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CAROLYN EMERY
Interim Executive Officer

May 8, 2013

8a

TO: Local Agency Formation Commission

FROM: Interim Executive Officer
Policy Analyst

SUBJECT: Final LAFCO Budget for Fiscal Year 2013-2014

BACKGROUND

In accordance with Government Code Section 56381(a), on April 10, 2013, the Commission adopted the proposed FY 2013-2014 budget and distributed it to each of the funding agencies for review and comment. State law also requires that the Commission adopt a final budget no later than June 15, 2013.

The final LAFCO budget for FY 2013-2014 (*Attachment 1*) identifies expenditures totaling \$1,015,965 and static funding apportionment levels through the use of the agency's reserves. The LAFCO apportionment (\$926,683) is equally divided between the County, cities and special districts, each paying \$308,894 (*Attachment 3*).

COMMENTS RECEIVED

On April 11, 2013, the proposed LAFCO budget was distributed to the Board of Supervisors, the County Executive Officer, each city and each independent special district for review and comment. At the time of agenda distribution, no comments or questions had been received.

RECOMMENDATIONS

Staff recommends that the Commission:

1. Adopt the LAFCO Final Budget for Fiscal Year 2013-2014.

2. Direct staff to transmit the LAFCO Final Budget (Attachment 1) to the Board of Supervisors, the County Executive Office, each city, each independent special district, and the County Auditor-Controller.

Respectfully submitted,

CAROLYN EMERY

BENJAMIN LEGBANDT

Attachments:

1. Final LAFCO Budget FY 2013-2014
2. Budget Category Descriptions (FY 2013-2014)
3. City and Special District Apportionments (FY 2013-2014)

**Local Agency Formation Commission
FY 2013-2014 Final Budget**

ATTACHMENT 1

		FY 13/14 Final Budget
Revenues:		
	Transfer from Unreserved equity	86,782
4000	LAFCO Apportionment	926,683
4050	Filing Fees	-
4200	Interest	2,500
4150	Miscellaneous Revenue	-
Total Revenues		<u>1,015,965</u>
Expenditures:		
5000	Salaries	405,400
5106	Retirement	116,400
5104	Exec Def Comp	6,900
5108	Health Insurance	46,800
5109	Retiree Health Benefits	13,000
5110	Dental Insurance	5,800
5112	Life Insurance	1,200
5114	Worker's Comp	2,100
5116	Medicare	5,900
5118	Unemployment Ins	1,100
5120	Salary Continuance	1,400
5122	Acc Death Ins	120
5102	Optional Benefit Plan	18,500
5125	Executive Car Allowance	7,200
Salaries and Benefits		<u>631,820</u>
5150	Information Technology	8,000
5151	Telephone	8,000
5200	County charges	5,625
5250	General liability insurance	14,000
5301	Repairs and maintenance	510
5350	Membership/Subscriptions	29,000
5450	Office equipment/supplies	15,000
5490	Office contract labor	8,200
Professional services:		
5510	Legal	56,100
5520	Audit/Accounting	37,200
5530	Human Resources	1,000
5535	Mapping	8,000
5540	Other professional	75,000
5550	Investment Admin Fees	610
5600	Public Noticing	10,000
5625	Postage	3,200
5650	Rents/Maintenance	40,100
5675	Equipment Leases	7,800
5700	Commissioner/Staff Expenses	8,000
5710	Commission Stipends & Taxes/Fees	16,000
5750	Staff Training	5,300
5800	Transportation/Travel	25,000
5850	Commission meeting expenses	2,500
Subtotal Services & Supplies		<u>384,145</u>
Total Expenditures		<u>1,015,965</u>

Revenues over expenditures

-

	FY 13/14 Final Budget
	6/30/13
Reserves:	
Contingency reserve	100,000
Reserve for litigation	75,000
Unfunded liability reserve	30,000
Reserved for projects deposits	31,503
<u>Unreserved equity:</u>	
<i>Balance at the Beginning of FY</i>	471,835
<i>Projected change in Year End Deficit</i>	126,729
<i>Amount used to balance Current Budget</i>	(86,782)
<i>Proposed Refund to funding agencies</i>	
Unreserved equity at the End of FY	511,782

LAFCO Budget Categories FY 2013-2014

REVENUE

The following summarizes what is included in each of the revenue categories used in the proposed FY 2013-2014 LAFCO Budget:

4000 LAFCO Apportionment

These funds are provided by the County, special districts and cities. LAFCO uses the cost allocation formulas previously adopted by the Independent Special Districts of Orange County (ISDOC) and the City Selection Committee, calculated individual city and special district contributions, to determine the allocation apportionment for each funding agency. The County pays 1/3 of the total apportionment cost.

4050 Filing Fees

These funds are provided by incoming project applications, including but not limited to annexations, incorporations, dissolutions, and consolidations.

4200 Interest

These funds are the interest earned from the agency's bank accounts, payroll and investment portfolio, including the Local Agency Investment Fund (LAIF) and the Orange County Fund.

4150 Miscellaneous Revenue

These funds are incurred by nonoperational income including but not limited to reimbursement.

EXPENDITURES

The following summarizes what is included in each of the expenditure categories used in the proposed FY 2013-2014 LAFCO Budget:

5000-5124 Salaries and Benefits

These accounts are used to pay for LAFCO employee salaries and benefits, including retirement, unemployment insurance, health and dental insurance, workers compensation and Medicare.

5150 Information Technology

This account is used to pay for the maintenance and repair costs of office computers, modem lines, Internet access, archival system (On-Base Client), and technical support. LAFCO contracts with County IT services for these functions.

5151 Telephone

Office and cellular phone charges are paid out of this account.

5200 County Charges

LAFCO contracts with the County to provide internal "pony" mail service within County departments, payroll services, warehouse storage for LAFCO files and records, and billing and collection of County, city and special district allocations.

5250 General Liability Insurance

LAFCO contracts with County (Risk Management) for insurance coverage for general liability, worker's compensation, and automobile, as well as instances related to crimes, (i.e., theft, forgery, fraud) that occur during the general operation of the agency.

5301 Repairs and Maintenance

This account is used to pay for repairs and maintenance to the LAFCO offices.

5350 Membership

CALAFCO, CDR, OCBC, CSDA and other applicable membership fees are paid out of this account.

5450 Office Equipment/Supplies

This category provides for the purchase of computer and office supplies/equipment and software for on-going office automation requirements.

5500 Professional Services

This category covers the costs for professional services provided to LAFCO. The following are subcategories for professional services:

- ✓ **5510** - LAFCO legal counsel through the law offices of Best, Best & Krieger
- ✓ **5520** - Bookkeeping and accounting services through CBIZ Accounting Tax and Advisory and IntelliBridge Partners. This account also pays for a certified public accounting firm to conduct mandated annual audits of LAFCO's financial statements and consultant assistance
- ✓ **5535** - LAFCO's archiving and GIS mapping programs
- ✓ **5540** - Other professional services

5550 Investment Admin Fees

Minor administrative fee charged by County for financial services.

5600 Public Noticing

Legal publication costs for Commission-initiated projects (e.g., municipal service reviews, annual budget adoption, etc.).

5625 Postage

This account pays for mail postage when distributing LAFCO correspondence, invoices, letters, staff reports and other documents.

5650 Office Lease

LAFCO leases its office space from the County. Lease payments are paid out of this account. Repairs and maintenance of office space are paid out of **Account 5301**.

5675 Equipment Leases/Maintenance

LAFCO leases a copier and postage meter for office use. Lease payments are paid out of this account.

5700 Commissioner/Staff Expenses

This account pays for Commissioner parking, mileage reimbursement, and staff meeting and educational reimbursement expenses.

5710 Commissioner Stipends & Taxes/Fees

This account pays for Commissioner meeting stipends and related employment taxes and fees.

5750 Staff Training

This account pays mandatory or job-related staff training, workshops, courses (i.e., sexual harassment, ethics in the workplace, software courses, etc.).

5800 Transportation/Travel/Registration

Funds from this account category are used to pay for registration and travel expenses for commissioners and staff to the CALAFCO annual conference, staff workshop and quarterly legislative committee meetings.

5850 Commission Meeting Expenses

Funds used for Commissioner meeting supplies and refreshments and other miscellaneous items.

**LAFCO Budget Reserve Categories
FY 2013-2014**

Contingency Reserve

Restricted funds used to cover any unforeseen future agency loss and/or urgency (i.e., property or equipment damage, loss or theft).

Reserve for Litigation

Restricted funds used for costs related to agency legal challenges.

Unfunded Liability Reserve

Restricted funds used to offset anticipated agency liabilities (i.e., employee vacation and administrative leave payouts).

