



Lou Ann Teixeira
 Executive Officer

MEMBERS

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|---|--|
| 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> |
| Gabriel Quinto
<i>City Member</i> | Scott Perkins
<i>City Member</i> |
| Patricia Bristow
<i>Special District Member</i> | |

ALTERNATE MEMBERS

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

November 8, 2023

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

November 8, 2023
Agenda Item 8

First Quarter Budget Report - Fiscal Year 2023-24

Dear Members of the Commission:

This is the first quarter budget report for FY 2023-24, which compares adopted and actual expenses and revenues for the period July 1, 2023 through September 30, 2023.

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 May 10, 2023, LAFCO adopted its final FY 2023-24 budget with total appropriations of \$956,775 which includes an \$87,000 contingency/reserve fund. The FY 2023-24 budget does not include prefunding of 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 \$156,889 or approximately 16.4% of total appropriations. The Commission budgeted \$451,137 in *salaries/employee benefits (S&EB)* for FY 2023-24; at the end of the first quarter, actual S&EB expenses total \$108,863 or 24% of the budgeted amount. The Commission budgeted \$418,638 in *services/supplies*; and at the end of the first quarter, actual expenses total \$48,026 or approximately 12% of total appropriations.

The primary sources of revenue are local agency contributions, application fees, and available fund balance. Total revenue for the first quarter is \$935,702 (including fund balance) or approximately 97.8% of projected revenues. In calculating the agency contributions, the Auditor’s Office and LAFCO staff agreed to waive the apportionment payment for Reclamation District 2117 as the financial information was not available on the State Controller’s Special District Revenue Report.

As for application fees, first quarter FY 2023-24 application activity is greater than FY 2022-23 activity. During the first quarter of FY 2023-24, LAFCO received two new applications, whereas, during the first quarter of FY 2022-23 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 2023-24 budget includes \$250,000 in budgeted fund balance, none of which has been expended to date. See table below for a summary of FY 2023-24 first quarter expenditures and revenues.

Account	FY 2023-24 Final Budget	First Quarter Actuals
Salaries & Benefits	\$ 451,137	\$ 108,863
Services & Supplies	418,638	48,046
Contingency/Reserve	87,000	0
OPEB Trust	---	---
CCCERA Pre-Fund	---	---
Total Appropriations	\$ 956,775	\$ 156,909
Agency Contributions	\$ 676,775	\$ 676,532
Application/Other Revenue	30,000	\$ 9,170
Interest Earnings	-	-
Fund Balance	250,000	250,000
Total Revenues	\$ 956,775	\$ 935,702

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

RECOMMENDATION

It is recommended that the Commission receive the FY 2023-24 first quarter budget report.

Sincerely,

LOU ANN TEXEIRA
 EXECUTIVE OFFICER