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April 13, 2011 (Agenda)

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

April 13, 2011
Agenda Item 9

Third Quarter Budget Report - Fiscal Year 2010-11

Dear Members of the Commission:

This is the third quarter budget report for FY 2010-11, which compares adopted and actual expenses and revenues for the period July 1, 2010 through March 31, 2011.

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. The Commission budgets in accordance with prescribed funding sources.

DISCUSSION

On May 12, 2010, LAFCO adopted its final FY 2010-11 budget with appropriations totaling \$710,692 (including contingency/reserve). With 75% of the fiscal year elapsed, the Commission’s third quarter total **expenditures** are \$358,042 or 50% of total appropriations.

The Commission budgeted \$318,116 in *salaries/benefits* for FY 2010-11; at the end of the third quarter, actual expenses total \$209,711 or 66% of the total budgeted amount. The Commission budgeted \$312,576 in *services/supplies*; and at the end of the third quarter, actual expenses total \$148,331 or 47%. The LAFCO budget also includes an \$80,000 contingency/reserve; no funds have been drawn from this account.

The primary sources of revenues are local agency contributions, application fees, and interest earnings. Also, when available, we use fund balance to offset the cost to the funding agencies. The FY 2010-11 budget anticipates using \$121,117 in available fund balance. Total **revenues** for the third quarter, including agency contributions and application fees, are \$584,760, or 99% of these projected revenues. All local agencies have paid their prorated contributions.

As for application fees, FY 2010-11 application activity is slightly greater than FY 2009-10 activity. During the first nine months of FY 2010-11, LAFCO received ten new applications, as compared to seven new applications during the first nine months of FY 2009-10.

Finally, 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.

A summary of the third quarter expenses and revenues is presented in the table below.

Account	FY 2010-11 Approved	Third Quarter Actual
<i>Salaries & Benefits</i>	\$318,116	\$209,711
<i>Services & Supplies</i>	\$312,576	\$148,331
<i>Contingency</i>	\$ 80,000	\$ 0
<i>Total Expenditures</i>	\$710,692	\$358,042
<i>Agency Contributions</i>	\$555,575	\$555,575
<i>Application & Other Revenue</i>	\$ 34,000	\$ 29,185
<i>Interest Earnings</i>	\$ 0	\$ 0
<i>Total Revenues</i>		\$584,760
<i>Available Fund Balance</i>	\$121,117	

No budget adjustments are necessary at this time. LAFCO staff will continue to closely monitor the budget, and keep the Commission apprised.

Please contact the LAFCO office if you have any questions.

RECOMMENDATION

It is recommended that the Commission receive and file this FY 2010-11 third quarter fiscal report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER