



Local Agency Formation Commission of Napa County
 Subdivision of the State of California

1030 Seminary Street, Suite B
 Napa, California 94559
 Phone: (707) 259-8645
 Fax: (707) 251-1053
 www.napa.lafco.ca.gov

We Manage Local Government Boundaries, Evaluate Municipal Services, and Protect Agriculture

Agenda Item 5d (Consent/Information)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer
 Kathy Mabry, Secretary

MEETING DATE: August 5, 2019

SUBJECT: Fourth Quarter Budget Report for 2018-2019

SUMMARY

This item is presented to the Commission for information purposes only. The Commission will receive a fourth quarter budget report for 2018-2019. The report compares budgeted versus actual transactions through June 30, 2019. The report indicates the Commission outperformed its intentionally-budgeted funding gap of \$217,854 and finished the fiscal year with an overall operating shortfall of \$32,361, representing a savings of \$185,493 relative to the adjusted budget.

It is important to note \$102,624 of the \$185,493 savings are associated with consultant contracts that were encumbered in 2018-2019, but were unspent by the end of the fiscal year. Staff recently re-encumbered the \$102,624 amount for the 2019-2020 fiscal year, which necessitates a budget adjustment that is included as item 5e on today’s agenda.

BACKGROUND AND DISCUSSION

The Commission’s adjusted budget for 2018-2019 totals \$694,173. This amount represents the total approved operating expenditures for the fiscal year divided between salaries and benefits, services and supplies, and contingencies. Budgeted revenues total \$476,319 and are divided between intergovernmental fees, service charges, and investments. Notably, an operating shortfall of \$217,854 was intentionally budgeted to reduce the funding requirements of the local agencies by drawing down on the unrestricted portion of the fund balance (“reserves”). The Commission’s reserves totaled \$445,675 as of July 1, 2018, and decreased to \$413,314 as of June 30, 2019.

Adjusted Budget Operating Expenses	Adjusted Budget Operating Revenues	Adjusted Budget Year-End Operating Balance
\$694,173	\$476,319	(\$217,854)

Kenneth Leary, Vice Chair
 Councilmember, City of American Canyon

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

Gregory Rodeno, Chair
 Representative of the General Public

Margie Mohler, Commissioner
 Councilmember, Town of Yountville

Diane Dillon, Commissioner
 County of Napa Supervisor, 3rd District

Vacant, Alternate Commissioner
 Representative of the General Public

Scott Sedgley, Alternate Commissioner
 Councilmember, City of Napa

Ryan Gregory, Alternate Commissioner
 County of Napa Supervisor, 2nd District

Brendon Freeman
 Executive Officer

Operating Revenues

The Commission's operating revenues for 2018-2019 are budgeted at \$476,319. Actual revenues collected during the fiscal year totaled \$503,256, resulting in a surplus of \$26,937. The following table compares budgeted and actual revenues for the completed fiscal year.

Revenue Units	Adjusted Budget	End of 4th Quarter	Dollar Difference	Percent Collected
Intergovernmental	\$448,819	\$448,819	\$0	100.0%
Service Charges	\$20,500	\$41,951	\$21,451	204.6%
Investments	\$7,000	\$12,486	\$5,486	178.4%
Total	\$476,319	\$503,256	\$26,937	105.7%

An expanded discussion on budgeted and actual revenues through the fourth quarter within the Commission's three revenue units follows.

Intergovernmental

The Commission budgeted \$448,819 in intergovernmental fees in 2018-2019. Half of the total was invoiced to the County of Napa in the amount of \$224,410. The remaining amount was proportionally invoiced to the cities based on a weighted calculation of population and general tax revenues. This latter formula resulted in invoice charges totaling \$35,803 for American Canyon, \$13,673 for Calistoga, \$148,793 for Napa, \$14,897 for St. Helena, and \$11,243 for Yountville. All agency invoices have been paid in full leaving a zero balance.

Service Charges

The Commission budgeted \$20,500 in service charges in 2018-2019. Actual revenues collected within this unit totaled \$41,951 or 204.6% of the budgeted amount. Service charges are primarily tied to proposals for annexations, sphere of influence amendments, and outside service agreements.

Investments

The Commission budgeted \$7,000 in investment income in 2018-2019. All income generated in this unit is tied to interest earned on the Commission's fund balance, which is under pooled investment by the County Treasurer. Actual revenues collected within this unit totaled \$12,486 or 178.4% of the budgeted amount.

Operating Expenses

The Commission’s adjusted operating expenses for 2018-2019 are budgeted at \$694,173.¹ Actual expenses incurred during the fiscal year totaled \$535,617, resulting in a surplus/savings of \$158,556 relative to the budgeted amount. The following table compares budgeted and actual expenses for the completed fiscal year.

Expense Units	Adjusted Budget	End of 4th Quarter	Dollar Difference	Percent Expended
Salaries/Benefits	\$386,569	\$332,170	\$54,399	85.9%
Services/Supplies	\$307,604	\$203,447	\$104,157	66.1%
Contingencies	\$0	\$0	\$0	0.0%
Total	\$694,173	\$535,617	\$158,556	77.2%

An expanded discussion on budgeted and actual expenses through the fourth quarter within the Commission’s three expense units follows.

Salaries/Benefits

The Commission budgeted \$386,569 in salaries and benefits for 2018-2019. The Commission’s actual expenses within the expense unit totaled \$332,170. The surplus/savings of \$54,399 is primarily associated with the mid-year hiring of the new Analyst, which is a position that was fully budgeted for the entire fiscal year.

Services/Supplies

The Commission budgeted \$307,604 in services and supplies for 2018-2019. The Commission’s actual expenses within the expense unit totaled \$203,447. Projected savings are primarily associated with a consultant contract for the Commission’s scheduled Countywide Water and Wastewater Municipal Service Review (MSR).²

Contingencies

The Commission did not budget funds for contingencies in 2018-2019, and instead relies on reserves to address any unexpected costs.

ATTACHMENT

- 1) Fiscal Year 2018-2019 Fourth Quarter Budget Sheet

¹ On August 6, 2018, the Commission approved a budget adjustment resulting in a \$3,050 increase in operating expenses to be covered by drawing down on reserves. The budget adjustment was tied to a consultant contract that was budgeted for the 2017-2018 fiscal year. However, the \$3,050 amount was unspent by June 30, 2018, and subsequently carried over to 2018-2019. This amount again went unspent in 2018-2019, necessitating a new budget adjustment to carry over the same amount to the current fiscal year. See item 5e on today’s agenda for additional details.

² The consultant contract to prepare the referenced MSR totals \$169,875. This amount was fully budgeted and encumbered in the 2018-2019 fiscal year. However, only \$70,301 of the total contract amount was spent during 2018-2019. The remaining balance of \$99,574 was re-encumbered for the 2019-2020 fiscal year and necessitates a budget adjustment. See item 5e on today’s agenda for additional details.



FY18-19 FOURTH QUARTER BUDGET REPORT

Expenses	FY 2015-16		FY 2016-17		FY 2017-18		FY 2018-19		
	Adjusted FY15-16	Actual FY15-16	Adjusted FY16-17	Actual FY16-17	Adjusted FY17-18	Actual FY17-18	Adjusted FY18-19	Actual YTD 4th Quarter	% of Budget
Salaries and Benefits									
<u>Account</u> <u>Description</u>									
51100 Salaries and Wages	152,582	138,142	194,226	157,926	230,519	163,069	242,150	216,627	89.5%
51200 401A Employer Contribution	-	2,000	1,000	1,000	1,000	1,000	1,000	1,000	100.0%
51205 Cell Phone Allowance	840	401	420	404	420	420	420	420	100.0%
51210 Commissioner Per Diems	11,000	9,375	11,000	12,750	11,000	9,875	15,000	12,150	81.0%
51300 Medicare	3,251	1,951	3,374	2,334	3,500	2,358	3,709	3,132	84.4%
51305 FICA	500	395	550	490	500	398	500	550	110.0%
51400 Employee Insurance: Premiums	42,936	25,002	51,754	34,190	51,818	33,663	55,069	40,824	74.1%
51405 Workers Compensation	500	461	2,221	2,221	719	719	880	880	100.0%
51600 Retirement	43,791	24,721	43,690	30,437	46,010	29,067	52,259	42,414	81.2%
51601 Retirement Cost Sharing	-	-	-	-	-	(27)	-	(184)	-
51602 Retirement EPMC	-	-	-	-	-	1,327	1,225	-	0.0%
51605 Other Post Employment Benefits	14,751	14,750	14,987	14,987	14,214	14,216	14,357	14,357	100.0%
Total	270,151	217,197	323,222	256,739	359,700	256,086	386,569	332,170	85.9%
Services and Supplies									
<u>Account</u> <u>Description</u>									
52105 Election Services	150	-	300	-	100	-	500	-	0.0%
52125 Accounting/Auditing Services	10,000	7,496	9,500	7,655	9,500	6,902	8,000	8,009	100.1%
52130 Information Technology Services	24,052	24,052	24,052	24,052	16,859	16,859	17,301	16,653	96.3%
52132 ITS - Records Mgmt. Services	-	-	-	-	-	6,296	-	-	-
52140 Legal Services	28,600	26,093	32,000	25,867	35,000	35,000	35,000	30,186	86.2%
52310 Consulting Services	126,600	59,177	78,840	35,415	52,311	30,268	188,050	84,209	44.8%
52345 Janitorial Services	-	420	500	150	200	75	150	165	110.0%
52515 Maintenance-Software	1,500	1,869	2,000	1,779	2,000	1,779	2,000	1,779	89.0%
52600 Rents and Leases: Equipment	6,500	5,962	7,000	5,240	6,000	4,710	5,500	4,979	90.5%
52605 Rents and Leases: Building/Land	25,560	25,560	25,560	25,560	27,828	27,828	27,828	28,663	103.0%
52700 Insurance: Liability	150	304	1,206	1,206	249	249	70	70	100.0%
52800 Communications/Telephone	2,000	3,424	3,000	3,021	3,000	3,041	3,000	3,837	127.9%
52830 Publications and Notices	1,500	1,406	2,000	1,588	2,000	1,562	2,000	967	48.4%
52835 Filing Fees	500	200	500	400	500	150	500	200	40.0%
52900 Training/Conference	10,000	7,041	10,000	8,050	9,000	7,091	9,000	13,770	153.0%
52905 Business Travel/Mileage	2,000	1,110	2,000	830	1,500	1,152	1,000	2,265	226.5%
52906 Fleet Charges	-	-	-	38	100	-	50	-	0.0%
53100 Office Supplies	4,000	2,435	4,000	1,949	3,000	1,806	2,000	2,275	113.8%
53110 Freight/Postage	500	200	500	250	300	253	300	100	33.3%
53120 Memberships/Certifications	2,381	2,381	2,548	2,548	2,726	2,726	2,805	2,805	100.0%
53205 Utilities: Electric	1,100	1,261	1,600	1,121	1,300	1,057	1,300	1,121	86.2%
53410 Computer Equipment/Accessories	-	-	-	418	500	539	500	645	129.0%
53415 Computer Software/License	500	-	1,000	145	-	-	-	270	-
53600 Special Departmental Expense	4,000	113	3,500	595	-	-	-	-	-
53650 Business Related Meal/Supplies	-	-	-	652	350	926	750	479	63.9%
54600 Capital Replacement/Depreciation	3,940	-	-	-	-	-	-	-	-
Total	255,533	170,504	211,606	148,529	174,323	150,270	307,604	203,447	66.1%
Contingencies									
<u>Account</u> <u>Description</u>									
58100 Appropriation for Contingencies	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
EXPENSE TOTALS	525,684	387,701	534,828	405,268	534,023	406,357	694,173	535,617	77.2%
Revenues									
	FY 2015-16		FY 2016-17		FY 2017-18		FY 2018-19		
	Adjusted FY15-16	Actual FY15-16	Adjusted FY16-17	Actual FY16-17	Adjusted FY17-18	Actual FY17-18	Adjusted FY18-19	Actual YTD 4th Quarter	% of Budget
Intergovernmental									
<u>Account</u> <u>Description</u>									
43910 County of Napa	224,972	224,972	224,972	224,972	213,724	213,724	224,410	224,410	100.0%
43950 Other Governmental Agencies	224,972	224,972	224,972	224,972	213,724	213,724	224,410	224,410	100.0%
---- City of Napa	149,066	149,066	149,066	149,066	143,028	143,028	148,793	148,793	100.0%
---- City of American Canyon	35,330	35,330	35,330	35,330	34,380	34,380	35,803	35,803	100.0%
---- City of St. Helena	15,908	15,908	15,908	15,908	13,856	13,856	14,897	14,897	100.0%
---- City of Calistoga	13,209	13,209	13,209	13,209	12,349	12,349	13,673	13,673	100.0%
---- Town of Yountville	11,459	11,459	11,459	11,459	10,111	10,111	11,243	11,243	100.0%
Total	449,944	449,944	449,944	449,944	427,448	427,448	448,819	448,819	100.0%
Service Charges									
42690 Application/Permit Fees	30,000	5,043	30,000	5,043	20,000	9,471	20,000	41,451	207.3%
46800 Charges for Services	500	250	500	250	500	250	500	500	100.0%
Total	30,500	5,293	30,500	5,293	20,500	9,721	20,500	41,951	204.6%
Investments									
45100 Interest	2,000	4,592	2,000	4,592	5,000	6,701	7,000	12,486	178.4%
Total	2,000	4,592	2,000	4,592	5,000	6,701	7,000	12,486	178.4%
REVENUE TOTALS	482,444	459,829	482,444	459,829	452,948	443,870	476,319	503,256	105.7%
OPERATING DIFFERENCE	(43,240)	72,128	(52,384)	54,561	(81,075)	37,513	(217,854)	(32,361)	
Negative Balance Indicates Use of Reserves									