



Lou Ann Teixeira  
 Executive Officer

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January 14, 2015 (Agenda)

January 14, 2015  
Agenda Item 10

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

**Second Quarter Budget Report - Fiscal Year 2014-15**

Dear Members of the Commission:

This is the mid-year budget report for FY 2014-15, which compares adopted and actual expenses and revenues for the period July 1, 2014 through December 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 14, 2014, LAFCO adopted its final FY 2014-15 budget with appropriations totalling \$782,152 (including contingency/reserve and OPEB Trust).

With 50% of the fiscal year elapsed, the Commission’s second quarter expenditures total \$228,852 or 29% of total appropriations (including OPEB Trust contribution). The Commission budgeted \$390,778 in *salaries/benefits* for FY 2014-15; at the end of the second quarter, actual expenses total \$157,255 or 40% of the total budgeted amount. The Commission budgeted \$301,374 in *services/supplies*; and at the end of the second quarter, actual expenses total \$61,597 or 20%. 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 six months of the fiscal year are \$616,261. All local agencies have paid their prorated contributions to the LAFCO budget.

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

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. A portion of available fund balance may be used at the end of the fiscal year, if needed. See table below for a summary of budget activity.

<b>Account</b>	<b>FY 2013-14 Final Budget</b>	<b>Second Quarter Actuals</b>	<b>Percentage</b>
Salaries & Benefits	\$390,778	\$157,255	40%
Services & Supplies	301,374	61,597	20%
Contingency/Reserve	80,000	-	-
OPEB Trust	10,000	10,000	100%
<b>Total Appropriations</b>	<b>\$782,152</b>	<b>\$228,852</b>	<b>29%</b>
Agency Contributions	\$610,152	\$610,152	100%
Application/Other Revenue	22,000	6,109	28%
Interest Earnings		-	
Fund Balance	150,000	-	
<b>Total Revenues</b>	<b>\$782,152</b>	<b>\$616,261</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 2014-15 second quarter fiscal report.

Sincerely,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER