Proposed Budget – Spreadsheet and Narrative Related to Individual Accounts and Activity Chart

Attachment 1

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 09-10	ACTUAL YEAR-END FY 10-11	ACTUAL YEAR-END FY 11-12	ACTUAL YEAR-END FY 12-13	FINAL BUDGET FY 13-14	PROJECTED YEAR-END FY 13-14	PROPOSED FY 14-15 BUDGET	FORECAST FY 15-16 BUDGET
	SALARIES AND BENEFITS								
1010	Regular Salary, Cell Phone, and Bilingual	$ 497,190	$ 429,049	$ 372,803	$ 379,028	$ 423,818	$ 410,523	$ 437,522	$ 515,708
1030	Merit Incentive (Auto)	15,162	14,039	14,600	14,600	14,881	14,600	$ 14,881	$ 18,025
1035	Overtime			802	1,028	-	319	$ -	$ -
1045	Termination Payment	18,825	33,687				-		
1110	General Member Retirement	110,428	77,173	59,328	70,512	88,636	84,177	$ 99,625	$ 144,026
1130	Survivors Benefits	224	111	93	81	178	160	$ 178	$ 210
1135	Indemnification - General	61,072	42,314	14,397	15,538	20,163	17,518	$ 20,163	$ 26,028
1200	Employee Group Insurance (Health Subsidy)	12,013	8,480	29,005	35,599	57,038	41,011	$ 50,040	$ 61,882
1205	Long-Term Disability	1,315	986	858	883	1,049	992	$ 1,099	$ 1,567
1207	Vision Care Insurance	787	634	589	589	750	759	$ 837	$ 990
1215	Dental Insurance & Health Subsidy	511	322	1,846	1,701	1,972	1,469	$ 1,557	$ 1,780
1220	Psychological Services	410	41				-		
1222	Short-Term Disability	1,396	1,124	1,044	2,728	3,466	3,308	$ 3,658	$ 5,127
1225	Social Security Medicare	3,761	4,453	4,723	4,728	5,520	5,139	$ 5,637	$ 6,536
1235	Workers' Compensation	3,293	4,101	2,091	2,644	4,201	2,705	$ 4,782	$ 5,467
1240	Life Insurance & Medical Trust Fund	8,373	4,603	3,814	4,415	5,598	4,694	$ 5,289	$ 9,036
1305	Other (Medical Reimbursement Plan)	5,170	3,498	2,585	2,600	4,800	3,572	$ 6,920	$ 8,208
1310	Indemnification	31,970	25,760				-		
1314	457/401a Defined (LAFCO Contribution)	1,424	1,737	1,289	1,327	1,575	1,446	$ 1,650	$ 3,006
1315	401k Contribution	33,349	22,854	19,671	21,037	25,199	22,875	$ 26,400	$ 37,652
1000	Salary Reserve	-	-	-	-	9,000	-	$ 9,000	$ 9,000
	TOTAL SALARIES & BENEFITS	**$ 808,224**	**$ 674,965**	**$ 529,536**	**$ 559,037**	**$ 667,844**	**$ 615,268**	**$ 689,235**	**$ 854,249**
	Staffing (Full time equivalent units)	5.0	4.5	4.5	4.5	5.5		5.5	6
	SERVICES AND SUPPLIES								
	Services:								
2037	COMNET Charge (ISF)	$ 2,624	$ 2,552	$ 2,872	$ 2,590	$ 2,564	$ 2,703	$ 2,874	$ 2,932
2038	Long Distance Charges	229	72	58	74	120	94	$ 120	$ 122
2041	Phone Service/Outside Company	439	483	447	304	480	519	$ 540	$ 551
2043	Electronic Equipment Maintenance	-	-	-	-	-	121	$ -	$ -
2075	Membership Dues	7,776	7,846	7,870	8,089	8,275	8,324	$ 8,515	$ 8,685
2076	Tuition Reimbursement	-	-	341	-	2,000	1,100	$ 2,000	$ 2,040
2080	Publications	1,927	2,038	2,399	3,000	3,377	3,177	$ 3,600	$ 3,672
2085	Legal Notices	13,871	12,822	14,648	5,193	24,000	17,549	$ 26,000	$ 26,520
2115	Computer Software	2,151	4,590	3,222	2,825	12,028	6,355	$ 3,346	$ 3,413
2125	Inventoriable Equipment	-	17,944	2,070	3,252	-	-	$ 12,500	$ -
2195	Reimbursement Services and Supplies	(17)	-	-	-	-	-	$ -	$ -

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 09-10	ACTUAL YEAR-END FY 10-11	ACTUAL YEAR-END FY 11-12	ACTUAL YEAR-END FY 12-13	FINAL BUDGET FY 13-14	PROJECTED YEAR-END FY 13-14	PROPOSED FY 14-15 BUDGET	FORECAST FY 15-16 BUDGET
2245	Other Insurance	16,737	50	7,045	6,998	7,500	7,074	$ 7,012	$ 7,152
						-			
	Supplies:					-			
2305	General Office Expense	5,913	6,313	5,842	8,710	10,619	17,863	$ 19,391	$ 8,653
2308	Credit Card Clearing Account	-	-	1,126	(288)	-	(1,703)	$ -	$ -
2310	Postage - Direct Charge	19,297	8,551	8,972	5,373	13,670	9,198	$ 10,662	$ 10,875
2315	Records Storage	679	668	661	940	1,680	648	$ 570	$ 582
2323	Reproduction Services	1,429	2,455	730	102	500	653	$ -	$ -
2335	Temporary Services	-	-		16,965	13,323	13,311	$ -	$ -
	Consultant & Special Services:								
2400	Prof & Special Service (Legal Counsel)	53,373	29,198	24,758	21,903	36,648	30,137	$ 36,800	$ 37,536
2405	Auditing	6,754	7,611	6,932	8,372	8,600	7,850	$ 11,799	$ 12,035
2410	Data Processing	6,328	5,106	6,212	6,630	7,200	7,324	$ 7,611	$ 7,763
2414	Application Development Maintenance					11,961	-	$ -	$ -
2415	COWCAP	53,325	39,230	18,772	9,219	6,053	6,053	$ 6,308	$ 6,434
2420	ISD Other IT Services	206	189	206	244	756	235	$ 1,008	$ 1,028
2421	ISD Direct	520	2,035	1,690	739	2,400	1,301	$ 1,800	$ 1,836
2424	Mgmt & Tech (Environmental Consultant)	19,504	11,988	8,078	8,853	18,053	20,438	$ 9,800	$ 9,996
2444	Security Services	384	405	408	408	408	578	$ 408	$ 416
2445	Other Prof (Commission, Surveyor, ROV)	43,422	28,304	41,878	44,593	44,950	38,546	$ 61,196	$ 47,120
2449	Outside Legal (Litigation & Special Counsel)	43,842	58,334	-	5,050	-	6,324	$ 10,000	$ -
2450	Application Development Support	-	-	-	10,499	18,000	20,351	$ 22,500	$ 7,650
2460	GIMS Charges	10,851	13,530	10,524	10,500	17,100	12,477	$ 14,600	$ 14,892
	Lease/Purchases:								
2895	Rent/Lease Equipment (copier)	9,541	7,800	7,678	4,235	3,600	4,038	$ 4,800	$ 4,896
2905	Office/Hearing Chamber Rental	52,313	49,317	55,438	48,859	49,792	55,218	$ 51,270	$ 52,808
	Travel Related Expenses:								
2940	Private Mileage	5,485	4,549	6,579	4,760	6,462	5,843	$ 6,418	$ 6,546
2941	Conference/Training	5,989	3,458	4,215	5,363	6,400	4,660	$ 7,950	$ 8,109
2942	Hotel	3,392	2,411	5,692	5,482	9,500	6,129	$ 5,486	$ 5,596
2943	Meals	708	597	1,214	743	2,700	1,475	$ 1,900	$ 1,938
2944	Car Rental	-	-	589	1,247	1,800	989	$ 500	$ 510
2945	Air Travel	233	1,305	1,915	1,954	5,000	4,841	$ 2,400	$ 2,448
2946	Other Travel	311	248	438	677	550	1,108	$ 600	$ 612

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 09-10	ACTUAL YEAR-END FY 10-11	ACTUAL YEAR-END FY 11-12	ACTUAL YEAR-END FY 12-13	FINAL BUDGET FY 13-14	PROJECTED YEAR-END FY 13-14	PROPOSED FY 14-15 BUDGET	FORECAST FY 15-16 BUDGET
	Other Charges:								
5012	Services Out (Staples)	2,110	1,190	1,098	1,480	6,000	3,916	$ 3,600	$ 3,672
	TOTAL SERVICES & SUPPLIES	**$ 391,647**	**$ 333,189**	**$ 262,639**	**$ 265,938**	**$ 364,071**	**$ 326,819**	**$ 365,884**	**$ 309,038**
TOTAL EXPENDITURES		**$ 1,199,871**	**$ 1,008,153**	**$ 792,176**	**$ 824,975**	**$ 1,031,915**	**$ 942,087**	**$ 1,055,119**	**$ 1,163,288**
6000	Contingency	-	-	-	-	$ 99,872	-	$ 98,356	$ 50,000
6010	COWCAP Reserve			-	-	46,780	-	$ 40,503	$ -
6025	General Reserve	-	-	-	-	250,000	-	$ 300,000	$ 300,000
6030	Compensated Absences Reserve			-	-	66,620	-	$ 72,897	$ 81,650
							-		
	TOTAL CONTINGENCIES & RESERVES				**$ -**	**$ 463,272**	**$ -**	**$ 511,756**	**$ 431,650**
TOTAL APPROPRIATION		**$ 1,199,871**	**$ 1,008,153**	**$ 792,176**	**$ 824,975**	**$ 1,495,187**	**$ 942,087**	**$ 1,566,875**	**$ 1,594,938**

ACCT #	ACCOUNT NAME	ACTUAL YEAR-END FY 09-10	ACTUAL YEAR-END FY 10-11	ACTUAL YEAR-END FY 11-12	ACTUAL YEAR-END FY 12-13	FINAL BUDGET FY 13-14	PROJECTED YEAR-END TOTAL	PROPOSED FY 14-15 BUDGET	FORECAST FY 15-16 BUDGET
CONTRIBUTION REVENUES									
	Use of Money:								
8500	Interest	$ 9,356	$ 6,569	$ 3,992	$ 4,009	$ 3,750	$ 3,057	$ 4,000	$ 6,000
	Mandatory Contribution from Governments:								
8842	Local Government -- For FY 2014-15 apportionment to County, Cities, and Independent Special Districts of approximately $288,274 each	1,001,415	1,033,911	933,639	903,000	864,821	864,822	864,821	883,232
	Fees and Deposits (Current Services):								
9545	Individual Notice	8,642	5,100	1,238	4,402	2,800	3,100	4,900	7,700
9555	Legal Services	38,003	9,782	4,733	5,934	4,025	4,600	7,475	11,500
9655	GIMS Fees	10,140	6,845	2,710	1,255	1,200	-	2,400	3,600
9660	Environmental	16,901	7,996	3,313	10,171	2,700	9,880	4,950	7,650
9800	LAFCO Fees	79,807	47,287	20,758	33,004	23,250	74,671	38,750	67,000
		153,493	77,010	32,751	54,765	33,975	92,251	58,475	97,450
TOTAL CONTRIBUTION REVENUES		**$ 1,164,264**	**$ 1,117,490**	**$ 970,382**	**$ 961,774**	**$ 902,546**	**$ 960,130**	**$ 927,296**	**$ 986,682**
OTHER REVENUES									
9910	Refunds from Prior Year Revenue	$ (7,969)	$ (7,462)	$ (2,027)	$ 1,401	$ (30,214)	$ 1,761	$ (2,000)	$ (5,000)
9930	Miscellaneous Revenues	1,730	463	517	1,652	1,500	1,479	1,500	$ 1,500
	Carryover from Prior Year								
9970	Contingencies	126,739	122,658	35,197	41,507	84,730	84,730	99,872	98,356
9970	COWCAP Reserve				56,000	46,780	46,780	46,780	40,503
9970	General Reserve	117,575	79,811	124,108	180,000	200,000	200,000	250,000	300,000
9970	Comp. Absences Reserve				62,003	66,620	66,620	66,620	72,897
9970	Digital Archiving Project				33,056				
9970	Other Carryover			145,730	108,937	223,225	223,225	176,807	100,000
9995	Residual Equity						40		
TOTAL OTHER REVENUES		**$ 238,076**	**$ 195,469**	**$ 303,525**	**$ 484,556**	**$ 592,641**	**$ 624,636**	**$ 639,579**	**$ 608,256**
TOTAL REVENUES		**$ 1,402,339**	**$ 1,312,959**	**$ 1,273,907**	**$ 1,446,330**	**$ 1,495,187**	**$ 1,584,766**	**$ 1,566,875**	**$ 1,594,938**

Note: Spreadsheet utilizes the cash basis of accounting and does not include accrual/reversal data which do not affect fund balance.

NARRATIVE FOR FY 2014-15 PROPOSED BUDGET

SALARIES AND BENEFITS
1000 SERIES

FY 2013-14

Salaries and Benefits (1000 series) for FY 2013-14 was budgeted at $667,844 for 5.5 positions: one Contract Executive Officer (limited to 960 paid hours per year), Assistant Executive Officer, Project Manager, Clerk to the Commission, Deputy Clerk and LAFCO Secretary. During the first quarter of FY 13-14 the LAFCO Secretary was filled. Over the first three-quarters of the year it was determined that an internal restructuring based upon changes in operations (assumption of website maintenance, implementation of Fiscal Indicators program and upgraded GIS activities) was needed. The Deputy Clerk has been changed to an Administrative Assistant and the LAFCO Secretary has been changed to a LAFCO Analyst. Year-end expenditures for the 1000 series are estimated to be $615,268, $52,576 under budget.

FY 2014-15

For Fiscal Year 2014-15 the staffing is anticipated to be maintained from the prior year – a contract Executive Officer for 960 hours (last full year of the contract), Assistant Executive Officer, Project Manager, LAFCO Analyst, Clerk to the Commission/Office Manager and Administrative Assistant. It is has also been determined that the recruitment process be undertaken for the Executive Officer position beginning in May 2015, with the new Executive Officer on board by August 2015; therefore, no new salary costs are included in FY 2014-15.

No cost-of-living change has been identified by the County for the upcoming fiscal year. Therefore, since the Commission has adopted the County Exempt Compensation Plan as its own no salary increase has been included. The pay ranges have remained static since December 2008. As the Proposed Budget Spreadsheet identifies, FY 2014-15 is budgeted to have a total expenditure of $689,235, an increase of $21,391 over the prior year budget. This includes the step changes in salary appropriate for staff members and the retirement rate increase of 8.02%.

FY 2015-16

The forecast for FY 2015-16 includes the payment of the standard 26 pay periods, step increases as appropriate for staff members, the hiring of the new Executive Officer and the retention of the existing contract Executive Officer through September 30, 2015 for transition purposes. Staff is also including a 2.5% cost-of-living increase in the forecast.

The forecast for this transition is $854,249, an increase of $165,014 over the proposed budget for FY 2014-15.

LINE ITEM ACCOUNTS FOR SALARIES AND BENEFITS FOR FISCALYEAR 2014-15

Regular Salary – Account 1010: $437,522
Salaries are calculated at 26.5 pay periods for five positions and the contract for the Executive Officer, the contract benefits granted for the Executive Officer's portable communication allowance (cell phone and iPad connections $2,446) and bilingual payments for the Clerk to the Commission and LAFCO Analyst positions ($2,385). Cash out amounts included in this line item account for annually declared vacation/holiday leave cash outs (estimated at $2,457). The salaries by position are:

Executive Officer (contract)	$100,800
Assistant Executive Officer	97,138
Project Manager	79,733
LAFCO Analyst	47,721
Clerk to the Commission	55,290
Administrative Assistant	50,117

BENEFITS

For employee benefits, LAFCO mirrors the County's Exempt Compensation Plan as identified in the LAFCO Benefits Plan and contracts with the County to administer the benefits for its employees. Benefit allocations are calculated at 26.5 pay periods for the regular LAFCO positions and only the car allowance benefit for the Executive Officer, except where identified otherwise.

Merit Incentive (Car) – Account 1030: $14,881
The LAFCO Benefit Plan allocates to the Executive Officer $561.54 per pay period for car allowance. The contract with the Executive Officer provides for the payment of this benefit.

Termination Payment – Account 1045: $0.00
The LAFCO Benefit Plan provides that at separation from LAFCO service, employees are required to contribute the cash value of their unused sick-leave to the Retirement Medical Trust Fund at the rate of 75% of the cash value of the employee's unused sick leave hours. Should such occur revenues would be transferred from the Compensated Absence Reserve account for payment.

General Member Retirement – Account 1110: $99,625
Calculation for the payment of the LAFCO (employer) retirement contribution is based upon the rate of 29.91% of salaries paid. The retirement rate increases from the FY 2013-14 contribution rate of 27.69%, an increase of 8.02%. However, this rate will increase to 30.55% for FY 2015-16 (2.14% increase). Legislation approved has changed the

methodologies used for this benefit for future employees and modified earnable compensation types for existing employees. All employees are calculated at the Tier I rate.

Survivor's Benefits – Account 1130: $178
The cost is calculated at approximately $1.34 per employee per pay period; the same as Fiscal Year 2013-14.

Indemnification General – Account 1135: $20,163
This account allocates the funding necessary to cover additional employee retirement payments pursuant to the provisions of the LAFCO Benefits Plan. This amount has been reduced through the exclusion of the seven percent match of earnable compensation. However, a retirement benefit of $152.17 employee per pay period is included in this plan.

Employee Group Insurance (Health Insurance Subsidy) – Account 1200: $50,040
This account allocates a Medical Premium Subsidy in an amount that has been augmented to include the dollars from the Flexible Benefit Plan as follows:

$230.00	Employee only (one LAFCO employee)
$352.23	Employee plus one dependent (two LAFCO employees)
$482.64	Employee plus two or more dependents (two LAFCO Employees)

The subsidy is paid only toward coverage chosen by the employee. If costs are less than amounts identified, no residual dollars are provided to the employee.

Long Term Disability – Account 1205: $1,099
This cost is calculated at 33 cents per $100 of base pay.

Vision Care Insurance – Account 1207: $837
This cost is calculated at $6.32 per employee per pay period.

Dental Insurance and Health Subsidy – Account 1215: $1,557
This account allocates the Dental Premium Subsidy in an amount that, when combined with the Medical Subsidy, would offset the cost of out-of-pocket dental expenses charged to eligible employees.

Short Term Disability and Family Medical Leave Overhead – Account 1222: $3,658
LAFCO employees are provided with short-term disability by contract with the County to provide the same level of service as provided to County Exempt Employees at a cost of 1.04% of salaries per pay period. In addition, the administrative cost for the Family Medical Leave is calculated at $1.41 per pay period for each regular employee and includes the contract Executive Officer.

Social Security Medicare – Account 1225: $5,637
For employees entering LAFCO service after 1985, contribution to the federal Social Security Medicare system is mandatory. The cost is calculated for five positions and the contract Executive Officer at the rate of 1.41% of base compensation.

Worker's Compensation – Account 1235: $4,782
This account is for worker's compensation insurance. LAFCO purchases this insurance through the Special District Risk Management Authority (SDRMA), a joint powers authority. The charge is estimated to be $1.07 per $100 of salaries and Commissioner stipend payments.

Life Insurance and Medical Trust Fund– Account 1240: $5,289
This account contains costs associated with term life insurance, variable life insurance, and contributions to the Retirement Medical Trust Fund.

Other (Medical Reimbursement Plan) – Account 1305: $6,920
This account is for the Commission's matching payment toward an Exempt Medical Reimbursement Plan for employees of up to $40 per employee per pay period and the Healthy Lifestyles membership up to $324. Staff estimates full utilization of this benefit by five employees.

Deferred Compensation – Account 1314: $1,650
LAFCO matches employee contributions to the 457 savings plan of the County up to 1% of the employee's base salary for LAFCO Benefit Group A (Executive Officer) and up to ½% of the employee's base salary for LAFCO Benefit Groups B and C. The appropriation anticipates full participation by five employees in this plan.

401(k) Contribution – Account 1315: $26,400
LAFCO matches employee contributions to the 401(k) savings plan of the County up to 8% of the employee's base salary for LAFCO Benefit Groups A and B and 6% of base salary for LAFCO Group C. The appropriation anticipates full participation by the five full-time employees.

Salary Reserve – Account 1000: $9,000
This account includes appropriation authority for payment of the Retirement Replacement Benefit, if any. The reserve has been set at $9,000.

SERVICES AND SUPPLIES
2000 AND 5000 SERIES

FY 2013-14

For FY 2013-14, Services and Supplies were budgeted at $364,071 and are estimated to be 90% expended at year end for a total of $326,819. Items of note during this Fiscal Year are:

- Fiscal Indicators program is scheduled to be up and running by Fiscal Year end
- The ArcGIS Online mapping page update for the website should go live by the end of the Fiscal Year.

FY 2014-15

The total budgeted amount for Services and Supplies for FY 2014-15 is $365,884, which is an increase of $1,813 from FY 2013-14. The following policy items are included:

- The Commission program for service reviews has envisioned a mechanism to encourage shared services as an efficiency measure. Staff is proposing to move toward development of the program necessary to provide a database of services capabilities for sharing. The County Information Services Department, in discussions with LAFCO staff, has provided a general estimate of $15,000 to develop the software to accomplish this task. Staff is requesting that the Commission authorize the staff to pursue the necessary work arrangement to proceed with this software development.
- The Request for Qualifications for personnel firm and recruitment process for the Executive Officer position will be conducted during the winter and spring of 2015. Staff has allocated $15,000 for this process.

In addition, the workload related to jurisdictional change applications is increasing from the recession years. Staff is estimating that the upcoming year will have six jurisdictional change proposals.

FY 2015-16

Services and Supplies for FY 2015-16 are projected at $309,038. It anticipates a slight increase in activity to include the submission of nine (9) proposals for the year; natural contract increases for legal counsel and office lease payments, and maintenance of current activities.

LINE ITEM ACCOUNTS FOR SERVICES AND SUPPLIES FOR FISCAL YEAR 2014-15

SERVICES

Comnet Charge – Account 2037: $2,874
Comnet is the County's telephone system. Charges for use of this system are $29.00 per line per month. LAFCO utilizes eight phone lines: seven telephones and one fax/answering machine.

Long Distance Charges – Account 2038: $120
Long distance activity is estimated to be reduced to $10 per month based on long-distance charges from the past two years.

Phone Service/Outside Company – Account 2041: $540
The use of phone service outside the County system (Verizon) is required by the security alarm company to ensure proper monitoring for the LAFCO office. The monthly phone charge is $45 per month.

Electronic Equipment Maintenance – Account 2043: $0
This account is for new installations of data lines. No activity in this account is anticipated.

Membership Dues – Account 2075: $8,515
This account is for membership in professional associations. Dues for CALAFCO are increasing by the CPI to $7,428 and dues for California Special Districts Association for associate members are anticipated to increase to $1,087.

Tuition Reimbursement – Account 2076: $2,000
Pursuant to the LAFCO Benefits Plan, employees can be reimbursed for up to $1,000 for approved tuition, course/seminar or degree related expenses, and membership dues in professional organizations. This appropriation provides for full participation by two employees.

Publications – Account 2080: $3,600
This account anticipates costs for updates to the California Legislative Codes, California Environmental Law pamphlets, and other publications and/or updates utilized by either staff or the Commission and the monthly California Planning and Development Newsletter at a cost of $238 per year. As a cost savings measure, the Commission has participated in a contract with West's Publishing Customer Loyalty program to receive updated pocket parts to the California Annotated Code.

Legal Notices – Account 2085: $26,000
The budget figure accommodates the advertising needs for maintenance of an 11 hearing schedule (the month of December will be dark). The processing of the sphere of influence updates will require an eighth-page display ad in general newspapers when a sphere

amendment is proposed and when advertisement is authorized in-lieu of individual landowner and/or registered voter notice.

Computer Software – Account 2115: $3,346
The account accommodates the charges for contract with County for licenses for computer software; $910 annually. Government Code Section 56382 mandates LAFCO to maintain its records in perpetuity. To comply with this mandate, LAFCO has chosen to digitally archive its records, and the yearly maintenance of the digital archiving software is $1,313. In addition, the use of aerial map display in staff reports and PowerPoint presentations requires the yearly maintenance upgrade of the Adobe suite of programs ($186.30) as well as the purchase of an additional workstation suite of Adobe programs and ArcGIS ($500).

Inventoriable Equipment – Account 2125 -- $12,500
The account anticipates the replacement of three laptop computers and the need for a media server to house and capture the video recordings of Commission hearings.

Other Insurance – Account 2245: $7,012
This account is for property liability insurance (liability and damage), general liability, public officials and employee errors and omissions, personal liability for board members, employment practices liability, employee benefits liability, employee dishonesty coverage, and auto liability. LAFCO purchases this insurance through the Special District Risk Management Authority, a joint powers authority. SDRMA has provided notification that it intends not to raise rates for the upcoming year.

SUPPLIES

General Office Expense – Account 2305: $19,391
This account is utilized for expenses to run the office such as office supplies and non-inventoriable items. General expenses include ink for the color printer, paper, petty cash reimbursement, annual fire inspection fee, and office supplies. The upcoming year anticipates the replacement of a projector utilized for community meetings. Additionally, LAFCO utilizes the County's contract with Staples and these expenses are budgeted in Account 5012 (Staples) with only the administrative surcharge included in this line item.

Credit Card Clearing Account - Account 2308: $0
This is a clearing account for use of the credit card issued to the Executive Officer. All charges on the card will be posted to this account temporarily with charges then transferred to the appropriate accounts (2941 through 2946). At year's end, this account will have no expenditures.

Postage – Direct Charge – Account 2310: $10,662
The shift to have placement of the staff reports and attachments and notices on CD has reduced overall postage costs. The estimated postage cost for the year is $8,550 for 11 meetings. Calculations for receipt and delivery of interoffice mail including special pick-ups are $2,112 as outlined in the County's Internal Service Rates.

Records Storage – Account 2315: $570
Government Code Section 56382 mandates LAFCO to maintain its records in perpetuity. The cost for storage is estimated to be $570 annually.

Reproduction Services – Account 2323: $0
This account is for reproduction activity outside of the LAFCO office (County Printing Services, Kinkos, etc.). The shift made to have the staff reports and attachments and notices on CD have reduced printing costs; therefore costs are anticipated for the coming year.

CONSULTANT AND SPECIAL SERVICES

Professional and Special Service (Legal Counsel) – Account 2400: $36,800
The existing contract for LAFCO legal counsel allows an annual rate based on the local consumer price index for the previous year for urban consumers not to exceed five percent and rounded up to nearest dollar; $225 per hour for Fiscal Year 2014-15. All legal counsel costs, with the exceptions of administrative charges and the staff workshop are billable under the Commission's existing fee policy. Payments made for costs recoverable are deposited into Revenue Account 9555. (Litigation and outside legal counsel costs are charged under Account 2449 below.)

Auditing – Account 2405: $11,799
The Commission is in the second year of a new three year contract with option for one additional year at a cost of $8,000. Additionally, the County Auditor and LAFCO Legal Counsel charge for the preparation of the response to the Audit which is paid from this account (estimated at $675). Beginning in FY 2014-15 SBCERA will be required to determine the unfunded liability for its participants and by legislative action can charge for fulfilling that requirement. SBCERA has notified its participating agencies that the cost for compliance will range from $1,875 to $3,125. Staff has included $3,125 for next year as an expense item.

Data Processing – Account 2410: $7,611
LAFCO contracts with the County Information Services Department for technology related services. This account is for technology infrastructure (internet, email, security, etc.) and reporting from the County payroll system. The budget utilizes a monthly average of $634.

COWCAP – Account 2415: $6,308
The estimated costs identified in the County Wide Cost Allocation Plan (COWCAP) to be charged in FY 2014-15 are for services performed in FY 2012-13. The identified costs are for County services such as technology charges-emerging technologies, use of County Purchasing, and processing of payments and payroll through the County Auditor which are charged to LAFCO pursuant to existing agreements.

ISD Other IT Services – Account 2420: $1,008
This account is for charges by the County Information Services Department for the Executive Officer's portable communication device (IPhone and IPad) connection to County

e-mail servers and computers and Assistant Executive Officer and Project Manager for connection of IPads. Portable communication device cost is $21.00 per month.

ISD Direct – Account 2421: $1,800
LAFCO contracts with the County Information Services Department for technology related services. This account is for maintenance of the local area network of computers, printers, and servers.

Environmental Consultant – Account 2424: $9,800
The Commission contracts with an independent consultant, Tom Dodson and Associates, for the environmental assessment associated with its proposals. Anticipated costs are for environmental analysis of out-of-agency service contracts, proposals, sphere of influence updates and service reviews, and for other environmental determinations. All environmental consultant costs are billable under the Commission's existing fee schedule. Payments made for cost recovery are deposited into Revenue Account 9660.

Security Services – Account 2444: $408
Costs for maintaining the security alarm system and monitoring are $102 paid quarterly.

Other Professional Services – Account 2445: $61,196
This account is for professional services to process proposals and items on the hearing agendas and includes the anticipated costs for the County Surveyor ($200 per hour), Registrar of Voters ($268.17 per hour), and translation services for required notices. Commissioner stipend payments for attendance at hearings, the costs associated with the August workshop, and the costs for the Commission's designated representative to CCL and the CALAFCO Board of Directors are provided in this account. It is anticipated that there would be sufficient resources available if any member of the Commission wished to participate in one of the CALAFCO University courses available during the year.

This account also includes the costs anticipated for the County Auditor to bill for the apportionments for the Cities, Independent Special Districts and the County ($3,008), the cost for recording the Commission's hearings on DVDs ($3,300, $300 per hearing) and the recruitment costs for the Executive Officer ($15,000).

Outside Legal – Account 2449: $10,000
This account is for legal services conducted through special contract for either litigation or when a conflict of interest waiver is not granted. Funding estimated is recognized for costs associated with Special Counsel for a City of Fontana application (LAFCO 3177) and the sphere of influence establishment for CSA 120 (LAFCO 3172).

System Development – Account 2450: $22,500
LAFCO contracts with the County Information Services Department for technology related services. This account is for specialized support for the LAFCO website and support of a customized program to generate property owner listings and mailing labels as necessary. In addition, staff has provided funding of $15,000 to provide for the work necessary to develop the software program for Shared Services.

GIMS Charges – Account 2460: $14,600
LAFCO contracts with the County Information Services Department for technology related services. This account is for generation and maintenance of digitized maps. Costs for this account include paper maps generated ($600), Aerial Imagery through Google Earth subscription ($3,500) and Street Network Subscription ($10,500).

LEASE/PURCHASES

Rent/Lease Copier – Account 2895: $4,800
This account accommodates the contract for the copier rental and a per copy charge of $.0049 when the maximum number of copies is exceeded.

Office/Hearing Chamber Rental – Account 2905: $51,270
The lease payment for the staff office for 2014-15 will be for $4,226.63, a 3% increase over the prior year for a total expense of $50,720. This account also includes the rental charge for the Commission's hearings at $50 per hearing for eleven hearings ($550).

TRAVEL RELATED EXPENSES

Private Mileage – Account 2940: $6,418
This account is currently dedicated for Commissioners and staff private auto mileage, excluding the Executive Officer.

Conference/Training – Account 2941: $7,950
This account is for attendance charges related to conferences and training courses for staff as directed by the Executive Officer. The costs include CALAFCO or CCL training, clerk and analyst training, attendance at the CALAFCO annual conference by Commissioners and staff (currently estimated at all 11 Commissioners and three staff), and staff participation at the CALAFCO Staff workshop. The Annual Conference will be hosted by San Bernardino LAFCO so staff has included attendance by all Commissioners.

Hotel – Account 2942: $5,486
This account is for hotel charges for Commissioners and staff at the CALAFCO annual conference (scheduled for the DoubleTree by Hilton in Ontario with 3 Commissioners requiring lodging for three nights, 3 requiring lodging for the Wednesday night banquet, and 5 requiring lodging for 2 nights), CCL meeting attendance, staff participation at the staff workshop in Pasadena, CALAFCO Legislative Committee participation, Assistant Executive Officer participation as CALAFCO Deputy Executive Officer for the Southern Region and any other overnight stays on LAFCO business.

Meals – Account 2943: $1,900
This account is for Commissioner and staff meal charges related to the CALAFCO annual conference, CALAFCO Board hearings, CCL meeting attendance, staff workshop, CALAFCO Legislative Committee participation, and other travels.

Car Travel – Account 2944: $500
This account is for car rental by Commissioners or staff.

Air Travel – Account 2945: $2,400
This account is for air travel for Commissioners and staff. The costs identified are for the Executive Officer's travel due to membership on the CALAFCO Legislative Committee, Assistant Executive Officer and Commissioner participating on CALAFCO Board of Directors.

Other Travel – Account 2946: $600
This account is for miscellaneous travel charges such as parking and taxi charges. The estimated cost for parking and taxi services for the CALAFCO annual conference, staff workshop, and other travels.

OTHER CHARGES

Staples – Account 5012: $3,600
LAFCO utilizes the County's contract with Staples for general office supplies and these expenses are budgeted in Account 5012 (Staples).

CONTINGENCIES AND RESERVES

Contingency (General) – Account 6000: $98,356
The amount for this account has been set at $98,356, which is 9.4% of total expenditures. Although the funds in this account are not anticipated for use, funds could be used for unexpected activity. Any transaction affecting the contingency funds requires Commission action to transfer the funds to the appropriate line item for expenditure.

Reserves – COWCAP -- Account 6010: $40,503
As a part of the mid-year budget review for FY 2011-12, it was determined that a reserve to cover the backlog costs for GIS services charged through COWCAP should be implemented. The amount allocated to this account is the estimated cost of the unfinished products, less the amount anticipated for payment in FY 2014-15.

Reserves – General – Litigation – Account 6025: $300,000
The Commission indicated that it would set aside a fund designated for use for litigation purposes. The amount allocated for FY 2014-15 is $300,000, 50% above the Commission's policy defined minimum amount to be reserved.

Reserves – Compensated Absences – Account 6030: $72,897
The Commission has an established policy of setting aside reserves for the compensated absences payable as of the first pay period in April. The amount identified above represents five full-time staff positions, does not include any amount for the contracted Executive Officer

REVENUES

FY 2013-14

The chart below shows the budgeted and the anticipated year-end balances for the accounts that comprise the Fee categories, accounts that are sensitive to activity levels. By year's end, staff estimates fee revenue receipts at 340% of budget amounts. The chart below outlines the Revenue Categories:

Fee/Deposit Category	Budget	Estimated Year-End
Individual Notice	$ 2,800	$ 3,100
Legal Services	$ 4,0235	$ 4,600
GIMS Fees	$ 1,200	$ 0
Environmental Deposits	$ 2,700	$ 9,880
LAFCO Fees	$ 23,250	$ 74,671
Total Fee Revenue	**$ 33,975**	**$ 92,251**

As shown in the chart below, activity for which LAFCO receives fees and deposits is projected to exceed total expectations, except under the Service Review category. The anticipated activity for the year includes the following:

Activity	Budget	MARCH ACTUAL		Year-End Projected	
		No.	% of Budget	No.	% of Budget
Proposals	3	5	167%	6	200%
Service Contracts – Development	1	1	100%	1	100%
Service Contracts - Admin approval	3	5	167%	5	167%
Protest Hearing Deposits	3	0	0%	1	33%

FY 2014-15

As noted in other portions of this narrative, FY 2014-15 is anticipated to see a more normal submission count for proposal activity. This reflects the information conveyed that most sectors of the local economy have rosy predictions for the upcoming year. Staff is encouraged by this news and the positive turns that the current Fiscal Year have shown. However, even with this good news staff is retaining a conservative estimate for application filings for the upcoming year.

Activity	FY 2013-14 BUDGET	FY 2014-15 BUDGET
Proposals	6	6
Service Contracts - Development Related	1	1
Service Contracts - Admin approval	3	4
Protest Hearing Deposits	1	6

Revenues consisting of interest, mandatory contributions, and fee revenue are estimated to be $927,296. Refunds from Prior Years, Miscellaneous Charges, and Carryover (including all reserves) increase revenues to a total of $1,566,875.

REVENUE FORECAST FOR FISCAL YEAR 2015-16

The forecast included for Fiscal Year 2015-16 assumes an increase in activity levels and an increase in apportionment of net costs, $18,411, to $883,232. The following chart compares the FY 2014-15 to FY 2015-16.

Activity	FY 2014-15 PROPOSED BUDGET	FY 2015-16 FORECAST
Proposals	6	9
Service Contracts - Development Related	1	2
Service Contracts - Admin approval	4	5
Protest Hearing Deposits	6	9

LINE ITEM REVENUES FOR FISCAL YEAR 2014-15

Interest – Account 8500: $4,000
LAFCO participates in the County's interest pool and is apportioned interest receipts quarterly. Interest earned will be similar to the prior year which remains low due to the lower interest percentage paid.

Mandatory Contribution from Governments (Local Government) – Account 8842: $864,821
Government Code Section 56381 requires that the net costs for LAFCO be apportioned equally to the County, the Cities, and the Independent Special Districts within the County. The apportionment to the County, Cities, and Independent Special Districts is $288,274 each. The County Auditor will be required to apportion this amount on July 1, 2014 pursuant to the requirements of law and Commission policies.

Pursuant to Government Code Section 56381(a), the proposed and final budget at a minimum shall be equal to the budget adopted for the previous fiscal year unless the commission makes certain determinations. As outlined in the Proposed Budget staff report, the continuation of the Contract Executive Officer coupled with reductions in other costs has allowed for the continued maintenance of the lower required apportionment payments. The apportionment amount identified will be sufficient to cover the costs for the upcoming fiscal year including the maintenance of the Commission required reserves.

CURRENT SERVICES/FEES

The deposits and fees for calculating revenues in this category utilize the existing Schedule of Fees, Deposits, and Charges (no changes are proposed at this time) as amended at the

February 2014 hearing. Cost recovery for proposals and service contracts is not addressed in the budget due to its speculative nature.

Individual Notice – Account 9545: $4,900
This account is for landowner and registered voter notification requirements. This deposit is applied to six proposals and one development-related service contract less refunds.

Legal Services – Account 9555: $7,475
This account is for deposits for legal services are calculated at $1,150 for proposals and $575 for service contracts requiring a hearing.

GIMS Fees – Account 9655: $2,400
This account is for receipt of revenue to recover the costs associated with the County's digital maps for sphere or boundary changes, maintenance and updates. The activity is estimated to include completion of six proposals.

Environmental Deposits – Account 9660: $4,950
This account is for deposits for environmental review processing are calculated at $750 for proposals and $450 for service contracts requiring a hearing. Revenue receipts estimate at six proposals with a deposit of $750 and one service contract with a deposit of $575 less refunds.

Other (LAFCO Fees) – Account 9800: $38,750
Revenues in this account are based on anticipated activity and include the LAFCO filing fee for proposals at $7,500, for spheres of influence at $5,000, and Protest Hearing deposit of $1,000.

OTHER TYPES OF REVENUE

Refunds from Prior Year – Account 9910: ($2,000)
This account refunds deposits submitted by applicants less costs incurred for activity which carry over from one year to another.

Miscellaneous Revenues – Account 9930: $1,500
This account is for revenues received for duplication of CDs, DVDs, paper copies, and other miscellaneous receipts.

Other/Carryover from Prior Year – Account 9970: $640,079
A total of $640,079 is anticipated to carryover from FY 2013-14 to FY 2014-15, the majority of which is associated with ongoing reserve accounts. This amount includes:

• Carryover of Contingencies	$ 99,872
• COWCAP Reserve	46,780
• General Reserve – Litigation	250,000
• Compensated Absences Reserve	66,620
• Other Carryover	176,807
• **TOTAL**	**$ 640,079**