



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

5C

AGENDA REPORT
 Consent | Action

June 6, 2022

TO: Commissioners

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

SUBJECT: **Budget Update for 2021-2022 |**
3rd 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 third quarter of 2021-2022 and related analysis. The report projects the Commission will finish with a net surplus of \$0.071 million or 3.8%. Savings in salaries and benefits underlie the projected surplus as detailed. Should the projected surplus hold, the Commission will recover more than nine-tenths of its budgeted uses of reserves and limit the overall change in the fund balance during the fiscal year from \$1.579 million to \$1.568 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 costs 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 beginning unrestricted fund balance was \$1.579 million with \$0.904 million unassigned.

<p>Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103 T 619.321.3380 www.sdlafco.org lafco@sdcountry.ca.gov</p>	<p>Chair Jim Desmond County of San Diego</p> <p>Joel Anderson County of San Diego</p> <p>Nora Vargas, Alt. County of San Diego</p>	<p>Vice Chair 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>Andy Vanderlaan General Public</p> <p>Harry Mathis, Alt. General Public</p>
--	--	--	--	--	--

DISCUSSION

This item is for San Diego LAFCO to receive an update comparison of budget to actual expenses and revenues through the third quarter (March 31, 2022). The report provides the Commission the opportunity to track trends and provide related direction as needed.

Budgeted Expenses

LAFCO's budgeted expense total for 2021-2022 is \$1.941 million. Actual expenses booked through the third quarter total \$1.392 million. This booked amount represents 71.7% of the budgeted total with 75% of the fiscal year complete. The actuals paired with staff analysis suggests LAFCO is on pace to finish with \$1.903 million in total expenses. Should this projection hold, LAFCO will achieve an unexpended budgeted savings in expenses of \$0.039 million or 2.0%. An expanded discussion on budgeted and actuals through the first nine months along with year-end projections within the three expense units follow.

Expense Unit | Salaries and Benefits

LAFCO has budgeted with amendments \$1.237 million in salaries and benefits in 2021-2022 with the proceeds largely tied to funding 8.0 fulltime equivalent positions.¹ Actual expenses through the third quarter total \$0.870 million or 70.3% of the budgeted amount with 75% of the fiscal year complete. Going forward it is expected overall actuals will total \$1.177 million through the end of the fiscal year and this includes adjusting for turnover in three of the eight budgeted positions. If this projection holds, LAFCO will experience a unit surplus of \$0.060 million or 4.9% less any new amendments.

Expense Unit | Services and Supplies

LAFCO has budgeted with amendments \$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 third quarter total \$0.523 million or 74.7% of the budgeted amount with 75% of the fiscal year complete. Going forward it is expected overall actuals will total \$0.723 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 due to recent employee departures. If this projection holds, LAFCO will experience a unit deficit of (\$0.024 million) or (0.9%). Amendments will presumably be needed as part of the next quarter report to accommodate the anticipated overrun.

Expense Unit | Other

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 through the third quarter. Going forward it is expected actuals will total \$2,500 and result in a year-end surplus of \$2,500 or 50.0% less any amendments.

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

Budgeted Revenues

San Diego LAFCO's budgeted revenue total for 2021-2022 is \$1.941 million. Actual revenues collected through the third quarter total \$1.882 million. This amount represents 97% of the budgeted total with 75% of the fiscal year complete. These actuals paired with staff analysis suggest LAFCO's year-end revenue will total \$1.974 million. Should this projection hold, LAFCO will experience a collection surplus of \$0.033 million or 1.3% and attributed to higher-than-budgeted application fees. An expanded discussion on budgeted and actual revenues through the first nine months along with year-end projections follows.

Revenue Unit | Intergovernmental Fees

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.² All apportionments have been collected.

Revenue Unit | Service Charges

LAFCO has budgeted \$0.150 million in application fees in 2021-2022. Actuals through the third quarter total \$0.185 million and represents 123.2% of the budgeted amount with 75% of the fiscal year complete. Staff anticipates the unit ultimately tallying \$0.190 million and result in a year-end surplus of \$0.040 million or 26.7% less any new amendments.

Revenue Unit | Interest

LAFCO has budgeted \$0.015 million in interest earnings in 2021-2022. Actuals through the third quarter total \$0.004 million and represents 25.4% of the budgeted total with 75% of the fiscal year complete. Staff anticipates the unit ultimately tallying \$0.008 million and result in a year-end deficit of (\$0.007 million) or (49.2%).

Revenue Unit | Miscellaneous

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 third 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.

² 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 third quarter of the fiscal year signals San Diego LAFCO is generally proceeding as planned and there are no notable outliers in actual expenses or revenues effecting unit total amounts. As detailed in the preceding sections, it is projected the Commission will finish with an overall net surplus of \$0.071 million or 3.8% while – notably – accommodating in-year changes in employee costs as well as absorbing unbudgeted office relocation costs. Overall savings in salaries and benefits underlie the projected surplus and tied to cost-differences in filling vacated positions. Assuming the projected surplus holds it will allow the Commission to recover most of the budgeted use of reserves as offsetting revenues and limit the overall change in the fund balance of (0.7%) from \$1.579 to \$1.568 million.

With respect to procedural matters, no budget amendments are needed at this time. An amendment to increase appropriations in the services and supplies unit, however, is expected in conjunction with closing the fiscal year based on current projections. The value of the amendment is expected to be less than \$0.025 million and should be fully accommodated through an offsetting transfer from the salaries and benefits unit.

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.

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) 2021-2022 Operating Budget: Third Quarter Actuals 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	Amended	Actuals	Adopted	Amended	Actuals	Actuals	Projected	Projected	Projected
							March 31st	% Budget	Year End	% Expended	\$ Balance
Salaries and Benefits Unit											
<u>Account No.</u>	<u>Description</u>										
51110-51310	Salaries and Wages	763,339	841,000	851,062	756,365	701,365	548,603	78.2%	734,374	104.7%	(33,009)
51410	Retirement - SDCERA	272,668	316,593	293,416	301,077	301,077	177,575	59.0%	246,319	81.8%	54,758
51415	Retirement - OPEB	10,977	10,977	9,944	9,164	9,164	5,739	62.6%	7,850	85.7%	1,315
51421	Retirement - OPEB Bonds	41,998	41,998	38,804	37,655	37,655	24,220	64.3%	33,118	88.0%	4,537
51450	Payroll Taxes	55,613	55,613	61,062	55,934	55,934	38,035	68.0%	51,252	91.6%	4,682
51510-51550	Group Insurance	103,116	103,116	116,261	130,169	130,169	75,377	57.9%	103,661	79.6%	26,508
51560	Unemployment Insurance	2,000	2,000	239	2,000	2,000	304	15.2%	750	37.5%	1,250
		1,249,711	1,371,297	1,370,788	1,292,364	1,237,364	869,853	70.3%	1,177,323	95.1%	60,041
Services and Supplies Unit											
<u>Account No.</u>	<u>Description</u>										
52074	Communications	3,636	3,636	6,937	6,336	6,336	5,462	86.2%	6,974	110.1%	(638)
52138	General Liability Insurance	-	-	10,576	10,788	10,788	12,402	115.0%	12,402	115.0%	(1,615)
52178	Vehicle - Maintenance	980	980	646	980	980	951	97.0%	951	97.0%	29
52182	Vehicle - Fuel	1,000	1,000	112	500	500	39	7.7%	250	50.0%	250
52270	Memberships	25,413	18,182	17,261	25,510	25,510	21,101	82.7%	22,601	88.6%	2,909
52304	Miscellaneous	50	50	25	50	50	146	291.0%	146	291.0%	(96)
52330	Office: General	7,420	7,420	6,064	6,420	6,420	8,056	125.5%	9,556	148.9%	(3,136)
52332	Office: Postage	500	500	22	250	250	99	39.6%	99	39.6%	151
52334	Office: Printing	10,000	10,000	7,916	8,000	8,000	18,212	227.6%	22,764	284.6%	(14,764)
52336	Office: Books and Guidelines	2,000	2,000	437	2,000	2,000	-	0.0%	-	0.0%	2,000
52338	Office: Drafting/Engineering	50	50	-	50	50	-	0.0%	-	0.0%	50
52344	Office: Supplies and Furnishings	15,800	15,800	6,692	14,300	69,300	54,435	78.5%	59,435	85.8%	9,865
52354	Office: County Mail Services	10,000	10,000	7,156	10,000	10,000	6,348	63.5%	9,471	94.7%	529
52370	Professional Services: Consultants	190,094	190,094	192,297	199,740	199,740	178,832	89.5%	265,000	132.7%	(65,260)
52490	Publications and Legal Notices	4,650	4,650	15,118	4,650	4,650	13,346	287.0%	16,346	351.5%	(11,696)
52504	Leases: Equipment	6,600	6,600	6,477	6,600	6,600	4,416	66.9%	5,916	89.6%	684
52530	Leases: Office Space	84,764	84,764	109,094	89,764	89,764	66,428	74.0%	97,130	108.2%	(7,366)
52550	Special: County Overhead	91,507	50,904	40,739	75,346	75,346	18,471	24.5%	36,871	48.9%	38,475
52562	Special: New Hire Backgrounds	-	-	1,112	-	-	49	0.0%	49		(49)
52566	Special: Minor Equipment	1,000	1,000	-	500	500	1,023	204.5%	1,023	204.5%	(523)
52602	Computer Training	2,000	2,000	-	500	500	-	0.0%	-	0.0%	500
52610	Travel and Training In County	4,500	4,500	2,364	3,000	3,000	3,304	110.1%	4,000	133.3%	(1,000)
52612	Employee Auto	9,700	9,700	7,200	8,700	8,700	5,819	66.9%	7,969	91.6%	731
52622	Travel and Training Out of County	19,925	-	-	5,000	5,000	-	0.0%	-	0.0%	5,000
52704-52722	Reimbursements: Network	30,000	30,000	31,162	30,000	30,000	32,317	107.7%	43,240	144.1%	(13,240)
52723	Reimbursements: Data Center	45,000	29,006	28,752	40,000	40,000	20,819	52.0%	29,490	73.7%	10,510
52725	Reimbursements: Financial Systems	20,000	20,000	19,575	20,000	20,000	14,414	72.1%	20,421	102.1%	(421)
52726-52732	Reimbursements: Desktop Computing	25,000	43,000	46,459	25,000	25,000	29,866	119.5%	42,310	169.2%	(17,310)
52734	Reimbursements: Help Desk	3,000	3,000	2,274	3,000	3,000	1,664	55.5%	2,358	78.6%	642
52750-52754	Reimbursements: Catalog Equipment	45,000	10,532	8,776	45,000	45,000	2,771	6.2%	3,926	8.7%	41,074
52758	Reimbursements: Vehicle Lease	2,000	2,000	1,986	2,000	2,000	1,489	74.5%	1,986	99.3%	14
		661,589	561,368	559,716	643,984	698,984	522,279	74.7%	722,683	103.4%	(23,700)

OPERATING EXPENSES CONTINUED...

		FY 2020-2021							FY 2021-2022		
		Adopted	Amended	Actuals	Adopted	Amended	Actuals March 31st	Actuals % Budget	Projected Year End	Projected % Expended	Projected \$ Balance
Other Units											
<u>Account No.</u>	<u>Description</u>										
53585	Equipment Depreciation	2,500	2,500	2,500	2,500	2,500	-	0.0%	2,500	100.0%	-
54955-54961	Fixed Assets	2,500	2,500	-	2,500	2,500	-	0.0%	-	0.0%	2,500
		5,000	5,000	2,500	5,000	5,000	-	0.0%	2,500	50.0%	2,500
	EXPENSE TOTALS	1,916,300	1,937,665	1,933,004	1,941,348	1,941,348	1,392,132	71.7%	1,902,506	98.0%	38,842

OPERATING REVENUES

		FY 2020-2021							FY 2021-2022		
		Adopted	Amended	Actuals	Adopted	Amended	Actuals March 31st	Actuals % Budget	Projected Year End	Projected % Collected	Projected \$ Balance
Intergovernmental Unit											
<u>Account No.</u>	<u>Description</u>										
45918.1	Apportionments County	483,914	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	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	241,957	100.0%	241,957	100.0%	-
45918.4	Apportionments Special Districts	483,914	483,914	483,914	483,914	483,914	483,914	100.0%	483,914	100.0%	-
		1,693,700	1,693,700	1,693,700	1,693,700	1,693,700	1,693,700	100.0%	1,693,700	100.0%	-
Service Charges Unit											
<u>Account No.</u>	<u>Description</u>										
46234	Application Fees	130,000	130,000	223,585	150,000	150,000	184,744	123.2%	190,000	126.7%	(40,000)
		130,000	130,000	223,585	150,000	150,000	184,744	123.2%	190,000	126.7%	(40,000)
Earnings Unit											
<u>Account No.</u>	<u>Description</u>										
44105	Interest and Dividends	20,000	20,000	8,132	15,000	15,000	3,811	25.4%	7,622	50.8%	7,378
		20,000	20,000	8,132	15,000	15,000	3,811	25.4%	7,622	50.8%	7,378
Miscellaneous Unit											
<u>Account No.</u>	<u>Description</u>										
47540	Fund Balance	72,600	72,600	72,600	82,648	82,648	-	0.0%	82,648	100.0%	-
		72,600	72,600	72,600	82,648	82,648	-	0.0%	82,648	100.0%	-
	REVENUE TOTALS	1,916,300	1,916,300	1,998,017	1,941,348	1,941,348	1,882,255	97.0%	1,973,970	101.7%	(32,622)

OPERATING NET

65,013

-

-

71,463

FUND BALANCE

(unrestricted)

audited

unaudited

Committed

... Stabilization

250,000

250,000

... Opportunity

300,000

300,000

Assigned by EO

125,000

125,000

Unassigned

904,086

892,901

1,579,086

1,567,901