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

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AGENDA REPORT
Consent | Action

November 4, 2024

TO: Commissioners

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

SUBJECT: **Budget Update for 2024-2025 |**
First 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 2024-2025 and related analysis. The total budget for the fiscal year – operating and non-operating – is $2.912 million. The Commission finished the first quarter expending 17% of total budgeted expenses while collecting 74% 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 $0.064 million or 2%. 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 2024-2025 totals $2.912 million with the majority – $2.428 million – allocated to operating expenses and covers labor and service/supplies costs. Non-operating expenses involve transacting grant awards and debt service. Matching revenue amounts are budgeted for both operating and non-operating units. The total unrestricted fund balance as of July 1, 2024 was $1.613 million with $0.738 million unassigned.

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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 close of the first quarter (September 30, 2024). A detailing of all booked expenses and revenues plus projected year-end totals is provided in general ledger format as Attachment One. 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 2024-2025 is $2.912 million. This amount is divided between $2.428 million in operating and $0.484 million in non-operating units. Total actual expenses booked through the first quarter total $0.502 million. This booked amount represents 17% of the budgeted total with 25% of the fiscal year complete. The actuals paired with staff analysis suggests LAFCO is on pace to finish with $2.834 million in total expenses. Should this projection hold, LAFCO will achieve an unexpended budgeted savings in expenses of $0.079 million or 3%. An expanded discussion on budgeted and actuals through the first quarter with year-end projections within the three expense units follow.

Expense Unit | Operating: Salaries and Benefits

LAFCO has budgeted $1.468 million in salaries and benefits with the proceeds largely tied to funding 8.0 fulltime equivalent positions.[1] Actual expenses through the first quarter total $0.325 million or 22% of the budgeted amount with 25% of the fiscal year complete. Going forward it is expected overall actuals will near the budget total at $1.413 million through the end of the fiscal year. If this projection holds, LAFCO will experience an overall unit surplus of $0.056 million or 4% less any amendments.

Expense Unit | Operating: Services and Supplies

LAFCO has budgeted $0.959 million in services and supplies 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 $0.176 million or 18% of the budgeted amount with 25% of the fiscal year complete. Going forward it is expected overall actuals will near the budget total at $0.936 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 surplus of $0.023 million or 2% less any amendments.

Expense Unit | Non-Operating

LAFCO has budgeted $0.484 million in non-operating costs covering debt service and grant payments. Total expenses billed during the first quarter tally $0.001 million. It is expected actuals will total the budgeted amount of $0.484 million less any amendments.

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

Revenues

San Diego LAFCO's budgeted revenue total for 2024-2025 is $2.912 million. This amount is divided between $2.399 million in operating and $0.513 million in non-operating units. Actual revenues collected through the first quarter totals $2.156 million. This amount represents 74% of the budgeted total with 25% of the fiscal year complete. These actuals paired with staff analysis suggest LAFCO's year-end revenue will total $2.897 million. Should this projection hold, LAFCO will experience a budgeted shortfall of ($0.015 million) or (1%) 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 | Operating: Intergovernmental Fees

LAFCO has budgeted $2.184 million in intergovernmental fees. This total budgeted amount is divided between LAFCO's four agency membership categories based on statutory formula. Through the first quarter $2.123 million – or 97% - of all invoiced amounts have been collected. All invoices are expected to be collected by the end of the year.

Revenue Unit | Operating: Service Charges

LAFCO has budgeted $0.200 million in application fees. Actuals through the first quarter totals $0.025 million and represents 13% of the budgeted amount with 25% of the fiscal year complete. Staff anticipates the application fees ultimately tally $0.175 million, which would result in a year-end budget deficit of ($0.025 million) or (12.5%) less any new amendments.

Revenue Unit | Operating: Interest

LAFCO has budgeted $0.015 million in interest earnings. Actuals through the first quarter totals $0.008 million of the budgeted total or 51% of the budget with 25% of the fiscal year complete. Staff anticipates interest collections will ultimately tally $0.025 million and result in a year-end budget surplus of $0.010 million or 67%.

Revenue Unit | Non-Operating

LAFCO has budgeted $0.513 million in non-operating revenues that involve fund balance usage and anticipated grant awards. No monies have been booked through the first quarter. Staff anticipates – however – that the full budgeted amount will be booked.

ANALYSIS

Activity through the first quarter of the fiscal year shows San Diego LAFCO is generally proceeding as planned relative to budgeted expectations. There are also no significant outliners in actual expenses or revenues effecting unit total amounts through the first three months. As provided above, staff anticipates an overall net surplus with actual revenues exceeding actual expenses by $0.064 million or 2%.

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) First Quarter Budget Ledger with Year-End Projections

San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

		FY2023-2024			FY2024-2025			
EXPENSES		**Adopted**	**Amended**	**Actuals**	**Adopted**	**Actuals 1st Quarter**	**% of Budget**	**Projected Year End**
Salaries and Benefits Unit								
51110-51310	Salaries and Per Diems	891,455	742,955	715,861	898,906	202,359	0.23	875,828
51410	Retirement - SDCERA	318,295	318,295	303,876	350,146	81,327	0.23	344,912
51415	Retirement - OPEB	10,273	10,273	8,779	10,196	2,104	0.21	9,700
51450	Payroll Taxes	64,840	64,840	51,279	65,044	14,852	0.23	63,732
51510-51550	Group Insurance	150,033	150,033	96,389	143,481	24,823	0.17	118,370
51560	Unemployment Insurance	1,000	1,000	258	1,000	78	0.08	273
		1,435,895	1,287,395	1,176,442	1,468,773	325,543	0.22	1,412,814
Services and Supplies Unit								
52074	Communications	43,824	43,824	37,385	42,299	6,709	0.16	37,299
52138	General Liability Insurance	12,737	12,737	14,194	14,194	-	-	14,194
52178	Vehicle - Maintenance	980	980	2,580	1,000	426	0.43	1,000
52182	Vehicle - Fuel	500	500	539	500	69	0.14	274
52270	Memberships	28,994	28,994	23,077	38,736	17,108	0.44	36,636
52304	Miscellaneous	50	50	30	50	1,200	24.00	1,500
52330	Office: General Support	8,211	8,211	9,636	12,380	2,692	0.22	10,769
52332	Office: Postage USPS	250	250	314	250	53	0.21	213
52334	Office: Design + Printing	22,500	22,500	17,211	23,000	2,258	0.10	13,551
52336	Office: Books and Guidelines	-	-	-	-	-	-	-
52338	Office: Drafting/Engineering	-	-	-	-	-	-	-
52344	Office: Supplies and Furnishings	14,600	14,600	8,348	12,100	4,962	0.41	10,000
52354	Office: County Mail Services	10,000	10,000	12,401	10,000	1,995	0.20	9,230
52370	Professional Services	296,170	444,670	518,671	445,767	60,844	0.14	495,767
52490	Publications and Legal Notices	8,150	8,150	11,221	8,500	(2,215)	(0.26)	9,899
52504	Leases: Equipment	6,600	6,600	3,955	4,500	614	0.14	3,958
52530	Leases: Office Space	144,743	144,743	149,217	154,308	26,189	0.17	104,756
52550	Special Expenses: County Overhead	40,000	40,000	32,366	33,000	14,323	0.43	57,293
52562	Special Expenses: New Hire Checks	-	-	198	-	215		215
52566	Special Expenses: Minor Equipment	-	-	413	-	1,622		1,622
52602	Computer Training	-	-	-	-	-	-	-
52610	Travel and Training | In County	2,700	2,700	5,930	2,700	3,303	1.22	5,000
52612	Employee Auto	8,700	8,700	8,201	8,700	2,010	0.23	8,201
52622	Travel and Training | Out of County	15,050	15,050	18,038	15,050	12,269	0.82	16,000
52721	IT Reimbursements: Network	20,000	20,000	15,553	18,000	4,221	0.23	21,105
52723	IT Reimbursements: Data Center	33,000	33,000	24,254	30,000	2,862	0.10	14,309
52725+28	IT Reimbursements: Financial Systems	35,000	35,000	23,984	25,000	4,589	0.18	22,946
52732	IT Reimbursements: Desktop Computing	28,000	28,000	26,759	30,000	6,170	0.21	30,848
52734	IT Reimbursements: Help Desk	2,331	2,331	1,632	2,331	397	0.17	1,984
52750	IT Reimbursements: Catalog Equipment	40,000	40,000	5,498	25,000	342	0.01	6,000
52758	Fleet Reimbursements: Vehicle Lease	2,000	2,000	1,986	2,000	496	0.25	2,000
		825,091	973,591	973,591	959,364	175,723	0.18	936,568
	OPERATING EXEPENSE TOTAL	2,260,986	2,260,986	2,150,033	2,428,138	501,266	0.21	2,349,382

EXPENSES CONTINUED...

		FY2023-2024			FY2024-2025			
		Adopted	Amended	Actuals	Adopted Final	Actuals 1st Quarter	% of Budget	Projected Year End
Non Operating Unit								
51421	Debt Service: OPEB Obligation Bonds	34,092	34,092	30,780	34,092	766	0.02	34,092
53585	Equipment Depreciation	-	-	-	-	-	-	-
TBD	Grant Award Payments	450,000	450,000	150,462	450,000	-	-	450,000
54955-54961	Fixed Assets	-	-	-	-	-	-	-
		484,092	484,092	181,242	484,092	766	0.002	484,092
	EXPENSE TOTALS	2,745,078	2,745,078	2,331,275	**2,912,230**	**502,032**	**0.17**	**2,833,474**

REVENUES

		FY2023-2024			FY2024-2025			
		Adopted	Amended	Estimate	Adopted Final	Actuals 1st Quarter	% of Budget	Projected Year End
Intergovernmental Unit								
45918.1	Apportionments | County	581,074	581,074	581,074	623,997	623,997	1.00	623,997
45918.2	Apportionments | Cities (less SD)	581,074	581,074	581,074	623,997	623,997	1.00	623,997
45918.3	Apportionments | City of San Diego	290,639	290,639	290,639	312,108	312,108	1.00	312,108
45918.4	Apportionments | Special Districts	581,074	581,074	581,074	623,997	562,987	0.90	623,997
		2,033,861	2,033,861	2,033,861	2,184,098	2,123,088	0.97	2,184,098
Service Charges Unit								
46234	Application Fees	200,000	200,000	194,596	200,000	25,465	0.13	175,000
		200,000	200,000	194,596	200,000	25,465	0.13	175,000
Earnings Unit								
44105	Interest and Dividends	15,000	15,000	19,321	15,000	7,672	0.51	25,000
		15,000	15,000	19,321	15,000	7,672	0.51	25,000
	OPERATING REVENUE TOTAL	2,248,861	2,248,861	2,247,777	2,399,098	2,156,225	0.90	2,384,098
Non-Operating Unit								
TBD	Grant Awards	450,000	450,000	68,882	450,000	-	-	450,000
47540	Transfer from Fund Balance	46,218	46,218	46,218	63,132	-	-	63,132
		496,218	496,218	115,100	513,132	-	-	513,132
	REVENUE TOTALS	2,745,079	2,745,079	2,362,877	**2,912,230**	**2,156,225**	**0.74**	**2,897,230**
OPERATING NET				97,744				34,716
TOTAL NET				31,602	-			63,755.93

LAFCO FUND BALANCE
(unrestricted)

Committed	
… Stabilization	250,000
… Opportunity	500,000
Assigned by EO	125,000
Unassigned	738,310
	1,613,310