

**Final Budget Spreadsheet
and Narrative**

Attachment 1

FISCAL YEAR 2015-16

ACCT. #	ACCOUNT NAME	ACTUAL	ACTUAL	ACTUAL	ACTUAL	FINAL	PROJECTED	FINAL	FORECAST	FORECAST
		YEAR-END	YEAR-END	YEAR-END	YEAR-END	BUDGET	YEAR-END	FY 15-16	FY 16-17	FY 17-18
		FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 14-15	BUDGET	OFFICE MOVE	EO RECRUIT
	SALARIES AND BENEFITS									
1010	Regular Salary and Bilingual	\$ 429,049	\$ 372,803	\$ 379,028	\$ 408,248	\$ 437,522	\$ 433,830	\$ 455,278	\$ 463,908	\$ 472,128
1030	Auto and Cell Phone Allowances	14,039	14,600	14,600	15,062	14,881	17,000	17,327	17,327	17,327
1035	Overtime		802	1,028	361	-	154	-	-	-
1045	Termination Payment	33,687						-	-	-
1110	General Member Retirement	77,173	59,328	70,512	81,993	99,625	101,418	115,531	118,536	119,856
1130	Survivors Benefits	111	93	81	160	178	238	245	245	245
1135	Indemnification - General	42,314	14,397	15,538	16,641	20,163	20,634	20,163	20,163	20,163
1200	Employee Group Insurance (Health Subsidy)	8,480	29,005	35,599	41,141	50,040	46,556	63,950	63,950	63,950
1205	Long-Term Disability	968	858	883	994	1,099	1,079	1,127	1,150	1,168
1207	Vision Care Insurance	634	589	589	759	837	822	837	837	837
1215	Dental Insurance & Health Subsidy	322	1,846	1,701	1,466	1,557	1,529	1,557	1,557	1,557
1220	Psychological Services	41						-	-	-
1222	Short-Term Disability	1,124	1,044	2,728	3,312	3,658	3,590	3,744	3,819	3,873
1225	Social Security Medicare	4,453	4,723	4,728	5,128	5,637	5,560	5,790	5,932	6,046
1235	Workers' Compensation	4,101	2,091	2,644	1,573	4,782	2,788	4,911	5,018	5,104
1240	Life Insurance & Medical Trust Fund	4,603	3,814	4,415	4,546	5,289	4,836	5,593	5,671	6,358
1305	Other (Medical Reimbursement Plan)	3,498	2,585	2,600	2,600	6,920	2,840	6,920	6,920	6,920
1310	Indemnification	25,760						-	-	-
1314	457/401a Defined (LAFCO Contribution)	1,737	1,289	1,327	1,451	1,650	1,622	1,691	1,727	1,753
1315	401k Contribution	22,854	19,671	21,037	22,983	26,400	25,952	27,063	27,634	28,051
1000	Salary Reserve	-	-	-	-	9,000	8,750	-	-	-
	TOTAL SALARIES & BENEFITS	\$ 674,965	\$ 529,536	\$ 559,037	\$ 608,417	\$ 689,235	\$ 679,197	\$ 731,727	\$ 744,394	\$ 755,335
	Staffing (Full time equivalent units)	4.5	4.5	4.5	4.5	5.5	5.5	5.5	5.5	5.5
	SERVICES AND SUPPLIES									
	Services:									
2037	COMNET Charge (ISF)	\$ 2,552	\$ 2,872	\$ 2,590	\$ 2,532	\$ 2,874	\$ 2,524	\$ 2,828	\$ 2,885	\$ 2,943
2038	Long Distance Charges	72	58	74	86	120	91	120	122	125
2040	Relocation Charges - Phone Service	-	-	-	-	10,000	-	18,200	15,000	-
2041	Phone Service/Outside Company	483	447	304	366	5,540	647	540	551	562
2043	Electronic Equipment Maintenance	-	-	-	140	-	498	9,180	9,180	9,364
2075	Membership Dues	7,846	7,870	8,089	8,324	8,515	8,509	8,447	8,615	8,788
2076	Tuition Reimbursement	-	341	-	1,100	2,000	100	2,000	2,040	2,081
2080	Publications	2,038	2,399	3,000	2,054	3,600	3,040	3,395	3,463	3,532
2085	Legal Notices	12,822	14,648	5,193	9,223	26,000	18,743	21,000	21,420	21,848
2110	Fleet Management Requisition Charges				304			-	-	-
2115	Computer Software	4,590	3,222	2,825	6,427	3,346	3,850	8,435	6,401	6,529
2125	Inventoriable Equipment	17,944	2,070	3,252	-	17,500	4,660	-	-	-
2195	Reimbursement Services and Supplies	-	-	-	4,304	-	-	-	-	-
2245	Other Insurance	50	7,045	6,998	7,074	7,012	7,128	7,078	7,219	7,364
	Supplies:									
2305	General Office Expense	6,313	5,842	8,710	11,621	19,391	7,844	9,232	38,516	8,687
2308	Credit Card Clearing Account	-	1,126	(288)	(85)	-	2,895	-	-	-
2310	Postage - Direct Charge	8,551	8,972	5,373	12,352	10,662	15,069	12,912	13,170	13,434
2315	Records Storage	668	661	940	581	570	570	570	582	593
2323	Reproduction Services	2,455	730	102	870	-	1,562	-	-	-

FISCAL YEAR 2015-16

ACCT. #	ACCOUNT NAME	ACTUAL	ACTUAL	ACTUAL	ACTUAL	FINAL	PROJECTED	FINAL	FORECAST	FORECAST
		YEAR-END FY 10-11	YEAR-END FY 11-12	YEAR-END FY 12-13	YEAR-END FY 13-14	BUDGET FY 14-15	YEAR-END FY 14-15	FY 15-16 BUDGET	FY 16-17 OFFICE MOVE	FY 17-18 EO RECRUIT
2335	Temporary Services	-		16,965	13,311	-		-	-	-
	Consultant & Special Services:									
2400	Prof & Special Service (Legal Counsel)	29,198	24,758	21,903	24,048	36,800	26,453	29,300	29,886	30,484
2405	Auditing	7,611	6,932	8,372	7,527	11,799	11,125	11,868	12,105	12,347
2410	Data Processing	5,106	6,212	6,630	7,142	7,611	7,575	7,565	7,716	7,871
2414	Application Development Maintenance				-	-	-	-	-	-
2415	COWCAP	39,230	18,772	9,219	6,053	6,308	6,308	-	6,000	6,000
2420	ISD Other IT Services	189	206	244	344	1,008	753	701	715	730
2421	ISD Direct	2,035	1,690	739	1,772	12,800	10,412	9,180	9,364	9,551
2424	Mgmt & Tech (Environmental Consultant)	11,988	8,078	8,853	15,339	9,800	13,018	9,300	9,486	9,676
2444	Security Services	405	408	408	578	408	408	408	416	424
2445	Other Prof (Commission, Surveyor, ROV)	28,304	41,878	44,593	32,275	46,196	49,047	47,428	50,376	69,344
2449	Outside Legal (Litigation & Special Counsel)	58,334	-	5,050	2,909	10,000	3,956	-	-	-
2450	Application Development Support	-	-	10,499	19,709	17,500	216	1,500	1,530	1,561
2460	GIMS Charges	13,530	10,524	10,500	11,877	14,600	14,150	14,180	14,464	14,753
	Lease/Purchases:									
2895	Rent/Lease Equipment (copier)	7,800	7,678	4,235	2,610	4,800	5,541	6,180	6,180	6,180
2905	Office/Hearing Chamber Rental	49,317	55,438	48,859	53,576	51,270	51,219	52,741	54,323	55,410
	Travel Related Expenses:									
2940	Private Mileage	4,549	6,579	4,760	5,135	6,418	3,048	4,394	4,482	4,572
2941	Conference/Training	3,458	4,215	5,363	4,225	7,950	6,077	6,850	6,987	7,127
2942	Hotel	2,411	5,692	5,482	5,264	5,486	6,372	5,850	5,967	6,086
2943	Meals	597	1,214	743	923	1,900	1,088	1,900	1,938	1,977
2944	Car Rental	-	589	1,247	653	500	191	150	153	156
2945	Air Travel	1,305	1,915	1,954	4,241	2,400	2,270	5,650	2,448	5,747
2946	Other Travel	248	438	677	1,061	600	579	600	612	624
	Other Charges:									
5012	Services Out (Staples)	1,190	1,098	1,480	4,146	3,600	4,698	3,600	3,672	3,745
	TOTAL SERVICES & SUPPLIES	\$ 333,189	\$ 262,639	\$ 265,938	\$ 291,993	\$ 376,884	\$ 302,234	\$ 323,282	\$ 357,985	\$ 340,211
	TOTAL EXPENDITURES	\$ 1,008,153	\$ 792,176	\$ 824,975	\$ 900,410	\$ 1,066,119	\$ 981,431	\$ 1,055,009	\$ 1,102,379	\$ 1,095,546
	RESERVES									
6000	Contingency					\$ 87,356		\$ 105,501	\$ 110,238	\$ 109,555
6010	Net Pension Liability Reserve					56,432		82,750	109,068	135,386
6025	General Reserve					300,000		291,007	247,986	270,073
6030	Compensated Absences Reserve					72,897		83,329	87,495	91,870
	TOTAL CONTINGENCIES & RESERVES					\$ 516,685	\$ -	\$ 562,587	\$ 554,787	\$ 606,884
	TOTAL APPROPRIATION	\$ 1,008,153	\$ 792,176	\$ 824,975	\$ 900,410	\$ 1,582,804	\$ 981,431	\$ 1,617,596	\$ 1,657,166	\$ 1,702,430

FISCAL YEAR 2015-16

ACCT #	ACCOUNT NAME	ACTUAL YEAR-END FY 10-11	ACTUAL YEAR-END FY 11-12	ACTUAL YEAR-END FY 12-13	ACTUAL YEAR-END FY 13-14	FINAL BUDGET FY 14-15	PROJECTED YEAR-END FY 14-15	FINAL FY 15-16 BUDGET	FORECAST FY 16-17 OFFICE MOVE	FORECAST FY 17-18 EO RECRUIT
	CONTRIBUTION REVENUES									
	Use of Money:									
8500	Interest	\$ 6,569	\$ 3,992	\$ 4,009	\$ 3,066	\$ 4,000	\$ 3,626	\$ 4,000	\$ 4,500	\$ 5,500
	Mandatory Contribution from Governments:									
8842	Local Government -- For FY 2015-16 apportionment to County, Cities, and Independent Special Districts of approximately \$294,039 each	1,033,911	933,639	903,000	864,822	864,821	864,822	882,117 2% increase	904,170 2.5% increase	926,775 2.5% increase
	Fees and Deposits (Current Services):									
9545	Individual Notice	5,100	1,238	4,402	11,200	4,900	2,400	4,900	7,000	8,250
9555	Legal Services	9,782	4,733	5,934	8,625	7,475	4,193	7,475	10,350	11,450
9655	GIMS Fees	6,845	2,710	1,255	3,235	2,400	3,895	2,400	3,200	6,000
9660	Environmental	7,996	3,313	10,171	12,580	4,950	7,509	4,950	6,900	9,950
9800	LAFCO Fees	47,287	20,758	33,004	99,656	38,750	59,274	38,750	59,000	80,250
	Total Fees and Deposits	77,010	32,751	54,765	135,296	58,475	77,271	58,475	86,450	115,900
	TOTAL CONTRIBUTION REVENUES	\$ 1,117,490	\$ 970,382	\$ 961,774	\$ 1,003,185	\$ 927,296	\$ 945,719	\$ 944,592	\$ 995,120	\$ 1,048,175
	OTHER REVENUES									
9910	Refunds from Prior Year Revenue	\$ (7,462)	\$ (2,027)	\$ 1,401	\$ 1,761	\$ (2,000)	\$ (2,472)	\$ (2,000)	\$ (2,000)	\$ (2,000)
9930	Miscellaneous Revenues	463	517	1,652	3,578	1,500	10	495	1,459	1,468
9970	Carryover of Ongoing Projects			33,056			16,510			
9970	Carryover from Prior Year, Unassigned		145,730	108,937	223,425	192,736	250,087	157,824	100,000	100,000
	TOTAL CONTRIBUTION REVENUES	(7,000)	144,220	145,046	228,765	192,236	264,135	156,319	99,459	99,468
	TOTAL REVENUES	1,110,491	1,114,602	1,106,820	1,231,949	1,119,532	1,209,854	1,100,911	1,094,579	1,147,643
	RESERVES FROM PRIOR YEAR, as of July 1									
9970	Contingency	122,658	35,197	41,507	84,730	99,872	99,872	87,356	105,501	110,238
9970	COWCAP Reserve (not active)			56,000	46,780	46,780	46,780			
9970	Net Pension Liability Reserve							56,432	82,750	109,068
9970	General Reserve	79,811	124,108	180,000	200,000	250,000	250,000	300,000	291,007	247,986
9970	Compensated Absences Reserve			62,003	66,620	66,620	66,620	72,897	83,329	87,495
	TOTAL RESERVES FROM PRIOR YEAR	\$ 202,469	\$ 159,305	\$ 339,510	\$ 398,130	\$ 463,272	\$ 463,272	\$ 516,685	\$ 562,587	\$ 554,787
	TOTAL REVENUE AND RESERVES	\$ 1,312,959	\$ 1,273,907	\$ 1,446,330	\$ 1,630,079	\$ 1,582,804	\$ 1,673,126	\$ 1,617,596	\$ 1,657,166	\$ 1,702,430
	Note: Spreadsheet utilizes the cash basis of accounting and does not include accrual/reversal data which do not affect fund balance.									

NARRATIVE FOR FY 2015-16

FINAL BUDGET

SALARIES AND BENEFITS

1000 SERIES

FY 2014-15

Salaries and Benefits (1000 series) for FY 2014-15 was budgeted at \$689,235 for 5.5 positions: one Contract Executive Officer (limited to 960 paid hours per year), Assistant Executive Officer, Project Manager, Clerk to the Commission/Office Manager, Analyst, and Deputy Clerk. During March of 2015 amendments to the Exempt Compensation Plan were approved by the County. LAFCO mirrors this County compensation plan; therefore, five employees will be provided a one-time \$1,750 bonus and the salary ranges will be increased by three steps, two sub-step 1 salary ranges and one new step 12. This will affect one employee during this fiscal year. Even with these changes, year-end expenditures for the 1000 series are estimated to be \$679,197, \$10,038 under budget.

FY 2015-16

For Fiscal Year 2015-16 the staffing is anticipated to be maintained from the prior year – a contract Executive Officer, and regular employees of an Assistant Executive Officer, Project Manager, LAFCO Analyst, Clerk to the Commission/Office Manager and Administrative Assistant.

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.

As the Proposed Budget Spreadsheet identifies, FY 2015-16 budgets a total expenditure of \$731,729, an increase of \$42,494 over the prior year budget. This includes the step changes in salary appropriate for staff members, budgeting full participation for all benefits for 26.5 pay periods, and the retirement rate increase of 11.4%.

FY 2016-17 and FY 2017-18

The forecast for FY 2016-17 and 2017-18 includes the payment of the standard 26 pay periods under the same staffing structure as the prior year, step increases as appropriate for staff members. The projections for retirement rates stabilize beginning in 2016-17 with an increase by 0.81% and a 0.13% reduction in FY 2017-18. The forecast is for \$732,660, in FY 2016-17 an increase of \$931 over the proposed budget for FY 2015-16 and \$743,454 in FY 2017-18.

**LINE ITEM ACCOUNTS FOR SALARIES AND
BENEFITS FOR FISCAL YEAR 2015-16**

Regular Salary – Account 1010: \$455,279

Salaries are calculated at 26.5 pay periods for five positions and the contract for the Executive Officer 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 \$9,963). The salaries by position are:

Executive Officer (contract)	\$104,640
Assistant Executive Officer	97,718
Project Manager	80,246
LAFCO Analyst	48,006
Clerk to the Commission	55,536
Administrative Assistant	50,400

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 and Cellphone Allowance) – Account 1030: \$17,327

The LAFCO Benefit Plan allocates to the Executive Officer \$561.54 car allowance and cellphone allowance of \$92.31 per pay period. 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: \$115,531

Calculation for the payment of the LAFCO (employer) retirement contribution is based upon the rate of 33.31% of salaries paid. All employees are calculated at the Tier I rate. The retirement rate increases from the FY 2014-15 contribution rate of 29.91%, an increase of 11.4%. However, SBCERA projects the rate to stabilize then decrease, with subsequent annual changes through FY 2020-21 of 0.81%, -0.39%, -2.96%, -4.25%, and -4.54%.

Survivor's Benefits – Account 1130: \$245

The cost is calculated at approximately \$1.85 per employee per pay period; an increase from \$1.34.

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: \$63,950

This account allocates a Medical Premium Subsidy in an amount that has been augmented to include the dollars from the Flexible Benefit Plan. 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. The budget anticipates coverage for all employees as: employee plus two or more dependents at \$482.64 per pay period.

Long Term Disability – Account 1205: \$1,127

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 of \$9.46 per employee per pay period 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: \$3,744

LAFCO employees are provided with short-term disability by contract with the County 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: \$5,790

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: \$4,911

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 not increasing from the prior year and is estimated to be \$1.07 per \$100 of salaries and Commissioner stipend payments.

Life Insurance and Medical Trust Fund– Account 1240: \$5,593

This account contains costs associated with term life insurance (\$1.80 per pay period per employee), variable life insurance (based upon employee elections, \$815), and contributions to the Retirement Medical Trust Fund (based upon years of service, \$4,539).

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: \$1,691

LAFCO matches employee contributions to the 457 savings plan of the County up to ½% of the employee's base salary. The appropriation anticipates full participation by five employees in this plan.

401(k) Contribution – Account 1315: \$27,063

LAFCO matches employee contributions to the 401(k) savings plan of the County up to 8% of the employee's base salary. The appropriation anticipates full participation by the five full-time employees.

SERVICES AND SUPPLIES

2000 AND 5000 SERIES

FY 2014-15

For FY 2014-15, Services and Supplies were budgeted at \$376,884 and are estimated to be 80% expended at the year-end for a total of \$302,234. Items of note during this Fiscal Year are:

- The Commission approved \$20,000 for communications infrastructure related to the County's Workforce Development Department move from the building where the LAFCO office is located. This relocation affects LAFCO because our communications infrastructure (telephone and internet/email/county internal databases) extend from that department's infrastructure. The infrastructure burden will now be placed upon LAFCO, which means that LAFCO will have to purchase and lease equipment and pay for all direct services. The move was originally anticipated for May, but is now occurring in September. Therefore, the funding for this project will carry forward into FY 2015-16.
- The Executive Officer is the Chair of the CALAFCO Legislative Subcommittee on Disincorporation. This has necessitated additional travel to Sacramento and sites to review the proposed legislation with stakeholders and others. CALAFCO has provided for up to \$1,000 in travel costs to be reimbursed to the Commission.
- Fiscal Indicators program is available on the LAFCO website with the final piece going live on March 31, 2015.
- The Rim of the World preliminary feasibility study contract was approved in September 2014 and it is currently anticipated that will be completed in June with presentation to the Commission and the Second District in July and the communities thereafter.
- The special study for the Daggett, Newberry, and Yermo Community Services Districts was completed.
- The service review for Water Conservation in the Valley Region is anticipated for presentation to the Commission in May.
- The special study for the Morongo Valley Community Services District is anticipated for presentation to the Commission in June.

FY 2015-16

The total budgeted amount for Services and Supplies for FY 2015-16 is \$323,280, which is an increase of roughly \$21,000 from the 2014-15 estimated year-end. The following policy items are included:

- Funding of \$20,000 related to the infrastructure improvements required due to the County's move from the building where the LAFCO office is located will carry forward into 2015-16.
- Currently, archive videos of LAFCO hearings are available on the website of the City of San Bernardino's government and public access television station. During the term of this contract this service has been provided at no cost to LAFCO. Due to the reorganization of this activity by the City, it may no longer support the hosting of other agencies on the station's website. For budgeting purposes, \$4,000 is budgeted to continue this service with an outside company and staff is reviewing its options.
- As a part of the special study for the Daggett, Newberry, and Yermo Community Services Districts, LAFCO arranged for the Special Districts Risk Management Authority (SDRMA) to conduct local training on board governance. The training held in March 2014 provided access to resources that some of the districts may not have had otherwise. The event was well attended with about 50 representatives. The Commission expressed its intent to build upon this educational pursuit and continue to provide governance training for the government agencies within the County.

In that vein, staff has developed an education program for the coming year with the California Special Districts Association (CSDA) and the Institute for Local Government (ILG) which anticipates the conduct of two to three classes per year. CSDA has indicated that it would not charge to conduct the training, and ILG has identified a cost of \$2,300. The budget includes \$2,300 to provide the flexibility needed to accommodate the choice of classes to provide.

- Fiscal Indicators program will add the data for audit years 2012-13 and 2013-14 for viewing on the LAFCO website by July.

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 proposals for jurisdictional change along with its state mandated obligation to perform service reviews.

FY 2016-17 and FY 2017-18

Services and Supplies for FY 2016-17 are projected at \$357,985. It anticipates a slight increase in activity to include the submission of eight proposals for the year; natural contract increases for legal counsel and office lease payments, and maintenance of current activities.

The office lease terminates on June 30, 2017, and it is the position of the Commission to move to another location. Staff estimates that the move will cost \$47,000 identified as follows:

- \$15,000 – Work performed by County ISD to relocate the technology infrastructure.

- \$30,000 – Purchasing new office furniture. On a per unit basis, the costs are comparable to those recently incurred by two County departments.
- \$2,000 – Moving company

In FY 2017-18 forecast includes the \$15,000 for the recruitment process for a permanent Executive Officer and a continuing 2.0% increase for those items sensitive to consumer price index increases.

LINE ITEM ACCOUNTS FOR SERVICES AND SUPPLIES FOR FISCAL YEAR 2015-16

SERVICES

Comnet Charge – Account 2037: \$2,828

Comnet is the County's telephone system. Charges for use of this system are \$29.46 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 at \$10 per month based on historical long-distance charges.

Relocation Charges– Account 2040: \$18,200

LAFCO will become responsible for its own internet infrastructure due to the County's Workforce Development Department moving out of the building where the LAFCO office is located. County ISD charges for installation of hardware and relocation of lines in order for LAFCO to remain on the County system are estimated at \$18,200, per quote from County ISD.

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: \$9,180

In addition to one-time costs related to the County moving out of the building where the LAFCO office is located, monthly charges of \$765 is budgeted to lease a switch from County ISD to have access to the internet, County intranet, and telephone via a fiber line.

Membership Dues – Account 2075: \$8,447

This account is for membership in professional associations. Dues are estimated to be \$7,428 for CALAFCO and \$1,019 for California Special Districts Association.

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: \$3,395

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: \$21,000

The budget figure accommodates the advertising needs for maintenance of a ten hearing schedule. The processing of service reviews for the region will require an eighth-page display ad in general newspapers and when advertisement is authorized in-lieu of individual landowner and/or registered voter notice for changes of organization.

Computer Software – Account 2115: \$8,435

The account accommodates the charges for purchases of new software programs, access to online programs, and annual updates of existing programs.

Purchases of new Adobe suite software for the LAFCO Analyst position will incur a one-time cost of \$1,406. Access to online programs will incur a cost of \$3,755 for access to: (1) ESRI's online mapping and (2) a new online program, Paxata, to parse spreadsheet data (\$3,255 annually). The spreadsheet program will assist in analyzing fire response data in the service review for fire protection in the Valley Region as well as other large data reviews. This program will be reevaluated for inclusion in subsequent budgets. Annual updates of existing programs total \$3,273 and include digital archiving software for LAFCO to maintain its records in perpetuity per Government Code Section 56382, upgrade to the current Adobe Acrobat for all other employees, and Microsoft annual license.

Inventoriable Equipment – Account 2125 -- \$0

There are no major equipment purchases budgeted for the year.

Other Insurance – Account 2245: \$7,078

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: \$9,232

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 purchase of a Microsoft Surface for the LAFCO Analyst position (\$900). 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: \$12,912

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 \$10,800 for 10 hearings. 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 and available online have reduced printing costs; therefore no costs are anticipated for the coming year.

CONSULTANT AND SPECIAL SERVICES

Professional and Special Service (Legal Counsel) – Account 2400: \$29,300

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 is the estimate for Fiscal Year 2015-16. All legal counsel costs, with the exceptions of administrative charges and the staff workshop are reimbursable 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.) LAFCO also participates in Best, Best, & Krieger's conflict of interest program which has an annual charge of \$3,300.

Auditing – Account 2405: \$11,868

The Commission is in the fourth year of a four year audit contract at a cost of \$8,500. Additionally, LAFCO Legal Counsel charges for the preparation of the response to the audit which is paid from this account (estimated at \$243). Beginning in FY 2014-15 SBCERA is 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 is estimated to be \$3,125 billed in January of 2016.

During FY 2015-16 a new RFP for audit services will need to be circulated. At this time it is understood that the CALAFCO Southern Region/CCL will be circulating an RFP for a joint audit proposal.

Data Processing – Account 2410: \$7,565

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 \$630.

COWCAP – Account 2415: \$0

This is the first year that there are no costs identified in the County Wide Cost Allocation Plan (COWCAP), this would be for services performed in FY 2013-14 but charged in FY 2015-16. COWCAP costs include 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: \$701

This account is for charges by the County Information Services Department for the Executive Officer's portable communication device (smart phone and tablet) connection to County e-mail servers and computers and Assistant Executive Officer and Project Manager for connection of tablets. Portable communication device cost is \$14.61 per month per device.

ISD Direct – Account 2421: \$9,180

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. Beginning in FY 2014-15, the County charges a flat monthly charge by device rather than by service call activity. The monthly charge is \$85 per device for nine devices.

Environmental Consultant – Account 2424: \$9,300

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: \$47,428

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) and Registrar of Voters (\$270.32 per hour). 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. 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 (\$3,654).

Currently, archive videos of LAFCO hearings are available on the website of the City of San Bernardino's government and public access television station. This service has been provided at no cost to LAFCO during the term of the current contract. Due to the reorganization of this activity by the City, the City may no longer support the hosting of other agencies on the station's website. For budgeting purposes, \$4,000 is budgeted to continue this service with an outside company to be determined at a later date.

As a part of the special study for the Daggett, Newberry, and Yermo Community Services Districts, LAFCO arranged for the Special Districts Risk Management Authority (SDRMA) to conduct local training on board governance. The training held in March 2014 provided access to resources that the districts may not have had otherwise and was attended by 50 representatives. The Commission expressed its intent to build upon this educational pursuit and continue to provide governance training for the special districts within the County. Staff has developed an education program for the coming year with the California Special Districts Association (CSDA) and the Institute for Local Government (ILG) and is proposing to provide three seminars during the fiscal year. CSDA has indicated that it would not charge to conduct the training, and ILG has identified a cost of \$2,300.

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.

Outside Legal – Account 2449: \$0

This account is for legal services conducted through special contract for either litigation or when a conflict of interest waiver is not granted. For proposals not initiated by the Commission, the applicant agrees to indemnify the Commission against legal costs.

System Development – Account 2450: \$1,500

LAFCO contracts with the County Information Services Department for technology related services. This account is for specialized support for the LAFCO website to include maintenance of the site, its mapping page, and Fiscal Indicators page.

GIMS Charges – Account 2460: \$14,180

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 (\$180), Aerial Imagery through Google Earth subscription (\$3,500) and Street Network Subscription (\$10,500).

LEASE/PURCHASES

Rent/Lease Copier – Account 2895: \$6,180

This account accommodates the contract for the copier rental at an estimated \$515 per month, based upon activity.

Office/Hearing Chamber Rental – Account 2905: \$52,741

The monthly lease payment for the staff office for 2015-16 will be \$4,353.42, a contracted 3% increase over the prior year for a total expense of \$52,241. This account also includes the rental charge for the Commission's hearings at \$50 per hearing for ten hearings (\$550).

TRAVEL RELATED EXPENSES

Private Mileage – Account 2940: \$4,394

This account is currently dedicated for Commissioners and staff private auto mileage, excluding the Executive Officer.

Conference/Training – Account 2941: \$6,850

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 seven Commissioners and three staff), and staff participation at the CALAFCO Staff workshop. The Annual Conference will be hosted by Sacramento LAFCO and staff workshop by Los Angeles LAFCO. The budget anticipates attendance of all staff at the staff workshop at Universal City which would include closing the staff office for three days.

Hotel – Account 2942: \$5,850

This account is for hotel charges for Commissioners and staff at the CALAFCO annual conference (scheduled for the Hyatt Regency at the State Capital for seven Commissioners and three staff), CCL meeting attendance, staff participation at the staff workshop in Universal City (six staff), 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: \$150

This account is for car rental by Commissioners or staff.

Air Travel – Account 2945: \$5,650

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,

Commissioner participating on CALAFCO Board of Directors, and travel to the Annual Conference in Sacramento.

Other Travel – Account 2946: \$600

This account is for miscellaneous travel charges such as parking and taxi charges. The estimated cost for 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: \$105,501

The amount for this account has been set at 10% 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 – Net Pension Liability -- Account 6010: \$82,750

In October 2014, the Commission converted the COWCAP reserve to the Net Pension Liability Reserve due to the lack of COWCAP activity and the need to account for its unfunded pension liabilities. Currently, the reserve contains \$56,432. The most recent estimate (as of June 30, 2013) of the LAFCO share of the retirement pool's unfunded liability is \$582,793. Amortizing this out 20 years results in an annual contribution of \$26,318.

The Net Pension Liability will be calculated each year by SBCERA, and the amortization of this liability less the portion included in the annual employer share will have to be annually evaluated by LAFCO as part of the budget. It is hoped that this reserve plus Contingency would cover pension liability should the legislature dissolve LAFCOs throughout the State.

Reserves – General – Litigation – Account 6025: \$291,007

The Commission indicated that it would set aside a fund designated for use for general purposes to include litigation. Commission policy is \$200,000 for this reserve. The amount allocated for FY 2015-16 is \$291,447.

Reserves – Compensated Absences – Account 6030: \$83,329

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 and excludes the contracted Executive Officer.

REVENUES

FY 2014-15

The chart below shows the budgeted and the estimated 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 \$35,894 above budget amounts. The chart below outlines the Revenue Categories:

Fee/Deposit Category	Budget	Estimated Year-End
Individual Notice	\$ 4,900	\$ 2,400
Legal Services	\$ 7,475	\$ 4,193
GIMS Fees	\$ 2,400	\$ 3,895
Environmental Deposits	\$ 4,950	\$ 7,509
LAFCO Fees	\$ 38,750	\$ 59,274
Total Fee Revenue	\$ 58,475	\$ 77,271

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	Thru March		Projected	
		No.	% of Budget	No.	% of Budget
Proposals	6	5	83%	6	100%
Service Contracts - Development	1	0	0%	0	0%
Service Contracts - Admin (E. O.) approval	4	2	50%	3	75%
Protest Hearing Deposits	6	4	67%	5	83%

FY 2015-16

As noted in other portions of this narrative, FY 2015-16 is anticipated to continue a normal submission count for proposal activity. This reflects the information conveyed that most sectors of the local economy have strong 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 2015-16 BUDGET
Proposals	6
Service Contracts - Development Related	1
Service Contracts - Admin approval	4
Protest Hearing Deposits	5

Revenues consisting of interest, mandatory apportionment contributions (2% increase from prior year), and fee revenue are estimated to be \$944,592. Refunds from Prior Years,

Miscellaneous Charges, and Carryover increase revenues to a total of \$1,100,911. Including Reserves from Prior Year adds \$516,685, for a grand total of \$1,617,596.

REVENUE FORECAST FOR FISCAL YEAR 2016-17 AND FISCAL YEAR 2017-18

The forecast included for Fiscal Year 2016-17 assumes an increase in activity levels and an increase in apportionment of net costs by 2.5% in each of the forecast years to \$904,170 in 2016-17 and \$926,775 in 2017-18. The following chart compares the proposed budget in FY 2015-16 to FY 2016-17 and FY 2017-18.

Activity	15-16	16-17	17-18
Proposals	6	8	8
Service Contracts - Develop.	1	2	3
Service Contracts - Admin	4	5	6
Service Review Deposits	0	0	0
Protest Hearing Deposits	5	7	7

LINE ITEM REVENUES FOR FISCAL YEAR 2015-16

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: \$882,117

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 \$294,039 each. The County Auditor will be required to apportion this amount on July 1, 2015 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/FEEES

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). 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.

Other (LAFCO Fees) – Account 9800: \$38,750

Revenues in this account are based on anticipated activity and calculated at the lowest LAFCO filing fee of \$5,000 and Protest Hearing deposit of \$1,000.

OTHER REVENUES

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: \$495

This account is for revenues received for duplication of CDs, DVDs, paper copies, and other miscellaneous receipts.

Carryover from Prior Year – Account 9970: \$157,824

A total of \$157,824 is anticipated to carryover from FY 2014-15 to FY 2015-16 as unassigned funds. This amount will be used to balance the budget and lower the apportionment costs to the local governments.

RESERVES FROM PRIOR YEAR, as of July 1, 2015

All of the Commission's reserves are anticipated to carryover from FY 2014-15 to FY 2015-16 as follows:

• Contingencies	\$ 87,356
• Net Pension Liability Reserve	56,432
• General Reserve – Litigation	300,000
• Compensated Absences Reserve	72,897
• TOTAL	\$ 516,685