

**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

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

Account	Final Budget FY16-17	Actuals 12-31-2016	% of Budget
Salaries and Benefits			
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
Total Salaries and Benefits	\$ 332,382	\$ 156,420	47.1%
Services and Supplies			
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%
Total Services and Supplies	\$ 77,373	\$ 32,836	42.4%
Other Charges			
73024 Planning dept services	\$ 2,750	\$ 627	22.8%
Total Other Charges	\$ 2,750	\$ 627	22.8%
TOTAL EXPENSES	\$ 412,505	\$ 189,883	46.0%
TOTAL REVENUES	\$ 336,936	\$ 350,947	104.2%
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