



# TOWN OF APPLE VALLEY

## TOWN COUNCIL STAFF REPORT

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**To:** Honorable Mayor and Town Council      **Date:** June 9, 2015  
**From:** Marc Puckett, Assistant Town Manager      **Item No:** 9  
**Subject:** 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 2015-2016

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

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### RECOMMENDED ACTION:

Adopt Resolution No. 2015-12 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 2015-2016.

### SUMMARY:

On May 28, 2015, the Town Council held a Budget Study Session and reviewed the Proposed Operating and Capital Improvement Budget for Fiscal Year 2015-2016. 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 2015-2016 Proposed Budget discussed and presented to Council at the May 28, 2015 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. 2015-12 will approve the Fiscal Year 2015-2016 Operating and Capital Improvement Budget for all funds with budgetary activity.

### BACKGROUND:

The proposed Fiscal Year 2015-2016 Operating and Capital Improvement Budget was transmitted to Town Council for review on May 14, 2015. The Council held a Budget Study Session on May 28, 2015 to review the proposed budget document. The

proposed budget represents the Town Manager’s recommended financial plan for Fiscal Year 2015-2016 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 (10) years. New programs and services have been added over the last ten (10) 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 budgetary flexibility that had existed previously. The focus in this year’s budget process was on scaling 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:

<b><u>PROPOSED BUDGET - ALL FUNDS</u></b>				
<b><u>Appropriations/ All Funds</u></b>	<b><u>Proposed FY 15-16</u></b>	<b><u>Adopted FY 14-15</u></b>	<b><u>Increase (Decrease)</u></b>	
			<b><u>Amount</u></b>	<b><u>Percent</u></b>
Operating Budget	\$ 52,801,209	\$ 52,638,040	\$ 163,169	0.31%
Transfers Out	20,623,779	19,429,144	1,194,635	6.15%
Capital Budget	29,824,920	33,412,127	(3,587,207)	-10.74%
Total	<u>\$103,249,908</u>	<u>\$105,479,311</u>	<u>\$ (2,229,403)</u>	<u>-2.11%</u>

The total Fiscal Year 2015-2016 proposed appropriations are \$103,249,908 on an all funds basis. The proposed Operating Budget on an all funds basis increased from \$52,638,040 in Fiscal Year 2014-2015 to \$52,801,209 in Fiscal Year 2015-2016, an increase of \$163,169 or 0.31%. Also, the proposed Capital Improvement Budget is proposed to decrease from \$33,412,127 in Fiscal Year 2014-2015 to \$29,824,920 in Fiscal Year 2015-2016, a decrease of \$3,587,207 or 10.74%. The decrease in the proposed budget for the Capital Improvement Program is primarily resultant from the continued construction of the Yucca Loma Bridge. In total, when compared to the prior Fiscal Year 2014-2015 adopted budget, the total Operating and Capital Improvement Budget for Fiscal Year 2015-2016 represents a decrease of \$2.2 million or 2.11%. 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 \$28,102,544, an increase of \$2.2 million as compared to the adopted budget in Fiscal Year 2014-2015. As presented, the proposed General Fund budget for Fiscal Year 2015-2016 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 2015-2016 General Fund budget:

**TABLE 2**

<b>General Fund Summary*</b>	
Estimated Revenues	\$ 20,768,094
Transfers In	7,545,902
Total Resources	\$ 28,313,996
Proposed Budget	28,102,544
Appropriation To Fund Balance	211,452
Balance	\$ -0-
<i>* Accounted for in the General Fund only</i>	

The Fiscal Year 2015-2016 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 fourth 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 (GFOA) Distinguished Budget Presentation Award.

This year, the Town received the Award for Distinguished Budget Presentation from the GFOA for the second time. Also, the Town received the California Society of Municipal Finance Officer's (CSMFO) Operating Budget Excellence Award for the first time. The Town is the first High Desert community to receive these awards. Nationally, less than

1.5% of eligible public agencies receive this award. We believe that the Fiscal Year 2015-2016 proposed budget continues to exceed the award program requirements and we will again be submitting the budget to the GFOA and CSMFO for consideration for these awards.

