



Lou Ann Texeira
Executive Officer

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October 12, 2016

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 Agenda Item 11

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

First Quarter Budget Report - Fiscal Year 2016-17

Dear Members of the Commission:

This is the first quarter budget report for FY 2016-17, which compares adopted and actual expenses and revenues for the period July 1, 2016 through September 30, 2016.

The LAFCO operating budget includes three components: salaries/benefits, services/supplies, and contingency/reserve/OPEB Trust. 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 11, 2016, LAFCO adopted its final FY 2016-17 budget with total appropriations of \$893,733, 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 \$119,837 or 14% of total appropriations. The Commission budgeted \$403,257 in *salaries/benefits* for FY 2016-17; at the end of the first quarter, actual expenses total \$71,824 or 18% of the total budgeted amount. The Commission budgeted \$370,476 in *services/supplies*; and at the end of the first quarter, actual expenses total \$48,013 or 13%. The \$40,000 payment toward the OPEB liability was made and will be reflected in the FY 2016-17 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 \$874,405 (including fund balance) or 98% 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 two agencies.

As for application fees, FY 2016-17 application activity is on par with FY 2015-16 activity. During the first quarter of FY 2016-17, LAFCO received one new application; and one new application was received during the first quarter of FY 2015-16.

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 2016-17 budget includes \$150,000 in budgeted fund balance. See table below for a summary.

Account	FY 2016-17 Final Budget	First Quarter Actuals
Salaries & Benefits	\$403,257	\$ 71,824
Services & Supplies	370,476	48,013
Contingency/Reserve	80,000	0
OPEB Trust	40,000	0
Total Appropriations	\$893,733	\$119,837
Agency Contributions	\$723,733	\$ 715,615
Application/Other Revenue	20,000	8,791
Interest Earnings	-	-
Fund Balance	150,000	150,000
Total Revenues	\$893,733	\$874,406

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 2016-17 first quarter budget report.

Sincerely,

LOU ANN TEXEIRA
 EXECUTIVE OFFICER