



Lou Ann Texeira  
 Executive Officer

**MEMBERS**

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|---|--|
| <b>Candace Andersen</b><br><i>County Member</i>         | <b>Federal Glover</b><br><i>County Member</i>              |
| <b>Donald A. Blubaugh</b><br><i>Public Member</i>       | <b>Michael R. McGill</b><br><i>Special District Member</i> |
| <b>Tom Butt</b><br><i>City Member</i>                   | <b>Rob Schroder</b><br><i>City Member</i>                  |
| <b>Igor Skaredoff</b><br><i>Special District Member</i> |  |

**ALTERNATE MEMBERS**

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

November 13, 2019

November 13, 2019  
 Agenda Item 9

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

**First Quarter Budget Report - Fiscal Year 2019-20**

Dear Members of the Commission:

This is the first quarter budget report for FY 2019-20, which compares adopted and actual expenses and revenues for the period July 1, 2019 through September 30, 2019.

The LAFCO operating budget includes several 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.

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 revenues reported to the State Controller’s Office. LAFCO also receives revenue through application fees and interest earnings.

DISCUSSION

On June 12, 2019, LAFCO adopted its final FY 2019-20 budget with total appropriations of \$1,080,493, 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 \$200,502 or 18.6% of total appropriations. The Commission budgeted \$530,435 in *salaries/benefits* for FY 2019-20; at the end of the first quarter, actual expenses total \$148,195 or 28% of the budgeted amount. This amount includes the \$30,000 CCCERA liability payment. The Commission budgeted

\$380,058 in *services/supplies*; and at the end of the first quarter, actual expenses total \$52,307 or 14%.

The primary sources of revenues are local agency contributions, application fees, and available fund balance. Total revenues received during the first quarter are \$1,063,313 (including fund balance) or approximately 98% of projected revenues. We are pleased to report that all cities, independent special districts and the County have remitted their annual contributions to LAFCO; and there are no outstanding payments.

As for application fees, first quarter FY 2019-20 application activity is comparable to FY 2018-19 activity. During the first quarter of FY 2019-20, LAFCO received two new applications, and during the first quarter of FY 2018-19 LAFCO also received two new applications.

Other revenues include investment earnings through the OPEB trust account, which remains in that account, and fund balance. We budget fund balance to offset agency contributions. The FY 2019-20 budget includes \$170,000 in budgeted fund balance.

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

<b>Account</b>	<b>FY 2019-20 Final Budget</b>	<b>First Quarter Actuals</b>
Salaries & Benefits	\$ 530,435	\$ 118,195
Services & Supplies	380,058	52,307
Contingency/Reserve	80,000	0
OPEB Trust	40,000	0
CCCERA Pre-Fund	30,000	30,000
<b>Total Appropriations</b>	<b>\$1,080,493</b>	<b>\$ 200,502</b>
Agency Contributions	\$ 885,493	\$ 885,493
Application/Other Revenue	25,000	9,532
Interest Earnings	-	-
Fund Balance	170,000	170,000
<b>Total Revenues</b>	<b>\$1,080,493</b>	<b>\$1,065,025</b>

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 2019-20 first quarter budget report.

Sincerely,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER