

SONOMA LOCAL AGENCY FORMATION COMMISSION

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Staff Report

Meeting Date: December 5, 2018

Agenda No. 3.3

Agenda Item Title: Report of Expenditures and Revenues Through Quarter 1, 2018-19

Proposal: Staff requests that the Commission review and accept the report of expenditures and revenues through the first quarter of Fiscal Year 2018-19

Environmental Determination: Not a project under CEQA

Staff Contact: Carole Cooper

ANALYSIS

Background

After the end of each quarter in a fiscal year, staff reports to the Budget Committee and the full Commission regarding the level of expenditures and revenues through that time period. This report discusses the expenditures and revenues through the end of the first quarter of Fiscal Year 2018-19.

A spreadsheet is attached, for Commissioners' information. A report and data were provided to members of the Budget Committee in November.

Overall

Expenditures through the first quarter of the fiscal year totaled \$186,573, or about 23 percent of the Adopted Budget of \$796,055. Revenues of \$678,575 were received during the quarter. Details are provided in a narrative below.

Expenditures: Salaries and Benefits

The first quarter covered 5.1 pay periods, or 19.6 percent, of the total 26 pay periods in the fiscal year. The expenditure of \$116,487 is 19.7 percent of the total Adopted Budget amount of \$590,835, which appears to put the expenditure on target for the year. It should be noted, however, that in subsequent quarters, substantially greater salary and benefits expenditures will occur. There are several reasons for this:

1. The first-quarter expenditure does not reflect salary or benefits for the half-time Commission Clerk position. Staff hopes that the new employee will join us before the end of December. The timing will reduce the overall cost but will still add to the salary/benefit expenditure for the year. As part of its deliberations on the 2018-19 budget, the Commission directed use of the Fund Balance monies to partially cover increased staff costs not covered by budgeted revenues, with the remaining increase projected to be covered by the Fund Balance in the 2019-20 budget. Subsequently, all staff costs will be reflected in the budget and covered with budgeted revenues.
2. The Executive Officer's salary adjustment authorized by the Commission last May, while reflected in actual salary and benefits expenditures, was not included in the Adopted Budget amount. The Commission directed staff to use Fund Balance monies, during the current year, to cover the cost of the salary adjustment, should received revenue not. As the year progresses, an expenditure greater than revenues is anticipated.

Staff will continue to monitor budget expenditures throughout the year and may request a budget adjustment, prior to the close of the fiscal year, if necessary to transfer monies

from the Fund Balance to an Adjusted Budget. The County Auditor's Office will not allow expenditure beyond appropriations.

Expenditures: Services and Supplies

Approximately 34 percent of the Services and Supplies Adopted Budget of \$205,220 was expended in the first quarter. Several accounts were expended at a level greater than 25 percent of the fiscal year. These are discussed below:

- Account 51211 (Legal Services) – The \$6,528 expended reflects both typical legal counsel preparation for, and attendance at, Commission meetings and work associated with (a) revision of the Roseland Area reorganization resolution to align with the City of Santa Rosa-County of Sonoma pre-annexation agreement; (b) emergency medical services issues; and (c) proposed amendments to the Commission's memorandum of understanding with the County regarding staffing.
- Accounts 51602 (Travel Expense) and 51605 (Private Car Expense) – The almost \$4,200 expended reflects some of the costs of registration and attendance at the October 2018 CALAFCO Annual Conference. Additional expenditures will be reported in the second quarter.
- Account 51801 (Other Services-Relocation) – Although just less than \$4,000 was expended in this account, staff notes that almost \$6,000 was spent near the end of 2018-19 for relocation purposes. When the current-year budget was being prepared, staff had expected all relocation expenses to be incurred in 2018-19.
- Account 52091 (Memberships) – The \$4,271 reflects current-year membership with CALAFCO, which is paid once during the fiscal year.
- Account 52112 (Office Furniture) - \$29,673 was expended to cover the costs associated with furnishing offices and conference room at Sonoma LAFCO's new office location in downtown Santa Rosa. This is an increase over the projected cost of \$25,000.

Revenues

Revenues received through the end of the first quarter totaled \$678,575, 85 percent of the Adopted Budget amount. Agency apportionments of \$661,174 were the primary revenue source. \$4,184 was received as interest on invested cash, an amount greater than anticipated. Additionally, \$12,800 in processing fees was received.

Fund Balance

At the end of 2017-18, the combination of less-than-expected expenditures and more-than-anticipated revenues resulted in an addition to the Fund Balance of just over \$97,500. The 2018-19 budget anticipates use of Fund Balance monies of approximately

\$124,000. Based on these projections, staff anticipates that approximately \$200,000 will remain available at year end. Staff will continue to monitor funds during the fiscal year.

RECOMMENDATION

Staff recommends that the Commission review, consider, and accept the report of expenditures and revenues for the first quarter of Fiscal Year 2018-19,

ALTERNATIVES TO RECOMMENDATION

None

ATTACHMENTS

1. Sonoma LAFCO Expenditures and Revenue through Quarter 1, Fiscal Year 2018-19.