

**EXECUTIVE OFFICER'S AGENDA REPORT  
JANUARY 28, 2015**

TO: LAFCO Commissioners  
FROM: Marjorie Blom, Executive Officer *MB*  
SUBJECT: **Mid-Year Budget Report for Fiscal Year 2014-2015**

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**RECOMMENDATION**

It is recommended that the Commission accept this financial update.

**DISCUSSION**

This Mid-Year Budget Report provides an overview of agency expenses and revenues through the second quarter, which ended on December 31, 2014. This report is provided to the Commission as an oversight of agency costs and revenues throughout the fiscal year. The Adopted Budget for this fiscal year is \$414,676. Attached to this report is an "Expense and Revenue Summary" which includes information by budget category and account number.

Overall, mid-year expenditures totaled \$187,747 which represents approximately 45.28% of the adopted budget with half of the fiscal year complete. In some instances, it is normal for expenditure accounts to show, as they do, totals greater than 100% of the budget at mid-year, this is largely due to one-time payments posting at the beginning of the fiscal year. Highlighted below is an overview of expenses and revenues through mid-year:

➤ Salaries and Benefits:

Through the end of the second quarter, \$164,039 has been expended on "Salaries and Benefits". Expenditures in this budget category represent approximately 49.73% of the total amount budgeted for the fiscal year.

➤ Services and Supplies:

At the end of the second quarter, expenditures under the "Services and Supplies" category totaled \$23,243. These expenditures represent 29% of the total amount budgeted. Of note is the following:

- Expenditures for Commission General Liability Insurance and Membership costs (including SDRMA, CALAFCO and CSDA dues) are billed as one-time costs early in the fiscal year. The CSDA Membership dues increased by \$78, which was not known during the FY 2014-15 Budget Preparation, and the subsequent adoption of the Final Budget.
- Expenses under the "Other Travel" line item have exceeded the budget by \$113. The majority of this overage is due to costs associated with the Executive Officer's travel to various out-of-county CALAFCO Board meetings. As the Commission is aware, your Executive Officer is serving a second and final year as the CALAFCO Executive Officer. The appointment includes a stipend of \$3,000, payable to Stanislaus LAFCO. The CALAFCO stipend is reflected as Miscellaneous Revenue and is being utilized to offset costs associated as "Other Travel" expenses.

- At your December 3, 2014 meeting, the Commission approved a Professional Services Agreement with Robert A. Hawks, Jr. CPA for financial auditing services, in an amount not to exceed \$22,500. There are sufficient funds within the LAFCO FY 2014-15 Budget for independent contract services, under account number 65660 – Special Department Expense. Mr. Hawks has submitted one invoice to date in the amount \$3,900 which will be booked in the third quarter.
- This expense category also includes County services related to: telecommunications, postage and mailroom charges, 10<sup>th</sup> Street Place building services and utilities. Also billed under this category are Auditor, General Services Agency, Risk Management (benefits), and CEO indirect costs.
- Legal service charges are billed through the County Counsel's Office, typically on a quarterly basis following the completion of the quarter. As such, we are awaiting the second quarter billing, which will be booked in the third quarter.

➤ Other Charges:

This budget category contains expenses associated with "Planning Services" for shared copier/leasing costs. At Mid-Year, expenditures under this budget category were \$465 or nearly 10% of the budget.

➤ 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, totaling \$381,776.

Receipts from LAFCO application fees are trending lower due to the number of paid applications processed during the first half of this fiscal year. To date, revenue for LAFCO services is \$2,000, or 16.67% of the estimated revenue of \$12,000 for this fiscal year.

Additional miscellaneous revenues received during this mid-year budget reporting period include: a) Staples office supply rebate of \$41; b) Interest-pool income of \$2,067; and c) the CALAFCO stipend of \$3,000.

As of the second quarter, all revenues received totaled - \$388,884.

**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: LAFCO Expense and Revenue Summary – July 1, 2014 to December 31, 2015  
County 1<sup>st</sup> and 2<sup>nd</sup> Quarter Statements of Expenditures, Encumbrances & Revenues  
County General Ledger Report, Trail Balance-Total Currency, Period Dec-14

**Expense and Revenue Summary  
July 1, 2014 – December 31, 2015**

**EXPENSE AND REVENUE SUMMARY**  
**JULY 1, 2014 - DECEMBER 31, 2014**

<b>Account</b>	<b>Line Item</b>	<b>Adopted FY 14-15 Budget</b>	<b>Actuals 12-31-14</b>	<b>% of Budget</b>
<b>Salaries &amp; Benefits</b>				
50000	Salaries	\$213,404	\$117,190	54.91%
	Non-Productive salaries-vac			
	Non-Productive salaries-sick			
	Non-Productive salaries-other			
	Termination cash-out			
52000	Retirement (STANCERA)	\$52,254	\$22,226	42.53%
52010	FICA	\$17,961	\$8,313	46.28%
53000	Group Health Insurance	\$36,412	\$12,487	34.29%
53009	OPEB Hlth Post Retirement	\$1,076	\$0	0.00%
53020	Unemployment Insurance	\$150	\$72	48.00%
53051	Employee Benefit Adm Fee	\$215	\$49	22.79%
53081	Long Term Disability	\$385	\$182	47.27%
54000	Worker's Compensation	\$1,130	\$470	41.59%
55000	Auto Allowance	\$2,400	\$1,219	50.79%
55130	Deferred Comp includes PT	\$3,214	\$1,831	56.97%
55140	Cafeteria Pln-Hlth Ben Cashout	\$1,254	\$0	0.00%
<b>Total Salaries &amp; Benefits</b>		<b>\$329,855</b>	<b>\$164,039</b>	<b>49.73%</b>
<b>Services and Supplies</b>				
60400	Communications (SBT)	\$970	\$478	49.29%
60860	Contract Janitorial (GSA/TSP)	\$560	\$0	0.00%
61000	Insurance (SDRMA)	\$2,750	\$2,700	98.18%
61030	Fidciary Liability Insurance (CEO)	\$30	\$8	26.67%
62200	Memberships (CSDA, CALAFCO)	\$4,750	\$4,828	101.64%
62400	Miscellaneous Expense	\$3,000	\$0	0.00%
62450	Indirect Costs (CEO)	(\$390)	(\$193)	49.49%
62600	Office Supplies	\$1,500	\$625	41.67%
62270	Presort/Postage Service (GSA)	\$40	\$0	0.00%
62730	Postage/Mailings	\$1,254	\$395	31.51%
62750	Other Mailroom Expense (GSA)	\$325	\$91	28.00%
63000	Prof & Special Services (CEO, RM)	\$4,073	\$2,565	62.97%
63090	Auditing & Accounting (AUD)	\$3,250	\$837	25.75%
63400	Engineering Services (PW)	\$1,250	\$0	0.00%
63640	Legal Services (County Counsel)	\$13,500	\$3,294	24.40%
63990	Outside DP Services (SBT)	\$4,310	\$2,087	48.42%
65000	Publications & Legal Notices	\$750	\$267	35.60%
65660	Special Dept. Expense	\$25,000	\$0	0.00%
65780	Education & Training	\$5,000	\$1,808	36.16%
65810	Other Supportive Services (CEO)	\$250	\$72	28.80%
65890	Commission Expense	\$6,100	\$2,641	43.30%
66260	Gasoline, Oil & Fuel Vehicle (GSA)		\$74	
67040	Other Travel Expenses	\$500	\$633	126.60%
67200	Utilites (GSA/TSP)	\$1,274	\$0	0.00%
67201	Salvage Disposal (GSA)	\$75	\$33	44%
<b>Total Services &amp; Supplies</b>		<b>\$80,121</b>	<b>\$23,243</b>	<b>29.01%</b>

**EXPENSE AND REVENUE SUMMARY  
JULY 1, 2014 - DECEMBER 31, 2014**

<b>Account</b>	<b>Line Item</b>	<b>Adopted FY 14-15 Budget</b>	<b>Actuals 12-31-14</b>	<b>% of Budget</b>
	<b>Other Charges</b>			
73024	Planning Dept Services	\$4,700	\$465	9.89%
	<b>Total Other Charges</b>	<b>\$4,700</b>	<b>\$465</b>	<b>9.89%</b>
	<b>TOTAL EXPENSE</b>	<b>\$414,676</b>	<b>\$187,747</b>	<b>45.28%</b>

<b>REVENUE</b>	<b>JUL-DEC 2014</b>
17000 Intrest-pool income	\$2,067
36414 LAFCO Services (Application Fees)	\$2,000
40445 Rebates & refunds	\$41
40590 County Contribution	\$190,888
40680 City Contributions	\$190,888
40680 Misc. Reimbursements (CALAFCO)	\$3,000
<b>TOTAL REVENUE</b>	<b>\$388,884</b>