



Solano Local Agency Formation Commission

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Staff Report

DATE: June 13, 2016

TO: Local Agency Formation Commission

FROM: Elliot Mulberg, Executive Officer
Michelle McIntyre, Analyst

SUBJECT: **FINAL BUDGET FISCAL YEAR 2016-2017**

RECOMMENDATION:

It is recommended that the Commission:

1. Review and consider the Final Budget for Fiscal Year 2016-17.
2. Accept public testimony.
3. Adopt or adopt with modifications Resolution No. 16-04 approving the Final Budget for FY 2016-17.
4. Direct staff to distribute the Final Budget to the Cities, the County, and the County Auditor pursuant to Government Code section (GC§) 56381.

BACKGROUND:

At its April 11, 2016 meeting, the Commission reviewed and approved the Proposed Budget for fiscal year 2016-2017, as recommended by the Finance Committee. The Commission then directed staff to 1) circulate the Proposed Budget to the Cities and County for their comments and 2) schedule a noticed public hearing for the Final Budget at the Commission's June meeting.

DISCUSSION:

Following the Commission's April meeting, the Executive Officer presented the Draft Budget to the City/County Planner's Group on April 21 and to the City Manager's Group on May 25.

Since the Commission adopted the Proposed Budget for FY 2016-17, staff has re-calculated the year end projections for the current fiscal year. It is anticipated that the year end fund balance will be approximately \$17,000 higher than previously anticipated. Since LAFCO uses the fund

balance as one revenue source, the invoices to the County and the cities will be slightly lower than previously estimated.

The Final Budget for FY 2016-17 as presented is an increase of approximately \$25,000 which represents 6% over the current year's budget. The increase can mostly be attributed to the cost of our biennial audit estimated at \$15,000 and anticipated travel expense to the CALAFCO conference and staff workshop.

Within the Salaries and Benefits category, the Commission will be paying \$5,500, the first of five payments, toward its CalPERS unfunded liability. In addition, the Commission is increasing reserves by \$4,204 as per our policy that reserves are to be 20% of expenses. Both of these expenses will be paid using the Commission's fund balance.

Tables 1 and 2 below summarize the expenses and sources of funding by budget categories for the current and upcoming fiscal year.

Table 1 - Summary of Expenses

| Sub Object | 2015-16 Adopted Budget | 2016-17 Proposed Budget | Percent Difference |
|-------------------------------|------------------------|-------------------------|--------------------|
| Salaries and Benefits (1000s) | \$124,655 | \$129,745 | 4% |
| Services and Supplies (2000s) | \$269,580 | \$285,565 | 6% |
| Reserves Other (730) | \$0 | \$4,204 | |
| Total Expenses | \$394,235 | \$419,514 | 6% |

Table 2 - Summary of Funding Sources

| Line Item | 2015-16 Adopted Budget | 2016-17 Proposed | Percent Difference |
|------------------------------|---------------------------|------------------|-----------------------|
| Other Governmental Agencies | \$334,185 | \$358,464 | 7% |
| Licenses & Permits (0009229) | \$15,000 | \$10,000 | -33% |
| Interest Income (0009401) | \$500 | \$1,000 | 100% |
| Reserves (730) | \$20,000 | 0 | |
| Fund Balance (740) | \$24,550 | \$44,550 | 81% |
| Total Funding | \$394,235 | \$419,514 | 6% |

Agency Contribution:

The CKH Act mandates funding for LAFCO shall be apportioned amongst the agencies represented on LAFCO by a formula provided in GC §56381 or some other formula as agreed to by the funding agencies. The County's share of the budget is fixed at 50% annually, while the share for each city must be determined each year as a proportion of the general revenue of all cities as reported in the most recent State Controller's Cities Annual Report. Currently, the most recent report available is 2013-2014. Table 3 shows the estimate of costs for each jurisdiction. The calculations are unofficial estimates as a more current version of the report may be released prior the Solano County Auditor/Controller's final official calculations. All final contributions are statutorily subject to the calculations of the Auditor/Controller.

Table 3 – Cities/County Contribution

| City | General Revenue | % of LAFCO Budget | Contribution by Agency |
|---------------------------------|-----------------|----------------------|---------------------------|
| Benicia | \$28,508,688 | 5.78% | \$ 20,718 |
| Dixon | \$10,538,357 | 2.14% | \$ 7,659 |
| Fairfield | \$75,704,963 | 15.35% | \$ 55,018 |
| Rio Vista | \$3,709,297 | 0.75% | \$ 2,696 |
| Suisun City | \$6,859,883 | 1.39% | \$ 4,985 |
| Vacaville | \$51,534,409 | 10.45% | \$ 37,452 |
| Vallejo | \$69,768,788 | 14.14% | \$ 50,704 |
| Total Invoices to cities | | 50% | \$179,232 |
| Total Invoice to County | | 50% | \$179,232 |
| Total | | 100% | \$358,464 |

Important Budgetary Deadlines:

- May 1 – Commission must adopt a proposed budget.
LAFCO adopted a proposed budget on April 11, 2016.
- June 15 - Commission must approve a final budget.
LAFCO is scheduled to adopt a final budget on June 13, 2015.
- July 1 - County Auditor shall request payment from required entities prior to this date.
- August 30 - Payments must be received by County Auditor.

Attachments:

- A – Final Budget FY 2016-17
- B – Resolution No. 16-04

| Item 6A Attachment A | | | | | |
|-----------------------------|--|------------------------|---------------------------|------------------------|----------------------------|
| 3450 | Solano LAFCO - 2016-2017 Final Budget | 2015-2016 Final Budget | 2016-2017 Proposed Budget | 2016-2017 Final Budget | % difference from FY 15/16 |
| 1000 | SALARIES AND EMPLOYEE BENEFITS | | | | |
| 1110 | SALARY/WAGES REGULAR | \$ 91,494.00 | \$ 91,434 | \$ 91,434 | 0% |
| 1210 | RETIREMENT-EMPLOYER | \$ 9,674.00 | \$ 8,621 | \$ 8,621 | -11% |
| 1210 | UNFUNDED LIABILITY | | \$ 5,500 | \$ 5,500 | |
| 1212 | DEFERRED COMP-COUNTY MATCH | \$ 130.00 | \$ 130 | \$ 130 | 0% |
| 1220 | FICA-EMPLOYER | \$ 1,334.00 | \$ 1,326 | \$ 1,326 | -1% |
| 1230 | HEALTH INS-EMPLOYER | \$ 15,204.00 | \$ 15,969 | \$ 15,969 | 5% |
| 1231 | VISION CARE INSURANCE | \$ 152.00 | \$ 240 | \$ 240 | 58% |
| 1240 | COMPENSATION INSURANCE | \$ 836.00 | \$ 702 | \$ 702 | -16% |
| 1241 | LT DISABILITY INSURANCE ER | \$ 166.00 | \$ 200 | \$ 200 | 20% |
| 1250 | UNEMPLOYMENT INSURANCE | \$ 434.00 | \$ 434 | \$ 434 | 0% |
| 1260 | DENTAL INS-EMPLOYER | \$ 1,247.00 | \$ 1,283 | \$ 1,283 | 3% |
| 1270 | ACCRUED LEAVE CTO PAYOFF | \$ 3,519.00 | \$ 3,431 | \$ 3,431 | -3% |
| 1290 | LIFE INSURANCE-EMPLOYER | \$ 465.00 | \$ 475 | \$ 475 | 2% |
| 1000 | SALARIES AND EMPLOYEE BENEFITS | \$ 124,655.00 | \$ 129,745 | \$ 129,745 | 4% |
| 2000 | SERVICES AND SUPPLIES | | | | |
| 2021 | COMMUNICATION-TELEPHONE SYSTEM | \$ - | \$ 300 | \$ 300 | |
| 2028 | TELEPHONE SERVICES | \$ 2,100.00 | \$ 2,100 | \$ 2,100 | 0% |
| 2035 | HOUSEHOLD EXPENSE | \$ 500.00 | \$ 500 | \$ 500 | 0% |
| 2051 | LIABILITY INSURANCE | \$ 4,700.00 | \$ 3,563 | \$ 3,563 | -24% |
| 2140 | MAINTENANCE-BLDGS & IMPROVE | \$ 150.00 | \$ 150 | \$ 150 | 0% |
| 2170 | MEMBERSHIPS | \$ 4,430.00 | \$ 4,657 | \$ 4,657 | 5% |
| 2171 | PROFESSIONAL LICENSES & CERT | \$ 800.00 | \$ 800 | \$ 800 | 0% |
| 2180 | BOOKS & SUBSCRIPTIONS | \$ 400.00 | \$ 400 | \$ 400 | 0% |
| 2200 | OFFICE EXPENSE | \$ 2,500.00 | \$ 1,500 | \$ 1,500 | -40% |
| 2203 | COMPUTER COMPONENTS <\$1,500 | \$ 500.00 | \$ 500 | \$ 500 | 0% |
| 2205 | POSTAGE | \$ 1,500.00 | \$ 1,000 | \$ 1,000 | -33% |
| 2235 | ACCOUNTING & FINANCIAL SERVICE | \$ 6,636.00 | \$ 24,000 | \$ 24,000 | 262% |
| 2245 | CONTRACTED SERVICES | \$ 40,000.00 | \$ 40,000 | \$ 40,000 | 0% |
| 2250 | OTHER PROFESSIONAL SERVICES | \$ 157,600.00 | \$ 154,300 | \$ 154,300 | -2% |
| 2266 | CENTRAL DATA PROCESSING SVCE | \$ 8,872.00 | \$ 8,450 | \$ 8,450 | -5% |
| 2270 | SOFTWARE | \$ 600.00 | \$ 600 | \$ 600 | 0% |
| 2280 | PUBLICATIONS AND LEGAL NOTICES | \$ 1,000.00 | \$ 2,800 | \$ 2,800 | 180% |
| 2285 | RENTS & LEASES - EQUIPMENT | \$ 6,000.00 | \$ 6,000 | \$ 6,000 | 0% |
| 2295 | RENTS & LEASES-BUILDINGS/IMPR | \$ 18,942.00 | \$ 18,145 | \$ 18,145 | -4% |
| 2310 | EDUCATION & TRAINING | \$ 2,000.00 | \$ 2,000 | \$ 2,000 | 0% |
| 2311 | TUITION REIMBURSEMENT | \$ 1,100.00 | \$ 1,100 | \$ 1,100 | 0% |
| 2335 | TRAVEL EXPENSE | \$ 6,500.00 | \$ 10,400 | \$ 10,400 | 60% |
| 2339 | MANAGEMENT BUSINESS EXPENSE | \$ 300.00 | \$ 300 | \$ 300 | 0% |
| 2355 | PERSONAL MILEAGE | \$ 2,000.00 | \$ 2,000 | \$ 2,000 | 0% |
| 2360 | UTILITIES | \$ 450.00 | \$ - | \$ - | |
| 2000 | SERVICES AND SUPPLIES | \$ 269,580.00 | \$ 285,565 | \$ 285,565 | 6% |
| 9200 | LICENSES, PERMITS & FRANCHISE | | | | |
| 9229 | LICENSES & PERMITS-OTHER | \$ 15,000.00 | \$ 15,000 | \$ 10,000 | -33% |
| 9200 | LICENSES, PERMITS & FRANCHISE | \$ 15,000.00 | \$ 15,000 | \$ 10,000 | -33% |
| 9400 | REVENUE FROM USE OF MONEY/PROP | | | | |
| 9401 | INTEREST INCOME | \$ 500.00 | \$ 1,000 | \$ 1,000 | 100% |
| 9400 | REVENUE FROM USE OF MONEY/PROP | \$ 500.00 | \$ 1,000 | \$ 1,000 | 100% |
| 9500 | INTERGOVERNMENTAL REVENUES | | | | |
| 9511 | OTHER GOVERNMENTAL AGENCIES | \$ 334,185.00 | \$ 372,201 | \$ 358,464 | 7% |
| 9500 | INTERGOVERNMENTAL REVENUES | \$ 334,185.00 | \$ 372,201 | \$ 358,464 | 7% |
| | TOTAL REVENUE | \$ 394,235.00 | \$ 419,514 | \$ 419,514 | 6% |
| | TOTAL EXPENSE | \$ 394,235.00 | \$ 419,514 | \$ 419,514 | 6% |
| 700 | RESERVE | | | | |
| 730 | RESERVE - Other | \$ 78,858.00 | \$ 83,062 | \$ 83,062 | 5% |
| 700 | RESERVE | \$ 78,858.00 | \$ 83,062 | \$ 83,062 | 5% |
| 740 | FUND BALANCE | | | | |
| 740 | Fund Balance (FY 14-15) | \$ 40,271.00 | | | |
| | Projected Fund Balance FY 15-16 | | \$ 48,752 | | |
| | Fund Balance FY14-15 + FY15-16 | | \$ 89,023 | \$ 89,023 | |
| | FB To be used for FY16-17 Expenses | | \$ 31,313 | \$ 44,550 | |
| | FB To be used for Reserve | | \$ 4,202 | \$ 4,202 | |
| | FB to be used for Unfunded Liabilities | | \$ 5,500 | \$ 5,500 | |
| | Fund Balance remaining | | | \$ 34,771 | |

**RESOLUTION NO. 16-04
RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF SOLANO COUNTY APPROVING THE
FISCAL YEAR 2016-2017 FINAL BUDGET**

WHEREAS, in accordance with Government Code Section 56381, the Local Agency Formation Commission of Solano County has conducted a duly noticed public hearing on June 13, 2016, during which all amendments to the Final Budget for Fiscal Year 2016- 2017 (FY 2016-17) were considered and made, and;

WHEREAS, the Reserve Policy requires the Commission fund its reserve account by 20 percent of the Commission’s budgeted expenses; and,

WHEREAS, the Commission’s budgeted expenses for 2016-2017 is \$419,514; and

WHEREAS, the Commission’s current reserve account total is \$78,898 which represents approximately 19 percent of the Commission’s budgeted expenses; and,

WHEREAS, in order to increase the reserve to 20 percent of budgeted expenses, the Commission authorizes the Executive Officer to transfer \$4,204 from the FY 15/16 fund balance to its Reserve Account.

WHEREAS, the Commission desires to reduce its CalPERS unfunded liabilities; and

WHEREAS, the Commission authorizes the Executive Officer to use \$5,500 from the Fund Balance account to issue a payment toward the CalPERS unfunded liability; and

WHEREAS, expenses for FY 2016-17 are hereby allocated by category in the following manner:

| | |
|--|------------------|
| Salaries and Employee Benefits | \$129,745 |
| Services and Supplies | \$285,565 |
| <u>FY 15/16 Fund Balance to Reserves</u> | <u>\$ 4,204</u> |
| Total Expenses | \$419,514 |

WHEREAS, revenues for FY 2016-17 or the means of financing the LAFCO program will be by monies derived from the following sources of funding:

| | |
|--------------------------|------------------|
| Anticipated Revenue | \$ 10,000 |
| Anticipated Interest | \$ 1,000 |
| Fund Balance Account 740 | \$ 5,500 |
| FY 15/16 Fund Balance | \$ 44,550 |
| <u>City/County</u> | <u>\$358,464</u> |
| Total Revenue | \$419,514 |

NOW, THEREFORE, BE IT RESOLVED that the Final Budget for FY 2016-17 is hereby adopted as Attachment A which shows the Commission’s anticipated revenues and expenses by line item detail.

UPON MOTION of Commissioner _____ seconded by Commissioner _____, the foregoing resolution is adopted this 13th day of June, 2016 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

John Saunderson, Chair
Local Agency Formation Commission
County of Solano, State of California

ATTEST:

Elliot Mulberg, Executive Officer