

**2013  
Commissioners**

**Chair**

Bruce Delgado  
*City Member*

**Vice Chair**

Louis R. Calcagno  
*County Member*

Fernando Armenta  
*County Member, Alternate*

Sherwood Darington  
*Public Member*

Matt Gourley  
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Joe Gunter  
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*Special District Member,  
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Steve Snodgrass  
*Special District Member*

Graig R. Stephens  
*Special District Member*

**Staff**

Kate McKenna, AICP  
*Executive Officer*

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[www.monterey.lafco.ca.gov](http://www.monterey.lafco.ca.gov)

## AGENDA

### LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

**Monday, April 22, 2013  
4:00 p.m.**

**Board of Supervisors Chambers  
Monterey County Government Center  
168 West Alisal Street, First Floor  
Salinas, California**

The Local Agency Formation Commission welcomes you to its meetings. If you want to submit documents at this meeting, please bring 15 copies for distribution. The meeting will be broadcast live on Comcast Cable TV Channel 28. TV rebroadcasts are shown every Monday at 4:00 p.m. Agendas and reports are available on our website at least 72 hours before each meeting.

- 1. ROLL CALL**
- 2. CALL TO ORDER**
- 3. PLEDGE OF ALLEGIANCE**
- 4. PUBLIC COMMENTS** **ACTION**

Anyone may address the Commission briefly concerning items not already on the agenda. Please fill out a Speaker Request Form available on the rostrum.
- 5. COMMISSIONER ANNOUNCEMENTS** **INFORMATION**

Commissioners may ask a question for clarification about an item not on the agenda, make a brief announcement, or report on their activities.

**6. CONSENT ITEMS**

**ACTION**

- a. Approve the Draft Minutes of March 25, 2013.
- b. Accept the Draft Notes of the Budget And Finance Committee Meeting of March 28, 2013.
- c. Approve the Register of Checks for March 2013.
- d. Accept the List of Anticipated Future Agenda Items.
- e. Accept the Draft Financial Statements for the Period Ending February 28, 2013.
- f. Consider Third Quarter Review of the Fiscal Year 2012-2013 Budget, and Approve Resolution to:
  - 1) Adopt Amendment No. 1 to the Fiscal Year 2012-2013 Budget, to Transfer \$5000 from Line Item 7245 – (Outside Professional Services – General Counsel and Special Counsel) to Line Item 7270 (Recruitment Advertising), with No Net Change to Overall Budget;
  - 2) Authorize Expenditures from Line Item 6000 (Employee Salaries) and Line Item 6100 (Employee Benefits) in the Fiscal Year 2012-2013 Budget, Relating to Clerical Staffing Costs (Up to \$10,000); Transition Period Costs for Professional Staffing Services (Up to \$15,000), and a Lump Sum Pay-off of LAFCO’s CalPERS Retirement Plan Side Fund Liability (\$14,621); and
  - 3) Authorize Fiscal Year 2012-2013 Balance Sheet Journal Entry Transfers on June 30, 2013 from Account No. 3850 (Unreserved Fund Balance) to Line Items 6000 and 6100 (Employee Salaries and Benefits), if Current Year Revenues are Insufficient to Cover the Expenses Listed in Item 6.f.2 Above.
- g. Receive Report on Activities of the California Association of Local Agency Formation Commissions.

**7. PUBLIC HEARINGS**

- a. Consider Proposed Annual Work Program for Fiscal Year 2013-2014. **ACTION**
- b. Consider Proposed Annual Budget for Fiscal Year 2013-2014. **ACTION**

**8. COMMISSIONER ANNOUNCEMENTS**

**INFORMATION**

Commissioners may ask a question for clarification, make a brief announcement or report on their activities

**9. EXECUTIVE OFFICER ANNOUNCEMENTS**

**INFORMATION**

The Executive Officer will provide an oral report on activities of the Commission and staff including:

- a) Completion of Work Program Task – Mutual Water Companies (Assembly Bill 54);
- b) Recruitment Status – Senior Analyst Position;
- c) City of Greenfield - Memorandum of Agreement Status.

**10. CLOSED SESSION**

Pursuant to Government Code Section 54956.9 (a) and (d), the Commission will Confer with its General Counsel in Closed Session Concerning One Matter of Significant Exposure to Litigation.

**11. ADJOURNMENT TO THE NEXT MEETING**

Regular LAFCO Meeting – Monday, May 20, 2013 at 4:00 p.m.

Alternative Formats: If requested, the agenda will be made available in alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 USC 12132) and the federal rules and regulations adopted in implementation thereof.

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**MINUTES**

**LOCAL AGENCY FORMATION COMMISSION OF  
MONTEREY COUNTY**

**Monday, March 25, 2013  
4:00 p.m.**

**Board of Supervisors Chambers  
Monterey County Government Center  
168 West Alisal Street, First Floor  
Salinas, California**

**Call to Order**

The Local Agency Formation Commission was called to order by Chair Delgado at 4:05 p.m. in the Monterey County Board of Supervisors Chambers.

**Roll Call**

**Members Present**

Commissioner Armenta  
Commissioner Darington  
Commissioner Delgado (Chair)  
Commissioner Gourley  
Commissioner Gunter  
Commissioner Salinas  
Commissioner Snodgrass  
Commissioner Stephens  
Commissioner Orozco  
Commissioner Poitras

**Members Absent**

Supervisor Calcagno – Excused Absence

**Staff Present**

Kate McKenna, AICP, Executive Officer

Leslie J. Girard, LAFCO General Counsel

Thomas A. McCue, AICP, LAFCO Senior Analyst

Gail Lawrence, LAFCO Clerk to the Commission

**Pledge of Allegiance**

Commissioner Chair Delgado led the Pledge of Allegiance.

**4. Public Comments**

None

**5. Commissioner Announcements**

On behalf of the Commission and staff, Commissioner Orozco offered congratulations to Chair Delgado on his recent marriage.

**6. Consent Items**

- a. Adopt the Draft Minutes of the February 25, 2013 Regular LAFCO Meeting.
- b. Accept the Register of Checks for February 2013.
- c. Accept the List of Anticipated Future Agenda Items.
- d. Receive Report on Activities of the California Association of Local Agency Formation Commissions.

There were no Commission or public comments for the Consent items.

**Commission Action**

Upon motion by Commissioner Salinas, seconded by Stephens, the Consent Items were unanimously approved and accepted.

## 7. Public Hearings

- a. Consider “**Carmel Highlands Fire Protection District 2013 Annexation**” involving the Annexation to the District of 1,975 ± acres within the District’s Existing Sphere of Influence which are not currently within the Boundaries of a Fire Protection District (LAFCO File No. 12-05); Waive Conducting Authority proceedings unless written opposition to the proposal is received prior to the conclusion of the Commission proceedings on the proposal; and Approve **Resolution 13-02 – “Approving the Annexation of Approximately 1,975 Acres to the Carmel Highlands Fire Protection District”** (LAFCO File No. 12-05).

Senior Analyst McCue presented the report.

Chief Rick Hutchinson provided information to the Commission.

No protest to the proposal was received.

### Commission Action

Upon motion by Commissioner Snodgrass, seconded by Commissioner Salinas, the Commission unanimously adopted **Resolution 13-02** approving the **Carmel Highlands Fire Protection District 2013 Annexation**.

- b. Consider “**Cypress Fire Protection District 2013 Annexation**” involving the annexation to the District of 2,610 ± within the District’s existing sphere of influence which are not currently within the boundaries of a fire protection district (LAFCO File No. 12-06); Approve **LAFCO Resolution 13-03 Approving the Annexation of approximately 2,610 ± acres to the Cypress Fire Protection District (“Cypress Fire Protection District 2013 Annexation”)**.

Senior Analyst McCue presented the report.

Chief Rick Hutchinson provided information to the Commission.

No public comments were received.

### Commission Action

Upon motion by Commissioner Snodgrass, seconded by Commissioner Stephens, the Commission unanimously adopted **Resolution 13-03** approving the “**Cypress Fire Protection District 2013 Annexation**” and set May 20 as the hearing date for the Conducting Authority (“Protest”) proceedings.

- c. Approve the **“Doyle Annexation”** to the Carmel Area Wastewater District of a single parcel of 2.04 ± **(APN 015-042-023) at 25835 Rio Vista Drive, Carmel (LAFCO File No. 13-01)**; Waive Conducting Authority proceedings; and Approve **LAFCO Resolution 13-04 – “Making Determinations Approving the “Doyle Annexation” to the Carmel Wastewater District (LAFCO File No. 13-01)**

Senior Analyst McCue presented the report.

Mr. Michael Doyle provided background information to the Commission.

No public comments were received.

#### Commission Action

Upon motion by Commissioner Snodgrass, seconded by Commissioner Salinas, the Commission unanimously adopted **LAFCO Resolution 13-04 – Making Determinations Approving the “Doyle Annexation” to the Carmel Wastewater District (LAFCO File No. 13-01.)**

### **8. Executive Officer Announcements**

- a. The Executive Officer reported on a meeting held on March 25, 2013, with representatives of the City of Greenfield, LAFCO and County, to review a Memorandum of Agreement relating to the City’s 2007 Sphere of Influence.

### **9. Adjournment to Next Meeting**

Chair Delgado adjourned the meeting at 4:26 p.m. The next Regular LAFCO meeting is scheduled for Monday, April 22, 2014 at 4:00 p.m.

Alternative Formats: If requested, the agenda will be made available in alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42USC 12132) and the federal rules and regulations adopted and the implementation thereof.

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**NOTES**

**BUDGET AND FINANCE COMMITTEE MEETING**

**Friday, March 28 2013, 4:00 p.m.**

**LAFCO Office  
132 W. Gabilan Street, Suite 102  
Salinas, California 93901**

**1. CALL TO ORDER**

The Budget and Finance Committee of the Local Agency Formation Commission of Monterey County was called to order by Commissioner Salinas at 4:00 p.m.

**2. ROLL CALL**

**Members Present**

Commissioner Bruce Delgado  
Commissioner Simón Salinas, Chair

**Members Not Present (Excused Absence)**

Commissioner Graig Stephens

**Staff Present**

Kate McKenna, Executive Officer  
Mike Briley, Managing Partner, Hayashi & Wayland

**3. Public Comment**

There were no public comments.

**4. Consider Draft Financial Statements for Period Ending February 28, 2013**

Executive Officer presented a report.

Ms. McKenna introduced Mr. Mike Briley, Managing Partner, Hayashi & Wayland, who presented an overview of the statements.

Committee members discussed the item.

The Draft Financial Statements for the Period Ending February 28, 2013 were unanimously recommended for acceptance by the full Commission.

**5. Receive Profit/Loss Budget vs. Actuals Worksheet Dated March 15, 2013**

Executive Officer McKenna and Mr. Briley presented a report.

After discussion the Committee unanimously received the Profit/Loss Budget vs. Actuals worksheet dated March 15, 2013.

**6. Receive October 2012 Actuarial Report for LAFCO's CalPERS Retirement Plan, and Consider a Lump Sum Payment to Eliminate LAFCO's Side Fund by June 28, 2013.**

Executive Officer McKenna presented information about the option to pay off the CalPERS Retirement Plan Side Fund by June 30.

Committee members discussed the October 2012 Actuarial Report and pay off option.

The Committee received the October 2012 Annual Valuation Report and unanimously recommended that the Commission authorize a lump sum pay off of LAFCO's CalPERS Retirement Side Fund liability (\$14, 621) by June 28, 2013.

**7. Consider Third Quarter Budget Review and Amendment No. 1 for FY 2012-2013.**

Kate McKenna, Executive Officer, and Mr. Briley presented the Third Quarter Budget Review and Proposed Amendment No. 1.

Committee members discussed the report and recommended a line item transfer from Account no. 7245 (General and Special Counsel) to Account No. 7270 (Recruitment Advertising). The Committee also directed that line item funding should be preserved for the Litigation Reserve, and that the Executive Officer and Mr. Briley should work together to determine how to use prior year operating funds (Unreserved Fund Balance) for certain salaries/benefits expenses by June 30 - staffing costs, Senior Analyst transition period costs, and a lump sum pay-off of the CalPERS Retirement Side Fund.

The Committee unanimously accepted the Third Quarter Budget Review and recommended that the Full Commission approve the Proposed Budget Amendment No. 1 and balance sheet transfers as directed above.

**8. Consider Preliminary Draft Annual Work Program for FY 2013-2014**

Executive Officer McKenna presented a report.

Committee members discussed the item with Executive Officer McKenna and Mr. Briley.

The Preliminary Draft Annual Work Program for FY 2012-2013 was unanimously recommended for adoption by the full Commission.

**9. Consider Preliminary Draft/Annual Budget for FY 2013-2014**

Kate McKenna, Executive Officer, presented a Preliminary Draft Budget for FY 2013-2014.

Committee members reviewed the Preliminary Draft Annual Budget for FY 2013-14 and recommended reduced funding for Postage/Shipping, \$1,000 funding for temporary clerical staffing services, and funding to policy target levels for the Litigation Reserve and Contingency Reserve. The Commission also discussed use of prior year operating funds (Unreserved Fund Balance) for the reserves, and a Commission policy on this topic.

The Committee unanimously recommended approval of the Preliminary Draft Annual Budget for FY 2013-2014 with changes as directed, and use of Unreserved Fund Balance to fully fund the Litigation/Contingency Reserves.

**10. Consider three-Year Financial Forecast (FY 2013-2014 through FY 2015-2016)**

Kate McKenna, Executive Officer and Mr. Briley reviewed the report.

Committee members discussed the forecast, assumptions and uses.

The Three-Year Financial Forecast (FY 2013-2014 through FY 2015-2016) was unanimously accepted by the Committee.

**11. Adjournment**

Chair Salinas adjourned the meeting at 6:00 p.m.

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**KATE McKENNA, AICP**  
**Executive Officer**

**DATE:** April 22, 2013  
**TO:** Chair and Members of the Formation Commission  
**FROM:** Kate McKenna, AICP, Executive Officer  
**SUBJECT:** **LAFCO CHECK REGISTER – MARCH 2013**

**SUMMARY OF RECOMMENDATION:**

It is recommended that the Commission approve the check register.

**EXECUTIVE OFFICER'S REPORT:**

Attached is a list of LAFCO checks written in March 2013.

Respectfully Submitted,



Kate McKenna, AICP  
Executive Officer

Attachment:  
March 2013 Warrant Register

**LAFCO  
LOCAL AGENCY FORMATION COMMISSION  
OF MONTEREY COUNTY  
WARRANT REGISTER  
FOR MARCH 2013**

<b>DATE</b>	<b>CK#</b>	<b>NAME</b>	<b>DESCRIPTION</b>	<b>CHECK AMOUNT</b>	<b>DEPOSIT AMOUNT</b>	<b>ACCOUNT BALANCE</b>
<b>Beginning Balance 3/1/13</b>						<b>\$ 171,341.00</b>
03/01/2013	EFT	EDD	State Payroll Tax Deposit	750.59		170,590.41
03/01/2013	EFT	EFTPS	Federal Payroll Tax Deposit	2,045.48		168,544.93
03/01/2013	EFT	CalPERS Health	March 2013 Health Insurance EFT#1000282344	2,605.62		165,939.31
03/01/2013	4238	Gail M Lawrence	For Payroll Period ending 2/22/13 Paid 3/1/13	1,592.76		164,346.55
03/01/2013	4239	Kathryn M. McKenna	For Payroll Period ending 2/22/13 Paid 3/1/13	0.00		164,346.55
03/01/2013	4240	Thomas A. McCue	For Payroll Period ending 2/22/13 Paid 3/1/13	0.00		164,346.55
03/01/2013	4246	Principal Life	March 2013 Benefits: LTD,ADD,STD,Life	420.57		163,925.98
03/12/2013	EFT	AT&T Mobility	VOID: Telephone Expense 1/22/13-2/21/13	0.00		163,925.98
03/13/2013	EFT	Rabobank Visa Card	AT&T Data Plan	25.00		163,900.98
03/13/2013	4250	Copymat	Outside Printing - Board Packets	307.65		163,593.33
03/13/2013	4251	Hayashi & Wayland, LLP	Accounting Services #72520	3,000.00		160,593.33
03/13/2013	4252	Office of County Counsel - Co of Monterey	Legal Services January 2013	436.40		160,156.93
03/13/2013	4253	SDRMA	4th Quarter W/C Premium 4/1/13-6/30/13	920.00		159,236.93
03/13/2013	4254	Staples Advantage	Office Supplies	630.76		158,606.17
03/13/2013	4255	United Group Insurance Trust	March 2013 Dental \$388.12;Vision\$45.67	433.79		158,172.38
03/14/2013	EFT	QuickBooks Payroll Service	For Payroll Period Ending 3/8/13 Paid 3/15/13	6,397.41		151,774.97
03/15/2013	EFT	CalPERS 457 Program	457 Deferred Compensation Contribution	1,854.50		149,920.47
03/15/2013	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,013.42		147,907.05
03/15/2013	EFT	EDD	State payroll tax deposit	829.14		147,077.91
03/15/2013	EFT	EFTPS	Federal payroll tax deposit	2,257.54		144,820.37
03/15/2013	4247	Gail M Lawrence	For Payroll Period Ending 3/8/13 Paid 3/15/13	1,535.93		143,284.44
03/15/2013	4248	Kathryn M. McKenna	For Payroll Period Ending 3/8/13 Paid 3/15/13	0.00		143,284.44
03/15/2013	4249	Thomas A. McCue	For Payroll Period Ending 3/8/13 Paid 3/15/13	0.00		143,284.44
03/26/2013	EFT	Cal PERS Fiscal Services Division	59 Survivor Employer Contributions, CalPers	96.00		143,188.44
03/28/2013	EFT	QuickBooks Payroll Service	For Payroll Period Ending 3/22/13 Paid 3/29/13	5,959.86		137,228.58
03/29/2013	EFT	CalPERS 457 Program	CalPers 457 Deferred Compensation Contribution	1,883.42		135,345.16
03/29/2013	EFT	CalPERS Retirement	CalPers Retirement Contribution	2,013.42		133,331.74
03/29/2013	EFT	EDD	Quarter 1 SUI and ETT Payroll Taxes Due	630.00		132,701.74
03/29/2013	EFT	EDD	State Payroll Tax Deposit	758.58		131,943.16

**LAFCO  
LOCAL AGENCY FORMATION COMMISSION  
OF MONTEREY COUNTY  
WARRANT REGISTER  
FOR MARCH 2013**

<b>DATE</b>	<b>CK#</b>	<b>NAME</b>	<b>DESCRIPTION</b>	<b>CHECK AMOUNT</b>	<b>DEPOSIT AMOUNT</b>	<b>ACCOUNT BALANCE</b>
03/29/2013	EFT	EFTPS	Federal Payroll Tax Deposit	2,072.00		129,871.16
03/29/2013	4256	Gail M Lawrence	VOID:	0.00		129,871.16
03/29/2013	4257	Kathryn M. McKenna	For Payroll Period Ending 3/22/13 Paid 3/29/13	0.00		129,871.16
03/29/2013	4258	Thomas A. McCue	For Payroll Period Ending 3/22/13 Paid 3/29/13	0.00		129,871.16
03/29/2013	4259	Gail M Lawrence	For Payroll Period Ending 3/22/13 Paid 3/29/13	1,706.36		128,164.80
03/29/2013	4260	Bruce Lindsey	Monthly Rent	2,027.66		126,137.14
				<b>\$ 45,203.86</b>	<b>\$ -</b>	
<b>Ending Balance 3/31/13</b>						<b>\$ 126,137.14</b>

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**KATE McKENNA, AICP**  
**Executive Officer**

**DATE:** April 22, 2013  
**TO:** Chair and Members of the Formation Commission  
**FROM:** Kate McKenna, AICP, Executive Officer  
**SUBJECT:** **ANTICIPATED FUTURE AGENDA ITEMS**

**SUMMARY OF RECOMMENDATION:**

This report is for information only.

**EXECUTIVE OFFICER’S REPORT:**

Following is a partial list of agenda items that the Commission may consider this year.

Most of the items are applicant-driven, and are in preliminary discussion or application preparation stages. Local agencies or property owners decide if and when to submit formal applications to LAFCO.

Some of the listed items have been (or will be) initiated by LAFCO as part of the Commission’s annual work program. The schedule for LAFCO-initiated work depends upon in-house staff resources and the applicant-driven workload.

**Anticipated Agenda Items Within Three Months:**

1. Carmel Area Wastewater District – Annexation of the Bethea property in the Mouth of the Carmel Valley (*Application received on April 4*).
2. Aromas Water District – Extension of Time for the Completion of the Conditions of Approval of the Oakridge/Via Del Sol Annexation (LAFCO File No. 12-02) (*Request received on April 15*).
3. Carmel Area Wastewater District – Sphere of Influence Amendment and Annexation of the Highlands Point Sanitary Association (*Application not yet received*).

4. Pajaro/Sunny Mesa Community Services District – Fee Waiver Request for Merger with Pajaro County Sanitation District (*Application not yet received*).
5. Municipal Service Review for Marina Coast Water District (*Initiated by LAFCO. Administrative draft is being prepared by LAFCO staff and will be reviewed with District followed by a public draft and LAFCO hearing*).
6. Municipal Service Review for the Seaside County Sanitation District (*Initiated by LAFCO. Administrative draft is being prepared by LAFCO staff and will be reviewed with District followed by a public draft and LAFCO hearing*).

**Anticipated Agenda Items Within Six Months:**

1. Comprehensive Review of LAFCO’s Human Resources Rules and Regulations (*Initiated by LAFCO*).
2. Carmel Area Wastewater District – Annexation of significant portions of the District’s existing Sphere of Influence near the Mouth of the Carmel Valley.
3. City of Greenfield – Adoption of Memorandum of Agreement or Amendment to modify the 2007 Sphere of Influence approval (*May be Initiated by LAFCO or City*).
4. City of Greenfield – Annexation of the Yanks Air Museum Project, and Related Sphere of Influence Amendment.
5. Municipal Service Review and Sphere of Influence Update for Carmel Area Wastewater District (*Initiated by LAFCO*).
6. Municipal Service Review and Sphere of Influence Update for Monterey Regional Waste Management District (*Initiated by LAFCO*).
7. North County Fire Protection District – Sphere of Influence Amendment and Annexation of the Monterey Regional Environmental Park (Marina Landfill and Water Pollution Control Agency facilities), and the Salinas River Diversion Project Site (Rubber Dam).
8. Pajaro/Sunny Mesa Community Services District – Out-of-Area Service Extension for the former ALCO Water Systems.
9. Pajaro/Sunny Mesa Community Services District – Sphere of Influence Amendment and Consolidation with Pajaro County Sanitation District (to be dissolved).

**Anticipated Agenda Items Within Twelve Months:**

1. Carmel Area Wastewater District – Sphere of Influence Amendment and Annexation of the September Ranch property in Carmel Valley.
2. City of Gonzales – Comprehensive Sphere of Influence Amendment.
3. Marina Coast Water District – Sphere of Influence Amendment and Annexation of Portions of the Former Fort Ord to Provide Water and Wastewater Services.
4. City of Seaside – Sphere of Influence Amendment and Annexation of the Monterey Downs Project, Horse Park and Central Coast Veterans Cemetery.
5. Seaside County Sanitation District – Sphere of Influence Amendment to Include Portions of the Former Fort Ord to Provide Wastewater Services.

6. South Monterey County Fire Protection District – Sphere of Influence Amendment and Annexation.

**Anticipated Agenda Items With No Timeline Estimate:**

1. City of Marina – Annexation of Portions of the former Fort Ord within the City’s Sphere of Influence.
2. City of Soledad – Sphere of Influence Amendment and Annexation of Miravale IIB Subdivision.
3. County Service Area 15 (Serra Village/Toro Park) – Possible reorganization of Government Structure and Services.
4. Marina Coast Water District – Sphere of Influence Amendment and Annexation of the CEMEX (formerly RMC Lonestar) Property to Provide Water and Wastewater Services.
5. Northern Salinas Valley Mosquito Abatement District – Sphere of Influence Amendment and Annexation of the Chualar/Gonzales Area.
6. Moss Landing County Sanitation District – Possible change from dependent to independent Status or Consolidation with Castroville Community Services District.
7. Municipal Service Review and Sphere of Influence Update for Salinas Valley Memorial Healthcare System (Initiated by LAFCO).
8. Soledad Community Health Care District – Comprehensive Sphere of Influence Amendment and Annexation.

Respectfully Submitted,



Kate McKenna, AICP  
Executive Officer

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**KATE McKENNA, AICP**  
Executive Officer

**DATE:** April 22, 2013  
**TO:** Chair and Members of the Formation Commission  
**FROM:** Kate McKenna, AICP, Executive Officer  
**SUBJECT:** **DRAFT FINANCIAL STATEMENTS FOR APRIL 22, 2013**

**SUMMARY OF RECOMMENDATION:**

The Budget and Finance Committee recommends that the Commission accept the February 28 financial statements for the period ending February 28, 2013.

**EXECUTIVE OFFICER'S REPORT:**

Financial statements are reviewed on a quarterly basis with the Budget and Financial Committee and the Commission.

On March 28, the LAFCO Budget & Finance Committee reviewed the subject financial statements with Executive Officer McKenna and Mr. Mike Briley, CPA and Managing Partner, Hayashi & Wayland. Income and expenses were as anticipated for the period, with year-to-date actual expenses below the budgeted expenses (Page 3) and Balance Sheets showing sound assets, liabilities and equity conditions (Page 2).

Respectfully Submitted,



Kate McKenna, AICP  
LAFCO Executive Officer

Attachment:  
Financial Statements, February 28, 2013

**Local Agency Formation Commission  
of Monterey County  
Financial Statements  
February 28, 2013**

**DRAFT**

# LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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## ACCOUNTANTS' COMPILATION REPORT

To the Chair and Commissioners  
Local Agency Formation Commission  
LAFCO of Monterey County  
Salinas, California

We have compiled the accompanying financial statements of the **Local Agency Formation Commission of Monterey County (LAFCO)** as of and for the eight months ended February 28, 2013. We have not audited or reviewed the financial statements included in the accompanying prescribed form and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements included in the form prescribed by LAFCO and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist LAFCO in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The financial statements included in the accompanying prescribed form are presented in accordance with the requirements of LAFCO, which differ from accounting principles generally accepted in the United States of America. Accordingly, these financial statements are not designed for those who are not informed about such differences.

We are not independent with respect to **LAFCO**.

March 14, 2013

**LAFCO of Monterey County  
Balance Sheets  
February 28, 2013 and 2012**

ASSETS			
	ACCT #	2013	2012
<b>CURRENT ASSETS:</b>			
<b>Cash Held in Rabobank:</b>			
Rabobank Operating	1000	\$ 171,341.00	\$ 106,816.42
<b>Total Cash Held in Rabobank</b>		<u>171,341.00</u>	<u>106,816.42</u>
<b>Cash Held in County Treasury:</b>			
Cash Held for Operating Expenses	1010	256,178.29	240,802.47
Designated Cash for Reserve for Litigation	1012	299,936.51	274,936.51
Designated Cash for Accrued Leave	1013	57,174.93	50,432.70
Designated Cash for Post Retirement (GASB 45)	1014	13,781.00	11,536.00
Designated Cash for Reserve for Contingency	1015	165,000.00	165,000.00
<b>Total Cash Held in County Treasury</b>		<u>792,070.73</u>	<u>742,707.68</u>
Petty Cash	1100	100.00	100.00
<b>Total Cash</b>		<u>963,511.73</u>	<u>849,624.10</u>
<b>Other Current Assets:</b>			
Prepaid Insurance	1400	5,456.40	4,154.67
Prepaid Expenses	1405	3,395.47	2,027.66
<b>Total Other Current Assets</b>		<u>8,851.87</u>	<u>6,182.33</u>
<b>Total Current Assets</b>		<u>972,363.60</u>	<u>855,806.43</u>
<b>PROPERTY AND EQUIPMENT:</b>			
Equipment	1500	21,915.38	21,915.38
Accumulated Depreciation	1550	(19,810.53)	(18,024.33)
<b>Total Property and Equipment</b>		<u>2,104.85</u>	<u>3,891.05</u>
<b>TOTAL ASSETS</b>		<u>\$ 974,468.45</u>	<u>\$ 859,697.48</u>
<b>LIABILITIES AND EQUITY</b>			
	ACCT #	2013	2012
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	2000	\$ 3,948.84	\$ 6,725.19
Payroll Liabilities	2200	(282.39) *	630.00
CalPers 457 Liability	2205	(1,864.14) *	-
Direct Deposit Liabilities	2210	(5,953.97) *	-
Accrued Leave	2220	57,174.93	50,432.70
Post Retirement (GASB 45)	2230	13,781.00	11,536.00
<b>Total Current Liabilities</b>		<u>66,804.27</u>	<u>69,323.89</u>
<b>Total Liabilities</b>		<u>66,804.27</u>	<u>69,323.89</u>
<b>EQUITY:</b>			
Invested in Capital Assets	3700	2,104.85	3,891.05
Encumbered Funds	3710	6,395.00	5,895.00
Reserve for Litigation	3800	299,936.51	274,936.51
Reserve for Contingency	3810	165,000.00	165,000.00
Unreserved Fund	3850	434,227.82	340,651.03
<b>Total Equity</b>		<u>907,664.18</u>	<u>790,373.59</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 974,468.45</u>	<u>\$ 859,697.48</u>

\*Timing difference-Direct deposits and 457 liability payment processed 2/28/13;  
Direct deposit into employee accounts and payroll deductions for 457 occurred  
3/1/13.

LAFCO of Monterey County  
Income and Expense Budget Performance - Summary  
February 28, 2013

ACCT #	Description	%		%		Adopted 12/13 Budget	Remaining Budget Balance	% of Remaining Budget Balance	
		Received/ Spent Feb 13	Feb 12	Received/ Spent Feb 13	July 12-Feb 13 July 11-Feb 12				
<b>Income:</b>									
4000	Fees: Project	\$ -	\$ 1,847.93	0.00%	\$ 21,200.39	\$ 5,547.93	\$ 8,000.00	\$ 13,200.39	165.00%
4205	County Contributions	-	-	0.00%	215,397.00	218,346.00	215,397.00	-	0.00%
4210	City Contributions	-	-	0.00%	215,397.00	218,345.99	215,397.00	-	0.00%
4220	District Contributions	-	-	0.00%	215,398.00	218,347.00	215,397.00	1.00	0.00%
4300	Interest	-	-	0.00%	1,880.41	2,131.02	1,500.00	380.41	25.36%
	<b>Total Income</b>	-	1,847.93	0.00%	669,272.80	662,717.94	655,691.00	13,581.80	2.07%
<b>Expense:</b>									
VAR	Employee Salaries	23,395.20	24,049.60	7.57%	201,971.58	203,701.60	308,946.00	106,974.42	34.63%
VAR	Employee Benefits	13,859.65	11,142.30	8.69%	83,503.85	85,791.97	159,445.00	75,941.15	47.63%
7000	Postage and Shipping	-	81.19	0.00%	472.16	924.01	4,500.00	4,027.84	89.51%
7010	Books and Periodical	-	-	0.00%	739.63	713.19	1,000.00	260.37	26.04%
7030	Copy Machine	-	306.04	0.00%	2,352.37	2,383.70	4,500.00	2,147.63	47.73%
7040	Outside Printers	392.65	-	39.27%	759.01	30.14	1,000.00	240.99	24.10%
7060	Office Supplies	42.12	140.05	1.05%	2,180.04	1,507.15	4,000.00	1,819.96	45.50%
7080	Computer Hardware/Peripherals	-	413.35	0.00%	97.41	413.35	2,000.00	1,902.59	95.13%
7085	Computer Support Svcs Fixed Costs	-	966.00	0.00%	1,478.00	3,002.00	6,000.00	4,522.00	75.37%
7090	Computer Support Svcs Variable Costs	-	5,075.21	0.00%	2,227.78	5,251.21	10,000.00	7,772.22	77.72%
7105	Meeting Broadcast Services	-	-	0.00%	-	-	3,300.00	3,300.00	100.00%
7110	Property and Gen Liability Insurance	380.03	398.60	6.91%	3,040.24	3,188.80	5,500.00	2,459.76	44.72%
7120	Office Maintenance Services	-	120.00	0.00%	-	120.00	400.00	400.00	100.00%
7140	Travel	-	-	0.00%	504.15	3,023.14	4,500.00	3,995.85	88.80%
7145	CaLafco Travel Expenses	-	-	0.00%	-	988.64	-	-	0.00%
7150	Training, Conferences & Workshops	-	669.00	0.00%	4,890.00	3,076.00	6,000.00	1,110.00	18.50%
7160	Vehicle Mileage	-	160.42	0.00%	574.99	359.55	1,000.00	425.01	42.50%
7170	Rental of Buildings	2,027.66	2,027.66	8.28%	16,221.28	16,221.28	24,500.00	8,278.72	33.79%
7200	Telephone Communications	304.70	374.10	6.77%	2,768.15	3,006.71	4,500.00	1,731.85	38.49%
7242	Outside Prof. Services: Accounting	3,000.00	3,000.00	8.00%	21,000.00	21,000.00	37,500.00	16,500.00	44.00%
7245	General and Special Legal Services	-	1,035.26	0.00%	4,365.96	2,917.56	17,000.00	12,634.04	74.32%
7247	Outside Prof. Services: Human Resources	-	-	0.00%	-	-	500.00	500.00	100.00%
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	12,000.00	12,000.00	13,000.00	1,000.00	7.69%
7250	Miscellaneous Office Expense	-	-	0.00%	451.03	83.35	600.00	148.97	24.83%
7260	Legal Notices	-	-	0.00%	661.26	54.18	4,000.00	3,338.74	83.47%
7280	LAFCO Memberships	-	-	0.00%	3,976.00	3,846.00	4,500.00	524.00	11.64%
7285	Records Storage & Security	-	-	0.00%	-	-	3,000.00	3,000.00	100.00%
7290	Litigation Reserve	-	-	0.00%	-	-	25,000.00	25,000.00	100.00%
7300	Depreciation	136.00	171.00	0.00%	1,106.00	1,570.20	-	(1,106.00)	0.00%
	<b>Total Expense</b>	43,538.01	50,129.78	6.63%	367,340.89	375,173.73	656,191.00	288,850.11	44.02%
	<b>Net Ordinary Income (Loss)</b>	<u>(43,538.01)</u>	<u>(48,281.85)</u>		<u>301,931.91</u>	<u>287,544.21</u>	<u>(500.00)</u>		
<b>Other Income/(Expense):</b>									
8130	Gain/(Loss) on County Investments	-	-		-	2,036.62	-		
	<b>Total Other Income/(Expense)</b>	-	-		-	2,036.62	-		
<b>Prior Year Encumbered Funds (Expense):</b>									
8102	Outside Prof. Services: Human Resources	-	-		-	-	-		
	<b>Total Prior Year Encumbered Funds (Expense)</b>	-	-		-	-	-		
	<b>Net Income (Loss)</b>	<u>\$ (43,538.01)</u>	<u>\$ (48,281.85)</u>		<u>\$ 301,931.91</u>	<u>\$ 289,580.83</u>	<u>\$ (500.00)</u>		

LAFCO of Monterey County  
Income and Expense Budget Performance - Detail  
February 28, 2013

ACCT #	Income:			% of Budget		Adopted 12/13 Budget	Remaining Budget Balance	% of Remaining Budget Balance	
		Feb 13	Feb 12	Feb 13	July 12-Feb 13				July 11-Feb 12
4000	Fees: Project	\$ -	\$ 1,847.93	0.00%	\$ 21,200.39	\$ 5,547.93	\$ 8,000.00	\$ 13,200.39	165.00%
4205	County Contributions	-	-	0.00%	215,397.00	218,346.00	215,397.00	-	0.00%
4210	City Contributions	-	-	0.00%	215,397.00	218,345.99	215,397.00	-	0.00%
4220	District Contributions	-	-	0.00%	215,398.00	218,347.00	215,397.00	1.00	0.00%
4300	Interest	-	-	0.00%	1,880.41	2,131.02	1,500.00	380.41	25.36%
	<b>Total Income</b>	<b>-</b>	<b>1,847.93</b>	<b>0.00%</b>	<b>669,272.80</b>	<b>662,717.94</b>	<b>655,691.00</b>	<b>13,581.80</b>	<b>2.07%</b>
	<b>Expense:</b>								
6000	Employee Salaries-Other	-	19,249.60		167,767.20	163,621.60			
6002	Regular Earnings	23,395.20	4,800.00		34,204.38	40,080.00			
	<b>Employee Salaries</b>	<b>23,395.20</b>	<b>24,049.60</b>	<b>7.57%</b>	<b>201,971.58</b>	<b>203,701.60</b>	<b>308,946.00</b>	<b>106,974.42</b>	<b>34.63%</b>
6006	Flex Plan Cash	569.42	569.42		2,277.68	2,277.68			
6007	Management Expense Allowance	100.00	200.00		400.00	800.00			
6010	Accrued Leave	(9,649.61)	1,943.37		(2,115.29)	(3,229.38)			
6011	Car Allowance	800.00	800.00		3,200.00	3,200.00			
6013	Post Retirement Healthcare Reserve	-	-		2,245.00	2,245.00			
6101	Payroll Expenses	695.56	312.87		3,536.72	3,404.28			
6102	Worker's Compensation Insurance	306.67	20.34		2,453.34	1,696.51			
6103	Employee Memberships	-	-		1,198.00	1,183.00			
6104	Deferred Comp Plan Contribution	1,450.50	808.48		10,209.10	6,872.08			
6105	PERS Retirement	4,166.21	3,556.42		25,722.98	29,527.57			
6110	PERS Health - Other	6.50	8.05		36.52	63.72			
6111	PERS Health - Med ER Non-Elective	345.00	336.00		1,919.00	2,616.00			
6112	PERS Health - Med ER Pre Tax	2,254.12	1,901.00		12,695.96	15,028.72			
6131	LIFE	81.80	55.35		511.25	442.80			
6132	ADD	16.00	12.00		100.00	96.00			
6133	Dental	388.12	321.41		2,637.99	3,160.83			
6134	Vision	45.67	35.22		292.21	402.13			
6135	LTD	208.60	190.19		3,582.67	3,433.59			
6136	EAP	26.80	26.80		214.40	214.40			
6139	STD	48.29	45.38		386.32	357.04			
7294	Accrued Leave Reserve	12,000.00	-		12,000.00	12,000.00			
	<b>Employee Benefits</b>	<b>13,859.65</b>	<b>11,142.30</b>	<b>8.69%</b>	<b>83,503.85</b>	<b>85,791.97</b>	<b>159,445.00</b>	<b>75,941.15</b>	<b>47.63%</b>
7000	Postage and Shipping	-	81.19	0.00%	472.16	924.01	4,500.00	4,027.84	89.51%
7010	Books and Periodical	-	-	0.00%	739.63	713.19	1,000.00	260.37	26.04%
7030	Copy Machine	-	306.04	0.00%	2,352.37	2,383.70	4,500.00	2,147.63	47.73%
7040	Outside Printers	392.65	-	39.27%	759.01	30.14	1,000.00	240.99	24.10%
7060	Office Supplies	42.12	140.05	1.05%	2,180.04	1,507.15	4,000.00	1,819.96	45.50%
7080	Computer Hardware/Peripherals	-	413.35	0.00%	97.41	413.35	2,000.00	1,902.59	95.13%
7085	Computer Support Svcs Fixed Costs	-	966.00	0.00%	1,478.00	3,002.00	6,000.00	4,522.00	75.37%
7090	Computer Support Svcs Variable Costs	-	5,075.21	0.00%	2,227.78	5,251.21	10,000.00	7,772.22	77.72%
7105	Meeting Broadcast Services	-	-	0.00%	-	-	3,300.00	3,300.00	100.00%
7110	Property and Gen Liability Insurance	380.03	398.60	6.91%	3,040.24	3,188.80	5,500.00	2,459.76	44.72%
7120	Office Maintenance Services	-	120.00	0.00%	-	120.00	400.00	400.00	100.00%
7140	Travel	-	-	0.00%	504.15	3,023.14	4,500.00	3,995.85	88.80%
7145	CaLafco Travel Expenses	-	-	0.00%	-	988.64	-	-	0.00%
7150	Training, Conferences & Workshops	-	669.00	0.00%	4,890.00	3,076.00	6,000.00	1,110.00	18.50%
7160	Vehicle Mileage	-	160.42	0.00%	574.99	359.55	1,000.00	425.01	42.50%
7170	Rental of Buildings	2,027.66	2,027.66	8.28%	16,221.28	16,221.28	24,500.00	8,278.72	33.79%
7200	Telephone Communications	304.70	374.10	6.77%	2,768.15	3,006.71	4,500.00	1,731.85	38.49%
7242	Outside Prof. Services: Accounting	3,000.00	3,000.00	8.00%	21,000.00	21,000.00	37,500.00	16,500.00	44.00%
7245	General and Special Legal Services	-	1,035.26	0.00%	4,365.96	2,917.56	17,000.00	12,634.04	74.32%
7247	Outside Prof. Services: Human Resources	-	-	0.00%	-	-	500.00	500.00	100.00%
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	12,000.00	12,000.00	13,000.00	1,000.00	7.69%
7250	Miscellaneous Office Expense	-	-	0.00%	451.03	83.35	600.00	148.97	24.83%
7260	Legal Notices	-	-	0.00%	661.26	54.18	4,000.00	3,338.74	83.47%
7280	LAFCO Memberships	-	-	0.00%	3,976.00	3,846.00	4,500.00	524.00	11.64%
7285	Records Storage & Security	-	-	0.00%	-	-	3,000.00	3,000.00	100.00%
7290	Litigation Reserve	-	-	0.00%	-	-	25,000.00	25,000.00	100.00%
7300	Depreciation	136.00	171.00	0.00%	1,106.00	1,570.20	-	(1,106.00)	0.00%
	<b>Total Expense</b>	<b>43,538.01</b>	<b>50,129.78</b>	<b>6.63%</b>	<b>367,340.89</b>	<b>375,173.73</b>	<b>656,191.00</b>	<b>288,850.11</b>	<b>44.02%</b>
	<b>Net Ordinary Income (Loss)</b>	<b>(43,538.01)</b>	<b>(48,281.85)</b>		<b>301,931.91</b>	<b>287,544.21</b>	<b>(500.00)</b>		
	<b>Other Income/(Expense):</b>								
8130	Gain/(Loss) on County Investments	-	-		-	2,036.62	-		
	<b>Total Other Income/(Expense)</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>2,036.62</b>	<b>-</b>		
	<b>Prior Year Encumbered Funds (Expense):</b>								
8102	Outside Prof. Services: Human Resources	-	-		-	-	-		
	<b>Total Prior Year Encumbered Funds (Expense)</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>		
	<b>Net Income (Loss)</b>	<b>\$ (43,538.01)</b>	<b>\$ (48,281.85)</b>		<b>\$ 301,931.91</b>	<b>\$ 289,580.83</b>	<b>\$ (500.00)</b>		

LAFCO of Monterey County  
Income and Expense by Month  
February 28, 2013

Ordinary Income/Expense	July 12	Aug 12	Sept 12	Oct 12
<b>Income:</b>				
4000 · Fees: Project	\$ -	\$ -	\$ 15.00	\$ -
4205 · County Contributions	215,397.00	-	-	-
4210 · City Contributions	215,397.00	-	-	-
4220 · District Contributions	215,398.00	-	-	-
4300 · Interest	-	-	-	794.89
<b>Total Income</b>	<b>646,192.00</b>	<b>-</b>	<b>15.00</b>	<b>794.89</b>
<b>Expense:</b>				
6000 · Employee Salaries	24,049.60	33,674.40	20,449.60	27,893.81
6100 · Employee Benefits	10,182.65	7,505.15	9,759.07	10,320.92
7000 · Postage and Shipping	-	55.00	140.58	136.00
7010 · Books and Periodical	238.00	-	306.81	-
7030 · Copy Machine	585.61	-	302.49	573.63
7040 · Outside Printers	-	-	-	189.64
7060 · Office Supplies	-	418.77	-	793.27
7080 · Computer Hardware/Peripherals	97.41	-	-	-
7085 · Computer Support Svcs-Fixed Costs	-	-	-	1,100.00
7090 · Computer Support Svcs Variable Cost	-	-	-	1,050.00
7110 · Property and Gen Liability Insurance	380.03	380.03	380.03	380.03
7140 · Travel	-	-	6.00	498.15
7150 · Training, Conferences & Workshops	-	-	4,796.00	94.00
7160 · Vehicle Mileage	-	-	248.09	-
7170 · Rental of Buildings	2,027.66	2,027.66	2,027.66	2,027.66
7200 · Telephone Communications	448.39	443.43	325.56	171.19
7242 · Outside Prof. Services: Accounting	3,000.00	-	3,000.00	3,000.00
7245 · General and Special Legal Services	-	403.52	1,187.80	1,792.74
7248 · Outside Prof. Services: Annual Audit	-	-	4,500.00	6,500.00
7250 · Miscellaneous Office Expense	8.00	70.00	16.00	307.03
7260 · Legal Notices	661.26	-	-	-
7280 · LAFCO Memberships	3,041.00	-	-	-
7300 · Depreciation	139.00	137.00	139.00	140.00
<b>Total Expense</b>	<b>44,858.61</b>	<b>45,114.96</b>	<b>47,584.69</b>	<b>56,968.07</b>
<b>Net Income/(Loss)</b>	<b>\$ 601,333.39</b>	<b>\$ (45,114.96)</b>	<b>\$ (47,569.69)</b>	<b>\$ (56,173.18)</b>

LAFCO of Monterey County  
Income and Expense by Month  
February 28, 2013

Ordinary Income/Expense	Nov 12	Dec 12	Jan 13	Feb 13	Total
<b>Income:</b>					
4000 · Fees: Project	\$ 3,000.00	\$ 8,400.00	\$ 9,785.39	\$ -	\$ 21,200.39
4205 · County Contributions	-	-	-	-	215,397.00
4210 · City Contributions	-	-	-	-	215,397.00
4220 · District Contributions	-	-	-	-	215,398.00
4300 · Interest	-	121.03	964.49	-	1,880.41
<b>Total Income</b>	<b>3,000.00</b>	<b>8,521.03</b>	<b>10,749.88</b>	<b>-</b>	<b>669,272.80</b>
<b>Expense:</b>					
6000 · Employee Salaries	23,167.67	24,879.16	24,462.14	23,395.20	201,971.58
6100 · Employee Benefits	9,398.43	9,398.42	13,079.56	13,859.65	83,503.85
7000 · Postage and Shipping	-	140.58	-	-	472.16
7010 · Books and Periodical	194.82	-	-	-	739.63
7030 · Copy Machine	300.28	304.55	285.81	-	2,352.37
7040 · Outside Printers	176.72	-	-	392.65	759.01
7060 · Office Supplies	351.33	574.55	-	42.12	2,180.04
7080 · Computer Hardware/Peripherals	-	-	-	-	97.41
7085 · Computer Support Svcs Fixed Costs	-	378.00	-	-	1,478.00
7090 · Computer Support Svcs-Variable Cost	-	1,108.80	68.98	-	2,227.78
7110 · Property and Gen Liability Insurance	380.03	380.03	380.03	380.03	3,040.24
7140 · Travel	-	-	-	-	504.15
7150 · Training, Conferences & Workshops	-	-	-	-	4,890.00
7160 · Vehicle Mileage	-	141.53	185.37	-	574.99
7170 · Rental of Buildings	2,027.66	2,027.66	2,027.66	2,027.66	16,221.28
7200 · Telephone Communications	315.11	446.40	313.37	304.70	2,768.15
7242 · Outside Prof. Services: Accounting	3,000.00	3,000.00	3,000.00	3,000.00	21,000.00
7245 · General and Special Legal Services	436.40	545.50	-	-	4,365.96
7248 · Outside Prof. Services: Annual Audit	-	1,000.00	-	-	12,000.00
7250 · Miscellaneous Office Expense	50.00	-	-	-	451.03
7260 · Legal Notices	-	-	-	-	661.26
7280 · LAFCO Memberships	-	-	935.00	-	3,976.00
7300 · Depreciation	138.00	138.00	139.00	136.00	1,106.00
<b>Total Expense</b>	<b>39,936.45</b>	<b>44,463.18</b>	<b>44,876.92</b>	<b>43,538.01</b>	<b>367,340.89</b>
<b>Net Income/(Loss)</b>	<b>\$ (36,936.45)</b>	<b>\$ (35,942.15)</b>	<b>\$ (34,127.04)</b>	<b>\$ (43,538.01)</b>	<b>\$ 301,931.91</b>

LAFCO of Monterey County  
Accounts Receivable Summary  
As of February 28, 2013

Accounts Receivable-For Fiscal Year Ending 6/2013:

<u>Description</u>	<u>Date</u>	<u>Amount</u>
		<u>\$ -</u>
	ACCT # 1225	<u><u>\$ -</u></u>

\*All 2012-2013 fees have been collected as of February 28, 2013.



LAFCO of Monterey County  
 Equipment Summary  
 As of February 28, 2013

Equipment and Accumulated Depreciation:

Description	Date In Service	Cost	Amount Depreciated
Computer Equipment	10/24/2005	\$ 6,749.91	\$ 6,749.91
Dell Computer System	6/1/2006	2,268.22	2,268.22
Credenza	9/1/2006	516.20	516.20
Computer Equipment	9/20/2006	3,120.20	3,120.20
Bill Quick Basic Software	8/17/2007	565.00	565.00
Adobe Systems, Inc. Software	1/18/2008	399.00	399.00
HP Compaq DC 9700 Computer	6/23/2009	975.49	846.00
Microsoft Office Pro 2010 Software	6/30/2010	2,041.24	1,814.00
Acrobat V.9 Computer Software	6/30/2010	445.88	405.00
Ergonomic Chair	6/29/2010	502.51	295.00
ThinkPad W510 Laptop	6/30/2010	2,146.73	1,580.00
SNAP OUT Telephone System	7/28/2010	2,185.00	1,252.00
	<b>ACCT # 1500</b>	<b>\$ 21,915.38</b>	
		<b>ACCT # 1550</b>	<b>\$ 19,810.53</b>

LAFCO of Monterey County  
 Accounts Payable Summary  
 As of February 28, 2013

Accounts Payable:

Vendor	Description	Date	Inv#	Amount
AT&T Mobility	Telephone Expense	2/21/2013	436041354455	\$ 134.54
CalPers Health	March 2013 Health Insurance	2/15/2013	41334	2,605.62
Copymat	Outside Printing - Board Packets	2/28/2013	46074	307.65
Corporate Express	Credit on Returned Supplies	6/17/2008	88070801	(43.97)
Rabobank Visa Card	AT& T Data Plan; Norton 360 Protection	2/24/2013	P/E 2/24/13 X3302	25.00
SDRMA	4th Quarter Worker's Comp Premium	2/28/2013	42715	920.00
			<b>ACCT # 2000</b>	<b><u>\$ 3,948.84</u></b>

DRAFT

**LAFCO of Monterey County  
Accrued Leave Summary  
As of February 28, 2013**

**Executive Officer and Senior Analyst Positions:**

Employee	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	365.56	75.00	\$ 27,417.00
Thomas McCue	649.02	45.31	29,407.10
			<u>\$ 56,824.10</u>

**Clerk / Administrative Secretary Position:**

Employee	Accrued Sick Leave	Accrued Vacation *	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Gail Lawrence	6.16	7.38	25.91	\$ 159.61	\$ 191.22
		Annual Leave		\$ 56,824.10	
		Sick Leave		159.61	
		Vacation		191.22	
		<b>ACCT # 2220</b>		<u><b>\$ 57,174.93</b></u>	

\* Maximum of 850 hours of Annual Leave and Vacation Leave may be accrued

LAFCO of Monterey County  
 Detail of Encumbrances  
 As of February 28, 2013

Human Resources Encumbered Funds:

Subject	Date Paid/ Inv. No.	Add'l Funds Received/(Paid)	Remaining Balance
Contract Transfer*			\$ 3,460.00
06-07 Budget Carryover		5,000.00	8,460.00
Fenton & Keller	10/04/07 Inv No. 60042	(1,233.00)	7,227.00
Fenton & Keller	4/30/07 Inv. No. 62165	(2,764.50)	4,462.50
07-08 Budget Carryover		400.00	4,862.50
08-09 Budget Carryover		500.00	5,362.50
09-10 Budget Carryover		500.00	5,862.50
Fenton & Keller	10/27/10 Inv No. 69698	(467.50)	5,395.00
10-11 Budget Carryover		500.00	5,895.00
11-12 Budget Carryover		500.00	6,395.00
		<b>ACCT # 3710</b>	<b>\$ 6,395.00</b>

\*RGS was replaced by Fenton & Keller in September 2007.  
 The original contract with RGS was for \$10,000. The balance of \$3,460  
 was transferred to Fenton & Keller on September 1, 2007.

LAFCO of Monterey County  
 Detail of Reserve for Litigation Account  
 As of February 28, 2013

Reserve for Litigation:

Date	Vendor/Description	Invoice #	Amount
	Beginning Balance as of 7/1/08		\$ 18,330.28
7/1/2008	08/09 Budget Amount		25,000.00
8/22/2008	Office of County Counsel-Co. of Monterey	08-000147	(564.69)
8/27/2008	Best, Best & Krieger	582486	(2,713.66)
10/14/2008	Best, Best & Krieger	586916	(390.00) *
2/19/2009	Best, Best & Krieger	596717	(2,106.00) *
3/13/2009	Best, Best & Krieger	598793	(19.50)
3/13/2009	Best, Best & Krieger	599174	(6,907.12) *
4/22/2009	Best, Best & Krieger	601472	(156.00)
5/26/2009	Best, Best & Krieger	603629	(175.50)
7/1/2009	09/10 Budget Amount		10,000.00
10/15/2009	Best, Best & Krieger	614071	(312.00)
7/1/2010	10/11 Budget Amount		30,000.00
6/30/2011	Transfer from Unreserved Fund		174,950.70
7/1/2011	11/12 Budget Amount		30,000.00
7/1/2012	12/13 Budget Amount		25,000.00
		<b>ACCT # 3800</b>	<b>\$ 299,936.51</b>

\*The original invoice is greater than the amount stated above. This is the amount allocated to the litigation reserve. The remaining balance is allocated to general and special legal services.

LOCAL AGENCY FORMATION COMMISSION  
P.O. Box 1369 132 W. Gabilan Street, Suite 102  
Salinas, CA 93902 Salinas, CA 93901  
Telephone (831) 754-5838 Fax (831) 754-5831  
[www.monterey.lafco.ca.gov](http://www.monterey.lafco.ca.gov)

**KATE McKENNA, AICP**  
**Executive Officer**

**DATE:** April 22, 2013  
**TO:** Chair and Members of the Formation Commission  
**FROM:** Kate McKenna, AICP, Executive Officer  
**SUBJECT: THIRD QUARTER REVIEW OF FY 2012-2013 BUDGET, INCLUDING BUDGET AMENDMENT NO. 1 AND YEAR-END BALANCE SHEET JOURNAL ENTRY TRANSFERS**

**SUMMARY OF RECOMMENDATIONS:**

The Budget and Finance Committee recommends that the Commission approve a Resolution (Attachment 1) to:

1. Adopt Amendment No. 1 to the Fiscal Year 2012-2013 Budget, to transfer \$5,000 from Line Item 7245 (Outside Professional Services - General Counsel and Special Counsel) to Line Item 7270 (Recruitment Advertising), with no net change to overall budget;
2. Authorize expenditures from Line Item 6000 (Employee Salaries) and Line Item 6100 (Employee Benefits) in the Fiscal Year 2012-2013 Budget, relating to clerical staffing costs (up to \$10,000); transition period costs for professional staffing services (up to \$15,000), and a lump sum pay-off of LAFCO's CalPERS Retirement Plan Side Fund liability (\$14,621); and
3. Authorize Year-End Balance Sheet Journal Entry Transfers from Account No. 3850 (Unreserved Fund Balance) to Line Items 6000 and 6100 (Employee Salaries and Benefits), if current year revenues are insufficient to cover the expenses listed in Item 2 above.

## **EXECUTIVE OFFICER'S REPORT:**

On March 28, the Budget & Finance Committee conducted a third quarter review of LAFCO's budget and finances in consultation with Executive Officer McKenna and Mr. Mike Briley, CPA and Managing Partner of Hayashi & Wayland. Overall revenue is slightly above and overall expenses are slightly under the expected levels for this point in the year. Several unanticipated needs or opportunities have emerged for consideration.

### **Budget Amendment No. 1 for Recruitment Advertising**

The Committee recommends a line item budget amendment (Attachment 1) to fund Senior Analyst recruitment advertising costs, with no net change in overall expenses. As reported in February, Senior Analyst Thom McCue is retiring at the end of July, and his last day in the office is mid-June. Recruitment is underway to fill the vacancy. The estimated cost of recruitment advertising is \$5,000. This cost was not anticipated in the current year budget. Funding is available in Line Item 7245 (Outside Professional Services – General Counsel and Special Counsel) to be moved to Line Item 7270 (Recruitment Advertising), with no change to overall expenses.

### **Year-End Balance Sheet Journal Entry Transfers for Clerical Staffing Costs, Transition Period Costs for the Senior Analyst Position, and Pay-Off of LAFCO's CalPERS Retirement Plan Side Fund Liability**

The Budget and Finance Committee recommends approval of expenditures for clerical staffing costs, transition period costs for the Senior Analyst position, and a lump sum pay-off of LAFCO's Retirement Plan Side Fund liability. It is anticipated that overall year-end revenue will pay for a portion of these costs. If the overall year-end revenue is insufficient, the Committee recommends authorizing year-end balance sheet journal transfers from prior year operating surplus funds in Account No. 3850 (Unreserved Fund Balance) to Line Item 6000 and 6100 (Employee Salaries and Benefits). The proposed expenditures are as follows:

1. Clerical Staffing Costs (Up to \$10,000) – The LAFCO Clerk to the Commission position was staffed through a temporary staffing agency for the first half of this fiscal year, with premiums (overhead) paid to the agency on top of the hourly wages to the employee. In addition, the high volume of workload in the office has resulted in overtime for the clerical position. These additional costs were not anticipated in the Employee Salaries line item of the current year budget.
2. Transition Period Costs for the Senior Analyst Position (Up to \$15,000) – The recruitment schedule anticipates filling the Senior Analyst position by mid-May, and a transition period from approximately June 1 through July 30. The position performs highly specialized functions and a transition period will help to train the new individual by mid-June and maintain the productivity of the office through July and beyond. Transition period overlap costs through June 30 are estimated at \$10,000 for salaries

and \$5,000 for benefits. If the position is not filled by June 1, the funds will be used to retain temporary in-house professional staffing services. Transition costs for June 2013 were not anticipated in the current year budget. Transition costs for July 2013 will be addressed in the proposed budget for FY 2013-2014.

3. Lump Sum Pay-Off of LAFCO's CalPERS Retirement Plan Side Fund Liability (\$14,621) – LAFCO has the option to eliminate its unfunded pension liability. The liability, called a Side Fund, is projected to be \$14,621 as of June 30, 2013. LAFCO is currently paying off this liability in amortized annual installment payments over the next five years, with an interest rate of 7.75 percent; the cost is factored into the employer's contribution rate to the retirement plan. Eliminating the Side Fund by June 30 was not anticipated in the current year budget. The recommended action will avoid further interest charges and reduce the employer contribution rate. For reference, please see Attachments 2 and 3 (January 24, 2013 Letter from CalPERS and an October 2012 Actuarial Report.).

**FISCAL IMPACT:**

Funding is available in Line Item 7245 (Outside Professional Services – General Counsel and Special Counsel Services) to transfer \$5,000 to Line Item 7270 (Recruitment Advertising). The proposed Amendment No. 1 is revenue neutral, with no change to the bottom line total expenditures in the adopted budget.

Funding is available for the proposed year-end balance sheet journal entry transfers from prior year operating funds (Account No. 3850, Unreserved Fund Balance) to Line Items 6000 and 6100 (Employee Salaries and Employee Benefits), if year-end overall revenue is insufficient to pay for expenditures related to clerical staffing, transition period professional staffing, and pay-off of the CalPERS Side Fund.

**ALTERNATIVE ACTIONS:**

In lieu of the recommended actions, the Commission may modify or deny the proposed budget amendment and year-end balance sheet journal entry transfers.

Respectfully Submitted,



Kate McKenna, AICP  
LAFCO Executive Officer

cc: Mr. Mike Briley

Attachments:

Attachment 1 - Draft Resolution

Attachment 2 - Proposed Budget Amendment No. 1

Attachment 3 – January 24, 2013 Letter from CalPERS (Side Fund Pay-Off Information)

Attachment 4 – October 2012 Actuarial Report, CalPERS Retirement Plan

# ATTACHMENT 1

## DRAFT RESOLUTION

**THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**RESOLUTION NO. XX-XX**

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION**

**AMENDMENT NO. 1 TO FY 2012-13 BUDGET FOR RECRUITMENT ADVERTISING**

**AND AUTHORIZATION FOR FY 2012-13 EXPENDITURES AND YEAR-END BALANCE SHEET  
JOURNAL ENTRY TRANSFERS FOR CLERICAL STAFFING, TRANSITION PERIOD PROFESSIONAL  
STAFFING SERVICES, AND A LUMP SUM PAY-OFF OF RETIREMENT PLAN SIDE FUND**

WHEREAS, these proceedings are taken in conformance with the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 et seq. of the Government Code; and

WHEREAS, the Local Agency Formation Commission of Monterey County adopted the FY 2012-13 budget on April 23, 2012; and

WHEREAS, the Budget & Finance Committee of the Local Agency Formation Commission of Monterey County met on March 28, 2013 to conduct a periodic review of the adopted budget, and recommended a budget amendment and year-end balance sheet journal entry transfers for unanticipated needs or options; and

NOW, THEREFORE, the Local Agency Formation Commission of Monterey County does HEREBY RESOLVE, DETERMINE AND ORDER as follows:

1. The Commission amends the adopted Fiscal Year 2012-2013 budget by transferring \$5,000 from Line Item 7245 (Outside Professional Services - General Counsel and Special Counsel) to Line Item 7270 (Recruitment Advertising), as shown in Attachment 2, with no net change to the overall budget;
2. The Commission authorizes expenditures from Line Item 6000 (Employee Salaries) and Line Item 6100 (Employee Benefits) in the Fiscal Year 2012-2013 Budget, relating to Clerk staffing services (up to \$10,000); transition period for professional staffing services (up to \$15,000), and a lump sum pay-off of LAFCO's Retirement Plan Side Fund liability (projected to be \$14,621); and
3. The Commission authorizes year-end Balance Sheet Journal Entry Transfers from prior year operating funds (Account No. 3850, Unreserved Funds) to Line Item 6000 (Employee Salaries) and Line Item 6100 (Employee Benefits), if year-end revenues are insufficient to pay for the expenses listed above.

UPON MOTION of Commissioner \_\_\_\_\_, seconded by Commissioner \_\_\_\_\_, the foregoing resolution is adopted this 22th day of April 2013 by the following vote:

AYES:	Commissioners:
NOES:	Commissioners:
ABSENT:	Commissioners:
ABSTAIN:	Commissioners:

---

Bruce Delgado, Chair  
Local Agency Formation Commission of Monterey County

ATTEST: I certify that the within instrument is a true and complete copy of the original resolution of said Commission on file within this office.

Witness my hand this \_\_\_\_ day of April 2013  
By:

---

Kate McKenna, AICP, Executive Officer

# ATTACHMENT 2

## PROPOSED BUDGET AMENDMENT NO. 1 FISCAL YEAR 2012-2013

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY  
 PROPOSED BUDGET WORKSHEET - AMENDMENT NO. 1  
 FISCAL YEAR 2012-2013  
 April 22, 2013

		Adopted Budget Fiscal Year 2012-13	Proposed Budget Amendment No. 1	Proposed Amended Budget Fiscal Year 2012-13
6000	Employee Salaries	\$ 308,946.00	\$ -	\$ 308,946.00
6100	Employee Benefits	\$ 159,445.00	\$ -	\$ 159,445.00
	2220-Accrued Leave Reserve	\$ -	\$ -	\$ -
	2230-Post-Retirement Healthcare Obligation Reserve	\$ -	\$ -	\$ -
2001	Litigation Settlement Agreement Costs	\$ -	\$ -	\$ -
7000	Postage and Shipping	\$ 4,500.00	\$ -	\$ 4,500.00
7010	Books and Periodicals	\$ 1,000.00	\$ -	\$ 1,000.00
7030	Copy Machine Charges	\$ 4,500.00	\$ -	\$ 4,500.00
7040	Outside Printers	\$ 1,000.00	\$ -	\$ 1,000.00
7060	Office Supplies	\$ 4,000.00	\$ -	\$ 4,000.00
7070	Office Equipment and Furnishings	\$ -	\$ -	\$ -
7080	Computer/Hardware/Peripherals	\$ 2,000.00	\$ -	\$ 2,000.00
7085	Computer Support Services (Fixed Costs)	\$ 6,000.00	\$ -	\$ 6,000.00
7090	Computer Support Services (Variable Costs)	\$ 10,000.00	\$ -	\$ 10,000.00
7100	Computer Software	\$ -	\$ -	\$ -
7105	Meeting Broadcast Services	\$ 3,300.00	\$ -	\$ 3,300.00
7110	Property and General Liability Insurance	\$ 5,500.00	\$ -	\$ 5,500.00
7120	Office Maintenance Services	\$ 400.00	\$ -	\$ 400.00
7130	Other Equipment Maintenance	\$ -	\$ -	\$ -
7140	Travel	\$ 4,500.00	\$ -	\$ 4,500.00
7145	CALAFCO Travel Expenses	\$ -	\$ -	\$ -
7150	Training, Conferences and Workshops	\$ 6,000.00	\$ -	\$ 6,000.00
7160	Vehicle Mileage	\$ 1,000.00	\$ -	\$ 1,000.00
7170	Rental of Buildings	\$ 24,500.00	\$ -	\$ 24,500.00
7200	Telephone Communications	\$ 4,500.00	\$ -	\$ 4,500.00
7230	Temporary Help Services (Clerical)	\$ -	\$ -	\$ -
7240	Outside Professional Services - Total for Line Items 7242 - 7249	\$ 68,000.00	\$ -	\$ 63,000.00
	7242 Accounting and Financial Services	\$ 37,500.00	\$ -	\$ 37,500.00
	7245 General Counsel and Special Counsel	\$ 17,000.00	\$ (5,000.00)	\$ 12,000.00
	7247 Human Resources	\$ 500.00	\$ -	\$ 500.00
	7248 Annual Audit	\$ 13,000.00	\$ -	\$ 13,000.00
	7249 Temporary In-House Professional Services	\$ -	\$ -	\$ -
7250	Miscellaneous Office Expenses	\$ 600.00	\$ -	\$ 600.00
7260	Legal Notices	\$ 4,000.00	\$ -	\$ 4,000.00
7261	Pass-Through Expenses	\$ -	\$ -	\$ -
7270	Recruitment Advertising	\$ -	\$ 5,000.00	\$ 5,000.00
7280	LAFCO Memberships	\$ 4,500.00	\$ -	\$ 4,500.00
7290	Litigation Reserve	\$ 25,000.00	\$ -	\$ 25,000.00
XXXX	Records Storage and Security	\$ 3,000.00	\$ -	\$ 3,000.00
7295	Contingency Reserve	\$ -	\$ -	\$ -
	SUB TOTAL EXPENDITURES (see Note 1)	\$ 656,191.00	\$ -	\$ 656,191.00
	LESS PASS-THROUGH EXPENSES (Acct. 7261)	\$ -	\$ -	\$ -
	TOTAL EXPENDITURES (NET) (see Note 1)	\$ 656,191.00	\$ -	\$ 656,191.00

# ATTACHMENT 3

CaIPERS LETTER RE SIDE FUND PAY-OFF OPTION  
JANUARY 24, 2013



California Public Employees' Retirement System  
 Actuarial Office  
 P.O. Box 942709  
 Sacramento, CA 94229-2709  
 TTY: (916) 795-3240  
 (888) 225-7377 phone • (916) 795-2744 fax  
 www.calpers.ca.gov

January 24, 2013

CalPERS ID: 7449296272

Employer Name: LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY  
 Rate Plan: MISCELLANEOUS PLAN

Re: Lump Sum Payment to reduce 2012-2013 & 2013-2014 pooled employer contribution rates

Dear Requestor:

As requested, 2012-2013 & 2013-2014 employer contribution rate information on your lump sum payment follows.

**If you are aware of others interested in this information (i.e. payroll staff, county court employees, port districts, etc.), please inform them.**

The information is based on the most recent annual valuation and assumes payment *by June 28, 2013* and no further contractual or financing changes taking effect before June 30, 2014. The Side Fund resulting from risk pooling valued at **(\$14,621)** (including any adjustments due to plan amendments, vouchers, golden handshakes, etc.) as of June 30, 2013, will be reduced or eliminated by a lump sum payment in the amount of **\$14,621**. Any later adjustments due to plan amendments, vouchers, golden handshakes, or financing changes could increase or reestablish a negative side fund.

The change in your 2012/2013 & 2013/2014 employer contribution rates after you make the proposed lump sum payment, are displayed in the "Change to Total Employer Rate" line below.

Valuation as of June 30, 2010	Pre-Payment	Post-Payment
Projected 6/30/13 Side Fund (SF)	<b>(\$14,621)</b>	
Proposed Lump Sum Pmt by 6/28/13	<b>\$14,621</b>	
Revised projected 6/28/13 SF		<b>\$0</b>
2012-2013 Employer Contribution Rate		
Risk Pool's Net Employer Normal Cost	7.720%	7.720%
Risk Pool's Payment on Amortization Bases	1.996%	1.996%
Surcharges for Class 1 Benefits	0.522%	0.522%
Phase out of Normal Cost Difference	0.000%	0.000%
Amortization of Side Fund	0.960%	0.000%
<b>Total Employer Contribution Rate</b>	11.198%	10.238%
Amortization Period	<b>6 years</b>	<b>N/A</b>
Change to 12/13 Total Employer Contribution Rate		<b>(0.960%)</b>

Valuation as of June 30, 2011	Pre-Payment	Post-Payment
2013-2014 Employer Contribution Rate		
Risk Pool's Net Employer Normal Cost	8.052%	8.052%
Risk Pool's Payment on Amortization Bases	2.230%	2.230%
Surcharges for Class 1 Benefits	0.499%	0.499%
Phase out of Normal Cost Difference	0.000%	0.000%
Amortization of Side Fund	1.210%	0.000%
<b>Total Employer Contribution Rate</b>	<b>11.991%</b>	<b>10.781%</b>
Amortization Period	<b>5 years</b>	<b>N/A</b>
Change to 13/14 Total Employer Contribution Rate		<b>(1.210%)</b>

To initiate this change, the enclosed Lump Sum Payment Request must be completed and returned to the Fiscal Services Division with a wire transfer or a check by June 28, 2013. A copy should be sent to us.

If you have questions, please call (888) CalPERS (225-7377).

*Barbara J. Ware*

BARBARA J. WARE, FSA, MAAA  
 Enrolled Actuary  
 Senior Pension Actuary, CalPERS

# LUMP SUM PAYMENT REQUEST

Please complete and return this form to the following address:

CalPERS  
Fiscal Services Division  
Attn: Retirement Program Accounting  
P O Box 942703  
Sacramento, CA 94229-2703

Or fax to: 916-795-7622.

If a wire transfer is being used, it should go to the following account:

ABA#0260-0959-3

Bank of America Sacramento Main  
555 Capitol Mall, Suite 1555  
Sacramento, CA 95814

For credit to State of CA, CalPERS  
Account # 01482-80005

Please e-mail [FCSD\\_public\\_agency\\_wires@calpers.ca.gov](mailto:FCSD_public_agency_wires@calpers.ca.gov) and your actuary on the day of the wire to ensure timely crediting to your account. Any individual wire totaling over \$5,000,000 requires a 72 hour notice.

Employer Name: LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

CalPERS ID: 7449296272

Member Group or Plan: MISCELLANEOUS PLAN

Rate Plan ID: 5580

Amount: **\$14,621**

Purpose:	Pay off the side fund
Base(s) to which payment is applied:	N/A

In recognition of our payment please revise our employer contribution rate effective June 29, 2013:

Name and Title: (Please Print): \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Fiscal Services verification Date Received \_\_\_\_\_ Amount Received \_\_\_\_\_

PERS01F0036 DMC (02-2009) Reference # \_\_\_\_\_ Name and Date: \_\_\_\_\_

## SUMMARY OF FINANCIAL AND DEMOGRAPHIC INFORMATION

### Plan's Side Fund

At the time your plan joined the Risk Pool, a side fund was created to account for the difference between the funded status of the pool and the funded status of your plan, in addition to your existing unfunded liability. The side fund for your plan as of the June 30, 2011 valuation is shown in the following table.

Your side fund will be credited, on an annual basis, with the actuarial investment return assumption. This assumption is 7.75% prior to July 1, 2012 and 7.5% after June 30, 2012. A positive side fund will cause your required employer contribution rate to be reduced by the Amortization of Side Fund shown above in Required Employer Contributions. A negative side fund will cause your required employer contribution rate to be increased by the Amortization of Side Fund. In the absence of subsequent contract amendments or funding changes, the side fund will disappear at the end of the amortization period shown below.

#### Plan's Side Fund Reconciliation

	June 30, 2010	June 30, 2011
Side Fund as of valuation date*	\$ (20,047)	\$ (18,480)
Adjustments	0	0
Side Fund Payment	3,006	3,103
Side Fund one year later	\$ (18,480)	\$ (16,691)
Adjustments	0	0
Side Fund Payment	3,103	3,204
Side Fund two years later	\$ (16,691)	\$ (14,621)
Amortization Period	6	5
Side Fund Payment during last year	\$ 3,204	\$ 3,297

\* If your agency employed superfunded vouchers in fiscal year 2010/2011 to pay employee contributions, the June 30, 2011 Side Fund amount has been adjusted by a like amount without any further adjustment to the Side Fund's amortization period. Similarly, the Side Fund has been adjusted for the increase in liability from any recently adopted Class 1 or Class 2 contract amendments. Also, the Side Fund may be adjusted or eliminated due to recent lump sum payments. Contract amendments and lump sum payments may result in an adjustment to the Side Fund amortization period.

# ATTACHMENT 4

## CaIPERS RETIREMENT PLAN ACTUARIAL REPORT OCTOBER 2012



California Public Employees' Retirement System  
 Actuarial Office  
 P.O. Box 942701  
 Sacramento, CA 94229-2701  
 TTY: (916) 795-3240  
 (888) 225-7377 phone • (916) 795-2744 fax  
 www.calpers.ca.gov

October 2012

**MISCELLANEOUS PLAN OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY  
 (CalPERS ID 7449296272)  
 Annual Valuation Report as of June 30, 2011**

Dear Employer,

As an attachment to this letter, you will find a copy of Section 1 of the June 30, 2011 actuarial valuation report of your pension plan. Since your plan had less than 100 active members in at least one valuation since June 30, 2003, it is required to participate in a risk pool. The valuation report is divided into two Sections:

- Section 1 contains specific information for your plan, including the development of your pooled employer contribution rate, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to your plan, as of June 30, 2011.

Section 2 may be found on the CalPERS website ([www.calpers.ca.gov](http://www.calpers.ca.gov)) then selecting Employers >Actuarial & GASB 27 Information >Risk Pooling >Risk Pool Annual Valuation Report, or at the following address: <http://ow.ly/eNpMg>.

This report contains important actuarial information about your pension plan at CalPERS. Your CalPERS staff actuary is available to discuss the report with you.

**Changes Since the Prior Valuation**

The CalPERS' Board of Administration adopted updated actuarial assumptions to be used beginning with the June 30, 2011 valuation. The inflation rate changed from 3% to 2.75% and the discount rate changed from 7.75% to 7.5%. In addition, a temporary modification to our method of determining the actuarial value of assets and amortizing gains and losses was implemented for the valuations as of June 30, 2009 through June 30, 2011. The effect of those modifications continues in this valuation.

There may also be changes specific to your plan such as contract amendments and funding changes.

**Future Contribution Rates**

The exhibit below displays the required employer contribution rate and Superfunded status for 2013/2014 along with an estimate of the contribution rate and Superfunded status for 2014/2015. The estimated rate for 2014/2015 is based on a projection of the most recent information we have available, including an estimate of the investment return for fiscal 2011/2012, namely 0%. See Section 2 Appendix E, "Analysis of Future Investment Return Scenarios", for how much the Risk Pool's portion of your rate is expected to increase in 2015/2016 rate projections under a variety of investment return scenarios for the Risk Pool's portion of your rate. Please disregard any projections that we may have provided to you in the past.

Fiscal Year	Employer Contribution Rate	Superfunded?
2013/2014	11.991%	No
2014/2015	12.8% (projected)	No

Member contributions (whether paid by the employer or the employee) are in addition to the above rates. Further, these rates do not reflect any cost sharing.

The estimate for 2014/2015 assumes that there are no future amendments and no liability gains or losses (such as larger than expected pay increases, more retirements than expected, etc.). This is a very important assumption because these gains and losses do occur and can have a significant effect on your contribution rate. Even for the largest plans, such gains and losses can impact the employer's contribution rate by one or two percent or even more in some less common instances. These gains and losses cannot be predicted in advance so the projected employer contribution rate for 2014/2015 is just an estimate. Your actual rate for 2014/2015 will be provided in next year's report.

### California Actuarial Advisory Panel Recommendations

The report satisfies all basic disclosure requirements under the Model Disclosure Elements for Actuarial Valuation Reports recommended by the California Actuarial Advisory Panel, except for the original base amounts of the unfunded liability amortization.

The report gives the following additional information classified as enhanced risk disclosures under the Model Disclosure Elements for Actuarial Valuation Reports recommended by the California Actuarial Advisory Panel:

- "Deterministic stress test", projecting future results under different investment income scenarios. (See Appendix E's Analysis of Future Investment Return Scenarios, from Section 2 of this report.)
- "Sensitivity analysis", showing the impact on current valuation results of a plus or minus 1% change in the discount rate. (See Appendix E's Analysis of Discount Rate Sensitivity, from Section 2 of this report.)

We are very busy preparing actuarial valuations for other public agencies and expect to complete all such valuations by the end of October. We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their result, we ask that, if at all possible, you wait until after October 31 to contact us with questions. If you have questions, please call (888) CalPERS (225-7377).

Sincerely,



ALAN MILLIGAN,  
Chief Actuary



**ACTUARIAL VALUATION**

as of June 30, 2011

**for the  
MISCELLANEOUS PLAN  
of the  
LOCAL AGENCY FORMATION COMMISSION  
OF MONTEREY COUNTY  
(CalPERS ID 7449296272)**

**REQUIRED CONTRIBUTIONS  
FOR FISCAL YEAR**

**July 1, 2013 - June 30, 2014**

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## SECTION 1 – PLAN SPECIFIC INFORMATION

## SECTION 2 – RISK POOL ACTUARIAL VALUATION INFORMATION

# Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

---

**Plan Specific Information for  
the MISCELLANEOUS PLAN  
of the LOCAL AGENCY FORMATION  
COMMISSION OF MONTEREY COUNTY**

**(CalPERS ID 7449296272)  
(Rate Plan # 5580)**

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**SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

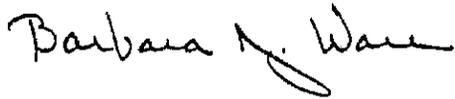
## **ACTUARIAL CERTIFICATION**

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2011 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2011 provided by employers participating in the risk pool to which your plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the Pool Actuary has certified that, in her opinion, the valuation of the Risk Pool containing your MISCELLANEOUS PLAN has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the Risk Pool, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for your plan, it is my opinion as your Plan Actuary that the Side Fund as of June 30, 2011 and employer contribution rate as of July 1, 2013, have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary for CalPERS, who is a member of both the American Academy of Actuaries and Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



BARBARA J. WARE, FSA, MAAA  
Enrolled Actuary  
Senior Pension Actuary, CalPERS  
Plan Actuary

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**SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**HIGHLIGHTS AND EXECUTIVE SUMMARY**

**Purpose of Section 1**

This section 1 report for the MISCELLANEOUS PLAN of the LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY of the California Public Employees' Retirement System (CalPERS) was prepared by the Plan Actuary in order to:

- set forth the actuarial assets and accrued liabilities of this plan as of June 30, 2011;
- determine the required employer contribution rate for this plan for the fiscal year July 1, 2013 through June 30, 2014;
- provide actuarial information as of June 30, 2011 to the CalPERS Board of Administration and other interested parties; and
- provide pension information as of June 30, 2011 to be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement Number 27 for a Cost Sharing Multiple Employer Defined Benefit Pension Plan.

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

**SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**Required Employer Contributions**

	<b>Fiscal Year 2012/2013</b>	<b>Fiscal Year 2013/2014</b>
Employer Contribution Required (in Projected Dollars)		
Risk Pool's Net Employer Normal Cost	\$ 25,764	\$ 21,935
Risk Pool's Payment on Amortization Bases	6,661	6,075
Surcharge for Class 1 Benefits		
a) FAC 1	1,742	1,359
Phase out of Normal Cost Difference	0	0
Amortization of Side Fund	3,204	3,297
Total Employer Contribution	\$ 37,371	\$ 32,666
Employee Cost Sharing	N/A	0
<b>Net Employer Contribution</b>	N/A	32,666
<b>Annual Lump Sum Prepayment Option*</b>	\$ 36,002	\$ 31,506
Projected Payroll for the Contribution Fiscal Year	\$ 333,731	\$ 272,423
Employer Contribution Required (Percentage of Payroll)		
Risk Pool's Net Employer Normal Cost	7.720%	8.052%
Risk Pool's Payment on Amortization Bases	1.996%	2.230%
Surcharge for Class 1 Benefits		
a) FAC 1	0.522%	0.499%
Phase out of Normal Cost Difference	0.000%	0.000%
Amortization of Side Fund	0.960%	1.210%
Total Employer Contribution	11.198%	11.991%
Employee Cost Sharing	N/A	(0.000%)
<b>Net Employer Contribution</b>	N/A	11.991%

Appendix C of Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

Risk pooling was implemented as of June 30, 2003. The normal cost difference is scheduled to be phased out over a five year period. The phase out of normal cost difference is 100% for the first year of pooling, and is incrementally reduced by 20% of the original normal cost difference for each subsequent year.

\*Payment must be received by CalPERS before the first payroll reported to CalPERS of the new fiscal year and after June 30.

**SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**Plan's Funded Status**

	June 30, 2010		June 30, 2011
1. Present Value of Projected Benefits (PVB)	N/A	\$	650,633
2. Entry Age Normal Accrued Liability	N/A		446,659
3. Plan's Actuarial Value of Assets (AVA)	N/A	\$	391,424
4. Unfunded Liability (AVA Basis) [(2) - (3)]	N/A	\$	55,235
5. Funded Ratio (AVA Basis) [(3) / (2)]	N/A		87.6%
6. Plan's Market Value of Assets (MVA)	N/A	\$	350,377
7. Unfunded Liability (MVA Basis) [(2) - (6)]	N/A		96,282
8. Funded Ratio (MVA Basis) [(6) / (2)]	N/A		78.4%

**Superfunded Status**

	June 30, 2010	June 30, 2011
<b>Is the plan Superfunded?</b>	No	No
[Yes if AVA exceeds PVB, No otherwise]		

**Projected Contributions**

The rate shown below is an estimate for the employer contribution for Fiscal Year 2014/2015. The estimated rate is based on a projection of the most recent information we have available, including an estimate of the investment return for fiscal year 2011/2012, namely 0%:

Projected Employer Contribution Rate: 12.8%

The estimate also assumes that there are no liability gains or losses among the plans in your risk pool, that your plan has no new amendments in the next year, and that your plan's and your risk pool's payrolls both increase exactly 3.0% in the 2011/2012 fiscal year. Therefore, the projected employer contribution rate for 2014/2015 is just an estimate. Your actual rate for 2014/2015 will be provided in next year's report.

## **Rate Volatility**

Your plan's employer contribution rate will inevitably fluctuate, for many reasons. However, the biggest fluctuations are generally due to changes in the side fund rate resulting from unexpected changes in payroll. The following figure shows how much your 2014/2015 side fund rate would change for each 1% deviation between our 3.0% payroll growth assumption and your actual 2011/2012 payroll growth.

### **POTENTIAL 2014/2015 RATE IMPACT FROM 2011/2012 PAYROLL DEVIATION**

**% Rate Change per 1% Deviation from Assumed 3.0% Payroll Growth:** (0.012%)

Examples: To see how your employer contribution rate might be affected by unexpected payroll change, suppose the following:

- The % Rate Change per 1% Deviation figure given above is -0.400%
- Your plan's payroll increased 10% in 2011/2012 (7.0% more than our 3.0% assumption).

Then your 2014/2015 rate would decrease  $-0.400\% \times (10 - 3.0) = -2.80\%$  from that cause alone.

Or conversely, using the same % Rate Change per 1% Deviation figure given above, suppose your plan's payroll remained the same in 2011/2012 (3.0% less than our 3.0% assumption).

Then your 2014/2015 rate would increase  $-0.400\% \times (0 - 3.0) = 1.2\%$  from that cause alone.

Note that if your plan had a negative side fund, an unexpected payroll increase would spread the payback of the negative side fund over a bigger payroll, which would decrease your plan's side fund percentage rate and the total employer contribution rate. On the other hand, if your plan had a positive side fund, an unexpected payroll increase would spread the payback of the positive side fund over a larger payroll, which would increase your plan's side fund percentage rate and the total employer contribution rate. In either case, the amortization of Side Fund dollar amount would not change.

**SECTION 1 -- PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**SUMMARY OF FINANCIAL AND DEMOGRAPHIC INFORMATION**

**Plan's Side Fund**

At the time your plan joined the Risk Pool, a side fund was created to account for the difference between the funded status of the pool and the funded status of your plan, in addition to your existing unfunded liability. The side fund for your plan as of the June 30, 2011 valuation is shown in the following table.

Your side fund will be credited, on an annual basis, with the actuarial investment return assumption. This assumption is 7.75% prior to July 1, 2012 and 7.5% after June 30, 2012. A positive side fund will cause your required employer contribution rate to be reduced by the Amortization of Side Fund shown above in Required Employer Contributions. A negative side fund will cause your required employer contribution rate to be increased by the Amortization of Side Fund. In the absence of subsequent contract amendments, or funding changes, the side fund will disappear at the end of the amortization period shown below.

**Plan's Side Fund Reconciliation**

	June 30, 2010	June 30, 2011
Side Fund as of valuation date*	\$ (20,047)	\$ (18,480)
Adjustments	0	0
Side Fund Payment	3,006	3,103
Side Fund one year later	(18,480)	(16,691)
Adjustments	0	0
Side Fund Payment	3,103	3,204
Side Fund two years later	(16,691)	(14,621)
Amortization Period	6	5
Side Fund Payment during last year	\$ 3,204	\$ 3,297

\* If your agency employed superfunded vouchers in fiscal year 2010/2011 to pay employee contributions, the June 30, 2011 Side Fund amount has been adjusted by a like amount without any further adjustment to the Side Fund's amortization period. Similarly, the Side Fund has been adjusted for the increase in liability from any recently adopted Class 1 or Class 2 contract amendments. Also, the Side Fund may be adjusted or eliminated due to recent lump sum payments. Contract amendments and lump sum payments may result in an adjustment to the Side Fund amortization period.

**SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

## Development of the Actuarial Value of Assets

		<b>June 30, 2011</b>
1. Plan's Accrued Liability	\$	446,659
2. Plan's Side Fund		(18,480)
3. Pool's Accrued Liability		3,619,835,876
4. Pool's Side Fund		(115,840,552)
5. Pool's Actuarial Value of Assets Including Receivables		3,203,214,899
6. Plan's Actuarial Value of Assets (AVA) Including Receivables $[(1 + 2) / (3 + 4) \times 5]$	\$	391,424
7. Pool's Market Value of Assets (MVA) Including Receivables		2,867,303,802
8. Plan's Market Value of Assets (MVA) Including Receivables $[(1 + 2) / (3 + 4) \times 7]$	\$	350,377

## Funding History

The Funding History below shows the actuarial accrued liability, the actuarial value of assets, the market value of assets, funded ratios and the annual covered payroll. The actuarial value of assets is used to establish funding requirements and the funded ratio on this basis represents the progress toward fully funding future benefits for current plan participants. The funded ratio based on the market value of assets is an indicator of the short-term solvency of the plan.

Valuation Date	Accrued Liability	Actuarial Value of Assets (AVA)	Market Value of Assets (MVA)	Funded Ratio		Annual Covered Payroll
				AVA	MVA	
06/30/11	\$ 446,659	\$ 391,424	\$ 350,377	87.6%	78.4%	\$ 249,306

## Plan's Total Normal Cost Rate

The Public Employees' Pension Reform Act of 2013 requires that new employees pay at least 50% of the total annual normal cost and that current employees approach the same goal through collective bargaining. Please refer to the CalPERS website for more details.

Shown below is the total annual normal cost rate for your plan. Note that this rate is for current members only.

	<b>Fiscal Year</b>	<b>Fiscal Year</b>
	<b>2012/2013</b>	<b>2013/2014</b>
Pool's Net Total Normal Cost Rate	N/A	14.922%
Surcharge for Class 1 Benefits		
a) FAC 1	N/A	0.499%
Plan's Total Normal Cost Rate	N/A	15.421%

**SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

## Hypothetical Termination Liability

In August 2011, the CalPERS Board adopted an investment policy and asset allocation strategy that more closely reflects expected benefit payments of the Terminated Agency Pool. With this change, CalPERS increased benefit security for members while limiting its funding risk.

The table below shows the hypothetical termination liability, the market value of assets, the unfunded termination liability and the termination funded ratio. The assumptions used, including the discount rate, are stated in Appendix A and take into account the yields available in the US Treasury market on the valuation date and the mortality load for contingencies. The discount rate is duration weighted and is not necessarily the rate that would be used for this plan if it were to terminate. The discount rate for this plan's termination liability would depend on the duration of the liabilities of this plan. For purposes of this estimate, the discount rate of 4.82% is based on the June 30, 2011 30-year US Treasury Stripped Coupon Rate. Please note, as of June 30, 2012 the 30-year US Treasury Stripped Coupon Rate was 2.87%.

Valuation Date	Hypothetical Termination Liability	Market Value of Assets (MVA)	Unfunded Termination Liability	Termination Funded Ratio	Discount Rate
06/30/11	\$ 637,308	\$ 350,377	\$ 286,931	55.0%	4.82%

## Summary of Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2010	June 30, 2011
Projected Payroll for Contribution Purposes	\$ 333,731	\$ 272,423
Number of Members		
Active	3	2
Transferred	0	0
Separated	0	1
Retired	1	1

## List of Class 1 Benefit Provisions

- One Year Final Compensation

**SECTION 1 - PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**Information for Compliance with GASB Statement No. 27 for Cost-Sharing Multiple-Employer Defined Benefit Plan**

Your plan is part of the Miscellaneous 2% at 55 Risk Pool, a cost-sharing multiple-employer defined benefit plan. Under GASB 27, an employer should recognize annual pension expenditures/expense equal to its contractually required contributions to the plan. Pension liabilities and assets result from the difference between contributions required and contributions made. The contractually required contribution for the period July 1, 2013 to June 30, 2014 has been determined by an actuarial valuation of the plan as of June 30, 2011. Your unadjusted contribution rate for the indicated period is 11.991% of payroll. In order to calculate the dollar value of the contractually required contributions for inclusion in financial statements prepared as of June 30, 2014, this contribution rate, less any employee cost sharing, and as modified by any subsequent financing changes or contract amendments for the year, would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2013 to June 30, 2014. However, if this contribution is fully prepaid in a lump sum, then the dollar value of contractually required contributions is equal to the lump sum prepayment. The employer and the employer's auditor are responsible for determining the contractually required contributions. Further, the required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years is to be disclosed under GASB 27.

A summary of principal assumptions and methods used to determine the contractually required contributions is shown below for the cost-sharing multiple-employer defined benefit plan.

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age-Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	20 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Discount Rate	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

Complete information on assumptions and methods is provided in Appendix A of Section 2 of the report. Appendix B of Section 2 of the report contains a description of benefits included in the Risk Pool Actuarial Valuation.

A Schedule of Funding for the Risk Pool's actuarial value of assets, accrued liability, their relationship, and the relationship of the unfunded liability (UL) to payroll for the risk pool(s) to which your plan belongs can be found in Section 2 of the report.

**SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**Summary of Plan's Major Benefit Options**

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Appendix B within Section 2 of this report.

	Coverage Group	
<b>Benefit Provision</b>	70001	
Benefit Formula	2.0% @ 55	
Social Security Coverage	no	
Full/Modified	full	
Final Average Compensation Period	12 mos.	
Sick Leave Credit	yes	
Non-Industrial Disability	standard	
Industrial Disability	no	
Pre-Retirement Death Benefits		
Optional Settlement 2W	yes	
1959 Survivor Benefit Level	level 4	
Special	no	
Alternate (firefighters)	no	
Post-Retirement Death Benefits		
Lump Sum	\$500	
Survivor Allowance (PRSA)	no	
COLA	2%	
Employee Contributions		
Contractual employer paid	no	

\*Inactive Coverage Group

## Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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**Section 2 may be found on the CalPERS website  
([www.calpers.ca.gov](http://www.calpers.ca.gov)) then selecting:**

- **Employers**
- **Actuarial & GASB 27 Information**
- **Risk Pooling**
- **Risk Pool Annual Valuation Report**

**Or at the following address: <http://ow.ly/eNpMg>**

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## HIGHLIGHTS AND EXECUTIVE SUMMARY

- PURPOSE OF SECTION 2
- RISK POOL'S REQUIRED EMPLOYER CONTRIBUTIONS
- RISK POOL'S REQUIRED BASE EMPLOYER RATE
- RISK POOL'S NET TOTAL NORMAL COST RATE
- FUNDED STATUS OF THE RISK POOL
- COST
- CHANGES SINCE THE PRIOR VALUATION
- SUBSEQUENT EVENTS

## Purpose of Section 2

This Actuarial Valuation for the Miscellaneous 2% at 55 Risk Pool of the California Public Employees' Retirement System (CalPERS) was performed by CalPERS' staff actuaries using data as of June 30, 2011 in order to:

- set forth the actuarial assets and accrued liabilities of this risk pool as of June 30, 2011
- determine the required contribution rate of the pool for the fiscal year July 1, 2013 through June 30, 2014
- provide actuarial information as of June 30, 2011 to the CalPERS Board and other interested parties

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

## Risk Pool's Required Employer Contribution

	Fiscal Year 2012/2013	Fiscal Year 2013/2014
<b>Contribution in Projected Dollars</b>		
a) Total Pool's Normal Cost	125,632,808	129,104,598
b) Employee Contribution	56,642,265	56,998,174
c) Pool's Gross Employer Normal Cost	\$ 68,990,543	\$ 72,106,424
d) Payment on Pool's Amortization Bases	16,440,539	18,502,203
e) Payment on Employer Side Funds	<u>15,535,000</u>	<u>14,847,635</u>
f) Total Required Employer Contribution*	\$ 100,969,204	\$ 105,459,067

\* Total may not add up due to rounding

### Contribution as a % of Projected Pay

a) Total Pool's Normal Cost	15.251%	15.561%
b) Employee Contribution	6.876%	6.870%
c) Pool's Gross Employer Normal Cost	8.375%	8.691%
d) Payment on Pool's Amortization Bases	1.996%	2.230%
e) Payment on Employer Side Funds	<u>1.886%</u>	<u>1.790%</u>
f) Total Required Employer Contribution	12.257%	12.711%

These rates are the total required employer contributions to the pool for fiscal years 2012/2013 and 2013/2014. The Pool's Gross Employer Normal Cost includes the Class 1 surcharges for all employers that contract for the Class 1 type benefits. The payment on the pool's amortization bases is the payment on the ongoing cumulative gains and losses experienced by the pool since its June 30, 2003 inception. The payment on employer side funds is the combination of all expected individual amortization payments on every side fund in the pool.

## Risk Pool's Required Base Employer Rate

	Fiscal Year 2012/2013	Fiscal Year 2013/2014
1. Pool's Gross Employer Normal Cost	8.375%	8.691%
Less: Surcharges for Class 1 Benefits	<u>0.655%</u>	<u>0.639%</u>
2. Pool's Net Employer Normal Cost	7.720%	8.052%
3. Payment on Pool's Amortization Bases	<u>1.996%</u>	<u>2.230%</u>
4. Pool's Base Employer Rate	9.716%	10.282%

## HIGHLIGHTS AND EXECUTIVE SUMMARY

The base employer contribution rate is the rate that each plan within the pool pays before any adjustments are made. It represents the pool funding for basic benefits (no Class 1 surcharges) for the fiscal year shown. To arrive at a plan's total contribution rate, several components must be added to this base rate. These components are Class 1 benefit surcharges, normal cost phase-out and any side fund payment. More information about those additional components can be found in Section 1 of this report.

### Risk Pool's Net Total Normal Cost Rate

	Fiscal Year 2012/2013	Fiscal Year 2013/2014
1. Pool's Net Employer Normal Cost	7.720%	8.052%
2. Pool's Employee Contribution Rate	6.876%	6.870%
3. Pool's Net Total Normal Cost Rate	14.596%	14.922%

### Funded Status of the Risk Pool

	June 30, 2010	June 30, 2011
1. Present Value of Projected Benefits	\$ 4,199,269,612	\$ 4,531,905,824
2. Entry Age Normal Accrued Liability	\$ 3,309,064,934	\$ 3,619,835,876
3. Actuarial Value of Assets	\$ 2,946,408,106	\$ 3,203,214,899
4. Unfunded Liability (AVA Basis) [(2) - (3)]	\$ 362,656,828	\$ 416,620,977
5. Funded Ratio (AVA Basis) [(3) / (2)]	89.0%	88.5%
6. Market Value of Assets	\$ 2,320,125,367	\$ 2,867,303,802
7. Unfunded Liability (MVA Basis) [(2) - (6)]	\$ 988,939,567	\$ 752,532,074
8. Funded Ratio (MVA Basis) [(6) / (2)]	70.1%	79.2%

## Cost

### Actuarial Cost Estimates in General

What will this pension plan cost? Unfortunately, there is no simple answer. There are two major reasons for the complexity of the answer:

First, all actuarial calculations, including those in this report, are based on a number of assumptions about the future. These assumptions can be divided into two categories:

- Demographic assumptions include the percentage of employees that will terminate, die, become disabled, and retire in each future year.
- Economic assumptions include future salary increases for each active employee, and the assumption with the greatest impact, future asset returns at CalPERS for each year into the future until the last dollar is paid to current members of your plan.

While CalPERS has set these assumptions as our best estimate of the real future of your plan, it must be understood that these assumptions are very long term predictors and will surely not be realized in any one year. For example, while the asset earnings at CalPERS have averaged more than the assumed return of 7.5% for the past twenty year period ending June 30, 2012, returns for each fiscal year ranged from -24% to +21.7%

Second, the very nature of actuarial funding produces the answer to the question of plan or pool cost as the sum of two separate pieces:

- The Normal Cost (i.e., the future annual premiums in the absence of surplus or unfunded liability) expressed as a percentage of total active payroll, and

## HIGHLIGHTS AND EXECUTIVE SUMMARY

- The Past Service Cost or Accrued Liability (i.e., representing the current value of the benefit for all credited past service of current members) which is expressed as a lump sum dollar amount. The cost is the sum of a percent of future pay and a lump sum dollar amount (the sum of an apple and an orange if you will). To communicate the total cost, either the Normal Cost (i.e., future percent of payroll) must be converted to a lump sum dollar amount (in which case the total cost is the present value of benefits), or the Past Service Cost (i.e., the lump sum) must be converted to a percent of payroll (in which case the total cost is expressed as the employer's rate, part of which is permanent and part temporary). Converting the Past Service Cost lump sum to a percent of payroll requires a specific amortization period, and the plan or pool rate will vary depending on the amortization period chosen.

## Changes since the Prior Valuation

### Actuarial Assumptions

The CalPERS Actuarial office conducted a study and hired an independent evaluator to assess current economic assumptions. Based on the information from both studies, the CalPERS Board of Administration has adopted updated economic assumptions to be used beginning with the June 30, 2011 valuation. In particular, the recommendation based on both studies was to lower the price inflation from 3.00 to 2.75 percent.

Lowering the price inflation had a direct impact on the Investment Return and the Overall Payroll Growth assumptions. The Investment Return assumption is calculated as the sum of the price inflation and the real rate of return. Our assumed real rate of return is 4.75 percent. When added to our new price inflation of 2.75 percent, the resulting investment return is 7.50 percent. The Overall Payroll Growth is calculated as the sum of the price inflation and real wage inflation. Our assumed real wage inflation is 0.25 percent. When added to our new price inflation of 2.75 percent, the resulting overall payroll growth is 3.00 percent.

The new assumptions are described in Appendix A. The effect of the change in assumptions on the unfunded liability is shown in the "(Gain)/Loss Analysis" and the effect on your employer contribution rate is included in the "Reconciliation of Required Employer Contributions".

The limitations on benefits imposed by Internal Revenue Code Section 415 were taken into account in this valuation. The effect of these limitations has been deemed immaterial on the overall results and no additional charge to the change in assumptions base was added.

### Actuarial Methods

A method change was adopted by the CalPERS Board in June 2009. We are in the third year of a 3-year temporary change to the asset smoothing method and the amortization of gain and losses in order to phase in the impact of the -24% investment loss experienced by the pension fund in fiscal year 2008-2009. The following changes were adopted:

- Increase the corridor limits for the actuarial value of assets from 80%-120% of market value to 60%-140% of market value on June 30, 2009
- Reduce the corridor limits for the actuarial value of assets to 70%-130% of market value on June 30, 2010
- Return to the 80%-120% of market value corridor limits for the actuarial value of assets on June 30, 2011 and thereafter
- Isolate and amortize all gains and losses during fiscal year 2008-2009, 2009-2010 and 2010-2011 over fixed and declining 30 year periods (as opposed to the current rolling 30 year amortization)

A complete description of all methods is in Appendix A. The detailed calculation of the actuarial value of assets is shown in the "Development of the Actuarial Value of Assets."

### Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation whose valuation date follows the effective date of the legislation. Voluntary benefit changes by employers within the risk pool are generally included in the first valuation that is prepared after the amendment becomes effective even if the valuation date is prior to the effective date of the amendment.

## HIGHLIGHTS AND EXECUTIVE SUMMARY

The valuation generally reflects plan changes by amendments effective prior to July 1, 2012. Please refer to Appendix B for a summary of the plan provisions used in this valuation report. The provisions in Appendix B do not indicate the class of benefits voluntarily contracted for by individual employers within the risk pool. Refer to Section 1 of the valuation report for a list of your specific contracted benefits. The increase in the pool's unfunded liabilities due to Class 1 or 2 amendments by individual employers within the pool is embedded in the Liability (Gain) / Loss shown in the (Gain) / Loss section of this report. This amount, however, is offset by additional contributions through a surcharge for employers who voluntarily contract for those benefits.

## Subsequent Events

There were no significant subsequent events to report in this valuation.



- **SB 181, 182, and 183 (Committee on Government and Finance)**, three annual acts to validate the boundaries of all local agencies and to ensure the success of local agency bond issues.

CALAFCO opposes one piece of legislation: **SB 772 (Emmerson)**. This bill would require LAFCO to produce studies of a large number of public water systems in each county, but does not provide LAFCO with the authority or resources to implement any recommendations that may come from the required studies.

CALAFCO is maintaining a watch status on several bills. One of these is **AB 823 (Eggman)**, the “California Farmland Protection Act.” This bill would require the permanent preservation of an acre of farmland for every acre lost to development. It would establish clear minimum requirements for mitigating the loss of agricultural land through amendments to the California Environmental Quality Act (CEQA). The first hearing on this bill before the Assembly Natural Resources Committee occurred on April 15.

### **CALAFCO Staff Workshop**

The Executive Officer, Senior Analyst and General Counsel attended an annual education workshop in Davis.

### **ALTERNATIVE ACTIONS:**

Respectfully Submitted,



Kate McKenna, AICP  
Executive Officer



districts and residents, and range from formation of new special districts, to modifying local government boundaries, to changing authorized services, to allowing service extensions, and reorganizing local agencies. Demands for special studies focus on the municipal service reviews that LAFCO is required to prepare for all local agencies, and that are a pre-requisite to major Sphere of Influence updates. The increased demand for LAFCO's services can be measured by various indicators as discussed with the Budget and Finance Committee:

- First, the list of “anticipated agenda items” is expanding fast. It is updated monthly and provided to the Commission for information purposes (and attached as Table 1 of the work program). The list is an accurate measure of formative, preliminary discussions between LAFCO, local agencies and property owners that may lead to formal applications. It does not include casual or isolated inquiries. As of March 2013, the list had 29 items -- 27 of which pertain to future city, district, County or resident applications for annexations, Spheres of Influence, or required municipal service reviews. This compares to 17 items in March 2012, and 7 items in March 2009. Time spent to date by staff on each item varies from a few hours to hundreds of hours. Some items will take years to mature into formal applications, and some will never reach the formal application stage. The pre-application stage is often the most time-consuming part of the process for LAFCO staff. It is a critical part of our work because it builds a foundation for the success of formal applications that are eventually submitted by cities, the County, districts and property owners.
- Second, more items on the anticipated list are now making their way to the formal application stage. The number of formal applications dropped to almost zero during the recession, but is on track to return to pre-2008 levels in 2013.
- Third, LAFCO has received more requests for municipal service reviews than current staff can accomplish now, and we are falling behind in preparing routine service review updates. State law requires that LAFCO update the Sphere of Influence of each city and special district every five years as necessary, and requires that the Sphere updates must be found consistent with an adopted municipal service review. Because municipal service reviews are a pre-requisite to Sphere of Influence updates, LAFCO has a comprehensive, multi-year plan to routinely update these studies based on priorities set by the Commission. While there is no immediate need to do some of the reviews, others become urgent when cities, districts or the County plan to submit formal Sphere of Influence applications. Pre-application interest in Spheres of Influence is high, and this in turn creates a strong demand for LAFCO to prepare service reviews.

State law began requiring municipal service reviews 11 years ago. At that time, the Commission hired consultants to prepare municipal service reviews for all cities and districts. Many of those service reviews are now out of date. In 2006, LAFCO hired a second fulltime Senior Analyst to assist with municipal service reviews and application processing. In 2008, funding for the second Senior Analyst position was eliminated in response to the economic downturn. Since 2008, all LAFCO functions have been

entirely done by the reduced staff with no outside assistance. During the recession and a relatively quiet period for local government boundaries and authorized services, we were able to accomplish a second round of municipal service reviews for all cities (2010 and 2011), all fire protection districts (2012) and a health care district (2012) with in-house staff resources. Now that pre-application and application processing tasks are once again taking up a lot of staff time, we are struggling to complete three priority water/sanitation agency reviews, and are holding off all other requests for service reviews until at least the Fall of 2013. In-house preparation of municipal service reviews is slowing down even as the demand increases for them.

### **Conclusion**

The proposed work program for FY 2013-2014 continues to emphasize LAFCO's six basic functions, and does not add significant new tasks. However, indications are that the application processing and special studies (municipal service review) functions of the work program will require more time than is currently available. In particular, with the surge in preliminary and formal application activities, the reduced staff level can no longer meet the demand for municipal service reviews.

### **Fiscal Impact**

The proposed budget for FY 2013-2014 (Agenda Item No. 7.b, April 22, 2013) addresses the identified work program needs by adding funds for temporary outside professional help to prepare municipal service reviews under direction of the Executive Officer. This is the most conservative and flexible way to add to the capability of staff to support local agency goals and remove a possible impediment to local needs for economic development, public health, etc.

### **Public Notice**

Notice of this public hearing was advertised in local newspapers and on the LAFCO website. Copies of the agenda, Executive Officer's report and proposed work program were distributed to local agencies. The agenda and links to the posted agenda packet were widely distributed to all persons and agencies interested in LAFCO activities.

### **Alternative Actions**

The Commission may modify the proposed work program or provide other direction.

Respectfully Submitted,



Kate McKenna, AICP,  
Executive Officer

cc: Local Agencies, Auditor-Controller's Office

Attachment: Resolution with Exhibit A (Work Program) and Table 1 (Anticipated Agenda Items)

**THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**RESOLUTION NO. 13-xx**

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION  
ADOPTING THE FISCAL YEAR 2013-2014 WORK PROGRAM**

WHEREAS, these proceedings are taken in conformance with the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the Government Code; and

WHEREAS, the Budget and Finance Committee of the Local Agency Formation Commission of Monterey County considered a proposed annual work program on March 28, 2013, and made its recommendations to the Commission; and

WHEREAS, the Local Agency Formation Commission of Monterey County considered these recommendations and conducted a duly noticed public hearing on April 22, 2013.

NOW, THEREFORE, the Local Agency Formation Commission of Monterey County does HEREBY RESOLVE, DETERMINE, AND ORDER the adoption of the work program for Fiscal Year 2013-2014 as shown in Exhibit A.

UPON MOTION OF Commissioner \_\_\_\_\_, seconded by Commissioner \_\_\_\_\_, the foregoing resolution is adopted this 22<sup>nd</sup> day of April, 2013 by the following vote:

AYES:	Commissioners _____
NOES:	Commissioners _____
ABSENT:	Commissioners _____
ABSTAIN:	Commissioners _____

\_\_\_\_\_  
Bruce Delgado, Chair  
Local Agency Formation Commission of Monterey County

ATTEST: I certify that this resolution is a true and complete record of said Commission's actions.

Witness my hand this \_\_\_ day of April 2013

By: \_\_\_\_\_  
Kate McKenna, AICP, Executive Officer

**LAFCO** *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

**PROPOSED WORK PROGRAM**

**FISCAL YEAR 2013-2014**

April 22, 2013

<b>1. APPLICATION PROCESSING FUNCTIONS</b>		
<b>TASK</b>	<b>STATUS</b>	<b>COMMENTS</b>
<p>Process applications for boundary changes in a responsive, professional and efficient manner.</p> <p>(A partial list of potential applications that have been discussed with local government agencies is attached to this Work Program. See Table 1.)</p>	ONGOING	Priority fast-tracking is given to applications for economic development, public health and safety, or other urgent needs.
<p>Provide Commission with legally defensible recommendations and alternatives, and alert to litigation risks, liabilities and alternatives associated with potential actions.</p>	ONGOING	No active or anticipated litigation.
<p>Finalize a Memorandum of Agreement with the City of Greenfield and the County of Monterey. The MOA is a condition of approval of a 2007 Sphere of Influence action.</p>	City-County-LAFCO representatives are actively meeting to resolve issues and reach agreement.	

<b>2. SPECIAL STUDIES</b>		
<b>TASK</b>	<b>STATUS</b>	<b>COMMENTS</b>
<p>Prepare Municipal Service Reviews and Sphere of Influence Updates for:</p> <ul style="list-style-type: none"> <li>• Marina Coast Water District,</li> <li>• Seaside County Sanitation District,</li> <li>• Carmel Area Wastewater District, and</li> <li>• Monterey Regional Waste Management District.</li> </ul>	<p>Reviews for Marina CWD and Seaside CSD are underway. Others to start in Fall 2013.</p>	<p>Significant Sphere of Influence Updates or other changes proposed by local agencies or area property owners may necessitate other service reviews in the fiscal year.</p>
<p>As needed, update and publish LAFCO local agency and resource maps on the LAFCO web site. Also, respond to agency requests for custom mapping of boundary/service information.</p>	ONGOING	
<p>As needed, develop and update local policies, procedures, applications, and flowcharts for Spheres of Influence, annexations, reorganizations, and the creation of cities and districts.</p>	ONGOING	

<b>3. GOVERNMENT AND COMMUNITY RELATIONS</b>		
<b>TASK</b>	<b>STATUS</b>	<b>COMMENTS</b>
Initiate informal meetings to discuss budget and policy issues with Cities, Special Districts, and County, as appropriate.	ONGOING	
Attend meetings of the Special Districts Association and the Special Districts General Managers' Group (quarterly), and provide support for the election of Special District LAFCO Members.	ONGOING	
Attend meetings as requested by the City Managers Group and City Mayors Association.	ONGOING	
Attend meetings as requested by the County of Monterey.	ONGOING	
Provide early notice to County, Cities, and Special Districts of issues that may affect them, and opportunities to participate in the LAFCO process.	ONGOING	
Post public information on the LAFCO website and review website layout, graphics, and content for ease of public use.	ONGOING	
Encourage and provide early LAFCO participation in Sphere of Influence updates, General Plan updates, City-County-District dialogues, and environmental review activities that affect government boundaries & services.	ONGOING	
Participate in regional activities for which LAFCO has indirect or direct responsibilities, such as ensuring the consideration of Spheres of Influence in the development of the AMBAG Sustainable Communities Strategy, as required by State law.	IN PROGRESS	Commissioner Darington and the Executive Officer serve on an AMBAG advisory committee. Executive Officer also serves on a planning committee.
Participate in community educational opportunities to promote understanding and dialogue with various sectors of the Monterey County economy.	ONGOING	
Promote Monterey LAFCO's interests in statewide issues through active participation in the California Association of Local Agency Formation Commissions (CALAFCO).	ONGOING	The Commission receives a monthly CALAFCO activities report, and participates in policy, legislative and other issues. Commissioners and staff actively participate in CALAFCO conferences, workshops, and courses.

<b>4. COMMISSION AND COMMITTEE FUNCTIONS</b>		
<b>TASK</b>	<b>STATUS</b>	<b>COMMENTS</b>
Provide support to ten regularly-scheduled Commission meetings, special meetings as needed, and Committee meetings, including the provision of public notices, agenda packets, web meeting broadcasts, and minutes.	ONGOING	
Hold monthly agenda review sessions with Chair and Vice-Chair.	ONGOING	
Conduct new Commissioner orientations, as needed.	ONGOING	
Continue to participate in the CALAFCO legislative process to ensure that local interests are coordinated with policies and activities of the statewide organization. Continue to monitor state legislation. Continue to provide feedback to legislators and CALAFCO as needed. Continue to update local policies and procedures for consistency with approved legislation.	ONGOING	
Provide Commission with regular updates of laws, policies, and procedures.	ONGOING	

<b>5. ADMINISTRATIVE AND HUMAN RESOURCES MANAGEMENT</b>		
<b>TASK</b>	<b>STATUS</b>	<b>COMMENTS</b>
Maintain the LAFCO project tracking system.	ONGOING	
Maintain the staff time keeping, cost tracking, and invoicing systems for applications.	ONGOING	
Review LAFCO Human Resources Policies and Procedures.	IN PROGRESS	
Identify and support staff training needs and opportunities, including professional certification, technical training, and ethics/harassment compliance.	ONGOING	
Develop and Implement a Records Retention Policy.	Start Fall 2013.	
Convert Files to Electronic Format	Start by June 2013.	

<b>6. FINANCIAL MANAGEMENT</b>		
<b>TASK</b>	<b>STATUS</b>	<b>COMMENTS</b>
Review and update the project fee schedule and hourly staffing rates, as needed.	ONGOING	No changes needed at this time.
Continue to review existing financial policies and procedures, and prepare new financial policies and procedures as necessary.	ONGOING	Reserve policies updated in 2011. No other changes identified at this time.
Continue to coordinate with the County Auditor, to obtain annual local agency contributions to LAFCO.	ONGOING	Process was clarified by a 2009 LAFCO policy.
Complete annual audit for Fiscal Year 2012-2013.	Start August 2013. Complete by December 2013.	
Conduct periodic review of Benefits, Services and Supplies with the goal of continuing to control costs.	ONGOING	
Continue use of a three-year financial forecast to project upcoming needs and to provide the resources to meet these needs.	ONGOING	This tool was introduced as part of the FY 2011-12 budget preparation process, for use by the Budget & Finance Committee.

**Table 1: Partial List of Anticipated Agenda Items as of March 25, 2013**

**Anticipated Agenda Items Anticipated to be Considered before the End of FY 2012-13**

1. Carmel Area Wastewater District – Annexation of the Bethea property in the Mouth of the Carmel Valley (*Application not yet received*).
2. Carmel Area Wastewater District – Sphere of Influence Amendment and Annexation of the Highlands Point Sanitary Association (“Cappo”) (*Application not yet received*).
3. Pajaro/Sunny Mesa Community Services District – Fee Waiver Request for Merger with Pajaro County Sanitation District (*Application not yet received*).
4. Municipal Service Review for Marina Coast Water District (*Initiated by LAFCO. Administrative draft is being prepared by LAFCO staff and will be reviewed with District followed by a public draft and LAFCO hearing*).
5. Municipal Service Review for the Seaside County Sanitation District (*Initiated by LAFCO. Administrative draft is being prepared by LAFCO staff and will be reviewed with District followed by a public draft and LAFCO hearing*).
6. Annual Budget and Work Program for Fiscal Year 2013-2014 (*April 22, following a March 28 meeting of the Budget & Finance Committee*).

**Anticipated Agenda Items in First Half of FY 2013-14**

1. Comprehensive Review of LAFCO’s Human Resources Rules and Regulations (*Initiated by LAFCO*).
2. Carmel Area Wastewater District – Annexation of the Rubenstein property in the Mouth of the Carmel Valley.
3. City of Greenfield – Adoption of Memorandum of Agreement or Amendment to modify the 2007 Sphere of Influence approval (*May be Initiated by LAFCO or City*).
4. City of Greenfield – Annexation of the Yanks Air Museum Project, and Related Sphere of Influence Amendment.
5. Municipal Service Review and Sphere of Influence Update for Carmel Area Wastewater District (*Initiated by LAFCO*).
6. Municipal Service Review and Sphere of Influence Update for Monterey Regional Waste Management District (*Initiated by LAFCO*).
7. North County Fire Protection District – Sphere of Influence Amendment and Annexation of the Monterey Regional Environmental Park (Marina Landfill and Water Pollution Control Agency facilities), and the Salinas River Diversion Project Site (Rubber Dam).
8. Pajaro/Sunny Mesa Community Services District – Out-of-Area Service Extension for the former ALCO Water Systems.
9. Pajaro/Sunny Mesa Community Services District – Sphere of Influence Amendment and Consolidation with Pajaro County Sanitation District (to be dissolved).

**Anticipated Agenda Items in Second Half of FY 2013-14**

1. Carmel Area Wastewater District – Sphere of Influence Amendment and Annexation of the September Ranch property in Carmel Valley.
2. City of Gonzales – Comprehensive Sphere of Influence Amendment.
3. Marina Coast Water District – Sphere of Influence Amendment and Annexation of Portions of the Former Fort Ord to Provide Water and Wastewater Services.
4. City of Seaside – Sphere of Influence Amendment and Annexation of the Monterey Downs Project, Horse Park and Central Coast Veterans Cemetery.
5. Seaside County Sanitation District – Sphere of Influence Amendment to Include Portions of the Former Fort Ord to Provide Wastewater Services.
6. South Monterey County Fire Protection District – Sphere of Influence Amendment and Annexation.

**Anticipated Agenda Items With No Timeline Estimate**

1. City of Marina – Annexation of Portions of the former Fort Ord within the City’s Sphere of Influence.
2. City of Soledad – Sphere of Influence Amendment and Annexation of Miravale IIB Subdivision.
3. County Service Area 15 (Serra Village/Toro Park) – Possible reorganization of government structure and services.
4. Marina Coast Water District – Sphere of Influence Amendment and Annexation of the CEMEX (formerly RMC Lonestar) Property to Provide Water and Wastewater Services.
5. Northern Salinas Valley Mosquito Abatement District – Sphere of Influence Amendment and Annexation of the Chualar/Gonzales Area.
6. Moss Landing County Sanitation District – Possible change from dependent to independent status or consolidation with Castroville CSD.
7. Municipal Service Review and Sphere of Influence Update for Salinas Valley Memorial Healthcare System (Initiated by LAFCO).
8. Soledad Community Health Care District – Comprehensive Sphere of Influence Amendment and Annexation.

LOCAL AGENCY FORMATION COMMISSION  
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**KATE McKENNA, AICP**  
**Executive Officer**

**DATE:** April 22, 2013  
**TO:** Chair and Members of the Formation Commission  
**FROM:** Kate McKenna, AICP, Executive Officer  
**SUBJECT: PROPOSED BUDGET FOR FISCAL YEAR 2013-2014**

**SUMMARY OF RECOMMENDATIONS:**

The Budget and Finance Committee recommends the following actions:

1. Receive the Executive Officer's report;
2. Open and close the public hearing;
3. Discuss and adopt a proposed budget for Fiscal Year 2013-2014;
4. Discuss and authorize a year-end Fiscal Year 2013-2014 Balance Sheet Journal Entry Transfer of \$25,000 from prior year revenue in the Unreserved Fund (Account 3850) to the Reserve for Contingency (Account 3810) on June 30, 2014, in order to maintain the annual target funding level for that reserve;
5. Direct the Executive Officer to distribute the adopted proposed budget to the County, cities and independent special districts for review and comments, and
6. Direct the Executive Officer to schedule a public hearing on May 20 to consider adoption of a final budget for Fiscal Year 2013-2014.

## **EXECUTIVE OFFICER'S REPORT:**

### **Introduction**

The attached budget proposal was prepared under the direction of the LAFCO Budget & Finance Committee on March 28. The Committee provides substantial oversight and recommendations resulting in lean and timely budgets and prudent financial policies and practices that consistently receive the highest ratings of an independent auditor, while maintaining the essential services provided by LAFCO.

LAFCO has worked responsibly to control and reduce its costs for five years in light of a reduction in applications during the economic downturn and the financial stress facing our funding agencies. The current year budget is down 28 percent from the budget in 2007, with reduced staffing levels and no outside professional assistance since July 2008. The emphasis then and now remains on the cost-efficient delivery of core services in a responsive, professional and legally defensible manner.

### **Proposed Expenditures**

The proposed total budget for Fiscal Year 2013-2014 is \$761,991, as compared to \$656,191 in the current year. Nearly all of this 14 percent increase is for consultant assistance in preparing Municipal Service Reviews. The proposed budget remains 16 percent less than LAFCO's annual budget in Fiscal Year 2007-2008 (\$903,351).

While no significant changes are proposed in the work program for FY 2013-2014, the demands for two of LAFCO's core services – processing boundary-related applications and preparing municipal service reviews - have surged dramatically during the past year (see Agenda Item No. 7.a). This increase in activity is a strong predictor of the projected workload, and has influenced the preparation of the proposed budget. In particular, with the increase in preliminary and formal application activities, the reduced staff level can no longer meet the demand for preparing municipal service reviews that are a pre-requisite of Sphere of Influence amendments. In recent years, when boundary-related applications were slow, in-house staff accomplished municipal service reviews for all of our cities, fire protection districts and one health care district. We are unable to keep up with the present and projected needs for these special studies.

The proposed budget addresses the identified work program needs by recommending \$100,000 for temporary professional help to prepare municipal service reviews under the direction of the Executive Officer. It is anticipated that a professional planner will be retained to prepare approximately five municipal service reviews for the Carmel Area Wastewater District, the Monterey Regional Waste Management District, the Pajaro/Sunny Mesa Community Services District, the Castroville Community Services District, and one other local agency to be prioritized early in 2014.

The proposed budget will continue the freeze in salaries and COLAs since 2008, except that it does provide for a merit step increase and overtime allowance for the clerical position. It does not fund the vacant Analyst position (de-funded in July 2008). It extends the benefit concessions that took effect in July 2012, including a final year phase-out of LAFCO's cost share of employee contribution to the retirement plan. The proposed budget also includes a transition period in July 2013 for the retiring and new hire Senior Analyst position.

Under Services and Supplies, minor cost increases are proposed for standard operational items and two aged computers. Favorable contracts have been negotiated to reduce or maintain the costs of leased office space, accounting & financial services, general counsel services, and a copy machine lease.

Only \$100 is proposed for the Litigation Reserve line item. That is all that is needed to bring that reserve to the target level set by Commission policy (\$300,000).

The Budget and Finance Committee also recommends a year-end balance sheet journal entry transfer of \$25,000 from prior year revenue (the Unreserved Fund Balance) on June 30, 2014 to fully fund the Contingency Reserve at a target level set by Commission policy (\$190,000 based on the proposed budget. This balance sheet transfer is outside of the line item budget adoption process.

### **Proposed Revenue**

Proposed total revenue for FY 2012-2013 is \$761,994, as compared to \$655,691 in the adopted budget for the current fiscal year. The primary revenue source is contributions from the County of Monterey, 12 Cities and 42 Independent Special Districts. The share for each of the three groups would be \$250,164, as compared to \$218,346 for the current year. Minor revenue sources are project fees and interest.

Cost share estimates for individual districts are being prepared based on updated revenue data, and will be available in May. Cost-share estimates for individual cities will be based on revenue data that is still being compiled, and will be available by early June.

### **Public Hearing Schedule and Review by Local Agencies**

State law requires adoption of proposed and final LAFCO budgets at public hearings. Notice of the April 22 hearing on the proposed budget was advertised in local newspapers. Electronic copies of this report and the agenda were sent to the County, Cities and Districts. Following adoption, the proposed budget will be transmitted to affected agencies for review and comment, including any changes that may be made by the Commission on April 22.

On May 20, the Commission will consider comments and adoption of a final budget. Notice of that hearing will be provided to affected parties and advertised in local newspapers. Following

adoption, the final budget and cost-share estimates will be transmitted to all local agencies. The County Auditor-Controller will determine the actual cost share for each local agency, and issue invoices on or before July 1. Collection of contributions will be in accordance with a 2009 Commission policy.

**Alternative Actions**

The Commission may modify the recommended budget or provide other direction to the Executive Officer.

Respectfully Submitted,



Kate McKenna, AICP  
LAFCO Executive Officer

Attachment:

Proposed Budget for Fiscal Year 2013-2014

cc: County, Cities, and District Managers  
County Auditor-Controller's Office

**PROPOSED BUDGET  
FOR FISCAL YEAR 2013-2014**

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY  
 PROPOSED BUDGET WORKSHEET  
 FISCAL YEAR 2013 - 2014  
 April 22, 2013**

	Adopted Budget for Fiscal Year 2012-13	Estimated Year-End Expenditures for Fiscal Year 2012-13 (Includes Budget Amendment No. 1 and Authorized Year-End Expenditures as Recommended by Budget & Finance Committee - See 04/22/13 LAFCO Agenda)	Proposed Budget for Fiscal Year 2013-14
<b>6000 EMPLOYEE SALARIES</b>			
<p>Proposal is for no change in total Employee Salaries line item in 2013-14, as compared to the estimated year-end Employee Salaries cost in FY 2012-13. Estimated higher year-end costs for 2012-13 are due to unanticipated clerical staffing overtime and temp agency overhead costs, and June 2013 transition period costs for Sr. Analyst retirement/new hire, as recommended by Budget &amp; Finance Committee - please see related action item in LAFCO agenda packet, 4/22/13. For 2013-14, proposal is to continue the salary freeze since 2008 for EO and Sr. Analyst positions. No COLAs proposed or authorized for any position since 2008. Assume a merit step adjustment and overtime allowance for LAFCO Clerk position only. Assume transition period costs for the Sr. Analyst position in July 2013. Assume no funding for an Analyst position that was de-funded in 2008.</p>	\$ 308,946.00	\$ 328,946.00	\$ 328,946.00
<b>6100 EMPLOYEE BENEFITS</b>			
<p>Proposal is for no change in total Employee Benefits line item in FY 2013-14, as compared to the estimated year-end Employee Benefits cost in FY 2012-2013. Estimated higher year-end costs for 2012-13 are due to unanticipated June 2013 transition period costs for Sr. Analyst position, and lump sum pay-off of retirement plan side fund liability (\$14,621), as recommended by Budget &amp; Finance Committee -- please see related item in LAFCO agenda packet, 4/22/13. For 2013-14, continue the benefit concessions that took effect in FY 2012-13, including a transitioned phase-out of employer contributions to the 7.5% employee contribution rate for retirement plan. Includes funding for accrued leave liability and GASB 45 liability reserves.</p>	\$ 159,445.00	\$ 169,445.00	\$ 169,445.00
<b>TOTAL SALARIES &amp; BENEFITS (see Note 3)</b>	<b>\$ 468,391.00</b>	<b>\$ 498,391.00</b>	<b>\$ 498,391.00</b>

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY  
 PROPOSED BUDGET WORKSHEET  
 FISCAL YEAR 2013 - 2014  
 April 22, 2013**

	<b>Adopted Budget for Fiscal Year 2012-13</b>	<b>Estimated Year-End Expenditures for Fiscal Year 2012-13 (Includes Budget Amendment No. 1 and Authorized Year-End Expenditures as Recommended by Budget &amp; Finance Committee - See 04/22/13 LAFCO Agenda)</b>	<b>Proposed Budget for Fiscal Year 2013-14</b>
<b>SERVICES &amp; SUPPLIES</b>			
<b>7000 Postage and Shipping</b> Includes postage for general correspondence and agenda packet delivery, express mail, and certified mail. Also includes LAFCO election mailings to independent special districts, and mailings required for budget distribution. Anticipated lower costs are due to increased reliance on electronic mailings.	\$ 4,500.00	\$ 2,500.00	\$ 2,500.00
<b>7010 Books &amp; Periodicals</b> Includes newspaper subscriptions, publications and codes on LAFCO law, CEQA, employment law and other publications necessary to keep current on laws and trends.	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
<b>7030 Copy Machine Charges</b> Includes copier machine lease.	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
<b>7040 Outside Printers</b> Includes copying of large volume publications, maps and other occasional needs.	\$ 1,000.00	\$ 1,000.00	\$ 1,500.00
<b>7060 Office Supplies</b> Includes annual consumable goods for office operations and work production.	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
<b>7070 Office Equipment &amp; Furnishings</b> Includes office furniture such as small tables and miscellaneous items. Not funded.	\$ -	\$ -	\$ -
<b>7080 Computer Hardware and Peripherals</b> Provides for replacement of aged computers, equipment and devices. For FY 2013-14, two computers will be replaced -- their operating systems will no longer be supported by Microsoft and the County after April 2014..	\$ 2,000.00	\$ 2,000.00	\$ 4,000.00

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY  
 PROPOSED BUDGET WORKSHEET  
 FISCAL YEAR 2013 - 2014  
 April 22, 2013**

	<b>Adopted Budget for Fiscal Year 2012-13</b>	<b>Estimated Year-End Expenditures for Fiscal Year 2012-13 (Includes Budget Amendment No. 1 and Authorized Year-End Expenditures as Recommended by Budget &amp; Finance Committee - See 04/22/13 LAFCO Agenda)</b>	<b>Proposed Budget for Fiscal Year 2013-14</b>
<b>7085 Computer Support Services (Fixed Costs)</b> Under contract with the County of Monterey or other vendor, this line item provides device support (e.g. computers and network printers). Services also include web site housing, email, internet and network access. County IT is primary vendor, and costs are fixed for device support. Occasional device support service by other vendors is not fixed.	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
<b>7090 Computer Support Services (Variable Costs)</b> Under contract with the County of Monterey, this line item provides micro systems (software) support, mapping and GIS support for LAFCO data layers that are stored in the County's centralized GIS system. Includes mapping/data analysis for LAFCO's busy Municipal Service Review/Sphere of Influence Update program. Charges are variable.	\$ 10,000.00	\$ 7,000.00	\$ 7,000.00
<b>7100 Computer Software</b> Includes software updates and licenses. Purposes are to extend the life and compatibility of existing computers. Includes funding for possible software requirements for replacement computers in FY 2013-14.	\$ -	\$ -	\$ 1,500.00
<b>7105 Meeting Broadcast Services</b> This account funds the live cable TV coverage of LAFCO meetings, and weekly TV re-broadcasts, under contract with the County of Monterey and its vendors. Costs are variable depending on services provided and number and length of meetings.	\$ 3,300.00	\$ 3,300.00	\$ 3,300.00
<b>7110 Property and General Liability Insurance</b> Property and Errors & Omissions Insurance is obtained by contract with the Special Districts Risk Management Authority. Current and anticipated premiums reflect discounts. Cost is fixed.	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**  
**PROPOSED BUDGET WORKSHEET**  
**FISCAL YEAR 2013 - 2014**  
**April 22, 2013**

	Adopted Budget for Fiscal Year 2012-13	Estimated Year-End Expenditures for Fiscal Year 2012-13 (Includes Budget Amendment No. 1 and Authorized Year-End Expenditures as Recommended by Budget & Finance Committee - See 04/22/13 LAFCO Agenda)	Proposed Budget for Fiscal Year 2013-14
<b>7120 Office Maintenance Services</b> Includes general office cleaning, including blinds, cabinets and underneath furniture. (Basic janitorial service to empty trash and sweep floors is included in office lease.)	\$ 400.00	\$ 400.00	\$ 400.00
<b>7130 Other Equipment Maintenance</b> Includes maintenance agreements for small office equipment. Not funded.	\$ -	\$ -	\$ -
<b>7140 Travel</b> Continues partial funding for employee, counsel and Commissioner travel for annual CALAFCO conference (2013), annual CALAFCO staff workshop (2014), and classes. Includes some transportation, hotel and meal costs. FY 2012-13 costs were lower than normal because the annual conference was held in Monterey.	\$ 4,500.00	\$ 4,500.00	\$ 5,500.00
<b>7150 Training, Conferences and Workshops</b> Provides partial funding for employee, counsel and Commissioner registrations at annual CALAFCO conference (2013), annual staff workshop (2014), and classes. FY 2013-14 costs reflect anticipated increases in cost of CALAFCO educational programs.	\$ 6,000.00	\$ 6,000.00	\$ 7,000.00
<b>7160 Vehicle Mileage</b> Reimbursement for use of personal vehicles, at the government rate.	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
<b>7170 Rental of Building</b> FY 2013-14 is year one of a favorable five-year lease extension agreement with rent rollbacks. Includes utilities.	\$ 24,500.00	\$ 24,500.00	\$ 23,300.00
<b>7200 Telephone Communications</b> Includes telephone, cell and fax charges, and system maintenance and repairs.	\$ 4,500.00	\$ 4,500.00	\$ 5,000.00
<b>7230 Temporary Help Services (Clerical)</b> Includes temporary clerical services during high workload periods or staff absences.	\$ -	\$ -	\$ -
			\$ 1,000.00

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**  
**PROPOSED BUDGET WORKSHEET**  
**FISCAL YEAR 2013 - 2014**  
**April 22, 2013**

	Adopted Budget for Fiscal Year 2012-13	Estimated Year-End Expenditures for Fiscal Year 2012-13 (Includes Budget Amendment No. 1 and Authorized Year-End Expenditures as Recommended by Budget & Finance Committee - See 04/22/13 LAFCO Agenda)	Proposed Budget for Fiscal Year 2013-14
<b>7240 Outside Professional Services</b>	<b>\$ 68,000.00</b>	<b>\$ 63,000.00</b>	<b>\$ 167,500.00</b>
This line item includes:			
7242: Accounting and Financial Services (fixed rate contract with Hayashi & Wayland; lease was extended for four years effective July 2013).	37,500	37,500	37,500
7245: General Counsel and Special Legal Counsel Services (Not Litigation). General Counsel costs are capped at \$12,000 per a contract with County Counsel's Office; the contract was extended for four years effective July 2013. The remainder of the funds (\$5,000) are reserved for variable Special Legal Counsel costs, depending on need (a variable rate agreement with M. Colantuono was approved in 2012). Estimated year-end expenses for FY 2012-13 assume adoption of Budget Amendment No. 1 to transfer funds from this line item to Acct. 7270 (Recruitment Advertising).	17,000	12,000	17,000
7247: Human resources services (variable rate agreement with Fenton and Keller)	500	500	
7248: Annual audit (fixed rate contract with Bianchi, Kasavan & Pope)	13,000	13,000	13,000
7249: Temporary Professional Services (during staff absences, vacancies or high workload periods). This line item will fund outside help primarily for the purpose of preparing municipal service reviews in FY 2013-2014.	\$ -	\$ -	\$ 100,000.00
<b>7250 Miscellaneous Office Expenses</b>	<b>\$ 600.00</b>	<b>\$ 600.00</b>	<b>\$ 600.00</b>
Minor expenses for office operations, Commission meetings and recording fees for LAFCO-initiated activities.			
<b>7260 Legal Notices</b>	<b>\$ 4,000.00</b>	<b>\$ 3,000.00</b>	<b>\$ 4,000.00</b>
Expenses for actions requiring public notices, such as annexations, Sphere of Influence updates and budgets.			
<b>7270 Recruitment Advertising</b>		<b>\$ 5,000.00</b>	<b>\$ -</b>
To fill any vacant and funded position. No funding assumed at time of original budget adoption. Estimated year-end expenses for FY 2012-13 assumes adoption of current year budget amendment on 04/22/2013, to transfer funds from Acct. 7245 to Acct. 7270 for advertising for Sr. Analyst position. Assumes no recruitment needs in FY 2013-14.			

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY  
 PROPOSED BUDGET WORKSHEET  
 FISCAL YEAR 2013 - 2014  
 April 22, 2013**

	<b>Adopted Budget for Fiscal Year 2012-13</b>	<b>Estimated Year-End Expenditures for Fiscal Year 2012-13 (Includes Budget Amendment No. 1 and Authorized Year-End Expenditures as Recommended by Budget &amp; Finance Committee - See 04/22/13 LAFCO Agenda)</b>	<b>Proposed Budget for Fiscal Year 2013-14</b>
<b>7280 LAFCO Memberships</b> CALAFCO Membership (\$3500) and California Special Districts Association dues (\$500). CALAFCO membership provides access to legislative and educational activities. CSDA membership is required in order to get the Authority's Workers Compensation Insurance and Property & Liability Insurance.	\$ 4,500.00	\$ 4,500.00	\$ 4,400.00
<b>7290 Litigation Reserve</b> Per Commission policy, the target funding for the litigation defense reserve is \$300,000. This target would be sufficient for one-year's estimated expenses. LAFCO has no active litigation at this time. As of June 30, 2013, the projected funding will be \$299,963. For 2013-14, the Budget and Finance Committee recommends adding the remaining amount (\$100) to bring the reserve to full funding level.	\$ 25,000.00	\$ 25,000.00	\$ 100.00
<b>XXXX Records Storage &amp; Security</b> Initiate a system to archive older records in electronic format, and to ensure security of all records. Paper records date back 50 years.	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
<b>7295 Contingency Reserve</b> Per Commission policy, the target funding for the general contingency reserve is 25 percent of the annual budget. As of April 2013, the balance sheet funding for this reserve was \$165,000 - the target level for the FY 2012-13 budget. The target funding level for FY 2013-14 will be \$190,000, based on the proposed budget of \$761,991. No line item funding is proposed for this reserve in FY 2013-14. However, the Budget & Finance Committee recommends a year-end FY 2013-14 balance sheet journal entry transfer of \$25,000 of prior year funds (Unreserved Fund Balance) to fully fund the Contingency Reserve by June 30, 2013. Please see related agenda action item, 04/22/2013.		\$ -	\$ -

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY  
 PROPOSED BUDGET WORKSHEET  
 FISCAL YEAR 2013 - 2014  
 April 22, 2013**

	Adopted Budget for Fiscal Year 2012-13	Estimated Year-End Expenditures for Fiscal Year 2012-13 (Includes Budget Amendment No. 1 and Authorized Year-End Expenditures as Recommended by Budget & Finance Committee - See 04/22/13 LAFCO Agenda)	Proposed Budget for Fiscal Year 2013-14
<b>SUBTOTAL SERVICES AND SUPPLIES</b>	\$ 187,800.00	\$ 181,800.00	\$ 263,600.00
<b>LESS PASS-THROUGH EXPENSES (Account 7261)</b>	\$ -	\$ -	
<b>TOTAL SERVICES AND SUPPLIES (NET)</b>	\$ 187,800.00	\$ 181,800.00	\$ 263,600.00
<b>TOTAL SALARIES &amp; BENEFITS</b>	\$ 468,391.00	\$ 498,391.00	\$ 498,391.00
<b>NET TOTAL FOR BUDGET UNIT</b>	\$ 656,191.00	\$ 680,191.00	\$ 761,991.00
6000	\$ 308,946.00	\$ 328,946.00	\$ 328,946.00
6100 Employee Benefits	\$ 159,445.00	\$ 169,445.00	\$ 169,445.00
7000 Postage and Shipping	\$ 4,500.00	\$ 2,500.00	\$ 2,500.00
7010 Books and Periodicals	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
7030 Copy Machine Charges	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
7040 Outside Printers	\$ 1,000.00	\$ 1,000.00	\$ 1,500.00
7060 Office Supplies	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
7070 Office Equipment and Furnishings	\$ -	\$ -	\$ -
7080 Computer/Hardware/Peripherals	\$ 2,000.00	\$ 2,000.00	\$ 4,000.00
7085 Computer Support Services (Fixed Costs)	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
7090 Computer Support Services (Variable Costs)	\$ 10,000.00	\$ 7,000.00	\$ 7,000.00
7100 Computer Software	\$ -	\$ -	\$ 2,000.00
7105 Meeting Broadcast Services	\$ 3,300.00	\$ 3,300.00	\$ 3,300.00
7110 Property and General Liability Insurance	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00
7120 Office Maintenance Services	\$ 400.00	\$ 400.00	\$ 400.00
7130 Other Equipment Maintenance	\$ -	\$ -	\$ -
7140 Travel	\$ 4,500.00	\$ 4,500.00	\$ 5,500.00
7150 Training, Conferences and Workshops	\$ 6,000.00	\$ 6,000.00	\$ 7,000.00
7160 Vehicle Mileage	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
7170 Rental of Buildings	\$ 24,500.00	\$ 24,500.00	\$ 23,300.00
7200 Telephone Communications	\$ 4,500.00	\$ 4,500.00	\$ 5,000.00
7230 Temporary Help Services (Clerical)	\$ -	\$ -	\$ -
7240 Outside Professional Services - Total for Line Items 7242 - 7249	\$ 68,000.00	\$ 63,000.00	\$ 167,500.00

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY  
 PROPOSED BUDGET WORKSHEET  
 FISCAL YEAR 2013 - 2014  
 April 22, 2013

	Adopted Budget for Fiscal Year 2012-13	Estimated Year-End Expenditures for Fiscal Year 2012-13 (Includes Budget Amendment No. 1 and Authorized Year-End Expenditures as Recommended by Budget & Finance Committee - See 04/22/13 LAFCO Agenda)	Proposed Budget for Fiscal Year 2013-14
7242 Accounting and Financial Services	\$ 37,500.00	\$ 37,500.00	\$ 37,500.00
7245 General Counsel and Special Counsel	\$ 17,000.00	\$ 12,000.00	\$ 17,000.00
7247 Human Resources	\$ 500.00	\$ 500.00	\$ -
7248 Annual Audit	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00
7249 Temporary Professional Services	\$ -	\$ -	\$ 100,000.00
7250 Miscellaneous Office Expenses	\$ 600.00	\$ 600.00	\$ 600.00
7260 Legal Notices	\$ 4,000.00	\$ 3,000.00	\$ 4,000.00
7261 Pass-Through Expenses	\$ -	\$ -	\$ -
7270 Recruitment Advertising	\$ -	\$ 5,000.00	\$ -
7280 LAFCO Memberships	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
7290 Litigation Reserve	\$ 25,000.00	\$ 25,000.00	\$ 100.00
XXXX Records Storage and Security	\$ 3,000.00	\$ 3,000.00	\$ 3,400.00
7295 Contingency Reserve	\$ -	\$ -	\$ -
<b>SUB TOTAL EXPENDITURES (see Note 1)</b>	<b>\$ 656,191.00</b>	<b>\$ 680,191.00</b>	<b>\$ 761,991.00</b>
<b>LESS PASS-THROUGH EXPENSES (Acct. 7261)</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>
<b>TOTAL EXPENDITURES (NET) (see Note 1)</b>	<b>\$ 656,191.00</b>	<b>\$ 680,191.00</b>	<b>\$ 761,991.00</b>

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**  
**PROPOSED BUDGET WORKSHEET**  
**FISCAL YEAR 2013 - 2014**  
**April 22, 2013**

REVENUES:	Anticipated Budget Revenues for Fiscal Year 2012-13	Estimated Year-End Revenues Fiscal Year 2012-13	Anticipated Budget Revenues for Fiscal Year 2013-14
Fees:			
4000 - Project Fees -see Note 1	\$ 8,000	\$ 21,200.39	\$ 10,000.00
4001 - Pass-through Fees	\$ -	\$ -	\$ -
4205 - County Contribution	\$ 215,397	\$ 215,397.00	\$ 250,164.00
4210 - City Contributions	\$ 215,397	\$ 215,397.00	\$ 250,164.00
4220 - Independent Special District Contributions	\$ 215,397	\$ 215,398.00	\$ 250,164.00
3810 - Contingency Reserve	\$ -	\$ -	\$ -
3850 - Unreserved Fund Balance -see Note 2 for FY 2012-13 and 2013-14	\$ -	\$ -	\$ -
4300 - Interest	\$ 1,500	\$ 1,880.41	\$ 1,500.00
<b>SUB TOTAL REVENUES</b>	<b>\$ 655,691</b>	<b>\$ 669,272.80</b>	<b>\$ 761,992.00</b>
LESS PASS-THROUGH INCOME (Acct. 4001)	\$ -	\$ -	\$ -
<b>TOTAL REVENUE (NET) -see Note 2 for FY 2012-13 and 2013-14</b>	<b>\$ 655,691</b>	<b>\$ 669,272.80</b>	<b>\$ 761,992</b>

**NOTE 1** Commission policy is to show anticipated project fees as revenue in the year in which the fees are collected.

**NOTE 2** Commission policy is to maintain the year-end Unreserved Fund Balance and not apply it as revenue in the new fiscal year. However, the Budget and Finance Committee has identified needs that warrant exceptions to the policy. On April 22, 2013, the Commission will consider a B and F Committee recommendation to authorize year-end FY 2012-13 balance sheet journal entry transfers from the Unreserved Fund Balance to Employee Salaries and Benefits if overall year-end revenues are insufficient to pay for unanticipated expenses relating to clerical staffing (up to \$10,000), Senior Analyst transition period staffing (up to \$10,000), and the lump sum pay-off of the CalPERS Retirement Plan Side Fund liability (\$14,621). Also on April 22, the Commission will consider a B and F Committee recommendation to authorize a year-end FY 2013-14 balance sheet journal entry transfer of \$25,000 from the Unreserved Fund Balance to fully fund the Contingency Reserve, consistent with target funding levels for the Proposed FY 2013-2014 Budget. These balance sheet transfer actions are outside of the line item budget for FY 2012-13 and 2013-14.