

**EXECUTIVE OFFICER'S AGENDA REPORT  
JANUARY 25, 2017**

TO: LAFCO Commissioners

FROM: Sara Lytle-Pinhey, Executive Officer *SLP*

**SUBJECT: MID-YEAR BUDGET REPORT FOR FISCAL YEAR 2016-2017**

**RECOMMENDATION**

It is recommended that the Commission accept this financial update. No budget adjustments are needed at this time.

**DISCUSSION**

The Mid-Year Budget Report provides an overview of LAFCO's expenses and revenues through the second quarter for the Commission's information. The Commission's adopted budget for the current fiscal year is \$412,505. At mid-year, expenditures totaled \$189,883, which represents approximately 46% of the adopted budget. Below is an overview of LAFCO's expenses and revenues:

*LAFCO FY 2016-2017 Mid-Year Comparison: Adopted Budget vs. Actual*

|                                | <b>Adopted Budget<br/>(2016-2017)</b> | <b>Actual<br/>(Mid-Year)</b> | <b>% of<br/>Budget</b> |
|--------------------------------|---------------------------------------|------------------------------|------------------------|
| <b>EXPENDITURES</b>            |                                       |                              |                        |
| Salaries & Benefits            | \$332,382                             | \$156,420                    | 47%                    |
| Services & Supplies            | 77,373                                | \$32,836                     | 42%                    |
| Other Charges                  | 2,750                                 | \$627                        | 23%                    |
| <b>Total Expenditures</b>      | <b>\$412,505</b>                      | <b>\$189,883</b>             | <b>46%</b>             |
| <b>REVENUES</b>                |                                       |                              |                        |
| City/County Contributions      | \$330,936                             | \$330,936                    | 100%                   |
| Applications / LAFCO Services  | 6,000                                 | \$18,551                     | 309%                   |
| Interest Earnings              | --                                    | \$1,460                      | --                     |
| <b>Total Revenues</b>          | <b>\$336,936</b>                      | <b>\$350,947</b>             | <b>104%</b>            |
| <i>Prior Years' Carry-Over</i> | <i>\$75,569</i>                       |                              |                        |
| <i>Total Budget</i>            | <i>\$412,505</i>                      |                              |                        |

A more detailed listing of individual accounts is attached for the Commission's information. The following highlights the expense and revenue categories through mid-year:

➤ **Salaries and Benefits:**

Through the end of the second quarter, \$156,420 has been expended on Salaries and Benefits. Expenditures in this budget category represent approximately 47% of the total amount budgeted for the fiscal year.

There was an unanticipated expense in Salaries and Benefits associated with the restoration of the Professional Development benefit. Under the County's benefit system, LAFCO staff is eligible to be reimbursed for certain professional and educational growth expenses (e.g. training, books, software, etc). The maximum impact of this benefit is

\$2,200. This amount will be easily absorbed in the Salaries and Benefits category. Staff estimates that at year-end, the overall Salaries and Benefits category will be within the Commission's budgeted amount.

➤ Services and Supplies:

At the end of the second quarter, expenditures under the Services and Supplies category totaled \$32,836. This represents 42% of the total amount budgeted. Of note is the following:

- Expenditures for the Commission's general liability insurance, office lease, and membership dues are billed as one-time costs early in the fiscal year.
- Expenses for building maintenance and janitorial services have exceeded budget estimates originally provided by the Tenth Street Place JPA. This was due to the timing of the Tenth Street Place JPA's budget adoption and an increase in costs that they have distributed to all tenants in the building.
- Following adoption of the Fiscal Year 2016-2017 Budget, the Commission directed Staff to research the costs to begin videotaping and televising LAFCO's meetings. Costs for this media expense were identified as being relatively minor and easily absorbed by the Miscellaneous Expense account (intended for unanticipated services and supplies costs). During the next budget year, it is anticipated that these costs will be budgeted separately, subject to the Commission's approval.
- Charges for legal services are typically billed on a quarterly basis following the completion of the quarter. Although LAFCO has not yet been billed for services in the second quarter, it is anticipated that legal service expenditures will be well within the budgeted amount by the year's end.

➤ Other Charges:

This budget category contains expenses associated with a shared copier lease and copy costs. At Mid-Year, expenditures under this budget category were \$627 or just 23% of the amount budgeted. This lower amount is as a result of Staff's efforts to decrease the number of paper copies associated with agendas and projects.

➤ Revenues:

The County and nine cities have paid their apportionment shares totaling \$330,936. Additionally, revenue received from LAFCO application fees and services thus far totals \$18,551, exceeding a conservative estimate of \$6,000. Staff anticipates that this will increase by year-end, as additional out-of-boundary and annexation applications are expected to be submitted in the coming months.

➤ Reserves:

For Fiscal Year 2016-2017, the Commission identified a General Reserve Fund (15%) of \$62,000 and an Accrued Leave Fund of \$51,800. To date, neither of these reserve funds has been used. These amounts will be reviewed during the proposed budget.

## **CONCLUSION**

The Commission's Fiscal Year 2016-2017 Budget continues to be financially sound. Each category is projected to be within their budgeted amounts by year-end. Any funds anticipated to be remaining at the end of the fiscal year will be used to offset agency contributions in the following year's budget. No budget adjustments are recommended at this time. If future modifications are needed, Staff will immediately bring forth those requests to the Commission for consideration.

Attachments: LAFCO Expense and Revenue Summary – July 1, 2016 to December 31, 2016

**EXPENSE AND REVENUE SUMMARY**  
**JULY 1, 2016 - DECEMBER 31, 2016**

| <b>Account</b>                                  | <b>Final Budget<br/>FY16-17</b> | <b>Actuals<br/>12-31-2016</b> | <b>% of Budget</b> |
|---|---------------------------------|-------------------------------|--------------------|
| <b>Salaries and Benefits</b>                    |                                 |                               |                    |
| 50000+ Salaries and wages                       | \$ 210,931                      | \$ 104,115                    | 49.4%              |
| 52000 Retirement                                | 53,350                          | 23,778                        | 44.6%              |
| 52010 FICA                                      | 18,483                          | 8,097                         | 43.8%              |
| 52020 Deferred comp - part-time                 | -                               | (3)                           | n/a                |
| 53000 Group health insurance                    | 39,731                          | 14,883                        | 37.5%              |
| 53009 OPEB health insurance liability           | 2,627                           | -                             | 0.0%               |
| 53020 Unemployment insurance                    | 225                             | 8                             | 3.4%               |
| 53051 Benefits admin fee                        | 190                             | 73                            | 38.6%              |
| 53081 Long term disability                      | 325                             | 158                           | 48.5%              |
| 54000 Workers compensation insurance            | 920                             | 462                           | 50.2%              |
| 55000 Auto allowance                            | 2,400                           | 1,209                         | 50.4%              |
| 55080 Professional development                  | -                               | 1,206                         | n/a                |
| 55130 Deferred comp mgmt/conf                   | 3,200                           | 1,496                         | 46.7%              |
| 55140 Cafeteria plan health cashout             | -                               | 938                           | n/a                |
| <b>Total Salaries and Benefits</b>              | <b>\$ 332,382</b>               | <b>\$ 156,420</b>             | <b>47.1%</b>       |
| <b>Services and Supplies</b>                    |                                 |                               |                    |
| 60400 Communications (SBT - Telecom)            | 1,055                           | 502                           | 47.6%              |
| 61000 Insurance (SDRMA)                         | 2,900                           | 2,809                         | 96.8%              |
| 61030 Fiduciary liability insurance             | 30                              | 18                            | 60.0%              |
| 62200 Memberships (CSDA, CALAFCO)               | 5,290                           | 5,321                         | 100.6%             |
| 62400 Miscellaneous expense                     | 3,000                           | 338                           | 11.3%              |
| 62450 Indirect costs (A87 roll forward)         | (423)                           | (924)                         | 218.5%             |
| 62600 Office supplies                           | 1,500                           | 244                           | 16.3%              |
| 62730 Postage                                   | 1,200                           | 485                           | 40.4%              |
| 62750 Other mail room expense                   | 325                             | 162                           | 49.8%              |
| 63000 Professional & special serv               | 10,923                          | 7,107                         | 65.1%              |
| Building maintenance                            | 2,340                           | 1,383                         | 59.1%              |
| Office lease                                    | 3,683                           | 3,683                         | 100.0%             |
| Utilities                                       | 1,440                           | 546                           | 37.9%              |
| Janitorial                                      | 460                             | 239                           | 51.9%              |
| Purchasing                                      | 325                             | 64                            | 19.7%              |
| CEO/RM overhead                                 | 2,675                           | 1,193                         | 44.6%              |
| 63090 Auditing & accounting                     | 2,048                           | 941                           | 45.9%              |
| 63400 Engineering services                      | 2,000                           | 1,097                         | 54.8%              |
| 63640 Legal services                            | 16,000                          | 2,886                         | 18.0%              |
| 63990 Outside data proc services (IT & GIS Lic) | 6,600                           | 3,831                         | 58.0%              |
| 65000 Publications & legal notices              | 800                             | 473                           | 59.2%              |
| 65660 Special dept expense (Biennial Audit)     | 12,000                          | 2,060                         | 17.2%              |
| 65780 Education & training                      | 5,200                           | 3,871                         | 74.4%              |
| 65810 Other supportive services (messenger)     | 250                             | 80                            | 32.0%              |
| 65890 Commission expense                        | 6,100                           | 1,463                         | 24.0%              |
| 67040 Other travel expenses                     | 500                             | 26                            | 5.2%               |
| 67201 Salvage disposal                          | 75                              | 47                            | 62.7%              |
| <b>Total Services and Supplies</b>              | <b>\$ 77,373</b>                | <b>\$ 32,836</b>              | <b>42.4%</b>       |
| <b>Other Charges</b>                            |                                 |                               |                    |
| 73024 Planning dept services                    | \$ 2,750                        | \$ 627                        | 22.8%              |
| <b>Total Other Charges</b>                      | <b>\$ 2,750</b>                 | <b>\$ 627</b>                 | <b>22.8%</b>       |
| <b>TOTAL EXPENSES</b>                           | <b>\$ 412,505</b>               | <b>\$ 189,883</b>             | <b>46.0%</b>       |
| <b>TOTAL REVENUES</b>                           | <b>\$ 336,936</b>               | <b>\$ 350,947</b>             | <b>104.2%</b>      |
| 40680+ Agency Contributions                     | 330,936                         | 330,936                       | 100.0%             |
| 36414 Application & Other Revenues              | 6,000                           | 18,551                        | 309.2%             |
| 40400+ Miscellaneous/Reimbursements             | -                               | -                             | 0.0%               |
| 17000 Interest Earnings                         | -                               | 1,461                         | n/a                |