



Local Agency Formation Commission
LAFCO of Napa County

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August 2, 2010

Agenda Item No. 5c (Consent: Action)

July 27, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: 2010-2011 Budget Amendments

The Commission will consider budget amendments for 2010-2011 to reflect revised agency contribution calculations that have been prepared in conjunction with the close of 2009-2010.

The Local Agency Formation Commission of Napa County's ("Commission") annual operating costs are entirely funded by the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and Yountville. State law specifies the County is responsible for one-half of the Commission's adopted operating costs with the remaining amount proportionally shared by the cities. As allowed under the law, the cities have agreed to an alternative formula in apportioning their respective budget contributions based on a weighted calculation of population (60%) and general revenues (40%).

At the direction of the Commission, the County of Napa Auditor-Controller is responsible for issuing invoices to all six funding agencies. It had been the Commission's practice to return all unexpended funds from the previous fiscal year to the funding agencies in the form of credits towards their subsequent year budget contribution. Unexpended funds include agency contributions, application fees, and interest earned on the fund balance. The Commission has amended this practice to return all unexpended funds with the exception of holding back an amount sufficient to ensure the fund balance remains equal to three months of operating expenses. The Commission has also amended its practice to begin budgeting revenues, which decreases the total amount invoiced at the beginning of the fiscal year.

A. Discussion

At its June 7, 2010 meeting, the Commission adopted a final budget for 2010-2011 in the amount of \$413,480. Additionally, as part of the new practice of budgeting revenues, the Commission adopted contribution amounts for the funding agencies totaling \$371,120. (The Commission also adopted \$15,000 for application fees.) Importantly, based on spending projections, the contribution amounts assumed the Commission would be in a position to return \$27,359 to the agencies in the form of credits.

Juliana Inman, Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

Bill Dodd, Vice Chair
County of Napa Supervisor, 4th District

Brad Wagenknecht, Commissioner
County of Napa Supervisor, 1st District

Mark Luce, Alternate Commissioner
County of Napa Supervisor, 2nd District

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

Staff has recalculated the contributions needed from the agencies in 2010-2011 in conjunction with the close of books for 2009-2010. The recalculations show the Commission is in a position to amend its adopted budget to reduce the overall contributions from \$371,120 to \$356,019. The converse of this overall reduction in agency contributions is an increase from \$27,359 to \$42,460 in the amount of unexpended funds available to credit back to the agencies.

A summary of the recalculated agency contributions for 2010-2011 along with comparisons from previous fiscal years is provided below.

| Agency | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|-----------------|--------------|--------------|--------------|--------------|-----------|
| County | 155,720.41 | 136,016.01 | 176,382.73 | 153,965.70 | 178,010 |
| Napa | 106,679.39 | 87,061.35 | 119,820.40 | 105,428.75 | 119,647 |
| American Canyon | 20,542.43 | 23,792.74 | 27,179.61 | 22,010.54 | 27,468 |
| St. Helena | 9,243.23 | 8,140.48 | 9,714.01 | 11,135.35 | 12,657 |
| Calistoga | 12,095.26 | 10,349.12 | 12,134.39 | 8,742.73 | 10,642 |
| Yountville | 7,160.10 | 6,672.32 | 7,534.31 | 6,648.33 | 7,595 |
| | \$311,440.82 | \$272,032.02 | \$352,765.45 | \$307,931.39 | \$356,019 |

B. Analysis

Amending the 2010-2011 budget to reflect the revised agency contributions will reduce the agency's combined invoices by 4.1%. Agency contributions, nonetheless, would continue to reflect a 5.9% increase over the previous fiscal year. The cause of the increase is two-fold. First actual salary and benefit costs increased during the previous fiscal year due to the filling of the analyst position after nearly a two-year vacancy. Second, as part of its new budgeting practice, Commission needs to hold back \$103,370 in unspent funds from the credit pool to ensure the fund balance equals three months of operating expenses.

C. Alternatives for Commission Action

Staff has identified two alternative actions for Commission consideration with respect to this report on budget contributions in 2010-2011. These alternatives are:

Option One: Adopt amendments to the 2010-2011 report to reflect the agency contributions as outlined in the attached spreadsheet and request the County Auditor-Controller to invoice the agencies accordingly.

Option Two: Continue consideration of the recommended actions to a future meeting and request additional information from staff as needed.

D. Recommendation

Staff recommends the Commission amend the 2010-2011 budget to reflect the revised agency contributions as outlined in the preceding section as Option One.

Respectfully submitted,

Keene Simonds
Executive Officer

Attachments:

- 1) Revised 2010-2011 Calculations for Agency Contributions
- 2) Final Budget for 2010-2011, Adopted June 7, 2010



Local Agency Formation Commission
LAFCO of Napa County

2010-2011 Agency Contributions Calculation

Step 1 Total Agency Contributions

| | FY09-10 | FY10-11 | Difference | Difference | |
|---------------|---------|------------|------------|-------------|--------|
| Total | S | \$ | Dollar | Percentage | |
| 50% to County | S | 248,480.50 | S | (49,240.77) | -19.8% |
| 50% to Cities | S | 248,480.50 | S | (49,240.77) | -19.8% |

Step 2 Allocation Between County and Cities

| | American Canyon | Calistoga | Napa | St. Helena | Yountville | All Cities |
|--|-----------------|--------------|---------------|--------------|--------------|---------------|
| Secured & Unsecured Property Tax | 6,845,154.00 | 1,014,203.00 | 14,617,815.00 | 2,529,620.00 | 461,590.00 | 25,468,382.00 |
| Voter Approved Indebtedness Property Tax | - | - | - | - | - | - |
| Other Property Tax | 1,414,001.00 | 446,589.00 | 6,856,577.00 | 431,213.00 | 300,368.00 | 9,448,748.00 |
| Sales and Use Taxes | 2,446,951.00 | 623,757.00 | 9,647,770.00 | 1,969,971.00 | 491,897.00 | 15,180,346.00 |
| Transportation Tax | - | - | - | - | - | - |
| Transient Lodging Tax | 462,381.00 | 3,402,228.00 | 8,723,543.00 | 1,560,398.00 | 3,381,678.00 | 17,530,228.00 |
| Franchises | 504,241.00 | 166,836.00 | 1,423,236.00 | 156,182.00 | 66,875.00 | 2,317,370.00 |
| Business License Taxes | 169,109.00 | 137,677.00 | 3,252,226.00 | 155,140.00 | 6,137.00 | 3,720,289.00 |
| Real Property Transfer Taxes | 76,661.00 | 24,633.00 | 288,532.00 | 56,736.00 | 23,923.00 | 470,485.00 |
| Utility Users Tax | - | - | - | - | - | - |
| Other Non-Property Taxes | 413,034.00 | 195,889.00 | 3,063,783.00 | 693,017.00 | 174,282.00 | 4,540,005.00 |
| Total | S | 12,331,532 | S | 47,873,482 | S | 78,675,853 |
| Percentage of Total Taxes to all Cities | | 15.7% | | 7.6% | | 6.2% |

Step 3a Cities' Share Based on Total General Tax Revenues*

| | American Canyon | Calistoga | Napa | St. Helena | Yountville | All Cities |
|--|-----------------|--------------|---------------|--------------|--------------|---------------|
| Secured & Unsecured Property Tax | 6,845,154.00 | 1,014,203.00 | 14,617,815.00 | 2,529,620.00 | 461,590.00 | 25,468,382.00 |
| Voter Approved Indebtedness Property Tax | - | - | - | - | - | - |
| Other Property Tax | 1,414,001.00 | 446,589.00 | 6,856,577.00 | 431,213.00 | 300,368.00 | 9,448,748.00 |
| Sales and Use Taxes | 2,446,951.00 | 623,757.00 | 9,647,770.00 | 1,969,971.00 | 491,897.00 | 15,180,346.00 |
| Transportation Tax | - | - | - | - | - | - |
| Transient Lodging Tax | 462,381.00 | 3,402,228.00 | 8,723,543.00 | 1,560,398.00 | 3,381,678.00 | 17,530,228.00 |
| Franchises | 504,241.00 | 166,836.00 | 1,423,236.00 | 156,182.00 | 66,875.00 | 2,317,370.00 |
| Business License Taxes | 169,109.00 | 137,677.00 | 3,252,226.00 | 155,140.00 | 6,137.00 | 3,720,289.00 |
| Real Property Transfer Taxes | 76,661.00 | 24,633.00 | 288,532.00 | 56,736.00 | 23,923.00 | 470,485.00 |
| Utility Users Tax | - | - | - | - | - | - |
| Other Non-Property Taxes | 413,034.00 | 195,889.00 | 3,063,783.00 | 693,017.00 | 174,282.00 | 4,540,005.00 |
| Total | S | 12,331,532 | S | 47,873,482 | S | 78,675,853 |
| Percentage of Total Taxes to all Cities | | 15.7% | | 9.6% | | 100% |

Step 3b Cities' Share Based on Total Population**

| | American Canyon | Calistoga | Napa | St. Helena | Yountville | All Cities |
|-----------------------|-----------------|-----------|--------|------------|------------|------------|
| Population | 16,836 | 5,370 | 78,791 | 6,010 | 3,257 | 110,264 |
| Population Percentage | 15.27% | 4.87% | 71.46% | 5.45% | 2.95% | 100% |

Step 4 Cities Allocation Formula

| | American Canyon | Calistoga | Napa | St. Helena | Yountville | All Cities |
|--|-----------------|-----------|-----------|------------|------------|------------|
| Cities' Share Based on Total General Taxes | 15.7% | 7.6% | 60.8% | 9.6% | 6.2% | 100% |
| Portion of LAFCO Budget | 12,491.41 | 6,089.76 | 48,494.17 | 7,650.19 | 4,970.37 | 40% |
| Cities' Share Based on Total Population | 15.27% | 4.87% | 71.46% | 5.45% | 2.95% | 100% |
| Portion of LAFCO Budget | 18,252.92 | 5,821.94 | 85,422.06 | 6,515.80 | 3,531.11 | 60% |
| Total Agency Allocation | S | 30,744.33 | S | 14,166.00 | S | 8,501.48 |
| Allocation Share | 15.4308% | 5.9786% | 67.2136% | 7.1100% | 4.2670% | 100% |

Step 5 FY10-11 Invoices

| | County | American Canyon | Calistoga | Napa | St. Helena | Yountville | All Agencies | | | | | | | |
|--------------------------|--------|-----------------|-----------|-----------|------------|------------|--------------|------------|----|-----------|----|------------|----|------------|
| FY10-11 Agency Share | S | 199,239.73 | S | 11,911.70 | S | 133,916.23 | S | 14,166.00 | S | 8,501.48 | S | 398,479.46 | | |
| Less Agency Credits*** | S | 21,229.96 | S | 3,275.96 | S | 1,269.25 | S | 14,269.42 | S | 1,509.46 | S | 905.87 | | |
| Net Invoice | \$ | 178,009.77 | \$ | 27,468.37 | \$ | 10,642.45 | \$ | 119,646.81 | \$ | 12,656.54 | \$ | 7,595.60 | \$ | 356,019.55 |
| Difference From FY09-10: | S | 24,044.07 | S | 1,899.72 | S | 14,218.06 | S | 1,521.19 | S | 947.27 | S | 48,088.16 | | |
| | | 15.62% | | 24.80% | | 13.49% | | 13.66% | | 14.25% | | 15.62% | | |

NOTES

* Revenue amounts are drawn from the 2007-2008 State Controller's Cities Annual Report.

** Population estimates calculated by the California Department of Finance, January 2010.

*** The Commission is on course to finish 2009-10 with \$130,729 in total unexpended funds. This amount includes prior year agency contributions (\$108,156), application fees (\$18,687), and earned interest (\$3,886). The Commission will hold back an amount equal to three months of its adopted operating expenses in 2010-2011 from the credit pool (\$103,370). The remaining credit pool, which is current projected at \$27,359, will be returned to the funding agencies based on their proportional share of the 2009-2010 budget.

RESOLUTION NO. 10-16

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
ADOPTING A FINAL BUDGET FOR THE 2010-2011 FISCAL YEAR**

WHEREAS, the Local Agency Formation Commission of Napa County (“Commission”) is required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to adopt a final budget for the next fiscal year; and

WHEREAS, Government Code Section 56381 requires the Commission annually adopt a final budget no later than June 15th; and

WHEREAS, at the direction of the Commission, the Executive Officer circulated for review and comment an adopted proposed budget to the administrative and financial officers of each of the six local agencies that contribute to the Commission budget; and

WHEREAS, the Commission reviewed all substantive written and verbal comments concerning the adopted proposed budget; and

WHEREAS, the Executive Officer prepared a report concerning a final budget, including his recommendations thereon; and

WHEREAS, the Executive Officer’s report was presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its public hearing on a final budget held on June 7, 2010; and

WHEREAS, the Commission determined the final budget projects the staffing and program costs of the Commission as accurately and appropriately as is possible;

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. The final budget as outlined in Exhibit One is approved.
2. The reduction in overall operating costs will nevertheless continue to allow the Commission to fulfill its regulatory and planning responsibilities as required under Government Code Section 56381(a).

I HEREBY CERTIFY THAT THIS DOCUMENT IS A TRUE AND CORRECT COPY OF THE ORIGINAL ON FILE IN THE OFFICE OF THE NAPA COUNTY LOCAL AGENCY FORMATION COMMISSION.

K. Mabry

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on June 7, 2010 by the following vote:

AYES: Commissioners KELLY, CHILTON, INMAN AND LUCE

NOES: Commissioners NONE

ABSTAIN: Commissioners NONE

ABSENT: Commissioners DODD, WAGENKNECHT

ATTEST: Keene Simonds
Executive Officer

RECORDED: Kathy Mabry
Commission Secretary

Handwritten signature of Kathy Mabry in cursive script.



Local Agency Formation Commission LAFCO of Napa County

EXHIBIT ONE

FY2010-2011 BUDGET

Expenses

| Account | Description | Adopted FY07-08 | Actual FY07-08 | Adopted FY08-09 | Actual FY08-09 | Adopted FY09-10 | Estimate FY09-10 | Recommended FY10-11 | Difference | Difference |
|-----------------------------------|---------------------------------|--------------------|-------------------|--------------------|-------------------|--------------------|---------------------|------------------------|--------------------|---------------|
| Salaries and Benefits | | | | | | | | | | |
| 51100000 | Regular Salaries | 167,027 | 123,562 | 168,905 | 152,953 | 195,580 | 190,805 | 198,347 ¹ | 2,767 | 1.4% |
| 51300500 | Group Health Insurance | 43,168 | 18,983 | 40,148 | 21,406 | 36,471 | 30,709 | 37,954 ² | 1,483 | 4.1% |
| 51300100 | Retirement: Pension | 31,583 | 21,093 | 34,551 | 26,283 | 34,064 | 32,635 | 34,992 | 928 | 2.7% |
| 51200500 | Commissioner Per Diems | 9,600 | 5,500 | 9,600 | 4,400 | 9,600 | 5,200 | 9,600 | - | 0.0% |
| 51300120 | Retirement: Non-Pension | - | - | 11,295 | 11,296 | 8,706 | 8,706 | 9,138 ³ | 432 | 5.0% |
| 51300300 | Medicare | 2,650 | 1,659 | 2,826 | 2,440 | 2,836 | 2,642 | 2,876 | 40 | 1.4% |
| 51301800 | Cell Phone Allowance | 840 | 847 | 840 | 845 | 840 | 840 | 840 | - | 0.0% |
| 51301200 | Workers Compensation | 185 | 185 | 149 | 149 | 168 | 168 | 226 | 58 | 34.5% |
| 51200100 | Extra Help | - | - | 26,010 | 26,283 | - | - | - | - | 0.0% |
| 51200200 | Overtime | - | - | - | - | - | - | - | - | 0.0% |
| | | 255,053 | 171,829 | 294,325 | 246,054 | 288,265 | 271,705 | 293,973 | 5,708 | 2.0% |
| Services and Supplies | | | | | | | | | | |
| 52240500 | Property Lease | 27,000 | 27,000 | 27,000 | 27,000 | 29,280 | 29,280 | 29,280 | - | 0.0% |
| 52180500 | Legal Services | 21,500 | 24,153 | 26,320 | 19,130 | 24,990 | 24,990 | 26,010 ⁴ | 1,020 | 4.1% |
| 52180200 | Information Technology Services | 16,387 | 16,387 | 17,768 | 17,768 | 22,438 | 19,483 | 18,439 ⁵ | (3,999) | -17.8% |
| 52170000 | Office Expenses | 15,000 | 7,261 | 15,000 | 10,917 | 15,000 | 12,000 | 15,000 | - | 0.0% |
| 52185000 | Financial Services | 25,650 | 23,314 | 26,933 | 6,182 | 7,883 | 8,883 | 8,277 ⁶ | 394 | 5.0% |
| 52250800 | Training | 4,000 | 3,144 | 4,000 | 2,531 | 4,000 | 5,475 | 4,000 | - | 0.0% |
| 52250000 | Transportation and Travel | 4,000 | 2,010 | 4,000 | 1,717 | 3,500 | 5,311 | 3,500 | - | 0.0% |
| 52070000 | Communications | 3,500 | 1,942 | 3,500 | 1,721 | 3,500 | 1,800 | 3,500 | - | 0.0% |
| 52150000 | Memberships | 2,000 | 2,000 | 2,200 | 2,200 | 2,275 | 2,200 | 2,275 | - | 0.0% |
| 52190000 | Publications and Notices | 1,500 | 2,099 | 1,500 | 2,490 | 1,500 | 900 | 1,500 | - | 0.0% |
| 52235000 | Special Departmental Purchases | 1,000 | 397 | 56,000 | 50,082 | 1,000 | 1,000 | 1,000 | - | 0.0% |
| 52251200 | Private Mileage | 1,000 | 1,184 | 1,000 | 1,051 | 1,000 | 600 | 1,000 | - | 0.0% |
| 52243900 | Filing Fees | 850 | 550 | 850 | 300 | 850 | 400 | 850 | - | 0.0% |
| 52250700 | Meals Reimbursement - Taxable | - | - | - | - | 500 | 500 | 500 | - | 0.0% |
| 52100300 | Insurance: Liability | 352 | 352 | 546 | 545 | 347 | 347 | 444 | 97 | 28.0% |
| 53980200 | Capital Replacement | - | - | - | - | - | 3,931 | 3,931 | - | - |
| | | 123,739 | 111,792 | 186,617 | 143,633 | 118,063 | 117,100 | 119,506 | 1,443 | 1.2% |
| | | \$ 466,672 | \$ 283,621 | \$ 573,535 | \$ 389,688 | \$ 496,961 | \$ 388,805 | \$ 413,479 | \$ (83,481) | -16.8% |
| Contingencies and Reserves | | | | | | | | | | |
| 54000900 | Operating Reserve | 37,879 | - | 42,594 | - | 40,633 | - | - | (40,633) | -100.0% |
| 54001000 | Consultant Contingency | 50,000 | - | 50,000 | - | 50,000 | - | - | (50,000) | -100.0% |
| | | 87,879 | - | 92,594 | - | 90,633 | - | - | (90,633) | -100.0% |
| | | \$ 466,672 | \$ 283,621 | \$ 573,535 | \$ 389,688 | \$ 496,961 | \$ 388,805 | \$ 413,479 | \$ (83,481) | -16.8% |

Revenues

Intergovernmental Contributions

| Account | Description | Adopted FY07-08 | Actual FY07-08 | Adopted FY08-09 | Actual FY08-09 | Adopted FY09-10 | Estimate FY09-10 | Final FY10-11 |
|----------|-------------------------|-----------------|----------------|-----------------|----------------|-----------------|------------------|-----------------------|
| 45080600 | County of Napa | - | 136,016 | - | 176,383 | - | 153,966 | 185,560 ¹⁰ |
| 45082200 | City of Napa | - | 87,061 | - | 119,820 | - | 105,429 | 124,722 ¹¹ |
| 45082400 | City of American Canyon | - | 23,793 | - | 27,180 | - | 22,011 | 28,633 ¹² |
| 45082300 | City of St. Helena | - | 10,349 | - | 12,134 | - | 11,135 | 13,193 ¹³ |
| 45082100 | City of Calistoga | - | 8,140 | - | 9,714 | - | 8,743 | 11,094 ¹⁴ |
| 45082500 | Town of Yountville | - | 6,672 | - | 7,534 | - | 6,648 | 7,918 ¹⁵ |
| | | - | 272,032 | - | 352,765 | - | 307,931 | 371,120 |

