



Local Agency Formation Commission
LAFCO of Napa County

1700 Second Street, Suite 268
Napa, California 94559
Telephone: (707) 259-8645
Facsimile: (707) 251-1053
<http://napa.lafco.ca.gov>

February 1, 2010

Agenda Item No. 5a (Consent: Action)

January 25, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Second Quarter Budget Report for 2009-2010

The Commission will receive a second quarter budget report for the 2009-2010 fiscal year. The report compares adopted and actual expenses through the first six months and projects the Commission is on course to finish the fiscal year with approximately \$107,000 in budgeted funds. The report is being presented for the Commission to receive and file.

The Local Agency Formation Commission of Napa County's ("Commission") annual budget is funded by the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and Yountville. State law dictates the County is responsible for one-half of the Commission's annual budget with the remaining amount proportionally shared by the five cities based on a weighted calculation of population and general revenues. It is the Commission's practice to only budget expenses given its prescribed funding sources.

The Commission divides its annual budget into three units: (a) salaries/benefits; (b) services/supplies; and (c) contingencies/reserves. The Commission practices bottom-line accounting, which allows for shortfalls within individual accounts in the salaries/benefits and services/supplies units as long as the overall balance remains positive. Funds may not be drawn from the contingencies/reserves unit without Commission approval.

A. Discussion

On June 1, 2009, the Commission adopted a final budget for 2009-2010 totaling \$496,961. The Commission's actual expenses through the second quarter, including encumbrances, totals \$176,035. This amount represents 35% of the adopted budget with 50% of the fiscal year complete as summarized in the following table.

Adopted and Actual Expenses Through the Second Quarter

(July 1, 2009 through December 31, 2009)

Adopted Expenses	Actual Expenses	Balance	% Available
\$496,961	\$176,035	\$320,925	64.6

An expanded discussion of adopted and actual expenses through the second quarter within the Commission's three budget units follows.

Juliana Inman, Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

Bill Dodd, Vice Chair
County of Napa Supervisor, 4th District

Brad Wagenknecht, Commissioner
County of Napa Supervisor, 1st District

Mark Luce, Alternate Commissioner
County of Napa Supervisor, 2nd District

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

Salaries/Benefits

The Commission has budgeted \$288,265 in salaries and benefits in 2009-2010. At the end of the second quarter, the Commission's actual expenses within the eight affected accounts total \$114,468. These total expenses represent 40% of the budgeted amount. One account, other post employment benefits, finished the second quarter with a balance below 50%. A summary of expenses in this account follows.

Other Post Employment Benefits

This account covers the Commission's assigned apportionment for non pension post employment benefits, such as retiree health and dental care, for its three assigned County employees. The Commission's budgeted amount for other post employment benefits in 2009-2010 is \$8,706. The Commission has already paid three-fourths of its apportioned amount through the end of the second quarter. This prepayment results in a remaining balance of \$2,177, or 25%. The remaining balance will be used to cover the final payment in the fourth quarter.

Services/Supplies

The Commission has budgeted \$118,063 in services and supplies in 2009-2010. At the end of the second quarter, the Commission's actual expenses within the 15 affected accounts total \$61,568. These total expenses represent 52% of the budgeted amount. Six accounts, memberships, auditing services, property lease, transportation and travel, meals reimbursement, and training, finished the second quarter with balances below 50%. A summary of expenses in these six accounts follows.

Membership

This account covers the Commission's annual membership fee for the California Association of Local Agency Formation Commissions (CALAFCO). The Commission's budgeted membership fee in 2009-2010 is \$2,275 and reflects the amount approved by CALAFCO as part of an updated annual fee schedule in September 2008. CALAFCO recently suspended all fee increases due to the economy, which lowers the Commission's annual membership due to \$2,200. This reduced membership fee was collected in full by CALAFCO at the beginning of the fiscal year leaving a remaining balance of \$75, or 3%.

Auditing Services

This account covers the Commission's annual costs for financial support services provided by the County Auditor's Office. This account also covers costs to retain an outside consultant to prepare an annual audit on the Commission's financial statements for the prior completed fiscal year. The Commission budgeted \$7,883 in this account in 2009-2010. Through the end of the second quarter, expenses in the account have totaled \$5,492, leaving a remaining balance of \$2,391, or 30%. The majority of the expenses are attributed to the preparation of an independent audit for 2008-2009 by Galina, Inc., which is being presented for the Commission to receive and file as part of Agenda Item No. 7c. Staff does not expect a year-end deficit, but will continue to monitor this account closely.

Property Lease

This account covers the Commission's annual office space lease at 1700 Second Street in Napa. The Commission budgeted \$29,280 in this account in 2009-2010, reflecting its current monthly rental charge of \$2,440.¹ The County Auditor's Office has encumbered the full annual rental amount at the beginning of the fiscal year to expedite monthly rental payments to the property manager.

Transportation and Travel

This account covers annual travel costs for Commissioners and staff, such as attending out-of-area trainings or business meetings. The Commission budgeted \$4,000 for travel related expenses in 2009-2010. Following the adoption of the budget, the Auditor's Office requested a transfer of \$500 from this account to fund a new account to cover meal reimbursements. This transfer results in an adjusted budget of \$3,500. Through the end of the second quarter, expenses in this account have totaled \$4,350, leaving a remaining balance of (\$850), or (25%). Nearly all of the expenses are associated with commissioners and staff attending the 2009 Annual CALAFCO Conference in Yosemite. This shortfall is projected to increase to (\$1,400) by the end of the fiscal year, which will be covered by expected savings in other expense accounts.

Meals Reimbursement

As discussed in the preceding paragraph, this account was established after the adoption of the final budget in June at the request of the County Auditor's Office to comply with new changes involving the taxability of meal reimbursements.² The account has been budgeted at \$500. At the end of the second quarter, expenses in this account have totaled \$398, leaving a remaining balance of \$102, or 20%. Staff does not expect a year-end deficit, but will continue to monitor this account closely.

Training

This account is used for a variety of instructional activities for commissioners and staff. The Commission budgeted \$4,000 for training expenses in 2009-2010. At the end of the second quarter, expenses in this account have totaled \$3,350, leaving a remaining balance of \$650, or 16%. Nearly all of these expenses are attributed to registration costs for the 2009 CALAFCO Annual Conference. A shortfall in the amount of (\$575) is projected by the end of the fiscal year, which will be covered through expected savings in other expense accounts.

¹ The monthly rental fee at 1700 Second Street is fixed at \$2,440 through June 2011.

² This change involves the taxability of meals incurred during the same day of business travel. In short, if a meal occurs during the same day as business travel, then the reimbursement for the meal is generally taxable to the employee. This change does not affect the reimbursement of meals that occur during business travel involving an overnight stay, which will continue to be non-taxable.

Contingencies/Reserves

The Commission has budgeted \$90,633 in contingences and reserves in 2009-2010. No funds have been drawn from either of the two accounts through the second quarter.

B. Analysis

The Commission is on currently on course to finish the fiscal year with a remaining balance within its three budget units of approximately \$107,000. Nearly all of the projected remaining balance is attributed to the expected retention of all funds within the contingency/reserve unit. The projected remaining balance within three budget units is measurably less than the \$162,000 amount the Commission finished with at the end of the previous fiscal year. The anticipated decrease in remaining balances between the two fiscal years is tied to increases in actual salary and benefit costs due to the filling of the fulltime analyst position prior to the start of the current fiscal year.

C. Recommendation

It is recommended the Commission take the following action:

- 1) Receive and file the "Second Quarter Budget Report for 2009-2010."

Respectfully submitted,

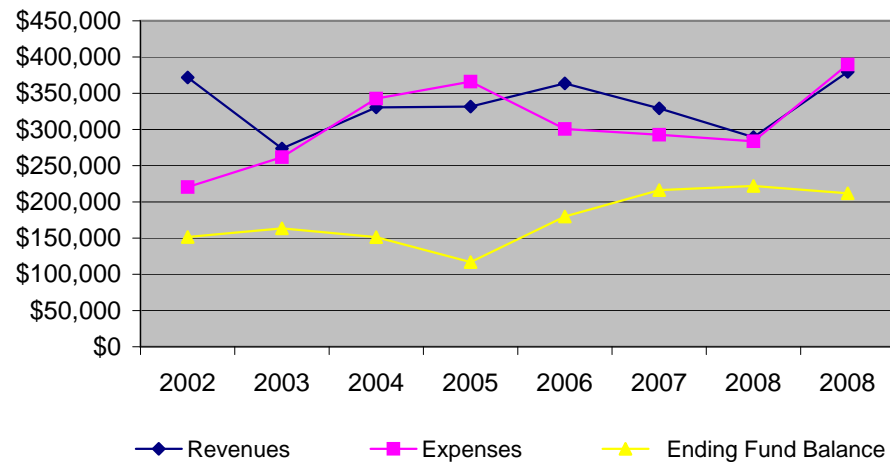
Keene Simonds
Executive Officer

Attachment:

- 1) General Ledger, July 1, 2009 to December 31, 2009

LAFCO Financial Summary For the Past 8 Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues	\$ 371,817	\$ 273,774	\$ 330,510	\$ 331,580	\$ 363,529	\$ 329,214	\$ 289,341	\$ 379,499
Expenses	220,378	261,803	342,558	366,056	300,653	292,636	283,622	389,688
Surplus/Deficit	\$ 151,439	\$ 11,971	\$ (12,048)	\$ (34,476)	\$ 62,876	\$ 36,578	\$ 5,719	\$ (10,189)
Fund Balance:								
Beginning Fund Balance	\$ -	\$ 151,439	\$ 163,410	\$ 151,362	\$ 116,886	\$ 179,762	\$ 216,340	\$ 222,059
Surplus/Deficit 6/30	151,439	11,971	(12,048)	(34,476)	62,876	36,578	5,719	(10,189)
Ending Fund Balance	\$ 151,439	\$ 163,410	\$ 151,362	\$ 116,886	\$ 179,762	\$ 216,340	\$ 222,059	\$ 211,870
Breakdown of Fund Balance:								
Professional Services	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Operating Reserve	22,462	22,462	22,462	11,983	35,174	36,978	37,879	40,594
Future Projects	-	-	-	-	-	-	55,000	-
Reserve for Encumbrances	-	-	4,000	4,803	165	-	-	-
Available Fund Balance	28,977	40,948	24,900	100	94,423	129,362	79,180	121,276
Total Fund Balance	\$ 151,439	\$ 163,410	\$ 151,362	\$ 116,886	\$ 179,762	\$ 216,340	\$ 222,059	\$ 211,870



	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues	371,817	273,774	330,510	331,580	363,529	329,214
Expenses	220,378	261,803	342,558	366,056	300,653	292,636
Ending Fund Balance	<u>151,439</u>	<u>163,410</u>	<u>151,362</u>	<u>116,886</u>	<u>179,762</u>	<u>216,340</u>

<u>2008</u>	<u>2008</u>
289,341	379,499
283,622	389,688
<u>222,059</u>	<u>211,870</u>



Local Agency Formation Commission

LAFCO of Napa County

General Ledger for 2009-2010: Expenses Through December 31, 2009

		<u>Final Budget</u>	<u>Encumbrances</u>	<u>Expenditures</u>	<u>Balance</u>	
Salaries/Benefits						<i>Percent Available</i>
<u>Account</u>	<u>Description</u>					
51100000	Regular Salaries	195,580.00	-	78,464.45	117,115.55	60%
51300500	Group Health Insurance	36,471.00	-	12,698.98	23,772.02	65%
51300100	Retirement: Pension	34,064.00	-	13,414.28	20,649.72	61%
51200500	Commissioner Per Diems	9,600.00	-	1,900.00	7,700.00	80%
51300120	Retirement: Non-Pension	8,706.00	-	6,529.50	2,176.50	25%
51300300	Medicare	2,836.00	-	1,075.32	1,760.68	62%
51301800	Cell Phone Allowance	840.00	-	343.00	497.00	59%
51301200	Workers Compensation	168.00	-	42.00	126.00	75%
	SUB TOTALS	<u>288,265.00</u>	<u>-</u>	<u>114,467.53</u>	<u>173,797.47</u>	60%
Services/Supplies						
<u>Account</u>	<u>Description</u>					
52240500	Property Lease	29,280.00	12,200.00	17,080.00	-	0%
52180500	Legal Services	24,990.00	-	-	24,990.00	100%
52180200	Information Services	22,438.00	-	8,029.80	14,408.20	64%
52170000	Office Expenses	15,000.00	3,405.06	4,014.32	7,580.62	51%
52185000	Accounting Services	7,883.00	-	5,492.42	2,390.58	30%
52250000	Transportation and Travel	3,500.00	-	4,349.88	(849.88)	-24%
52250800	Training	4,000.00	-	3,350.00	650.00	16%
52070000	Communications	3,500.00	-	413.12	3,086.88	88%
52150000	Memberships	2,275.00	-	2,200.00	75.00	3%
52190000	Publications and Notices	1,500.00	-	192.36	1,307.64	87%
52235000	Office Improvements	1,000.00	-	79.90	920.10	92%
52251200	Private Vehicle Mileage	1,000.00	-	276.10	723.90	72%
52243900	Filing Fees	850.00	-	-	850.00	100%
52250700	Meals Reimbursement	500.00	-	398.25	101.75	20%
52100300	Insurance: Liability	347.00	-	86.75	260.25	75%
	SUB TOTALS	<u>118,063.00</u>	<u>15,605.06</u>	<u>45,962.90</u>	<u>56,495.04</u>	48%
Contingencies/Reserves						
<u>Account</u>	<u>Description</u>					
54000900	Operating Reserve	40,633.00	-	-	40,633.00	100%
54001000	Consultant Contingency	50,000.00	-	-	50,000.00	100%
		<u>90,633.00</u>	<u>-</u>	<u>-</u>	<u>90,633.00</u>	100%
	GRAND TOTALS	<u>\$ 496,961.00</u>	<u>\$ 15,605.06</u>	<u>\$ 160,430.43</u>	<u>\$ 320,925.51</u>	65%