



4.a.  
5/25/2017

**TO: Local Agency Formation Commission**

**FROM: George J. Spiliotis, Executive Officer**  
**Adriana Romo, Local Government Analyst III**

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**SUBJECT: RECOMMENDED FINAL BUDGET FOR FISCAL YEAR 2017-2018**

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Last month, the Commission approved the Proposed Budget for next fiscal year. The Proposed Budget called for appropriations of \$1,127,335 and internal revenue, including interest, fee revenue and available fund balance, totaling \$197,301, for a net cost of \$930,054. The Proposed Budget was distributed for comment to all cities, independent special districts and the County. As of the preparation of this report, no comments have been received. This report only highlights changes made from the Adopted Proposed Budget. The staff report for the Proposed Budget is attached for your reference.

Since the preparation of the Proposed Budget last month, minor changes have been made to projected year end expenditures. Also, revenues have been updated to account for recently received proposals, resulting in an increase to carryover of approximately \$5,710. The net result of these changes is a decrease in the Local Agency Share by that amount. These changes do not affect total appropriations.

Last month, the Commission also approved a few budget amendments and appropriation transfers for the current fiscal year. The attached table used the amended budget amounts; therefore, some percentages in the last column comparing the Recommended FY 2017-18 Final Budget to the current year budget, have changed slightly from those presented last month.

The Recommended Final Budget represents an increase of approximately 12.76 percent in appropriations over the current year budget, nearly all of that being associated with renewing our program to complete statutorily required Municipal Services Reviews. The increase in the Local Agency Share is approximately

11 percent over the current year budget. As noted last month, the median increase will be less than \$600 for most cities and less than \$50 for most special districts.

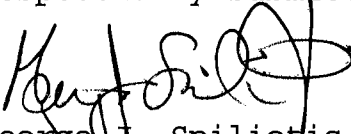
Upon adoption of the Final Budget, the Auditor will apportion the net cost of the Commission's budget to local agencies and begin collection of the funds as prescribed by State law.

**RECOMMENDATION:**

It is recommended that the Commission:

1. Adopt the Final Budget for Fiscal Year 2017-2018.
2. Direct the Executive Officer to transmit the adopted Final Budget to local agencies and other parties as required by law.

Respectfully submitted,

  
George J. Spiliotis  
Executive Officer

  
Adriana Romo  
Local Government Analyst III

FY 17-18 Recommended Final Budget  
May 25, 2017

		FY 16-17 Final Budget	FY 16-17 Proj. Year-End	FY 17-18 Proposed Budget	FY 17-18 Rec. Final Budget	Rec Final Pct. Diff. from FY 16-17
		Amended 4/27/17		Approved 4/27/17		
OBJ:	Description					
510040	Regular Salaries	\$444,630	\$416,413	\$445,580	\$445,580	0.21%
510440	Leave Buydown	\$29,936	\$28,959	\$30,542	\$30,542	2.02%
517000	Workers Comp	\$3,390	\$3,182	\$6,433	\$6,433	89.76%
518100	Benefits	\$185,733	\$175,513	\$191,958	\$191,958	3.35%
	<b>Total Appropriation 1</b>	\$663,689	\$624,067	\$674,513	\$674,513	1.63%
520260	Computer Lines	\$0	\$0	\$0	\$0	
520330	Communication Svcs	\$3,072	\$2,400	\$2,916	\$2,916	-5.08%
520930	Insurance- Liability/Property	\$6,364	\$6,553	\$6,946	\$6,946	9.15%
521340	Maint-Communications-Equip	\$300	\$0	\$0	\$0	-100.00%
521360	Maint-Computer Equip	\$15,140	\$14,747	\$12,890	\$12,890	-14.86%
521640	Maint-Software	\$0	\$0	\$0	\$0	
523100	Memberships	\$9,227	\$9,453	\$10,002	\$10,002	8.40%
523230	Misc Agency Exp	\$400	\$0	\$400	\$400	0.00%
523240	Non County Agency Exp	\$1,250	\$750	\$1,250	\$1,250	0.00%
523250	Refunds	\$4,600	\$4,600	\$100	\$100	-97.83%
523620	Books/Publications	\$274	\$274	\$100	\$100	-63.50%
523680	Office Equip/Furn	\$500	\$500	\$500	\$500	0.00%
523700	Office Supplies	\$2,000	\$2,000	\$2,000	\$2,000	0.00%
523760	Postage/Mailings	\$5,649	\$5,354	\$4,483	\$4,483	-20.64%
523840	Computer Equip-Software	\$2,800	\$2,706	\$1,000	\$1,000	-64.29%
524560	Auditing/Accounting	\$9,378	\$8,036	\$8,422	\$8,422	-10.19%
524660	Consultants	\$16,000	\$15,044	\$150,000	\$150,000	837.50%
524700	County Counsel	\$22,594	\$22,594	\$15,400	\$15,400	-31.84%
524740	County Support Svcs	\$0	\$0	\$0	\$0	
525020	Legal Svcs	\$1,000	\$0	\$1,000	\$1,000	0.00%
525120	Micrographic Svcs	\$4,371	\$4,371	\$728	\$728	-83.34%
525140	Personnel Svcs	\$4,530	\$4,530	\$4,587	\$4,587	1.26%
525300	Peoplesoft Financials	\$0	\$0	\$0	\$0	
525310	Peoplesoft HRMS	\$0	\$0	\$0	\$0	
525330	RMAP Svcs	\$90	\$90	\$27	\$27	-70.00%
525340	Temp Help Svcs	\$100	\$0	\$100	\$100	0.00%
525440	Professional Svcs.	\$0	\$0	\$0	\$0	
525600	Security	\$516	\$516	\$516	\$516	0.00%
525820	RCIT Pass-Thru Support	\$4,888	\$4,888	\$6,365	\$6,365	30.22%
525860	RCIT Device Support	\$3,189	\$3,189	\$0	\$0	-100.00%
526410	Legally Required Notices	\$7,656	\$4,922	\$6,258	\$6,258	-18.26%
526520	Rent/Lease-Copiers	\$2,740	\$2,915	\$2,640	\$2,640	-3.65%
526700	Rent/Lease-Bldgs	\$33,217	\$33,216	\$33,880	\$33,880	1.99%
526720	Rent/Lease Storage	\$1,048	\$998	\$986	\$986	-5.92%
527880	Training-Other	\$250	\$0	\$250	\$250	0.00%
528120	Commission Exp	\$15,010	\$13,222	\$14,846	\$14,846	-1.09%
528140	Conf Reg Fees	\$3,400	\$3,000	\$3,100	\$3,100	-8.82%
528900	Air Transportation	\$1,300	\$1,000	\$2,000	\$2,000	53.85%
528960	Lodging	\$2,400	\$2,400	\$2,400	\$2,400	0.00%
528980	Meals	\$600	\$400	\$500	\$500	-16.67%
529000	Misc Travel Exp	\$500	\$500	\$500	\$500	0.00%
529040	Mileage	\$13,086	\$10,179	\$12,150	\$12,150	-7.15%
529080	Rental Vehicles	\$300	\$300	\$100	\$100	-66.67%
	<b>Total Appropriation 2</b>	\$199,739	\$185,647	\$309,342	\$309,342	54.87%
581000	Approp For Contingency	\$12,857	\$0	\$20,000	\$20,000	55.56%
308100	Reserve-General	\$52,000	\$52,000	\$52,000	\$52,000	0.00%
	Reserve-Comp. Absences Liab.	\$71,500	\$71,500	\$71,500	\$71,500	0.00%
	<b>TOTAL APPROP./EXPEND.</b>	\$999,785	\$933,214	\$1,127,355	\$1,127,355	12.76%
	<b>REVENUE:</b>					
740020	Interest	\$1,200	\$3,014	\$1,800	\$2,800	133.33%
777520	Fee Revenue	\$115,000	\$127,021	\$100,000	\$100,000	-13.04%
	PY Fund Balance	\$52,120	\$71,925	\$95,501	\$100,211	92.27%
	Trans from General Reserve	\$0	\$0	\$0	\$0	
781560	Local Agency Share	\$831,465	\$831,465	\$930,054	\$924,344	11.17%
	<b>TOTAL REVENUES</b>	\$999,785	\$1,033,425	\$1,127,355	\$1,127,355	12.76%
	<b>SURPLUS/(DEFICIT)</b>	\$0	\$100,211	\$0	\$0	
	<b>RESERVE BALANCES:</b>					
	General	\$172,381	\$172,381	\$224,381	\$224,381	
	Compensated Absences Liab.	\$137,500	\$137,500	\$209,000	\$209,000	

FY 17-18 Recommended Final Budget  
 Travel/Committee Back-up  
 May 25, 2017

Object	Attendees	No. Events	No. Nights	Reg Fee	Training	Total Reg	Com. Exp.	Air Trans	Car Rental	Mileage	Lodging	Misc.	Meals	Totals
Conference-San Diego	4	1	2	\$460	\$0	\$1,840	\$350	\$0	\$0	\$428	\$1,613	\$160	\$180	\$4,571
Staff Workshop-Marin Co.	2	1	2	\$300	\$0	\$600	\$0	\$550	\$0	\$43	\$739	\$50	\$100	\$2,082
CALAFCO Legis. Cmte.	1	3	0	\$0	\$0	\$0	\$0	\$550	\$0	\$96	\$0	\$67	\$0	\$713
Admin. Review Cmte.	3	3	0	\$0	\$0	\$0	\$540	\$0	\$0	\$498	\$0	\$0	\$0	\$1,038
Riv. Legis Cmte	2	2	0	\$0	\$0	\$0	\$120	\$0	\$0	\$128	\$0	\$0	\$0	\$248
League of Cities-Local	1	3	0	\$40	\$0	\$114	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$114
Misc.	1	3	0	\$50	\$0	\$150	\$0	\$275	\$0	\$0	\$0	\$0	\$45	\$470
SC User Groups	2	4	1	\$0	\$0	\$0	\$0	\$0	\$0	\$54	\$0	\$44	\$120	\$218
SC Board Meetings	3	2	1	\$0	\$0	\$0	\$120	\$0	\$0	\$0	\$0	\$66	\$0	\$186
CALAFCO Board Meeting	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CALAFCO University	3	2	0	\$60	\$0	\$360	\$0	\$550	\$0	\$54	\$0	\$0	\$0	\$964
<b>TOTAL</b>					\$0	\$3,064	\$1,130	\$1,925	\$0	\$1,300	\$2,352	\$387	\$445	\$10,603
Rounded up (100)					\$0	\$3,100	\$1,200	\$2,000	\$0	\$1,400	\$2,400	\$400	\$500	\$11,000

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# **Proposed Budget**

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4.c.  
4/27/2017

TO: Local Agency Formation Commission

FROM: George J. Spiliotis, Executive Officer  
Adriana Romo, Local Government Analyst III

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SUBJECT: PROPOSED BUDGET FOR FISCAL YEAR 2017-2018

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**OVERVIEW:**

Beginning in Fiscal Year (FY) 2007-08, the Commission began reducing its annual Budget significantly by implementing six consecutive years of furlough for staff, relocating and reducing office space, and implementing several other cost saving measures making its main focus to perform core services. Gradually, beginning in Fiscal Year (FY) 2014-15, the Commission began to restore some of the temporary budget cuts and address project deferrals that were instituted during the recession. Deferred items addressed in the last few years include the redesign of the Commission's website, ongoing conversion of our paper files into digital format and microfilm, server replacements, and hardware/software replacements and upgrades.

The largest deferred function of this LAFCO has been the completion of comprehensive Municipal Services Reviews (MSR), which were last performed between 2005 and 2007 by consultants. A few have been completed in-house between 2007 and 2013, but they are very labor intensive. Due to recent legislative efforts and the increased focus on MSRs by the State, it is imperative that the Commission begin another comprehensive MSR initiative. To account for the consultant work required to begin the MSR process, \$150,000 has been included in the Consultants appropriation. This is the single most significant change proposed in the FY 2017-18 Budget. In order to perform MSRs countywide, additional allocations to the consultants appropriations will be required over the next several years, but in lesser amounts.

Additionally, the Commission's Budget continues to focus on attaining liquidity and stability by fully funding the Compensated Absences Liability Reserve (CALR) and nearly reaching its General Reserve target. In FY 2014-15, a designated reserve account was established for the purpose of funding our compensated absences liability over a five year period ending in FY 2018-19. That goal was later accelerated to FY 2017-18. It is expected that by the close of FY 2017-18, the compensated absences liability will be fully funded.

In FY 2015-16, the Commission increased its general reserve fund with a goal of accumulating 25 percent of the annual operating budget in FY 2017-18. Although the FY 2017-18 Budget includes a scheduled general reserve contribution, it will be approximately \$21,000 below the 25% target. Consequently, the following years' allocations will be significantly less.

