



Lou Ann Texeira
Executive Officer

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November 14, 2018
 Agenda Item 9

November 14, 2018

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

First Quarter Budget Report - Fiscal Year 2018-19

Dear Members of the Commission:

This is the first quarter budget report for FY 2018-19, which compares adopted and actual expenses and revenues for the period July 1, 2018 through September 30, 2018.

The LAFCO operating budget includes three 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 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 9, 2018, LAFCO adopted its final FY 2018-19 budget with total appropriations of \$996,415, which includes an \$80,000 contingency/reserve fund, a contribution of \$40,000 to fund the 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 \$111,552 or 12% of total appropriations. The Commission budgeted \$454,786 in *salaries/benefits* for FY 2018-19; at the end of the first quarter, actual expenses total \$70,092 or 16% of the total budgeted amount. The Commission budgeted \$391,629 in *services/supplies*; and at the end of the first quarter, actual expenses total \$41,460 or 11%. Neither the \$30,000 CCCERA liability payment, nor the \$40,000 payment toward the OPEB liability are reflected in the first quarter budget report.

The primary sources of revenues are local agency contributions, application fees, and available fund balance. Total revenues received during the first quarter are \$580,174 (including fund balance) or 59% of projected revenues. As of this writing, the following agencies have not remitted their annual contributions to LAFCO: Green Valley Recreation & Park District, Rodeo Hercules Fire Protection District, and Reclamation Districts (RDs) 2090, and 2121. The Auditor’s Office and LAFCO staff agreed to waive the \$0.05 payment for RD 2090. Also, RD 2121 informed the County Auditor’s Office that they were dissolved and will not remit their payment of \$15.00. LAFCO staff is currently working with the Auditor’s Office to collect funds from the remaining agencies.

As for application fees, FY 2018-19 application activity is slower than FY 2017-18 activity. During the first quarter of FY 2018-19, LAFCO received two new applications, compared to four new applications received during the first quarter of FY 2017-18.

LAFCO is currently receiving some investment earnings through the OPEB trust account, which remains in that account.

Finally, when available, we budget fund balance to offset agency contributions. The FY 2018-19 budget includes \$175,000 in budgeted fund balance.

See table below for a summary of first quarter expenditures and revenues.

Account	FY 2018-19 Final Budget	First Quarter Actuals
Salaries & Benefits	\$454,786	\$ 70,092
Services & Supplies	391,629	41,460
Contingency/Reserve	80,000	0
OPEB Trust	40,000	0
CCCERA Pre-Fund	30,000	0
Total Appropriations	\$996,415	\$111,552
Agency Contributions	\$796,415	\$397,216
Application/Other Revenue	20,000	7,957
Interest Earnings	-	-
Fund Balance	175,000	170,000
Total Revenues	\$996,415	\$580,174

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 2018-19 first quarter budget report.

Sincerely,

LOU ANN TEXEIRA
 EXECUTIVE OFFICER