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May 12, 2010 (Agenda)

May 12, 2010
 Agenda Item 13

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

Third Quarter Budget Report - Fiscal Year 2009-10

Dear Members of the Commission:

This is the third quarter budget report for FY 2009-10, which compares adopted and actual expenses and revenues for the period July 1, 2009 through March 31, 2010.

The LAFCO operating budget includes three components: salaries/benefits, services/supplies, and contingency/reserve. The budget is based on “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 13, 2009, LAFCO adopted its final FY 2009-10 budget totalling approximately \$734,000. With 75% of the fiscal year elapsed, the Commission’s third quarter expenditures are \$441,377 or 60% of approved expenditures. The Commission budgeted \$313,671 in *salaries/benefits* for FY 2009-10; at the end of the third quarter, actual expenses totalled \$233,983 or 75% of the total budgeted amount. The Commission budgeted \$340,433 in *services/supplies*; and at the end of the third quarter, actual expenses totalled \$207,394 or 61%. The LAFCO budget also includes an \$80,000 contingency; no funds have been drawn from this account.

The primary sources of revenues are local agency contributions, application fees and interest earnings. Total revenues for the third quarter are \$595,940, or 81% of projected revenues. All local agencies have paid their prorated contributions to the LAFCO budget, except for Reclamation District 2117. As for application fees, FY 2009-10 application activity is significantly lower than FY 2008-09. During the first three quarters of FY 2009-10, LAFCO received seven new applications, as compared to 17 new applications during the first three quarters of FY 2008-09. Also, 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.

No budget adjustments are recommended 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 2009-10 third quarter fiscal report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER