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April 9, 2014 (Agenda)

April 9, 2014
 Agenda Item 8

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

Third Quarter Budget Report - Fiscal Year 2013-14

Dear Members of the Commission:

This is the third quarter budget report for FY 2013-14, which compares adopted and actual expenses and revenues for the period July 1, 2013 through March 31, 2014.

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 \$762,016, 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 \$390,571 or 51% of total appropriations. The Commission budgeted \$351,936 in *salaries/benefits* for FY 2013-14; at the end of the third quarter, actual expenses total \$232,737 or 66% of the budgeted amount. The Commission budgeted \$320,080 in *services/supplies*; at the end of the third quarter, actual expenses total \$147,834 or 46%. 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; and 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 \$592,110 or 97% 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 slower than FY 2012-13 activity. During the first nine months of FY 2013-14, LAFCO received two new applications; eight applications were received during the first nine 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 \$150,000 in budgeted fund balance. See table below for a summary.

Account	FY 2013-14 Final Budget	Third Quarter Actuals
Salaries & Benefits	\$351,936	\$232,737
Services & Supplies	320,080	147,834
Contingency/Reserve	80,000	-
OPEB Trust	10,000	10,000
Total Appropriations	\$762,016	\$390,571
Agency Contributions	\$582,016	\$582,016
Application/Other Revenue	30,000	10,094
Interest Earnings		
Fund Balance	150,000	
Total Revenues	\$762,016	\$592,110

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 third quarter budget report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER