



Local Agency Formation Commission
LAFCO of Napa County

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August 3, 2009
Agenda Item No. 5a (Consent)

July 23, 2009

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Fourth Quarter Budget Report for 2008-2009

The Commission will receive a fourth quarter budget report for the 2008-2009 fiscal year. The budget report summarizes overall expenses through the fourth and final quarter and is being presented to the Commission to receive and file.

The Local Agency Formation Commission of Napa County's ("Commission") annual budget is entirely funded by the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and Yountville. State law specifies 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 practice of the Commission to only budget expenses given its prescribed funding sources.

The Commission divides its annual budget into three operating units: (a) salaries/benefits; (b) services/supplies; and (c) contingencies/reserves. The Commission practices bottom-line accounting allowing 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 6, 2008, the Commission adopted a final budget for 2008-2009 totaling \$552,110. At the end of the fourth quarter, the Commission's actual expenses – including encumbrances – totaled \$389,812, which represents 71% of the total budgeted amount. A review of adopted and actual expenses for the fiscal year within the Commission's three budget units follows.

Salaries/Benefits

The Commission budgeted \$294,325 in salaries and benefits in 2008-2009. At the end of the fourth quarter, the Commission spent \$246,054 within the nine affected accounts. Savings accumulated in several of the accounts due to the delay in filling the fulltime analyst position. One account, extra help, finished the fiscal year with a negative balance. A summary of expenses in this account follows.

Juliana Inman, Vice Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

Bill Dodd, Commissioner
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, Chair
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

Extra Help

The extra help account covers the Commission's costs in funding temporary employees. This account was budgeted with \$26,010 to fund an extra help employee to fill the duties of the analyst position between July 2008 and January 2009. This budgeted amount was calculated to cover an extra help employee for a total of 1,000 hours at the entry analyst hourly rate of \$26.01. The extra help employee, however, ended up working 1,010 hours during the fiscal year. Savings in other salaries/benefits accounts were used to cover the resulting \$273 shortfall.

Services/Supplies

The Commission budgeted \$167,191 in services and supplies in 2008-2009. At the end of the fourth quarter, the Commission spent \$143,759 within the 14 affected accounts. Two accounts, publications and notices and private vehicle mileage, finished the fiscal year with negative balances. A summary of expenses in these two accounts follows.

Publications and Notices

The publications and notices account covers the Commission's costs for legal notices and agency announcements. This account was budgeted at \$1,500 while actual expenses totaled \$2,490. The \$990 shortfall is primarily attributed to publishing announcements in the local newspaper inviting public comments on the southeast county municipal service review. Savings in other services/supplies accounts were used to cover the shortfall.

Private Vehicle Mileage

The private vehicle mileage account covers the Commission's costs to reimburse staff for automobile travel incurred while conducting agency business. This account was budgeted at \$1,000 while actual expenses totaled \$1,051. The \$51 shortfall is attributed to increased automobile travel by staff during the fiscal year, including repeated trips to Sacramento to attend CALAFCO meetings. Savings in other services/supplies accounts were used to cover the shortfall.

Contingencies/Reserves

The Commission did not draw funds from its contingencies/reserves unit, which had a total budget of \$90,594.

B. Analysis

The Commission experienced an approximate one-third increase in actual operating costs in 2008-2009 compared to 2007-2008. The increase was expected and primarily due to filling the analyst position after an 18 month vacancy. The increase was also due to funding two office improvements: 1) designing a new website and 2) implementing an electronic document management system. A comparison of budgeted and actual operating costs over the last five fiscal years follows.

| Fiscal Year | Budgeted Operating Costs | Actual Operating Costs | Remaining Operating Balance | Remaining Operating Balance % |
|--------------------|---------------------------------|-------------------------------|------------------------------------|--------------------------------------|
| 2004-2005 | \$444,924 | \$370,858 | \$74,066 | 16.6 |
| 2005-2006 | \$436,914 | \$302,260 | \$134,654 | 30.8 |
| 2006-2007 | \$456,758 | \$292,637 | \$164,121 | 35.9 |
| 2007-2008 | \$466,672 | \$284,576 | \$182,096 | 39.0 |
| 2008-2009 | \$552,110 | \$389,812 | \$162,296 | 29.3 |

The remaining operating balance of \$162,296 will be returned to the six funding agencies along with other collected revenues, such as application fees, in the form of credits towards their calculated share of the Commission's adopted budget for 2009-2010. The calculation of actual agency credits for 2009-2010 is provided as part of Agenda Item No. 5b.

