



Lou Ann Teixeira
Executive Officer

May 13, 2026

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

May 13, 2026
Agenda Item #8

FY 2025-26 Budget Update

Dear Members of the Commission:

The budget update for FY 2025-26 compares current adopted and actual expenses and revenue through December 2025.

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 June 12, 2025, the Commission adopted the final FY 2025-26 LAFCO budget with total appropriations of \$1,034,702, which includes an \$87,000 contingency/reserve fund. The FY 2025-26 budget includes \$30,000 prefunding of the Other Post-Employment Benefits (OPEB) and \$25,000 prefunding of the Contra Costa County Employees’ Retirement Association (CCCERA).

With over 50% of the fiscal year elapsed, the LAFCO’s total expenditures are \$400,812 or 42% of total appropriations (including contingency). The Commission budgeted \$480,492 in *salaries/benefits* for FY 2025-26; at the end of the second quarter, actual expenses total \$221,272 or 46% of the budgeted amount. The Commission budgeted \$412,210 in *services/supplies*; and at the end of the second quarter, actual expenses total approximately \$245,246 or approximately 44% of the budgeted amount.

The primary sources of revenue are local agency contributions, application fees, and available fund balance. Total revenue received during the first half of FY 2025-26 is \$1,009,845 (including

appropriated fund balance) or approximately 97.6% of estimated revenues. As of this writing, all local agencies have remitted their annual apportionments to LAFCO.

As for application activity, during FY 2024-25 LAFCO received 10 new applications. During the first half of FY 2025-26 LAFCO received four new applications which also include two annexations to Central Contra Costa Sanitary District.

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 2025-26 budget includes \$250,000 in budgeted fund balance. See table below for a summary of mid-year expenditures and revenues.

Account	FY 2025-26 Final Budget	Mid-Year Actuals
Salaries & Benefits	\$ 480,492	\$ 245,246
Services & Supplies	412,210	\$205,106
Contingency/Reserve	250,000	0
OPEB Trust	---	----
CCCERA Pre-Fund	---	----
Total Appropriations	\$ 956,775	\$ 450,352
Agency Contributions	\$ 759,702	\$ 758,995
Application/Other Revenue	25,000	\$ 18,545
Interest Earnings	-	-
Fund Balance	250,000	250,000
Total Revenues	\$ 1,034,702	\$1,027,540

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

RECOMMENDATION

It is recommended that the Commission receive the FY 2025-26 budget update.

Sincerely,

Lou Ann Teixeira

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