (the Town), as of and for the year ended June 30, 2020, 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, 2020, 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.

Emphasis of Matter

Financial Condition

As discussed in Note 4-F, the Town of Apple Valley Golf Course Fund has a deficit net position of \$1,903,194. The deficit in the Apple Valley Golf Course Fund has resulted in cash advances from the General Fund of \$3,400,687. These issues raise uncertainties regarding future operations. Management's plans in regard to these matters are also described in Notes 2, 3-B, and 4-F. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis required supplementary information and budgetary comparison 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 management's discussion and analysis and 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.

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 our report dated May 31, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Harshwal & Company LLP

**Oakland, California
May 31, 2021**

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TOWN OF APPLE VALLEY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020. 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 1 - 7 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the Fiscal Year 2019-20 by \$415,956,542 (net position). Of this amount, \$6,029,321 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$15,049,542 from the prior fiscal year total of \$431,006,084.
- As of FY 2019-20 year end, the Town's governmental funds reported combined ending fund balances of \$34,392,820, a decrease of \$6,181,108 in comparison with the prior fiscal year.
- At the end of fiscal year 2019-20, unassigned fund balance for the general fund was \$4,355,476, or 13.98 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 \$4,819,223 or 16.73 percent, during fiscal year 2020. The increase was mainly due to changes in the Town's Net Pension Liability and addition of long-term debt. At June 30, 2020, the Town utilized \$6,000,000 of the revolving line of credit.

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 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.

**TOWN OF APPLE VALLEY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS - CONT'D

Government-Wide Financial Statements - Cont'd

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, and community development. The business-type activities of the Town include sewer services, solid waste management, leisure golf at the Apple Valley Golf Course, and Community Choice Aggregation (CCA) through Apple Valley Choice Energy (AVCE).

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 29-32 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 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 27 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, Transportation Development Act, Measure I fund, and Capital Projects fund, all of which are considered to be major funds. Data from the other twenty-three 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.

**TOWN OF APPLE VALLEY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS - CONT'D

Fund Financial Statements - Cont'd

The basic governmental fund financial statements can be found on pages 34 - 39 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, leisure golf at the Apple Valley Golf Course, and CCA through AVCE.

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, Golf Course and AVCE funds. All the Proprietary funds are considered major funds of the Town.

The basic proprietary fund financial statements can be found on pages 40 - 44 of this report.

Fiduciary funds.

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 45 - 46.

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 47 - 81 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information related to Pension and OPEB, as well as providing budgetary comparison schedules for the General Fund, Transportation Development Act Fund, Measure I Fund, and Capital Project 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 position 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 \$415,956,542 at the close of the most recent fiscal year.

**TOWN OF APPLE VALLEY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Town of Apple Valley's Net Position

	Activities					
	Governmental		Business-type		Total	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and Other assets	\$ 40,898,330	\$ 45,239,833	\$19,503,950	\$ 20,606,245	\$ 60,402,280	\$ 65,846,078
Capital assets	362,226,379	370,159,172	30,338,620	28,206,051	392,564,999	398,365,223
Deferred outflows of resources	<u>3,248,434</u>	<u>3,836,067</u>	<u>277,605</u>	<u>315,791</u>	<u>3,526,039</u>	<u>4,151,858</u>
Total assets and deferred outflows of resources	<u>406,373,143</u>	<u>419,235,072</u>	<u>50,120,175</u>	<u>49,128,087</u>	<u>456,493,318</u>	<u>468,363,159</u>
LIABILITIES						
Other current liabilities	3,638,048	3,823,056	2,335,919	4,864,468	5,973,967	8,687,524
Long-term liabilities	30,894,207	25,982,254	1,641,740	1,226,934	32,535,947	27,209,188
Deferred inflows of resources	<u>1,918,025</u>	<u>1,375,608</u>	<u>108,837</u>	<u>84,755</u>	<u>2,026,862</u>	<u>1,460,363</u>
Total liabilities and Deferred inflows of resources	<u>36,450,280</u>	<u>31,180,918</u>	<u>4,086,496</u>	<u>6,176,157</u>	<u>40,536,776</u>	<u>37,357,075</u>
NET POSITION						
Net investment in capital assets	355,236,379	362,019,172	29,927,641	27,953,551	385,164,020	389,972,723
Restricted	20,720,231	19,355,321	4,042,970	1,133,990	24,763,201	20,489,311
Unrestricted	<u>(6,033,747)</u>	<u>6,679,661</u>	<u>12,063,068</u>	<u>13,864,389</u>	<u>6,029,321</u>	<u>20,544,050</u>
Total net position	<u><u>\$ 369,922,863</u></u>	<u><u>\$ 388,054,154</u></u>	<u><u>\$46,033,679</u></u>	<u><u>\$ 42,951,930</u></u>	<u><u>\$415,956,542</u></u>	<u><u>\$ 431,006,084</u></u>

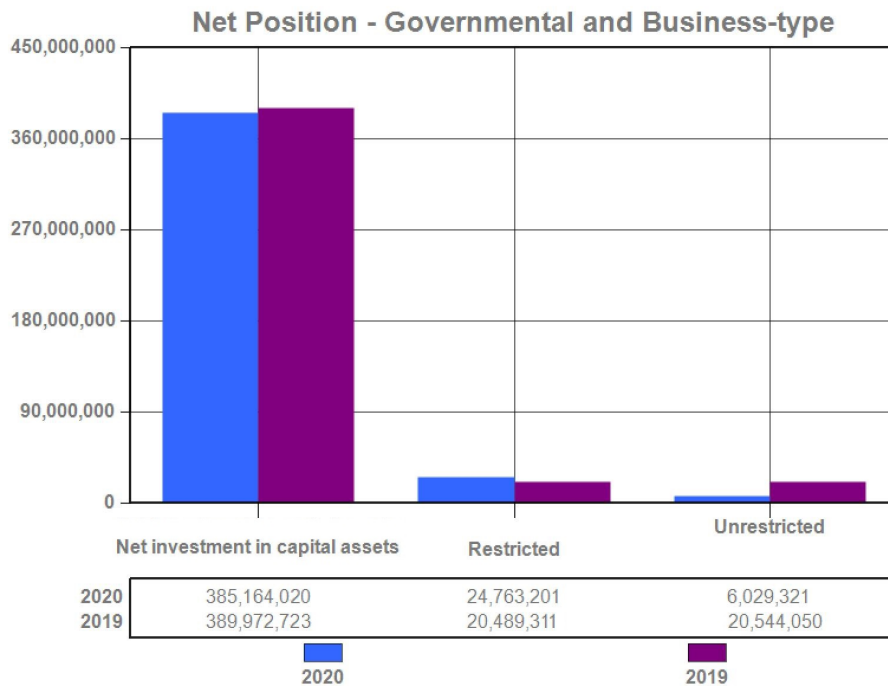
**TOWN OF APPLE VALLEY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

GOVERNMENT -WIDE FINANCIAL ANALYSIS - CONT'D

The largest portion of the Town’s net position (92.60 percent) reflects its investment in capital assets (e.g. Land, structures and improvements, furniture and equipment, trucks and automobiles, collector lines, and infrastructure); 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 (5.95 percent) represents resources that are subject to re-categorization. The remaining balance of unrestricted net position (1.45 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 reports positive balances in all reported categories of net position, both for the government as a whole, as well as its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



**TOWN OF APPLE VALLEY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

The government's net position decreased by \$15,049,542 during the current fiscal year.

Governmental activities

Governmental activities decreased the Town's net position by \$18,131,291 (4.67 percent). Key elements of this decrease are as follows:

- Other Tax revenue decreased \$2,135,228 (16.32) percent), which is attributed to a decrease in Sales tax revenue.
- Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. For Governmental funds, depreciation expense exceeded capital outlay by \$7,932,793. As a result, net position decreased by \$7,932,793.

Overall, General Government expenses increased by \$2,623,384 (77.92 percent) mainly due to an increase in acquisition costs.

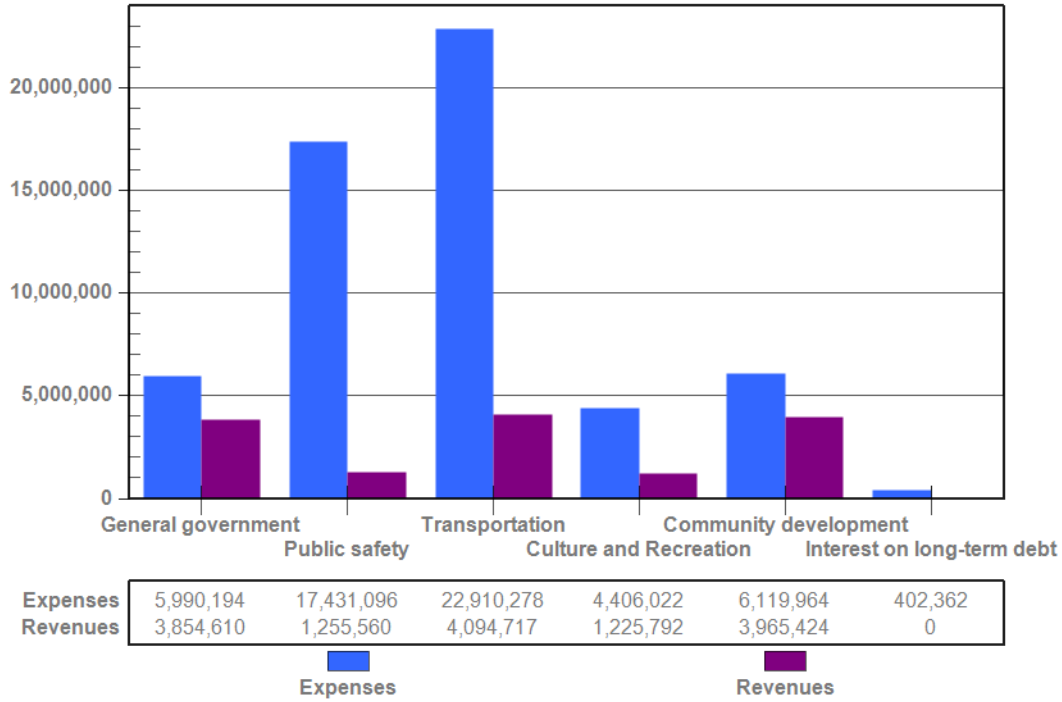
TOWN OF APPLE VALLEY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

Town of Apple Valley's Changes in Net Position

	Activities					
	Governmental		Business-type		Total	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program Revenues:						
Charges for services	\$ 6,637,410	\$ 6,154,408	\$ 37,073,788	\$ 34,917,615	\$ 43,711,198	\$ 41,072,023
Operating grants & contributions	6,251,078	3,662,983	64,708	20,224	6,315,786	3,683,207
Capital grants & contributions	1,507,615	792,275	245,197	259,948	1,752,812	1,052,223
General Revenue:						
Property taxes	5,584,526	7,012,262	-	-	5,584,526	7,012,262
Other taxes	10,949,409	13,084,637	-	-	10,949,409	13,084,637
Motor Vehicle in-Lieu	7,222,011	6,824,235	-	-	7,222,011	6,824,235
Pass Through Revenues	747,535	799,010	-	-	747,535	799,010
Miscellaneous Revenues	259,404	2,848,661	-	-	259,404	2,848,661
Investment Income	672,142	591,543	255,882	437,120	928,024	1,028,663
Total Revenues	39,831,130	41,770,014	37,639,575	35,634,907	77,470,705	77,404,921
EXPENDITURES						
General government	5,990,194	3,366,810	-	-	5,990,194	3,366,810
Public safety	17,431,096	17,148,595	-	-	17,431,096	17,148,595
Transportation	22,910,278	19,099,333	-	-	22,910,278	19,099,333
Culture and recreation	4,406,022	4,888,609	-	-	4,406,022	4,888,609
Community Development	6,119,964	4,985,933	-	-	6,119,964	4,985,933
Interest on long term debts	402,362	242,744	-	-	402,362	242,744
Apple Valley Choice						
Energy	-	-	13,987,428	17,030,058	13,987,428	17,030,058
Golf Course	-	-	1,016,062	1,074,672	1,016,062	1,074,672
Sewer	-	-	6,237,316	6,156,672	6,237,316	6,156,672
Waste Management	-	-	13,617,020	11,308,507	13,617,020	11,308,507
Total Expenses	57,259,916	49,732,024	34,857,826	35,569,909	92,117,742	85,301,933
Change in N/P before Transfers	(17,428,786)	(7,962,010)	2,781,749	64,998	(14,647,037)	(7,897,012)
Transfers	(300,000)	(418,981)	300,000	418,981	-	-
Transfer from Successor Agency	(402,505)	805,010	-	-	(402,505)	805,010
Change in net position	(18,131,291)	(7,575,981)	3,081,749	483,979	(15,049,542)	(7,092,002)
Net position (beginning)	388,054,154	395,630,135	42,951,930	42,467,951	431,006,084	438,098,086
Net position, ending	\$ 369,922,863	\$ 388,054,154	\$ 46,033,679	\$ 42,951,930	\$ 415,956,542	\$ 431,006,084

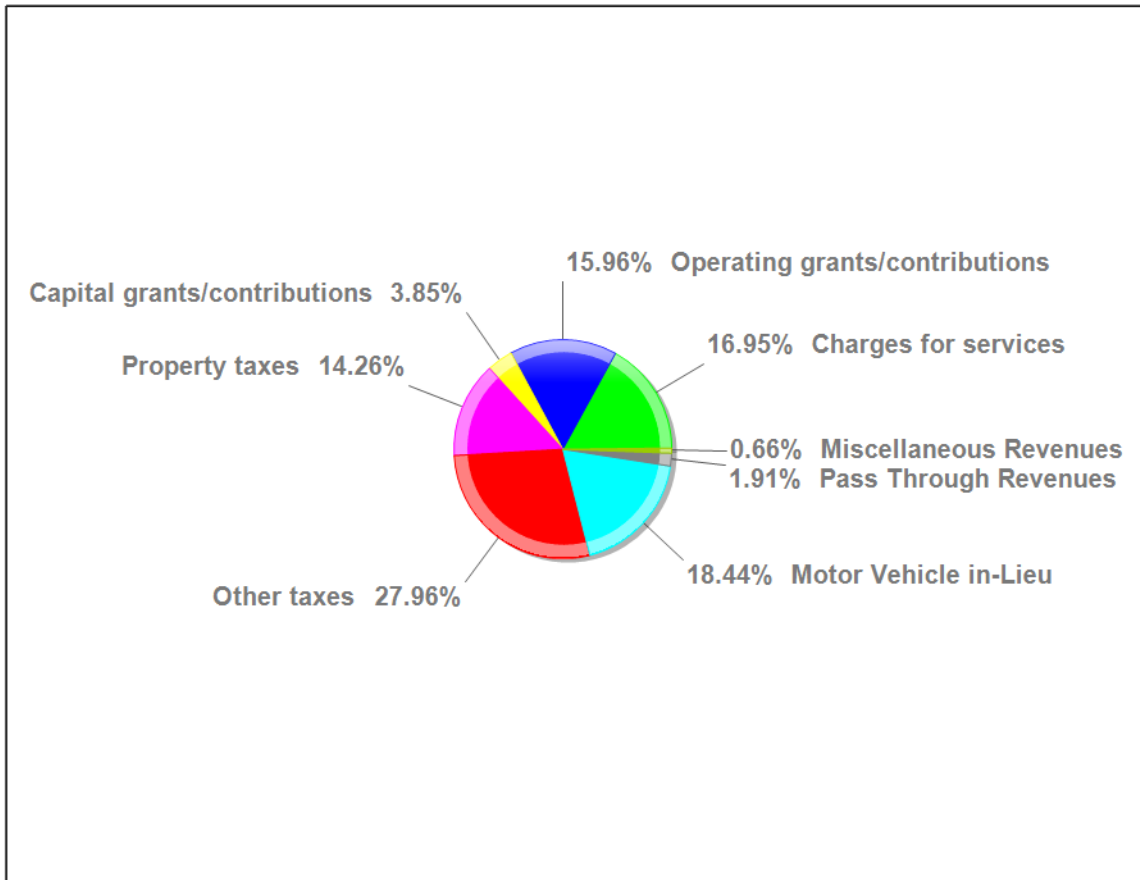
**TOWN OF APPLE VALLEY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Expenses and Program Revenues - Governmental



**TOWN OF APPLE VALLEY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Revenues by source - Governmental Activities



**TOWN OF APPLE VALLEY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

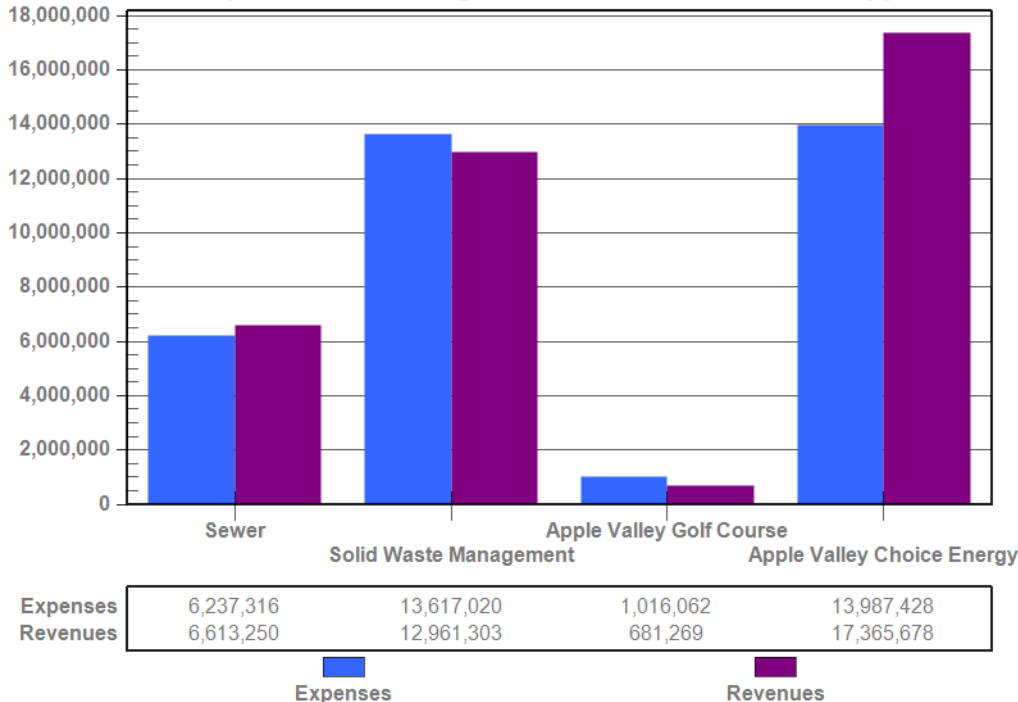
GOVERNMENT -WIDE FINANCIAL ANALYSIS - CONT'D

Business-type activities

Business-type activities increased the Town's net position by \$3,081,749. Key elements of this increase are as follows:

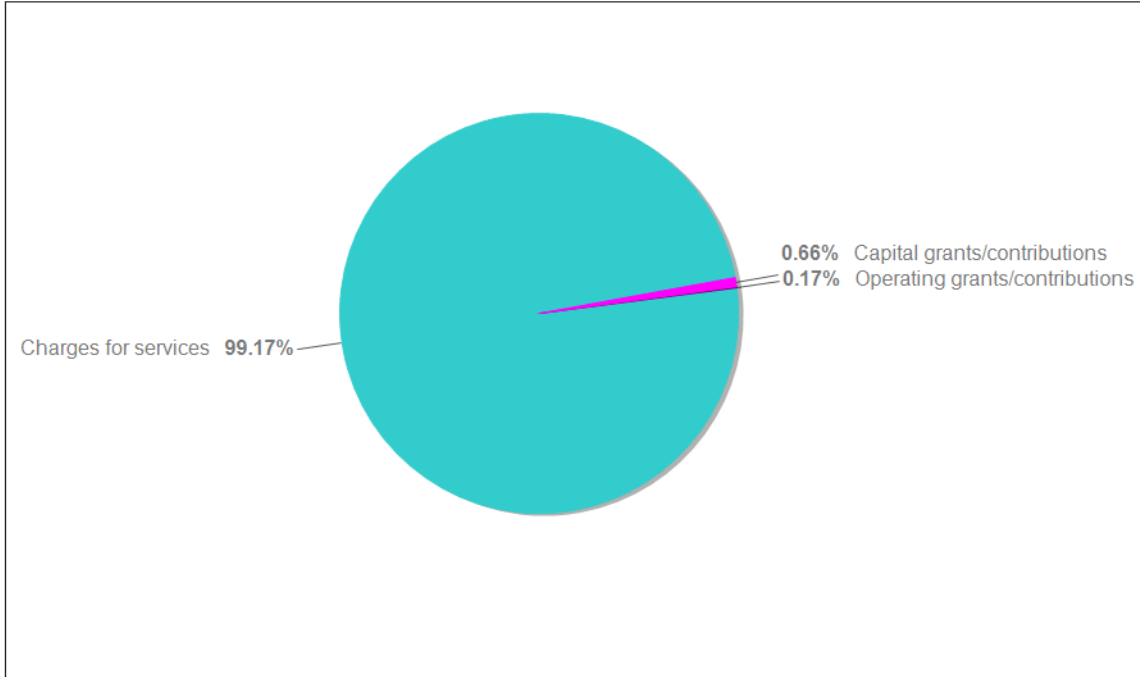
- The Sewer fund's net position increased by \$375,934 (0.97 percent) this fiscal year. This was mainly due to an increase in operating revenues and investment earnings.
- The Waste Management fund's net position decreased by \$655,717 (17.56 percent). This was mainly due to an increase in legal services.
- The Apple Valley Golf Course fund's net position decreased by \$34,793 (1.86 percent). This was mainly due to a decrease in operating loss.
- The Apple Valley Choice Energy fund's net position increased by \$3,396,325. This was mainly due to an increase in services provided and a decrease in the cost of power procurement.

Expenses and Program Revenues - Business-type



**TOWN OF APPLE VALLEY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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 \$34,392,820, a decrease of \$6,181,108 in comparison with the prior fiscal year. Approximately 26.60 percent of this total amount - \$9,146,987 - constitutes *Unassigned and assigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance - \$25,245,833 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 balance amounted to \$8,881,078. Of this amount, \$4,355,476 was unassigned at the end of the fiscal year. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 13.98 percent of total general fund expenditures. The fund balance of the Town's General Fund decreased by \$147,058 during the current fiscal year.

**TOWN OF APPLE VALLEY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS - CONT'D

This de minimis decrease was mainly due to the lease of Town fleet vehicles.

The Transportation Development Act fund has a fund balance of \$1,489,982 at year end, all of which is reported as restricted. The net increase during the current year was \$46,223. This increase was mainly due to reimbursement of grant funded project expenditures.

The Measure I fund has a fund balance of \$3,809,939 at year end, all of which is reported as restricted. The net decrease in the fund balance during the current year for the Measure I fund was \$688,939. This decrease is primarily due to capital projects under construction for which costs are not yet available for reimbursement.

The Capital Projects fund has a fund balance of \$4,091,265 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. During the 2019-20 fiscal year, expenditures increased significantly in comparison to the prior fiscal year due to construction commencing on multiple projects.

Proprietary funds

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

At the end of the fiscal year, unrestricted net position of the Sewer fund was \$8,104,288. The total increase in net position for the fiscal year in the Sewer fund was \$375,934. For the Solid Waste Management fund, unrestricted net position totalled \$1,832,176 at year end. The total decrease in net position for the Solid Waste Management fund for the fiscal year was \$655,717. Correspondingly, unrestricted net position for the Apple Valley Golf Course fund as of June 30, 2020 amounted to \$(3,435,798). Apple Valley Choice Energy's unrestricted net position as of the end of the fiscal year was \$5,562,402.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget as approved by the Town Council projected an appropriation from fund balance of \$(48,310) for the year. The final adopted budget, as amended, projected a utilization of \$(1,808,642) from fund balance.

At year end, actual budgetary performance resulted in a net decrease in fund balance of \$147,058. Tax revenues increased from budgetary projections this fiscal year by \$603,885 but decreased \$142,693 over the prior year levels. The increase from budgetary projections for tax revenues was mainly due to Property tax, Sales tax and Franchise fee revenues (the General Fund's three major revenue sources) coming in at \$603,885 (3 percent) more than the projections. Overall, General Fund actual revenues are exceeded the budgetary projections by 3 percent. Actual expenditures in the General Fund ended the fiscal year are less than the amended budget by \$595,841.

**TOWN OF APPLE VALLEY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020, amounts to \$392,564,999 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total decrease in the Town's investment in capital assets for the current fiscal year was \$5,800,224 (a \$7,932,793 decrease for governmental activities and a \$2,132,569 increase for business-type activities).

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

Asset Category	Activities				Total	
	Governmental		Business-type		2020	2019
	2020	2019	2020	2019		
Land	\$100,447,189	\$100,319,713	\$1,819,012	\$1,819,012	\$102,266,201	\$102,138,725
Water Rights	-	-	3,650,000	3,650,000	3,650,000	3,650,000
Construction in progress	8,459,158	5,174,393	4,030,382	391,754	12,489,540	5,566,147
Furniture and Equipment	369,878	246,153	70,136	108,289	440,014	354,442
Trucks and Automobiles	308,404	366,775	488,491	93,494	796,895	460,269
Structures and Improvements	48,334,749	51,378,215	1,371,344	1,510,894	49,706,093	52,889,109
Infrastructure	204,307,001	212,673,923	-	-	204,307,001	212,673,923
Collector Lines	-	-	18,909,255	20,632,608	18,909,255	20,632,608
Total Capital Assets	<u>\$362,226,379</u>	<u>\$370,159,172</u>	<u>\$30,338,620</u>	<u>\$28,206,051</u>	<u>\$392,564,999</u>	<u>\$398,365,223</u>

Additional information on the Town of Apple Valley's capital assets can be found in Note 3-E on pages 62 - 63 of this report.

**TOWN OF APPLE VALLEY, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION - CONT'D

Long-term Debt:

At the end of the current fiscal year, the Town had no bonded debt outstanding. The Town's total bonded debt outstanding decreased by \$385,000 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 \$233,298,563.

Town of Apple Valley's Outstanding Debt

	Activities					
	Governmental		Business-type		Total	
	2020	2019	2020	2019	2020	2019
Certificates of Participation	\$ -	\$ 385,000	\$ -	\$ -	\$ -	\$ 385,000
Vehicle Lease Liability	-	-	410,979	-	410,979	-
Revolving Line of Credit	6,000,000	3,000,000	-	-	6,000,000	3,000,000
2017 Loan Payable	6,990,000	7,755,000	-	-	6,990,000	7,755,000
Claims Payable	237,951	336,865	-	-	237,951	336,865
Net Pension Liability	13,300,683	12,380,942	1,318,080	1,226,934	14,618,763	13,607,876
Compensated Absences	869,428	778,847	-	-	869,428	778,847
Total OPEB Liability	4,498,502	2,690,312	-	-	4,498,502	2,690,312
Installment Purchase Agreement	-	-	-	252,500	-	252,500
Total	\$ 31,896,564	\$ 27,326,966	\$ 1,729,059	\$1,479,434	\$ 33,625,623	\$ 28,806,400

Additional information on the Town of Apple Valley's long-term debt can be found in Note 3-F on page 64 - 66 of this report.

REQUEST 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 Director of Finance, Town of Apple Valley, 14955 Dale Evans Parkway, Apple Valley, CA 92307.

TOWN OF APPLE VALLEY, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 24,118,746	\$ 16,299,688	\$ 40,418,434
Accounts Receivable	1,268,513	4,020,014	5,288,527
Interest Receivable	63,653	-	63,653
Due from Other Governments, Net	5,490,999	-	5,490,999
Internal Balances	3,400,687	(3,400,687)	-
Loans Receivable	5,430,817	-	5,430,817
Prepaid Items	1,124,915	-	1,124,915
Restricted Assets:			
Cash and Investments with Fiscal Agent	-	1,146,245	1,146,245
Cash and Investments	-	1,438,690	1,438,690
Total Current Assets	<u>40,898,330</u>	<u>19,503,950</u>	<u>60,402,280</u>
Capital Assets, Not Being Depreciated:			
Land	100,447,189	1,819,012	102,266,201
Water Rights	-	3,650,000	3,650,000
Construction in Progress	8,459,158	4,030,382	12,489,540
Capital Assets, Net of Accumulated Depreciation			
Structures and Improvements	48,334,749	1,371,344	49,706,093
Furniture and Equipment	369,878	70,136	440,014
Trucks and Automobiles	308,404	488,491	796,895
Collector Lines	-	18,909,255	18,909,255
Infrastructure	<u>204,307,001</u>	<u>-</u>	<u>204,307,001</u>
Total Capital Assets, Net	<u>362,226,379</u>	<u>30,338,620</u>	<u>392,564,999</u>
Total Noncurrent Assets	<u>362,226,379</u>	<u>30,338,620</u>	<u>392,564,999</u>
Total Assets	<u>403,124,709</u>	<u>49,842,570</u>	<u>452,967,279</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pensions	2,801,306	277,605	3,078,911
Deferred Outflows of Resources Related to OPEB	<u>447,128</u>	<u>-</u>	<u>447,128</u>
Total Deferred Outflows of Resources	<u>3,248,434</u>	<u>277,605</u>	<u>3,526,039</u>
Total Assets and Deferred Outflows of Resources	<u>406,373,143</u>	<u>50,120,175</u>	<u>456,493,318</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 2,200,231	\$ 1,363,258	\$ 3,563,489
Accrued Liabilities	336,256	129,354	465,610
Interest Payable	99,204	-	99,204
Other Liabilities	-	487,903	487,903
Payables to External Parties	-	147,756	147,756
Unearned Revenue	-	75,735	75,735
Amounts Due Bondholders	-	44,595	44,595
Long-term Obligations - Current portion	<u>1,002,357</u>	<u>87,318</u>	<u>1,089,675</u>
Total Current Liabilities	<u>3,638,048</u>	<u>2,335,919</u>	<u>5,973,967</u>
Noncurrent Liabilities:			
Long-term Obligations - Non-current portion	<u>30,894,207</u>	<u>1,641,740</u>	<u>32,535,947</u>
Total Noncurrent Liabilities	<u>30,894,207</u>	<u>1,641,740</u>	<u>32,535,947</u>
Total Liabilities	<u>34,532,255</u>	<u>3,977,659</u>	<u>38,509,914</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to OPEB	819,755	-	819,755
Deferred Inflows of Resources Related to Pensions	<u>1,098,270</u>	<u>108,837</u>	<u>1,207,107</u>
Total Deferred Inflows of Resources	<u>1,918,025</u>	<u>108,837</u>	<u>2,026,862</u>
Total Liabilities and Deferred Inflows of Resources	<u>36,450,280</u>	<u>4,086,496</u>	<u>40,536,776</u>
NET POSITION			
Net Investment in Capital Assets	355,236,379	29,927,641	385,164,020
Restricted for:			
Street and Transportation	6,751,593	-	6,751,593
Culture and Recreation	2,029,619	-	2,029,619
Community Development	7,524,031	-	7,524,031
Capital Projects	4,414,988	1,146,245	5,561,233
Assessment District Improvements	-	2,896,725	2,896,725
Unrestricted	<u>(6,033,747)</u>	<u>12,063,068</u>	<u>6,029,321</u>
Total Net Position	<u>\$ 369,922,863</u>	<u>\$ 46,033,679</u>	<u>\$ 415,956,542</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 5,990,194	\$ 1,677,298	\$ 2,177,312	\$ -
Public Safety	17,431,096	1,030,308	225,252	-
Transportation	22,910,278	614,470	2,951,251	528,996
Culture and Recreation	4,406,022	827,783	64,461	333,548
Community Development	6,119,964	2,487,551	832,802	645,071
Interest on Long-Term Debt	402,362	-	-	-
Total Governmental Activities	<u>57,259,916</u>	<u>6,637,410</u>	<u>6,251,078</u>	<u>1,507,615</u>
Business-type Activities:				
Sewer	6,237,316	6,162,182	-	245,197
Solid Waste Management	13,617,020	12,864,659	64,708	-
Apple Valley Golf Course	1,016,062	681,269	-	-
Apple Valley Choice Energy	<u>13,987,428</u>	<u>17,365,678</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>34,857,826</u>	<u>37,073,788</u>	<u>64,708</u>	<u>245,197</u>
Total Primary Government	<u>\$ 92,117,742</u>	<u>\$ 43,711,198</u>	<u>\$ 6,315,786</u>	<u>\$ 1,752,812</u>
General Revenues:				
Taxes:				
Property Taxes				
Franchise Taxes				
Sales Taxes				
Transient Occupancy Taxes				
Motor Vehicle in-lieu (intergovernmental, unrestricted)				
Pass Through Tax Increment Revenues				
Miscellaneous Revenues				
Investment Income				
Transfer to Successor Agency				
Transfers				
Total General Revenues				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Net (Expense) Revenues and Changes in Net Position		
	Government Activities	Business Type Activities	Total
Governmental Activities:			
General Government	\$ (2,135,584)	\$ -	\$ (2,135,584)
Public Safety	(16,175,536)	-	(16,175,536)
Transportation	(18,815,561)	-	(18,815,561)
Culture and Recreation	(3,180,230)	-	(3,180,230)
Community Development	(2,154,540)	-	(2,154,540)
Interest on Long-Term Debt	(402,362)	-	(402,362)
Total Governmental Activities	(42,863,813)	-	(42,863,813)
Business-type Activities:			
Sewer	-	170,063	170,063
Solid Waste Management	-	(687,653)	(687,653)
Apple Valley Golf Course	-	(334,793)	(334,793)
Apple Valley Choice Energy	-	3,378,250	3,378,250
Total Business-type Activities	-	2,525,867	2,525,867
Total Primary Government	(42,863,813)	2,525,867	(40,337,946)
General Revenues:			
Taxes:			
Property Taxes	5,584,526	-	5,584,526
Franchise Taxes	2,183,008	-	2,183,008
Sales Taxes	8,754,582	-	8,754,582
Transient Occupancy Taxes	11,819	-	11,819
Motor Vehicle in-lieu (intergovernmental, unrestricted)	7,222,011	-	7,222,011
Pass Through Tax Increment Revenues	747,535	-	747,535
Miscellaneous Revenues	259,404	-	259,404
Investment Income	672,142	255,882	928,024
Transfer to Successor Agency	(402,505)	-	(402,505)
Transfers	(300,000)	300,000	-
Total General Revenues	24,732,522	555,882	25,288,404
Change in Net Position	(18,131,291)	3,081,749	(15,049,542)
Net Position - Beginning	388,054,154	42,951,930	431,006,084
Net Position - Ending	\$ 369,922,863	\$ 46,033,679	\$ 415,956,542

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

		Special Revenue Funds		Capital Projects Fund
	General Funds	Transportation Development Act	Measure I	Capital Projects
ASSETS				
Cash and Investments	\$ 3,289,836	\$ 1,490,136	\$ 4,088,304	\$ 4,034,260
Accounts Receivable	914,877	-	99,949	84,829
Interest Receivable	63,653	-	-	-
Due from Other Funds	58,787	-	-	-
Due from Other Governments	4,970,103	-	334,156	-
Advances to Other Funds	3,400,687	-	-	-
Loans Receivable, Net of Allowance	-	-	-	-
Prepaid Items	1,124,915	-	-	-
Total Assets	<u>13,822,858</u>	<u>1,490,136</u>	<u>4,522,409</u>	<u>4,119,089</u>
LIABILITIES				
Accounts Payable	1,019,524	154	676,536	17,697
Accrued Liabilities	199,141	-	35,934	10,127
Due to Other Funds	-	-	-	-
Total Liabilities	<u>1,218,665</u>	<u>154</u>	<u>712,470</u>	<u>27,824</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned Revenue	3,723,115	-	-	-
Total Deferred Inflows of Resources	<u>3,723,115</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	4,525,602	-	-	-
Restricted	-	1,489,982	3,809,939	-
Assigned	-	-	-	4,091,265
Unassigned	4,355,476	-	-	-
Total Fund Balances	<u>8,881,078</u>	<u>1,489,982</u>	<u>3,809,939</u>	<u>4,091,265</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,822,858</u>	<u>\$ 1,490,136</u>	<u>\$ 4,522,409</u>	<u>\$ 4,119,089</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and Investments	\$ 11,216,210	\$ 24,118,746
Accounts Receivable	168,858	1,268,513
Interest Receivable	-	63,653
Due from Other Funds	-	58,787
Due from Other Governments	186,740	5,490,999
Advances to Other Funds	-	3,400,687
Loans Receivable, Net of Allowance	5,430,817	5,430,817
Prepaid Items	<u>-</u>	<u>1,124,915</u>
Total Assets	<u>17,002,625</u>	<u>40,957,117</u>
LIABILITIES		
Accounts Payable	486,320	2,200,231
Accrued Liabilities	91,054	336,256
Due to Other Funds	<u>58,787</u>	<u>58,787</u>
Total Liabilities	<u>636,161</u>	<u>2,595,274</u>
DEFERRED INFLOWS OF RESOURCES		
Unearned Revenue	<u>245,908</u>	<u>3,969,023</u>
Total Deferred Inflows of Resources	<u>245,908</u>	<u>3,969,023</u>
FUND BALANCES (DEFICITS)		
Nonspendable	-	4,525,602
Restricted	15,420,310	20,720,231
Assigned	763,183	4,854,448
Unassigned	<u>(62,937)</u>	<u>4,292,539</u>
Total Fund Balances	<u>16,120,556</u>	<u>34,392,820</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 17,002,625</u>	<u>\$ 40,957,117</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Fund balances of the governmental funds	\$	34,392,820
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.		362,226,379
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported as available revenues in the funds.		3,969,023
Long term liabilities are not due and payable in the current period and are not reported in the funds.		
2017 Loan Payable		(6,990,000)
Compensated Absences		(869,428)
Claims Payable		(237,951)
Revolving Line of Credit		(6,000,000)
Net Pension Liability		(13,300,683)
Total OPEB liability		(4,498,502)
Amounts for deferred inflows and deferred outflows related to the Town's Net Pension Liability and OPEB Liability are not reported in the funds.		
Deferred Outflows of Resources Related to Pension		2,801,306
Deferred Inflows of Resources Related to Pension		(1,098,270)
Deferred Outflows of Resources Related to OPEB		447,128
Deferred Inflows of Resources Related to OPEB		(819,755)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		(99,204)
		(99,204)
Net position of governmental activities	\$	<u><u>369,922,863</u></u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Funds	Special Revenue Funds	
		Transportation Development Act	Measure I
REVENUES			
Taxes	\$ 22,120,927	\$ -	\$ 1,947,831
Licenses & Permits	1,005,804	-	-
Fines & Forfeitures	421,666	-	-
Investment Income (Loss)	324,491	10,167	64,652
Intergovernmental	527,374	79,095	348,398
Charges for Services	4,397,204	-	-
Donations	-	-	-
Other Revenue	<u>332,134</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>29,129,600</u>	<u>89,262</u>	<u>2,360,881</u>
EXPENDITURES			
Current:			
General Government	7,547,619	-	-
Public Safety	17,007,808	-	-
Transportation	-	43,039	3,049,820
Culture and Recreation	2,442,130	-	-
Community Development	2,984,120	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	765,000	-	-
Interest & Fiscal Charges	<u>400,931</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>31,147,608</u>	<u>43,039</u>	<u>3,049,820</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,018,008)</u>	<u>46,223</u>	<u>(688,939)</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	-	-	-
Transfer Out	(1,129,050)	-	-
Issuance of Debt	<u>3,000,000</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,870,950</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(147,058)</u>	<u>46,223</u>	<u>(688,939)</u>
Fund Balances, Beginning	<u>9,028,136</u>	<u>1,443,759</u>	<u>4,498,878</u>
Fund Balances, Ending	<u>\$ 8,881,078</u>	<u>\$ 1,489,982</u>	<u>\$ 3,809,939</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Capital Projects Fund		Other Governmental Funds	Total Governmental Funds
	<u>Capital Projects</u>		<u>Funds</u>	<u>Funds</u>
REVENUES				
Taxes	\$ -	\$	445,025	\$ 24,513,783
Licenses & Permits	614,470		672,317	2,292,591
Fines & Forfeitures	-		-	421,666
Investment Income (Loss)	106,510		166,324	672,144
Intergovernmental	174,933		4,079,834	5,209,634
Charges for Services	-		-	4,397,204
Donations	-		89,596	89,596
Other Revenue	-		265,719	597,853
	<u>895,913</u>		<u>5,718,815</u>	<u>38,194,471</u>
EXPENDITURES				
Current:				
General Government	-		491,399	8,039,018
Public Safety	-		33,071	17,040,879
Transportation	-		3,076,804	6,169,663
Culture and Recreation	-		10,530	2,452,660
Community Development	-		2,765,075	5,749,195
Capital Outlay	4,918,264		751,033	5,669,297
Debt Service:				
Principal	-		385,000	1,150,000
Interest & Fiscal Charges	-		1,431	402,362
	<u>4,918,264</u>		<u>7,514,343</u>	<u>46,673,074</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,022,351)</u>		<u>(1,795,528)</u>	<u>(8,478,603)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	-		829,050	829,050
Transfer Out	-		(402,505)	(1,531,555)
Issuance of Debt	-		-	3,000,000
	<u>-</u>		<u>-</u>	<u>3,000,000</u>
Total Other Financing Sources (Uses)	<u>-</u>		<u>426,545</u>	<u>2,297,495</u>
Net Change in Fund Balances	<u>(4,022,351)</u>		<u>(1,368,983)</u>	<u>(6,181,108)</u>
Fund Balances, Beginning	<u>8,113,616</u>		<u>17,489,539</u>	<u>40,573,928</u>
Fund Balances, Ending	<u>\$ 4,091,265</u>		<u>\$ 16,120,556</u>	<u>\$ 34,392,820</u>

The notes to the financial statements are an integral part of these financial statements.

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
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances for governmental funds	\$	(6,181,108)
Amount 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.		
Capital Outlays		6,089,887
Depreciation Expenses		(14,022,680)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
		1,682,258
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.		
Principal paid on Long-Term Debt		1,150,000
Issuance of Debt		(3,000,000)
Some expenses and revenues are reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Net Change in compensated absences		(90,581)
Net Change in Claims Payable		98,914
Net Pension Expenses		(1,548,073)
Net OPEB (Expenses)/Revenue		<u>(2,309,908)</u>
Change in net position of governmental activities	\$	<u>(18,131,291)</u>

TOWN OF APPLE VALLEY, CALIFORNIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

	Sewer	Solid Waste Management	Apple Valley Golf Course	Apple Valley Choice Energy	Total
ASSETS					
Current assets					
Cash and Investments	\$ 11,441,057	\$ 620,518	\$ -	\$ 4,238,113	\$ 16,299,688
Accounts Receivable	<u>340,306</u>	<u>1,636,999</u>	<u>148,943</u>	<u>1,893,766</u>	<u>4,020,014</u>
Total Current Assets	<u>11,781,363</u>	<u>2,257,517</u>	<u>148,943</u>	<u>6,131,879</u>	<u>20,319,702</u>
Noncurrent Assets					
Restricted Assets:					
Cash and Investments	1,438,690	-	-	-	1,438,690
Cash and Investments with Fiscal Agent	1,146,245	-	-	-	1,146,245
Capital Assets:					
Non-Depreciable					
Land	379,012	-	1,440,000	-	1,819,012
Water Rights	3,650,000	-	-	-	3,650,000
Construction in Progress	4,030,382	-	-	-	4,030,382
Depreciable, net	<u>19,500,445</u>	<u>1,246,177</u>	<u>92,604</u>	<u>-</u>	<u>20,839,226</u>
Total Noncurrent Assets	<u>30,144,774</u>	<u>1,246,177</u>	<u>1,532,604</u>	<u>-</u>	<u>32,923,555</u>
Total Assets	<u>41,926,137</u>	<u>3,503,694</u>	<u>1,681,547</u>	<u>6,131,879</u>	<u>53,243,257</u>
Deferred Outflows of Resources:					
Pension Related Items	<u>243,380</u>	<u>34,225</u>	<u>-</u>	<u>-</u>	<u>277,605</u>
Total Assets and Deferred Outflows of Resources	<u>42,169,517</u>	<u>3,537,919</u>	<u>1,681,547</u>	<u>6,131,879</u>	<u>53,520,862</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	821,009	271,179	70,533	200,537	1,363,258
Accrued Liabilities	20,154	12,466	96,031	703	129,354
Other Liabilities	128,176	-	17,490	342,237	487,903
Due to Other Governments	147,756	-	-	-	147,756
Unearned Revenue	49,735	-	-	26,000	75,735
Amounts Due Bondholders	44,595	-	-	-	44,595
Current Portion of Long- Term Debt	<u>87,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,318</u>
Total Current Liabilities	<u>\$ 1,298,743</u>	<u>\$ 283,645</u>	<u>\$ 184,054</u>	<u>\$ 569,477</u>	<u>\$ 2,335,919</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

	<u>Sewer</u>	<u>Solid Waste Management</u>	<u>Apple Valley Golf Course</u>	<u>Apple Valley Choice Energy</u>	<u>Total</u>
LIABILITIES - Cont'd					
Noncurrent Liabilities					
Advances from Other Funds	\$ -	\$ -	\$ 3,400,687	\$ -	\$ 3,400,687
Noncurrent Portion of Long-Term Debt	<u>1,479,237</u>	<u>162,503</u>	<u>-</u>	<u>-</u>	<u>1,641,740</u>
Total Noncurrent Liabilities	<u>1,479,237</u>	<u>162,503</u>	<u>3,400,687</u>	<u>-</u>	<u>5,042,427</u>
Total Liabilities	<u>2,777,980</u>	<u>446,148</u>	<u>3,584,741</u>	<u>569,477</u>	<u>7,378,346</u>
Deferred Inflows of Resources:					
Pension Actuarial Amounts	<u>95,419</u>	<u>13,418</u>	<u>-</u>	<u>-</u>	<u>108,837</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,873,399</u>	<u>459,566</u>	<u>3,584,741</u>	<u>569,477</u>	<u>7,487,183</u>
NET POSITION					
Net Investment in Capital Assets	27,148,860	1,246,177	1,532,604	-	29,927,641
Restricted for Capital Projects	1,146,245	-	-	-	1,146,245
Restricted for Assessment District Improvements	2,896,725	-	-	-	2,896,725
Unrestricted	<u>8,104,288</u>	<u>1,832,176</u>	<u>(3,435,798)</u>	<u>5,562,402</u>	<u>12,063,068</u>
Total Net Position	<u>\$ 39,296,118</u>	<u>\$ 3,078,353</u>	<u>\$ (1,903,194)</u>	<u>\$ 5,562,402</u>	<u>\$ 46,033,679</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Sewer</u>	<u>Solid Waste Management</u>	<u>Apple Valley Golf Course</u>	<u>Apple Valley Choice Energy</u>	<u>Total</u>
OPERATING REVENUES					
Charges for Services	\$ 6,160,298	\$ 12,864,659	\$ 681,269	\$ 17,362,995	\$ 37,069,221
Total Operating Revenues	<u>6,160,298</u>	<u>12,864,659</u>	<u>681,269</u>	<u>17,362,995</u>	<u>37,069,221</u>
OPERATING EXPENSES					
Salaries and Benefits	667,129	428,856	15,316	-	1,111,301
Contract Services	24,007	11,262,753	492,490	1,196,679	12,975,929
Maintenance and Treatment	2,431,480	-	102,925	-	2,534,405
Power Purchases	-	-	-	11,720,262	11,720,262
General Administration	748,400	1,848,192	112,454	1,068,931	3,777,977
Depreciation	1,797,053	67,561	87,278	-	1,951,892
Other	565,886	-	205,599	-	771,485
Total Operating Expenses	<u>6,233,955</u>	<u>13,607,362</u>	<u>1,016,062</u>	<u>13,985,872</u>	<u>\$ 34,843,251</u>
Operating Income (Loss)	<u>(73,657)</u>	<u>(742,703)</u>	<u>(334,793)</u>	<u>3,377,123</u>	<u>2,225,970</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment Income (Loss)	205,871	31,936	-	18,075	255,882
Grant Revenue	-	19,811	-	-	19,811
Other Revenue	1,884	44,897	-	2,683	49,464
Interest & Fiscal Charges	(3,361)	(9,658)	-	(1,556)	(14,575)
Total Non-operating Revenues (Expenses)	<u>204,394</u>	<u>86,986</u>	<u>-</u>	<u>19,202</u>	<u>310,582</u>
Other Financing Sources (Uses)					
Capital Contributions	245,197	-	-	-	245,197
Transfer in	-	-	300,000	-	300,000
Total Other Financing Sources (Uses)	<u>245,197</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>545,197</u>
Increase (decrease) in Net Position	375,934	(655,717)	(34,793)	3,396,325	3,081,749
Net position, Beginning	<u>38,920,184</u>	<u>3,734,070</u>	<u>(1,868,401)</u>	<u>2,166,077</u>	<u>42,951,930</u>
Net Position (Deficit), Ending	<u>\$39,296,118</u>	<u>\$ 3,078,353</u>	<u>\$(1,903,194)</u>	<u>\$ 5,562,402</u>	<u>\$ 46,033,679</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Sewer</u>	<u>Solid Waste Management</u>	<u>Apple Valley Golf Course</u>	<u>Apple Valley Choice Energy</u>	<u>Total</u>
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 6,139,492	\$ 12,262,947	\$ 538,052	\$ 17,883,372	\$ 36,823,863
Cash Paid to Suppliers	(3,302,921)	(13,714,780)	(880,391)	(15,345,963)	(33,244,055)
Cash Paid to Employees for Services	<u>(113,788)</u>	<u>(410,437)</u>	<u>80,626</u>	<u>(169)</u>	<u>(443,768)</u>
Net Cash Provided (used) by Operating Activities	<u>2,722,783</u>	<u>(1,862,270)</u>	<u>(261,713)</u>	<u>2,537,240</u>	<u>3,136,040</u>
Cash Flows from Noncapital Financing Activities:					
Cash Collected on Behalf of Other Governments	(182,974)	-	(18,096)	(114,270)	(315,340)
Grant Revenue	-	19,811	-	-	19,811
Other Revenue	1,884	44,897	-	2,683	49,464
Advances Paid (to) from Other Funds	-	-	(20,191)	-	(20,191)
Cash Paid (to) from Other Funds	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Net Cash Provided (used) by Noncapital Financing Activities	<u>(181,090)</u>	<u>64,708</u>	<u>261,713</u>	<u>(111,587)</u>	<u>33,744</u>
Cash Flows from Capital and Related Financing Activities:					
Capital Asset Purchases	(4,084,460)	-	-	-	(4,084,460)
Capital Grants Received	245,197	-	-	-	245,197
Principal Paid on Debt	-	(241,263)	-	-	(241,263)
Interest Paid on Debt	<u>(3,360)</u>	<u>(9,658)</u>	<u>-</u>	<u>(1,556)</u>	<u>(14,574)</u>
Net Cash Provided (used) by Capital and Related Financing Activities	<u>(3,842,623)</u>	<u>(250,921)</u>	<u>-</u>	<u>(1,556)</u>	<u>(4,095,100)</u>
Cash Flows from Investing Activities:					
Interest on Investments	<u>205,871</u>	<u>31,936</u>	<u>-</u>	<u>18,075</u>	<u>255,882</u>
Net Cash Provided (used) by Investing Activities	<u>205,871</u>	<u>31,936</u>	<u>-</u>	<u>18,075</u>	<u>255,882</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,095,059)</u>	<u>(2,016,547)</u>	<u>-</u>	<u>2,442,172</u>	<u>(669,434)</u>
Cash and Cash Equivalents, Beginning of Year	<u>15,121,051</u>	<u>2,637,065</u>	<u>-</u>	<u>1,795,941</u>	<u>19,554,057</u>
Cash and Cash Equivalents, Ending of Year	<u>\$14,025,992</u>	<u>\$ 620,518</u>	<u>\$ -</u>	<u>\$ 4,238,113</u>	<u>\$ 18,884,623</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Sewer</u>	<u>Solid Waste Management</u>	<u>Apple Valley Golf Course</u>	<u>Apple Valley Choice Energy</u>	<u>Total</u>
<i>Cash Flows from Operating Activities:</i>					
Operating Income (Loss)	\$ (73,657)	\$ (742,703)	\$ (334,793)	\$ 3,377,123	\$ 2,225,970
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,797,053	67,561	87,278	-	1,951,892
(Increase) Decrease in Accounts Receivable	178,567	(211,945)	(143,217)	581,377	404,782
(Increase) Decrease in Due from Other Governments	3,388	44,881	-	-	48,269
(Increase) Decrease in Prepaid Items	-	-	-	-	-
(Increase) Decrease in Deferred Outflows - Pensions	33,478	4,708	-	-	38,186
Increase (Decrease) in Accounts Payable	338,676	(603,836)	15,586	(1,702,328)	(1,951,902)
Increase (Decrease) in Other Liabilities	128,176	-	17,490	342,237	487,903
Increase (Decrease) in Accrued Liabilities	7,862	10,743	95,943	(169)	114,379
Increase (Decrease) in Net Pension Liability	79,907	-	-	-	79,907
Increase (Decrease) in Lease Liability	410,979	-	-	-	410,979
Increase (Decrease) in Deferred Inflows - Pensions	21,113	2,969	-	-	24,082
Increase (Decrease) in Unearned Revenue	(202,759)	(434,648)	-	(61,000)	(698,407)
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,722,783</u>	<u>\$ (1,862,270)</u>	<u>\$ (261,713)</u>	<u>\$ 2,537,240</u>	<u>\$ 3,136,040</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

	Successor Agency Private Purpose	Agency Funds
ASSETS		
Cash and Investments	\$ 1,363,488	\$ 26,764,525
Cash with Fiscal Agent	1,063,909	243,010
Accounts Receivable	115,747	580,488
Due from Other Governments	-	673,067
Prepaid Items	-	3,501
Total Assets	2,543,144	28,264,591
LIABILITIES		
Accounts Payable	813	2,281
Accrued Liabilities	3,450	25,577,086
Deposits	-	2,442,214
Interest Payable	159,138	-
Bonds Payable - Due Within One Year	1,530,000	-
Bonds Payable - Due Beyond One Year	37,468,861	-
Amounts Due Bondholders	-	243,010
Total Liabilities	39,162,262	\$ 28,264,591
NET POSITION		
Net Position Held in Trust for Successor Agency	\$ (36,619,118)	

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Successor Agency Private Purpose</u>
<i>ADDITIONS</i>	
Taxes	\$ 4,009,275
Investment Income (Loss)	<u>29,223</u>
Total Additions	<u>4,038,498</u>
<i>DEDUCTIONS</i>	
Administrative Costs	131,438
Interest on Bonds	<u>1,964,322</u>
Total Deductions	<u>2,095,760</u>
Income Before Transfer	1,942,738
Transfers	<u>402,505</u>
Change in Net Position	2,345,243
Net position, Beginning of Year	<u>(38,964,361)</u>
Net Position, End of Year	<u><u>\$ (36,619,118)</u></u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - 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, power, 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.

Apple Valley Community Resource Foundation (AVCRF)

The Apple Valley Community Resource Foundation ("Foundation") was established as a 501(C)(3) under the Internal Revenue Code and is exempt from federal income taxes. The Foundation is also exempt from California State income taxes, subject to compliance with applicable laws and regulations. The primary purpose of the Foundation is to lessen the burdens of the Town and to promote and support cultural, recreational, and human services needs in the Town of Apple Valley. The governing board of the Foundation is composed of the same individuals that serve as council members for the Town of Apple Valley. The compiled financial statements of the Foundation can be obtained by request from the Town of Apple Valley at 14955 Dale Evans Parkway, Apple Valley, California 92307.

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.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

B. Government-wide and Fund Financial Statements - Cont'd

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.

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

GASB has issued the following statements, which are applicable in future years. Management has not determined the impact, if any, these future pronouncements will have on the Town.

GASB Statement No. 84, Fiduciary Activities.

Effective Date: The provisions in Statement 84 are effective for fiscal years beginning after December 15, 2019.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments:

- Focus of the criteria generally on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists.
- Separate criteria included to fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 87, Leases.

Effective Date: The provisions in Statement 87 are effective for fiscal years beginning after December 15, 2021.

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.

Effective Date: The provisions in Statement 89 are effective for fiscal years beginning after December 15, 2020.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

C. *Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - cont'd*

GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61.*

Effective Date: The provisions in Statement 90 are effective for fiscal years beginning after December 15, 2019.

This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit.

GASB Statement No. 91, *Conduit Debt Obligations*

Effective Date: The provisions in Statement 91 are effective for fiscal years beginning after December 15, 2021.

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

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.

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 judgements, 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.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Cont'd

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.

Transportation Development Act Fund - This fund accounts for the Town's share of Article 3 and 8 monies which are restricted in use for transit or street repair/construction projects/activities.

Measure I Fund - This fund accounts for local transportation projects funded with one half of one percent sales tax measure provided by Ordinance 04-01 of the San Bernardino County Transportation Authority.

Capital Projects Fund - This fund was established to account for construction projects that are not separately accounted for in other capital project funds. Financing is provided primarily through Transportation Impact Fees.

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.

Apple Valley Choice Energy Fund - This fund accounts for the costs of providing electric power to residents and businesses and the user charges by which these costs are recovered.

Additionally, the Town reports the following fund types:

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

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

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

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

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Cont'd

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.

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 - 1st Installment; February 1 - 2nd Installment
Delinquent Dates December 10 - 1st Installment; April 10 - 2nd Installment

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Assets, Liabilities, and Net Position or Equity - Cont'd

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.

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. 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. Donated capital assets received prior to the implementation of GASB 72 were recorded at fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received.

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.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Assets, Liabilities, and Net Position or Equity - Cont'd

The range of lives used for depreciation purposes for each capital asset class is as follows:

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

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.

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. 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.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Assets, Liabilities, and Net Position or Equity - Cont'd

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.

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 relating to pensions and OPEB, in accordance with GASB Statements No. 68 and 75.

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 relating to pensions and OPEB, in accordance with GASB Statements No. 68 and 75.

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.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Assets, Liabilities, and Net Position or Equity - Cont'd

Unrestricted Net Position

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

12. Net Position Flow Assumption

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

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

**TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Assets, Liabilities, and Net Position or Equity - Cont'd

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. The General Fund is the only fund that reports a positive unassigned fund balance. It is not appropriate to report a positive unassigned fund balance amount in other governmental funds. However, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balances in governmental funds other than the General Fund.

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) plan (Plan) and additions to/deductions from the Plan's 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.

15. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within curtailed defined timeframes. For this report, the following timeframes are used: June 30, 2020 Valuation Date, June 30, 2020 Measurement Date, July 1, 2019 through June 30, 2020 Measurement Period.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances/Net Position

The following non-major funds had deficit fund balances as of June 30, 2020:

	<u>Deficit Balance</u>
Street Maintenance	\$ (49,600)
Air Pollution Control District	(514)
Prop 1B	(60)
Project Manager Grants	(12,763)

Management expects these deficits to be eliminated either by future revenues or transfers from the Town's General Fund. In addition, the Apple Valley Golf Course proprietary fund has a deficit net position of \$1,903,194 as of June 30, 2020 (\$3,435,798 deficit in Unrestricted Net Position), with a current year operating deficit \$334,793.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - 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, 2020 are as follows:

Statement of Net Position:		Petty Cash	\$ 5,350
Cash and Investments	\$ 40,418,434	Deposits with Financial Institutions	51,026,700
Cash and Investments with Fiscal Agent	1,146,245	Local Agency Investment Fund	17,530,737
Restricted Cash and Investments	1,438,690		
Statement of Fiduciary Net Position:		Money Market Mutual Funds	1,422,350
Cash and Investments	28,128,013	Held by Fiscal Agent	
Cash and Investments with fiscal agent	1,306,919	Money Market Mutual Funds	2,453,164
Total Cash and Investments	<u>\$ 72,438,301</u>	Total Cash and Investments	<u>\$ 72,438,301</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 THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONT'D

A. Cash and Investments Cont'd

Investment Authorized by Debt Agreement:

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptance	None	None	None
Commercial Paper	None	None	None
Money Market Mutual Funds	None	None	None
Investment Contracts	None	None	None
Certificates of Deposits	None	None	None
Repurchase Agreements	None	None	None
Local Agency Investment Fund	N/A	None	None

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, 2020, the Town had the following investments:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity</u>		
		<u>12 Months or less</u>	<u>One to Three years</u>	<u>Three to Five Years</u>
State Investment Pool - LAIF	17,530,737	\$ 17,530,737	\$ -	\$ -
Money Market Mutual Funds	1,422,350	1,422,350	-	-
Held by Bond Trustee:				
Money Market Mutual Funds	2,453,164	2,453,164	-	-
Total Pooled Investments	<u>\$ 21,406,251</u>	<u>\$ 21,406,251</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONT'D

A. Cash and Investments Cont'd

Fair Value of Investments

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. LAIF and money market mutual funds are not subject to level reporting.

Disclosure 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.

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Total</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
State Investment Pool - LAIF	N/A	\$ 17,530,737	\$ -	\$ -	\$ 17,530,737
Money Market Mutual Funds Held by Bond Trustee:	A	1,422,350	1,422,350	-	-
Money Market Mutual Funds	A	2,453,164	2,453,164	-	-
Total Pooled Investments		\$ 21,406,251	\$ 3,875,514	\$ -	\$ 17,530,737

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:

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONT'D

A. Cash and Investments - Cont'd

The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Town deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: The Town did not have any deposits with financial institutions in excess of federal depository insurance limits and held in uncollateralized accounts.

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, 2020 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 58,787	\$ -
Nonmajor Funds	-	58,787
Total	<u>\$ 58,787</u>	<u>\$ 58,787</u>

The amounts due from the Nonmajor Funds to the General Fund are from routine cash flows covered by the General Fund, these amounts are expected to be repaid within the next fiscal year.

Advances: The General Fund has advanced \$3,400,687 to the Apple Valley Golf Course Fund. This represents amounts advanced to the Golf Course Fund to cover operating deficits over a period of several years. The Town is currently developing a plan to repay these advances to the General Fund. Additional information can be found in Note 4-F.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONT'D

B. Interfund Receivables, Payables, and Transfers - Cont'd

Interfund transfers for the year ended June 30, 2020 are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General Fund	\$ -	\$ (1,129,050)
Nonmajor Funds	829,050	(402,505)
Business-type Activities:		
Apple Valley Golf Course	<u>300,000</u>	<u>-</u>
Total	<u>1,129,050</u>	<u>(1,531,555)</u>
Other Transfers:		
Successor Agency Fund	<u>402,505</u>	<u>-</u>
Total	<u>\$ 1,531,555</u>	<u>\$ (1,531,555)</u>

The General Fund transferred \$442,553 and \$386,497 to the PEG Channel and Other Governmental Funds, respectively, to provide funds for debt service costs. In addition, the General Fund transferred \$300,000 to the Apple Valley Golf Course to fund certain expenditures and cover operating deficits.

C. Receivables

As of June 30, 2020, the amount receivable from the various governmental agencies was \$5,490,999.

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 have a 30-year term, and bear no interest. The loans may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2020, the outstanding loans receivable totaled \$5,430,817, net of allowance for doubtful accounts of \$1,089,467. The allowance was established for loans that are forgivable after a given period of time, assuming all conditions of the loan are met.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONT'D

E. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

Governmental Activities:	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
Non-depreciable assets:				
Land	\$ 100,319,713	\$ 127,476	\$ -	\$ 100,447,189
Construction in progress	<u>5,174,393</u>	<u>3,284,765</u>	<u>-</u>	<u>8,459,158</u>
Total non-depreciable assets	<u>105,494,106</u>	<u>3,412,241</u>	<u>-</u>	<u>108,906,347</u>
Depreciable assets:				
Furniture and Equipment	3,495,160	51,146	-	3,546,306
Computer Equipment	1,710,887	149,351	-	1,860,238
Trucks and Automobiles	1,640,368	-	(184,662)	1,455,706
Structures and Improvements	92,285,454	31,935	-	92,317,389
Infrastructure	<u>424,284,329</u>	<u>2,445,214</u>	<u>-</u>	<u>426,729,543</u>
Total depreciable assets	<u>523,416,198</u>	<u>2,677,646</u>	<u>(184,662)</u>	<u>525,909,182</u>
Less accumulated depreciation:				
Furniture and Equipment	(3,351,925)	(50,394)	-	(3,402,319)
Computer Equipment	(1,607,969)	(26,378)	-	(1,634,347)
Trucks and Automobiles	(1,273,593)	(58,371)	184,662	(1,147,302)
Structures and Improvements	(40,907,239)	(3,075,401)	-	(43,982,640)
Infrastructure	<u>(211,610,406)</u>	<u>(10,812,136)</u>	<u>-</u>	<u>(222,422,542)</u>
Total accumulated depreciation	<u>(258,751,132)</u>	<u>(14,022,680)</u>	<u>184,662</u>	<u>(272,589,150)</u>
Net Capital Assets Being Depreciated	<u>264,665,066</u>	<u>(11,345,034)</u>	<u>-</u>	<u>253,320,032</u>
Governmental activities capital assets, net	<u><u>\$ 370,159,172</u></u>	<u><u>\$ (7,932,793)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 362,226,379</u></u>

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONT'D

E. Capital Assets- Cont'd

Business-type Activities:	Balance <u>June 30, 2019</u>	Additions	Retirements	Balance <u>June 30, 2020</u>
Non-depreciable assets:				
Land	\$ 1,819,012	\$ -	\$ -	\$ 1,819,012
Construction in progress	391,754	3,638,628	-	4,030,382
Water Rights	<u>3,650,000</u>	<u>-</u>	<u>-</u>	<u>3,650,000</u>
Total non-depreciable assets	<u>5,860,766</u>	<u>3,638,628</u>	<u>-</u>	<u>9,499,394</u>
Depreciable assets:				
Building and System	3,848,485	-	(67,561)	3,780,924
Machinery and Equipment	774,412	9,241	-	783,653
Trucks and Automobiles	514,820	436,592	-	951,412
Collector Lines	<u>70,313,851</u>	<u>-</u>	<u>-</u>	<u>70,313,851</u>
Total depreciable assets	<u>75,451,568</u>	<u>445,833</u>	<u>(67,561)</u>	<u>75,829,840</u>
Less accumulated depreciation:				
Building and System	(2,337,591)	(139,550)	67,561	(2,409,580)
Machinery and Equipment	(666,123)	(47,394)	-	(713,517)
Trucks and Automobiles	(421,326)	(41,595)	-	(462,921)
Collector Lines	<u>(49,681,243)</u>	<u>(1,723,353)</u>	<u>-</u>	<u>(51,404,596)</u>
Total accumulated depreciation	<u>(53,106,283)</u>	<u>(1,951,892)</u>	<u>67,561</u>	<u>(54,990,614)</u>
Net Capital Assets Being Depreciated	<u>22,345,285</u>	<u>(1,506,059)</u>	<u>-</u>	<u>20,839,226</u>
Business-type Activities, Capital Assets	<u>\$ 28,206,051</u>	<u>\$ 2,132,569</u>	<u>\$ -</u>	<u>\$ 30,338,620</u>

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

Governmental Activities:

General government	\$ 237,014
Public Safety	390,217
Transportation	11,071,318
Culture and Recreation	1,953,362
Community Development	<u>370,769</u>
Total Depreciation Expense	<u>\$ 14,022,680</u>

Business-type Activities:

Sewer	\$ 1,797,053
Solid Waste Management	67,561
Apple Valley Golf Course	<u>87,278</u>
Total Depreciation Expense	<u>\$ 1,951,892</u>

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONT'D

F. Long-Term Debt

Long-term liabilities for the year ended June 30, 2020 were as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due within one year
Governmental Activities:					
1999 Certificates of Participation	\$ 385,000	\$ -	\$ (385,000)	\$ -	\$ -
2017 Loan Payable	7,755,000	-	(765,000)	6,990,000	785,000
Compensated Absences	778,847	1,117,023	(1,026,442)	869,428	217,357
Claims Payable	336,865	-	(98,914)	237,951	-
Revolving Line of Credit	3,000,000	3,000,000	-	6,000,000	-
Net Pension Liability	12,380,942	919,741	-	13,300,683	-
Total OPEB Liability	<u>2,690,312</u>	<u>1,808,190</u>	<u>-</u>	<u>4,498,502</u>	<u>-</u>
Long-term Liabilities, Governmental Activities	<u>27,326,966</u>	<u>6,844,954</u>	<u>(2,275,356)</u>	<u>31,896,564</u>	<u>1,002,357</u>
Business-type Activities:					
Net Pension Liability	1,226,934	91,146	-	1,318,080	-
Obligation Under Installment Purchase Agreement	252,500	-	(252,500)	-	-
Vehicle Lease Liability	<u>-</u>	<u>436,592</u>	<u>(25,613)</u>	<u>410,979</u>	<u>87,318</u>
Long-term Liabilities, Business-type Activities	<u>\$ 1,479,434</u>	<u>\$ 527,738</u>	<u>\$ (278,113)</u>	<u>\$ 1,729,059</u>	<u>\$ 87,318</u>

Obligations for the Total OPEB Liability and Net Pension Liability are typically liquidated from the General Fund and applicable Enterprise Funds.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONT'D

F. Long-Term Debt - Cont'd

2017 Loan Payable

In July 2017, the Apple Valley Public Financing Authority entered into a loan agreement with Public Property Financing Corporation for \$8,475,000. Proceeds of the loan were used for the purpose of advance refunding the 2007 Lease Revenue Bonds and to finance the acquisition of vehicles. The 2007 Lease Revenue Bonds were issued for the construction of an annex to the Town Hall. Interest on the Loan is 2.90% and is payable semi-annually on March 1 and September 1. Principal is payable September 1 of each year until maturity on September 1, 2027.

The Authority advance refunded the 2007 Lease Revenue Bonds to increase total debt service payments by approximately \$988,000, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$650,000. Future debt service requirements are as follows:

<u>Fiscal year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 785,000	\$ 191,328	\$ 976,328
2022	815,000	168,128	983,128
2023	835,000	144,203	979,203
2024	860,000	119,625	979,625
2025	885,000	94,323	979,323
2026	910,000	68,295	978,295
2027	940,000	41,470	981,470
2028	960,000	13,920	973,920
Total	<u>\$ 6,990,000</u>	<u>\$ 841,292</u>	<u>\$ 7,831,292</u>

Revolving Line of Credit

The Town has a credit facility agreement with a JPMorgan bank, which provides for a revolving line of credit for \$10,000,000, bearing interest on drawn amounts of 1-month LIBOR + 1.675% (Taxable) and 79% of 1-month LIBOR + 1.325% (Tax-Exempt). Facility maturity date is October 1, 2021 with the ability to request an extension prior to January 31, 2021. At June 30, 2020, the Town utilized \$6,000,000 of the revolving line of credit.

Obligation Under Installment Purchase Agreement

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

The Town is obligated to make monthly installment purchase payments to the Authority commencing July 1, 2004 equal to the sum of (1) one-twelfth of the next principal payment and (2) one-sixth of the next interest payment. Interest on the installment purchase obligation ranges from 2% to 5.1% and total annual principal installments range from \$135,000 to \$252,500. The Town will pay to the Authority the installment payments solely from service revenues, which consist primarily of rates and charges imposed by the Town for solid waste management services.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONT'D

F. Long-Term Debt - Cont'd

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.

There is no liability for unpaid installment payments as of June 30, 2020.

2020 Lease Payable - Wastewater fund

On March 10, 2020, the Town of Apple Valley entered into a loan agreement with Jules and Associates, Inc. (lessor) for \$436,592. Proceeds of the loan were used to finance the acquisition of vehicles. Interest on the Loan is payable monthly. The principal is payable monthly of each year until maturity on March 14, 2025.

Future debt service requirements are as follows:

<u>Fiscal year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 87,318	\$ 11,675	\$ 98,993
2022	87,318	11,675	98,993
2023	87,318	11,675	98,993
2024	87,318	11,675	98,993
2025	<u>61,707</u>	<u>11,675</u>	<u>73,382</u>
Total	<u>\$ 410,979</u>	<u>\$ 58,375</u>	<u>\$ 469,354</u>

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONT'D

G. Fiduciary Fund Long-Term Debt

Fiduciary Fund long-term debt activity for the 2019-20 fiscal year is as follows:

<u>Fiduciary Funds:</u>	<u>Balance June 30, 2019</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Due within one year</u>
2005 Tax Allocation Bonds	\$ 5,580,000	\$ (245,000)	\$ 5,335,000	\$ 255,000
Unamortized Premium	26,474	(1,664)	24,810	-
2007 Tax Allocation Bonds				
VVEDA Project Area	6,975,000	(215,000)	6,760,000	225,000
Unamortized Discount	(170,149)	9,497	(160,652)	-
2007 Tax Allocation Bonds				
Project Area 2	27,975,000	(1,005,000)	26,970,000	1,050,000
Unamortized Premium	<u>73,804</u>	<u>(4,101)</u>	<u>69,703</u>	<u>-</u>
Long-term Liabilities, Fiduciary Funds	<u>\$ 40,460,129</u>	<u>\$ (1,461,268)</u>	<u>\$ 38,998,861</u>	<u>\$ 1,530,000</u>

Tax Allocation Bonds

2005 VVEDA Tax Allocation Bonds

In May of 2005, the former Redevelopment 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. 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. In no event shall the bonds be payable out of any funds or properties other than those of the Agency.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONT'D

G. Fiduciary Fund Long-Term Debt - Cont'd

Future debt service requirements to maturity are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 255,000	\$ 258,223	\$ 513,223
2022	260,000	246,725	506,725
2023	275,000	235,003	510,003
2024	285,000	222,603	507,603
2025	305,000	209,753	514,753
2026-2030	1,740,000	816,214	2,556,214
2031-2035	2,215,000	339,989	2,554,989
Total	<u>\$ 5,335,000</u>	<u>\$ 2,328,510</u>	<u>\$ 7,663,510</u>

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 therefor. In no event shall the bonds be payable out of any funds or properties other than those of the Agency. At June 30, 2020, 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:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 225,000	\$ 319,937	\$ 544,937
2022	240,000	309,812	549,812
2023	250,000	299,013	549,013
2024	265,000	287,137	552,137
2025	270,000	274,550	544,550
2026-2030	1,565,000	1,166,363	2,731,363
2031-2035	1,970,000	758,575	2,728,575
2036-2037	1,975,000	141,788	2,116,788
Total	<u>\$ 6,760,000</u>	<u>\$ 3,557,175</u>	<u>\$ 10,317,175</u>

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONT'D

G. Fiduciary Fund Long-Term Debt - Cont'd

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 were to be used to finance certain redevelopment activities benefiting the Apple Valley Redevelopment Project Area 2.

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

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2026-2030	7,370,000	4,550,760	11,920,760
2031-2035	9,365,000	2,557,750	11,922,750
2036-2037	<u>4,430,000</u>	<u>335,000</u>	<u>4,765,000</u>
Total	<u>\$ 26,970,000</u>	<u>\$ 13,548,760</u>	<u>\$ 40,518,760</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.

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, 2020, the outstanding balance is \$1,000,000.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONT'D

I. Fund Balance

The details of fund balances as of June 30, 2020 are as follows:

	<u>General Fund</u>	<u>Transportation Development Act Fund</u>	<u>Measure I Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Prepaid Items	\$ 1,124,915	\$ -	\$ -	\$ -	\$ -	\$ 1,124,915
Long-Term Receivables	3,400,687	-	-	-	-	3,400,687
Restricted for:						
Streets and Transportation	-	1,489,982	3,809,939	-	1,451,672	6,751,593
Community Development	-	-	-	-	7,524,031	7,524,031
Culture and Recreation	-	-	-	-	2,029,619	2,029,619
Capital Projects/ Improvement	-	-	-	-	4,414,988	4,414,988
Assigned for:						
Capital Projects	-	-	-	4,091,265	763,183	4,854,448
Unassigned	4,355,476	-	-	-	(62,937)	4,292,539
Total Fund Balance	<u>\$ 8,881,078</u>	<u>\$ 1,489,982</u>	<u>\$ 3,809,939</u>	<u>\$ 4,091,265</u>	<u>\$ 16,120,556</u>	<u>\$ 34,392,820</u>

J. Unavailable Revenue

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Unavailable Revenue			
Intergovernmental	\$ 3,723,115	\$ 154,031	\$ 3,877,146
Accounts Receivable	-	91,877	91,877
Total	<u>\$ 3,723,115</u>	<u>\$ 245,908</u>	<u>\$ 3,969,023</u>

K. Restricted Cash and Investments

The Sewer Fund reports restricted cash of \$1,438,690, as of June 30, 2020.

L. Operating Lease

The Town leases vehicles under operating leases. The rental cost for the year ended June 30, 2020, was \$45,598. The future minimum rental payments required under the operating leases at June 30, 2020, are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2021	\$ 75,373
2022	75,373
2023	75,372
2024	75,372
Total	<u>\$ 301,490</u>

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION

A. Risk Management

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The Town of Apple Valley 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 §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 lines of coverage. The California JPIA 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 nine-member Executive Committee.

B. Primary 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. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary 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.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/coverage/risk-sharing-pools/>.

Primary 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 2019-20 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION - CONT'D

A. Risk Management - cont'd

Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance - The Town of Apple Valley participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the Town of Apple Valley. Coverage is on a claims made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

Property Insurance - The Town of Apple Valley participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. Town of Apple Valley property is currently insured according to a schedule of covered property submitted by the Town of Apple Valley to the Authority. Town of Apple Valley property currently has all-risk property insurance protection in the amount of \$75,397,228. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance - The Town of Apple Valley purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. Town of Apple Valley property currently has earthquake protection in the amount of \$336,192. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance - The Town of Apple Valley purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

Special Event Tenant User Liability Insurance - The Town of Apple Valley further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the Town of Apple Valley according to a schedule. The Town of Apple Valley then pays for the insurance. The insurance is facilitated by the Authority.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2019-20.

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, 2020, the amount of these liabilities was \$237,951. This liability is the Town's best estimate based on available information.

Changes in Claims Payable were as follows:

	<u>2019-2020</u>	<u>2018-2019</u>
Claims payable, beginning of fiscal year	\$ 336,865	\$ 338,610
Claim payments and changes in estimates	<u>(98,914)</u>	<u>(1,745)</u>
Claims payable, end of fiscal year	<u>\$ 237,951</u>	<u>\$ 336,865</u>

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION - CONT'D

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 ("VWRA"), 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 VWRA is made up of representatives from each significant participant in VWRA. 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 VWRA. The Town makes monthly payments to VWRA for sewer treatment and connection fee services. During the 2019-20 fiscal year, the Town remitted \$3,082,275 to VWRA.

The audited financial statements of the VWRA 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, 2020, reported as a capital asset of the Solid Waste Management Fund, was \$1,246,177. 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.

Victor Valley Transit Authority - The Town of Apple Valley is a member of the Victor Valley Transit Authority (VFTA), 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 VFTA is made up of representatives from each significant participant in VFTA. Budgeting and financing are the responsibility of VFTA. The Town has agreed to sell monthly bus passes issued by VFTA 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 VFTA 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.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION - CONT'D

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

General Information about the Defined Benefit Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS).

The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Town of Apple Valley sponsors 3 rate plans (all 3 are miscellaneous.) Benefit provisions under the Plan are established by State statute and Town resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – The Plan is a cost-sharing multiple-employer defined benefit pension plan 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, 2019 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2019 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

The rate plan provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<u>Miscellaneous</u>	<u>Miscellaneous Tier II</u>	<u>Miscellaneous PEPRA</u>
	Prior to October 23, 2011	On or after October 23, 2011	On or after January 1, 2013
Hire date			
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%	6.75
Required employer contribution rates	13.182% + \$1,009,885	9.680% + \$4,104	6.985% + \$8,851

Beginning in fiscal year 2017, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The Town’s required contribution for the unfunded liability was \$1,022,840 in fiscal year 2020.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION - CONT'D

C. Town Employees Retirement Plan (Defined Benefit Pension Plan) - Cont'd

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 Plan is 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.

The Town’s contributions to the Plan for the year ended June 30, 2020 were \$1,133,620.

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

As of June 30, 2020, the Town reported a net pension liability for its proportionate shares of the net pension liability of the Plan of \$14,618,763.

The Town’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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 plan 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, 2018 and 2019 was as follows:

Proportion - June 30, 2018	0.36107%
Proportion - June 30, 2019	<u>0.36506%</u>
Change - Increase (Decrease)	<u>0.00399%</u>

For the year ended June 30, 2020, the Town recognized pension expense of \$1,701,485. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,133,620	\$ -
Differences between actual and expected experience	1,015,335	78,668
Differences between Projected and Actual Investment Earnings	-	255,581
Changes in assumptions	697,090	247,113
Change in employer's proportion	204,866	216,140
Differences between the employer's contributions and the employer's proportionate share of contributions	<u>28,000</u>	<u>409,605</u>
Total	<u>\$ 3,078,911</u>	<u>\$ 1,207,107</u>

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION - CONT'D

C. Town Employees Retirement Plan (Defined Benefit Pension Plan) - Cont'd

\$1,133,620 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2021	\$ 975,679
2022	(319,629)
2023	30,489
2024	51,645
Thereafter	-

Actuarial Assumptions - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	<u>Plan</u>
Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Payroll growth	3.00
Projected salary increase	(1)
Investment rate of return	7.15%
Mortality	2.50%

- (1) Depending on age, service and type of employment
- (2) Derived using CalPERS' Membership Data for all Funds.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 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 be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION - CONT'D

C. Town Employees Retirement Plan (Defined Benefit Pension Plan) - Cont'd

The long term expected discount rate of 7.15 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.

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.

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.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	-	-0.92%

(1) An expected inflation of 2.00% used for this period.

(2) An expected inflation of 2.92% used for this period.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION - CONT'D

C. Town Employees Retirement Plan (Defined Benefit Pension Plan - Cont'd)

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 the Plan, calculated using the discount rate for the 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>Plan</u>
1% Decrease	6.15%
Net Pension Liability	\$ 21,745,166
Current Discount Rate	7.15%
Net Pension Liability	\$ 14,618,763
1% Increase	8.15%
Net Pension Liability	\$ 8,736,418

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

At June 30, 2020, the Town reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION - CONT'D

D. Other Post Employment Benefits

General Information About the OPEB Plan

Plan Descriptions - The Town provides medical benefits to retirees that retire with a minimum of 10 years of service with the Town and reach age 55. The plan is a single-employer defined contribution post-employment healthcare benefits plan.

Benefits Provided -The Town pays for the vested retiree monthly medical insurance premiums for retirees and spouses (spouses only if retired prior to 6/22/2015) up to age 65. After age 65, benefits are Parts B and D of Medicare. In any case, benefits are limited to 10 years. Vested benefits are 25% for service of 10 to 14 years, 50% for service of 15 to 19 years, 75% for service of 20 to 24 years and 100% for service of 25 years or more. For retirees and spouses that retired prior to 6/22/2015 (up to age 65) benefits are similar to actives.

Employees Covered by Benefit Terms – As of the June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Retirees or spouses of retirees currently receiving benefits	14
Active employees	<u>110</u>
	<u><u>124</u></u>

Contributions – The Plan and its contribution requirements are established by Town policy and may be amended through Town Council. The annual contributions to the Plan are based on the costs to provide the benefits as described above on a pay as you go basis.

For the fiscal year ended June 30, 2020, the Town’s pay-as-you-go costs were \$149,405.

Total OPEB Liability - The Town’s total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation dated June 30, 2020, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Actuarial Cost
Mortality	Based on assumptions for Public Agency Miscellaneous members published in the December 2017 CalPERS Experience Study. These tables include 15 years of static mortality improvement using 90% of scale MP-2016.
Age at Retirement	57 with 10 years of service or age +1 if eligible to retire
Health Care Trend Rate	6.4% for FY2020, gradually decreasing over several decades to an ultimate rate of 4.0% in FY2076 and later years.
Discount Rate	2.45%
Medical CPI	See “Benefits Provided” above

Discount Rate – The discount rate used to measure the total OPEB liability was 2.45 percent and is based on the Bond Buyer 20-Bond GO index.

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION - CONT'D

D. Other Post Employment Benefits - Cont'd

Changes in the Total OPEB Liability

	<u>Total OPEB Liability (TOL)</u>
Balance at June 30, 2019	\$ 2,690,312
Changes in the year:	
Service cost	372,499
Interest on the total OPEB liability	112,892
Changes in Assumptions	(601,773)
Differences between expected and actual experience	486,590
Employer Contributions	(104,726)
Changes of benefit terms	<u>1,542,708</u>
Net changes	<u>1,808,190</u>
Balance at June 30, 2020	<u><u>\$ 4,498,502</u></u>

Sensitivity of the Total OPEB Liability to changes in the Discount Rate - The following presents the total OPEB liability of the Town if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease (1.45 %)</u>	<u>Discount Rate (2.45 %)</u>	<u>1% Increase (3.45%)</u>
Total OPEB liability	\$ 5,208,272	\$ 4,498,502	\$ 3,914,997

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 3,726,810	\$ 4,498,502	\$ 5,497,382

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

For the year ended June 30, 2020, the Town recognized OPEB expense (income) of \$2,309,908. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual liability	\$ 438,221	\$ -
Changes of Assumptions	<u>8,907</u>	<u>819,755</u>
Total	<u><u>\$ 447,128</u></u>	<u><u>\$ 819,755</u></u>

TOWN OF APPLE VALLEY, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - OTHER INFORMATION - CONT'D

D. Other Post Employment Benefits - Cont'd

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2021	\$ (49,584)
2022	(49,584)
2023	(49,584)
2024	(49,584)
2025	(49,584)
Thereafter	(124,707)

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 six construction obligations having a multiyear period for various construction purposes at year-end is \$4,547,779.

F. Town's Financial Condition and Management's Plans

Apple Valley Golf Course Deficit Net Position

The Apple Valley Golf Course (AVGC) Fund has a deficit net position of \$1,903,194. This deficit includes an advance from the General Fund of \$3,400,687. The current year operating deficit, prior to transfer from the General Fund, was \$334,793.

Management's Plans

Management is reviewing the expenditures in the Apple Valley Golf Course Fund to reduce spending and improve the fund balance/net position in these funds. Also, management plans to review the Town's current cost allocation plan to ensure costs from the General Fund are properly allocated to the funds supported.

G. Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through May 31, 2021, the date the financial statements were available to be issued.

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 21,156,700	\$21,517,042	\$22,120,927	\$ 603,885
License and Permits	1,152,347	1,152,347	1,005,804	(146,543)
Fines and Forfeitures	291,800	330,400	421,666	91,266
Investment Income	180,000	180,000	324,491	144,491
Intergovernmental	357,928	357,928	527,374	169,446
Charges for Services	3,826,696	4,355,751	4,397,204	41,453
Other Revenue	89,660	342,828	332,134	(10,694)
	<u>27,055,131</u>	<u>28,236,296</u>	<u>29,129,600</u>	<u>893,304</u>
EXPENDITURES:				
Current:				
General Government	7,083,037	7,069,457	7,547,619	(478,162)
Public Safety	17,296,115	17,430,825	17,007,808	423,017
Culture and Recreation	3,097,781	3,033,781	2,442,130	591,651
Community Development	2,660,769	3,030,583	2,984,120	46,463
Debt Service:				
Principal	-	765,000	765,000	-
Interest and Fiscal Charges	125,000	413,803	400,931	12,872
	<u>30,262,702</u>	<u>31,743,449</u>	<u>31,147,608</u>	<u>595,841</u>
Excess (deficiency) of Revenues over				
Expenditures	<u>(3,207,571)</u>	<u>(3,507,153)</u>	<u>(2,018,008)</u>	<u>1,489,145</u>
OTHER FINANCING SOURCES (USES):				
Proceed of Debts	5,000,000	3,000,000	3,000,000	-
Transfers (Out)	(1,840,739)	(1,301,489)	(1,129,050)	172,439
	<u>3,159,261</u>	<u>1,698,511</u>	<u>1,870,950</u>	<u>172,439</u>
Net Change in Fund Balances	(48,310)	(1,808,642)	(147,058)	1,661,584
Fund Balances, Beginning	<u>9,028,136</u>	<u>9,028,136</u>	<u>9,028,136</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 8,979,826</u>	<u>\$ 7,219,494</u>	<u>\$ 8,881,078</u>	<u>\$ 1,661,584</u>

See notes to the required supplementary information.

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL -
TRANSPORTATION DEVELOPMENT ACT FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment Income	\$ -	\$ -	\$ 10,167	\$ 10,167
Intergovernmental	662,418	79,095	79,095	-
Total Revenues	662,418	79,095	89,262	10,167
EXPENDITURES:				
Current:				
Transportation	-	40,000	43,039	(3,039)
Total Expenditures	-	40,000	43,039	(3,039)
Excess (deficiency) of Revenues over Expenditures	662,418	39,095	46,223	7,128
Net Change in Fund Balances	662,418	39,095	46,223	7,128
Fund Balances, Beginning	1,443,759	1,443,759	1,443,759	-
Fund Balances, Ending	\$ 2,106,177	\$ 1,482,854	\$ 1,489,982	\$ 7,128

See notes to the required supplementary information.

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - MEASURE I FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 2,195,000	\$ 4,832,000	\$ 1,947,831	\$ (2,884,169)
Investment Income	30,000	30,000	64,652	34,652
Intergovernmental	<u>3,409,966</u>	<u>3,409,966</u>	<u>348,398</u>	<u>(3,061,568)</u>
Total Revenues	<u>5,634,966</u>	<u>8,271,966</u>	<u>2,360,881</u>	<u>(5,911,085)</u>
EXPENDITURES:				
Current:				
Transportation	<u>2,511,500</u>	<u>5,834,591</u>	<u>3,049,820</u>	<u>2,784,771</u>
Total Expenditures	<u>2,511,500</u>	<u>5,834,591</u>	<u>3,049,820</u>	<u>2,784,771</u>
Excess (deficiency) of Revenues over				
Expenditures	<u>3,123,466</u>	<u>2,437,375</u>	<u>(688,939)</u>	<u>(3,126,314)</u>
Net Change in Fund Balances	3,123,466	2,437,375	(688,939)	(3,126,314)
Fund Balances, Beginning	<u>4,498,878</u>	<u>4,498,878</u>	<u>4,498,878</u>	<u>-</u>
Fund Balances, Ending	<u><u>\$ 7,622,344</u></u>	<u><u>\$ 6,936,253</u></u>	<u><u>\$ 3,809,939</u></u>	<u><u>\$ (3,126,314)</u></u>

See notes to the required supplementary information.

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
License and Permits	\$ 511,750	\$ 511,750	\$ 614,470	\$ 102,720
Investment Income	34,000	34,000	106,510	72,510
Intergovernmental	<u>2,837,000</u>	<u>200,000</u>	<u>174,933</u>	<u>(25,067)</u>
Total Revenues	<u>3,382,750</u>	<u>745,750</u>	<u>895,913</u>	<u>150,163</u>
EXPENDITURES:				
Current:				
Capital Outlay	<u>3,947,000</u>	<u>1,191,631</u>	<u>4,918,264</u>	<u>(3,726,633)</u>
Total Expenditures	<u>3,947,000</u>	<u>1,191,631</u>	<u>4,918,264</u>	<u>(3,726,633)</u>
Excess (deficiency) of Revenues over Expenditures	<u>(564,250)</u>	<u>(445,881)</u>	<u>(4,022,351)</u>	<u>(3,576,470)</u>
Net Change in Fund Balances	(564,250)	(445,881)	(4,022,351)	(3,576,470)
Fund Balances, Beginning	<u>8,113,616</u>	<u>8,113,616</u>	<u>8,113,616</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 7,549,366</u>	<u>\$ 7,667,735</u>	<u>\$ 4,091,265</u>	<u>\$ (3,576,470)</u>

See notes to the required supplementary information.

**TOWN OF APPLE VALLEY, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

**Schedule of Changes in Total OPEB Liability
And Related Ratios – Last Ten Fiscal Years***

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB liability			
Service Cost	\$ 372,499	\$ 351,480	\$ 54,788
Interest on total OPEB liability	112,892	106,054	103,741
Differences between expected and actual experience	486,590	-	-
Changes in assumptions	(601,773)	174,769	-
Changes in benefits	1,542,708	(531,941)	13,560
Benefit payments, including implicit subsidy	<u>(104,726)</u>	<u>(61,408)</u>	<u>(59,477)</u>
Net change in total OPEB liability	<u>1,808,190</u>	<u>38,954</u>	<u>112,612</u>
Total OPEB Liability - Beginning	<u>2,690,312</u>	<u>2,651,358</u>	<u>2,538,746</u>
Total OPEB liability - ending (a)	<u>\$ 4,498,502</u>	<u>\$ 2,690,312</u>	<u>\$ 2,651,358</u>
Covered payroll	\$ 5,749,186	\$ 3,782,564	\$ 6,439,825
Total OPEB liability as a percentage of covered payroll	78.20%	71.12%	41.17%

*Fiscal year 2018 was the first year of implementation; therefore, 10 years of information is not yet available.

Notes to the Schedule of Changes in the Town's Total OPEB Liability

No assets are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4, to pay related benefits.

Benefit Changes: None

Changes in Assumptions: None

**TOWN OF APPLE VALLEY, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

**Schedule of the Town's Proportionate Share of the Net Pension Liability
Last 10 Years***

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2019	0.36506%	\$ 14,618,763	\$ 5,760,624	253.77%	77.73%
2018	0.36107%	13,607,876	6,110,762	222.69%	77.73%
2017	0.35283%	13,908,768	6,723,094	206.88%	70.75%
2016	0.35013%	12,162,986	6,758,188	180.91%	71.01%
2015	0.36700%	10,068,561	6,370,240	158.06%	74.08%
2014	0.13396%	8,335,481	5,884,871	141.64%	77.14%

*Fiscal year 2015 was the first year of implementation; therefore, 10 years of information is not yet available.

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

Benefit Changes: None

Changes in Assumptions: In 2019, the accounting discount rate was the same which is 7.15%.

**TOWN OF APPLE VALLEY, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

**Schedule of Plan Contributions
Last 10 Years***

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2020	\$ 1,133,620	\$ (1,133,620)	\$ -	\$ 5,760,624	19.67%
2019	1,033,777	(1,033,777)	-	6,110,762	16.92%
2018	1,384,661	(1,384,661)	-	6,439,825	21.50%
2017	1,331,946	(1,331,946)	-	6,723,094	19.81%
2016	1,232,664	(1,232,664)	-	6,758,188	18.24%
2015	1,257,466	(1,257,466)	-	6,370,240	19.74%

*Fiscal year 2015 was the first year of implementation; therefore, 10 years of information is not yet available.

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2013, 6/30/2014, 6/30/2015, 6/30/2016, 06/30/2017, 06/30/2018

Changes in Assumptions: None.

TOWN OF APPLE VALLEY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

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 Transportation Development Act, Capital project fund, Air Pollution Control District Fund, Quimby Fee Fund, NAVISP Infrastructure, and Storm Drains Fund exceeded appropriations in the current year by \$3,039, \$3,726,633, \$750, \$4,310, \$882, and \$12,216 respectively.

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

ADDI Down Payment Assistance, Help Down Payment Assistance, FEMA/OES, Prop 1B, HCD State Program Income, CDBG Program Income, Low and moderate Income Housing Fund, and AVCRF.

TOWN OF APPLE VALLEY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

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.

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.

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

Apple Valley Community Resource Foundation – To account for donations received from individuals that is restricted by the donors to promote and support cultural, recreational, and human services needs in the Town of Apple Valley.

TOWN OF APPLE VALLEY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

ARTICLE 3 FUND - 2013 – This fund accounts for the revenues and expenditures of the Town's share of Article 3 monies which are restricted in use for transportation projects/activities.

FEMA/OES – To account for restricted grants received from FEMA and OES to be used for emergencies.

Low and Moderate Income Housing Fund – To account for the Town's low and moderate income housing needs previously administered by the former redevelopment agency.

PEG Channel – To account for revenues and expenditures which are restricted for use in projects for operation of the Town's Public, Education, and Government Access television channel

Capital Projects Funds:

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

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

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.

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

Debt Service Funds:

Town Hall Annex Fund - This fund accounts for all debt service activity for the Town Hall Annex debt service activity.

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.

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds			
	Street Maintenance	CDBG	Air Pollution Control District	Neighborhood Stabilization Program
ASSETS				
Cash and Investments	\$ -	\$ 106,899	\$ -	\$ 568,166
Accounts Receivable	33,051	-	-	-
Due from Other Governments	-	112,055	-	-
Loans Receivable, Net of Allowance	-	-	-	-
Total Assets	<u>33,051</u>	<u>218,954</u>	<u>-</u>	<u>568,166</u>
LIABILITIES				
Accounts Payable	49,536	33,491	-	-
Accrued Liabilities	23,685	5,625	-	-
Due to Other Funds	<u>9,430</u>	<u>-</u>	<u>514</u>	<u>-</u>
Total Liabilities	<u>82,651</u>	<u>39,116</u>	<u>514</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES				
Unearned Revenue	-	79,346	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>79,346</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	-	100,492	-	568,166
Assigned	-	-	-	-
Unassigned	<u>(49,600)</u>	<u>-</u>	<u>(514)</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>(49,600)</u>	<u>100,492</u>	<u>(514)</u>	<u>568,166</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 33,051</u>	<u>\$ 218,954</u>	<u>\$ -</u>	<u>\$ 568,166</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds			
	Assessment District L-1	Prop 1B	ADDI Down Payment Assistance	Help Down Payment Assistance
ASSETS				
Cash and Investments	\$ 1,478,760	\$ -	\$ 1	\$ -
Accounts Receivable	3,708	-	-	-
Due from Other Governments	-	-	-	-
Loans Receivable, Net of Allowance	-	-	-	185,434
Total Assets	<u>1,482,468</u>	<u>-</u>	<u>1</u>	<u>185,434</u>
LIABILITIES				
Accounts Payable	30,796	-	-	-
Accrued Liabilities	-	-	-	-
Due to Other Funds	-	60	-	-
Total Liabilities	<u>30,796</u>	<u>60</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES				
Unearned Revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	1,451,672	-	1	185,434
Assigned	-	-	-	-
Unassigned	-	(60)	-	-
Total Fund Balances (Deficits)	<u>1,451,672</u>	<u>(60)</u>	<u>1</u>	<u>185,434</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,482,468</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 185,434</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds			
	Quimby Fees	HCD State Program Income	CDBG Program Income	HOME
ASSETS				
Cash and Investments	\$ 1,326,414	\$ 275,744	\$ 108,353	\$ 641,080
Accounts Receivable	-	-	91,877	-
Due from Other Governments	-	-	-	-
Loans Receivable, Net of Allowance	-	505,083	1,034,830	3,700,970
Total Assets	<u>1,326,414</u>	<u>780,827</u>	<u>1,235,060</u>	<u>4,342,050</u>
LIABILITIES				
Accounts Payable	-	-	-	3,688
Accrued Liabilities	-	-	-	1,640
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,328</u>
DEFERRED INFLOW OF RESOURCES				
Unearned Revenue	-	-	91,877	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>91,877</u>	<u>-</u>
FUND BALANCES				
Restricted	1,326,414	780,827	1,143,183	4,336,722
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>1,326,414</u>	<u>780,827</u>	<u>1,143,183</u>	<u>4,336,722</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,326,414</u>	<u>\$ 780,827</u>	<u>\$ 1,235,060</u>	<u>\$ 4,342,050</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds			
	AVCRF	FEMA/ OES	Low and Moderate Income Housing Fund	PEG Channel
ASSETS				
Cash and Investments	\$ 264,174	\$ -	\$ 409,206	\$ 442,822
Accounts Receivable	-	-	-	-
Due from Other Governments	-	-	-	-
Loans Receivable, Net of Allowance	-	-	-	-
Total Assets	<u>264,174</u>	<u>-</u>	<u>409,206</u>	<u>442,822</u>
LIABILITIES				
Accounts Payable	3,791	-	-	-
Accrued Liabilities	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	<u>3,791</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES				
Unearned Revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	260,383	-	409,206	442,822
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>260,383</u>	<u>-</u>	<u>409,206</u>	<u>442,822</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 264,174</u>	<u>\$ -</u>	<u>\$ 409,206</u>	<u>\$ 442,822</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Capital Projects Fund			
	NAVISP Infrastructure	Storm Drains	Project Manager Grants	Development Impact Fees
ASSETS				
Cash and Investments	\$ 763,183	\$ 1,405,120	\$ -	\$ 3,426,288
Accounts Receivable	-	-	40,222	-
Due from Other Governments	-	-	74,685	-
Loans Receivable, Net of Allowance	-	-	4,500	-
Total Assets	<u>763,183</u>	<u>1,405,120</u>	<u>119,407</u>	<u>3,426,288</u>
LIABILITIES				
Accounts Payable	-	364,868	150	-
Accrued Liabilities	-	51,552	8,552	-
Due to Other Funds	-	-	48,783	-
Total Liabilities	<u>-</u>	<u>416,420</u>	<u>57,485</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES				
Unearned Revenue	-	-	74,685	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>74,685</u>	<u>-</u>
FUND BALANCES				
Restricted	-	988,700	-	3,426,288
Assigned	763,183	-	-	-
Unassigned	-	-	(12,763)	-
Total Fund Balances (Deficits)	<u>763,183</u>	<u>988,700</u>	<u>(12,763)</u>	<u>3,426,288</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 763,183</u>	<u>\$ 1,405,120</u>	<u>\$ 119,407</u>	<u>\$ 3,426,288</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Debt Service		Total
	Town Hall Annex	1999 COPS	Nonmajor Governmental Funds
ASSETS			
Cash and Investments	\$ -	\$ -	\$ 11,216,210
Accounts Receivable	-	-	168,858
Due from Other Governments	-	-	186,740
Loans Receivable, Net of Allowance	-	-	5,430,817
Total Assets	-	-	17,002,625
LIABILITIES			
Accounts Payable	-	-	486,320
Accrued Liabilities	-	-	91,054
Due to Other Funds	-	-	58,787
Total Liabilities	-	-	636,161
DEFERRED INFLOW OF RESOURCES			
Unearned Revenue	-	-	245,908
Total Deferred Inflows of Resources	-	-	245,908
FUND BALANCES			
Restricted	-	-	15,420,310
Assigned	-	-	763,183
Unassigned	-	-	(62,937)
Total Fund Balances (Deficits)	-	-	16,120,556
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ -	\$ 17,002,625

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Street Maintenance	CDBG	Air Pollution Control District	Neighborhood Stabilization Program
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses & Permits	-	-	-	-
Investment Income (Loss)	3,820	2,220	-	8,339
Intergovernmental	2,868,018	447,855	-	-
Donations	-	-	-	-
Other Revenue	<u>9,841</u>	<u>51,614</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>2,881,679</u>	<u>501,689</u>	<u>-</u>	<u>8,339</u>
EXPENDITURES				
Current:				
General Government	-	7,229	-	5,118
Public Safety	-	-	-	-
Transportation	2,605,854	-	750	-
Culture and Recreation	-	-	-	-
Community Development	-	376,923	-	6,119
Capital Outlay	51,713	17,045	-	-
Debt Service:				
Principal	-	-	-	-
Interest & Fiscal Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,657,567</u>	<u>401,197</u>	<u>750</u>	<u>11,237</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>224,112</u>	<u>100,492</u>	<u>(750)</u>	<u>(2,898)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	224,112	100,492	(750)	(2,898)
Fund Balances, Beginning	<u>(273,712)</u>	<u>-</u>	<u>236</u>	<u>571,064</u>
Fund Balances, Ending	<u><u>\$ (49,600)</u></u>	<u><u>\$ 100,492</u></u>	<u><u>\$ (514)</u></u>	<u><u>\$ 568,166</u></u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Assessment District L-1	Prop 1B	ADDI Down Payment Assistance	Help Down Payment Assistance
REVENUES				
Taxes	\$ 299,250	\$ -	\$ -	\$ -
Licenses & Permits	-	-	-	-
Investment Income (Loss)	22,981	(4,174)	-	-
Intergovernmental	-	-	-	-
Donations	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>322,231</u>	<u>(4,174)</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Transportation	470,200	-	-	-
Culture and Recreation	-	-	-	-
Community Development	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest & Fiscal Charges	-	-	-	-
Total Expenditures	<u>470,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(147,969)</u>	<u>(4,174)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(147,969)	(4,174)	-	-
Fund Balances, Beginning	<u>1,599,641</u>	<u>4,114</u>	<u>1</u>	<u>185,434</u>
Fund Balances, Ending	<u>\$ 1,451,672</u>	<u>\$ (60)</u>	<u>\$ 1</u>	<u>\$ 185,434</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Quimby Fees	HCD State Program Income	CDBG Program Income	HOME
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses & Permits	333,548	-	-	-
Investment Income (Loss)	16,659	3,044	-	9,438
Intergovernmental	-	-	-	83,885
Donations	-	-	-	-
Other Revenue	-	100,697	1,081	102,363
Total Revenues	<u>350,207</u>	<u>103,741</u>	<u>1,081</u>	<u>195,686</u>
EXPENDITURES				
Current:				
General Government	-	1	-	-
Public Safety	-	-	-	-
Transportation	-	-	-	-
Culture and Recreation	-	-	-	-
Community Development	-	-	-	67,321
Capital Outlay	4,310	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest & Fiscal Charges	-	-	-	-
Total Expenditures	<u>4,310</u>	<u>1</u>	<u>-</u>	<u>67,321</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>345,897</u>	<u>103,740</u>	<u>1,081</u>	<u>128,365</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	345,897	103,740	1,081	128,365
Fund Balances, Beginning	<u>980,517</u>	<u>677,087</u>	<u>1,142,102</u>	<u>4,208,357</u>
Fund Balances, Ending	<u>\$ 1,326,414</u>	<u>\$ 780,827</u>	<u>\$ 1,143,183</u>	<u>\$ 4,336,722</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	AVCRF	FEMA/ OES	Low and Moderate Income Housing Fund	PEG Channel
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 145,775
Licenses & Permits	-	-	-	-
Investment Income (Loss)	3,922	-	5,831	4,142
Intergovernmental	-	-	-	-
Donations	89,596	-	-	-
Other Revenue	-	123	-	-
Total Revenues	<u>93,518</u>	<u>123</u>	<u>5,831</u>	<u>149,917</u>
EXPENDITURES				
Current:				
General Government	75,985	-	-	149,648
Public Safety	33,071	-	-	-
Transportation	-	-	-	-
Culture and Recreation	10,530	-	-	-
Community Development	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest & Fiscal Charges	-	-	-	-
Total Expenditures	<u>119,586</u>	<u>-</u>	<u>-</u>	<u>149,648</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(26,068)</u>	<u>123</u>	<u>5,831</u>	<u>269</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	442,553
Transfers Out	-	-	(402,505)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(402,505)</u>	<u>442,553</u>
Net Change in Fund Balances	(26,068)	123	(396,674)	442,822
Fund Balances, Beginning	<u>286,451</u>	<u>(123)</u>	<u>805,880</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 260,383</u>	<u>\$ -</u>	<u>\$ 409,206</u>	<u>\$ 442,822</u>