District	2012-13 LAFCO Cost	2013-14 LAFCO Cost	Variance \$	Increase %
Rossmoor/Los Alamitos Sewer	\$500	\$500	\$0	0.0%
Surfside Colony Stormwater	\$500	\$500	\$0	0.0%
Silverado-Modjeska Rec. & Park	\$500	\$500	\$0	0.0%
Surfside Colony CSD	\$500	\$500	\$0	0.0%
Capistrano Bay CSD	\$1,000	\$1,000	\$0	0.0%
Buena Park Library	\$2,000	\$2,000	\$0	0.0%
Orange County Vector Control	\$2,000	\$2,000	\$0	0.0%
Orange County Cemetery	\$2,000	\$2,000	\$0	0.0%
Placentia Library	\$2,000	\$2,000	\$0	0.0%
Rossmoor CSD	\$2,000	\$2,000	\$0	0.0%
Three Arch Bay CSD	\$2,000	\$2,000	\$0	0.0%
Total	\$15,000	\$15,000	\$0	0.0%
Sunset Beach Sanitary	\$4,191.44	\$4,125.68	-\$66	-1.6%
Emerald Bay CSD	\$9,122.55	\$8,979.42	-\$143	-1.6%
Serrano Water	\$9,122.55	\$8,979.42	-\$143	-1.6%
East Orange Co. Water	\$9,122.55	\$13,590.47	\$4,468	49.0%
Trabuco Canyon Water	\$13,807.10	\$13,590.47	-\$217	-1.6%
Midway City Sanitary	\$13,807.10	\$13,590.47	-\$217	-1.6%
Costa Mesa Sanitary	\$18,738.21	\$18,444.21	-\$294	-1.6%
El Toro Water & Sewer	\$18,738.21	\$18,444.21	-\$294	-1.6%
Yorba Linda Water	\$24,655.54	\$24,268.70	-\$387	-1.6%
Mesa Consolidated Water	\$24,655.54	\$24,268.70	-\$387	-1.6%
Irvine Ranch Water & Sewer	\$24,655.54	\$24,268.70	-\$387	-1.6%
Moulton Niguel Water & Sewer	\$24,655.54	\$24,268.70	-\$387	-1.6%
MWDOC Water	\$24,655.54	\$24,268.70	-\$387	-1.6%
OCWD Water	\$24,655.54	\$24,268.70	-\$387	-1.6%
Santa Margarita Water & Sewer	\$24,655.54	\$24,268.70	-\$387	-1.6%
South Coast Water	\$24,655.54	\$24,268.70	-\$387	-1.6%
Total	\$293,894.00	\$293,894.00	\$0	0.0%
TOTAL FUNDING ALLOCATION	\$308,894.00	\$308,894.00	\$0	0.0%

*Note: East Orange CWD revenues increased and the District went from Category B to Category C

**FY 2012-13 and 2013-14
Variance of City Allocations**

ATTACHMENT 3

<i>City</i>	<i>FY 12-13 City Allocation</i>	<i>FY 13-14 City Allocation</i>	<i>Variance (\$)</i>	<i>Variance (%)</i>
Aliso Viejo	\$4,777.81	\$4,804.74	\$26.94	0.6%
Anaheim	\$33,905.76	\$34,048.32	\$142.56	0.4%
Brea	\$5,231.98	\$5,302.65	\$70.67	1.4%
Buena Park	\$7,734.56	\$7,707.26	(\$27.29)	-0.4%
Costa Mesa	\$10,910.94	\$10,840.26	(\$70.68)	-0.6%
Cypress	\$4,777.08	\$4,755.13	(\$21.96)	-0.5%
Dana Point	\$3,707.50	\$3,691.21	(\$16.30)	-0.4%
Fountain Valley	\$5,831.63	\$5,802.77	(\$28.86)	-0.5%
Fullerton	\$14,093.41	\$14,100.85	\$7.44	0.1%
Garden Grove	\$15,738.14	\$15,665.68	(\$72.45)	-0.5%
Huntington Beach	\$18,962.42	\$18,962.69	\$0.27	0.0%
Irvine	\$28,160.55	\$28,714.19	\$553.65	2.0%
Laguna Beach	\$3,157.33	\$3,148.04	(\$9.30)	-0.3%
Laguna Hills	\$3,470.61	\$3,454.81	(\$15.80)	-0.5%
Laguna Niguel	\$7,391.12	\$7,368.39	(\$22.74)	-0.3%
Laguna Woods	\$1,806.52	\$1,797.80	(\$8.72)	-0.5%
La Habra	\$5,748.69	\$5,723.79	(\$24.90)	-0.4%
Lake Forest	\$8,815.67	\$8,780.68	(\$34.99)	-0.4%
La Palma	\$1,508.84	\$1,500.19	(\$8.65)	-0.6%
Los Alamitos	\$1,651.55	\$1,646.22	(\$5.33)	-0.3%
Mission Viejo	\$10,088.23	\$10,043.20	(\$45.03)	-0.4%
Newport Beach	\$11,048.50	\$11,006.29	(\$42.21)	-0.4%
Orange	\$14,700.79	\$14,655.49	(\$45.30)	-0.3%
Placentia	\$4,910.40	\$4,890.97	(\$19.44)	-0.4%
Rancho Santa Margarita	\$5,981.54	\$5,956.00	(\$25.54)	-0.4%
San Clemente	\$8,125.26	\$8,099.91	(\$25.36)	-0.3%
San Juan Capistrano	\$5,304.56	\$5,294.45	(\$10.11)	-0.2%
Santa Ana	\$28,589.76	\$28,441.97	(\$147.79)	-0.5%
Seal Beach	\$4,114.52	\$4,078.25	(\$36.27)	-0.9%
Stanton	\$3,346.90	\$3,328.45	(\$18.44)	-0.6%
Tustin	\$7,568.73	\$7,553.96	(\$14.78)	-0.2%
Villa Park	\$824.23	\$821.34	(\$2.89)	-0.4%
Westminster	\$8,416.33	\$8,381.75	(\$34.58)	-0.4%
Yorba Linda	\$8,492.14	\$8,526.31	\$34.16	0.4%
TOTALS	\$308,894.00	\$308,894.00	\$0.00	0.0%