

# 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 the City Manager 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 are the 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, and City Council Priorities (Goals).

#### **B. Resource and Expenditure Summaries**

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 Summaries**

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 Position Summaries and Salary Range Tables**

This section includes information and charts about City positions or staff, both full and part-time positions, and also includes salary information, as well as detailed discussion of the CalPERS pension plans.

#### **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 2018-19 accomplishments and Fiscal Year 2019-20 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, which is adopted separately from the Fiscal Year 2019-20 Operating 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 2019-20.

#### **J. Supplemental Information:**

- Resolutions adopting the City's budget and related resolutions
- General and Administrative Allocation Plan and/or Indirect Cost Allocation Plan
- Long Range Financial Plans
- Significant Accounting Policies
- List of Acronyms
- Glossary of budget terms and abbreviations
- City Organizational Chart
- City of Hesperia History
- Community Profile
- 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 2019-20 means July 1, 2019 through June 30, 2020. 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 2018-19).

The columns typically presented are as follows:

2016-17	2017-18	2018-19	2018-19	2019-20
<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:

#### 2016-17 Actual

Actual financial information for Fiscal Year 2016-17 as reported in the City's Comprehensive Annual Financial Report, with on occasion, budgetary basis adjustments.

#### 2017-18 Actual

Actual financial information for Fiscal Year 2017-18 as reported in the City's Comprehensive Annual Financial Report, with on occasion, budgetary basis adjustments.

#### 2018-19 Budget

The 2018-19 Budget as adopted by the City Council June 5, 2018 for Operating expenditures and June 19, 2018 for CIP expenditures.

## PREFACE

### BUDGET DOCUMENT FINANCIAL INFORMATION (Continued)

#### 2018-19 Revised

The 2018-19 Revised column reflects the 2018-19 Budget plus budget amendments approved by the City Council during the fiscal year. The 2018-19 Revised column is also adjusted to reflect estimates of what revenues and expenditures are estimated to be at the end of Fiscal Year 2018-19.

#### 2019-20 Budget

This column initially reflects the FY 2019-20 Proposed Budget submitted by the City Manager.

#### 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 19, 2019, the FY 2018-19 Mid-Year Budget Review was presented with current expenditures, revenue trends, updated reserves, as well as amendments to the 2018-19 Budget which were approved by the City Council. This served as the planning phase for year-end estimates, as well as identifying the goals for FY 2019-20.

The FY 2019-20 Budget process then commenced as follows:

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

Council FY 2018-19 Mid-Year Budget Review	February 19, 2019
FY 2019-20 Budget Instructions Distributed	February 27, 2019
2019-20 Draft Division and/or Program Narratives	March 14, 2019
FY 2018-19 Revised Expenditure Estimates, 2019-20 Current Level Proposed Budget Expenditures and Expenditure Detail Narrative forms	March 19, 2019
2019-20 Budget Increments-“Requested Expenditures Above Current Level”	March 21, 2019
FY 2018-19 Revised Revenue and 2019-20 Proposed Budget Revenue Estimates to Departments for Review	April 16, 2019 (Review) April 23, 2019 (Due)
Budget Review with Departments/Divisions (Finance)	April 8 – April 22, 2019
FY 2019-20 Budget Workshop #1 (Current Level – Preliminary Operating)	May 7, 2019

**PREFACE**

**VI. OPERATING BUDGET CALENDAR (Continued)**

2019-20 Final Proposed Budget Division and/or Program Narratives completed	End of April
FY 2019-20 Budget Workshop #2 – Operating Overview and Capital Improvement Program (CIP)	May 21, 2019
2019-20 Proposed Budget completed	May 23, 2019
Council Adopts Operating Budget	June 4, 2019
Council Adopts CIP – Public Hearing & Presentation	June 18, 2019

On June 4, 2019, the City Council/Board Members/Commission Members are expected to adopt the FY 2019-20 Operating Budget 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.

**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. These controls are further identified in the Financial Policies, which are adopted by Resolution annually by the City Council.

## 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 2019-20 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

**FOR THE FISCAL YEAR 2019-2020**

**ELECTED OFFICIALS**

**Larry Bird, Mayor**

**Bill Holland, Mayor Pro Tem      Jeremiah Brosowske, Council Member**  
**Cameron Gregg, Council Member      Rebekah Swanson, Council Member**

*(At Date of Issuance)*

**ADMINISTRATIVE STAFF**

**Nils Bentsen, City Manager**

**Rachel Molina, Assistant to the City Manager**

**Michael Blay, Assistant City Manager**

**Casey Brooksher, Director of Finance**

**Melinda Sayre, City Clerk**

**Rod Yahnke, Economic Development Manager**

**Mark Faherty, Public Works Manager**

**Mike Browne, Police Captain**

**HESPERIA**

**1988**



PREFACE

# 2019-20 City Council



Larry Bird, Mayor



Bill Holland  
Mayor Pro Tem



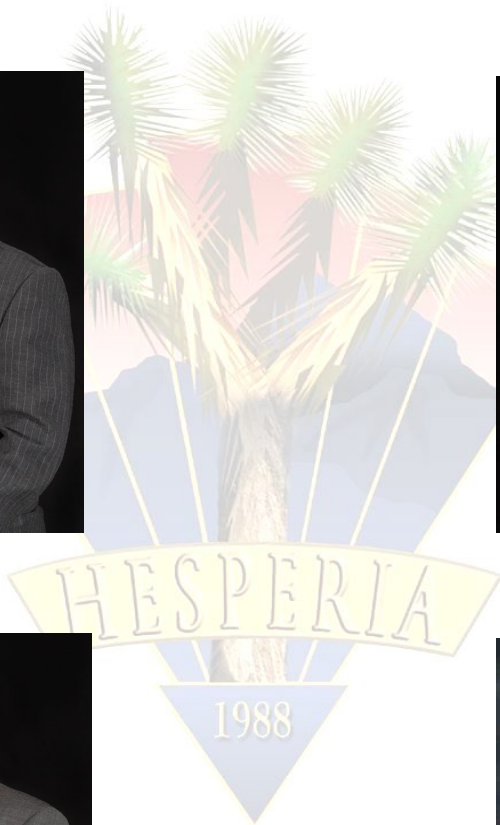
Jeremiah Brosowske  
Council Member



Cameron Gregg  
Council Member



Rebekah Swanson  
Council Member



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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Hesperia  
California**

For the Fiscal Year Beginning

**July 1, 2018**

*Christopher P. Morrill*

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, 2018.

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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