



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> |

January 10, 2024

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

**January 10, 2024
 Agenda Item 9**

Fiscal Year 2023-24 Mid-Year Budget Report

Dear Members of the Commission:

This is the second quarter (mid-year) budget report for FY 2023-24, which compares adopted and actual expenses and revenue for the period July 1, 2023 through December 31, 2023.

The LAFCO operating budget includes several components: salaries/benefits, services/supplies, a contingency/reserve fund, Other Post-Employment Benefits (OPEB) 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.

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 revenue reported to the State Controller’s Office. LAFCO also receives revenue through application fees and interest earnings.

DISCUSSION

On May 10, 2023, the Commission adopted the final FY 2023-24 budget with total appropriations of \$956,775, which includes an \$87,000 contingency/reserve fund. The FY 2022-23 budget does not include prefunding of the Other Post-Employment Benefits (OPEB) or prefunding of the Contra Costa County Employees’ Retirement Association (CCCERA) liability due to overfunding in both accounts.

With 50% of the fiscal year elapsed, the LAFCO’s total expenditures are \$279,179 or 30% of total appropriations (including contingency). The Commission budgeted \$451,137 in *salaries/benefits* for FY 2023-24; at the end of the second quarter, actual expenses total \$180,684 or 40% of the budgeted amount. The Commission budgeted \$418,638 in *services/supplies*; and at the end of the second quarter, actual expenses total \$98,495 or 23.5%.

The primary sources of revenue are local agency contributions, application fees, and available fund balance. Total revenues received during the first half of FY 2023-24 are \$941,563 (including appropriated fund balance) or approximately 98.4% of estimated revenues. As of this writing, all local agencies have remitted their annual apportionments to LAFCO.

As for application activity, FY 2023-24 mid-year application activity is greater than FY 2022-23. During the first half of FY 2022-23 LAFCO received two new applications, and during the first half of FY 2023-24 LAFCO received three new applications.

Other revenues include investment earnings through the OPEB trust account, which remains in that account, and fund balance. LAFCO budgets fund balance to offset agency contributions. The FY 2023-24 budget includes \$250,000 in budgeted fund balance. See table below for a summary of mid-year expenditures and revenues.

Account	FY 2023-24 Final Budget	Mid-Year Actuals
Salaries & Benefits	\$ 451,137	\$ 180,684
Services & Supplies	418,638	98,495
Contingency/Reserve	250,000	0
OPEB Trust	---	----
CCCERA Pre-Fund	---	----
Total Appropriations	\$ 956,775	\$ 279,179
Agency Contributions	\$ 676,775	\$676,775
Application/Other Revenue	30,000	\$ 11,358
Interest Earnings	-	-
Fund Balance	250,000	250,000
Total Revenues	\$ 956,775	\$ 938,133

No budget adjustments are needed 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 mid-year budget report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER