



Lou Ann Teixeira
Executive Officer

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Sean Wright <i>City Member</i>

January 13, 2021

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

**January 13, 2021
 Agenda Item 11**

Second Quarter Budget Report - Fiscal Year 2020-21

Dear Members of the Commission:

This is the second quarter (mid-year) budget report for FY 2020-21, which compares adopted and actual expenses and revenues for the period July 1, 2020 through December 31, 2020.

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 10, 2020, LAFCO adopted its final FY 2020-21 budget with total appropriations of \$994,882, which includes a \$100,000 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 expenditures are \$280,793 or 28.22% of total appropriations. The Commission budgeted \$387,000 in *salaries/benefits* for FY 2020-21; at the end of the second quarter, actual expenses total \$154,218 or 39.84% of the budgeted amount. The Commission budgeted \$437,882 in *services/supplies*; and at the end of the second quarter, actual expenses total \$86,575 or 19.77%.

The primary sources of revenues are local agency contributions, application fees, and available fund balance. Total revenues received during the first half of FY 2020-21 are \$974,612 (including appropriated fund balance) or approximately 98% of estimated revenues. As of this writing, all local agencies have remitted their annual apportionments to LAFCO.

As for application activity, mid-year 2020-21 application activity is slower than 2019-20 activity. During the first half of FY 2020-21, LAFCO received two new applications, and during the first half of FY 2019-20 LAFCO received five new applications.

Other revenues include investment earnings through the OPEB trust account, which remains in that account, and fund balance. LAFCO budgets fund balance to offset agency contributions. The FY 2020-21 budget includes \$175,000 in budgeted fund balance.

See table below for a summary of mid-year expenditures and revenues.

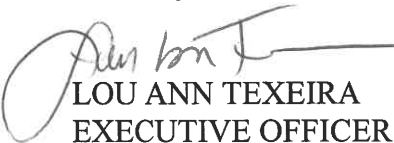
Account	FY 2020-21 Final Budget	Mid-Year Actuals
Salaries & Benefits	\$ 387,000	\$ 154,218
Services & Supplies	437,882	86,575
Contingency/Reserve	100,000	0
OPEB Trust	40,000	40,000
CCCERA Pre-Fund	30,000	0
Total Appropriations	\$ 994,882	\$ 280,793
Agency Contributions	\$ 794,882	\$ 794,882
Application/Other Revenue	25,000	4,730
Interest Earnings	-	-
Fund Balance	175,000	175,000
Total Revenues	\$ 994,882	\$ 974,612

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 2020-21 second quarter budget report.

Sincerely,



LOU ANN TEXEIRA
EXECUTIVE OFFICER