



## **Solano Local Agency Formation Commission**

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### **Staff Report**

DATE: March 21, 2016

TO: Local Agency Formation Commission

FROM: Elliot Mulberg, Executive Officer  
Michelle McIntyre, Analyst

SUBJECT: MID-YEAR BUDGET STATUS & END OF YEAR PROJECTION FISCAL YEAR 2015-2016

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#### RECOMMENDATION:

The Commission receive and file this report.

#### DISCUSSION:

The mid-year budget status and end of year projection provides an overview of LAFCO's expenses and revenues through December 31, 2015 as well as an end of year projection of expenses and revenues for the current fiscal year.

The Commission's adopted operating budget for the current year is \$394,235. This included \$124,655 for salaries and employee benefits, \$269,580 for services and supplies. At mid-year, expenditure totaled \$161,014 which represents approximately 41% of the adopted budget.

Funding of LAFCO's budget came from several sources. The County and the seven cities provided \$334,186 of LAFCO's operational costs which represents approximately 85% of the budget. The sources of the remaining income, came from anticipated revenues from changes of organization proposals, anticipated interest income, the Commission's reserve fund, and fund balance from the prior year.

In June 2015, the Commission amended its reserve policy to 20% of the operating budget, thus reducing the reserve from approximately \$98,900 to \$78,900. The Commission's intent was that \$20,000 would be used to help fund fiscal year 2015-16, specifically the Commission's legally mandated service review or the contracted services budget line item. Additionally, it was anticipated that the fund balance from the prior fiscal year (2014-15) was \$24,550 was used to help fund fiscal year 2015-16. About halfway through the fiscal year, staff learned of an additional fund balance account of \$40,271. Discussions with regard to how to allocate the remaining fund balance and any other fund balance from the current fiscal

year will take place at the time the Commission adopts a preliminary and final budget in April and June respectively.

Below is an overview of LAFCO's expenses and revenue for the midyear budget projection.

Table 1 - Summary of Mid Year Status & End of Year Projection

	2015-16 (Adopted)	2015-16 Mid-Year Actual (12-31-2015)	% of Budget	End of Year Projection
<b>EXPENDITURES</b>				
Salaries and Benefits	\$124,655	\$63,621	51%	\$125,432
Services and Supplies	\$269,580	\$97,393	36%	\$248,020
<b>Total Expenditures</b>	<b>\$394,235</b>	<b>\$161,014</b>	<b>41%</b>	<b>\$373,452</b>
<b>REVENUES</b>				
Intergovernmental Revenue -(Cities & County)	\$334,185	\$334,186	100%	\$334,186
Applications	\$15,000	\$1,187	8%	\$12,175
Interest Income	\$500	\$680	136%	\$1,000
Reserve	\$20,000	\$20,000	100%	\$20,000
Fund Balance*	\$24,550	\$24,550	100%	\$24,550
<b>Total Revenues</b>	<b>\$394,235</b>	<b>\$380,603</b>	<b>96%</b>	<b>\$391,911</b>

Expenditures:

- Salaries and Employee Benefits:

The Commission's adopted budget for this category was \$124,655. At the end of the second quarter \$63,621 has been expended on salaries, benefits, workers compensation insurance, and unemployment insurance. This represents approximately 51% of the total amount budgeted for this category. The difference can be attributed to retirement costs and health insurance costs which were slightly higher than anticipated. At the end of the fiscal year, it is anticipated the total cost to salaries and benefits will be \$125,432 or approximately \$775 higher than budgeted.

- Services and Supplies

The adopted budget for this category totaled \$269,580. At the end of the second quarter, expenditures under the services and supplies category totaled \$97,393. This represents approximately 36% of the total amount budgeted. However, staff anticipates that at the end of the fiscal year, total expenditure for services and supplies will be \$248,020 which represents approximately 92% of the total budgeted amount in this category. Of note in this category include:

- Expenditure for general liability insurance is \$1,137 less than anticipated, as a result of leasing office space from the County. Additionally, the Commission budgeted \$1,000 which was included within the building lease budget line item for any costs associated with use of the County's conference rooms. To date, the County has not billed LAFCO for these costs.
- Expenditures related to office supplies and postage is \$2,500 less than anticipated.
- Expenditure associated with training, travel, and mileage is \$6,200 less than anticipated as a result of less than normal attendance at CALAFCO workshops, conferences, and other CALAFCO classes. In addition, much of the CALAFCO Legislative Committee meetings were available by conference call.
- Expenditure associated with contracted services is \$10,000 less as a result of the municipal service studies costing less than anticipated.

#### Revenue:

For this category, the term "revenue" is broadly used to encompass all sources of funds used to finance LAFCO's total expenditure. Total anticipated revenue for the current fiscal year was \$394,325. At mid-year, total revenue realized was \$380,603 representing 96% of the budgeted amount. By year end, staff is projecting total revenue will be approximately \$392,000. Sources of revenue include the following:

- Other Governmental Agencies – The County and the seven cities have paid their legislatively apportioned share totaling \$334,186.
- Licenses and Permits (Applications) – The Commission collects fees associated with changes of organization applications. Each year, staff estimates revenues from applications based on upcoming projects. Many projects take several months to complete and while the proposals are being processed, fees are deposited into the Commission's deferred revenue line item and later transferred to the licenses and permits line item once actual costs are realized. At mid-year, the Commission had transferred \$1,187 within the licenses and permit budget line item; however, staff anticipates at the end of the fiscal year, total revenue from applications will be over \$12,000 based on ongoing existing proposals.
- Interest Income – The Commission currently uses the County Treasury to invest its funds. At mid-year, the Commission earned \$680 and anticipates earning \$1,000 by year end or approximately two times the budgeted amount.
- Reserve – At the beginning of the fiscal year, the Commission amended its reserve policy to 20% of the operating budget. As a result, the Commission transferred \$20,000 to the Commission's operating budget leaving a balance of \$78,898 in the reserve fund.

- \*Fund Balance – The fund balance represents the carry-over from the prior year’s budget. For the current fiscal year, it was anticipated the fund balance from the prior year would be approximately \$24,550, based on the difference between revenues and expenses from the fiscal year. At mid-year, it was discovered the fund balance account included an additional \$40,271 from previous years. The fund balance will be reviewed as part of the Commission’s 2016-17 budget.

CONCLUSION:

The Commission continues to be financially sound; revenue exceeds expenditure. The total fund balance remaining at the end of the current fiscal year will be considered as part of the following year’s budget. At this time, staff is not recommending budget adjustments, however; if re-appropriations are needed prior to the end of the fiscal year, staff will submit requests to the Commission at the June meeting.

RECOMMENDATION:

The Commission receive and file the mid-year budget status and end of year projection.

Attachment:

Exhibit A - Mid-year budget status and end of year projection for fiscal year 2015-2016

Solano LAFCO Mid-Year Budget Summary

Selection Criteria: Date: 7/1/2015-12/31/2015 Department: 3450

Object	Description	Budget	Actual as of 12/31/15	End of Year Projection	Difference from Budget	% Difference
<b>3450</b>	<b>LAFCO</b>					
<b>1000</b>	<b>SALARIES AND EMPLOYEE BENEFITS</b>					
0001110	SALARY/WAGES REGULAR	\$ 91,494.00	\$ 43,254.99	\$ 91,494.00	\$ -	0
0001210	RETIREMENT-EMPLOYER	\$ 9,674.00	\$ 5,046.69	\$ 10,093.38	\$ 419.38	4.3%
0001212	DEFERRED COMP-COUNTY MATCH	\$ 130.00	\$ 61.50	\$ 130.00	\$ -	0.0%
0001220	FICA-EMPLOYER	\$ 1,334.00	\$ 639.83	\$ 1,279.66	\$ (54.34)	-4.1%
0001230	HEALTH INS-EMPLOYER	\$ 15,204.00	\$ 12,831.74	\$ 15,720.00	\$ 516.00	3.4%
0001231	VISION CARE INSURANCE	\$ 152.00	\$ 68.93	\$ 137.86	\$ (14.14)	-9.3%
0001240	COMPENSATION INSURANCE	\$ 836.00	\$ 810.54	\$ 810.54	\$ (25.46)	-3.0%
0001241	LT DISABILITY INSURANCE ER	\$ 166.00	\$ 85.43	\$ 170.86	\$ 4.86	2.9%
0001250	UNEMPLOYMENT INSURANCE	\$ 434.00	\$ -	\$ 434.00	\$ -	0.0%
0001260	DENTAL INS-EMPLOYER	\$ 1,247.00	\$ 583.83	\$ 1,167.66	\$ (79.34)	-6.4%
0001270	ACCRUED LEAVE CTO PAYOFF	\$ 3,519.00	\$ -	\$ 3,519.00	\$ -	0.0%
0001290	LIFE INSURANCE-EMPLOYER	\$ 465.00	\$ 237.41	\$ 474.82	\$ 9.82	2.1%
<b>1000</b>	<b>SALARIES AND EMPLOYEE BENEFITS</b>	<b>\$ 124,655.00</b>	<b>\$ 63,620.89</b>	<b>\$ 125,431.78</b>	<b>\$ 776.78</b>	<b>0.6%</b>
<b>2000</b>	<b>SERVICES AND SUPPLIES</b>					
0002021	COMMUNICATION-TELEPHONE SYSTEM	\$ -	\$ 128.63	\$ 300.00	\$ 300.00	0
0002028	TELEPHONE SERVICES	\$ 2,100.00	\$ 910.28	\$ 2,100.00	\$ -	0.0%
0002035	HOUSEHOLD EXPENSE	\$ 500.00	\$ -	\$ 500.00	\$ -	0.0%
0002051	LIABILITY INSURANCE	\$ 4,700.00	\$ 3,562.92	\$ 3,562.92	\$ (1,137.08)	-24.2%
0002140	MAINTENANCE-BLDGS & IMPROVE	\$ 150.00	\$ -	\$ 150.00	\$ -	0.0%
0002170	MEMBERSHIPS	\$ 4,430.00	\$ 4,351.00	\$ 4,351.00	\$ (79.00)	-1.8%
0002171	PROFESSIONAL LICENSES & CERT	\$ 800.00	\$ -	\$ -	\$ (800.00)	-100.0%
0002180	BOOKS & SUBSCRIPTIONS	\$ 400.00	\$ -	\$ 400.00	\$ -	0.0%
0002200	OFFICE EXPENSE	\$ 2,500.00	\$ 238.61	\$ 1,000.00	\$ (1,500.00)	-60.0%
0002203	COMPUTER COMPONENTS <\$1,500	\$ 500.00	\$ -	\$ 500.00	\$ -	0.0%
0002205	POSTAGE	\$ 1,500.00	\$ 52.84	\$ 500.00	\$ (1,000.00)	-66.7%
0002235	ACCOUNTING & FINANCIAL SERVICE	\$ 6,636.00	\$ 761.08	\$ 6,636.00	\$ -	0.0%
0002245	CONTRACTED SERVICES	\$ 40,000.00	\$ -	\$ 30,000.00	\$ (10,000.00)	-25.0%
0002250	OTHER PROFESSIONAL SERVICES	\$ 157,600.00	\$ 59,718.60	\$ 157,600.00	\$ -	0.0%
0002266	CENTRAL DATA PROCESSING SVCE	\$ 8,872.00	\$ 4,239.84	\$ 8,872.00	\$ -	0.0%
0002270	SOFTWARE	\$ 600.00	\$ -	\$ 600.00	\$ -	0.0%
0002280	PUBLICATIONS AND LEGAL NOTICES	\$ 1,000.00	\$ 178.83	\$ 1,215.48	\$ 215.48	21.5%
0002285	RENTS & LEASES - EQUIPMENT	\$ 6,000.00	\$ 2,106.42	\$ 6,000.00	\$ -	0.0%
0002295	RENTS & LEASES-BUILDINGS/IMPR	\$ 18,942.00	\$ 17,940.88	\$ 17,940.88	\$ (1,001.12)	-5.3%
0002310	EDUCATION & TRAINING	\$ 2,000.00	\$ 69.60	\$ 1,000.00	\$ (1,000.00)	-50.0%
0002311	TUITION REIMBURSEMENT	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ -	0.0%
0002335	TRAVEL EXPENSE	\$ 6,500.00	\$ 1,754.25	\$ 2,254.25	\$ (4,245.75)	-65.3%
0002339	MANAGEMENT BUSINESS EXPENSE	\$ 300.00	\$ -	\$ 300.00	\$ -	0.0%
0002355	PERSONAL MILEAGE	\$ 2,000.00	\$ 141.22	\$ 1,000.00	\$ (1,000.00)	-50.0%
0002360	UTILITIES	\$ 450.00	\$ 137.91	\$ 137.91	\$ (312.09)	-69.4%
<b>2000</b>	<b>SERVICES AND SUPPLIES</b>	<b>\$ 269,580.00</b>	<b>\$ 97,392.91</b>	<b>\$ 248,020.44</b>	<b>\$ (21,559.56)</b>	<b>-8.0%</b>
<b>3000</b>	<b>OTHER CHARGES</b>					
<b>4000</b>	<b>FIXED ASSETS</b>					
<b>5000</b>	<b>OTHER FINANCING USES</b>					
<b>9200</b>	<b>LICENSES, PERMITS &amp; FRANCHISE</b>					
0009229	LICENSES & PERMITS-OTHER	\$ 15,000.00	\$ 1,187.39	\$ 12,175.00	\$ (2,825.00)	-18.8%
<b>9200</b>	<b>LICENSES, PERMITS &amp; FRANCHISE</b>	<b>\$ 15,000.00</b>	<b>\$ 1,187.39</b>	<b>\$ 12,175.00</b>	<b>\$ (2,825.00)</b>	<b>-18.8%</b>
<b>9400</b>	<b>REVENUE FROM USE OF MONEY/PROP</b>					
0009401	INTEREST INCOME	\$ 500.00	\$ 680.00	\$ 1,000.00	\$ 500.00	100.0%
<b>9400</b>	<b>REVENUE FROM USE OF MONEY/PROP</b>	<b>\$ 500.00</b>	<b>\$ 680.00</b>	<b>\$ 1,000.00</b>	<b>\$ 500.00</b>	<b>100.0%</b>
<b>9500</b>	<b>INTERGOVERNMENTAL REVENUES</b>					
0009511	OTHER GOVERNMENTAL AGENCIES	\$ 334,185.00	\$ 334,186.00	\$ 334,186.00	\$ 1.00	0.0%
<b>9500</b>	<b>INTERGOVERNMENTAL REVENUES</b>	<b>\$ 334,185.00</b>	<b>\$ 334,186.00</b>	<b>\$ 334,186.00</b>	<b>\$ 1.00</b>	<b>0.0%</b>
<b>9600</b>	<b>CHARGES FOR SERVICES</b>					
	FUND BALANCE FROM FY14/15	\$ 24,550.00		\$ 24,550.00	\$ -	0.0%
	TRANSFER FROM RESERVES	\$ 20,000.00		\$ 20,000.00	\$ -	0.0%
<b>9700</b>	<b>MISC REVENUES</b>	<b>\$ 44,550.00</b>	<b>\$ 44,550.00</b>	<b>\$ 44,550.00</b>	<b>\$ -</b>	<b>0.0%</b>
	<b>TOTAL REVENUE</b>	<b>\$ 394,235.00</b>	<b>\$ 380,603.39</b>	<b>\$ 391,911.00</b>	<b>\$ (2,324.00)</b>	<b>-0.6%</b>
	<b>TOTAL EXPENSE</b>	<b>\$ 394,235.00</b>	<b>\$ 161,013.80</b>	<b>\$ 373,452.22</b>	<b>\$ (20,782.78)</b>	<b>-5.3%</b>
	<b>AMOUNT REMAINING IN BUDGET</b>	<b>\$ -</b>	<b>\$ 219,589.59</b>	<b>\$ 18,458.78</b>	<b>\$ 18,458.78</b>	<b>4.7%</b>
0000730	Reserves		\$ 78,898.00	\$ 78,898.00		
0000740	Fund Balance		\$ 40,271.19	\$ 40,271.19		
updated 3-17-2016						

