

**Sample Budget
Documents of the KPPCSD
2018-19**

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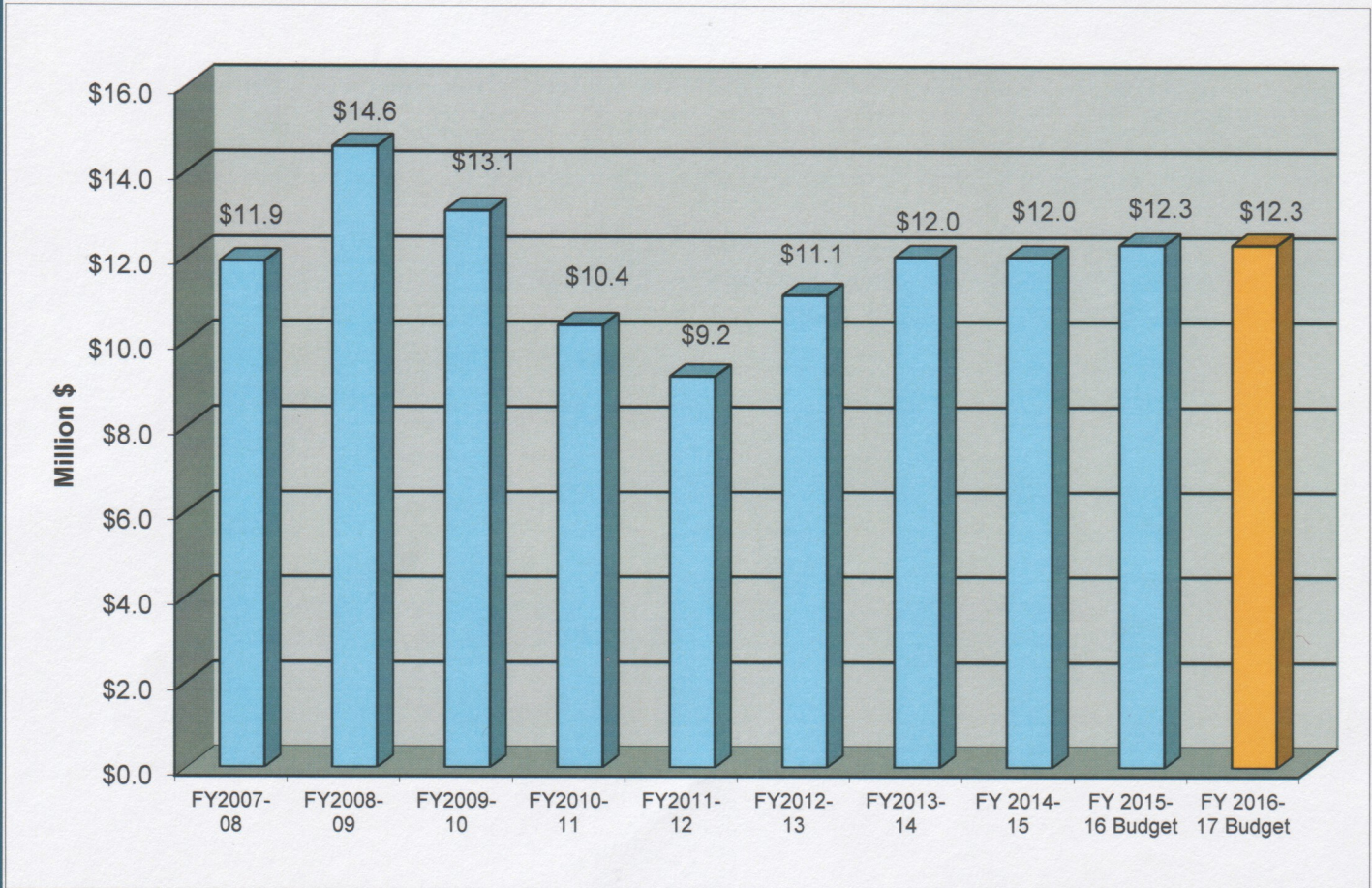
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Kensington Police and Community Services District
Fiscal Year 2018-19 Proposed Budget

