



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

TO: MEMBERS, FORMATION COMMISSION

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

DATE: JANUARY 21, 2016

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

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RAYMOND A. BIERING
Legal Counsel

MIKE PRATER
Senior Analyst

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Recommendation. It is respectfully recommended that the Commission review and direct the Executive Officer to file this first quarter financial report for Fiscal Year 2015-16 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. Quarterly reports are provided to inform the Commission and Public about the financial status of LAFCO. Attached is the Second Quarter Budget Status Report for the 2015-16 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.

The County Auditor's Office provides accounting and financial management services for LAFCO. The Auditor calculates and collects fees charged to the Cities and Special Districts in the County. The Auditor also provides LAFCO with claims processing and financial tracking 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. Overall, second quarter expenditures are at 55% with 50% of the fiscal year complete. Salaries and Benefits are 53% expended and services and supplies are at 66% expended. Expenditures for Salaries and Benefits are at 53% because there are 14 pay periods were paid in the first and second quarters. Typically there are 13 pay periods in two quarters.

Services and Supplies are elevated to 66% due 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. When the expenses shown below for the Water District formation are deducted from the Consultant Expenses line item, the amount expended is \$3,792.52 which a more typical spending pattern of 38% expended. Please note that LAFCO has been reimbursed by the applicant for these costs.

Paso Robles Basin Water District Costs–FY 15/16

Mailing	Amount
Vistaprint-Registered Voters-Includes Postage	2,382.15
Vistaprint-Assessors-Postcards Only	620.40
Assessors Office-Landowner Labels	375.00
Achievement House-Postage and Handling	2,678.25
Room and Audio-Video	
Adelaide Room-Paso Event Center	2,520.00
AGP-Video and Audio	1,850.00
Consultant	
Cleath-Harris Geologists, Inc.	2,785.00
Total	13,210.80

LAFCO staff costs charged for processing the water district application were \$24,135. It should be noted that the training, accommodations and travel budget line items for the CALAFCO Annual Conference conducted in September, are included in the this report. Commissioners Mecham and Murray, along with Senior Analyst, LAFCO Counsel and Executive Officer attended the conference which was conducted in Sacramento.

Revenues. Overall revenues are 97% realized through the second 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 Formation of the Paso Robles Basin Water District were received. In the first quarter, the application fees for the proposed activation of the Parks and Recreation power for the California Valley CSD were refunded in the amount of \$3,000.

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 \$158,920. This reflects a \$812 accounting correction from \$159,732 indicated in the first quarter report. In the Fiscal Year 2015-16 Adopted Budget, it was projected that \$20,000 in reserves/fund balance may be used to offset expenses associated with the FY 15/16 budget if needed. Based on the current budget projections an estimated transfer of \$7,435 may be needed at the end of the year. The actual amount of FB/Reserves used depends on revenues and expenditures over the next two quarters. This allocation of reserves reduces the charges to the jurisdictions while maintaining reserves/fund balance at a prudent level. These funds are intended to be used in the fourth quarter (if needed) depending on the status of revenues and expenditures.

Fiscal Year 2015-16 LAFCO Budget Status Report

Period Ending: December 31, 2015

Second Quarter Report

EXPENDITURES SUMMARY	Adopted 15-16	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries	249,269	136,231	249,269	113,038	55%
Benefits & Payroll Taxes	184,035	91,732	180,000	92,303	50%
Services and Supplies	118,136	78,177	120,177	39,959	66%
Total Expenses	551,440	306,140	549,446	245,300	56%

EXPENDITURES DETAIL	Adopted 15-16	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries and Benefits					
Salaries	249,269	136,231	249,269	113,038	55%
Benefits & Payroll Taxes	184,035	91,732	180,000	92,303	50%
Subtotal Salaries & Benefits	433,304	227,963	429,269	205,341	53%

Services and Supplies	Adopted 15-16	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Food	1,000	301	900	699	30%
Maintenance - Equipment	500	0	500	500	0%
Maintenance - Software	500	0	400	500	0%
CALAFCO/Other Memberships	4,300	4,127	4,200	173	96%
Office Supplies	2,700	1,496	2,500	1,204	55%
Commissioner/Consultant Exp	10,000	17,003	18,000	-7,003	170%
Publication/Legal Notices	1,000	547	800	453	55%
Rent	38,000	21,395	37,000	16,605	56%
Small Equipment	400	0	400	400	0%
Large Equipment	2,000	1,045	1,500	955	52%
Computer Software	500	187	500	313	37%
Employee Mileage	400	0	400	400	0%
Commissioner Mileage	1,800	749	1,600	1,051	42%
Airfare/Public Transportation	500	0	500	500	0%
Accommodations/Travel	5,000	2,307	4,000	2,693	46%
Auto Allowance	5,400	2,908	5,400	2,492	54%
Training/Conf Registration	4,500	2,239	3,500	2,262	50%
Utilities	3,250	1,985	3,300	1,265	61%
Car/Vehicle Rentals	800	249	800	551	31%
Postage	1,200	360	800	840	30%
Custodian	910	480	1,000	430	53%
Copying	800	0	500	800	0%
ITD-SAP/Board Chambers	850	0	850	850	0%
Phones/Voice	1,450	463	1,450	987	32%
County Auditor	7,376	7,377	7,377	-1	100%
Insurance	8,000	6,085	8,000	1,915	76%
Legal Counsel	15,000	6,875	14,000	8,125	46%
Subtotal Services & Supplies	118,136	78,177	120,177	39,959	66%

Total Expenses	551,440	306,140	549,446	245,300	56%
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REVENUE DETAIL	Adopted 15-16	Realized YTD	Projected Yr End	Balance YTD	% Realized
Interest	500	536	400	-36	107%
Environmental Fees	3,000	500	2,000	2,500	17%
Sphere of Influence Fee	1,000	0	1,000	1,000	0%
LAFCO Processing Fees	10,000	17,926	22,000	-7,926	179%
Refunded Fees		0	0		
Other Revenue/Grants/Insuranc	0	0	0	0	
Transfer of Reserves-If needed	20,000	0	0	20,000	0%
Sub-Total w/o Agency Charges	34,500	18,962	25,400	15,538	55%
LAFCO Charges to Agencies	516,940	516,611	516,611	329	100%
Total Revenue	551,440	535,573	542,011	15,867	97%

RESERVES	Beginning FY15/16	Projected End of Year Reserves	Projected % of Budget
Fund Balance and Reserves	159,732	158,920	29%
Transfer in 4th Qtr if needed		7,435	
Reserves FY 2013-14	159,732	151,485	27%