

LAFCO

Santa Barbara Local Agency Formation Commission

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April 5, 2007 (Agenda)

Local Agency Formation Commission
105 East Anapamu Street, Room 403
Santa Barbara CA 93101

Proposed LAFCO Budget for FY 2007-08

Dear Members of the Commission:

RECOMMENDATION

It is recommended that the Commission:

1. Receive this Proposed Budget for Fiscal Year 2007-08, accept all public testimony and approve the financial program as presented or as modified by the Commission.
2. Direct the staff to distribute the Proposed Budget to the County and local agencies as required by Government Code Section 56381.
3. Conduct a public hearing on June 7 to consider and adopt the Final Budget.
4. Direct the staff to advise the Commission of any changed conditions that could adversely affect LAFCO's ability to fulfill its responsibilities in the coming fiscal year.

DISCUSSION

Introduction

The Commission on February 2 approved a schedule to review and adopt the LAFCO Budget for the coming fiscal year. It includes approval of a Proposed Budget on April 5 and adoption of the Final Budget on June 7.

The Proposed Budget presented herewith for the coming fiscal year is similar to the current year's budget, with adjustments based on actual experience or anticipated expenses.

The recommended Proposed Budget is \$ 274,067, an increase of 3.1% above the current year. Following is a summary of the Proposed Budget.

Proposed Budget Summary

	<u>Current</u> <u>2006-07</u>	<u>Proposed</u> <u>2007-08</u>	<u>Change</u>
Salaries and Benefits	0	15 400	15 400
Services & Supplies	\$ 263 588	254 867	-8 721
Other Charges	<u>2 250</u>	<u>3 800</u>	<u>1 550</u>
Total Expenditures	265 838	274 067	8 229
Interest income	2 500	2 500	10
Processing Fees	24 000	24 000	0
Other Misc. Revenue	300	200	- 100
Available Fund Balance*	71 555	80 000	8 445
Local Gov't Agencies	<u>169 491</u>	<u>167,367</u>	<u>- 2,124</u>
Total Revenues	267 846	273 626	6,221

* LAFCO constitutes a separate, operating fund. In addition to the "Available Fund Balance" the Commission has set aside a reserve of \$40,000 available during the year if warranted.

The following table describes and explains each account, year-end projections, the proposed budget for next year and changes from the current budget. .

<u>Account name and number</u>	<u>2006-2007</u> <u>Final Budget</u>	<u>Projected</u> <u>Year End</u>	<u>2007-2008</u> <u>Draft Budget</u>	<u>Change</u>
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SALARIES AND BENEFITS

Commissioner Stipends – 2210	0	5 100	15 400	15 400
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This new account funds per diem stipends previously budgeted in Account 7650 (Per Diems). The amount is based on 11 Commissioners attending 14 meetings at \$100 per meeting. Another item on the agenda would increase per diem stipends to \$150 per meeting. If approved, this will increase this account to \$23,100 for the coming year, an change of \$7,700.

SERVICES AND SUPPLIES

FICA/Medicare – 6550	0	390	1 200	1 200
This account funds employer FICA and Medicare expenses based on Account 2210 (Commissioner Stipends) and calculated at rates of 6.2% for FICA and 1.45% for Medicare.				
Communications – 7050	\$ 100	0	0	- 100
The elimination of telephone and fax expenses is based on actual experience. The staff has ceased charging LAFCO for toll calls.				
Audit Fees – 7324	2 300	3 800	4 000	1 700
Costs reflect the approved contract with the auditing firm Bartlett, Pringle and Wolf.				
Memberships – 7430	1 800	1 800	2 300	500
Membership in the California Association of LAFCOs. Reflects proposed dues increase.				
Office Expense – 7450	4 000	1 200	4 000	0
Supplies and equipment to support Commission activities. It is important there be sufficient funds budgeted to complete Commission studies and projects. Unexpended amounts help finance the following year's budget.				
Postage – 7451	4 000	3 150	3 000	- 1 000
This account funds postage and related services. The recommended amount is less than the current year due to the completion of the MSR/SOI Update program.				
Copier Expense - 7453	3 600	10 000	3 600	0
This account funds printing of notices, reports, resolutions, correspondence and other materials. The recommendation should be adequate due to completion of the MSR/SOI Update program.				
Professional & Specialized Services – 7460	25 000	12 400	20 000	- 5 000
The account funds specialized services not provide by staff and includes charges by County departments and televising LAFCO meetings. The amount is reduced based on experience.				

