



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, EXECUTIVE OFFICER (DC)

DATE: AUGUST 15, 2019

SUBJECT: YEAR-END FISCAL YEAR 2018-19 LAFCO BUDGET STATUS REPORT

COMMISSIONERS

Chairperson
LYNN COMPTON
County Member

Vice-Chair
TOM MURRAY
Public Member

DEBBIE ARNOLD
County Member

ROBERT ENNS
Special District Member

ROBERTA FONZI
City Member

MARSHALL OCHYLSKI
Special District Member

ED WAAGE
City Member

ALTERNATES

ED EBY
Special District Member

STEVE GREGORY
City Member

HEATHER JENSEN
Public Member

JOHN PESCHONG
County Member

STAFF

DAVID CHURCH
Executive Officer

BRIAN A. PIERIK
Legal Counsel

MIKE PRATER
Deputy Executive Officer

DONNA J. BLOYD
Commission Clerk

Recommendation. It is respectfully recommended that the Commission review and direct the Executive Officer to submit this year-end financial report for fiscal year 2018-19 to the County Auditor.

Introduction. This is the FY 2018-19 year-end budget report for the San Luis Obispo LAFCO. The SLOLAFCO 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 SLOLAFCO 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.

| Attachments |
|---|
| A: Year End Budget Status for Fiscal Year 2018 -2019 |
| B: Credit Card Statements for April, May, June 2019 |

LAFCO's budget is funded primarily by the County, Cities and Independent Special Districts. Each agency group pays 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 a small amount from interest earnings.

The County Auditor's Office calculates and sends out the invoices for payments from 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.

Summary. The Year-End Budget Status Report for Fiscal Year 2018-19 is attached. The total adopted budget for FY 18/19 was \$668,090. The total expenditures for the year were \$653,045. This equates to \$15,045 under the budgeted amount adopted by the Commission in FY 18/19. Overall, total expenditures are at 98% with 100% of the fiscal year complete. Total revenues received in the fiscal year amounted to \$642,593 or 96% at the year end. Reserves and Fund Balance section are built into the Budget to cover the budget when expenditures exceed revenues. In FY 18/19, the Commission adopted a Budget that allocated up to \$30,000 in Reserves and Fund Balance.

Expenditures. Expenditures for Salaries, Taxes and Benefits are at 99% expended. Salaries were at 99% expended with the adopted budget being \$309,291 and the actual expended at \$308,620 at year end. Salaries for the EO, DEO and Clerk were paid at the proper rates and amounts for 26 pay periods in the fiscal year. Minor savings are accrued because salary increases are implemented in the first full pay period in the fiscal year.

Benefits and Payroll Taxes were at 97% expended. Payroll taxes are calculated by LAFCO's payroll vendor, Paychex, for each pay period Expenses are within the budgeted amounts for Salaries, Benefits and Taxes for the 26 pay periods in the fiscal year with an overall savings of \$6,455. Most of the savings are in SDI/SUI line item was budgeted for \$2,500 and only \$378 was expended (this line item will be re-evaluated in next years budget); a savings of \$2,122. Pension contributions were budgeted for \$135,482 and \$133,339 were expended; a savings of \$2,143 or 1.5%. This is because the increase in the pension rate increase was not implemented as planned n the Budget. The County is implementing that increase in this fiscal year (July 1, 2019) and LAFCO is following suit as is our normal practice.

Services and Supplies are at 93% expended with a budget savings of \$8,994. The Adopted Budget for Services and Supplies for fiscal year 18-19 is \$130,017. The total expenditures were \$121,427; under budget by \$8,590. Savings were realized in a number of line items: Food, Maintenance-Equipment, Maintenance-Software, Office Supplies, Commissioner/Consultant, Small Equipment, Large Equipment, Employee Mileage, Commissioner Mileage, Insurance, Copying, and Rent. Line Items in Services and Supplies where the budgeted amount was exceeded by 5% included:

| Line Item | Overage | Percent |
|--|---------|---------|
| CALAFCO/Other Memberships/APA/CSDA CSDA Dues Increase | \$265 | 106% |
| Computer Software-Purchased ESRI GIS Software Upgrade for \$1,500. | \$1,240 | 348% |
| Legal Counsel Expenses; Hired new firm based on an hourly rate | \$3,425 | 118% |
| Publications and Legal Notices-Due to required noticing for proposals | \$363 | 145% |

The ESRI GIS software upgrade is purchased about every five years to maintain LAFCO's ability to use GIS effectively. The membership's line item was expended at 106%-\$4,665. This line item pays the membership dues for CALAFCO, SDRMA and American Planning Association (APA). Legal counsel expenses were increased due to new counsel being hired as well as an increase in work load.

The insurance line item is at 79%-\$6,285 and pays for workers' compensation and liability coverage from SDRMA. The insurance line item normally includes payment for the long-term disability coverage as allowed for the Executive Officer, however, this cost was paid by the EO in this fiscal year. Below are the insurance amounts:

| Line Item | Amount |
|---------------------------------------|---------|
| SDRMA Liability | \$4,906 |
| SDRMA Workers Compensation | \$1,087 |
| SDRMA Workers Compensation Adjustment | \$ 292 |
| Total | \$6,285 |

Office supplies came in under budget by 28%. Office expense includes printer toner, paper, pens and other supplies. Accommodations and travel were under budget by \$2,848.

Audit FY 17-18. Brown and Armstrong, Inc. completed the bi-annual audit for LAFCO's fiscal year 17-18. The audit results were "clean" and the overall cost was \$7,500. The Audit was approved by the Commission at its January 2019 meeting and it has been posted on the LAFCo website under the Budget tab.

Revenues. Overall revenues were 96% realized at year end. The jurisdictions (Cities, Special Districts and County) paid 100% (\$617,961) of the LAFCO charges that were billed by the County Auditor to the agencies. Fees from applications, Interest Earned, and other income totaled \$24,632. Total revenues for the year were \$642,593. The fees for application processing for FY 18-19 were \$16,591. The following is a break-down of the revenues by interest and applications received in FY 18-19:

| Revenue Source | Amount |
|---|-----------------|
| Detachment – Shandon WD | \$3,500 |
| Cayucos Fire District Dissolution | \$11,091 |
| Outside User Agreement-Bischoff | \$1,500 |
| Time Extension – Fiero Lane | \$500 |
| Interest Earned FY 18/19 | \$8,041 |
| Total Revenues-Fees and Interest | \$24,632 |

Reserves and Fund Balance. Total Reserves and Fund Balance at the beginning of Fiscal Year 18/19 were \$187,523. Reserves and Fund Balance are built into the budget to balance it and with purpose of reducing the cost to the funding agencies. The FY 2018/19 Budget included \$30,000 that could be used in the fiscal year to balance the budget. Reserves are found in a separate account titled “Designated Fund Balance”. Designated Fund Balance is in the amount of \$57,850 and may only be allocated to the SLOLAFCO budget with approval by the Commission.

Fund Balance is the difference between the total expenses and revenues in the fiscal year and rolls over from one fiscal year to the next. Fund Balance would be used to balance the budget if expenses were higher than the revenues received during the fiscal year

This fiscal year, total expenses exceeded revenues resulting in \$10,452 of Fund Balance being used to cover budgeted expenses. It should be noted that because overall the expenditures were under budget by \$15,045, and budgeted revenues for applications and interest were exceeded by \$4,132, this results in a reduced amount of Reserves/Fund Balance being used in the final budget.

| Reserves/Fund Balance Used | Amount |
|-----------------------------------|-----------------|
| Total Expenses | \$653,045 |
| Total Revenues | \$642,593 |
| Fund Balance Used | \$10,452 |

This fund balance is deducted from the beginning of next fiscal year Reserves and Fund Balance, bringing it to a total of \$176,580 or 26% of the FY 18-19 budget.

Credit Card Statements. Attached are the credit card statements from Umqua Bank through the California Special Districts Association for the fourth quarter; April, May and June 2019. Statements for January, February and March were submitted to the Commission in the third quarter.

In April, the Staff Workshop was attended and several charges were included on the card, including; dinner (22.62), Car Rental (132.57), Holiday Inn-San Jose (332.70), and gas (42.68). Other charges in April included postage (\$110.00), Norton Software (\$49.99), and Smart and Final for food (\$23.27). No charges occurred in May. In June, Go Daddy charged \$359.76 for the Business Website Builder 2 year renewal. The Clerk’s advertisement was loaded onto the Tribune’s classified website and ran for 30 days at a cost of \$639.30. The ad was also printed in the paper for five days as well.

Attachment

A: Year End Budget Status for Fiscal Year 2018 -2019

**Fiscal Year 2018-19 San Luis Obispo LAFCO
Year End Budget Status Report**

Fiscal Year Ending: June 30, 2019

| EXPENDITURES SUMMARY | Adopted FY 18-19 | Expenditure YTD | Balance YTD | % Expended |
|--------------------------|------------------|-----------------|---------------|------------|
| Salaries | 309,291 | 308,620 | 671 | 100% |
| Benefits & Payroll Taxes | 228,782 | 222,998 | 5,784 | 97% |
| Services and Supplies | 130,017 | 121,427 | 8,590 | 93% |
| Total Expenses | 668,090 | 653,045 | 15,045 | 98% |

| EXPENDITURES DETAIL | Adopted FY 18-19 | Expenditure YTD | Balance YTD | % Expended |
|---|------------------|-----------------|--------------|------------|
| Salaries and Benefits | | | | |
| Salaries | 309,291 | 308,620 | 671 | 100% |
| Benefits & Payroll Taxes | 228,782 | 222,998 | 5,784 | 97% |
| Subtotal Salaries & Benefits | 538,073 | 531,618 | 6,455 | 99% |

| Services and Supplies | Adopted FY 18-19 | Expenditure YTD | Balance YTD | % Expended |
|---|------------------|-----------------|--------------|------------|
| Food | 800 | 432 | 368 | 54% |
| Maintenance - Equipment | 300 | 43 | 258 | 14% |
| Maintenance - Software | 500 | 0 | 500 | 0% |
| CALAFCO/Other Memberships | 4,400 | 4,665 | -265 | 106% |
| Office Supplies | 2,500 | 1,810 | 690 | 72% |
| Commissioner/Professional Serv. | 19,000 | 18,655 | 345 | 98% |
| Publication/Legal Notices | 800 | 1,163 | -363 | 145% |
| Rent | 38,000 | 36,677 | 1,323 | 97% |
| Small Equipment | 400 | 0 | 400 | 0% |
| Large Equipment | 1,000 | 159 | 841 | 16% |
| Computer Software | 500 | 1,740 | -1,240 | 348% |
| Employee Mileage | 200 | 160 | 40 | 80% |
| Commissioner Mileage | 1,800 | 1,156 | 644 | 64% |
| Airfare/Public Transportation | 500 | 0 | 500 | 0% |
| Accommodations/Travel | 5,000 | 2,152 | 2,848 | 43% |
| Auto Allowance | 5,400 | 5,400 | 0 | 100% |
| Training/Conf Registration | 4,500 | 4,477 | 23 | 99% |
| Utilities | 4,000 | 3,751 | 249 | 94% |
| Car/Vehicle Rentals | 1,000 | 0 | 1,000 | 0% |
| Postage | 1,000 | 110 | 890 | 11% |
| Custodian | 1,000 | 960 | 40 | 96% |
| Copying | 800 | 0 | 800 | 0% |
| ITD-SAP/Board Chambers | 850 | 655 | 195 | 77% |
| Phones/Voice | 1,200 | 986 | 214 | 82% |
| County Auditor | 7,991 | 7,991 | 0 | 100% |
| Insurance | 8,000 | 6,285 | 1,715 | 79% |
| Legal Counsel | 18,576 | 22,001 | -3,425 | 118% |
| Subtotal Services & Supplies | 130,017 | 121,427 | 8,590 | 93% |

| | | | | |
|-----------------------|----------------|----------------|---------------|------------|
| Total Expenses | 668,090 | 653,045 | 15,045 | 98% |
|-----------------------|----------------|----------------|---------------|------------|

| REVENUE DETAIL | Adopted FY 18-19 * | Realized YTD | Balance YTD | % Realized |
|------------------------------|--------------------|----------------|----------------|-------------|
| Interest | 2,500 | 8,041 | 5,541 | 322% |
| Environmental Fees | 1,000 | 1,000 | 0 | 100% |
| Sphere of Influence Fee | 1,000 | 0 | 0 | 0% |
| LAFCO Processing Fees | 16,000 | 15,591 | 409 | 97% |
| Sub-Total w/o Agency Charges | 20,500 | 24,632 | 4,132 | 120% |
| LAFCO Charges to Agencies | 617,590 | 617,961 | 371 | 100% |
| Total Revenue | 668,090 | 642,593 | -25,497 | 96% |

* Includes \$30,000 in Fund Balance.

| | | | |
|-------------------------------------|---------------|----------------|---------------|
| Use of Fund Balance/Reserves | 30,000 | -10,452 | 19,548 |
|-------------------------------------|---------------|----------------|---------------|

| | Beginning FY18-19 | Year End | % of Budget |
|-------------------------------------|-------------------|----------------|-------------|
| Fund Balance and Reserves | 187,523 | 187,523 | 28% |
| Use of Fund Balance/Reserves | | -10,452 | |
| Reserves FY 2018/19 Year End | | 177,072 | 27% |

Attachment

B: Credit Card Statements for April, May, June 2019

Navigation List

Take me to...

| | | | |
|----------------------------|--|-----------------------------------|----------|
| Card Number: | xxxx-xxxx-xxxx- XXXXXXXXXX | Account Status: | Open |
| Previous Card Number: | Not Available | Product: | VCC011 |
| Cardholder: | BL ACCT XXXXXXXXXX 10000000 | 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: (\$1,226.86)
 Purchases: \$713.83
 Cash: \$0.00
 Special: \$0.00
 Credits: \$0.00
 Payments: \$0.00
 Other Charges: \$0.00
 Finance Charges: \$0.00
 New Balance: (\$513.03)

Payment Information

Minimum Payment Due: \$0.00
 Payment Due Date: 5/25/2019

Transaction Download

Previous Statement Activity:

From statement dated 4/30/2019

[Download](#)

| △ | | | |
|-----------|-----------|--------------------------------|----------------------------------|
| 4/10/2019 | 4/9/2019 | <u>USPS PO 0568770075</u> | 24445009100001008955982 \$110.00 |
| 4/12/2019 | 4/10/2019 | <u>DANBI KOREAN RESTAURANT</u> | 24251379101030046537311 \$22.62 |
| 4/14/2019 | 4/12/2019 | <u>ENTERPRISE RENT-A-CAR</u> | 24164079102018252608794 \$132.57 |
| 4/14/2019 | 4/12/2019 | <u>HOLIDAY INN SAN JOSE</u> | 24431069103708397624618 \$332.70 |
| 4/14/2019 | 4/12/2019 | <u>CHEVRON 0098169</u> | 24692169102100193648285 \$42.68 |
| 4/24/2019 | 4/23/2019 | <u>NORTON *NP1280858801</u> | 24692169113100340548906 \$49.99 |
| 4/25/2019 | 4/24/2019 | <u>SMART AND FINAL 913</u> | 24231689115837000506194 \$23.27 |

Credits: \$0.00
 Debits: \$713.83

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 10000000 | 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: (\$513.03)
Purchases: \$0.00
Cash: \$0.00
Special: \$0.00
Credits: \$0.00
Payments: \$0.00
Other Charges: \$0.00
Finance Charges: \$0.00
New Balance: (\$513.03)

Payment Information

Minimum Payment Due: \$0.00
Payment Due Date: 6/25/2019

Transaction Download

Previous Statement Activity:

From statement dated 5/31/2019 View Images

Excel/Spreadsheet(.csv)

Download



No Records Available

Credits: \$0.00
Debits: \$0.00

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: | BLACCT XXXXXXXXXX 10000000 | 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: (\$513.03)
 Purchases: \$999.06
 Cash: \$0.00
 Special: \$0.00
 Credits: \$0.00
 Payments: \$0.00
 Other Charges: \$0.00
 Finance Charges: \$0.00
 New Balance: \$486.03

Payment Information

Minimum Payment Due: \$486.03
 Payment Due Date: 7/25/2019

Transaction Download

Previous Statement Activity:

From statement dated 6/30/2019 View Images

Excel/Spreadsheet(.csv)

Download

| △ | | | | |
|-----------|-----------|------------------------------|-------------------------|----------|
| 6/3/2019 | 6/2/2019 | <u>DNH*GODADDY.COM</u> | 24906419153074099666544 | \$359.76 |
| 6/23/2019 | 6/21/2019 | <u>SAN LUIS OBISPO TRIBU</u> | 24492159172717225786060 | \$639.30 |

Credits: \$0.00
 Debits: \$999.06