Collectively, the changes made to the budget document this year and the changes made during the past three 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 \$103,249,908 to fund anticipated expenditures in all budgetary funds for Fiscal Year 2015-2016.

### **LEGAL REVIEW**

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

### **CONCLUSION**

Adoption of the attached Resolution No. 2015-12 will approve the Operating and Capital Improvement budget for all budgetary funds for Fiscal Year 2015-16.

### **ATTACHMENTS**

- 1) Resolution No. 2015-12

**RESOLUTION NO. 2015-12**

**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 2015-16**

**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 2015-16, 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 2015-16 is \$33,370,752 (Thirty Three Million Forty Thousand Three Hundred Forty Nine Dollars), and the total annual tax revenues subject to such limitation for Fiscal Year 2015-16 are estimated to be \$17,084,800; 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 2015-16.
- 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 2015-16, 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 2015-16 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 2015-16 Operating and Capital Improvement Budget programs are hereby adopted, establishing the following expenditure levels:

<u>DEPARTMENT</u>	<u>2015-16 PROPOSED BUDGET</u>
1. Town Council	\$ 238,736
2. Town Attorney	556,000
3. Town Manager	579,226
4. Finance	1,202,865
5. Town Clerk	437,974
6. Public Information	523,556
7. Human Resources	475,531
8. Information Systems	438,358
9. General Government	3,006,240
10. Public Facilities	2,390,716
11. Public Safety/Police	12,610,768
12. Emergency Preparedness	58,718
13. Animal Control Services	2,046,952
14. Public Services	575,129
15. Code Enforcement	1,018,381
16. Building & Safety	502,015
17. Engineering Service	350,600
18. Planning Services	962,595
19. Economic Development	128,184
20. Street Maintenance Fund (Gas Tax)	2,537,414
21. Pedestrian and Bicycle Fund	355,700
22. Local Transportation Fund	390,000
23. Measure I	7,718,130

24. Air Pollution Control	47,260
25. CDBG	984,122
26. Apple Valley Home	643,511
27. Victorville Home	1,006,365
28. Cal Home	50,000
29. Parks & Recreation	3,647,924
30. Police Grants	34,459
31. Assessment District LL	240,000
32. Capital Improvement TIF Fund	25,078,570
36. Aquatic Facilities	12,000
34. Storm Drains	100,000
35. Project Manager Grants	923,000
36. Wastewater Enterprise Fund	6,347,440
37. Waste Management Enterprise Fund	12,529,332
38. Apple Valley Golf Course	1,068,468
39. Debt Service Funds	1,663,019
40. Successor Agency - RDA	<u>9,770,650</u>

**TOTAL OPERATING & CAPITAL EXPENDITURES** **\$103,249,908**

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

1. General Fund	\$28,313,996
2. Street Maintenance Funds (Gas Tax)	1,850,610
3. Pedestrian and Bicycle Fund	355,700
4. Transportation Fund	650,000
5. Measure I	7,006,735
6. Air Pollution Control	47,450
7. CDBG	984,122
8. Apple Valley Home	643,511
9. Victorville Home	1,006,365
10. Cal Home	50,000
11. Parks & Recreation	3,647,924
12. Quimby	40,200
13. Police Grants	34,459
14. Assessment District LL	322,000
15. Capital Improvement Projects Funds	22,248,400
16. Wastewater Enterprise Fund	6,377,351
17. Waste Management Enterprise Fund	11,512,700
18. Apple Valley Golf Course	1,068,468
19. Debt Service Fund	1,663,019
20. Successor Agency - RDA	<u>4,013,268</u>

**TOTAL OPERATING AND CAPITAL REVENUES** **\$91,836,278**

**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 9<sup>th</sup> day of June, 2015.**

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Larry Cusack  
Mayor

ATTEST:

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La Vonda M. Pearson  
Town Clerk