ADP Payroll Services - 7507	0	489	1 000	1 000
This is a new account to fund contractor charges to process per diem stipends. ADP Small Business Services will provide the service for \$81.50 per monthly pay cycle.				
Legal Services - 7508	20 000	15 000	20 000	0
This account funds legal services. The recommendation is unchanged from the current year based on the need to retain funds for routine and unanticipated legal issues.				
Contract Staff Services – 7510	159 288	159 288	164 067	4 779
LAFCO staff services are provided via a professional services agreement. The increase is based on the current contract. The 3% increase is the maximum permitted adjustment; it may be revised downward for the Final Budget base on actual CPI experience in the prior 12 months.				
Publications/Legal Notices– 7530	500	1 677	500	0
Costs to publish legal notices for LAFCO hearings. Costs should be less this coming year to the completion of the MSR/SOI Update program.				
Rents/Leases – Structure –7580	3 600	0	3 600	0
This account is available to fund office space and utilities. The LAFCO office in the in the County’s Engineering Building in Santa Barbara is adequate for current needs. If LAFCO is relocated to private space the costs may be significantly higher. We are working with the County to determine why we have not been charged space rent this year.				
Commission meeting space is not budgeted. It is assumed the Commission will continue to meet in County hearing rooms, except for special meetings held in other locations.				
Per Diems – 7650	15 400	5 100	0	- 15 400
In past years this account funded Commissioner stipends, an expense that beginning in FY 2007-08 will be funded in Account 2210.				
Gen Fund Cost Allocation – 7669	3 000	6 115	6 000	3 000
This account funds the County Auditor and Treasurer to maintain the Commission’s books, process deposits and checks and provide financial data. An amount is also included for County Counsel services. We are checking to insure there is not a duplication of expense between this account and Account 7508 – Legal Services, which are provided by the County Counsel’s office.				

Transportation and Travel - 7730	21 000	18 400	21 000	0
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This account funds travel expenses and mileage reimbursement for Commissioners and staff and includes participation in California Association of LAFCOs conferences and Board meetings. No change is recommended.

OTHER CHARGES

Liability Insurance - 7895	2 000	3 500	3 500	1 500
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The account funds liability insurance for Commission and staff. The change is based on experience.

Telephone Services - 7897	250	278	300	50
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The account funds the telephone equipment in the LAFCO office.

REVENUES

Interest Income - 3380	2 500	4 100	2 500	0
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Revenue from investing available LAFCO funds.

Processing Fee Income - 5738	24 000	28 400	24 000	0
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Revenues from fees to process proposals. It is difficult to predict, to some extent future proposal workload follows economic activity. The budget is based on 18 boundary changes at an average of \$1,200 (\$21,600) and two sphere of influence applications (\$1,700).

Other Misc. Revenue - 5909	300	80	200	- 100
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These are revenues from the sale of documents, maps etc.

Projected Avail. Fund Balance	71 555	71 555	80,000	8,445
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The projected year-end fund balance will be refined in the coming months. The year-end fund balance reduces the amounts collected from the local agencies that support the LAFCO budget.

Other Gov't Agencies - 4840	169 491	169 491	167,367	- 2,124
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Revenue from the County, cities and special districts to fund the Commission. The amount depends on the available fund balance at the end of the fiscal year and other projected revenues. The figure will be refined in the coming weeks.

Local Agency Formation Commission
Proposed Budget for FY 2007-08
April 5, 2007 (Agenda)
Page 6

Attachment A is a table of these accounts without the detailed explanations.

Conclusion

LAFCO is an independent commission established by the legislature to carry out specific duties and objectives. It is responsible for adopting a financial program to fulfill the purposes described in the Cortese/Knox/Hertzberg Act. The statute directing LAFCO's operations does not require approval of the financial program by the County or any other local agencies.

While we are recommending a specific financial program, we urge that flexibility be retained by the Commission to make adjustments in the Final Budget should this prove warranted.

In consideration of information contained in this letter, it is recommended the Proposed Budget be approved for distribution to local agencies as required by Government Code Section 56381.

Very truly yours,

BOB BRAITMAN
Executive Officer