



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

**5C**

**AGENDA REPORT**  
 Consent | Action

May 1, 2023

**TO:** Commissioners

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

**SUBJECT: Budget Update for 2022-2023 |**  
**3<sup>rd</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 third quarter of 2022-2023 and related analysis. The Commission finished the quarter expending 69.6% of total budgeted expenses while collecting 93.7% of total budgeted revenues. The report projects the Commission will finish the fiscal year generally as expected with a net surplus of \$0.136 million or 5.8%. No amendments are recommended at this time, although one or more will be likely be forwarded before the end of the fiscal year as detailed. The report is being presented to the Commission to formally accept as well as to provide direction to staff as needed.

**BACKGROUND**

San Diego LAFCO’s adopted budget for 2022-2023 totals \$2,260,664. This amount represents the total approved expenditures – operating and non-operating – 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 <b>Jim Desmond</b>          County of San Diego</p> <p><b>Joel Anderson</b>          County of San Diego</p> <p><b>Nora Vargas, Alt.</b>          County of San Diego</p>	<p><b>Kristi Becker</b>          City of Solana Beach</p> <p><b>Dane White</b>          City of Escondido</p> <p><b>John McCann, Alt.</b>          City of Chula Vista</p>	<p><b>Stephen Whitburn, Vice Chair</b>          City of San Diego</p> <p><b>Marni von Wilpert, Alt.</b>          City of San Diego</p>	<p><b>Jo MacKenzie</b>          Vista Irrigation</p> <p><b>Barry Willis</b>          Alpine Fire Protection</p> <p><b>David Drake, Alt.</b>          Rincon del Diablo</p>	<p><b>Andy Vanderlaan</b>          General Public</p> <p><b>Harry Mathis, Alt.</b>          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 third quarter (March 31, 2023). 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 and includes operating and non-operating units. Actual expenses booked through the third quarter total \$1.574 million. This booked amount represents 69.6% 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 \$2.195 million in total expenses. Should this projection hold, LAFCO will achieve an unexpended budgeted savings in expenses of \$0.066 million or 2.9%. 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

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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 third quarter total \$0.862 million or 68.7% of the budgeted amount with 75% of the fiscal year complete. Going forward it is expected overall actuals will total \$1.133 million through the end of the fiscal year with the reduction attributed to a prolonged vacancy in one of the analyst positions. If this projection holds, LAFCO will experience an overall unit surplus of \$0.122 million or 9.7% 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 third quarter total \$0.578 million or 76.7% of the budgeted amount with 75% of the fiscal year complete. Going forward it is expected overall actuals will total \$0.814 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 (\$0.060 million) or (8.0%) less any new amendments.

#### Expense Unit | Non-Operating

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LAFCO has budgeted \$0.253 million in non-operating costs involving debt service and grant payments in 2022-2023. Total expenses billed in this unit through the third quarter total \$0.134 million and equals 53.1% of the budgeted amount. Going forward it is expected actuals will total \$0.248 million and leave an overall unit surplus of \$0.005 million or 1.8%.

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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 third quarter totals \$2.119 million. This amount represents 93.7% 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 \$2.331 million. Should this projection hold, LAFCO will experience a budgeted revenue surplus of \$0.070 million or 3.1% and attributed to excess 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

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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. All invoices have been received.

### Revenue Unit | Service Charges

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LAFCO has budgeted \$0.170 million in application fees in 2022-2023. Actuals through the third quarter totals \$0.241 million and represents 141.8% of the budgeted amount with 75% of the fiscal year complete. Staff anticipates the application fees will ultimately tally \$0.250 million, which would result in a year-end surplus of \$0.080 million or 47.1% 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 third quarter totals \$0.004 million and represents 25.1% of the budgeted total with 75% of the fiscal year complete. Staff anticipates interest collections will ultimately tally \$0.005 million and result in a year-end deficit of (\$0.010million) or (66.6%).

### Revenue Unit | Non-Operating

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LAFCO has budgeted \$0.271 million in non-operating revenues involving fund balance usage and grant awards in 2022-2023. Actuals through the third quarter totals \$0.070 million and represents 25.8% of the budgeted total with 75% of the fiscal year complete. Staff anticipates full collection by the end of the fiscal year.

## ANALYSIS

Activity through the third quarter of the fiscal year shows San Diego LAFCO is generally proceeding as planned and there are no significant outliers in either actual expenses or revenues. The extended vacancy in one of the budgeted analyst positions and the corresponding need for additional consultant usage – however – will necessitate amendments to transfer monies from the labor unit to non-labor unit and thereby ensuring the latter finishes in the black. These amendments will be presented as part of the fourth quarter review.

Overall, staff projects the Commission will finish in positive ground with a net surplus of \$0.136 million or 5.8% and largely attributed to additional proposal filing fees.

## 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. 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 March 31, 2023 and Year-End Projections

EXPENSES		FY2021-2022			FY2022-2023						
		Final	Amended	Actuals	Adopted	Amended	Actuals 3rd 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	Salaries and Wages	756,365	701,365	710,875	786,510	786,510	545,635	69.4%	715,968	91.0%	70,542
51410	Retirement - SDCERA	301,077	241,077	238,521	275,694	275,694	196,168	71.2%	255,990	92.9%	19,705
51415	Retirement - OPEB	9,164	9,164	7,744	9,030	9,030	6,221	68.9%	8,155	90.3%	875
51421	Retirement - OPEB Bonds	37,655	37,655	31,780	-	-	-	0.0%	-	0.0%	-
51450	Payroll Taxes	55,934	55,934	50,568	55,537	55,537	37,418	67.4%	49,377	88.9%	6,160
51510-51550	Group Insurance	130,169	110,169	104,715	125,476	125,476	76,402	60.9%	102,010	81.3%	23,466
51560	Unemployment Insurance	2,000	2,000	406	2,000	2,000	354	17.7%	1,000	50.0%	1,000
		<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>862,198</b>	<b>68.7%</b>	<b>1,132,500</b>	<b>90.3%</b>	<b>121,748</b>
<b>Services and Supplies Unit</b>											
<u>Account No.</u>	<u>Description</u>										
52074	Communications	6,336	6,336	7,562	12,961	12,961	4,218	32.5%	6,327	48.8%	6,634
52138	General Liability Insurance	10,788	10,788	12,402	12,402	12,402	12,737	102.7%	12,737	102.7%	(335)
52178	Vehicle - Maintenance	980	980	1,251	980	980	1,051	107.3%	1,051	107.3%	(71)
52182	Vehicle - Fuel	500	500	128	500	500	247	49.5%	497	99.5%	3
52270	Memberships	25,510	25,510	21,989	30,248	30,248	27,037	89.4%	27,037	89.4%	3,211
52304	Miscellaneous	50	50	146	50	50	24	48.0%	50	100.0%	-
52330	Office: General	6,420	6,420	13,519	8,211	8,211	7,641	93.1%	11,461	139.6%	(3,250)
52332	Office: Postage	250	250	219	250	250	148	59.2%	200	80.0%	50
52334	Office: Printing	8,000	8,000	20,124	15,000	15,000	7,849	52.3%	15,000	100.0%	-
52336	Office: Books and Guidelines	2,000	2,000	-	2,000	2,000	42	2.1%	42	2.1%	1,958
52338	Office: Drafting/Engineering	50	50	-	50	50	-	0.0%	-	0.0%	50
52344	Office: Supplies and Furnishings	14,300	69,300	59,726	14,600	14,600	4,818	33.0%	11,318	77.5%	3,282
52354	Office: County Mail Services	10,000	10,000	8,095	10,000	10,000	6,572	65.7%	9,201	92.0%	799
52370	Professional Services: Consultants	199,740	321,740	326,659	270,960	270,960	249,047	91.9%	379,047	139.9%	(108,086)
52490	Publications and Legal Notices	4,650	4,650	17,437	4,650	4,650	8,605	185.1%	12,500	268.8%	(7,850)
52504	Leases: Equipment	6,600	6,600	6,520	6,600	6,600	3,970	60.2%	6,600	100.0%	-
52530	Leases: Office Space	89,764	89,764	100,303	137,868	137,868	104,242	75.6%	142,239	103.2%	(4,371)
52550	Special Expenses: County Overhead	75,346	75,346	36,865	72,466	72,466	23,557	32.5%	30,624	42.3%	41,842
52562	Special Expenses: Backgrounds	-	-	49	-	-	469	-	469	-	(469)
52566	Special Expenses: Minor Equipment	500	500	1,485	500	500	-	0.0%	-	0.0%	500
52602	Computer Training	500	500	-	500	500	-	0.0%	-	0.0%	500
52610	Travel and Training   In County	3,000	3,000	4,502	2,700	2,700	4,063	150.5%	4,500	166.7%	(1,800)
52612	Employee Auto	8,700	8,700	7,766	8,700	8,700	6,069	69.8%	7,890	90.7%	810
52622	Travel and Training   Out of County	5,000	5,000	-	16,050	16,050	11,936	74.4%	13,436	83.7%	2,614
52721	IT Reimbursements: Network	30,000	30,000	36,411	26,553	26,553	12,883	48.5%	16,748	63.1%	9,806
52723	IT Reimbursements: Data Center	40,000	40,000	27,761	29,015	29,015	20,477	70.6%	26,621	91.7%	2,395
52725+28	IT Reimbursements: Financial Systems	20,000	20,000	18,973	40,146	40,146	18,370	45.8%	23,881	59.5%	16,265
52732	IT Reimbursements: Desktop	25,000	25,000	71,257	21,488	21,488	18,755	87.3%	24,382	113.5%	(2,894)
52734	IT Reimbursements: Help Desk	3,000	3,000	2,218	2,331	2,331	1,540	66.1%	2,002	85.9%	329
52750	IT Reimbursements: Equipment	45,000	45,000	13,938	3,748	3,748	19,952	532.4%	25,937	692.1%	(22,189)
52758	Fleet Reimbursements: Vehicle Lease	2,000	2,000	1,986	2,000	2,000	1,489	74.5%	2,000	100.0%	-
		<b>643,984</b>	<b>820,983</b>	<b>819,291</b>	<b>753,528</b>	<b>753,528</b>	<b>577,810</b>	<b>76.7%</b>	<b>813,798</b>	<b>108.0%</b>	<b>(60,270)</b>

EXPENSES CONTINUED...		FY2021-2022			FY2022-2023						
		Final	Amended	Actuals	Adopted	Amended	Actuals 3rd 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	25,216	67.4%	32,781	87.7%	4,607
53585	Equipment Depreciation	2,500	2,500	-	-	-	-	0.0%	-	0.0%	-
TBD	Grant Award Payments	-	34,768	34,768	-	215,500	109,001	50.6%	215,500	100.0%	-
54955-54961	Fixed Assets	2,500	2,500	-	-	-	-	0.0%	-	0.0%	-
		5,000	39,768	34,768	37,388	252,888	134,217	53.1%	248,281	98.2%	4,607
	EXPENSE TOTALS	1,941,348	2,018,116	1,998,668	2,045,163	2,260,664	1,574,225	69.6%	2,194,579	97.1%	66,085

REVENUES		FY2021-2022			FY2022-2023						
		Final	Amended	Actuals	Adopted	Amended	Actuals 3rd 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	515,479	100.0%	515,479	100.0%	-
		1,693,700	1,693,700	1,693,700	1,804,265	1,804,266	1,804,267	100.0%	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	241,097	141.8%	250,000	147.1%	80,000
		150,000	150,000	222,221	170,000	170,000	241,097	141.8%	250,000	147.1%	80,000
<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	3,765	25.1%	5,000	33.3%	(10,000)
		15,000	15,000	5,205	15,000	15,000	3,765	25.1%	5,000	33.3%	(10,000)
<b>Non-Operating Unit</b>											
<u>Account No.</u>	<u>Description</u>										
TBD	Grant Awards	-	19,011	19,011	-	215,500	70,128	32.5%	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	70,128	25.8%	271,398	100.0%	-
	REVENUE TOTALS	1,941,348	1,960,359	2,022,785	2,045,163	2,260,664	2,119,257	93.7%	2,330,664	103.1%	70,000

<b>OPERATING NET</b>	<b>24,117</b>	<b>-</b>	<b>-</b>	<b>136,085</b>
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FUND BALANCE (unrestricted)		End of Year	Start of Year
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