

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF MARCH 22, 2023

REGULAR MEETING

TO: Brian Veerkamp, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: Shiva Frentzen, Executive Officer

AGENDA ITEM #1: PUBLIC HEARING TO CONSIDER THE DRAFT PROPOSED
BUDGET FOR FISCAL YEAR 2023-24

RECOMMENDATION

Staff and the Budget Committee recommend that the Commission:

1. Open the Public Hearing on this matter
2. Receive the information related to the draft Proposed Budget for Fiscal Year 2023-24
3. Continue the Public Hearing on this matter to May 24, 2023

REASON FOR RECOMMENDED ACTION

The enclosed LAFCO Budget reflects the financial priorities for the agency for next year under the Cortese-Knox-Hertzberg Act. El Dorado LAFCO adopts its own budget in a two-stage process with notice to all funding agencies. This is the first of two hearings.

BACKGROUND

Summary

This budget contains the initiatives that the Commission wants to prioritize for the coming fiscal year. The Budget Committee has met and reviewed the Work Plan and financial priorities for FY23-24. The agency will budget to operate with 2 full time employees and sufficient funding to hire part time employees as necessary.

How to Read the Attached Budget:

- Attachment A contains the Draft Proposed Budget for Fiscal Year 2023-2024
- Attachment B contains the Work Plan for FY2023-2024
- Attachment C contains the Caltrust account statement

Overall Budget Highlights

As outlined above, the Budget Committee's goal was to plan for the future of the agency to operate with 2 full time employees and possible part-time staff as necessary so the employee expenses remain at ~\$400,000 (line item 5100). The Work Plan for FY23-24 is well defined and follows the "5-year MSR/SOI Plan for FY22-23" that was approved by the Commission. Agency contributions are increased by \$38,877 compared to FY22-23 which is slightly less than 8% (line item 4120).

Policy Reviews

2.10.5.a - An "Accrued Leave" fund to cover the balance of all employees' vested time off (vacation and sick leave), allocated annually as a line item in the budget. Funds may be expended for the sole purpose of compensating an employee who leaves the agency's employment of the balance of his/her accrued time off, in accordance with applicable Federal and State laws and in conformance with LAFCO's policies. Disbursement of the Accrued Leave is delegated to the Executive Officer.

Accrued Leave for FY23-24 is set to the best estimated amount for vacation and sick leave pay for the 2 full time employees (line item 6800).

2.10.5.b - An "Operating Contingency" fund set at 10% of total operating expense, allocated annually as a line item in the budget. Funds may be expended to cover increases in cost for other budget items or unexpected expenses within the scope of other items in the budget. Disbursement of the operating contingency is at the discretion of the Executive Officer.

The Operating Contingency for FY23-24 is \$20,000 that is 10% of the total operating expenses at \$200,000 (line item 6300).

2.10.5.c - An "Emergency Reserve" fund set at a minimum of 15% and maximum of 25% of the LAFCO's current year operating budget for the purposes of funding non-budgeted legal expenses that may occur from time-to-time; unexpected catastrophic expenses; or an unexpected drop in revenues. Expenditure of "Emergency Reserve" funds must receive prior approval of the Commission; however, an emergency expense can be authorized from the "Emergency Reserve" with approval of the Executive Officer and either Commission Chair or Vice Chair for an amount totaling less than \$10,000.00 during a monthly period. Assignments into this classification will not be allocated in the budget. Instead, assignments into this fund will come from any carryover monies that are in excess of the estimated carryover amount specified in the final budget. Upon the time the "Emergency Reserve" fund is fully funded in accordance with this policy, the application of any excess carryover monies will be applied per Policies & Guidelines Section 2.7.5. The Executive Officer shall make recommendations to the Commission during adoption of the annual budget for replenishing this fund.

The Emergency Reserve for FY23-24 will stay at the current balance of the Caltrust account as of February 28, 2023 at \$118,294.58 that is approximately 19% of the operating budget.

2.10.5.d - Carryover/Fund Balance amounts, as defined in Policy 2.1.

The Carryover/Fund Balance for FY23-24 is set to \$60,000 that is the projected fund balance that was reviewed by the Commission on January 25, 2023 during the Mid-Year Budget Projection for FY22-23 (line item 4100).

2.10.5.e - An “Operating Reserve” fund set at 30% of LAFCO’s current year operating budget for the purpose of cash flow management with the timing of agency contribution reimbursement from El Dorado County. Disbursement of the “Operating Reserve” is at the discretion of the Executive Officer. Replenishment of the “Operating Reserve” for disbursement made in the same fiscal year is at the discretion of the Executive Officer. Assignments into this classification will not be allocated in the budget. Instead, assignments into this fund will come from any carryover monies that are in excess of the estimated carryover amount specified in the final budget. The Executive Officer makes recommendations to the Commission during adoption of the annual budget for replenishing this fund.

The Operating Reserve for FY23-24 will be the actual fund balance at the end of FY22-23 after the allocation of \$60,000 for the Carryover/Fund Balance in the budget.

Budget at a Glance

Budget	FY2023-24	FY2022-23
Employee Expense	\$400,000	\$403,988
Operating Expense	\$200,000	\$195,666
Operating Contingency	\$20,000	\$14,567
Expense Total	\$620,000	\$614,220
Non-Agency Revenues	\$15,000	\$15,500
Agency Contributions	\$545,000	\$506,123
Fund Balance	\$60,000	\$92,598
Revenue Total	\$620,000	\$614,220

FY22-23 CONSULTANT RECOMMENDATIONS

During the FY22-23 budget discussions, the consultant made the following recommendations:

- *Review and update the budget policies including the budget process and the carryover/fund balance methodology. The Budget Subcommittee and staff should work together towards this goal.*

The Commission revised and approved the budget policies at their February 22, 2023 meeting and the proposed budget for FY23-24 follows the updated policies.

- *Review the Caltrust account on an annual basis.*

The Caltrust account is reviewed as part of the “Emergency Reserve” discussion during the annual budget process.

- *Evaluate and analyze the current accounting policies and software for possible efficiencies and improvements.*

The accounting practices at the agency are revised to make our small operation more effective, efficient, and secure. The agency is in the process of moving the payroll to El Dorado County on April 1, 2023. The agency is looking for in-house consultant/staff to perform the accounts payable and financial duties.

Attachments

Attachment A: Draft Proposed Budget FY2023-2024

Attachment B: Work Plan FY2023-2024

Attachment C: Caltrust account statement

DRAFT PROPOSED BUDGET

PROPOSED BUDGET FY 2023-2024				
	<i>Fund (or line item)</i>	<i>DESCRIPTION</i>	<i>Proposed FY 2023-2024 LAFCO Budget</i>	<i>Adopted FY 2022-2023 LAFCO Budget</i>
Revenues	4000	Fees	\$ 15,000	\$ 15,000
	4100	Fund Balance	\$ 60,000	\$ 92,598
	4120	Revenue - Agency Payments	\$ 545,000	\$ 506,122
	4500	Revenue - From Reserves	\$ -	\$ -
	4700	Revenue Interest	\$ -	\$ 500
	(5)	Sub-Total - Revenues	\$ 620,000	\$ 614,220
Employee Expense	5200	Employee Wage - Regular	\$ 300,000	\$ 221,148
	5210	Employee Wage - Temporary	\$ -	\$ -
	5230	Employee Wage - Overtime	\$ -	\$ 524
	5310	Flex Benefits	\$ -	\$ 6,000
	5311	Employee Assistance	\$ 500	\$ 385
	5320	Health Insurance (Less In Lieu)	\$ 30,000	\$ 32,371
	5340	Retirement - CALPERS	\$ 30,000	\$ 44,328
	5350	In-Lieu Health Insurance	\$ 4,500	\$ -
	5400	Payroll Tax - Medicare (1.45% of Base)	\$ 3,500	\$ 3,207
	5420	Payroll Tax - SUI/ETT	\$ 1,500	\$ 1,300
	5440	Disability Insurance (.53% of Base)	\$ 1,500	\$ 1,172
	6800	Accrued Leave	\$ 28,500	\$ 28,557
		Additional wages for 3rd full time employee and EO	\$ -	\$ 64,996
	5100	Sub-Total Employee Expenses	\$ 400,000	\$ 403,988
Operating Expense	5450	Workers Comp Insurance	\$ 2,000	\$ 1,725
	5460	General Liability Insurance	\$ 30,000	\$ 26,530
	6000	Information Services	\$ 20,000	\$ 23,760
	6010	County Clerk Fee	\$ 1,000	\$ 625
	6020	Accounting Services	\$ 15,000	\$ 7,188
	6030	Annual Audit	\$ 10,000	\$ 8,450
	6040	Cell & Telephone Services	\$ 2,000	\$ 3,840
	6050	Copies	\$ 500	\$ 480
	6060	GIS Maps	\$ 500	\$ 180
	6070	Lease Payment - Building	\$ 27,000	\$ 24,527
	6080	Legal Notices	\$ 1,000	\$ 726
	6090	Legal Services	\$ 24,000	\$ 22,000
	6100	Memberships	\$ 2,000	\$ 1,850
	6105	Memberships - CALAFCO	\$ 4,000	\$ 3,677
	6210	Office Expense	\$ 2,000	\$ 1,485
	6400	Postage	\$ 1,000	\$ 800
	6501	Professional Services	\$ 30,000	\$ 50,000
	6600	Publications	\$ 500	\$ 387
	6705	Rents/Lease - Equipment	\$ 3,000	\$ 2,136
	6710	Utilities	\$ 3,000	\$ 2,040
	6750	Staff Development (incl. Commissioner Development)	\$ 15,000	\$ 9,000
	6770	Transportation	\$ 6,500	\$ 4,260
	(44)	Sub-Total Operating Expense	\$ 200,000	\$ 195,666
	6300	Operating Contingency (10% of operating expenses)	\$ 20,000	\$ 14,567
	(46)	BUDGET TOTAL	\$ 620,000	\$ 614,220

Work Plan Fiscal Year 2023-2024

1. Finalize Questionnaire for Non-Municipal Services Districts MSR/SOI update and complete the studies for Arroyo Vista CSD, Lake View CSD, Knolls CSD, Rising Hill Road CSD, and Sierra Oaks CSD according to the approved "[FY22-23 NON-MUNICIPAL SERVICES MSR/SOI Project Cycle](#)"
2. Grizzly Flats CSD Non-Audited FY22-23 Financial Analysis Review
3. Process the El Dorado County Fire Protection District and Diamond Springs Fire District annexation
4. Work closely with the Strategic Planning Ad-Hoc Committee to strategize and continue the efforts for the Fire Summit that is recommended as the result of the Fire MSRs
5. Propose a five-year budget projection and MSR project plan
6. Work closely with the Budget Committee and Strategic Planning Ad-Hoc Committee to update Commission's Policies and Guidelines as necessary including an updated MOU with El Dorado County, updated Fee Schedule, and updated Salary Schedule
7. Evaluate the accounting software and procedures to make additional recommendations to improve security and efficiency
8. Evaluate and propose alternatives for building lease
9. Train staff and commissioners
10. Assist Placer LAFCO with the Meeks Bay and North Tahoe FPD consolidation
11. Provide technical assistance to those who enquire about the potential incorporation of the community of El Dorado Hills
12. Review, evaluate and update internal work procedures
13. Coordinate with the County as needed on its preparation of environmental documents for various upcoming projects requiring future LAFCO action



CalTRUST
PO Box 2709
Granite Bay, CA 95746
www.caltrust.org
Email: admin@caltrust.org
Fax: 402-963-9094
Phone: 833-CALTRUST (225-8787)

Investment Account Summary

02/01/2023 through 02/28/2023

SUMMARY OF INVESTMENTS

Fund	Account Number	Total Shares Owned	Net Asset Value per Share on Feb 28 (\$)	Value on Feb 28 (\$)	Average Cost Amount (\$)	Cumulative Change in Value (\$)
EL DORADO LOCAL AGENCY FORMATION COMMISSION						
CalTRUST Short Term Fund		7,579.521	9.99	75,719.41	75,897.99	(178.58)
CalTRUST Medium Term Fund		4,398.261	9.68	42,575.17	43,917.99	(1,342.82)
Portfolios Total value as of 02/28/2023				118,294.58		

DETAIL OF TRANSACTION ACTIVITY

Activity Description	Activity Date	Amount (\$)	Amount in Shares	Balance in Shares	Price per Share (\$)	Balance (\$)	Average Cost Amt (\$)	Realized Gain/(Loss) (\$)
CalTRUST Short Term Fund		EL DORADO LOCAL AGENCY FORMATION COMMISSION			Account Number:			
Beginning Balance	02/01/2023			7,558.387	10.00	75,583.87		
Accrual Income Div Reinvestment Change in Value	02/28/2023	211.13	21.134	7,579.521	9.99	75,719.41 (75.59)	0.00	0.00
Closing Balance as of	Feb 28			7,579.521	9.99	75,719.41		
CalTRUST Medium Term Fund		EL DORADO LOCAL AGENCY FORMATION COMMISSION			Account Number:			
Beginning Balance	02/01/2023			4,387.796	9.77	42,868.77		
Accrual Income Div Reinvestment Change in Value	02/28/2023	101.30	10.465	4,398.261	9.68	42,575.17 (394.90)	0.00	0.00
Closing Balance as of	Feb 28			4,398.261	9.68	42,575.17		

Please note that this information should not be construed as tax advice and it is recommended that you consult with a tax professional regarding your account.