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October 9, 2013 (Agenda)

October 9, 2013
 Agenda Item 8

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

First Quarter Budget Report - Fiscal Year 2013-14

Dear Members of the Commission:

This is the first quarter budget report for FY 2013-14, which compares adopted and actual expenses and revenues for the period July 1, 2013 through September 30, 2013.

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 8, 2013, LAFCO adopted its final FY 2013-14 budget with appropriations totalling \$765,016 (including contingency/reserve and OPEB Trust).

With 25% of the fiscal year elapsed, the Commission’s first quarter expenditures are \$86,487 or 11% of total appropriations. The Commission budgeted \$351,936 in *salaries/benefits* for FY 2013-14; at the end of the first quarter, actual expenses total \$59,840 or 17% of the total budgeted amount. The Commission budgeted \$323,080 in *services/supplies*; and at the end of the first quarter, actual expenses total \$26,646 or 8%. 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 quarter are \$581,268 or 95% of projected revenues. With the exception of the City of El Cerrito, the Knightsen Community Services District and the Rollingwood Wilart Park Recreation & Park District, all local agencies have paid their prorated contributions to the LAFCO budget. LAFCO staff is currently working with the County Auditor's Office to collect appropriations from the remaining three agencies.

As for application fees, FY 2013-14 application activity is on par with FY 2012-13 activity. During the first quarter of FY 2013-14, LAFCO received two new applications; two applications were received during the first quarter of FY 2012-13.

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 2013-14 budget includes \$150,000 in budgeted fund balance. See table below for a summary.

Account	FY 2013-14 Final Budget	First Quarter Actuals
Salaries & Benefits	\$351,936	\$ 59,840
Services & Supplies	323,080	26,646
Contingency/Reserve	80,000	-
OPEB Trust	10,000	
Total Appropriations	\$765,016	\$86,487
Agency Contributions	\$585,016	\$573,820
Application/Other Revenue	30,000	7,448
Interest Earnings		
Fund Balance	150,000	
Total Revenues	\$765,016	\$581,268

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 2013-14 first quarter budget report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER