

City of Hesperia STAFF REPORT



DATE: June 3, 2025

TO: Mayor and Council Members
Chair and Board Members, Hesperia Housing Authority
Chair and Board Members, Hesperia Fire Protection District
Chair and Board Members, Hesperia Water District

FROM: Rachel Molina, City Manager

BY: Casey Brooksher, Assistant City Manager

SUBJECT: Fiscal Year (FY) 2025-26 Operating Budget Adoption

RECOMMENDED ACTION

It is recommended that the City Council/Board's adopt the following Resolutions approving the FY 2025-26 Operating Budget for the City of Hesperia, Hesperia Housing Authority, Hesperia Fire Protection District, and Hesperia Water District:

- 1) City of Hesperia Resolution No. 2025-18 adopting the Fiscal Year 2025-26 Budget
- 2) City of Hesperia Resolution No. 2025-19 adopting the GANN Appropriations Limit
- 3) Hesperia Housing Authority Resolution HHA 2025-03 adopting the Fiscal Year 2025-26 Budget
- 4) Hesperia Fire Protection District Resolution HFPD 2025-02 adopting the Fiscal Year 2025-26 Budget
- 5) Hesperia Fire Protection District Resolution HFPD 2025-03 adopting the GANN Appropriations Limit
- 6) Hesperia Water District Resolution HWD 2025-04 adopting the Fiscal Year 2025-26 Budget
- 7) Joint Resolution No. 2025-15, HHA 2025-02, HFPD 2025-01, and HWD 2025-03 re-adopting the Financial Policies

BACKGROUND

In compliance with the City Council's policy direction, staff has prepared the FY 2025-26 Operating Budget for the City of Hesperia, the Hesperia Housing Authority, Hesperia Fire Protection District, and the Hesperia Water District Board's consideration and action. The information contained in this staff report follows two workshops regarding the City's FY 2025-26 Operating Budget which began in May 2025.

ISSUES/ANALYSIS

The City Council/Board's expenditure plan and related resources to fund the Fiscal Year (FY) 2025-26 Operating Budget have been presented and staff is available to answer questions that the legislative bodies may have. Included with this staff report and attached resolutions is the FY 2025-26 combined operating budget of \$104,243,551, made up of: operating expenditures of \$92,637,368, expenditures from non-operating funds of \$5,736,450, capital outlay in operating funds of \$3,243,433, and debt service of \$2,626,300. The Capital Improvement Program (CIP) budget of \$34,390,147 will be presented for City Council consideration on June 17, 2025. With both items combined, the FY 2025-26 Budget is proposed to be \$138,633,698.

Staff requests authority to make technical corrections, minor edits, etc. to the FY 2025-26 Proposed Budget document to be incorporated into the final FY 2025-26 Budget as approved by the City Council.

Financial Policies

Resolutions are included to re-adopt the annual Financial Policies for the City. These policies, which follow current practices, will serve as guidelines for the financial management of the City; particularly in the area of budgeting, accounting for capital improvements, revenue, reserves, transfers of available budget within a fund, fiscal management, capital assets, long-term debt management, and Section 115 Trusts to address unfunded liabilities.

Gann Limit

Proposition 4, approved by the California voters in 1979, requires cities and special districts to calculate and establish an appropriation limit each year. The limit is based on the actual appropriation in the fiscal year 1978-79 or year of incorporation, and increases with population growth and inflation. The FY 2025-26 Gann Limit for the City is \$131,320,831 while the Fire District is \$30,621,746.

CITY GOAL SUPPORTED BY THIS ITEM

Public Safety - Ensure public safety resources adequately protect our community;

Future Development - Facilitate balanced growth to ensure cohesive community development and pursue economic development;

Organizational Health - Foster a high performing organization that provides opportunities for professional growth;

Financial Health - Maintain a balanced budget and adequate reserves; and

Capital Improvement - Continually evaluate capital improvement priorities.

FISCAL IMPACT

See Fiscal Year 2025-26 Proposed Budget.

ALTERNATIVE

Provide alternate direction to staff.

ATTACHMENTS

1. Resolution No. 2025-18
2. Resolution No. 2025-19
3. Resolution HHA 2025-03
4. Resolution HFPD 2025-02
5. Resolution HFPD 2025-03
6. Resolution HWD 2025-04
7. Joint Resolution No. 2025-15, HHA 2025-02, HFPD 2025-01, and HWD 2025-03 (Financial Policies)
8. Exhibit A Financial Policies clean and track changes