

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF FEBRUARY 23, 2022

REGULAR MEETING

TO: John Hidhal, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: Shiva Frentzen, Consultant

AGENDA ITEM #7: PUBLIC HEARING TO CONSIDER AND ADOPT THE
PROPOSED BUDGET FOR FISCAL YEAR 2022-23

RECOMMENDATION

Consultant and the Budget Sub-committee recommend that the Commission:

1. Receive the information related to the draft Proposed Budget for Fiscal Year 2022-23;
2. Open the Public Hearing on this matter; and
3. Adopt the Proposed Budget for Fiscal Year 2022-2023.

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 Sub-committee has given their directions to the consultant and the FY 22-23 Proposed Draft Budget assumptions are as follow:

- **The agency will operate with 3 full time employees**
 - o Budget sub-committee directed an allocation of ~\$400,000 for Employee Expenses which includes operating with 3 full time employees and the unknown additional costs for hiring a new Executive Officer
 - o Employee wages, health insurance, taxes and other associated expenses are assumed to be the same as 21-22 fiscal year

- **The agency plans on outsourcing MSR**
 - o Budget sub-committee directed an allocation of \$50,000 for outsourcing MSR
 - o The strategic planning efforts will streamline the MSR projects for future years
- **Fees collected by possible projects is estimated at \$15,000 based on prior years average**

How to Read the Attached Budget:

- Attachment A contains the calculated carryover from FY2020-21. This number is inputted into next year's budget as a source of revenue under GL 4100, consistent with both your direction from last year as well as with your policies.
- Attachment B contains the Fiscal Year 22-23 Proposed Budget Assumptions
- Attachment C contains the Draft Proposed Budget for Fiscal Year 2022-2023

Overall Budget Highlights

As outlined above, the Budget Sub-committee's goal was to plan for the future of the agency to operate with 3 full time employees and also continue outsourcing the MSR until the Strategic Planning ad-hoc committee, along with the staff, bring a solid 5-year work plan/roadmap to the Commission. The recruitment for the Assistant Policy Analyst should enable the Commission to work towards enhancing the agency's policies and drafting the work plan.

Budget at a Glance

Budget	FY2021-22	FY2022-23
Employee Expense	\$338,992	\$403,988
Operating Expense	\$179,873	\$195,666
Operating Contingency	\$13,687	\$14,567
Expense Total	\$532,552	\$614,220
Non-Agency Revenues	\$20,205	\$15,500
Agency Contributions	\$463,817	\$506,123
Prior Year Fund Balance	\$48,530	\$92,598
Revenue Total	\$532,552	\$614,220

CONSULTANT RECOMMENDATIONS:

I had the opportunity to delve into the financial operations of the agency while preparing the FY 22-23 proposed budget. Even though my exposure to the financials of the agency was limited, I would like to make the following recommendations to be considered in the future for the betterment of the agency.

- 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.
- Review the Caltrust account on an annual basis.
- Evaluate and analyze the current accounting policies and software for possible efficiencies and improvements.

Attachments

Attachment A: Carryover/Fund Balance Calculations Fiscal Year 2020-2021

Attachment B: Fiscal Year 22-23 Proposed Budget Assumptions

Attachment C: Draft Proposed Budget FY 2022-2023