



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

**5C**

**AGENDA REPORT**  
 Consent | Action

August 5, 2019

**TO:** Commissioners

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

**SUBJECT: End of Year Budget Report for 2018-2019**

**SUMMARY**

The San Diego County Local Agency Formation Commission (LAFCO) will review an end of year report comparing budget and actual expense and revenue transactions for 2018-2019. The report notes the Commission finished the fiscal year in positive standing with a net operating balance of \$56,354 or 1.5%. The net balance includes a budgeted draw-down on reserves with the cumulative result marking a (10.0%) change in the fund balance from \$1,607,486 to \$1,446,654. The report is being presented to the Commission to formally file.

**BACKGROUND**

San Diego LAFCO’s adopted budget for 2018-2019 with amendments totaled \$2,004,554. This amount represented the total approved operating expense for the fiscal year. A total of \$2,013,880 in operating revenues was separately budgeted with amendments to provide a projected year-end net of \$9,326 with the purposeful aid of a \$217,186 transfer from unassigned reserves to accommodate – among other items – unique expenses tied to processing the “Julian-Cuyamaca Fire Protection District Reorganization.” The Commission’s total fund balance as of July 1, 2018 was \$1,607,486.

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## DISCUSSION

This item is for San Diego LAFCO to receive a final comparison of (a) budget to (b) actual expenses and revenues in conjunction with the administrative close of 2018-2019 and ahead of an audited review. The report provides the Commission the opportunity to review expense and revenue trends relative to recent years and provide follow up with staff as needed. The report is being presented to the Commission to formally accept and file.

### Summary | Operating Expenses

San Diego LAFCO's budgeted operating expense total for 2018-2019 was \$2,004,554 with amendments approved in May 2019.<sup>1</sup> Actual expenses through the end of the year equaled \$1,926,925 and represent 96% of the budgeted total with unexpended savings of \$77,629. A breakdown of budget to actual expenses by unit through June 30<sup>th</sup> follows.

Expense Units	Adopted w/Amendments	Actuals	Percent Expended	Unexpended Balance
1) Salaries and Benefits	1,083,574	1,058,743	98%	24,831
2) Services and Supplies	915,980	865,683	95%	50,297
3) Other	5,000	2,500	50%	2,500
<b>Total</b>	<b>\$2,004,554</b>	<b>\$1,926,925</b>	<b>96%</b>	<b>\$77,629</b>

An expanded discussion on budgeted and actuals through the end of the year follows.

#### Expense Unit | Salaries and Benefits

San Diego LAFCO budgeted \$1,083,574 in salaries and benefits for 2018-2019 with the proceeds largely tied to funding 8.0 fulltime equivalent employees as well as existing retiree obligations.<sup>2</sup> The Commission's actual expenses totaled \$1,058,743 or 98% of the budgeted amount and produced an unexpended savings of \$24,831. Additional savings – notably – were redirected through a mid-year budget amendment and would have otherwise expanded the surplus attributed to phasing in the placement of two budgeted positions – GIS Analyst and Analyst I – during the fiscal year.

#### Expense Unit | Services and Supplies

San Diego LAFCO budgeted \$915,980 in services and supplies for 2018-2019 to provide funding for direct support services. The majority of the budgeted funds were dedicated to professional services to cover such items as consultant and legal services as well as making reimbursements to the County of San Diego for office rent, information technology, and general overhead. The Commission's actual expenses totaled \$865,683 or 95% of the budgeted amount and produced an unexpended savings of \$50,297. This savings is largely the result of a mid-year budget amendment to add additional monies to address higher than anticipated legal and consultant costs generated in processing the Julian-Cuyamaca Fire Protection District Reorganization.

<sup>1</sup> The amendments approved in May 2019 increased the total approved operating expense total from \$1,906,694 to \$2,004,554 with the majority of the additional funds directed to the professional services account in the Services and Supplies Unit.

<sup>2</sup> Commission per diem payments are also booked in the salaries account.

## Expense Unit | Other

San Diego LAFCO budgeted \$5,000 in two separate units to collectively address equipment depreciation and potential fixed asset purchases in 2018-2019. The Commission's actual expenses totaled \$2,500 or 50% of the budgeted amount and tied to funding depreciation for LAFCO's copier and scanning machines. No new capital assets were purchased during the fiscal year.

## Summary | Operating Revenues

San Diego LAFCO's budgeted operating revenue total for 2018-2019 was \$2,013,880 with amendments approved in May 2019.<sup>3</sup> Actual revenues through the end of the year equaled \$1,983,279 and represent 98% of the budgeted total with an uncollected balance of \$30,601. A breakdown of budget to actual revenues by unit through June 30<sup>th</sup> follows.

Revenue Units	Adopted w/Amendments	Actuals	Percent Collected	Uncollected Balance
1) Intergovernmental	1,664,894	1,664,894	100	0
2) Service Charges	125,000	82,147	66	42,853
3) Earnings	6,800	19,052	280	(12,252)
4) Miscellaneous	217,186	217,186	100	0
<b>Total</b>	<b>\$2,013,880</b>	<b>\$1,983,279</b>	<b>98%</b>	<b>\$30,601</b>

An expanded discussion on budgeted and actuals through the end of the year follows.

### Revenue Unit | Intergovernmental Fees

San Diego LAFCO budgeted \$1,664,894 in intergovernmental fees in 2018-2019. This total budgeted amount was subsequently divided between San Diego LAFCO's four agency membership categories based on statutory formula. The County of San Diego, independent districts, and cities less City of San Diego all received apportionments equaling \$476,160. The remaining amount – \$236,414 – was apportioned to the City of San Diego. All agency apportionments were collected.

### Revenue Unit | Service Charges

San Diego LAFCO budgeted \$125,000 in application fees in 2018-2019. The Commission's actual revenues within the unit totaled \$82,147 or 66% of the budgeted amount. The collected amount is largely tied to 13 new proposal filings during the fiscal year.

### Revenue Unit | Earnings

San Diego LAFCO budgeted \$6,800 in interest earnings in 2018-2019. The Commission's actual revenues within the unit totaled \$19,052 or 280% of the budgeted amount.

<sup>3</sup> The amendments approved in May 2019 increased the total approved revenue total from \$1,906,694 to \$2,013,880 and entirely tied to a further draw-down on reserves to cover additional professional service expenses incurred during the fiscal year.

## Revenue Unit | Miscellaneous

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San Diego LAFCO budgeted \$217,186 in operating transfers from unassigned reserves in 2018-2019. This budgeted amount includes a mid-year amendment to increase the transfer from its initial amount of \$110,000 to fund unexpected expenses detailed in the preceding section. All budgeted monies were transferred in June.

### ANALYSIS

San Diego LAFCO finished the fiscal year as expected following mid-year budget amendments while generating a modest operating surplus of \$56,354 or 1.5%. The surplus serves to reduce the overall draw-down on reserves needed during the fiscal year and most notably to absorb unique and otherwise extraordinary expenses incurred in processing the Julian-Cuyamaca Fire Protection District Reorganization. (This includes covering the costs of a special election and various legal proceedings.) Savings in salaries and benefits helped to limit the demand on reserves and tied to phasing in the filling of two budgeted analyst positions during the fiscal year. The cumulative change to the cash fund balance – and less accrual adjustments – is (10%) from \$1,607,486 to \$1,446,654.

### RECOMMENDATION

It is recommended San Diego LAFCO proceed with Alternative One as outlined in the preceding section.

### ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO in considering this item:

Alternative One (recommended)

Accept and file the report as presented.

Alternative Two

Continue to a future meeting and provide direction to staff as needed.

### PROCEDURES

This item has been placed on the agenda as part of the consent calendar. Accordingly, 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) 2018-2019 Operating Budget with Actuals Through June 30<sup>th</sup>



**ADOPTED OPERATING BUDGET | 2018-19**

**OPERATING EXPENSES**

		FY2016-17		FY2017-18		FY2018-19			FY2018-19	
		Adopted FY16-17	Actuals FY16-17	Adopted FY17-18	Actuals FY17-18	Adopted FY18-19	Amended FY18-19	Actuals FY18-19	\$ Balance	% Expended
<b>Salary and Benefit Unit</b>										
<b>Accounts</b>	<b>Descriptions</b>									
51110-51310	Salaries and Wages	1,073,177	538,165	1,100,599	617,838	689,719	650,000	638,748	11,252	0.98
51410	Retirement - SDCERA	-	187,262	-	166,680	239,780	235,000	230,865	4,135	0.98
51415	Retirement - OPEB	-	9,323	-	7,256	10,560	10,560	10,091	469	0.96
51421	Retirement - Pension Obligation Bonds	-	34,496	-	27,841	41,598	41,598	37,308	4,290	0.90
51450	Payroll Tax (Social and Medicare)	-	36,919	-	35,613	48,958	48,958	46,163	2,795	0.94
51510-51550	Group Insurance (Health)	-	69,440	-	74,615	96,958	96,958	95,405	1,553	0.98
51560	Unemployment Insurance	-	154	-	235	4,032	500	163	337	0.33
		<b>1,073,177</b>	<b>875,759</b>	<b>1,100,599</b>	<b>930,078</b>	<b>1,131,604</b>	<b>1,083,574</b>	<b>1,058,743</b>	<b>24,831</b>	<b>0.98</b>
<b>Services and Supplies Unit</b>										
<b>Accounts</b>	<b>Descriptions</b>									
52074	Telecommunications	500	-	500	2,266	2,500	2,500	3,860	(1,360)	1.54
52178	Vehicle - Maintenance	2,000	1,456	2,000	489	2,000	2,000	610	1,390	0.30
52182	Vehicle - Fuel	1,500	1,096	1,500	401	1,500	1,500	367	1,133	0.24
52270	Memberships	10,107	8,107	15,000	11,328	13,000	13,000	14,601	(1,601)	1.12
52304	Miscellaneous	50	-	50	6,001	50	50	20	30	0.40
52330	Office: General	1,000	-	1,000	15,253	8,500	8,500	6,399	2,101	0.75
52332	Office: Postage	500	-	500	-	500	500	84	416	0.17
52334	Office: Printing	7,500	20	7,500	-	10,000	10,000	4,795	5,205	0.48
52336	Office: Books and Guidelines	2,000	-	2,000	3,609	2,000	2,000	3,226	(1,226)	1.61
52338	Office: Drafting/Engineering	50	-	50	-	50	50	-	50	-
52344	Office: Stores Unallocated	17,500	10,806	18,000	13,140	17,500	17,500	9,302	8,199	0.53
52354	Office: County Mail Services	9,500	8,220	9,000	10,037	9,000	9,000	18,896	(9,896)	2.10
52370	Professional Services: Consultants	402,500	408,717	382,500	326,850	259,110	405,000	398,125	6,875	0.98
52490	Publications and Legal Notices	2,500	57	7,500	7,085	5,000	5,000	10,382	(5,382)	2.08
52504	Leases: Equipment	-	4,779	4,000	5,498	6,500	6,500	8,137	(1,637)	1.25
52530	Leases: Office Space	77,000	75,722	80,000	79,789	79,880	79,880	79,555	325	1.00
52550	Special Expenses: County Overhead	100,000	196,412	155,000	47,826	155,000	155,000	113,842	41,158	0.73
52562	Special Expenses: New Hire Backgrounds	-	-	-	572	-	-	689	(689)	-
52566	Special Expenses: Minor Equipment	1,000	-	1,000	1,164	1,000	1,000	2,788	(1,788)	2.79
52602	Computer Training	2,000	-	2,000	-	2,000	2,000	-	2,000	-
52610	Travel and Training   In County	500	-	500	11,301	5,000	5,000	6,634	(1,634)	1.33
52612	Employee Auto	10,000	8,802	10,000	8,724	10,000	10,000	9,069	931	0.91
52622	Travel and Training   Out of County	1,000	-	1,000	14,390	10,000	10,000	25,432	(15,432)	2.54
52704-52722	Reimbursements: Network	33,500	29,140	31,500	27,137	30,000	30,000	26,450	3,550	0.88
52723	Reimbursements: Data Center	51,000	52,403	45,000	48,214	45,000	45,000	30,728	14,272	0.68
52725	Reimbursements: Financial Systems	6,000	20,940	20,000	18,888	20,000	20,000	27,556	(7,556)	1.38
52726-52732	Reimbursements: Desktop Computing	40,200	28,248	27,700	47,462	25,000	25,000	25,311	(311)	1.01
52734	Reimbursements: Help Desk	2,500	4,531	2,500	3,154	3,000	3,000	4,743	(1,743)	1.58
52750-52754	Reimbursements: Catalog Equipment	117,480	27,121	51,000	23,973	45,000	45,000	32,097	12,903	0.71
52758	Reimbursements: Vehicle Lease	2,500	166	3,000	1,986	2,000	2,000	1,986	14	0.99
		<b>901,887</b>	<b>886,743</b>	<b>881,300</b>	<b>736,535</b>	<b>770,090</b>	<b>915,980</b>	<b>865,683</b>	<b>50,297</b>	<b>0.95</b>
<b>Other Units</b>										
<b>Accounts</b>	<b>Descriptions</b>									
53585	Equipment Depreciation	2,500	2,019	2,500	2,019	2,500	2,500	2,500	-	1.00
54955-54961	Fixed Assets	1,500	-	2,500	-	2,500	2,500	-	2,500	-
		<b>4,000</b>	<b>2,019</b>	<b>5,000</b>	<b>2,019</b>	<b>5,000</b>	<b>5,000</b>	<b>2,500</b>	<b>2,500</b>	<b>0.50</b>
<b>EXPENSE TOTALS</b>		<b>1,979,064</b>	<b>1,764,521</b>	<b>1,986,899</b>	<b>1,668,632</b>	<b>1,906,694</b>	<b>2,004,554</b>	<b>1,926,925</b>	<b>77,629</b>	<b>0.96</b>

**OPERATING REVENUES**

		FY2016-17		FY2017-18		FY2018-19			FY2018-19	
		Adopted FY16-17	Actual FY16-17	Adopted FY17-18	Actuals FY17-18	Adopted FY18-19	Amended FY18-19	Actuals FY18-19	\$ Uncollected	% Collected
<b>Intergovernmental Unit</b>										
<b>Accounts</b>	<b>Descriptions</b>									
45918	Agency Apportionments	1,578,564	1,577,636	1,635,099	1,635,099	1,664,894	1,664,894	1,664,894	-	1.00
		1,578,564	1,577,636	1,635,099	1,635,099	1,664,894	1,664,894	1,664,894	-	1.00
<b>Service Charges Unit</b>										
<b>Accounts</b>	<b>Descriptions</b>									
46234	Applicant Fees	150,000	186,717	125,000	168,009	125,000	125,000	82,147	42,853	0.66
		150,000	186,717	125,000	168,009	125,000	125,000	82,147	42,853	0.66
<b>Earnings Unit</b>										
<b>Accounts</b>	<b>Descriptions</b>									
44105	Interests and Dividends	5,500	-	6,800	15,535	6,800	6,800	19,052	(12,252)	2.80
		5,500	-	6,800	15,535	6,800	6,800	19,052	(12,252)	2.80
<b>Miscellaneous Unit</b>										
<b>Accounts</b>	<b>Descriptions</b>									
47540	Operating Transfers from Reserves	250,000	-	220,000	-	110,000	217,186	217,186	-	1.00
		250,000	-	220,000	-	110,000	217,186	217,186	-	1.00
	<b>REVENUE TOTALS</b>	<b>1,984,064</b>	<b>1,764,353</b>	<b>1,986,899</b>	<b>1,818,643</b>	<b>1,906,694</b>	<b>2,013,880</b>	<b>1,983,279</b>	<b>30,601</b>	<b>0.98</b>

<b>YEAR END OPERATING NET</b>	\$	(168)	\$	150,011	\$	9,326	\$	56,354
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<b>AUDITED FUND BALANCE   JUNE 30th</b>			
Committed		-	175,000
Assigned   Contingency		75,000	75,000
Unassigned		1,394,699	1,357,486
		<u>\$ 1,469,699</u>	<u>\$ 1,607,486</u>