



**Lou Ann Teixeira**  
*Executive Officer*

**MEMBERS**

<b>Federal Glover</b> <i>County Member</i>	<b>Dwight Meadows</b> <i>Special District Member</i>
<b>Michael R. McGill</b> <i>Special District Member</i>	<b>Rob Schroder</b> <i>City Member</i>
<b>Martin McNair</b> <i>Public Member</i>	<b>Don Tatzin</b> <i>City Member</i>
<b>Gayle B. Uilkema</b> <i>County Member</i>	

**ALTERNATE MEMBERS**

**Sharon Burke**  
*Public Member*

**Tom Butt**  
*City Member*

**George H. Schmidt**  
*Special District Member*

**Mary N. Piepho**  
*County Member*

September 14, 2011 (Agenda)

September 14, 2011  
 Agenda Item 11

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

**Fourth Quarter Budget Report – FY 2010-11**

Dear Commissioners:

The Contra Costa Local Agency Formation Commission (LAFCO) adopts an annual budget in May of each year. LAFCO’s annual budget is primarily funded by application fees and 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, 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* without Commission approval.

**DISCUSSION**

This report compares adopted and actual expenses and revenues through the fourth and final quarter of FY 2010-11 as summarized in the attached and discussed below.

On May 12, 2010, the Commission adopted a final budget for FY 2010-11 with appropriations totaling \$710,692, which includes an \$80,000 contingency reserve. Actual expenditures were \$531,518. FY 2010-11 revenues (excluding available fund balance) were projected to be \$589,575; actual revenues (excluding available fund balance) were \$595,359. In sum, FY 2010-11 expenditures came in under budget, and revenues exceeded the budgeted amount.

**Expenditures** - The FY 2010-11 budget included \$318,116 in *Salaries/Benefits*. Actual expenditures were \$314,425, reflecting 98.8% of the budgeted amount. Primary savings were in Retiree Health and Workers’ Compensation Insurance. Those accounts that finished the year with negative balances were Retirement and Employee Group Insurance. The budgeted amounts for these accounts are based on estimates provided by Contra Costa County Employees’ Retirement Association (CCCERA) and the County.

The FY 2010-11 budget included \$312,576 in *Services/Supplies*. Actual expenses total \$217,094, reflecting 69.5% 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; and in Commissioner Training/Registration/Stipends. It should be noted that LAFCO has not yet received the final invoice for the Law Enforcement MSR, which is approximately \$22,000.

Those accounts that ended the year with the more significant negative balances include *Minor Computer Equipment* and *Data Processing Costs* associated with the new electronic document imaging system, and *Other Travel – Employees* in conjunction with CALAFCO activities and service by the Commission's Executive Officer as CALAFCO Deputy Executive Officer. CALAFCO provides an annual stipend of \$2,000 to offset costs associated with these services.

Finally, in FY 2010-11, 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.

Local agency contributions represent the most significant revenue source. The statute includes provisions for apportioning and collecting these revenues. All local agencies paid their contributions in FY 2010-11.

Application fees exceeded the budgeted amount due to an increase in application activity. The total number of new applications received in FY 2010-11 was 13, as compared to 11 new applications in FY 2009-10. We are currently receiving no investment earnings, and await the County Treasurer's notice to resume investment activity based on the market.

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 2010-11 budget anticipated using \$121,117 of the available fund balance to offset revenues, thereby reducing the revenues to be collected from the funding agencies. Given that FY 2010-11 costs came in below the budgeted amount, revenues exceeded the budgeted estimates, and no funds were drawn from the Contingency Reserve, no fund balance was needed to fund the FY 2010-11 budget. The excess funds will accrue to the FY 2011-12 fund balance and will be used to offset the FY 2012-13 budget.

## **RECOMMENDATION**

Receive and file the fourth quarter FY 2010-11 budget report.

