



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: OCTOBER 15, 2015**

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

**COMMISSIONERS**

Chairman  
TOM MURRAY  
Public Member

Vice-Chairman  
FRANK MECHAM  
County Member

MURIL CLIFT  
Special District Member

ROBERTA FONZI  
City Member

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County Member

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Special District Member

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**STAFF**

DAVID CHURCH  
Executive Officer

RAYMOND A. BIERING  
Legal Counsel

MIKE PRATER  
Senior Analyst

DONNA J. BLOYD  
Commission Clerk

**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. 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 and interest earnings.

In the first quarter, 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 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. Attached is the First Quarter Budget Status Report for the 2015-16 fiscal year. Overall, first quarter expenditures are at 30% with 25% of the fiscal year complete.

**Expenditures.** Salaries and Benefits are 26% expended and Services and Supplies are at 45% expended. Expenditures for Salaries and Benefits are at 26% because the seven pay periods were paid in the first quarter. Typically, a quarter has six pay periods. Services and Supplies are elevated to 45% due to expenditures associated with processing the formation application for the Paso Robles Basin Water District. This increased the Consultant Expenses line item. Also included are normal one-time expenditures for the County Auditors Office Services, the payment of CALAFCO Membership Dues, and payment of Property Liability Insurance, which are normally paid in the first quarter. When the expenses shown below for the Water District formation are deducted from the Consultant Expenses line item, the amount expended is \$3,128.20 which is a more typical spending pattern of 31% expended.

**Paso Robles Basin Water District Processing Costs**

<b>Mailing</b>	<b>Amount</b>
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
<b>Room and Audio-Video</b>	
Adelaide Room-Paso Event Center	2,520.00
AGP-Video and Audio	1,850.00
<b>Total</b>	<b>10,425.80</b>

It should be noted that the training, accommodations and travel budget line items for the CALAFCO Annual Conference conducted in September will be reflected in the second quarter report.

**Revenues.** Overall revenues are 94% realized through the first quarter. The jurisdictions (Cities, Special Districts and County) have paid 99% of the LAFCO charges billed in the first quarter. Application processing fees for the Formation of the Paso Robles Basin Water District (\$10,000) were received. 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 currently at \$159,732. 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. This allocation is intended to reduce the charges to the jurisdictions while maintaining Reserves/Fund Balance at a prudent level. These funds are intended to be moved in the fourth quarter (if needed) depending on the status of Revenues and Expenditures.

## Fiscal Year 2015-16 LAFCO Budget Status Report

First Quarter Report

Period Ending: September 30, 2014

<b>EXPENDITURES SUMMARY</b>	<b>Adopted 15-16</b>	<b>Expenditure YTD</b>	<b>Projected Yr End</b>	<b>Balance YTD</b>	<b>% Expended</b>
Salaries	249,269	67,720	249,269	181,549	27%
Benefits & Payroll Taxes	184,035	44,584	184,035	139,451	24%
Services and Supplies	118,136	52,985	115,172	65,151	45%
<b>Total Expenses</b>	<b>551,440</b>	<b>165,289</b>	<b>548,476</b>	<b>386,151</b>	<b>30%</b>

<b>EXPENDITURES DETAIL</b>	<b>Adopted 15-16</b>	<b>Expenditure YTD</b>	<b>Projected Yr End</b>	<b>Balance YTD</b>	<b>% Expended</b>
<b>Salaries and Benefits</b>					
Salaries	249,269	67,720	249,269	181,549	27%
Benefits & Payroll Taxes	184,035	44,584	184,035	139,451	24%
<b>Subtotal Salaries &amp; Benefits</b>	<b>433,304</b>	<b>112,304</b>	<b>433,304</b>	<b>321,000</b>	<b>26%</b>

<b>Services and Supplies</b>	<b>Adopted 15-16</b>	<b>Expenditure YTD</b>	<b>Projected Yr End</b>	<b>Balance YTD</b>	<b>% Expended</b>
Food	1,000	107	900	893	11%
Maintenance - Equipment	500	0	500	500	0%
Maintenance - Software	500	0	400	500	0%
CALAFCO/Other Memberships	4,300	2,381	4,200	1,919	55%
Office Supplies	2,700	1,224	2,500	1,476	45%
Commissioner/Consultant Exp	10,000	13,554	10,000	-3,554	136%
Publication/Legal Notices	1,000	547	1,000	453	55%
Rent	38,000	12,226	38,000	25,774	32%
Small Equipment	400	0	400	400	0%
Large Equipment	2,000	768	2,000	1,232	38%
Computer Software	500	162	500	338	32%
Employee Mileage	400	0	400	400	0%
Commissioner Mileage	1,800	558	2,000	1,242	31%
Airfare/Public Transportation	500	0	500	500	0%
Accommodations/Travel	5,000	179	4,000	4,821	4%
Auto Allowance	5,400	1,454	5,400	3,946	27%
Training/Conf Registration	4,500	2,239	4,200	2,262	50%
Utilities	3,250	1,114	3,100	2,136	34%
Car/Vehicle Rentals	800	160	800	640	20%
Postage	1,200	187	1,200	1,013	16%
Custodian	910	240	910	670	26%
Copying	800	0	800	800	0%
ITD-SAP/Board Chambers	850	0	850	850	0%
Phones/Voice	1,450	277	1,450	1,173	19%
County Auditor	7,376	7,377	7,162	-1	100%
Insurance	8,000	4,796	8,000	3,204	60%
Legal Counsel	15,000	3,437	14,000	11,563	23%
<b>Subtotal Services &amp; Supplies</b>	<b>118,136</b>	<b>52,985</b>	<b>115,172</b>	<b>65,151</b>	<b>45%</b>

<b>Total Expenses</b>	<b>551,440</b>	<b>165,289</b>	<b>548,476</b>	<b>386,151</b>	<b>30%</b>
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<b>REVENUE DETAIL</b>	<b>Adopted 15-16</b>	<b>Realized YTD</b>	<b>Projected Yr End</b>	<b>Balance YTD</b>	<b>% Realized</b>
Interest	500	0	400	500	0%
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	10,000	8,500	0	100%
Refunded Fees		-3,000			
Other Revenue/Grants/Insurance reimb.	0	0	0	0	
Transfer of Reserves to Fund Bal. If needed	20,000	0	17,036	20,000	0%
Sub-Total w/o Agency Charges	<b>34,500</b>	<b>7,500</b>	<b>28,936</b>	<b>27,000</b>	<b>22%</b>
LAFCO Charges to Agencies	516,940	511,830	516,940	5,111	99%
<b>Total Revenue</b>	<b>551,440</b>	<b>519,330</b>	<b>545,876</b>	<b>32,111</b>	<b>94%</b>

<b>RESERVES</b>	<b>Beginning FY15/16</b>	<b>Projected End of Year Reserves</b>	<b>Projected % of Budget</b>
<b>Fund Balance and Reserves</b>	<b>159,732</b>	<b>159,732</b>	<b>29%</b>
Transfer in 4th Qtr if needed		20,000	
<b>Reserves FY 2013-14</b>	<b>159,732</b>	<b>139,732</b>	<b>25%</b>