

LOCAL AGENCY FORMATION COMMISSION  
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**KATE MCKENNA, AICP**  
Executive Officer

**NOTES  
BUDGET AND FINANCE COMMITTEE MEETING**

**Monday, June 20 2011, 2:00 p.m.**

**LAFCO Office  
132 W. Gabilan Street, Suite 102  
Salinas, California 93901**

**1. CALL TO ORDER**

The Budget and Finance Committee of the Local Agency Formation Commission of Monterey County was called to order by Commissioner Salinas at 2:00 p.m.

**2. ROLL CALL**

**Members Present**

Commissioner Bruce Delgado  
Commissioner Simón Salinas, Chair  
Commissioner Graig Stephens

**Staff Present**

Kate McKenna, Executive Officer  
Mike Briley, Managing Partner, Hayashi & Wayland  
Donna Christoffersen, Interim Clerk

**3. Public Comment**

There were no public comments.

**4. Consider Draft Financial Statements for Period Ending April 30, 2011**

Executive Officer presented a report. The financial position of LAFCO is as anticipated, with total expenses under budget and total income slightly higher than budget.

Ms. McKenna introduced Mr. Mike Briley, Managing Partner, Hayashi & Wayland, who presented a detailed overview of the statements.

Committee members discussed the item with Executive Officer McKenna and Mr. Briley.

Upon motion by Commissioner Stephens, and seconded by Commissioner Delgado, the Draft Financial Statements for the Period Ending April 30, 2011 were unanimously recommended for acceptance by the full Commission.

**5. Receive Profit/Loss Budget vs. Actuals Worksheet Dated June 24, 2011**

Executive Officer McKenna presented a report.

Committee members discussed the item with Executive Officer McKenna and Mr. Briley, including a possible change to reflect that the budgeted expenses for Account No. 7290 (Litigation Reserve) and Account No. 7295 (Contingency Reserve) have already been made, as reflected in the April 30, 2011 Balance Sheet.

Upon motion of Chair Salinas, seconded by Commissioner Stephens, the Committee unanimously received the Profit/Loss Budget vs. Actuals worksheet dated June 24, 2011.

**6. Discuss the Three-Year Financial Forecast**

Executive Officer McKenna explained that this item was continued from a discussion that began on March 14, 2011, at which time the forecast was initially presented to the Committee.

Committee members discussed the forecast and uses with Executive Officer McKenna and Mr. Briley.

The Committee directed Executive Officer McKenna to update the three-year forecast on an annual basis for internal review, and authorized the Executive Officer to present any necessary budget amendment to pay for the initial costs of preparing the forecast, by means of a line item transfer of funds into Account No. 7242 (Accounting and Financial Services) and with no change in overall budgeted expenditures.

**7. Review of Budget Reserves**

Executive Officer McKenna explained that this item was continued from a discussion that began on March 14, 2011 as part of the annual budget preparation process.

Committee members reviewed the current policies and funding status of the Litigation Reserve (Account No. 7290) and the Contingency Reserve (Account No. 7295). The Committee also reviewed the estimated year-end available funds in the Unreserved Fund (Account No. 3850). After significant discussion regarding policy and funding options, the Committee reached agreement on recommendations to be forwarded to the full Commission.

Upon motion of Commissioner Stephens, and seconded by Commissioner Delgado, the Committee unanimously recommended a change in the adopted policy for the Litigation Reserve to increase the target funding goal from \$120,000 to \$300,000, and the authorization of year-end journal entries to: (1) transfer \$110,000 from the Unreserved Fund to the Contingency Reserve; (2) reduce the balance of the Unreserved Fund to \$100,000, and (3) transfer the balance of the Unreserved Fund to the Litigation Reserve.

**8. Consider a Resolution to Confirm the Tax Deferred Status of CalPERS Member Contributions, Pursuant to Federal Tax Reporting Requirements**

Executive Officer McKenna presented a report.

Committee members discussed the item with Executive Officer McKenna and Mr. Briley.

Upon motion by Chair Salinas, and seconded by Commissioner Stephens, the Resolution was unanimously recommended for adoption by the full Commission.

**9. OTHER BUSINESS**

**10. ADJOURNMENT**

Chair Salinas adjourned the meeting at 4:00 p.m. to the next Budget and Finance Committee Meeting, to be held in September, 2011.