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October 14, 2009 (Agenda)

October 14, 2009
 Agenda Item 12

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

First Quarter Budget Report - Fiscal Year 2009-10

Dear Members of the Commission:

This is the first quarter budget report for FY 2009-10. This budget report compares adopted and actual expenses and revenues through the first three months of the fiscal year.

The LAFCO operating budget comprises three components: salaries/benefits, services/supplies, and contingency/reserve. The budget is based on “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 pro-rated based on general revenues reported to the State Controller’s Office. LAFCO also receives revenue through application fees and interest earnings. The Commission budgets in accordance with prescribed funding sources.

DISCUSSION

On May 13, 2009, LAFCO adopted its final budget for FY 2009-10 totalling approximately \$734,000. With 25% of the fiscal year elapsed, the Commission’s first quarter expenditures are \$95,601 or 13% of approved expenditures.

The Commission has budgeted \$313,671 in salaries/benefits in FY 2009-10. At the end of the first quarter, actual expenses totalled \$53,468 or 17% of the total budgeted amount. The Commission has budgeted \$340,433 in services/supplies. At the end of the first quarter, actual expenses totalled \$42,132 or 12%. The Commission has budgeted an \$80,000 contingency. No funds have been drawn from this account.

The primary sources of LAFCO revenues are local agency contributions, application fees and interest earnings. Total revenues for the first quarter are approximately \$368,673, or 50% of projected revenues. With regard to agency contributions, most local agencies have paid their prorated contributions to the LAFCO budget. The County's contribution, which comprises one-third of the agency contributions, is currently outstanding. With regard to application fees, FY 2009-10 first quarter application activity is significantly lower than FY 2008-09 activity. Between July 1 and September 30, 2009, LAFCO has received one new application; whereas, between July 1 and September 30, 2008, LAFCO had received six new applications. In addition, LAFCO is currently accruing no interest earnings. We have been advised by the County Treasurer to refrain from investing at this time due to the distressed market, as investment fees would likely equal or exceed interest earnings. LAFCO staff will continue to closely monitor the budget.

No budget adjustments are recommended at this time; however, if this situation changes, we will bring the matter to your attention. Please contact the LAFCO office if you have any questions.

RECOMMENDATION

It is recommended that the Commission receive and file this FY 2009-10 first quarter fiscal report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER