



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

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**AGENDA REPORT**  
 Consent | Action

November 7, 2022

**TO:** Commissioners

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

**SUBJECT: Budget Update for 2022-2023 |  
 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 2022-2023 and related analysis. The Commission finished the quarter expending 23.5% of budgeted expenses while collecting 79.1% of budgeted revenues. The report projects the Commission will finish the fiscal year generally as expected with an operating surplus of \$0.005 million or 0.2%. No amendments are recommended at this time. The report is being presented to the Commission to formally accept and provide direction to staff as needed.

**BACKGROUND**

San Diego LAFCO’s adopted budget for 2022-2023 totals \$2,260,664 million. This amount represents the total approved expenditures for the current fiscal year and divided between \$1.254 million in employee costs and \$1.006 million in non-employee costs. A matching revenue total is also budgeted with four-fifths of the funding tied to appropriations collected from local agencies. The total unrestricted fund balance as of July 1, 2022 was \$1.520 million (unaudited) with \$0.870 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          lafco@sdcounty.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 Protector</p> <p>David Drake, Alt.          Rincon del Diablo</p>	<p>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, 2022). The report provides the Commission the opportunity to track trends and provide related direction as needed.

### Expenses

San Diego LAFCO's budgeted expense total for 2022-2023 is \$2.260 million. Actual expenses booked through the first quarter total \$0.532 million. This booked amount represents 23.5% of the budgeted total with 25.0% of the fiscal year complete. The actuals paired with staff analysis suggests LAFCO is on pace to finish with \$2.204 million in total expenses. Should this projection hold, LAFCO will achieve an unexpended budgeted savings in expenses of \$0.056 million or 2.5%. 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 \$1.254 million in salaries and benefits in 2022-2023 with the proceeds largely tied to funding 8.0 fulltime equivalent positions.<sup>1</sup> Actual expenses through the first quarter total \$0.299 million or 23.9% of the budgeted amount with 25.0% of the fiscal year complete. Going forward it is expected overall actuals will total \$1.164 million through the end of the fiscal year with the reduction attributed to a prolonged vacancy in one of the budgeted analyst positions. If this projection holds, LAFCO will experience an overall unit surplus of \$0.091 million or 7.2% less any new amendments.

#### Expense Unit | Services and Supplies

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LAFCO has budgeted \$0.753 million in services and supplies for 2022-2023 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 \$0.174 million or 23.1% of the budgeted amount with 25.0% of the fiscal year complete. Going forward it is expected overall actuals will total \$0.790 million through the end of the fiscal year and this includes absorbing additional consultant usage. If this projection holds, LAFCO will experience an overall unit shortfall of (\$0.037 million) or (4.9%) less any new amendments.

#### Expense Unit | Non-Operating

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LAFCO has budgeted \$0.253 million in non-operating costs that involve debt service and grant payments in 2022-2023. Total expenses billed within this unit during the first quarter total \$0.058 million and equals 22.8% of the budgeted amount. Going forward it is expected actuals will total \$0.250 million and result in a year-end surplus of \$2,764 or 1.1% 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.

## Revenues

San Diego LAFCO's budgeted revenue total for 2022-2023 is \$2.260 million. Actual revenues collected through the first quarter totals \$1.789 million. This amount represents 79.1% 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 \$2.209 million. Should this projection hold, LAFCO will experience a budgeted shortfall of (\$0.051 million) or (2.3%) and attributed to slightly 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 \$1.804 million in intergovernmental fees in 2022-2023. This total budgeted amount is divided between LAFCO's four agency membership categories based on statutory formula. Through the first quarter \$1.785 million in invoiced apportionments have been collected and equals 98.9% of the total. Staff anticipates all apportionments will be collected by the end of the fiscal year.

### Revenue Unit | Service Charges

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LAFCO has budgeted \$0.170 million in application fees in 2022-2023. Actuals through the first quarter totals \$0.002 million and represents 1.1% of the budgeted amount with 25.0% of the fiscal year complete. Staff anticipates the application fees will pick up and ultimately tally \$0.125 million, which would result in a year-end deficit of (\$0.045 million) or (26.5%) less any new amendments.

### Revenue Unit | Interest

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LAFCO has budgeted \$0.015 million in interest earnings in 2022-2023. Actuals through the first quarter totals \$0.002 million and represents 12.5% of the budgeted total with 25.0% of the fiscal year complete. Staff anticipates interest collections will ultimately tally \$0.008 million and result in a year-end deficit of (\$0.007 million) or (43.8%).

### Revenue Unit | Non-Operating

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LAFCO has budgeted \$0.271 million in non-operating revenues that involve fund balance usage and grant awards in 2022-2023. No revenues have been collected through the first quarter. Staff anticipates full collection by the end of the fiscal year.

## 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 effecting unit total amounts. As detailed in the preceding sections, it is projected the Commission will finish with an overall surplus of \$0.005 million or 0.2% while – notably – accommodating in-year changes in employee costs as well as absorbing additional consultant usage. No amendments are recommended at this time.

## 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) 2022-2023 Budget with Actuals Through September 30, 2022 and Year-End Projections

**San Diego County Local Agency Formation Commission**  
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EXPENSES	FY2021-2022			FY2022-2023						
	Final	Amended	Actuals	Adopted	Amended	Actuals 1st Quarter	Actuals % of Budget	Projected Year End	Projected % Expended	Projected \$ Balance
<b>Salaries and Benefits Unit</b>										
<u>Account No.</u>	<u>Description</u>									
51110-51310	756,365	701,365	710,875	786,510	786,510	191,772	24.4%	731,398	93.0%	55,112
51410	301,077	241,077	238,521	275,694	275,694	67,124	24.3%	260,972	94.7%	14,722
51415	9,164	9,164	7,744	9,030	9,030	2,119	23.5%	8,416	93.2%	614
51421	37,655	37,655	31,780	-	-	-	0.0%	0.00	0.00	0.00
51450	55,934	55,934	50,568	55,537	55,537	13,650	24.6%	52,511	94.6%	3,026
51510-51550	130,169	110,169	104,715	125,476	125,476	24,741	19.7%	109,676	87.4%	15,801
51560	2,000	2,000	406	2,000	2,000	115	5.8%	575	28.8%	1,425
	<b>1,292,364</b>	<b>1,157,365</b>	<b>1,144,609</b>	<b>1,254,248</b>	<b>1,254,248</b>	<b>299,521</b>	<b>23.9%</b>	<b>1,163,548</b>	<b>92.8%</b>	<b>90,700</b>
<b>Services and Supplies Unit</b>										
<u>Account No.</u>	<u>Description</u>									
52074	6,336	6,336	7,562	12,961	12,961	972	7.5%	10,859	83.8%	2,102
52138	10,788	10,788	12,402	12,402	12,402	-	0.0%	12,402	100.0%	-
52178	980	980	1,251	980	980	338	34.5%	980	100.0%	-
52182	500	500	128	500	500	124	24.8%	450	90.0%	50
52270	25,510	25,510	21,989	30,248	30,248	12,225	40.4%	30,386	100.5%	(138)
52304	50	50	146	50	50	-	0.0%	-	0.0%	50
52330	6,420	6,420	13,519	8,211	8,211	2,178	26.5%	8,710	106.1%	(499)
52332	250	250	219	250	250	-	0.0%	-	0.0%	250
52334	8,000	8,000	20,124	15,000	15,000	2,914	19.4%	11,657	77.7%	3,343
52336	2,000	2,000	-	2,000	2,000	-	0.0%	-	0.0%	2,000
52338	50	50	-	50	50	-	0.0%	-	0.0%	50
52344	14,300	69,300	59,726	14,600	14,600	1,520	10.4%	7,600	52.1%	7,000
52354	10,000	10,000	8,095	10,000	10,000	2,226	22.3%	8,905	89.1%	1,095
52370	199,740	321,740	326,659	270,960	270,960	62,293	23.0%	322,064	118.9%	(51,104)
52490	4,650	4,650	17,437	4,650	4,650	5,208	112.0%	15,000	322.6%	(10,350)
52504	6,600	6,600	6,520	6,600	6,600	894	13.5%	5,366	81.3%	1,234
52530	89,764	89,764	100,303	137,868	137,868	23,802	17.3%	138,692	100.6%	(824)
52550	75,346	75,346	36,865	72,466	72,466	7,841	10.8%	54,890	75.7%	17,576
52562	-	-	49	-	-	270	-	600	-	(600)
52566	500	500	1,485	500	500	-	0.0%	1,200	240.0%	(700)
52602	500	500	-	500	500	-	0.0%	-	0.0%	500
52610	3,000	3,000	4,502	2,700	2,700	2,133	79.0%	3,500	129.6%	(800)
52612	8,700	8,700	7,766	8,700	8,700	1,833	21.1%	8,249	94.8%	452
52622	5,000	5,000	-	16,050	16,050	4,607	28.7%	11,107	69.2%	4,943
52721	30,000	30,000	36,411	26,553	26,553	3,820	14.4%	17,383	65.5%	9,170
52723	40,000	40,000	27,761	29,015	29,015	6,827	23.5%	31,061	107.0%	(2,046)
52725+28	20,000	20,000	18,973	40,146	40,146	7,106	17.7%	32,332	80.5%	7,814
52732	25,000	25,000	71,257	21,488	21,488	5,135	23.9%	23,364	108.7%	(1,876)
52734	3,000	3,000	2,218	2,331	2,331	524	22.5%	2,356	101.1%	(25)
52750	45,000	45,000	13,938	3,748	3,748	19,074	509.0%	29,074	775.8%	(25,327)
52758	2,000	2,000	1,986	2,000	2,000	496	24.8%	1,986	99.3%	14
	<b>643,984</b>	<b>820,983</b>	<b>819,291</b>	<b>753,528</b>	<b>753,528</b>	<b>174,360</b>	<b>23.1%</b>	<b>790,173</b>	<b>104.9%</b>	<b>(36,645)</b>

**EXPENSES CONTINUED...**

		FY2021-2022			FY2022-2023						
		Final	Amended	Actuals	Adopted	Amended	Actuals 1st Quarter	Actuals % of Budget	Projected Year End	Projected % Expended	Projected \$ Balance
<b>Non Operating Unit</b>											
<u>Account No.</u>	<u>Description</u>										
51421	Debt Service: OPEB Obligation Bonds	-	-	-	37,388	37,388	8,656	23.2%	34,624	92.6%	2,764
53585	Equipment Depreciation	2,500	2,500	-	-	-	-	0.0%	-	-	-
TBD	Grant Award Payments	-	34,768	34,768	-	215,500	49,078	22.8%	215,500	100.0%	-
54955-54961	Fixed Assets	2,500	2,500	-	-	-	-	0.0%	-	-	-
		5,000	39,768	34,768	37,388	252,888	57,734	22.8%	250,124	98.9%	2,764
	EXPENSE TOTALS	1,941,348	2,018,116	1,998,668	2,045,163	2,260,664	531,615	23.5%	2,203,844	97.5%	56,819

**REVENUES**

		FY2021-2022			FY2022-2023						
		Final	Amended	Actuals	Adopted	Amended	Actuals 1st Quarter	Actuals % of Budget	Projected Year End	Projected % Collected	Projected \$ Balance
<b>Intergovernmental Unit</b>											
<u>Account No.</u>	<u>Description</u>										
45918.1	Apportionments   County	483,914	483,914	483,914	515,479	515,479	515,479	100.0%	515,479	100.0%	-
45918.2	Apportionments   Cities (less SD)	483,914	483,914	483,914	515,479	515,479	515,479	100.0%	515,479	100.0%	-
45918.3	Apportionments   City of San Diego	241,957	241,957	241,957	257,830	257,830	257,830	100.0%	257,830	100.0%	-
45918.4	Apportionments   Special Districts	483,914	483,914	483,914	515,479	515,479	495,919	96.2%	515,479	100.0%	-
		1,693,700	1,693,700	1,693,700	1,804,265	1,804,266	1,784,706	98.9%	1,804,266	100.0%	-
<b>Service Charges Unit</b>											
<u>Account No.</u>	<u>Description</u>										
46234	Application Fees	150,000	150,000	222,221	170,000	170,000	1,922	1.1%	125,000	73.5%	(45,000)
		150,000	150,000	222,221	170,000	170,000	1,922	1.1%	125,000	73.5%	(45,000)
<b>Earnings Unit</b>											
<u>Account No.</u>	<u>Description</u>										
44105	Interest and Dividends	15,000	15,000	5,205	15,000	15,000	1,873	12.5%	8,429	56.2%	(6,571)
		15,000	15,000	5,205	15,000	15,000	1,873	12.5%	8,429	56.2%	(6,571)
<b>Non-Operating Unit</b>											
<u>Account No.</u>	<u>Description</u>										
TBD	Grant Awards	-	19,011	19,011	-	215,500	-	-	215,500	100.0%	-
47540	Transfer from Fund Balance	82,648	82,648	82,648	55,898	55,898	-	-	55,898	100.0%	-
		82,648	101,659	101,659	55,898	271,398	-	-	271,398	100.0%	-
	REVENUE TOTALS	1,941,348	1,960,359	2,022,785	2,045,163	2,260,664	1,788,500	79.1%	2,209,093	97.7%	(51,571)

**OPERATING NET**

24,117

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-

1,256,886

5,248.04

**FUND BALANCE**

(unrestricted)

End of Year

Budgeted

Committed

... Stabilization

250,000

250,000

... Opportunity

300,000

300,000

Assigned by EO

100,437

125,000

Unassigned

870,118

814,220

1,520,555

1,489,220