



SAN DIEGO LAFCO

EST. 1963
Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

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5c

AGENDA REPORT
Consent | Action

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ADMINISTRATION

Keene Simonds
Executive Officer

Holly O. Whatley
Commission Counsel

November 2, 2026

TO: Chair Becker and Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: Budget Update for 2026-2027 |
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 2026-2027 and related analysis. The total budget for the fiscal year - operating and non-operating - is \$2.904 million. The Commission finished the first quarter expending 26% of total budgeted expenses while collecting 91% of total budgeted revenues; the latter reflects the front-loaded invoicing and collection of member agency apportionments. The report projects the Commission is on pace to finish the fiscal year generally as expected with a modest surplus of \$54,584 or 1.9%. 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 2026-2027 totals \$2.904 million with the majority - \$2.804 million - allocated to operating expenses covering labor and service/supply costs. Matching revenue amounts are budgeted for both operating and non-operating units. The total unrestricted cash balance as of July 1, 2026 was \$1.420 million with \$0.970 million unassigned.

DISCUSSION

This item is for San Diego LAFCO to receive a comparison of budget to actual expenses and revenues through the close of the first quarter (September 30, 2026). A detailing of all recorded expenses and revenues plus projected year-end totals is provided as Attachment One. The report provides the Commission with the opportunity to track early trends in the current fiscal year and provide related directions by pulling the item for discussion.

Expenses Through First Quarter

LAFCO's budgeted expense total for 2026-2027 is \$2.904 million divided between \$2.804 million in operating and \$0.100 million in non-operating units. Through the first quarter, actual expenses total \$0.743 million or 25.6% of budget. Staff analysis projects year-end expenses of \$2.839 million, yielding savings of \$0.065 million or 2.2%. Unit details of budgeted and actual amounts through the first quarter with year-end projections follow.

Operating: Salaries and Benefits

LAFCO has budgeted \$1.720 million in salaries and benefits largely tied to funding 9.0 full-time equivalent positions. First quarter actuals total \$0.431 million or 25.1% of budget. Staff projects year-end actuals of \$1.709 million, yielding a savings of \$0.010 million or 0.6% less any amendments.

Operating: Services and Supplies

LAFCO has budgeted \$1.085 million in services and supplies largely tied to professional service expenses (legal and consultants) as well as payments to the County of San Diego for overhead and information technology. First quarter actuals total \$0.279 million or 25.7% of budget. Staff projects year-end actuals of \$1.030 million, yielding a savings of \$0.054 million or 5.0% less any amendments.

Non-Operating: Grants

LAFCO has budgeted \$0.100 million in non-operating costs covering grant award payments and entirely associated with winding down SALC 2.0 transactions. First quarter expenses total \$0.033 million or 33.3% of budget. Staff projects year-end actuals will match the budgeted amount.

Revenues Through First Quarter

LAFCO's budgeted revenue total for 2026-2027 is \$2.904 million and similarly divided between \$2.804 million in operating and \$0.100 million in non-operating units. First quarter revenues total \$2.657 million or 91.5% of budget. Staff projects year-end revenues of \$2.894 million, yielding a shortfall of (\$0.010 million) or (0.3%) attributed to lower-than-budgeted interest earnings. Unit details of budgeted and actual revenues with year-end projections follow.

Operating: Intergovernmental Fees

LAFCO has budgeted \$2.589 million in intergovernmental fees divided among the agency's four membership categories based on statutory formula. First quarter collections total \$2.573 million or 99.4% of budget. The remaining \$0.016 million involves the special district category and is expected to be collected by year-end.

Operating: Service Charges

LAFCO has budgeted \$0.200 million in application fees. First quarter actuals total \$0.054 million or 27% of budget -- already exceeding the \$0.035 million collected through the first two quarters of the prior year. Staff projects year-end fees will meet the budgeted amount.

Operating: Miscellaneous

LAFCO has budgeted \$0.015 million in miscellaneous revenues entirely tied to interest earnings; the adopted budget does not include a draw on reserves. First quarter actuals total \$0.001 million or 4% of budget. Staff projects year-end collections of \$0.005 million, yielding a deficit of (\$0.010 million) or (67.6%) less any amendments.¹

Non-Operating

LAFCO has budgeted \$0.100 million in non-operating revenues for anticipated grant awards associated with the wind-down of SALC 2.0. First quarter actuals total \$0.029 million or 29% of budget. Staff projects the full budgeted amount will be received, offset by matching grant payments.

ANALYSIS

First quarter activity shows San Diego LAFCO is generally proceeding as planned, with total revenues on pace to modestly exceed total expenses. Staff projects a year-end net surplus of \$54,584 or 1.9%. With no reserves budgeted, this surplus would add to the unrestricted fund balance rather than draw it down as in recent fiscal years. The surplus draws principally from \$54,360 in estimated savings within services and supplies, reflecting a concerted effort to control consultant costs. This effort began with the adopted budget, which reduced professional services by 12.6% and, for the first time, budgeted consultants separately from legal at \$0.415 million. It continues through active contract management, with consultant spending at 20.1% of budget through 25.0% of the year. These savings are modest in dollar terms but meaningful in context. They would serve to grow the fund balance to approximately \$1.475 million, or 52.6% of budgeted operating expenses. This outcome aligns with the expectation set in the August fund balance designations that the balance would stabilize this year and begin to recover. It also follows several years of budgeted reserve draws to moderate member agency apportionments.

¹ Any net year-end surplus will accrue to the unrestricted fund balance.

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

Agenda Item No. 5c | Attachment One

		FY2026		FY2027				
EXPENSES		Adopted	Actuals	Adopted	Actuals Through 1st Quarter	Percent Expended	Projected Year End	Projected YE Percentage
Salaries and Benefits Unit								
<u>Account</u>	<u>Description</u>							
51110 +	Salaries and Per Diems	986,200	963,314	1,144,898	284,205	24.82%	1,144,273	99.95%
51410	Retirement - SDCERA	384,503	369,035	316,454	86,597	27.36%	317,054	100.19%
51415	Retirement - OPEB	11,112	6,515	12,521	253	2.02%	9,362	74.77%
51450	Payroll Taxes	71,457	67,725	79,762	20,125	25.23%	78,202	98.04%
51510 +	Group Insurance	134,394	124,822	164,931	39,626	24.03%	160,153	97.10%
51560	Unemployment Insurance	1,000	245	1,000	67	6.70%	300	30.00%
		1,588,667	1,531,656	1,719,566	430,873	25.06%	1,709,343	99.41%
Services and Supplies Unit								
<u>Account</u>	<u>Description</u>							
52074	Communications	50,726	27,202	46,960	34,798	74.10%	47,700	101.58%
52138	General Liability Insurance	15,599	16,775	16,775	-	-	16,775	100.00%
52178	Vehicle - Maintenance	1,000	1,944	1,100	411	37.36%	1,100	100.00%
52182	Vehicle - Fuel	500	255	500	125	25.00%	500	100.00%
52270	Memberships	34,807	27,696	48,893	10,191	20.84%	36,393	74.43%
52304	Miscellaneous	50	8	50	28	56.00%	50	100.00%
52330	Office: General Support	13,217	12,989	7,500	2,477	33.02%	7,500	100.00%
52332	Office: Postage USPS	250	423	250	27	10.73%	250	100.00%
52334	Office: Design + Printing	22,500	27,330	24,500	16,041	65.47%	30,000	122.45%
52344	Office: Supplies + Furnishings	10,300	14,054	10,500	3,758	35.79%	8,000	76.19%
52354	Office: County Mail Services	10,000	9,292	10,000	1,703	17.03%	10,000	100.00%
52370.1	Professional Services - Consultants	566,600	455,986	415,000	83,594	20.14%	405,000	97.59%
52370.2	Professional Services - Legal	-	-	80,000	12,341	15.43%	72,000	90.00%
52490	Publications + Legal Notices	7,000	13,462	7,700	5,464	70.97%	10,000	129.87%
52504	Leases: Equipment	4,000	2,684	4,000	239	5.99%	2,900	72.50%
52530	Leases: Office Space	158,688	152,600	166,959	54,772	32.81%	166,959	100.00%
52550	Special: AB87 County Overhead	58,000	60,739	60,739	17,624	29.02%	70,494	116.06%
52562	Special: New Hire Checks	-	125	-	199		200	
52566	Special: Minor Equipment	-	2,530	-	-	0.00%	-	
52610	Training-Continued Education	2,700	2,805	8,040	-	0.00%	5,000	62.19%
52612	Employee Auto + Reimbursements	8,700	10,936	8,700	2,518	28.94%	8,700	100.00%
52622	Out of County Training-Outreach	15,050	8,474	21,000	6,145	29.26%	17,500	83.33%
52721	IT Reimbursements: Network	18,000	19,322	18,000	4,614	25.63%	18,457	102.54%
52723	IT Reimbursements: Data Center	27,000	8,827	27,000	2,265	8.39%	9,060	33.56%
52725 +	IT Reimbursements: Financial Systems	23,000	16,771	23,000	3,639	15.82%	14,557	63.29%
52732	IT Reimbursements: Desktop	30,000	28,139	30,000	6,982	23.27%	27,929	93.10%
52734	IT Reimbursements: Help Desk	2,331	1,479	2,331	342	14.65%	1,366	58.62%
52750	IT Reimbursements: Equipment	10,000	7,604	10,000	7	0.07%	7,650	76.50%
51421	Debt Service: OPEB Bonds	33,000	33,265	33,000	8,024	24.32%	32,096	97.26%
52758	Fleet Reimbursement: Auto Lease	2,000	1,986	2,000	496	24.80%	2,000	100.00%
		1,125,018	965,700	1,084,497	278,825	25.71%	1,030,137	94.99%
	OPERATING EXPENSE TOTAL	2,713,685	2,497,356	2,804,064	709,698	25.31%	2,739,480	97.70%

EXPENSES CONTINUED...

		FY2026		FY2027			
		Adopted	Actuals	Adopted	Actuals Through 1st Quarter	Percent Expended	Projected Year End YE Percentage
Non Operating Unit							
<u>Account</u>	<u>Description</u>						
85000	Grant Award Payments	450,000	51,807	100,000	33,318	33.32%	100,000 100.00%
		450,000	51,807	100,000	33,318	33.32%	100,000 100.00%
	EXPENSE TOTALS	3,163,685	2,549,163	2,904,064	743,016	25.59%	2,839,480 97.78%

REVENUES

		FY2026		FY2027			
		Adopted	Actuals	Adopted	Actuals Through 1st Quarter	Percent Collected	Projected Year End YE Percentage
Intergovernmental Unit							
<u>Account</u>	<u>Description</u>						
45918.1	Apportionments County	654,902	654,902	739,696	739,696	100.00%	739,696 100.00%
45918.2	Apportionments Cities (less SD)	654,902	654,902	739,696	739,696	100.00%	739,696 100.00%
45918.3	Apportionments San Diego	327,566	327,566	369,977	369,977	100.00%	369,977 100.00%
45918.4	Apportionments Special Districts	544,113	544,113	739,696	723,728	97.84%	739,696 100.00%
		2,181,483	2,181,483	2,589,064	2,573,096	99.38%	2,589,064 100.00%
Service Charges Unit							
<u>Account</u>	<u>Description</u>						
46234	Application Fees	200,000	80,340	200,000	54,022	27.01%	200,000 100.00%
		200,000	80,340	200,000	54,022	27.01%	200,000 100.00%
Miscellaneous							
<u>Account</u>	<u>Description</u>						
44105	Interest and Dividends	15,000	2,005	15,000	667	4.45%	5,000 33.33%
47540	Reserves	317,202	317,202	-	-	-	-
		332,202	319,207	15,000	667	4.45%	5,000 33.33%
	OPERATING REVENUE TOTAL	2,713,685	2,581,030	2,804,064	2,627,785	93.71%	2,794,064 99.64%
Non-Operating Unit							
<u>Account</u>	<u>Description</u>						
85000	Grant Awards	450,000	61,065	100,000	28,831	28.83%	100,000 100.00%
		450,000	61,065	100,000	28,831	28.83%	100,000 100.00%
	REVENUE TOTALS	3,163,685	2,642,095	2,904,064	2,656,616	91.48%	2,894,064 99.66%
TOTAL NET		-	92,932	-			54,584

LAFCO Fund Balance: Unrestricted

Beginning Cash Balance, July 1 2026	1,420,344
... Committed Monies	350,000
... Assinged Monies	100,000
... Unassigned Monies	970,344