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Capital Projects Fund			
	NAVISP Infrastructure	Storm Drains	Project Manager Grants	Development Impact Fees
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses & Permits	-	156,143	-	182,626
Investment Income (Loss)	12,024	29,625	-	47,867
Intergovernmental	-	-	680,076	-
Donations	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	12,024	185,768	680,076	230,493
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Transportation	-	-	-	-
Culture and Recreation	-	-	-	-
Community Development	966,156	1,329,815	18,741	-
Capital Outlay	-	-	645,071	32,894
Debt Service:				
Principal	-	-	-	-
Interest & Fiscal Charges	-	-	-	-
Total Expenditures	966,156	1,329,815	663,812	32,894
Excess (Deficiency) of Revenues Over Expenditures	(954,132)	(1,144,047)	16,264	197,599
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(954,132)	(1,144,047)	16,264	197,599
Fund Balances, Beginning	1,717,315	2,132,747	(29,027)	3,228,689
Fund Balances, Ending	\$ 763,183	\$ 988,700	\$ (12,763)	\$ 3,426,288

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Debt Service		
	Town Hall Annex	1999 COPS	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ -	\$ -	\$ 445,025
Licenses & Permits	-	-	672,317
Investment Income (Loss)	-	586	166,324
Intergovernmental	-	-	4,079,834
Donations	-	-	89,596
Other Revenue	-	-	265,719
	-	-	-
Total Revenues	-	586	5,718,815
EXPENDITURES			
Current:			
General Government	253,167	251	491,399
Public Safety	-	-	33,071
Transportation	-	-	3,076,804
Culture and Recreation	-	-	10,530
Community Development	-	-	2,765,075
Capital Outlay	-	-	751,033
Debt Service:			
Principal	-	385,000	385,000
Interest & Fiscal Charges	-	1,431	1,431
	-	-	-
Total Expenditures	253,167	386,682	7,514,343
Excess (Deficiency) of Revenues Over Expenditures	(253,167)	(386,096)	(1,795,528)
OTHER FINANCING SOURCES (USES):			
Transfers In	-	386,497	829,050
Transfers Out	-	-	(402,505)
	-	-	-
Total Other Financing Sources (Uses)	-	386,497	426,545
Net Change in Fund Balances	(253,167)	401	(1,368,983)
Fund Balances, Beginning	253,167	(401)	17,489,539
Fund Balances, Ending	\$ -	\$ -	\$ 16,120,556

The notes to the financial statements are an integral part of these financial statements.

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - STREET MAINTENANCE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment Income	\$ -	\$ -	\$ 3,820	\$ 3,820
Intergovernmental	3,149,158	3,149,158	2,868,018	(281,140)
Other Revenue	<u>-</u>	<u>-</u>	<u>9,841</u>	<u>9,841</u>
Total Revenues	<u>3,149,158</u>	<u>3,149,158</u>	<u>2,881,679</u>	<u>(267,479)</u>
EXPENDITURES:				
Current:				
Transportation	2,756,661	2,832,661	2,605,854	226,807
Capital Outlay	<u>45,500</u>	<u>45,500</u>	<u>51,713</u>	<u>(6,213)</u>
Total Expenditures	<u>2,802,161</u>	<u>2,878,161</u>	<u>2,657,567</u>	<u>220,594</u>
Excess (deficiency) of Revenues over Expenditures	<u>346,997</u>	<u>270,997</u>	<u>224,112</u>	<u>(46,885)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers (Out)	<u>(817,600)</u>	<u>(817,600)</u>	<u>-</u>	<u>817,600</u>
Total Other Financing Sources (Uses)	<u>(817,600)</u>	<u>(817,600)</u>	<u>-</u>	<u>817,600</u>
Net Change in Fund Balances	(470,603)	(546,603)	224,112	770,715
Fund Balances, Beginning	<u>(273,712)</u>	<u>(273,712)</u>	<u>(273,712)</u>	<u>-</u>
Fund Balances, Ending	<u>\$ (744,315)</u>	<u>\$ (820,315)</u>	<u>\$ (49,600)</u>	<u>\$ 770,715</u>

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CDBG FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment Income	\$ -	\$ -	\$ 2,220	\$ 2,220
Intergovernmental	1,394,625	1,394,625	447,855	(946,770)
Other Revenue	<u>15,000</u>	<u>15,000</u>	<u>51,614</u>	<u>36,614</u>
Total Revenues	<u>1,409,625</u>	<u>1,409,625</u>	<u>501,689</u>	<u>(907,936)</u>
EXPENDITURES:				
Current:				
General Government	5,701	5,701	7,229	(1,528)
Community Development	943,585	943,585	376,923	566,662
Capital Outlay	<u>490,339</u>	<u>490,339</u>	<u>17,045</u>	<u>473,294</u>
Total Expenditures	<u>1,439,625</u>	<u>1,439,625</u>	<u>401,197</u>	<u>1,038,428</u>
Excess (deficiency) of Revenues over Expenditures	<u>(30,000)</u>	<u>(30,000)</u>	<u>100,492</u>	<u>130,492</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Net Change in Fund Balances	-	-	100,492	100,492
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,492</u>	<u>\$ 100,492</u>

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - AIR POLLUTION CONTROL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
EXPENDITURES:				
Current:				
Transportation	\$ -	\$ -	\$ 750	\$ (750)
Total Expenditures	<u>-</u>	<u>-</u>	<u>750</u>	<u>(750)</u>
Excess (deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(750)</u>	<u>(750)</u>
Net Change in Fund Balances	-	-	(750)	(750)
Fund Balances, Beginning	<u>236</u>	<u>236</u>	<u>236</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 236</u>	<u>\$ 236</u>	<u>\$ (514)</u>	<u>\$ (750)</u>

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL -
NEIGHBORHOOD STABILIZATION PROGRAM FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment Income	\$ -	\$ -	\$ 8,339	\$ 8,339
Other Revenue	<u>281,000</u>	<u>281,000</u>	<u>-</u>	<u>(281,000)</u>
Total Revenues	<u>281,000</u>	<u>281,000</u>	<u>8,339</u>	<u>(272,661)</u>
EXPENDITURES:				
Current:				
General Government	-	-	5,118	(5,118)
Community Development	<u>281,000</u>	<u>281,000</u>	<u>6,119</u>	<u>274,881</u>
Total Expenditures	<u>281,000</u>	<u>281,000</u>	<u>11,237</u>	<u>269,763</u>
Excess (deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(2,898)</u>	<u>(2,898)</u>
Net Change in Fund Balances	-	-	(2,898)	(2,898)
Fund Balances, Beginning	<u>571,064</u>	<u>571,064</u>	<u>571,064</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 571,064</u>	<u>\$ 571,064</u>	<u>\$ 568,166</u>	<u>\$ (2,898)</u>

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ASSESSMENT DISTRICT L-1
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 315,000	\$ 315,000	\$ 299,250	\$ (15,750)
Investment Income	<u>5,000</u>	<u>5,000</u>	<u>22,981</u>	<u>17,981</u>
Total Revenues	<u>320,000</u>	<u>320,000</u>	<u>322,231</u>	<u>2,231</u>
EXPENDITURES:				
Current:				
Transportation	<u>360,000</u>	<u>660,000</u>	<u>470,200</u>	<u>189,800</u>
Total Expenditures	<u>360,000</u>	<u>660,000</u>	<u>470,200</u>	<u>189,800</u>
Excess (deficiency) of Revenues over Expenditures	<u>(40,000)</u>	<u>(340,000)</u>	<u>(147,969)</u>	<u>192,031</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>-</u>	<u>132,251</u>	<u>-</u>	<u>(132,251)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>132,251</u>	<u>-</u>	<u>(132,251)</u>
Net Change in Fund Balances	(40,000)	(207,749)	(147,969)	59,780
Fund Balances, Beginning	<u>1,599,641</u>	<u>1,599,641</u>	<u>1,599,641</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 1,559,641</u>	<u>\$ 1,391,892</u>	<u>\$ 1,451,672</u>	<u>\$ 59,780</u>

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - QUIMBY FEES FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
License and Permits	\$ 200,000	\$ 200,000	\$ 333,548	\$ 133,548
Investment Income	-	-	16,659	16,659
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>350,207</u>	<u>150,207</u>
EXPENDITURES:				
Capital Outlay	-	-	4,310	(4,310)
Total Expenditures	<u>-</u>	<u>-</u>	<u>4,310</u>	<u>(4,310)</u>
Excess (deficiency) of Revenues over Expenditures	<u>200,000</u>	<u>200,000</u>	<u>345,897</u>	<u>145,897</u>
Net Change in Fund Balances	200,000	200,000	345,897	145,897
Fund Balances, Beginning	<u>980,517</u>	<u>980,517</u>	<u>980,517</u>	<u>-</u>
Fund Balances, Ending	<u><u>\$ 1,180,517</u></u>	<u><u>\$ 1,180,517</u></u>	<u><u>\$ 1,326,414</u></u>	<u><u>\$ 145,897</u></u>

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PEG CHANNEL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ 117,000	\$ 145,775	\$ 28,775
Investment Income	-	-	4,142	4,142
Total Revenues	-	117,000	149,917	32,917
EXPENDITURES:				
Current:				
General Government	-	156,000	149,648	6,352
Total Expenditures	-	156,000	149,648	6,352
Excess (deficiency) of Revenues over Expenditures	-	(39,000)	269	39,269
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	442,553	442,553
Total Other Financing Sources (Uses)	-	-	442,553	442,553
Net Change in Fund Balances	-	(39,000)	442,822	481,822
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	\$ -	\$ (39,000)	\$ 442,822	\$ 481,822

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HOME FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment Income	\$ -	\$ -	\$ 9,438	\$ 9,438
Intergovernmental	1,856,637	1,856,637	83,885	(1,772,752)
Other Revenue	<u>676,742</u>	<u>676,742</u>	<u>102,363</u>	<u>(574,379)</u>
Total Revenues	<u>2,533,379</u>	<u>2,533,379</u>	<u>195,686</u>	<u>(2,337,693)</u>
EXPENDITURES:				
Current:				
Community Development	<u>2,528,423</u>	<u>2,528,423</u>	<u>67,321</u>	<u>2,461,102</u>
Total Expenditures	<u>2,528,423</u>	<u>2,528,423</u>	<u>67,321</u>	<u>2,461,102</u>
Excess (deficiency) of Revenues over Expenditures	<u>4,956</u>	<u>4,956</u>	<u>128,365</u>	<u>123,409</u>
Net Change in Fund Balances	4,956	4,956	128,365	123,409
Fund Balances, Beginning	<u>4,208,357</u>	<u>4,208,357</u>	<u>4,208,357</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 4,213,313</u>	<u>\$ 4,213,313</u>	<u>\$ 4,336,722</u>	<u>\$ 123,409</u>

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NAVISP INFRASTRUCTURE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment Income	\$ 16,500	\$ 16,500	\$ 12,024	\$ (4,476)
Total Revenues	<u>16,500</u>	<u>16,500</u>	<u>12,024</u>	<u>(4,476)</u>
EXPENDITURES:				
Current:				
Community Development	<u>965,274</u>	<u>965,274</u>	<u>966,156</u>	<u>(882)</u>
Total Expenditures	<u>965,274</u>	<u>965,274</u>	<u>966,156</u>	<u>(882)</u>
Excess (deficiency) of Revenues over Expenditures	<u>(948,774)</u>	<u>(948,774)</u>	<u>(954,132)</u>	<u>(5,358)</u>
Net Change in Fund Balances	(948,774)	(948,774)	(954,132)	(5,358)
Fund Balances, Beginning	<u>1,717,315</u>	<u>1,717,315</u>	<u>1,717,315</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 768,541</u>	<u>\$ 768,541</u>	<u>\$ 763,183</u>	<u>\$ (5,358)</u>

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - STORM DRAINS FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
License and Permits	\$ 100,000	\$ 100,000	\$ 156,143	\$ 56,143
Investment Income	15,000	15,000	29,625	14,625
Total Revenues	115,000	115,000	185,768	70,768
EXPENDITURES:				
Current:				
Community Development	1,170,000	1,317,599	1,329,815	(12,216)
Total Expenditures	1,170,000	1,317,599	1,329,815	(12,216)
Excess (deficiency) of Revenues over Expenditures	(1,055,000)	(1,202,599)	(1,144,047)	58,552
OTHER FINANCING SOURCES (USES):				
Transfers (Out)	-	(132,251)	-	132,251
Total Other Financing Sources (Uses)	-	(132,251)	-	132,251
Net Change in Fund Balances	(1,055,000)	(1,334,850)	(1,144,047)	190,803
Fund Balances, Beginning	2,132,747	2,132,747	2,132,747	-
Fund Balances, Ending	\$ 1,077,747	\$ 797,897	\$ 988,700	\$ 190,803

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PROJECT MANAGER GRANTS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Intergovernmental	\$ 808,602	\$ 808,602	\$ 680,076	\$ (128,526)
Total Revenues	<u>808,602</u>	<u>808,602</u>	<u>680,076</u>	<u>(128,526)</u>
EXPENDITURES:				
Current:				
Community Development	45,419	45,419	18,741	26,678
Capital Outlay	<u>743,979</u>	<u>743,979</u>	<u>645,071</u>	<u>98,908</u>
Total Expenditures	<u>789,398</u>	<u>789,398</u>	<u>663,812</u>	<u>125,586</u>
Excess (deficiency) of Revenues over Expenditures	<u>19,204</u>	<u>19,204</u>	<u>16,264</u>	<u>(2,940)</u>
Net Change in Fund Balances	19,204	19,204	16,264	(2,940)
Fund Balances, Beginning	<u>(29,027)</u>	<u>(29,027)</u>	<u>(29,027)</u>	<u>-</u>
Fund Balances, Ending	<u><u>\$ (9,823)</u></u>	<u><u>\$ (9,823)</u></u>	<u><u>\$ (12,763)</u></u>	<u><u>\$ (2,940)</u></u>

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEVELOPMENT IMPACT FEES FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
License and Permits	\$ 92,000	\$ 92,000	\$ 182,626	\$ 90,626
Investment Income	15,700	15,700	47,867	32,167
Total Revenues	<u>107,700</u>	<u>107,700</u>	<u>230,493</u>	<u>122,793</u>
EXPENDITURES:				
Capital Outlay	-	33,000	32,894	106
Total Expenditures	<u>-</u>	<u>33,000</u>	<u>32,894</u>	<u>106</u>
Excess (deficiency) of Revenues over Expenditures	<u>107,700</u>	<u>74,700</u>	<u>197,599</u>	<u>122,899</u>
Net Change in Fund Balances	107,700	74,700	197,599	122,899
Fund Balances, Beginning	<u>3,228,689</u>	<u>3,228,689</u>	<u>3,228,689</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 3,336,389</u>	<u>\$ 3,303,389</u>	<u>\$ 3,426,288</u>	<u>\$ 122,899</u>

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 2007 TOWN HALL ANNEX FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES:				
Current:				
General Government	\$ 3,000	\$ 256,167	\$ 253,167	\$ 3,000
Debt Service:				
Principal	765,000	-	-	-
Interest and Fiscal Charges	<u>213,803</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>981,803</u>	<u>256,167</u>	<u>253,167</u>	<u>3,000</u>
Excess (deficiency) of Revenues over Expenditures	<u>(981,803)</u>	<u>(256,167)</u>	<u>(253,167)</u>	<u>3,000</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>981,803</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>981,803</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(256,167)	(253,167)	3,000
Fund Balances, Beginning	<u>253,167</u>	<u>253,167</u>	<u>253,167</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 253,167</u>	<u>\$ (3,000)</u>	<u>\$ -</u>	<u>\$ 3,000</u>

TOWN OF APPLE VALLEY, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 1999 COPS FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment Income	\$ -	\$ -	\$ 586	\$ 586
Total Revenues	<u>-</u>	<u>-</u>	<u>586</u>	<u>586</u>
EXPENDITURES:				
Current:				
General Government	25,000	25,000	251	24,749
Debt Service:				
Principal	385,000	385,000	385,000	-
Interest and Fiscal Charges	<u>5,000</u>	<u>5,000</u>	<u>1,431</u>	<u>3,569</u>
Total Expenditures	<u>415,000</u>	<u>415,000</u>	<u>386,682</u>	<u>28,318</u>
Excess (deficiency) of Revenues over Expenditures	<u>(415,000)</u>	<u>(415,000)</u>	<u>(386,096)</u>	<u>28,904</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>415,000</u>	<u>415,000</u>	<u>386,497</u>	<u>(28,503)</u>
Total Other Financing Sources (Uses)	<u>415,000</u>	<u>415,000</u>	<u>386,497</u>	<u>(28,503)</u>
Net Change in Fund Balances	-	-	401	401
Fund Balances, Beginning	<u>(401)</u>	<u>(401)</u>	<u>(401)</u>	<u>-</u>
Fund Balances, Ending	<u><u>\$ (401)</u></u>	<u><u>\$ (401)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 401</u></u>

TOWN OF APPLE VALLEY, CALIFORNIA
AGENCY FUNDS
JUNE 30, 2020

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, 2020

	<u>Trust and Fiduciary</u>	<u>Victor Valley Transit Authority</u>	<u>Assessment District 98-1</u>	<u>Village PBID</u>
ASSETS				
Cash and Investments	\$ 777,846	\$ -	\$ -	\$ 281,363
Cash with Fiscal Agent	-	-	243,010	-
Accounts Receivable	-	-	-	-
Due from Other Governments	-	-	-	-
Prepaid Items	-	-	-	-
	<u>777,846</u>	<u>-</u>	<u>243,010</u>	<u>281,363</u>
LIABILITIES				
Accounts Payable	-	-	-	2,281
Accrued Liabilities	-	-	-	-
Deposits	777,846	-	-	279,082
Amounts Due Bondholders	-	-	243,010	-
	<u>\$ 777,846</u>	<u>\$ -</u>	<u>\$ 243,010</u>	<u>\$ 281,363</u>

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2020

	Victor Valley Economic Dev. Authority	Mojave Desert and Mountain Integrated Waste Management Authority	Opportunity High Desert Trust Fund	Total
ASSETS				
Cash and Investments	\$ 24,904,019	\$ 749,022	\$ 52,275	\$26,764,525
Cash with Fiscal Agent	-	-	-	243,010
Accounts Receivable	-	580,488	-	580,488
Due from Other Governments	673,067	-	-	673,067
Prepaid Items	-	3,501	-	3,501
	<u>25,577,086</u>	<u>1,333,011</u>	<u>52,275</u>	<u>28,264,591</u>
LIABILITIES				
Accounts Payable	-	-	-	2,281
Accrued Liabilities	25,577,086	-	-	25,577,086
Deposits	-	1,333,011	52,275	2,442,214
Amounts Due Bondholders	-	-	-	243,010
	<u>\$ 25,577,086</u>	<u>\$ 1,333,011</u>	<u>\$ 52,275</u>	<u>\$28,264,591</u>

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
<u>TRUST AND FIDUCIARY FUND</u>				
ASSETS				
Cash and Investments	\$ 698,279	\$ 223,049	\$ (143,482)	\$ 777,846
Total Assets	<u>698,279</u>	<u>223,049</u>	<u>(143,482)</u>	<u>777,846</u>
LIABILITIES				
Deposits	<u>698,279</u>	<u>398,912</u>	<u>(319,345)</u>	<u>777,846</u>
Total Liabilities	<u>\$ 698,279</u>	<u>\$ 398,912</u>	<u>\$ (319,345)</u>	<u>\$ 777,846</u>
<u>VICTOR VALLEY TRANSIT AUTHORITY FUND</u>				
ASSETS				
Cash and Investments	\$ 2,039	\$ -	\$ (2,039)	\$ -
Total Assets	<u>2,039</u>	<u>-</u>	<u>(2,039)</u>	<u>-</u>
LIABILITIES				
Deposits	<u>2,039</u>	<u>-</u>	<u>(2,039)</u>	<u>-</u>
Total Liabilities	<u>\$ 2,039</u>	<u>\$ -</u>	<u>\$ (2,039)</u>	<u>\$ -</u>
<u>ASSESSMENT DISTRICT 98-1</u>				
ASSETS				
Cash with Fiscal Agent	\$ 241,974	\$ 231,950	\$ (230,914)	\$ 243,010
Total Assets	<u>241,974</u>	<u>231,950</u>	<u>(230,914)</u>	<u>243,010</u>
LIABILITIES				
Amount Due Bondholders	241,974	229,418	(228,382)	243,010
Accounts Payable	<u>-</u>	<u>24,122</u>	<u>(24,122)</u>	<u>-</u>
Total Liabilities	<u>\$ 241,974</u>	<u>\$ 253,540</u>	<u>\$ (252,504)</u>	<u>\$ 243,010</u>
<u>VILLAGE PBID</u>				
ASSETS				
Cash and Investments	\$ 493,104	\$ 229,317	\$ (441,058)	\$ 281,363
Due From Other Governments	<u>2,630</u>	<u>-</u>	<u>(2,630)</u>	<u>-</u>
Total Assets	<u>495,734</u>	<u>229,317</u>	<u>(443,688)</u>	<u>281,363</u>
LIABILITIES				
Accounts Payable	13,042	430,675	(441,436)	2,281
Deposits	<u>482,692</u>	<u>226,295</u>	<u>(429,905)</u>	<u>279,082</u>
Total Liabilities	<u>\$ 495,734</u>	<u>\$ 656,970</u>	<u>\$ (871,341)</u>	<u>\$ 281,363</u>

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
<u>VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY</u>				
ASSETS				
Cash and Investments	\$ 27,292,057	\$ 18,558,452	\$ (20,946,490)	\$ 24,904,019
Due From Other Governments	673,067	-	-	673,067
Total Assets	27,965,124	18,558,452	(20,946,490)	25,577,086
LIABILITIES				
Accrued Liabilities	27,965,123	18,637,923	(21,025,960)	25,577,086
Total Liabilities	\$ 27,965,123	\$ 18,637,923	\$ (21,025,960)	\$ 25,577,086
<u>MOJAVE DESERT AND MOUNTAIN INTEGRATED WASTE MANAGEMENT AUTHORITY</u>				
ASSETS				
Cash and Investments	\$ 133,383	\$ 2,011,930	\$ (1,396,291)	\$ 749,022
Accounts Receivable	266,120	4,375,974	(4,061,606)	580,488
Prepaid Items	3,501	-	-	3,501
Total Assets	403,004	6,387,904	(5,457,897)	1,333,011
LIABILITIES				
Deposits	403,004	4,869,479	(3,939,472)	1,333,011
Total Liabilities	\$ 403,004	\$ 4,869,479	\$ (3,939,472)	\$ 1,333,011
<u>OPPORTUNITY HIGH DESERT TRUST FUND</u>				
ASSETS				
Cash and Investments	\$ 61,925	\$ 1,140	\$ (10,790)	\$ 52,275
Total Assets	61,925	1,140	(10,790)	52,275
LIABILITIES				
Accounts Payable	790	10,395	(11,185)	-
Deposits	61,135	1,140	(10,000)	52,275
Total Liabilities	\$ 61,925	\$ 11,535	\$ (21,185)	\$ 52,275

TOWN OF APPLE VALLEY, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and Investments	\$ 28,680,787	\$ 21,023,888	\$ (22,940,150)	\$ 26,764,525
Cash with Fiscal Agent	241,974	231,950	(230,914)	243,010
Accounts Receivable	266,120	4,375,974	(4,061,606)	580,488
Due From Other Governments	675,697	-	(2,630)	673,067
Prepaid Items	3,501	-	-	3,501
	<u>29,868,079</u>	<u>25,631,812</u>	<u>(27,235,300)</u>	<u>28,264,591</u>
LIABILITIES				
Accounts Payable	15,871	465,192	(478,782)	2,281
Accrued Liabilities	27,965,123	18,637,923	(21,025,960)	25,577,086
Deposits	1,645,110	5,495,826	(4,698,722)	2,442,214
Amounts Due Bondholders	241,974	229,418	(228,382)	243,010
	<u>\$ 29,868,078</u>	<u>\$ 24,828,359</u>	<u>\$ (26,431,846)</u>	<u>\$ 28,264,591</u>

STATISTICAL SECTION

This part of the Town of Apple Valley's annual comprehensive 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.

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Financial Trends	128
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	133
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	138
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.	
Demographic and Economic Information	143
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	145
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.	

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 388,785,477	\$ 379,669,535	\$ 371,244,438	\$ 370,565,096	\$ 383,503,226	\$ 385,016,893	\$ 384,326,300	\$ 372,417,243	\$ 362,019,172	\$ 355,236,379
Restricted	34,274,504	17,206,203	23,906,586	22,736,379	25,023,536	27,289,411	25,111,480	27,374,638	20,954,962	20,720,231
Unrestricted	(15,234,171)	16,418,211	9,730,572	9,057,417	1,122,526	477,350	1,285,784	(4,161,746)	5,080,020	(6,033,747)
Total Governmental Activities Net Position	\$ 407,825,810	\$ 413,293,949	\$ 404,881,596	\$ 402,358,892	\$ 409,649,288	\$ 412,783,654	\$ 410,723,564	\$ 395,630,135	\$ 388,054,154	\$ 369,922,863
Business-type activities										
Net Investment in Capital Assets	\$ 30,868,062	\$ 34,441,896	\$ 33,386,797	\$ 32,781,178	\$ 33,311,903	\$ 32,010,863	\$ 30,683,607	\$ 29,145,941	\$ 27,953,551	\$ 29,927,641
Restricted	1,818,204	1,744,747	1,737,858	1,737,952	1,107,309	2,487,699	3,090,812	3,229,262	1,133,990	4,042,970
Unrestricted	9,627,346	7,221,444	6,189,164	6,165,786	4,722,850	3,525,226	6,356,764	10,092,748	13,864,389	12,063,068
Total Business-type Activities Net Position	\$ 42,313,612	\$ 43,408,087	\$ 41,313,819	\$ 40,684,916	\$ 39,142,062	\$ 38,023,788	\$ 40,131,183	\$ 42,467,951	\$ 42,951,930	\$ 46,033,679
Primary Government										
Net Investment in Capital Assets	\$ 419,653,539	\$ 414,111,431	\$ 404,631,235	\$ 403,346,274	\$ 416,815,129	\$ 417,027,756	\$ 415,009,907	\$ 401,563,184	\$ 389,972,723	\$ 385,164,020
Restricted	36,092,708	18,950,950	25,644,444	24,474,331	26,130,845	29,777,110	28,202,292	30,603,900	22,088,952	24,763,201
Unrestricted	(5,606,825)	23,639,655	15,919,736	15,223,203	5,845,376	4,002,576	7,642,548	5,931,002	18,944,409	6,029,321
Total Primary Government Net Positions	\$ 450,139,422	\$ 456,702,036	\$ 446,195,415	\$ 443,043,808	\$ 448,791,350	\$ 450,807,442	\$ 450,854,747	\$ 438,098,086	\$ 431,006,084	\$ 415,956,542

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
General government	\$ 1,236,348	\$ 2,039,052	\$ 1,935,525	\$ 2,959,562	\$ 2,448,223	\$ 2,688,291	\$ 5,150,848	\$ 6,338,028	\$ 3,366,810	\$ 5,990,194
Public safety	11,904,334	13,289,970	13,641,265	14,216,088	14,794,005	15,263,308	16,133,239	16,560,665	17,148,595	17,431,096
Transportation	12,045,684	12,098,378	10,927,503	10,283,286	12,514,941	12,837,309	12,993,513	17,844,646	19,099,333	22,910,278
Culture and recreation	6,188,596	5,817,520	5,462,689	5,556,224	5,536,503	5,601,884	5,854,862	5,674,619	4,888,609	4,406,022
Community development	9,087,396	6,540,877	6,623,497	5,703,246	5,435,047	5,648,922	5,144,327	4,498,196	4,985,933	6,119,964
Interest on long-term debt	3,057,653	1,693,798	467,624	434,622	471,578	436,627	497,928	637,883	242,744	402,362
Total governmental activities expenses	43,520,011	41,479,595	39,058,103	39,153,028	41,200,297	42,476,341	45,774,717	51,554,037	49,732,024	57,259,916
Business-type activities:										
Sewer	6,576,431	6,042,959	6,443,451	6,045,017	6,272,205	6,743,527	5,789,984	6,320,803	6,156,672	6,237,316
Waste Management	9,402,873	9,028,518	8,951,222	9,217,206	11,709,931	12,248,550	10,849,449	11,208,132	11,308,507	13,617,020
Apple Valley Golf Club	1,978,306	1,448,041	1,231,229	1,132,898	1,066,920	1,068,588	1,027,848	1,025,932	1,074,672	1,016,062
Apple Valley Choice Energy	-	-	-	-	-	-	2,906,247	13,698,907	17,030,058	13,987,428
Total business-type activities expenses	17,957,610	16,519,518	16,625,902	16,395,121	19,049,056	20,060,665	20,573,528	32,253,774	35,569,909	34,857,826
Total primary government expenses	\$ 61,477,621	\$ 57,999,113	\$ 55,684,005	\$ 55,548,149	\$ 60,249,353	\$ 62,537,006	\$ 66,348,245	\$ 83,807,811	\$ 85,301,933	\$ 92,117,742
Program Revenues										
Governmental activities:										
Charges For Services:										
General government	754,552	616,694	325,417	1,077,891	1,070,307	542,621	511,890	263,422	2,412,651	1,677,298
Public safety	172,376	74,159	184,118	144,673	163,039	132,477	126,122	101,625	1,688,452	1,030,308
Transportation	53,300	86,071	-	-	-	-	-	-	-	614,470
Culture and recreation	1,121,273	935,060	1,019,300	1,001,936	984,766	1,152,607	1,264,127	1,271,869	851,398	827,783
Community development	1,795,168	1,568,168	1,684,624	2,787,298	3,127,983	2,944,972	3,225,298	3,337,502	1,201,907	2,487,551
Operating grants and contributions	5,595,047	4,472,410	6,662,688	7,204,421	5,739,525	3,690,720	4,644,925	3,755,669	3,662,983	6,251,078
Capital grants and contributions	5,234,738	3,827,135	3,688,576	5,836,010	25,763,181	16,742,736	13,090,722	5,718,211	792,275	1,507,615
Total governmental activities program revenues	14,726,454	11,579,697	13,564,723	18,052,229	36,848,801	25,206,133	22,863,084	14,448,298	10,609,666	14,396,103
Business-type activities:										
Charges for services:										
Sewer	3,967,178	4,005,430	4,478,759	4,838,790	5,443,113	5,979,262	5,962,102	5,547,876	5,864,868	6,162,182
Waste Management	9,894,028	9,733,428	9,501,422	9,851,074	10,813,719	11,029,270	11,239,035	11,523,158	11,868,597	12,864,659
Apple Valley Golf Club	864,060	767,832	594,694	660,737	636,424	626,681	611,027	618,756	641,064	681,269
Apple Valley Choice Energy	-	-	-	-	-	-	3,352,091	15,905,914	16,543,086	17,365,678
Operating grants and contributions	25,066	20,410	19,907	20,070	19,714	19,733	19,829	39,569	20,224	64,708
Capital grants and contributions	474,689	3,534,874	497,875	725,666	789,094	533,739	354,653	311,796	259,948	245,197
Total Business-type activities program revenues	15,225,021	18,061,974	15,092,657	16,096,337	17,702,064	18,188,685	21,538,737	33,947,069	35,197,787	37,383,693
Total primary government program revenues	\$ 29,951,475	\$ 29,641,671	\$ 28,657,380	\$ 34,148,566	\$ 54,550,865	\$ 43,394,818	\$ 44,401,821	\$ 48,395,367	\$ 45,807,453	\$ 51,779,796
Net (expense) / revenues										
Governmental activities	\$ (28,793,557)	\$ (29,899,898)	\$ (25,493,380)	\$ (21,100,799)	\$ (4,351,496)	\$ (17,270,208)	\$ (22,911,633)	\$ (37,105,739)	\$ (39,122,358)	\$ (42,863,813)
Business-type activities	(2,732,589)	1,542,456	(1,533,245)	(298,784)	(1,346,922)	(1,871,980)	965,209	1,693,295	(372,122)	2,525,867
Total primary government net expense	\$ (31,526,146)	\$ (28,357,442)	\$ (27,026,625)	\$ (21,399,583)	\$ (5,698,418)	\$ (19,142,188)	\$ (21,946,424)	\$ (35,412,444)	\$ (39,494,480)	\$ (40,337,946)

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Revenues and Other Changes										
Net Positions										
Governmental activities:										
Taxes										
Property taxes	3,601,017	3,718,455	4,409,064	5,181,242	4,219,546	4,475,963	4,689,978	4,934,356	7,012,262	5,584,526
Tax increment	5,688,809	1,955,820	-	-	-	-	-	-	-	-
Franchise taxes	1,727,194	1,460,033	1,816,243	1,892,884	3,765,877	3,962,215	3,972,015	3,993,653	2,085,417	2,183,008
Sales taxes	3,819,221	4,139,105	3,804,832	4,122,097	4,239,000	4,813,996	5,806,008	6,479,162	9,438,735	8,754,582
Transient occupancy taxes	6,051	6,670	7,152	7,742	6,900	5,923	5,196	9,008	1,560,485	11,819
Motor vehicle in-lieu	5,487,173	5,167,516	5,136,312	5,257,876	5,529,795	5,835,391	6,129,059	6,455,212	6,824,235	7,222,011
Sales Tax in-lieu	1,382,393	1,267,248	1,383,032	1,275,364	1,496,120	1,036,791	-	-	-	-
Pass through revenues	288,495	266,405	299,724	328,726	369,580	398,336	442,593	580,907	799,010	747,535
Miscellaneous revenues	50,623	72,527	25,114	73,437	21,339	27,664	38,093	30,029	2,848,661	259,404
Unrestricted grants and contributions	10,985	18,962	-	-	-	-	-	-	-	-
Investment income	172,385	36,750	15,585	82,115	99,082	198,264	51,146	254,774	591,543	672,142
Transfers	470,510	483,655	470,878	356,612	(310,261)	(349,969)	(1,056,749)	(436,602)	(418,981)	(300,000)
Extraordinary Item	-	17,818,231	-	-	-	-	-	-	-	-
Transfer from/(to) Successor Agency	-	-	-	-	-	-	-	-	805,010	(402,505)
Total governmental activities	<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>	<u>20,404,574</u>	<u>20,077,339</u>	<u>22,300,499</u>	<u>31,546,377</u>	<u>24,732,522</u>
Business-type activities:										
Gain on Sale of Capital Assets	-	-	-	-	-	267,679	-	-	-	-
Investment income	149,328	35,674	27,896	26,493	48,967	136,058	85,437	206,871	437,120	255,882
Transfers	(470,510)	(483,655)	(470,878)	(356,612)	310,261	349,969	1,056,749	436,602	418,981	300,000
Total business-type activities	<u>(321,182)</u>	<u>(447,981)</u>	<u>(442,982)</u>	<u>(330,119)</u>	<u>359,228</u>	<u>753,706</u>	<u>1,142,186</u>	<u>643,473</u>	<u>856,101</u>	<u>555,882</u>
Total primary government	<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>	<u>\$ 21,158,280</u>	<u>\$ 21,219,525</u>	<u>\$ 22,943,972</u>	<u>\$ 32,402,478</u>	<u>\$ 25,288,404</u>
Change in Net Positions										
Governmental activities	\$ (6,088,701)	\$ 6,511,479	\$ (8,125,444)	\$ (2,522,704)	\$ 15,085,482	\$ 3,134,366	\$ (2,834,294)	\$ (14,805,240)	\$ (7,575,981)	\$ (18,131,291)
Business-type activities	(3,053,771)	1,094,475	(1,976,227)	(628,903)	(987,764)	(1,118,274)	2,107,395	2,336,768	483,979	3,081,749
Total primary government	<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>	<u>\$ 2,016,092</u>	<u>\$ (726,899)</u>	<u>\$ (12,468,472)</u>	<u>\$ (7,092,002)</u>	<u>\$ (15,049,542)</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Nonspendable	\$ 9,979,517	\$ 8,155,142	\$ 9,143,364	\$ 9,497,516	\$ 10,011,530	\$ 10,190,359	\$ 10,926,707	\$ 3,545,866	\$ 3,493,789	\$ 4,525,602
Restricted	-	-	-	-	-	-	153,635	-	-	-
Committed	3,789,352	4,221,151	4,173,378	4,730,937	4,997,037	5,426,647	-	-	-	-
Unassigned	4,576,951	4,979,355	4,023,527	4,077,698	3,193,084	1,256,789	1,766,647	1,770,927	5,534,347	4,355,476
Total general fund	<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>	<u>\$ 16,873,795</u>	<u>\$ 12,846,989</u>	<u>\$ 5,316,793</u>	<u>\$ 9,028,136</u>	<u>\$ 8,881,078</u>
All other governmental funds										
Nonspendable	\$ 56,188	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	46,020,428	8,997,316	9,787,783	11,420,923	16,953,992	18,868,644	20,833,933	20,491,778	20,165,316	20,720,231
Committed	11,621,638	-	-	-	-	-	-	-	-	-
Assigned	-	10,936,987	10,668,700	5,516,263	5,997,123	7,943,468	7,887,425	9,295,951	11,683,739	4,854,448
Unassigned	(11,825,614)	(6,776,370)	(6,796,081)	(7,257,586)	(6,781,821)	(6,988,140)	(6,720,876)	(36,457)	(303,263)	(62,937)
Total all other governmental funds	<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>	<u>\$ 19,823,972</u>	<u>\$ 22,000,482</u>	<u>\$ 29,751,272</u>	<u>\$ 31,545,792</u>	<u>\$ 25,511,742</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues										
Taxes	\$ 24,454,747	\$ 20,307,062	\$ 19,524,883	\$ 20,401,643	\$ 22,007,021	\$ 22,906,610	\$ 23,550,034	\$ 25,535,347	\$ 25,323,918	\$ 24,513,783
Licenses & permits	1,349,630	1,080,599	1,413,639	1,584,330	1,705,568	2,088,379	2,736,455	1,925,344	3,933,443	2,292,591
Fines & forfeitures	293,531	597,178	528,634	433,059	526,148	425,242	467,116	359,347	346,018	421,666
Investment income (Loss)	306,145	92,542	46,817	69,501	135,109	416,930	165,578	474,841	591,689	672,144
Intergovernmental	6,988,774	5,237,601	6,390,365	8,328,130	28,973,991	18,420,143	12,957,223	7,264,058	5,254,269	5,209,634
Charges for services	2,036,857	1,579,416	1,639,329	2,364,139	2,426,926	2,319,147	2,394,059	2,559,544	2,692,548	4,397,204
Donations	-	-	-	-	-	-	230,121	127,575	113,359	89,596
Other revenues	1,032,654	1,149,386	526,816	1,646,665	636,328	671,056	800,698	1,074,204	1,917,554	597,853
Total revenues	<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>	<u>47,247,507</u>	<u>43,301,284</u>	<u>39,320,260</u>	<u>40,172,798</u>	<u>38,194,471</u>
Expenditure										
General government	852,315	1,191,810	985,108	2,087,450	2,321,569	2,662,360	4,715,833	4,885,895	3,957,597	8,039,018
Public Safety	11,470,972	12,719,721	13,086,421	13,665,192	14,245,900	14,713,115	15,587,134	16,001,208	16,788,149	17,040,879
Transportation	4,253,987	4,030,616	4,212,159	3,824,404	4,251,474	4,366,489	5,726,369	8,327,555	8,052,682	6,169,663
Culture and recreation	4,198,051	3,761,328	3,323,046	3,410,848	3,415,117	3,513,251	3,708,350	3,518,368	2,947,238	2,452,660
Community development	8,378,965	6,210,336	6,139,876	5,479,433	4,984,076	5,259,833	4,693,567	4,102,989	4,615,165	5,749,195
Capital outlay	7,863,918	1,592,445	847,568	8,576,979	23,627,650	12,495,630	9,064,059	1,874,044	354,389	5,669,297
Debt service										
Principal	1,902,963	952,370	989,533	1,060,131	1,036,250	1,087,000	870,000	7,830,000	1,095,000	1,150,000
Interest	3,007,047	1,689,990	470,560	444,426	441,990	473,038	503,723	598,005	242,744	402,362
Pass-Through Agreements	659,969	-	-	-	-	-	-	-	-	-
Debt issue costs	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<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>	<u>44,570,716</u>	<u>44,869,035</u>	<u>47,138,064</u>	<u>38,052,964</u>	<u>46,673,074</u>
Excess of revenues over (under) expenditures	(6,125,849)	(2,104,832)	16,212	(3,721,396)	2,087,065	2,676,791	(1,567,751)	(7,817,804)	2,119,834	(8,478,603)
Other financing sources										
Transfers in	12,158,838	1,968,354	2,428,336	3,199,457	2,357,577	2,500,304	2,383,568	651,484	1,595,170	829,050
Transfers out	(11,688,328)	(1,484,669)	(1,957,458)	(2,842,845)	(2,667,838)	(2,850,273)	(3,440,317)	(1,088,086)	(2,014,151)	(1,531,555)
Transfer from Successor Agency	-	-	-	-	-	-	-	-	805,010	-
Sale of General Capital Assets	-	-	-	349,864	-	-	-	-	-	-
Proceeds of Debt	-	-	-	-	-	-	-	-	3,000,000	3,000,000
Premium on bonds	-	-	-	-	-	-	-	-	-	-
Extraordinary Item	-	(31,265,732)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>470,510</u>	<u>(30,782,047)</u>	<u>470,878</u>	<u>706,476</u>	<u>(310,261)</u>	<u>(349,969)</u>	<u>(1,056,749)</u>	<u>(436,602)</u>	<u>3,386,029</u>	<u>2,297,495</u>
Net change in fund Balances	<u>\$ (5,655,339)</u>	<u>\$ (32,886,879)</u>	<u>\$ 487,090</u>	<u>\$ (3,014,920)</u>	<u>\$ 1,776,804</u>	<u>\$ 2,326,822</u>	<u>\$ (2,624,500)</u>	<u>\$ (8,254,406)</u>	<u>\$ 5,505,863</u>	<u>\$ (6,181,108)</u>
Debt service as a percentage of noncapital expenditures	15.2%	9.3%	5.7%	5.8%	5.2%	5.2%	4.3%	19.2%	3.7%	4.0%

Town of Apple Valley
Assessed Value and Estimated Actual Value of Taxable Property, Citywide
Last Ten Fiscal Years

Fiscal Year End	Residential Property	Commercial Property	Industrial Property	Other Property*	Total Secured Property	Unsecured	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)	Assessed Value as a Percentage of Actual Value
2011	\$ 3,287,296,617	\$ 465,526,817	\$ 111,617,208	\$ 513,188,052	-	\$ 173,885,410	\$ 4,551,514,104	1.00%	-	-	-
2012	\$ 3,266,196,822	\$ 480,536,311	\$ 105,788,103	\$ 502,539,377	-	\$ 164,165,317	\$ 4,519,225,930	1.00%	-	-	-
2013	\$ 3,260,215,571	\$ 492,907,447	\$ 103,795,831	\$ 475,269,181	-	\$ 158,196,900	\$ 4,490,384,930	1.00%	-	-	-
2014	\$ 3,402,497,481	\$ 497,709,903	\$ 104,897,941	\$ 452,775,555	-	\$ 144,579,258	\$ 4,602,460,138	1.00%	-	-	-
2015	\$ 3,663,250,402	\$ 489,745,796	\$ 102,938,558	\$ 451,107,798	-	\$ 135,086,868	\$ 4,842,129,422	1.00%	-	-	-
2016	\$ 3,926,314,702	\$ 498,277,093	\$ 107,174,307	\$ 445,526,190	-	\$ 133,605,042	\$ 5,110,897,335	1.00%	-	-	-
2017	\$ 4,152,888,405	\$ 525,770,127	\$ 113,999,673	\$ 440,333,455	-	\$ 131,382,101	\$ 5,364,373,761	1.00%	-	-	-
2018	\$ 4,386,853,812	\$ 555,797,147	\$ 124,195,778	\$ 456,261,447	-	\$ 123,138,318	\$ 5,646,246,502	1.00%	-	-	-
2019	\$ 4,552,881,961	\$ 389,839,401	\$ 205,701,885	\$ 625,012,655	\$ 5,773,435,902	\$ 116,996,307	\$ 5,890,432,209	1.21%	\$ 7,156,044,582.99	1.21	82%
2020	\$ 4,760,701,408	\$ 398,566,547	\$ 212,975,186	\$ 682,883,776	\$ 6,055,126,917	\$ 166,168,109	\$ 6,221,295,026	1.22%	\$ 7,817,607,333.18	1.26	80%

Source: San Bernardino Assessor data, Avenu Insights & Analytics

Source: 2017-18 and prior years: previously published CAFR

Table has been reformatted to comply with GASB No. 44 and includes estimated actual value.

(-) Data Unavailable

* 2019-20 Other Property includes unitary of \$211,687.

(1.) Total direct tax rate is represented by TRA 21-000

(2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices.

Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

**Town of Apple Valley
Direct and Overlapping Property Tax Rates
(Rates per \$ 100 of Assessed Value)
Last Ten Fiscal Years**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Town Direct Rates:										
Town Basic Rate	0.09438	0.09438	0.09438	0.09438	0.09438	0.09438	0.09438	0.09438	0.09438	0.09438
A V Fire Protection District	0.09263	0.09263	0.09263	0.09263	0.09263	0.09263	0.09263	0.09263	0.09263	0.09263
Apple Valley Unified	0.31079	0.31079	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										
Mojave Water Agency	0.00013	0.00013	0.00013	0.00013	0.00013	0.00013	0.00013	0.00013	0.00013	0.00015
Victor Valley Com. College	0.06641	0.06641	0.06641	0.06641	0.06641	0.06641	0.06641	0.06641	0.06641	0.06641
Total Direct Tax Rate	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>
Overlapping Rates:										
Apple Valley Unified	0.03870	0.03740	0.03910	0.03730	0.03550	0.03450	0.03640	0.03110	0.02570	0.03170
Mojave Water Agency - No 1	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250
Mojave Water Agency - No 2	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500	0.05500
Oro Grande Elementary Bond	0.03440	0.03480	0.03810	0.03770	0.03790	0.03780	0.08980	-0.01020	0.00000	0.00000
Victor High School Bond	0.07400	0.06190	0.07680	0.07920	0.07700	0.07160	0.09860	0.09150	0.00000	0.00000
Victor Valley Community College Bond	0.03060	0.02530	0.02740	0.02640	0.02620	0.01970	0.01740	0.01980	0.01810	0.01810
Total Voter Approved Rate	<u>0.32860</u>	<u>0.32690</u>	<u>0.34890</u>	<u>0.34810</u>	<u>0.34410</u>	<u>0.33110</u>	<u>0.40970</u>	<u>0.29970</u>	<u>0.21130</u>	<u>0.21730</u>
Total Direct and Overlapping Rates	<u>1.32860</u>	<u>1.32690</u>	<u>1.34890</u>	<u>1.34810</u>	<u>1.34410</u>	<u>1.33110</u>	<u>1.40970</u>	<u>1.29970</u>	<u>1.21130</u>	<u>1.21730</u>

Source: San Bernardino Auditor Controller data, Avenu Insights & Analytics
Tax Rate Area Code 21-000 is represented for 2020

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

Taxpayers	2019-20		2010-11	
	Taxable Assessed Value	Percent of Total Town Taxable Assessed Value	Taxable Assessed Value	Percent of Total Town Taxable Assessed Value
Walmart Inc	\$ 112,262,446	1.80%	\$ 116,310,927	
WRI Alliance Riley Venture	72,089,494	1.16%	70,285,390	1.57%
Apple Valley Ranchos Water Co	66,816,106	1.07%	34,889,192	0.78%
AVDC, Inc	42,623,214	0.69%		
Winterfell Rock Spring (Ca) Owner LP	33,136,220	0.53%		
Target Corporation	24,706,296	0.40%	18,535,104	0.42%
Apple Valley Commons I LLC	24,173,755	0.39%	23,775,486	0.53%
Ross, Carl E Living Trust 5-23-91	23,996,268	0.39%	8,653,535	0.19%
Winco Foods LLC	16,715,369	0.27%	18,528,383	0.42%
Apple Valley Square Center LLC	16,061,917	0.26%		
MHC Los Ranchos Limited Partnership	13,365,688	0.21%		
Lowe'S HIW Inc	12,266,246	0.20%	25,369,345	0.57%
Home Depot USA Inc	11,761,248	0.19%	9,028,169	0.20%
Dayton Hudson Corporation	10,007,619	0.16%	8,648,483	0.19%
NSA Property Holdings LLC	9,794,759	0.16%		
11959 Apple Valley Road LLC	9,750,393	0.16%		
Wachovia Service Corporation	9,180,000	0.15%		
Tau West LLC	9,055,475	0.15%		
Aberdeen Real Estate Investments # 2	9,011,125	0.14%		
Apple-Bear Partners	8,586,510	0.14%	7,499,562	0.17%
Alaska USA Federal Credit Union	8,109,826	0.13%	8,043,279	0.18%
MGP XIX LLC	8,103,518	0.13%	7,002,979	0.16%
Albertsons Stores Sub LLC	8,058,000	0.13%		
Shankar Family Trust 4/4/00	7,496,214	0.12%		
Trails End Trailer Park LLC	7,320,000	0.12%		
Pulte Home Corporation			14,630,127	0.33%
Shin Mang Kyo & Soon Joo			14,385,196	0.32%
Apple Valley Retirement Reside			13,114,604	0.29%
Fr/Cal 3 Apple Valley LLC			12,649,650	0.28%
Watson Land Company			12,563,652	0.28%
Apple Valley Acquisition LLC			11,500,000	0.26%
Los Ranchos Fspe LLC			10,496,955	0.24%
ASP Realty Inc			8,240,125	0.18%
Niles LLC			7,541,630	0.17%
Troy CMBS Property LLC			6,182,467	0.14%
Navajo Highway 18 LLC			5,628,009	0.13%
Prime Healthcare Services Foundation			5,599,922	0.13%
Total Top 25 Taxpayers	\$ 574,447,706	9.23%	\$ 479,102,171	8.13%
Total Taxable Value	\$ 6,221,295,026		\$ 4,463,466,942	

Source: San Bernardino County Assessor data, Avenu Insights & Analytics

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

Fiscal Year Ended June 30	Taxes Levied (2) for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to date (1)	
		Amount	Percentage of levy		Amount	Percentage of Levy
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%
2016	\$ 4,137,907	\$ 4,137,907	100.00%	-	\$ 4,137,907	100.00%
2017	\$ 4,599,184	\$ 4,599,184	100.00%	-	\$ 4,599,184	100.00%
2018	\$ 5,087,397	\$ 5,087,397	100.00%	-	\$ 5,087,397	100.00%
2019	\$ 5,683,913	\$ 5,683,913	100.00%	-	\$ 5,683,913	100.00%
2020	\$ 6,309,143	\$ 6,309,143	100.00%	-	\$ 6,309,143	100.00%

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

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

Source: Hdl Coren & Cone, San Bernardino County Assessor 2019/20 Combined Tax Rolls

**Town of Apple Valley
Assessed Value of Property by Use Code, Citywide
Last Two Fiscal Years**

Category	2018-19	2019-20
Residential	\$ 4,552,881,961	\$ 4,760,701,408
Vacant	429,777,426	480,894,571
Commercial	389,839,401	398,566,547
Industrial	205,701,885	212,975,186
Professional	140,722,386	143,616,320
Recreation	27,762,094	28,299,835
Institution	16,697,748	17,051,904
Miscellaneous	6,246,289	9,012,781
Agricultural	3,600,617	3,666,531
Unknown	127,595	130,147
Net Secured Value	<u>5,773,357,402</u>	<u>6,054,915,230</u>
Unitary	78,500	211,687
Unsecured Value	116,996,307	166,168,109
Net Taxable Value	<u>\$ 5,890,432,209</u>	<u>\$ 6,221,295,026</u>

Source: San Bernardino County Assessor Data, Avenu Insights & Analytics

Source: Historical data unavailable

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

Fiscal Years	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita		
	Certificates of Participation	Tax Allocation Bonds	Lease Revenue Bonds	2017 Loan Payable	Capital Lease Payable	Certificates of Participation				Special Assessment Bonds	Installment Purchase Agreement
2011	\$ 14,498,250	\$ 50,155,000	-	-	\$ 87,034	\$ 346,750	\$ 2,579,700	\$ 1,880,625	\$ 69,547,359	4622.53%	\$ 993
2012	13,560,750	(1) -	-	-	72,164	279,250	2,130,000	1,706,458	17,748,622	1175.15%	253
2013	12,515,416	-	-	-	57,631	209,250	1,650,000	1,522,708	15,955,005	1005.41%	227
2014	11,515,846	-	-	-	-	136,750	1,135,000	1,331,458	14,119,054	897.73%	200
2015	2,077,000	-	8,405,526	(2) -	-	63,000	-	1,131,875	11,677,401	729.42%	165
2016	1,480,000	-	7,918,456	-	-	-	-	920,448	10,318,904	621.16%	138
2017	1,125,000	-	7,406,386	-	-	-	-	698,781	9,230,167	554.95%	124
2018	760,000	-	-	8,475,000	(3) -	-	-	465,132	9,700,132	574.04%	131
2019	375,000	-	-	7,755,000	-	-	-	252,500	8,382,500	463.25%	114
2020	-	-	-	6,990,000	-	-	-	-	6,990,000	366.77%	94

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 presented separately from Certificates of Participation.
- (3) As of June 30, 2018, Lease Revenue Bonds were refinanced as the 2017 Loan Payable.

**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>
2011	\$ 50,155,000	\$ 50,155,000	1.10%	716
2012	(1) -	-	0.00%	-
2013	-	-	0.00%	-
2014	-	-	0.00%	-
2015	-	-	0.00%	-
2016	-	-	0.00%	-
2017	-	-	0.00%	-
2018	-	-	0.00%	-
2019	-	-	0.00%	-
2020	-	-	0.00%	-

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 transferred 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, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage applicable</u>	<u>Estimated share of Direct and Overlapping Debt</u>
Overlapping Tax and Assessment Debt:			
Mojave Water Agency	\$ 4,835,000	16.6330%	\$ 804,206
Victor Valley Joint Community College District	161,846,762	19.1830%	31,047,064
Victor Valley Union High School District	117,822,038	0.0001%	118
Apple Valley Unified School District	22,128,758	84.2230%	18,637,504
Town of Apple Valley 1915 Act Bonds	825,000	100.0000%	825,000
Total Overlapping Tax and Assessment Bond			<u>51,313,892</u>
Direct and Overlapping General Fund Debt:			
San Bernardino Country General Fund Obligations	\$ 239,140,000	2.6590%	\$ 6,358,733
San Bernardino Country Pension Obligations	237,212,638	2.6590%	6,307,484
San Bernardino Country Flood Control General Fund Obligations	57,155,000	2.6590%	1,519,751
Victor Valley Union High School District Certificates of Participation	21,700,000	0.0001%	22
Apple Valley Unified School District General Fund Obligations	3,450,000	84.2230%	2,905,694
Hesperia Unified School District Certificates of Participation	118,665,000	0.0020%	2,373
Oro Grande School District Certificates of Participation	34,950,000	0.0040%	1,398
Apple Valley Fire Protection District General Fund Obligations	798,240	84.8650%	677,426
Town of Apple Valley General Fund Obligations	6,990,000	100.0000%	6,990,000
Total Direct and Overlapping General Fund Debt			<u>\$ 24,762,881</u>
Overlapping Tax Increment Debt:	\$ 329,494,925	13.053-100%	\$ 76,974,818
Total Direct Debt			6,990,000
Total Overlapping debt			<u>\$ 146,061,591</u>
Combined Total Debt			153,051,591

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.

Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: Avenu Insights & Analytics, California Municipal Statistics, Inc.

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assessed valuation	\$ 4,551,514,104	\$ 4,519,225,930	\$ 4,490,384,930	\$ 4,602,460,138	\$ 4,842,129,422	\$ 5,110,897,334	\$ 5,364,373,761	\$ 5,646,246,502	\$ 5,890,432,209	\$ 6,221,295,026
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,137,878,526	1,129,806,483	1,122,596,233	1,150,615,035	1,210,532,356	1,277,724,334	1,341,093,440	1,411,561,626	1,472,608,052	1,555,323,757
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	170,681,779	169,470,972	168,389,435	172,592,255	181,579,853	191,658,650	201,164,016	211,734,244	220,891,208	233,298,563
Total net debt applicable to limit: Certificates of Participation	14,845,000	13,840,000	12,795,000	11,720,000	10,545,526	9,398,456	8,531,386	9,235,000	8,130,000	6,990,000
Legal debt margin	\$ 155,836,779	\$ 155,630,972	\$ 155,594,435	\$ 160,872,255	\$ 171,034,327	\$ 182,260,194	\$ 192,632,630	\$ 202,499,244	\$ 212,761,208	\$ 226,308,563
Total debt applicable to the limit as a percentage of debt limit	8.7%	8.2%	7.6%	6.8%	5.8%	4.9%	4.2%	4.4%	3.7%	3.0%

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 2018/2019

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

Special Assessment Bonds

Fiscal Year	Gross Revenues (1)	Gross Expenses (2)	Net Revenue (Expense) Available for Debt Service	Principal	Interest	Total	Coverage
2011	\$ 4,554,042	5,091,496	\$ (537,454)	\$ 500,300	\$ 186,642	\$ 686,942	-78.94%
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%
2016	6,629,550	4,955,087	1,674,463	63,000	14	63,014	2657.29%
2017	7,105,546	5,054,908	2,050,638	-	14	14	14647414.29%
2018	5,987,002	4,505,789	1,481,213	-	-	-	N/A
2019	6,314,492	4,381,825	1,932,667	-	-	-	N/A
2020	6,613,251	7,979,246	(1,365,995)	-	-	-	N/A

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

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

Source: Town of Apple Valley Finance Department.

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

Fiscal Year	Population (1)	Personal Income In Thousands	Per Capita Personal Income (2)	Unemployment Rate (3)
2011	70,040	\$ 1,504,529	\$ 21,481	15.60%
2012	70,033	1,510,332	21,566	14.40%
2013	70,436	1,586,923	22,530	10.50%
2014	70,755	1,572,742	22,228	9.10%
2015	70,687	1,600,919	22,648	8.60%
2016	74,656	1,661,227	22,251	6.90%
2017	74,701	1,663,240	22,265	6.10%
2018	73,984	1,689,788	22,839	5.80%
2019	73,464	1,809,492	24,631	4.00%
2020	74,394	1,905,808	25,618	12.40%

Source: MuniServices, LLC

Source: 2018-19 and prior, previously published CAFR Report

The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.

- 1.) Population Projections are provided by the California Department of Finance Projections.
- 2.) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey.
- 3.) Unemployment Data are provided by the EDD's Bureau of Labor Statistics Department.

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

Employer	2020			2011		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Apple Valley Unified School District	1574	1	6.03%	1643	2	7.11%
St. Mary Regional Medical Centre	1301	2	4.98%	1688	1	7.31%
Wal-Mart Distribution Centre	1208	3	4.63%	1072	3	4.64%
Target Stores	444	4	1.70%	483	4	2.09%
Big Lots	250	5	0.96%	-		
Jess Ranch Healthcare	181	6	0.69%	-		
Winco Foods	176	7	0.67%	220	7	0.95%
Wal-Mart Stores	152	8	0.58%	250	5	1.08%
Stater Bros. Markets	131	9	0.50%	248	6	1.07%
Lowe's	119	10	0.46%	-		
High Desert Law & Justice Centre				169	8	0.73%
Apple Valley Christian Centre				150	9	0.65%
Best Buy				120	10	0.52%

Notes:

Total Employment as used above represents the total employment of all employers located within Town Limits.

1 Does not include part-time employment

Source: CA Employment Development Department (EDD)

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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	35	35	35	36	37	36	31	39	46	47
Public Safety	34	35	34	41	44	44	41	40	66	65
Community & Economic Developm	23	21	22	23	25	25	23	21	25	36
Public Works/Wastewater	20	23	20	18	20	38	39	31	24	24
Parks & Recreation	109	116	116	116	107	112	86	98	63	52
Total	221	230	227	234	233	255	220	229	224	224

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police:										
Arrests	1,927	2,164	2,145	1,868	2,540	2,734	2,146	2,309	2,236	2,300
Parking citations issued	203	114	165	235	101	63	69	191	203	174
Public Works:										
Street resurfacing (miles)	1.30	2.00	2.00	2.00	2.50	22.00	24.00	73.50	44.00	44.00
Parks and recreation:										
Number of recreation classes	513	554	659	531	546	558	524	519	495	473
Number of indoor facility rentals	3,628	3,373	3,537	3,561	3,524	3,158	2,996	3,155	7,709	5,835
Number of outdoor facility rentals	8,406	8,893	8,328	8,623	8,750	9,312	8,516	7,927	3,185	3,920
Sewer:										
New connections	134	61	108	122	112	134	252	142	69	54
Average daily sewage treatment (thousands of gallons)	1,814	1,656	1,679	1,677	1,680	1,738	1,802	1,781	1,791	1,746

Source: Town of Apple Valley

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Public Works:										
Streets (miles)	422.71	422.71	422.71	422.71	422.71	422.71	422.71	422.71	423.71	423.79
Streetlights	628	629	629	629	629	629	629	629	629	629
Traffic Signals	22	24	24	24	24	26	26	28	28	28
Parks and Recreation:										
Parks	13	12	12	12	12	12	12	12	11	11
Community Centers	3	3	3	3	3	3	3	3	3	3
Wastewater:										
Sanitary Sewers (miles)	142	142	142	142	142	142	142	142	145	145
Storm Drains (miles)	2	2	2	2	2	2	2	2	2	2
Number of Service Connections	13,820	13,881	13,989	14,111	14,223	14,357	14,357	14,751	14,820	14,874

Source : Town of Apple Valley

About the Cover

This past year, Apple Valley welcomed many new businesses, issued 114 Certificates of Occupancy, resurfaced 35 miles of road, replaced 175 road signs, cleaned 32 miles of sewer, swept 900 miles of curbing, and coordinated the adoption of hundreds of animals in its care. In the midst of the national pandemic, the Town welcomed a Starbucks to the newly developed Nico Plaza, engineered new Safe Routes to School projects for students and families, and earned its ninth consecutive first place award as the best place to live in the High Desert by readers of the local newspaper. The future looks bright as Virgin Trains USA has acquired property and will begin construction of a high-speed rail station in the newly annexed area of Apple Valley near Dale Evans Parkway that will connect Southern California to Las Vegas.

