



Lou Ann Texeira
 Executive Officer

MEMBERS

Donald A. Blubaugh <i>Public Member</i>	Mary N. Piepho <i>County Member</i>
Federal Glover <i>County Member</i>	Rob Schroder <i>City Member</i>
Michael R. McGill <i>Special District Member</i>	Igor Skaredoff <i>Special District Member</i>
Don Tatzin <i>City Member</i>	

ALTERNATE MEMBERS

Candace Andersen
County Member
 Sharon Burke
Public Member
 Tom Butt
City Member
 Stanley Caldwell
Special District Member

April 13, 2016 (Agenda)

April 13, 2016
 Agenda Item 8

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

Third Quarter Budget Report - Fiscal Year 2015-16

Dear Members of the Commission:

This is the third quarter budget report for FY 15-16, which compares adopted and actual expenses and revenues for the period July 1, 2015 through March 31, 2016.

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).

Expenditures - With 75% of the fiscal year elapsed, the Commission’s third quarter expenditures total \$523,704 (including the \$40,000 OPEB Trust contribution) or 65% of total appropriations. The Commission budgeted \$407,523 in *salaries/benefits* for FY 2015-16; at the end of the third quarter, actual expenses total \$298,452 or 74% of the total budgeted amount. The Commission budgeted \$286,477 in *services/supplies*; and at the end of the third quarter, actual expenses total \$185,252 or 65%. The budget also includes an \$80,000 contingency/reserve. In March 2016, the Commission authorized an expenditure of \$25,000 from the contingency

reserve to fund a special study of the West Contra Costa Health Care District. Expenditure of these funds will be reflected in the FY 2015-16 year-end report.

Revenues - The primary sources of revenues are local agency contributions and application fees. Total revenues received as of March 31, 2016 are \$675,055. All local agencies have paid their prorated contributions to the LAFCO budget.

As for applications, FY 2015-16 application activity exceeds FY 2014-15 activity. During the first nine months of FY 2014-15, LAFCO received three new applications; whereas, five new applications were received during the first nine months of FY 2015-16.

In the past, LAFCO has received investment earnings. Due to current market conditions, LAFCO is not currently investing, and awaits the County Treasurer's notice to resume investment activity.

Finally, when available, we budget fund balance to offset agency contributions. The FY 2015-16 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 2015-16 Final Budget	Third Quarter Actuals	Percentage
Salaries & Benefits	\$407,253	\$298,452	74%
Services & Supplies	286,477	185,252	65%
Contingency/Reserve	80,000	-	-
OPEB Trust	40,000	40,000	100%
Total Appropriations	\$813,730	\$523,704	65%
Agency Contributions	\$651,730	\$651,730	100%
Application/Other Revenue	12,000	23,325	195%
Interest Earnings		-	-
Fund Balance	150,000	-	-
Total Revenues	\$813,730	\$675,055	

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 third quarter fiscal report.

Sincerely,

LOU ANN TEXEIRA
 EXECUTIVE OFFICER