Service Charges

| Account | Description | Adopted FY07-08 | Actual FY07-08 | Adopted FY08-09 | Actual FY08-09 | Adopted FY09-10 | Estimate FY09-10 | Final FY10-11 |
|----------|----------------------------|-----------------|----------------|-----------------|----------------|-----------------|------------------|---------------|
| 46003400 | Standard Applications Fees | - | 4,050 | - | 16,155 | - | 18,687 | 10,000 |
| 46003300 | Special Application Fees | - | 500 | - | 120 | - | - | - |
| 48040000 | Miscellaneous | - | 13 | - | - | - | - | - |
| | | - | 4,563 | - | 16,275 | - | 18,687 | 10,000 |

Investments

| Account | Description | Adopted FY07-08 | Actual FY07-08 | Adopted FY08-09 | Actual FY08-09 | Adopted FY09-10 | Estimate FY09-10 | Final FY10-11 |
|----------|-------------|-----------------|----------------|-----------------|----------------|-----------------|------------------|---------------|
| 44000300 | Interest | - | 12,743 | - | 10,459 | - | 3,886 | 5,000 |
| | | - | 12,743 | - | 10,459 | - | 3,886 | 5,000 |
| | | - | 289,338 | - | 379,499 | - | 330,504 | 386,120 |

REVENUE TOTALS

| | | | | |
|--------------------------------|------------|-------------|-------------|--------------------------|
| NET SURPLUS/DEFICIT | \$ 5,717 | \$ (10,188) | \$ (58,301) | \$ (27,359) |
| USE OF PRIOR YEAR FUND BALANCE | ***** | ***** | ***** | ***** |
| END OF YEAR FUND BALANCE | \$ 222,059 | \$ 211,870 | \$ 153,569 | \$ 126,210 ¹⁶ |

NOTES

- This account budgets two fulltime (Executive Officer and Analyst) and one parttime (Secretary) employee. The increase reflects recent merit increases for the Executive Officer and Analyst employees. The Analyst employee is also scheduled to receive an additional merit increase during 2010-2011. No cost-of-living adjustments are budgeted.
- This account funds the Commission's monthly contribution for employee healthcare and dental insurance costs. The increase reflects higher provider premiums.
- This account funds the Commission's apportionment for post employment benefits, such as retiree health care insurance. These costs are calculated by the County. It is expected the Commission will require 170 total hours of legal services in 2010-2011. Commission Counsel's hourly rate is expected to increase by 5.0% from \$149 to \$153.
- This account primarily funds network services provided by the County's Information Technology Services Department. This account also funds the Commission's annual Laserfiche support services agreement with Incrementum as well as website hosting by Planetaria.
- The budgeted amount anticipates a 5.0% across-the-board increase in hourly rates for the County of Napa Auditor's Office in 2010-2011.
- This new account has been budgeted to provide capital replacement funding for LAFCO's electronic document management system equal to its annual depreciation over a five-year period.
- No annual contingencies or reserves are budgeted; unexpected expenses would be covered through the fund balance.
- Agency contributions have been calculated to incorporate credits totaling \$27,359 in FY09-10. Specific credits are as follows: County, \$13,680; Napa, \$9,195; American Canyon, \$2,111; St. Helena, \$973; Calistoga, \$818; and Yountville, \$584.
- The fund balance is expected to decline from \$211,870 to \$153,569 as of June 30, 2010. The fund balance is expected to further decrease to \$126,210 on June 30, 2011. These declines are planned and intended to gradually reduce the fund balance to be equal to three months of operating expenses, which are anticipated to total \$99,619 in FY10-11.