



Solano Local Agency Formation Commission

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Staff Report

DATE: March 9, 2020
 TO: Local Agency Formation Commission
 FROM: Rich Seithel
 SUBJECT: Mid-Year Budget Status

DISCUSSION:

The FY 2019/20 mid-year (MY) budget status provides an overview of LAFCO’s expenses and revenues through December 31, 2019. The Commission adopted a \$697,726 FY 19/20 operating budget on June 10, 2019. After rolling over encumbrances of \$2,849 for a laptop computer and \$74,025 for the Levee and Reclamation Districts Municipal Service Review, the FY 2019/20 adjusted budget is \$774,600.

This report includes a mid-year review of the financial activities and the presentation of a spreadsheet (Attachment 1) showing: adopted budget; adjusted budget; line item budgeted expenditures and receipts; mid-year results, and; year-end estimates.

Adopted Budget:

The \$697,726 FY 19/20 adopted budget includes:

Adopted Budget		
Salaries and Employee Benefits	\$379,275	54%
Services and Supplies	\$300,558	43%
20% Reserve Requirement Adjustment	\$ 17,893	3%
Total Expenses	\$697,726	100%

Licenses & Permits, Other	\$ 10,000	1%
Interest Income	\$ 3,000	1%
Other Governmental Agencies	\$ 629,726	90%
Fund Balance	\$ 55,000	8%
Total Revenue	\$697,726	100%

Commissioners

Jim Spring, Chair • Nancy Shopay, Vice-Chair • Harry Price • Ron Rowlett • John Vasquez

Alternate Commissioners

Ron Kott • Shawn Smith • Skip Thomson

Staff

Rich Seithel, Executive Officer • Michelle McIntyre, Sr. Analyst • P. Scott Browne, Legal Counsel

Adjusted Budget:

Two budget adjustments, totaling \$76,874, were made post-adoption:

1. A budget adjustment of \$74,025 (sub-object #0002245) was required because of the Levee and Reclamation District municipal service review. The Commission entered into a contract in FY 2018-19, and work continues to the current fiscal year. The contract was budgeted in FY 2018-19 and rolled over into the current FY.
2. A budget adjustment of \$2,849 was required because of a pc that was purchased in FY 2018-19 but was not delivered until the current FY.

By budget category, the FY 19/20 budget, after adjustments, is:

Adjusted Budget	<i>Adopted</i>	<i>Adjustment</i>	<i>Total</i>
Salaries and Employee Benefits	\$379,275		\$379,275
Services and Supplies	\$300,558	\$ 76,874	\$377,432
20% Reserve Requirement Adjustment	\$ 17,893		\$ 17,893
Total Expenses	\$697,726	\$ 76,874	\$774,800

From a revenue perspective, FY 18/19 funds budgeted for the two expenditures were not expended in FY 18/19 and are rolled over to cover these expenditures in FY 19/20.

Mid-Year Analysis ¹:

At Mid-Year, expenses total \$409,421 (52.9%) and revenues total \$690,632 (106.2%) of the adjusted budget.¹

Mid-Year	Adjusted	MY Actual	%
Salaries and Employee Benefits	\$ 379,275	149,908	39.5%
Services and Supplies	\$ 377,432	241,620	64.0%
20% Reserve Requirement Adjustment	\$ 17,893	17,893	100.0%
Total Expenses	\$ 774,600	\$409,421	52.9%

Licenses & Permits, Other -	\$ 10,000	57,492	574.9%
Interest Income	\$ 3,000	3,415	113.8%
Other Governmental Agencies	\$ 629,726	629,725	100.0%
Fund Balance appropriation + roll over	\$ 131,874	131,874	100.0%
Total Revenue	\$ 774,600	822,506	106.2%

¹ Note: See attachment #1 for: adopted budget; adjusted budget; line item budgeted expenditures and receipts; mid-year results, and; year-end estimates

A mid-year budget breakdown by line item is attached (Attachment #1). You may note on Attachment #1 that a few line items vary notably from the mid-year (50%) mark. Following is a discussion of items that reflect a notable variance from 50% and have a significant dollar amount budgeted:

1. *Salaries and Benefits (1000 series):*

At mid-year, salaries and benefits are at \$149,908, which is 39.5% of the adjusted budget. The mid-year salaries and benefits items are less than forecast for the following reasons:

- The Senior Analyst position was funded at full-time; however, the employee was on 100% disability for the second quarter of the fiscal year (and is currently on 50% disability). This resulted in a savings of approximately \$15,000 to LAFCO because a portion of the employee's salary was covered by State Disability Insurance. (Estimate due to an SDI unpaid balance)
- The LAFCO Tech position was budgeted as a part-time employee (.5 FTE), with benefits (pro-rata), totaling \$42,688 for the FY. This position was vacant for the first-half of FY 19/20.
- To immediately address the long-term absence of the Senior Analyst, an extra-help employee (no benefits) was hired for 16 hours per week for the second quarter of FY 2019-20 to assist with administrative and research tasks. The total cost to LAFCO at mid-year was \$10,373.

2. *Services and Supplies (2000 series):*

Overall, at mid-year, the Services and Supplies account (2000 series) is at 64.0% of the Adjusted Budget. The expenditures for the special fire study and the Levee and Reclamation Districts MSR (line item 2245) are helping drive the early FY spending, as well as, annual charges that are paid in the first quarter (i.e., Rents & Leases). The spending trend will flatten out in the second half of FY 19/20.

In addition, at mid-year, Central Data Processing Services (CDPS) (#2266), was \$3,400 higher than budget due to LAFCO staff differentiating the cost of County DoIT for computer services and mapping services. We have since been advised that all costs associated with DoIT should be budgeted under CDPS. A line-item adjustment may be necessary prior to the close of the FY.

3. *Revenue (9000):*

At mid-year, \$690,632 in revenue (not including applied fund balance) representing 107% of the budget, was received. This represents an additional \$47,905 that is primarily the result of project application fees. Revenue from project applications was approximately \$47,500 higher than anticipated due to FY 18/19 projects that were certified complete and fees deposited in the first quarter of FY 19/20.

Year-End Estimates:

The Commission's FY 19/20 Budget continues to be financially sound. Each category is projected to be within their budgeted amounts at year-end. As calculated in Attachment #1, staff forecasts year-end expenditures of 94% of the adjusted budget and revenues of 107%.

	<i>Adjusted</i>	<i>MY Actual</i>	<i>YE Est</i>	<i>% of Adj</i>
Salaries and Employee Benefits	\$ 379,275	\$ 149,908	\$ 337,346	89%
Services and Supplies	\$ 377,432	\$ 241,620	\$ 371,830	99%
20% Reserve Requirement Adjustment	\$ 17,893	\$ 17,893	\$ 17,893	100%
Total Expenses	\$ 774,600	\$ 409,421	\$ 727,070	94%
Licenses & Permits, Other -	\$ 10,000	\$ 57,492	\$ 60,492	605%
Interest Income	\$ 3,000	\$ 3,415	\$ 5,122	171%
Other Governmental Agencies	\$ 629,726	\$ 629,725	\$ 629,725	100%
Fund Balance appropriation + roll over	\$ 131,874	\$ 131,874	\$ 131,874	100%
Total Revenue	\$ 774,600	\$ 822,506	\$ 827,214	107%

RECOMMENDATION:

It is recommended that the Commission ACCEPT the FY 2019/20 Mid-Year Budget Status update.

	Description	FY 18/19 Actuals	FY 19/20 Adopted Budget (WB)	FY 19/20 Adjusted Budget ¹ (AB)	FY 19/20 Actuals MidYear (MY)	AB - MY	Percent (MY/AB)	YE Est.	YE Est - AB	YE as % of AB	
EXPENSES	1000	Salaries & Employee Benefits									
	1110	SALARY/WAGES REGULAR	247,838	283,224	283,224	109,318	173,906	38.6%	240,540	(42,684)	85%
	1121	SALARY/WAGES-EXTRA HELP	0	0	0	8,068	(8,068)	-	18,442	18,442	-
	1210	RETIREMENT-EMPLOYER	28,278	39,631	39,631	11,533	28,098	29.1%	39,631	-	100%
	1212	DEFERRED COMP-COUNTY MATCH	155	390	390	120	270	30.8%	240	(150)	62%
	1220	FICA-EMPLOYER	3,816	3,722	3,722	2,388	1,334	64.2%	4,776	1,054	128%
	1230	HEALTH INS-EMPLOYER	18,234	27,086	27,086	8,101	18,985	29.9%	18,201	(8,885)	67%
	1231	VISION CARE INSURANCE	318	600	600	146	454	24.3%	292	(308)	49%
	1240	COMPENSATION INSURANCE	797	963	963	1,622	(659)	168.4%	1,622	659	168%
	1241	LT DISABILITY INSURANCE ER	1,374	1,374	1,374	630	744	45.8%	1,374	-	100%
	1250	UNEMPLOYMENT INSURANCE	868	1,302	1,302	434	868	33.3%	1,302	-	100%
	1260	DENTAL INS-EMPLOYER	1,512	2,931	2,931	746	2,185	25.5%	1,493	(1,439)	51%
	1270	ACCRUED LEAVE CTO PAYOFF	5,703	15,949	15,949	5,970	9,979	37.4%	7,770	(8,179)	49%
	1290	LIFE INSURANCE-EMPLOYER	1,815	2,103	2,103	832	1,271	39.6%	1,664	(439)	79%
			310,708	379,275	379,275	149,908	229,367	39.5%	337,346	(41,929)	89%
	2000	Services and Supplies									
	2021	COMMUNICATION-TELEPHONE SYSTEM	553	748	748	0	748	0.0%	748	-	100%
	2026	CELL PHONE ALLOWANCE	600	1,200	1,200	670	530	55.9%	1,341	141	112%
	2028	TELEPHONE SERVICES	2,941	2,780	2,780	1,277	1,503	45.9%	2,780	-	100%
	2051	LIABILITY INSURANCE	4,339	4,556	4,556	5,075	(519)	111.4%	5,075	519	111%
2140	MAINTENANCE-BLDGS & IMPROVE	175	400	400	0	400	0.0%	400	-	100%	
2170	MEMBERSHIPS	5,141	5,913	5,913	5,822	91	98.5%	5,822	(91)	98%	
2180	BOOKS & SUBSCRIPTIONS	168	400	400	0	400	0.0%	400	-	100%	
2200	OFFICE EXPENSE	2,249	3,000	3,000	1,143	1,857	38.1%	3,000	-	100%	
2202	CONTROLLED ASSETS \$1500-\$4999 ¹	2,195	1,800	4,649	2,849	1,800	61.3%	4,649	-	100%	
2205	POSTAGE	132	500	500	298	202	59.6%	596	96	119%	
2235	ACCOUNTING & FINANCIAL SERVICE	22,223	9,800	9,800	1,816	7,984	18.5%	9,800	-	100%	
2239	LEGAL SERVICE	0	0	0	12	(12)	-	12	12	-	
2245	CONTRACTED SERVICES ¹	37,913	120,000	194,025	165,682	28,343	85.4%	194,025	-	100%	
2250	OTHER PROFESSIONAL SERVICES	36,303	85,610	85,610	10,328	75,282	12.1%	62,298	(23,312)	73%	
2266	CENTRAL DATA PROCESSING SVCE	9,797	16,440	16,440	19,874	(3,434)	120.9%	39,752	23,312	242%	
2270	SOFTWARE	159	600	600	492	108	82.0%	600	-	100%	
2280	PUBLICATIONS AND LEGAL NOTICES	418	2,260	2,260	286	1,974	12.7%	2,260	-	100%	
2285	RENTS & LEASES - EQUIPMENT	5,074	6,368	6,368	2,734	3,634	42.9%	6,368	-	100%	
2295	RENTS & LEASES-BUILDINGS/IMPR	17,600	17,483	17,483	16,792	691	96.0%	16,792	(691)	96%	
2310	EDUCATION & TRAINING	450	2,000	2,000	173	1,827	8.7%	2,000	-	100%	
2335	TRAVEL EXPENSE	1,276	10,000	10,000	2,456	7,544	24.6%	4,912	(5,088)	49%	
2337	MEALS/REFRESHMENTS	193	0	0	0	0	-	-	-	-	
2339	MANAGEMENT BUSINESS EXPENSE	754	500	500	240	260	48.1%	500	-	100%	
2354	CAR ALLOWANCE	6,900	7,200	7,200	3,600	3,600	50.0%	7,200	-	100%	
2355	PERSONAL MILEAGE	517	1,000	1,000	0	1,000	0.0%	500	(500)	50%	
		158,069	300,558	377,432	241,620	135,812	64.0%	371,830	(5,602)	99%	
OTHER	Other Expenses										
	20% RESERVE POLICY ADJ		17,893	17,893	17,893	17,893	100.0%	17,893	-	100%	
TOTAL	TOTAL EXPENSES	468,777	697,726	774,600	409,421	383,072	52.9%	727,070	(47,531)	94%	
REVENUE	9200	Licenses & Permits-Other									
	9229	LICENSES & PERMITS-OTHER	52,340	10,000	10,000	57,492	47,492	574.9%	60,492	50,492.00	605%
	9400	Revenue From Useof Money/Prop									
	9401	INTEREST INCOME	12,000	3,000	3,000	3,415	415	113.8%	5,122	2,122.38	171%
	9500	Intergovernmental Revenues									
9511	OTHER GOVERNMENTAL AGENCIES	470,293	629,726	629,726	629,725	(1)	100.0%	629,726	-	100%	
TOTAL	TOTAL REVENUE	534,633	642,726	642,726	690,632	47,906	107.5%	695,340	52,614	108%	
SUMMARY	Expenses	1000		379,275	379,275	149,908	229,367	39.5%	337,346	(41,929)	89%
		2000		300,558	377,432	241,620	135,812	64.0%	371,830	(5,602)	99%
		Reserve Adjustment		17,893	17,893	17,893	17,893	100.0%	17,893	-	100%
		TOTAL EXPENDITURES		697,726	774,600	409,421	383,072	52.9%	727,070	(47,531)	94%
	Revenue	9200		10,000	10,000	57,492	47,492	574.9%	60,492	50,492	605%
		9400		3,000	3,000	3,415	415	113.8%	5,122	2,122.38	171%
		9500		629,726	629,726	629,725	(1)	100.0%	629,726	-	100%
		Fund Balance Appropriation		55,000	55,000	55,000	0	100.0%	55,000	-	100%
		Encumbrance Roll-over		0	76,874	76,874	0	100.0%	76,874	-	100%
		TOTAL REVENUE		697,726	774,600	822,506	47,906	106.2%	827,214	52,614	107%
740	Fund Balance (EOY)	119,845	64,845	64,845				164,990			
730	Reserve (20% operating expense)		135,967								

¹ 2 adjustments: 1) controlled assets roll-over of \$2,849 for PC and 2) contracted services roll-over of \$74,025 for Reclamation District MSR