



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

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Commission Clerk

TO: MEMBERS, FORMATION COMMISSION

FROM: DAVID CHURCH, EXECUTIVE OFFICER (DC)

DATE: APRIL 18, 2019

SUBJECT: THIRD QUARTER FISCAL YEAR 2018-19 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 2018-19 with the County Auditor.

Summary. This is the status report for the third quarter of fiscal year 2018-19. 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.

Attachments

A: 3rd Quarter Budget Report

B: 3rd Qtr-Credit Card Statements

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 a small amount of revenue through application fees and interest earnings.

At the beginning of the fiscal year the County Auditor's Office calculates and sends out the invoices for payments to the Cities and Special Districts in the County. The Cities and Special Districts and pay the invoices. The County Auditor's Office 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. The Third Quarter Budget Status Report for the 2018-19 fiscal year can be found in Attachment A. Overall, third quarter expenditures are at 77% with 75% of the fiscal year complete.

Expenditures. Salaries and Benefits are 76% expended and Services and Supplies are at 79% expended. Expenditures for Salaries and Benefits are at 77% because 20 pay periods were in the three quarters. This equates to 77% of the 26 total pay periods in the fiscal year. This means that LAFCO salaries and benefits are on target with regard to the adopted budget. The Services and Supplies are at 77% expended. Already paid in the first and second quarters are the normal one-time expenditures for the County Auditors Office Services (\$7,991) and payment of General Liability (\$4,905) and Workers Compensation (\$1,379) Insurance.

In the Professional Services line item the Biennial Audit was completed by Brown and Armstrong at a cost of \$7,500. Other Professional Services expenses include; Paychex payroll charges of \$1,820, Charter at \$764, DocuTeam storage and retrieval service \$607, and Commissioners Stipends of \$1,850. Membership is over the budgeted line item by \$265. This line item pays membership dues for CALAFCO (\$2,805), California Special Districts Association (\$1,377) and the American Planning Association (\$487). Legal Counsel Expenses are increased at 94% of budgeted line item with \$6,760 spent in the third quarter. It is projected that legal expenses will exceed the budgeted amount by about \$4,000 at the end of the year. Mr. Pierik has been focused on reviewing the EPC Water District condition compliance issue, as well as attending LAFCO meetings, reviewing staff work, and assisting LAFCO with a variety of other issues.

Attached are the credit card statements from Umpqua Bank for the third quarter; January, February and March. January expenses included GoDaddy (\$168) for website hosting for one year, Smart and Final for food (\$33) and Ringcentral (\$1,258) for annual phone services. This charge (\$1,258) was reversed in the March statement as LAFCO is contracting with Digital West, a local phone and internet service provider, instead of Ringcentral. Also included is a rebate of \$123 as credit in January. In February, \$240 was paid for two years of GoDaddy email services. In March, Smart and Final (\$19) was charged for food and Trophy Hunters (\$11) for nameplates.

Revenues. Overall revenues are 96% realized through the third 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 dissolution of the Cayucos Fire Protection District (\$11,091), consideration of the Outside User Agreement for the Cities of Grover Beach and Arroyo Grande (\$1,500) and the detachment from the Shandon San Juan Water District; \$3,000 were received from the applicants. Also received were \$1,000 in fees for CEQA processing. This brings the total revenues received from applications through the third quarter to \$16,591. Interest accrued in the three quarters is \$4,753. Total revenues from application fees and interest is \$21,344; 104% of the budgeted \$20,500 amount.

Reserves and Fund Balance. Reserves and Fund balance are used to offset expenses each year and are 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 \$187,523 beginning this fiscal year or 28% of the budget. In the Fiscal Year 2018-19 Adopted Budget, it was projected that \$30,000 in reserves/fund balance may be used to offset expenses associated with the FY 18-19 budget, if needed. This allocation is intended to reduce the charges to the jurisdictions while maintaining reserves/fund balance at a prudent level. The use of these funds would be reflected in the fourth quarter (if needed) depending on the status of revenues and expenditures throughout the year. It is projected that LAFCO will be under budget by \$10,347. Total projected revenues are \$640,181 with projected end of the year expenses of \$657,743. This means that \$17,562 of the allocated reserves and fund balance will be used to cover expenses at the end of the fiscal year.

ATTACHMENT A:
3RD QUARTER BUDGET REPORT

Attachment A
Fiscal Year 2018-19 LAFCO Budget Status Report

Third Quarter Report

Period Ending: March 31, 2018

EXPENDITURES SUMMARY	Adopted FY 18-19	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries	309,291	237,245	308,900	72,046	77%
Benefits & Payroll Taxes	228,782	171,498	223,319	57,284	75%
Services and Supplies	130,017	102,832	125,524	27,184	79%
Total Expenses	668,090	511,575	657,743	156,514	77%

EXPENDITURES DETAIL	Adopted 18-19	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries and Benefits					
Salaries	309,291	237,245	308,900	72,046	77%
Benefits & Payroll Taxes	228,782	171,498	223,319	57,284	75%
Subtotal Salaries & Benefits	538,073	408,743	532,219	129,330	76%

Services and Supplies	Adopted 18-19	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Food	800	357	500	443	45%
Maintenance - Equipment	300	43	0	258	14%
Maintenance - Software	500	0	200	500	0%
CALAFCO/Other Memberships	4,400	4,665	4,708	-265	106%
Office Supplies	2,500	1,238	1,800	1,262	50%
Commissioner/Professional Serv.	19,000	16,120	18,000	2,880	85%
Publication/Legal Notices	800	1,034	2,500	-234	129%
Rent	38,000	30,565	36,700	7,436	80%
Small Equipment	400	0	0	400	0%
Large Equipment	1,000	70	600	930	7%
Computer Software	500	240	400	260	48%
Employee Mileage	200	0	0	200	0%
Commissioner Mileage	1,800	915	1,200	885	51%
Airfare/Public Transportation	500	0	0	500	0%
Accommodations/Travel	5,000	1,819	2,600	3,181	36%
Auto Allowance	5,400	4,154	5,400	1,246	77%
Training/Conf Registration	4,500	4,477	5,000	23	99%
Utilities	4,000	2,852	3,900	1,148	71%
Car/Vehicle Rentals	1,000	459	700	541	46%
Postage	1,000	110	400	890	11%
Custodian	1,000	720	1,000	280	72%
Copying	800	0	400	800	0%
ITD-SAP/Board Chambers	850	465	700	385	55%
Phones/Voice	1,200	831	1,200	369	69%
County Auditor	7,991	7,991	7,991	0	100%
Insurance	8,000	6,285	7,200	1,715	79%
Legal Counsel	18,576	17,425	22,425	1,151	94%
Subtotal Services & Supplies	130,017	102,832	125,524	27,184	79%

Total Expenses	668,090	511,575	657,743	156,514	77%
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REVENUE DETAIL	Adopted 18-19	Realized YTD	Projected Yr End	Balance YTD	% Realized
Interest	2,500	4,753	5,000	2,253	190%
Environmental Fees	1,000	1,000	1,500	0	100%
Sphere of Influence Fee	1,000	0	0	1,000	0%
LAFCO Processing Fees	16,000	15,591	16,091	409	97%
Sub-Total w/o Agency Charges	20,500	21,344	22,591	844	104%
LAFCO Charges to Agencies	617,590	617,590	617,590	0	100%
Total Revenue	638,090	638,934	640,181	-844	100%
Other Revenue/Use of Reserves-Fund Balance	30,000	0	17,562	12,438	

RESERVES	Beginning FY18-19	Projected Year End	Projected % of Budget
Fund Balance and Reserves	187,523	187,523	28%
Transfer in 4th Qtr if needed		-17,562	
Reserves FY 2016-17	187,523	169,961	25%

ATTACHMENT B:
3RD QUARTER-CREDIT CARD STATEMENTS
JANUARY-FEBRUARY-MARCH

Navigation List

Take me to...

Card Number:	xxxx-xxxx-xxxx	Account Status:	Open
Previous Card Number:	Not Available	Product:	VCC011
Cardholder:	BL ACCT	Billing Account:	
Account Type:	Billing	Payables Provider:	
Statement Delivery Option:	P	Tracking Code:	Disabled
Fleet Card Account Type:		Fleet ID:	
Fleet Product Restriction:		Fleet Product Restriction Prompt:	

Statement Information

Statement Balances

Previous Balance: \$151.52
 Purchases: \$1,469.18
 Cash: \$0.00
 Special: \$0.00
 Credits: \$123.00
 Payments: \$151.52
 Other Charges: \$0.00
 Finance Charges: \$0.00
 New Balance: \$1,346.18

Payment Information

Minimum Payment Due: \$1,346.18
 Payment Due Date: 2/25/2019

Transaction Download

Previous Statement Activity:

From statement dated 1/31/2019

Excel/Spreadsheet(.csv)

△					
1/17/2019	1/16/2019	<u>MICHAELS STORES 9838</u>	24692169017100083517545	\$10.34	
1/22/2019	1/22/2019	<u>PAYMENT - THANK YOU</u>	0000000000000000105358	-\$151.52	
1/27/2019	1/25/2019	<u>DNH*GODADDY.COM</u>	24906419025067210693799	\$167.88	
1/29/2019	1/28/2019	<u>SMART AND FINAL 913</u>	24231689029837000505985	\$33.28	
1/31/2019	1/31/2019	<u>2018 CCC REBATE</u>	70005609031777031560412	-\$123.00	
1/31/2019	1/30/2019	<u>RINGCENTRAL INC</u>	24436549031010221486386	\$1,257.68	

Credits: \$274.52
 Debits: \$1,469.18

Navigation List

Take me to... [View Hierarchy Level Accounts](#)

Card Number:	xxxx-xxxx-xxxx- XXXXXXXXXX	Account Status:	Open
Previous Card Number:	Not Available	Product:	VCC011
Cardholder:	BL ACCT XXXXXXXXXX	Billing Account:	
Account Type:	Billing	Payables Provider:	
Statement Delivery Option:	P	Tracking Code:	Disabled
Fleet Card Account Type:		Fleet ID:	
Fleet Product Restriction:		Fleet Product Restriction Prompt:	

Statement Information

Statement Balances

Previous Balance: \$1,346.18
 Purchases: \$250.01
 Cash: \$0.00
 Special: \$0.00
 Credits: \$0.00
 Payments: \$1,346.18
 Other Charges: \$0.00
 Finance Charges: \$0.00
 New Balance: \$250.01

Payment Information

Minimum Payment Due: \$250.01
 Payment Due Date: 3/25/2019

Transaction Download

Previous Statement Activity:

From statement dated 2/28/2019 [View Images](#)

Excel/Spreadsheet(.csv)

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△					
2/3/2019	2/1/2019	DNH*GODADDY.COM	24906419032067561586411	\$239.76	
2/14/2019	2/13/2019	USPS PO 0568770075	24445009045001195910970	\$10.25	
2/25/2019	2/25/2019	PAYMENT - THANK YOU	0000000000000000106125	-\$1,346.18	

Credits: \$1,346.18
 Debits: \$250.01

Navigation List

Take me to... [View Hierarchy Level Accounts](#)

Card Number:	xxxx-xxxx-xxxx- XXXXXXXXXX	Account Status:	Open
Previous Card Number:	Not Available	Product:	VCC011
Cardholder:	BL ACCT XXXXXXXXXX	Billing Account:	
Account Type:	Billing	Payables Provider:	
Statement Delivery Option:	P	Tracking Code:	Disabled
Fleet Card Account Type:		Fleet ID:	
Fleet Product Restriction:		Fleet Product Restriction Prompt:	

Statement Information

Statement Balances

Previous Balance: \$250.01
 Purchases: \$30.82
 Cash: \$0.00
 Special: \$0.00
 Credits: \$1,257.68
 Payments: \$250.01
 Other Charges: \$0.00
 Finance Charges: \$0.00
 New Balance: (\$1,226.86)

Payment Information

Minimum Payment Due: \$0.00
 Payment Due Date: 4/25/2019

Transaction Download

Previous Statement Activity:

From statement dated 3/31/2019 [View Images](#)

Excel/Spreadsheet(.csv)

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△			
3/13/2019	3/11/2019	<u>RINGCENTRAL INC</u>	74436549072010297524883 -\$1,257.68
3/13/2019	3/12/2019	<u>SMART AND FINAL 913</u>	24231689072837000503085 \$19.48
3/21/2019	3/19/2019	<u>TROPHY HUNTERS</u>	24767899079176800447080 \$11.34
3/22/2019	3/22/2019	<u>PAYMENT - THANK YOU</u>	0000000000000000106985 -\$250.01

Credits: \$1,507.69
 Debits: \$30.82