



## REPORT:

### THE ACT: (Cortese Knox Hertzberg)

#### Gov. Code Section 56381:

(a) The Commission shall adopt annually, following noticed public hearings, a proposed budget by May 1 and a final budget by June 15. At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter. The commission shall transmit proposed and final budget to the Board of Supervisors, to each City and to each independent special district.

## ANALYSIS

Attached hereto EXHIBIT A, the Commission will find a Draft Proposed Budget prepared by staff pursuant to the Cortese Knox Hertzberg Reorganization Act, also known as Government Code 5600 et seq.

As noted above, the Commission must adopt a draft budget by May 1, 2013 and a final by June 15, 2013 and the Commission shall adopt at a minimum a budget equal to the previous year's budget unless the Commission can make specific findings.

In preparation of this budget, staff reviewed the current budget, the current expenditures and the anticipated or projected cost that LAFCO would incur during the next fiscal year.

The following Exhibit A represents the budget as proposed in the amount of \$491,635 . The proposal is essentially an increase of \$42,605 from prior year's budget ( \$220,000 for extraordinary events i.e. the fire reimbursement/costs) was removed as this makes the analysis complicated.

The bulk of the increase is primarily tied to three different expense items; out of county travel is the largest; then 1122 State Street remodeling and salaries and benefits.

The 2013 CALAFCO annual conference is being held in Lake Tahoe. We are expecting a higher attendance at this conference then last year's, in fact we have budgeted for full commission and staff attendance. Commissioner Kelley now sits on the CALAFCO Board of Directors and the CCL Board; the boards meets quarterly and all meetings have been scheduled out of town. Commission Snively was nominated as Treasurer to the CCL and will be attending the board meeting as well. Staff has also been attending the CCL quarterly meetings regularly. These meetings for the most part take place in the Santa Ana.

Suite B is the only suite that has not been renovated since the purchase of the building. The remodeling/renovations of suite B were discussed and approved at the November 15, 2012 meeting. We had anticipated that some of the tenants would be moving out and we could shuffle current tenants and accomplish the renovation then. However, and quite fortunately the anticipated move out of one tenant now appears not to be happening, which is good, however we still need to renovate the remaining suite.

# EXECUTIVE OFFICERS RECOMMENDATION

## **RECOMMENDATION:**

It is the recommendation of the Executive Officer that LAFCO conduct a public hearing and consider all information.

It is then the recommendation of the Executive Officer, absent substantive information that would change the opinion of the EXECUTIVE OFFICER, that the Commission approve the draft proposed budget as presented.

## **ATTACHMENTS:**

EXHIBIT A            Draft Proposed Budget for 2013-2014 and supporting documents

## EXHIBIT A

## LAFCO's DRAFT PROPOSED BUDGET FOR FISCAL 2013-2014

## OPTION A

	Fiscal 2012- 2013 Adjusted Adopted Budget (approved on 5/24/12 and 11/15/12)	Actuals July 1- March 31st, 2013	Estimated year end actuals for fiscal 2012- 2013	Draft Proposal for Fiscal 2013- 2014
<b>Income</b>				
81-1928 CONTRB FRM OTR AGENCIES	131,041	131,041	131,041	202,594
81-1933 COUNTY MATCHING FUNDS	131,041	131,041	131,041	202,594
81-1808 LAFCO FEES	20,000	20,290	20,290	40,000
RENTS - 1122 STATE	38,964	33,113	44,143	36,447
*CONTINGENCY - (transfer in from reserves)	130,985	110,985	110,985	10,000
INTEREST INCOME	0	54	54	0
OTHER INCOME (Insurance Proceeds - Fire)	217,000	234,826	234,826	0
	669,030	661,350	672,380	491,635
For Comparison Purposes - Removal of Fire Items *	-220,000	-234,826	-234,826	0
<b>Total Income</b>	<b>449,030</b>	<b>426,524</b>	<b>437,554</b>	<b>491,635</b>
<b>Expenses</b>				
82-2001 LAFCO SALARIES	165,011	124,429	167,327	172,424
82-2035 LAFCO EMPLOYEE BENEFITS	59,873	46,500	62,102	66,247
82-2060 COMMUNICATIONS	9,000	6,528	9,451	9,200
82-2100 INS. PROPERTY	5,800	3,670	3,670	5,800
82-2101 INS LIABILITY	9,000	7,862	7,862	9,000
82-2120 MAINT -EQUIPMENT	4,400	5,447	6,747	6,500
82-2150 MEMBERSHIPS	3,100	3,240	3,240	3,200
82-2170 OFFICE EXPENSE	46,000	27,073	44,400	46,000
82-2180 PROF & SPEC SERVICES-Legal	6,000	3,800	5,067	6,000
82-2180 PROF & SPEC SERVICES - Other	12,800	3,837	13,182	13,500
82-2181 PROF & SPEC SERV-DATA P	11,000	10,275	14,381	11,000
82-2182 PROF & SPEC SERV-OTHER	5,000	0	5,000	5,000
82-2190 PUBLIC & LEGAL NOTICES	1,500	278	1,500	1,500
82-2200 RENTS & LEASES-EQUIP	4,700	3,403	4,529	4,700
82-2230 SPECIAL DEPT EXPENSE	900	518	777	900
82-2251 TRAVEL IN COUNTY	500	57	57	500
82-2252 TRAVEL OUT OF COUNTY	13,000	14,445	18,564	35,658
82-4300 CAPITAL OUTLAY	10,000	0	13,500	10,000
1122 BLDG REFI COSTS	0	0	0	0
1122 LOAN PAYMENTS	27,006	20,254	27,006	27,006
1122 R & M COSTS/ONGOING EXPENSE	15,000	6,245	9,367	11,500
1122 R & M COSTS/REMODEL	17,000	4,754	15,754	25,000
1122 UTILITIES	22,440	9,573	16,412	21,000
1122 FIRE DAMAGE /REPAIRS/REPLACEMENTS *	220,000	200,647	215,647	0
	669,030	502,834	665,540	491,635
For Comparison Purposes - Removal of Fire Items *	-220,000	-200,647	-215,647	0
<b>Total Expenses</b>	<b>449,030</b>	<b>302,187</b>	<b>449,893</b>	<b>491,635</b>
<b>Net Income</b>	<b>0</b>	<b>124,338</b>	<b>-12,339</b>	<b>0</b>

**LAFCO**  
**Balance Sheet**  
As of March 31, 2013

	<b>Mar 31, 13</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
CVB-GENERAL ACCOUNT	\$ 263,282.95
CVB-TRUST	308,560.40
FUND 7281000 (192)	-38.91
TRUSTS	5,094.16
<b>Total Checking/Savings</b>	\$ 576,898.60
<b>Accounts Receivable</b>	
ACCOUNTS RECEIVABLE-INCOME	\$ 20,699.35
ACCOUNTS RECEIVABLE -T&M	-31,671.89
<b>Total Accounts Receivable</b>	\$ (10,972.54)
<b>Other Current Assets</b>	
OUTSIDE CONSULTANT CLEARING	\$ (32,100.00)
<b>Total Other Current Assets</b>	\$ (32,100.00)
<b>Total Current Assets</b>	\$ 533,826.06
<b>Fixed Assets</b>	
BUILDING & IMPROVEMENTS	\$ 982,418.00
Building- Accum Depreciation	-169,184.09
OFFICE FURNITURE & EQUIPMENT	115,881.00
Office Furn - Accum Depreciaton	-77,076.64
LAND	248,771.00
<b>Total Fixed Assets</b>	\$ 1,100,809.27
<b>TOTAL ASSETS</b>	<b>\$ 1,634,635.33</b>

**LAFCO**  
**Balance Sheet**  
As of March 31, 2013

Mar 31, 13

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Accounts Payable**

ACCOUNTS PAYABLE

\$ 36,005.42

**Total Accounts Payable**

\$ 36,005.42

**Other Current Liabilities**

DEFERRED INCOME-T&M PROJECTS

\$ 215,604.00

IMP COUNTY PW

6,707.75

NOTE PAYABLE - CVB

312,728.42

PAYROLL LIABILITIES

151.24

T&M DEPOSIT REFUNDS/CLEARING

7,279.00

**Total Other Current Liabilities**

\$ 542,470.41

**Total Current Liabilities**

\$ 578,475.83

**Total Liabilities**

\$ 578,475.83

**Equity**

INVEST FIXED ASSETS NET OF DEBT

\$ 788,080.85

RETAINED EARNINGS

109,562.08

Net Income

158,516.57

**Total Equity**

\$ 1,056,159.50

**TOTAL LIABILITIES & EQUITY**

\$ 1,634,635.33