C. Alternatives for Commission Action

Staff has identified two alternative actions for Commission consideration with respect to this budget report. These alternatives are:

Option One: Receive and file the budget report.

Option Two: If more information is needed, continue consideration of the budget report to a future meeting and provide direction to staff as appropriate.

D. Recommendation

Staff recommends the Commission receive and file the budget report as outlined in the preceding section as Option One.

Respectfully submitted,

Keene Simonds
Executive Officer

Attachment

- 1) 2008-2009 General Ledger



Local Agency Formation Commission
LAFCO of Napa County

General Ledger for 2008-2009: Expenses Through 6/30/09

| | | <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 | 168,905.43 | - | 152,952.55 | 15,952.88 | 9% |
| 51200100 | Extra Help | 26,010.00 | - | 26,283.11 | (273.11) | -1% |
| 51200500 | Commissioner Per Diems | 9,600.00 | - | 4,400.00 | 5,200.00 | 54% |
| 51300100 | Retirement: Pension | 34,550.93 | - | 26,283.61 | 8,267.32 | 24% |
| 51300120 | Retirement: Non-Pension | 11,295.00 | - | 11,295.00 | - | 0% |
| 51300300 | Medicare | 2,826.27 | - | 2,440.46 | 385.81 | 14% |
| 51300500 | Group Insurance | 40,148.04 | - | 21,410.71 | 18,737.33 | 47% |
| 51301200 | Workers Compensation | 149.00 | - | 149.00 | - | 0% |
| 51301800 | Cell Phone Allowance | 840.00 | - | 840.00 | - | 0% |
| | SUB TOTALS | <u>294,324.67</u> | <u>-</u> | <u>246,054.44</u> | <u>48,270.23</u> | <u>16%</u> |
| Services/Supplies | | | | | | |
| <u>Account</u> | <u>Description</u> | | | | | |
| 52243900 | Filing Fees | 850.00 | - | 300.00 | 550.00 | 65% |
| 52235000 | Office Improvements | 56,000.00 | - | 50,081.73 | 5,918.27 | 11% |
| 52185000 | Professional Service Supplies | 7,507.00 | - | 6,182.37 | 1,324.63 | 18% |
| 52070000 | Communications | 3,500.00 | - | 1,720.96 | 1,779.04 | 51% |
| 52100300 | Insurance: Liability | 546.00 | - | 545.00 | 1.00 | 0% |
| 52150000 | Memberships | 2,200.00 | - | 2,200.00 | - | 0% |
| 52170000 | Office Expenses | 15,000.00 | 136.21 | 10,906.71 | 3,957.08 | 26% |
| 52180200 | Information Services | 17,768.00 | - | 17,768.00 | - | 0% |
| 52180500 | Legal Services | 26,320.00 | - | 19,129.61 | 7,190.39 | 27% |
| 52190000 | Publications and Notices | 1,500.00 | - | 2,490.22 | (990.22) | -66% |
| 52240500 | Property Lease | 27,000.00 | - | 27,000.00 | - | 0% |
| 52250000 | Transportation and Travel | 4,000.00 | - | 1,716.91 | 2,283.09 | 57% |
| 52250800 | Training | 4,000.00 | - | 2,530.53 | 1,469.47 | 37% |
| 52251200 | Private Mileage | 1,000.00 | - | 1,051.07 | (51.07) | -5% |
| | SUB TOTALS | <u>167,191.00</u> | <u>136.21</u> | <u>143,623.11</u> | <u>23,431.68</u> | <u>14%</u> |
| Contingencies/Reserves | | | | | | |
| <u>Account</u> | <u>Description</u> | | | | | |
| 54000900 | Operating Reserve | 40,594.00 | - | - | 40,594.00 | 100% |
| 54001000 | Consultant Contingency | 50,000.00 | - | - | 50,000.00 | 100% |
| | | <u>90,594.00</u> | <u>-</u> | <u>-</u> | <u>90,594.00</u> | <u>100%</u> |
| | GRAND TOTALS | <u>\$ 552,109.67</u> | <u>\$ 136.21</u> | <u>\$ 389,677.55</u> | <u>\$ 162,295.91</u> | <u>29%</u> |