



Lou Ann Teixeira
 Executive Officer

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October 11, 2017
 Agenda Item 8

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

First Quarter Budget Report - Fiscal Year 2017-18

Dear Members of the Commission:

This is the first quarter budget report for FY 2017-18, which compares adopted and actual expenses and revenues for the period July 1, 2017 through September 30, 2017.

The LAFCO operating budget includes three components: salaries/benefits, services/supplies, and contingency/OPEB Trust/CCCERA Pre-fund. The budget is based on the “bottom line,” which allows for variation within line item accounts as long as the overall balance remains positive. Funds may not be drawn from the contingency/reserve without Commission approval.

LAFCO’s budget is funded primarily by the County, cities and independent special districts, with each group paying one-third of the LAFCO budget. 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, 2017, LAFCO adopted its final FY 2017-18 budget with total appropriations of \$945,210, which includes an \$80,000 contingency/reserve fund, a contribution of \$40,000 to fund the Other Post-Employment Benefits (OPEB) liability, and a contribution of \$30,000 to pre-fund LAFCO’s retirement account with the Contra Costa County Employees’ Retirement Association (CCCERA).

With 25% of the fiscal year elapsed, the Commission’s first quarter expenditures are \$142,200 or 15% of total appropriations. The Commission budgeted \$404,370 in *salaries/benefits* for FY 2017-18; at the end of the first quarter, actual expenses total \$69,550 or 18% of the total budgeted amount. The Commission budgeted \$390,840 in *services/supplies*; and at the end of the first quarter, actual expenses total \$42,650 or 11%. The \$30,000 payment toward the CCCERA liability was made and is reflected in the FY 2017-18 first quarter budget report. The \$40,000

payment toward the OPEB liability was made and will be reflected in the FY 2017-18 second quarter budget report.

The primary sources of revenues are local agency contributions, application fees, and interest earnings. Total revenues received during the first quarter are \$895,854 (including fund balance) or 95% of projected revenues. With the exception of the City of Richmond and Reclamation District 2059, all local agencies have paid their prorated contributions to the LAFCO budget. LAFCO staff is currently working with the Auditor’s Office to collect appropriations from the remaining two agencies.

As for application fees, FY 2017-18 application activity exceeds FY 2016-17 activity. During the first quarter of FY 2017-18, LAFCO received four new applications; during the first quarter of FY 2016-17, LAFCO received one new application.

LAFCO is currently receiving no investment earnings, and awaits the County Treasurer’s notice to resume investment activity based on market conditions.

Finally, when available, we budget fund balance to offset agency contributions. The FY 2017-18 budget includes \$170,000 in budgeted fund balance. See table below for a summary.

Account	FY 2017-18 Final Budget	First Quarter Actuals
Salaries & Benefits	\$404,370	\$ 69,550
Services & Supplies	390,840	42,650
Contingency/Reserve	80,000	0
OPEB Trust	40,000	0
CCCERA Pre-Fund	30,000	\$ 30,000
Total Appropriations	\$945,210	\$142,200
Agency Contributions	\$755,210	\$706,662
Application/Other Revenue	20,000	19,192
Interest Earnings	-	-
Fund Balance	170,000	170,000
Total Revenues	\$945,210	\$895,854

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

RECOMMENDATION

It is recommended that the Commission receive the FY 2017-18 first quarter budget report.

Sincerely,

LOU ANN TEXEIRA
 EXECUTIVE OFFICER