



San Diego Local Agency Formation Commission

Website: www.sdlafco.org

Chairman

Andrew L. Vanderlaan
Public Member

11

February 4, 2013

Vice Chairman

John Ingalls
Santa Fe
Irrigation District

TO: Local Agency Formation Commission

Members

Bill Horn
County Board of
Supervisors

FROM: Executive Officer

SUBJECT: Second Quarter FY 2012-13 Budget Update

Dianne Jacob
County Board of
Supervisors

Attached is the Second Quarter Budget Update Report for FY 2012-13. Budget performance through the second quarter remains strong. FY 2012-13 revenue was significantly higher (236%) than projected and expenses were approximately 30% below budget. The attached comprehensive financial statement should be reviewed for further information regarding LAFCO's budgetary performance. This report is provided for the Commission's information and acceptance. Therefore, it is

Bud Pocklington
South Bay
Irrigation District

Mark Lewis
Mayor
City of El Cajon

RECOMMENDED: That the Commission receive and accept the Second Quarter FY 2012-13 LAFCO Budget Update.

Lorie Zapf
Councilmember
City of San Diego

Jim Janney
Mayor
City of Imperial Beach

Respectfully submitted,

Alternate Members

Greg Cox
County Board of
Supervisors

MICHAEL D. OTT
Executive Officer

Sherri Lightner
Councilmember
City of San Diego

MDO:ra

Sam Abed
Mayor
City of Escondido

Attachments

Jo MacKenzie
Vista Irrigation District

Harry Mathis
Public Member

Executive Officer

Michael D. Ott

Counsel

Thomas Bosworth

Budget performance through the second quarter of FY 2012-13 remains strong. FY 2012-13 revenue was significantly higher (236%) than projected and expenses were approximately 30% below budget.

Second Quarter Summary

The second quarter of FY 2012-13 was dominated by LAFCO's sphere of influence and service review programs, SB 244 and AB 54 implementation, and several administrative projects. A Directory of Sphere of Influence and Municipal Service Review actions was approved by the Commission in 2012 and an evaluation of adopted Sphere & MSRs is currently underway. This evaluation is conducted every five years to review public services, jurisdictional boundaries, and opportunities to reorganize and simplify service provision. The Commission also received LAFCO special studies on operational issues experienced by several special districts (San Miguel FPD and Tri-City Healthcare District). After conducting an initial evaluation, LAFCO staff concluded that conditions were improving within both districts and further study would not be necessary. The Commission concurred with these conclusions.

2nd Quarter Update FY 2012-13

Expenses: Total expenses were monitored closely throughout the second quarter. Preliminary estimates indicate that total expenses amounted to approximately \$587,000 or about 30 percent below budget. Cost containment was achieved by reducing expenditures in individual services and supplies accounts, maintaining a low staffing level, and utilizing existing staffing and contractors to complete projects. Expenses will increase during the final quarters with the completion of the sphere and service review program.

Revenues: LAFCO Revenues are derived from agency apportionment contributions, processing fees/interest, plus interfund transfers. There have been no fund transfers in FY 2012 and processing fee revenue totaled \$118,210 which is higher than projected. Refer to Table 1 and the attached financial statement for further details.

Table 1

First Quarter Revenue FY 2012-13	
Apportionment Revenue	\$1,404,232
Reserve Fund Transfers	-
Fees & misc.	118,210
Total	\$1,522,442

Fund Accounts: The San Diego LAFCO maintains three trust accounts (reserve, special project, and jurisdictional) with the County of San Diego Treasury. Through the second quarter of FY 2012-13, the combined total of these funds totaled \$869,318. Growth was attributable to interest earnings, about 4% per year and a \$133,771 transfer of unspent funds in FY 2011-12. The reserve fund transfer (deposit) was made to restore \$75,000 that was withdrawn to pay for LAFCO's office lease with the County of San Diego. Table 2 below summarizes recent fund activity.

Table 2

Fund Accounts-Second Quarter		
	FY 11/12	FY 12/13
Contingency Reserve	\$466,190	\$526,314
Special Project	195,302	195,878
Jurisdictional Project	146,693	147,126
Total	\$808,185	\$869,318

Financial Statement: The attached LAFCO financial statement provides additional detail and establishes the basis for conclusions reached in the FY 2012-13 Comprehensive Second Quarter Budget Update. Please refer to the statement for further information.

San Diego Local Agency Formation Commission (LAFCO)
Comprehensive 2nd Quarter Financial Statement - FY 2012-13
October 1, 2012 through December 31, 2012¹

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Attachment

	PRIOR BUDGET FY 11-12	2nd Quarter Est. Actual FY 11-12	CURRENT BUDGET FY 12-13	2nd Quarter EST. ACTUAL FY 12-13	PERCENT OF BUDGET FY 12-13
REVENUE					
44918 - LAFCO Apportionment	\$ 1,197,211	\$ 1,193,660	\$ 1,404,232	\$ 1,404,011	100%
46234 - Filing Fees	95,320	15,470	50,000	118,210	236%
46796 - Misc Revenue	-	-	-	-	0%
47540 - Other Misc ²	90,877	-	150,000	-	0%
47615 - Sales Taxable ³	-	65	10,000	-	0%
Total Revenue	1,383,408	1,209,195	1,614,232	1,522,221	94%
EXPENSE					
A - Salaries & Wages	534,127	242,119	557,316	238,653	43%
B - Benefits	386,780	144,020	388,641	134,244	35%
Total - Compensation	920,907	386,138	945,957	372,897	39%
Services & Supplies					
52074 - Telecom.	7,500	-	2,000	-	0%
52138 - Pub. Liab. Ins.	750	-	1,000	-	0%
52178 - Vehic. Maint.	4,500	444	2,000	431	22%
52182 - Vehic. Fuel	1,500	164	1,500	272	18%
52270 - Memberships	7,500	7,000	9,000	7,154	79%
52282 - Init. Software	-	-	-	-	0%
52302 - Trans Pass	-	-	-	-	0%
52330 - Office Exp.	1,000	2,268	5,000	-	0%
52332 - Postage	2,500	-	5,000	-	0%
52334 - Printing	2,000	-	20,000	-	0%
52336 - Books	500	-	500	-	0%
52338 - Drafting Supplies	250	-	250	-	0%
52344 - Stores Un.	2,000	1,330	5,000	5,879	118%
52354 - Mail ISF	3,000	2,997	10,000	3,304	33%
52370 - Prof. Serv.					
A. Spec. Counsel Litigation	30,000		5,000	-	0%
B. Spec. Counsel Gen.	7,500		2,500	449	18%
C. General Counsel	15,000		15,000	2,050	14%
D. GIS Support	75,000		60,000	31,868	53%
E. Web & Doc Support			65,000	31,868	49%
F. Local Govt Services	50,000		95,000	30,549	32%
G. Legislation	35,000		35,000	11,550	33%
H. Acctg	-		25,000	9,600	38%
52370 - Prof. & Spec. Serv. (Tot)	212,500	97,595	302,500	117,934	39%
52396 - Cont. Serv.	-	-	-	-	0%
52490 - Publications	1,000	-	1,000	225	23%
52530 - Office Lease ⁴	75,000	20,907	71,000	34,123	48%
52550 - Spec. Dept.					
A. Service Review	50,000		95,000	1,848	2%
B. County Overhead Costs	9,501		25,000	-	0%
C. Office Lease ³	64,123	-	-	-	
C. Other	N.A.		2,000	5,400	
52550 - Spec. Dept. (Tot)	59,501	11,373	122,000	7,248	6%
52566 - Minor Equip.	\$ 1,000	\$ -	\$ 1,000	\$ 393	39%

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**LAFCO Budget Summary
(Continued)**

	PRIOR Budget FY11-12	2nd Quarter Est. Actual FY 11-12	CURRENT Budget FY 12-13	2nd Quarter Est. Actual FY 12-13	PERCENT OF BUDGET FY 12-13
52567 - Emp. Recog.	\$ -	\$ -	\$ -	\$ -	
52602 - Comp. Trng.	1,000	-	1,000	-	0%
52608 - Travel	2,500	-	2,500	-	0%
52610 - Non-Travel Sem	500	-	500	-	0%
52612 - Mileage Reim.	6,000	4,404	10,000	4,561	46%
52622 - Training/Reg.	1,000	-	3,500	-	0%
52670 - Utilities	-	-	-	-	
52704 - Purch. ISF	500	-	500	-	0%
52706 - Doc Serv. ISF	200	101	200	-	0%
52721 - Net. Serv. ISF	25,000	11,325	26,000	11,788	45%
52722 - Computing Pow ISF	500	-	800	-	0%
52723 - Data Ctr ISF	5,500	1,707	5,600	1,687	30%
52725 - Cross Fnt. ISF	5,500	1,967	5,600	1,967	35%
52726 - Microfiche	100	-	125	-	0%
52732 - Desktop Comp ISF	25,000	8,885	27,000	8,885	33%
52734 - Help Desk	2,500	668	5,000	668	13%
52750 - Catalog IT	2,000	-	1,000	939	94%
52752 - Other Serv. ISF	200	-	200	-	0%
52754 - NonCat Items	500	-	500	-	0%
52758 - Veh. Lease ISF	-	1,288	2,500	1,288	
Total - Serv. & Sup.	460,501	174,422	651,275	208,744	32%
Total - Comp & Services	1,381,408	560,561	1,597,232	581,641	36%
Other					
A - Fixed Assets	2,000	-	2,000	-	0%
B - Minor Exp.	\$ 59,401	\$ 15,987	\$ 15,000	\$ 6,000	40%

¹Modified accrual accounting used in fin. statements.

²Reserve fund transfer.

³Comprised of publication fees.

⁴Special Dept. Office Lease Account 52550(c) replaced with Office Lease Acct 52530.