

LAFCO

Santa Barbara Local Agency Formation Commission
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December 5, 2002 (Agenda)

Local Agency Formation Commission
105 East Anapamu Street, Room 403
Santa Barbara CA 93101

Financial Status Report as of November 25, 2002

Dear Members of the Commission:

RECOMMENDATION

It is recommended that the Commission:

1. Receive this financial status report, and
2. Determine whether to direct the staff and County Auditor to collect unpaid contributions to the LAFCO budget.

DISCUSSION

Year-to-Date Revenues and Expenditures

The attached table summarizes LAFCO expenditures and revenues through November 25. With about 42% of the Fiscal Year elapsed, the Commission has expended 22.4% of the approved appropriations and has received 85.3% of projected revenues.

The Commission is on sound fiscal footing with no adjustments or corrections recommended at this time. Expenditures are trailing in part because some costs such as space and legal services have not yet been charged against the budget for this year.

Contributions by Local Agencies to the Commission

The Government Code directs local agencies to contribute to the LAFCO budget by September 1. It makes no provisions for incremental payments.

Section 56381 states:

“If the County, a city or an independent special district does not remit its required payment within 60 days, the commission may determine an appropriate method of collecting the required payment, including a request to the auditor to collect an equivalent amount from the property tax, or any fee or eligible revenue owned to the county, city or district. (§56381)

Timely payments by agencies results in greater interest income to LAFCO during the year and helps fund the following year’s LAFCO budget and thereby reduces each agency’s contribution.

All local agencies have paid their proportionate contributions to the LAFCO budget, as invoiced by the County Auditor, with the following three exceptions:

- Lompoc Health Care District (Contribution \$10,275.20)

The District has made four monthly payments of \$856.27 each, which equal \$3,425.08 (or 33.3% of its total obligation).

The District has proposed that one half of its current year liability to LAFCO not be paid and be, in essence, forgiven, and that LAFCO rely on its contingency if necessary to make up this lost revenue. This idea is related to the fact that State law changes, effective next fiscal year, will significantly reduce contributions by hospital and health care districts to LAFCO budgets.

Any income not collected from the Hospital District this year will need to be collected next year from all agencies that support LAFCO to restore the contingency account to its current level which the Commission has determined is appropriate.

- Santa Barbara Coastal Vector Control District (\$128.03)

The Vector Control District has assured staff that it is taking steps to pay its contribution to the Commission budget without further delay.

- Santa Ynez River Water Conservation District, Improvement District No. 1 (\$2,673.87)

There is a legal question of whether Improvement District No. 1 (ID#1) is a “special district” for purposes of funding LAFCO. Enclosed is a November 16, 2001 letter from Steve Amerikaner on behalf of the District that argues that ID#1 is not liable for payments that support Commission and should not be billed by the County Auditor.

It is recommended that this matter be referred to the legal counsel and County Auditor for review in order to resolve this matter for current and future fiscal years.

Method to Collect Unpaid Contributions

A procedure to collect funds from contributing agencies is set forth in Government Code §56381.

“If the county, a city or an independent special district does not remit its required payments within sixty (60) days the Commission may determine an appropriate method of collecting the required payments, including a request to the Auditor to collect an equivalent amount from the property tax or any fee or eligible revenue owed to the county, city or district.”

In this process the Auditor is required to provide written notice to agencies prior to appropriating a share of their property tax or other revenue for payment to LAFCO. Costs incurred by LAFCO and the Auditor in collecting late payments or successfully challenging non-payment can be added to the payment owed to LAFCO.

Alternative Formula for Allocating Support to LAFCO

There have been discussions by special districts about alternative formulas to allocate LAFCO costs among districts but no agreements have been reached nor have any specific proposals been placed before districts for their consideration. This remains a possibility for future budget years.

There is no statutory authority for the Commission to alter the funding formula among contributing agencies. Either the statutory formula must be used or an alternative formula be approved by a majority of the affected agencies.

Audit of FY 2001-2002 Financial Records

The staff has solicited proposals to conduct annual audits. We have received two proposals from local CPA firms and expect to receive additional proposals. These will be reviewed with a report and recommendation to the Commission, we believe, at its next meeting.

Please contact the LAFCO office if you have any questions.

Very truly yours,

Local Agency Formation Commission
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BOB BRAITMAN
Executive Officer

cc: Steven A. Amerikaner, Hatch & Parent
Mitch Bernstein, Santa Barbara Coastal Vector Control District
Chris Dahlstrom, SYRWCD, Improvement District No. 1
Bob Geis, Auditor Controller
Jim Raggio, Lompoc Health Care District

SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION

FY 2001-2002 - BUDGET STATUS REPORT

As of November 25, 2002; 41.6% of fiscal year elapsed.

	<u>Adjusted Budget</u>	<u>Experienced Year-to-Date</u>	
Services & Supplies	\$ 318 150	\$ 71 273	22.4%.
Other Charges	<u>850</u>	<u>0</u>	0%
Total Expenditures	\$ 319,000	\$ 71 273	22.3%
Revenue	<hr/> - \$ 180,382	<hr/> - \$ 153 884	85.3%
Variance	<hr/> -\$ 138 618	<hr/> - \$ 82 611	

Detailed Expenditure and Revenue Status reports are attached.