

**EXECUTIVE OFFICER'S AGENDA REPORT
JANUARY 27, 2010**

TO: LAFCO Commissioners

FROM: ^{MB} Marjorie Blom, Executive Officer

SUBJECT: Mid-Year Budget Report - Fiscal Year 2009-2010

RECOMMENDATION

It is recommended that the Commission receive and file this financial update.

DISCUSSION

This Mid-Year Budget Report provides an overview of agency expenses through the second quarter, which ended on December 31, 2009. This report is provided to the Commission as an oversight of agency costs and revenues throughout the fiscal year.

Overall, second quarter expenditures totaled \$167,617, which represents approximately 43% of the budget with 50% of the fiscal year complete. (See attached "Expense and Revenue Summary".) An overview of expenses and revenues through mid-year is highlighted below:

➤ Salaries and Benefits:

Through the end of the second quarter, the Commission expended \$147,080 on "Salaries and Benefits". Expenditures in this budget category represent 47% of the total amount budgeted for the fiscal year.

On September 15, 2009, Staff discovered that the County Risk Management Division would be charging for Unemployment Insurance in the amount of \$90 per employee, per year. This amount was not previously budgeted, as information from the County budget staff last year indicated that departments would not be charged for unemployment insurance claims. However, a year-end review of the fund indicated that the costs were trending higher than originally anticipated and retained earnings were insufficient to cover the cost for the entire fiscal year.

As a way of background, the Unemployment Self-Insurance Fund provides unemployment insurance for all eligible County employees including full-time, extra-help, and personal service contractors. The County contracts with a Third Party Administrator to administer this program. Staff will continue to closely monitor this matter to ensure that expected savings in other accounts are sufficient to cover this shortfall of \$270, as necessary. (Of note, this fee is expected to increase to \$375 per employee, per year in Fiscal Year 2010-2011.)

➤ Services and Supplies:

At the end of the second quarter, the Commission expended \$12,401 on "Services and Supplies". These expenditures represent 37% of the total amount budgeted and it is anticipated that this category will finish within budget. Of note is the following:

- It is normal for expenditure accounts to show, as they do, totals greater than 50% of the budget at mid-year. Expenditures for Commission Liability Insurance and Membership costs (including CALAFCO and CSDA dues) are billed as one-time costs early in the fiscal year.

➤ Other Charges:

Through the end of the second quarter, the Commission expended \$8,136 or 29% of the budget under the “Other Charges” category. These charges primarily originate from County departments, including the Auditor, Risk Management, and Purchasing. Other costs include: telecommunications, data processing (payroll software), utilities, janitorial services, as well as building and maintenance services and supplies. The majority of these costs are regulated by the County.

➤ Revenues:

In the area of revenues, in accordance with Government Code Section 56381(a), the County and the nine cities have paid their required apportionment shares toward the net operating expenses of the Commission. The total contribution collected pursuant to State law is \$360,285.

Receipts from LAFCO application fees are slightly over the amount estimated due to the number of applications being processed during the first half of this fiscal year. To date, revenue for LAFCO services is \$13,388, which is \$1,388 over the estimated revenue of \$12,000 for this fiscal year.

Also, pursuant to Government Code Section 56383(d) and Commission Policy 12, the following City and/or County-initiated proposals received a waiver of filing fees: 1) Out-of-Boundary Service Application from the City of Ceres (Stanislaus County Animal Shelter Facility), approved December 2, 2009; and 2) Change of Organization Application from the County requesting the Formation of County Service Area (CSA) No. 27 – Empire (Phasing 1) - scheduled for Commission consideration on March 24, 2010.

➤ Reserves:

The Commission has not expended any of its budgeted reserves through the second quarter.

CONCLUSION

The Commission continues to be financially sound. No fiscal adjustments are recommended at this time; however, if this situation changes, Staff will bring the matter to the Commission's immediate attention.

Attachments: Summary of Estimated Expenses and Revenues FY 2009-2010
Expense and Revenue Statement – July 1, 2009 through Dec. 31, 2009

EXPENSE AND REVENUE SUMMARY
JULY 1, 2009 - DECEMBER 31, 2009

| <u>Account</u> | <u>Line Item</u> | <u>FY 09-10 Budgeted</u> | <u>Total to Date</u> | <u>% of Budget</u> |
|--------------------------------------|--------------------------------|--------------------------|----------------------|--------------------|
| Salaries & Benefits | | | | |
| 50000 | Salaries | \$213,814 | \$106,884 | 49.99% |
| | Non-Productive salaries-vac | | | |
| | Non-Productive salaries-sick | | | |
| | Non-Productive salaires-other | | | |
| | Termination cash-out | | | |
| 50100 | Comp time taken | \$1,850 | \$237 | 12.81% |
| 52000 | Retirement | \$28,212 | \$13,064 | 46.31% |
| 52010 | FICA | \$18,040 | \$8,270 | 45.84% |
| 53000 | Group Health Insurance | \$35,361 | \$13,249 | 37.47% |
| 53009 | OPEB Hlth Post Retirement | \$1,590 | \$0 | 0.00% |
| 53020 | Unemployment Insurance* | \$0 | \$132 | - |
| 53051 | Employee Benefit Adm Fee | \$215 | \$62 | 29.02% |
| 53081 | Long Term Disability | \$515 | \$159 | 30.87% |
| 54000 | Worker's Compensation | \$0 | \$0 | - |
| 55000 | Auto Allowance | \$2,400 | \$1,218 | 50.75% |
| 55080 | Professional Development | \$0 | \$0 | - |
| 55120 | Employee Assistance Program | \$220 | \$113 | 51.36% |
| 55130 | Deferred Compensation | \$3,165 | \$1,502 | 47.46% |
| 55140 | Cafeteria Pln-Hlth Ben Cashout | \$4,976 | \$2,190 | 44.01% |
| | *Not Budgeted | | | |
| Total Salaries & Benefits | | \$310,358 | \$147,080 | 47.39% |
| Services and Supplies | | | | |
| 61000 | Insurance | \$3,500 | \$3,066 | 87.60% |
| 62200 | Memberships | \$4,458 | \$4,307 | 96.61% |
| 62400 | Miscellaneous Expense | \$3,000 | \$8 | 0.27% |
| 62600 | Office Supplies | \$1,200 | \$161 | 13.42% |
| 63640 | Legal Services | \$12,150 | \$2,434 | 20.03% |
| 65000 | Publications & Legal Notices | \$900 | \$220 | 24.44% |
| 65780 | Education & Training | \$2,700 | \$169 | 6.26% |
| 65890 | Commission Expense | \$5,400 | \$1,809 | 33.50% |
| 67040 | Other Travel | \$540 | \$227 | 42.04% |
| Total Services & Supplies | | \$33,848 | \$12,401 | 36.64% |

**EXPENSE AND REVENUE SUMMARY
JULY 1, 2009 - DECEMBER 31, 2009**

| <u>Account</u> | <u>Line Item</u> | <u>FY 09-10 Budgeted</u> | <u>Total to Date</u> | <u>% of Budget</u> |
|-------------------------------|--------------------------------|--------------------------|----------------------|--------------------|
| Other Charges | | | | |
| 73024 | Planning Dept Services | \$1,200 | \$440 | 36.67% |
| 74011 | Telecommunications | \$1,150 | \$514 | 44.70% |
| 74080 | Central Services Printing | \$80 | \$0 | 0.00% |
| 74090 | Quick Copy Services | \$50 | \$0 | 0.00% |
| 74100 | Mail Room Postage Meter | \$1,350 | \$267 | 19.78% |
| 74102 | Presort Postage | \$40 | \$0 | 0.00% |
| 74110 | Mail Room Services | \$308 | \$56 | 18.18% |
| 74120 | Messenger Services | \$250 | \$82 | 32.80% |
| 74123 | Salvage Disposal | \$80 | \$11 | 13.35% |
| 74130 | Data processing Services | \$5,070 | \$2,403 | 47.40% |
| 74132 | Peoplesoft | \$344 | \$124 | 36.05% |
| 74190 | GSA Pick-up & Delivery | \$140 | \$0 | 0.00% |
| 74220 | PW (Engineering Services) | \$2,700 | \$71 | 2.63% |
| 74230 | PW (GIS Mapping Services) | \$2,375 | \$0 | 0.00% |
| 74270 | Utilities | \$1,772 | \$460 | 25.96% |
| (Government Interfund) | | | | |
| 74300 | Funds>13 Bill-Grand Jury Audit | \$50 | \$0 | 0.00% |
| 74301 | Funds>13 Bill-Auditor | \$4,190 | \$1,344 | 32.08% |
| 74302 | Funds>13 Bill-Purchasing Agent | \$160 | \$29 | 18.13% |
| 74304 | Funds>13 Bill-Risk Management | \$720 | \$229 | 31.81% |
| 74307 | Funds>13 Bill-BM Srvc & Sup | \$2,322 | \$735 | 31.65% |
| 74370 | GSA Stores - Office Supplies | \$50 | \$0 | 0.00% |
| 74520 | Public Works-Safety Analyst | \$500 | \$38 | 7.60% |
| 74620 | Contract Janitorial/TSP | \$660 | \$188 | 28.48% |
| 74880 | Funds>13-A-87 Charges-CEO | \$2,520 | \$1,070 | 42.46% |
| 74881 | Funds>13-A-87 Carry Forward | \$150 | \$72 | 48.00% |
| 75040 | Fiduciary Liability Insurance | \$10 | \$3 | 30.00% |
| Total Other Charges | | \$28,241 | \$8,136 | 28.81% |
| 80000 | Reserve Fund | \$13,500 | | |
| Total FY 09-10 Budget | | \$385,947 | | |
| Total Expenditures | | \$385,947 | \$167,617 | 43.43% |

| REVENUE | JUL-DEC 2009 |
|---|---------------------|
| 36414 LAFCO Services (Application Fees) | \$13,388 |
| 40590 County Contribution | \$179,869 |
| 40680 City Contribution | \$180,265 |
| 40700 Copies Prepared | \$150 |
| Year-End Available Fund Balance* | \$13,812 |
| TOTAL REVENUE | \$387,485 |

*Carry-over from FY 2008-2009