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January 9, 2013 (Agenda)

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 Agenda Item 11

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

Second Quarter Budget Report - Fiscal Year 2012-13

Dear Members of the Commission:

This is the second quarter budget report for FY 2012-13, which compares adopted and actual expenses and revenues for the period July 1, 2012 through December 31, 2012.

The LAFCO operating budget includes three components: salaries/benefits, services/supplies, and contingency/reserve. 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 9, 2012, LAFCO adopted its final FY 2012-13 budget with appropriations totalling \$745,225 (including contingency/reserve and OPEB Trust).

With 50% of the fiscal year elapsed, the Commission’s second quarter expenditures are \$205,436 or 28% of total appropriations. The Commission budgeted \$335,466 in *salaries/benefits* for FY 2012-13; at the end of the second quarter, actual expenses total \$139,720 or 42% of the total budgeted amount. The Commission budgeted \$319,759 in *services/supplies*; and at the end of the second quarter, actual expenses total \$65,716 or 21%. The budget also includes an \$80,000 contingency/reserve and \$10,000 for the OPEB Trust. No funds have been drawn from the contingency this fiscal year.

The primary sources of revenues are local agency contributions, application fees, and interest earnings. Total revenues received during the first six months of the fiscal year are \$611,470 or 98% of projected revenues (excluding fund balance). All local agencies have paid their prorated contributions to the LAFCO budget

As for applications, FY 2012-13 application activity is slightly slower than FY 2011-12 activity. During the first six months of FY 2012-13, LAFCO received four new applications; five applications were received during the first six months of FY 2011-12.

LAFCO is currently receiving no investment earnings, and awaits the County Treasurer's notice to resume investment activity based on market conditions.

Finally, when available, we budget fund balance to offset agency contributions. The FY 2012-13 budget includes \$121,541 in budgeted fund balance. See table below for a summary.

Account	FY 2012-13 Final Budget	Second Quarter Actuals
Salaries & Benefits	\$335,466	\$139,720
Services & Supplies	319,759	65,716
Contingency/Reserve	80,000	-
OPEB Trust	10,000	
Total Appropriations	\$745,225	\$205,436
Agency Contributions	\$593,684	\$593,684
Application/Other Revenue	30,000	17,786
Interest Earnings		
Fund Balance	121,541	
Total Revenues	\$745,225	\$611,470

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 2012-13 second quarter fiscal report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER