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February 12, 2014 (Agenda)

February 12, 2014
 Agenda Item 9

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

Second Quarter Budget Report - Fiscal Year 2013-14

Dear Members of the Commission:

This is the mid-year budget report for FY 2013-14, which compares adopted and actual expenses and revenues for the period July 1, 2013 through December 31, 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 50% of the fiscal year elapsed, the Commission’s second quarter expenditures are \$211,175 or 28% of total appropriations. The Commission budgeted \$351,936 in *salaries/benefits* for FY 2013-14; at the end of the second quarter, actual expenses total \$145,288 or 41% of the total budgeted amount. The Commission budgeted \$323,080 in *services/supplies*; and at the end of the second quarter, actual expenses total \$65,887 or 20%. 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 \$591,885 or 98% of projected revenues (excluding fund balance). All local agencies have paid their prorated contributions to the LAFCO budget.

As for applications, FY 2013-14 application activity is lower than FY 2012-13 activity. During the first six months of FY 2013-14, LAFCO received two new applications, as compared to four applications received during the first six months 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 \$153,000 in budgeted fund balance. See table below for a summary a budget activity.

Account	FY 2013-14 Final Budget	Second Quarter Actuals
Salaries & Benefits	\$351,936	\$145,288
Services & Supplies	323,080	65,887
Contingency/Reserve	80,000	-
OPEB Trust	10,000	
Total Appropriations	\$765,016	\$211,175
Agency Contributions	\$582,016	\$582,016
Application/Other Revenue	30,000	9,869
Interest Earnings		
Fund Balance	153,000	
Total Revenues	\$765,016	\$591,885

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 second quarter fiscal report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER