



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

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Commission Clerk

**TO: MEMBERS, FORMATION COMMISSION**

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

**DATE: OCTOBER 15, 2015**

**SUBJECT: YEAR-END 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 year-end financial report for Fiscal Year 2014-15 with the County Auditor.

**Summary.** This is the FY 2014-15 year-end budget report for the San Luis Obispo LAFCO. 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.

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 projected fees are deducted from the one-third allocation. 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 Year-End Budget Report for the 2014-15 fiscal year is attached. Overall, total expenditures are at 95% with 100% of the fiscal year complete. Salaries and Benefits are at 97% expended and Services and Supplies are at 90% expended. LAFCO received \$524,086 in total revenues and expended \$501,897. This results in a positive fund balance for fiscal year 2014-15 of \$22,189.

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 97%. Salaries and Benefits finished the year within the adopted budget. Services and Supplies are at 90%. Savings were realized in several line items: Accommodations/Travel, Training line items will be realized since Staff is not attending the Staff workshop this year. A portion of the travel expenditures to CALAFCO events are covered by the stipend (\$2,000) provided for the San Luis Obispo Executive Officer to perform duties related to the CALAFCO Deputy Executive Officer appointment.

Salaries for the Executive Officer, LAFCO Analyst and Clerk were at 100% of the budget amount of \$233,609. A small savings of \$298 was realized because the salary increases occur in the first full pay period of the new fiscal year. Benefits and Payroll Taxes were at 92% with most of the savings attributable to the limited use of the deferred compensation benefit by the Executive Officer and savings in the SDI payroll tax category. Pension contributions are at 99% to 100% of the budgeted amounts.

Expenditures for Postage are elevated due to the noticing for the protest hearing to complete the Dissolution of CSA 17-California Valley. LAFCO was reimbursed by the County for this cost. Memberships are 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 came in under budget by 12%. Office Supplies includes printer toner, paper, pens and other supplies. The insurance line item is at 92% and pays for workers' compensation, liability, and long-term disability coverage for the Executive Officer. Computer software purchases exceeded the budget amount of \$500 by \$387 due to the need for new PDF software and Microsoft Office upgrades. Legal Notices is at 87% due to the noticing required for proposals and Sphere Updates.

In January 2015, LAFCO changed payroll services from ADP to Paychex. The service is essentially the same with reduced costs from \$2900 to \$2100. Paychex also offers online reports making it more convenient to process payroll.

**Revenues.** Overall revenues were 99% realized at year end. The jurisdictions (Cities, Special Districts and County) paid 100% (\$495,838) of the LAFCO charges that were billed in the first quarter by the County Auditor. Fees, Interest Earned, and other income totaled \$28,248. Application processing and CEQA fees for FY 14-15 were \$24,352. Fees were received for the following applications in FY 14-15:

• Paso Robles Basin Water District Formation	\$11,500
• Dissolution of County Service Area 17	\$ 7,312
• Creekside Annexation to the Templeton CSD	<u>\$ 5,540</u>
Total	\$24,352

Other revenues were received in the amount \$2,721 of which \$2,000 was from CALAFCO as a stipend for the Executive Officer and a reimbursement from Office Depot of \$721. Interest earnings were higher than budgeted at \$1,175.

**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 might be used to offset a portion of the FY 14-15 budget if expenses and revenues were at the budgeted levels. Due to cost savings and higher than budgeted revenues in FY 14-15, it is not necessary to use the budgeted reserves and fund balance to offset the budget. A fund balance of \$22,189 was realized in FY 14-15. This fund balance is to be added to the Reserves and Fund balance bringing it to a total of \$159,634 or 30% of the budget.

### **Items and Applications Considered by LAFCO in Fiscal Year 2014-15**

#### **June-2015**

- Study Session: Paso Robles Basin Water District - Mr. Erik Eckdahl, State Water Resources Control Board - Mr. Gerhardt Hubner, Fox Canyon Groundwater Management Agency - Fugro/Bulletin 118 Boundary Discussion, Schedule and Venue Status
- Legislative Update: Water-related Legislation and CALAFCO Legislative Update

#### **May-2015**

- Approved LAFCO Resolution and Budget for Fiscal Year 2015-16
- Study Session: Paso Robles Groundwater Basin Water District-History and Current Status of Basin, County's Resolution of Application
- Sphere of Influence-Municipal Service Review Update: Community Services Districts Road Maintenance-Solid Waste/California Valley, Creston Hills Ranch, Ground Squirrel Hollow, Independence Ranch, Linne, and Squire Canyon (Recommend Receive and File)
- Legislative Update, Water-related Legislation

#### **April-2015**

- LAFCO Budget 3rd Quarter Financial Status Report for Fiscal Year 2014-15
- Contract Amendment-San Luis Obispo LAFCO Executive Officer
- Annexation #78 to the City of San Luis Obispo-Farmhouse Lane
- Legislative Update - CALAFCO Requests for Opposition and Support of Legislation

- LAFCO Proposed Budget for Fiscal Year 2015-16

### **March-2015**

- Amend Conflict of Interest Code pursuant to State Law
- LAFCO Policies and Procedures Update
- Draft Glossary to the Draft Formation Guide
- Status Report: Upcoming Proposals and Sphere of Influence Updates
- CALAFCO Quarterly Report and Legislative Update
- Closed Session: Performance Evaluation-Executive Officer

### **February-2015**

- Results of the Protest Hearing for Dissolution of County Service Area No. 17 - Cal. Valley
- LAFCO Policy and Procedures Review
- Sustainable Groundwater Management Act (SGMA) & Water District Application Update
- Cayucos Special Districts Sphere of Influence and Municipal Services Review Clarifications

### **January-2015**

- Second Quarter Budget Report - Fiscal Year 2014-15
- Cayucos Special Districts Sphere of Influence and Municipal Services Review Update

### **November-2014**

- Submittal of First Quarter Budget Status Report for Fiscal Year 2014-15
- Dissolution of County Service Area 17-California Valley
- Sphere of Influence/Municipal Services Review Update for various Special Districts
- Study Session: Draft Paso Robles Basin Water District Formation Guide

### **September-2014**

- Annexation No. 24 to the Templeton Community Services District - Creekside
- Groundwater Legislation Update - AB 2453-Achadjian, SB 1168-Pavley, AB 1739-Dickinson and SB 1319-Pavley
- Status Report: Sphere of Influence/MSR Update for various Special Districts in the County

### **August-2014**

- Year-end Budget Report for Fiscal Year 2013-14
- Annexation No. 31 (The Heights) to the City of Arroyo Grande and the South San Luis Obispo County Sanitation District, Detachment from County Service Area 21
- Coastal Special Districts - Sphere of Influence/Municipal Services Review Update

## Fiscal Year 2014-15 LAFCO Budget Status Report Year-End Report

Period Ending 6-30-2015

<b>EXPENDITURES SUMMARY</b>	<b>FY14-15 Budget</b>	<b>Expenditure YE</b>	<b>Balance YE</b>	<b>% Expended</b>
Salaries	233,907	233,609	298	100%
Benefits & Payroll Taxes	176,109	162,210	13,899	92%
Services and Supplies	117,822	105,980	11,842	90%
<b>Total Expenses</b>	<b>527,838</b>	<b>501,799</b>	<b>26,039</b>	<b>95%</b>

<b>SALARIES</b>	<b>FY14-15 Budget</b>	<b>Expenditure YE</b>	<b>Balance YE</b>	<b>% Expended</b>
<b>Salaries and Benefits</b>				
Salaries	233,907	233,609	298	100%
Benefits & Payroll Taxes	176,109	162,210	13,899	92%
<b>Subtotal Salaries &amp; Benefits</b>	<b>410,016</b>	<b>395,819</b>	<b>14,197</b>	<b>97%</b>

<b>Services and Supplies</b>	<b>FY14-15 Budget</b>	<b>Expenditure YE</b>	<b>Balance YE</b>	<b>% Expended</b>
Food	1,000	836	164	84%
Maintenance - Equipment	500	30	470	6%
Maintenance - Software	500	0	500	0%
CALAFCO/Other Memberships	4,200	4,206	-6	100%
Office Supplies	2,500	2,209	291	88%
Commissioner/Consultant Exp	10,000	9,664	336	97%
Publication/Legal Notices	1,000	869	131	87%
Rent	38,000	36,677	1,323	97%
Small Equipment	400	0	400	0%
Large Equipment	2,000	1,040	960	52%
Computer Software	500	887	-387	177%
Employee Mileage	400	36	364	9%
Commissioner Mileage	2,000	1,528	472	76%
Airfare/Public Transportation	500	0	500	0%
Accommodations/Travel	5,000	2,261	2,739	45%
Auto Allowance	5,400	5,400	0	100%
Training/Conf Registration	4,500	1,885	2,615	42%
Utilities	3,250	3,178	72	98%
Car/Vehicle Rentals	800	870	-70	109%
Postage	1,200	3,460	-2,260	288%
Custodian	910	985	-75	108%
Copying	800	0	800	0%
ITD-SAP/Board Chambers	850	588	262	69%
Phones/Voice	1,450	1,129	321	78%
County Auditor	7,162	7,162	0	100%
Insurance	8,000	7,331	669	92%
Legal Counsel	15,000	13,750	1,250	92%
<b>Subtotal Services &amp; Supplies</b>	<b>117,822</b>	<b>105,980</b>	<b>11,842</b>	<b>90%</b>

<b>Total Expenses</b>	<b>527,838</b>	<b>501,799</b>	<b>26,039</b>	<b>95%</b>
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<b>REVENUE DETAIL</b>	<b>FY14-15 Budget</b>	<b>Actual YE</b>	<b>Balance YE</b>	<b>% Realized</b>
Interest	500	1,175	675	235%
Environmental Fees	2,000	2,500	500	125%
Sphere of Influence	1,000	5,000	4,000	500%
LAFCO Processing	8,500	16,852	8,352	198%
Other Revenue	0	2,721	2,721	
Reserves/Fund Balance used to offset costs	20,000	0	-20000	
<b>Sub-Total w/o Agency Charges</b>	<b>32,000</b>	<b>28,248</b>	<b>29,279</b>	<b>88%</b>
LAFCO Charges to Agencies	495,838	495,838	0	100%
<b>Total Revenue <sup>1)</sup></b>	<b>527,838</b>	<b>524,086</b>	<b>-3,752</b>	<b>99%</b>

1) Includes \$20,000 transfer of reserves-if needed.

	<b>Revenues 14/15</b>	<b>Expenses 14/15</b>	<b>Fund Balance</b>
<b>Fund Balance</b>	<b>524,086</b>	<b>501,799</b>	<b>22,287</b>

<b>RESERVES+FUND BALANCE</b>	<b>FY14-15 Budget</b>	<b>Actual FY 14-15</b>	
Fund Balance and Reserves	137,445	22,287	159,732
Transfer in 4th Qtr if needed <sup>2)</sup>	20,000	0	
<b>Reserves FY 2014-15</b>	<b>117,445</b>	<b>159,732</b>	<b>30%</b>

2) Transfer not needed-Actual Revenues covered Actual Expenses