



Chairman

Bill Horn
County Board of
Supervisors

November 2, 2015

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Vice Chairman

Sam Abed
Mayor
City of Escondido

TO: Local Agency Formation Commission

Members

FROM: Executive Officer

Dianne Jacob
County Board of
Supervisors

SUBJECT: First Quarter FY 2015-16 Budget Update

Andrew Vanderlaan
Public Member

FIRST QUARTER BUDGET UPDATE

Lorie Zapf
Councilmember
City of San Diego

The Commission started FY 2015-16 with an end-of-the year (FY 2014-15) deposit of \$101,718.38 made to LAFCO's Contingency Reserve (Trust Fund Account 46725). The deposit was associated with cost savings; cost decreases related to position vacancies; reductions in document management costs, plus the deposit of unused fund transfer monies. Overall expenditures related to Salaries and Benefits and Services and Supplies are all within budget through the first quarter of FY 2015-16. These expenditures amounted to a cumulative total of \$433,539. Revenue amounted to \$1,513,029 which was higher than projected. The below discussion and attached tables (Figures 1 and 2) cover LAFCO's financial activity in greater detail through the first quarter of FY 2015-16.

Lorraine Wood
Councilmember
City of Carlsbad

Jo MacKenzie
Vista Irrigation District

Vacant
Special District

Alternate Members

Greg Cox
County Board of
Supervisors

Expenditures

LAFCO's expenditures in FY 201-16 through the first quarter totaled \$433,539 (Salaries and Benefits: \$195,131.84 and Services and Supplies: \$238,407). In comparison, through the first quarter of FY 2014-15 expenditures totaled \$370,127 (Salaries and Benefits: \$205,794 and Services and Supplies: \$164,332). The FY 2015-16 figures are higher than the amounts in FY 2014-15 because a portion of LAFCO's Geographic Information Technology costs was deferred from the fourth quarter of FY 2014-15 to the first quarter of FY 2015-16 due to a delay in consultant billing. In addition, costs associated with converting audio recordings to an electronic medium exceeded original cost estimates due to the poor condition and recording format used from 1963-92. The audio recordings are being preserved and archived for records management purposes. When completed, the Commission will have over fifty years of

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Councilmember
City of San Diego

Racquel Vasquez
Councilmember
City of Lemon Grove

Ed Sprague
Olivenhain Municipal
Water District

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Michael D. Ott

Legal Counsel

Michael G. Colantuono

audio recordings available in a permanent electronic format. Services and Supplies costs should stabilize during the remaining quarters of FY 2015-16.

In terms of Salaries and Benefits, overall costs are under and within budget. Wages and compensation amounted to \$134,085 and benefits totaled \$61,046 through the first quarter of the fiscal year. Although the Commission filled two vacant positions in FY 2015-16, a total of three budgeted positions have been filled at lower levels than budgeted. This is creating salary savings. This staffing level condition will change by the end of FY 2015-16 when incumbent staff members are expected to fill budgeted position classifications.

Revenue

Apportionment revenue consists of funds derived from local agency general purpose revenues based on a complex formula codified in State Law (Government Code Section 56381). Per this statute, local agencies must contribute funds equal to the amount needed by the Commission each year. Through the first quarter of the current fiscal year, 99.9% of LAFCO's apportionment revenue has been collected by the County Auditor (\$1,394,029.16). Proposal-based revenue totaled \$119,000 (Account 46234 Service to Property Owners: \$13,090 and Account 49900 Miscellaneous Revenue: \$105,910). These amounts are higher than anticipated, but will decrease in the second quarter because a portion of the miscellaneous revenue will be refunded to applicants with proposals that have either been withdrawn or terminated (e.g., Woodside Terrace Reorganization: Santee; Fallbrook PUD/Rainbow MWD Reorganization).

Fund Activity

LAFCO's funds that are held in trust with the County of San Diego are continuing to grow. The increase in the fund balance for account 44595 is temporary and related to the transactions dates for fund deposits and expenditures. Therefore, the \$240,105 currently in account 44595 will adjust downward in the upcoming months to about \$125,000. The overall increase in fund balance for accounts 46725, 46726, and 46727 is related to interest earnings and finishing FY 14-15 under budget.

Summary

The Commission is continuing to operate within budget with a decreased staffing level, yet it is still completing the review of a number of priority projects and reaching closure on others, such as the dissolution of the Pine Valley and San Diego Rural Fire Protection Districts, plus the reorganization of the Fallbrook Public Utility District and Rainbow Municipal Water District. We are continuing to process several additional major projects that may or may not be scheduled for consideration in FY 2015-16 (e.g., dissolution of CSA No. 107 and annexation to Rancho Santa Fe FPD; dissolution of CSA No. 115 and annexation to Lakeside FPD or San Miguel FPD, etc.). We are also

beginning the preliminary stages of the Escondido sphere of influence review and a sphere review of about 30 additional local agencies throughout the County.

The FY 2015-16 First Quarter Budget Update is provided for the Commission's information, acceptance, and approval. Therefore, it is

RECOMMENDED: That the Commission

(1) Receive, accept, and approve the First Quarter FY 2015-16 LAFCO Budget Update.

Respectfully submitted,

MICHAEL D. OTT
Executive Officer

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Attachment: Figures 1 & 2: First Quarter LAFCO Budget Update FY 2015-16

Figure 1
First Quarter LAFCO Budget Update FY2015-16

Ordinary Income/Expense	Est. Actual FY14-15 Budget	Adopted FY14-15 Budget	First Quarter Est. FY15-16 Budget	Adopted FY15-16 Budget
Income				
45918 · LAFCO Apportionment (net cost)	\$ 1,395,035.00	\$ 1,395,035.00	\$ 1,394,029.16	\$ 1,395,945.74
46234 · Service to Property Owner	95,000.00	143,586.00	13,090.00	125,000.00
47540 · Operating Transfers	125,000.00	175,000.00	0.00	150,000.00
47615 · Other Sales - Taxable	0.00	7,500.00	0.00	0.00
49000 · Processing Fee	0.00	0.00	0.00	0.00
49200 · Interest & Dividends	-	2,000.00	0.00	5,500.00
49900 · Miscellaneous Revenue	18,710.00	0.00	105,910.00	145,365.00
80100 · Receipts Sch TR & Agency	0.00	0.00	0.00	0.00
TOTAL Income	\$ 1,633,745.00	\$ 1,723,121.00	\$ 1,513,029.16	\$ 1,821,810.74
Expense				
51110 · Salaries & Wages	510,863.00	535,822.00	134,085.10	645,127.00
Benefits Total	336,779.00	348,549.00	61,046.74	428,078.26
52074 · Telecommunications	500.00	500.00	0.00	500.00
52138 · Public Liability Insurance	500.00	500.00	0.00	0.00
52178 · Auto Maintenance	1,500.00	2,000.00	314.05	2,000.00
52182 · Vehicle Fuel	1,000.00	1,500.00	351.42	1,500.00
52270 · Memberships	7,500.00	9,000.00	7,577.00	9,000.00
52304 · Miscellaneous	0.00	77,039.00	0.00	0.00
52330 · Office Expense	0.00	5,000.00	0.00	1,000.00
52332 · Postage	500.00	500.00	0.00	500.00
52334 · Printing	5,000.00	10,000.00	1,196.16	2,000.00
52336 · Books - Office Library	1,000.00	2,000.00	110.03	2,000.00
52338 · Drafting/Engineering	0.00	50.00	0.00	50.00
52344 · Stores Unallocated	12,000.00	12,500.00	4,518.40	15,000.00
52354 · Mail/Postage-ISF	7,500.00	8,000.00	1,920.18	8,000.00
52370 · Professional Services				
52370.A · Special Counsel Litigation	0.00	0.00	0.00	0.00
52370.B · Special Counsel General	15,000.00	12,973.00	0.00	2,500.00
52370.C · General Counsel	15,000.00	11,000.00	10,740.00	35,000.00
52370.D · GIS Support	60,000.00	60,000.00	26,772.00	60,000.00
52370.E · Web & Doc Support	50,000.00	65,000.00	26,772.00	65,000.00
52370.F · Local Govt Services	50,000.00	65,000.00	12,607.00	50,000.00
52370.G · Legislation	18,000.00	20,000.00	8,323.00	15,000.00
52370.H · Accounting	30,000.00	30,000.00	1,836.00	25,000.00
52370.I · Other (Doc. Mgt)	75,000.00	90,000.00	24,138.00	100,000.00
Total 52370 · Professional Services	313,000.00	353,973.00	111,188.00	352,500.00
52490 · Publications	5,000.00	25,000.00	126.61	2,500.00
52504 · Copy Equipment	2,775.00		0.00	
52530 · Office Lease	75,000.00	75,000.00	18,242.53	75,000.00
52550 · Special Department				
52550.A · Service Review	40,000.00	55,000.00	7,614.00	25,000.00
52550.B · County Overhead Costs	31,000.00	31,000.00	10,054.45	31,000.00
52550.C · Other	5,400.00	2,000.00	6,600.00	0.00
52550.D · Minor Expense	25,000.00	17,000.00	35,161.48	15,000.00
52550.E · Other (Doc. Mgt)		50,000.00	5,400.00	10,000.00
Total 52550 · Special Department	101,400.00	155,000.00	64,829.93	81,000.00
52562 · Investigative Tech.	0.00	0.00	93.25	0.00
52566 · Minor Equipment	0.00	1,000.00	0.00	1,000.00
52602 · Computer Related Training	0.00	2,000.00	0.00	2,000.00
52610 · Non-Travel/In-County	0.00	500.00	0.00	500.00
52612 · Emp. Auto mileage	7,500.00	10,000.00	2,130.64	10,000.00
52622 · Training/Regis	0.00	1,000.00	0.00	1,000.00
52704 · Purchasing ISF	0.00	500.00	0.00	500.00
52706 · Document Svcs ISF	0.00	200.00	0.00	200.00
52721 · Network Services IT	30,000.00	32,000.00	4,710.80	32,000.00
52722 · Computing Power ISF	500.00	800.00	500.00	800.00
52723 · Data Center Service	50,545.56	50,000.00	8,904.56	50,545.56
52725 · Cross Functional Svcs I	6,000.00	6,000.00	3,567.28	6,000.00
52726 · Microfiche & Print	200.00	200.00	0.00	200.00
52728 · Application Service	46,594.49	67,103.00	1,266.42	10,000.00
52732 · Desktop Computing	27,000.00	27,000.00	4,186.66	30,000.00
52734 · Help Desk	1,500.00	2,500.00	853.08	2,500.00
52750 · Catalog Items	69,308.58	10,000.00	797.50	40,309.92
52752 · Other Services	0.00	500.00	3.25	500.00
52754 · Non Catalog Items	0.00	500.00	0.00	500.00
52758 · Vehicle Lease	2,500.00	2,500.00	515.14	2,500.00
53585 · Equipment Dep Expense	2,500.00	2,500.00	504.66	2,500.00
59000 · Fixed Asset	0.00	1,500.00	0.00	1,500.00
54958 · Office Equip - prior year		0.00	0.00	0.00
54961 · Fixed Asset Equip & Furn	0	5,000.00	0.00	1,000.00
Subtotal Services & Supplies	\$ 778,323.63	\$ 960,865.00	\$ 238,407.55	\$ 748,605.48
TOTAL Salaries & Bens and Serv. & Supplies⁵	\$ 1,625,965.63	\$ 1,845,236.00	\$ 433,539.39	\$ 1,821,810.74

Figure 2
First Quarter LAFCO Budget Update FY 2015-16

Fund Activity	Est. Actual FY14-15 Budget	Adopted FY14-15 Budget	First Quarter Est. FY15-16 Budget	Adopted FY15-16 Budget
44595 - Fund Balance ¹	122,115.00	118,327.28	240,105.87	118,327.28
46725 - Contingency ²	663,877.20	528,480.82	766,733.70	528,480.82
46726 - Special Project ³	515,486.26	515,486.26	298,857.09	295,486.26
Transfer to operating account	(95,000.00)	(95,000.00)	-	-
Transfer to operating account	(125,000.00)	(175,000.00)	-	(150,000.00)
Deposit to Special Project account				7,779.40
46726 -Special Project [Total]	295,486.26	245,486.26	298,857.09	153,265.66
46727 - Jurisdictional ⁴	148,293.46	147,731.57	148,606.27	147,731.57
46728 - Interest	-	2,097.34	-	5,500.00
46729 - FUND ACTIVITY TOTAL	\$ 1,229,771.92	\$ 1,042,123.27	\$ 1,454,302.93	\$ 953,305.33

Notes for Figures 1 & 2:

¹Account 44595: All funds are currently designated "Unassigned" per Minute Item No. 9: June 3, 2013.

²Account 46725: All funds are currently designated "Unassigned" per Minute Item No. 9: June 3, 2013.

³Account 46726 contains the following designations:

\$150,000 committed for fee waivers in FY 2015-16 (Min. item no. 6 April 6, 2015).

\$22,075 "Assigned" per Minute item No. 9: June 3, 2013 for the Montecito Ranch Project.

\$126,782.09 designated "Unassigned" (Min. item no. 6 April 6, 2015).

⁴Account 44727: All funds designated "Unassigned" per Minute Item No. 9: June 3, 2013.