

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF DECEMBER 7, 2016

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 AMENDING THE 2016-2017
BUDGET**

RECOMMENDATION

Staff recommends that the Commission adopt the amended budget for Fiscal Year 2016-2017 and Resolution L-2016-06.

REASON FOR RECOMMENDED ACTION

The proposed policy implements one half of the Commission's approval of the use of carryover/fund balances at the September meeting (Agenda Item 7 implements the other half). The amended budget allocates funds for the replacement of LAFCO's IT equipment. The funds will come from the larger than expected carryover from FY2015-16 and will not result in asking for additional contributions from the agencies in the county.

BACKGROUND

In 2015, staff notified the Commission that LAFCO's IT infrastructure would need to be replaced in a couple of years. In fact, the current desktop computers and server are now as old as the equipment they replaced. The age of the current equipment was also a factor in LAFCO's inability to get quotes from several vendors to provide IT services to the agency.

The original plan was for the allocation of funds to replace the IT infrastructure in the FY2017-18 budget. It was necessary to start the discussion in 2015 because allocating funds towards this effort, while a one-time expense, would also mean an increase to the LAFCO budget. The increase may or may not have translated into higher agency contributions, depending on how other revenue streams were forecast.

As explained in September, the larger-than-expected carryover from last fiscal year presented the Commission with the opportunity to do so in this fiscal year without the need to request additional contribution from the agencies in El Dorado County.

As explained in the September meeting, staff calculated in January 2016 that the fund balance at the end of FY2015-16 would be \$8,370. In September 2016, the fund balance was calculated at \$ 147,625, a difference of over \$139,000. The Commission agreed with staff's recommendation that \$8,370 of the FY2015-16 fund balance be used in this fiscal year since that was the amount assumed as the fund balance for the FY2016-17 budget. The Commission also agreed to use some of the carryover/calculated fund balance for new IT infrastructure and to save the rest of these funds to implement a new process for the carryover/calculated fund balance (to be discussed in Agenda Item 7).

Towards that decision, the amended budget to be discussed in this Agenda Item retains all expenditures at the same level as the budget approved by the Commission in March except for Information Services (Line Item 6000) and Operating Contingency (Line Item 6300). The amount for Information Services has been increased by \$17,000. That triggers an automatic increase of \$1,700 for the Operating Contingency. By Commission Policy the Contingency is be funded at 10% of operating costs. Revenues from applicant fees, interest revenue and agency contributions remain the same. The Fund Balance (Line Item 4100) amount has been increased by \$18,700 to offset the increased costs. Staff will work with the agency's retained IT vendor to update the equipment and LAFCO's capabilities within this amount.

Original and Revised Budgets at a Glance

Budget	Original FY2016-17	As Amended FY2016-17
Employee Expense	\$318,719	\$318,719
Operating Expense	\$109,208	\$126,208
Operating Contingency	\$10,921	\$12,621
Expense Total	\$438,848	\$457,548
Non-Agency Revenues	\$6,977	\$6,977
Agency Contributions	\$423,501	\$423,501
Prior Year Fund Balance	\$8,370	\$27,070
Revenue Total	\$438,848	\$457,548

Alternatively, the Commission could leave the budget as-is and use the entire carryover of \$139,255 (the calculated \$147,625 carryover minus the \$8,370 amount calculated in January) for the FY2017-18 budget, choosing to fund the IT replacement next fiscal year.

Should the Commission approve staff's recommendation to change this year's budget, staff will transfer the remaining balance of the FY2015-16 carryover, \$120,555, to CalTRUST if the Commission approves staff's recommendation in Agenda Item 7.

Since no changes are made to the agency contributions, no circulation to the funding agencies is needed under Government Code §56381.

Attachments

Attachment A: Revised Budget

Attachment B: Resolution L-2015-06 Approving Revised Budget