



Lou Ann Teixeira
 Executive Officer

MEMBERS

- | | |
|---|--|
| Candace Andersen
<i>County Member</i> | Federal Glover
<i>County Member</i> |
| Donald A. Blubaugh
<i>Public Member</i> | Michael R. McGill
<i>Special District Member</i> |
| Tom Butt
<i>City Member</i> | Rob Schroder
<i>City Member</i> |
| Igor Skaredoff
<i>Special District Member</i> | |

ALTERNATE MEMBERS

- | |
|---|
| Diane Burgis
<i>County Member</i> |
| Stanley Caldwell
<i>Special District Member</i> |
| Charles R. Lewis, IV
<i>Public Member</i> |
| Edi Birsan
<i>City Member</i> |

April 13, 2022

**April 13, 2022
 Agenda Item 12**

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

Third Quarter Budget Report - Fiscal Year 2021-22

Dear Members of the Commission:

This is the third quarter budget report for FY 2021-22, which compares adopted and actual expenses and revenues for the period July 1, 2021 through March 31, 2022.

The LAFCO operating budget includes the following components: salaries/benefits, services/supplies, a contingency/reserve fund, Other Post-Employment Benefits (OPEB) Trust and retirement pre-funding accounts. 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.

LAFCO’s budget is funded primarily by the County, cities, and independent special districts, with each group paying one-third of the LAFCO budget. 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). The Commission adopted a reduced budget for FY 2021-22 in response to the pandemic (COVID), thereby reducing County, city, and independent special district LAFCO apportionments by 14%.

Expenditures - With 75% of the fiscal year elapsed, the Commission’s total expenditures through March 31, 2022 are approximately \$427,775 or 54% of total appropriations. The Commission budgeted \$380,045 in *salaries/benefits* for FY 2021-22; at the end of the third quarter, actual expenses total \$271,878, or 71.5% of the budgeted amount. The Commission budgeted \$359,086 in *services/supplies*; at the end of the third quarter expenses total \$108,897 or 43.5%. The third quarter estimates exclude the budgeted contingency.

Both the OPEB liability and CCCERA liability pre-funding payments are reflected in the third quarter budget report.

Revenues - The primary sources of revenues are local agency contributions, application fees, and available fund balance. Total revenues received as of the third quarter are \$887,641 (including fund balance) or 101.5% of revenues. Regarding application fees, FY 2021-22 application activity is significantly higher than FY 2020-21 activity. During the first three quarters of FY 2021-22, LAFCO received 11 new applications, compared to four new applications received during the first three quarters of FY 2020-21.

Regarding interest earnings, LAFCO is currently receiving investment earnings through the OPEB trust account, which remains in that account.

LAFCO also includes in the annual budget available fund balance to offset agency contributions. The FY 2021-22 budget includes \$175,000 in budgeted fund balance.

A summary of third quarter expenditures and revenues is presented in the table below.

Account	FY 2021-22 Final Budget	Third Quarter Actuals
Salaries & Benefits	\$ 380,045	\$ 271,878
Services & Supplies	359,086	108,897
Contingency/Reserve	80,000	0
OPEB Trust	25,000	25,000
CCCERA Pre-Fund	30,000	22,000
Total Expenditures	\$ 874,131	\$ 427,775
Agency Contributions	\$ 674,131	\$ 674,131
Application/Other Revenue	25,000	\$ 38,510
Interest Earnings	-	-
Fund Balance	175,000	175,000
Total Revenues	\$ 874,131	\$ 887,681

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 third quarter budget report.

Sincerely,

LOU ANN TEXEIRA
 EXECUTIVE OFFICER