



Lou Ann Teixeira  
 Executive Officer

**MEMBERS**

Helen Allen  
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 Federal Glover  
 County Member  
 Martin McNair  
 Public Member

Dwight Meadows  
 Special District Member  
 David A. Piepho  
 Special District Member

Rob Schroder  
 City Member

Gayle B. Uilkema  
 County Member

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Sharon Burke  
 Public Member  
 George H. Schmidt  
 Special District Member  
 Mary N. Piepho  
 County Member  
 Don Tatzin  
 City Member

September 15, 2010 (Agenda)

September 15, 2010  
 Agenda Item 9

Contra Costa Local Agency Formation Commission (LAFCO)  
 651 Pine Street, Sixth Floor  
 Martinez, CA 94553

**Fourth Quarter Budget Report – FY 2009-10**

Dear Commissioners:

The Contra Costa Local Agency Formation Commission (LAFCO) adopts an annual budget in May of each year. LAFCO’s annual budget is funded in equal thirds by the County, the 19 cities and the 44 independent special districts in Contra Costa County in accordance with State law.

The expense portion of the LAFCO budget is divided into three main objects: *Salaries/Benefits*, *Services/Supplies*, and *Contingency Reserve*. Financing sources include application charges, available year-end fund balance, miscellaneous revenues (e.g., interest earnings), and revenues received from the County, cities and independent special districts. LAFCO practices bottom-line accounting, which allows for variations within individual accounts in the *Salaries/Benefits* and *Services/Supplies* accounts as long as the overall balance remains positive. Funds may not be drawn from the *Contingency Reserve* account without Commission approval.

**DISCUSSION**

This report compares adopted and actual expenses and revenues through the fourth and final quarter of FY 2009-10 as summarized in the attached and discussed below.

On May 13, 2009, the Commission adopted a final budget for FY 2009-10 totaling \$743,104. Actual expenditures in FY 2009-10 were \$615,326, representing 83% of the adopted budget. FY 2009-10 revenues (excluding available fund balance) were projected to be \$621,783; actual revenues (excluding available fund balance) were \$603,651.

**Expenditures** - The Commission budgeted \$313,671 in *Salaries/Benefits* in FY 2009-10. Actual expenses within the various accounts total \$309,589, reflecting 98.7% of the budgeted amount. Primary savings were in group and retiree health insurance. Those accounts that finished the year with negative balances include FICA, Retirement, and Unemployment Insurance. The budgeted

amounts for these accounts are based on estimates provided by the County and Contra Costa County Employees' Retirement Association (CCCERA).

The FY 2009-10 LAFCO budget included \$349,433 in *Services/Supplies*. Actual expenses within the various accounts totaled \$305,737, reflecting 87.5% of the budgeted amount. Most accounts realized savings, with the most significant savings in *Professional & Specialized Services*, which funds Legal, MSRs, GIS Mapping, Financial Audit, Planning, Investment Services, and Special Projects including the Fire Workshops; and *Commissioner Training/Registration/Stipends*.

Those accounts that ended the year with the more significant negative balances include *Auto Mileage* and *Other Employee Travel* due to unanticipated travel costs associated with CALAFCO activities and the appointment of the Commission's Executive Officer to the CALAFCO Deputy Executive Officer position in November 2009. CALAFCO provides an annual stipend of \$2,000 for these services. These funds were received in July 2010 and are reflected in the FY 2010-11 budget. Also, the *NOD/NOE Filings* account ended the year with a negative balance due to more application activity than anticipated.

Further, the FY 2009-10 actuals reflect zero expenses in the *Memberships* account. The estimated annual Membership dues for FY 2009-10 included \$7,000 for CALAFCO and \$1,100 for California Special District Association (CSDA). The FY 2009-10 actual expenses were \$7,000 for CALAFCO and \$776 for CSDA dues. The County Auditor's office inadvertently charged these expenses to FY 2008-09, and due to timing, was unable to reverse the charges.

Finally, in FY 2009-10, the Commission budgeted \$80,000 in *Contingency Reserve*. No funds were drawn from this account.

**Revenues** - LAFCO's funding sources include local agency (i.e., County, cities and independent special districts) contributions, application fees, other revenues (e.g. interest earnings, special projects), and available year-end fund balance as summarized in the table below.

<b>Revenues</b>	<b>FY 2009-10 Final Budget</b>	<b>FY 2009-10 Actuals</b>
<b>Agency Contributions</b>	\$560,783	\$560,758
<b>Application Fees</b>	50,000	33,893
<b>Interest Earnings</b>	2,000	0
<b>Special SOI Study</b>	9,000	5,748
<b>Fund Balance</b>	121,321	14,927
<b>Total</b>	\$743,104	\$615,326

Local agency contributions represent the most significant LAFCO revenue source. The statute includes provisions for apportioning and collecting these revenues. The minor deficit between the FY 2009-10 budgeted and actual amounts is due to Reclamation District 2117 failing to remit its allocation of \$25 to LAFCO. Under the statute, the County Auditor can collect an equivalent amount from the property tax, or any fee or eligible revenue owed to the county, city, or district. Given that this district does not receive a portion of the property tax, we have not pursued collection.

As expected, application fees and interest earnings came in below the FY 2009-10 budgeted amounts due to a decline in application activity and no interest earnings – both of which reflect the

current economic climate. The total number of new applications received in FY 2009-10 was 11, as compared to 22 new applications in FY 2008-09. With regard to future investments, we currently await the County Treasurer's notice to resume investment activity.

With regard to the available fund balance, the statute provides that if at the end of the fiscal year, the Commission has funds in excess of what it needs, the Commission may retain those funds and calculate them into the following fiscal year budget. The FY 2009-10 budget anticipated using \$121,321 of the available fund balance to offset revenues, thereby reducing the revenues to be collected from the funding agencies. Given that FY 2009-10 costs came in below the budgeted amount, and no funds were drawn from the Contingency Reserve, the amount of fund balance needed to fund FY 2009-10 expenses was significantly less than the budgeted amount. The excess funds will accrue to the FY 2010-11 fund balance and will be used to offset the FY 2011-12 budget.

**RECOMMENDATION**

Receive and file the fourth quarter FY 2009-10 budget report.

Sincerely,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER

Attachment – FY 2009-10 Budget – Adopted and Actuals

**CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION  
FY 2009-10 BUDGET - ADOPTED AND ACTUALS**

Attachment 1

<u>Account name and number</u>	<b>FY 2009-10 Final Budget (Adjusted)</b>	<b>FY 2009-10 Actuals</b>	<b>Remaining Balance</b>	<b>Percent Available</b>
<b>Salaries and Employee Benefits</b>				
Permanent Salaries- 1011	\$ 181,845	\$ 179,398	\$ 2,447	1.35%
Deferred Comp Cty Contribution - 1015				
FICA- 1042	\$ 12,517	\$ 13,477	\$ (960)	-7.67%
Retirement expense- 1044	\$ 56,783	\$ 59,344	\$ (2,561)	-4.51%
Employee Group Insurance- 1060	\$ 36,733	\$ 35,702	\$ 1,031	2.81%
Retiree Health Insurance- 1061	\$ 24,278	\$ 19,674	\$ 4,604	18.96%
Unemployment Insurance- 1063	\$ 364	\$ 852	\$ (488)	-134.07%
Workers Comp Insurance- 1070	\$ 1,151	\$ 1,142	\$ 9	0.78%
<b>Total Salaries and Benefits</b>	<b>\$ 313,671</b>	<b>\$ 309,589</b>	<b>\$ 4,082</b>	<b>1.30%</b>
<b>Services and Supplies</b>				
Office Expense- 2100 (includes courier service)	\$ 5,000	\$ 3,408	\$ 1,592	31.84%
Publications -2102	\$ 300	\$ 17	\$ 283	94.33%
Postage -2103	\$ 3,000	\$ 2,169	\$ 831	27.70%
Communications - 2110	\$ 870	\$ 239	\$ 631	72.53%
Tele Exchange Services 2111	\$ 900	\$ 868	\$ 32	3.56%
Minor Comp Equipment - 2132	\$ 1,000	\$ 925	\$ 75	7.50%
Pubs & Legal Notices 2190	\$ 3,500	\$ 1,170	\$ 2,330	66.57%
Memberships - 2200	\$ 8,100		\$ 8,100	100.00%
Rents & Leases - 2250 (copier)	\$ 4,000	\$ 3,445	\$ 555	13.88%
Bldg Occupancy Costs - 2262	\$ 8,800	\$ 5,966	\$ 2,834	32.20%
Auto Mileage Emp. - 2301	\$ 200	\$ 330	\$ (130)	-65.00%
Other Travel Employees - 2303	\$ 8,000	\$ 11,115	\$ (3,115)	-38.94%
Prof & Spec Services - 2310	\$ 248,345	\$ 231,196	\$ 17,149	6.91%
Contracted Temp Help - 2314 (Web)	\$ 2,040	\$ 2,160	\$ (120)	-5.88%
Data Processing Services - 2315	\$ 4,000	\$ 2,061	\$ 1,939	48.48%
Data Processing Security - 2326	\$ 156	\$ 115	\$ 41	26.28%
Courier - 2331	\$ 2,000	\$ 2,021	\$ (21)	-1.05%
Other Inter-Dept Costs - 2340				
NOD/NOE Filings - 2490	\$ 500	\$ 650	\$ (150)	-30.00%
Liability/E&O Insurance - 2360	\$ 4,622	\$ 4,746	\$ (124)	-2.68%
Commission Training/Registration/Stipends - 2467	\$ 35,100	\$ 27,388	\$ 7,712	21.97%
<b>Total Services &amp; Supplies</b>	<b>\$ 340,433</b>	<b>\$ 299,989</b>	<b>\$ 40,444</b>	<b>11.88%</b>
<b>Other Charges</b>				
SOI Initial Study	\$ 9,000	\$ 5,748	\$ 3,252	36.13%
<b>Total Expenditures</b>	<b>\$ 663,104</b>	<b>\$ 615,326</b>	<b>\$ 47,778</b>	<b>7.21%</b>
<b>Contingency Reserve</b>	<b>\$ 80,000</b>	<b>\$ -</b>	<b>\$ 80,000</b>	<b>100.00%</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 743,104</b>	<b>\$ 615,326</b>	<b>\$ 127,778</b>	<b>17.20%</b>