



Lou Ann Texeira  
Executive Officer

**MEMBERS**

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

**ALTERNATE MEMBERS**

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

June 10, 2020

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Agenda Item 14

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

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

Dear Members of the Commission:

This is the third quarter budget report for FY 2019-20, which compares adopted and actual expenses and revenues for the period July 1, 2019 through March 31, 2020.

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 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 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 75% of the fiscal year elapsed, the Commission’s third quarter expenditures are \$514,317 or 48% of total appropriations. The Commission budgeted \$530,435 in *salaries/benefits* for FY 2019-20; at the end of the third quarter, actual expenses total \$266,128, or 51% of the budgeted amount. The Commission budgeted \$380,058 in *services/supplies*; and at the end of the third quarter, actual expenses total \$178,189 or 47%. 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 as of the third quarter are \$1,085,387 (including fund balance) or 101% of 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 three quarters of FY 2019-20, LAFCO received six new applications, compared to nine new applications received during the first three 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 third quarter expenditures and revenues is presented in the table below.

<b>Account</b>	<b>FY 2019-20 Final Budget</b>	<b>Third Quarter Actuals</b>
Salaries & Benefits	\$ 530,435	\$ 266,128
Services & Supplies	380,058	178,189
Contingency/Reserve	80,000	0
OPEB Trust	40,000	40,000
CCCERA Pre-Fund	30,000	30,000
Fixed Assets	20,000	0
<b>Total Appropriations</b>	<b>\$1,080,493</b>	<b>\$ 514,317</b>
Agency Contributions	\$ 885,493	\$ 885,493
Application/Other Revenue	25,000	29,894
Interest Earnings	-	-
Fund Balance	170,000	170,000
<b>Total Revenues</b>	<b>\$1,080,493</b>	<b>\$1,085,387</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 third quarter budget report.

Sincerely,

LOU ANN TEXEIRA  
 EXECUTIVE OFFICER