



San Diego County
Local Agency Formation Commission
 Regional Service Planning | Subdivision of the State of California

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AGENDA REPORT
 Consent | Action

February 6, 2023

TO: Commissioners

FROM: Keene Simonds, Executive Officer
 Erica Blom, Executive Assistant

SUBJECT: **Budget Update for 2022-2023 |**
2nd Quarter Actuals with Year-End Projections

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a report comparing budgeted and actual transactions through the second quarter of 2022-2023 and related analysis. The Commission finished the quarter expending 45.3% of budgeted expenses while collecting 89.4% of budgeted revenues. The report projects the Commission will finish the fiscal year generally as expected with a modest net surplus of \$0.045 million or 2.0%. No amendments are recommended at this time, although likely before the end of the fiscal year as detailed. The report is being presented to the Commission to formally accept as well as to provide direction to staff as needed.

BACKGROUND

San Diego LAFCO’s adopted budget for 2022-2023 totals \$2,260,664. This amount represents the total approved expenditures – operating and non-operating – for the current fiscal year and divided between \$1.254 million in employee costs and \$1.006 million in non-employee costs. A matching revenue total is also budgeted with four-fifths of the funding tied to appropriations collected from local agencies. The total unrestricted fund balance as of July 1, 2022 was \$1.520 million (unaudited) with \$0.870 million unassigned.

<p>Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103 T 619.321.3380 www.sdlafco.org lafco@sdcounty.ca.gov</p>	<p>Chair Jim Desmond County of San Diego</p> <p>Joel Anderson County of San Diego</p> <p>Nora Vargas, Alt. County of San Diego</p>	<p>Vacant Cities Selection Committee</p> <p>Vacant Cities Selection Committee</p> <p>Kristi Becker, Alt. City of Solana Beach</p>	<p>Stephen Whitburn City of San Diego</p> <p>Marni von Wilpert, Alt. City of San Diego</p>	<p>Jo MacKenzie Vista Irrigation</p> <p>Barry Willis Alpine Fire Protector</p> <p>David Drake, Alt. Rincon del Diablo</p>	<p>Andy Vanderlaan General Public</p> <p>Harry Mathis, Alt. General Public</p>
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DISCUSSION

This item is for San Diego LAFCO to receive an update comparison of budget to actual expenses and revenues through the second quarter (December 31, 2022). The report provides the Commission the opportunity to track trends and provide related direction as needed.

Expenses

San Diego LAFCO's budgeted expense total for 2022-2023 is \$2.260 million. Actual expenses booked through the second quarter total \$1.025 million. This booked amount represents 45.3% of the budgeted total with 50% of the fiscal year complete. The actuals paired with staff analysis suggests LAFCO is on pace to finish with \$2.247 million in total expenses. Should this projection hold, LAFCO will achieve an unexpended budgeted savings in expenses of \$0.014 million or 0.6%. An expanded discussion on budgeted and actuals through the first six months along with year-end projections within the three expense units follow.

Expense Unit | Salaries and Benefits

LAFCO has budgeted \$1.254 million in salaries and benefits in 2022-2023 with the proceeds largely tied to funding 8.0 fulltime equivalent positions.¹ Actual expenses through the second quarter total \$0.567 million or 45.2% of the budgeted amount with 50% of the fiscal year complete. Going forward it is expected overall actuals will total \$1.167 million through the end of the fiscal year with the reduction attributed to a prolonged vacancy in one of the budgeted analyst positions. If this projection holds, LAFCO will experience an overall unit surplus of \$0.087 million or 7.0% less any new amendments.

Expense Unit | Services and Supplies

LAFCO has budgeted \$0.753 million in services and supplies for 2022-2023 with the proceeds largely tied to payments to the County of San Diego for information technology and general support followed by a range of professional service expenses (i.e., legal, consultants, etc.). Actuals through the second quarter total \$0.379 million or 50.2% of the budgeted amount with 50% of the fiscal year complete. Going forward it is expected overall actuals will total \$0.827 million through the end of the fiscal year and this includes absorbing additional consultant usage. If this projection holds, LAFCO will experience an overall unit shortfall of (\$0.073 million) or (9.7%) less any new amendments.

Expense Unit | Non-Operating

LAFCO has budgeted \$0.253 million in non-operating costs involving debt service and grant payments in 2022-2023. Total expenses billed within this unit during the second quarter total \$0.079 million and equals 31.2% of the budgeted amount. Going forward it is expected actuals will total \$0.253 million and result in a year-end net-zero balance.

¹ Other expenses booked in the salaries account include per diems, intern pay, and performance awards.

Revenues

San Diego LAFCO's budgeted revenue total for 2022-2023 is \$2.260 million. Actual revenues collected through the second quarter totals \$2.021 million. This amount represents 89.4% of the budgeted total with 50% of the fiscal year complete. These actuals paired with staff analysis suggest LAFCO's year-end revenue will total \$2.291 million. Should this projection hold, LAFCO will experience a budgeted surplus of \$0.030 million or 1.3% and attributed to excess application fees. An expanded discussion on budgeted and actual revenues through the first six months along with year-end projections follows.

Revenue Unit | Intergovernmental Fees

LAFCO has budgeted \$1.804 million in intergovernmental fees in 2022-2023. This total budgeted amount is divided between LAFCO's four agency membership categories based on statutory formula. All invoices have been received.

Revenue Unit | Service Charges

LAFCO has budgeted \$0.170 million in application fees in 2022-2023. Actuals through the second quarter totals \$0.144 million and represents 84.7% of the budgeted amount with 50% of the fiscal year complete. Staff anticipates the application fees will ultimately tally \$0.206 million, which would result in a year-end surplus of \$0.036 million or 21.4% less any new amendments.

Revenue Unit | Interest

LAFCO has budgeted \$0.015 million in interest earnings in 2022-2023. Actuals through the second quarter totals \$0.004 million and represents 24.2% of the budgeted total with 50% of the fiscal year complete. Staff anticipates interest collections will ultimately tally \$0.009 million and result in a year-end deficit of (\$0.006 million) or (39.6%).

Revenue Unit | Non-Operating

LAFCO has budgeted \$0.271 million in non-operating revenues involving fund balance usage and grant awards in 2022-2023. Actuals through the second quarter totals \$0.070 million and represents 25.8% of the budgeted total with 50% of the fiscal year complete. Staff anticipates full collection by the end of the fiscal year.

ANALYSIS

Activity through the second quarter of the fiscal year shows San Diego LAFCO is generally proceeding as planned and there are no significant outliers in either actual expenses or revenues. The extended vacancy in one of the budgeted analyst positions and the corresponding need for additional consultant usage – however – will necessitate amendments to transfer monies from the labor unit to non-labor unit and thereby ensuring the latter finishes in the black. These amendments will be presented as part of the third quarter review. Overall,

staff projects the Commission will finish with a modest net surplus of \$0.045 million or 2.0% and largely attributed to additional proposal filing fees.

RECOMMENDATION

It is recommended San Diego LAFCO accept and file the report and provide related direction to staff as needed. This recommendation is consistent with Alternative One outlined below.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):

Accept and file the report with any additional direction to staff as needed.

Alternative Two:

Continue to a future meeting and provide direction to staff with respect to any additional analysis or information requested.

PROCEDURES

This item has been placed on the agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation as provided unless otherwise specified by the Commission.

Respectfully,



Keene Simonds
Executive Officer

Attachment:

- 1) 2022-2023 Budget with Actuals Through December 31, 2022 and Year-End Projections

San Diego County Local Agency Formation Commission
 Regional Service Planning | Subdivision of the State of California

