



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

5C

AGENDA REPORT
 Consent | Action

February 5, 2024

TO: Commissioners

FROM: Keene Simonds, Executive Officer
 Erica Sellen, Commission Clerk

**SUBJECT: Budget Update for 2023-2024 |
 Second 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 second quarter of 2023-2024 and related analysis. The total budget for the fiscal year – operating and non-operating – is \$2.745 million. The Commission finished the second quarter expending 40.4% of total budgeted expenses while collecting 80.4% 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 \$0.094 million or 3.5%. 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@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>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>Vacant 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 (December 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 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 second quarter total \$1.110 million. This booked amount represents 40.4% of the budgeted total with 50.0% of the fiscal year complete. The actuals paired with staff analysis suggests LAFCO is on pace to finish with \$2.618 million in total expenses. Should this projection hold, LAFCO will achieve an unexpended budgeted savings in expenses of \$0.128 million or 4.6%. An expanded discussion on budgeted and actuals through the second 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 second quarter total \$0.623 million or 43.4% of the budgeted amount with 50.0% of the fiscal year complete. Going forward it is expected overall actuals will total \$1.192 million through the end of the fiscal year with the reduction attributed to prolonged vacancies in three budgeted positions. If this projection holds, LAFCO will experience an overall unit surplus of \$0.244 million or 17.0% 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 second quarter total \$0.440 million or 53.3% of the budgeted amount with 50.0% of the fiscal year complete. Going forward it is expected overall actuals will total \$0.942 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 (\$0.117 million) or (14.2%) 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 second quarter total \$0.047 million and equals 9.7% of the budgeted amount. It is expected actuals will total \$0.484 million with a negligible surplus 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 second quarter totals \$2.208 million. This amount represents 80.4% of the budgeted total with 50.0% 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 (\$0.034 million) or (1.2%) and attributed to slightly lower-than-expected application fees. An expanded discussion on budgeted and actual revenues through the second 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. All apportionments have been collected.

Revenue Unit | Service Charges

LAFCO has budgeted \$0.200 million in application fees in 2023-2024. Actuals through the second quarter totals \$0.140 million and represents 69.8% of the budgeted amount with 50.0% of the fiscal year complete. Staff anticipates the application fees 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 second quarter totals \$0.003 million of the budgeted total or 22.1% of the budget with 50.0% 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. Actuals through the second quarter totals \$0.031 million or 6.9% of the budget with 50.0% of the fiscal year complete. Staff anticipates full collection by the end of the fiscal year.

ANALYSIS

Activity through the second quarter of the fiscal year shows San Diego LAFCO is generally proceeding as planned and there are no significant outliers in expenses or revenues effecting unit total amounts at this time. However, notable 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. 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) Second Quarter Budget Ledger with Year-End Projections

EXPENSES	FY2022-2023			FY2023-2024			
	Adopted	Amended	Actuals	Final	Actuals 2nd Quarter	% of Budget	Projected Year End
Salaries and Benefits Unit							
<u>Account No.</u>	<u>Description</u>						
51110-51310	786,510	786,510	715,968	891,455	382,932	43.0%	748,349
51410	275,694	275,694	255,990	318,295	159,993	50.3%	286,496
51415	9,030	9,030	8,155	10,273	4,613	44.9%	8,565
51421	-	-	-	-	-	-	-
51450	55,537	55,537	49,377	64,840	25,749	39.7%	51,581
51510-51550	125,476	125,476	102,010	150,033	49,340	32.9%	95,659
51560	2,000	2,000	1,000	1,000	132	13.2%	1,000
	1,254,248	1,254,248	1,132,500	1,435,895	622,759	43.4%	1,191,650
Services and Supplies Unit							
<u>Account No.</u>	<u>Description</u>						
52074	12,961	12,961	6,327	43,824	2,758	6.3%	28,558
52138	12,402	12,402	12,737	12,737	14,194	111.4%	14,194
52178	980	980	1,051	980	1,059	108.0%	1,899
52182	500	500	497	500	254	50.8%	500
52270	30,248	30,248	27,037	28,994	22,037	76.0%	23,343
52304	50	50	50	50	-	0.0%	-
52330	8,211	8,211	11,461	8,211	5,305	64.6%	9,985
52332	250	250	200	250	124	49.8%	250
52334	15,000	15,000	15,000	22,500	10,326	45.9%	30,326
52336	2,000	2,000	42	-	-	-	-
52338	50	50	-	-	-	-	-
52344	14,600	14,600	11,318	14,600	3,594	24.6%	7,894
52354	10,000	10,000	9,201	10,000	7,309	73.1%	10,909
52370	270,960	270,960	379,047	296,170	231,993	78.3%	487,186
52490	4,650	4,650	12,500	8,150	(1,112)	-13.6%	5,000
52504	6,600	6,600	6,600	6,600	2,324	35.2%	6,600
52530	137,868	137,868	142,239	144,743	51,675	35.7%	144,743
52550	72,466	72,466	30,624	40,000	16,183	40.5%	32,366
52562	-	-	469	-	70	-	70.00
52566	500	500	-	-	-	-	-
52602	500	500	-	-	-	-	-
52610	2,700	2,700	4,500	2,700	3,135	116.1%	4,000
52612	8,700	8,700	7,890	8,700	4,173	48.0%	8,346
52622	16,050	16,050	13,436	15,050	16,367	108.8%	20,000
52721	26,553	26,553	16,748	20,000	8,366	41.8%	16,731
52723	29,015	29,015	26,621	33,000	13,195	40.0%	26,390
52725+28	40,146	40,146	23,881	35,000	9,892	28.3%	19,784
52732	21,488	21,488	24,382	28,000	14,541	51.9%	29,082
52734	2,331	2,331	2,002	2,331	856	36.7%	1,712
52750	3,748	3,748	25,937	40,000	235	0.6%	10,000
52758	2,000	2,000	2,000	2,000	993	49.6%	2,000
	753,528	753,528	813,798	825,091	439,845	53.3%	941,867
OPERATING EXPENSE TOTAL	2,007,776	2,007,776	1,946,298	2,260,986	1,062,604	47.0%	2,133,517

EXPENSES CONTINUED...

Non Operating Unit

		FY2022-2023		
		Adopted	Amended	Actuals
<u>Account No.</u>	<u>Description</u>			
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	-	-	-
		37,388	252,888	248,281
	EXPENSE TOTALS	2,045,163	2,260,664	2,194,579

FY2023-2024			
Final	Actuals 2nd Quarter	% of Budget	Projected Year End
34,092	16,966	49.8%	33,932
-	-	-	-
450,000	30,051	-	450,000
-	-	-	-
484,092	47,017	9.7%	483,932
2,745,079	1,109,621	40.4%	2,617,449

REVENUES

Intergovernmental Unit

		FY2022-2023		
		Adopted	Amended	Actuals
<u>Account No.</u>	<u>Description</u>			
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
		1,804,265	1,804,266	1,804,266

FY2023-2024			
Final	Actuals 2nd Quarter	% of Budget	Projected Year End
581,074	581,074	100.0%	581,074
581,074	581,074	100.0%	581,074
290,639	290,639	100.0%	290,639
581,074	581,074	100.0%	581,074
2,033,861	2,033,861	100.0%	2,033,861

Service Charges Unit

		FY2022-2023		
		Adopted	Amended	Actuals
<u>Account No.</u>	<u>Description</u>			
46234	Application Fees	170,000	170,000	250,000
		170,000	170,000	250,000

FY2023-2024			
Final	Actuals 2nd Quarter	% of Budget	Projected Year End
200,000	139,655	69.8%	175,000
200,000	139,655	69.8%	175,000

Earnings Unit

		FY2022-2023		
		Adopted	Amended	Actuals
<u>Account No.</u>	<u>Description</u>			
44105	Interest and Dividends	15,000	15,000	5,000
		15,000	15,000	5,000
	OPERATING REVENUE TOTAL	1,989,265	1,989,266	2,059,266

FY2023-2024			
Final	Actuals 2nd Quarter	% of Budget	Projected Year End
15,000	3,320	22.1%	6,500
15,000	3,320	22.1%	6,500
2,248,861	2,176,836	96.8%	2,215,361

Non-Operating Unit

		FY2022-2023		
		Adopted	Amended	Actuals
<u>Account No.</u>	<u>Description</u>			
TBD	Grant Awards	-	215,500	215,500
47540	Transfer from Fund Balance	55,898	55,898	55,898
		55,898	271,398	271,398
	REVENUE TOTALS	2,045,163	2,260,664	2,330,664

FY2023-2024			
Final	Actuals 2nd Quarter	% of Budget	Projected Year End
450,000	31,194	6.9%	450,000
46,218	-	0%	46,218
496,218	31,194	0%	496,218
2,745,079	2,208,030	80.4%	2,711,579

TOTAL NET	-	-	136,085
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TOTAL NET	-	94,130
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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	708,055	788,242
	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	788,242
	1,600,742
% of unassigned balance to operating expenses:	34.9%