



LAFCO - San Luis Obispo - Local Agency Formation Commission
SLO LAFCO - Serving the Area of San Luis Obispo County since 1963

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TO: MEMBERS, FORMATION COMMISSION

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

DATE: JANUARY 15, 2015

**SUBJECT: SECOND QUARTER FISCAL YEAR 2014-15 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 2014-15 with the County Auditor.

Summary. This is the second quarter budget status report for the San Luis Obispo LAFCO. Attached is the Second Quarter Budget Status Report for the 2014-15 fiscal year. Overall, total expenditures are at 49% with 50% of the fiscal year complete. Salaries and Benefits are at 48% expended and services and supplies are at 53% expended. More details are provided on the next page.

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.

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 for specific proposals as well as a small amount of interest earnings.

Each year 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 review 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. Expenditures for Salaries and Benefits are at 48%. Services and Supplies are at 53% due to the one-time expenditures for the County Auditors Office Services, the payment of CALAFCO Membership Dues, and payment of Property Liability Insurance, which are all paid in the first quarter. This is the typical expenditure pattern for the second quarter LAFCO budget. It should be noted that the training, accommodations and travel budget line items for the CALAFCO Annual Conference conducted in October in Ontario are reflected in this second quarter report. A portion of the travel expenditures to CALAFCO events will be covered by the stipend (\$1,800) provided for the San Luis Obispo Executive Officer to perform duties related to the CALAFCO Deputy Executive Officer appointment.

Expenditures for legal notices is at 63% due to the noticing required for proposals and Sphere Updates. Memberships is at 100% and no other memberships payable. This line item pays the dues for CALAFCO, SDRMA, and membership in the American Planning Association AICP (American Institute of Certified Planners). Office supplies are slightly elevated due to the purchase of color toner. This should balance out by year end. The insurance line item is at 73% and pays for workers compensation, liability, and long-term disability coverages. Payments have been made and expenditures in this line item will level off in the next two quarters.

Revenues. Overall revenues are 96% realized through the second quarter. The jurisdictions (Cities, Special Districts and County) have paid 100% of the LAFCO charges that were billed in the first quarter. Application processing and CEQA fees for the Dissolution of CSA 17 (\$3,000) and the Creekside Annexation to the Templeton CSD (\$5,540) were also received in the first quarter. The Creekside Annexation was conditionally approved by the Commission in September. The Dissolution of CSA 17 was approved in November.

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. Please note that Reserves and Fund Balance are currently at \$137,445 or 26% of the budget. In the Fiscal Year 2014-15 Adopted Budget, it was anticipated that \$20,000 in reserves may be used to offset a portion of the increases in the FY 14/15 budget. This allocation is intended to reduce the charges to the jurisdictions while maintaining reserves at a prudent level. These funds may be used in the fourth quarter (if needed) depending on the status of revenues and expenditures.

Fiscal Year 2014-15 LAFCO Budget Status Report

Period Ending: December 31, 2014

Second Quarter Report

EXPENDITURES SUMMARY	Adopted 14-15	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries	233,907	116,656	233,907	117,251	50%
Benefits & Payroll Taxes	176,109	79,099	176,109	97,010	45%
Services and Supplies	117,822	62,193	114,672	55,629	53%
Total Expenses	527,838	257,948	524,688	269,890	49%

EXPENDITURES DETAIL	Adopted 14-15	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries and Benefits					
Salaries	233,907	116,656	233,907	117,251	50%
Benefits & Payroll Taxes	176,109	79,099	176,109	97,010	45%
Subtotal Salaries & Benefits	410,016	195,755	410,016	214,261	48%

Services and Supplies	Adopted 14-15	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Food	1,000	395	900	605	39%
Maintenance - Equipment	500	0	500	500	0%
Maintenance - Software	500	0	400	500	0%
CALAFCO/Other Memberships	4,200	4,206	4,200	-6	100%
Office Supplies	2,500	1,450	2,500	1,050	58%
Commissioner/Consultant Exp	10,000	3,214	10,000	6,786	32%
Publication/Legal Notices	1,000	629	1,000	371	63%
Rent	38,000	21,395	38,000	16,605	56%
Small Equipment	400	0	400	400	0%
Large Equipment	2,000	119	2,000	1,881	6%
Computer Software	500	246	500	254	49%
Employee Mileage	400	0	400	400	0%
Commissioner Mileage	2,000	764	2,000	1,236	38%
Airfare/Public Transportation	500	0	500	500	0%
Accommodations/Travel	5,000	1,774	4,000	3,226	35%
Auto Allowance	5,400	2,700	5,400	2,700	50%
Training/Conf Registration	4,500	1,885	4,200	2,615	42%
Utilities	3,250	1,476	3,100	1,774	45%
Car/Vehicle Rentals	800	464	800	336	58%
Postage	1,200	422	1,200	778	35%
Custodian	910	390	910	520	43%
Copying	800	0	800	800	0%
ITD-SAP/Board Chambers	850	294	850	556	35%
Phones/Voice	1,450	483	1,450	967	33%
County Auditor	7,162	7,162	7,162	0	100%
Insurance	8,000	5,850	7,500	2,150	73%
Legal Counsel	15,000	6,874	14,000	8,126	46%
Subtotal Services & Supplies	117,822	62,193	114,672	55,629	53%

Total Expenses	527,838	257,948	524,688	269,890	49%
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REVENUE DETAIL	Adopted 14-15	Realized YTD	Projected Yr End	Balance YTD	% Realized
Interest	500	340	400	160	68%
Environmental Fees	2,000	1,000	2,000	1,000	50%
Sphere of Influence Fee	1,000	0	1,000	1,000	0%
LAFCO Processing Fees	8,500	7,540	8,500	960	89%
Other Revenue/Grants/Insuranc	0	0	0	0	
Sub-Total w/o Agency Charges	32,000	8,880	29,250	23,120	28%
LAFCO Charges to Agencies	495,838	495,837	495,837	1	100%
Total Revenue	527,838	504,717	525,087	23,121	96%

Reserves/Fund Bal. If needed	20,000	0	16,850	20,000	0%
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RESERVES	Beginning FY14/15	Projected End of Year Reserves	Projected % of Budget
Fund Balance and Reserves	137,445	137,445	26%
Projected Transfer in 4th Qtr if needed		16,850	
Reserves FY 2013-14	137,445	120,595	23%