



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

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

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

August 6, 2012

Agenda Item No. 5a (Consent/Action)

July 30, 2012

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Fourth Quarter Budget Report for 2011-2012

The Commission will review a fourth quarter budget report for 2011-2012. The report compares budgeted versus actual revenues and expenses for the recently completed fiscal year. The report notes the Commission measurably improved its funding gap during the fiscal year from the budgeted total of (\$32,829) to the actual year-end total of (\$14,825). The report is being presented to the Commission to receive and file.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 mandates operating costs for Local Agency Formation Commissions (LAFCOs) shall be annually funded by the affected counties, cities, and, if applicable, special districts. In most instances, the county is responsible for one-half of the LAFCO's annual budget with the remaining amount proportionally shared by the cities based on a weighted calculation of population and tax revenues. LAFCOs are also authorized to establish and collect fees for purposes of offsetting agency contributions.

A. Discussion

Budget Overview

LAFCO of Napa County's ("Commission") adopted final budget for 2011-2012 totaled \$428,270. This amount represents the total approved operating expenditures for the fiscal year and divided between three expense units: salaries/benefits; services/supplies; and contingencies/reserves. Budgeted revenues totaled \$395,441 and divided between three revenue units: agency contributions; service charges; and investments. An operating shortfall of (\$32,829) was intentionally budgeted to reduce the funding requirements of the local agencies and to be covered by drawing down on unreserved funds. The audited unreserved portion of the fund balance totaled \$131,692 as of July 1, 2011.

Budgeted Operating Revenues	Budgeted Operating Expenses	Budgeted Operating Balance
\$395,441	\$428,270	(\$32,829)

Lewis Chilton, Chair
Councilmember, Town of Yountville

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

Bill Dodd, Commissioner
County of Napa Supervisor, 4th District

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

Operating Revenues

Actual revenues collected through the fourth quarter totaled \$394,339. This amount represents 99.7% of the adopted budget with a remaining difference of (\$1,102). The following table compares budgeted and actual revenues through the fourth quarter.

Budget Units	Adopted Revenues	Actual Revenues Through 4 th Quarter	Difference	% Collected
Agency Contributions	383,101	383,101	0	100.0
Service Charges	10,000	9,087	(913)	90.8
Investments	2,340	2,151	(189)	91.9
Total	\$395,441	\$394,339	(\$1,102)	99.7

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

Agency Contributions

The Commission budgeted \$383,101 in agency contributions in 2011-2012. Half of the total was invoiced to the County of Napa in the amount of \$191,551. The remaining amount was proportionally invoiced based on a weighted calculation of population and general tax revenues to the Cities of American Canyon, Calistoga, Napa, St. Helena, and Yountville in the amounts of \$32,912, \$11,393, \$126,330, \$12,997, and \$7,917, respectively. All agency invoices were paid in full.

Service Charges

The Commission budgeted \$10,000 in service charges in 2011-2012. Actual revenues collected through the fourth quarter in this unit totaled \$9,087 or 91% of the budgeted amount. The collected service charges were entirely attributed to two annexation proposals tied to the Napa Sanitation District.

Investments

The Commission budgeted \$2,340 in investment income in 2011-2012 based on actual revenues collected during the prior fiscal year.¹ Actual revenues collected through the fourth quarter in this unit totaled \$2,151 or 92% of the budgeted amount.

¹ This budgeted amount is entirely tied to interest earned on the Commission's fund balance, which is under pooled investment by the County Treasurer.

Operating Expenses

Actual expenses collected through the fourth quarter, including outstanding encumbrances, totaled \$409,164. This amount represents 95.5% of the budgeted total with a remaining difference of \$19,106. The following table compares budgeted and actual expenses through the fourth quarter.

Budget Units	Adopted Expenses	Actual Expenses Through 4 th Quarter	Difference	% Remaining
Salaries/Benefits	307,780	296,625	11,155	3.6
Services/Supplies	120,489	112,539	7,951	6.6
Contingencies/Reserves	-	-	-	-
Total	\$428,270	\$409,164	\$19,106	4.5

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

Salaries and Benefits

The Commission budgeted \$307,780 in salaries and benefits in 2011-2012. The Commission’s actual expenses within the eight affected accounts through the fourth quarter totaled \$296,625. This actual total represents 96% of the budgeted amount and results in a year-end savings of \$11,155. The majority of the year-end savings is attributed to a lower-than-expected cost for group insurance.² Nonetheless, despite the overall savings in the unit, two accounts – regular salaries and group insurance – finished with negative balances. A summary of expenses in these accounts follows.

Regular Salaries

The Commission budgeted \$202,387 in the regular salaries account in 2011-2012. This amount includes a midyear adjustment to increase the total by an additional \$2,740 to account for a cost-of-living adjustment that had been approved by the County after the final budget had been adopted by the Commission in June 2011. The midyear addition to account for the cost-of-living adjustment was slightly off and resulted in a shortfall in the regular salaries account in the amount of (\$721) after totaling \$203,109.

² The Commission’s actual year-end total for group insurance was \$37,643; an amount representing nearly one-fifth less than the budgeted amount of \$45,648. The difference between the actual and budgeted costs for group insurance is tied to two factors. First, the Commission used a conservative percentage ratio in calculating its share of group insurance costs given the actual rate was not known at the time of budget adoption. Second, subsequent to the budget adoption, the County reached a new contract with employees that, among other items, decreased the employer contribution tied to employee health and dental coverage.

Retirement

The Commission budgeted \$36,702 in the retirement account in 2011-2012. This amount includes a midyear adjustment to increase the total by an additional \$497 to account for a cost-of-living adjustment that had been approved by the County after the final budget had been adopted by the Commission in June 2011. The midyear addition to account for the cost-of-living adjustment was slightly off and resulted in a shortfall in the retirement account in the amount of (\$170) after totaling \$36,872.

Services and Supplies

The Commission budgeted \$120,489 in services and supplies in 2011-2012. The Commission's actual expenses within the 16 affected accounts through the fourth quarter totaled \$112,539. This actual total represents 93% of the budgeted amount and results in a year-end savings of \$7,951. The majority of the year-end savings is attributed to a lower-than-expected cost for legal services from County Counsel. Four accounts – office expense, publications, training, and private vehicle mileage – finished with negative balances. A summary of expenses in these accounts follows.

Office Expense

The Commission budgeted \$12,000 in the office expense account in 2011-2012. This account covers the Commission's general overhead costs with the majority of charges tied to monthly copier lease/usage payments to Xerox and regular supply purchases with Office Depot. Anomaly charges tied to the Commission's administrative office relocation in April 2012 contributed to a shortfall in the office expense account in the amount of (\$3,926) after totaling \$15,926.

Publications

The Commission budgeted \$1,500 in the publications expense account in 2011-2012. This account covers the Commission's costs in publishing notices and announcements in the local newspaper relating to its own initiated regulatory and planning activities. Special notices for the alternate public member appointment and policy revisions contributed to a shortfall in the publications expense account in the amount of (\$756) after totaling \$2,256.

Training

The Commission budgeted \$4,000 in the training expense account in 2011-2012. This account covers all educational and instructional activities for members and staff with the majority of charges tied to registering participants for programs sponsored by the California Associations of LAFCOs ("CALAFCO"). A special charge to contract with an outside consultant (Alta Mesa) to facilitate a strategic workshop contributed to a shortfall in the training expense account in the amount of (\$1,141) after totaling \$5,141.

Private Vehicle Mileage

The Commission budgeted \$1,000 in the private vehicle mileage expense account in 2011-2012. This account covers all same-day automobile travel costs for members and staff with the majority tied to the Executive Officer attending various CALAFCO functions in the Bay Area/Sacramento regions.³ An increase in same-day travel to Sacramento for multiple legislative meetings/hearings on LAFCO related issues contributed to a shortfall in the private vehicle mileage expense account in the amount of (\$238) after totaling \$1,238.

Contingencies/Reserves

The Commission did not budget funds for contingencies or reserves in 2011-2012.

B. Analysis

The Commission was successful in significantly closing its budgeted funding gap in 2011-2012 from (\$32,829) to (\$14,825); an amount producing a net savings of \$18,004. This savings is attributed to sizeable reduction in budgeted group insurance and legal service costs. It is also worthwhile to note the year-end operating balance of (\$14,825) is a slight improvement over the (\$15,659) projection incorporated in adopting a final budget for 2012-2013. This latter statement helps to ensure, notably, the Commission will remain on pace to finish the current fiscal year with an unserved fund balance in excess of its minimum three month operating threshold.⁴

C. Recommendation

It is recommended the Commission formally accept the report as presented.

D. Alternatives for Action

The following two alternatives are available to the Commission:

Alternative Action One (Recommended)

Accept the staff report as presented.

Alternative Action Two:

Continue consideration of the staff report to a future meeting and provide direction for more information as needed.

³ The Executive Officer does not receive reimbursement for auto travel within Napa County given a monthly car allowance.

⁴ It is now projected the Commission will finish 2012-2013 with an unreserved fund balance of approximately \$109,000; an amount exceeding the minimum three month operating target of approximately \$107,000.

E. Procedures for Consideration

This item has been agendaized as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully submitted,

Keene Simonds
Executive Officer

Attachment:

- 1) 2011-2012 Operating Budget: Spreadsheet



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

2011-2012 Operating Budget: Fourth Quarter Report

Expenses		FY2008-09		FY2009-10		FY2010-11		FY2011-12		
		Adopted FY08-09	Actual FY08-09	Adopted FY09-10	Actual FY09-10	Adopted FY10-11	Actual FY10-11	Final FY11-12	Actual FY11-12	% Available FY11-12
Salaries and Benefits										
<u>Account</u>	<u>Description</u>									
51100000	Regular Salaries	168,905.43	152,952.55	195,580.00	193,055.65	198,346.60	198,280.48	202,387.40	203,108.73	-0.4%
51300500	Group Health Insurance	40,148.04	21,405.57	36,471.00	29,210.94	37,953.96	33,872.67	45,648.12	37,643.35	17.5%
51300100	Retirement: Pension (CalPers)	34,550.93	26,282.61	34,064.00	33,015.37	34,991.95	34,924.41	36,702.14	36,871.55	-0.5%
51200500	Commissioner Per Diems	9,600.00	4,400.00	9,600.00	5,100.00	9,600.00	4,900.00	9,600.00	5,700.00	40.6%
51300120	Retirement: Non-Pension	11,295.00	11,296.00	8,706.00	8,706.00	9,138.00	9,138.00	9,341.00	9,341.00	0.0%
51300300	Medicare	2,826.27	2,440.46	2,836.00	2,657.51	2,876.49	2,738.20	2,934.74	2,790.20	4.9%
51301800	Cell Phone Allowance	840.00	845.14	840.00	843.50	840.00	843.50	840.00	843.50	-0.4%
51301200	Workers Compensation	149.00	149.00	168.00	168.00	226.00	226.00	327.00	327.00	0.0%
51200100	Extra Help	26,010.00	26,283.11	-	-	-	-	-	-	-
51200200	Overtime	-	-	-	-	-	-	-	-	-
		<u>294,324.67</u>	<u>246,054.44</u>	<u>288,265.00</u>	<u>272,756.97</u>	<u>293,973.00</u>	<u>284,923.26</u>	<u>307,780.40</u>	<u>296,625.33</u>	<u>3.6%</u>
Services and Supplies										
<u>Account</u>	<u>Description</u>									
52240500	Property Lease	27,000.00	27,000.00	29,280.00	29,280.00	29,280.00	29,280.00	29,280.00	29,280.00	0.0%
52180500	Legal Services	26,320.00	19,129.61	24,990.00	17,938.31	26,010.00	17,659.74	22,540.00	17,593.30	21.9%
52180200	Information Technology Services	17,768.00	17,768.04	22,438.00	19,182.50	18,438.91	17,625.42	24,630.83	23,385.87	5.1%
52170000	Office Expenses	15,000.00	10,916.66	15,000.00	9,697.20	15,000.00	9,628.08	12,000.00	15,925.85	-32.7%
52180510	Audit and Accounting Services	7,507.00	6,182.37	7,883.00	7,819.33	8,277.15	7,301.48	8,691.01	7,340.78	15.5%
52250800	Training	4,000.00	2,530.53	4,000.00	5,475.00	4,000.00	3,969.00	4,000.00	5,141.00	-28.5%
52250000	Transportation and Travel	4,000.00	1,716.91	3,500.00	4,510.88	3,500.00	5,171.79	4,000.00	1,015.50	74.6%
52070000	Communications	3,500.00	1,720.96	3,500.00	1,205.16	3,500.00	1,640.02	4,470.00	2,246.20	49.7%
52150000	Memberships	2,200.00	2,200.00	2,275.00	2,200.00	2,275.00	2,200.00	2,275.00	2,200.00	3.3%
52190000	Publications and Notices	1,500.00	2,490.22	1,500.00	1,112.17	1,500.00	1,433.43	1,500.00	2,255.64	-50.4%
52235000	Special Departmental Purchases	56,000.00	50,081.73	1,000.00	1,095.25	1,000.00	2,482.00	1,000.00	426.64	57.3%
52251200	Private Mileage	1,000.00	1,051.07	1,000.00	533.60	1,000.00	1,297.66	1,000.00	1,237.85	-23.8%
52243900	Filing Fees	850.00	300.00	850.00	250.00	850.00	450.00	850.00	237.50	72.1%
52250700	Meals Reimbursement - Taxable	-	-	500.00	588.92	500.00	171.97	-	-	-
52100300	Insurance: Liability	546.00	545.00	347.00	347.00	444.00	444.00	321.00	321.00	0.0%
53980200	Capital Replacement*	-	-	-	3,931.30	3,931.40	3,931.40	3,931.40	3,931.40	0.0%
		<u>167,191.00</u>	<u>143,633.10</u>	<u>118,063.00</u>	<u>105,166.62</u>	<u>119,506.46</u>	<u>104,685.99</u>	<u>120,489.23</u>	<u>112,538.53</u>	<u>6.6%</u>
Contingencies and Reserves										
<u>Account</u>	<u>Description</u>									
54000900	Operating Reserve	40,651.57	-	40,632.80	-	-	-	-	-	-
54001000	Consultant Contingency	50,000.00	-	50,000.00	-	-	-	-	-	-
		<u>90,651.57</u>	<u>-</u>	<u>90,632.80</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	EXPENSE TOTALS	<u>552,167.24</u>	<u>389,687.54</u>	<u>496,960.80</u>	<u>377,923.59</u>	<u>413,479.46</u>	<u>389,609.25</u>	<u>428,269.63</u>	<u>409,163.86</u>	<u>4.5%</u>

Revenues

		FY2008-09		FY2009-10		FY2010-11		FY2011-12		
		Adopted FY08-09	Actual FY08-09	Adopted FY09-10	Actual FY09-10	Adopted FY10-11	Actual FY10-11	Final FY11-12	Actual FY11-12	% Collected FY11-12
Intergovernmental Contributions										
<u>Account</u>	<u>Description</u>									
45080600	County of Napa	-	176,382.73	-	153,965.70	178,009.77	178,010.00	191,550.50	191,550.46	100%
45082200	City of Napa	-	119,820.40	-	105,428.75	119,646.81	119,647.00	126,330.38	126,330.35	100%
45082400	City of American Canyon	-	27,179.61	-	22,010.54	27,468.37	27,468.00	32,912.04	32,912.03	100%
45082300	City of St. Helena	-	12,134.39	-	11,135.35	12,656.54	12,657.00	12,997.37	12,997.37	100%
45082100	City of Calistoga	-	9,714.01	-	8,742.73	10,642.45	10,642.00	11,393.34	11,393.34	100%
45082500	Town of Yountville	-	7,534.31	-	6,648.33	7,595.60	7,596.00	7,917.37	7,917.37	100%
		-	352,765.45	-	307,931.40	356,019.55	356,020.00	383,101.00	383,100.92	100%
Service Charges										
<u>Account</u>	<u>Description</u>									
46003400	Standard Applications Fees	-	16,155.00	-	18,437.00	10,000.00	24,293.00	10,000.00	8,562.00	86%
46003300	Special Application Fees	-	120.00	-	625.00	-	3,187.00	-	475.00	-
48040000	Miscellaneous	-	-	-	156.30	-	-	-	50.00	-
		-	16,275.00	-	19,218.30	10,000.00	27,480.00	10,000.00	9,087.00	91%
Investments										
<u>Account</u>	<u>Description</u>									
44000300	Interest	-	10,458.70	-	3,791.48	5,000.00	2,570.00	2,340.00	2,150.91	92%
		-	10,458.70	-	3,791.48	5,000.00	2,570.00	2,340.00	2,150.91	92%
	REVENUE TOTALS	-	379,499.15	-	330,941.18	371,019.55	386,070.00	395,441.00	394,338.83	99.7%

OPERATING DIFFERENCE	-	(10,188.39)	(43,051)	(42,460)	(3,539)	(32,828.63)	(14,825.03)
-----------------------------	---	-------------	----------	----------	---------	-------------	-------------

FUND BALANCE

Beginning:	204,686	206,231	150,070
Reserved	-	19,657	15,726
Unreserved (Available Cash)	204,686	186,574	134,344
Ending:	206,231	150,070	143,487
Reserved	19,657	15,726	11,795
Unreserved (Available Cash)	186,574	134,344	131,692

Minimum Three Month Operating Balance:	138,042	124,240.20	103,369.87	107,067.41
---	---------	------------	------------	------------