



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

5C

AGENDA REPORT
 Consent | Action

May 4, 2026

TO: Chair Becker and Commissioners

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

SUBJECT: **Budget Update for 2025-2026 |**
Third 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 third 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 third quarter expending 62% of total budgeted expenses while collecting 72% 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 \$23,000 or 0.7%. No amendments are recommended at this time; staff instead plans to bring a single set of year-end true-ups for Commission action at the close of the fiscal year. 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, covering 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 third quarter (March 31, 2026). 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 third quarter, actual expenses total \$1.951 million or 62% of budget. Staff analysis projects year-end expenses of \$3.028 million, yielding savings of \$0.136 million or 4.3%. Unit details of budgeted and actual amounts throughout the third 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. Third quarter actuals total \$1.156 million or 73% of budget. Staff projects year-end actuals of \$1.532 million, yielding a savings surplus of \$0.056 million or 3.6% 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 overhead and information technology. Third quarter actuals total \$0.746 million or 68% of budget. Staff projects year-end actuals of \$1.012 million, yielding a savings surplus of \$0.080 million or 7.3% less any amendments.

Non-Operating | LAFCO has budgeted \$0.483 million in non-operating costs covering debt service and grant payments. Third quarter expenses total \$0.049 million. Staff projects year-end actuals will effectively match the budgeted amount 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. Third quarter revenues total \$2.278 million or 72% of budget. Staff projects year-end revenues of \$3.051 million, yielding a shortfall of (\$0.113 million) or (3.6%) attributed to lower-than-expected application fees and interest earnings. Unit details of budgeted and actual revenues with year-end projections follow.

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

Operating: Service Charges | LAFCO has budgeted \$0.200 million in application fees. Third quarter actuals total \$0.068 million or 34% of budget. Staff projects year-end fees of \$0.100 million, yielding a deficit of (\$0.100 million) or (50%) less any amendments.

Operating: Interest | LAFCO has budgeted \$0.015 million in interest earnings. Third quarter actuals total \$0.001 million or 8% of budget. Staff projects year-end collections of \$0.002 million, yielding a deficit of (\$0.013 million) or (87%) less any amendments.

Operating: Reserves | LAFCO has budgeted \$0.317 million in reserve usage. No funds have been drawn through the third 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. Third quarter actuals total \$0.027 million. Staff projects the full budgeted amount will be received.

ANALYSIS

Third quarter activity shows San Diego LAFCO continues to proceed as planned relative to total expenses and revenues matching out. Staff now projects a year-end net of \$0.023 million or 0.7%, a modest improvement over the \$0.008 million surplus projected at the second quarter. This projection continues to absorb a significant drop-off in application fees, with collections through the third quarter at just 34% of the annual target and the projected year-end shortfall holding at (\$0.100 million) or (50%) below budget. A smaller but newly material shortfall of (\$0.013 million) in interest earnings is also now anticipated. Staff is offsetting these combined revenue shortfalls through current and planned cost-savings across both operating units. Projected savings of \$0.080 million in services and supplies – \$0.018 million more than projected at the second quarter – combined with \$0.056 million in salaries and benefits efficiencies are more than sufficient to absorb the expected revenue deficits and maintain a modest year-end surplus.

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) Third 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	Adopted	Amended	Actuals
51110 +	Salaries and Per Diems	898,906	898,906	892,617
51410	Retirement - SDCERA	350,146	350,146	352,251
51415	Retirement - OPEB	10,196	10,196	9,047
51450	Payroll Taxes	65,044	65,044	63,697
51510 +	Group Insurance	143,481	143,481	115,039
51560	Unemployment Insurance	1,000	1,000	362
		1,468,773	1,468,773	1,433,013

Services and Supplies Unit

Account	Description	Adopted	Amended	Actuals
52074	Communications	42,299	42,299	40,596
52138	General Liability Insurance	14,194	14,194	15,599
52178	Vehicle - Maintenance	1,000	1,000	1,814
52182	Vehicle - Fuel	500	500	490
52270	Memberships	38,736	38,736	25,467
52304	Miscellaneous	50	50	18
52330	Office: General Support	12,380	12,380	11,066
52332	Office: Postage USPS	250	250	495
52334	Office: Design + Printing	23,000	23,000	11,958
52336	Office: Books and Guidelines	-	-	132
52344	Office: Supplies + Furnishings	12,100	12,100	13,783
52354	Office: County Mail Services	10,000	10,000	7,817
52370	Professional Services	445,767	698,558	698,558
52490	Publications + Legal Notices	8,500	8,500	21,142
52504	Leases: Equipment	4,500	4,500	3,335
52530	Leases: Office Space	154,308	154,308	157,167
52550	Special Expenses: County Overhead	33,000	33,000	57,293
52562	Special Expenses: New Hire Checks	-	-	215
52566	Special Expenses: Minor Equipment	-	-	3,699
52610	Travel-Training In County	2,700	2,700	14,193
52612	Employee Auto + Reimbursements	8,700	8,700	11,068
52622	Travel-Training Out of County	15,050	15,050	23,771
52721	IT Reimbursements: Network	18,000	18,000	18,193
52723	IT Reimbursements: Data Center	30,000	30,000	12,504
52725 +	IT Reimbursements: Financial Systems	25,000	25,000	18,083
52732	Computing	30,000	30,000	26,744
52734	IT Reimbursements: Help Desk	2,331	2,331	1,608
52750	IT Reimbursements: Catalog Equipment	25,000	25,000	6,389
52758	Fleet Reimbursements: Lease	2,000	2,000	1,986
		959,364	1,212,155	1,205,183
OPERATING EXPENSE TOTAL		2,428,138	2,680,929	2,638,196

FY2025

FY2026

ADOPTED	Actuals at 3rd Quarter	% of Budget	Projected Finish \$	Finish %	Balance \$
986,200	728,352	73.9%	965,247	97.9%	20,953
384,503	282,401	73.4%	371,374	96.6%	13,130
11,112	5,009	45.1%	7,585	68.3%	3,527
71,457	49,865	69.8%	66,413	92.9%	5,044
134,394	90,051	67.0%	121,065	90.1%	13,329
1,000	187	18.7%	500	50.0%	500
1,588,667	1,155,865	72.8%	1,532,184	96.4%	56,483
50,726	23,883	47.1%	39,789	78.4%	10,938
15,599	16,775	107.5%	16,775	107.5%	(1,176)
1,000	1,373	137.3%	1,500	150.0%	(500)
500	198	39.6%	300	60.0%	200
34,807	16,678	47.9%	21,500	61.8%	13,307
50	8	16.0%	8	16.0%	42
13,217	9,655	73.0%	12,500	94.6%	717
250	151	60.5%	200	80.0%	50
22,500	12,738	56.6%	19,500	86.7%	3,000
-	-	-	-	0.0%	-
10,300	5,833	56.6%	10,300	100.0%	-
10,000	6,625	66.3%	10,000	100.0%	-
566,600	392,053	69.2%	538,345	95.0%	28,255
7,000	9,817	140.2%	10,000	142.9%	(3,000)
4,000	2,203	55.1%	3,269	81.7%	731
158,688	122,175	77.0%	163,397	103.0%	(4,709)
58,000	45,554	78.5%	60,724	104.7%	(2,724)
-	-	-	-	-	-
-	2,277	-	2,277	-	(2,277)
2,700	2,427	89.9%	3,000	111.1%	(300)
8,700	7,699	88.5%	8,700	100.0%	-
15,050	8,032	53.4%	9,500	63.1%	5,550
18,000	14,361	79.8%	19,143	106.3%	(1,143)
27,000	6,798	25.2%	9,062	33.6%	17,938
23,000	12,089	52.6%	16,115	70.1%	6,885
30,000	20,967	69.9%	27,948	93.2%	2,052
2,331	1,112	47.7%	1,483	63.6%	848
10,000	3,437	34.4%	4,582	45.8%	5,418
2,000	1,489	74.5%	2,000	100.0%	-
1,092,018	746,406	68.4%	1,011,915	92.7%	80,103
2,680,685	1,902,271	71.0%	2,544,099	94.9%	136,586

EXPENSES CONTINUED...	FY2025			FY2026					
	Adopted	Amended	Actuals	ADOPTED Final	Actuals at 3rd Quarter	% of Budget	Projected Finish \$	Finish %	Balance \$
Non Operating Unit									
<u>Account No. Description</u>									
51421 Debt Service: OPEB Bonds	34,092	34,092	33,591	33,000	25,519	77.3%	34,017	103.1%	(1,017)
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	49,182	10.2%	484,017	100.2%	(1,017)
EXPENSE TOTALS	2,912,230	3,165,021	2,870,265	3,163,685	1,951,453	61.7%	3,028,116	95.7%	135,569
REVENUES									
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	68,469	34.2%	100,000	50%	(100,000)
	200,000	200,000	212,386	200,000	68,469	34.2%	100,000	50%	(100,000)
Miscellaneous									
<u>Account No. Description</u>									
44105 Interest and Dividends	15,000	15,000	9,084	15,000	1,216	8.1%	2,000	13.3%	(13,000)
47540 Budgeted Use of Reserves	63,132	181,492	181,492	317,202	-	0.0%	317,202	100.0%	-
	78,132	196,492	190,576	332,202	1,216	0.4%	319,202	96.1%	(13,000)
OPERATING REVENUE TOTAL	2,462,230	2,580,590	2,697,850	2,713,685	2,251,168	83.0%	2,600,685	95.8%	(113,000)
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%	-
	450,000	450,000	172,415	450,000	26,689	5.9%	450,000	100%	-
REVENUE TOTALS	2,912,230	3,030,590	2,870,265	3,163,685	2,277,857	72.0%	3,050,685	96.4%	(113,000)
TOTAL NET	-	-	-	-	-	-	-	-	22,569

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