

TO: MEMBERS, FORMATION COMMISSION

FROM: PAUL L. HOOD, EXECUTIVE OFFICER

DATE: JANUARY 17, 2008

SUBJECT: SECOND QUARTER 2007-08 LAFCO BUDGET REPORT

Attached is the Commission's Second Quarter Budget Report for the 2007-08 fiscal year. Overall second quarter expenditures are at 53% with 50% of the fiscal year complete. Salaries and benefits are 50% expended and services and supplies are at 61% expended.

Services and supplies are 61% expended due to one time payments that were made at the beginning of the year and travel expenses for the CALAFCO Annual Conference that was held on August 2007. Travel expenses have increased over budget because of the Executive Officer's participation in CALAFCO as its Executive Officer. A \$3,000 stipend will be paid by CALAFCO at year-end to cover travel.

In the area of revenues, receipts from LAFCO applications are at 99%. This is because of the budgeted reduction in revenues and the submittal of a large annexation, the San Luis Obispo Airport Area. In addition Taxpayers' Watch continues to reimburse the Commission for the costs associated with processing the Proposal to Dissolve the Los Osos Community Services District. All funding agencies have paid their LAFCO charges.

Overall the Commission's budget is on-track at this point. Staff will return at the end of each quarter with a budget status report.