EXPENSES		FY2021-2022			FY2022-2023						
		Final	Amended	Actuals	Adopted	Amended	Actuals 2nd Quarter	Actuals % of Budget	Projected Year End	Projected % Expended	Projected \$ Balance
Salaries and Benefits Unit											
<u>Account No.</u>	<u>Description</u>										
51110-51310	Salaries and Wages	756,365	701,365	710,875	786,510	786,510	361,936	46.0%	736,983	93.7%	49,527
51410	Retirement - SDCERA	301,077	241,077	238,521	275,694	275,694	127,013	46.1%	260,916	94.6%	14,778
51415	Retirement - OPEB	9,164	9,164	7,744	9,030	9,030	4,024	44.6%	8,382	92.8%	648
51421	Retirement - OPEB Bonds	37,655	37,655	31,780	-	-	-	0.0%	-	0.0%	-
51450	Payroll Taxes	55,934	55,934	50,568	55,537	55,537	23,265	41.9%	50,139	90.3%	5,398
51510-51550	Group Insurance	130,169	110,169	104,715	125,476	125,476	50,808	40.5%	109,859	87.6%	15,617
51560	Unemployment Insurance	2,000	2,000	406	2,000	2,000	227	11.4%	568	28.4%	1,433
		1,292,364	1,157,365	1,144,609	1,254,248	1,254,248	567,273	45.2%	1,166,848	93.0%	87,400
Services and Supplies Unit											
<u>Account No.</u>	<u>Description</u>										
52074	Communications	6,336	6,336	7,562	12,961	12,961	2,366	18.3%	10,782	83.2%	2,180
52138	General Liability Insurance	10,788	10,788	12,402	12,402	12,402	12,737	102.7%	12,737	102.7%	(335)
52178	Vehicle - Maintenance	980	980	1,251	980	980	695	70.9%	1,195	121.9%	(215)
52182	Vehicle - Fuel	500	500	128	500	500	212	42.3%	500	100.0%	-
52270	Memberships	25,510	25,510	21,989	30,248	30,248	19,798	65.5%	26,948	89.1%	3,300
52304	Miscellaneous	50	50	146	50	50	8	16.0%	50	100.0%	-
52330	Office: General	6,420	6,420	13,519	8,211	8,211	6,861	83.6%	10,500	127.9%	(2,289)
52332	Office: Postage	250	250	219	250	250	22	8.8%	100	40.0%	150
52334	Office: Printing	8,000	8,000	20,124	15,000	15,000	5,674	37.8%	14,186	94.6%	814
52336	Office: Books and Guidelines	2,000	2,000	-	2,000	2,000	-	0.0%	250	12.5%	1,750
52338	Office: Drafting/Engineering	50	50	-	50	50	-	0.0%	-	0.0%	50
52344	Office: Supplies and Furnishings	14,300	69,300	59,726	14,600	14,600	1,954	13.4%	9,454	64.8%	5,146
52354	Office: County Mail Services	10,000	10,000	8,095	10,000	10,000	5,731	57.3%	11,463	114.6%	(1,463)
52370	Professional Services: Consultants	199,740	321,740	326,659	270,960	270,960	142,119	52.4%	355,297	131.1%	(84,336)
52490	Publications and Legal Notices	4,650	4,650	17,437	4,650	4,650	10,322	222.0%	15,483	333.0%	(10,833)
52504	Leases: Equipment	6,600	6,600	6,520	6,600	6,600	2,473	37.5%	6,182	93.7%	418
52530	Leases: Office Space	89,764	89,764	100,303	137,868	137,868	69,380	50.3%	138,759	100.6%	(891)
52550	Special Expenses: County Overhead	75,346	75,346	36,865	72,466	72,466	15,716	21.7%	35,360	48.8%	37,106
52562	Special Expenses: New Hire Backgrounds	-	-	49	-	-	270	-	270	-	(270)
52566	Special Expenses: Minor Equipment	500	500	1,485	500	500	-	0.0%	-	0.0%	500
52602	Computer Training	500	500	-	500	500	-	0.0%	-	0.0%	500
52610	Travel and Training In County	3,000	3,000	4,502	2,700	2,700	2,403	89.0%	3,604	133.5%	(904)
52612	Employee Auto	8,700	8,700	7,766	8,700	8,700	4,033	46.4%	8,066	92.7%	634
52622	Travel and Training Out of County	5,000	5,000	-	16,050	16,050	7,876	49.1%	12,876	80.2%	3,174
52721	IT Reimbursements: Network	30,000	30,000	36,411	26,553	26,553	8,069	30.4%	18,155	68.4%	8,398
52723	IT Reimbursements: Data Center	40,000	40,000	27,761	29,015	29,015	13,936	48.0%	31,357	108.1%	(2,342)
52725+28	IT Reimbursements: Financial Systems	20,000	20,000	18,973	40,146	40,146	13,083	32.6%	29,438	73.3%	10,708
52732	IT Reimbursements: Desktop Computing	25,000	25,000	71,257	21,488	21,488	11,693	54.4%	26,310	122.4%	(4,823)
52734	IT Reimbursements: Help Desk	3,000	3,000	2,218	2,331	2,331	1,032	44.3%	2,322	99.6%	10
52750	IT Reimbursements: Catalog Equipment	45,000	45,000	13,938	3,748	3,748	19,172	511.6%	43,138	1151.1%	(39,390)
52758	Fleet Reimbursements: Vehicle Lease	2,000	2,000	1,986	2,000	2,000	993	49.6%	1,986	99.3%	14
		643,984	820,983	819,291	753,528	753,528	378,628	50.2%	826,767	109.7%	(73,239)

EXPENSES CONTINUED...

		FY2021-2022			FY2022-2023						
		Final	Amended	Actuals	Adopted	Amended	Actuals 2nd Quarter	Actuals % of Budget	Projected Year End	Projected % Expended	Projected \$ Balance
Non Operating Unit											
<u>Account No.</u>	<u>Description</u>										
51421	Debt Service: OPEB Obligation Bonds	-	-	-	37,388	37,388	16,471	44.1%	37,388	100.0%	-
53585	Equipment Depreciation	2,500	2,500	-	-	-	-	0.0%	-	-	-
TBD	Grant Award Payments	-	34,768	34,768	-	215,500	62,522	29.0%	215,500	100.0%	-
54955-54961	Fixed Assets	2,500	2,500	-	-	-	-	0.0%	-	-	-
		<u>5,000</u>	<u>39,768</u>	<u>34,768</u>	<u>37,388</u>	<u>252,888</u>	<u>78,993</u>	<u>31.2%</u>	<u>252,888</u>	<u>100.0%</u>	<u>-</u>
	EXPENSE TOTALS	1,941,348	2,018,116	1,998,668	2,045,163	2,260,664	1,024,894	45.3%	2,246,503	99.4%	14,161

REVENUES

		FY2021-2022			FY2022-2023						
		Final	Amended	Actuals	Adopted	Amended	Actuals 2nd Quarter	Actuals % of Budget	Projected Year End	Projected % Collected	Projected \$ Balance
Intergovernmental Unit											
<u>Account No.</u>	<u>Description</u>										
45918.1	Apportionments County	483,914	483,914	483,914	515,479	515,479	515,479	100.0%	515,479	100.0%	-
45918.2	Apportionments Cities (less SD)	483,914	483,914	483,914	515,479	515,479	515,479	100.0%	515,479	100.0%	-
45918.3	Apportionments City of San Diego	241,957	241,957	241,957	257,830	257,830	257,830	100.0%	257,830	100.0%	-
45918.4	Apportionments Special Districts	483,914	483,914	483,914	515,479	515,479	515,479	100.0%	515,479	100.0%	-
		<u>1,693,700</u>	<u>1,693,700</u>	<u>1,693,700</u>	<u>1,804,265</u>	<u>1,804,266</u>	<u>1,804,267</u>	<u>100.0%</u>	<u>1,804,266</u>	<u>100.0%</u>	<u>-</u>
Service Charges Unit											
<u>Account No.</u>	<u>Description</u>										
46234	Application Fees	150,000	150,000	222,221	170,000	170,000	143,934	84.7%	206,434	121.4%	36,434
		<u>150,000</u>	<u>150,000</u>	<u>222,221</u>	<u>170,000</u>	<u>170,000</u>	<u>143,934</u>	<u>84.7%</u>	<u>206,434</u>	<u>121.4%</u>	<u>36,434</u>
Earnings Unit											
<u>Account No.</u>	<u>Description</u>										
44105	Interest and Dividends	15,000	15,000	5,205	15,000	15,000	3,623	24.2%	9,058	60.4%	(5,943)
		<u>15,000</u>	<u>15,000</u>	<u>5,205</u>	<u>15,000</u>	<u>15,000</u>	<u>3,623</u>	<u>24.2%</u>	<u>9,058</u>	<u>60.4%</u>	<u>(5,943)</u>
Non-Operating Unit											
<u>Account No.</u>	<u>Description</u>										
TBD	Grant Awards	-	19,011	19,011	-	215,500	70,128	32.5%	215,500	100.0%	-
47540	Transfer from Fund Balance	82,648	82,648	82,648	55,898	55,898	-	-	55,898	100.0%	-
		<u>82,648</u>	<u>101,659</u>	<u>101,659</u>	<u>55,898</u>	<u>271,398</u>	<u>70,128</u>	<u>25.8%</u>	<u>271,398</u>	<u>100.0%</u>	<u>-</u>
	REVENUE TOTALS	1,941,348	1,960,359	2,022,785	2,045,163	2,260,664	2,021,952	89.4%	2,291,155	101.3%	30,492

OPERATING NET

24,117

-

-

44,652

FUND BALANCE

(unrestricted)

End of Year

Budgeted

Committed

... Stabilization

250,000

250,000

... Opportunity

300,000

300,000

Assigned by EO

100,437

125,000

Unassigned

870,118

814,220

1,520,555

1,489,220