



AGENDA ITEM 7A

MEETING: May 21, 2014

TO: Humboldt LAFCo Commissioners

FROM: George Williamson, Executive Officer

SUBJECT: **Approval of Final Budget for Fiscal Year 2014-15**

The Commission will consider approving a final budget setting operational expenses and revenues for fiscal year 2014-2015. The recommended final budget is identical to the proposed budget adopted in March and subsequently circulated to local funding agencies for which no comments were received.

BACKGROUND

Local Agency Formation Commissions (LAFCo) are responsible under State law for annually adopting a proposed budget by May 1st and a final budget by June 15th. State law specifies the proposed and final budgets shall – at a minimum – be equal to the budget adopted for the previous fiscal year unless LAFCo finds the reduced costs will nevertheless allow the agency to fulfill its prescribed regulatory and planning duties. LAFCos must adopt their proposed and final budgets at noticed public hearings.

DISCUSSION

LAFCo Funding Sources:

Humboldt LAFCo's annual operating expenses are principally funded through appropriations from the county, cities and independent special districts, in addition to application fees and interest earnings. Each fiscal year, after the Commission adopts the final budget, the County Auditor apportions the net operating expenses in the following manner: the County pays 1/3 of the net operating costs; the cities, as a whole, pays 1/3 of the net operating costs; and the independent special districts, as a whole, pays 1/3 of the net operating costs. Statutory authority provides mechanisms for the County Auditor to collect the amounts apportioned.

Proposed Operating Expenses:

On March 19, 2014, the Commission amended the fiscal year 2013-14 budget and approved the use of reserves in the amount of \$4,654 to account for the projected rise in operating expenses needed to sustain the current level of staffing services for day-to-day operations and for conducting municipal service reviews. The recommended final budget provides operating expenses - \$115,002 - that are consistent with the current fiscal year amended budget. This includes a projected \$7,500 for service charges (application review).

Proposed Operating Revenues:

The recommended final budget increases operating revenues from \$110,346 to \$115,002; a difference of \$4,656 or 4.0% over the current fiscal year amended budget. It is proposed that nearly the entire amount of operating revenues - \$107,052 - would be drawn from new agency contributions, which reflect an increase over the current fiscal year amended budget of \$4,656 or 4.3%. The remaining portion of budgeted operating revenues - \$7,950 - would be drawn from service charges and interest earnings at the same level for the current fiscal year amended budget.

RECOMMENDATION

This item has been agendized for consideration as part of a noticed public hearing. The following procedures are recommended with respect to the Commission's consideration of this item:

- 1) Receive verbal report from staff;
- 2) Open the public hearing and invite testimony (mandatory); and
- 3) Discuss item and – if appropriate – close the hearing and consider action on recommendation:

"I move to adopt Resolution No. 14-04, approving the final budget for fiscal year 2014-15 as provided in Attachment A (with any desired changes).

Attachments

Attachment A: Final Budget for FY 2014-15

Attachment B: Resolution No. 14-04

Humboldt LAFCo: FY 2014-15 Operating Budget - DRAFT FINAL

Revenues:

		FY 2013-14		FY 2014-15
<u>Account</u>	<u>Title</u>	ADOPTED	AMENDED	DRAFT FINAL
Intergovernmental				
671181	Cities	34,131.67	34,132	35,684
671182	Special Districts	34,131.67	34,132	35,684
671183	County	34,131.67	34,132	35,684
Intergovernmental Total		\$ 102,395.00	102,396	107,052
Service Charges				
631100	Professional Services (Application Fees)	-	7,500	7,500
682238	Charges for Services	-	-	-
707010	Miscellaneous	-	-	-
Service Charges Total		-	7,500	7,500
Investments				
401000	Interest	450	450	450
Interest Total		450	450	450
Revenue Total		102,845	110,346	115,002

Expenses:

		FY 2013-14		FY 2014-15
<u>Account</u>	<u>Title</u>	ADOPTED	AMENDED	DRAFT FINAL
Staffing				
2255	Legal Fees	7,000	5,000	5,000
2118	Professional & Special Services (Task Order 1)	27,100	30,000	30,000
2118	Professional & Special Services (Task Order 2)	50,400	55,000	55,000
2118	Professional & Special Services (Application Review)	-	7,500	7,500
2325	Contract Services	-	-	-
Staffing Total		84,500	97,500	97,500
Services and Supplies				
2106	Communications	460	300	300
2147	Media	600	400	400
2121	Rents & Leases - Structures	5,100	5,400	5,400
2117	Office Supplies	300	100	100
2107	Duplicating	500	200	200
2116	Postage	500	100	102
2119	Publications and Legal Notices	2,000	1,000	1,000
2110	Insurance	2,000	2,100	2,100
2115	Memberships	3,235	3,500	3,500
2123	Special Departmental Expense	800	500	500
2125	Transportation & Travel	350	400	400
2225	Transportation Out of County	2,000	2,500	2,500
2614	Staff Development and Training	500	1,000	1,000
Services and Supplies Total		18,345	17,500	17,502
Contingency/ Carryover				
2020	Contingency	-	-	-
Contingency Total		-	-	-
Expense Total		102,845	115,000	115,002

Operating Difference

	\$	-	(4,654)	-
Negative Balance Indicates Use of Reserves				

Unreserved/Unrestricted Fund Balance

	FY 2013-14	FY 2014-15
Beginning	79,409	74,124
Ending	74,124	67,124

Humboldt LAFCo: FY 2014-15 Operating Budget - DESCRIPTION

Account	Title	Description
Revenue:		
Intergovernmental		
671181	Cities	Contributes 1/3 of Commission's operating expenses
671182	Special Districts	Contributes 1/3 of Commission's operating expenses
671183	County	Contributes 1/3 of Commission's operating expenses
Service Charges		
631100	Professional Services	Application Deposits per Fee Schedule
682238	Charges for Services	Accrued at hourly staff rates (i.e., mapping service fees)
707010	Miscellaneous	Available for one-time (nothing above \$5,000)
Investments		
401000	Interest	Earnings on the fund balance invested by the County Treasurer
Expenses:		
Staffing		
2255	Legal Fees	Contract Legal Counsel staffing services related to attending LAFCo meetings; providing legal services during application review; and representing LAFCo in litigation
2118	Professional & Special Services (Task Order 1)	Contract Executive Officer and Administrator staffing services related to preparing sphere of influence updates and municipal service reviews.
2118	Professional & Special Services (Task Order 2)	Contract Executive Officer and Administrator staffing services related to reviewing or preparing agendas, staff reports, policies and procedures, and other written correspondence; attending LAFCo meetings; conducting environmental review; and maintaining GIS mapping database for city and special district boundaries and SOIs.
2118	Professional & Special Services (Application Review)	Contract Executive Officer and Administrator staffing services related to reviewing, noticing, preparing and presenting reports, including alternatives and recommendations to the Commission regarding annexations, district formations, out-of-agency service applications, detachments, consolidations or other changes of
2325	Contract Services	For other potential contracts
Services and Supplies		
2106	Communications	Telephone
2147	Media	Website
2121	Rents & Leases - Structures	Office space (\$450 per month)
2117	Office Supplies	Office supplies
2107	Duplicating	Printing costs (primarily agenda packets)
2116	Postage	Stamps and mailings to member agencies and other correspondence
2119	Publications and Legal Notices	Includes costs associated with the legal noticing of LAFCo public meetings
2110	Insurance	SDRMA Liability Insurance
2115	Memberships	CALAFCO and CSDA memberships
2123	Special Departmental Expense	Honorarium reimbursement for Commissioner expenses incurred as a result of attending
2125	Transportation & Travel	Commissioner travel reimbursement to regular and special meetings
2225	Transportation Out of County	Conference travel, lodging, meals and related expenses
2614	Staff Development and Training	Conference registration costs associated with attendance of Commissioners/staff at CALAFCO-sponsored conferences and workshops
Contingency/ Carryover		
2020	Contingency	Appropriation for contingencies reduced to \$0 in past years



RESOLUTION NO. 14-04

**ADOPTING A FINAL BUDGET
FOR FISCAL YEAR 2014-15**

WHEREAS, the Humboldt Local Agency Formation Commission ("Commission") is required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to adopt a proposed budget no later than May 1st and a final budget no later than June 15th for the next fiscal year; and

WHEREAS, the Commission adopted a proposed budget at a noticed public hearing on March 19, 2013; and

WHEREAS, at the direction of the Commission, the Executive Officer circulated for review and comment the adopted proposed budget to each of the local funding agencies that contribute to the Commission budget; and

WHEREAS, the Executive Officer prepared a report with recommendations for a final budget; and

WHEREAS, the Executive Officer's report was presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its public hearing on the final budget held on May 21, 2014; and

WHEREAS, the Commission determined the final budget projects the staffing and program costs of the agency as accurately and appropriately as is possible.

NOW, THEREFORE, BE IT RESOLVED by the Commission as follows:

1. The final budget as outlined in Exhibit A is approved.
2. The overall operating costs provided in the final budget will allow the Commission to fulfill its regulatory and planning responsibilities as required under Government Code Section 56381(a).

PASSED AND ADOPTED at a meeting of the Humboldt Local Agency Formation Commission on the 21st day of May, 2014, by the following roll call vote:

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

Virginia Bass, Chair
Humboldt LAFCo

Attest:

George Williamson, Executive Officer
Humboldt LAFCo