



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: JANUARY 19, 2016

SUBJECT: SECOND QUARTER FISCAL YEAR 2016-17 LAFCO BUDGET STATUS REPORT

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Recommendation. It is respectfully recommended that the Commission review and direct the Executive Officer to file this first quarter financial report for Fiscal Year 2016-17 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 2016-17 fiscal year. Overall, first quarter expenditures are at 52% with 50% of the fiscal year complete.

Expenditures. Salaries and Benefits are 54% expended and services and supplies are at 35% expended. Expenditures for Salaries and Benefits are at 54% because 14 pay periods were in the first and second quarters. This includes one additional pay period for the first six months of the fiscal year. The Services and Supplies are at 54% expended. Included are normal one-time expenditures for the County Auditors Office Services, the payment of CALAFCO Membership Dues, and payment of Liability Compensation Insurance, which are normally paid in the first quarter. It should be noted that the accommodations and travel budget line items for the CALAFCO Annual Conference conducted in October, are now reflected in the second quarter report. Also, the Publication/Legal Notices line item is elevated due to the Water District proposal.

Revenues. Overall revenues are 97% realized through the second quarter. The jurisdictions (Cities, Special Districts and County) have paid 100% of the LAFCO charges billed by the Auditor. Application processing fees for the formation of the Shandon-San Juan Water District (\$10,500) and processing of the Outside User Agreement for the Mosquito Abatement District services (\$3,000) were received as were fees to process the Estrella-El Pomar-Creston Water District (\$10,500). Interest in the amount of \$848 was accrued.

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 estimated at \$171,000; 29% of the budget. In the Fiscal Year 2016-17 Adopted Budget, it was projected that \$30,000 in reserves/fund balance may be used to offset expenses associated with the FY 16-17 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 reflected in the fourth quarter (if needed) depending on the status of revenues and expenditures.

Fiscal Year 2016-17 LAFCO Budget Status Report

Second Quarter Report

Period Ending: December 31, 2016

EXPENDITURES SUMMARY	Adopted 16-17	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries	269,971	144,573	269,971	125,398	54%
Benefits & Payroll Taxes	197,889	97,446	197,889	100,443	49%
Services and Supplies	124,097	66,779	122,172	57,318	54%
Total Expenses	591,957	308,798	590,032	283,159	52%

EXPENDITURES DETAIL	Adopted 16-17	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Salaries and Benefits					
Salaries	269,971	144,573	269,971	125,398	54%
Benefits & Payroll Taxes	197,889	97,446	197,889	100,443	49%
Subtotal Salaries & Benefits	467,860	242,018	467,860	225,842	52%

Services and Supplies	Adopted 16-17	Expenditure YTD	Projected Yr End	Balance YTD	% Expended
Food	1,000	207	900	793	21%
Maintenance - Equipment	300	0	500	300	0%
Maintenance - Software	500	0	400	500	0%
CALAFCO/Other Memberships	4,400	4,214	4,200	186	96%
Office Supplies	2,700	660	2,500	2,040	24%
Commissioner/Consultant Exp	17,000	3,723	17,000	13,277	22%
Publication/Legal Notices	800	1,158	1,000	-358	145%
Rent	38,000	21,395	38,000	16,605	56%
Small Equipment	400	0	400	400	0%
Large Equipment	1,000	103	2,000	897	10%
Computer Software	500	157	500	343	31%
Employee Mileage	300	0	400	300	0%
Commissioner Mileage	1,800	574	2,000	1,226	32%
Airfare/Public Transportation	500	0	500	500	0%
Accommodations/Travel	5,000	2,792	4,000	2,208	56%
Auto Allowance	5,400	2,908	5,400	2,492	54%
Training/Conf Registration	4,500	3,945	4,200	555	88%
Utilities	3,500	2,135	3,100	1,365	61%
Car/Vehicle Rentals	800	272	800	528	34%
Postage	1,000	482	1,200	518	48%
Custodian	1,000	620	910	380	62%
Copying	800	0	800	800	0%
ITD-SAP/Board Chambers	850	265	850	585	31%
Phones/Voice	1,450	540	1,450	910	37%
County Auditor	7,597	7,488	7,162	109	99%
Insurance	8,000	6,265	8,000	1,735	78%
Legal Counsel	15,000	6,875	14,000	8,125	46%
Subtotal Services & Supplies	124,097	66,779	122,172	57,318	54%

Total Expenses	591,957	308,798	590,032	283,159	52%
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REVENUE DETAIL	Adopted 16-17	Realized YTD	Projected Yr End	Balance YTD	% Realized
Interest	1,000	848	400	152	85%
Environmental Fees	3,000	1,500	2,000	1,500	50%
Sphere of Influence Fee	1,000	10,000	1,000	-9,000	1000%
LAFCO Processing Fees	10,000	14,000	8,500	-4,000	140%
Refunded Fees					
Other Revenue/Grants/Insurance reimb.		230			
Transfer of Reserves to Fund Bal.	30,000	0	28,075	30,000	0%
Sub-Total w/o Agency Charges	45,000	26,578	39,975	18,422	59%
LAFCO Charges to Agencies	546,957	547,285	516,940	-328	100%
Total Revenue	591,957	573,863	556,915	18,094	97%

RESERVES

Beginning FY16-17 End of Year Realized Projected % of Budget

Fund Balance and Reserves	171,000	171,000	29%
Transfer in 4th Qtr if needed		-18,094	
Reserves FY 2016-17	171,000	152,906	26%