GENERAL FUND REVENUE HISTORY

Fiscal Years 2009-10 thru 2018-19

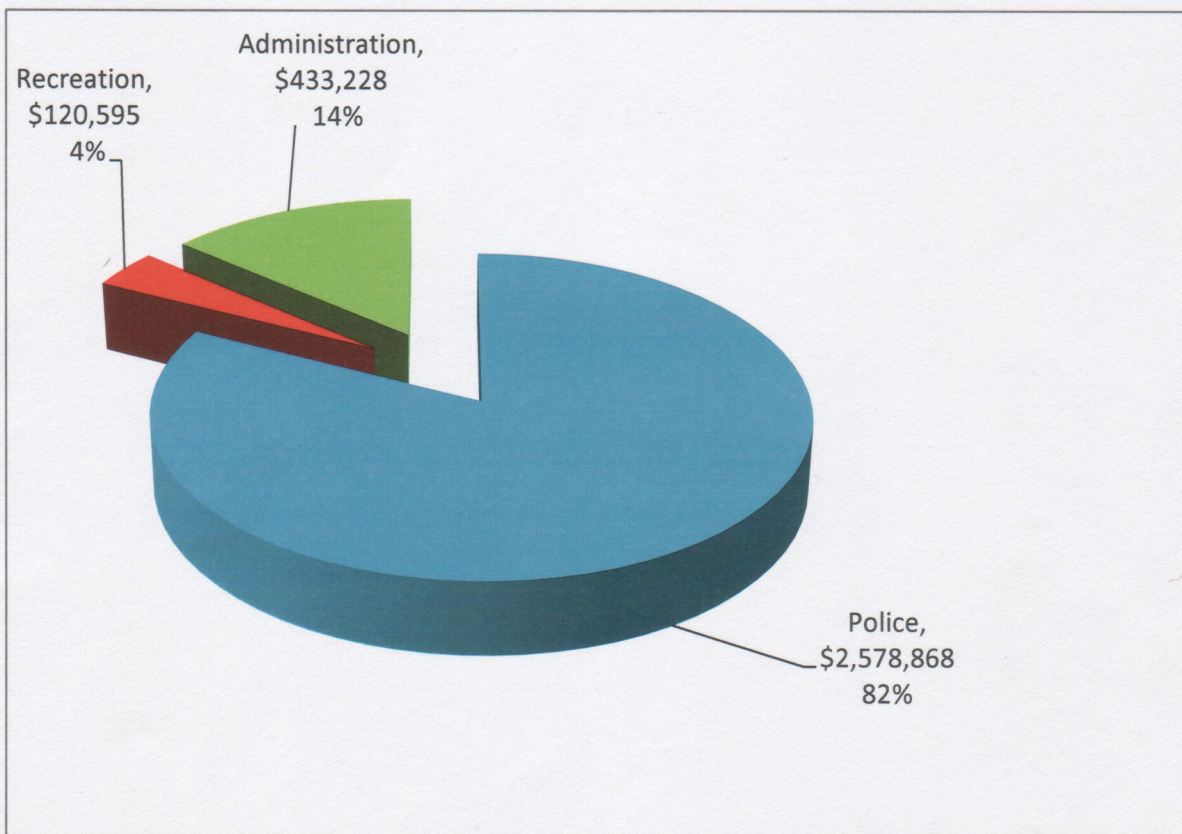
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Kensington Police and Community Services District
Fiscal Year 2018-19 Proposed Budget

GENERAL FUND EXPENDITURES BY DEPARTMENT

Fiscal Year 2018-19



Kensington Police and Community Services District
Fiscal Year 2018-19 Proposed Budget

REVENUE AND EXPENDITURE SUMMARY

	FY 2016-17 Actual	FY 2017-18 Budget	FY 2018-19 Budget Proposed
Revenues			
Special Tax - Police			
Measure G Supplemental Tax Revenue			
Police Fees/Service Charges			
Kensington Hilltop services Reimbursement			
Crossing Guard Reimbursement			
Interest Earnings - Police			
Miscellaneous Police Revenue			
Supplemental Workers Compensation Reimb.			
Revenue Total	\$0	\$0	\$0
Expenditures By Department			
Police			
Recreation			
Administration			
Capital			
Expenditures Total	-\$1	-\$1	\$0
FY 2018-19 Operational Surplus/(Deficit)	\$1	\$1	\$0

Kensington Police and Community Services District

Fiscal Year 2018-19 Proposed Budget

Insert Kensington Data

Variance

Description	FY 2016-17 Actual	FY 2017-18 Budget	FY 2018-19 Proposed
Property Taxes			
Property Tax, Current Secured	1,218,899	1,456,728	1,500,430
Property Tax, Current Unsecured	133,296	130,665	134,585
Property Tax, Prior Unsecured	4,876	5,000	5,150
Property Tax, Supplemental	35,675	50,000	51,500
Property Tax Miscellaneous	58,024	-	-
Prop Tax In-lieu Sales/Use	621,410	221,305	-
RDA Residuals (COA)	54,299	57,500	110,800
Property Tax, Homeowner Exemption	20,272	24,000	24,720
Total Property Tax Revenue	2,146,751	1,945,198	1,827,185
Sales Tax			
Sales & Use Tax	2,124,804	2,868,707	2,927,831
Sales & Use Tax-Public Safety	119,851	115,000	120,000
Total Sales Tax Revenue	2,244,655	2,983,707	3,047,831
Other Taxes			
Business License Tax	182,668	160,000	160,000
Franchise Tax	740,835	620,000	620,000
Transient Occupancy Tax	38,050	40,000	40,000
Property Transfer Tax	54,849	55,000	55,000
Total Other Tax Revenue	1,016,402	875,000	875,000
Licenses and Permits			
Animal License	1,551	1,000	1,000
Bicycle License	35	50	50
Fireworks Permits	1,464	1,200	1,000
Well Permits	914	500	500
Building Permits	328,976	325,000	275,000
Other Licenses And Permits	5,477	10,000	5,000
Total Licenses and Permit Revenue	338,417	337,750	282,550
Intergovernmental			
Prop Tax In Lieu Veh Lic Fee	2,163,303	2,163,960	2,337,120
ROPS - Successor Agency Administrati	168,750	177,000	187,000
Loan Repayment - RDA	-	-	-
RDA Residuals - (COA Fire Dept)	2,514	22,000	36,500
Motor Vehicle In-lieu Fee	11,905	-	11,000
State Mandated Cost	126,278	40,000	40,000
Statutory Pass-Through Revenue	44,400	20,000	58,100
MUHSD/AESD Reimbursement	423,943	386,000	386,000
Fire District In-lieu Fee	116,408	135,000	135,000
State Fire Reimbursement	42,252	-	-
AFG Operations & Safety Grant	-	-	53,146
Federal COPS Grant	-	-	-
Total Intergovernmental Revenue	3,099,753	2,943,960	3,243,866

Kensington Police and Community Services District
Fiscal Year 2018-19 Proposed Budget

RECREATION

Departmental Overview

Key Accomplishments – Fiscal Year 2017-18

Major Goals – Fiscal Year 2018-19

Comparative Information

Budget		
Actual FY 2016-17	Budget FY 2017-18	Proposed Budget FY 2018-19
\$	\$	\$

Authorized Staffing		
FY 2016-17	FY 2017-18	Proposed Budget FY 2018-19

Kensington Police and Community Services District
Fiscal Year 2018-19 Proposed Budget

RECREATION

Description	FY 2016-17 Actual	FY 2017-18 Budget	FY 2018-19 Budget
Salaries & Wages, Parttime	\$ -	\$	\$
FICAMedicare	\$ -	\$	\$
Worker's Compensation	\$ -	\$	\$
Office Supplies	\$ -	\$	\$
Special Departmental Expense	\$	\$	\$
Communications	\$	\$	\$ 7
Operations & Maintenance	\$	\$ -	\$ -
Travel\Conferences\Meetings	\$ -	\$	\$
Department Total	\$	\$	\$



Lou Ann Teixeira
 Executive Officer

MEMBERS

- | | |
|---|--|
| Candace Andersen
<i>County Member</i> | Michael R. McGill
<i>Special District Member</i> |
| Donald A. Blubaugh
<i>Public Member</i> | Rob Schroder
<i>City Member</i> |
| Federal Glover
<i>County Member</i> | Igor Skaredoff
<i>Special District Member</i> |
| | Don Tatzin
<i>City Member</i> |

ALTERNATE MEMBERS

- | |
|---|
| Diane Burgis
<i>County Member</i> |
| Tom Butt
<i>City Member</i> |
| Stanley Caldwell
<i>Special District Member</i> |
| VACANT
<i>Public Member</i> |

March 14, 2018 (Agenda)

March 14, 2018
 Agenda Item 8

Contra Costa Local Agency Formation Commission
 651 Pine Street, Sixth Floor
 Martinez, CA 94553

Proposed FY 2018-19 LAFCO Budget

Dear Members of the Commission:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) establishes a specific process for preparing and adopting LAFCO's budget. Government Code §56381 provides that the Commission shall annually adopt a proposed budget by May 1 and final budget by June 15, following noticed public hearings.

Contra Costa LAFCO generally adopts a proposed budget in March and a final budget in May each year. This report presents the proposed budget and work plan for FY 2018-19.

BUDGET SUMMARY: The proposed FY 2018-19 budget (attached) includes appropriations totaling \$990,735 and reflects an overall increase of 5% as compared to the approved FY 2017-18 budget. The increase is primarily attributable to relocation of the LAFCO office (September 2018), an increase in staffing, and ongoing second round Municipal Service Reviews (MSRs). Included in the total appropriations for FY 2018-19 are annual pre-funding contributions of \$40,000 to fund LAFCO's Other Post-Employment Benefits (OPEB) liability and \$30,000 to fund LAFCO's retirement liability (Contra Costa County Employees' Retirement Association – CCCERA), along with an \$80,000 contingency reserve fund, all of which are comparable to current year funding. Details regarding expenditures and revenues are presented below.

EXPENDITURES: The expenditure portion of the budget is divided into three main objects: *Salaries & Benefits*, *Services & Supplies*, and *Contingency/Liability*. A summary of expenditures and notable variances is provided below.

Salaries & Benefits

In FY 2017-18, Contra Costa LAFCO maintained a staffing level of two full-time employees. As previously discussed with the Commission, LAFCO will add an Analyst position following relocation of the LAFCO office. As indicated below, we anticipate moving the LAFCO office to 40 Muir Road (Martinez) in September 2018.

In accordance with the relocation schedule, we anticipate bringing in the new Analyst on April 1, 2019. As proposed, the FY 2018-19 budget includes full year funding for the current two-full time positions (Executive Officer and Executive Assistant/Clerk), plus partial year funding for a new Analyst position (April – June 2019). The estimated salary for the Analyst position is based on a salary survey of comparable LAFCO Analyst positions. A job description and proposed salary range will be presented to the Commission at a future meeting.

The FY 2018-19 *Salaries & Benefits* total \$454,106, reflecting an increase of 11% over the approved FY 2017-18 budget. The increase is primarily attributable to partial year funding of salary/benefits for an Analyst position.

In comparing the FY 2017-18 approved budget to year-end estimates, we note the following variances:

- 12% overage in retirement expense due to representation of prior year overpayment
- 15% savings in employee group health insurance due to changes in benefit tier structure
- 19% savings in unemployment insurance due to reserves in the unemployment trust fund

In addition to the LAFCO employees, staff support is supplemented by private and public service providers on an as-needed basis. The County provides fiscal, drafting, mapping and legal services. Also, LAFCO contracts with private firms for website maintenance, financial auditing, environmental planning, and to assist with Municipal Service Reviews (MSRs) and special studies. The FY 2018-19 budget assumes the continuation of these contract services as reflected in the *Services & Supplies* accounts.

Services & Supplies

The *Services & Supplies* account includes funding for a variety of services, programs and projects including administrative (e.g., office, insurance, rent, utilities, equipment/systems, training, memberships, etc.), contract services (assessor, auditing, GIS, legal, planning, website, etc.), and programs/projects (e.g., MSRs, special studies, etc.).

The proposed FY 2018-19 budget includes \$386,629 for *Services & Supplies*, and is comparable to the FY 2017-18 budget. The proposed budget includes funding associated with relocating the LAFCO office, along with funding to complete the “city services” MSR and initiated a 2nd round MSR covering either community service areas (CSAs) or park & recreation services.

In February 2018, LAFCO released a Request for Proposals (RFP) for 2nd round “city services” covering 19 cities and four community services districts (CSDs). The schedule calls for awarding a contract in April 2018 and initiating work in May 2018. Following completion of the “city services” MSR, LAFCO will move forward with another 2nd round MSR (i.e., CSAs, parks & recreation).

In comparing the FY 2017-18 approved budget to year-end estimates, we note savings in several accounts (i.e., office expenses, communications, rents & leases, building occupancy, data processing services, inter-departmental costs) associated with the anticipated move in FY 2017-18, which will not occur. In addition, we note the following other variances:

- 30% overage in Publications & Legal Notices due to increased application activity and the Alternate Public Member vacancy
- 94% savings in legal costs due to fewer matters requiring legal services
- 212% savings in MSR expenses due to delay in initiating “city services” MSR

- 95% savings in contract planning services due to fewer matters requiring planning services
- 1,494% savings in LAFCO sponsored training due to use of an in-house facilitator versus a paid facilitator for the Commission's strategic planning session

Contingency Reserve Fund

Each year, the Commission appropriates \$80,000 for unanticipated expenses (i.e., special studies, potential litigation, etc.). The contingency funds do not accrue, and are re-appropriated each year. Use of the contingency funds is subject to Commission approval. No contingency funds have been used this fiscal year. The FY 2018-19 budget, as proposed, includes an \$80,000 contingency reserve fund, which is consistent with prior years.

Other Post-Employment Benefits (OPEB)

Since FY 2011-12, LAFCO has included in its budget an annual expense to pre-fund its OPEB liability. The FY 2011-12 through FY 2014-15 budgets included an appropriation of \$10,000 per year to fund this liability.

Following LAFCO's first actuarial valuation in 2014, the Commission increased its annual appropriation to \$40,000. In September 2016, LAFCO completed its second actuarial valuation. The report showed an Employer-Paid Accrued Liability of \$546,116, an unfunded accrued liability of \$463,815, and an annual required contribution of \$52,505. The OPEB funds are currently held in the PARS Public Agencies Post-Retirement Healthcare Plan Trust; LAFCO is a sub-account under the County's OPEB trust. To date, LAFCO has accrued \$181,633 (including interest earned).

Pre-funding Retirement Liability (CCCERA)

The FY 2017-18 budget includes a \$30,000 contribution to fund LAFCO's unfunded retirement liability. The Commission added this expense to begin prepaying a portion of its unfunded retirement liability in order to have a better contribution rate. LAFCO's current Net Pension Liability (net after plan assets) is \$359,329 (12/31/16).

LAFCO entered into an agreement with CCCERA and CCCERA's actuary determines the liability and impact of pay down. The payments made to CCCERA are added to fiduciary plan assets and earn investment income like all other assets. CCCERA does not require a separate trust like an OPEB irrevocable trust because CCCERA, by definition, is a fiduciary trust fund. CCCERA's actuary tracks payments made against the LAFCO liability, which will reduce the liability and annual contributions from employer and employees because the liability is decreasing. Every three years, an experience is performed to confirm if the valuation and assumptions used to determine the liability are on track and accurate.

REVENUES

Revenues consist primarily of application charges, available year-end fund balance, miscellaneous revenues (e.g., interest earnings), and County, city and independent special district contributions, with each group paying one-third of the net operating LAFCO budget. The city and district shares are prorated based on general revenues reported to the State Controller.

Application Charges and Other Revenues

The FY 2017-18 budget includes an anticipated \$20,000 in proposal processing fees based on a multi-year historical average. It is projected that LAFCO will receive approximately \$40,259 in application

fees this year, significantly more than budgeted. Application activity remains high. Accordingly, the proposed FY 2018-19 budget includes \$25,000 in anticipated application fees.

Fund Balance

Government Code §56381(c) provides: "If at the end of the fiscal year, the Commission has funds in excess of what it needs, the Commission may retain those funds and calculate them into the following fiscal year's budget."

The FY 2017-18 fund balance is currently unknown and will be calculated at year end (typically by October). However, based on the beginning year fund balance, and projected FY 2017-18 revenues and expenses, it is estimated that the available fund balance will be over \$170,000.

The LAFCO fund balance, or any portion thereof, can be used to offset the FY 2018-19 revenues, thereby reducing contributions from the funding agencies (County, cities, districts); or placed in a reserve account, separate from the contingency reserve that is appropriated each year.

The proposed FY 2018-19 budget provides that, to the extent possible, the available fund balance be used to offset FY 2018-19 revenues.

Revenues Received from the County, Cities and Independent Special Districts

After processing fees, available fund balance and other miscellaneous revenues, the balance of LAFCO's financial support comes from local governmental agencies. Agency contributions represent the most significant LAFCO revenue source.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") requires that the net operational costs of LAFCO be apportioned one-third to the County, one-third to the cities, and one-third to the independent special districts. The CKH describes how the County Auditor is to make the apportionment and collect the revenues once LAFCO adopts a Final Budget (Gov. Code §56381). The city and district allocations are based on revenues reported to the State Controller and vary year to year.

As indicated above, the overall budget is expected to increase by approximately 5%. The proposed use of the available fund balance will offset agency contributions for FY 2018-19. The amount of revenue from other government agencies required to fund the FY 2017-18 budget was \$755,210. As proposed, the total amount of revenue from other government agencies needed to fund the FY 2018-19 budget is \$795,735, reflecting a 5% increase.

BUDGET ENHANCEMENTS

During the FY 2016-17 and FY 2017-18 budget deliberations, the Commission discussed the future of Contra Costa LAFCO and succession planning. The Commission directed staff to include in these budgets costs associated with relocation of LAFCO offices and additional staff.

Office Space - LAFCO currently leases 580± sq. ft. of office space (plus common area) at 651 Pine Street, 6th Floor in Martinez. The office space is somewhat restricted with limited opportunity to expand.

Since 2016, Contra Costa LAFCO has planned to relocate and lease office space at 40 Muir Road in Martinez. This location offers several advantages, including close proximity to the County GIS division with whom we have regular interaction, and the opportunity to lease additional office space

PROPOSED FY 2018-19 LAFCO BUDGET

Attachment

	FY 2017-18 Approved	FY 2017-18 Year-end (Estimated)	FY 2018-19 Proposed	% Change
Salaries and Employee Benefits				
Permanent Salaries- 1011	\$ 219,803	\$ 218,333	\$ 244,970	
Deferred Comp Cty Contribution - 1015	\$ 1,020	\$ 1,020	\$ 1,020	
FICA- 1042	\$ 16,925	\$ 15,594	\$ 18,740	
Retirement expense- 1044	\$ 83,576	\$ 94,683	\$ 109,514	
Employee Group Insurance- 1060	\$ 61,378	\$ 53,458	\$ 59,575	
Retiree Health Insurance- 1061	\$ 20,000	\$ 18,609	\$ 19,100	
Unemployment Insurance- 1063	\$ 593	\$ 499	\$ 122	
Workers Comp Insurance- 1070	\$ 1,075	\$ 1,001	\$ 1,065	
Total Salaries and Benefits	\$ 404,370	\$ 403,197	\$ 454,106	11%
Services and Supplies				
Office Expense- 2100	\$ 5,000	\$ 2,207	\$ 6,000	
Publications -2102	\$ 30	\$ 21	\$ 30	
Postage -2103	\$ 1,800	\$ 1,195	\$ 1,800	
Communications - 2110	\$ 2,130	\$ 830	\$ 2,524	
Tele Exchange Services 2111	\$ 1,551	\$ 1,551	\$ 1,599	
Minor Comp Equipment - 2132	\$ 1,000	\$ 2,600	\$ 1,000	
Pubs & Legal Notices 2190	\$ 3,000	\$ 4,309	\$ 4,000	
Memberships - 2200	\$ 10,228	\$ 10,173	\$ 10,503	
Rents & Leases - 2250 (copier)	\$ 4,291	\$ 5,655	\$ 5,500	
Computer Software - 2251	\$ 500	\$ 400	\$ 500	
Bldg Occupancy Costs - 2262	\$ 15,003	\$ 7,496	\$ 18,622	
Bldg Life Cycle Costs - 2265	\$ 1,565	\$ 1,565	\$ 1,455	
Bldg Maintennace - 2284	\$ 150	\$ -	\$ 150	
Auto Mileage Emp. - 2301	\$ 500	\$ 334	\$ 500	
Other Travel Employees - 2303	\$ 12,000	\$ 10,633	\$ 12,000	
Prof & Spec Services - 2310	\$ 277,414	\$ 135,280	\$ 266,075	
Assessor	\$ 10,000	\$ 10,000	\$ 12,011	
Financial Audit	\$ 8,000	\$ 8,000	\$ 8,650	
GIS/Mapping	\$ 20,000	\$ 20,000	\$ 26,000	
Legal	\$ 70,000	\$ 36,047	\$ 55,000	
MSRs	\$ 140,000	\$ 44,888	\$ 150,000	
Planning	\$ 22,000	\$ 11,280	\$ 11,000	
Special Projects (document imaging)	\$ 3,414	\$ 4,814	\$ 3,414	
LAFCO Sponsored Training	\$ 4,000	\$ 251	\$ -	
Special Studies	\$ -	\$ -	\$ -	
Contracted Temp Help - 2314 (Web)	\$ 3,380	\$ 3,380	\$ 2,880	
Data Processing Services - 2315	\$ 7,000	\$ 2,776	\$ 7,500	
Data Processing Security - 2326	\$ 221	\$ 221	\$ 231	
Courier - 2331	\$ 2,460	\$ 2,460	\$ 392	
Other Inter-Dept Costs - 2340	\$ 217	\$ 84	\$ 232	
Liability/E&O Insurance - 2360	\$ 4,700	\$ 4,990	\$ 5,436	
Commission Training/Registration/Stipends - 2467	\$ 36,000	\$ 36,610	\$ 37,000	
Application Refund - 2479	\$ -	\$ 515	\$ -	
NOD/NOE Filings - 2490	\$ 700	\$ 700	\$ 700	
Total Services & Supplies	\$ 390,840	\$ 235,985	\$ 386,629	-1%
Fixed Assets				
Office Equipment & Furniture - 4951				
Total Fixed Assets				
Total Expenditures	\$ 795,210	\$ 639,182	\$ 840,735	5%
Contingency Reserve	\$ 80,000	\$ -	\$ 80,000	
OPEB Trust	\$ 40,000	\$ 40,000	\$ 40,000	
CCCERA Pre-Fund	\$ 30,000	\$ 30,000	\$ 30,000	
TOTAL APPROPRIATIONS	\$ 945,210	\$ 709,182	\$ 990,735	5%
TOTAL REVENUES	\$ 945,210	\$ 795,469	\$ 990,735	
Agency contributions - 9500 & 9800	\$ 755,210	\$ 755,210	\$ 795,735	5%
Application & other revenues	\$ 20,000	\$ 40,259	\$ 25,000	
Fund Balance	\$ 170,000	\$ -	\$ 170,000	

Kensington Police Protection and Community Services District
General Fund Reserve Policy *(Preliminary Draft)*
May 2018

Policy

The Kensington Police Protection and Community Services District endeavors to maintain adequate reserves in its General Fund as a matter of sound financial management and fiscal prudence. Adequate reserves will strengthen the financial stability of the District and will help to sustain the District in the event of adverse or unexpected circumstances such as temporary revenue shortfalls or unanticipated one-time expenditures.

In accordance with current governmental accounting standards, (GASB 54), fund balances/net position are divided into the following categories:

<u>Category</u>	<u>Description</u>
Non-Spendable	Cannot be readily converted to cash or cannot legally be spent
Restricted	Externally imposed (by granting agencies, governmental entities, etc.) restrictions on spending
Committed	City Council formally-imposed (by resolution or other action) restrictions on spending
Assigned	Funds reserved by Council direction or City Manager for designated purposes
Unassigned	Residual balance not classified in any of the above categories

For purposes of this policy, "reserves" refers to the sum of the Committed, Assigned, and Unassigned Fund Balances.

This policy establishes the amount the District will strive to maintain in its Economic Uncertainty Reserve. According to the Government Finance Officers Association (GFOA), it is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenues shortfalls and unanticipated expenditures). GFOA recommends, at a minimum, that an unrestricted budgetary fund balance in the general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures be maintained.

It is the policy of the Board of Directors of the Kensington Police Protection and Community Services District to maintain an unassigned fund balance of at least **25 percent** of annual General Fund operating expenditures (minus one-time expenditures). This Economic Uncertainty Reserve is designated to mitigate revenue shortfalls resulting from downturns in economic cycles and also to provide funding for unanticipated funding needs.

This Reserve Policy will be reviewed by the Board of Directors annually as part of the District's budget approval process.

Process to dip into reserve.