The Proposed Budget allows the Commission to perform MSRs, which are essential to LAFCOs. In addition, the long term compensated absences liability will be fully funded, improving the Commission's Net Position. This would result in an increase to the local agencies contribution by approximately 11.86 percent. The increase will be a relatively small sum for most agencies. Most cities will experience an increase of less than \$600 and the increase for most special districts will be below \$50. Overall total appropriations were increased by 14.48 percent, which remains considerably lower than the Commission's highest appropriations prior to the recession of 2007.

The Proposed Budget has been reviewed and is recommended by the Administrative Review Committee.

**STATUTORY PROCEDURE:**

Under Government Code Sections 56380 and 56381, LAFCO must adopt a Proposed Budget by May 1<sup>st</sup> and Final Budget by June 15<sup>th</sup> of each year, after conducting a noticed public hearing on each. The proposed and final budgets must be at least equal to the budget adopted for the previous fiscal year, unless the Commission finds that reduced costs will nevertheless allow the Commission to fulfill the purposes and programs of our governing act. Once adopted, the proposed and final budgets must be transmitted to the local agencies.

Upon adoption of the Final Budget, the County Auditor must apportion the net costs and collect funds as follows:

- The county, the cities and the independent special districts shall each be allocated a one-third share of the funding of the net cost of the Commission.
- Each city's share of the one-third is based on the proportion that each city's total revenue bears to the total revenue of all cities in the county, as reported by the State Controller. The cities may collectively adopt an alternative apportionment.
- Each independent special district's share of the one-third is based on the proportion that each district's total revenue (further defined by statute) bears to the combined total revenue of all independent districts in the county, as reported by the State Controller. (In 2004, the Legislature made amendments establishing a different basis of calculation for healthcare

districts.) Similar to the cities' share, statute provides that the districts may collectively adopt an alternative apportionment.

- The statute sets out a process for the auditor to collect the funds, plus administrative costs, from the agencies.

**CURRENT YEAR RECAP AND PROPOSED BUDGET HIGHLIGHTS:**

The current fiscal year is expected to end on a positive note. Fee revenue is estimated to be at 100% of budget, which includes anticipated recoverable extraordinary costs of approximately \$15,000 directly associated with an active proposal. In addition, carryover from the prior year was approximately \$20,000 higher than budget. Total operating expenditures are also expected to be four percent below budget, mostly related to a vacant staff position that has not yet been filled and unexpended contingency estimated at \$13,000. As a result, the carryover from FY 2017-18 is projected to be approximately \$95,000.

Generally, there are very few changes in the FY 2017-18 Proposed Budget in comparison to the current year. The most significant change is related to the consultant work required to perform the comprehensive MSRs.

Other less significant changes incorporated in the Proposed Budget include Riverside County Information Technology Department (RCIT) services and minor rate increases. Central Mail delivery charges were reduced by 21 percent. Also, since we are up to date on digital archiving, no further expenditures for scanning services will be required for the 2017-18 fiscal year.

Other assumptions incorporated in the Recommended Proposed Budget include:

- Benefits changes include a 1.168% percent increase in the retirement rates and a slight decrease in Other Post Employment Benefit (OPEB) rates.
- Workers Compensation rates increased nearly 90 percent.
- 10 Commission Meetings per year.
- CALAFCO Dues increasing by 7 percent.
- Travel includes attendance at CALAFCO events consistent with current year appropriations. Due to the location of the staff workshop, airfare will be required, unlike the current year where both venues were within drivable distance.
- Revenues are projected conservatively.

Based on these assumptions, operating appropriations in the Recommended Proposed Budget are higher than the current year by approximately 14.48 percent. The resulting net cost passed onto local agencies will be an 11.86 percent increase, which is very



similar to the FY 2016-17 increase. This would represent a relatively small increase to most agencies' contribution.

**BUDGET COMPONENTS:**

Several of the more significant line items, in terms of size or change from last year, are briefly discussed below.

Salaries and Benefits: The current County's Management Resolution does not include any compensation increases. A slight increase of about one percent in the Retirement Rates was accounted for. We anticipate retirement rates will continue to increase in the future.

Leave Buydown (Compensated Absences): Although we do not anticipate employees cashing out the maximum amount of leave time allowed by the Management Resolution in the current year, the proposed appropriation will accommodate cashing out the maximum amount of leave time. This is consistent with the Commission objective of reducing compensated absence liability.

Insurance-Liability/Property: Liability and property insurance are combined in one policy obtained through the Special District Risk Management Authority (SDRMA). Rates are expected to increase. Accordingly, a conservative six percent increase from the current year's actual cost was included.

Maintenance-Computer Equipment: This includes costs for the maintenance and technical support contract for servers, workstations, email and software maintenance. The prior year's appropriations was higher due to work required for the Laserfiche software upgrade.

Computer Equipment-Software: A placeholder is included in this year's budget.

Office Supplies: This accounts for expenditures for standard office supplies, such as paper, toner, etc. and is variable. The need for office supplies is influenced, to some extent, by proposal workload. Expenses in this appropriation have been at an all time low. This is a result of greater use of electronic document transmittal and the use of promotional offers. No change is anticipated.

Micrographic Services: Last year's appropriations included additional scanning of our paper files into electronic format. This year's appropriation only accounts for the standard annual licensing fee for the Laserfiche software used to retrieve our electronic records.

Memberships: This account includes continued membership with CALAFCO and the California Special Districts Association. CSDA membership is a prerequisite for obtaining insurance through the Special District Risk Management Authority (SDRMA). There is no increase expected in the CSDA membership rate. The CALAFCO Executive Board has approved a 7 percent increase for Association dues for FY 2017-18. The increases will fund additional contracted hours for the Executive Director and other initiatives aimed at improving member services.

County Internal Service Funds (ISFs): The Commission contracts with the County of Riverside for several services. A few key services are described in greater detail below.

- Non-County Agency Expense: Expenditures charged to this account are primarily for environmental filings with the County Clerk, including the Department of Fish and Game mitigation and filing fee. No changes are anticipated.
- Records Management & Archives Program (RMAP) Services: This account is for off-site storage of our microfilm and compact discs.
- Central Mail: The daily mail pickup and delivery charge has decreased by approximately 21 percent. (\$13.25/day to \$9.18/day)
- RCIT Device Support: After RCIT's year trial of their new rate structure, LAFCO will not be billed for the device support allocation (RCIT Device Support). This is due to the underutilization of those services. Instead, charges will be based on time and material as described below.

RCIT Pass Thru-Support: This account will be used to bill for each payroll and financial transaction and for access to the County's financial and payroll systems. The enterprise services we use are PeopleSoft, Cisco Any Connect and Simpler Systems. The PeopleSoft systems are used for processing invoices and payroll. The charges are based on actual transactions for payroll and warrants. Simpler Systems allows us access to view our revenue and expenditure transactions and the general ledgers. Remote connection charges through RCIT's Cisco Any Connection-Virtual Private Network (VPN) by user will also apply.

County Counsel: The County Counsel rate was increased by 1.12% from the prior year.

Personnel Services: This charge is for human resources. The rate increased by 1.26%.

Legally Required Notices: This account includes legal notice publication costs for Commission hearings, protest hearings and CEQA notices, as well as charges from the County Registrar of Voters for generating registered voter mailing lists for public notice. The charges are related to proposal activity and are recovered from applicants.

Auditing/Accounting: This primarily accounts for our auditing services contract, as well as a per pay period payroll warrant/direct deposit general support services fee assessed by the County. The Proposed Budget accounts for scheduled increases in the auditing services contract of approximately 1.4%.

Consultants: Current law requires the Commission to conduct a service review before or in conjunction with, but no later than the time of establishing or updating a sphere of influence (SOI). The law also states that every five years, the Commission shall, as necessary, review and update each sphere. The last major Municipal Services Review (MSR) and SOI Review effort completed by this LAFCO occurred between 2005 and 2007. The bulk of MSRs were completed by consultants. A few additional MSRs were prepared in-house, as needed, in 2007, 2009, 2013 and 2014. SOIs were reviewed en masse in December of 2012 and with few exceptions were determined to be adequate with no further amendments. During the recession and years immediately following, this task was put on hold. Due to the focus of the State on the role of MSRs, it is imperative that we begin another major MSR cycle.

Disadvantaged Unincorporated Community (DUC) legislation since 2012 has incorporated requirements for DUC analysis into the MSRs and SOI Reviews. We are behind in these efforts. Also, current legislative discussions will likely result in specific requirements for analysis of healthcare districts in MSRs. Our current policy limits MSRs to agencies that provide traditional municipal services associated with urban development, consistent with the intent of the Commission on Local Governance in the 21<sup>st</sup> Century. As a result, we have not performed MSRs of agencies such as healthcare districts, cemetery districts and resource conservation districts. There is a growing expectation that MSRs should be performed for all special districts.

In order to start this effort, \$150,000 is being included in the Consultants appropriations. It is likely that some lower level appropriations for this task will be required on an on-going basis.

Rent/Lease-Storage: This appropriation is used for off-site storage of our hard copy proposal files. The Proposed Budget includes the estimated charge for the additional boxes that will be stored off-site due to recent scanning.

Rent/Lease-Buildings: We will be entering the fifth year of a five-year lease for office space, which is due to expire in May of 2018. In 2013, the Commission relocated its office to a smaller suite and negotiated a lower rate to reduce our lease cost by approximately half. The lease calls for annual increases of 2 percent, which is reflected in the Proposed Budget. We will need to negotiate an extension of our current lease or begin a search for another office space location some time during the third quarter of FY 2017-18.

Commission Expenses: Traditionally, one Commission meeting has been held on the fourth Thursday of every month, with the exception of a combined November/December meeting held on the first Thursday in December, resulting in eleven meetings per fiscal year. However, over the past several years the Commission has held a maximum of 10 meetings per fiscal year. The Proposed Budget would accommodate full Commission participation at 10 regular Commission meetings, standing committee meetings and attendance at the CALAFCO Conference. The Proposed Budget also includes the County Human Resources Temporary Assignment Program (TAP) 12.77 percent overhead charge for processing the Commissioner's per diem.

Air Transportation, Lodging, Registration Fees, etc.: These travel related appropriation accounts include expenses primarily related to Commissioner and/or staff attendance at CALAFCO functions, such as conferences, workshops, meetings, and one-day courses.

The Proposed Budget assumes two Commissioners, the Executive Officer and Legal Counsel will attend the Annual Conference. The Conference this year will be held in San Diego, resulting in airfare cost savings. However, the 2017 CALAFCO Staff Workshop will be held in Marin County and will require airfare. This will cause an increase in Air Transportation over the previous fiscal year. In FY 2016-17, the venues for the conference and the workshop were within drivable distance.

Mileage: This account is used for Commissioners' and staff mileage reimbursements and auto allowance. The mileage reimbursement rates were recently decreased by nearly two percent.

Contingency: Since LAFCOs became fiscally independent agencies in 2001, the Commission has made an appropriation for contingencies. A contingency could be tapped into for unexpected expenditures or to guard against sudden small to moderate declines in fee revenue. The Proposed Budget allows for a small \$20,000 contingency, approximately two percent of the operating budget.

Reserve-General: An undesignated reserve fund was established several years ago to allow accumulation of funds for major shortfalls, litigation or other unforeseen events. At the close of FY 2016-17, the Commission General Reserves will stand at \$172,381.

The Proposed Budget includes an appropriation to General Reserves of approximately \$52,000 for the third year in a row. This has been done to meet the Commission's general reserve target of 25% of operating expenditures. Although, it was the Commission's intent to reach the reserve target in FY 2017-18, it will be just short at approximately 22.8% of the operating budget.

Compensated Absences Liability Reserve (CALR): The CALR was established in FY 2014-15 to fund the Commission's sole unfunded long-term liability at the time, staff leave balances. The goal of the Commission has been to fully fund the CALR in FY 2017-18. With the second consecutive allocation of \$71,500, the CALR will be fully funded by the end of the 2017-18 fiscal year.

Fund Balance: We anticipate carrying over approximately \$95,000 into FY 2017-18. The bulk of this was caused by savings in salaries and benefits resulting from a staff member retiring and this position remaining vacant for a portion of the year. Also, there was a higher than anticipated carryover from FY 2015-16, minor savings in several appropriations, and unexpended contingency fund.

Fee Revenues: The Proposed Budget conservatively assumes fee revenue similar to the FY 2016-17 Final Budget adopted in May of 2016.

Local Agency Share: As noted previously, the net cost of the Commission's operating expenses is apportioned to local agencies within the County. The net cost will be the total appropriations less the sum of expected revenues approved by the Commission in its Final Budget and the fund balance carried over from the current year.

The Proposed Budget would result in an increase to the Local Agency Share of 11.86 percent. Based on the current year allocation, most cities would likely experience an increase of less than \$600 and the increase for most special districts would be below \$50.

**DISTRIBUTION:**

Upon closing the public hearing, the Commission must adopt a Proposed Budget. Once adopted, the Proposed Budget will be transmitted to the Board of Supervisors, each city, and each independent special district. A hearing on the Final Budget will be scheduled for our May meeting, in order to meet the statutory adoption deadline of June 15<sup>th</sup>. Upon adoption, the Final Budget will be distributed in the same manner as the Proposed Budget and the County Auditor will begin the apportionment and collection process described earlier.

**SUMMARY:**

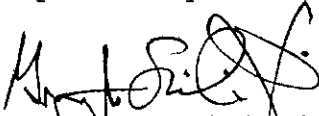
After several years of budget cuts, beginning in FY 2007-08, the Proposed Budget for FY 2017-18 continues the trend of fiscal responsibility. The Proposed Budget is currently at FY 2004-05 levels. The Budget continues to build up an adequate general reserve fund as well as completely funding the compensated absences liability. Also, in order to address one of the Commission's statutory responsibilities that has been deferred for almost a decade, the Proposed Budget includes an allocation to the Consultants appropriation for Municipal Services Reviews (MSR). This results in a local agency share increase of approximately 11.86 percent, resulting in an overall increase of less than \$600 to most cities and less than \$50 to most special districts of Riverside County.


**RECOMMENDATION:**

It is recommended that the Commission:

1. Adopt the Proposed Budget for Fiscal Year 2017-2018.
2. Direct the Executive Officer to transmit the adopted Proposed Budget to local agencies and other parties as required by law.

Respectfully submitted,

  
George J. Spiliotis  
Executive Officer

  
Adriana Romo  
Local Government Analyst III

FY 17-18 Proposed Budget  
April 27, 2017

		FY 16-17 Final Budget	FY 16-17 Proj. Year-End	FY 17-18 Proposed Budget	Pct. Diff. from FY 16-17
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	<b>Total Appropriation 1</b>	\$663,689	\$624,067	\$674,513	1.63%
520260	Computer Lines	\$0	\$0	\$0	
520330	Communication Svcs	\$3,072	\$2,400	\$2,916	-5.08%
520930	Insurance- Liability/Property	\$6,364	\$6,553	\$6,946	9.15%
521340	Maint-Communications-Equip	\$300	\$0	\$0	-100.00%
521360	Maint-Computer Equip	\$15,140	\$14,747	\$12,890	-14.86%
521640	Maint-Software	\$0	\$0	\$0	
523100	Memberships	\$9,227	\$9,453	\$10,002	8.40%
523230	Misc Agency Exp	\$400	\$0	\$400	0.00%
523240	Non County Agency Exp	\$1,250	\$750	\$1,250	0.00%
523250	Refunds	\$100	\$4,600	\$100	0.00%
523620	Books/Publications	\$274	\$274	\$100	-63.50%
523680	Office Equip/Furn	\$500	\$500	\$500	0.00%
523700	Office Supplies	\$2,000	\$2,000	\$2,000	0.00%
523760	Postage/Mailings	\$5,649	\$5,354	\$4,483	-20.64%
523840	Computer Equip-Software	\$2,800	\$2,706	\$1,000	-64.29%
524560	Auditing/Accounting	\$9,378	\$8,036	\$8,422	-10.19%
524660	Consultants	\$10,000	\$15,500	\$150,000	1400.00%
524700	County Counsel	\$13,594	\$22,594	\$15,400	13.29%
524740	County Support Svcs	\$0	\$0	\$0	
525020	Legal Svcs	\$1,000	\$0	\$1,000	0.00%
525120	Micrographic Svcs	\$4,371	\$4,371	\$728	-83.34%
525140	Personnel Svcs	\$4,530	\$4,530	\$4,587	1.26%
525300	Peoplesoft Financials	\$0	\$0	\$0	
525310	Peoplesoft HRMS	\$0	\$0	\$0	
525330	RMAP Svcs	\$90	\$90	\$27	-70.00%
525340	Temp Help Svcs	\$100	\$0	\$100	0.00%
525440	Professional Svcs.	\$0	\$0	\$0	
525600	Security	\$516	\$516	\$516	0.00%
525820	RCIT Pass-Thru Support	\$4,888	\$4,888	\$6,365	30.22%
525860	RCIT Device Support	\$3,189	\$3,189	\$0	-100.00%
526410	Legally Required Notices	\$7,656	\$4,922	\$6,258	-18.26%
526520	Rent/Lease-Copiers	\$2,740	\$2,915	\$2,640	-3.65%
526700	Rent/Lease-Bldgs	\$33,217	\$33,216	\$33,880	1.99%
526720	Rent/Lease Storage	\$1,048	\$998	\$986	-5.92%
527880	Training-Other	\$250	\$0	\$250	0.00%
528120	Commission Exp	\$15,010	\$13,222	\$14,846	-1.09%
528140	Conf Reg Fees	\$3,400	\$3,000	\$3,100	-8.82%
528900	Air Transportation	\$1,300	\$1,000	\$2,000	53.85%
528960	Lodging	\$2,400	\$2,400	\$2,400	0.00%
528980	Meals	\$600	\$400	\$500	-16.67%
529000	Misc Travel Exp	\$500	\$500	\$500	0.00%
529040	Mileage	\$13,086	\$10,179	\$12,150	-7.15%
529080	Rental Vehicles	\$300	\$300	\$100	-66.67%
	<b>Total Appropriation 2</b>	\$180,239	\$186,103	\$309,342	71.63%
581000	Approp For Contingency	\$17,357	\$0	\$20,000	15.23%
308100	Reserve-General	\$52,000	\$52,000	\$52,000	0.00%
	Reserve-Comp. Absences Liab.	\$71,500	\$71,500	\$71,500	0.00%
	<b>TOTAL APPROP./EXPEND.</b>	\$984,785	\$933,670	\$1,127,355	14.48%
	<b>REVENUE:</b>				
740020	Interest	\$1,200	\$1,800	\$1,800	50.00%
777520	Fee Revenue	\$100,000	\$123,981	\$100,000	0.00%
	<b>PY Fund Balance</b>	\$52,120	\$71,925	\$95,501	83.23%
	Trans from General Reserve	\$0	\$0	\$0	
781560	Local Agency Share	\$831,465	\$831,465	\$930,054	11.86%
	<b>TOTAL REVENUES</b>	\$984,785	\$1,029,171	\$1,127,355	14.48%
	<b>SURPLUS/(DEFICIT)</b>	\$0	\$95,501	\$0	-100.00%
	<b>RESERVE BALANCES:</b>				
	General	\$172,381	\$172,381	\$224,381	30.17%
	Compensated Absences Liab.	\$137,500	\$137,500	\$209,000	52.00%

FY 17-18 Proposed Budget  
 Travel/Committee Back-up  
 April 27, 2017

Object	Attendees	No. Events	No. Nights	Reg Fee	Training	Total Reg	Com. Exp.	Air Trans	Car Rental	Mileage	Lodging	Misc.	Meals	Totals
					527880	528140	528120	528900	529080	529040	528960	529000	528980	
Conference-San Diego	4	1	2	\$460	\$0	\$1,840	\$350	\$0	\$0	\$428	\$1,613	\$160	\$180	\$4,571
Staff Workshop-Marlin Co.	2	1	2	\$300	\$0	\$600	\$0	\$550	\$0	\$43	\$739	\$50	\$100	\$2,082
CALAFCO Legis. Cmte.	1	3	0	\$0	\$0	\$0	\$0	\$550	\$0	\$96	\$0	\$67	\$0	\$713
Admin. Review Cmte.	3	3	0	\$0	\$0	\$0	\$540	\$0	\$0	\$498	\$0	\$0	\$0	\$1,038
Riv. Legis Cmte	2	2	0	\$0	\$0	\$0	\$120	\$0	\$0	\$128	\$0	\$0	\$0	\$248
League of Cities-Local	1	3	0	\$40	\$0	\$114	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$114
Misc.	1	3	0	\$50	\$0	\$150	\$0	\$275	\$0	\$0	\$0	\$0	\$45	\$470
SC User Groups	2	4	1	\$0	\$0	\$0	\$0	\$0	\$0	\$54	\$0	\$44	\$120	\$218
SC Board Meetings	3	2	1	\$0	\$0	\$0	\$120	\$0	\$0	\$0	\$0	\$66	\$0	\$186
CALAFCO Board Meeting	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CALAFCO University	3	2	0	\$60	\$0	\$360	\$0	\$550	\$0	\$54	\$0	\$0	\$0	\$964
<b>TOTAL</b>					\$0	\$3,064	\$1,130	\$1,925	\$0	\$1,300	\$2,352	\$387	\$445	\$10,603
Rounded up (100)					\$0	\$3,100	\$1,200	\$2,000	\$0	\$1,400	\$2,400	\$400	\$500	\$11,000