



STAFF REPORT

Meeting Date: January 19, 2005

TO: LAFCO Commissioners
FROM: Everett Millais, Executive Officer
SUBJECT: Budget Report – First Quarter FY 2004-05

RECOMMENDATION:

- A. Receive and file the budget report for the first quarter of fiscal year 2004-05.
- B. Authorize the transfer of \$55,204.89 from Fund Balance to a “Designation for Subsequent Years Financing” account.

DISCUSSION:

LAFCO policies and procedures require the Executive Officer to provide the Commission with quarterly budget reports as soon as information is available after the end of each fiscal quarter. The County Auditor-Controller prepared the attached Budget to Actual report for the first quarter of FY 2004 - 05, ending September 30, 2004 (25% of the fiscal year). This report was not available in time for the Commission’s last meeting in November.

Some of the highlights of this report are:

- While revenues collected were well in excess of 25% of the year, all of the revenues due from cities and special districts had not been received by September 30. All revenues due from the County had been received.
- Hardly any earned revenues from fees (Account Code 9772 Other Revenue – Miscellaneous) had been transferred from the trust account by September 30. This is due to the fact that cases acted on by the Commission in July and

COMMISSIONERS AND STAFF

COUNTY: Kathy Long Linda Parks <i>Alternate:</i> Steve Bennett	CITY: Don Waunch John Zaragoza <i>Alternate:</i> Janice Parvin	SPECIAL DISTRICT: Ted Grandsen Dick Richardson <i>Alternate:</i> George Lange	PUBLIC: Kenneth M. Hess <i>Alternate:</i> Vacant
EXECUTIVE OFFICER: Everett Millais	LAFCO ANALYST: Vacant	OFFICE MANAGER/CLERK: Debbie Schubert	LEGAL COUNSEL: Leroy Smith

September had not been recorded by September 30, primarily due to the need for applicants to first comply with all conditions of approval. This will change during the course of the year and it is expected that fee revenues will match or exceed the amount budgeted.

- Expenditures for salaries and benefits were at only 16% of budget, partially due to the maternity leave of the LAFCO Analyst during July and August.
- Services and Supplies expenditures were at 37% of budget, but this includes encumbered funds for the contract with Joyce Crosthwaite for municipal service reviews (\$61,430.00), public works charges (\$17,145.30) and other encumbrances that extend beyond September 30. Without the full fiscal year encumbrances, services and supplies expenditures were at only 11% of budget.

If at the end of a fiscal year there are funds in excess of what is needed, State law provides that the Commission can retain those funds and calculate them into the following fiscal year's budget. (Gov. Code §56381(c)) Doing this basically offsets LAFCO's costs for the County, the cities and the independent special districts in subsequent years. The attached first quarter Budget to Actual report reflects that there is \$55,204.89 of the end of the year Fund Balance in excess of the amount needed to balance the budget for FY 2004-05. For accounting purposes, it is recommended that the Commission now authorize this amount to be transferred to a "Designation for Subsequent Years Financing" account. This means that this amount will not be reflected in the FY 2004-05 budget, but will be available for FY 2005-06 or some subsequent year as determined by the Commission. As the Commission reviews and acts on the budget for FY 2005-06, it is likely that staff will recommend that this amount be transferred back into Fund Balance to offset charges to the County, the cities and the independent special districts next fiscal year.