
**FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)
EXECUTIVE OFFICER'S REPORT**

AGENDA ITEM No. 8

DATE: January 15, 2014
TO: Local Agency Formation Commission
FROM: David E. Fey, AICP, Executive Officer
SUBJECT: Mid-Year Budget Status for Fiscal Year 2013-2014

RECOMMENDATION

Receive and file.

EXECUTIVE SUMMARY

Mid-year budget reviews are intended to review expenses and revenues half-way through a budget year to help determine if any adjustments need to be made in order to keep within an adopted budget. This budget review will also assist staff in providing information to the County and 15 Cities regarding the likely cost of their contribution to LAFCo for their next budget year (2014-15) which many of the jurisdictions will start work on shortly.

The budget status indicates a potential shortfall of \$6,000 shortfall, largely due to Executive Officer compensation (COBRA payments and auto allowance) not included in the approved budget. No adjustments at this time are recommended as staff has already collected \$6,000 more in fees (at mid-year) than what was anticipated at the end of the budget year.

DISCUSSION

The mid-year budget review evaluates expenses and revenue for the first six months of the fiscal year against the adopted 2013-2014 budget. This information will be used to prepare LAFCo's 2014-2015 Fiscal Year Budget, which will first be reviewed by the Commission as a preliminary draft document on March 12, 2014. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Act) requires the Commission to adopt a draft budget by May 1st and a final budget by June 15th. The Commission will be asked to adopt its draft budget at the April 9, 2014 hearing and final budget at the May 14, 2014 hearing.

Staff has historically used the County's account numbering system to prepare LAFCo's budget though at this point staff is considering changing that system to better reflect the unique circumstances that LAFCo has encountered as a result of the services of an independent consulting bookkeeper. Staff has prepared this mid-year budget status in conformance with the Commission's Financial and Accounting Procedures.

OVERVIEW OF MID-YEAR BUDGET

1. As shown on Exhibit "A," the Commission approved a budget of \$521,486.

2. Revenues projected for this budget included the City/County contribution of \$220,743 each; a conservative \$30,000 in filing fees; and a contribution from LAFCo's reserve of \$50,000 for a total of \$521,486. To date LAFCo has received \$36,057 in filing fees.
3. Expenses as of December 31, 2013, are \$241,182, generally related to office operation and personnel expenses.
4. Budget Reserves – LAFCo has a legal reserve of \$60,000 set aside for unanticipated legal expense, which to date, has not been used. This reserve, however, like all other budget items should be reviewed with each year's budget adoption.

COMMENTS ON MID-YEAR BUDGET STATUS EXHIBITS

Exhibit 1 is a copy of the adopted budget for fiscal year 13-14.

Exhibit 2 is the Mid-Year Budget Status report. The first column presents the budget item descriptions; the second column is the adopted annual budget amount per item; the third column shows revenue and expenses up to 12/31/13; the fourth column estimates the percent of the adopted budget that is either collected or expended; and the fifth column shows the difference—positive or negative—between to date and the approved amount. Staff has the following comments for Exhibit 2:

Page 1:

Under "Revenue/Contribution from Reserves" the approved budget included a contribution of \$50,000 from reserves; this amount is not reflected as revenue in the third column and appears as a negative number in the fifth column. Funding as approved exists but was never allocated from reserves to the operating account because the reserve is kept in the operating account. Staff will explore options (such as recommending that all significant reserves be held in separate interest-bearing bank accounts to be used as authorized by the Commission) during the year-end budget process. No action by the Commission is requested at this time.

Under "Professional and Specialized Serv/Consultants," a figure of \$15,474.92 is shown without an approved budget amount. This expense represents payments to the MSR consultants and will be reimbursed by the benefitting local agency. Revenue categories do not currently include reimbursed expenses. Staff will amend its budgeting reports to show these reimbursable revenue/expenses appropriately in the year-end budget and in subsequent budgets.

Page 2

Under "6400 - Executive Officer retirement shows no expenses as of 12/13. This is due to a lengthy process to coordinate ICMA-RC retirement account with payroll and bookkeeping consultants. This will be resolved during the year-end budget process and will reflect the adopted budget.

CONCLUSION

During the presentation of the preliminary draft budget in March, 2014, staff will be presenting the budget in the new format and will include revenue and expense projections for the remainder of the year. Commission direction will be solicited to prepare the draft budget that will be presented at the April, 2014, hearing.

EXHIBIT 1
FISCAL YEAR 2013-2014 FINAL BUDGET
Total Services, Supplies and Capital Facilities - Appropriations

Fund No.: 4825 Special Fund
Subclass No.: 10000
Org No.: 9690 LAFCo Contract

BUDGET ITEM	ADOPTED FY 2012-2013 BUDGET	RECOMMENDED FINAL FY 2013-2014 BUDGET	ADOPTED FINAL FY 2013-2014 BUDGET
7040 Telephone Charges	\$1,467	\$1,108	\$1,108
7101 Liability Insurance	\$11,790	\$12,203	\$12,203
7175 Property/Other Insurance	\$18	\$0	\$0
7205 Maintenance-Equipment	\$600	\$676	\$676
7250 Professional Memberships	\$6,321	\$6,466	\$6,466
7265 Office Operations Expense	\$5,000	\$6,000	\$6,000
7266 Messenger Service	\$0	\$0	\$0
7268 Postage	\$5,000	\$5,000	\$5,000
7286 PeopleSoft Human Resources Charge	\$381	\$605	\$605
7287 PeopleSoft Financials Charge	\$677	\$663	\$663
7295 Professional & Special Services	\$395,504	\$423,983	\$423,983
7296 Data Processing Services	\$11,382	\$16,652	\$16,652
7325 Publication & Legal Notices	\$3,000	\$3,000	\$3,000
7340 Office Leases	\$26,029	\$26,248	\$26,248
7355 Postage Equipment Rental	\$0	\$382	\$382
7412 Mileage	\$1,000	\$2,000	\$2,000
7415 Commissioner Per Diem	\$4,500	\$4,500	\$4,500
7417 Trans & Travel - Comm & Adv Bds	\$4,500	\$6,000	\$6,000
8300 Fixed Assets (Computers)	\$0	\$3,000	\$3,000
8991 Contingencies	\$3,000	\$3,000	\$3,000
Total	\$480,169	\$521,486	\$521,486

TOTAL RECOMMENDED APPROPRIATIONS FOR 2013-2014

EXHIBIT 2
FISCAL YEAR 2013-2014 FINAL BUDGET
Net Operating Cost and City/County Contribution Calculation

	RECOMMENDED FINAL FY 2013-2014 BUDGET
Total Operating Budget	\$521,486.00
Net Operating Cost (Total Budget Minus Fees and Reserve Contribution)	\$441,486.00
Contribution from Reserves	\$50,000.00
Fees	\$30,000.00
Fees and Fund Balance Contribution	\$80,000.00
Cities' Contribution (The actual apportionment will be determined by the County Auditor)	\$220,743.00
County Contribution	\$220,743.00
City/County Contribution	\$441,486.00
Total Revenue	\$521,486.00

EXHIBIT 3
FISCAL YEAR 2013-2014 FINAL BUDGET
Special Fund Balance

	RECOMMENDED FINAL FY 2013-2014 BUDGET
Estimated Fund Balance as of June 30, 2013	\$185,841.00
Separate Legal Reserve Account Not Included in General Fund Balance	\$60,000.00
Estimate of Benefits Payout	\$19,000.00
Office Equipment Reserve Account	\$3,000.00
General Fund Contribution	\$50,000.00
General Fund Balance Excluding Reserves and Contributions	\$113,841.00
Percentage of Budget Remaining In Special Fund After Transfer	21.83%

EXHIBIT 4
FINAL FISCAL YEAR 2013-2014 BUDGET
ACCOUNT #7295 - PROFESSIONAL AND SPECIALIZED SERVICES
General Administrative, Auditor-Controller, Professional and Specialized, Salaries/Benefits

BUDGET ITEM	ADOPTED FY 2012-2013 BUDGET	RECOMMENDED FINAL FY 2013-2014 BUDGET	ADOPTED FINAL FY 2013-2014 BUDGET
GENERAL COUNTY			
Administrator, Personnel, Employee Relations,	\$2,000	\$2,000	\$2,000
SUB-TOTAL	\$2,000	\$2,000	\$2,000
AUDITOR-CONTROLLER TREASURER-TAX COLLECTOR			
Payroll Services		\$850	\$850
Financial Statements and General Accounting	\$7,100	\$3,000	\$3,000
Bookkeeping Service	\$0	\$6,000	\$6,000
SUB-TOTAL	\$7,100	\$9,850	\$9,850
PROFESSIONAL & SPECIALIZED SERVICES			
Fresno Co. Assessor	\$4,500	\$4,500	\$4,500
LAFCo Counsel	\$80,000	\$85,000	\$85,000
Fresno Co. Elections	\$500	\$600	\$600
Fresno Co. Health	\$1,760	\$1,760	\$1,760
Special Counsel	\$6,000	\$6,000	\$6,000
Executive Officer Compensation	\$102,567	\$130,083	\$130,083
SUB-TOTAL	\$195,327	\$227,943	\$227,943
SALARIES AND BENEFITS			
6100 - Regular Salaries	\$103,825	\$101,842	\$101,842
6200 - Extra Help	\$0	\$0	\$0
6300 - Overtime	\$0	\$0	\$0
6350 - Unemployment Insurance	\$1,590	\$617	\$617
6400 - Retirement Contribution	\$54,754	\$57,337	\$57,337
6500 - Oasdi Contribution	\$7,761	\$7,792	\$7,792
6550 - Workers Comp Contribution	\$235	\$235	\$235
6600 - Health Insurance Contribution	\$15,760	\$15,820	\$15,820
6650 - Life & Disability Insurance	\$288	\$292	\$292
6670 - Benefit Administration	\$280	\$255	\$255
SUB-TOTAL	\$184,493	\$184,190	\$184,190
GRAND TOTAL	\$388,920	\$423,983	\$423,983

* Portion of County Support - Total Contribution of Salaries and Benefits

EXHIBIT 5

FISCAL YEAR 2013-2014 FINAL BUDGET
Salaries and Benefits - County Employees

Fund No.: 0001 General Fund
Subclass No.: 10000
Org No.: Fresno Local Agency Formation Commission Contract

Account Number & Description	ADOPTED FY 2012-2013 BUDGET	RECOMMENDED FINAL FY 2013-2014 BUDGET	ADOPTED FINAL FY 2013-2014 BUDGET
6100 - Regular Salaries	\$103,825	\$101,842	\$101,842
6200 - Extra Help	\$0	\$0	\$0
6300 - Overtime	\$0	\$0	\$0
6350 - Unemployment Insurance	\$1,590	\$617	\$617
6400 - Retirement Contribution	\$42,111	\$57,337	\$57,337
6500 - Oasdi Contribution	\$7,761	\$7,792	\$7,792
6550 - Workers Comp Contribution	\$235	\$235	\$235
6600 - Health Insurance Contribution	\$15,820	\$15,820	\$15,820
6650 - Life & Disability Insurance	\$288	\$292	\$292
6670 - Benefit Administration	\$280	\$255	\$255
Total Salaries and Benefits	\$171,910	\$184,190	\$184,190

EXHIBIT 6

FINAL FISCAL YEAR 2013-2014 BUDGET
Salaries and Benefits - Executive Officer

Executive Officer

Org No.: Fresno Local Agency Formation Commission Contract

Account Number & Description	ADOPTED 2012-2013 BUDGET	RECOMMENDED FINAL FY 2013-2014 BUDGET	ADOPTED FINAL FY 2013-2014 BUDGET
Salary	\$90,000	\$100,000	\$100,000
Car Allowance (\$400/month)	4,800	\$4,800	\$4,800
Worker's Comp (Quote from insurance company)	660	\$720	\$720
6350 - Unemployment Insurance	846	\$846	\$846
6400 - Retirement	0	\$7,500	\$7,500
6500 - Oasdi Contribution	6,885	\$8,017	\$8,017
6600 - Health Insurance	0	\$7,908	\$7,908
6650 - Life & Disability	0	\$292	\$292
Total Salaries and Benefits	103,191	\$130,083	\$130,083

OASDI rate of .062 + Medicare rate of .0145 times gross salary

EXHIBIT 2

**LAFCO
MID YEAR BUDGET STATUS
FYE 06/30/14**

	<u>Annual Budget</u>	<u>Jul '13 - Dec '13</u>	<u>% of Budget</u>	<u>Difference</u>
Ordinary Revenue/Expense				
Revenue				
Contribution from Reserves	50,000.00	0.00	0.0%	-50,000.00 *
Fees Revenue - Other	30,000.00	36,056.96	120.19%	6,056.96
Fees Revenue - Cities' Contrib.	220,743.00	220,743.00	100.0%	0.00
Fees Revenue - County Contrib.	220,743.00	220,743.00	100.0%	0.00
Total Revenue	521,486.00	477,542.96	91.57%	-43,943.04
Expense				
General County				
Admin, Personnel, Emp Relations	2,000.00	0.00	0.0%	-2,000.00
Total General County	2,000.00	0.00	0.0%	-2,000.00
Auditor Control. Treas-Tax Coll				
Payroll Service Fees	850.00	868.56	102.18%	18.56
Financial Stmt. & Gen. Acctg.	3,000.00	1,436.27	47.88%	-1,563.73
Bookkeeping Services	6,000.00	1,068.12	17.8%	-4,931.88
Independent Financial Audit	0.00	0.00	0.0%	0.00
Total Auditor Control. Treas-Tax Coll	9,850.00	3,372.95	34.24%	-6,477.05
Professional & Specialized Serv				
Consultants		15,474.92		
Fresno Co. Assessor	4,500.00	1,700.00	37.78%	-2,800.00
LAFCO Counsel	85,000.00	16,666.89	19.61%	-68,333.11
Fresno County Elections	600.00	0.00	0.0%	-600.00
Fresno Co. Health	1,760.00	528.00	30.0%	-1,232.00
Special Counsel	6,000.00	0.00	0.0%	-6,000.00
Executive Officer Compensation				
Salary	100,000.00	47,499.96	47.5%	-52,500.04
Car Allowance	4,800.00	3,000.00	62.5%	-1,800.00
Worker's Compensation	720.00	0.00	0.0%	-720.00

LAFCO
MID YEAR BUDGET STATUS
FYE 06/30/14

	<u>Annual Budget</u>	<u>Jul '13 - Dec '13</u>	<u>% of Budget</u>	<u>Difference</u>
63501 · Unemployment Insurance	846.00	0.00	0.0%	-846.00
64001 · Retirement	7,500.00	0.00	0.0%	-7,500.00
65001 · OASDI Contribution	8,017.00	3,633.78	45.33%	-4,383.22
Health Insurance	7,908.00	8,575.20	108.44%	667.20
Life & Disability	292.00	305.80	104.73%	13.80
Total Executive Officer Compensation	130,083.00	63,014.74	48.44%	-67,068.26
Total Professional & Specialized Serv	227,943.00	97,384.55	42.72%	-130,558.45
Salaries & Benefits				
6100 · Regular Salaries	184,190.00	91,043.16	49.43%	-93,146.84
Total Salaries & Benefits	184,190.00	91,043.16	49.43%	-93,146.84
Other Expenses				
7040 · Telephone Charges	1,108.00	775.19	69.96%	-332.81
7101 · Liability Insurance	12,203.00	12,263.66	100.5%	60.66
7175 · Property/Other Insurance	0.00	0.00	0.0%	0.00
7205 · Maintenance-Equipment	676.00	292.26	43.23%	-383.74
7250 · Professional Membership	6,466.00	0.00	0.0%	-6,466.00
7265 · Office Operations Expense	6,000.00	2,209.20	36.82%	-3,790.80
7268 · Postage	5,000.00	543.78	10.88%	-4,456.22
7286 · PeopleSoft Human Res. Charge	605.00	223.27	36.9%	-381.73
7287 · PeopleSoft Financials Charge	663.00	415.26	62.63%	-247.74
7296 · Data Processing Service	16,652.00	8,561.36	51.41%	-8,090.64
7325 · Publication & Legal Notices	3,000.00	1,092.79	36.43%	-1,907.21
7340 · Office Leases	26,248.00	12,665.77	48.25%	-13,582.23
7355 · Postage Equipment Rental	382.00	500.00	130.89%	118.00
7412 · Mileage	2,000.00	506.24	25.31%	-1,493.76
7416 · Conference Education Expenses	6,000.00	1,622.26	27.04%	-4,377.74
7417 · Transportation and Travel	6,000.00	538.94	8.98%	-5,461.06
7415 · Commissioners Per Diem	4,500.00	2,350.00	52.22%	-2,150.00
8300 · Fixed Assets (Computers)	3,000.00	0.00	0.0%	-3,000.00

LAFCO
MID YEAR BUDGET STATUS
FYE 06/30/14

	<u>Annual Budget</u>	<u>Jul '13 - Dec '13</u>	<u>% of Budget</u>	<u>Difference</u>
8991 · Contingencies	3,000.00	0.00	0.0%	-3,000.00
Total Other Expenses	<u>103,503.00</u>	<u>44,559.98</u>	43.05%	<u>-58,943.02</u>
 Total Expense	 <u>527,486.00</u>	 <u>236,360.64</u>	 44.81%	 <u>-291,125.36</u>
 Net Ordinary Revenue	 -6,000.00	 241,182.32	 -4,019.71%	 247,182.32
 Other Revenue/Expense				
Other Revenue				
Interest Revenue		24.22		
Total Other Revenue		<u>24.22</u>		
 Net Other Revenue		 <u>24.22</u>		
 Net Revenue	 <u><u>-6,000.00</u></u>	 <u><u>241,206.54</u></u>	 <u><u>-4,020.11%</u></u>	 <u><u>247,206.54</u></u>

*Approved budget included Contribution from Reserves.
 Funding exists but never allocated. This will be remedied in early
 2014 by opening an interest bearing bank account to be used as
 needed.