

May 4, 2017 (Agenda)

Local Agency Formation Commission
105 East Anapamu Street, Room 407
Santa Barbara CA 93101

Final LAFCO Budget for FY 2017-2018

Honorable Commissioners:

RECOMMENDATION

It is recommended that the Commission:

- a) Review, accept all public testimony and approve the Final Budget for Fiscal Year 2017-18;
- b) Direct the staff to distribute the Final Budget to the County, cities, and special districts as required by Government Code Section 56381; and
- c) Notify the County Auditor to proceed pursuant to Government Code section 56381.6 with apportionment of LAFCO costs among the County, cities, and special districts.

DISCUSSION

The Proposed Budget was approved by the Commission on April 13, 2017. Prior to consideration of the proposed budget, it was distributed to all cities, independent special districts and the County.

Following the April 13th Commission meeting, the approved Proposed Budget was transmitted to the County Executive, City Managers and Special District Managers. The notice of Final Budget hearing was also posted on the Commission website. The Final Budget staff report was also distributed to the County Executive, City Managers and Special District Managers

The notification and hearing process is consistent with the provisions of Government Code Section 56381. Pursuant to this section, "The Commission shall to adopt annually following noticed public hearings, a proposed budget by May 1 and a final budget by June 15."

Summary of Final Budget

The recommended Final Budget is \$453,5558, an increase of \$74,967 over the current year budget. Following is a budget summary.

<u>Proposed Budget Summary</u>	<u>Adjusted Budget 2016-17</u>	<u>Final 2017-18</u>	<u>Change</u>
Salaries and Benefits	\$ 17 225	17 225	\$ 0
Contracted Staff Support	220 000	235 000	15 000
Services & Supplies	89 891	179 901	89 910
Other Charges	<u>1 375</u>	<u>1 432</u>	<u>57</u>
Total	378 591	453 558	74 967
Contingencies	50 000	20 000	-30 000
Total Appropriations	378 591	453 558	74 967
Revenues	378 591	453 558	74 967

Detailed Description of Individual Accounts

The Recommended Final Budget spreadsheet and specific line item accounts is attached as **Exhibit A**. There is also a column for current year-to-date revenues and expenditures, projected year-end revenues and expenditures, the increase/decrease between the current and proposed budget and percentage increase/decrease. Appropriations not expended during one fiscal year become part of the available fund balance to finance the Commission in the following fiscal year.

Designation for Contingency

During 2014-15, \$40,000 was transferred to the contingency/reserve account. In 2015-16, \$20,000 was transferred to the contingency. For the 2016-17 budget an additional \$50,000 was added to the Contingency Reserve Account, Line Item 9600. Because of this, the reserve fund will increase to \$110,000 on June 30, 2017.

The additional reserves will be used for unanticipated expenses such as legal services and other unbudgeted expenses. Funds from the contingency/reserve account, with Commission approval, can be transferred to the operating budget. Reserves could be used for contract consultant services for MSR/SOI updates and to cover staff costs for increased workload. Reserves can also be used

to cover transitional costs for new staff. Because of the additional \$20,000 budgeted this year, the reserves will increase to \$130,000 on June 30, 2018.

Commission Clerk Services

The Commission will continue to utilize the County Clerk to the Board (COB) for Commission Clerk services. In March 2014, the Commission opted to pick up the cost of Clerk services for a portion of 2013-14 and all of 2014-15 and 2015-16. The cost of Clerk Services was previously paid by the Executive Officer from Contractual Staff Service – Line Item 7510. The Contractual Staff Service account for the Executive Officer was reduced by \$30,000. An additional \$30,000 was included in 2014-15 for a total of \$60,000 for Commission Clerk services. It is recommended that this arrangement continue and that that an additional \$15,000 be allocated for Clerk services and to cover the Executive Officer’s CPI increase for 2017-18.

Services and Supplies

In the area of Services and Supplies, Line Item 7669, was increased by \$79,610. As explained by the County Auditor-Controller’s Office, the main reason for the increase of \$79K from the Prior Year to the Current Year Cost Plan Charge (CAP) is mainly due to variances between the direct billings and the cost coded to LAFCO from the Clerk of the Board and County Counsel, which resulted in increases of \$55K and \$28K respectively (**Exhibit B**). The charge is made more noticeable because the last two years LAFCO receive a credit because of reductions in CAP charges of -\$24,459 in 2016-17 and -\$6,697 in 2015-16.

Billings from County Counsel should decrease this year because of a lower billing rate based on the employment status of the deputy assigned to LAFCO.

Revenue Accounts

In the area of Revenues, LAFCO Billings to the County of Santa Barbara, Cities, and Special Districts will increase by \$87,057. LAFCO Processing Fees are also projected to decrease by \$15,000 based on current year projections.

Conclusion

In consideration of this information, it is recommended the Recommended Final Budget be approved and distributed to the Board of Supervisors, each city, and to each special district, as required by Government Code Section 56381.

Local Agency Formation Commission
Final Budget for FY 2017-18
May 4, 2017 (Agenda)
Page 4

EXHIBIT

Exhibit A Recommended Final LAFCO Budget for FY 2017-18
Exhibit B Historical Summary of SBLAFCO CAP Charges

Please contact the LAFCO office if you have any questions.

Sincerely,



PAUL HOOD
Executive Officer

Cc: County Executive Officer
 Each City Manager
 Each Special District Manager

	2016-2017 <u>Adjusted Budget</u>	<u>As of 4/21/17</u>	2017-2018 <u>Rec Final</u> <u>Budget</u>	<u>Change</u>
--	-------------------------------------	----------------------	--	---------------

REVENUES

Interest Income - 3380	650	1,042	750	100
-------------------------------	-----	-------	-----	-----

This is revenue from investing available LAFCO funds.

Unrealized Gain/Loss - 3381	0	310	310	310
------------------------------------	---	-----	-----	-----

Processing Fee Income - 5738	40 000	11 967	25 000	-15 000
-------------------------------------	--------	--------	--------	---------

This revenue from processing proposals is predicated on the processing fee schedule. It is difficult to predict proposal workload because to some degree new proposals are dependent upon economic activity. Based on recent history we are anticipating receiving ten or twelve proposed boundary changes or other applications.

Miscellaneous Revenue – 5860	500	2792	3 000	2500
-------------------------------------	-----	------	-------	------

These are revenues from sale of documents, maps etc.

Other Gov’t Agencies – 4840	337 441	334 827	424 498	87 057
------------------------------------	---------	---------	---------	--------

Essentially the Commission is funded in equal thirds by the County, cities and independent special districts. Amounts depend on (a) adopted budget, (b) available fund balance at end of fiscal year and (c) projected operational revenues. This amount to be determined at the end of the fiscal year.

APPROPRIATIONS

SALARIES AND BENEFITS

Commissioner Stipends –	15 000	11 782	15 000	0
--------------------------------	--------	--------	--------	---

6210

This account funds Commissioner per diem stipends. Commissioner stipends are processed through ADP. The amount is based on 11 Commissioners attending 10 meetings at \$150 per meeting (\$16,500). Funds are expended only if meetings are held.

FICA Contribution – 6500	1 250	735	1 250	0
---------------------------------	-------	-----	-------	---

Per the County Auditor this account is budgeted at .062% of taxable salaries and benefits.

FICA/Medicare – 6550	350	172	350	0
-----------------------------	-----	-----	-----	---

Per the County Auditor this account is budgeted at .0145% of taxable salaries and benefits.

Unemployment Insurance– 6700	625	334	625	0
-------------------------------------	-----	-----	-----	---

This contribution is also withheld by ADP.

	2016-2017 <u>Adjusted Budget</u>	<u>As of 4/21/17</u>	2017-2018 <u>Rec Final</u> <u>Budget</u>	<u>Change</u>
--	-------------------------------------	----------------------	--	---------------

LAFCO STAFFING (this account is actually included within Services & Supplies)

Contractual Staff Services – 7510	220 000	197 445	235 000	15 000
--	---------	---------	---------	--------

Effective July 1, 2017, the Executive Officer compensation is \$12,617.89 per month. Pursuant to the Executive Officer’s contract, this amount is adjusted on July 1 each year based on the CPI for the Los Angeles/Long Beach area for the previous 12 months. No benefits are included in the professional services contract. Also pursuant to a contract between the Commission and the County of Santa Barbara, the Clerk to the Board for Clerk services are funded at \$60,000 per year.

SERVICES AND SUPPLIES

Audit Fees – 7324	6 000	5 800	6 000	0
--------------------------	-------	-------	-------	---

The Commission finances are subject to annual audit. The amount budgeted for 2017-18 is based on the actual 2016-17 cost.

Memberships – 7430	5 000	4 630	6 000	1 000
---------------------------	-------	-------	-------	-------

Membership in the California Association of LAFCOs (CALAFCO) and the California Special Districts Association (CSDA).

Office Expense – 7450	1 200	2 500	2 500	1 300
------------------------------	-------	-------	-------	-------

This funds supplies and equipment to support Commission activities. The Clerk to the Board separates out office expenses from its LAFCO Clerk services.

Copier Expense - 7453	1 000	0	0	-1 000
------------------------------	-------	---	---	--------

This account funds printing of notices, reports, resolutions, correspondence and other materials. The Clerk to the Board includes copying expenses with its LAFCO Clerk services.

Professional & Specialized Services – 7460	36 000	21 479	36 000	0
---	--------	--------	--------	---

The account funds services not provided directly by LAFCO staff or legal counsel. These include televising and recording LAFCO meetings and updating and maintaining city and special district maps in the Commission’s Directory of Public Agencies. This account is also used for outside consultants and contractors to assist with complex projects and proposals.

	2016-2017 <u>Adjusted Budget</u>	<u>As of 4/21/17</u>	2017-2018 <u>Rec Final</u> <u>Budget</u>	<u>Change</u>
ADP Payroll Services - 7507	1 750	1 467	1 750	0
This account funds ADP Small Business Services charges to process per diem stipends. It costs approximately \$150 per meeting for payroll processing.				
Legal Services - 7508	35 000	56 537	35 000	0
This account funds estimated legal counsel services. The actual amount charged is adjusted in subsequent years based on General Fund Cost Allocation calculations.				
Publications/Legal Notices– 7530	2 500	1 936	2 500	0
Costs to publish legal notices for LAFCO hearings.				
Gen Fund Cost Allocation – 7669	-24 459	-24 331	55 151	79 610
This account funds services provided by the County. These include support of the County Auditor to keep financial records, make payments and process deposits; the County Treasurer to retain and invest funds; use of office space; and adjustments in legal counsel billings due to actual hours rather than estimates. This account has increased significantly for 2017-18. See the attached Exhibit B Allocation History and Detail provided by the County Auditor.				
Training and Travel – 7732	26 000	22 583	26 000	0
This account funds expenses for Commissioners and staff to attend LAFCO meetings, CALAFCO conferences and workshops, CALAFCO Board meetings and educational programs. The account is recommended remain the same as the current year based on CALAFCO Conference Attendance, CALAFCO Staff Workshop, and the CALAFCO Legislative Committee.				
OTHER CHARGES				
The figures in these accounts are provided by the County. Some of these accounts have increased slightly for 2017-18. LAFCO is included in the County's liability insurance program so it is not necessary to fund this item separately.				
Electricity – 7801	612	409	584	-28
Natural Gas – 7802	115	81	100	-15
Water – 7803	100	90	177	77
Refuse – 7804	0	88	0	0
Utility Services – 7806	0	39	65	65
Liability Insurance - 7895	200	0	158	-42
Telephone Services – 7897	348	290	348	0

<u>2016-2017</u> <u>Adjusted Budget</u>	<u>As of 4/21/17</u>	<u>2017-2018</u> <u>Rec Final</u> <u>Budget</u>	<u>Change</u>
--	----------------------	---	---------------

SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION
Operating Fund # 5320, Santa Barbara LAFCO, Department # 815

RECOMMENDED FINAL 2017-18 BUDGET -May 4, 2017

Account Name and Number	2016-17 Final Budget	As of 4/21/2017	Projected Year-End	2017-18 Final Budget	Inc/Dec	% Inc/Dec
-------------------------	----------------------------	--------------------	-----------------------	----------------------------	---------	-----------

Revenues

Interest Income - 3380	650	1,042	750	750	100	15%
Unrealized Gain/Loss - 3381	0	-233	310	310	310	100%
Other Gov't Agencies - 4840	337,441	334,828	337,441	424,498	87,057	26%
Planning Studies Service - 5738	40,000	11,967	20,000	25,000	-15,000	-38%
Misc. Revenue - 5909	500	2,792	3,000	3,000	2,500	500%
Total Revenues	378,591	350,396	361,501	453,558	74,967	19.8%

Expenditures

Salaries and Benefits

Commissioner Stipends - 6210	15,000	11,782	15,000	15,000	0	0%
FICA Contribution - 6500	1,250	735	1,200	1,250	0	0%
FICA/Medicare - 6550	350	172	300	350	0	0%
Unemployment Insurance - 6700	625	334	500	625	0	0%
Total Salaries and Benefits	17,225	13,023	17,000	17,225	0	0.0%

Staff Support

Contractual Staff Services - 7510	220,000	197,445	220,000	235,000	15,000	6%
Total Staff Support	220,000	197,445	220,000	235,000	15,000	6%

Services and Supplies

Audit Fees - 7324	6,000	5,800	6,000	6,000	0	0%
Memberships - 7430	5,000	4,630	4,630	6,000	1,000	17%
Office Expense - 7450	1,200	1,837	2,500	2,500	1,300	52%
Copier Expense - 7453	1,000	0	0	0	-1,000	-100%
Prof & Special Services - 7460	36,000	21,479	45,000	45,000	9,000	20%
ADP Payroll Fees - 7507	1,750	1,467	1,750	1,750	0	0%
Legal Services -7508	35,000	56,537	65,000	35,000	0	0%
Pubs & Legal Notices 7530	2,500	1,936	2,500	2,500	0	0%
Gen Fund Cost Allocation -7669	-24,459	-24,331	-24,331	55,151	79,610	144%
Training and Travel- 7732	26,000	22,583	23,500	26,000	0	0%
Total Services and Supplies	89,991	91,938	126,549	179,901	89,910	99.9%

Other Charges

Electricity - 7801	612	409	612	584	-28	-5%
Natural Gas - 7802	115	81	115	100	-15	-13%
Water - 7803	100	90	100	177	77	44%
Refuse - 7804	0	88	100	0	0	0%
Utility Services - 7806	0	39	65	65	65	0%
Liability Insurance - 7895	200	0	200	158	-42	-27%
Telephone Services - 7897	348	290	348	348	0	0%
Total Other Charges	1,375	997	1,540	1,432	57	4.1%

Contingency Reserve - 9600	50,000	50,000	50,000	20,000	-30,000	-150%
Total Contingency Reserve	50,000	50,000	50,000	20,000	-30,000	-150%
Total Exp/Appropriations	378,591	353,403	415,089	453,558	74,967	20%

*Adding \$20,000 to contingencies will increase reserves to \$130,000 at 6/30/18 to fund unanticipated expenditures

SBLAFCO CAP CHARGES - Historical Summary

FISCAL YEAR	Facilities & Structures <i>Office Space</i>	Auditor-Controller <i>FIN System</i>	Other <i>Treasurer, HR</i>	County Executive <i>Clerk Services</i>	County Counsel <i>Legal Services</i>	Subtotal	Rollforward <i>***</i>	Adjustments	TOTAL
17-18	2,170	2,180	-	13,942	11,381	29,673	25,478	-	\$ 55,151
16-17	1,931	3,373	-	(12,197)	2,417	(4,476)	(19,996)	13	\$ (24,459)
15-16	1,184	4,900	-	(2,705)	818	4,197	(10,858)	(36)	\$ (6,697)
14-15	974	4,574	92	(557)	10,435	15,518	9,849	(50)	\$ 25,317
13-14	1,102	6,516	-	423	7,013	15,054	39,926	(33,129)	\$ 21,851
12-13	-	14,214	417	496	(9,457)	5,670	25,566	(22,453)	\$ 8,783
11-12	5,390	6,864	350	-	(37,476)	(24,872)	(33,495)	2,002	\$ (56,365)
10-11	1,990	7,246	246	-	(27,378)	(17,896)	(21,969)	(2,001)	\$ (41,866)
09-10	2,303	6,354	324	-	(359)	8,622	3,985	(5)	\$ 12,602
08-09	-	6,078	186	-	(4,192)	2,072	(3,233)	1	\$ (1,160)
TOTAL	17,044	62,299	1,615	(598)	(46,798)	33,562	15,253	(55,658)	(6,843)
10-yr Avg.	1,704	6,230	162	(60)	(4,680)		1,525		(684)

*** Rollforward is calculated as the subtotal for the fiscal year less the subtotal from the fiscal year two years back. For example:

17-18 Subtotal	29,673	
LESS: 15-16 Subtotal	4,197	
Difference	<u>25,476</u>	Rollforward for 17-18

Explanations for Variances

County Executive Charges (Clerk Services)

- Minimal charges prior to 2013 contract for clerk services. Agreement is for LAFCO to reimburse County for the actual cost of clerk services through periodic billings.
- The CAP identifies differences between the County's actual costs performing LAFCO activities during each year (primarily staff time) and the actual billings made to LAFCO during that year for those activities.
- Differences could be due to timing issues, such as time spent towards the end of one year not billed until later in the next year, or actual costs incurred could be missed in the billing process. *(did not research actual reasons for variances)*
- The CAP identifies these differences in the prior year (e.g. 15-16) and includes them in the charges for the upcoming budget year (e.g. 17-18) as a true-up mechanism. A positive charge indicates actual costs exceeded actual billings; a negative charge indicates actual costs were less than actual billings.
- These CAP charges would be \$0 if 100% of actual costs incurred performing LAFCO services during a fiscal year were billed to LAFCO during that fiscal year.

County Counsel (Legal Services)

- Both positive and negative charges through the 10-year lookback, which are also due to the billing vs. actual cost differences explained above.

Rollforward & Adjustments

- Each year, the CAP uses last year's actual costs to estimate next year's costs. For example, the 15-16 CAP charges were estimated in 14-15 using 13-14 actuals. Now that we have 15-16 actuals, the difference between those actuals and what was estimated is calculated as the rollforward, which is included in the 17-18 charges.
- Rollforward is also a mechanism that true-up CAP charges to actual cost over time. Unique situations (such as missed billings) causing spikes self-correct over time.
- Adjustments are also sometimes necessary to correct for errors identified or provide special treatment for unique situations to help smooth-out fluctuations.

SBLAFCO CAP CHARGES - Historical Summary

Hypothetical projection for 18-19 and 19-20 assuming Facility and FIN costs remain constant and 100% of Clerk and Legal services are billed in the year the services are provided.

FISCAL YEAR	Facilities & Structures <i>Office Space</i>	Auditor-Controller <i>FIN System</i>	Other <i>Treasurer, HR</i>	County Executive <i>Clerk Services</i>	County Counsel <i>Legal Services</i>	Rollforward & Adjustments <i>Corrections</i>	TOTAL
19-20	2,170	2,180	-	-	-	(25,323)	\$ (20,973)
18-19	2,170	2,180	-	-	-	8,826	\$ 13,176
17-18	2,170	2,180	-	13,942	11,381	25,478	\$ 55,151
16-17	1,931	3,373	-	(12,197)	2,417	(19,983)	\$ (24,459)
15-16	1,184	4,900	-	(2,705)	818	(10,894)	\$ (6,697)
14-15	974	4,574	92	(557)	10,435	9,799	\$ 25,317
13-14	1,102	6,516	-	423	7,013	6,797	\$ 21,851
12-13	-	14,214	417	496	(9,457)	3,113	\$ 8,783
11-12	5,390	6,864	350	-	(37,476)	(31,493)	\$ (56,365)
10-11	1,990	7,246	246	-	(27,378)	(23,970)	\$ (41,866)
09-10	2,303	6,354	324	-	(359)	3,980	\$ 12,602
08-09	-	6,078	186	-	(4,192)	(3,232)	\$ (1,160)
TOTAL	17,044	62,299	1,615	(598)	(46,798)	(40,405)	(6,843)
10-yr Avg.	1,704	6,230	162	(60)	(4,680)	(4,041)	(684)

SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION
Operating Fund # 5320, Santa Barbara LAFCO, Department # 815

RECOMMENDED FINAL 2017-18 BUDGET -May 4, 2017

Account Name and Number	2016-17 Final Budget	As of 4/21/2017	Projected Year-End	2017-18 Final Budget	Inc/Dec	% Inc/Dec
-------------------------	----------------------------	--------------------	-----------------------	----------------------------	---------	-----------

Revenues

Interest Income - 3380	650	1,042	750	750	100	15%
Unrealized Gain/Loss - 3381	0	-233	310	310	310	100%
Other Gov't Agencies - 4840	337,441	334,828	337,441	424,498	87,057	26%
Planning Studies Service - 5738	40,000	11,967	20,000	25,000	-15,000	-38%
Misc. Revenue - 5909	500	2,792	3,000	3,000	2,500	500%
Total Revenues	378,591	350,396	361,501	453,558	74,967	19.8%

Expenditures

Salaries and Benefits

Commissioner Stipends - 6210	15,000	11,782	15,000	15,000	0	0%
FICA Contribution - 6500	1,250	735	1,200	1,250	0	0%
FICA/Medicare - 6550	350	172	300	350	0	0%
Unemployment Insurance - 6700	625	334	500	625	0	0%
Total Salaries and Benefits	17,225	13,023	17,000	17,225	0	0.0%

Staff Support

Contractual Staff Services - 7510	220,000	197,445	220,000	235,000	15,000	6%
Total Staff Support	220,000	197,445	220,000	235,000	15,000	6%

Services and Supplies

Audit Fees - 7324	6,000	5,800	6,000	6,000	0	0%
Memberships - 7430	5,000	4,630	4,630	6,000	1,000	17%
Office Expense - 7450	1,200	1,837	2,500	2,500	1,300	52%
Copier Expense - 7453	1,000	0	0	0	-1,000	-100%
Prof & Special Services - 7460	36,000	21,479	45,000	45,000	9,000	20%
ADP Payroll Fees - 7507	1,750	1,467	1,750	1,750	0	0%
Legal Services -7508	35,000	56,537	65,000	35,000	0	0%
Pubs & Legal Notices 7530	2,500	1,936	2,500	2,500	0	0%
Gen Fund Cost Allocation -7669	-24,459	-24,331	-24,331	55,151	79,610	144%
Training and Travel- 7732	26,000	22,583	23,500	26,000	0	0%
Total Services and Supplies	89,991	91,938	126,549	179,901	89,910	99.9%

Other Charges

Electricity - 7801	612	409	612	584	-28	-5%
Natural Gas - 7802	115	81	115	100	-15	-13%
Water - 7803	100	90	100	177	77	44%
Refuse - 7804	0	88	100	0	0	0%
Utility Services - 7806	0	39	65	65	65	0%
Liability Insurance - 7895	200	0	200	158	-42	-27%
Telephone Services - 7897	348	290	348	348	0	0%
Total Other Charges	1,375	997	1,540	1,432	57	4.1%

Contingency Reserve - 9600	50,000	50,000	50,000	20,000	-30,000	-150%
Total Contingency Reserve	50,000	50,000	50,000	20,000	-30,000	-150%
Total Exp/Appropriations	378,591	353,403	415,089	453,558	74,967	20%

*Adding \$20,000 to contingencies will increase reserves to \$130,000 at 6/30/18 to fund unanticipated expenditures

SBLAFCO CAP CHARGES - Historical Summary

FISCAL YEAR	Facilities & Structures <i>Office Space</i>	Auditor-Controller <i>FIN System</i>	Other <i>Treasurer, HR</i>	County Executive <i>Clerk Services</i>	County Counsel <i>Legal Services</i>	Subtotal	Rollforward <i>***</i>	Adjustments	TOTAL
17-18	2,170	2,180	-	13,942	11,381	29,673	25,478	-	\$ 55,151
16-17	1,931	3,373	-	(12,197)	2,417	(4,476)	(19,996)	13	\$ (24,459)
15-16	1,184	4,900	-	(2,705)	818	4,197	(10,858)	(36)	\$ (6,697)
14-15	974	4,574	92	(557)	10,435	15,518	9,849	(50)	\$ 25,317
13-14	1,102	6,516	-	423	7,013	15,054	39,926	(33,129)	\$ 21,851
12-13	-	14,214	417	496	(9,457)	5,670	25,566	(22,453)	\$ 8,783
11-12	5,390	6,864	350	-	(37,476)	(24,872)	(33,495)	2,002	\$ (56,365)
10-11	1,990	7,246	246	-	(27,378)	(17,896)	(21,969)	(2,001)	\$ (41,866)
09-10	2,303	6,354	324	-	(359)	8,622	3,985	(5)	\$ 12,602
08-09	-	6,078	186	-	(4,192)	2,072	(3,233)	1	\$ (1,160)
TOTAL	17,044	62,299	1,615	(598)	(46,798)	33,562	15,253	(55,658)	(6,843)
10-yr Avg.	1,704	6,230	162	(60)	(4,680)		1,525		(684)

*** Rollforward is calculated as the subtotal for the fiscal year less the subtotal from the fiscal year two years back. For example:

17-18 Subtotal	29,673	
LESS: 15-16 Subtotal	4,197	
Difference	<u>25,476</u>	Rollforward for 17-18

Explanations for Variances

County Executive Charges (Clerk Services)

- Minimal charges prior to 2013 contract for clerk services. Agreement is for LAFCO to reimburse County for the actual cost of clerk services through periodic billings.
- The CAP identifies differences between the County's actual costs performing LAFCO activities during each year (primarily staff time) and the actual billings made to LAFCO during that year for those activities.
- Differences could be due to timing issues, such as time spent towards the end of one year not billed until later in the next year, or actual costs incurred could be missed in the billing process. *(did not research actual reasons for variances)*
- The CAP identifies these differences in the prior year (e.g. 15-16) and includes them in the charges for the upcoming budget year (e.g. 17-18) as a true-up mechanism. A positive charge indicates actual costs exceeded actual billings; a negative charge indicates actual costs were less than actual billings.
- These CAP charges would be \$0 if 100% of actual costs incurred performing LAFCO services during a fiscal year were billed to LAFCO during that fiscal year.

County Counsel (Legal Services)

- Both positive and negative charges through the 10-year lookback, which are also due to the billing vs. actual cost differences explained above.

Rollforward & Adjustments

- Each year, the CAP uses last year's actual costs to estimate next year's costs. For example, the 15-16 CAP charges were estimated in 14-15 using 13-14 actuals. Now that we have 15-16 actuals, the difference between those actuals and what was estimated is calculated as the rollforward, which is included in the 17-18 charges.
- Rollforward is also a mechanism that true-up CAP charges to actual cost over time. Unique situations (such as missed billings) causing spikes self-correct over time.
- Adjustments are also sometimes necessary to correct for errors identified or provide special treatment for unique situations to help smooth-out fluctuations.

SBLAFCO CAP CHARGES - Historical Summary

Hypothetical projection for 18-19 and 19-20 assuming Facility and FIN costs remain constant and 100% of Clerk and Legal services are billed in the year the services are provided.

FISCAL YEAR	Facilities & Structures <i>Office Space</i>	Auditor-Controller <i>FIN System</i>	Other <i>Treasurer, HR</i>	County Executive <i>Clerk Services</i>	County Counsel <i>Legal Services</i>	Rollforward & Adjustments <i>Corrections</i>	TOTAL
19-20	2,170	2,180	-	-	-	(25,323)	\$ (20,973)
18-19	2,170	2,180	-	-	-	8,826	\$ 13,176
17-18	2,170	2,180	-	13,942	11,381	25,478	\$ 55,151
16-17	1,931	3,373	-	(12,197)	2,417	(19,983)	\$ (24,459)
15-16	1,184	4,900	-	(2,705)	818	(10,894)	\$ (6,697)
14-15	974	4,574	92	(557)	10,435	9,799	\$ 25,317
13-14	1,102	6,516	-	423	7,013	6,797	\$ 21,851
12-13	-	14,214	417	496	(9,457)	3,113	\$ 8,783
11-12	5,390	6,864	350	-	(37,476)	(31,493)	\$ (56,365)
10-11	1,990	7,246	246	-	(27,378)	(23,970)	\$ (41,866)
09-10	2,303	6,354	324	-	(359)	3,980	\$ 12,602
08-09	-	6,078	186	-	(4,192)	(3,232)	\$ (1,160)
TOTAL	17,044	62,299	1,615	(598)	(46,798)	(40,405)	(6,843)
10-yr Avg.	1,704	6,230	162	(60)	(4,680)	(4,041)	(684)