



**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*

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**Agenda Item 5c (Consent)**

**TO:** Local Agency Formation Commission

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

**MEETING DATE:** June 6, 2016

**SUBJECT:** Third Quarter Budget Report for 2015-2016

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**DISCUSSION**

The Commission will review a third quarter budget report for 2015-2016. The report compares budgeted versus actual transactions through March 31, 2016. The report projects the Commission is on pace to improve its year-end financial position by eliminating its budgeted funding gap of (\$43,240) and finish with an overall operating surplus of \$49,997. This item is being presented to the Commission for information purposes only.

**SUMMARY**

The Commission’s adjusted final budget for 2015-2016 totals \$525,684. 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 \$482,444 and are divided between intergovernmental fees, service charges, and investments. It is important to note that an operating shortfall of (\$43,240) was intentionally budgeted to reduce the funding requirements of the local agencies and to be covered by drawing down on unreserved funds. The unreserved portion of the fund balance totaled \$241,832 as of July 1, 2015.

Adjusted Final Budget Operating Expenses	Adjusted Final Budget Operating Revenues	Adjusted Final Budget Year-End Operating Balance
\$525,684	\$482,444	(\$43,240)

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Greg Pitts, Vice Chair  
 Councilmember, City of St. Helena

Juliana Inman, Commissioner  
 Councilmember, City of Napa

Joan Bennett, Alternate Commissioner  
 Councilmember, City of American Canyon

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

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

Keith Caldwell, Alternate Commissioner  
 County of Napa Supervisor, 5th District

Brian J. Kelly, Commissioner  
 Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
 Representative of the General Public

Brendon Freeman  
 Executive Officer

### ***Operating Revenues***

The Commission's operating revenues for 2015-2016 were budgeted at \$482,444. Actual revenues collected through the third quarter totaled \$473,279. This amount represents 98% of the adopted budget total with 75% of the fiscal year complete. The following table compares budgeted and actual revenues through the third quarter.

<b>Revenue Units</b>	<b>Adjusted Budget</b>	<b>End of 3<sup>rd</sup> Quarter</b>	<b>Dollar Difference</b>	<b>Percent Collected</b>
Intergovernmental	\$449,944	\$449,944	\$0	100.0
Service Charges	\$30,500	\$21,779	\$8,721	71.4
Investments	\$2,000	\$1,556	\$444	77.8
<b>Total</b>	<b>\$482,444</b>	<b>\$473,279</b>	<b>\$9,165</b>	<b>98.1%</b>

Actuals in the third quarter and related analysis suggest the Commission will finish the fiscal year with \$478,910 in total revenues, resulting in a deficit of (\$3,534) relative to the budgeted amount. An expanded discussion on budgeted and actual revenues through the third quarter within the Commission's three revenue units follows.

#### ***Intergovernmental***

The Commission budgeted \$449,944 in intergovernmental fees in 2015-2016. Half of the total was invoiced to the County of Napa in the amount of \$224,972. 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 \$35,997 for American Canyon, \$13,467 for Calistoga, \$149,571 for Napa, \$14,582 for St. Helena, and \$11,355 for Yountville. All agency invoices have been paid in full leaving a zero balance.

#### ***Service Charges***

The Commission budgeted \$30,500 in service charges in 2015-2016. At the end of the third quarter, actual revenues collected within this unit totaled \$21,779 or 71% of the budgeted amount. The collected service charges are predominantly tied to the submittal of proposals associated with annexations, sphere of influence amendment requests, and outside service agreements. A review of pending proposals suggests there will likely be one new application filed during the fiscal year, which would result in a year-end unit total of \$26,947 and a deficit of (\$3,553) or (12%).

#### ***Investments***

The Commission budgeted \$2,000 in investment income in 2015-2016. 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 interest earnings generated through the third quarter totaled \$1,556 or 78% of the budgeted amount due to lower than expected investment gains. It is reasonable to assume the remaining quarter will generate a similar amount and would result in a year-end unit total of \$2,019 and a surplus of \$19 or 1%.

### ***Operating Expenses***

The Commission's operating expenses for 2015-2016 were budgeted at \$525,684. Actual expenses, including encumbrances, through the third quarter totaled \$361,052. This amount represents 69% of the adopted budget total with 75% of the fiscal year complete. The following table compares budgeted and actual expenses through the third quarter.

Expense Units	Adjusted Budget	End of 3 <sup>rd</sup> Quarter	Dollar Difference	Percent Expended
Salaries/Benefits	\$270,151	\$152,723	\$117,428	56.5
Services/Supplies	\$255,533	\$208,329	\$47,204	81.5
Contingencies	\$0	\$0	\$0	0.0
<b>Total</b>	<b>\$525,684</b>	<b>\$361,052</b>	<b>\$164,632</b>	<b>68.7%</b>

Actuals in the third quarter and related analysis suggest the Commission will finish the fiscal year with \$428,913 in total expenses and produce an expense surplus/savings of \$164,632 or 31%. An expanded discussion on budgeted and actual expenses through the third quarter within the Commission's three expense units follows.

#### ***Salaries/Benefits***

The Commission budgeted \$270,151 in salaries and benefits for 2015-2016. At the end of the third quarter, the Commission's actual expenses within the 10 affected accounts totaled \$152,723, representing 57% of the budgeted amount. Staff projects the Commission will finish the fiscal year with a unit total of \$207,979 and a surplus/savings of \$62,172 or 23%. Projected savings are primarily associated with employee insurance and retirement costs tied to the vacancy in the Analyst position coupled with a lower Executive Officer salary than was included in the budget.

#### ***Services/Supplies***

The Commission budgeted \$255,533 in services and supplies for 2015-2016. At the end of the third quarter, the Commission's actual expenses within the 22 affected accounts – including encumbrances – totaled \$208,329, which represents 82% of the budgeted amount. Staff projects the Commission will finish the fiscal year with a unit total of \$220,933 and a surplus/savings of \$34,600 or 14%. Projected savings are primarily associated with reductions in accounting/auditing services, use of consultants, training/conference costs, office supplies, and special departmental expenses relative to the originally budgeted amounts.

#### ***Contingencies***

The Commission did not budget funds for contingencies in 2015-2016, and instead will rely on its unreserved fund balance to address any unexpected costs.

## **ATTACHMENT**

- 1) 2015-2016 General Ledger through March 31, 2016



# Local Agency Formation Commission of Napa County

Subdivision of the State of California

## FY2015-2016 THIRD QUARTER BUDGET REPORT

Prepared on April 26, 2016

### Expenses

		FY2012-13		FY2013-14		FY2014-15		FY2015-16			
		Adopted FY12-13	Actual FY12-13	Adjusted FY13-14	Actual FY13-14	Adjusted FY14-15	Actual FY14-15	Adjusted Final FY15-16	Actual 3rd Quarter	%	Projected Year End
<b>Salaries and Benefits</b>											
<u>Account</u>	<u>Description</u>										
51100	Salaries and Wages	203,183	212,430	155,519	148,968	147,625	150,093	152,582	94,170	61.7%	130,364
51200	401A Employer Contribution	-	-	-	-	1,000	300	-	2,000	-	2,000
51205	Cell Phone Allowance	840	840	840	595	840	682	840	263	31.3%	385
51210	Commissioner/Director Pay	6,400	6,000	10,000	11,500	10,000	11,125	11,000	7,375	67.0%	9,625
51300	Medicare	2,946	2,896	3,012	2,477	3,012	2,248	3,251	1,356	41.7%	1,912
51305	FICA	-	-	-	193	-	496	500	318	63.6%	543
51400	Employee Insurance: Premiums	47,646	39,635	51,203	30,173	44,796	27,679	42,936	18,036	42.0%	23,341
51405	Workers Compensation	396	396	400	427	428	428	500	346	69.2%	461
51600	Retirement	37,736	37,730	39,595	28,257	39,853	27,040	43,791	17,797	40.6%	24,599
51605	Other Post Employment Benefits	12,139	12,139	12,166	12,166	12,321	12,321	14,751	11,063	75.0%	14,750
		311,287	312,067	272,736	234,756	259,875	232,413	270,151	152,723	56.5%	207,979
<b>Services and Supplies</b>											
<u>Account</u>	<u>Description</u>										
52105	Election Services	-	150	-	150	-	75	150	-	0.0%	-
52125	Accounting/Auditing Services	9,126	8,052	9,126	8,460	10,000	8,128	10,000	7,166	71.7%	7,686
52130	Information Technology Services	22,009	22,149	22,374	22,374	24,000	23,663	24,052	18,039	75.0%	24,052
52140	Legal Services	22,540	10,673	22,540	32,864	32,000	27,829	28,600	26,500	92.7%	28,564
52310	Consulting Services	-	-	61,500	58,600	107,350	78,097	126,600	107,117	84.6%	107,117
52345	Janitorial Services	-	-	-	-	-	-	-	420	-	480
52515	Maintenance-Software	-	-	-	4,401	-	1,127	1,500	1,660	110.7%	1,829
52600	Rents and Leases: Equipment	6,500	5,740	6,000	5,995	6,000	5,594	6,500	6,366	97.9%	6,366
52605	Rents and Leases: Building/Land	25,560	25,560	25,560	25,560	25,560	25,560	25,560	25,560	100.0%	25,560
52700	Insurance: Liability	153	148	35	35	100	98	150	228	152.0%	304
52800	Communications/Telephone	2,970	2,487	2,950	2,488	2,950	1,232	2,000	2,260	113.0%	3,049
52830	Publications and Legal Notices	1,500	1,170	1,500	1,823	2,000	728	1,500	370	24.7%	1,264
52835	Filing Fees	850	350	850	-	-	-	500	150	30.0%	300
52900	Training/Conference	4,000	6,926	4,000	7,494	8,995	5,426	10,000	5,703	57.0%	6,453
52905	Business Travel/Mileage	5,000	6,529	5,000	2,883	2,000	1,866	2,000	1,110	55.5%	1,748
53100	Office Supplies	5,500	2,375	5,000	2,302	4,000	3,410	4,000	2,025	50.6%	2,152
53110	Freight/Postage	800	277	800	354	800	250	500	200	40.0%	300
53120	Memberships/Certifications	2,248	2,248	2,293	2,300	2,335	2,335	2,381	2,381	100.0%	2,381
53205	Utilities: Electric	1,500	1,030	1,500	1,051	1,500	1,107	1,100	961	87.4%	1,216
53415	Computer Software/License	3,487	-	3,488	183	2,500	6,150	500	-	0.0%	-
53600	Special Departmental Expense	3,500	3,415	21,500	10,850	15,150	129	4,000	113	2.8%	113
54600	Capital Replacement/Depreciation	3,931	3,931	3,931	3,931	3,940	-	3,940	-	0.0%	-
		121,174	103,210	199,946	194,099	251,180	192,804	255,533	208,329	81.5%	220,933
<b>Contingencies and Reserves</b>											
<u>Account</u>	<u>Description</u>										
58100	Appropriation for Contingencies	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
EXPENSE TOTALS		432,461	415,277	472,681	428,854	511,055	425,217	525,684	361,052	68.7%	428,913

