

January 12, 2023 (Agenda)

Local Agency Formation Commission
105 East Anapamu Street
Santa Barbara CA 93101

Consider Policy Regarding Annual Contribution to Commission Net Operating Expenses Policy

Dear Members of the Commission

RECOMMENDATION

Adopt a Resolution that amends Commissioner Handbook Section 9, Budget and Financial, Sub-Section M “Annual Contribution to Commission Net Operating Expenses” delegating authority to the Executive Officer to make requests to County Auditor pursuant to Government Code section 56381(c) regarding late payment of annual contribution by the County, cities and special districts. (**Attachments A & B**)

DISCUSSION

On June 2, the Local Agency Formation Commission adopted its Final FY 22/23 Budget that implements the adopted work program. The Cortese-Knox-Hertzberg Act contains mandatory provisions for annual contributions from the County, Cities and Special Districts.

Mandatory Payment of Annual Contributions

The draft policy contains mandatory provisions for payment of the annual contributions by local agencies to the operating expenses of LAFCO. Pursuant to the Cortese-Knox-Hertzberg Act, the net operating expenses of the Commission are apportioned by the County Auditor pursuant to the formula in the Act and based upon the Commission's adopted budget for the fiscal year. Consistent with State law, the draft policy specifies a timeline and process for the County Auditor to request payment from contributing local agencies.

Assuming the Auditor makes the request for payment no later than statutory deadline of July 1st, then if the annual contribution is not forthcoming by August 29th, the Commission may request that the County Auditor to collect and pay to LAFCO an equivalent amount of property tax, fees or other eligible revenue owed to any contributing agency. The December deadline stated in the draft policy is not explicit in State law, but coincides with an opportune time for the County Auditor to forward revenue to the Commission. This policy provisions may be adopted at the discretion of the Commission.

If required payments are not forthcoming, the draft policy authorizes the Executive Officer to request the County Auditor to make the transfer payment for the unpaid balance of the annual contribution.

The draft policy is consistent with State law regarding the mandatory payment of annual contributions. It establishes a process ensuring that LAFCO will continue to receive sufficient funds to undertake its statutorily mandated duties. As standard protocol LAFCO staff would send each outstanding agency a formal reminder letter by September 30th each year informing the agency to promptly make all payments. A sample letter is included as Attachment C. If Government Code section 56381(c) and the policy is acted upon for any outstanding payments, staff would bring forward a report at the next available meeting to inform the Commission.

Attachments

Attachment A– Resolution establishing a Policy on annual contribution to LAFCO’s net operating expenses

Attachment B - Section 9, Budget and Financial, Sub-Section M

Attachment C – Sample Reminder Notice with enclosures

Please contact the LAFCO office if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Prater".

Mike Prater
Executive Officer

LAFCO 23-xx

RESOLUTION OF THE SANTA BARBARA LOCAL AGENCY FORMATION
COMMISSION MAKING DETERMINATIONS AND ESTABLISHING A POLICY
ON ANNUAL CONTRIBUTION OF THE COUNTY, CITIES AND SPECIAL
DISTRICTS TO THE NET OPERATING EXPENSES OF THE COMMISSION

WHEREAS, pursuant to the Cortese-Knox-Hertzberg Act, the net operating expenses of the Commission are apportioned by the County Auditor pursuant to the formula in the Act and based upon the Local Agency Formation Commission's ("LAFCO") adopted budget for the fiscal year; and

WHEREAS, the Commission wishes to adopt these financial policies to ensuring that LAFCO will continue to receive sufficient funds to undertake its statutorily mandated duties;

NOW, THEREFORE, BE IT RESOLVED that the Commission hereby adopts the following Policy on Annual Contributions to LAFCO's Net Operating Expenses.

- (1) The effective date of the adopted Policy is July 1, 2023;
- (2) For any Contributing Entity with an unpaid balance for Annual Contributions as of December 7 of each fiscal year, the Executive Officer is authorized to request that the County Auditor collect an equivalent amount from the property tax, or any fee or eligible revenue owed to the County, city, or district. Pursuant to Government Code section 56381(c), the Auditor shall provide written notice to the County, city, or district prior to appropriating a share of the property tax or other revenue to the commission for the payment due the commission pursuant to this section. Any expenses incurred by the Commission or the Auditor in collecting late payments or successfully challenging nonpayment shall be added to the payment owed to the Commission.

This resolution is hereby adopted this 12th day of January, 2023 in Santa Barbara, California.

AYES:

NOES:

ABSTAIN:

Santa Barbara County Local Agency
Formation Commission

By: _____
Chair

Date: _____

ATTEST:

Natasha Carbajal, Analyst/Clerk
Santa Barbara County
Local Agency Formation Commission

LAFCO BUDGET AND FINANCIAL PROCEDURES

M. Annual Contribution to Commission Net Operating Expenses

Introduction

Pursuant to Section 56381 (b) (1) of the Cortese -Knox -Hertzberg Act ("Act"), Government Code section 56000, et seq., the net operating expenses ("Expenses") of the Local Agency Formation Commission of Santa Barbara County ("Commission") are apportioned by the County Auditor pursuant to the formula in the Act and based upon the Commission's adopted budget for the fiscal year. Following apportionment, and no later than July 1 of each year, the Auditor shall request payment from the County of Santa Barbara, and each city and special district within the County (each a "Contributing Entity"), for their respective annual share of the Expenses (the "Annual Contribution"). Pursuant to Section 56381(c), each Contributing Entity has sixty (60) days to make its Annual Contribution and, if the Annual Contribution is not forthcoming within that period, the Commission may pursue all available remedies for payment, including a request that the County Auditor forward to the Commission an equivalent amount of property tax, fees or other eligible revenue owed to any Contributing Entity ("Transfer Amount"). Any expenses incurred by the Commission or the Auditor in collecting late payments or successfully challenging nonpayment shall be added to the payment owed to the Commission.

POLICY

1. Payment of Annual Contribution.

It is the policy of the Commission that all Contributing Entities shall make the Annual Contribution no later than August 31 of the corresponding fiscal year for that contribution. If such Contributing Entity has not made its Annual Contribution on or before August 31 of each fiscal year, the Commission may consider all available remedies pursuant to Section 56381 (c) of the Act for collection of the Annual Contribution, including a request to the County Auditor to forward to the Commission the Transfer Amount. The Commission's Executive Officer is authorized to request that the County Auditor forward the Transfer Amount for any Contributing Entity that has not made a timely payment of its Annual Contribution as of December 7, but no later than March 31, of the next year.

Revised October 10, 2002

Adopted July 7, 1994

Revised May 8, 2003

Revised December 4, 2003

Revised February 2, 2006

Revised April 5, 2007

Revised March 3, 2011

Revised November 1, 2012

Revised April 1, 2021

Revised January 12, 2023

LAFCO

Santa Barbara Local Agency Formation Commission
105 East Anapamu Street ♦ Santa Barbara CA 93101
805/568-3391 ♦ FAX 805/568-2249
www.sblafco.org ♦ lafco@sblafco.org

December 22, 2022

Attn: City or District Manager

Pursuant to the Cortese-Knox-Hertzberg Act the County Auditor submitted an invoice for your entity's pro-rata share of the Santa Barbara Local Area Formation Commission (LAFCO) 2022-23 net operating budget. Payment was due 60 days from the invoice date. Our records indicate that the County Auditor has not received your LAFCO payment for your organizations share of FY 22-23 LAFCO operating cost.

Attached you will find the LAFCO Invoice, which details the distribution of the FY 22-23 LAFCO net operating costs and the amount due from each entity. Additionally, you will find a cover letter that details the LAFCO billing methodology and the payment instructions which details how your entity should pay for the FY 22-23 LAFCO billing. LAFCO may ask the Auditor to collect the money due from any funds controlled by the Auditor if payment is not made pursuant to LAFCO Policy Section 9 sub-section (M).

If your entity has an account in the County's Financial Information Network (FIN) please pay by filling in the appropriate account coding in the spaces provided in the LAFCO Invoice attachment. Once received, a journal entry will be processed and sent to you for approval in FIN. When the journal entry is posted, your invoice amount will be transferred to LAFCO. All other entities may submit a check payable to the County of Santa Barbara.

Please let me know if you have any questions.

Thank you,

Sincerely,

Mike Prater
Executive Officer

Enc.

Commissioners: Vacant ♦ Cynthia Allen ♦ Jay Freeman ♦ Craig Geyer ♦ Joan Hartmann, Vice-Chair ♦ Bob Nelson
♦ Jenelle Osborne ♦ Alice Patino ♦ Jim Richardson ♦ Shane Stark, Chair ♦ Das Williams **Executive Officer:** Mike Prater

ATTACHMENT C



Office of the Auditor-Controller

County of Santa Barbara

One Office. One County. One Future.

Betsy M. Schaffer, CPA
Auditor-Controller

C. Edwin Price, Jr., CPA
Assistant Auditor-Controller

August 1, 2022

Attn: City or District Manager

Pursuant to the Cortese-Knox-Hertzberg Act we are submitting an invoice for your entity's pro-rata share of the Santa Barbara Local Area Formation Commission (LAFCO) 2022-23 net operating budget. Payment is due 60 days from the invoice date.

Payments will be deposited into a separate LAFCO operating fund for LAFCO's use during the year. Any residual will be carried forward and used to offset the contribution required for the following year's operations.

Enclosed is a report showing the distribution of LAFCO's budgeted net operating costs, the amount shown for your entity is the amount due. The LAFCO 2022-23 final budget, adopted on June 2, 2022, can be found on LAFCO's website at www.sblafo.org. Per Government Code Section 56381, the county, cities and independent special districts should each provide a one-third share of the commission's costs. The cost allocation was calculated in proportion to revenues generated by each entity. The most recent data available on the State Controller's website pertained to the 2019-20 fiscal year for cities and special districts.

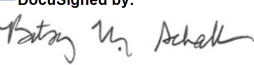
If you have any questions, please contact:

Lamont Grissom
Business Manager
LGrissom@countyofsb.org
(805) 568-2148

or

Tyler Walker, CPA
Accountant-Auditor II, Financial Reporting Division
TWalker@countyofsb.org
(805) 568-2180

Sincerely,

DocuSigned by:

825AE342FE7B425
Betsy M. Schaffer, CPA, CPFO
Auditor-Controller

LAFCO

Santa Barbara Local Agency Formation Commission

105 East Anapamu Street, Santa Barbara CA 93101

805/568-3391 FAX 805/647-7647
www.sblafco.org * lafco@sblafco.org

Invoice Date: August 1, 2022

Distribution of LAFCO Budget for Fiscal Year 2022-2023

LAFCO Budget

Interest Income	\$4,000
Charges For Services	25,000
Other Miscellaneous Revenue	7,135
Available Retained Earnings in Excess of Reserve	
Sources	<u>36,135</u>
Salaries and Benefits	377,032
Contractual Services (staff)	30,000
Professional and Special Services	53,000
Other Services and Supplies	<u>146,175</u>
Uses	616,207
Net Operating Costs	<u><u>\$580,072</u></u>

Distribution Per GC 56381(b)(1)(A)

Districts	\$193,357
Cities	193,357
County	193,357
Total Distribution	<u><u>\$580,072</u></u>

Cities (GC56381(b)(1)(B)):

	Revenue	Percent	Cost
City of Buellton	13,565,453	1.5332%	\$2,965
City of Carpinteria	21,966,863	2.4827%	4,800
City of Goleta	38,645,946	4.3678%	8,445
City of Guadalupe	12,232,687	1.3825%	2,673
City of Lompoc	127,971,789	14.4634%	27,966
City of Santa Barbara	420,204,513	47.4917%	91,829
City of Santa Maria	233,258,137	26.3629%	50,975
City of Solvang	<u>16,949,940</u>	<u>1.9157%</u>	<u>3,704</u>
Cities Total	884,795,328	100.0000%	\$193,357

Special Districts (56381(b)1(C)):	Revenue	Percent	Cost
Cachuma Resource Conservation District	178,117	0.1026%	\$198
Carpinteria Cemetery District	511,162	0.2944%	569
Carpinteria Sanitary District	6,439,938	3.7091%	7,172
Carpinteria Valley Water District	14,281,043	8.2251%	15,904
Carpinteria-Summerland Fire Protection District	11,161,430	6.4284%	12,430
Casmalia Community Services District	76,429	0.0440%	85
Cuyama Community Services District	476,429	0.2744%	531
Cuyama Valley Recreation Park District	191,864	0.1105%	214
Embarcadero Municipal Improvement District	0	0.0000%	0
Goleta Cemetery District	992,123	0.5714%	1,105
Goleta Sanitary District	13,418,385	7.7283%	14,943
Goleta Water District	33,420,491	19.2484%	37,218
Goleta West Sanitary District	8,495,028	4.8927%	9,460
Guadalupe Cemetery District	220,628	0.1271%	246
Isla Vista Community Services District	973,363	0.5606%	1,084
Isla Vista Recreation Park District	1,528,187	0.8802%	1,702
Lompoc Cemetery District	818,137	0.4712%	911
Lompoc Valley Medical Center	3,639,443	2.0961%	4,053
Los Alamos Cemetery District	43,394	0.0250%	48
Los Alamos Community Services District	1,389,192	0.8001%	1,547
Mission Hills Community Services District	2,426,066	1.3973%	2,702
Montecito Fire Protection District	20,051,818	11.5487%	22,330
Montecito Sanitary District	7,630,609	4.3948%	8,498
Montecito Water District	20,768,940	11.9618%	23,129
Mosquito and Vector Management District	1,286,353	0.7409%	1,433
Oak Hill Cemetery District	469,092	0.2702%	522
Santa Barbara Metropolitan Transit District	5,621,503	3.2377%	6,260
Santa Maria Cemetery District	2,245,765	1.2934%	2,501
Santa Maria Public Airport District	5,335,907	3.0732%	5,942
Santa Maria Valley Water Conservation District	887,572	0.5112%	988
Santa Ynez Community Services District	1,547,549	0.8913%	1,723
Santa Ynez River Water Conservation Dist, No 1	0	0.0000%	0
Santa Ynez River Water Conservation District	921,523	0.5307%	1,026
Summerland Sanitary District	1,316,365	0.7582%	1,466
Vandenberg Village Community Services	4,863,794	2.8013%	5,417
Special Districts Total	173,627,639	100.0000%	\$193,357

LAFCO

Santa Barbara Local Agency Formation Commission

105 East Anapamu Street, Santa Barbara CA 93101

805/568-3391 FAX 805/647-7647

www.sblafco.org * lafco@sblafco.org

Attn: City or District Manager

Invoice Date: August 1, 2022

Payment due within 60 days of invoice date.

If your entity has an account in the County's Financial Information Network (FIN) please pay by filling in the appropriate account coding in the spaces provided below and sign on the authorization line. The response can be sent via email or mail. Once posted, your invoice amount will be transferred to LAFCO. All other entities may submit a check payable to the County of Santa Barbara.

If you choose to send a payment through the mail, please send it to this address:

County of Santa Barbara
Office of the Auditor-Controller
Attention: Lamont Grissom
P.O. Box 39
Santa Barbara, CA. 93102-0039

I authorize the County of Santa Barbara Auditor-Controller to journal the invoiced amount from:

Fund	Dept # (if reqd)	GL Acct	Line		Program	Org Unit	Project	Activity
			Item Acct					
_____	_____	_____	_____	_____	_____	_____	_____	_____

District Name: _____

Authorized Signature: _____

Print Name and Title: _____