



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: JANUARY 16, 2014

**SUBJECT: FISCAL YEAR 2013-14 SECOND QUARTER LAFCO
BUDGET STATUS REPORT**

Recommendation. It is respectfully recommended that the Commission review and direct the Executive Officer to file this second quarter financial report for Fiscal Year 2013-14 with the County Auditor.

Summary. Attached please find the Commission's Second Quarter Budget Report for the 2013-14 fiscal year. Overall second quarter expenditures are at 50% with 50% of the fiscal year complete. Salaries and Benefits are 48% expended and Services and Supplies are at 54% expended. Revenues are at 94% to date. More details are found below.

Expenses. Expenditures for Salaries and Benefits are generally on target; with 50% of Salaries and 46% Benefits and Payroll Taxes expended. Benefits are at 46% largely because the Executive Officer did not take the full amount of the deferred compensation benefit in the quarter. Services and Supplies are at 54% because of one time expenditures for the County Auditor's Office Services, the payment of CALAFCO and California Special District Association Membership Dues, attendance at the CALAFCO Annual Conference and Liability Insurance, which are paid in the first and second quarters.

Travel and accommodation costs are elevated due to the higher cost of accommodations at the CALAFCO Annual Conference at Lake Tahoe. The Travel and Accommodations line item is projected to be exceeded by year end with projected costs from the Staff Workshop and the EO's travel for CALAFCO activities are factored into the equation. Savings from other line items should keep Services and Supplies under the overall budgeted amounts. Also, the stipend from CALAFCO for the SLOLAFCO Executive Officer's travel and time as a Deputy Executive Officer should help offset any overage.

Revenues. Overall revenues are at 94% realized with all of the jurisdictions (100%) having paid the LAFCO charges along with fees from applications and other sources. This does not include any transfer of Reserves to Fund Balance as planned for in the budget. Revenues from Environmental and Sphere of Influence line items are increased due to the processing of the Busick Sphere Amendment. Also, the fees for an outside user agreement between the City of Pismo Beach and Coastal Christian School were also submitted. Both applications have been processed and were approved by the Commission.

Reserves. At the beginning of the fiscal year reserves were at \$133,446, 26% of the Operating Budget. In the Fiscal Year 2013-14 Budget, \$25,000 in reserves were allocated to help offset the budget increase. These funds are intended to be transferred in the fourth quarter depending on the status of revenues and expenditures. It appears likely (if there are not any unexpected expenditures) that the amount will less than \$25,000 given the budgets current status. LAFCO has a guideline for maintaining a reserve of at least 15% of the operating Budget. Also in this Quarterly Report, the Transfer of Reserves to Fund Balance has been moved from the Revenue Detail to more clearly reflect the use of reserves in the Budget.

LAFCO Budget Background. The Cortese-Knox-Hertzberg Act of 2000 establishes the procedures for the LAFCO Budget process. The key procedures have been adopted by the Commission in the San Luis Obispo LAFCO Policies and Procedures document under section 3.5. LAFCO generally considers and adopts the next year's Budget in April.

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. LAFCO also receives revenue through application fees and interest earnings.

The LAFCO operating budget is comprised of four components: salaries and benefits, services and supplies, revenues and fund balance and reserves. Management of the budget is based on "bottom-line" principals that allow for variation and flexibility within line item accounts. Funds may not be drawn from reserves without prior Commission approval.

The Auditor's Office calculates and sends out the invoices for payments to the Cities and Special Districts in the County. The invoices are tracked by the County Auditor's Office as these are paid. A second notice requesting payment is 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. In the first quarter of this fiscal year, the County Auditor's office performed a more detailed review of LAFCO's financial transactions for a period covering the last eight years. The results of this review showed that LAFCO's finances are well managed.

Fiscal Year 2013-14 LAFCO Budget Status Report

Period Ending 12-31-2013

Second Quarter Report

EXPENDITURES SUMMARY	FY13-14 Budget	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries	226,164	112,400	226,164	113,764	50%
Benefits & Payroll Taxes	165,184	76,772	165,184	88,412	46%
Services and Supplies	116,913	63,499	116,913	53,414	54%
Total Expenses	508,261	252,671	508,261	255,590	50%

SALARIES	FY13-14 Budget	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries and Benefits					
Salaries	226,164	112,400	226,164	113,764	50%
Benefits & Payroll Taxes	165,184	76,772	160,000	88,412	46%
Subtotal Salaries & Benefits	391,348	189,172	386,164	202,176	48%

Services and Supplies	FY13-14 Budget	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Food	1,000	491	900	509	49%
Maintenance - Equipment	500	378	500	122	76%
Maintenance - Software	500	0	400	500	0%
CALAFCO/Other Memberships	4,000	4,085	4,085	-85	102%
Office Supplies	2,700	602	2,700	2,098	22%
Commissioner/Consultant Exp	10,000	4,155	10,000	5,845	42%
Publication/Legal Notices	1,000	292	1,000	708	29%
Rent	38,000	18,339	38,000	19,661	48%
Small Equipment	250	0	250	250	0%
Large Equipment	3,000	2,944	2,944	56	98%
Computer Software	500	86	500	414	17%
Employee Mileage	600	0	600	600	0%
Commissioner Mileage	1,800	478	1,800	1,322	27%
Airfare/Public Transportation	500	0	500	500	0%
Accommodations/Travel	4,000	4,389	5,500	-389	110%
Auto Allowance	5,400	2,700	5,400	2,700	50%
Training/Conf Registration	4,000	2,885	4,000	1,115	72%
Utilities	3,250	1,630	3,000	1,620	50%
Car/Vehicle Rentals	750	589	700	161	79%
Postage	1,000	297	800	703	30%
Custodian	910	390	910	520	43%
Copying	1,000	0	800	1,000	0%
ITD-SAP/Board Chambers	850	249	850	602	29%
Phones/Voice	1,450	469	1,450	981	32%
County Auditor	6,953	6,953	6,953	0	100%
Insurance	8,000	4,222	7,500	3,778	53%
Legal Counsel	15,000	6,875	14,000	8,125	46%
Subtotal Services & Supplies	116,913	63,499	116,042	53,414	54%

Total Expenses	508,261	252,671	502,206	255,590	50%
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REVENUE DETAIL	FY13-14 Budget	Realized YTD	Projected Yr End	Balance YTD	% Realized
Interest	900	199	400	701	22%
Environmental Fees	2,000	2,500	2,500	-500	125%
Sphere of Influence Fee	1,000	3,500	3,500	-2,500	350%
LAFCO Processing Fees	8,500	2,500	5,000	6,000	29%
Other Revenue	5,000	5,503	5,503	-503	110%
Sub-Total w/o Agency Charges	17,400	14,202	16,903	28,198	33%
LAFCO Charges to Agencies	465,861	465,825	465,861	36	100%
Total Revenue ¹⁾	508,261	480,027	482,764	28,234	94%

1) Includes \$25,000 transfer of reserves-if needed.

Projected Reserves to Fund Balance	25,000	0	19,442	5,558	78%
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RESERVES	FY13-14 Budget	Realized YTD	Projected End of Year Reserves	Projected % of Budget
Fund Balance and Reserves	133,446	133,446	133,446	26%
Transfer in 4th Qtr if needed	25,000	0	19,442	
Reserves FY 2013-14	108,446	133,446	114,004	22%