



TOWN OF APPLE VALLEY

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council **Date:** June 10, 2014
From: Marc Puckett, Assistant Town Manager **Item No:** 17
Subject: RESOLUTION NO. 2014-15, 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 2014-15

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

RECOMMENDED ACTION:

Adopt Resolution No. 2014-15, 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 all funds for Fiscal Year 2014-2015.

SUMMARY:

On June 5, the Town Council held a Budget Study Session and reviewed the Proposed Operating and Capital Improvement Budget for Fiscal Year 2014-15. 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 Fiscal Year 2014-15 Proposed Budget discussed and presented to Council at the June 5 Budget Study Session. This resolution includes any changes proposed at the Budget Study Session or as presented and discussed herein.

Adoption of the attached Resolution No. 2014-15 will approve the Fiscal Year 2014-2015 Operating and Capital Improvement Budget for all funds with budgetary activity.

BACKGROUND:

The proposed Fiscal Year 2014-2015 Operating and Capital Improvement Budget was transmitted to Town Council for consideration on May 13. The Council held a Budget Study Session on June 5 to review the proposed budget document. The proposed budget represents the Town Manager's recommended financial plan for Fiscal Year 2014-2015 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 ten 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 those 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:

<u>PROPOSED BUDGET - ALL FUNDS</u>				
<u>Appropriations/ All Funds</u>	<u>Proposed FY 14-15</u>	<u>Adopted FY 13-14</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Operating Budget	\$ 52,837,704	\$ 49,901,384	\$ 2,936,320	5.88%
Transfers Out	19,462,165	22,279,568	(2,817,403)	- 12.65%
Capital Budget	33,412,127	29,720,800	3,691,327	12.42%
Total	<u>\$105,711,996</u>	<u>\$101,901,752</u>	<u>\$ 3,810,244</u>	<u>3.74%</u>

The total FY 2014-2015 proposed appropriations are \$105,711,996 on an all funds basis. The proposed Operating Budget on an all funds basis increased from \$49,901,384 in FY 2013-2014 to \$52,837,704 in FY 2014-2015, an increase of \$2,936,320 or 5.88%. Also, the proposed Capital Improvement Budget is proposed to increase from \$29,720,800 in FY 2013-2014 to \$33,412,127 in FY 2014-2015, an increase of \$3,691,327 or 12.42%. The increase in the proposed budget for the Capital Improvement Program is primarily resultant from the initiation of construction of the Yucca Loma Bridge. In total, when compared to the prior FY 2013-2014 adopted budget, the total Operating and Capital Improvement Budget for FY 2014-2015 represents an increase of \$3.8 million or 3.74%. 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 \$26,067,909, an increase of \$1,428,796 or 5.81% as compared to the adopted budget in Fiscal Year 2013-2014. As presented, the proposed General Fund budget for Fiscal Year 2014-2015 is balanced with no utilization of fund balance.

The following table is a summary of the total resources and requirements for the proposed Fiscal Year 14-15 General Fund budget:

TABLE 2

General Fund Summary*	
Estimated Revenues	\$ 20,247,602
Transfers In	5,820,307
Total Resources	<u>\$ 26,067,909</u>
Proposed Budget	<u>26,037,781</u>
Appropriation To Fund Balance	<u>30,128</u>
Balance	<u><u>\$ -0-</u></u>
<i>* Accounted for in the General Fund only</i>	

The FY2014-15 proposed budget again represents improvements in the format from the prior budget submissions to the Town Council. Staff has continued what has been a multi-year process to improve the transparency and understandability of the budget document. This year is now the third year of these improvements and many of the changes to the budget format are now more subtle although improvements nonetheless. These improvements to the budget format are intended to increase the transparency of the budget process and provide a clear picture of the Town's spending plan for the next fiscal year. The proposed budget document is now in conformity with the award program requirements for the Government Finance Officers Association's Distinguished Budget Presentation Award.

This year for the first time in the Town's history, the Town received the Award for Distinguished Budget Presentation from the GFOA. The Town is the first high desert community to receive this award. Nationally, less than 1.5% of eligible public agencies receive this award. We believe that the FY14-15 proposed budget continues to exceed the award program requirements and we will again be submitting the budget to the GFOA for consideration for this award.

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 \$105,711,996 to fund anticipated expenditures in all budgetary funds for Fiscal Year 2014-2015.

LEGAL REVIEW

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

CONCLUSION

Adoption of the attached Resolution No. 2014-15 will approve the Operating and Capital Improvement budget for all budgetary funds for Fiscal Year 2014-15.

ATTACHMENT

Resolution Number 2014-15

RESOLUTION NO. 2014-15

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 2014-15

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 2014-15, 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 2014-15 is \$31,824,647 (Thirty One Million Eight Hundred Twenty Four Thousand Six Hundred Forty Seven Dollars), and the total annual tax revenues subject to such limitation for Fiscal Year 2014-15 are estimated to be \$16,782,700; 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 2014-15.
- 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 2014-15, 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 2014-15 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 2014-15 Operating and Capital Improvement Budget programs are hereby adopted, establishing the following expenditure levels:

<u>DEPARTMENT</u>	<u>2014-15 PROPOSED BUDGET</u>
1. Town Council	\$ 201,231
2. Town Attorney	400,000
3. Town Manager	576,775
4. Finance	1,185,643
5. Town Clerk	458,261
6. Public Information	497,247
7. Human Resources	447,614
8. Information Systems	517,457
9. General Government	2,217,073
10. Public Facilities	2,397,343
11. Public Safety/Police	11,993,907
12. Emergency Preparedness	29,848
13. Animal Control Services	1,911,939
14. Public Services	467,889
15. Code Enforcement	994,317
16. Building & Safety	431,170
17. Engineering Service	350,600
18. Planning Services	841,107
19. Economic Development	118,360
20. Street Maintenance Fund (Gas Tax)	2,452,239
21. Local Transportation Fund	624,000

22. Measure I	5,223,350
23. Air Pollution Control	47,320
24. CDBG	953,572
25. NSP3	0
26. Apple Valley Home	397,634
27. Victorville Home	284,529
28. Cal Home	1,400,000
29. Parks & Recreation	3,735,346
30. Police Grants	322,829
31. Assessment District LL	160,250
32. Capital Improvement TIF Fund	27,157,077
33. Storm Drains	100,000
34. Project Manager Grants	549,483
35. Waste Management Fund	11,215,641
36. Wastewater Enterprise Fund	6,859,435
37. Apple Valley Golf Course	1,154,960
38. Debt Service Funds	1,643,544
39. Successor Agency - RDA	<u>15,393,006</u>

TOTAL OPERATING & CAPITAL EXPENDITURES \$105,711,996

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

1. General Fund	\$26,067,909
2. Street Maintenance Funds (Gas Tax)	2,112,663
3. Transportation Fund	748,300
4. Measure I	3,093,053
5. Air Pollution Control	47,450
6. CDBG	953,572
7. NSP3	0
8. Apple Valley Home	397,634
9. Victorville Home	284,529
10. Cal Home	1,400,000
11. Parks & Recreation	3,722,296
12. Quimby	20,040
13. Police Grants	317,446
14. Assessment District LL	325,350
15. Capital Improvement Projects Funds	28,195,860
16. Waste Management Fund	10,003,012
17. Wastewater Enterprise Fund	6,690,951
18. Apple Valley Golf Course	1,154,960
19. Debt Service Fund	1,643,544
20. Successor Agency - RDA	<u>4,776,576</u>

TOTAL OPERATING AND CAPITAL REVENUES \$91,955,145

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 10th day of June, 2014.

Art Bishop, Mayor

ATTEST:

La Vonda M. Pearson, Town Clerk