



Lou Ann Texeira
Executive Officer

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January 13, 2016
 Agenda Item 12

January 13, 2016 (Agenda)

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

Second Quarter Budget Report - Fiscal Year 2015-16

Dear Members of the Commission:

This is the mid-year budget report for FY 2015-16, which compares adopted and actual expenses and revenues for the period July 1, 2015 through December 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 13, 2015, LAFCO adopted its final FY 2015-16 budget with appropriations totalling \$813,730 (including contingency/reserve and OPEB Trust).

With 50% of the fiscal year elapsed, the Commission’s second quarter expenditures total \$263,451 or 33% of total appropriations (including OPEB Trust contribution). The Commission budgeted \$407,253 in *salaries/benefits* for FY 2015-16; at the end of the second quarter, actual expenses total \$160,380 or 40% of the total budgeted amount. The Commission budgeted \$286,477 in *services/supplies*; and at the end of the second quarter, actual expenses total \$103,071 or 36%. The budget also includes \$40,000 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 \$657,260. All local agencies have paid their prorated contributions to the LAFCO budget.

As for applications, FY 2015-16 application activity is slightly better this year than in FY 14-15 activity. During the first six months of FY 2015-16, LAFCO received one new application; no applications were received during the first six months of FY 2014-15. Application activity still remains sluggish, but is expected to increase in the coming months.

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. All or 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 2015-16 Final Budget	Second Quarter Actuals	Percentage
Salaries & Benefits	\$407,253	\$160,380	40%
Services & Supplies	286,477	103,071	36%
Contingency/Reserve	80,000	-	-
OPEB Trust	40,000	40,000	100%
Total Appropriations	\$813,730	\$263,451	33%
Agency Contributions	\$651,730	\$651,730	100%
Application/Other Revenue	12,000	5,530	46%
Interest Earnings		-	
Fund Balance	150,000	-	
Total Revenues	\$813,730	\$657,260	

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 second quarter fiscal report.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER