



TOWN OF APPLE VALLEY

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council **Date:** June 11, 2013

From: Marc Puckett, Assistant Town Manager **Item No:** 11
Finance and Administration

Subject: A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY, CALIFORNIA, APPROVING BUDGET APPROPRIATIONS AND ADOPTING THE OPERATING AND CAPITAL IMPROVEMENT BUDGET FOR ALL FUNDS FOR FISCAL YEAR 2013-14

T.M. Approval: _____ **Budgeted Item:** Yes No N/A

RECOMMENDED ACTION:

Adopt Resolution No. 2013-22 of the Town Council of the Town of Apple Valley, California, approving a budget appropriation and adopting the budget, including the operating and capital improvement budget for all funds for Fiscal year 2013-2014.

SUMMARY:

On May 30, the Town Council held a Budget Study Session and reviewed the Proposed Operating and Capital Improvement Budget for Fiscal Year 2013-14. At this meeting, Council determined that their questions were sufficiently answered and determined that additional budget workshops were not necessary.

The attached budget adoption resolution includes all revenue estimates, fund, and departmental appropriations included in the FY 2013-14 Proposed Budget discussed and presented to Council at the May 30 Budget Study Session.

Adoption of the attached resolution will approve the FY 2013-2014 Operating and Capital Improvement Budget for all funds with budgetary activity.

BACKGROUND:

The proposed FY 2013-2014 Operating and Capital Improvement Budget was transmitted to Town Council for consideration on May 28. The Council held a Budget Study Session on May 30 to review the proposed budget document. The proposed budget represents the Town Manager's recommended financial plan for FY 2013-2014 to address Council's spending priorities within current fiscal constraints to fulfill the service expectations of the community. The gap between service expectations and fiscal reality has gradually widened over the last ten years. New programs and services have been added over the last several years with no

significant sources of new resources identified to provide for the new funding requirements. These conditions coupled with normal inflationary increases and the lingering impacts of the past recessionary cycle have placed increased pressure upon existing resources and eliminated any budgetary flexibility that had existed previously. As a result, unlike in previous years when the focus was on expanding programs and services, the focus in this year's budget process was on scaling back expectations and services to a level that is supportable within existing fiscal constraints.

As submitted, the proposed budget on an all funds basis is summarized in the following table:

TABLE 1

<u>PROPOSED BUDGET - ALL FUNDS</u>				
<u>Appropriations/ All Funds</u>	<u>Proposed FY 13-14</u>	<u>Adopted FY 12-13</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Operating Budget	\$ 49,901,384	\$ 53,088,446	\$ (3,187,062)	-6.00%
Transfers Out	22,279,568	18,392,905	3,886,663	21.13%
Capital Budget	29,720,800	20,876,070	8,844,730	42.37%
Total	\$ 101,901,752	\$ 92,357,421	\$ 9,544,331	10.33%

The total FY 2013-2014 proposed appropriations are \$101,901,752 on an all funds basis. The proposed Operating Budget on an all funds basis decreased from \$53,088,446 in FY 2012-2013 to \$49,901,384 in FY 2013-2014, a decrease of \$3,187,062 or 6.00%. The proposed Capital Improvement Budget, however, is proposed to increase from \$20,876,070 in FY 2012-2013 to \$29,720,80 in FY 2013-2014, an increase of \$8,844,730 or 42.37%. The increase in the proposed budget for the Capital Improvement Program is primarily resultant from the anticipated letting of a construction contract for the Yucca Loma bridge. When compared to the prior FY 2012-2013 adopted budget, the total Operating and Capital Improvement Budget for FY 2013-2014 represents an increase of \$9.5 million or 10.33%. The proposed budget includes the operating and capital improvement budgets for the following funds: General Fund, Special Revenue, Debt Service, Capital Projects, and Enterprise Funds.

The total proposed General Fund budget is \$24,783,892, an increase of \$1,394,975 or 6.01% as compared to the adopted budget in Fiscal Year 2012-2013. As presented, the proposed General Fund budget for Fiscal Year 2013-2014 is balanced with no utilization of fund balance. The following table is a summary of the total resources and requirements for the proposed FY 13-14 General Fund budget:

TABLE 2

General Fund Summary		
Estimated Revenues	\$	19,371,251
Transfers In		5,412,641
Approp. to Fund Balance		174,907
Total Resources	\$	24,783,892
Proposed Budget		24,783,892
Balance	\$	-0-
<i>* Accounted for in the General Fund</i>		

The proposed budget includes a number of new elements again this year. The intended goal of including this information is to increase the understandability and transparency of the budget process. These new elements also demonstrate staff's continued focus on implementation of a "best practices" approach throughout the budget cycle and preparation of the proposed budget document. New elements this year include the addition of a "budget summary" document following the Town Manager's transmittal letter, a four-year budget summary on an all funds basis, and four schedules summarizing the Town's indebtedness within the Financial Summaries section, three schedules summarizing key revenue sources in the General Fund within the Fund Summaries section and a ten-year history of assessed values included within the Supplemental Information section.

Collectively, the changes this year and the changes made during the past two years have added over 100 pages of new data and information.

ALTERNATIVES CONSIDERED

No alternatives were considered.

FISCAL REVIEW

Adoption of the attached resolution will adopt the revenue estimates and appropriate sufficient funding in the amount of \$101,901,752 to fund anticipated expenditures in all budgetary funds for Fiscal Year 2013-2014.

LEGAL REVIEW

The attached resolution has been reviewed and approved as to form.

CONCLUSION

Adoption of the attached Resolution No. 2013-22 will approve the Operating and Capital Improvement budget for all budgetary funds for Fiscal Year 2013-14.

MARC R. PUCKETT
Assistant Town Manager –
Finance and Administration

ATTACHMENTS: Resolution Number 2013-22

RESOLUTION NO. 2013-22

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY, CALIFORNIA APPROVING A BUDGET APPROPRIATION AND ADOPTING THE BUDGET, INCLUDING THE OPERATING AND CAPITAL IMPROVEMENT BUDGET FOR FISCAL YEAR 2013-14

WHEREAS, the Town has been notified of funding for Capital Projects by the State and by San Bernardino Association of Governments, the following represents current funding levels and adjustments as necessary, and

WHEREAS, the Town Manager and Assistant Town Manager of Finance and Administration have heretofore submitted to the Town Council a proposed budget for the Town for Fiscal Year 2013-14, as the same may have been revised by the Town Council, a copy of which is attached, and copies of which are in the possession of and in the office of the Town Clerk and the Assistant Town Manager of Finance and Administration; and

WHEREAS, the said proposed budget contains estimates of the services, activities and projects comprising the budget, and contains expenditure requirements and the resources available to the Town; and

WHEREAS, the appropriations limit for the Town for Fiscal Year 2013-14 is \$31,634,838 (Thirty One Million Six Hundred Thirty Four Thousand Eight Hundred Thirty Eight Dollars), and the total annual tax revenues subject to such limitation for Fiscal Year 2013-14 are estimated to be \$16,622,000; and

WHEREAS, the Town Council has made such revisions to the proposed budget as appears to be desirable; and

WHEREAS, the proposed budget, as herein approved, will enable the Town Council to make adequate financial plans and will ensure that Town officers can administer their respective functions in accordance with such plans,

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY AS FOLLOWS:

SECTION 1: That the appropriation-expenditure budgeting system is hereby adopted. The system consists of:

- A. Present Personnel Policies and Procedures, including salary schedules and benefits, except as hereinafter changed by resolution or ordinance of the Town Council.
- B. An appropriation-expenditure system which will show budgetary categories by department.
- C. The system mentioned above will apply to Operating and Capital Improvement Budget expenditures as intended for use in Fiscal Year 2013-14.
- D. The Town Manager is authorized to transfer Operating Budget Appropriation Balances between functions and/or programs when he deems it necessary to do so.

E. Budget system assumes existing service levels; Council approval will be required for any significant changes involving increased or decreased service levels.

F. The Assistant Town Manager of Finance and Administration shall be responsible for constant monitoring of the budget and shall establish and implement appropriate control mechanisms necessary for said purpose, after approval of the Town Manager.

G. A monthly report shall be prepared by each department and/or project indicating any changes in service levels and the progress each entity has achieved or failed to achieve and the reasons for said status, if they have not obtained results. Each manager shall be accountable for achieving results of his/her organization unit based upon the objectives set for each unit by the Town Manager and Town Council and shall be evaluated as to their performance in an annual performance appraisal conducted by the Town Manager.

H. A deflator procedure, to be administered by the Town Manager, is hereby established for reducing appropriations in the event that projected revenues are reduced due to a reduction in the State subventions or other revenues that may fluctuate downward due to changes in economic conditions. For Fiscal Year 2013-14, the amount of Total Operating and Capital Budget Appropriation shall be reduced, as determined by the Town Manager based on his assessment of total Town needs.

I. A monthly status report will be provided to the Town Council reflecting budget, year-to-date expenditures, and percentage used by each department and fund of the Town.

SECTION 2: The proposed budget for the Town of Apple Valley for the Fiscal Year 2013-14 is hereby approved and adopted, and the amounts of proposed expenditures as specified are appropriated for the budget programs and units as herein specified.

A. The 2013-14 Operating and Capital Improvement Budget programs are hereby adopted, establishing the following expenditure levels:

<u>DEPARTMENT</u>	<u>2013-14 ADOPTED BUDGET</u>
1. Town Council	\$ 197,798
2. Town Attorney	250,000
3. Town Manager	504,906
4. Finance	1,163,998
5. Town Clerk	390,312
6. Public Information	477,558
7. Human Resources	394,743
8. Information Systems	542,378
9. General Government	2,111,127
10. Public Facilities	2,392,934
11. Public Safety/Police	11,475,731
12. Emergency Preparedness	39,848
13. Animal Control Services	1,819,102
14. Public Services	433,167
15. Code Enforcement	966,078
16. Building & Safety	282,215
17. Engineering Service	350,600
18. Planning Services	719,950
19. Economic Development	96,540

20. Street Maintenance Fund (Gas Tax)	2,110,392
21. Local Transportation Fund	420,000
22. Measure I	3,916,500
23. Air Pollution Control	47,320
24. CDBG	779,661
25. NSP3	631,233
26. Apple Valley Home	1,087,893
27. Victorville Home	283,206
28. Cal Home	1,284,673
29. Parks & Recreation	3,470,141
30. Police Grants	196,817
31. Assessment District LL	160,250
32. Capital Improvement TIF Fund	24,211,000
33. Storm Drains	100,000
34. Project Manager Grants	847,700
35. Waste Management Fund	11,041,509
36. Wastewater Enterprise Fund	5,452,785
37. Apple Valley Golf Course	1,195,492
38. Debt Service Funds	1,627,150
39. Redevelopment Agency	<u>17,986,395</u>

TOTAL OPERATING & CAPITAL EXPENDITURES \$101,901,752

B. Operating and Capital Budget Revenues are hereby adopted establishing a revenue base by which Town Expenditures will be measured:

1. General Fund	\$24,783,892
2. Street Maintenance Funds (Gas Tax)	2,342,305
3. Transportation Fund	350,000
4. Measure I	1,663,000
5. Air Pollution Control	47,450
6. CDBG	779,661
7. NSP3	631,233
8. Apple Valley Home	1,087,893
9. Victorville Home	283,206
10. Cal Home	1,284,673
11. Parks & Recreation	3,470,141
12. Quimby	10,500
13. Police Grants	196,817
14. Assessment District LL	325,350
15. Capital Improvement Projects Funds	20,307,000
16. Waste Management Fund	10,003,012
17. Wastewater Enterprise Fund	5,206,650
18. Apple Valley Golf Course	1,195,492
19. Debt Service Fund	1,627,150
20. Redevelopment Agency	<u>3,986,395</u>

TOTAL OPERATING AND CAPITAL REVENUES \$80,024,470

SECTION 3: Pursuant to Section 53901 of the California Government Code, within 60 days after the adoption hereof, the Town Clerk shall file a copy of this resolution with the Auditor of the County of San Bernardino.

SECTION 4: Within fifteen days after the adoption of this resolution, the Town Clerk shall certify to the adoption hereof and, as so certified, cause a copy to be posted in at least three public places within the boundaries of the Town.

APPROVED and **ADOPTED** by the Town Council of the Town of Apple Valley this 11th day of June, 2013.

Curt Emick, Mayor

ATTEST:

LaVonda Pearson M-Pearson, Town Clerk