



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

- | |
|---|
| Diane Burgis
<i>County Member</i> |
| Stanley Caldwell
<i>Special District Member</i> |
| Charles R. Lewis, IV
<i>Public Member</i> |
| Edi Birsan
<i>City Member</i> |

April 14, 2021

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Agenda Item 11

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

Third Quarter Budget Report - Fiscal Year 2020-21

Dear Members of the Commission:

This is the third quarter budget report for FY 2020-21, which compares adopted and actual expenses and revenues for the period July 1, 2020 through March 31, 2021.

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, 2020, LAFCO adopted its final FY 2020-21 budget with total appropriations of \$994,882, which includes an \$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). The Commission adopted a reduced budget for FY 2020-21 in response to the pandemic (COVID), thereby reducing County, city, and independent special district LAFCO apportionments by 11%.

With 75% of the fiscal year elapsed, the Commission’s third quarter expenditures are \$450,548 or 45.2% of total appropriations. The Commission budgeted \$387,000 in *salaries/benefits* for FY 2020-21; at the end of the third quarter, actual expenses total \$243,424, or 69.7% of the budgeted amount. The Commission budgeted \$437,882 in *services/supplies*; at the end of the third quarter expenses total \$181,828 or 41.5%.

Both the \$40,000 OPEB liability and CCCERA liability pre-funding payments 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 \$985,576 (including fund balance) or 99% of revenues. Other sources of revenue include application fees, interest earnings and fund balance. Regarding application fees, FY 2020-21 application activity is lower than FY 2019-20 activity. During the first three quarters of FY 2020-21, LAFCO received four new applications, compared to six new applications received during the first three quarters of FY 2019-20.

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 2020-21 budget includes \$175,000 in budgeted fund balance.

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

Account	FY 2020-21 Final Budget	Third Quarter Actuals
Salaries & Benefits	\$ 387,000	\$ 270,123
Services & Supplies	437,882	181,828
Contingency/Reserve	100,000	0
OPEB Trust	40,000	40,000
CCCERA Pre-Fund	30,000	30,000
Total Expenditures	\$ 994,882	\$ 491,951
Agency Contributions	\$ 794,882	\$ 794,881
Application/Other Revenue	25,000	15,694
Interest Earnings	-	-
Fund Balance	175,000	175,000
Total Revenues	\$ 994,882	\$ 985,575

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 third quarter budget report.

Sincerely,

 LOU ANN TEXEIRA
 EXECUTIVE OFFICER