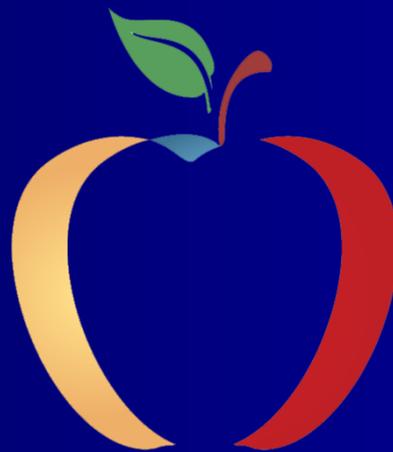


Town of Apple Valley

Mid-Year Budget Status Report Fiscal Year 2017-18

February 27, 2018





FY 2017-18 Mid-Year Budget Status Report Agenda

- Review of FY 2016-17 year-end
 - Fund balance overview
- FY2017-18 Revenue year-to-date
- FY2017-18 Expenditures year-to-date
- End of year projections FY2017-18
- Factors affecting FY2018-19 Budget development
- Questions/comments from Town Council



FY 2017-18 Mid-Year Budget Status Report

- Staff recommends that Town Council receive and file the Fiscal Year 2017-18 Mid-Year Budget Status Report;
 - Mid-Year Budget Status Staff Report
 - Budget Adjustment Number 18-11 including budget adjustments - all funds
 - Exhibit A - Mid Year Budget Adjustment Summary
 - Exhibit B - Budget Comparison by Fund/Department/Division
 - General Fund Revenue Projections
 - Projected Fund Balances – June 30, 2018
 - FY 2016-17 Project Carry-forwards



FY 2016-17 Fiscal Year-End

■ General Fund only –

– Total Revenues \$ 23,743,085

– Total Expenditures

(inc. net transfers) \$ 28,291,172

Net change \$ (4,548,087)

Fund Balance BOY \$ 16,873,795

Prior Period Adjustment \$ 521,281

Fund Balance EOY \$ 12,846,989



FY 2016-17 Fiscal Year-End

FY 2016-17 Ending Fund Balance	<u>\$ 12,846,989</u>
■ Non-spendable	\$ 10,926,707
■ Restricted	\$ 153,635
■ Committed	\$ - 0 -
■ Assigned	\$ - 0 -
■ Unassigned	\$ 1,766,647*

- * 1) 6.1% of the FY 17-18 General Fund Adopted Budget
2) Parks & Rec. & Golf Course Funds accumulated fund deficit – (\$6,599,564) and (\$3,332,478), respectively.



Fund Balance - Definitions

General Fund Fund Balance (GASB 54 FY2010-11)

- **Nonspendable Fund Balance** – That portion of fund balance that includes amounts that cannot be spent because they are either (a) not in spendable form, such as prepaid items, inventories of supplies, or loans receivable; or (b) legally or contractually required to be maintained intact, such as the principal portion of an endowment.
- **Restricted Fund Balance** – That portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either (a) externally exposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.



Fund Balance - Definitions

General Fund Fund Balance (GASB 54 FY2010-11)

- **Committed Fund Balance** – That portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, and remain binding unless removed in the same manner.
- **Assigned Fund Balance** – That portion of fund balance that includes amounts that are constrained by the governments' intent to be used for specific purposes, but that are neither restricted nor committed. Such intent needs to be established at either the highest level of decision-making, or by an official designated for that purpose.



Fund Balance - Definitions

General Fund Fund Balance (GASB 54 FY2010-11)

- **Unassigned Fund Balance** – That portion of fund balance that includes amounts that do not fall into one of the above four categories. The General Fund is the only fund that should report this category of fund balance.

FY 2017-18 Adopted Budget

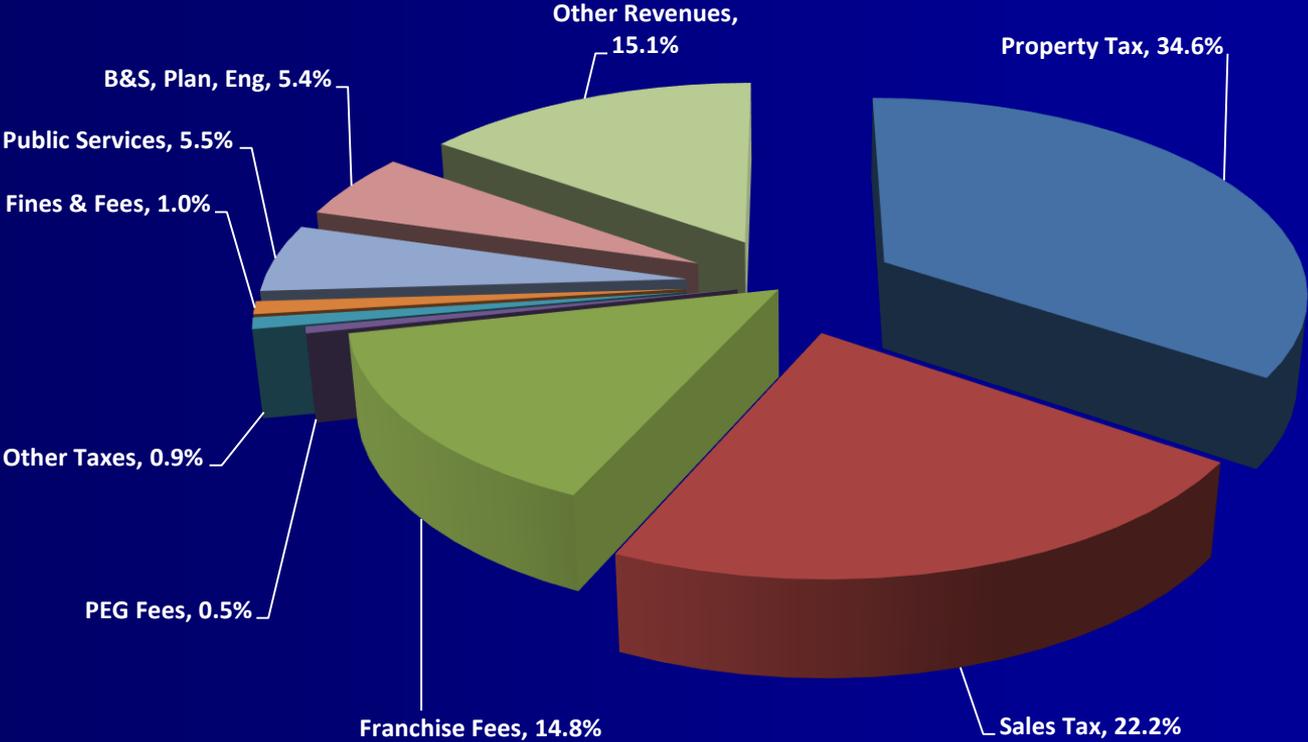
General Fund Summary	
Estimated Revenues	\$ 24,425,910
Transfers In	4,184,840
Approp. From Fund Balance	124,621
Total Resources	\$ 28,735,371
Adopted Budget	\$ 28,735,371
Balance	-0-

FY 2017-18 General Fund Estimated Revenues



	<u>Adopted</u>	<u>Revised</u>
■ Property Tax	\$ 3,480,300	\$ 3,480,300
■ Property Tax – VLF Backfill	6,100,000	6,100,000
■ Sales & Use Tax	6,001,000	6,151,000
■ Franchise Tax	4,084,000	4,084,000
■ PEG Fees	150,500	150,500
■ Other Local Tax	262,700	227,700
■ Public Safety Fines and Fees	261,600	261,600
■ Public Services	1,601,560	1,531,560
■ Building and Safety	1,217,300	1,217,300
■ Planning Fees	181,430	181,430
■ Engineering	100,520	100,520
■ Other Revenues	<u>5,169,840</u>	<u>4,166,200</u>
Total General Fund Revenues	\$28,610,750	\$27,652,110

FY2017-18 Mid-Year Budget Status Report: General Fund Estimated Revenues

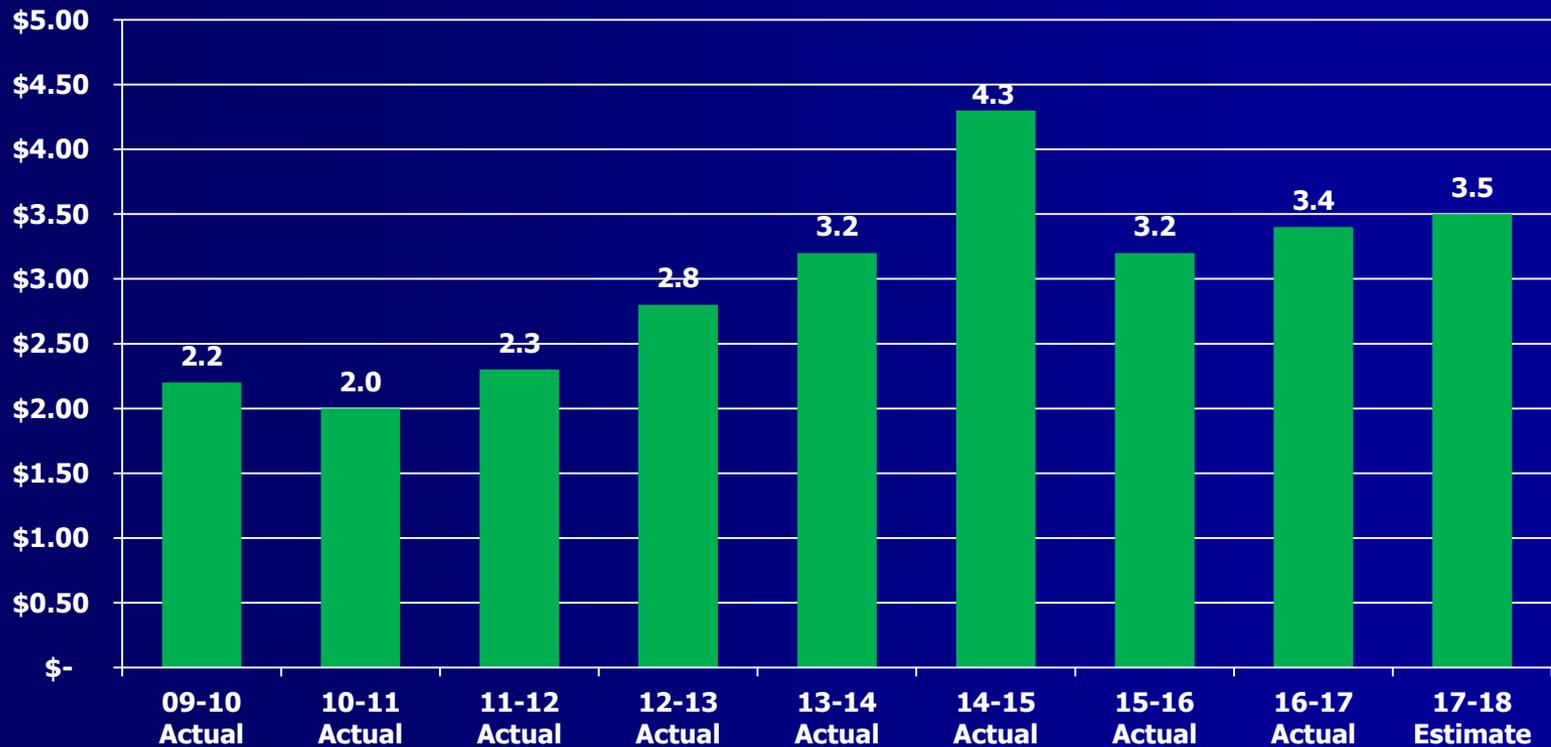


PROPERTY TAX HISTORY

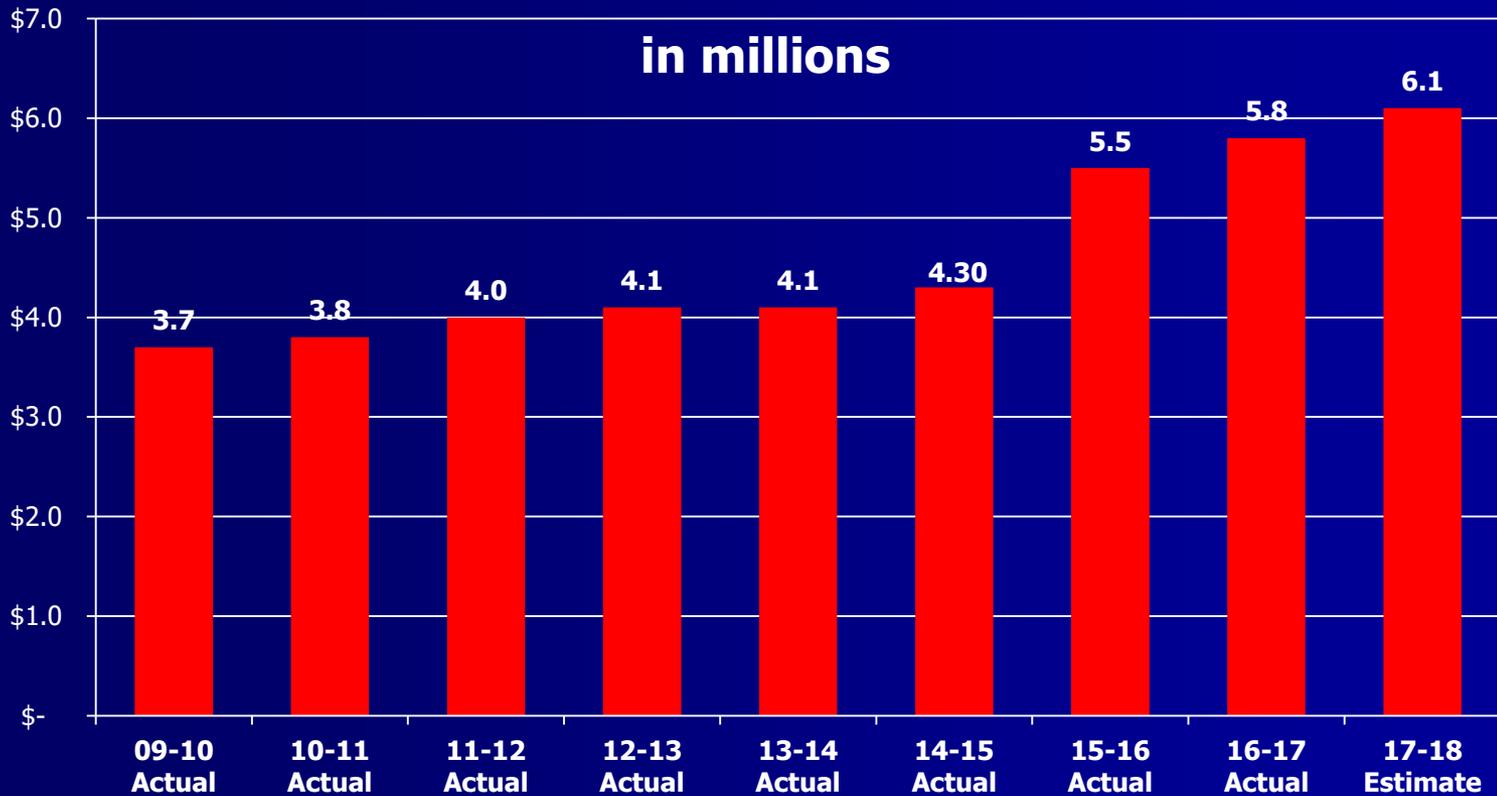
General Fund



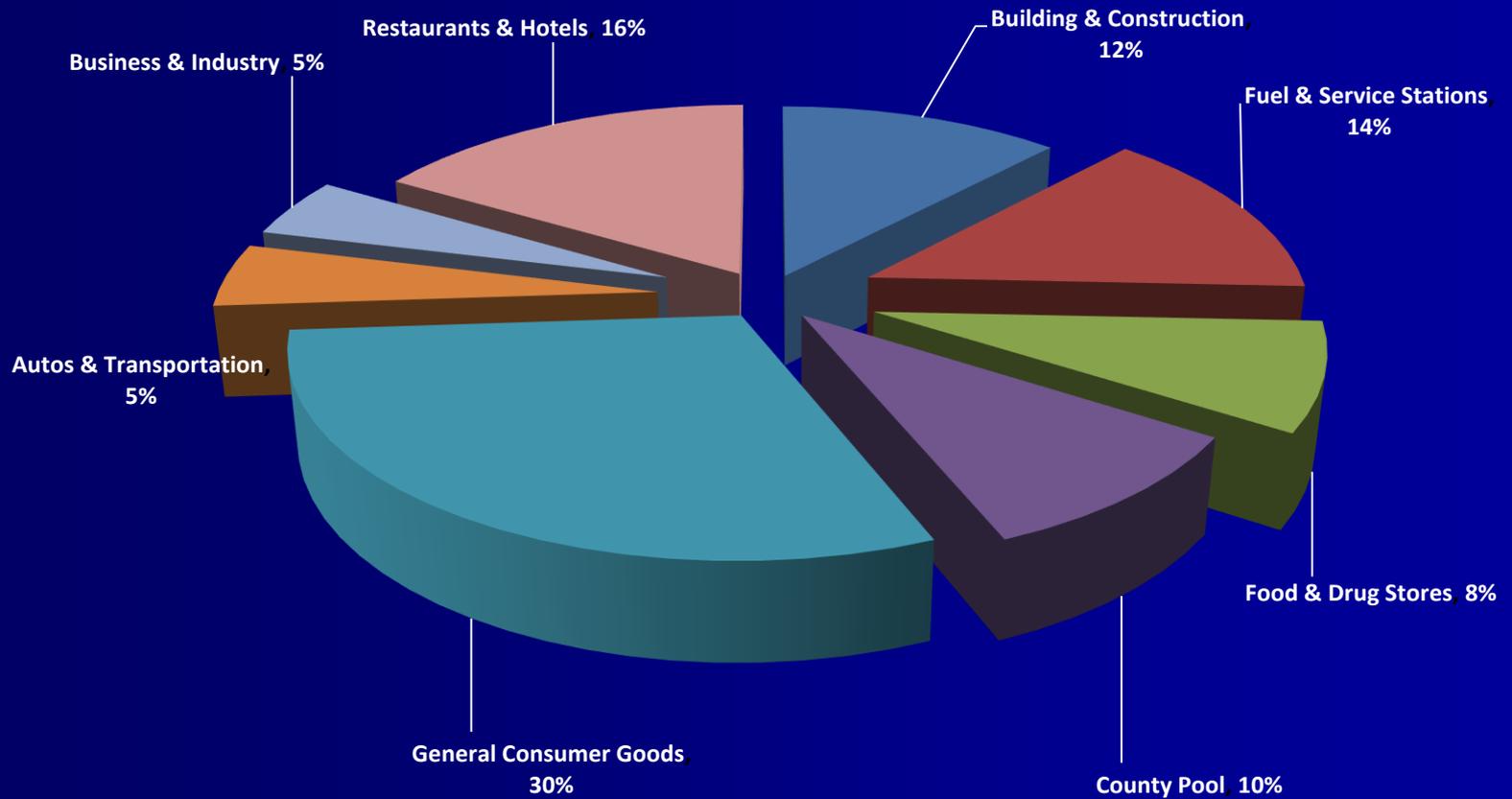
in millions



SALES & USE TAX HISTORY – General Fund



SALES TAX COLLECTIONS ***By Business Categories – CY 2017 3Qtrs.***



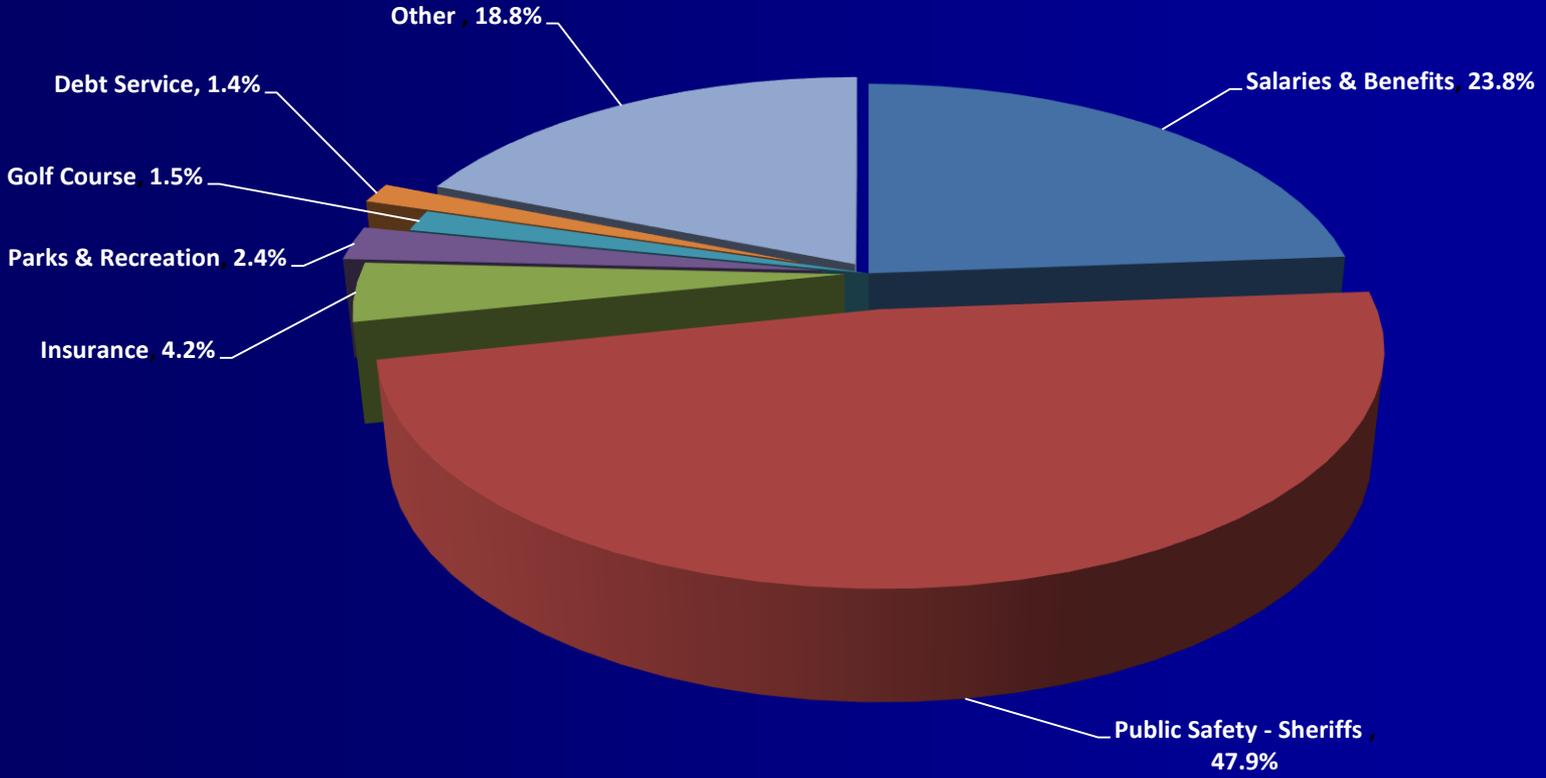


FY 2017-18 General Fund: Mid-Year Expenditure Adjustments

■ Appropriation adjustments (Expenditures);	
– Insurance	\$ 14.4k
– PEG Channel	\$ <u>47.8k</u>
Sub-total Expenditure Adjustments	\$ <u>62.2k*</u>

*Additional budgetary adjustments (if any) will be presented to the Council prior to year end.

FY 2017-18 General Fund: Expenditure by Major Categories



FY 2017-18 General Fund: Amended Budget



General Fund Summary	
Estimated Revenues	\$24,425,910
Rev. Adjustments	(75,500)
Transfers In	3,301,700
Approp. From Fund Balance	1,145,516
Total Resources	\$28,797,626
Adopted Budget	\$28,735,371
Proposed Approp. Adj.	62,255
Total Adj. Appropriations	\$28,797,626
Balance	-0-



FY 2017-18 General Fund Projected Fund Balance

– Total Revenues	\$ 24,350,410
– Total Expenditures (inc. net transfers)	<u>\$ 25,527,545</u>
Net change	<u>\$ (1,177,135)</u>
Fund Balance BOY	\$ 12,846,989
Less: Nonspen. & Rest.	<u>\$ (11,167,987)</u>
Fund Balance EOY	<u><u>\$ 501,867</u></u>



FY 2017-18 All Funds: Mid-Year Adjustments

■ Revenues:	
■ General Fund	\$(958.6k)
■ Article 3 – Bicycle Grant	(386.3k)
■ Appropriation (Expenditures):	
■ General Fund	\$ <u>62.2k</u>
Total Adjustments	\$(<u>1,282.7k</u>)



FY 2017-18 Other Mid-Year Adjustments

- Consolidation of Parks & Recreation Fund with General Fund
 - GASB 34: Interfund loans/advances
 - Repayment Requirement
 - Accounting for amounts not expected to be repaid
- Executive Secretary position back to Executive Assistant
- FY 2016-17 Carry-forwards - \$2,314,898



Factors Affecting Development of the Ensuing FY 2018-19 Budget

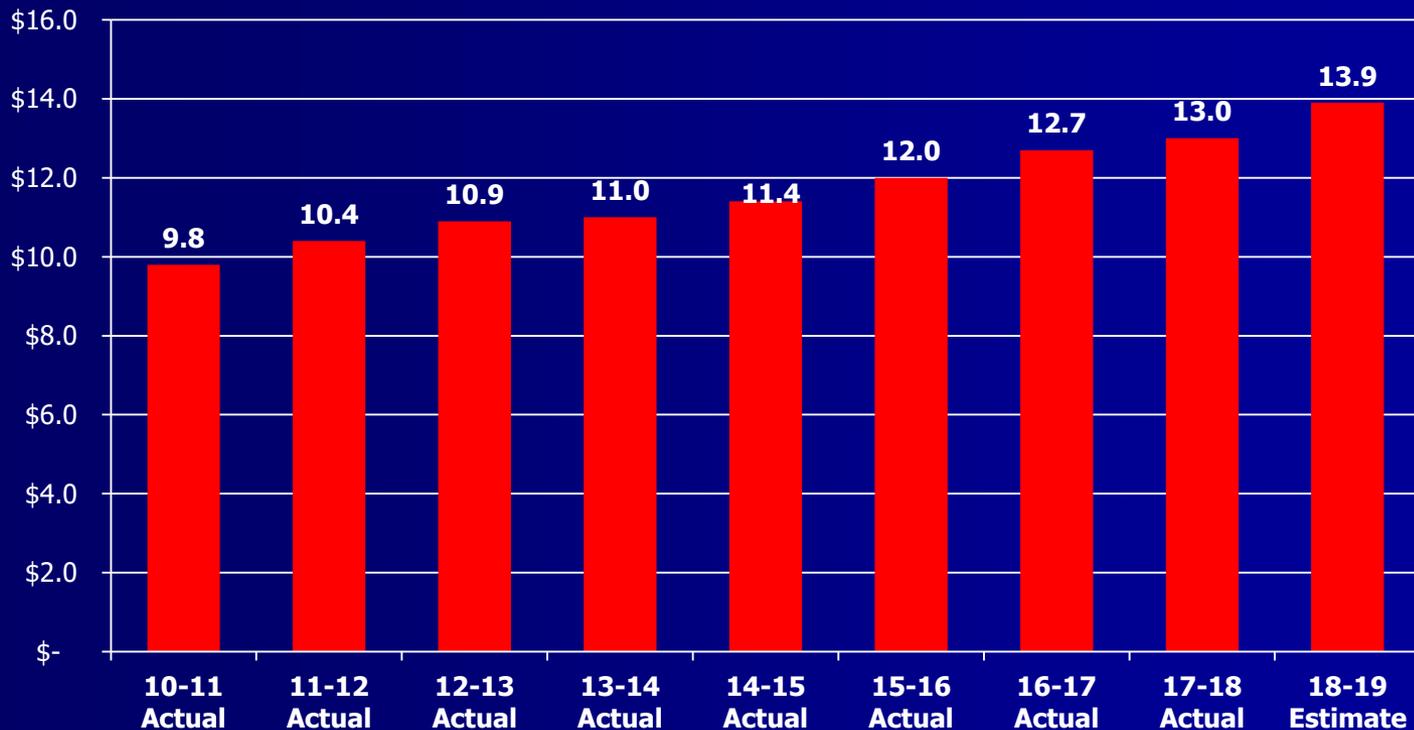
General Operating Fund:

- Sales tax collections projected to increase by approx. 1.0 - 2.0%
- Property tax projected growth – 2.5%
 - Assessor's growth projections not yet available
- Deferred Debt Service payment due to refunding - \$955,335
- Franchise Fee Litigation

HISTORY – County Sheriff Contract: General Fund



in millions



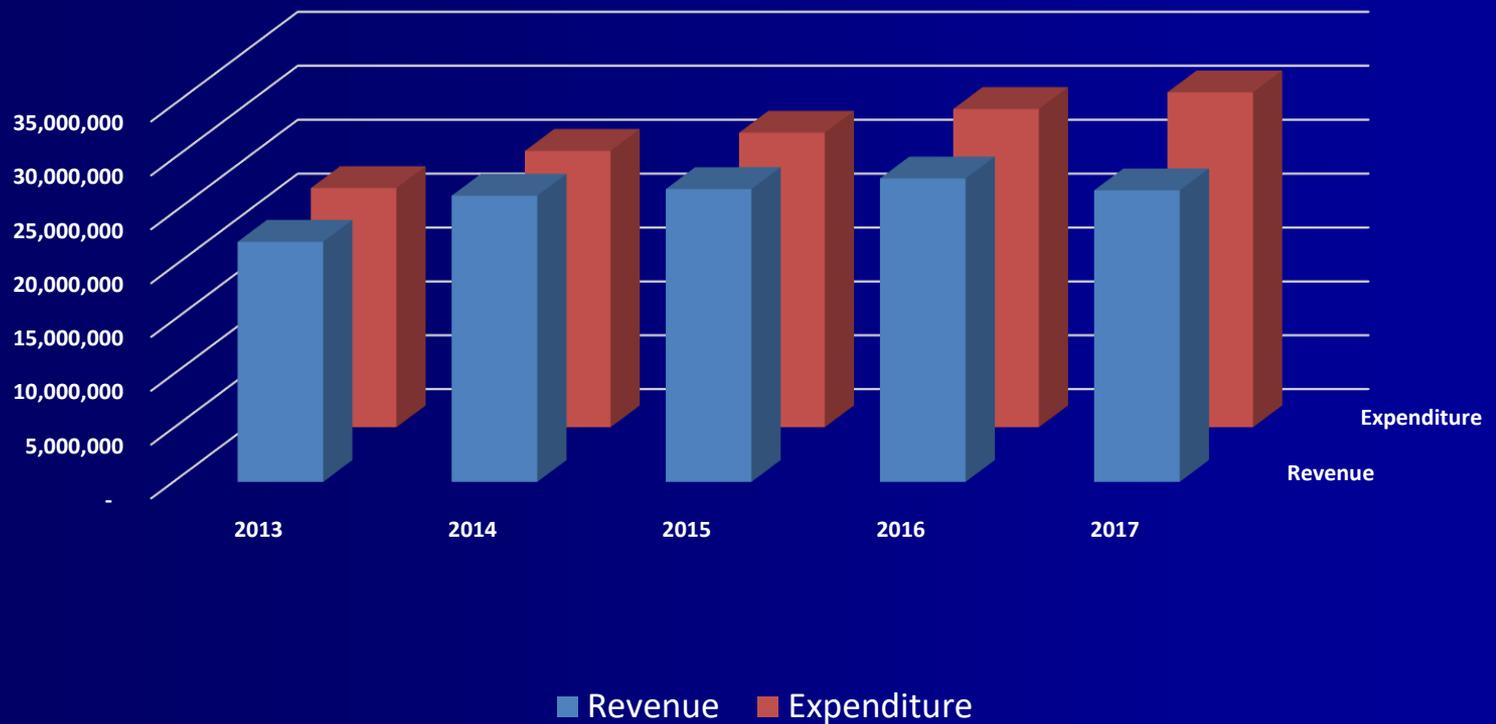


FY 2018-19 Budget Development Considerations:

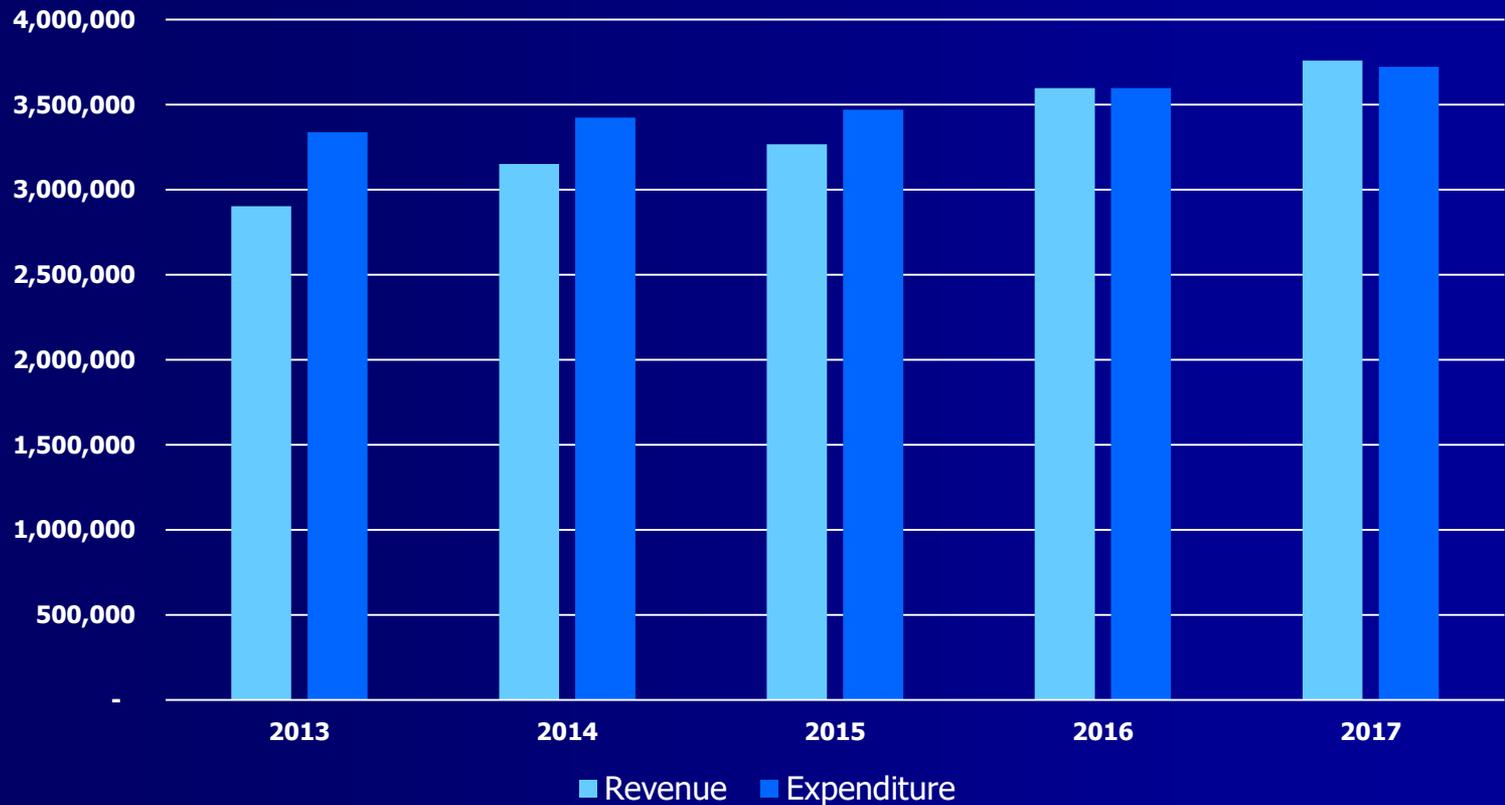
General Operating Fund:

- Baseline service levels have increased dramatically over the last 10 years.
- Revenues have not increased at same pace as growth in service levels.
- Review service delivery methods as part of budget development process.

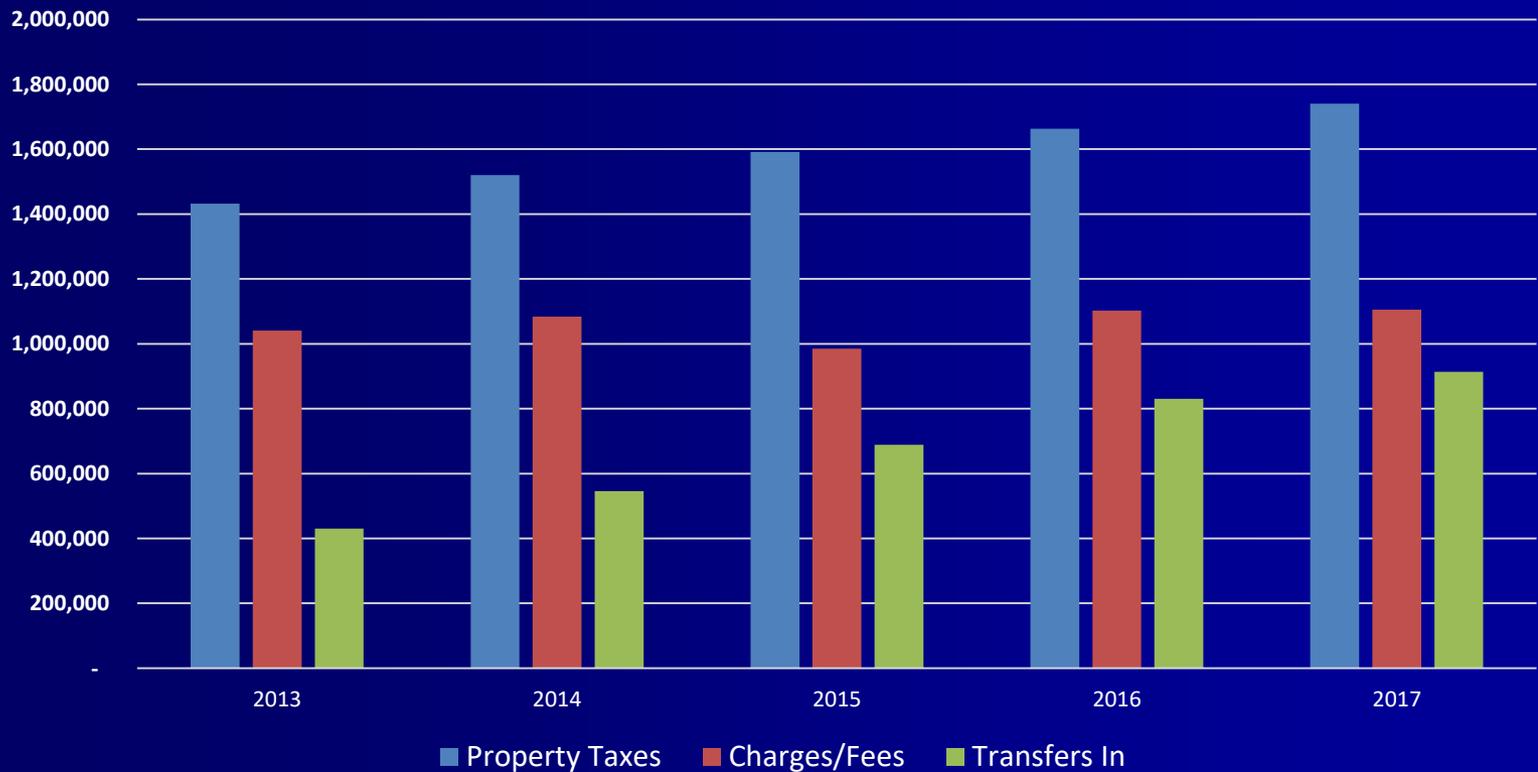
Service Level: General Fund



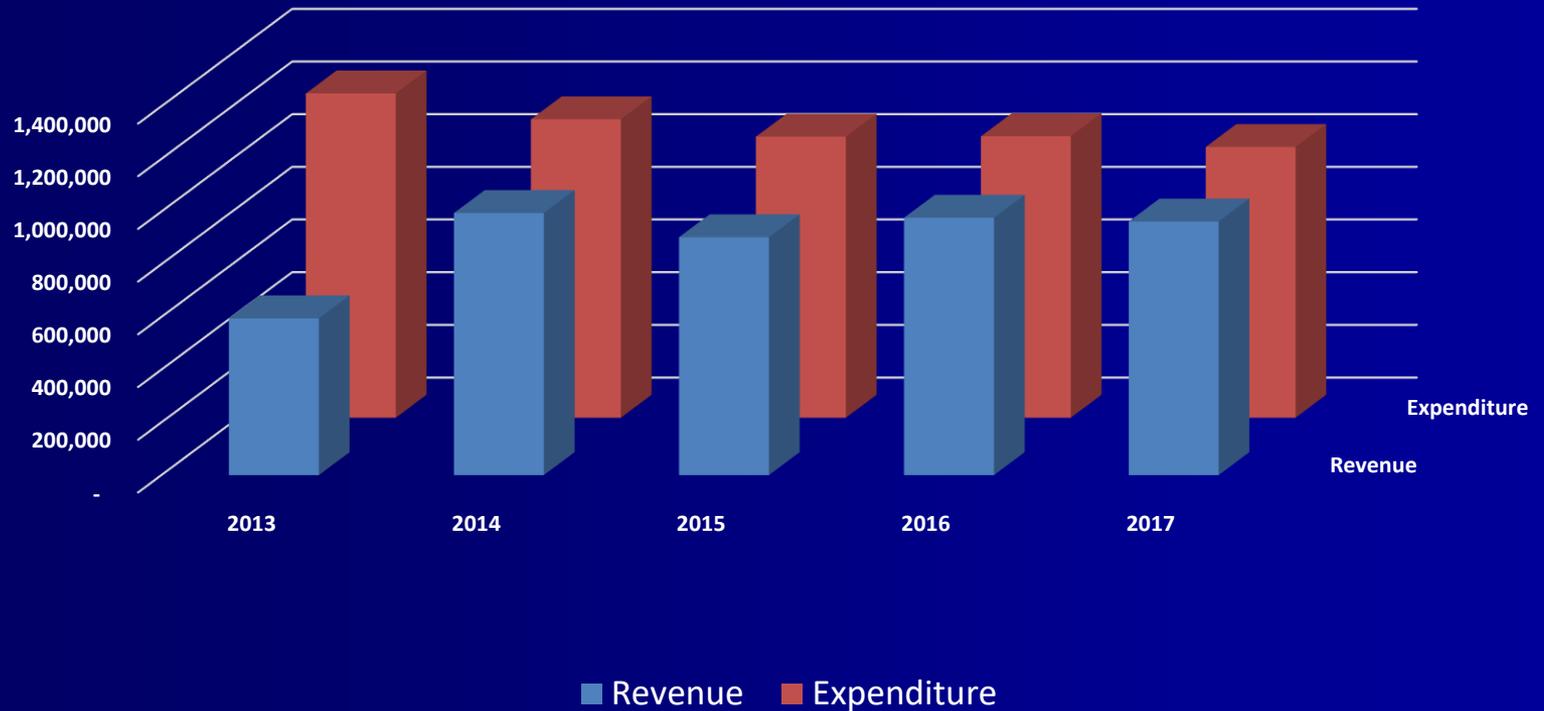
Service Level: Parks & Recreation Fund



Service Level: Parks & Recreation Fund



Service Level: Golf Course Fund



CalPERS ROR Assumption Changes

Approved Discount Rate Phase-In

Valuation Date	FY Required Contribution	Discount Rate
June 30, 2016	2018-19	7.375%
June 30, 2017	2019-20	7.25%
June 30, 2018	2020-21	7.00%

CalPERS ROR Assumption Changes

Public Agency - Employer Contribution
Increases –Misc. Plan

FY Impact	Normal Cost	UAL Payments
2018-19	0.25% - 0.75%	2% - 3%
2022-23	1.0% - 3.0%	20% - 25%



FY 2018-19 Budget Development Considerations:

Must either;

- Increase revenue sources, or
- Decrease level of service delivery, or
- Some combination of both strategies.

Town of Apple Valley

Mid-Year Budget Status Report Fiscal Year 2017-18

Questions?

