

| Local Agency Formation Commission FY 2017-18 Final Budget | | A | B | C | D | E |
|--|----------------------------|-----------------------------|---|--------------------------------------|----------------------------|-----------------------|
| | | FY 15/16 Actuals | FY 16/17 Approved Budget | FY 17/18 Final Budget | Budget Variance | % Variance |
| Projected Apportionment % Increase | | | | 5% | | |
| Addition (Drawdown) to Unreserved Equity | | (1,909) | (99,170) | (59,140) | 40,030 | -40% |
| Revenues: | | | | | | |
| 4000 | LAFCO Apportionment | 926,682 | 1,019,400 | 1,070,400 | 51,000 | 5% |
| 4200 | Interest | 6,602 | 2,900 | 8,500 | 5,600 | 193% |
| Total Revenues | | 935,193 | 1,121,470 | 1,138,040 | 16,570 | 1% |
| Expenditures: | | | | | | |
| 5000 | Salaries | 340,997 | 424,500 | 415,800 | (8,700) | -2% |
| 5010 | Hourly Employees | 3,985 | 10,000 | 10,000 | - | 0% |
| 5106 | Retirement | 129,078 | 131,800 | 124,500 | (7,300) | -6% |
| 5104 | Deferred Compensation | 4,051 | 9,100 | 6,800 | (2,300) | -25% |
| 5108 | Health Insurance | 49,617 | 52,400 | 55,000 | 2,600 | 5% |
| 5109 | Retiree Health Benefits | 12,196 | 14,500 | 16,100 | 1,600 | 11% |
| 5110 | Dental Insurance | 4,338 | 5,700 | 5,400 | (300) | -5% |
| 5112 | Life Insurance | 426 | 600 | 550 | (50) | -8% |
| 5114 | Worker's Compensation | 2,237 | 2,000 | 2,950 | 950 | 48% |
| 5116 | Medicare | 5,166 | 6,900 | 5,900 | (1,000) | -14% |
| 5118 | Unemployment Insurance | - | - | - | - | - |
| 5120 | Salary Continuance | 1,137 | 1,500 | 1,400 | (100) | -7% |
| 5122 | Accidental Death Insurance | 89 | 100 | 110 | 10 | 10% |
| 5102 | Optional Benefit Plan | 17,042 | 18,500 | 18,500 | - | 0% |
| 5125 | Executive Car Allowance | 7,200 | 7,200 | 7,200 | - | 0% |
| Total Salaries and Benefits | | 577,557 | 684,800 | 670,210 | (14,590) | -2% |
| Office Operations and Supplies: | | | | | | |
| 5150 | Information Technology | 27,319 | 10,000 | 10,000 | - | 0% |
| 5151 | Telephone | 12,817 | 12,000 | 14,200 | 2,200 | 18% |
| 5200 | County Charges | 2,191 | 3,600 | 4,000 | 400 | 11% |
| 5250 | Insurance | 14,845 | 16,010 | 16,510 | 500 | 3% |
| 5301 | Repairs and Maintenance | 267 | - | - | - | 0% |
| 5350 | Membership/Subscriptions | 27,704 | 29,700 | 31,600 | 1,900 | 6% |
| 5450 | Office Equipment/Supplies | 24,952 | 18,000 | 18,000 | - | 0% |
| 5490 | Office contract labor | - | - | - | - | 0% |
| Professional Services: | | | | | | |
| 5510 | Legal | 49,439 | 60,000 | 60,000 | - | 0% |
| 5520 | Audit/Accounting | 42,871 | 46,000 | 42,900 | (3,100) | -7% |
| 5530 | Human Resources | 4,893 | 10,000 | 8,000 | (2,000) | -20% |
| 5540 | Other Professional | 28,317 | 75,000 | 100,000 | 25,000 | 33% |
| Other Operations: | | | | | | |
| 5535 | Mapping | 3,536 | 6,400 | 6,400 | - | 0% |

**Local Agency Formation Commission
FY 2017-18 Final Budget**

| | FY 15/16 Actuals | FY 16/17 Approved Budget | FY 17/18 Final Budget | Budget Variance | % Variance |
|---|-----------------------------|---|--------------------------------------|----------------------------|-----------------------|
| 5550 Investment Admin Fees | 599 | 640 | 600 | (40) | -6% |
| 5575 CEQA Filings | 2,260 | - | - | - | 0% |
| 5560 Banking Fees | 273 | 920 | 220 | (700) | -76% |
| 5600 Public Noticing / Communications | 7,628 | 10,400 | 10,400 | - | 0% |
| 5625 Postage | 506 | 2,900 | 1,000 | (1,900) | -66% |
| 5650 Rents/Maintenance | 61,166 | 68,600 | 70,900 | 2,300 | 3% |
| 5675 Equipment Leases & Maintenance | 5,947 | 8,300 | 4,500 | (3,800) | -46% |
| 5700 Commissioner/Staff Expenses | 5,100 | 8,400 | 8,400 | - | 0% |
| 5710 Commission Stipends & Taxes/Fees | 13,208 | 15,600 | 16,200 | 600 | 4% |
| 5750 Professional Development | 870 | 5,000 | 15,000 | 10,000 | 200% |
| 5800 Registration/Travel | 15,721 | 26,600 | 22,700 | (3,900) | -15% |
| 5850 Commission Meeting Expenses | 1,390 | 2,600 | 6,300 | 3,700 | 142% |
| Subtotal Services, Operations, & Supplies | 353,818 | 436,670 | 467,830 | 31,160 | 7% |
| Total Expenditures | 931,375 | 1,121,470 | 1,138,040 | 16,570 | 1% |
| Net Budget | - | - | - | - | - |

| | FY 15/16 Actuals | FY 16/17 Approved Budget | FY 17/18 Final Budget |
|--|-----------------------------|---|--------------------------------------|
| <u>Reserves:</u> | | | |
| 1 Contingency reserve | 100,000 | 100,000 | 100,000 |
| 2 Reserve for litigation | 75,000 | 75,000 | 75,000 |
| 3 Unfunded liability reserve | 30,000 | 30,000 | 30,000 |
| 4 Reserved for projects deposits | 25,292 | 25,292 | - |
| 5 Reserve - 25% of Budgeted Expenditures | 232,844 | 280,368 | 284,510 |
| <u>Unreserved equity:</u> | | | |
| 7 Balance at the Beginning of FY | 681,970 | 680,061 | 580,891 |
| 8 Addition (Drawdown) to Unreserved Equity | (1,909) | (99,170) | (59,140) |
| 9 Projected unreserved equity at the End of FY | 680,061 | 580,891 | 521,751 |
| 10 Total Projected Reserves at End of FY | <u>1,143,197</u> | <u>1,091,551</u> | <u>1,011,261</u> |

REVENUES

The following summarizes what is included in each of the revenue categories used in the proposed FY 2017-18 LAFCO Budget:

4000 LAFCO Apportionment

These funds are provided by the County, independent special districts and cities. LAFCO uses the cost allocation formulas previously adopted by the City Selection Committee and the Independent Special Districts Selection Committee to determine the allocation apportionment for each city and independent special district. 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, reorganizations, incorporations, dissolutions, and consolidations. Filing fees are not budgeted for because revenue from this category is hard to predict. Any revenues that is collected will help offset LAFCO salaries and benefits.

4200 Interest

These funds are the interest earned from the agency's bank and County payroll accounts 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 reimbursements.

EXPENDITURES

The following summarizes what is included in each of the expenditure categories used in the proposed FY 2017-18 LAFCO Budget:

5000-5125 Salaries and Benefits

These categories include costs incurred for LAFCO employee (full-time and hourly) salaries and benefits, including retirement, unemployment insurance, health and dental insurance, workers' compensation, and Medicare. LAFCO contracts with the County of Orange for payroll and benefit services.

5150 Information Technology

This includes costs incurred for the maintenance and repair costs of office computers, modem lines, archival system (On-Base Client), and technical support for regular maintenance and upgrades to the LAFCO website. LAFCO contracts with the County of Orange for archiving services and an independent contractor, for other IT services.

5151 Telephone Expense

This category includes telephone and cell phone costs, leasing telephone equipment, website hosting, tech support, and email.

5200 County Charges

This category includes costs incurred for warehouse storage for LAFCO files and records, and billing and collection of County, city and special district allocations provided by the County of Orange.

5250 Insurance

This category includes costs incurred for insurance coverage. LAFCO contracts with the County of Orange Risk Management Division for the following coverages for instances that occur during the general operation of the agency.

- General Liability (SLIP) – Includes coverage for personal injury, property damage, non-owned auto liability, public officials’ errors and omissions and employment practices liability.
- Workers’ Compensation - State mandated coverage for LAFCO employees for work related injuries.
- Crime – Includes coverage for employee theft, burglary, forgery or alteration, computer fraud, funds transfer fraud.
- Property (SPIP) - Includes per occurrence, all perils coverage for damage to property including personal property and business interruption coverage.

5350 Membership/Subscriptions

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

5450 Office Equipment/Supplies

This category includes costs incurred for the purchase of computer and office supplies/equipment and software that support the efficient operations of the agency.

5500 Professional Services

This category includes costs incurred for professional services provided to LAFCO. The following are subcategories for professional services:

- ✓ **5510 Legal** - LAFCO legal counsel through the law offices of Best, Best & Krieger.
- ✓ **5520 Auditing/Accounting** – Bookkeeping and accounting services through CBIZ Accounting Tax and Advisory and Platinum Consulting Group. This category includes costs incurred for a certified public accounting firm to conduct mandated audits of LAFCO’s financial statements and consultant assistance.
- ✓ **5530 Human Resources** – Personnel costs that may include recruitment, professional development and human resource publications.
- ✓ **5535 Mapping** -- LAFCO’s Geographic Information System (GIS) and other mapping programs.
- ✓ **5540 Other Professional Services** – Outside consulting and professional services used for complex and/or contentious projects that may include meeting facilitation, peer reviews, and preparation of fiscal studies and/or Municipal Service Reviews or other reports.

5550 Investment Admin Fees

This category includes costs incurred for administrative fees charged by the County of Orange for financial services related to the OC Fund investment portfolio.

5560 Banking Fees

This category includes costs incurred for administrative fees charged by Wells Fargo for management of the LAFCO checking and savings accounts.

5600 Public Noticing/Communications

This category includes costs incurred for required legal notices for Commission-initiated and other projects (e.g., municipal service reviews, annual budget adoption, small island annexations, etc.) that are not reimbursable through application fees.

5625 Postage

This category includes costs incurred for mail postage when distributing LAFCO correspondence, invoices, letters, staff reports and other documents.

5650 Rents/Maintenance

This category includes costs for leasing of LAFCO office space.

5675 Equipment Leases/Maintenance

This category includes costs for leasing and maintenance of copier, printers, and postage meter machines for LAFCO office use.

5700 Commissioner/Staff Expenses

This category includes costs incurred for Commissioner parking, mileage reimbursement, and staff meeting and educational reimbursement expenses.

5710 Commissioner Stipends & Taxes/Fees

This category includes Commissioner meeting stipends and related employment taxes and fees.

5750 Professional Development

This category includes costs related to mandatory or job-related staff development training workshops, university courses, or other training classes.

5800 Transportation/Travel/Registration

This category includes costs incurred for registration and travel expenses for commissioners and staff to attend the CALAFCO annual conference and board meetings, staff workshop and other conferences.

5850 Commission Meeting Expenses

This category includes costs incurred for room rental and miscellaneous supplies used for Commission meetings.

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).