

# LAFCO

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Santa Barbara Local Agency Formation Commission  
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June 7, 2001 (Agenda)

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

## Recommended Budget for FY 2001-2002

### RECOMMENDATION

It is recommended that the Commission:

1. Receive this report and accept any public testimony,
2. Adopt this Final Budget for Fiscal Year 2001-02, together with any desired changes, and
3. Direct the staff to distribute the Final Budget to the County, all cities, all independent special districts, the city selection committee and the independent special district selection committee as required by Government Code Section 56381.

### DISCUSSION

On April 12 the Commission adopted the Proposed Budget for Fiscal Year 2001-02, which was distributed to all cities, special districts and the County as required by statute. The Commission is obligated to adopt a Final Budget not later than June 15.

### Recommended changes from the Proposed Budget

Modifications are proposed in the Final Budget, due primarily to accounting changes proposed by County Auditor-Controller Bob Geis. These changes reflect the Commission's new status as an independent public agency, one that is no longer funded solely by the County.

Major recommended changes from the Proposed Budget are as follows:

LAFCO will become a separate fund – LAFCO will no longer be part of the County General Fund and the County Auditor will create a separate Operating Fund (Fund # 5320 – SB LAFCO).

As a separate fund LAFCO should have “contingency reserve” of about 5% of the overall budget, which is a recommended change from the Proposed Budget. Funds that are not expended in one budget year will be available as financing for the following budget year.

LAFCO funds will be held in the County treasury and existing procedures to process payments to vendors, Commissioners and staff will be unchanged. The County Auditor has agreed to assist the staff in drafting administrative procedures for internal controls and cash management.

We will be able to access LAFCO financial records that are needed to prepare periodic financial reports, including the status of revenues and expenditures.

LAFCO staff no longer in County payroll system – The Executive Officer will no longer be part of the County payroll system. The Final Budget deletes all Salary & Benefit accounts and moves funding for staff support to a new account, Account 7510 - Contractual Services.

As an Independent Contractor the Executive officer will be paid by invoice and be responsible for making State and Federal tax payments. Also, the Executive Officer will no longer be eligible to participate in the County’s Alternative to Social Security program. Arrangements will be made to contribute to a private tax-deferred savings plan.

Following is a *summary* of the recommended final budget. The detailed budget is attached.

Recommended Final Budget - Summary for 2001-2002

	Adjusted Budget <u>2000-01</u>	Proposed Budget <u>2001-02</u>	Rec. Final Budget <u>2001-02</u>	Variance From <u>Proposed</u>
Salaries & Benefits	104,479	145,299	0	- 145,299
Services & Supplies	143,600	263,900	426,650	162,750
Other Charges	250	850	850	0
Intrafund Transfers	136	0	0	0
Designations	<u>0</u>	<u>0</u>	<u>20,000</u>	<u>20,000</u>
Total Expenditures	248,465	410,049	447,500	37,451
Total Revenues	<u>23,450</u>	<u>22,500</u>	<u>22,500</u>	<u>0</u>
Net Cost	225,015	387,549	425,000	37,451

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Following are recommended changes from the Proposed Budget in individual accounts:

	<u>Proposed Budget</u>	<u>Recommended Final Budget</u>	<u>Variance</u>
<u>SALARIES &amp; BENEFITS ACCOUNTS</u>			
6177 <u>Contractor on Payroll</u>	143,479	0	- 143,479
6550 <u>FICA/Medicare</u>	1,442	0	- 1,442
6575 <u>Social Security Alternative</u>	1,470	0	- 1,470
6900 <u>Workers Compensation</u>	3,327	0	- 3,327

All of these amounts have been moved to Account 7510 – Contractual Services.

SERVICES & SUPPLIES ACCOUNTS

7324 <u>Audit Fees</u> (New Account)	0	2,000	2,000
The account is established to fund an annual financial audit.			
7430 <u>Memberships</u>	600	1,340	740
The fee for membership in the California Association of LAFCOs has been increased.			
7460 <u>Professional &amp; Specialized Services</u>	150,000	156,000	6,000
The adjustment anticipates the workload of preparing Municipal Service Reviews.			
7506 <u>Administrative Fees</u> (New Account)	0	3,000	3,000
This account will fund services provided by the County Auditor.			
7508 <u>Legal Fees</u>	36,400	42,100	5,700
This adjustment gives greater capacity for legal services, if required.			

7510	<u>Contractual Services</u> (New Account)	0	145,300	145,300
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Executive, administrative and clerical services are provided in this account. In previous years these funds were included in Salaries & Benefit accounts. There is no change from the amount in the Proposed Budget.

#### DESIGNATIONS ACCOUNTS

9798	<u>Contingency</u> (New Account)	0	20,000	20,000
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This account is a reserve designation, available as a contingency for unforeseen costs. The recommended amount is about 5% of the budget, as recommended by the County Auditor.

#### Additional Comments

At a future meeting an agreement may be proposed between LAFCO and the County for auditing, accounting and financial services.

In addition, we are investigating insurance coverage for the Commission and whether it can remain within the County's insurance plan or must secure alternative coverage, perhaps from a risk pool created for public agencies.

#### Conclusion

The Commission is obligated to adopt a financial program for the purposes described in the Cortese/Knox/Hertzberg Act. It is recommended the Final Budget be adopted in consideration of information contained in this letter and our April 12 letter to the Commission.

The Final Budget will be distributed to the County, all cities, all independent special districts, the city selection committee and the independent special district selection committee as required by Government Code Section 56381.

The staff appreciates the County staff's support in helping us compile the Commission's budget, especially in this year of significant change and transition.

Very truly yours,

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BOB BRAITMAN

Executive Officer

cc: Bob Geis, County Auditor Controller