



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

**TO: MEMBERS, FORMATION COMMISSION**

**FROM: DAVID CHURCH, AICP, EXECUTIVE OFFICER**

**DATE: AUGUST 21, 2014**

**SUBJECT: LAFCO YEAR-END BUDGET REPORT FOR FISCAL YEAR 2013-2014**

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DAVID CHURCH  
Executive Officer

RAYMOND A. BIERING  
Legal Counsel

MIKE PRATER  
Analyst

DONNA J. BLOYD  
Commission Clerk

**Recommendation.** It is respectfully recommended that the Commission review the year-end budget report for fiscal year 2013-14, and direct the Executive Officer to file this report with the County Auditor.

**Summary.** LAFCO completes the 2013-14 fiscal year in solid financial condition. Special thanks to LAFCO's dedicated Staff (Mike and Donna) for always looking for ways to efficiently and carefully use LAFCO's financial resources. They have done a great job of being mindful of expenses and making sure we use our resources efficiently. Mr. Ray Biering, LAFCO's legal counsel, has once again provided LAFCO with excellent guidance on a variety of legal issues. Ray's good advice helps LAFCO avoid costs and exposure to potential liabilities.

The Year-End Budget Report is attached to this staff report. LAFCO's budget is funded primarily by the County, Cities and Independent Special Districts, with each group paying one-third of the adopted LAFCO budget. The City and District shares are pro-rated and allocated based on general revenues as reported to the State Controller's Office. The State Controller's office prepares an annual report that is used by the County Auditor in allocating the LAFCO charges. LAFCO also receives revenue through application fees, interest earnings and, on occasion, grants.

Throughout the fiscal year, the County Auditor's Office provides LAFCO with claims processing and tracking services. Bills and invoices are paid through a claim to the Auditor's Office as prepared by LAFCO Clerk and reviewed and approved by the Executive Officer. The County's financial tracking system assists Staff in monitoring the budget and compiling budget report data. Each expenditure is processed through the County's financial system for tracking and payment.

The LAFCO operating budget is comprised of the following components: salaries and benefits, services and supplies, revenues, and fund balance/reserves. The budget is carefully managed based on "bottom-line" management principals which allows for flexibility within line item expenditures while closely monitoring line-item costs. Quarterly reports are provided throughout the year to the Commission and submitted to the County Auditor. Total expenses were \$485,516, \$22,744 less than the adopted budgeted amount of \$508,261.

Overall, total expenditures are at 96% with 100% of the fiscal year complete. Total revenues for the year were realized at 96% of the adopted budget. Total revenues (without a transfer of fund balance/reserves) for the fiscal year were \$489,664. Total expenditures for the fiscal year were \$485,516. This leaves \$4,148 as a contribution to fund balance at the end of this fiscal year. No fund balance/reserves were transferred this year because the overall revenues exceeded expenses.

On the expense side, salaries are 100% expended and Benefits and Payroll Taxes are at 93%. Total expenditures for Salaries and Benefits are 97% for the year. The deferred compensation match from LAFCO for the Executive Officer was partially expended, leaving a balance of \$8,600. Expenditures regarding Services and Supplies came in under budget by 9% with expenditures at 91%. This is due to savings realized in several expenditure accounts as shown in the attached report.

On the revenue side, LAFCO received 100% of the payments from the jurisdictions. Fees charged for processing applications were up by \$6,439 or 37%. Budgeted fees for CEQA work and Sphere of Influence amendments were up by \$5,000. Budgeted fees for processing applications were exceeded by \$1,780. Other revenue included a \$1,667 stipend for the EO's service to CALAFCO as a Deputy Executive Officer.

## More Details

**Revenues.** Overall revenues were originally budgeted at \$508,261. The charges to agencies were received at 100%, with all agencies having paid their share of the LAFCO budget. The total revenues from application processing fees and other revenues came in at 137% of the budgeted amount. This anticipated the possible use of \$25,000 in reserve funds and fund balance. However; because the overall revenues received (\$489,664) exceeded expenses (\$485,516) the use of reserve funds was not necessary.

**Fund Balance/Reserves.** Fund Balance is the difference between the total expenses and revenues in the fiscal year. Reserves are set aside for use as designated by the Commission. Fund Balance can be carried over from year-to-year. The Fund Balance/Reserves for fiscal year 2013-14 is \$133,296.50. The contribution to Fund Balance at the end of fiscal year 13-14 is \$4,148. This brings the total for fund balance and reserves to \$137,444 at the end of the 2013-14 fiscal year; 27% of the Budget. The Fiscal Year 13-14 budget had projected transfer of \$25,000 from fund balance/reserves to offset costs and help keep down the

charges paid by the jurisdictions. This transfer was not needed because revenues exceeded expenses in fiscal year 2013-14.

**Services and Supplies.** Overall expenses for services and supplies were expended at 91% of the budgeted amount; a total of \$106,706. This equates to \$10,206 under the budgeted amount for the fiscal year. As is typical with the budget some line items came in under budget and some were over the budgeted amount.

In the under budget category Office Supplies were only 45% expended. This is due to less paper being used, more electronic documents being made available and the addition of the new copy machine that also prints at a less costly rate. Computer software line item was under budget as well. The training and conference line was under budget; however the associated Accommodations line item was over budget. This was due to the room costs at the Annual Conference in Lake Tahoe and the Executive Officer traveling more as the CALAFCO Deputy EO. The Small Equipment line was over budget due to the purchase of new PC for the Clerk. The prior PC crashed and replacement was needed in short order.

The Insurance line item was under budget. LAFCO's insurance provider the Special District Risk Management Authority (SDRMA) keeps costs of liability and workers compensation insurances coverages as low as possible. Also the long term disability insurance policy available to the Executive Officer has not been purchased. This will change next year as premiums have been obtained for this benefit. Savings were also realized in the Airfare and Employee Mileage line items as well. Postage was up due to the processing of proposals that required noticing for hearings and the protest process.

**Salaries, Benefits and Taxes.** Salaries were at 100% expended at the end of the fiscal year. Benefits and taxes were expended at 95% of budget. The reduction of expenditures in benefits was largely attributed to the Executive Officer's reduced use of the match for deferred compensation. Payroll taxes are calculated by ADP, Inc., the company that processes LAFCO's payroll. ADP is also responsible for preparing W-2 forms for the LAFCO employees.

# Fiscal Year 2013-14 LAFCO Budget Status Report

Period Ending 6-30-2014

## Year End Report

EXPENDITURES SUMMARY	FY13-14 Budget	Expenditure YTD	Balance YTD	% Expended
Salaries	226,164.00	225,481.73	682.27	100%
Benefits & Payroll Taxes	165,184.00	153,328.22	11,855.78	93%
Services and Supplies	116,913.00	106,706.68	10,206.32	91%
<b>Total Expenses</b>	<b>508,261.00</b>	<b>485,516.63</b>	<b>22,744.37</b>	<b>96%</b>

SALARIES	FY13-14 Budget	Expenditure YTD	Balance YTD	% Expended
<b>Salaries and Benefits</b>				
Salaries	226,164.00	225,481.73	682.27	100%
Benefits & Payroll Taxes	165,184.00	153,328.22	11,855.78	93%
<b>Subtotal Salaries &amp; Benefits</b>	<b>391,348.00</b>	<b>378,809.95</b>	<b>12,538.05</b>	<b>97%</b>

Services and Supplies	FY13-14 Budget	Expenditure YTD	Balance YTD	% Expended
Food	1,000.00	1,070.48	-70.48	107%
Maintenance - Equipment	500.00	407.67	92.33	82%
Maintenance - Software	500.00	151.18	348.82	30%
CALAFCO/Other Memberships	4,000.00	4,085.00	-85.00	102%
Office Supplies	2,700.00	1,219.19	1,480.81	45%
Commissioner/Consultant Exp	10,000.00	10,294.48	-294.48	103%
Publication/Legal Notices	1,000.00	1,019.25	-19.25	102%
Rent	38,000.00	36,677.40	1,322.60	97%
Small Equipment	250.00	684.39	-434.39	274%
Large Equipment	3,000.00	3,091.09	-91.09	103%
Computer Software	500.00	86.39	413.61	17%
Employee Mileage	600.00	0.00	600.00	0%
Commissioner Mileage	1,800.00	1,398.62	401.38	78%
Airfare/Public Transportation	500.00	0.00	500.00	0%
Accommodations/Travel	4,000.00	4,951.74	-951.74	124%
Auto Allowance	5,400.00	5,399.94	0.06	100%
Training/Conf Registration	4,000.00	3,244.00	756.00	81%
Utilities	3,250.00	3,148.12	101.88	97%
Car/Vehicle Rentals	750.00	842.84	-92.84	112%
Postage	1,000.00	1,202.30	-202.30	120%
Custodian	910.00	780.00	130.00	86%
Copying	1,000.00	0.00	1,000.00	0%
ITD-SAP/Board Chambers	850.00	704.22	145.78	83%
Phones/Voice	1,450.00	1,135.75	314.25	78%
County Auditor	6,953.00	6,953.00	0.00	100%
Insurance	8,000.00	4,409.67	3,590.33	55%
Legal Counsel	15,000.00	13,749.96	1,250.04	92%
<b>Subtotal Services &amp; Supplies</b>	<b>116,913.00</b>	<b>106,706.68</b>	<b>10,206.32</b>	<b>91%</b>

<b>Total Expenses</b>	<b>508,261.00</b>	<b>485,516.63</b>	<b>22,744.37</b>	<b>96%</b>
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REVENUE DETAIL	FY13-14 Budget	Realized YTD	Balance YTD	% Realized
Interest	900.00	645.07	254.93	72%
Environmental Fees	2,000.00	4,500.00	2,500.00	225%
Sphere of Influence Fee	1,000.00	3,500.00	2,500.00	350%
LAFCO Processing Fees	8,500.00	10,280.00	1,780.00	121%
Other Revenue	5,000.00	4,914.00	86.00	98%
<b>Sub-Total w/o Agency Charges</b>	<b>17,400.00</b>	<b>23,839.07</b>	<b>6,439.07</b>	<b>137%</b>
LAFCO Charges to Agencies	465,861.00	465,824.72	36.28	100%
<b>Total Revenue<sup>1)</sup></b>	<b>508,261.00</b>	<b>489,664.79</b>	<b>18,596.21</b>	<b>96%</b>

1) Budget column Includes \$25,000 transfer of reserves-if needed.

<b>Fund Balance/Reserves FY 2014</b>	25,000.00	0.00	4,148.16
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FUND BALANCE/RESERVES	FY13-14 Budget	Realized YTD	Projected % of Budget
Fund Balance and Reserves Beginning of year	133,446.00	133,296.50	26%
Year end Fund Balance		4,148.16	
<b>Fund Balance/Reserves FY 2013-14</b>	<b>133,446.00</b>	<b>137,444.66</b>	<b>27%</b>