

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

AGENDA ITEM No. 10

DATE: May 12, 2021

TO: Fresno Local Agency Formation Commission

FROM: David E. Fey, Executive Officer 

SUBJECT: Addendum to Final Budget and Work Plan for Fiscal Year 2021-22.

Pursuant Commissioner Magsig's questions raised at the Commission's April hearing regarding the proposed budget, and based on subsequent discussion with the Commissioner, staff presents this budget alternative for the Commission's consideration as Addendum Attachment "A".

Commissioner Magsig requested that staff present an alternative final budget that would build up LAFCo's operational reserve funds using a portion of the fee revenue that exceeded the FY 20-21 forecast by \$73,130. This would address his concern that LAFCo's operational reserve be better positioned to address the effects of an uncertain economy.

As noted in staff's report, *"The final budget continues the Commission's practice of maintaining an (restricted) operational reserve of \$100,000."*

Staff polled the other LAFCos about their policies and practices of maintaining restricted operational or contingency reserves and received responses from 17 LAFCos (29% of 58). Levels of reserve funding—both operational and contingency reserves—among the LAFCos varied from 5% (El Dorado), to 60% (Tulare), to 150% (San Joaquin) of annual budget; the average operational reserve funding is 32%.

As a fixed number, LAFCo's operational reserve has represented between 16% to 22% of annual budgets adopted between FY 13-14 and FY 21-22. This operational reserve amount is effectively two month's operational expenses.

The alternative budget moves an additional \$50,000 from the available fund balance to the restricted operational reserve, bringing this to \$150,000, or 24% of the proposed FY 21-22 budget.

The alternative budget presents the County and cities' allocation that, at \$160,716, remains the lowest in 14 years.

No other changes to the budget are presented.

Addendum Attachment "A"

FINAL FY21-22 BUDGET -- ALTERNATIVE --				
Updated 5-10-2021				
REVENUE SUMMARY	Adopted FY 20-21 Budget	Actual To Date	Estimate to Close FY 20-21	Proposed FY 21-22 Budget
ALLOCATION COUNTY	175,054	175,054	175,054	160,716
ALLOCATION CITIES	175,054	175,054	175,054	160,716
APPLICATION FEES	70,000	143,130	143,130	85,000
MISC. RECEIPTS	0	2,901	2,901	0
AUTH. FUND BALANCE CONTRIBUTION	182,250	0	54,090	229,044
Total	602,358	496,139	550,229	635,476
EXPENDITURE SUMMARY				
EXPENDITURE - OFFICE OPERATIONS	100,651	68,056	84,313	110,650
EXPENDITURE - PERSONNEL	436,056	302,477	416,216	455,176
EXPENDITURE - CONSULTING SERVICES	65,650	33,411	49,700	69,650
Total	602,358	403,944	550,229	635,476