**Basis of Accounting/Budgeting**

The Budget presents forecasts of revenues and expenditures for the City resulting from the general economic position of the City and from allocation decisions made by, or approved by the City Council. As such, it serves as the foundation for the City's financial planning and control. The City requires that the City Manager present the Budget to the City Council for its approval annually (see Appendix for adopting resolutions). The Finance Division is responsible for overseeing the preparation of the Budget.

Basis of Accounting/Budgeting

The City uses fund accounting to ensure and demonstrate compliance with all governmental accounting related requirements. A fund is defined as a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources together with related liabilities. Each fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. The City of Victorville has three types of funds:

* Governmental Funds – Account for the funds through which most governmental functions are typically financed and are often referred to as "source and use" funds. The fund types included in this category are General, Special Revenue, Capital Projects, Debt Service, and Special Assessment funds.
* Proprietary Funds – Account for and record operations similar to those found in a business, such as Enterprise funds and Internal Service funds.
* Fiduciary Funds – Account for resources held by the City but belonging to other entities and may include trusts and agency funds.

The City of Victorville’s accounting records are maintained in accordance with Generally Accepted Accounting Principles. Governmental fund types such as General Funds and Special Revenue Funds are maintained on a modified accrual basis of accounting. Proprietary fund types such as Enterprise funds are maintained on an accrual basis.

The Budget for all funds and entities has been prepared on a cash basis. This means that revenues and expenditures are assigned to the period into which the City expects to receive or disburse cash.

As defined by the Governmental Accounting Standards Board, this Budget includes the transactions of the legal entities over which the City Council of the City of Victorville has authority and consists of the City of Victorville (City), Victorville Water District (Water District), City of Victorville as Successor Agency to Redevelopment Agency (SA), City Housing Asset Successor (CHAS), Southern California Logistics Airport Authority (SCLAA), Southern California Logistics Rail Authority (SCLRA), Victorville Joint Powers Financing Authority (VJPFA) and Victorville Library (Library).

**Basis of Accounting/Budgeting (cont.)**

Budgetary Control

The level of appropriated budgetary control is at the departmental level. The City Manager may authorize transfers of appropriations within a department. Expenditures may not legally exceed total departmental appropriations. The City maintains an encumbrance accounting system as another technique of accomplishing budgetary control. Under this system, unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are re-appropriated in the ensuing year’s budget.

Cost Allocations

The Budget includes cost allocations. Cost allocations in the FY 18-19 budget are based upon a cost allocation study prepared by an outside consultant. The cost allocation plan is designed to reflect the true costs of operating the City’s internal service departments.