



Lou Ann Teixeira
 Executive Officer

MEMBERS

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

ALTERNATE MEMBERS

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|---|
| Diane Burgis <i>County Member</i> |
| Sharon Burke <i>Public Member</i> |
| Tom Butt <i>City Member</i> |
| Stanley Caldwell <i>Special District Member</i> |

January 10, 2018

January 10, 2018
 Agenda Item 12

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

Second Quarter Budget Report - Fiscal Year 2017-18

Dear Members of the Commission:

This is the second quarter budget report for FY 2017-18, which compares adopted and actual expenses and revenues for the period July 1, 2017 through December 31, 2017.

The LAFCO operating budget includes three components: *salaries/benefits*, *services/supplies*, and *contingency reserve* and *OPEB Trust* and *CCCERA* fund. 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 10, 2017, LAFCO adopted its final FY 2017-18 budget with total appropriations of \$945,210, which includes an \$80,000 contingency/reserve fund, a contribution of \$40,000 to fund the Other Post-Employment Benefits (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 expenditures total \$394,021 or approximately 42% of total appropriations. The Commission budgeted \$404,370 in *salaries/benefits* for FY 2017-18; and at the end of the second quarter, actual expenses total \$208,890 or 52% of the total budgeted amount. The Commission budgeted \$390,840 in *services/supplies*; and at the end of the second quarter, actual expenses total \$115,131 or 30%. The \$30,000 payment toward the CCCERA liability was made in the first quarter; the \$40,000

payment toward the OPEB liability was made in the second quarter; and no funds have been expended from the contingency/reserve fund.

The primary sources of revenues include local agency contributions, application fees, and interest earnings. Total revenues received through the second quarter are \$965,469 (including fund balance) or 102% of projected revenues. All local agencies have paid their prorated contributions to the LAFCO budget.

As for application fees, FY 2017-18 application activity significantly exceeds FY 2016-17 activity. Through the second quarter of FY 2017-18, LAFCO received eight new applications, compared to two applications received through the second quarter of FY 2016-17.

LAFCO receives interest earnings through its OBEP and CCCERA accounts. LAFCO is currently not investing funds through the County Treasury due to low interest earnings.

Finally, when available, we budget fund balance to offset agency contributions. The FY 2017-18 budget includes \$170,000 in budgeted fund balance. See table below for a budget summary.

| Account | FY 2017-18 Final Budget | Second Quarter Actuals |
|-----------------------------|------------------------------------|-----------------------------------|
| Salaries & Benefits | \$404,370 | \$208,890 |
| Services & Supplies | 390,840 | \$115,131 |
| Contingency/Reserve | 80,000 | 0 |
| OPEB Trust | 40,000 | \$ 40,000 |
| CCCERA Pre-Fund | 30,000 | \$ 30,000 |
| Total Appropriations | \$945,210 | \$394,021 |
| Agency Contributions | \$755,210 | \$755,210 |
| Application/Other Revenue | 20,000 | \$40,259 |
| Interest Earnings | - | - |
| Fund Balance | 170,000 | 170,000 |
| Total Revenues | \$945,210 | \$965,469 |

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 2017-18 second quarter budget report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER