



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

**5C**

**AGENDA REPORT**  
 Consent | Action

February 1, 2021

**TO:** Commissioners

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

**SUBJECT: Budget Update for 2020-2021 |**  
**2<sup>nd</sup> 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 for 2020-2021 through the second quarter and related projections. The report identifies the Commission has expended 48% of its budgeted resources through the halfway point and projected to finish with an operating surplus of \$0.046 million or 2.4%. An increase in application fees under the projected surplus. Should the projected surplus hold it will allow the Commission to reduce its budgeted use of reserves by two-thirds and limit the overall change in the fund balance from \$1.631 to \$1.605 million. The report is being presented to accept and file as well as provide direction to staff as needed.

**BACKGROUND**

San Diego LAFCO’s adopted budget for 2020-2021 totals \$1.916 million. This amount represents the total approved operating expenditures for the fiscal year divided between three active expense units: salaries and benefits; service and supplies; and other. A matching revenue total was also budgeted to provide a projected year-end net of \$0 and with the purposeful aid of a planned \$0.073 million transfer from unassigned reserves. Budgeted revenues are divided between four active units: intergovernmental contributions; application

<p><b>Administration</b>          Keene Simonds, Executive Officer          County Operations Center          9335 Hazard Way, Suite 200          San Diego, California 92123          T 858.614.7755 F 858.614.7766          www.sdlafco.org</p>	<p>Vice Chair Jim Desmond          County of San Diego</p> <p>Nora Vargas          County of San Diego</p> <p>Joel Anderson, Alternate          County of San Diego</p>	<p>Mary Casillas Salas          City of Chula Vista</p> <p>Bill Wells          City of El Cajon</p> <p>Paul McNamara, Alternate          City of Imperial Beach</p>	<p>Chris Cate          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 Protection</p> <p>Erin Lump, Alternate          Rincon del Diablo MWD</p>	<p>Chair Andy Vanderlaan          General Public</p> <p>Harry Mathis, Alternate          General Public</p>
---	---	---	---	--	---

fees; earnings; and miscellaneous.<sup>1</sup> The total fund balance as of July 1, 2020 was \$1.631 million with \$0.956 million unassigned (unaudited).<sup>2</sup> No amendments have been approved to date.

**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<sup>st</sup>). The report provides the Commission the opportunity to track expenditure trends and consider year-end operating projections from the Executive Officer as well as telegraph potential amendments. The report is being presented to the Commission to accept and file along with providing related direction.

**Operating Expenses**

San Diego LAFCO’s budgeted operating expense total for 2020-2021 is \$1.916 million. Actual expenses booked through the second quarter totaled \$0.917 million. This booked amount represents 47.9% of the budgeted total with 50.0% of the fiscal year complete. A breakdown of budget to actual expenses by unit through December 31<sup>st</sup> follows.

LAFCO Expense Units	Adopted	Actuals Through 12/31	Percent Expended	Unexpended Balance
1) Salaries and Benefits	1,249,712	633,237	50.7	616,475
2) Services and Supplies	661,588	283,735	42.9	377,852
3) Other	5,000	0	0.0	5,000
<b>Total</b>	<b>\$1,916,300</b>	<b>\$916,972</b>	<b>47.9%</b>	<b>\$999,327</b>

Actuals through the second quarter of the fiscal year and related analysis suggest San Diego LAFCO is on pace to finish with \$1.926 million in total expenses. Should this projection hold, the Commission will exceed the budgeted total for expenses by (\$0.010 million) or (0.5%). 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**

San Diego LAFCO budgeted \$1.250 million in salaries and benefits for 2020-2021 with the proceeds largely tied to funding 8.0 fulltime equivalent employees as well as existing retiree obligations.<sup>3</sup> Through the second quarter, actual expenses within the affected line item accounts totaled \$0.633 million or 50.7% of the budgeted amount with 50.0% of the fiscal year complete. Going forward it is expected overall actuals will total \$1.287 million through the end of the fiscal year and this includes incorporating new employer pension

<sup>1</sup> State law mandates operating costs for LAFCOs shall be annually funded among their represented agency membership categories. San Diego LAFCO’s operating costs, accordingly, are divided among four distinct membership categories with the largest apportionment assigned to the County of San Diego at 28.6%. The independent special districts and cities less the City of San Diego are also apportioned funding percentages of 28.6% with individual amounts divided thereafter based on total revenue shares in a given fiscal year. The City of San Diego – and based on special legislation providing the City a dedicated seat on LAFCO – is responsible for the remaining 14.3% of annual operating costs.

<sup>2</sup> The entire fund balance is unrestricted.

<sup>3</sup> Commission per diem payments are also booked in the salaries account.

contribution rates that are higher than budgeted. If this projection holds, the Commission will generate an overall unit deficit of (\$0.037 million) or (3.0%) less any amendments.

### Expense Unit | Services and Supplies

San Diego LAFCO budgeted \$0.662 million in services and supplies for 2020-2021 to provide funding for direct support services. Most of the budgeted funds are dedicated to making reimbursements to the County of San Diego for office rent, information technology, and general overhead as well as professional services (e.g. consultants, legal, etc.). Through the second quarter, actual expenses within the affected line item accounts totaled \$0.284 million or 42.9% of the budgeted amount with 50.0% of the fiscal year complete. Close to one-third of these booked expenses – or \$0.093 million – involve professional services and represent the single largest actual cost in the unit. Going forward it is expected overall actuals will total \$0.637 million through the end of the fiscal year and this includes absorbing two notable unplanned expenses: purchasing general liability insurance and transitioning all employees to telework. If this projection holds, the Commission will achieve an overall unit savings of \$0.25 million or 3.7% less any amendments.

### Expense Unit | Other

San Diego LAFCO budgeted \$5,000 in two separate units to collectively address equipment depreciation and potential fixed asset purchases in 2020-2021. The Commission has not billed any charges through the second quarter. Going forward it is expected actuals will total \$2,500 and result in a year-end balance of \$2,500 or 50% less any amendments.

## Operating Revenues

San Diego LAFCO’s budgeted operating revenue total for 2020-2021 is \$1.916 million. Actual revenues collected through the second quarter totaled \$1.882 million. This amount represents 98.2% of the budgeted total with 50.0% of the fiscal year complete. A breakdown of budget to actual revenues within each of the four affected units through December 31<sup>st</sup> follows.

Revenue Units	Adopted	Actuals Through 12/31	Percent Collected	Uncollected Balance
1) Intergovernmental	1,693,700	1,693,700	100.0	0
2) Application Fees	130,000	182,687	140.5	(52,687)
3) Earnings	20,000	5,222	26.1	14,778
4) Miscellaneous	72,600	0	0	72,600
<b>Total</b>	<b>\$1,916,300</b>	<b>\$1,881,609</b>	<b>98.2%</b>	<b>\$34,691</b>

Actuals through the second quarter and related analysis suggest San Diego LAFCO’s year-end revenue totals will tally \$1.973 million. Should this projection hold, the Commission will achieve a budgeted surplus in revenues of \$0.057 million or 3.0% and attributed to collecting additional application fees. An expanded discussion on budgeted and actual revenues in the four units through the first six months along with year-end projections follows.

### **Revenue Unit | Intergovernmental Fees**

---

San Diego LAFCO budgeted \$1.694 million in intergovernmental fees in 2020-2021. This total budgeted amount was subsequently divided between San Diego LAFCO's four agency membership categories based on statutory formula and detailed in the accompanying footnote.<sup>4</sup> All apportionments have been collected.

### **Revenue Unit | Application Fees**

---

San Diego LAFCO budgeted \$0.130 million in application fees in 2020-2021. Through the second quarter, the Commission collected \$0.183 million in application fees and represents 140.5% of the budgeted amount with 50.0% of the fiscal year complete. It is expected actuals will total \$0.196 million by the end of the fiscal year. Should this projection hold, the Commission will achieve a budgeted surplus of \$0.066 million or 50.8%.

### **Revenue Unit | Interest**

---

San Diego LAFCO budgeted \$0.020 million in interest earnings in 2020-2021. Through the second quarter, the Commission collected \$0.005 million in interest earnings and represents 26.1% of the budgeted total. Staff anticipates the unit ultimately tallying \$0.011 million and result in a year-end deficit of (\$0.010 million) or (47.8%).

### **Revenue Unit | Miscellaneous**

---

San Diego LAFCO budgeted \$0.073 million in operating transfers from unassigned reserves in 2020-2021. This transfer was purposefully budgeted in conjunction to use reserves to reduce increases in agency contributions. No transfers were made through the second quarter. A full transfer is expected for budgeting purposes at this time but will be reduced and/or eliminated in conjunction with any operating surplus.

## **ANALYSIS**

Activity through the second quarter of the fiscal year shows San Diego LAFCO is generally proceeding as planned and without the need for any correcting amendments at this time. As detailed in the preceding sections, it is projected the Commission will finish with an overall operating surplus of \$0.046 million or 2.4%. This includes – notably – absorbing two unplanned costs associated with purchasing general liability insurance and transitioning employees to telework with the latter involving laptop, cell phone, and other related home office item purchases. The current year-end projection also marks a moderate improvement over the earlier projection made at the end of the first quarter and its anticipated 1.8% surplus. Nonetheless, and as a placeholder to a future item, amendments are probable to remedy a projected deficit in the salaries and benefits unit due to higher-than-expected pension contribution rates to ensure all units end with positive balances.

---

<sup>4</sup> The County of San Diego, independent districts, and cities less San Diego all received apportionments equaling \$0.484 million. The remaining amount – \$0.242 million – was apportioned to the City of San Diego.

## 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. 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) 2020-2021 Operating Budget with Actuals Through December 31<sup>st</sup> and Year-End Projections

**Blank for Photocopying**



# San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## OPERATING EXPENSES

		FY 2018-2019		FY 2019-2020		FY 2020-2021				
		Adopted	Actuals	Adopted	Actuals	Adopted	Actuals 2nd Quarter	Actuals % Expended	Projected Year End	Projected % Expended
<b>Salaries and Benefits Unit</b>										
<u>Account No.</u>	<u>Description</u>									
51110-51310	Salaries and Wages	689,719	638,748	722,780	695,356	763,339	377,813	49.5%	769,295	100.8%
51410	Retirement - SDCERA	239,780	230,865	258,148	255,294	272,668	149,714	54.9%	296,538	108.8%
51415	Retirement - OPEB	10,560	10,091	10,539	10,165	10,977	5,044	46.0%	11,465	104.5%
51421	Retirement - OPEB Bonds	41,598	37,308	40,321	38,219	41,998	19,445	46.3%	43,989	104.7%
51450	Payroll Taxes (Social Security and Medicare)	48,958	46,163	53,393	49,698	55,613	24,959	44.9%	52,907	95.1%
51510-51550	Group Insurance (Health and Dental)	96,958	95,405	100,234	105,031	103,116	56,143	54.4%	112,471	109.1%
51560	Unemployment Insurance	4,032	163	3,769	138	2,000	119	6.0%	240	12.0%
		<b>1,131,604</b>	<b>1,058,743</b>	<b>1,189,184</b>	<b>1,153,901</b>	<b>1,249,712</b>	<b>633,237</b>	<b>50.7%</b>	<b>1,286,904</b>	<b>103.0%</b>
<b>Services and Supplies Unit</b>										
<u>Account No.</u>	<u>Description</u>									
52074	Telecommunications	2,500	3,860	3,600	3,829	3,636	2,427	66.7%	5,235	144.0%
52138	General Liability Insurance	-	-	-	3,419	-	10,576		10,576	-
52178	Vehicle - Maintenance	2,000	610	1,500	1,309	980	480	49.0%	960	97.9%
52182	Vehicle - Fuel	1,500	367	1,000	245	1,000	29	2.9%	300	30.0%
52270	Memberships	13,000	14,601	28,139	18,049	25,412	17,977	70.7%	19,477	76.6%
52304	Miscellaneous	50	20	50	10	50	25	50.0%	25	50.0%
52330	Office: General	8,500	6,399	7,420	4,781	7,420	1,642	22.1%	3,742	50.4%
52332	Office: Postage	500	84	500	275	500	-	0.0%	-	0.0%
52334	Office: Printing	10,000	4,795	10,000	1,199	10,000	712	7.1%	2,500	25.0%
52336	Office: Books and Guidelines	2,000	3,226	2,000	4,112	2,000	-	0.0%	3,500	175.0%
52338	Office: Drafting/Engineering	50	-	50	-	50	-	0.0%	-	0.0%
52344	Office: Supplies and Furnishings	17,500	9,302	17,800	8,145	15,800	5,154	32.6%	10,308	65.2%
52354	Office: County Mail Services	9,000	18,896	10,000	8,514	10,000	3,452	34.5%	6,905	69.0%
52370	Professional Services: Consultants	259,110	398,125	234,505	226,762	190,094	93,239	49.0%	236,432	124.4%
52490	Publications and Legal Notices	5,000	10,382	4,650	8,088	4,650	4,079	87.7%	8,100	174.2%
52504	Leases: Equipment	6,500	8,137	6,600	5,915	6,600	3,094	46.9%	6,094	92.3%
52530	Leases: Office Space	79,880	79,555	82,657	81,877	84,764	41,962	49.5%	83,924	99.0%
52550	Special Expenses: County Overhead	155,000	113,842	100,896	48,613	91,507	23,031	25.2%	57,578	62.9%
52562	Special Expenses: New Hire Backgrounds	-	689	-	-	-	1,112		1,112	
52566	Special Expenses: Minor Equipment	1,000	2,788	1,000	641	1,000	-	0.0%	-	0.0%
52602	Computer Training	2,000	-	2,000	-	2,000	-	0.0%	-	0.0%
52610	Travel and Training   In County	5,000	6,634	4,500	7,367	4,500	557	12.4%	907	20.2%
52612	Employee Auto	10,000	9,069	9,700	8,779	9,700	3,600	37.1%	7,920	81.6%
52622	Travel and Training   Out of County	10,000	25,432	23,550	13,271	19,925	-	0.0%	19,925	100.0%
52704-52722	Reimbursements: Network	30,000	26,450	30,000	29,065	30,000	15,813	52.7%	31,626	105.4%
52723	Reimbursements: Data Center	45,000	30,728	45,000	29,233	45,000	14,661	32.6%	36,653	81.5%
52725	Reimbursements: Financial Systems	20,000	27,556	20,000	23,320	20,000	10,192	51.0%	20,384	101.9%
52726-52732	Reimbursements: Desktop Computing	25,000	25,311	25,000	51,246	25,000	22,144	88.6%	44,289	177.2%
52734	Reimbursements: Help Desk	3,000	4,743	3,000	2,689	3,000	1,154	38.5%	2,538	84.6%
52750-52754	Reimbursements: Catalog Equipment	45,000	32,097	45,000	38,602	45,000	5,630	12.5%	14,075	31.3%
52758	Reimbursements: Vehicle Lease	2,000	1,986	2,000	1,986	2,000	993	49.6%	1,986	99.3%
		<b>770,090</b>	<b>865,684</b>	<b>722,117</b>	<b>631,341</b>	<b>661,588</b>	<b>283,735</b>	<b>42.9%</b>	<b>637,070</b>	<b>96.3%</b>

**OPERATING EXPENSES CONTINUED...**

**Other Units**

Account No.	Description									
53585	Equipment Depreciation	2,500	2,500	2,500	2,500	2,500	-	-	2,500	100.0%
54955-54961	Fixed Assets	2,500	-	2,500	-	2,500	-	-	-	0.0%
		<b>5,000</b>	<b>2,500</b>	<b>5,000</b>	<b>2,500</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>0.0%</b>
	<b>EXPENSE TOTALS</b>	<b>1,906,694</b>	<b>1,926,927</b>	<b>1,916,300</b>	<b>1,787,742</b>	<b>1,916,300</b>	<b>916,972</b>	<b>47.9%</b>	<b>1,926,474</b>	<b>100.5%</b>

**OPERATING REVENUES**

		FY 2018-2019		FY 2019-2020		FY 2020-2021				
		Adopted	Actuals	Adopted	Actuals	Adopted	Actuals	Actuals	Projected	Projected
<b>Intergovernmental Unit</b>										
Account No.	Description									
45918.1	Apportionments   County	475,684	475,684	486,771	486,771	483,914	483,914	100.0%	483,914	100.0%
45918.2	Apportionments   Cities (less SD)	475,684	475,684	486,771	486,771	483,914	483,914	100.0%	483,914	100.0%
45918.3	Apportionments   City of San Diego	237,842	237,842	243,386	243,386	241,957	241,957	100.0%	241,957	100.0%
45918.4	Apportionments   Special Districts	475,684	475,684	486,771	486,771	483,914	483,914	100.0%	483,914	100.0%
		<b>1,664,894</b>	<b>1,664,894</b>	<b>1,703,700</b>	<b>1,703,700</b>	<b>1,693,700</b>	<b>1,693,700</b>	<b>100.0%</b>	<b>1,693,700</b>	<b>100.0%</b>
<b>Service Charges Unit</b>										
Account No.	Description									
46234	Service Charges	125,000	82,147	125,000	201,419	130,000	182,687	140.5%	196,087	150.8%
		<b>125,000</b>	<b>82,147</b>	<b>125,000</b>	<b>201,419</b>	<b>130,000</b>	<b>182,687</b>	<b>140.5%</b>	<b>196,087</b>	<b>150.8%</b>
<b>Earnings Unit</b>										
Account No.	Description									
44105	Interest and Dividends	6,800	19,052	15,000	25,812	20,000	5,222	26.1%	10,444	52.2%
		<b>6,800</b>	<b>19,052</b>	<b>15,000</b>	<b>25,812</b>	<b>20,000</b>	<b>5,222</b>	<b>26.1%</b>	<b>10,444</b>	<b>52.2%</b>
<b>Miscellaneous Unit</b>										
Account No.	Description									
47540	Transfer from Fund Balance	110,000	217,186	72,600	-	72,600	-	-	72,600	100.0%
		<b>110,000</b>	<b>217,186</b>	<b>72,600</b>	<b>-</b>	<b>72,600</b>	<b>-</b>	<b>-</b>	<b>72,600</b>	<b>100.0%</b>
	<b>REVENUE TOTALS</b>	<b>1,906,694</b>	<b>1,983,279</b>	<b>1,916,300</b>	<b>1,930,931</b>	<b>1,916,300</b>	<b>1,881,609</b>	<b>98.2%</b>	<b>1,972,831</b>	<b>103.0%</b>

<b>OPERATING NET</b>	-	<b>56,352</b>	-	<b>143,189</b>	-	<b>46,356.67</b>
----------------------	---	---------------	---	----------------	---	------------------

**FUND BALANCE | JUNE 30th**

Audited	FY2019
	175,000
	75,000
	<u>1,238,223</u>
	<b>1,488,223</b>

**FUND BALANCE | JULY 1st**

Unaudited	FY2020	FY2021
Committed		
... Stabilization	250,000	250,000
... Opportunity	300,000	300,000
Assigned	125,000	125,000
Unassigned	813,223	956,412
	<u>1,488,223</u>	<u>1,631,412</u>