



Lou Ann Teixeira
 Executive Officer

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April 8, 2015 (Agenda)

April 8, 2015
 Agenda Item 9

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

Third Quarter Budget Report - Fiscal Year 2014-15

Dear Members of the Commission:

This is the third quarter budget report for FY 2014-15, which compares adopted and actual expenses and revenues for the period July 1, 2014 through March 31, 2015.

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 75% of the fiscal year elapsed, the Commission’s third quarter expenditures total \$355,792 or 46% of total appropriations (including OPEB Trust contribution). The Commission budgeted \$390,778 in *salaries/benefits* for FY 2014-15; at the end of the third quarter, actual expenses total \$252,688 or 65% of the total budgeted amount. The Commission budgeted \$301,374 in *services/supplies*; and at the end of the third quarter, actual expenses total \$93,104 or 31%. 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 as of March 31, 2015 are \$620,111. All local agencies have paid their prorated contributions to the LAFCO budget.

As for applications, FY 2014-15 application activity is comparable to FY 2013-14 activity. During the first nine months of FY 2013-14, LAFCO received two new applications; three applications were received during the first nine months of FY 2014-15. Application activity remains sluggish.

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.

Account	FY 2014-15 Final Budget	Third Quarter Actuals	Percentage
Salaries & Benefits	\$390,778	\$252,688	65%
Services & Supplies	301,374	93,104	31%
Contingency/Reserve	80,000	-	-
OPEB Trust	10,000	10,000	100%
Total Appropriations	\$782,152	\$355,792	46%
Agency Contributions	\$610,152	\$610,152	100%
Application/Other Revenue	22,000	9,959	46%
Interest Earnings		-	
Fund Balance	150,000	-	
Total Revenues	\$782,152	\$620,111	

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 third quarter fiscal report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER