

February 3, 2014

TO: Local Agency Formation Commission

FROM: Executive Officer

SUBJECT: Second Quarter FY 2013-14 Budget Update

## **SECOND QUARTER BUDGET UPDATE**

The Commission is operating approximately 10% under budget through the second quarter of FY 2013-14. Costs associated with Salaries and Benefits totaled \$409,955 and Services and Supplies amounted to \$270,275. Processing fee revenue is higher than projected and totaled \$160,955 due to improved economic conditions. Figures 1 and 2 attached to this budget report cover financial activity in greater detail for FY 2013-14. A brief overview of second quarter budget activity follows.

### **Revenue**

Apportionment revenue consists of funds derived from local agency general purpose revenues based on a complex formula codified in State Law (Government Code Section 56381). Through the first quarter of the current fiscal year (FY 2013-14), \$1,392,276 or close to 100% of LAFCO's apportionment revenue has been collected. One local agency (Tri-City Health Care District) did not contribute its share of apportionment funds to LAFCO. LAFCO staff and the County Auditor and Controller, therefore, arranged for collection of the apportionment funds by debiting the healthcare district's property tax revenue. We are pleased to report, as of this writing, 100% of LAFCO's apportionment revenue has now been collected. Proposal based revenue totaled \$160,955 (\$118,750: Account 46234 Service to Property Owners and \$42,245: Account 49900 Miscellaneous Revenue). This amount is higher than projected due to improved economic conditions. The budget is also based on the allocation of \$175,000 of trust fund revenues to support designated jurisdictional projects, but this trust fund allocation has not yet been made and is contingent on the initiation of associated projects.

## **Expenditures**

LAFCO's FY 2013-14 expenditures totaled \$681,035 (\$409,955 / Salaries and Benefits and \$270,275 / Services and Supplies). These amounts are currently under budget and there will be additional salaries and benefits savings in the third quarter associated with one position vacancy (Assistant Executive Officer). While there were some costs associated with payment of post-employment leave balances for this vacated position, cost savings will occur in the third quarter because the position will remain unfilled.

Services and Supplies costs totaled \$270,275 through the second quarter and are also currently under budget. This figure will increase as the Commission's records management program and fire agency reorganization projects get underway within the remaining months of FY 2013-14.

This report is provided for the Commission's information and acceptance. Therefore, it is

**RECOMMENDED:** That the Commission receive and accept the Second Quarter FY 2013-14 LAFCO Budget Update.

Respectfully submitted,

MICHAEL D. OTT  
Executive Officer

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Attachments: Figures 1 & 2 (Second Quarter LAFCO Budget Update FY 2013-14)

**Figure 1  
Second Quarter LAFCO Budget Update FY 2013-14**

Ordinary Income/Expense	Actual	Adopted	2nd Quart Est.	Adopted
	FY12-13 Budget	FY12-13 Budget	FY13-14 Budget	FY13-14 Budget
<b>Income</b>				
45918 · LAFCO Apportionment (net cost)	1,404,232.00	1,404,232.00	1,397,440.00	1,397,440.00
46234 · Service to Property Owner	174,575.00	50,000.00	118,750.00	91,530.00
47540 · Operating Transfers	0.00	150,000.00	0.00	175,000.00
47615 · Other Sales - Taxable	0.12	10,000.00	0.00	5,000.00
49000 · Processing Fee	0.00	0.00	0.00	0.00
49200 · Interest & Dividends	3,147.61	0.00	0.00	2,200.00
49900 · Miscellaneous Revenue	19,063.36	0.00	42,245.00	0.00
80100 · Receipts Sch TR & Agency	0.00	0.00	0.00	0.00
<b>TOTAL Income</b>	<b>1,601,018.09</b>	<b>1,614,232.00</b>	<b>1,558,435.00</b>	<b>1,671,170.00</b>
<b>Expense</b>				
51110 · Salaries & Wages	479,432.00	945,957.00	266,603.14	563,496.00
Benefits Total	272,291.00		143,652.19	345,174.00
52074 · Telecommunications	0.00	2,000.00	0.00	500.00
52138 · Public Liability Insurance	0.00	1,000.00	0.00	500.00
52178 · Auto Maintenance	861.83	2,000.00	953.65	2,000.00
52182 · Vehicle Fuel	584.41	1,500.00	307.36	1,500.00
52270 · Memberships	7,154.00	9,000.00	7,319.00	9,000.00
52330 · Office Expense	0.00	5,000.00	0.00	8,000.00
52332 · Postage	0.00	5,000.00	0.00	500.00
52334 · Printing	7,642.53	20,000.00	5,158.41	10,000.00
52336 · Books - Office Library	1,708.53	500.00	0.00	2,000.00
52338 · Drafting/Engineering	0.00	250.00	0.00	50.00
52344 · Stores Unallocated	9,936.43	5,000.00	2,499.64	12,500.00
52354 · Mail/Postage-ISF	7,651.09	10,000.00	3,363.72	12,000.00
52370 · Professional Services				
52370.A · Special Counsel Litigation	0.00	5,000.00	0.00	750.00
52370.B · Special Counsel General	13,368.80	2,500.00	3,366.20	8,000.00
52370.C · General Counsel	5,562.00	15,000.00	7,678.50	8,000.00
52370.D · GIS Support	34,364.00	60,000.00	2,592.00	60,000.00
52370.E · Web & Doc Support	31,868.00	65,000.00	0.00	65,000.00
52370.F · Local Govt Services	55,295.75	95,000.00	23,395.00	65,000.00
52370.G · Legislation	26,796.00	35,000.00	9,640.00	35,000.00
52370.H · Accounting	19,900.00	25,000.00	2,900.00	30,000.00
52370.I · Other (Doc. Capture QC)	0.00	0.00	0.00	55,000.00
<b>Total 52370 · Professional Services</b>	<b>187,154.55</b>	<b>302,500.00</b>	<b>49,571.70</b>	<b>326,750.00</b>
52490 · Publications	1,174.39	1,000.00	719.71	1,000.00
52530 · Office Lease	68,562.67	71,000.00	34,975.73	73,000.00
52550 · Special Department				
52550.A · Service Review	99,013.75	95,000.00	27,640.00	55,000.00
52550.B · County Overhead Costs	24,726.00	25,000.00	0.00	31,000.00
52550.C · Other	0.00	2,000.00	41,047.50	2,000.00
52550.D · Minor Expense	23,317.24	15,000.00	15,677.09	15,000.00
52550.E · Other (Doc. Capture)	1,225.73	0.00	42,869.40	85,000.00
<b>Total 52550 · Special Department</b>	<b>148,282.72</b>	<b>137,000.00</b>	<b>127,233.99</b>	<b>188,000.00</b>
52566 · Minor Equipment	392.78	1,000.00	0.00	1,000.00
52602 · Computer Related Training	0.00	1,000.00	0.00	1,000.00
52608 · Out of County Travel	0.00	2,500.00	0.00	2,500.00
52610 · Non-Travel/In-County	0.00	500.00	0.00	500.00
52612 · Emp. Auto mileage	8,896.37	10,000.00	4,314.18	10,000.00
52622 · Training/Regis	0.00	3,500.00	0.00	2,000.00
52704 · Purchasing ISF	0.00	500.00	0.00	500.00
52706 · Document Svcs ISF	105.00	200.00	0.00	200.00
52721 · Network Services IT	28,774.00	26,000.00	12,795.37	28,000.00
52722 · Computing Power ISF	0.00	800.00	0.00	800.00
52723 · Data Center Service	4,283.67	5,600.00	2,138.70	6,000.00
52725 · Cross Functional Srvc I	5,287.57	5,600.00	2,272.16	6,000.00
52726 · Microfiche & Print	0.00	125.00	0.00	200.00
52728 · Application Service	0.00	0.00	5,306.88	0.00
52732 · Desktop Computing	21,381.04	27,000.00	9,430.09	29,500.00
52734 · Help Desk	1,566.57	5,000.00	627.55	5,500.00
52750 · Catalog Items	938.72	1,000.00	0.00	1,000.00
52752 · Other Services	0.00	200.00	0.00	500.00
52754 · Non Catalog Items	0.00	500.00	0.00	500.00
52758 · Vehicle Lease	3,090.78	2,500.00	1,287.85	2,500.00
53585 · Equipment Dep Expense	0.00	0.00	504.66	0.00
54955 · Office Equip	13,780.37	0.00	14,130.39	0.00
54958 · Office Equip - prior year	0.00	0.00	-14,130.39	0.00
54961 · Fixed Asset Equip & Furn	0	2,000.00	0.00	17,000.00
<b>Subtotal Services &amp; Supplies</b>	<b>529,210.02</b>	<b>668,275.00</b>	<b>270,275.69</b>	<b>762,500.00</b>
<b>TOTAL Salaries &amp; Bens and Serv. &amp; Supplies<sup>5</sup></b>	<b>1,280,933.02</b>	<b>1,614,232.00</b>	<b>681,035.68</b>	<b>1,671,170.00</b>

**Figure 2**  
**Second Quarter LAFCO Budget Update FY 2013-14**

<b>Fund Activity</b>	<b>Actual FY12-13 Budget<sup>5</sup></b>	<b>Adopted FY12-13 Budget</b>	<b>2nd Quart Est. FY13-14 Budget</b>	<b>Adopted FY13-14 Budget</b>
44595 - Fund Balance <sup>1</sup>	102,147.51	94,969.51	118,327.28	94,969.51
46725 - Contingency <sup>2</sup>	525,743.09	525,743.09	528,059.68	527,057.45
46726 - Special Project <sup>3</sup>	514,777.04	195,665.80	515,887.76	102,081.00
46727 - Jurisdictional <sup>4</sup>	146,966.27	146,966.27	147,613.85	147,333.69
46728 - Interest	3,147.61	2,170.94	-	1,941.18
<b>46729 - FUND ACTIVITY TOTAL</b>	<b>1,292,781.52</b>	<b>965,515.61</b>	<b>1,309,888.57</b>	<b>873,382.83</b>

**Notes for Figures 1 & 2:**

<sup>1</sup>Account 44595: All funds are designated "Unassigned" per Minute Item No. 9: June 3, 2013.

<sup>2</sup>Account 46725: All funds are designated "Unassigned" per Minute Item No. 9: June 3, 2013.

<sup>3</sup>Account 46726 contains the following designations:

\$220,486.26 ("Unassigned") per LAFCO Minute item No 9: June 3, 2013.

\$175,000 ("Committed") per Minute Item No. 9: June 3, 2013.

\$95,000 ("Committed") per Minute Item 11, November 4, 2013.

\$25,000 ("Committed") per Minute Item No. 11: November 4, 2013.

\$22,075 ("Assigned") per Minute item No. 9: June 3, 2013.

<sup>4</sup>Account 44727: All funds are designated "Unassigned" per Minute Item No. 9: June 3, 2013.

<sup>5</sup>Actual budget figures are based on modified accrual system & may differ from audited figures.