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

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AGENDA REPORT
Consent | Action

June 7, 2021

TO: Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: **Proposed Budget Amendments for 2021-2022**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider proposed amendments to help ensure all budgeted operating expense units finish 2021-2022 with positive operating balances. The proposed amendments involve the internal transfer of $0.075 million out of line-items within the Services and Supplies Unit and into a line-item in the Salaries and Benefits Unit. The proposed amendments respond to current year-end projections and recent expenses in the Salaries and Benefits Unit there were otherwise unplanned at the start of the fiscal year. The proposed amendments do not alter or change the total adopted budget expense of $1.916 million. Staff recommends approval.

BACKGROUND

Operating Budget and Fund Balance

San Diego LAFCO's adopted budget for 2020-2021 totals $1.916 million. This amount represents the total approved operating expenditures for the fiscal year divided between three active expense units: salaries and benefits; service and supplies; and other. A matching revenue total was also budgeted to provide a projected year-end net of $0 and with the purposeful aid of a planned $0.073 million transfer from unassigned reserves. Budgeted revenues are divided between four active units: intergovernmental contributions;

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application fees; earnings; and miscellaneous. The audited unrestricted fund balance as of July 1, 2020 was $1.630 million with $0.954 million unassigned.

DISCUSSION

This item is for San Diego LAFCO to consider proposed amendments for 2021-2022 involving the internal transfer of $0.075 million in budgeted expenses. The amendments would collectively transfer the $0.075 million out of four line-items in the Services and Supplies Unit into one line-item account in the Salaries and Benefits Unit. The timing of the proposed amendments follows staff updating their year-end budget projections and would help ensure all expense units finish with positive balances.

ANALYSIS

The proposed amendments before San Diego LAFCO remedy a projected year-end deficit within the Salaries and Benefits Unit by drawing on surplus monies in the Services and Supplies Unit. The projected deficit in the Salaries and Benefits Unit ties to a recent employee separation and done so in parallel with the Commission's voluntary separation incentive program approved in April to generate long-term cost-savings. This separation – nonetheless – generated immediate and upfront costs to the Commission and underlies the proposed transfer of $0.075 million into the Salaries and Benefits Unit to cover the associated payments (separation and vacation accrual). The proposed amendments would have no impact on the overall budgeted expense for LAFCO in 2021-2022 at $1.630 million.

RECOMMENDATION

It is recommended San Diego LAFCO approve budget amendments for 2020-2021 involving the transfer of $0.075 million in surplus monies within the Services and Supplies Unit to the Salaries and Benefits Unit. This recommendation is consistent and further prescribed as Alternative One outlined below.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):
Approve the following budget amendments for 2020-2021:

(a) Amend and reduce budgeted monies in the membership account (Services and Supplies) from $25,412 to $18,181; a difference of ($7,231).

(b) Amend and reduce budgeted monies in the county overhead account (Services and Supplies) from $91,507 to $50,904; a difference of ($40,603).

(c) Amend and decrease budgeted monies in the data center account (Salaries and Benefits) from $45,000 to $29,006; a difference of $15,994.

(d) Amend and decrease budgeted monies in the catalog equipment account (Salaries and Benefits) from $21,000 to $10,532; a difference of $10,468.

(e) Amend and increase budgeted monies in the salaries account (Salaries and Benefits) from $763,339 to $837,635; a difference of $74,296.

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) 2020-2021 Operating Budget with Actuals Through April 30th and Year-End Projections

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

OPERATING EXPENSES

		FY 2018-2019		FY 2019-2020		FY 2020-2021				
		Adopted	Actuals	Adopted	Actuals	Adopted	Adopted w/ Amendments	Actuals thru April 2021	Projected Year End	Projected % Collected
Salaries and Benefits Unit										
Account No.	Description									
51110-51310	Salaries and Wages	689,719	638,748	722,780	695,356	763,339	763,339	726,463	850,846	111.5%
51410	Retirement - SDCERA	239,780	230,865	258,148	255,294	272,668	316,593	254,458	292,884	92.5%
51415	Retirement - OPEB	10,560	10,091	10,539	10,165	10,977	10,977	8,602	9,773	89.0%
51421	Retirement - OPEB Bonds	41,598	37,308	40,321	38,219	41,998	41,998	33,161	38,036	90.6%
51450	Payroll Taxes	48,958	46,163	53,393	49,698	55,613	55,613	51,510	58,752	105.6%
51510-51550	Group Insurance (Health and Dental)	96,958	95,405	100,234	105,031	103,116	103,116	98,452	115,210	111.7%
51560	Unemployment Insurance	4,032	163	3,769	138	2,000	2,000	205	705	35.3%
		1,131,604	1,058,743	1,189,184	1,153,901	1,249,712	1,293,636	1,172,851	1,366,207	105.6%
Services and Supplies Unit										
Account No.	Description									
52074	Telecommunications	2,500	3,860	3,600	3,829	3,636	3,636	4,499	5,619	154.5%
52138	General Liability Insurance	-	-	-	3,419	-	-	10,576	10,576	
52178	Vehicle - Maintenance	2,000	610	1,500	1,309	980	980	591	591	60.3%
52182	Vehicle - Fuel	1,500	367	1,000	245	1,000	1,000	61	111	11.1%
52270	Memberships	13,000	14,601	28,139	18,049	25,412	25,412	18,181	18,181	71.5%
52304	Miscellaneous	50	20	50	10	50	50	25	25	50.0%
52330	Office: General	8,500	6,399	7,420	4,781	7,420	7,420	2,060	4,560	61.5%
52332	Office: Postage	500	84	500	275	500	500	-	-	0.0%
52334	Office: Printing	10,000	4,795	10,000	1,199	10,000	10,000	712	8,212	82.1%
52336	Office: Books and Guidelines	2,000	3,226	2,000	4,112	2,000	2,000	437	1,000	50.0%
52338	Office: Drafting/Engineering	50	-	50	-	50	50	-	-	0.0%
52344	Office: Supplies and Furnishings	17,500	9,302	17,800	8,145	15,800	15,800	6,531	10,531	66.7%
52354	Office: County Mail Services	9,000	18,896	10,000	8,514	10,000	10,000	5,585	6,765	67.6%
52370	Professional Services: Consultants	259,110	398,125	234,505	226,762	190,094	190,094	173,916	234,202	123.2%
52490	Publications and Legal Notices	5,000	10,382	4,650	8,088	4,650	4,650	11,091	12,091	260.0%
52504	Leases: Equipment	6,500	8,137	6,600	5,915	6,600	6,600	5,978	6,600	100.0%
52530	Leases: Office Space	79,880	79,555	82,657	81,877	84,764	84,764	69,936	84,764	100.0%
52550	Special Expenses: County Overhead	155,000	113,842	100,896	48,613	91,507	91,507	31,904	50,904	55.6%
52562	Special Expenses: New Hire Backgrounds	-	689	-	-	-	-	1,112	1,112	
52566	Special Expenses: Minor Equipment	1,000	2,788	1,000	641	1,000	1,000	-	-	0.0%
52602	Computer Training	2,000	-	2,000	-	2,000	2,000	-	-	0.0%
52610	Travel and Training | In County	5,000	6,634	4,500	7,367	4,500	4,500	2,343	2,343	52.1%
52612	Employee Auto	10,000	9,069	9,700	8,779	9,700	9,700	6,000	7,400	76.3%
52622	Travel and Training | Out of County	10,000	25,432	23,550	13,271	19,925	-	-	-	
52704-52722	Reimbursements: Network	30,000	26,450	30,000	29,065	30,000	30,000	26,154	31,384	104.6%
52723	Reimbursements: Data Center	45,000	30,728	45,000	29,233	45,000	45,000	24,171	29,006	64.5%
52725	Reimbursements: Financial Systems	20,000	27,556	20,000	23,320	20,000	20,000	16,529	19,835	99.2%
52726-52732	Reimbursements: Desktop Computing	25,000	25,311	25,000	51,246	25,000	25,000	39,563	47,476	189.9%
52734	Reimbursements: Help Desk	3,000	4,743	3,000	2,689	3,000	3,001	1,900	2,281	76.0%
52750-52754	Reimbursements: Catalog Equipment	45,000	32,097	45,000	38,602	45,000	21,000	8,776	10,532	50.2%
52758	Reimbursements: Vehicle Lease	2,000	1,986	2,000	1,986	2,000	2,000	1,655	1,986	99.3%
		770,090	865,684	722,117	631,341	661,588	617,664	470,287	608,085	98.4%

OPERATING EXPENSES CONTINUED...

Other Units		FY 2018-2019		FY 2019-2020		FY 2020-2021				
		Adopted	Actuals	Adopted	Actuals	Adopted	Adopted w/ Amendments	Actuals thru April 2021	Projected Year End	Projected % Collected
Account No.	Description									
53585	Equipment Depreciation	2,500	2,500	2,500	2,500	2,500	2,500	-	2,500	100.0%
54955-54961	Fixed Assets	2,500	-	2,500	-	2,500	2,500	-	-	0.0%
		5,000	2,500	5,000	2,500	5,000	5,000	-	2,500	50.0%
	EXPENSE TOTALS	1,906,694	1,926,927	1,916,300	1,787,742	**1,916,300**	**1,916,300**	**1,643,138**	**1,976,792**	**103.2%**

OPERATING REVENUES

Intergovernmental Unit		FY 2018-2019		FY 2019-2020		FY 2020-2021				
		Adopted	Actuals	Adopted	Actuals	Adopted	Adopted w/ Amendments	Actuals thru April 2021	Projected Year End	Projected % Collected
Account No.	Description									
45918.1	Apportionments | County	475,684	475,684	486,771	486,771	483,914	483,914	483,914	483,914	100.0%
45918.2	Apportionments | Cities (less SD)	475,684	475,684	486,771	486,771	483,914	483,914	483,914	483,914	100.0%
45918.3	Apportionments | City of San Diego	237,842	237,842	243,386	243,386	241,957	241,957	241,957	241,957	100.0%
45918.4	Apportionments | Special Districts	475,684	475,684	486,771	486,771	483,914	483,914	483,914	483,914	100.0%
		1,664,894	1,664,894	1,703,700	1,703,700	1,693,700	1,693,700	1,693,699	1,693,699	100.0%
Service Charges Unit										
Account No.	Description									
46234	Service Charges	125,000	82,147	125,000	201,419	130,000	130,000	204,240	223,913	172.2%
		125,000	82,147	125,000	201,419	130,000	130,000	204,240	223,913	172.2%
Earnings Unit										
Account No.	Description									
44105	Interest and Dividends	6,800	19,052	15,000	25,812	20,000	20,000	8,368	10,868	54.3%
		6,800	19,052	15,000	25,812	20,000	20,000	8,368	10,868	54.3%
Miscellaneous Unit										
Account No.	Description									
47540	Transfer from Fund Balance	110,000	217,186	72,600	-	72,600	72,600	-	72,600	100.0%
		110,000	217,186	72,600	-	72,600	72,600	-	72,600	100.0%
	REVENUE TOTALS	1,906,694	1,983,279	1,916,300	1,930,931	**1,916,300**	**1,916,300**	**1,906,307**	**2,001,080**	**104.4%**
	OPERATING NET	-	**56,352**	-	**143,189**	-	-	-	**24,287**	**1.2%**

FUND BALANCE						
	Audited	Audited				
Committed						
... Stabilization	-	250,000				250,000
... Opportunity	175,000	300,000				300,000
Assigned	75,000	125,000				125,000
Unassigned	1,238,233	954,738				906,425
	1,488,233	1,629,738				1,581,425