



**Chairman**

Bill Horn  
County Board of  
Supervisors

August 3, 2015

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**Vice Chairman**

Sam Abed  
Mayor  
City of Escondido

TO: Local Agency Formation Commission

FROM: Executive Officer

**Members**

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County Board of  
Supervisors

Andrew Vanderlaan  
Public Member

Lorie Zapf  
Councilmember  
City of San Diego

Lorraine Wood  
Councilmember  
City of Carlsbad

Jo MacKenzie  
Vista Irrigation District

Vacant  
Special District

SUBJECT: Fourth Quarter FY 2014-15 Budget Update

According to year-end (unaudited) figures for FY 2014-15, the Commission operated approximately 15% under budget. Costs were reduced by leaving several positions vacant, under-filling other positions, and deferral of some expenditures to FY 2015-16. Salaries and Benefits totaled \$710,940 and Services and Supplies amounted to \$835,848. Processing fee revenue amounted to \$139,572 which was slightly lower than the projected amount of \$143,588. However, the projected amount was within an acceptable range. A major source of secondary revenue (\$125,000) consisted of a transfer of trust funds into LAFCO's operating account. The transfer was made on May 6, 2015 and is associated with fee waiver subsidies approved by the Commission for priority projects.

**Alternate Members**

Greg Cox  
County Board of  
Supervisors

Chris Cate  
Councilmember  
City of San Diego

Racquel Vasquez  
Councilmember  
City of Lemon Grove

Ed Sprague  
Olivenhain Municipal  
Water District

Harry Mathis  
Public Member

Overall, the Commission is in excellent fiscal condition and ongoing efforts are being made to reorganize how professional and staffing services are allocated. Eventually, this will bring about changes where there is less reliance on contractors to complete projects with long-term completion schedules. The Commission supported this organizational change when the FY 15-16 budget was adopted and further efforts will be made to effectuate changes within the next two fiscal years. A more detailed overview of budget activity through the fourth quarter follows.

**Revenue**

Apportionment revenue consists of funds derived from local agency general purpose revenues based on a formula codified in State Law (Government Code Section 56381). Through the fourth quarter of FY 2014-15, \$1,395,035 or 100% of LAFCO's apportionment revenue was collected. Processing fee revenue amounted to \$139,572 (service to property owners: \$101,720 and miscellaneous: \$37,852) which was slightly lower than the projected amount of \$143,588. Revenues also included an operating transfer of \$125,000 associated with fee waiver

**Executive Officer**

Michael D. Ott

**Legal Counsel**

Michael G. Colantuono

subsidies approved by the Commission related to processing reorganizations involving the Rural and Pine Valley FPDs, CSA No. 107 (Harmony Grove), and CSA No. 115 (Pepper Drive).

**Expenditures**

LAFCO's FY 2013-14 expenditures totaled \$1,548,408 (\$710,941/Salaries and Benefits and \$835,848/Services and Supplies). Salaries and benefits costs were under budget primarily due to under-filling several positions, a mid-year position vacancy, and a recruitment process that took longer to complete than anticipated. Services and Supplies costs totaled \$835,848 through the fourth quarter and are also currently under budget. Overall costs for the records management program are below budget and Information Technology costs charges have increased in recent years and are associated with charges from the County of San Diego in accounts 52721(network services), 52723 (data center service), 52728 (application service), 52732 (desktop computing), 52734 (help desk), and (52750 (catalog items).

According to preliminary estimates from the County Auditor, the Commission will be finishing FY 2014-15 \$101,718.38 under budget and associated funds will be transferred by the Auditor to LAFCO's reserve fund in accordance with Commission policy. Figures 1 and 2 attached to this budget report cover financial activity in greater detail. This report is provided for the Commission's information and acceptance. Therefore, it is

**RECOMMENDED:** That the Commission receive and accept the First-Fourth Quarter FY 2014-15 LAFCO Budget Update.

Respectfully submitted,

MICHAEL D. OTT  
Executive Officer

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**Attachments**

Figures 1 & 2 (Fourth Quarter LAFCO Budget Update FY 2014-15)

**Figure 1  
Fourth Quarter LAFCO Budget Update FY 2014-15**

Ordinary Income/Expense	Actual	Adopted	1st-4th Quart Est.	Adopted
	FY13-14 Budget	FY13-14 Budget	FY14-15 Budget	FY14-15 Budget
<b>Income</b>				
45918 · LAFCO Apportionment (net cost)	\$ 1,397,440.00	\$ 1,508,619.37	\$ 1,395,035.00	\$ 1,519,177.00
46234 · Service to Property Owner	166,965.00	91,530.00	101,720.00	143,586.00
47540 · Operating Transfers	95,000.00	175,000.00	125,000.00	175,000.00
47615 · Other Sales - Taxable	-	5,000.00	-	7,500.00
49000 · Processing Fee	-	-	-	-
49200 · Interest & Dividends	-	2,200.00	-	2,000.00
49900 · Miscellaneous Revenue	55,172.51	-	37,852.13	-
80100 · Receipts Sch TR & Agency	-	-	-	-
<b>TOTAL Income</b>	<b>1,714,577.51</b>	<b>1,782,349.37</b>	<b>1,659,607.13</b>	<b>1,847,263.00</b>
<b>Expense</b>				
51110 · Salaries & Wages	478,919.00	563,496.00	429,236.89	535,822.00
Benefits Total	279,179.00	345,174.00	281,704.31	348,549.00
52074 · Telecommunications	0.00	500.00	0.00	500.00
52138 · Public Liability Insurance	0.00	500.00	0.00	500.00
52178 · Auto Maintenance	1,770.26	2,000.00	1,504.55	2,000.00
52182 · Vehicle Fuel	785.70	1,500.00	1,053.19	1,500.00
52270 · Memberships	7,319.00	9,000.00	7,428.00	9,000.00
52330 · Office Expense	0.00	8,000.00	0.00	5,000.00
52332 · Postage	0.00	500.00	0.00	500.00
52334 · Printing	14,627.25	10,000.00	5,179.87	10,000.00
52336 · Books - Office Library	855.34	2,000.00	2,057.29	2,000.00
52338 · Drafting/Engineering	0.00	50.00	0.00	50.00
52344 · Stores Unallocated	7,531.90	12,500.00	15,386.26	12,500.00
52354 · Mail/Postage-ISF	8,337.63	12,000.00	9,286.75	8,000.00
52370 · Professional Services				
52370.A · Special Counsel Litigation	0.00	750.00	0.00	0.00
52370.B · Special Counsel General	17,721.20	8,000.00	4,914.90	10,000.00
52370.C · General Counsel	11,785.20	8,000.00	27,987.30	11,000.00
52370.D · GIS Support	56,204.50	60,000.00	46,035.00	60,000.00
52370.E · Web & Doc Support	56,204.50	65,000.00	46,035.00	65,000.00
52370.F · Local Govt Services	43,187.00	65,000.00	56,583.19	65,000.00
52370.G · Legislation	25,061.00	35,000.00	27,843.00	20,000.00
52370.H · Accounting	12,100.00	30,000.00	13,000.00	30,000.00
52370.I · Other (Doc. Capture QC)	24,641.50	55,000.00	124,626.89	90,000.00
<b>Total 52370 · Professional Services</b>	<b>246,904.90</b>	<b>326,750.00</b>	<b>347,025.28</b>	<b>351,000.00</b>
52490 · Publications	1,787.36	1,000.00	965.90	25,000.00
52504 Copy Equipment	0.00	0.00	1,618.88	
52530 · Office Lease	70,276.73	73,000.00	78,064.26	75,000.00
52550 · Special Department				
52550.A · Service Review	47,940.00	55,000.00	60,465.00	55,000.00
52550.B · County Overhead Costs	30,944.00	31,000.00	25,000.00	31,000.00
52550.C · Other	6,390.32	2,000.00	19,425.00	2,000.00
52550.D · Minor Expense	26,754.74	15,000.00	38,971.86	17,000.00
52550.E · Other (Doc. Capture)	32,685.48	85,000.00		50,000.00
<b>Total 52550 · Special Department</b>	<b>144,714.54</b>	<b>190,399.00</b>	<b>143,861.86</b>	<b>155,000.00</b>
52566 · Minor Equipment	0.00	1,000.00	0.00	1,000.00
52602 · Computer Related Training	0.00	3,500.00	0.00	2,000.00
52608 · Out of County Travel	0.00	0.00	0.00	0.00
52610 · Non-Travel/In-County	0.00	500.00	0.00	500.00
52612 · Emp. Auto mileage	8,604.66	10,000.00	8,297.07	10,000.00
52622 · Training/Regis	0.00	2,000.00	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	31,073.43	28,000.00	27,067.63	32,000.00
52722 · Computing Power ISF	0.00	800.00	0.00	800.00
52723 · Data Center Service	10,237.54	6,000.00	47,832.15	50,000.00
52725 · Cross Functional Svcs I	5,553.07	6,000.00	7,258.43	6,000.00
52726 · Microfiche & Print	99.00	200.00	99.00	200.00
52728 · Application Service	33,154.80	95,000.00	17,540.86	67,103.00
52732 · Desktop Computing	22,915.40	29,500.00	24,795.13	27,000.00
52734 · Help Desk	1,506.12	5,500.00	1,734.84	2,500.00
52750 · Catalog Items	49,325.58	1,000.00	83,468.58	10,000.00
52752 · Other Services	1,000.00	500.00	1,000.00	500.00
52754 · Non Catalog Items	0.00	500.00	0.00	500.00
52758 · Vehicle Lease	3,090.78	2,500.00	3,090.78	2,500.00
53585 · Equipment Dep Expense	1,345.76	0.00	1,850.42	2,500.00
59000 · Fixed Asset	0.00	17,000.00	0.00	6,500.00
52304 - Encumbrance (Misc)	122,115.00	0.00	0.00	77,039.00
54961 - Fixed Asset Equip & Furn	0	17,000.00	0.00	5,000.00
<b>Subtotal Services &amp; Supplies</b>	<b>794,931.75</b>	<b>871,280.37</b>	<b>835,848.10</b>	<b>962,892.00</b>
<b>TOTAL Salaries &amp; Bens and Serv. &amp; Supplies<sup>5</sup></b>	<b>\$ 1,553,029.75</b>	<b>\$ 1,782,349.37</b>	<b>\$ 1,548,408.18</b>	<b>\$ 1,847,263.00</b>

**Figure 2**  
**Fourth Quarter LAFCO Budget Update FY 2014-15**

Fund Activity	Actual	Adopted	1st-4th Quart Est.	Adopted
	<u>FY13-14 Budget<sup>5</sup></u>	<u>FY13-14 Budget</u>	<u>FY14-15 Budget</u>	<u>FY14-15 Budget</u>
44595 - Fund Balance <sup>1</sup>	118,327.28	94,969.51	240,274.07	118,327.28
46725 - Contingency <sup>2</sup>	529,471.53	527,057.45	664,627.67	528,480.82
46726 - Special Project <sup>3</sup>	422,217.75	102,081.00	298,508.80	515,486.26
46727 - Jurisdictional <sup>4</sup>	148,008.51	147,333.69	148,461.10	147,731.57
46728 - Interest	-	1,941.18	-	2,097.34
<b>46729 - FUND ACTIVITY TOTAL</b>	<b>\$ 1,218,025.07</b>	<b>\$ 873,382.83</b>	<b>\$ 1,351,871.64</b>	<b>\$ 1,312,123.27</b>

Notes for Figures 1 & 2:

<sup>1</sup>Account 44595: All funds are designated "Unassigned" per Minute Item No. 9: June 3, 2013.

<sup>2</sup>Account 46725: All funds are designated "Unassigned" per Minute Item No. 9: June 3, 2013.

<sup>3</sup>Account 46726 contains the following designations:

\$201,433 ("Unassigned") per LAFCO Minute item No 9: June 3, 2013 as of June 30, 2015.

\$50,000 assigned as "committed" after \$125,000 allocated on 5/6/15 per Min. Item No. 9: June 3, 2013 for fee waivers

\$25,000 ("Committed") per Minute Item No. 11: November 4, 2013 for the reorganization of CSA 107 (Elfin Forest).

\$22,075 ("Assigned") per Minute item No. 9: June 3, 2013 for the Montecito Ranch Project.

<sup>4</sup>Account 44727: All funds designated "Unassigned" per Minute Item No. 9: June 3, 2013.

<sup>5</sup>Actual budget figures are based on modified accrual system & may differ from audited figures.