

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
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Sacramento, California 95814
(916) 874-6458

April 2, 2008

TO: Sacramento Local Agency Formation Commission
FROM: Peter Brundage, Executive Officer *PB*
RE: **Preliminary Proposed FY 2008-09 Proposed Budgets**

RECOMMENDATION

1. Receive and file the FY 2008-09 Proposed Budget.
2. Direct the Executive Officer to distribute the FY 2008-09 Proposed Budget to affected agencies for review and comment.
3. Direct the Executive Officer to schedule a Public Hearing on the FY 2008-09 Proposed Budget for May 7, 2008.

DISCUSSION

This report outlines the Proposed FY 2008-09 Proposed Budget based on available information. LAFCo must adopt a proposed budget by May of each year and a Final Budget by June 15th. The final Fund Balance will not be available until late July or early August. Staff will report back to the Commission in August or September after the Final Fund Balance is available to advise the Commission if any adjustments are required.

Summary FY 2008-09 Proposed Budget

Appropriations	\$1,484,500
Funding Sources	
Revenues and Interest	620,000
Assessments	686,500
Fund Balance-General	128,000
Fund Balance-Arden Arcade	<u>50,000</u>
Total Revenue and Assessments	\$1,484,500

Affected Agency Assessment

The proposed budget assumes that contributions from other affected agencies will remain at \$686,500, the same as last year.

Summary of Reserves, Year End Fund Balance Estimate, Revenues and Expenditures for FY 2008-09

Reserves

The Reserved Fund Balance has a balance of \$100,000. This amount has been set aside in previous years for unanticipated expenditures or revenue shortfalls. These funds cannot be spent without Commission approval. At this time, I am not recommending any increase or decrease in the Reserve Account.

Estimated Year-End Fund Balance

The available Year-End Fund Balance is estimated to be approximately \$128,000. This estimated results from either expenditures being under budget and/or actual revenues being higher than the budget estimate.

The attached worksheet calculates year end expenses and revenues based on available information. Year end projections attempt to accurately reflect projected expenses and projected revenues during the next several months.

Available Fund Balance has been adjusted for two factors:

First, the estimated Year-End Fund Balance reflects a reduction of \$65,000. As previously reported, a revenue accrual last year was inadvertently accrued twice. Basically, the actual Beginning Fund Balance was over stated by 65,000. The second adjustment sets aside \$52,703 for the Arden Arcade Incorporation proposal. This amount includes \$36,811 for LAFCo's remaining match and \$15,262 which represents both LAFCo's match and the proponent's share of funds on deposit. This amount is being carried over from FY 2007-08 to partially offset a portion of the unexpended estimated contract amounts. The remaining unexpended contract amounts will require payment from the incorporation proponents as set forth in the Funding Agreement.

Estimated Year-End Fund Balance	\$245,703
Less: Accrual error	(65,000)
Set Aside for Incorporation	(52,703)
Estimated Available Fund Balance	\$128,000

Therefore, there is only approximately \$128,000 available to help fund the FY 2008-09 Budget.

Unfortunately the accrual error has eliminated a significant cushion that I was planning to use on either reducing this year's assessment and/or rolling over into an assessment stabilization fund to minimize assessment increases in future years.

Salary and Benefits

Salary and Benefits have increased based on COLA and equity adjustments pursuant to the County of Sacramento and City of Sacramento Personnel Budget Reports. I granted an equity adjustment for the Assistant Executive Officer based on City of Sacramento Personnel policies.

Sacramento County personnel are non-exempt positions and all salary and benefit adjustments are based on salary and benefit adjustments approved by the County Board of Supervisors.

Service and Supply Accounts

It is estimated that service and supply accounts will increase by approximately \$9,000 from last years base budget based on this year's estimated expenses and allocated cost increases in services provided by the County of Sacramento for liability insurance, phone, alarm system monitoring, computer and web site services, messenger services, and rent. In addition, Calafco dues are increasing by \$1,500. I have increased postage and conference expenses to reflect amounts estimated to be expended this year.

Contract Costs and Revenue

LAFCo contracts for legal services, surveyor to review legal descriptions, and an environmental consultant to advice staff on environmental issues. These contracts include both reimbursable and non-reimbursable expenses. The reimbursable expenses are related to project and/or applications. The non-reimbursable expenses do not relate to specific projects or applications and therefore the costs cannot be recovered.

The following chart summarizes the amounts included in the proposed budget the base amounts are the same amounts that were included in last year's budget.

General Contracts

	<u>Project</u>	<u>Non-Project</u>	<u>Total</u>
Legal	\$100,000	\$60,000	\$160,000
Environmental Services	30,000	20,000	50,000
Surveyor	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Total Net Cost	\$150,000	\$80,000	\$230,000
Less Revenue	<u>\$150,000</u>	<u>0</u>	<u>\$150,000</u>
Net Cost	0	\$80,000	\$80,000

Arden Arcade Proposal: Estimated Costs and Revenue to Complete Studies

The following table sets forth the current expenditures made on the Arden Arcade Incorporation Proposal and the amounts that remain unexpended. The unexpended portion will be rebudgeted in the FY 2008-09 Proposed Budget.

Contract Expenditures To Date

	Estimated Costs/ Contract Amount	Amount Expended	Unexpended Contract Amounts
EIR	\$145,000	\$88,715	\$56,285
CFA	130,000	10,238	119,762
Legal/Env	<u>30,000</u>	<u>12,164</u>	<u>17,836</u>
Total	\$305,000	\$111,117	\$193,883

Rounded to \$200,000

The Following table sets forth the funding that will be carried forward and the payments (revenue) that will be rebudgeted in the FY 2008-09 Proposed Budget.

Current Funding Requirement

Total Estimated Costs Remaining	\$193,883
Current money on deposit including LAFCo match	(15,262)
Remaining LAFCo Match	<u>(36,811)</u>
Amount of Proponents Payment Balance	\$141,810

Rounded to \$150,000

Other Potential Projects

The following table highlights possible projects that will commence in the next fiscal year. The estimated cost of these projects will be entirely offset by revenue.

City of Elk Grove Sphere of Influence	\$150,000
Natomas Joint Vision Sphere of Influence	50,000
Galt Sphere of Influence	50,000
Camino Norte Sphere of Influence	<u>50,000</u>
Total	\$300,000
These potential projects are entirely offset by revenue	<u>\$300,000</u>

Summary of Total Contract Expenditures

Total Contract Expenditures	\$730,000
Total Contract Revenue	600,000
Fund Balance for Arden Arcade Incorporation	<u>50,000</u>
Net Cost	\$ 80,000

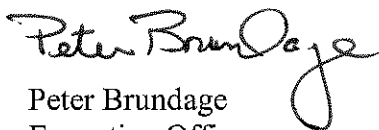
Contingencies

The Proposed Budget recommends that \$25,000 be budgeted in contingencies to offset unanticipated expenses or revenue shortfalls.

Summary

Based on the estimated year-end Fund Balance, the FY 2008-09 Proposed Budget will not require any change in the annual assessment. The attached spreadsheets provide detailed information related to the year-end fund balance estimate and the FY 2008-09 Proposed Budget. These spreadsheets show the appropriations, revenue, and fund balance by line item accounts.

Respectfully Submitted,



Peter Brundage
Executive Officer

PB
Attachment
(BudgetProposedApril,2008)

Sacramento Local Agency Formation Commission

Proposed Budget FY 2008-09 (April, 2008)

Base Budget with Projects

Acct	Description	Final Budget	Proposed Budget	Change
		07-08	08-09	
1000	Total Salaries & Benefits	400,000	465,000	65,000
1005	Secretary Part time	42,000	42,000	0
1124	Commission Reimbursement	9,000	9,000	0
1240	Worker's Comp	500	500	0
1250	Unemployment	0	0	0
Total 1000's Account		451,500	516,500	65,000
2005	Advertising-public notice, meetings etc	7,500	7,500	0
2022	Periodicals, Books, Subs	1,300	2,000	700
2029	Business & Conf Expenses	10,000	12,000	2,000
2035	Education/Training	2,200	2,200	0
2039	Employee Transportation	200	200	0
2051	Liability Insurance for Commission	12,000	13,000	1,000
2061	Membership CaLAFCo Dues	5,500	7,000	1,500
2076	Office Supplies	8,000	8,000	0
2081	Postage	3,746	5,000	1,254
2275	Rents/Leases Equipment-Copier	21,000	21,000	0
2505	Accounting/Audit Fees	10,000	10,000	0
2531	Legal Costs projects	60,000	100,000	40,000
2531	Legal-General	60,000	60,000	0
2591	Other Professional Services	68,000	0	(68,000)
2591	Incorporation Studies	290,000	200,000	(90,000)
2591	Environmental-Billable	46,000	30,000	(16,000)
2591	Environmental-Non-Billable	0	20,000	20,000
2591	Surveyor-Billable	0	20,000	20,000
2591	Misc Projects-Billable	0	300,000	300,000
2911	System Dev Sve Web & Desktop Supp	24,500	25,000	500
2912	System Dev Sup Maintenance	1,500	1,500	0
2915	Compass Costs	2,500	2,500	0
2917	Security Alarm Monitoring	3,400	2,700	(700)
2921	Printing Services/Duplication	3,000	3,000	0
2923	GS Messenger Services	2,400	2,700	300
2926	GS Stores	800	1,000	200
2934	P/W Charges	8,000	8,000	0
2943	Lease Facility Charges	62,500	63,200	700
2987	Telephone	13,500	15,000	1,500
2990	GS Other Dept Svc	617	500	(117)
Total 2000's Account		728,163	943,000	214,837

7900 Contingency Base	25,000	25,000	0
7901 Contingency Surplus	25,000	0	(25,000)
General Purpose Reserve	30,000	0	(30,000)
Total Contingencies	80,000	25,000	(55,000)
TOTAL APPROPRIATIONS/CONTINGENCY	1,259,663	1,484,500	224,837
Less: Project Revenue-Variou	100,000	15,000	(85,000)
Revenue Reimbursement-Incorporation	190,000	150,000	(40,000)
Revenue- Major Projects	0	450,000	450,000
Interest Earnings	5,000	5,000	0
Fund Balance Arden Arcade		50,000	50,000
Fund Balance-General	278,163	128,000	(150,163)
Contributions from Others-06-07 Base	686,500	686,500	0
TOTAL FUNDING	1,259,663	1,484,500	224,837
Estimated Surplus/Shortfall	0	0	0

FY 08-09 Contract and Project Appropriations and Revenues

Contract/Project	Appropriations	Revenue	Net Cost
Legal			
Billable	100,000	100,000	0
Non-Billable	60,000	0	60,000
Environmental			
Billable	30,000	30,000	0
Non-Billable	20,000	0	20,000
Surveyor	20,000	20,000	0
Arden Arcade	200,000	150,000	50,000
Elk Grove SOI	150,000	150,000	0
Natomas Joint Vision	50,000	50,000	0
Galt SOI	50,000	50,000	0
Camino Norte SOI	50,000	50,000	0
Total	730,000	600,000	130,000
Less: Arden Arcade Fund Balance			50,000
Net Cost			80,000

Summary of Major Project Revenue-Reimbursable Project Costs

Legal	100,000	
Environmental	30,000	
Surveyor	20,000	
Elk Gove SOI	150,000	
Natomas Joint Vision	50,000	
Galt SOI	50,000	
Camino Norte	50,000	
Total	450,000	
Arden Arcade	150,000	Per Funding Agreement
Fund Balance Carryover	50,000	
Total Available	200,000	
Total	650,000	

Non-Project Appropriations

	Appropriations
Legal	60,000
Environmental	20,000
Total	80,000

Sacramento Local Agency Formation Commission

Year End Actuals FY 2007-08 (April, 2008)

Acct	Description	Amended		Change
		Final Budget 07-08	Yearend Actuals 07-08	
1000	Total Salaries & Benefits	400,000	400,000	0
1005	Secretary Part time	42,000	25,000	(17,000)
1124	Commission Reimbursement	9,000	9,000	0
1240	Worker's Comp	500	500	0
1250	Unemployment	0	0	0
Total 1000's Account		451,500	434,500	(17,000)
2005	Advertising-public notice, meetings etc.	7,500	4,000	(3,500)
2022	Periodicals, Books, Subs	1,300	700	(600)
2029	Business & Conf Expenses	9,500	7,000	(2,500)
2035	Education/Training	1,200	700	(500)
2039	Employee Transportation	200	200	0
2051	Liability Insurance for Commission	12,000	13,000	1,000
2061	Membership CaLAFCo Dues	5,500	5,500	0
2076	Office Supplies	7,500	7,051	(449)
2081	Postage	3,746	3,600	(146)
2275	Rents/Leases Equipment-Copier	21,000	16,000	(5,000)
2505	Accounting/Audit Fees	10,000	0	(10,000)
2531	Legal Costs projects	60,000	60,000	0
2531	Legal-General	60,000	37,000	(23,000)
2591	Other Professional Services	68,000	15,000	(53,000)
	Incorporation Studies	290,000	290,000	0
	MSR's	48,108	0	(48,108)
2911	System Dev Sve Web & Desktop Supp	24,500	24,500	0
2912	System Dev Sup Maintenance	1,500	1,500	0
2915	Compass Costs	2,500	0	(2,500)
2917	Security Alarm Monitoring	3,400	2,700	(700)
2921	Printing Services/Duplication	3,000	1,000	(2,000)
2923	GS Messenger Services	2,400	2,700	300
2926	GS Stores	800	800	0
2934	P/W Charges	8,000	0	(8,000)
2943	Lease Facility Charges	62,500	62,500	0
2987	Telephone	13,500	13,500	0
2990	GS Other Dept Svc	509	509	0
Total 2000's Account		728,163	569,460	(158,703)
7900	Contingency Base	25,000	0	(25,000)
7901	Contingency Surplus	25,000	0	(25,000)
	General Purpose Reserve	30,000	30,000	0
Total Contingency/Reserves		80,000	30,000	(50,000)
TOTAL APPROPRIATIONS/CONTINGENCY		1,259,663	1,033,960	(225,703)
	Less: Project Revenue-Variou	100,000	105,000	5,000
	Revenue Reimbursement-Incorporation	190,000	190,000	0
	Interest Earnings	5,000	20,000	15,000
	Fund Balance/Carryover	278,163	213,163	(65,000)
	Contributions from Others-06-07 Base	686,500	686,500	0
	07-08 Increase to 06-07 Base Assessment		0	0
	Assessment Increase for Incorporation		0	0
TOTAL FUNDING		1,259,663	1,214,663	(45,000)
Estimated Surplus/Shortfall		0	180,703	180,703
Incorporation Fund Balance				52,703
Available Fund Balance				128,000