



Chairman

Bill Horn
County Board of
Supervisors

August 1, 2016

12

Vice Chairman

Sam Abed
Mayor
City of Escondido

TO: Local Agency Formation Commission

FROM: Executive Officer

Members

Dianne Jacob
County Board of
Supervisors

SUBJECT: Fourth Quarter FY 2015-16 Budget Update

Andrew Vanderlaan
Public Member

FIRST QUARTER BUDGET UPDATE

Lorie Zapf
Councilmember
City of San Diego

It is projected that upon the close of the accounting period for FY 2015-16, the Commission will finish the fiscal year approximately \$129,472 under budget. As of this writing, total expenditures amounted to \$1,624,151, in comparison to total actual income of \$1,753,623. LAFCO income is derived from local agency appropriations based on a formula contained in State Law, plus the collection of processing fees. When comparing total actual expenditures to gross budgeted appropriations, the Commission will finish FY 2015-16 approximately \$272,825 under budget (total appropriated expenditures of \$1,896,976, less actual expenditures of \$1,624,151). While some financial transactions may be posted after distribution of the Fourth Quarter Budget Update report, this report provides a reasonably complete picture of FY 2015-16 budgetary performance. Any variances will be addressed in the upcoming budget for 2017. The following discussion and budget tables (figures 1 and 2) cover LAFCO's financial performance in greater detail.

Lorraine Wood
Councilmember
City of Carlsbad

Jo MacKenzie
Vista Irrigation District

Ed Sprague
Olivenhain Municipal
Water District

Alternate Members

Greg Cox
County Board of
Supervisors

Chris Cate
Councilmember
City of San Diego

Racquel Vasquez
Councilmember
City of Lemon Grove

Expenditures

LAFCO's total expenditures in FY 2015-16 totaled \$1,624,151.86 through the fourth quarter and are divided among the following two account categories: Salaries and Benefits and Services and Supplies. Salaries and Benefits totaled \$785,911 and Services and Supplies amounted to: \$838,239. In comparison to FY 2014-15, total expenditures amounted to \$1,625,965 (Salaries and Benefits: \$847,642 and Services and Supplies: \$778,323).

Harry Mathis
Public Member

Judy Hanson
Leucadia Wastewater
District

Executive Officer

Michael D. Ott

While overall FY 2015-16 expenditures are well within budget, certain individual Services and Supplies expenses were somewhat higher than expected related to litigation, Geographic Information Technology (GIS) invoicing delays, County Information Technology (IT) support, and

Legal Counsel

Michael G. Colantuono

completion of service reviews. Refer to Accounts 52370 (C-E) and 52550 (A, B, D, and E). The litigation is related to a lawsuit filed by the City of Coronado and associated costs will straddle multiple fiscal years. The IT costs are higher than budgeted because of an increase in the rates charged to LAFCO by the County, and higher than anticipated costs associated with converting highly degraded audio tapes to a digital medium. It should also be noted that the FY 2015-16 Services and Supplies costs should actually be adjusted downward by approximately \$42,344 to \$795,895, because there was a delay in the receipt of GIS expense invoices from the vendor. This caused the payment of FY 2014-15 expenses in 2015-16 rather in the fiscal year of origin.

In terms of Salaries and Benefits, overall costs (\$785,911) are well within budget. This is primarily attributable to underfilling positions and deferral of wage and benefit increases. Salary costs will increase in the upcoming fiscal year (FY 2016-17) due anticipated wage and benefit plan changes and filling of vacant positions.

Revenue

Apportionment revenue consists of funds derived from local agency general purpose revenues based on a complex formula codified in State Law (Government Code Section 56381). Per this statute, local agencies must proportionately contribute funds equal to the amount needed by the Commission each year. Through the fourth quarter of the current fiscal year, 99.9% of LAFCO's apportionment revenue has been collected by the County Auditor (\$1,394,945). Proposal-based revenue totaled: \$76,510; operating transfers: \$175,000; interest: \$5,255; and miscellaneous: \$101,912. Total revenues are below projected levels, because the Commission did not need to transfer the maximum authorized amount of reserves into its operating account.

Fund Activity

LAFCO's funds that are held in trust with the County of San Diego are continuing to grow. Through the fourth quarter, the total fund balance totaled \$1,284,558. The operating fund balance was \$240,105 and doubled in size due to the reporting period for transaction dates. The fourth quarter fund activity is \$403,253 higher than originally projected, but \$169,912 less than the fourth quarter fund balance in FY 2014-15. The decrease between FY 2015-16 and 14-15 is related to the transfer of \$175,000 of trust fund monies to cover fire protection projects, litigation, and other special projects. Overall, the trust fund level is healthy and the Commission's annual allocation of funds to cover special projects has been beneficial with respect to the accomplishment of major projects, such as fire agency reorganizations (e.g., reorganization of Rural FPD, Pine Valley FPD, CSA 107-Elfin Forest/Harmony Grove, CSA No. 115 – Pepper Drive, etc.).

SUMMARY

The Commission is continuing to operate within its overall budget with a decreased staffing level, yet it is still completing the review of a number of priority jurisdictional proposals.

Some individual accounts within Services and Supplies were higher than budgeted, but the Commission will still finish the fiscal year under its overall budget by approximately \$129,472. The FY 2015-16 Fourth Quarter Budget Update is provided for the Commission's information, acceptance, and approval. Therefore, it is

RECOMMENDED: That your Commission,
Receive, accept, and approve the Fourth Quarter FY 2015-16 LAFCO Budget Update.

Respectfully submitted,

MICHAEL D. OTT
Executive Officer

Bud: Update Memo Fourth Quarter FY2015-16.docx

Attachment:
Figures 1 & 2: Fourth Quarter LAFCO Budget Update FY 2015-16

Figure 1
Estimated Actual LAFCO Budget Figures FY2015-16

Ordinary Income/Expense	Actual	Adopted	Est. Actual	Adopted
	FY14-15 Budget	FY14-15 Budget	FY15-16 Budget	FY15-16 Budget
Income				
45918 · LAFCO Apportionment (net cost)	\$ 1,395,035.00	\$ 1,395,035.00	\$ 1,394,945.74	\$ 1,394,946.00
46234 · Service to Property Owner	95,000.00	143,586.00	76,510.00	125,000.00
47540 · Operating Transfers	125,000.00	175,000.00	175,000.00	370,365.00
47615 · Other Sales - Taxable	0.00	7,500.00	0.00	0.00
49000 · Processing Fee	0.00	0.00	0.00	0.00
49200 · Interest & Dividends	-	2,000.00	5,255.31	5,500.00
0000 · Miscellaneous Revenue /Transfer	18,710.00	0.00	101,912.86	0.00
80100 · Receipts Sch TR & Agency	0.00	0.00	0.00	0.00
TOTAL Income	\$ 1,633,745.00	\$ 1,723,121.00	\$ 1,753,623.91	\$ 1,895,811.00
Expense				
51110 · Salaries & Wages				
Benefits Total	847,642.00	884,371.00	785,911.87	1,073,205.00
52074 · Telecommunications	500.00	500.00	0.00	500.00
52138 · Public Liability Insurance	500.00	500.00	0.00	0.00
52178 · Auto Maintenance	1,500.00	2,000.00	903.79	2,000.00
52182 · Vehicle Fuel	1,000.00	1,500.00	1,274.24	500.00
52270 · Memberships	7,500.00	9,000.00	7,577.00	9,000.00
52304 · Miscellaneous	0.00	77,039.00	0.00	0.00
52330 · Office Expense	0.00	5,000.00	0.00	1,000.00
52332 · Postage	500.00	500.00	0.00	500.00
52334 · Printing	5,000.00	10,000.00	7,194.18	2,000.00
52336 · Books - Office Library	1,000.00	2,000.00	110.03	2,000.00
52338 · Drafting/Engineering	0.00	50.00	0.00	50.00
52344 · Stores Unallocated	12,000.00	12,500.00	13,974.13	15,000.00
52354 · Mail/Postage-ISF	7,500.00	8,000.00	9,228.40	8,000.00
52370 · Professional Services				
52370.A · Special Counsel Litigation	0.00	0.00	0.00	0.00
52370.B · Special Counsel General	15,000.00	12,973.00	0.00	2,500.00
52370.C · General Counsel	15,000.00	11,000.00	66,154.45	35,000.00
52370.D · GIS Support	60,000.00	60,000.00	82,282.00	60,000.00
52370.E · Web & Doc Support	50,000.00	65,000.00	82,282.00	65,000.00
52370.F · Local Govt Services	50,000.00	65,000.00	34,679.00	50,000.00
52370.G · Legislation	18,000.00	20,000.00	23,087.00	15,000.00
52370.H · Accounting	30,000.00	30,000.00	16,478.00	25,000.00
52370.I · Other (Doc. Mgt)	75,000.00	90,000.00	69,927.00	175,000.00
Total 52370 · Professional Services	313,000.00	353,973.00	374,889.45	427,500.00
52490 · Publications	5,000.00	25,000.00	126.61	2,500.00
52504 · Copy Equipment	2,775.00		5,604.89	1,166.24
52530 · Office Lease	75,000.00	75,000.00	73,874.68	75,000.00
52550 · Special Department				
52550.A · Service Review	40,000.00	55,000.00	47,964.00	25,000.00
52550.B · County Overhead Costs	31,000.00	31,000.00	41,000.00	31,000.00
52550.C · Other	5,400.00	2,000.00	0.00	0.00
52550.D · Minor Expense	25,000.00	17,000.00	60,167.88	15,000.00
52550.E · Other (Doc. Mgt)		50,000.00	34,104.32	10,000.00
Total 52550 · Special Department	101,400.00	155,000.00	183,236.20	81,000.00
52562 · Investigative Tech.	0.00	0.00	93.25	0.00
52566 · Minor Equipment	0.00	1,000.00	0.00	1,000.00
52602 · Computer Related Training	0.00	2,000.00	0.00	2,000.00
52610 · Non-Travel/In-County	0.00	500.00	0.00	500.00
52612 · Emp. Auto mileage	7,500.00	10,000.00	9,083.83	10,000.00
52622 · Training/Regis	0.00	1,000.00	0.00	1,000.00
52704 · Purchasing ISF	0.00	500.00	0.00	500.00
52706 · Document Svcs ISF	0.00	200.00	0.00	200.00
52721 · Network Services IT	30,000.00	32,000.00	26,472.73	32,000.00
52722 · Computing Power ISF	500.00	800.00	0.00	800.00
52723 · Data Center Service	50,545.56	50,000.00	52,409.89	50,545.56
52725 · Cross Functional Svcs I	6,000.00	6,000.00	20,871.15	6,000.00
52726 · Microfiche & Print	200.00	200.00	101.00	200.00
52728 · Application Service	46,594.49	67,103.00	2,126.00	10,000.00
52732 · Desktop Computing	27,000.00	27,000.00	22,505.53	30,000.00
52734 · Help Desk	1,500.00	2,500.00	4,636.94	2,500.00
52750 · Catalog Items	69,308.58	10,000.00	18,303.50	40,309.92
52752 · Other Services	0.00	500.00	1,019.50	500.00
52754 · Non Catalog Items	0.00	500.00	0.00	500.00
52758 · Vehicle Lease	2,500.00	2,500.00	772.65	2,500.00
53585 · Equipment Dep Expense	2,500.00	2,500.00	1,850.42	2,500.00
54955 · Fixed Asset	0.00	1,500.00	0.00	1,500.00
54958 · Office Equip - prior year				
54961 · Furniture & Equipment	0	5,000.00	0.00	1,000.00
Subtotal Services & Supplies	\$ 778,323.63	\$ 960,865.00	\$ 838,239.99	\$ 823,771.72
TOTAL Salaries & Bens and Serv. & Supplies⁵	\$ 1,625,965.63	\$ 1,845,236.00	\$ 1,624,151.86	\$ 1,896,976.72

Figure 2
Estimated Actual Budget Figures FY 2015-16

Fund Activity	Fund Balance			
	Actual FY14-15 Budget	Adopted FY14-15 Budget	Est. Actual FY15-16 Budget	Adopted (Adj.) FY15-16 Budget
44595 - Fund Balance¹	240,274.07	118,327.28	240,105.87	118,327.28
46725 - Contingency²	662,601.56	528,480.82	766,733.70	528,480.82
Transfer to operating account	-	-	(75,000.00)	(75,000.00)
Deposit	101,456.13	-	-	-
Interest	2,676.01	-	3,318.76	-
46725 - Contingency [Total]	766,733.70	528,480.82	695,052.46	453,480.82
46726 - Special Project³	422,217.75	515,486.26	298,857.09	295,486.26
Transfer to operating account	(125,000.00)	(95,000.00)	(100,000.00)	(150,000.00)
Transfer to operating account	-	(175,000.00)	-	-
Deposit	-	-	-	-
Interest	1,639.34	-	1,293.55	-
Deposit to Special Project account	-	-	-	7,779.40
46726 - Special Project [Total]	298,857.09	245,486.26	200,150.64	153,265.66
46727 - Jurisdictional⁴	148,008.51	147,731.57	148,606.27	147,731.57
Transfer to operating account	-	-	-	-
Deposit	-	-	-	-
Interest	597.76	-	643.23	-
46727 - Jurisdictional [Total]	148,606.27	147,731.57	149,249.50	147,731.57
FUND Interest	-	2,097.34	-	5,500.00
FUND ACTIVITY TOTAL	\$ 1,454,471.13	\$ 1,042,123.27	\$ 1,284,558.47	\$ 878,305.33

Notes and Transaction Detail for Figures 1 & 2:

¹Account 44595: All funds designated as **UNASSIGNED** per 06/03/13 Minute Item No. 9.

²Account 46725: All funds designated as **UNASSIGNED** per 06/03/13 Minute Item No. 9, except as follows:

 02/01/16: \$75,000 designated as **ASSIGNED** for litigation expenses per 02/01/16 LAFCO Minute Item No. 10;

 04/26/16: \$75,000 of **ASSIGNED** funds transferred to operating account for litigation per 02/01/16 LAFCO Minute item No. 10;

 04/26/16: **ASSIGNED** designation removed for \$75,000 related to litigation.

³Account 46726 All funds designated as **UNASSIGNED** per 06/03/13 Minute Item No. 9, except as follows:

 06/03/13: \$50,000 designated as **COMMITTED** for fee waivers per 06/03/13 Minute Item No. 9;

 04/06/15: \$100,000 designated as **COMMITTED** for fee waivers in FY 2015-16 per 04/06/15 Minute item No. 6;

 04/26/16: \$100,000 of **COMMITTED** funds transferred to operating account per 04/06/15 LAFCO Minute item No. 6.

 04/26/16: **COMMITTED** designation removed for \$100,000 related to fee waivers.

⁴Account 46727: All funds designated as **UNASSIGNED** per 06/03/13 Minute Item No. 9.