



CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION

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November 10, 2021

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

November 10, 2021
Agenda Item 9

First Quarter Budget Report - Fiscal Year 2021-22

Dear Members of the Commission:

This is the first quarter budget report for FY 2021-22, which compares adopted and actual expenses and revenues for the period July 1, 2021 through September 30, 2021.

The LAFCO operating budget includes several components: salaries/benefits, services/supplies, a contingency/reserve fund, Other Post-Employment Benefits (OPEB) Trust, and retirement pre-funding 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 9, 2021, LAFCO adopted its final FY 2021-22 budget with total appropriations of \$874,131, which includes an \$80,000 contingency/reserve fund, a contribution of \$25,000 to fund the OPEB liability, and a contribution of \$30,000 to pre-fund LAFCO’s retirement account with the Contra Costa County Employees’ Retirement Association (CCCERA).

With 25% of the fiscal year elapsed, the Commission’s first quarter total expenditures are \$175,423 or 20% of total appropriations. The Commission budgeted \$380,045 in *salaries/employee benefits* (S&EB) for FY 2021-22; at the end of the first quarter, actual S&EB expenses total \$90,224 or 24% of the budgeted amount. The Commission budgeted \$359,086 in *services/supplies*; and at the end of the first quarter, actual expenses total \$38,199 or 11%. The Commission also budgeted \$30,000 for the CCCERA pension obligation payment. It was determined that a true up surplus of

approximately \$50,000 remained at the close of FY 2020-21. A portion of these funds was used to off-set the FY 2021-22 account thus reducing LAFCO's contribution from \$30,000 to \$22,000.

The primary sources of revenue are local agency contributions, application fees, and available fund balance. Total revenues received during the first quarter are \$871,187 (including fund balance) or approximately 99.7% of projected revenues. As of this writing, all local agencies have remitted their annual payments to LAFCO. The Auditor's Office and LAFCO staff agreed to waive apportionment payments which are less than \$6.00 and have waived payments for RD 2090, RD 2117, and RD 2122. Further, these agencies reported no revenue to the State Controller's Office.

As for application fees, first quarter FY 2021-22 application activity is greater than FY 2020-21 activity. During the first quarter of FY 2021-22, LAFCO received four new applications, whereas, during the first quarter of FY 2020-21 LAFCO received one new application.

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 2021-22 budget includes \$175,000 in budgeted fund balance. See table below for a summary of first quarter expenditures and revenues.

Account	FY 2021-22 Final Budget	First Quarter Actuals
Salaries & Benefits	\$ 380,045	\$ 90,224
Services & Supplies	359,086	38,199
Contingency/Reserve	80,000	0
OPEB Trust	25,000	25,000
CCCERA Pre-Fund	30,000	22,000
Total Appropriations	\$ 874,131	\$ 175,423
Agency Contributions	\$ 674,131	\$ 674,125
Application/Other Revenue	25,000	22,062
Interest Earnings	-	-
Fund Balance	175,000	175,000
Total Revenues	\$ 874,131	\$ 871,187

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 2021-22 first quarter budget report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER