



Lou Ann Texeira
 Executive Officer

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November 9, 2022

Contra Costa Local Agency Formation Commission
 40 Muir Road, 1st Floor
 Martinez, CA 94553

November 9, 2022
Agenda Item 10

First Quarter Budget Report - Fiscal Year 2022-23

Dear Members of the Commission:

This is the first quarter budget report for FY 2022-23, which compares adopted and actual expenses and revenues for the period July 1, 2022 through September 30, 2022.

The LAFCO operating budget includes several components: salaries/benefits, services/supplies, a contingency/reserve fund, Other Post-Employment Benefits (OPEB) Trust, and retirement prefunding account. The budget is based on the “bottom line,” which allows for variation within line-item accounts if the overall balance remains positive. Funds may not be drawn from the contingency/reserve without Commission approval.

The LAFCO budget is funded primarily by the County, cities, and independent special districts, with each group paying one-third of the LAFCO expenses. The County pays one-third and the city and district shares are prorated based on general revenues reported to the State Controller’s Office. LAFCO also receives revenue through application fees and interest earnings.

DISCUSSION

On June 8, 2022, LAFCO adopted its final FY 2022-23 budget with total appropriations of \$911,613 which includes an \$90,000 contingency/reserve fund. The FY 2022-23 budget does not include prefunding of LAFCO the Other Post Employment (OPEB) or prefunding of the Contra Costa County Employees’ Retirement Association (CCCERA) liability due to overfunding in both accounts.

With 25% of the fiscal year elapsed, the Commission’s first quarter total expenditures are \$162,259 or approximately 18% of total appropriations. The Commission budgeted \$401,067 in *salaries/employee benefits (S&EB)* for FY 2022-23; at the end of the first quarter, actual S&EB expenses total \$97,245 or 24% of the budgeted amount. The Commission budgeted \$420,546 in *services/supplies*; and at the end of the first quarter, actual expenses total \$65,015 or 15%.

The primary sources of revenue are local agency contributions, application fees, and available fund balance. Total revenues received during the first quarter are \$884,483 (including fund balance) or approximately 97% of projected revenues. In calculating to the agency contributions, the Auditor’s Office and LAFCO staff agreed to waive apportionment payments which are less than \$5.00 and have waived payments for RD 2090 and 2017. Further, these agencies reported no revenue to the State Controller’s Office. We are pleased to report that all local agencies have remitted their annual payments to LAFCO.

As for application fees, first quarter FY 2022-23 application activity is slower than FY 2021-22 activity. During the first quarter of FY 2022-23, LAFCO received one new application, whereas, during the first quarter of FY 2021-22 LAFCO received four new applications.

Other revenue includes investment earnings through the OPEB trust account, which remains in that account, and fund balance. LAFCO budgets a portion of its fund balance annually to offset agency contributions. The FY 2022-23 budget includes \$200,000 in budgeted fund balance. See table below for a summary of FY 2022-23 first quarter expenditures and revenues.

Account	FY 2022-23 Final Budget	First Quarter Actuals
Salaries & Benefits	\$ 401,067	\$ 97,245
Services & Supplies	420,546	65,015
Contingency/Reserve	90,000	0
OPEB Trust	---	---
CCCERA Pre-Fund	---	---
Total Appropriations	\$ 911,613	\$ 162,260
Agency Contributions	\$ 686,613	\$ 676,650
Application/Other Revenue	25,000	\$ 7,833
Interest Earnings	-	-
Fund Balance	200,000	200,000
Total Revenues	\$ 911,613	\$ 884,483

No budget adjustments are recommended at this time. LAFCO staff will continue to closely monitor the budget, and keep the Commission apprised.

RECOMMENDATION

It is recommended that the Commission receive the FY 2022-23 first quarter budget report.

Sincerely,

LOU ANN TEXEIRA
 EXECUTIVE OFFICER