



Lou Ann Teixeira
 Executive Officer

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October 14, 2015

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 Agenda Item 14

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

First Quarter Budget Report - Fiscal Year 2015-16

Dear Members of the Commission:

This is the first quarter budget report for FY 2015-16, which compares adopted and actual expenses and revenues for the period July 1, 2015 through September 30, 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 13, 2015, LAFCO adopted its final FY 2015-16 budget with total appropriations of \$813,730, which includes an \$80,000 contingency/reserve fund and an annual contribution of \$40,000 to fund the Other Post-Employment Benefits (OPEB) liability.

With 25% of the fiscal year elapsed, the Commission’s first quarter expenditures are \$122,835 or 15% of total appropriations. The Commission budgeted \$407,253 in *salaries/benefits* for FY 2015-16; at the end of the first quarter, actual expenses total \$65,810 or 17% of the total budgeted amount. The Commission budgeted \$286,477 in *services/supplies*; and at the end of the first quarter, actual expenses total \$57,025 or 20%. The \$40,000 payment toward the OPEB liability will be reflected in the FY 2015-16 second quarter budget report.

The primary sources of revenues are local agency contributions, application fees, and interest earnings. Total revenues received during the first quarter are \$759,955 (including fund balance) or 94% of projected revenues. With the exception of one city and one special 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 agencies.

As for application fees, FY 2015-16 application activity is on par with FY 2014-15 activity. During the first quarter of FY 2015-16, LAFCO received one new application; and one application was received during the first quarter of FY 2014-15.

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 2015-16 budget includes \$150,000 in budgeted fund balance. See table below for a summary.

Account	FY 2015-16 Final Budget	First Quarter Actuals
Salaries & Benefits	\$407,253	\$ 65,810
Services & Supplies	386,477	57,025
Contingency/Reserve	80,000	0
OPEB Trust	40,000	0
Total Appropriations	\$813,730	\$122,835
Agency Contributions	\$651,730	\$ 604,269
Application/Other Revenue	12,000	5,686
Interest Earnings	-	0
Fund Balance	150,000	150,000
Total Revenues	\$813,730	\$759,955

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 2015-16 first quarter budget report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER