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October 10, 2012 (Agenda)

October 10, 2012  
 Agenda Item 9

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

**First Quarter Budget Report - Fiscal Year 2012-13**

Dear Members of the Commission:

This is the first quarter budget report for FY 2012-13, which compares adopted and actual expenses and revenues for the period July 1, 2012 through September 30, 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 25% of the fiscal year elapsed, the Commission’s first quarter expenditures are \$86,802 or 12% of total appropriations. The Commission budgeted \$335,466 in *salaries/benefits* for FY 2012-13; at the end of the first quarter, actual expenses total \$57,488 or 17% of the total budgeted amount. The Commission budgeted \$319,759 in *services/supplies*; and at the end of the first quarter, actual expenses total \$29,314 or 9%. 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 \$603,641 or 97% of projected revenues. All local agencies have paid their prorated contributions to the LAFCO budget

As for application fees, FY 2012-13 application activity is on par with FY 2011-12 activity. During the first quarter of FY 2012-13, LAFCO received two new applications; two applications were received during the first quarter 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.

<b>Account</b>	<b>FY 2012-13 Final Budget</b>	<b>First Quarter Actuals</b>
Salaries & Benefits	\$335,466	\$57,488
Services & Supplies	319,759	29,314
Contingency/Reserve	80,000	-
OPEB Trust	10,000	
<b>Total Appropriations</b>	<b>\$745,225</b>	<b>\$86,802</b>
Agency Contributions	\$593,684	\$593,684
Application/Other Revenue	30,000	9,957
Interest Earnings		
Fund Balance	121,541	
<b>Total Revenues</b>	<b>\$745,225</b>	<b>\$603,641</b>

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 first quarter fiscal report.

Sincerely,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER