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April 17, 2013 (Agenda)

April 17, 2013
 Agenda Item 9

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

Third Quarter Budget Report - Fiscal Year 2012-13

Dear Members of the Commission:

This is the third quarter budget report for FY 2012-13, which compares adopted and actual expenses and revenues for the period July 1, 2012 through March 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 an \$80,000 contingency/reserve and a \$10,000 contribution to fund the OPEB liability.

With 75% of the fiscal year elapsed, the Commission’s third quarter expenditures are \$413,758 or 56% of total appropriations. The Commission budgeted \$335,466 in *salaries/benefits* for FY 2012-13; at the end of the third quarter, actual expenses total \$235,043 or 70% of the total budgeted amount. The Commission budgeted \$319,759 in *services/supplies*; at the end of the third quarter, actual expenses total \$168,715 or 53%. The budget also includes an \$80,000 contingency and \$10,000 to fund the OPEB liability. No funds have been drawn from the contingency this fiscal year; the \$10,000 OPEB funds are included in third quarter expenditures.

The primary sources of revenues are local agency contributions, application fees, and interest earnings. Total revenues received through the third quarter are \$622,446 or 100% 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 greater than FY 2011-12 activity. During the first nine months of FY 2012-13, LAFCO received eight new applications; six applications were received during the first nine 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	Third Quarter Actuals
Salaries & Benefits	\$335,466	\$235,043
Services & Supplies	319,759	168,715
Contingency/Reserve	80,000	-
OPEB Trust	10,000	10,000
Total Appropriations	\$745,225	\$413,758
Agency Contributions	\$593,684	\$593,684
Application/Other Revenue	30,000	28,762
Interest Earnings		
Fund Balance	121,541	
Total Revenues	\$745,225	\$622,446

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 third quarter budget report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER