

SHASTA LAFCO

Report to the Shasta Local Agency Formation Commission

From: Jan Lopez, Executive Officer

Meeting Date: January 9, 2013
Agenda Item #: 5.b. (1)
Subject: Budget 1st Quarter Review

Background and Discussion

We are providing you with an Interim Budget report for the 1st Quarter of 2013-2014. The appearance and organization of this report will be somewhat different from what you have received in the past but will, it is hoped, provide you with a clearer picture of the agency's ongoing fiscal health. In addition, we have projected estimated costs for the next three quarters to provide the Commission with a sense as to what can be expected absent incurring any further extraordinary unbudgeted costs.

You will first notice that Salaries & Benefits are projected to reach the 4th Quarter under budget, and includes all executive officer expenses for this fiscal year. This accommodates the reorganization of duties in the office to address our need for degrees of separation on fiscal matters.

Kathy Bull is managing all agency financial matters, basic office administration tasks, and is a temporary part-time employee. Her years of accounting experience include work as a fiscal officer in a county department managing budgets in excess of \$2 million, and as an assistant auditor-controller in private industry. Kari Pearson is providing support services on all the local agency studies, including coordination of files, contact with agencies, and data collection. She has past public district experience and will begin taking minutes at the February meeting.

Under Legal Services-Litigation we have identified and budgeted for \$25,000 as previously directed. It is possible that there could be additional extraordinary costs for this line item.

Special Studies Expenses includes California Department of Fish and Wildlife (CDFW) potential fees which may be charged for some of the larger agencies. We will be submitting requests for a No Effect Determination (NED) waiver on sphere of influence updates because they will not in themselves require any work on the ground by CDFW; future development or boundary change proposals will, however, and these fees will need to be paid by those applicants at that time. If successful with our request, we will not need to use this line item.

Transition expenses identifies items needed for security of facilities and records, replenishment of supplies, and the replacement of one computer for the executive officer desk. That computer is identified only as LAFCO.

The basic amount to be maintained in the US Bank account will be \$15,000, the normal anticipated expenses for one month. The LAIF savings account will cover all expenses and

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retain a balance of approximately \$14,990 at the end of the fiscal year. This amount includes the \$5,000 shown in the contingency line item. We currently have no formal reserve accounts established, and intend to keep a documented record of future funds set aside specially for reserves until such time as we are able to do so.

Extraordinary unbudgeted expenses not accommodated by this budget total \$48,510, and account for the displayed overage in Expenses. Without these costs, the final estimated budget for the fiscal year would match the adopted budget and the cost difference would be zero.

Regardless, we have sufficient funds available to accommodate these costs, while still setting aside \$5,000 as contingency funds (part of the LAIF balance above).

Conclusions and Recommendations

We recommend continuing in this direction, closely monitoring normal and extraordinary business expenses.