

# P R E F A C E

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## PREFACE

### BUDGET DOCUMENT OVERVIEW

The budget document is the City of Hesperia's annual financial plan prepared by City Management and approved by the City Council. The financial plan serves as a policy document, operations guide for City Departments, and as a communication device. The audience of the budget document is citizens, local businesses, debt holders and debt rating agencies, other governmental agencies, and the City's independent auditor.

### BUDGET DOCUMENT SECTIONS

The budget document sections and a brief summary of the section's contents are as follows:

#### Financial Policies:

- Financial Policies
- Resolutions adopting the City's Financial Policies

#### **A. Introduction**

The introduction section includes the "Summary of Significant Department Operating Expenditure and Staffing Changes", the City's Mission Statement and Statement of Values, Directory of Officials, City Organization Chart, and Community Profile Information.

#### **B. Resources, Expenditures and Fund Balance Summary**

This section indicates how resources and expenditures are reconciled to balance the City's annual financial plan or budget for the City's major operating funds. This section also presents summary level information on fund balances and reserves.

#### **C. Revenue**

This section contains information about the City's sources of income and is presented with summaries, graphics, and detailed revenue information by individual revenue accounts with \$10,000 or greater revenue.

#### **D. Expenditure Summaries**

This section provides a variety of Citywide expenditure summaries and charts.

#### **E. City Positions and Salary Ranges**

This section includes information and charts about City positions or staff, both full and part-time positions, and also includes salary information.

#### **F. City Department and Program Expenditures**

The City is organized into the following seven departments. This section provides information for each department and their programs regarding their expenditures and staffing to include Fiscal Year 2015-16 accomplishments and Fiscal Year 2016-17 goals and objectives. Significant expenditure and staffing changes are highlighted:

- City Council
- City Manager
- Management Services
- Economic Development
- Development Services
  - D.S. Community Development
  - D.S. Code Compliance
  - D.S. Public Works
  - D.S. Water
  - D.S. Sewer
- Police
- Fire

## PREFACE

### BUDGET DOCUMENT SECTIONS (Continued)

#### G. Capital Improvement Program (CIP)

This section presents in one section the capital improvement projects included in the Fiscal Year 2016-17 Budget.

#### H. Debt Service

This section summarizes information about the City's external, and in some situations internal, debt obligations.

#### I. Fund Balance Summary

This section presents financial information about each City fund that is planned to have expenditures in Fiscal Year 2016-17.

#### J. Supplemental Information:

- Resolutions adopting the City's budget and related resolutions.
- General and Administrative Allocation Plan and/or Indirect Cost Allocation Plan.
- Significant Accounting Policies.
- List of Acronyms.
- Glossary of budget terms and abbreviations.
- Index.

### BUDGET DOCUMENT FINANCIAL INFORMATION

As mandated by California State Law, the City's fiscal year, or budget time period, is July 1<sup>st</sup> through June 30<sup>th</sup>. For example, Fiscal Year 2016-17 means July 1, 2016 through June 30, 2017. In most sections of the budget document, four years of information is provided, with two columns, or versions of information, reflected for the current year (Fiscal Year 2015-16).

The columns typically presented are as follows:

2013-14	2014-15	2015-16	2015-16	2016-17
<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised</u>	<u>Budget</u>

The financial information included in these columns is as follows:

#### 2013-14 Actual

Actual financial information for Fiscal Year 2013-14 as reported in the City's Comprehensive Annual Financial Report. The actual financial information is reported in the budget document on a budgetary basis.

#### 2014-15 Actual

Actual financial information for Fiscal Year 2014-15 as reported in the City's Comprehensive Annual Financial Report. The actual financial information is reported in the budget document on a budgetary basis.

#### 2015-16 Budget

The 2015-16 Budget as adopted by the City Council June 16, 2015.

## PREFACE

### BUDGET DOCUMENT FINANCIAL INFORMATION (Continued)

#### 2015-16 Revised

The 2015-16 Revised column reflects the 2015-16 Budget plus budget amendments approved by the City Council during the fiscal year. The 2015-16 Revised column is also adjusted to reflect City management's estimate of what revenues and expenditures are estimated to be at the end of Fiscal Year 2015-16 and are typically somewhat lower than the budget and amendments.

#### 2016-17 Budget

This column initially reflects the FY 2016-17 Proposed Budget submitted by the City Manager. After the City Council reviews and approves the Fiscal Year 2016-17 Budget, the information in the 2016-17 Budget column is changed, if necessary, to reflect the City Council actions.

#### Major Expenditure Accounts

Major expenditure account categories are presented in the budget document, which summarizes various detailed expenditure accounts under the following seven major expenditure account categories:

- Salaries
- Benefits
- Materials
- Contractual
- Other Operating
- Capital Outlay
- Debt Service

### SUMMARY BUDGET PROCESS DESCRIPTION AND SCHEDULE

On February 16, 2016, the FY 2015-16 Mid-Year Budget Review was presented with current expenditures, revenue trends, updated reserves, as well as amendments to the 2015-16 Budget which were approved by the City Council.

The FY 2016-17 Budget process then commenced as follows:

#### **VI. OPERATING BUDGET CALENDAR**

Council FY 2015-16 Mid-Year Budget Review	February 16, 2016
FY 2016-17 Budget Instructions Distributed	February 24, 2016
FY 2015-16 Revised Expenditure Estimates, FY 2016-17 Current Level (or Adjusted) Proposed Budget Expenditures and Expenditure Detail Narrative forms due as follows: Group A – CC, CM, MS, P, F, W2, CD, and Code Group B – PW, W1, S, and EDD	March 8, 2016 March 10, 2016
FY 2016-17 Draft Division and/or Program Narratives due as follows: Group A – CC, CM, MS, P, F, W2, CD, and Code Group B – PW, W1, S, and EDD	March 22, 2016 March 24, 2016
FY 2016-17 Budget Increments-"Requested Expenditures Above Current Level" due: Group A – CC, CM, MS, P, F, W2, CD, and Code Group B – PW, W1, S, and EDD	March 22, 2016 March 24, 2016

**PREFACE**

<b>VI. <u>OPERATING BUDGET CALENDAR (Continued)</u></b>	
FY 2015-16 Revised Revenue and FY 2016-17 Proposed Budget Revenue Estimates due as follows: Group A – CC, CM, MS, P, F, W2, CD, and Code Group B – PW, W1, S, and EDD	March 29, 2016 March 31, 2016
Proposed FY 2016-17 CIP presented to Planning Commission	April 14, 2016
Budget Review with Departments/Divisions	April 11 - April 22, 2016
FY 2016-17 Final Proposed Budget Division and/or Program Narratives due as follows: Group A – CC, CM, MS, P, F, W2, CD, and Code Group B – PW, W1, S, and EDD	April 26, 2016 April 28, 2016
2016-17 Proposed Budget completed	May 31, 2016
Council Budget Workshop	June 14, 2016
Council Adopts Budget	June 21, 2016
First Quarter Review of the FY 2016-17 Budget	November 15, 2016
Mid-Year Review of the FY 2016-17 Budget	February 21, 2017
Final Year-End Review of the FY 2016-17 Budget	August 15, 2017
<p><b><u>KEY:</u></b> CC=City Council; CM=City Manager; MS=Management Services (UB); P=Police; F=Fire, W2=DS Water/PW (4010, 4040, and PW 3100); CD=DS Community Development; Code=DS Code Compliance; PW=DS Public Works (Street Maintenance and Building Maintenance); W1=DS Water (4020, 4030, 4035, 4050, 4070, 4080); S=DS Sewer; EDD=Economic Development</p>	

On June 21, 2016, the City Council/Board Members/Commission Members are expected to adopt the FY 2016-17 Budget, including the Capital Improvement Plan, for the City of Hesperia, Hesperia Housing Authority, Hesperia Community Development Commission, Hesperia Fire Protection District, and Hesperia Water District. Included with the proposed budget is the GANN Appropriations Limit for the City of Hesperia and the Hesperia Fire Protection District.

**LEVEL OF BUDGETARY CONTROL**

Since the Budget is an estimate, from time to time it is necessary to make adjustments to fine-tune the line items within it. Various levels of budgetary control have been established to maintain the Budget's integrity.

The levels of budgetary control are as follows: The City Manager, or designee, has the authority to make budget transfers within a fund, within capital projects, and within a department's operating budget. Such authority does not include any increase to an operating fund or to the overall adopted budget.

Budget transfers from one City fund to another are submitted to the City Council for formal approval. In addition, budget adjustments, which will increase an operating fund or the overall adopted budget, are submitted to City Council for approval. Additionally, a first quarter, mid-year, and final year-end budget review are submitted to the City Council, which contain any necessary budget amendment request, for review and approval.

## PREFACE

### BASIS OF ACCOUNTING

Expenditures are controlled at the fund level for all budgeted departments within the City. In addition, all funds reported in the Comprehensive Annual Financial Report (CAFR) are included and appropriated in the FY 2016-17 Budget. At the fund level, expenditures cannot legally exceed appropriations. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) as adapted by the Governmental Accounting Standards Board (GASB) and in accordance with standards established by the California Society of Municipal Finance Officers (CSMFO) and Government Finance Officers Association (GFOA), with adjustments made for depreciation, principal debt service payments, and capital outlay expenses for proprietary funds (i.e. the Hesperia Water District). These budgetary basis adjustments are always reconciled to the CAFR and notes are made in the Fund Balance section (I) of the budget document where they occur.

The accounting policies of the City conform to generally accepted accounting principles. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting segregates funds according to their purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

All governmental funds (i.e. General, Special Revenue, Capital Projects and Debt Service Funds) are accounted for on the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded in the accounting period when the liability is incurred.

Proprietary funds (i.e. the Hesperia Water District) are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized when the liability is incurred.

PREFACE

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PREFACE

# 2016-17 City Council



Bill Holland, Mayor



Paul Russ  
Mayor Pro Tem



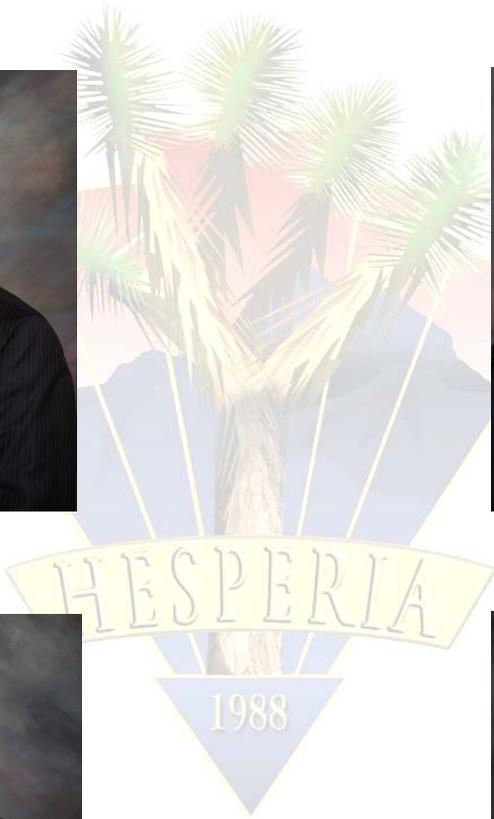
Russell Blewett  
Council Member



Mike Leonard  
Council Member



Eric Schmidt  
Council Member



PREFACE

**FOR THE FISCAL YEAR 2016-2017**

**ELECTED OFFICIALS**

**Bill Holland, Mayor**

**Paul Russ, Mayor Pro Tem**

**Russell Blewett, Council Member**

**Mike Leonard, Council Member**

**Eric Schmidt, Council Member**

*(At Date of Issuance)*

**ADMINISTRATIVE STAFF**

**Nils Bentsen, City Manager**

**Brian D. Johnson, Assistant City Manager/Management Services**

**Melinda Sayre, City Clerk**

**Rod Yahnke, Interim Economic Development Director**

**Mark Faherty, Interim Public Works Director**

**Michael Blay, Director of Development Services**

**Ron Walls, Fire Chief**

**Gregg Wielenga, Police Captain**

**HESPERIA**

**BUDGET PREPARATION TEAM**

**Brian D. Johnson, Assistant City Manager/Management Services**

**Anne M. Duke, Deputy Finance Director**

**George Pirsko, Senior Financial Analyst**

**Casey Brooksher, Senior Financial Analyst**

**Lorraine Mazzuca, Senior Office Assistant**

PREFACE



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Hesperia  
California**

For the Fiscal Year Beginning

**July 1, 2015**

Executive Director

The Government Finance Officers Association (GFOA) of the United States and Canada presented a Distinguished Budget Presentation Award to the City of Hesperia, California for its Annual Budget for the Fiscal Year beginning July 1, 2015.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements and will be submitted to GFOA to determine its eligibility for another award.

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