



Lou Ann Teixeira
Executive Officer

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|---|--|
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October 8, 2014

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 Agenda Item 13

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

First Quarter Budget Report - Fiscal Year 2014-15

Dear Members of the Commission:

This is the first quarter budget report for FY 2014-15, which compares adopted and actual expenses and revenues for the period July 1, 2014 through September 30, 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 7, 2014, LAFCO adopted its final FY 2014-15 budget with total appropriations of \$782,152 (including contingency/reserve and OPEB Trust).

With 25% of the fiscal year elapsed, the Commission’s first quarter expenditures are \$90,066 or 12% of total appropriations. The Commission budgeted \$390,778 in *salaries/benefits* for FY 2014-15; at the end of the first quarter, actual expenses total \$64,548 or 17% of the total budgeted amount. The Commission budgeted \$301,374 in *services/supplies*; and at the end of the first quarter, actual expenses total \$25,518 or 8%. The budget also includes \$10,000 for the OPEB Trust and an \$80,000 contingency/reserve. 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 \$765,133 (including fund balance) or 98% of projected revenues. With the exception of 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 Auditor’s Office to collect appropriations from the remaining agency.

As for application fees, FY 2014-15 application activity is on par with FY 2013-14 activity. During the first quarter of FY 2014-15, LAFCO received two new applications; two applications were received during the first quarter of FY 2013-14.

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 2014-15 budget includes \$150,000 in budgeted fund balance. See table below for a summary.

| Account | FY 2014-15 Final Budget | First Quarter Actuals |
|-----------------------------|------------------------------------|----------------------------------|
| Salaries & Benefits | \$390,778 | \$ 64,548 |
| Services & Supplies | 301,374 | 25,518 |
| Contingency/Reserve | 80,000 | - |
| OPEB Trust | 10,000 | |
| Total Appropriations | \$782,152 | \$90,066 |
| Agency Contributions | \$610,152 | \$610,118 |
| Application/Other Revenue | 22,000 | 5,015 |
| Interest Earnings | - | - |
| Fund Balance | 150,000 | 150,000 |
| Total Revenues | \$782,152 | \$765,133 |

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 2014-15 first quarter budget report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER