



LAFCO - San Luis Obispo - Local Agency Formation Commission
SLO LAFCO - Serving the Area of San Luis Obispo County

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TO: MEMBERS, FORMATION COMMISSION

FROM: DAVID CHURCH, AICP, EXECUTIVE OFFICER (DC)

DATE: APRIL 21, 2016

**SUBJECT: THIRD QUARTER FISCAL YEAR 2015-16 LAFCO
BUDGET STATUS REPORT**

Recommendation. It is respectfully recommended that the Commission review and direct the Executive Officer to file this third quarter financial report for Fiscal Year 2015-16 with the County Auditor.

Summary. This is the third quarter budget status report for the San Luis Obispo LAFCO. Attached is the Third Quarter Budget Status Report for the 2015-16 fiscal year and includes January, February and March of 2016. Overall, total expenditures are at 77% with 75% of the fiscal year complete. Salaries and Benefits are at 75% expended and services and supplies are at 83% expended.

The LAFCO operating budget is comprised of four components: 1) salaries, payroll taxes and benefits, 2) services and supplies, 3) revenues, and 4) fund balance and reserves. The Budget is considered and adopted by LAFCO each year as required by the Cortese-Knox-Hertzberg Act. Day-to-Day management of the Budget is based on "bottom-line" principles that allow for variation within individual line item accounts as long as the overall expenditures remain within the approved budgeted levels.

LAFCO's budget is funded primarily by the County, Cities and Independent Special Districts, with each group paying one-third of the LAFCO budget. The city and district shares are pro-rated based on general revenues reported to the State Controller's Office on an annual basis. These revenues are found in the latest annual report released by the State Controller's office. LAFCO also receives revenue through application fees and interest earnings.

The County Auditor's Office calculates and sends out the invoices for payments to the Cities and Special Districts in the County. The County Auditor's Office also provides LAFCO with claims processing, and financial review services. The County's financial tracking system assists LAFCO in monitoring the budget and compiling budget report data. Each LAFCO transaction is processed through the County's financial system.

Expenditures. Expenditures for Salaries and Benefits are at 76%. Salaries and benefits are within the targeted budget. Services and Supplies are at 83%. One-time expenditures for the County Auditors Office Services, the payment of CALAFCO Membership Dues, and payment of Property Liability Insurance, were all paid in the first quarter. This is the typical expenditure pattern for the LAFCO budget.

Services and Supplies are elevated to 83% due largely to expenditures associated with processing the formation application for the Paso Robles Basin Water District. This is reflected in the elevated Consultant Expenses line item. Please note that LAFCO has been reimbursed by the applicant for these costs. Legal notices are at 75% due to the noticing required for proposals and Sphere Updates. Memberships are at 100% and no other memberships are payable. This line item pays the dues for CALAFCO, SDRMA, and membership in the American Planning Association AICP (American Institute of Certified Planners). Utilities are up at 93% and reflect an increase in use and rates. Custodian Costs have increase this year from \$65 to \$80 per month and are at 80% expended. Office supplies are down slightly at 62%. The insurance line item is at 76% and pays for workers compensation, liability, and long-term disability coverage for the Executive Officer. Payments have been made and expenditures in this line item will level off in the next quarter.

Revenues. Overall revenues are 99% realized through the third quarter. The jurisdictions (Cities, Special Districts and County) have paid 100% of the LAFCO charges that were billed in the first quarter. \$329 was inadvertently billed to the Five Cities Fire Authority and this will be corrected by the County Auditor in the coming fiscal year. LAFCO has been reimbursed by the County for costs associated with processing the water district application. LAFCO received \$1,119 in miscellaneous reimbursements: \$475-Fairgrounds, \$378-FUTA, \$228 CALAFCO, \$38-Office Depot.

Reserves and Fund Balance. Reserves are funds that are placed into a designated account that is set aside for possible future use. Reserves may only be allocated to the LAFCO budget with approval by the Commission. Fund balance is the difference between the total expenses and revenues in the fiscal year. Reserves and Fund Balance are currently at \$158,920 or 29% of the budget. In the Fiscal Year 2015-16 Adopted Budget, it was anticipated that \$20,000 in reserves/fund balance may be used to reduce the cost to agencies. It looks like the transfer will not be needed if no unanticipated expenses are incurred.

Exhibit A

Fiscal Year 2015-16

LAFCO Budget Status Report – Third Quarter

Fiscal Year 2015-16 LAFCO Budget Status Report

Period Ending: March 31, 2016

Third Quarter Report

EXPENDITURES SUMMARY	Adopted 15-16	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries	249,269	194,955	249,269	54,314	78%
Benefits & Payroll Taxes	184,035	132,328	176,039	51,707	72%
Services and Supplies	118,136	98,364	117,164	19,772	83%
Total Expenses	551,440	425,647	542,472	125,793	77%

EXPENDITURES DETAIL	Adopted 15-16	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries and Benefits					
Salaries	249,269	194,955	249,269	54,314	78%
Benefits & Payroll Taxes	184,035	132,328	176,039	51,707	72%
Subtotal Salaries & Benefits	433,304	327,283	425,308	106,021	76%

Services and Supplies	Adopted 15-16	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Food	1,000	576	900	424	58%
Maintenance - Equipment	500	0	0	500	0%
Maintenance - Software	500	0	250	500	0%
CALAFCO/Other Memberships	4,300	4,127	4,127	173	96%
Office Supplies	2,700	1,676	2,300	1,024	62%
Commissioner/Consultant Exp	10,000	18,798	18,500	-8,798	188%
Publication/Legal Notices	1,000	747	1,200	253	75%
Rent	38,000	30,565	36,700	7,436	80%
Small Equipment	400	0	0	400	0%
Large Equipment	2,000	1,045	1,500	955	52%
Computer Software	500	221	300	279	44%
Employee Mileage	400	0	200	400	0%
Commissioner Mileage	1,800	1,060	1,800	740	59%
Airfare/Public Transportation	500	0	0	500	0%
Accommodations/Travel	5,000	2,580	3,500	2,420	52%
Auto Allowance	5,400	4,154	5,400	1,246	77%
Training/Conf Registration	4,500	3,109	4,300	1,392	69%
Utilities	3,250	3,007	3,250	243	93%
Car/Vehicle Rentals	800	465	800	335	58%
Postage	1,200	529	800	671	44%
Custodian	910	720	960	190	79%
Copying	800	0	0	800	0%
ITD-SAP/Board Chambers	850	382	700	468	45%
Phones/Voice	1,450	831	1,200	620	57%
County Auditor	7,376	7,377	7,377	-1	100%
Insurance	8,000	6,085	7,300	1,915	76%
Legal Counsel	15,000	10,312	13,800	4,688	69%
Subtotal Services & Supplies	118,136	98,364	117,164	19,772	83%

Total Expenses	551,440	425,647	542,472	125,793	77%
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REVENUE DETAIL	Adopted 15-16	Realized YTD	Projected Yr End	Balance YTD	% Realized
Interest	500	1,105	1,105	-605	221%
Environmental Fees	3,000	500	500	2,500	17%
Sphere of Influence Fee	1,000	0	0	1,000	0%
LAFCO Processing Fees	10,000	25,346	25,346	-15,346	253%
Other Revenue/Grants/Insurance reimb.	0	1,119	1,119	-1,119	
Transfer of Reserves-If needed	20,000	0	0	20,000	0%
Sub-Total w/o Agency Charges	34,500	28,070	28,070	6,430	81%
LAFCO Charges to Agencies	516,940	516,611	516,611	329	100%
Total Revenue	551,440	544,682	544,681	6,758	99%

RESERVES	Beginning FY15/16	Projected End of Year Reserves	Projected % of Budget
Fund Balance and Reserves	158,920	158,920	29%
Transfer in 4th Qtr if needed		2,209	
Reserves FY 2015-16	158,920	161,129	29%
Transfer in 4th Qtr if needed	20,000	0	
Reserves FY 2015-16	138,920	137,445	0