



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, EXECUTIVE OFFICER (DC)

DATE: OCTOBER 19, 2017

**SUBJECT: FIRST QUARTER FISCAL YEAR 2017-18 LAFCO
BUDGET STATUS REPORT**

Recommendation. It is respectfully recommended that the Commission review and direct the Executive Officer to file this first quarter financial report for Fiscal Year 2017-18 with the County Auditor.

Summary. 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. Funds may not be drawn from the contingency/reserve without Commission approval. Attached is the First Quarter Budget Status Report for the 2016-17 fiscal year.

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.

In the first quarter, 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 tracking services. The County's financial tracking system is used by LAFCO in monitoring the budget and compiling budget report data. Each LAFCO transaction is processed through the County's financial system. Overall, first quarter expenditures are at 28% with 25% of the fiscal year complete.

Expenditures. Salaries and Benefits are 26% expended and services and supplies are at 35% expended. Expenditures for Salaries and Benefits are at 26% because seven pay periods were in the first quarter. Typically, a quarter has six pay periods. Services and Supplies are at 35% expended. Included are normal one-time expenditures for the County Auditors Office Services, the payment of CALAFCO Membership Dues, and payment of Liability Compensation Insurance, which are normally paid in the first quarter. It should be noted that the accommodations and travel budget line items for the CALAFCO Annual Conference registration fees have been paid. Travel and accommodation expenses for the annual conference will be reflected in the second quarter report.

Revenues. Overall revenues are 96% realized through the first quarter. The jurisdictions (Cities, Special Districts and County) have paid 100% of the LAFCO charges billed in the first quarter. Application processing fees for the annexation of the San Luis Ranch to the City of San Luis Obispo (\$7,390) and the Cayucos Fire District Dissolution (\$3,000) have been submitted. Also, received was the stipend from CALAFCO (\$4,000) for the Deputy Executive Office position that the SLO Executive Officer has filled over the last year. This brings the total revenues received in the first quarter to \$14,390.

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. Fund balance is a more flexible asset that can be used to offset expenses. Please note that reserves and fund balance are at \$172,050 beginning this fiscal year or 27% of the budget. In the Fiscal Year 2017-18 Adopted Budget, it was projected that \$25,000 in reserves/fund balance may be used to offset expenses associated with the FY 17-18 budget, if needed. This allocation is intended to reduce the charges to the jurisdictions while maintaining reserves/fund balance at a prudent level. These funds are intended to be reflected in the fourth quarter (if needed) depending on the status of revenues and expenditures.

Fiscal Year 2017-18 LAFCO Budget Status Report
First Quarter Report

Period Ending: September 30, 2017

EXPENDITURES SUMMARY	Adopted 17-18	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries	291,838	77,731	291,838	214,107	27%
Benefits & Payroll Taxes	215,385	55,297	215,385	160,088	26%
Services and Supplies	120,863	41,758	119,273	79,105	35%
Total Expenses	628,086	174,786	626,496	453,300	28%

EXPENDITURES DETAIL	Adopted 17-18	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries and Benefits					
Salaries	291,838	77,731	291,838	214,107	27%
Benefits & Payroll Taxes	215,385	55,297	215,385	160,088	26%
Subtotal Salaries & Benefits	507,223	133,028	507,223	374,195	26%

Services and Supplies	Adopted 17-18	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Food	800	116	900	684	14%
Maintenance - Equipment	300	0	500	300	0%
Maintenance - Software	500	0	400	500	0%
CALAFCO/Other Memberships	4,400	2,726	4,200	1,674	62%
Office Supplies	2,500	312	2,500	2,188	12%
Commissioner/Professional Serv.	11,000	2,609	11,000	8,391	24%
Publication/Legal Notices	800	346	1,000	454	43%
Rent	38,000	9,170	38,000	28,830	24%
Small Equipment	400	0	400	400	0%
Large Equipment	1,000	0	1,000	1,000	0%
Computer Software	500	132	500	368	26%
Employee Mileage	200	0	200	200	0%
Commissioner Mileage	1,800	99	1,800	1,701	6%
Airfare/Public Transportation	500	0	0	500	0%
Accommodations/Travel	5,000	1,435	4,000	3,565	29%
Auto Allowance	5,400	1,662	5,400	3,738	31%
Training/Conf Registration	4,500	3,484	4,500	1,016	77%
Utilities	3,700	999	3,700	2,701	27%
Car/Vehicle Rentals	1,000	104	800	896	10%
Postage	1,000	156	1,000	844	16%
Custodian	1,000	240	910	760	24%
Copying	800	298	800	502	37%
ITD-SAP/Board Chambers	850	144	850	706	17%
Phones/Voice	1,200	279	1,200	921	23%
County Auditor	7,713	7,713	7,713	0	100%
Insurance	8,000	5,944	8,000	2,056	74%
Legal Counsel	18,000	3,792	18,000	14,208	21%
Subtotal Services & Supplies	120,863	41,758	119,273	79,105	35%

Total Expenses	628,086	174,786	626,496	453,300	28%
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REVENUE DETAIL	Adopted 17-18	Realized YTD	Projected Yr End	Balance YTD	% Realized
Interest	1,500	0	1,500	1,500	0%
Environmental Fees	1,000	1,500	2,000	-500	150%
Sphere of Influence Fee	1,000	0	1,000	1,000	0%
LAFCO Processing Fees	13,000	8,890	13,000	4,110	68%
Other Revenue/Transfer Fund Balance if needed	25,000	4,000	4,000	21,000	16%
Sub-Total w/o Agency Charges	41,500	14,390	21,500	27,110	35%
LAFCO Charges to Agencies	586,586	586,586	586,586	0	100%
Total Revenue	628,086	600,976	608,086	27,110	96%

RESERVES	Beginning FY17-18	Projected End of Year Reserves	Projected % of Budget
Fund Balance and Reserves	172,050	172,050	27%
Transfer in 4th Qtr if needed		-25,000	
Reserves FY 2016-17	172,050	147,050	23%