Sincerely,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER

Attachment – FY 2010-11 Budget – Adopted and Actuals

**CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION**  
**FOURTH QUARTER BUDGET REPORT FY 2010-11**  
**BUDGET TO ACTUALS**

<u>Account name and number</u>	<u>FY 2010-11</u> <u>Final Adopted</u>	<u>FY 2010-11</u> <u>Actuals</u>	<u>Remaining</u> <u>Balance</u>
<b>Salaries and Employee Benefits</b>			
Permanent Salaries- 1011	\$ 184,500	\$ 181,487	\$ 3,013
Deferred Comp Cty Contribution - 1015			
FICA- 1042	\$ 14,114	\$ 13,261	\$ 853
Retirement expense- 1044	\$ 60,407	\$ 62,022	\$ (1,615)
Employee Group Insurance- 1060	\$ 36,228	\$ 36,497	\$ (269)
Retiree Health Insurance- 1061	\$ 20,000	\$ 18,687	\$ 1,313
Unemployment Insurance- 1063	\$ 1,149	\$ 1,131	\$ 18
Workers Comp Insurance- 1070	\$ 1,718	\$ 1,340	\$ 378
<b>Total Salaries and Benefits</b>	<b>\$ 318,116</b>	<b>\$ 314,425</b>	<b>\$ 3,691</b>
<b>Services and Supplies</b>			
Office Expense- 2100 (includes courier service)	\$ 5,000	\$ 4,877	\$ 123
Publications -2102	\$ 300	\$ -	\$ 300
Postage -2103	\$ 3,000	\$ 1,738	\$ 1,262
Communications - 2110	\$ 230	\$ 235	\$ (5)
Tele Exchange Services 2111	\$ 880	\$ 833	\$ 47
Minor Comp Equipment - 2132	\$ 1,000	\$ 4,701	\$ (3,701)
Pubs & Legal Notices 2190	\$ 3,000	\$ 1,574	\$ 1,426
Memberships - 2200	\$ 8,000	\$ 7,523	\$ 477
Rents & Leases - 2250 (copier)	\$ 4,000	\$ 3,145	\$ 855
Data Processing Laserfiche Setup - 2251		\$ 731	\$ (731)
Bldg Occupancy Costs - 2262	\$ 7,282	\$ 6,133	\$ 1,149
Auto Mileage Emp. - 2301	\$ 600	\$ 126	\$ 474
Other Travel Employees - 2303	\$ 10,000	\$ 11,649	\$ (1,649)
Prof & Spec Services - 2310	\$ 222,247	\$ 136,200	\$ 86,047
Contracted Temp Help - 2314 (Web)	\$ 2,280	\$ 2,280	\$ -
Data Processing Services - 2315	\$ 2,150	\$ 3,552	\$ (1,402)
Data Processing Security - 2326	\$ 78	\$ 71	\$ 7
Courier - 2331	\$ 2,113		\$ 2,113
Other Inter-Dept Costs - 2340	\$ 194		\$ 194
NOD/NOE Filings - 2490	\$ 500	\$ 200	\$ 300
Liability/E&O Insurance - 2360	\$ 4,622	\$ 3,711	\$ 911
Commission Training/Registration/Stipends - 2467	\$ 35,100	\$ 27,815	\$ 7,285
<b>Total Services &amp; Supplies</b>	<b>\$ 312,576</b>	<b>\$ 217,094</b>	<b>\$ 95,482</b>
<b>Other Charges</b>			
SOI Initial Study			
<b>Total Expenditures</b>	<b>\$ 630,692</b>	<b>\$ 531,518</b>	<b>\$ 99,174</b>
<b>Contingency Reserve</b>	<b>\$ 80,000</b>	<b>0</b>	<b>0</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 710,692</b>	<b>\$ 531,518</b>	<b>\$ 179,174</b>
<b>Revenues</b>			
Agency contributions - 9500 & 9800	\$ 555,575	\$ 555,905	
Application & other revenues	\$ 34,000	\$ 39,454	
Interest Earnings			
SOI Initial Study			
Fund Balance	\$ 121,117	0	\$ 121,117
<b>TOTAL FINANCE SOURCES &amp; REVENUE</b>	<b>\$ 710,692</b>		