

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF MARCH 25, 2015

REGULAR MEETING

TO: Ken Humphreys, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

AGENDA ITEM #6: PUBLIC HEARING TO CONSIDER AND ADOPT THE FINAL
BUDGET FOR FISCAL YEAR 2015-16

RECOMMENDATION

Staff recommends that the Commission:

1. Receive the information related to the adopted Proposed Budget for Fiscal Year 2015-2016;
2. Open the Public Hearing on this matter;
3. Adopt LAFCO Resolution L-2015-06 approving the Final Budget for Fiscal Year 2015-2016, which reflects the Commission's priorities for the coming fiscal year; and
4. Direct staff to transmit the Final Budget to the funding agencies and others as specified in Government Code §56381.

REASON FOR RECOMMENDED ACTION

The recommended LAFCO Budget provides adequate funding for El Dorado LAFCO to meet the responsibilities of the Cortese-Knox-Hertzberg Act. By State Law, this agency adopts its own budget in a two-stage process with notice to all funding agencies.

BACKGROUND

Summary

In February, the Commission discussed and approved the Proposed Budget that covered the agency's projected costs for employee and operating expenses. The size of next year's budget is expected to be 4% lower than the current year's budget. The challenge for the next fiscal year is on the revenue side. The carryover from this year into next year is expected to be much lower. In addition, it is difficult to ascertain the

number of applications staff can expect to receive. As a result, fee revenues are forecast to be low. As a result, agency contributions will go up by 5%.

Budget Summary and Highlights

- Revenues – On the revenue side, staff calculates a decrease in fee revenue because it is difficult to ascertain the level of application activity next year. As a result, the Ad Hoc Committee and staff determined it was more prudent to budget for a modest amount for fee revenues next fiscal year. The carryover into next fiscal year is projected to be much lower, approximately \$26,000 less than the carryover from FY2013-14 into this year. This led to higher contribution amounts for the funding agencies, almost \$16,000 total and an increase of over \$5,000 per funding category (County, cities and special districts).
- Employee Costs – Employee expense (salaries and benefits) are projected to increase by 3% over the current year, including COLAs for staff. In addition, funding for a potential hiring of a clerk is included in the budget, but only for half a year. If the workload warrants it, the hiring would take place in January 2016. The practice of utilizing 3-day furloughs will continue in the coming year.
- Operating Costs – Overall operating expenses are approximately 19% lower, mostly due to not budgeting for any consultants to assist staff with the municipal service reviews and sphere of influence studies. Of the expenditures that are lower than current, about half are more than 10% lower than current. The budget also includes a 10% contingency.

Budget at a Glance

Budget	FY2014-15	FY2015-16
Employee Expense	\$333,400	\$344,466
Operating Expense	\$136,096	\$109,865
Operating Contingency	\$13,610	\$10,987
Expense Total	\$483,106	\$465,317
Non-Agency Revenues	\$14,628	\$6,977
Agency Contributions	\$349,092	\$365,075
Prior Year Fund Balance	\$119,386	\$93,265
Revenue Total	\$483,106	\$465,317

Compliance with GASB 68

Starting with the 2014-15 Fiscal Year, LAFCO must now disclose the unfunded liability (UAL) for pensions in its budget. Because the UAL is not a budgeted line item, it is listed separately from the budget at the bottom. As a benefit to the Commission and the public, staff will also include the reserve amount in this manner.

Attachments

- Attachment A: Approved Work Plan, FY 2015-2016
 Attachment B: Proposed LAFCO Budget FY 2015-2016
 Attachment C: Draft Resolution L-2015-06