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**FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)  
EXECUTIVE OFFICER'S REPORT**

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**AGENDA ITEM No. 7**

**Date: May 12, 2010**  
**To: Fresno Local Agency Formation Commission**  
**From: Jeff Witte, Executive Officer**  
**Subject: Final 2010-2011 Fresno LAFCo Budget**

**Summary**

On April 14, 2010, the Commission approved the *Proposed 2010-2011 Fresno LAFCo Budget*. Staff had reported that this year's revenues and expenditures were less than budgeted resulting in an estimated fund balance amount of approximately \$111,406 by the end of the fiscal year. Savings were realized from many budget categories, but were most significant in the salaries and benefits area.

LAFCo's Fund Balance Account is again proposed to help offset City and County contributions. A transfer of \$42,000 from LAFCo's Fund Balance Account will be transferred to help fund operations. The amount remaining within the fund balance will be approximately 14.6% of the 2010/2011 budget amount. Both the Fund Balance Account and anticipated revenues will be utilized to help offset City and County contributions to keep them as low as possible. Under this next year's budget, the Cities' and the County's contribution will be an increase of \$40,745 over the current year.

**Discussion**

California Government Code, Sections 56000 *et seq.*, requires the Commission to adopt a proposed budget by May 1<sup>st</sup> and a final budget by June 15<sup>th</sup> annually at a noticed public hearing. At today's hearing the Commission will consider approval of LAFCo's Final Budget for Fiscal Year 2010-2011.

At a minimum, State law requires that the budget must be equal to the previous fiscal year's budget unless reduced staffing or workload costs indicate that a reduction would be appropriate. This year's budget is being proposed to be reduced from \$660,699 to \$490,064—or \$170,635 (25.8%) less.

**REVENUES**

Revenues to support LAFCo come from three sources: Fresno County, the 15 Cities in the County, and LAFCo's application processing fees. Based on the adopted 2009-2010 Budget, \$175,787 was contributed by the County and \$175,878 was contributed by the Cities for a total of \$351,574 to offset LAFCo's net operating costs as required by State law. Application fees deposited during the year to date amount to \$33,754. This amount is substantially less than that necessary to meet the projected \$100,000 revenue estimates by June 30th of this fiscal year. However, the reduction in estimated revenue has been off-set by a reduction in LAFCo's estimated expenditures of approximately \$59,000. Also, earned interest from LAFCo's Special Account will approximate \$9,500 for the fiscal year.

## **LAFCo Fund Balance Account**

As revenues are received from the various sources, they will be deposited to a bank account with the Central Valley Community Bank, as part of LAFCo's Independent Financial System approved on April 14, 2010. Funds will be drawn from this account as needed to meet LAFCo expenses. Funding not utilized during a given year remains available for use in future years.

LAFCo as of April 30, 2010, had a fund balance of approximately \$204,543, which we estimate will be drawn down by the end of the fiscal year to around \$111,406. This balance will increase again when the City and County contributions are paid shortly after the budget is adopted.

Prudent budget management dictates that we should maintain a reasonable balance in the account to carry LAFCo until the City and County contributions are received, and as a cushion against further reductions in application revenue. Based on a recent review of LAFCo's account balance, we are recommending that \$69,406 be maintained in this account, with the remainder, to be allocated as revenue in this year's budget.

With revenues (*fees and contribution from LAFCo's reserve*) accounting for \$57,000 of the **\$490,064** total recommended appropriations, the "net operating cost" is **\$433,064**. Accordingly, the County and Cities would be required to contribute **\$216,532** each toward LAFCo support in accordance with State law. This would result in an increase of **\$40,745 each** for the County and Cities. A summary of estimated revenues for the proposed budget indicating a balanced budget is shown in Exhibit 2.

## **Recommended Action**

The recommended Final 2010-2011 budget would balance anticipated costs with projected revenues, while maintaining a prudent reserve fund (Fund Balance Account) of 14.2% of the estimated annual budget amount.

Staff recommends approval of the Final FY 2010-2011 LAFCo Budget estimates as shown on Exhibits 1 through 6.

**EXHIBIT 1**  
**FISCAL YEAR 2010-2011 BUDGET**  
**Total Services, Supplies and Capital Facilities - Appropriations**

**Fund No.:** 4825 Special Fund  
**Subclass No.:** 10000  
**Org No.:** 9690 LAFCo Contract

BUDGET ITEM	Approp. 2009-2010	Est. Expense 2009-2010	Remaining at Year End	Recomm. 2010-11
7039 Mobile Communications	\$240	\$0	\$240	\$0
7040 Telephone Charges	\$4,727	\$3,450	\$1,277	\$4,470
7101 Liability Insurance	\$13,319	\$10,748	\$2,571	\$13,319
7175 Property/Other Insurance	\$17	\$17	\$0	\$13
7205 Maintenance-Equipment	\$600	\$350	\$250	\$400
7250 Professional Memberships	\$6,395	\$6,185	\$210	\$6,185
7265 Office Operations Expense	\$5,000	\$3,350	\$1,650	\$5,000
7266 Messenger Service	\$2,651	\$2,651	\$0	\$0
7268 Postage	\$5,000	\$2,300	\$2,700	\$4,000
7286 PeopleSoft Human Resources Charge	\$723	\$723	\$0	\$320
7287 PeopleSoft Financials Charge	\$3,508	\$2,500	\$1,008	\$1,000
7295 Professional & Special Services	\$541,275	\$518,721	\$22,554	\$378,726
7296 Data Processing Services	\$18,556	\$18,556	\$0	\$20,169
7325 Publication & Legal Notices	\$3,000	\$3,000	\$0	\$1,000
7340 Office Leases	\$39,787	\$38,067	\$1,720	\$38,587
7412 Mileage	\$2,400	\$2,100	\$300	\$2,000
7415 Trans, Travel & Education (Staff)	\$6,000	\$6,650	-\$650	\$1,000
7417 Trans & Travel - Comm & Adv Bds	\$4,500	\$5,700	-\$1,200	\$4,875
8300 Fixed Assets (Furnishings)	\$0	\$0	\$0	\$6,000
8991 Contingencies	\$3,000	\$129	\$2,871	\$3,000
<b>Total</b>	<b>\$660,698</b>	<b>\$625,197</b>	<b>\$35,501</b>	<b>\$490,064</b>
<b>Total Recommended Appropriations for 2010-2011</b>			<b>\$490,064</b>	

Updated May 4, 2010

**EXHIBIT 2**  
**FISCAL YEAR 2010-2011 FINAL BUDGET**  
**Net Operating Cost and City/County Contribution Calculation 2009-2010**

<b>Total Budget</b>	<b>\$490,064.00</b>
<b>Net Operating Cost (Total Budget Minus Fees and Reserve Balance Transfer)</b>	<b>\$433,064.00</b>
<b>Est. Revenue &amp; Fund Balance Transfer</b>	
<b>Fees</b>	<b>\$15,000.00</b>
<b>Special Fund Transfer To Revenue Account</b>	<b>\$42,000.00</b>
<b>Fee and Reserve Fund Revenue Transfer Subtotal</b>	<b>\$57,000.00</b>
<b>Cities' Contribution (The actual apportionment will be determined by the County Auditor)</b>	<b>\$216,532.00</b>
<b>County Contribution</b>	<b>\$216,532.00</b>
<b>City/County Contribution</b>	<b>\$433,064.00</b>
<b>Total Revenue</b>	<b>\$490,064.00</b>

**EXHIBIT 3**  
**FISCAL YEAR 2010-2011 PROPOSED BUDGET**  
**Special Fund Balance**

<b>Estimated Special Fund Balance as of June 30, 2010*</b>	<b>\$111,406.00</b>
<b>Recommended Amount To Be Transferred to Revenue Account</b>	<b>\$42,000.00</b>
<b>Estimated Special Fund Balance After Transfer</b>	<b>\$69,406.00</b>
<b>Percentage of Budget Remaining In Special Fund After Transfer</b>	<b>14.16%</b>

\* Fund Estimate Prepared by Fresno County Auditor's Office

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**EXHIBIT 4**  
**FISCAL YEAR 2010-2011 BUDGET**  
**ACCOUNT #7295 - PROFESSIONAL AND SPECIALIZED SERVICES**  
General Administrative, Auditor-Controller, Professional and Specialized, Salaries/Benefits

BUDGET ITEM	Approp.2009-2010	Est. Exp. 2009-2010	Est. @ Year end	Recom. 2010-11
<b>GENERAL COUNTY</b>				
Administrator, Personnel, Employee Relations,	\$8,000	\$14,650	(\$6,650)	\$2,000
<b>SUB-TOTAL</b>	<b>\$8,000</b>	<b>\$14,650</b>	<b>(\$6,650)</b>	<b>\$2,000</b>
<b>AUDITOR-CONTROLLER TREASURER-TAX COLLECTOR</b>				
Financial Statements and General Accounting	\$6,000	\$6,000	\$0	\$7,100
Independent Financial Audit	\$7,000	\$6,200	\$800	\$0
<b>SUB-TOTAL</b>	<b>\$13,000</b>	<b>\$12,200</b>	<b>\$800</b>	<b>\$7,100</b>
<b>PROFESSIONAL &amp; SPECIALIZED SERVICES</b>				
Fresno Co. Assessor	\$9,000	\$1,700	\$7,300	\$4,500
LAFCo Counsel	\$80,000	\$111,429	(\$31,429)	\$80,000
Fresno Co. Elections	\$5,000	\$500	\$4,500	\$500
Fresno Co. Health	\$3,520	\$704	\$2,816	\$1,760
Special Counsel	\$5,000	\$10,500	(\$5,500)	\$6,000
Accounting and Payroll Service	\$0	\$0	0	\$2,000
Executive Officer Compensation	\$0	\$0	0	\$102,567
<b>SUB-TOTAL</b>	<b>\$102,520</b>	<b>\$124,833</b>	<b>(\$22,313)</b>	<b>\$197,327</b>
<b>SALARIES AND BENEFITS</b>				
6100 - Regular Salaries	\$258,115	\$214,121	\$43,994	\$103,825
6200 - Extra Help	\$20,660	\$47,800	(\$27,140)	\$0
6300 - Overtime	\$0	\$0	\$0	\$0
6350 - Unemployment Insurance	\$525	\$525	\$0	\$1,248
6400 - Retirement Contribution	\$87,292	\$64,866	\$22,426	\$42,111
6500 - Oasdi Contribution	\$21,591	\$17,200	\$4,391	\$7,943
6550 - Workers Comp Contribution	\$657	\$657	\$0	\$738
6600 - Health Insurance Contribution	\$27,750	\$20,790	\$6,960	\$15,820
6650 - Life & Disability Insurance	\$769	\$769	\$0	\$288
6670 - Benefit Administration	\$396	\$310	\$86	\$326
<b>SUB-TOTAL</b>	<b>\$417,755</b>	<b>\$367,038</b>	<b>\$50,717</b>	<b>\$172,299 *</b>
<b>GRAND TOTAL</b>	<b>\$541,275</b>	<b>\$518,721</b>	<b>\$22,554</b>	<b>\$378,726</b>

\* Portion of County Support - Total Contribution of Salaries and Benefits

Updated May 4, 2010

**EXHIBIT 5**

**FISCAL YEAR 2010-2011 BUDGET**

**Salaries and Benefits**

**Fund No.:** 0001 General Fund  
**Subclass No.:** 10000  
**Org No.:** Fresno Local Agency Formation Commission Contract

<b>Account Number &amp; Description</b>	<b>FY 2010-2011</b>
6100 - Regular Salaries	\$103,825
6200 - Extra Help	\$0
6300 - Overtime	\$0
6350 - Unemployment Insurance	\$1,248
6400 - Retirement Contribution	\$42,111
6500 - Oasdi Contribution	\$7,943
6550 - Workers Comp Contribution	\$738
6600 - Health Insurance Contribution	\$15,820
6650 - Life & Disability Insurance	\$288
6670 - Benefit Administration	\$326
<b>Total Salaries and Benefits</b>	<b>\$172,299</b>

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**EXHIBIT 6**  
**FISCAL YEAR 2010-2011 BUDGET**  
**Salaries and Benefits**

**Executive Officer**

**Org No.:** Fresno Local Agency Formation Commission Contract

<b>Account Number &amp; Description</b>	<b>FY 2010-2011</b>
Salary	\$90,000
Car Allowance (\$400/month)	\$4,800
Worker's Comp (Quote from insurance company)	\$702
6350 - Unemployment Insurance	\$180
6500 - Oasdi Contribution	\$6,885
<b>Total Salaries and Benefits</b>	<b>\$102,567</b>

Unemployment - .0020 times gross salary

OASDI rate of .062 + Medicare rate of .0145 times gross salary

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