



TOWN OF APPLE VALLEY

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council **Date:** February 23, 2016

From: Marc Puckett, Assistant Town Manager **Item No:** 6

Subject: FISCAL YEAR 2015-2016 MID-YEAR BUDGET REVIEW

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

RECOMMENDED ACTION:

- 1) That the Town Council receive and file the Fiscal Year 2015-2016 Mid-Year Budget Review Report.
- 2) Approve Budget Amendment Number 16-14.

SUMMARY:

Discussed herein for your review and consideration is the Fiscal Year 2015-2016 Mid-Year Budget Review Report. This report provides an update on the Town's progress towards implementation of its one-year financial plan, its adopted Operating and Capital Improvement Budget as of December 31, 2015, the fiscal mid-year for Fiscal Year 2015-2016. Specific attention is focused on the Town's General Fund.

The primary purpose of this report is to provide an update on the status of the Town's budget highlighting any changes or issues that may need to be addressed since the budget's adoption on June 9, 2015. To that end, included within this report are certain proposed budget adjustments to various revenue sources and categories of expense due to financial events occurring subsequent to adoption of the budget, which are discussed herein.

The Mid-Year Budget Review Report also briefly highlights any changes in economic conditions that may have impacted the Town's budget during the current fiscal year and briefly discusses challenges the Town may need to address during preparation of the proposed Fiscal Year 2016-2017 Operating and Capital Improvement Budget.

BACKGROUND:

The Town Council adopted the Fiscal Year 2015-2016 Operating and Capital Improvement Budget on June 9, 2015. The Adopted Operating and Capital Improvement Budget is the Town's one-year spending plan for Fiscal Year 2015-2016. It serves as a planning guide for the ensuing fiscal year and demonstrates progress towards implementation of the Town Council's long-term goals as outlined in the Vision 2020 plan. The adopted budget also demonstrates how established short-term goals and objectives will be implemented over the

next year. It demonstrates how available resources are matched against the Town's service priorities to provide essential services to the community. It underscores the Town's continued commitment to provide more efficient services to residents and maintains adequate resources for unforeseen emergencies.

After adoption, financial events occur throughout the course of the year that impact upon the budget and the implementation of spending priorities outlined therein. These events necessitate adjusting the budget projections from time to time during the course of the fiscal year to keep the spending plan up-to-date based on current financial conditions.

Staff is proceeding to implement a "best practices" approach to the budget development process. In doing so, staff modified the mid-year budget process last year and again this year as part of overall efforts to continually improve the quality of information provided to Council. This process is part of an on-going effort and additional process improvements will be evident in the upcoming budget development process for Fiscal Year 2016-2017.

There are several estimated revenue and appropriation adjustments proposed by staff based upon actual experience and/or historical data contained herein.

In total, adjustments to the various estimated revenue projections in the Fiscal Year 2015-2016 General Fund adopted budget amounts to an increase of \$165,800. Adjustments to the various departmental and non-departmental categories of budget appropriations in the General Fund totaled to an increase of \$298,230. On an "all funds" basis, total revenues are proposed to increase by \$859,550 and total expenditures are proposed to increase by \$1,031,980. These mid-year adjustments to the Fiscal Year 2015-2016 General Fund adopted budget will be considered by Council at its February 23 Town Council meeting and are summarized in Budget Adjustment Number 16-14 and Exhibit A attached hereto.

Staff will be making a presentation summarizing the proposed changes to the budget outlined in the attached exhibit and highlighting financial events occurring at the State and local level since adoption of the budget at the June 9, 2015 Council meeting.

Due to external factors affecting the Federal, State, and local economy, it was felt that a brief review of the Town's revenue and expenditure structure may be helpful in understanding some of the challenges ahead in the coming year's budget cycle. This review will focus primarily on the Town's key revenue sources and expenditure categories considered of general interest and also primarily responsible for these challenges.

From time to time, the Town Council may approve additional appropriations for various programs and services throughout the course of the fiscal year. Some of the additional appropriations that may be approved throughout the year include adjustments to project appropriations due to increasing the scope of the project or for those programs that receive grant funding after adoption of the budget. The Town, as a matter of fiscal conservancy, does not typically budget grant revenues until such time as the grant award has been received and receipt of the grant funding is eminent.

Integration of the budget into the Town’s accounting system and internal control processes is essential in demonstrating the strength of the Town’s financial policies and management practices. This process is essential, for example, during a financial management assessment performed by credit rating agencies, such as Standard & Poor’s or Moody’s Investor Services. To that end, it is noteworthy that the Town’s Standard & Poor’s debt rating was recently re-confirmed as an “A” rating.

The budgetary integration process is demonstrated through adoption of reasonable and comprehensive budget assumptions with budget reviews and revisions performed at interim periods throughout the course of the fiscal year.

The focus of the mid-year budget review presentation is primarily the Town’s General Operating Fund revenues and expenditures. The majority of the Town’s operating expenditures are accounted for within this fund. Other special revenue fund budgets, such as the Community Development Block Grant (CDBG) or Home Funds, do not usually require adjustments at mid-year due to the specific nature of the resource allocations and program requirements. When revenues for these special revenue funds are not fully expended during the year, balances are carried forward for re-appropriation in the subsequent years’ budget process. Adjustments to other funds are submitted to Council on an “as needed” basis periodically throughout the year.

The total adopted General Fund Budget for Fiscal Year 2015-2016 was \$28.1 million. The table below is a summary of the total resources and resource requirements for the adopted Fiscal Year 2015-2016 General Fund Budget:

TABLE 1

| General Fund Summary | |
|-------------------------|---------------|
| Estimated Revenues | \$ 20,768,094 |
| Transfers In | 7,545,902 |
| Total Resources | \$28,313,996 |
| Adopted Budget | \$ 28,102,544 |
| Approp. To Fund Balance | 211,452 |
| Balance | -0- |

All Town departments have provided feedback to the Finance department regarding the status of their current year’s expenditures and budgetary performance as projected through the end of the fiscal year. A comparison of budget-to-actual performance by department for the first six (6) months of the fiscal year is included in Exhibit B.

Based on staff’s analysis of the current year’s operating revenues and expenditures and, based upon information and input provided by all departments, staff recommends the following adjustments to the Fiscal Year 2015-2016 Budget highlighted below and as outlined in the attached Budget Adjustment Number 16-14 (Only significant General Fund changes have been highlighted):

REVENUES:

Property Tax: Per the County Assessor's Office, with respect to property values, the residential real estate market has stabilized and pockets of improvement in assessed values can be seen throughout the County. Overall, although there appears to be clear signs of improvement in the real estate market, the taxable values have increased only slightly more than anticipated (3.2%), and are anticipated to increase slightly above these levels next year. The Assessor's Office has provided a preliminary estimate of anticipated increase in the Assessment roll of 4.5% to 5.5% growth in property tax revenues for the FY 2016-2017 fiscal year which includes "Prop. 8" recoveries projected between 4-6%. Taxable values still have not increased at the rate estimated and have lagged forward-looking estimates each of the past three (3) years. Property tax revenues are projected to remain mostly flat for the remainder of the current fiscal year resulting in a projected unfavorable variance of approximately \$158,000. The Assessor's Office is again projecting that taxable values may increase slightly by as much as 6.0% or more in some areas which may include 5-7% in Prop. 8 recoveries again for Fiscal Year 2015-2016. Significant appreciation in property values during Fiscal Year 2016-2017 and corresponding taxable values in excess of projections may occur during the next two (2) fiscal years. More information will be available regarding property tax estimates and collections once the County Assessor has completed preparation of the Assessor's roll.

The State also is in the process of unwinding the "Triple Flip" which sunset on December 31, 2015. In March 2004, the voters of California approved Proposition 57, the California Economic Recovery Bond Act. The measure authorized the issuance of \$15 billion in "Economic Recovery Bonds" to close the state's operating budget deficit. Under Proposition 57, the bonds are repaid from a dedicated 0.25 percent increase in the state sales and use tax. The city/county portion of the sales and use tax rate imposed Bradley-Burns Uniform Sales Tax law is reduced by 0.25 percent, such that there is no net impact on the total rate. Cities and counties are reimbursed for the reduced sales and use tax revenue with transfers of local property tax revenues that would otherwise have gone to schools. Schools are made whole from the state general fund and experience no negative impact. This mechanism is known as the "triple flip."

Triple flip reimbursements are allocated by county auditors from the Sales and Use Tax Compensation Fund (SUTCF) established in each county. No later than September 1 of each year, the state Department of Finance (DOF) provides each county auditor with the amount of the reimbursement due to each jurisdiction in the county for the coming fiscal year. DOF estimates are based upon the actual amount of sales and use tax revenues allocated to each jurisdiction in the prior fiscal year and any projected growth for the current fiscal year as determined by BOE. Each county auditor pays cities and the county from the county SUTCF fifty-percent (50%) in January, and fifty-percent (50%) in May. Because the amounts provided by the DOF for funding each SUTCF are estimates, there is a "trueup" adjustment each year to account for actual revenue collections. The "true-up" adjustment is added to or deducted from the SUTCF payment in the following year.

In May of 2016 the BOE will have sufficient information to calculate the compensation owed to cities and counties for the last two (2) quarters of the triple flip (7/1/2015-12/31/2015). These amounts, together with true-up amounts for the 4/1/15-6/30/15 quarter will be paid from the state Fiscal Recovery Fund to county SUTCFs in June 2016. County auditors will make the final payments from the SUTCFs to cities and counties within sixty (60) days. This will end the triple flip. Currently, the sales tax backfill payment is estimated to be \$365,133.

Sales Tax: Sales tax revenue collections are estimated to remain flat and decrease slightly by 1% through June 30 based upon the year-to-date sales tax collections. Sales tax revenues are expected to increase slightly over the first half of Fiscal Year 2016-2017. The increase is expected to be less than 2% at this point. Retail sales have slowed in some areas throughout the County. The Town will experience a one-time increase in sales tax collections in the current fiscal year due to the unwinding of the Triple Flip as discussed above. As a result, an upward adjustment in the Town's sales tax revenue estimates for Fiscal Year 2015-2016 is proposed in the amount of \$208,000 from \$5,321,000 to \$5,529,000.

Property Transfer Tax: An \$18,000 increase in the property transfer tax is anticipated due to increased sales activity and sales volumes. This adjustment will increase the estimated revenue during the fiscal year from \$170,000 to \$188,000 for Fiscal Year 2015-16.

EXPENDITURES:

Contract Services: Contract services accounted for \$228,000 of the proposed appropriation increases in the General Fund across all departments. The additional expenditures were primarily resulting from planned future consulting contracts to assist various departments such as Planning, Town Manager's Office and General Government.

Legal Costs: The legal costs for the Town's contract attorneys are on track to increase by \$49,000 through the end of the fiscal year. These increased legal costs are primarily due to costs related to general legal review and animal hoarding complaints.

Tree Lighting: Costs related to the tree lighting ceremony increased budgeted appropriations by 29,300 for new Christmas decorations including a new tree. These costs are anticipated to be offset by approximately \$20,000 in donations received into the Apple Valley Community Foundation.

Fuel Costs: Declining fuel costs are anticipated to save the Town approximately \$50,000 over the remainder of the fiscal year. These savings may be short-lived as fuel costs have continued to fluctuate and the State is considering a new transportation tax. Some commodity traders have projected that fuel costs will stabilize at current levels for the next fiscal year through early 2017. If fuel costs do stabilize at these levels, the Town will expend approximately \$100,000 less through January 2017 in fuel costs than previously projected.

Including all adjustments to revenues and appropriations, the General Fund Budget for Fiscal Year 2015-2016 is estimated to be approximately \$28.4 million. The table below is a summary of the total resources and resource requirements for the Adopted Fiscal Year 2015-2016 General Fund Budget including the adjustments as proposed:

TABLE 2

| General Fund Summary | |
|---------------------------|---------------|
| Estimated Revenues | \$ 20,768,094 |
| Proposed Rev. Adjustments | 165,800 |
| Transfers In | 7,545,902 |
| Total Resources | \$28,479,796 |
| Adopted Budget | \$28,102,544 |
| Prop. Approp. Adjustments | 298,230 |
| Total Adj. Appropriations | \$28,400,774 |
| Approp. To Fund Balance | 79,022 |
| Balance | -0- |

SUMMARY:

The Fiscal Year 2015-2016 Budget was adopted with a planned appropriation to the General Fund available fund balance. Following adoption of the budget, Council approved additional appropriations for various programs, services and carryovers from Fiscal Year 2014-2015. As of the June 9, 2015 adoption of the Fiscal Year 2015-2016 Budget, the planned appropriation to available fund balance in the General Fund amounted to \$211,452. As of December 31, 2015, revenue adjustments increased total available resources in the General Fund by \$165,800. These revenue increases were offset by appropriation increases in the amount of \$298,230. These net adjustments decreased the appropriation to fund balance from \$211,452 to \$79,022 as of mid-year. These proposed revenue and expenditure adjustments are outlined in Exhibit A (Attachment 2).

ALTERNATIVES CONSIDERED:

No alternatives were considered.

FISCAL REVIEW:

The attached Exhibit A summarizes the adopted adjustments in revenue estimates and appropriations (expenditures) to the current years adopted Operating and Capital Improvement Budget reviewed herein. The attached budget adjustment, BA 16-14, summarizes the adopted increases in revenue estimates and appropriation adjustments.

Exhibit B summarizes the changes in revenue estimates and budgetary performance for all departments and all funds reflective of all budget amendments previously approved by Council through December 31, 2015.

The net result of these changes in revenue estimates and appropriation adjustments decreased the appropriation to fund balance from \$211,452 to \$79,022 as of the Fiscal Year 2015-2016 Mid-Year Budget Report.

LEGAL REVIEW:

No legal review is required for this item.

CONCLUSION:

The attached budget adjustment (BA 16-14) proposed to Council for consideration at its February 23, 2016 Council meeting summarizes proposed changes in the adopted Fiscal Year 2015-2016 Operating Budget. Staff is committed to ensuring that the Town continues its conservative fiscal practices; adopts sound, responsible, financial plans; and maintains its high-level of service delivery to the community in the most cost-effective and efficient manner possible.

ATTACHMENTS:

- 1) Budget Adjustment 16-14
- 2) Exhibit A – Mid Year Budget Adjustment Summary
- 3) Budget to Actual Comparison by Fund/Department/Division
- 4) General Fund/Parks & Rec./Golf Course Revenue Projections
- 5) Calculation of Projected Fund Balances – June 30, 2016



TOWN OF APPLE VALLEY

BUDGET AMENDMENT REQUEST

16-

| Requesting Department | Prepared By | Date Prepared |
|-----------------------|--------------|-------------------|
| Finance | Marc Puckett | February 23, 2016 |

REVENUES AND OTHER FINANCING SOURCES

| Account Description | Fund | Dept | Account No. | Amendment Amount |
|--------------------------------|------|---------|-------------|------------------|
| Prop. Tax - Sales Tax Backfill | 1001 | 0000 | 4025-0000 | (298,800) |
| Sales and Use Tax | 1001 | 0000 | 4055-0000 | 218,900 |
| Prop. Transfer Tax | 1001 | 0000 | 4176-0000 | 18,500 |
| Multi Species Grant Revenue | 4910 | 4822 | 6816-0000 | 693,750 |
| Various General Fund Revenues | 1001 | Various | Various | 227,200 |
| REVENUE TOTAL | | | | 859,550 |

EXPENDITURES AND OTHER FINANCING USES

| Account Description | Fund | Dept | Account No. | Amendment Amount |
|-----------------------------------|------|---------|-------------|------------------|
| Various General Fund Expenditures | 1001 | Various | Various | 298,230 |
| Law Enforcement Facilities | 4720 | 1200 | 9120-0000 | 40,000 |
| Multi Species Grant Expenditure | 4910 | 4822 | 8940-0000 | 693,750 |
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| EXPENDITURE TOTAL | | | | 1,031,980 |

PURPOSE

To adjust various revenue and expenditure sources as recommended by staff at mid-year budget review and in the amounts as noted per the attached Exhibit A

| | | | |
|---------------------|------|-----------------------------------|------|
| Department Director | Date | ATM Fin. & Admin./Asst. Fin. Dir. | Date |
| | | | |
| Town Manager | Date | Entered by | Date |
| | | | |

TOWN OF APPLE VALLEY
MID-YEAR BUDGET ADJUSTMENT SUMMARY
REVENUE
FISCAL YEAR 2015-2016

Exhibit A

| <u>ACCOUNT DESCRIPTION</u> | <u>Amended FY2015-16</u> | <u>Actual 12/31/15</u> | <u>Year-End Revised</u> | <u>Increase (Decrease)</u> |
|-------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------------|
| General Fund: | | | | |
| Prop Tax - Sales Tax Backfill | 664,000 | - | 365,200 | (298,800) |
| Prop Tax - VLF Backfill | 5,665,800 | - | 5,806,600 | 140,800 |
| Sales and Use Tax | 5,321,000 | 1,382,723 | 5,539,900 | 218,900 |
| Motor Vehicle In-Lieu | 30,000 | 28,807 | 57,600 | 27,600 |
| Advertising | - | 19,329 | 38,700 | 38,700 |
| Debris Recycling | 2,600 | 9,000 | 18,000 | 15,400 |
| Other Revenue Sources | 25,000 | 3,376 | 10,000 | (15,000) |
| Passport Services | 20,000 | 12,600 | 25,200 | 5,200 |
| Property Transfer Tax | 170,000 | 109,861 | 188,500 | 18,500 |
| Refunds, Reimb., Rebates | 160,000 | 103,247 | 180,000 | 20,000 |
| SCE Incentive Payments | 15,000 | 2,388 | 6,000 | (9,000) |
| State Mandated Reimbursements | 36,000 | 24,453 | 42,000 | 6,000 |
| Interest Earnings | 112,000 | 49,638 | 102,000 | (10,000) |
| Fines | 80,000 | 24,374 | 52,500 | (27,500) |
| Building Permits | 365,000 | 204,116 | 400,000 | 35,000 |
| Electrical | 225,000 | 101,506 | 205,000 | (20,000) |
| Mechanical | 35,000 | 27,866 | 55,000 | 20,000 |
| General Fund Totals | 12,926,400 | 2,103,284 | 13,092,200 | 165,800 |
| Grants Fund | | | | |
| Multi Species Grant | - | 376,155 | 693,750 | 693,750 |
| Grand Total | 12,926,400 | 2,479,439 | 13,785,950 | 859,550 |

TOWN OF APPLE VALLEY
MID-YEAR BUDGET ADJUSTMENT SUMMARY

Exhibit A

EXPENDITURE
FISCAL YEAR 2015-2016

| <u>ACCOUNT DESCRIPTION</u> | <u>Amended FY2014-15</u> | <u>Actual 12/31/2014</u> | <u>Year-End Revised</u> | <u>Increase (Decrease)</u> |
|------------------------------------|------------------------------|------------------------------|-----------------------------|--------------------------------|
| General Fund: | | | | |
| Legal - BB & K | 556,000 | 312,828 | 605,000 | 49,000 |
| Subtotal - Town Attorney | <u>556,000</u> | <u>312,828</u> | <u>605,000</u> | <u>49,000</u> |
| Contract Services | 18,000 | 2,699 | 8,000 | (10,000) |
| Subtotal - Town Manager | <u>18,000</u> | <u>2,699</u> | <u>8,000</u> | <u>(10,000)</u> |
| Tree Lighting | 10,000 | 1,723 | 39,300 | 29,300 |
| Subtotal - Public Information | <u>10,000</u> | <u>1,723</u> | <u>39,300</u> | <u>29,300</u> |
| Advertising - Marketing | 27,000 | 49,826 | 90,000 | 63,000 |
| Credit Card Costs | 77,250 | 48,603 | 105,000 | 27,750 |
| Insurance | 896,640 | 907,320 | 907,320 | 10,680 |
| Contract Services | 362,000 | 335,024 | 630,000 | 268,000 |
| Subtotal - General Government | <u>1,362,890</u> | <u>1,340,773</u> | <u>1,732,320</u> | <u>369,430</u> |
| Capital Equipment | 15,000 | 5,189 | 5,500 | (9,500) |
| Subtotal - Public Facilities | <u>15,000</u> | <u>5,189</u> | <u>5,500</u> | <u>(9,500)</u> |
| Gasoline, Diesel, Oil | 250,000 | 81,806 | 200,000 | (50,000) |
| Vehicle Maintenance | 160,000 | 50,169 | 110,000 | (50,000) |
| Subtotal - Police | <u>410,000</u> | <u>131,975</u> | <u>310,000</u> | <u>(100,000)</u> |
| Contract Services | 100,000 | (8,583) | 70,000 | (30,000) |
| Subtotal - Planning | <u>100,000</u> | <u>(8,583)</u> | <u>70,000</u> | <u>(30,000)</u> |
| General Fund Totals | <u>2,471,890</u> | <u>1,786,604</u> | <u>2,770,120</u> | <u>298,230</u> |
| Law Enforcement Facilities | | | | |
| Capital Equipment | - | - | 40,000 | 40,000 |
| Law Enf. Facilities Fund Totals | <u>-</u> | <u>-</u> | <u>40,000</u> | <u>40,000</u> |
| Grants Funds | | | | |
| Multi Species Habitat Conservation | - | 376,155 | 693,750 | 693,750 |
| Grand Total | <u>2,471,890</u> | <u>2,162,759</u> | <u>3,503,870</u> | <u>1,031,980</u> |

TOWN OF APPLE VALLEY, CALIFORNIA
BUDGET COMPARISON
BY FUND/BY DEPARTMENT

| Fund/Department | FY 12-13 Actual Expenditures | FY 13-14 Actual Expenditures | FY 14-15 Actual Expenditures | FY 15-16 Amended Budget |
|---|------------------------------------|------------------------------------|------------------------------------|-------------------------------|
| <u>General Fund (1001)</u> | | | | |
| Town Council | 169,188 | 172,015 | 259,138 | 238,736 |
| Town Attorney | 163,515 | 591,877 | 854,540 | 556,000 |
| Town Manager | 447,840 | 514,098 | 595,889 | 579,226 |
| Finance | 994,717 | 1,156,910 | 1,216,907 | 1,202,865 |
| Town Clerk | 397,538 | 588,891 | 452,274 | 437,974 |
| Public Information | 416,478 | 449,295 | 469,482 | 523,556 |
| Human Resources | 294,630 | 401,900 | 459,432 | 475,531 |
| Information Technology | 509,360 | 523,873 | 508,651 | 438,358 |
| General Government | 1,589,873 | 2,548,890 | 2,728,714 | 3,006,240 |
| Public Facilities | 2,242,104 | 2,234,770 | 2,228,375 | 2,390,716 |
| Police | 11,052,589 | 11,613,712 | 12,131,828 | 12,610,768 |
| Emergency Preparedness | 26,691 | 28,504 | 29,782 | 58,718 |
| Animal Control | 780,318 | 720,616 | 662,012 | 752,132 |
| Animal Shelter | 923,852 | 1,078,679 | 1,257,797 | 1,294,820 |
| Public Services - Admin | 462,913 | 441,586 | 557,275 | 575,129 |
| Code Enforcement | 860,682 | 931,525 | 994,217 | 1,018,381 |
| Building & Safety | 319,188 | 474,667 | 582,982 | 502,015 |
| Economic Development | 49,626 | 57,200 | 88,725 | 128,184 |
| Engineering | 312,062 | 465,657 | 444,058 | 350,600 |
| Planning | 667,453 | 667,205 | 828,282 | 962,595 |
| Street Lighting | - | - | - | - |
| Street Capital Projects | - | - | - | - |
| Subtotal Fund 1001 | 22,680,617 | 25,661,870 | 27,340,360 | 28,102,544 |
| <u>Parks & Recreation (2510)</u> | | | | |
| Parks | 1,570,705 | 1,718,693 | 1,747,078 | 1,796,458 |
| Facilities | 256,821 | 261,013 | 236,500 | 271,825 |
| Adult Sports | 44,742 | 40,773 | 41,629 | 39,983 |
| Aquatic Program | 466,531 | 470,940 | 445,877 | 455,642 |
| ASAP | 190,894 | 166,942 | 164,040 | 206,672 |
| Day Camp | 49,560 | 51,693 | 53,365 | 57,944 |
| Instructor Classes | 156,208 | 141,667 | 159,835 | 151,173 |
| PIO Events | 162,769 | 142,459 | 164,932 | 184,273 |
| Recreation | 128,916 | 130,492 | 130,705 | 151,128 |
| Recreation Department Events | 67,545 | 72,639 | 76,606 | 91,749 |
| Rentals | 93,989 | 78,800 | 78,653 | 110,145 |
| Skate Park Facilities | 1,349 | - | - | 5,000 |
| User Groups | 31,857 | 31,612 | 38,214 | 28,218 |
| Youth Sports | 102,097 | 103,124 | 99,648 | 97,714 |
| Subtotal Fund 2510 | 3,323,983 | 3,410,847 | 3,437,082 | 3,647,924 |
| <u>Apple Valley Golf Course (5710)</u> | | | | |
| Non-Departmental | 117,125 | 120,727 | 147,928 | 179,212 |
| Administration | 129,963 | 148,566 | 137,727 | 135,975 |
| Food & Beverage | 7,654 | 8,362 | 1,586 | - |
| Cart Barn | 68,165 | 100,496 | 102,204 | 97,500 |
| Grounds | 627,178 | 515,158 | 540,432 | 500,175 |
| Facilities | 204,251 | 173,092 | 84,731 | 86,581 |
| Parking Lot | - | 802 | 126 | - |
| Pro Shop | 76,318 | 64,466 | 51,784 | 68,525 |
| Tennis Court | 575 | 1,229 | 404 | 500 |
| Subtotal Fund 5710 | 1,231,229 | 1,132,898 | 1,066,922 | 1,068,468 |
| Grand Total | 27,235,829 | 30,205,615 | 31,844,364 | 32,818,936 |

| GENERAL FUND REVENUE | | | | | |
|---|-------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Code | Revenue Classification | Actual Revenue 2012-13 | Actual Revenue 2013-14 | Actual Revenue 2014-15 | Amended Budget 2015-16 |
| LOCAL TAXES | | | | | |
| 4020 | Property Tax | 2,810,338 | 3,467,996 | 2,466,035 | 2,650,000 |
| 4025 | Property Tax (Sales Tax Backfill) | 1,383,032 | 1,275,364 | 1,496,120 | 664,000 |
| 4030 | Property Tax (VLF Backfill) | 5,100,276 | 5,227,993 | 5,500,799 | 5,665,800 |
| 4055 | Sales & Use Tax | 3,804,832 | 4,122,097 | 4,239,000 | 5,321,000 |
| 4085 | Franchise Taxes | 1,816,243 | 1,873,521 | 2,056,911 | 2,073,000 |
| 4095 | Transient Occupancy Tax | 7,152 | 7,742 | 6,900 | 8,000 |
| 4110 | Motor Vehicle In-Lieu | 36,036 | 29,883 | 28,996 | 30,000 |
| 4134 | Tax Increment/Pass through | 299,387 | 328,726 | 369,580 | 350,000 |
| 4142 | Business License Fees | 177,210 | 180,564 | 171,936 | 153,000 |
| 4142-4 | CASp-SB1185 | 928 | 1,782 | 1,686 | - |
| 4176 | Property Transfer Tax | 166,272 | 192,968 | 161,515 | 170,000 |
| Subtotal - Local Taxes | | 15,601,706 | 16,708,636 | 16,499,478 | 17,084,800 |
| FINES & FEES & PUBLIC SAFETY CONTRIBUTIONS | | | | | |
| 4355 | Police Fines & Forfeitures | 108,682 | 104,634 | 85,886 | 80,000 |
| 4365 | Police Reports & Charges | 1,884 | 2,493 | 13,638 | 4,000 |
| 4377 | Tow Release | 66,950 | 35,823 | 61,040 | 55,000 |
| 6925 | OTS Sobriety Check Point | 44,914 | (7,114) | - | - |
| 6927 | Police Grants | 106,663 | 200,574 | 162,517 | 112,000 |
| Subtotal - Fines & Fees | | 329,093 | 336,410 | 323,081 | 251,000 |
| PUBLIC SERVICES | | | | | |
| 4145 | Debris Recycling | 4,500 | 3,500 | 1,500 | 2,600 |
| 4160 | Microfilming | 5,200 | 6,004 | 5,092 | 5,200 |
| 4410 | Animal Control Citation Fines | 55,950 | 59,992 | 82,636 | 91,000 |
| 4420 | Animal Control Permits | 2,782 | 2,597 | 8,811 | 1,600 |
| 4430 | Animal Licenses | 249,848 | 265,026 | 241,010 | 312,000 |
| 4435 | Animal Services Sheltering Contract | 130,465 | 258,924 | 352,629 | 416,000 |
| 4440 | Field P/U Apprehension | 10,123 | 8,929 | 7,035 | 10,400 |
| 4450 | Field P/U Release | 10,806 | 15,456 | 10,867 | 6,400 |
| 4460 | Impound Boarding Fees | 18,360 | 16,764 | 20,028 | 13,500 |
| 4465 | Lien Fees | 1,188 | 1,166 | 790 | 1,000 |
| 4470 | Miscellaneous AC | 21,484 | 28,531 | 50,702 | 52,100 |
| 4480 | Owner Turn In @ Shelter | 24,228 | 28,054 | 14,125 | 20,000 |
| 4490 | Pet Adoptions | 88,609 | 114,170 | 94,387 | 89,500 |
| 4500 | Quarantine Fees | 3,413 | 2,565 | 2,450 | 2,600 |
| 4510 | Rabies Vaccination | 9,563 | 11,758 | 14,094 | 14,800 |
| 4517 | Shelter Cap Imp County Payments | 35,000 | - | - | - |
| 4520 | Shelter Donations | 490 | 743 | 1,570 | - |
| 4530 | Over/Short | 23 | (9) | 27 | - |
| 4540 | Spay and Neuter Deposit | 4,112 | 4,100 | 4,745 | 4,400 |
| 4550 | State Mandated Fees AC | 7,147 | 6,985 | 5,859 | 7,200 |
| 5580 | Short/Over Recreation | (191) | (9) | 44 | - |
| 6050 | Code Enforcement Fines | 276,066 | 216,535 | 273,198 | 330,000 |
| 6070 | Property Maint Inspections | 111,861 | 94,412 | 103,784 | 120,000 |
| 6168 | Right-of-Way Permits | 48,622 | 64,411 | 64,036 | 60,000 |
| Total - Public Services | | 1,119,649 | 1,210,604 | 1,359,419 | 1,560,300 |
| Building & Safety | | | | | |
| 6108 | Building Permits | 240,037 | 394,181 | 397,430 | 365,000 |
| 6111 | COO Fees | - | 25,392 | 24,717 | - |
| 6114 | CSA | 2,225 | - | 6,125 | - |
| 6120 | Electrical | 84,048 | 323,538 | 201,964 | 225,000 |
| 6122 | Extension Requests | 843 | (74) | 3,143 | - |
| 6130 | Grading | 3,784 | 13,647 | 10,973 | 10,000 |
| 6134 | Inspections (Other) | 10,113 | 19,758 | 18,212 | 15,000 |
| 6148 | Mechanical | 20,554 | 53,593 | 36,975 | 35,000 |
| 6152 | Misc Revenue - Building & Safety | 10,057 | 152,869 | 122,966 | 140,000 |
| 6158 | Plan Check | 106,468 | 290,800 | 446,709 | 275,000 |
| 6162 | Plumbing | 30,776 | 43,459 | 48,852 | 36,000 |
| 6163 | Pre-Application | - | 2,572 | - | - |
| 6169 | SB 1473 | 155 | 373 | 445 | - |
| 6174 | SMI Tax | 160 | 337 | 388 | - |
| Total - Building & Safety | | 509,220 | 1,320,445 | 1,318,899 | 1,101,000 |

| GENERAL FUND REVENUE | | | | | |
|----------------------|--|---------------------------|---------------------------|---------------------------|---------------------------|
| Code | Revenue Classification | Actual Revenue 2012-13 | Actual Revenue 2013-14 | Actual Revenue 2014-15 | Amended Budget 2015-16 |
| | Planning & Zoning | | | | |
| 6104 | Appeals | - | 402 | 169 | - |
| 6110 | Certificate of Compliance | 2,346 | 3,328 | - | - |
| 6112 | Copies and Reproduction | 3,110 | 2,294 | 1,381 | 2,500 |
| 6118 | Development Permit | 8,366 | 6,864 | 20,137 | 15,000 |
| 6128 | General Plan Amendment | - | 18,067 | 3,235 | - |
| 6132 | Home Occupation Permit | 7,095 | 8,820 | 8,841 | 6,000 |
| 6142 | Lot Line Adjustment | 589 | 1,254 | - | - |
| 6144 | Lot Merger | 1,168 | 1,838 | - | - |
| 6150 | Minor Sub-divisions | 42 | - | - | - |
| 6156 | Miscellaneous Revenue - Planning | 13,658 | 6,094 | 10,014 | 9,000 |
| 6165 | Open Space | 88 | 228 | 423 | - |
| 6170 | Sign Permit | 1,426 | 6,607 | 3,763 | 5,500 |
| 6172 | Site Plan Review | 35,048 | 93,300 | 110,662 | 80,000 |
| 6176 | Special Events | 1,225 | 6,741 | 6,329 | 4,500 |
| 6178 | Specific Plan | 5,072 | 5,170 | 5,184 | 6,000 |
| 6180 | Tentative Parcel Map | - | (69) | 18,546 | 13,500 |
| 6182 | Tentative Tract Map | (72) | 32,564 | 12,614 | - |
| 6192 | Use Permit | 28,934 | 38,913 | 44,403 | 32,000 |
| 6195 | Variance (Deviations) | 359 | 4,056 | 6,516 | 6,700 |
| | Total - Planning Fees | 108,454 | 236,471 | 252,217 | 180,700 |
| | Engineering | | | | |
| 6138 | Landscape Review | - | 587 | - | - |
| 6154 | Miscellaneous - Engineering | 380 | 270 | 410 | 500 |
| 6160 | Plan Check | 20,207 | 112,617 | 155,064 | 135,000 |
| 6161 | Plan Unit Development | - | - | 718 | - |
| 6188 | Transportation Permits | 2,421 | (33,738) | 28,220 | 20,000 |
| | Total - Engineering | 23,008 | 79,736 | 184,412 | 155,500 |
| | Sub Total - Community Developer | 640,682 | 1,636,652 | 1,755,528 | 1,437,200 |
| | OTHER REVENUES | | | | |
| 4141 | Advertising | - | - | 13,055 | - |
| 4165 | Miscellaneous Penalties or Fines | 1,357 | 861 | 1,071 | 1,000 |
| 4168 | Notary Fees | 80 | 240 | 200 | 150 |
| 4170 | Sale of Cell Easement/Other Reven | 3,940 | 12,541 | 1,445 | 25,000 |
| 4172 | Passport Fees | 22,938 | 28,425 | 30,196 | 20,000 |
| 4181 | Refunds, Reimbursements | 110,789 | 814,171 | 196,339 | 160,000 |
| 4183 | Gain/Loss on Disposal of Fixed Ass | - | 349,865 | - | - |
| 4183-7 | SCE Incentive Payments | 23,172 | 22,724 | 22,866 | 15,000 |
| 4184 | Short/Over | 1 | 249 | (43) | - |
| 4185 | State Mandated Reimbursements | 55,846 | 35,065 | 125,501 | 36,000 |
| 4255 | Interest Earnings | - | 33,874 | 58,570 | 112,000 |
| 4352 | Booking Fees | 80 | - | 1,500 | 1,000 |
| 4370 | Restitution | 6,522 | 1,723 | 975 | 1,000 |
| 5700 | Cell Tower & Office Space Rentals | 15,584 | 48,240 | 40,511 | 42,000 |
| 6690 | Water Use Fees | - | - | - | - |
| 6808 | EMPG Grant | 17,080 | 18,192 | 18,408 | 19,644 |
| 6996 | Town Store Sales | 559 | 688 | 550 | 2,000 |
| 6999 | Transfer In - Street Maint. Fund 201 | 761,203 | 879,532 | 974,024 | 1,075,087 |
| 6999 | Transfer In - Parks & Rec. Fund 251 | 343,300 | 391,170 | 422,924 | 455,148 |
| 6999 | Transfer In - Wastewater Fund 501C | 1,668,583 | 1,563,943 | 1,707,400 | 1,896,510 |
| 6999 | Transfer In - Solid Waste Fund 551C | 1,584,416 | 1,797,996 | 1,935,959 | 2,112,257 |
| 6999 | Transfer In - 5510 Franchise Fee | 470,878 | 690,504 | 1,708,966 | 2,006,900 |
| | Subtotal - Other Revenues | 5,086,328 | 6,690,003 | 7,260,417 | 7,980,696 |
| | TOTAL - GENERAL FUND REVENUES | 22,777,458 | 26,582,305 | 27,197,923 | 28,313,996 |

Town of Apple Valley
CALCULATION OF PROJECTED FUND BALANCES
for the Fiscal Year Ending June 30, 2016

| Fund No. | Fund Description | Fund Balances 07/01/15 | Estimated Revenues FY 15-16 | Adopted Operating Budget FY 15-16 | Adopted Capital Budget FY 15-16 | Total Adopted Budget FY 15-16 | Estimated Revenues Over (Under) Adopted Budget | Transfers In | Transfers Out | Projected Ending Fund Balances 06/30/16 |
|-------------|---------------------------------------|---------------------------|--------------------------------|--------------------------------------|------------------------------------|----------------------------------|---|------------------|------------------|--|
| 1001 | General Fund | 18,198,077 | 20,768,094 | 25,016,897 | - | 25,016,897 | (4,248,803) | 7,545,902 | 3,085,647 | 18,409,529 |
| | Special Revenue Funds: | | | | | | | | | |
| 2010 | Gas Tax Fund | 37,035 | 1,500,610 | 1,458,327 | - | 1,458,327 | 42,283 | 350,000 | 1,079,087 | (649,769) |
| 2013 | Article 3 | (142,087) | 355,700 | - | 355,700 | 355,700 | - | - | - | - |
| 2015 | Article 8 | 1,819,013 | 650,000 | - | 40,000 | 40,000 | 610,000 | - | 350,000 | 2,079,013 |
| 2021 | Measure I Local 2040 | 5,786,420 | 6,083,735 | - | 4,120,650 | 4,120,650 | 1,963,085 | 923,000 | 3,597,480 | 5,075,025 |
| 2040 | Air Pollution Control | 85,188 | 47,450 | 47,260 | - | 47,260 | 190 | - | - | 85,378 |
| 2120 | CDBG | (7,564) | 984,122 | 954,122 | 30,000 | 984,122 | - | - | - | (7,564) |
| 2131 | NSP 3 | 75,000 | - | - | - | - | - | - | - | 75,000 |
| 2320 | Apple Valley Home | (45,948) | 643,511 | 643,511 | - | 643,511 | - | - | - | (45,948) |
| 2330 | Victorville Home | - | 1,006,365 | 1,006,365 | - | 1,006,365 | - | - | - | - |
| 2410 | Cal Home | (873,973) | 50,000 | 50,000 | - | 50,000 | - | - | - | (873,973) |
| 2510 | Parks & Recreation | (6,637,633) | 2,575,264 | 3,188,776 | - | 3,188,776 | (613,512) | 1,072,660 | 459,148 | (6,637,633) |
| 2520 | Quimby Funds | 150,317 | 40,200 | - | - | - | 40,200 | - | - | 190,517 |
| 2610 | Police Grants | (16,643) | 34,459 | 34,459 | - | 34,459 | - | - | - | (16,643) |
| 2620 | Asset Seizure | 12,802 | - | - | - | - | - | - | - | 12,802 |
| 2630 | Drug & Gang Prevention | 7,415 | - | - | - | - | - | - | - | 7,415 |
| 2810 | Assessment District LL | 1,232,817 | 322,000 | 240,000 | - | 240,000 | 82,000 | - | - | 1,314,817 |
| | Subtotal Special Revenue Funds | 1,482,129 | 14,293,416 | 7,622,820 | 4,546,350 | 12,169,170 | 2,124,246 | 2,345,660 | 5,485,715 | 608,407 |
| | Debt Service Funds: | | | | | | | | | |
| 4105 | 1999 COPS | - | - | 430,000 | - | 430,000 | (430,000) | 430,000 | - | - |
| 4106 | 2001 COPS | - | - | 352,000 | - | 352,000 | (352,000) | 352,000 | - | - |
| 4108 | 2007 Town Hall | - | - | 881,019 | - | 881,019 | (881,019) | 881,019 | - | - |
| | Subtotal Debt Service Funds | - | - | 1,663,019 | - | 1,663,019 | (1,663,019) | 1,663,019 | - | - |

