



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 5b (Consent/Action)

TO: Local Agency Formation Commission
PREPARED BY: Brendon Freeman, Executive Officer
MEETING DATE: May 4, 2020
SUBJECT: Budget Adjustment No. 3 for Fiscal Year 2019-2020

RECOMMENDATION

It is recommended the Commission approve an adjustment to the 2019-2020 budget to increase appropriations for the Administration Services account (Account No. 52100) by \$25,000 as reflected in Attachment One.

BACKGROUND AND SUMMARY

On June 3, 2019, the Commission adopted a final budget for fiscal year 2019-2020.

On August 5, 2019, the Commission approved a budget adjustment for fiscal year 2019-2020 for purposes of re-encumbering consultant contracts that had unspent balances from fiscal year 2018-2019 and outstanding work to perform.

On November 18, 2019, the Commission approved a budget adjustment for fiscal year 2019-2020 at the request of the County Auditor's Office for purposes of re-categorizing eight expense accounts related to LAFCO staff salaries and benefits into Administration Services (Account No. 52100).

Staff recently reviewed the Commission's actual revenues and expenses and discovered a discrepancy in budgeted expenses and projected year-end expenses associated with staff salaries and benefits. Specifically, year-end expenses in the Administration Services account are projected to exceed the budgeted amount primarily due to actual benefits expenses exceeding the beginning-of-year estimates provided by the County that were originally budgeted. Therefore, a budget adjustment is needed to reconcile the discrepancy. Toward this end, staff recommends the Commission increase the Administration Services account by \$25,000. Notably, staff projects the year-end discrepancy will total only \$9,254. However, staff recommends a larger increase as part of the budget adjustment to provide a "buffer" to ensure there are no interruptions in staff receiving salaries and benefits if actual year-end expenses are higher than the year-end projection.

Kenneth Leary, Chair
Councilmember, City of American Canyon

Margie Mohler, Commissioner
Councilmember, Town of Yountville

Scott Sedgley, Alternate Commissioner
Councilmember, City of Napa

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

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

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

Gregory Rodeno, Commissioner
Representative of the General Public

Eve Kahn, Alternate Commissioner
Representative of the General Public

Brendon Freeman
Executive Officer

Staff recommends the \$25,000 increase to the Administration Services account be covered by drawing down on the Commission's undesignated/unreserved fund balance ("reserves") rather than proportionally billing the six local funding agencies. The proposed budget adjustment is included as Attachment One. The fiscal year 2019-2020 budget with the proposed adjustment is included as Attachment Two.

ATTACHMENTS

- 1) Proposed Budget Adjustment No. 3 for 2019-2020
- 2) Proposed Adjusted Budget for 2019-2020



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FY2019-2020 ADJUSTED OPERATING BUDGET
 Budget Adjustment No. 1 Approved on August 5, 2019
 Budget Adjustment No. 2 Approved on November 18, 2019
 Budget Adjustment No. 3 Proposed on May 4, 2020

Expenses		FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20	<i>Difference</i>	
		Adjusted ¹	Actual	Adjusted ¹	Actual	Adjusted ¹	Actual	Adjusted Budget ^{1 2 3}		
Salaries and Benefits										
<u>Account</u>	<u>Description</u>									
51210	Commissioner Per Diems	12,875	12,750	11,000	9,875	15,000	12,150	15,000	-	0.0%
51300	Medicare - Commissioners	210	180	-	140	-	173	225	225	0.0%
51305	FICA - Commissioners	682	490	500	398	500	550	500	-	0.0%
	Total Salaries & Benefits	13,767	13,421	11,500	10,413	15,500	12,873	15,725	225	1.5%
Services and Supplies										
<u>Account</u>	<u>Description</u>									
52100	Administration Services ^{2 3}	309,455	241,819	348,201	245,673	371,069	319,297	424,278	53,209	14.3%
52105	Election Services	300	-	100	-	500	-	200	(300)	0.0%
52125	Accounting/Auditing Services	9,500	7,655	9,500	6,902	8,000	7,394	8,000	-	0.0%
52130	Information Technology Services	24,052	24,052	16,859	16,859	17,301	16,653	24,590	7,289	42.1%
52140	Legal Services	32,000	25,867	35,000	35,000	35,000	27,152	30,000	(5,000)	-14.3%
52310	Consulting Services ¹	78,840	35,415	52,311	30,221	188,050	80,339	112,624	(75,426)	-40.1%
52345	Janitorial Services	500	150	200	75	150	165	300	150	100.0%
52515	Maintenance-Software	2,000	1,779	2,000	1,779	2,000	1,779	2,000	-	0.0%
52600	Rents and Leases: Equipment	7,000	5,240	6,000	4,710	5,500	4,585	5,500	-	0.0%
52605	Rents and Leases: Building/Land	25,560	25,560	27,828	27,828	27,828	28,663	29,523	1,695	6.1%
52700	Insurance: Liability	1,206	1,206	249	249	70	70	4,554	4,484	6405.7%
52800	Communications/Telephone	3,000	3,021	3,000	3,041	3,000	3,124	3,000	-	0.0%
52830	Publications and Notices	2,000	1,588	2,000	1,562	2,000	967	1,500	(500)	-25.0%
52835	Filing Fees	500	400	500	150	500	200	250	(250)	-50.0%
52900	Training/Conference	10,000	8,050	9,000	7,091	9,000	13,770	12,295	3,295	36.6%
52905	Business Travel/Mileage	2,000	830	1,500	1,152	1,000	2,265	3,000	2,000	200.0%
53100	Office Supplies	4,000	1,949	3,000	1,768	2,000	2,265	2,000	-	0.0%
53110	Freight/Postage	500	250	300	253	300	100	300	-	0.0%
53120	Memberships/Certifications	2,548	2,548	2,726	2,726	2,805	2,805	3,261	456	16.3%
53205	Utilities: Electric	1,600	1,121	1,300	1,057	1,300	1,121	1,300	-	0.0%
53410	Computer Equipment/Accessories	-	418	500	539	500	645	300	(200)	-40.0%
56350	Business Related Meal/Supplies	-	652	350	916	750	479	500	(250)	-33.3%
	Total Services & Supplies	521,061	390,348	522,524	395,847	678,673	514,108	669,275	(9,398)	-1.4%
EXPENSE TOTALS		534,828	403,768	534,024	406,260	694,173	526,981	685,000	(9,173)	-1.3%

¹ Operating expenses in fiscal years 16-17, 17-18, 18-19, and 19-20 were adjusted to re-encumber existing consultant contracts that were not fully utilized in the preceding fiscal years.

² Administration Services (52100) includes the following eight expense accounts related to staff salaries and benefits: Salaries and Wages (51100); 401A Employer Contribution (51200); Cell Phone Allowance (51205); Medicare - Staff (51300); Employee Insurance-Premiums (51400); Worker's Compensation (51405); Retirement (51600); and OPEB (51605).

³ Administration Services (52100) increased by \$25,000 to reflect actual expenses incurred associated with staff salaries and benefits.

Revenues

		FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20		
		Adopted Final	Actual	Adopted Final	Actual	Adopted Final	Actual	Adjusted Budget	<i>Difference</i>	
Intergovernmental										
<u>Account</u>	<u>Description</u>									
43910	County of Napa	224,972	224,972	213,724	213,724	224,410	224,410	235,631	11,221	5.0%
43950	Other Governmental Agencies	224,972	224,972	213,724	213,724	224,410	224,410	235,631	11,221	5.0%
----	<i>City of Napa</i>	149,066	149,066	143,028	143,028	148,793	148,793	154,514	5,721	3.8%
----	<i>City of American Canyon</i>	35,330	35,330	34,380	34,380	35,803	35,803	38,707	2,904	8.1%
----	<i>City of St. Helena</i>	15,908	15,908	13,856	13,856	14,897	14,897	15,357	460	3.1%
----	<i>City of Calistoga</i>	13,208	13,208	12,349	12,349	13,673	13,673	15,575	1,902	13.9%
----	<i>Town of Yountrille</i>	11,458	11,458	10,111	10,111	11,243	11,243	11,478	235	2.1%
	Total Intergovernmental	449,944	449,944	427,448	427,448	448,820	448,820	471,261	22,441	5.0%
Service Charges										
<u>Account</u>	<u>Description</u>									
42690	Application/Permit Fees	30,000	5,043	20,000	9,471	20,000	41,451	25,000	5,000	25.0%
46800	Charges for Services	500	250	500	250	500	500	500	-	0.0%
	Total Service Charges	30,500	5,293	20,500	9,721	20,500	41,951	25,500	5,000	24.4%
Investments										
<u>Account</u>	<u>Description</u>									
45100	Interest	2,000	4,592	5,000	6,701	7,000	12,367	7,000	-	0.0%
	Total Investments	2,000	4,592	5,000	6,701	7,000	12,367	7,000	-	0.0%
	REVENUE TOTALS	482,444	459,829	452,948	443,870	476,320	503,138	503,761	27,441	5.8%
OPERATING DIFFERENCE		(52,384)	56,061	(81,076)	37,610	(217,853)	(23,843)	(181,239)		

Negative Balance Indicates Use of Unrestricted Fund Balance Reserves

	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Adjusted Budget
RESTRICTED FUND BALANCE (EQUIPMENT REPLACEMENT RESERVE)				
Beginning:	19,657	19,657	19,657	19,657
Ending:	19,657	19,657	19,657	19,657
UNDESIGNATED/UNRESERVED FUND BALANCE ("RESERVES")				
Beginning:	350,874	405,435	443,045	419,201
Ending:	405,435	443,045	419,201	237,962
TOTAL FUND BALANCE				
Beginning:	370,531	425,092	462,702	438,858
Ending:	425,092	462,702	438,858	257,619
MINIMUM FOUR MONTH RESERVE GOAL	178,276	178,008	231,391	228,333