



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

DATE: APRIL 16, 2020

**SUBJECT: THIRD QUARTER FISCAL YEAR 2019-2020 LAFCO
BUDGET STATUS REPORT**

Recommendation. It is respectfully recommended that the Commission review this third quarter financial report for fiscal year 19-20 and direct the Executive Officer to file it 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. Attached is the Third Quarter Budget Status Report for the 2019-20 fiscal year.

Attachments

A: 3RD Quarter Status Report
for Fiscal Year 2019-2020

B: Credit Card Statements
for Jan, Feb, Mar 2020

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. LAFCO and the County Auditor's Office have a signed agreement for financial services.

Budget Summary. With three-quarters of the year gone, LAFCO's expenditures are under budget by 5%. Salary/Benefits savings from the Clerk's position have helped this year's Budget. We expect additional savings in the fourth quarter. This is due to the Staff Workshop being canceled and Commissioner Murray has stopped attending CALAFCO meetings as well also reducing costs. Overall, the Budget is in solid shape with revenues received at 95%. More details are found on the next two pages.

Expenditures. Overall, third quarter expenditures are at 70% with 75% of the fiscal year complete. Below is a brief summary of line item expenditures:

- Salaries and Benefits are 72% expended with 20 pay periods completed in the first three quarters. A total of 26 pay periods are accounted for in the fiscal year. Savings in salaries were accrued during the months of July and August as we did not hire a Clerk until September. Also, the salary for the entry level Clerk was reduced from the previous clerk's salary.
- Services and Supplies are at 67% expended with 75% of the year complete. This included normal expenditures such as: County Auditor's Office Services (\$8,247), CALAFCO Membership Dues (\$3,261), Workers Compensation-SDRMA (\$1,304), and payment of Property/Liability Insurance-SDRMA (\$6,328). These one-time costs occur normally in the first quarter. Legal costs through the third quarter are at \$10,550.
- Consultant/Professional Services are at \$4,378 or 44% expended with 75% of the FY completed. This line item includes Commissioner meeting stipends, Clerk-Recorder charges, DocuTeam Storage charges, Paychex fees, etc.
- The building lease is \$3,056/month and has been paid for 10 months; through April. The lease is currently month to month and the amount has remained unchanged since 2010.
- CALAFCO Annual Conference in Sacramento, it should be noted that the accommodations and travel budget line items for the CALAFCO Annual Conference conducted in October were reflected in the second quarter report at \$2,139. The CALAFCO Staff Workshop was canceled due to the Covid-19 pandemic.
- LAFCO uses a credit card from Umpqua Bank through a program implemented by the Special District Risk Management Association (SDRMA) for public agencies. LAFCO has a credit card policy with regard to use and pays the bill in full each month. The statements for January, February, and March 2020 are found in Attachment B. Total credit card charges for the third quarter were \$463.31 and are broken down below:
 - **January:** Postage-65.20, GoDaddy-Website Services-167.88, Rebate Credit of 57.21.
 - **February:** Go Daddy-18.17, Enterprise RentACar-166 CALAFCO Trip
 - **March:** Norton Computer Protection-99.99, Postage-2.20.

Revenues. Overall revenues are 95% realized through the third quarter. The jurisdictions (Cities, Special Districts and County) have paid 99% of the LAFCO charges billed in the first and second quarter by the County Auditor, leaving an outstanding balance of \$371.28 to be paid.

Application processing fees have been submitted in the amount of \$4,500 for a Sphere of Influence Amendment to City of Morro Bay for the Tri-W property. Fees of \$3,500 were received for detachment from Estrella El Pomar-Creston Water District. An application for the Fiero Lane/East Airport Area Annexation to the City of San Luis Obispo was submitted with fees of \$6,390. This brings the total revenues received from applications through the third quarter to \$14,389. Interest through three quarters totaled \$5,861. This exceeds the budgeted amount of \$3,000. Total Interest and Processing Fees realized are \$20,250, just shy of the budgeted \$21,000.

Fund Balance and Designated Fund Balance (Reserves). Fund Balance is the difference between the total expenses and revenues in the fiscal year. Fund Balance is a more flexible asset than Designated Fund Balance and is carried forward from year to year. Designated reserves requires Commission approval for expenditure.

Due to the Salary and other savings it is projected that the use of Fund Balance and Reserves will not be needed and in fact a Fund Balance of \$9,606 is expected.

Please note that at the beginning of this fiscal year, the current Fund Balance and Designated Fund Balance total \$177,072.79, or 26% of the budget. LAFCO's Budget Policy calls for "reserves" of at least 15% of the adopted budget. Current fund balance is as follows:

• Fund Balance Carryover	\$119,223
• Designated Fund Balance	+ <u>\$57,850</u>
○ Starting Fund Balance/Reserves	\$ 177,073
• Projected Year-End Fund Balance	<u>\$ + 9,606</u>
○ Total Projected Fund Balance/Reserves	<u>\$ 186,679</u>

In the Fiscal Year 2019-20 Adopted Budget, \$32,000 in Fund Balance was estimated for use to offset expenses, if needed. The Fund Balance is projected to be a surplus of \$9.606 which means that a transfer from fund balance/reserves is not needed and in fact fund balance will be increased to an estimated 28% of the budget.

Attachment A

3rd Quarter Status Report for Fiscal Year 2019-2020

Attachment A
Fiscal Year 2019-20 LAFCO Budget Status Report

Period Ending: March 31, 2020

Third Quarter Report

EXPENDITURES SUMMARY	Adopted 19-20	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries (20 of 26 pay periods)	306,297	221,369	298,000	84,928	72%
Benefits & Payroll Taxes	238,231	162,672	224,000	75,559	68%
Services and Supplies	127,097	85,756	119,421	41,341	67%
Total Expenses	671,625	469,797	641,421	201,828	70%

EXPENDITURES DETAIL	Adopted 19-20	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries and Benefits					
Salaries (14 pay periods)	306,297	221,369	298,000	84,928	72%
Benefits & Payroll Taxes	238,231	162,672	224,000	75,559	68%
Subtotal Salaries & Benefits	544,528	384,041	522,000	160,487	71%

Services and Supplies	Adopted 19-20	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Food	800	234	800	566	29%
Maintenance - Equipment	300	0	300	300	0%
Maintenance - Software	500	360	400	140	72%
CALAFCO/Other Memberships	4,400	4,707	4,707	-307	107%
Office Supplies	2,500	802	2,300	1,698	32%
Commissioner/Professional Serv.	10,000	4,378	7,000	5,622	44%
Publication/Legal Notices	800	1,027	1,027	-227	128%
Rent	38,000	30,565	37,000	7,436	80%
Small Equipment	400	0	400	400	0%
Large Equipment	1,000	73	1,000	927	7%
Computer Software	500	186	500	314	37%
Employee Mileage	200	0	100	200	0%
Commissioner Mileage	1,800	755	1,000	1,045	42%
Airfare/Public Transportation	500	0	100	500	0%
Accommodations/Travel	4,000	2,270	2,500	1,730	57%
Auto Allowance	5,400	4,154	5,400	1,246	77%
Training/Conf Registration	4,500	3,790	3,790	710	84%
Utilities	4,000	3,112	4,200	888	78%
Car/Vehicle Rentals	1,000	916	1,000	84	92%
Postage	1,000	160	1,000	840	16%
Custodian	1,000	640	1,000	360	64%
Copying	800	0	200	800	0%
ITD-SAP/Board Chambers	850	0	850	850	0%
Phones/Internet	2,600	1,198	2,600	1,402	46%
County Auditor	8,247	8,247	8,247	0	100%
Insurance	8,000	7,632	8,000	368	95%
Legal Counsel	24,000	10,550	24,000	13,450	44%
Subtotal Services & Supplies	127,097	85,756	119,421	41,341	67%

Total Expenses	671,625	469,797	641,421	201,828	70%
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REVENUE DETAIL	Adopted 19-20	Realized YTD	Projected Yr End	% Realized
Interest	3,000	5,861	5,861	195%
Environmental Fees	1,000	2,500	2,500	250%
Sphere of Influence Fee	1,000	3,500	3,500	350%
LAFCO Processing Fees	16,000	8,390	8,390	52%
Other Revenue/Fund Balance if needed	32,000	107	2,916	n/a
Sub-Total w/o Agency Charges	53,000	20,358	23,167	n/a
LAFCO Charges to Agencies	618,625	618,254	618,254	99.9%
Total Revenue	671,625	638,612	641,421	95%

Fund Balance-Reserves	Beginning FY 19-20	Projected End of Year Reserves	Projected % of Budget
Fund Balance and Reserves	177,072	177,072	26%
Transfer in 4th Qtr if needed		-2,809	
Reserves/Fund Balance	177,072	174,263	26%

Attachment B

Credit Card Statements for Jan, Feb, Mar 2020

