



Lou Ann Texeira
 Executive Officer

MEMBERS

- | | |
|---------------------------------------------------------|------------------------------------------------------------|
| 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> |
| Tom Butt <i>City Member</i> | Rob Schroder <i>City Member</i> |
| Igor Skaredoff <i>Special District Member</i> | |

ALTERNATE MEMBERS

- | |
|-----------------------------------------------------------|
| Diane Burgis <i>County Member</i> |
| Stanley Caldwell <i>Special District Member</i> |
| Charles R. Lewis, IV <i>Public Member</i> |
| Sean Wright <i>City Member</i> |

April 17, 2019

April 17, 2019
 Agenda Item 12

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

Third Quarter Budget Report - Fiscal Year 2018-19

Dear Members of the Commission:

This is the third quarter budget report for FY 2018-19, which compares adopted and actual expenses and revenues for the period July 1, 2018 through March 31, 2019.

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 if 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 75% of the fiscal year elapsed, the Commission’s third quarter expenditures are \$535,807 or 54% of total appropriations. The Commission budgeted \$454,786 in *salaries/benefits* for FY 2018-19; at the end of the third quarter, actual expenses total \$275,354, or 61% of the budgeted amount. The Commission budgeted \$391,629 in *services/supplies*; and at the end of the third quarter, actual expenses total \$190,453 or 49%. Both the \$40,000 payment toward the OPEB liability and the \$30,000 CCCERA liability payment are reflected in the third quarter budget report.

The primary sources of revenues are local agency contributions, application fees, and available fund balance. Total revenues received during the third quarter are \$1,008,520 (including fund balance) or 102% of projected revenues.

Other sources of revenue include application fees, interest earnings and fund balance. Regarding application fees, FY 2018-19 application activity is lower than FY 2017-18 activity. During the first three quarters of FY 2018-19, LAFCO received 10 new applications, compared to 13 new applications received during the first three quarters of FY 2017-18.

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

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

A summary of third quarter expenditures and revenues is presented in the table below.

| Account | FY 2018-19 Final Budget | Third Quarter Actuals |
|-----------------------------|------------------------------------|----------------------------------|
| Salaries & Benefits | \$454,786 | \$ 275,354 |
| Services & Supplies | 391,629 | 190,453 |
| Contingency/Reserve | 80,000 | 0 |
| OPEB Trust | 40,000 | 40,000 |
| CCCERA Pre-Fund | 30,000 | 30,000 |
| Total Appropriations | \$996,415 | \$ 535,807 |
| Agency Contributions | \$796,415 | \$ 796,400 |
| Application/Other Revenue | 20,000 | 37,120 |
| Interest Earnings | - | - |
| Fund Balance | 175,000 | 175,000 |
| Total Revenues | \$996,415 | \$1,008,520 |

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 third quarter budget report.

Sincerely,

LOU ANN TEXEIRA
 EXECUTIVE OFFICER