



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

**6e**

**AGENDA REPORT**  
 Consent | Action

August 7, 2023

**TO:** Commissioners

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

**SUBJECT: Budget Report for 2022-2023 |  
 End of Year Actuals and Close of Year Amendment**

**SUMMARY**

The San Diego County Local Agency Formation Commission (LAFCO) will review a report comparing budgeted and actual transactions through the fourth quarter as part of the administrative close of the fiscal year. The report identifies the Commission finished June 30<sup>th</sup> in positive standing with a net balance of \$0.145 million or 6.2% and largely aided by the collection of additional applicant fees. This net surplus reduces – notably – fully recovers budgeted use of reserves in 2022-2023 and produces an overall increase in the unrestricted fund balance by 5.9% from \$1.505 million to \$1.594 million. The report is being presented to the Commission to accept and file as well as approve close-of-year budget amendments to provide all expenses units finish with positive balances.

**BACKGROUND**

San Diego LAFCO’s adopted budget for 2022-2023 totals \$2.261 million. This amount represents the total approved expenditures – operating and non-operating – for the fiscal year and divided between \$1.254 million in employee costs and \$1.006 million in non-employee costs. A matching revenue total was also budgeted with four-fifths of the funding tied to appropriations collected from local agencies. LAFCO’s beginning audited unrestricted fund balance was \$1.505 million.

<b>Administration</b> Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103 T 619.321.3380 www.sdlafco.org lafco@sdcountry.ca.gov	<b>Chair Jim Desmond</b> County of San Diego	<b>Kristi Becker</b> City of Solana Beach	<b>Stephen Whitburn, Vice Chair</b> City of San Diego	<b>Jo MacKenzie</b> Vista Irrigation	<b>Andy Vanderlaan</b> General Public
	<b>Joel Anderson</b> County of San Diego	<b>Dane White</b> City of Escondido	<b>Marni von Wilpert, Alt.</b> City of San Diego	<b>Barry Willis</b> Alpine Fire Protection	<b>Harry Mathis, Alt.</b> General Public
	<b>Nora Vargas, Alt.</b> County of San Diego	<b>John McCann, Alt.</b> City of Chula Vista	<b>David Drake, Alt.</b> Rincon del Diablo		

## DISCUSSION

This item is for San Diego LAFCO to receive a comparison of (a) budget to (b) actual expenses and revenues as part of the administrative close of 2022-2023 and ahead of an outside audit review. The report provides the Commission the opportunity to review expense and revenue trends relative to recent years and provide follow up with staff as needed. The report is being presented to the Commission to formally accept and file as well as consider correcting amendments for accounting purposes as further discussed.

### Summary of Expenses

San Diego LAFCO's budgeted expense total for 2022-2023 as of June 30<sup>th</sup> was \$2.261 million and includes operating and non-operating units. Actual expenses totaled \$2.191 million. This actual amount equals 96.9% of the budgeted total and produces an unexpended savings of \$0.070 million or 3.1%. An expanded discussion on budgeted and actual expenses follows.

#### Expense Unit | Salaries and Benefits

---

LAFCO's budgeted expense total for salaries and benefits as of June 30<sup>th</sup> was \$1.254 million with the proceeds largely tied to funding 8.0 fulltime equivalent positions.<sup>1</sup> Actual expenses were \$1.139 million. This actual amount equals 90.8% of the budgeted total and produces an unexpended savings of \$0.115 million or 9.2%. The actual savings is largely attributed to a prolonged vacancy in one of the four budgeted analyst positions.

#### Expense Unit | Services and Supplies

---

LAFCO's budgeted expense total for services and supplies as of June 30<sup>th</sup> was \$0.753 million with the proceeds largely tied to payments to the County of San Diego for information technology and general support followed by a range of consultant services. Actual expenses were \$0.887 million. This actual amount equals 117.7% of the budgeted total and produces an overrun in costs of (\$0.134 million) or (17.7%). This shortfall is attributed to additional consultant services utilized during the fiscal year given the higher-than-expected volume in proposals paired with staff vacancies.

#### Expense Unit | Non-Operating

---

LAFCO's budgeted expense total for non-operating costs as of June 30<sup>th</sup> was \$0.253 million with the proceeds tied to covering debt service and grant payments. Actual expenses were \$0.164 million. This actual amount equals 64.9% of the budgeted total and produces an unexpended savings of \$0.89 million or 35.1%. The actual savings is largely attributed to savings in performing grant work during fiscal year.

---

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

## Summary of Revenues

San Diego LAFCO's budgeted revenue total for 2022-2023 as of June 30<sup>th</sup> was \$2.261 million and includes operating and non-operating units. Actual revenues totaled \$2.335 million. This actual amount equals 103.3% of the budgeted total and produces a surplus of \$0.075 million or 3.3%. An expanded discussion on budgeted and actual revenues follows.

### Revenue Unit | Intergovernmental Fees

---

LAFCO's budgeted revenue total from local agency apportionments as of June 30<sup>th</sup> was \$1.804 million. This total budgeted amount is divided between LAFCO's four agency membership categories based on statutory formula. All apportionments were received.

### Revenue Unit | Service Charges

---

LAFCO's budgeted revenue from applicant fees as of June 30<sup>th</sup> was \$0.170 million. Actual revenues were \$0.310 million. This actual amount equals 182.4% of the budget expectation with a resulting surplus of \$0.140 million or 82.4%.

### Revenue Unit | Interest

---

LAFCO's budgeted revenue from interest earnings as of June 30<sup>th</sup> was \$0.015 million. Actual revenues were \$0.04 million. This actual amount equals 26.4% of the budgeted expectation with a resulting shortfall of (\$0.011 million) or (73.7%).

### Revenue Unit | Non-Operating

---

LAFCO's budgeted revenue involving non-operating sources as of June 30<sup>th</sup> was \$0.271 million. Actual revenues were \$0.217 million. This actual amount equals 80.0% of the budgeted expectation with a resulting shortfall of (\$0.054 million) or (\$20.0%).

## ANALYSIS

San Diego LAFCO finished 2022-2023 favorably relative to budgeted expectations. The Commission generated a net surplus of \$0.145 million or 6.2% and – among other outcomes – fully recovers the budgeted use of reserves while also increasing reserves by 5.9% from \$1.505 to \$1.594 million going into 2023-2024. A sizeable increase in application fees underlies the surplus and has helped to absorb an otherwise significant and related increase in consultation usage during the fiscal year given an extended vacancy in one of the four analyst positions. A copy of the general ledger showing budgeted to actual expenses and revenues before any closing amendments are made is shown in Attachment One.

With respect to closing the fiscal year, and as an internal true-up only, one amendment is needed to retroactively authorize the total overrun of (\$0.134 million) in budgeted expenses in the Services and Supplies Unit. As referenced above, the overrun in this unit ties to a

significant rise in consultant use necessary during the fiscal year given the combination of high-volume of proposals and staff changes. The proposed amendment follows.

- Amend and increase the budgeted total for Account No. 52370 (Professional Services) within the Services and Supplies Unit from \$270,960 to \$404,476.

## RECOMMENDATION

It is recommended San Diego LAFCO accept and file the budget report on 2022-and approve a correcting year-end amendment as proposed above to ensure all expense units finish with positive balances. 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 and approve a closing budget amendment to increase the expense line for Account No. 52370 (Professional Services) from \$270,960 to \$404,476.

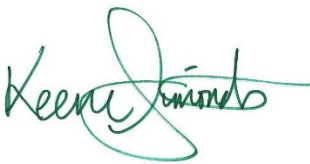
Alternative Two:

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. 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 June 30, 2023

EXPENSES	FY2021-2022			FY2022-2023					
	Final	Amended	Actuals	Adopted	Amended	Actuals			
						as of June 30th	% of Budget	\$ 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	719,969	91.5%	66,541
51410	Retirement - SDCERA	301,077	241,077	238,521	275,694	275,694	257,963	93.6%	17,731
51415	Retirement - OPEB	9,164	9,164	7,744	9,030	9,030	8,190	90.7%	840
51421	Retirement - OPEB Bonds	37,655	37,655	31,780	-	-	-	0.0%	-
51450	Payroll Taxes	55,934	55,934	50,568	55,537	55,537	50,854	91.6%	4,683
51510-51550	Group Insurance	130,169	110,169	104,715	125,476	125,476	101,928	81.2%	23,548
51560	Unemployment Insurance	2,000	2,000	406	2,000	2,000	431	21.6%	1,569
		<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>1,139,335</b>	<b>90.8%</b>	<b>114,913</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	5,759	44.4%	7,202
52138	General Liability Insurance	10,788	10,788	12,402	12,402	12,402	12,737	102.7%	(335)
52178	Vehicle - Maintenance	980	980	1,251	980	980	1,442	147.1%	(462)
52182	Vehicle - Fuel	500	500	128	500	500	467	93.4%	33
52270	Memberships	25,510	25,510	21,989	30,248	30,248	28,096	92.9%	2,152
52304	Miscellaneous	50	50	146	50	50	24	48.0%	26
52330	Office: General	6,420	6,420	13,519	8,211	8,211	10,006	121.9%	(1,795)
52332	Office: Postage	250	250	219	250	250	148	59.2%	102
52334	Office: Printing	8,000	8,000	20,124	15,000	15,000	23,499	156.7%	(8,499)
52336	Office: Books and Guidelines	2,000	2,000	-	2,000	2,000	42	2.1%	1,958
52338	Office: Drafting/Engineering	50	50	-	50	50	-	0.0%	50
52344	Office: Supplies and Furnishings	14,300	69,300	59,726	14,600	14,600	9,586	65.7%	5,014
52354	Office: County Mail Services	10,000	10,000	8,095	10,000	10,000	11,379	113.8%	(1,379)
52370	Professional Services: Consultants	199,740	321,740	326,659	270,960	270,960	432,234	159.5%	(161,274)
52490	Publications and Legal Notices	4,650	4,650	17,437	4,650	4,650	14,010	301.3%	(9,360)
52504	Leases: Equipment	6,600	6,600	6,520	6,600	6,600	7,281	110.3%	(681)
52530	Leases: Office Space	89,764	89,764	100,303	137,868	137,868	143,726	104.2%	(5,858)
52550	Special Expenses: County Overhead	75,346	75,346	36,865	72,466	72,466	31,431	43.4%	41,035
52562	Special Expenses: Backgrounds	-	-	49	-	-	469	0.0%	(469)
52566	Special Expenses: Minor Equipment	500	500	1,485	500	500	-	0.0%	500
52602	Computer Training	500	500	-	500	500	-	0.0%	500
52610	Travel and Training   In County	3,000	3,000	4,502	2,700	2,700	6,011	222.6%	(3,311)
52612	Employee Auto	8,700	8,700	7,766	8,700	8,700	8,124	93.4%	576
52622	Travel and Training   Out of County	5,000	5,000	-	16,050	16,050	19,177	119.5%	(3,127)
52721	IT Reimbursements: Network	30,000	30,000	36,411	26,553	26,553	17,389	65.5%	9,164
52723	IT Reimbursements: Data Center	40,000	40,000	27,761	29,015	29,015	27,294	94.1%	1,721
52725+28	IT Reimbursements: Financial Systems	20,000	20,000	18,973	40,146	40,146	23,765	59.2%	16,381
52732	IT Reimbursements: Desktop	25,000	25,000	71,257	21,488	21,488	25,765	119.9%	(4,277)
52734	IT Reimbursements: Help Desk	3,000	3,000	2,218	2,331	2,331	2,048	87.8%	283
52750	IT Reimbursements: Equipment	45,000	45,000	13,938	3,748	3,748	23,149	617.7%	(19,401)
52758	Fleet Reimbursements: Vehicle Lease	2,000	2,000	1,986	2,000	2,000	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>887,044</b>	<b>117.7%</b>	<b>(133,516)</b>

EXPENSES CONTINUED...	FY2021-2022			FY2022-2023					
	Final	Amended	Actuals	Adopted	Amended	Actuals			
						as of June 30th	% of Budget	\$ Balance	
<b>Non Operating Unit</b>									
Account No. Description									
51421 Debt Service: OPEB Obligation Bonds	-	-	-	37,388	37,388	32,334	86.5%	5,054	
53585 Equipment Depreciation	2,500	2,500	-	-	-	-	0.0%	-	
TBD Grant Award Payments	-	34,768	34,768	-	215,500	131,883	61.2%	83,617	
54955-54961 Fixed Assets	2,500	2,500	-	-	-	-	0.0%	-	
	5,000	39,768	34,768	37,388	252,888	164,217	64.9%	88,671	
<b>TOTAL EXPENSES</b>	<b>1,941,348</b>	<b>2,018,116</b>	<b>1,998,668</b>	<b>2,045,163</b>	<b>2,260,664</b>	<b>2,190,596</b>	<b>96.9%</b>	<b>70,068</b>	

REVENUES	FY2021-2022			FY2022-2023				
	Final	Amended	Actuals	Adopted	Amended	Actuals		
						as of June 30th	% of Budget	\$ Balance
<b>Intergovernmental Unit</b>								
Account No. Description								
45918.1 Apportionments   County	483,914	483,914	483,914	515,479	515,479	515,479	100.0%	-
45918.2 Apportionments   Cities (less SD)	483,914	483,914	483,914	515,479	515,479	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%	-
45918.4 Apportionments   Special Districts	483,914	483,914	483,914	515,479	515,479	515,479	100.0%	-
	1,693,700	1,693,700	1,693,700	1,804,265	1,804,266	1,804,267	100.0%	-
<b>Service Charges Unit</b>								
Account No. Description								
46234 Application Fees	150,000	150,000	222,221	170,000	170,000	310,014	182.4%	140,014
	150,000	150,000	222,221	170,000	170,000	310,014	182.4%	140,014
<b>Earnings Unit</b>								
Account No. Description								
44105 Interest and Dividends	15,000	15,000	5,205	15,000	15,000	3,967	26.4%	(11,033)
	15,000	15,000	5,205	15,000	15,000	3,967	26.4%	(11,033)
<b>Non-Operating Unit</b>								
Account No. Description								
TBD Grant Awards	-	19,011	19,011	-	215,500	161,273	74.8%	(54,227)
47540 Transfer from Fund Balance	82,648	82,648	82,648	55,898	55,898	55,898	(1)	-
	82,648	101,659	101,659	55,898	271,398	217,171	80.0%	(54,227)
<b>REVENUE TOTALS</b>	<b>1,941,348</b>	<b>1,960,359</b>	<b>2,022,785</b>	<b>2,045,163</b>	<b>2,260,664</b>	<b>2,335,419</b>	<b>103.3%</b>	<b>74,755</b>

<b>OPERATING NET</b>	<b>24,117</b>	<b>-</b>	<b>144,823</b>
<b>FUND BALANCE (unrestricted)</b>	<b>(audited)</b>	<b>(unaudited)</b>	
Committed			
... Stabilization	250,000		250,000
... Opportunity	300,000		300,000
Assigned by EO	125,000		37,937
Unassigned	829,941		1,005,929
	<u>1,504,941</u>		<u>1,593,866</u>