



Lou Ann Teixeira
 Executive Officer

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April 18, 2018

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 Agenda Item 12

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

Third Quarter Budget Report - Fiscal Year 2017-18

Dear Members of the Commission:

This is the third quarter budget report for FY 2017-18, which compares adopted and actual expenses and revenues for the period July 1, 2017 through March 31, 2018.

The LAFCO operating budget includes the following components: *salaries/benefits*, *services/supplies*, and *contingency reserve* and *OPEB Trust* and *CCCERA* 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 75% of the fiscal year elapsed, the Commission’s third quarter expenditures total \$499,271 or approximately 53% of total appropriations. The Commission budgeted \$404,370 in *salaries/benefits* for FY 2017-18; and at the end of the third quarter, actual expenses total \$269,541 or 67% of the total budgeted amount. The Commission budgeted \$390,840 in *services/supplies*; and at the end of the third quarter, actual expenses total \$159,731 or 41%. The \$30,000 payment toward the CCCERA liability was made in the first quarter; the \$40,000

payment toward the OPEB liability was made in the second quarter; and no funds have been expended from the contingency/reserve fund.

The primary sources of revenues include local agency contributions, application fees, and interest earnings. Total revenues received through the third quarter are \$976,021 (including fund balance) or 104% of projected revenues. All local agencies have paid their prorated contributions to the LAFCO budget.

As for application fees, FY 2017-18 application activity significantly exceeds FY 2016-17 activity. Through the third quarter of FY 2017-18, LAFCO received 13 new applications, compared to four applications received through the third quarter of FY 2016-17.

LAFCO receives interest earnings through its OBEP and CCCERA accounts. LAFCO is currently not investing funds through the County Treasury due to low interest earnings.

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 budget summary.

Account	FY 2017-18 Final Budget	Third Quarter Actuals
Salaries & Benefits	\$404,370	\$269,541
Services & Supplies	390,840	\$159,731
Contingency/Reserve	80,000	0
OPEB Trust	40,000	\$ 40,000
CCCERA Pre-Fund	30,000	\$ 30,000
Total Appropriations	\$945,210	\$499,272
Agency Contributions	\$755,210	\$755,210
Application/Other Revenue	20,000	\$ 50,811
Interest Earnings	-	-
Fund Balance	170,000	170,000
Total Revenues	\$945,210	\$976,021

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 third quarter budget report.

Sincerely,

LOU ANN TEXEIRA
 EXECUTIVE OFFICER