



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

5C

AGENDA REPORT
 Consent | Action

November 6, 2023

TO: Commissioners

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

**SUBJECT: Budget Update for 2023-2024 |
 1st 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 2023-2024 and related analysis. Total budget for the fiscal year – operating and non-operating – is \$2.745 million. The Commission finished the first quarter expending 19.5% of total budgeted expenses while collecting 73.2% of total budgeted revenues. The report projects the Commission is on pace to finish the fiscal year generally as expected with a net surplus of \$0.026 million or 1.0%. 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 2023-2024 totals \$2.745 million with the majority – \$2.261 million – allocated to operating expenses and covers labor and service/supplies costs. Non-operating expenses are largely tied to transacting grants activities. Matching revenue amounts are budgeted for both operating and non-operating units. The total unrestricted fund balance as of July 1, 2023 was \$1.601 million (unaudited) with \$0.788 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@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>Krisit Becker City of Solana Beach</p> <p>Dane White City of Escondido</p> <p>John McCann, Alt. City of Chula Vista</p>	<p>Vice Chair Stephen Whitburn 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>
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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, 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 2023-2024 is \$2.745 million. This amount is divided between \$2.261 million in operating and \$0.484 million in non-operating units. Total actual expenses booked through the first quarter total \$0.535 million. This booked amount represents 19.5% 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 \$2.685 million in total expenses. Should this projection hold, LAFCO will achieve an unexpended budgeted savings in expenses of \$0.060 million or 2.2%. An expanded discussion on budgeted and actuals through the first quarter with year-end projections within the three expense units follow.

Expense Unit | Salaries and Benefits

LAFCO has budgeted \$1.444 million in salaries and benefits in 2023-2024 with the proceeds largely tied to funding 9.0 fulltime equivalent positions.¹ Actual expenses through the first quarter total \$0.338 million or 23.5% of the budgeted amount with 25.0% of the fiscal year complete. Going forward it is expected overall actuals will total \$1.319 million through the end of the fiscal year with the reduction attributed to prolonged vacancies in two budgeted positions. If this projection holds, LAFCO will experience an overall unit surplus of \$0.117 million or 8.2% less any new amendments.

Expense Unit | Services and Supplies

LAFCO has budgeted \$0.825 million in services and supplies for 2023-2024 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 (e.g., legal, consultants, etc.). Actuals through the first quarter total \$0.189 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 \$0.880 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 (\$0.055 million) or (6.6%) less any new amendments.

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

Expense Unit | Non-Operating

LAFCO has budgeted \$0.484 million in non-operating costs involving debt service and grant payments in 2023-2024. Total expenses billed during the first quarter total \$0.009 million and equals 1.9% of the budgeted amount. It is expected actuals will total \$0.487 million and result in a year-end shortfall of (\$0.002 million) or (0.5%) less any amendments.

Revenues

San Diego LAFCO's budgeted revenue total for 2023-2024 is \$2.745 million. This amount is divided between \$2.261 million in operating and \$0.484 million in non-operating units. Actual revenues collected through the first quarter totals \$2.009 million. This amount represents 73.2% 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 \$2.712 million. Should this projection hold, LAFCO will experience a budgeted shortfall of (\$0.033 million) or (1.2%) and attributed to slightly lower-than-expected application fees. An expanded discussion on budgeted and actual revenues through the first quarter with year-end projections follows.

Revenue Unit | Intergovernmental Fees

LAFCO has budgeted \$2.034 million in intergovernmental fees in 2023-2024. This total budgeted amount is divided between LAFCO's four agency membership categories based on statutory formula. Through the first quarter \$1.998 million in invoiced apportionments have been collected and equals 98.2% of the total. Staff anticipates all apportionments will be collected by the end of the fiscal year.

Revenue Unit | Service Charges

LAFCO has budgeted \$0.200 million in application fees in 2023-2024. Actuals through the first quarter totals \$0.011 million and represents 15.6% of the budgeted amount with 25.0% of the fiscal year complete. Staff anticipates the application fees will pick up and ultimately tally \$0.175 million, which would result in a year-end deficit of (\$0.025 million) or (12.5%) less any new amendments.

Revenue Unit | Interest

LAFCO has budgeted \$0.015 million in interest earnings in 2023-2024. Actuals through the first quarter totals less than \$0.001 million of the budgeted total with 25.0% of the fiscal year complete. Staff anticipates interest collections will ultimately tally \$0.007 million and result in a year-end deficit of (\$0.009 million) or (56.7%).

Revenue Unit | Non-Operating

LAFCO has budgeted \$0.496 million in non-operating revenues that involve fund balance usage and grant awards in 2023-2024. 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 at this time. However, budget outliers are expected to emerge with the increasing need for outside consultants to assist LAFCO in accomplishing workplan projects to help absorb position vacancies and/or staff leaves.² These expectations are incorporated into the year-end projections that labor costs will come under budget while non-labor costs will go over budget and necessitate reconciling amendments before the end of the fiscal year.

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) 1st Quarter Budget Ledger with Year-End Projections

² Only five of the nine budgeted positions at LAFCO are currently filled or occupied at this time. Two of the budgeted positions – Analyst I/II and Administrative Assistant – remain vacant and are not expected to be filled before the third quarter. Two other budgeted positions – Assistant Executive Officer and Commission Clerk – are on medical leaves with uncertain returns.

EXPENSES	FY2022-2023			FY2023-2024				
	Adopted	Amended	Actuals	Final	Actuals 1st Quarter	% of Budget	Projected Year End	
Salaries and Benefits Unit								
<u>Account No.</u>	<u>Description</u>							
51110-51310	Salaries and Per Diems	786,510	786,510	715,968	891,455	207,864	23.3%	829,378
51410	Retirement - SDCERA	275,694	275,694	255,990	318,295	86,197	27.1%	307,600
51415	Retirement - OPEB	9,030	9,030	8,155	10,273	2,498	24.3%	9,474
51421	Retirement - OPEB Bonds	-	-	-	-	-	-	-
51450	Payroll Taxes	55,537	55,537	49,377	64,840	15,683	24.2%	60,289
51510-51550	Group Insurance	125,476	125,476	102,010	150,033	25,395	16.9%	111,152
51560	Unemployment Insurance	2,000	2,000	1,000	1,000	68	6.8%	1,000
		1,254,248	1,254,248	1,132,500	1,435,895	337,705	23.5%	1,318,893
Services and Supplies Unit								
<u>Account No.</u>	<u>Description</u>							
52074	Communications	12,961	12,961	6,327	43,824	1,146	2.6%	34,146
52138	General Liability Insurance	12,402	12,402	12,737	12,737	-	0.0%	12,737
52178	Vehicle - Maintenance	980	980	1,051	980	639	65.2%	980
52182	Vehicle - Fuel	500	500	497	500	102	20.4%	500
52270	Memberships	30,248	30,248	27,037	28,994	19,912	68.7%	28,994
52304	Miscellaneous	50	50	50	50	-	0.0%	-
52330	Office: General Support	8,211	8,211	11,461	8,211	1,080	13.1%	8,211
52332	Office: Postage USPS	250	250	200	250	-	0.0%	250
52334	Office: Design + Printing	15,000	15,000	15,000	22,500	4,848	21.5%	24,848
52336	Office: Books and Guidelines	2,000	2,000	42	-	-	-	-
52338	Office: Drafting/Engineering	50	50	-	-	-	-	-
52344	Office: Supplies and Furnishings	14,600	14,600	11,318	14,600	2,106	14.4%	8,781
52354	Office: County Mail Services	10,000	10,000	9,201	10,000	5,535	55.4%	16,605
52370	Professional Services	270,960	270,960	379,047	296,170	79,092	26.7%	395,460
52490	Publications and Legal Notices	4,650	4,650	12,500	8,150	4,866	59.7%	11,500
52504	Leases: Equipment	6,600	6,600	6,600	6,600	1,338	20.3%	6,600
52530	Leases: Office Space	137,868	137,868	142,239	144,743	24,821	17.1%	144,743
52550	Special Expenses: County Overhead	72,466	72,466	30,624	40,000	8,077	20.2%	32,307
52562	Special Expenses: New Hire Checks	-	-	469	-	-	-	-
52566	Special Expenses: Minor Equipment	500	500	-	-	-	-	-
52602	Computer Training	500	500	-	-	-	-	-
52610	Travel and Training In County	2,700	2,700	4,500	2,700	1,959	72.6%	3,300
52612	Employee Auto	8,700	8,700	7,890	8,700	1,995	22.9%	8,480
52622	Travel and Training Out of County	16,050	16,050	13,436	15,050	7,071	47.0%	13,545
52721	IT Reimbursements: Network	26,553	26,553	16,748	20,000	4,358	21.8%	17,432
52723	IT Reimbursements: Data Center	29,015	29,015	26,621	33,000	6,609	20.0%	26,435
52725+28	IT Reimbursements: Financial Systems	40,146	40,146	23,881	35,000	5,239	15.0%	20,956
52732	IT Reimbursements: Desktop Computing	21,488	21,488	24,382	28,000	7,277	26.0%	29,108
52734	IT Reimbursements: Help Desk	2,331	2,331	2,002	2,331	444	19.0%	1,776
52750	IT Reimbursements: Catalog Equipment	3,748	3,748	25,937	40,000	118	0.3%	30,000
52758	Fleet Reimbursements: Vehicle Lease	2,000	2,000	2,000	2,000	496	24.8%	1,986
		753,528	753,528	813,798	825,091	189,127	22.9%	879,682
	OPERATING EXPENSE TOTAL	2,007,776	2,007,776	1,946,298	2,260,986	526,832	23.3%	2,198,575

EXPENSES CONTINUED...

Non Operating Unit

		FY2022-2023		
Account No.	Description	Adopted	Amended	Actuals
51421	Debt Service: OPEB Obligation Bonds	37,388	37,388	32,781
53585	Equipment Depreciation	-	-	-
TBD	Grant Award Payments	-	215,500	215,500
54955-54961	Fixed Assets	-	-	-
		<u>37,388</u>	<u>252,888</u>	<u>248,281</u>
	EXPENSE TOTALS	2,045,163	2,260,664	2,194,579

FY2023-2024			
Final	Actuals 1st Quarter	% of Budget	Projected Year End
34,092	9,135	26.8%	36,540
-	-	-	-
450,000	-	-	450,000
-	-	-	-
<u>484,092</u>	<u>9,135</u>	<u>1.9%</u>	<u>486,540</u>
2,745,079	535,967	19.5%	2,685,115

REVENUES

Intergovernmental Unit

		FY2022-2023		
Account No.	Description	Adopted	Amended	Actuals
45918.1	Apportionments County	515,479	515,479	515,479
45918.2	Apportionments Cities (less SD)	515,479	515,479	515,479
45918.3	Apportionments City of San Diego	257,830	257,830	257,830
45918.4	Apportionments Special Districts	515,479	515,479	515,479
		<u>1,804,265</u>	<u>1,804,266</u>	<u>1,804,266</u>

FY2023-2024			
Final	Actuals 1st Quarter	% of Budget	Projected Year End
581,074	581,074	100.0%	581,074
581,074	573,931	98.8%	581,074
290,639	290,639	100.0%	290,639
581,074	552,233	95.0%	581,074
<u>2,033,861</u>	<u>1,997,877</u>	<u>98.2%</u>	<u>2,033,861</u>

Service Charges Unit

Account No.	Description	Adopted	Amended	Actuals
46234	Application Fees	170,000	170,000	250,000
		<u>170,000</u>	<u>170,000</u>	<u>250,000</u>

Final	Actuals 1st Quarter	% of Budget	Projected Year End
200,000	11,163	5.6%	175,000
<u>200,000</u>	<u>11,163</u>	<u>5.6%</u>	<u>175,000</u>

Earnings Unit

Account No.	Description	Adopted	Amended	Actuals
44105	Interest and Dividends	15,000	15,000	5,000
		<u>15,000</u>	<u>15,000</u>	<u>5,000</u>

Final	Actuals 1st Quarter	% of Budget	Projected Year End
15,000	207	1.4%	6,500
<u>15,000</u>	<u>207</u>	<u>1.4%</u>	<u>6,500</u>

OPERATING REVENUE TOTAL

1,989,265 1,989,266 2,059,266

2,248,861 2,009,247 89.3% 2,215,361

Non-Operating Unit

Account No.	Description	Adopted	Amended	Actuals
TBD	Grant Awards	-	215,500	215,500
47540	Transfer from Fund Balance	55,898	55,898	55,898
		<u>55,898</u>	<u>271,398</u>	<u>271,398</u>
	REVENUE TOTALS	2,045,163	2,260,664	2,330,664

Final	Actuals 1st Quarter	% of Budget	Projected Year End
450,000	-	0%	450,000
46,218	-	0%	46,218
<u>496,218</u>	<u>-</u>	<u>0%</u>	<u>496,218</u>
2,745,079	2,009,247	73.2%	2,711,579

TOTAL NET	-	-	136,085
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TOTAL NET	-	26,463.90
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FUND BALANCE

(unrestricted)	Start of Year	End of Year
Committed		
... Stabilization	250,000	250,000
... Opportunity	500,000	500,000
Assigned by EO	62,500	62,500
Unassigned	<u>708,055</u>	<u>788,242</u>
	1,520,555	1,600,742
% of unassigned balance to operating expenses:	35.3%	40.5%

(unrestricted)	Start of Year
Committed	
... Stabilization	250,000
... Opportunity	500,000
Assigned by EO	62,500
Unassigned	<u>788,242</u>
	1,600,742
% of unassigned balance to operating expenses:	34.9%