



Lou Ann Texeira
 Executive Officer

MEMBERS

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|---|--|
| 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

- | |
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| 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> |

January 8, 2020

January 8, 2020
 Agenda Item 8

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

Second Quarter Budget Report - Fiscal Year 2019-20

Dear Members of the Commission:

This is the second quarter budget report for FY 2019-20, which compares adopted and actual expenses and revenues for the period July 1, 2019 through December 31, 2019.

The LAFCO operating budget includes the following 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 provided 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 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 50% of the fiscal year elapsed, the Commission’s second quarter total expenditures are \$317,362 or 30% of total appropriations. The Commission budgeted \$530,435 in *salaries/benefits* for FY 2019-20; at the end of the second quarter, actual expenses total \$205,682 or 39% of the budgeted amount. The Commission budgeted \$380,058 in *services/supplies*; and at the end of the second quarter, actual expenses total \$111,680 or 30%. The \$40,000 payment toward the OPEB liability is reflected in the second quarter budget report; the \$30,000 CCCERA liability payment is not yet reflected.

The primary sources of revenues are local agency contributions, application fees, and available fund balance. Total revenues received during the second quarter are \$1,077,871 (including fund balance) or 99.8% of projected revenues.

Other sources of revenue include application fees, interest earnings and fund balance. Regarding application fees, FY 2019-20 application activity is lower than FY 2018-19 activity. During the first two quarters of FY 2019-20, LAFCO received five new applications, compared to 10 new applications received during the first two quarters of FY 2018-19.

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 2019-20 budget includes \$170,000 in budgeted fund balance.

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

Account	FY 2019-20 Final Budget	Second Quarter Actuals
Salaries & Benefits	\$ 530,435	\$ 205,682
Services & Supplies	380,058	111,680
Fixed Assets	20,000	0
Contingency/Reserve	80,000	0
OPEB Trust	40,000	40,000
CCCERA Pre-Fund	30,000	0
Total Appropriations	\$1,080,493	\$ 317,362
Agency Contributions	\$ 885,493	\$ 885,493
Application/Other Revenue	25,000	22,379
Interest Earnings	-	\$ 907,871
Fund Balance	170,000	170,000
Total Revenues	\$1,080,493	\$1,077,871

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 second quarter budget report.

Sincerely,

LOU ANN TEXEIRA
 EXECUTIVE OFFICER