



Solano Local Agency Formation Commission

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Staff Report

DATE: February 10, 2014
TO: Local Agency Formation Commission
FROM: Elliot Mulberg, Interim Executive Officer
Michelle McIntyre, Analyst
SUBJECT: FINANCE COMMITTEE REPORT

Recommendation:

The Commission review the minutes of the Finance Committee and consider the following:

1. the attached mid-year projection
2. approve the attached resolution re-appropriating \$38,866 within the LAFCO budget from Salaries and Employee Benefits category subobject 0001110 Salary/Wages Regular to the Services and Supplies category subobject 0002250 Professional Services.
3. a fee reduction for municipal service reviews for special districts

Background:

On January 13 the Finance Committee met to review the budget for the current fiscal year and to begin discussions for fiscal year 2014-2015. Members of the Finance Committee include Commissioners: Batchelor, Spering, and Vasquez.

A summary of the mid-year budget is shown in Table 1. The mid-year budget projection for fiscal year 2013-2014 anticipates an overall surplus of approximately \$120,000, but a negative \$38,866 within the Services and Supplies category. The shortfall is due to the interim executive officer, an independent contractor, whose position was budgeted as a regular employee. As an independent contractor the Interim Executive officer is paid from the Services and Supplies account. As a result, the Salaries and Benefits category shows an excess while Services and Supplies shows a deficit. The attached re-appropriation resolution is needed to fund the Services and Supplies category with internal cost savings from the Salaries and Benefits category.

Table 1 - Summary of Expenses

	2013-14 Final	2013-14 Projected	Percent of Budgeted Amount	Difference Final-Projected
Salaries and Benefits (1000s)	\$286,669	\$124,038	43.3	\$162,631
Services and Supplies (2000s)	\$213,493	\$252,359	118.2	(\$38,866)
Other Charges (3000s)	\$30,000	\$30,000	100	\$0
Total Expenses	\$530,162	\$406,397	76.7	\$123,765
Other Governmental Agencies (9511)	\$394,621	\$394,621	100	\$0
Licenses & Permits (9229)	\$20,000	\$20,000	100	\$0
Interest Income (9401)	\$1,500	\$436	29	-\$1,064
Fund Balance From Previous Fiscal year (740)	\$114,041			E\$122,701

The Finance Committee also discussed the need to update municipal service reviews (MSR) for special districts. The Cortese-Knox-Hertzberg Act (CKH Act) requires the Commission update MSRs every five years. During the first round of MSRs the LAFCO paid for all special district studies. The Commission has no set policy for subsequent MSRs. Thus far, three special district MSRs were paid for by development (cemetery districts), one is currently paid by a special district (SID), and another one is currently being paid for by LAFCO (fire districts). In order to encourage the special districts to update their MSRs and comply with the CKH Act, the Finance Committee is requesting the Commission consider funding the cost of MSRs for all special districts.

The Committee also discussed some of the parameters for the FY2014-15 budget. The Finance Committee will next meet in late February or early March to work on the preliminary budget for fiscal year 2014-2015. A proposed budget will be presented to the Commission at its April 14, 2014 meeting as required by law.

Recommendations:

1. The Commission receive the mid-year budget report.
2. The Commission adopt the Appropriation Transfer Resolution 14-01
3. The Commission agree to fund MSR updates for the special districts

Attachment:

Mid-year budget summary and detailed projection for FY 2013-2014
Appropriation Transfer Resolution