Town of Apple Valley
CALCULATION OF PROJECTED FUND BALANCES
for the Fiscal Year Ending June 30, 2016

| Fund No. | Fund Description | Fund Balances 07/01/15 | Estimated Revenues FY 15-16 | Adopted Operating Budget FY 15-16 | Adopted Capital Budget FY 15-16 | Total Adopted Budget FY 15-16 | Estimated Revenues Over (Under) Adopted Budget | Transfers In | Transfers Out | Projected Ending Fund Balances 06/30/16 |
|-----------------------------------|--|---------------------------|--------------------------------|--------------------------------------|------------------------------------|----------------------------------|---|-------------------|-------------------|--|
| Capital Improvement Funds: | | | | | | | | | | |
| 4050 | NAVISP | 1,650,528 | 3,000 | - | - | - | 3,000 | - | - | 1,653,528 |
| 4410 | Capital Improvement TIF Fund | 4,346,594 | 12,372,420 | - | 25,078,570 | 25,078,570 | (12,706,150) | 8,711,230 | - | 351,674 |
| 4710 | Animal Control Facilities | 115,272 | 4,350 | - | - | - | 4,350 | - | - | 119,622 |
| 4720 | Law Enforcement Facilities | 75,398 | 24,250 | - | - | - | 24,250 | - | - | 99,648 |
| 4730 | General Government Facilities | 78,048 | 33,150 | - | - | - | 33,150 | - | - | 111,198 |
| 4740 | Public Meeting Facilities | 144,734 | 20,250 | - | - | - | 20,250 | - | - | 164,984 |
| 4750 | Aquatic Facilities | 69,621 | 6,050 | 12,000 | - | 12,000 | (5,950) | - | - | 63,671 |
| 4760 | Storm Drains | 1,423,908 | 112,500 | - | 100,000 | 100,000 | 12,500 | - | - | 1,436,408 |
| 4770 | Sanitary Sewer Facilities | 1,060,583 | 38,200 | - | - | - | 38,200 | - | - | 1,098,783 |
| 4910 | Project Manager Grants | (109,701) | 923,000 | - | - | - | 923,000 | - | 923,000 | (109,701) |
| | Subtotal Capital Projects Funds | 8,854,985 | 13,537,170 | 12,000 | 25,178,570 | 25,190,570 | (11,653,400) | 8,711,230 | 923,000 | 4,989,815 |
| | Total Governmental Funds | 28,535,191 | 48,598,680 | 34,314,736 | 29,724,920 | 64,039,656 | (15,440,976) | 20,265,811 | 9,494,362 | 24,007,751 |
| Enterprise Funds: | | | | | | | | | | |
| 5010 | Wastewater | 5,122,381 | 6,369,351 | 4,350,930 | 100,000 | 4,450,930 | 1,918,421 | 8,000 | 1,896,510 | 5,152,292 |
| 5510 | Solid Waste | 3,199,661 | 11,512,700 | 8,410,175 | - | 8,410,175 | 3,102,525 | - | 4,119,157 | 2,183,029 |
| 5710 | Apple Valley Golf Course | (3,599,192) | 718,500 | 1,068,468 | - | 1,068,468 | (349,968) | 349,968 | - | (3,599,192) |
| | Total Enterprise Funds | 4,722,850 | 18,600,551 | 13,829,573 | 100,000 | 13,929,573 | 4,670,978 | 357,968 | 6,015,667 | 3,736,129 |
| Successor Agency - RDA | | | | | | | | | | |
| 2725 | VVEDA Successor Agency Fund | 2,261,213 | 1,629,518 | 1,631,728 | - | 1,631,728 | (2,210) | - | - | 2,259,003 |
| 2730 | AV RDA Successor Agency Fund | 3,789,485 | 2,383,750 | 3,025,172 | - | 3,025,172 | (641,422) | - | 5,113,750 | (1,965,687) |
| 3010 | VVEDA Debt Service (80%) | - | - | - | - | - | - | - | - | - |
| 3020 | PA#2 Debt Service (80%) | - | - | - | - | - | - | - | - | - |
| 2710 | VVEDA Low/Mod (20%) | - | - | - | - | - | - | - | - | - |
| 2720 | PA#2 Low/Mod (20%) | - | - | - | - | - | - | - | - | - |
| 4010 | VVEDA - Capital Projects | - | - | - | - | - | - | - | - | - |
| 4020 | PA#2 - Capital Projects | - | - | - | - | - | - | - | - | - |
| | | 6,050,698 | 4,013,268 | 4,656,900 | - | 4,656,900 | (643,632) | - | 5,113,750 | 293,316 |
| | GRAND TOTAL | 39,308,739 | 71,212,499 | 52,801,209 | 29,824,920 | 82,626,129 | (11,413,630) | 20,623,779 | 20,623,779 | 28,037,196 |