

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

September 5, 2013

TO: Members, Formation Commission

FROM: Martha Poyatos, Executive Officer

SUBJECT: Recommended Amendment to Adopted 2013-2014 LAFCo Budget

At the May LAFCo meeting, the Commission adopted a final 2013-2014 Appropriations Budget of \$374,325 and net operating budget of \$295,909, which reflected application of the 2012-2013 *estimated* fund balance of \$53,416. Following the close of the fiscal year, the final actual fund balance for the 2013-2014 Fiscal Year was \$91,865, or \$38,449 greater than estimated. The actual fund balance exceeding estimated results from lower than anticipated expenditures in various expenditure accounts and carry-over of application fees for the Granada Sanitary District Proposal. This change in fund balance necessitates revision of the Commission's 2012-2013 adopted net operating budget.

Staff recommends applying the difference in fund balance of \$38,449 to a special one-time reserve account which would require Commission approval for expenditure. By application of the difference in fund balance as appropriations in reserve, there is no change in proposed net operating budget or the one-third shares to the County, cities and special districts. The one-third shares of the Net Operating Budget to be funded by the County, 20 cities and 22 special districts for 2013-14 would continue to be \$98,636 as adopted in May.

The Recommended Amended 2013-14 Budget and the Budget adopted at your May meeting are attached for your reference.

Staff respectfully recommends that the Commission amend the 2013-14 adopted budget as shown in the attached revised budget labeled "2012-13 Budget-September Revision" dated September 5, 2013 to reflect application of the actual surplus final fund balance to special reserve. The Revised Budget would then be transmitted to the County Controller in order to invoice funding agencies for their share of the net operating budget.

C: Cities  
Special Districts  
County of San Mateo

LAFCo Budget - September Revise 2013-14

prepared Sept. 5, 2013

A	b	c	d	d	f	g	h
		Actual	Amended	Final	Adopted	Estimated	Proposed
		2010-11	Adopted	Actual	Sept. Rev.	Actual	Draft
			2011-12	2011-12	2012-13	2012-13	2013-14
4111	Salary & Benefits	195,042	195,321	197,883	194,265	194,265	196,912
4141	Admin. Leave Cash Out	3,237	3,003	4,927	4,900	4,900	4,900
4161	Commissioner Compensation	3,700	4,800	4,500	4,800	4,800	4,800
	County Annuity	7,119	7,625	7,230	7,625	7,625	7,853
	<b>SALARIES &amp; BENEFITS</b>	<b>209,098</b>	<b>210,749</b>	<b>214,540</b>	<b>211,590</b>	<b>211,590</b>	<b>214,465</b>
5191	Outside Printing (other special printing)	11	1,000	170	500	500	1,000
5193	General Office Supplies	500	500	500	500	500	500
5196	Photocopy - in-house copier	500	500	500	500	500	500
5197	Postage & Mailing Service	417	1,000	1,481	1,500	1,500	1,500
5212	Computer Equipment under \$5,000	-	-	1,386	-	-	-
5331	Memberships (CALAFCo/CSDA new in	5,093	5,939	5,939	6,069	6,069	6,188
5341	Legal Advertising	150	1,500	566	1,500	1,400	1,500
5712	Mileage Allowance	0	250	0	250	130	250
5721	Meetings & Conferences	3,658	5,000	3,953	6,000	4,900	6,000
5733	Training	0	250	275	250	150	250
5810	Fiscal Office Specialist	988	988	988	988	988	988
5218	Corovan Records Storage (new 09/10)	177	200	140	200	200	200
5848	Graphics	2,320	6,500	950	4,500	2,500	4,500
5856	consulting						50,000
5962	Admin Asst. Shared with Parks.	14,997	25,000	11,030	25,000	15,000	25,000
5861	GIS Mapping	0	2,500	0	2,500	1,500	2,500
5872	Controller Admin**	1,760	1,936	1,760	2,440	2,440	2,440
6712	Telephone	670	670	620	670	670	670
6713	ISD (Automation Services)	2,694	4,650	4,462	4,650	4,000	4,650
6714	Rent	2,986	3,937	2,703	2,703	2,703	2,703
6722	Copy Center Charges	241	2,000	0	0	0	0
6725	Gen'l Liability & bond ins.	3,559	3,560	4,208	4,229	3,533	4,229
6732	County Counsel	18,060	39,280	4,752	30,000	12,000	30,000
6821	A 87 Charges	12,168	7,440	7,447	-2,636	-2,636	3,389
	<b>Subtotal Appropriations</b>	<b>280,047</b>	<b>325,349</b>	<b>268,370</b>	<b>303,903</b>	<b>270,137</b>	<b>363,422</b>
8612	Reserve 3%	0	9,760		9,117		10,903
	<b>one time reserve (excess fund balance)</b>	0			10,533		38,449
	<b>Total Appropriations Budget</b>	<b>\$280,047</b>	<b>\$335,109</b>	<b>\$268,370</b>	<b>\$323,553</b>	<b>\$270,137</b>	<b>\$412,774</b>
	<b>Revenues</b>						
	Fund Balance (Actual revenues over ex	94,886	79,097	79,097	66,176	66,176	91,865
	Application Fees	16,643	25,000	24,437	25,000	25,000	25,000
***	<b>Intergov. Revenue</b>	<b>247,615</b>	<b>231,012</b>	<b>231,012</b>	<b>232,377</b>	<b>232,377</b>	<b>295,909</b>
	<b>Total Revenues</b>	<b>\$359,144</b>	<b>\$335,109</b>	<b>\$334,546</b>	<b>\$323,553</b>	<b>\$323,553</b>	<b>\$412,774</b>
	<b>One-third apportionment</b>	<b>\$82,538</b>	<b>\$77,004</b>	<b>\$77,004</b>	<b>\$77,459</b>	<b>\$77,459</b>	<b>\$98,636</b>

(\*\*\*Apportionment to county, cities & special districts (cities/districts based on proportional revenues)

also the net operating budget, (appropriation less revenues & fund balance)

net operating budget apportioned in thirds to funding agencies)

10-11 FB \$79,097

11-12 FB \$66,176

Fund balance carry over is actual total revenues less actual appropriations



Agenda Item 6

May 8, 2013

**To:** Members, Formation Commission

**From:** Martha Poyatos,  
Executive Officer

**Subject:** Recommended Final 2013-14 Fiscal Year LAFCo Budget

Recommendation:

1. Open the public hearing on the LAFCo 2013-14 Recommended Adopted Budget and receive public comment.
2. Consider and adopt the Recommended Final Budget of \$374,325 for the 2013-14 Fiscal Year with any desired changes and direct the Executive Officer to distribute it to the County Controller, cities and independent special districts

Background

Section 56381 of Cortese-Knox-Hertzberg, which covers adoption of the LAFCo budget, requires Commission consideration of both a proposed and final budget at the following intervals:

1. By May 1, the Commission shall adopt a “proposed” budget at a noticed public hearing
2. By June 15, the Commission shall adopt a “final” budget at a noticed public hearing following circulation of the recommended final budget to the County, all cities and all independent special districts.

This process requires distribution of both the proposed budget and final budget to all funding agencies for comment prior to Commission action. The Act also provides for carryover of unused funds to the subsequent year’s budget and requires that the LAFCo net operating budget be apportioned in thirds to the County, the cities and independent special districts<sup>1</sup>. Also, because the Proposed and “Final” Budget are adopted before the end of the fiscal year

---

<sup>1</sup> Apportionment of the one-third shares to individual cities and special districts is calculated by the County Controller based on proportionate share of revenues reported in the most recent edition of the State Controller’s reports on cities and special districts. These reports are not yet available. For estimation purposes, agencies can reference the apportionment rates calculated for the 2012-13 Fiscal Year .

and include an *estimate* of fund balance carry over, once the current fiscal year closes and the actual fund balance carry-over is determined, it will be necessary for the Commission to consider revisions to the budget to reflect application of the actual fund balance carry-over.

#### Budget Committee Recommendations

At the March 20, 2013 Commission meeting the Commission considered and approved the Proposed 2013-14 Budget as recommended by the Budget Committee consisting of Commissioners Altscher, Patridge and Chair Horsley. The proposed budget was based in part on estimated actuals for the current fiscal year and estimates provided by the County. Some costs such as liability insurance with the Special District Risk Management Authority (SDRMA) continue to be estimates because LAFCo has not yet received a quote for the new fiscal year.

The LAFCo budget is based on contract amounts provided by the County of San Mateo for salary and benefits, county counsel and other services and supplies. Components of the budget include appropriations for salaries, services and supplies, which are provided by contract with the County of San Mateo and appropriations for reserve.<sup>2</sup> A key change this year is an appropriation in the amount of \$50,000 for consulting in order to expedite completion of the first round of municipals service reviews. Components of revenues include fund balance carry-over from the previous fiscal year, application fees and intergovernmental revenues comprised of mandatory one-third funding by the County, cities and special districts.

As shown in Column H, the recommended appropriations budget is \$374,325 and net operating budget<sup>3</sup> (appropriations less application fees and fund balance) is \$295,909. The Net Operating Budget reflects an offset of \$53,416 in estimated fund balance carryover from the current fiscal year. The anticipated fund balance results primarily from savings in secretarial support and county counsel, reduced actual rent charges and non-use of reserve funds.

#### Apportionment to Cities and Special Districts:

As noted above, the net operating budget is apportioned in thirds to the County, cities and special districts with the cities' shares based on general fund revenues as reported to the State Controller and the independent special districts' shares based on the same formula. After September revisions to the budget, the County Controller prepares apportionment tables indicating each agency's share of the LAFCo net operating budget. The State Controller's reports are typically not available until September. For this reason, for city and special district budgeting purposes, the current year formulas are provided to the cities and districts in order to estimate each agency's apportionment of the proposed LAFCo budget. The County's apportionment is transferred to the LAFCo budget via intrafund transfer. The LAFCo net

---

<sup>2</sup> The Commission's reserve amount is re-established each year and does not accumulate.

<sup>3</sup> Shown as intergovernmental revenues

Recommended Adopted 2013-14 LAFCo Budget  
May 8, 2013

operating budget of \$295,909 as proposed results in one-third apportionments of \$98,636, an increase of \$21,177 from the 2012-13 apportionment to the funding groups.

Application of Fund Balance

In regard to application of fund balance, the estimated actual revenue for 2012-13 is \$323,553. Based on estimated expenditures of \$270,137, the resulting estimated fund balance is \$53,416, and is applied as revenue and labeled "fund balance from previous year." The portion of the LAFCo budget that is apportioned in thirds to funding groups is the appropriations budget less fund balance and application fees and labeled "intergovernmental revenue."

Proposed 2013-14 Budget Narrative

The following provides a narrative to the attached budget spreadsheet and reflects costs associated with LAFCo's contract with the County of San Mateo for staffing, office space, supplies and legal counsel.

Salary & Benefits (4111)

Projected 2013-14 Salary and benefits of \$214,465 includes the County position of Principal Management Analyst that serves as Executive Officer by contract with the County and Commissioner stipend of \$100 per bi-monthly meeting. County salaries have been frozen since the 2009-10 Fiscal Year. Annuity represents the amount of the County offset of management position retirement contributions.

**SERVICES & SUPPLIES**

Outside Printing (5191)

Appropriation of \$1,000 for copying and printing by outside print shops afforded by reliance on electronic distribution of documents.

General Office Supplies (5193)

A flat appropriation of \$500 for incidental office supplies provided to LAFCo.

Photocopy (5196)

A flat appropriation of \$500 for incidental copies made from the Planning Department copier where the LAFCo office is located.

Postage & Mailing (5197)

The 2013-14 recommended appropriation is \$1,500.

Recommended Adopted 2013-14 LAFCo Budget  
May 8, 2013

Memberships (5331)

The recommended 2013-14 appropriation of \$6,188, includes CALAFCo dues of \$5,342, and California Special Districts Association dues of \$846.

Legal Advertising (5341)

Appropriation of \$1,500 for legal notices published in newspaper for LAFCo hearing items requiring notice.

Mileage Allowance (5712)

Appropriation of \$250 for mileage reimbursement for staff attendance at offsite meetings or site visits.

Meetings & Conferences (5721)

The Proposed 2013-14 appropriation of \$6,000 associated with commission and staff attendance/travel at CALAFCo Annual Workshop and Staff Workshop based on the venue of each event. (Assumes four commissioners and one staff person will attend Annual Conference in Lake Tahoe and attendance of one staff person at CALAFCo staff workshop in Berkeley)

Training (5733)

Appropriation of \$250 for educational classes or workshops related to LAFCo, CEQA or related training.

Fiscal Office Specialist (5810)

Appropriation of \$988 for a County Fiscal Office Specialist to process LAFCo accounts receivable and payable and payroll.

Graphics/GIS (5848)

Appropriation of \$4,500 for GIS and other mapping for LAFCo studies and sphere updates.

Admin Assistant Shared with Parks (5962)

Appropriation of \$25,000 for executive secretary position shared with San Mateo County Parks Department through contract.

GIS (5861)

Appropriation of \$2,500 for special work completed by ISD/Public Works GIS mapping related to LAFCo applications or studies.

Controller (5872)

Estimated Cost of \$2,440 of administering the apportionment and collection of LAFCo budget to county, cities and special districts.

Telephone (6712)

Telephone charges of \$670 for Executive Officer phone line.

Recommended Adopted 2013-14 LAFCo Budget  
May 8, 2013

Other Information Services Department Services (6713)

Charges of \$4,650 for internet access, technical support and website maintenance including posting of notice, agenda materials and studies.

Rent (6714)

Rent for 2013-14 is \$2,703.

General Liability & Bond Insurance (6725)

Recommended 2013-14 is estimated at \$4,229, however LAFCo has not received the quote from the SDRMA.

County Counsel (6732)

The 2013-14 recommended appropriation remains at \$30,000 and allows for unanticipated demand for legal counsel.

A-87 Charges (6821)

A-87 Charges represent indirect charges such as Human Resources, County Manager, etc. The Controller has provided A-87 costs for 2013-14 at \$3,389.

Reserve (8612)

Amount of \$10,903 in reserve for unanticipated expenditures, historically set at 3% of gross appropriations.

**Recommended Action:**

It is respectfully recommended that the Commission open the public hearing, accept comment and consider and adopt the Recommended Adopted Budget for 2013-14 of \$374,325 as proposed or with any desired changes and direct the Executive Officer to distribute it to the County, cities and independent special districts.

- c: John Maltbie, County Manager
- Members, Board of Supervisors
- City Managers, San Mateo County Cities
- Finance Directors, San Mateo County Cities
- District Managers, Independent Special Districts

LAFCo Budget - Final Proposed 2013-14

prepared May 8, 2013

A	b	c	d	d	f	g	h
		Actual	Amended	Final	Adopted	Estimated	Proposed
		2010-11	Adopted	Actual	Sept. Rev.	Actual	Draft
			2011-12	2011-12	2012-13	2012-13	2013-14
4111	Salary & Benefits	195,042	195,321	197,883	194,265	194,265	196,912
4141	Admin. Leave Cash Out	3,237	3,003	4,927	4,900	4,900	4,900
4161	Commissioner Compensation	3,700	4,800	4,500	4,800	4,800	4,800
	County Annuity	7,119	7,625	7,230	7,625	7,625	7,853
	<b>SALARIES &amp; BENEFITS</b>	<b>209,098</b>	<b>210,749</b>	<b>214,540</b>	<b>211,590</b>	<b>211,590</b>	<b>214,465</b>
5191	Outside Printing (other special printing)	11	1,000	170	500	500	1,000
5193	General Office Supplies	500	500	500	500	500	500
5196	Photocopy - in-house copier	500	500	500	500	500	500
5197	Postage & Mailing Service	417	1,000	1,481	1,500	1,500	1,500
5212	Computer Equipment under \$5,000	-	-	1,386	-	-	-
5331	Memberships (CALAFCo/CSDA new in	5,093	5,939	5,939	6,069	6,069	6,188
5341	Legal Advertising	150	1,500	566	1,500	1,400	1,500
5712	Mileage Allowance	0	250	0	250	130	250
5721	Meetings & Conferences	3,658	5,000	3,953	6,000	4,900	6,000
5733	Training	0	250	275	250	150	250
5810	Fiscal Office Specialist	988	988	988	988	988	988
5218	Corovan Records Storage (new 09/10)	177	200	140	200	200	200
5848	Graphics	2,320	6,500	950	4,500	2,500	4,500
5856	consulting						50,000
5962	Admin Asst. Shared with Parks.	14,997	25,000	11,030	25,000	15,000	25,000
5861	GIS Mapping	0	2,500	0	2,500	1,500	2,500
5872	Controller Admin**	1,760	1,936	1,760	2,440	2,440	2,440
6712	Telephone	670	670	620	670	670	670
6713	ISD (Automation Services)	2,694	4,650	4,462	4,650	4,000	4,650
6714	Rent	2,986	3,937	2,703	2,703	2,703	2,703
6722	Copy Center Charges	241	2,000	0	0	0	0
6725	Gen'l Liability & bond ins.	3,559	3,560	4,208	4,229	3,533	4,229
6732	County Counsel	18,060	39,280	4,752	30,000	12,000	30,000
6821	A 87 Charges	12,168	7,440	7,447	-2,636	-2,636	3,389
	<b>Subtotal Appropriations</b>	<b>280,047</b>	<b>325,349</b>	<b>268,370</b>	<b>303,903</b>	<b>270,137</b>	<b>363,422</b>
8612	Reserve 3%	0	9,760		9,117		10,903
	<b>one time reserve</b>	0			10,533		
	<b>Total Appropriations Budget</b>	<b>\$280,047</b>	<b>\$335,109</b>	<b>\$268,370</b>	<b>\$323,553</b>	<b>\$270,137</b>	<b>\$374,325</b>
	<b>Revenues</b>						
	Fund Balance (Actual revenues over ex	94,886	79,097	79,097	66,176	66,176	53,416
	Application Fees	16,643	25,000	24,437	25,000	25,000	25,000
***	<b>Intergov. Revenue</b>	<b>247,615</b>	<b>231,012</b>	<b>231,012</b>	<b>232,377</b>	<b>232,377</b>	<b>295,909</b>
	<b>Total Revenues</b>	<b>\$359,144</b>	<b>\$335,109</b>	<b>\$334,546</b>	<b>\$323,553</b>	<b>\$323,553</b>	<b>\$374,325</b>
	<b>One-third apportionment</b>	<b>\$82,538</b>	<b>\$77,004</b>	<b>\$77,004</b>	<b>\$77,459</b>	<b>\$77,459</b>	<b>\$98,636</b>

(\*\*\*Apportionment to county, cities & special districts (cities/districts based on proportional revenues)

also the net operating budget, (appropriation less revenues & fund balance)

net operating budget apportioned in thirds to funding agencies)

10-11 FB \$79,097

11-12 FB \$66,176

Fund balance carry over is actual total revenues less actual appropriations