

**Sonoma County
Local Agency Formation Commission**

**Annual Report
For the Fiscal Years Ended
June 30, 2009 and 2008**



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RODNEY A. DOLE
AUDITOR-CONTROLLER
TREASURER -TAX COLLECTOR



DONNA M. DUNK
ASSISTANT
AUDITOR-CONTROLLER

ROBERT BOITANO
ASSISTANT
TREASURER

PAM JOHNSTON
ASSISTANT
TAX COLLECTOR / AUDITOR

Sonoma County Local Agency Formation Commission
Santa Rosa, CA

Auditor-Controller's Report

We have audited the accompanying financial statements of the Sonoma County Local Agency Formation Commission (the Commission), as of and for the years ended June 30, 2009 and 2008, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note III.B of the Notes to the Basic Financial Statements, the Auditor-Controller is mandated by various statutes within the California Government Code to perform certain accounting, auditing and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. However, we believe adequate safeguards and divisions of responsibility exist.

In our opinion, except for the effects, if any, of the impairment to auditor independence, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2009 and 2008 and the respective changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) on pages 1 through 5 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sonoma County Auditor-Controller

April 29, 2010

Management's Discussion and Analysis

As management of the Local Agency Formation Commission of the County of Sonoma (the Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal years that ended June 30, 2009 and 2008. We encourage readers to consider the information presented here in conjunction with the Commission's financial statements and the accompanying notes to the basic financial statements.

Financial Highlights

- The assets of the Commission exceeded its liabilities at the close of the most recent fiscal year by \$87,166 (net assets). All net assets are unrestricted net assets and may be used to meet the Commission's ongoing obligations.
- During the most recent fiscal year the Commission's total net assets increased by \$38,667. This increase is in part a result of higher revenues received from processing fees than were projected and lower expenditures for services and supplies than were projected.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements comprise three components: 1) government-wide financial statements, 2) governmental fund financial statements, and 3) notes to the basic financial statements. The Commission uses a general fund (i.e. a type of governmental fund) to account for all activities.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The statement of activities presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Governmental fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of near-term financing decisions.

As mentioned before, the Commission uses a governmental fund to account for its activities. The Commission adopts an annual appropriated budget for its fund. Budgetary comparison schedules have been provided on pages 16 and 17 for the general fund to demonstrate compliance with this budget.

The basic financial statements can be found on pages 6 – 9 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 10 – 15 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of an agency's financial position. In the case of the Commission, assets exceeded liabilities by \$87,166 at the close of the most recent fiscal year. The entire balance of unrestricted net assets \$87,166 may be used to meet the Commission's ongoing obligations.

Net Assets

| | <u>2009</u> | <u>2008</u> |
|--------------------------|------------------|------------------|
| Current and other assets | \$ 87,333 | \$ 48,868 |
| Total assets | <u>87,333</u> | <u>48,868</u> |
| Current liabilities | <u>167</u> | <u>369</u> |
| Total liabilities | <u>167</u> | <u>369</u> |
| Net assets: | | |
| Unrestricted | <u>87,166</u> | <u>48,499</u> |
| Total net assets | <u>\$ 87,166</u> | <u>\$ 48,499</u> |

At the end of the current fiscal year, the Commission is able to report a positive balance in the category of net assets. The same held true for the prior fiscal year.

Governmental activities. Governmental activities increased the Commission’s net assets by \$38,668. This increase is due in part to greater revenues received from processing fees, and lower expenditures for services and supplies than were projected.

Changes in Net Assets

| | 2009 | 2008 |
|-----------------------------------|-------------|-------------|
| Program Revenues: | | |
| Charges for services | \$ 46,903 | \$ 37,244 |
| General Revenues: | | |
| Intergovernmental | 405,492 | 308,943 |
| Investment earnings | 7,496 | 11,020 |
| Total revenues | 459,891 | 357,207 |
| Program Expenses: | | |
| Salaries and benefits | \$ 348,785 | \$ 277,685 |
| Service and supplies | 72,439 | 76,532 |
| Total expenses | 421,224 | 354,217 |
| Change in net assets | 38,667 | 2,990 |
| Net assets, beginning of the year | 48,499 | 45,509 |
| Net assets, end of the year | \$ 87,166 | \$ 48,499 |

Financial Analysis of the Commission’s Fund

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental funds. The focus of the Commission’s governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Commission’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Commission’s governmental fund reported an ending fund balance of \$87,166, an increase of \$38,667 in comparison with the prior year. The full amount of fund balance constitutes unreserved fund balance, which is available for spending at the Commission’s discretion.

The general fund is the only fund of the Commission. At the end of the current fiscal year, unreserved fund balance of the general fund was \$87,166. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 21% of total general fund expenditures.

General Fund Budgetary Highlights

There was a \$20,000 increase in salaries and benefits between the original budget and the final amended budget as of June 30, 2008 due to costs incurred with the hiring of a new fulltime executive officer. There were no differences between the original budget and the final amended budget as of June 30, 2009.

Economic Factors and Next Year's Budgets and Rates

With the current economic downturn, there could be fewer interested property owners and/or agencies initiating proposals which would reduce the number of applications that are submitted to the Commission. This factor was considered in preparing the Commission's budget for the fiscal year ending June 30, 2010.

Request for Information

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sonoma Local Agency Formation Commission, 575 Administration Drive, Room 104A, Santa Rosa, California 95403.

**Local Agency Formation Commission
Comparative Statement of Net Assets
June 30, 2009 and 2008**

| | <u>2009</u> | <u>2008</u> |
|----------------------|------------------|------------------|
| Assets | | |
| Cash and investments | \$ 87,333 | \$ 46,028 |
| Accounts receivable | <u>-</u> | <u>2,840</u> |
| Total assets | <u>87,333</u> | <u>48,868</u> |
| Liabilities | | |
| Accounts payable | <u>167</u> | <u>369</u> |
| Total liabilities | <u>167</u> | <u>369</u> |
| Net Assets | | |
| Unrestricted | <u>87,166</u> | <u>48,499</u> |
| Total net assets | <u>\$ 87,166</u> | <u>\$ 48,499</u> |

The notes to the basic financial statements are an integral part of this statement.

**Local Agency Formation Commission
Comparative Statement of Activities
For the Years Ended June 30, 2009 and 2008**

| | <u>2009</u> | <u>2008</u> |
|---------------------------------|------------------|------------------|
| Program Expenses | | |
| Salaries and benefits | \$ 348,785 | \$ 277,685 |
| Services and supplies | <u>72,439</u> | <u>76,532</u> |
| Total program expenses | <u>421,224</u> | <u>354,217</u> |
| Program Revenues | | |
| Charges for services | <u>46,903</u> | <u>37,244</u> |
| Total charges for services | <u>46,903</u> | <u>37,244</u> |
| Net program revenues (expenses) | <u>(374,321)</u> | <u>(316,973)</u> |
| General Revenues | | |
| Intergovernmental | 405,492 | 308,943 |
| Investment earnings | <u>7,496</u> | <u>11,020</u> |
| Total general revenues | <u>412,988</u> | <u>319,963</u> |
| Change in net assets | 38,667 | 2,990 |
| Net assets, beginning of year | <u>48,499</u> | <u>45,509</u> |
| Net assets, end of year | <u>\$ 87,166</u> | <u>\$ 48,499</u> |

The notes to the basic financial statements are an integral part of this statement.

**Local Agency Formation Commission
Comparative Balance Sheet
Governmental Fund
June 30, 2009 and 2008**

| | 2009 | 2008 |
|---|-----------|-----------|
| Assets | | |
| Cash and investments | \$ 87,333 | \$ 46,028 |
| Accounts receivable | - | 2,840 |
| Total assets | \$ 87,333 | \$ 48,868 |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ 167 | \$ 369 |
| Total liabilities | 167 | 369 |
| Fund balance: | | |
| Reserved for encumbrances | - | 3,960 |
| Unreserved | 87,166 | 44,539 |
| Total fund balance | 87,166 | 48,499 |
| Total liabilities and fund balance | \$ 87,333 | \$ 48,868 |

The notes to the basic financial statements are an integral part of this statement.

**Local Agency Formation Commission
Comparative Statement of Revenues,
Expenditures and Changes in Fund Balance
Governmental Fund
For the Years Ended June 30, 2009 and 2008**

| | 2009 | 2008 |
|---|-----------|-----------|
| Revenues | | |
| Investment earnings | \$ 7,496 | \$ 11,020 |
| County, cities & special districts | 405,492 | 308,943 |
| Legal service & Process Fees | 46,903 | 37,244 |
| Total revenues | 459,891 | 357,207 |
| Expenditures | | |
| Salaries and benefits | 348,785 | 277,685 |
| Services and supplies | 72,439 | 76,532 |
| Total expenditures | 421,224 | 354,217 |
| Excess (deficiency) of revenue over (under) expenditures | 38,667 | 2,990 |
| Net change in fund balances | 38,667 | 2,990 |
| Fund balance, beginning of year | 48,499 | 45,509 |
| Fund balance, end of year | \$ 87,166 | \$ 48,499 |

The notes to the basic financial statements are an integral part of this statement.

**Local Agency Formation Commission
Notes to the Basic Financial Statements
June 30, 2009 and 2008**

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Local Agency Formation Commission (the Commission) is an independent agency established under Government Code Section 56000, et seq, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The Commission is responsible for reviewing, approving or disapproving changes in organization to cities and special districts including annexations, detachments, new formations and incorporations. The Commission is comprised of seven members serving four year terms: two mayors or city council members, two members of the Board of Supervisors, two independent special district board members and one member of the public.

The Commission uses the County's Financial Accounting Management Information System (FAMIS) and its budgetary recording and accounting control policies to account for all financial transactions affecting the Commission. The County, through the Auditor-Controller-Treasurer Tax Collector's Office, tracks billing and collections for apportionments. The responsibility for the financial statements rests with the Commission's management and Commissioners.

The Commission pays the County of Sonoma for various services. Services include legal counsel, accounting staff, management and support staff, and as requested by the Commission, reasonable and necessary services from other County departments.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which are supported by intergovernmental revenues, are reported separately.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or section and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Local Agency Formation Commission
Notes to the Basic Financial Statements
June 30, 2009 and 2008

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Apportionments are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Interest and charges for services are accrued when receipt occurs within 365 days of the end of the accounting period so as to be both measurable and available. Application fees and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Amounts recorded as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources and allocations collected from cities, independent special districts and the County of Sonoma are reported as general revenues rather than program revenues.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

The Commission reports cash invested in the Sonoma County Treasury external investment pool at fair value in the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred.

2. Liabilities

The accounts payable balance consists of amounts owed to vendors and other governments for which invoices were not received and/or paid as of year end.

3. Net Assets

Net assets are classified into three components, as applicable – 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. These classifications are defined as follows:

Local Agency Formation Commission
Notes to the Basic Financial Statements
June 30, 2009 and 2008

- Invested in capital assets, net of related debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted net assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This category represents net assets of the entity, not restricted for any project or other purpose.

4. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Detailed Notes

A. Cash and Investments

Investment in the Sonoma County Treasurer’s Investment Pool

The Commission’s cash is pooled with the Sonoma County Treasurer, who acts as a disbursing agent for the Commission. The fair value of the Commission’s investment in this pool is reported in the accompanying financial statements at amounts based upon the Commission’s pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool.

Investment Guidelines

The Commission’s pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity and maximum rate of return. The policy addresses the soundness of

Local Agency Formation Commission
Notes to the Basic Financial Statements
June 30, 2009 and 2008

financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the Treasury Pool investment policy is available upon request from the Sonoma County Treasurer at 585 Fiscal Drive, Room 100-F, Santa Rosa, California, 95403-2871.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the Treasury Pool manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2009, approximately 74 percent of the investments in the Treasury Pool had maturities of one year or less. Of the remainder, only 3 percent had a maturity of more than five years.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Treasury Pool's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions:

Local Agency Formation Commission
Notes to the Basic Financial Statements
June 30, 2009 and 2008

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.
- The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the 2009 Sonoma County CAFR

B. Intergovernmental revenue

The Commission's intergovernmental revenue is received from the County of Sonoma, cities and independent special districts in the County. Sonoma LAFCO's net operating costs are apportioned to these governmental organizations according to the following: 40% to be paid by the County of Sonoma, 40% to be paid by cities, and 20% to be paid by independent special districts.

III. Other Information

A. Risk Management

The Local Agency Formation Commission of the County of Sonoma is an independent legal entity. The County employees who manage the Commission are covered under the County of Sonoma's risk management program. The County's self-insurance coverage is as follows: \$300,000 per occurrence for workers' compensation claims, \$1,000,000 per occurrence for automobile and general liability claims. The County is entirely self-insured for unemployment claims. The County has established an internal service fund to account for the eventual settlement of lawsuits and claims.

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The County participates in the CSAC Excess Insurance Authority (CSAC EIA) excess liability insurance program. The County is covered under this program for \$1,000,000 to \$25,000,000 per occurrence for liability claims. Amounts in excess of \$300,000 per occurrence for workers' compensation claims within statutory limits are maintained through participation in the CSAC EIA - Excess Workers' Compensation Program. The County maintains "All Risk" coverage for physical loss and damage including flood and earthquake coverage through participation in the CSAC EIA with the following limits and deductibles: \$600,000,000 (shared) per occurrence and \$50,000 deductible for "All-Risk" and flood, earthquake limits of \$365,000 with a deductible of 5% of the building value. Boiler and machinery coverage is included in the "All-Risk" coverage.

The County pays an annual basic premium for excess coverage and is assessed an annual risk premium based on an actuarial review that estimates each of the program's participants' ultimate liabilities. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

B. Auditor Independence

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. Specifically, "Auditors should not audit their own work or provide non-audit services in situations where the amounts or services involved are significant or material to the subject matter of the audit." Although the office of the Auditor-Controller is statutorily obligated to maintain accounts of departments, districts or funds that are contained within the County Treasury, we believe that adequate safeguards and divisions of responsibility exist. Therefore, we believe that subject to this qualification and disclosure, the reader can rely on the auditor's opinion contained in this report.

Local Agency Formation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budgets and Actual - Governmental Fund
For the Fiscal Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual</u> Amounts | Variance with Final Budget - |
|---|-------------------------|------------------|--------------------------|---------------------------------|
| | <u>Original</u> | <u>Final</u> | | Positive (Negative) |
| Revenues | | | | |
| Investment earnings | \$ 8,000 | \$ 8,000 | \$ 7,496 | \$ (504) |
| County, Cities & Special Districts | 405,494 | 405,494 | 405,492 | (2) |
| Legal service & Process Fees | <u>32,000</u> | <u>32,000</u> | <u>46,903</u> | <u>14,903</u> |
| Total revenues | <u>445,494</u> | <u>445,494</u> | <u>459,891</u> | <u>14,397</u> |
| Expenditures | | | | |
| Current: | | | | |
| Salaries and benefits | 331,285 | 331,285 | 348,785 | (17,500) |
| Services and supplies | <u>118,169</u> | <u>118,169</u> | <u>72,439</u> | <u>45,730</u> |
| Total expenditures | <u>449,454</u> | <u>449,454</u> | <u>421,224</u> | <u>28,230</u> |
| Excess of revenues over (under) expenditures | <u>(3,960)</u> | <u>(3,960)</u> | <u>38,667</u> | <u>42,627</u> |
| Net Change in Fund Balance, Budgetary/GAAP Basis | (3,960) | (3,960) | 38,667 | 42,627 |
| Fund balance - beginning | 48,499 | 48,499 | 48,499 | - |
| Fund balance - ending | <u>\$ 44,539</u> | <u>\$ 44,539</u> | <u>\$ 87,166</u> | <u>\$ 42,627</u> |

The notes to required supplementary information are an integral part of this schedule.

Local Agency Formation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budgets and Actual - Governmental Fund
For the Fiscal Year Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> Amounts | Variance with Final Budget - |
|---|-------------------------|------------------|--------------------------|---------------------------------|
| | <u>Original</u> | <u>Final</u> | | Positive (Negative) |
| Revenues | | | | |
| Investment earnings | \$ 6,500 | \$ 6,500 | \$ 11,020 | \$ 4,520 |
| County, Cities & Special Districts | 308,943 | 308,943 | 308,943 | - |
| Legal service & Process Fees | <u>32,000</u> | <u>32,000</u> | <u>37,244</u> | <u>5,244</u> |
| Total revenues | <u>347,443</u> | <u>347,443</u> | <u>357,207</u> | <u>9,764</u> |
| Expenditures | | | | |
| Current: | | | | |
| Salaries and benefits | 233,749 | 253,749 | 277,685 | (23,936) |
| Services and supplies | <u>113,694</u> | <u>113,694</u> | <u>80,492</u> | <u>33,202</u> |
| Total expenditures | <u>347,443</u> | <u>367,443</u> | <u>358,177</u> | <u>9,266</u> |
| Excess of revenues over (under) expenditures | <u>-</u> | <u>(20,000)</u> | <u>(970)</u> | <u>19,030</u> |
| Net Change in Fund Balance, Budgetary Basis | - | (20,000) | (970) | 19,030 |
| Fund balance - beginning | 45,509 | 45,509 | 45,509 | - |
| Fund balance - ending | <u>\$ 45,509</u> | <u>\$ 25,509</u> | <u>\$ 44,539</u> | <u>\$ 19,030</u> |
| Budgetary Adjustments | | | | |
| Basis adjustments: | | | | |
| Encumbrances | | | <u>3,960</u> | |
| Net Change in Fund Balance, GAAP Basis | | | <u>\$ 2,990</u> | |

The notes to required supplementary information are an integral part of this schedule.

Local Agency Formation Commission
Notes to Required Supplementary Information
June 30, 2009 and 2008

IV. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized adjustment which was contingent upon new or additional revenue sources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. All budgets are adopted on a non-Generally Accepted Accounting Principles (GAAP) basis. In the fiscal year ended June 30, 2008 there was an adjustment to the Commission's original budgetary expenditure estimates due to costs incurred with the hiring of a new fulltime executive officer. No such adjustments were made in the fiscal year ended June 30, 2009.

**Sonoma County
Local Agency Formation Commission
Roster of Commission Members**

As of April 29, 2010, the Commission consisted of the following members:

| <u>Commissioners:</u> | <u>Office</u> | <u>Term Expires</u> |
|-----------------------|--|---------------------|
| Paul Kelley | Chair, County Member | 12/31/2010 |
| Efren Carrillo | County Member | 12/31/2010 |
| Valerie Brown | County Member, Alternate | 12/31/2010 |
| Steve Allen | City Member | 05/01/2010 |
| Teresa Barrett | City Member | 05/01/2013 |
| Pam Stafford | City Member, Alternate | 05/01/2011 |
| Jean Kapolchok | Public Member | 05/01/2010 |
| Mark Ihde | Public Member, Alternate | 05/01/2010 |
| Raymond Brunton | Special District Member | 05/01/2012 |
| Mark Bramfitt | Special District Member | 05/01/2010 |
| Albert Giordano | Special District Member, Alternate | 05/01/2012 |

Regular Meetings:

The regular meeting of the Commissioners is held at 2:00 P.M. on the first Wednesday of each month at the County Administration Building, located at 575 Administration Drive, Room 102A, Santa Rosa, California. (707) 565-2577.