



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

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

Agenda Item 7b

TO: Local Agency Formation Commission

PREPARED BY: Tracy Schulze, County of Napa Auditor-Controller

MEETING DATE: December 7, 2015

SUBJECT: Accounting Change for LAFCO Personnel Expenditures

RECOMMENDATIONS

1. Approve an accounting change from Salaries and Benefits to Administration Services (Account 52100), including approval of a budget adjustment LAF002 to reflect the change. No additional appropriation is required.
2. Instruct the Auditor-Controller to correct the current year financial records to reflect the proper accounting of the contracted personnel expenditures.

SUMMARY

LAFCO is an Independent Agency, with contracted services provided by the County. However, the accounting for the Administration staff of LAFCO is currently being recorded in Salary and Benefit line item accounts. The Auditor-Controller is recommending an accounting change for LAFCO Personnel Expenditures to be properly classified as Administration Services.

The request for the change is for the following reasons:

1. Due to new pension accounting rules and reporting regulations, any public agency with employees is now required to complete additional extensive auditing procedures and reporting on pension benefits. Since the employees are County employees, LAFCO's external independent auditors, Gallina LLP, have correctly reclassified the staffing costs as professional services for fiscal year ended June 30, 2015 to comply with new accounting standards for both LAFCO and the County.

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Councilmember, City of Napa

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Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Brendon Freeman
Executive Officer

2. The Staff contracted to LAFCO by the County are reported to the IRS as County employees, and therefore their related expenditures are required to be on the County's financials.

3. It is my opinion that this should have happened when LAFCO was originally separated out from the County's financials and was simply an oversight at the time. In making this change, LAFCO will now be treated consistently as all the other Special Districts that contract with the County for Administrative personnel.

The reclassification requires two actions involving a budget correction and a correction to the current year postings completed prior to this action. The budget adjustment is simply a reclassification in the amount of \$258,300 from the various salary and benefit line items to account 52100 – Administration Services. This action will not increase appropriations or require any additional funding.

I will be available at your meeting to answer any questions.

ATTACHMENT

- 1) Budget Adjustment Request

BUDGET ADJUSTMENT REQUEST
 Increase or Decrease in Both Revenues and Expenses

Fiscal Year: **2015-2016**

Date: 10/27/15
 Department: ACO
 Prepared By: Alison Tyman
 Phone: 4550

Board # (If Appl): LAF002
 Budget Journal ID: _____
 Journal Entry ID: _____
 Date Posted: _____

Fund	Sub-division	Program	Account	Descriptions	Increase	Decrease
Revenue Accts						
Adjustment Totals					0.00	0.00

Expense Accts						
8400	8400000		51100	Salaries and Wages		152,582.00
			51205	Cell Phone Allowance		840.00
			51300	Medicare		2,900.00
			51400	Employee Insurance-Premiums		42,936.00
			51405	Workers Compensation		500.00
			51600	Retirement		43,791.00
			51605	Other Post Employment Benefits		14,751.00
			52100	Administration Services	258,300.00	
Adjustment Totals					258,300.00	258,300.00

Justification: Move FY1516 budget for Salaries to Administration Services. Salaries will be processed in new subdivision 10280-00 - LAFCO. Actuals will be reclassified once last payroll is processed in 84000-00.

Department Authorization	Auditor-Controller	Commission's Authorization	
Budget Adjustment and Related Journal Entry, if applicable, reviewed and approved. Date _____	Budget Adjustment and Related Journal Entry, if applicable, approved as to Accounting Form. Date _____	[] Approve [] Disapprove _____ Date	
Department Head	Auditor-Controller	Chair/Vice-Chair	