



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

5C

AGENDA REPORT
 Consent | Action

February 2, 2026

TO: Chair Whitburn and Commissioners

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

SUBJECT: **Budget Update for 2025-2026 |**
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 2025-2026 and related analysis. The total budget for the fiscal year – operating and non-operating – is \$3.164 million. The Commission finished the second quarter expending 40% of total budgeted expenses while collecting 71% of total budgeted revenues. The report projects the Commission is on pace to finish the fiscal year generally as expected – albeit with internal deviations – with a slight surplus of \$8,000 or 0.2%. No amendments are recommended at this time. The report is being presented to the Commission to formally accept with the opportunity to pull for additional discussion as needed.

BACKGROUND

San Diego LAFCO's adopted budget for 2025-2026 totals \$3.164 million with the majority – \$2.681 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 cash balance as of July 1, 2025 was \$1.672 million with \$0.922 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 second quarter (December 31, 2025). A detailing of all booked expenses and revenues plus projected year-end totals is provided as Attachment One. The report provides the Commission with the opportunity to track trends and provide related directions by pulling the item for discussion.

Agency Expenses

LAFCO's budgeted expense total for 2025-2026 is \$3.164 million divided between \$2.681 million in operating and \$0.483 million in non-operating units. Through the second quarter, actual expenses total \$1.261 million or 40% of budget. Staff analysis projects year-end expenses of \$3.056 million, yielding savings of \$0.108 million or 3.4%. Unit details budgeted and actual amounts throughout the second quarter with year-end projections follow.

Operating: Salaries and Benefits | LAFCO has budgeted \$1.589 million in salaries and benefits largely tied to funding 8.0 fulltime equivalent positions. Second quarter actuals total \$0.748 million or 47% of budget. Staff projects year-end actuals of \$1.543 million, yielding a savings surplus of \$0.045 million or 2.9% less any amendments.

Operating: Services and Supplies | LAFCO has budgeted \$1.092 million in services and supplies largely tied to professional service expenses (e.g., legal, consultants) as well as payments to the County of San Diego for information technology. Second quarter actuals total \$0.473 million or 43% of budget. Staff projects year-end actuals of \$1.030 million, yielding a savings surplus of \$0.062 million or 5.7% less any amendments.

Non-Operating | LAFCO has budgeted \$0.483 million in non-operating costs covering debt service and grant payments. Second quarter expenses total \$0.040 million. Staff projects actuals will match the budgeted amount of \$0.483 million less any amendments.

Agency Revenues

LAFCO's budgeted revenue total for 2025-2026 is \$3.164 million divided between \$2.714 million in operating and \$0.450 million in non-operating units. Second quarter revenues total \$2.244 million or 71% of budget. Staff projects year-end revenues of \$3.064 million, yielding a shortfall of (\$0.100 million) or (3.2%) attributed to lower-than-expected application fees. Unit details on budgeted and actual revenues with year-end projections follow.

Operating: Intergovernmental Fees | LAFCO has budgeted \$2.181 million in intergovernmental fees divided between the agency's four agency membership categories based on statutory formula. All invoices have been collected.

Operating: Service Charges | LAFCO has budgeted \$0.200 million in application fees. Second quarter actuals total \$0.035 million or 17% of budget. Staff projects year-end fees of \$0.100 million, yielding a deficit of (\$0.100 million) or (50%) less any new amendments.

Operating: Interest | LAFCO has budgeted \$0.015 million in interest earnings. Second quarter actuals total \$0.001 million or 7% of budget. Staff projects year-end collections will meet the budgeted amount.

Operating: Reserves | LAFCO has budgeted \$0.317 million in reserve usage. No funds have been drawn through the second quarter. Staff projects the full budgeted amount will be utilized by year-end.

Non-Operating | LAFCO has budgeted \$0.450 million in non-operating revenues for anticipated grant awards. Second quarter actuals total \$0.027 million. Staff projects the full budgeted amount will be received.

ANALYSIS

Second quarter activity shows San Diego LAFCO is proceeding as planned relative to total expenses and revenues matching out. Staff projects a year-end net of \$0.008 million or 0.2%. This projection – markedly – takes into account the Commission experiencing a significant drop-off in application fees relative to budgeted amounts. Second quarter collections represent only 17% of the annual target, and staff now projects a year-end shortfall of (\$0.100 million) or (50%) below budget. Staff is offsetting this revenue shortfall through current and planned cost-savings within the services and supplies unit. Projected savings of \$0.062 million in this category, combined with additional efficiencies in salaries and benefits, are sufficient to absorb the expected application fee deficit and maintain a modest year-end surplus. While this approach preserves the Commission's fiscal position for the current year, the application fee trend merits continued attention going forward. Any material changes requiring budget amendments will be brought to the Commission for consideration.

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



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

EXPENSES

Salaries and Benefits Unit

Account	Description	FY2025			FY2026			Projected Balance %	
		Adopted	Amended	Actuals	ADOPTED	Actuals Through 2nd Quarter	% of Budget		Projected Balance \$
51110 +	Salaries and Per Diems	898,906	898,906	892,617	986,200	474,684	48.1%	968,221	98.2%
51410	Retirement - SDCERA	350,146	350,146	352,251	384,503	181,970	47.3%	374,744	97.5%
51415	Retirement - OPEB	10,196	10,196	9,047	11,112	3,264	29.4%	8,846	79.6%
51450	Payroll Taxes	65,044	65,044	63,697	71,457	30,543	42.7%	66,397	92.9%
51510 +	Group Insurance	143,481	143,481	115,039	134,394	57,283	42.6%	124,480	92.6%
51560	Unemployment Insurance	1,000	1,000	362	1,000	121	12.1%	500	50.0%
		1,468,773	1,468,773	1,433,013	1,588,667	747,865	47.1%	1,543,188	97.1%

Services and Supplies Unit

Account	Description	FY2025			FY2026			Projected Balance %	
		Adopted	Amended	Actuals	ADOPTED	Actuals Through 2nd Quarter	% of Budget		Projected Balance \$
52074	Communications	42,299	42,299	40,596	50,726	18,371	36.2%	62,027	122.3%
52138	General Liability Insurance	14,194	14,194	15,599	15,599	16,775	107.5%	16,775	107.5%
52178	Vehicle - Maintenance	1,000	1,000	1,814	1,000	932	93.2%	1,200	120.0%
52182	Vehicle - Fuel	500	500	490	500	98	19.5%	500	100.0%
52270	Memberships	38,736	38,736	25,467	34,807	9,734	28.0%	18,209	52.3%
52304	Miscellaneous	50	50	18	50	8	16.0%	8	16.0%
52330	Office: General Support	12,380	12,380	11,066	13,217	4,848	36.7%	10,340	78.2%
52332	Office: Postage USPS	250	250	495	250	101	40.5%	202	80.8%
52334	Office: Design + Printing	23,000	23,000	11,958	22,500	10,000	44.4%	22,500	100.0%
52336	Office: Books and Guidelines	-	-	132	-	-	-	-	0.0%
52344	Office: Supplies + Furnishings	12,100	12,100	13,783	10,300	6,465	62.8%	12,865	124.9%
52354	Office: County Mail Services	10,000	10,000	7,817	10,000	4,843	48.4%	9,686	96.9%
52370	Professional Services	445,767	698,558	698,558	566,600	232,545	41.0%	538,345	95.0%
52490	Publications + Legal Notices	8,500	8,500	21,142	7,000	3,838	54.8%	7,676	109.7%
52504	Leases: Equipment	4,500	4,500	3,335	4,000	1,211	30.3%	3,269	81.7%
52530	Leases: Office Space	154,308	154,308	157,167	158,688	81,698	51.5%	163,397	103.0%
52550	Special Expenses: County Overhead	33,000	33,000	57,293	58,000	30,369	52.4%	60,739	104.7%
52562	Special Expenses: New Hire Checks	-	-	215	-	-	-	-	-
52566	Special Expenses: Minor Equipment	-	-	3,699	-	348	-	348	-
52610	Travel-Training In County	2,700	2,700	14,193	2,700	2,038	75.5%	3,000	111.1%
52612	Employee Auto + Reimbursements	8,700	8,700	11,068	8,700	5,019	57.7%	8,700	100.0%
52622	Travel-Training Out of County	15,050	15,050	23,771	15,050	2,885	19.2%	7,500	49.8%
52721	IT Reimbursements: Network	18,000	18,000	18,193	18,000	9,376	52.1%	18,752	104.2%
52723	IT Reimbursements: Data Center	30,000	30,000	12,504	27,000	4,748	17.6%	9,496	35.2%
52725 +	IT Reimbursements: Financial Systems	25,000	25,000	18,083	23,000	8,086	35.2%	16,171	70.3%
52732	IT Reimbursements: Desktop Computing	30,000	30,000	26,744	30,000	13,989	46.6%	27,979	93.3%
52734	IT Reimbursements: Help Desk	2,331	2,331	1,608	2,331	746	32.0%	1,491	64.0%
52750	IT Reimbursements: Catalog Equipment	25,000	25,000	6,389	10,000	3,372	33.7%	6,743	67.4%
52758	Fleet Reimbursements: Lease	2,000	2,000	1,986	2,000	993	49.6%	2,000	100.0%
		959,364	1,212,155	1,205,183	1,092,018	473,436	43.4%	1,029,917	94.3%
	OPERATING EXPENSE TOTAL	2,428,138	2,680,929	2,638,196	2,680,685	1,221,301	45.6%	2,573,105	96.0%

EXPENSES CONTINUED...	FY2025			FY2026				
	Adopted	Amended	Actuals	ADOPTED Final	Actuals Through 2nd Quarter	% of Budget	Projected Year End \$	Projected Year End %
Non Operating Unit								
<u>Account No. Description</u>								
51421 Debt Service: OPEB Bonds	34,092	34,092	33,591	33,000	16,461	49.9%	33,000	100.0%
85000 Grant Award Payments	450,000	450,000	198,478	450,000	23,663	5.3%	450,000	100.0%
	484,092	484,092	232,069	483,000	40,124	8.3%	483,000	100.0%
EXPENSE TOTALS	2,912,230	3,165,021	2,870,265	3,163,685	1,261,425	39.9%	3,056,105	96.6%

REVENUES	FY2025			FY2026				
	Adopted		Actuals	ADOPTED Final	Actuals Through 2nd Quarter	% of Budget	Projected Year End \$	Projected Year End %
Intergovernmental Unit								
<u>Account No. Description</u>								
45918.1 Apportionments County	623,997	623,997	623,997	654,902	654,902	100.0%	654,902	100.0%
45918.2 Apportionments Cities (less SD)	623,997	623,997	623,997	654,902	654,902	100.0%	654,902	100.0%
45918.3 Apportionments San Diego	312,108	312,108	312,108	327,566	327,566	100.0%	327,566	100.0%
45918.4 Apportionments Special Districts	623,997	623,997	734,786	544,113	544,113	100.0%	544,113	100.0%
	2,184,098	2,184,098	2,294,888	2,181,483	2,181,483	98.5%	2,181,483	100.0%
Service Charges Unit								
<u>Account No. Description</u>								
46234 Application Fees	200,000	200,000	212,386	200,000	34,509	17.3%	100,000	50.0%
	200,000	200,000	212,386	200,000	34,509	17.3%	100,000	50.0%
Miscellaneous								
<u>Account No. Description</u>								
44105 Interest and Dividends	15,000	15,000	9,084	15,000	1,053	7.0%	15,000	100.0%
47540 Reserves	63,132	181,492	181,492	317,202	-	0.0%	317,202	100.0%
	78,132	196,492	190,576	332,202	1,053	0.3%	332,202	100.0%
OPERATING REVENUE TOTAL	2,462,230	2,580,590	2,697,850	2,713,685	2,217,045	81.7%	2,613,685	96.3%
Non-Operating Unit								
<u>Account No. Description</u>								
85000 Grant Awards	450,000	450,000	172,415	450,000	26,689	5.9%	450,000	100.0%
	450,000	450,000	172,415	450,000	26,689	5.9%	450,000	100.0%
REVENUE TOTALS	2,912,230	3,030,590	2,870,265	3,163,685	2,243,734	70.9%	3,063,685	96.8%

TOTAL NET	-	-	-	-	-	-	7,580	0.2%
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CASH FUND BALANCE (spendable - unrestricted)	FY2023 July 1st	FY2024 July 1st	FY2025 July 1st	FY2026 July 1st
Committed				
... Stabilization	500,000	500,000	500,000	500,000
... Opportunity	250,000	250,000	250,000	150,000
Assigned by EO	62,500	125,000	100,000	100,000
Unassigned	735,065	762,356	882,010	921,791
	1,547,565	1,637,356	1,732,010	1,671,791