



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

**5C**

**AGENDA REPORT**  
 Consent | Action

November 1, 2021

**TO:** Commissioners

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

**SUBJECT:** **Budget Update for 2021-2022 |**  
**1<sup>st</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 through the first quarter of 2021-2022 and related analysis. The report projects the Commission will finish with an operating surplus of \$0.054 million or 1.9%. Savings in salaries and benefits underlie the projected surplus as detailed. Should the projected surplus hold it will allow the Commission to reduce its budgeted use of reserves by nearly two-thirds and limit the overall change in the fund balance from \$1.621 to \$1.567 million. The report is being presented to the Commission to accept and file as well as provide direction to staff as needed.

**BACKGROUND**

San Diego LAFCO’s adopted budget for 2021-2022 totals \$1.941 million. This amount represents the total approved operating expenditures for the current fiscal year and divided between \$1.237 million in employee costs and \$0.703 in non-employee costs. A matching revenue total is also budgeted with most of the funding tied to appropriations collected from local agencies. The total unrestricted fund balance as of July 1, 2021 was \$1.620 million (unaudited) with \$0.945 million unassigned.

<p><b>Administration</b>          Keene Simonds, Executive Officer          2550 Fifth Avenue, Suite 725          San Diego, California 92103          T 619.321.3380          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, Alt.          County of San Diego</p>	<p>Paul McNamara          City of Escondido</p> <p>Mary Casillas Salas          City of Chula Vista</p> <p>Kristi Becker, Alt.          City of Solana 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>David Drake, Alt.          Rincon del Diablo</p>	<p>Chair 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 first quarter (September 30<sup>th</sup>). The report provides the Commission the opportunity to track trends and provide related direction as needed.

### Operating Expenses

LAFCO's budgeted operating expense total for 2021-2022 is \$1.941 million. Actual expenses booked through the first quarter total \$0.459 million. This booked amount represents 23.7% of the budgeted total with 25.0% of the fiscal year complete. These actuals paired with staff analysis suggests LAFCO is on pace to finish with \$1.850 million in total expenses. Should this projection hold, LAFCO will achieve an unexpended budgeted savings in expenses of \$0.091 million or 4.7%. An expanded discussion on budgeted and actuals through the first three months along with year-end projections within the three expense units follow.

#### Expense Unit | Salaries and Benefits

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LAFCO has budgeted \$1.237 million in salaries and benefits in 2021-2022 with the proceeds largely tied to funding 8.0 fulltime equivalent positions.<sup>1</sup> Actual expenses through the first quarter total \$0.275 million or 22.3% of the budgeted amount with 25.0% of the fiscal year complete. Going forward it is expected overall actuals will total \$1.150 million through the end of the fiscal year and this includes adjusting for anticipated merit increases as well as turnover in two of the eight budgeted positions. If this projection holds, LAFCO will experience an overall unit surplus of \$87,322 or 7.1% less any new amendments.

#### Expense Unit | Services and Supplies

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LAFCO has budgeted \$0.699 million in services and supplies for 2021-2022 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 first quarter total \$0.184 million or 26.3% of the budgeted amount with 25.0% of the fiscal year complete. Going forward it is expected overall actuals will total \$0.697 million through the end of the fiscal year and this includes absorbing all office relocation expenses as well as additional consultant usage to help with workflow with an employee recently going on family leave. If this projection holds, LAFCO will experience an overall unit surplus of \$1,496 or 0.2% less any new amendments.

#### Expense Unit | Other

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LAFCO has budgeted \$5,000 in two separate units to collectively address equipment depreciation and potential fixed asset purchases in 2021-2022. No expenses were billed in the first quarter. Going forward it is expected actuals will total \$2,500 and result in a year-end surplus of \$2,500 or 50% less any amendments.

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

## Operating Revenues

San Diego LAFCO's budgeted operating revenue total for 2021-2022 is \$1.941 million. Actual revenues collected through the first quarter total \$1.725 million. This amount represents 88.9% of the budgeted total with 25.0% of the fiscal year complete. These actuals paired with staff analysis suggest LAFCO's year-end revenue will total \$1.903 million. Should this projection hold, LAFCO will experience a budgeted shortfall of (\$0.037 million) or (1.9%) and attributed to lower-than-expected application fees. An expanded discussion on budgeted and actual revenues through the first three months along with year-end projections follows.

### Revenue Unit | Intergovernmental Fees

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LAFCO has budgeted \$1.694 million in intergovernmental fees in 2021-2022. This total budgeted amount is divided between LAFCO's four agency membership categories based on statutory formula and detailed in the accompanying footnote.<sup>2</sup> All apportionments were collected through the end of the first quarter.

### Revenue Unit | Service Charges

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LAFCO has budgeted \$0.150 million in application fees in 2021-2022. Actuals through the first quarter total \$0.031 million and represents 20.3% of the budgeted amount with 25.0% of the fiscal year complete. Staff anticipates the unit ultimately tallying \$0.122 million and result in a year-end deficit of (\$27,921) or (18.6%) less any new amendments.

### Revenue Unit | Interest

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LAFCO has budgeted \$0.015 million in interest earnings in 2021-2022. Actuals through the first quarter total \$0.001 million and represents 8.1% of the budgeted total with 25.0% of the fiscal year complete. Staff anticipates the unit ultimately tallying \$0.006 million and result in a year-end deficit of (\$9,541) or (63.3%).

### Revenue Unit | Miscellaneous

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LAFCO has budgeted \$0.083 million in operating transfers from unassigned reserves in 2021-2022. This transfer was purposefully budgeted in conjunction to use reserves to reduce increases in agency contributions. No transfers were made through the first 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.

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<sup>2</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.

## ANALYSIS

Activity through the first quarter of the fiscal year shows San Diego LAFCO is generally proceeding as planned and there are no notable outliers in expenses or revenues. As detailed in the preceding sections, it is projected the Commission will finish with an overall operating surplus of \$0.054 million or 1.9% while – notably – accommodating in-year changes in employee costs as well as absorbing unplanned office relocation costs. Overall savings in salaries and benefits underlie the projected surplus and tied to cost-differences in filling vacated positions.

## 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) 2021-2022 Operating Budget with Actuals Through September 30th and Year-End Projections



# San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## OPERATING EXPENSES

		FY 2020-2021		FY 2021-2022					
		Adopted (as amended)	Actuals	Adopted	Amended	Actuals Sept 30th	Actuals % Budget	Projected Year End	Projected % Expended
<b>Salaries and Benefits Unit</b>									
<u>Account No.</u>	<u>Description</u>								
51110-51310	Salaries and Wages	841,000	851,062	756,365	701,365	164,658	23.5%	690,622	98.5%
51410	Retirement - SDCERA	316,593	293,416	301,077	301,077	61,779	20.5%	257,016	85.4%
51415	Retirement - OPEB	10,977	9,944	9,164	9,164	1,982	21.6%	8,038	87.7%
51421	Retirement - OPEB Bonds	41,998	38,804	37,655	37,655	8,369	22.2%	33,618	89.3%
51450	Payroll Taxes	55,613	61,062	55,934	55,934	12,374	22.1%	49,879	89.2%
51510-51550	Group Insurance	103,116	116,261	130,169	130,169	26,515	20.4%	110,459	84.9%
51560	Unemployment Insurance	2,000	239	2,000	2,000	103	5.2%	412	20.6%
		<b>1,371,297</b>	<b>1,370,788</b>	<b>1,292,364</b>	<b>1,237,364</b>	<b>275,780</b>	<b>22.3%</b>	<b>1,150,042</b>	<b>92.9%</b>
<b>Services and Supplies Unit</b>									
<u>Account No.</u>	<u>Description</u>								
52074	Communications	3,636	6,937	6,336	6,336	1,427	22.5%	6,420	101.3%
52138	General Liability Insurance	-	10,576	10,788	10,788	12,402	115.0%	12,402	115.0%
52178	Vehicle - Maintenance	980	646	980	980	295	30.1%	980	100.0%
52182	Vehicle - Fuel	1,000	112	500	500	38	7.5%	250	50.0%
52270	Memberships	18,181	17,261	25,510	25,510	11,597	45.5%	20,000	78.4%
52304	Miscellaneous	50	25	50	50	-	0.0%	-	0.0%
52330	Office: General	7,420	6,064	6,420	6,420	3,849	60.0%	10,000	155.8%
52332	Office: Postage	500	22	250	250	-	0.0%	250	100.0%
52334	Office: Printing	10,000	7,916	8,000	8,000	1,434	17.9%	6,453	80.7%
52336	Office: Books and Guidelines	2,000	437	2,000	2,000	-	0.0%	500	25.0%
52338	Office: Drafting/Engineering	50	-	50	50	-	0.0%	-	0.0%
52344	Office: Supplies and Furnishings	15,800	6,692	14,300	69,300	49,065	70.8%	65,000	93.8%
52354	Office: County Mail Services	10,000	7,156	10,000	10,000	2,588	25.9%	11,647	116.5%
52370	Professional Services: Consultants	190,094	192,297	199,740	199,740	46,905	23.5%	211,073	105.7%
52490	Publications and Legal Notices	4,650	15,118	4,650	4,650	3,571	76.8%	16,068	345.5%
52504	Leases: Equipment	6,600	6,477	6,600	6,600	1,675	25.4%	6,500	98.5%
52530	Leases: Office Space	84,764	109,094	89,764	89,764	9,994	11.1%	101,479	113.1%
52550	Special Expenses: County Overhead	50,994	40,739	75,346	75,346	9,197	12.2%	66,957	88.9%
52562	Special Expenses: New Hire Backgrounds	-	1,112	-	-	-	-	250	-
52566	Special Expenses: Minor Equipment	1,000	-	500	500	-	0.0%	-	0.0%
52602	Computer Training	2,000	-	500	500	-	0.0%	-	0.0%
52610	Travel and Training   In County	4,500	2,364	3,000	3,000	740	24.7%	2,000	66.7%
52612	Employee Auto	9,700	7,200	8,700	8,700	1,800	20.7%	7,700	88.5%
52622	Travel and Training   Out of County	-	-	5,000	5,000	-	0.0%	5,000	100.0%
52704-52722	Reimbursements: Network	30,000	31,162	30,000	30,000	6,691	22.3%	30,107	100.4%
52723	Reimbursements: Data Center	29,006	28,752	40,000	40,000	6,869	17.2%	30,911	77.3%
52725	Reimbursements: Financial Systems	20,000	19,575	20,000	20,000	4,535	22.7%	20,406	102.0%
52726-52732	Reimbursements: Desktop Computing	43,000	46,459	25,000	25,000	7,474	29.9%	33,634	134.5%
52734	Reimbursements: Help Desk	3,000	2,274	3,000	3,000	556	18.5%	2,502	83.4%
52750-52754	Reimbursements: Catalog Equipment	10,532	8,776	45,000	45,000	-	0.0%	25,000	55.6%
52758	Reimbursements: Vehicle Lease	2,000	1,986	2,000	2,000	496	24.8%	2,000	100.0%
		<b>561,367</b>	<b>559,716</b>	<b>643,984</b>	<b>698,984</b>	<b>184,008</b>	<b>26.3%</b>	<b>697,488</b>	<b>99.8%</b>

**OPERATING EXPENSES CONTINUED...**

		FY 2020-2021		FY 2021-2022					
		Adopted	Actuals	Adopted	Amended	Actuals Sept 30th	Actuals % Budget	Projected Year End	Projected % Expended
<b>Other Units</b>									
<u>Account No.</u>	<u>Description</u>								
53585	Equipment Depreciation	2,500	2,500	2,500	2,500	-	0.0%	2,500	100.0%
54955-54961	Fixed Assets	2,500	-	2,500	2,500	-	0.0%	-	0.0%
		<u>5,000</u>	<u>2,500</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>0.0%</u>	<u>2,500</u>	<u>50.0%</u>
	EXPENSE TOTALS	1,937,664	1,933,004	1,941,348	1,941,348	459,788	23.7%	1,850,030	95.3%

**OPERATING REVENUES**

		FY 2020-2021		FY 2021-2022					
		Adopted	Actuals	Adopted	Amended	Actuals Sept 30th	Actuals % Budget	Projected Year End	Projected % Collected
<b>Intergovernmental Unit</b>									
<u>Account No.</u>	<u>Description</u>								
45918.1	Apportionments   County	483,914	483,914	483,914	483,914	483,914	100.0%	483,914	100.0%
45918.2	Apportionments   Cities (less SD)	483,914	483,914	483,914	483,914	483,914	100.0%	483,914	100.0%
45918.3	Apportionments   City of San Diego	241,957	241,957	241,957	241,957	241,957	100.0%	241,957	100.0%
45918.4	Apportionments   Special Districts	483,914	483,914	483,914	483,914	483,914	100.0%	483,914	100.0%
		<u>1,693,700</u>	<u>1,693,700</u>	<u>1,693,700</u>	<u>1,693,700</u>	<u>1,693,700</u>	<u>100.0%</u>	<u>1,693,700</u>	<u>100.0%</u>
<b>Service Charges Unit</b>									
<u>Account No.</u>	<u>Description</u>								
46234	Application Fees	130,000	221,918	150,000	150,000	30,520	20.3%	122,079	81.4%
		<u>130,000</u>	<u>221,918</u>	<u>150,000</u>	<u>150,000</u>	<u>30,520</u>	<u>20.3%</u>	<u>122,079</u>	<u>81.4%</u>
<b>Earnings Unit</b>									
<u>Account No.</u>	<u>Description</u>								
44105	Interest and Dividends	20,000	8,368	15,000	15,000	1,213	8.1%	5,459	36.4%
		<u>20,000</u>	<u>8,368</u>	<u>15,000</u>	<u>15,000</u>	<u>1,213</u>	<u>8.1%</u>	<u>5,459</u>	<u>36.4%</u>
<b>Miscellaneous Unit</b>									
<u>Account No.</u>	<u>Description</u>								
47540	Transfer from Fund Balance	72,600	72,600	82,648	82,648	-	0.0%	82,648	100.0%
		<u>72,600</u>	<u>72,600</u>	<u>82,648</u>	<u>82,648</u>	<u>-</u>	<u>0.0%</u>	<u>82,648</u>	<u>100.0%</u>
	REVENUE TOTALS	1,916,300	1,996,586	1,941,348	1,941,348	1,725,433	88.9%	1,903,887	98.1%

<b>OPERATING NET</b>	<b>63,582</b>	<b>-</b>	<b>-</b>	<b>53,856.62</b>
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<b>FUND BALANCE (unrestricted)</b>		<b>unaudited</b>
Committed		
... Stabilization	250,000	
... Opportunity	300,000	
Assigned by EO	125,000	
Unassigned	<u>945,720</u>	
	1,620,720	