



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 5c

TO: Local Agency Formation Commission

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

MEETING DATE: February 1, 2016

SUBJECT: Second Quarter Budget Report for 2015-2016

DISCUSSION

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 mandates operating costs for 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 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.

The Commission will review a second quarter budget report for 2015-2016. The report compares budgeted versus actual transactions through one-half of the fiscal year. The report projects the Commission is on pace to improve its year-end financial position by eliminating its budgeted funding gap of (\$44,240) and finish with an overall operating surplus of \$52,068.

ANALYSIS / SUMMARY

The Commission's adjusted final budget for 2015-2016 totals \$526,684. 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 (\$44,240) 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 \$245,825 as of July 1, 2015.

Adjusted Final Budget Operating Expenses	Adjusted Final Budget Operating Revenues	Adjusted Final Budget Year-End Operating Balance
\$526,684	\$482,444	(\$44,240)

Juliana Inman, Chair
 Councilmember, City of Napa

Greg Pitts, Commissioner
 Councilmember, City of St. Helena

Joan Bennett, Alternate Commissioner
 Councilmember, City of American Canyon

Diane Dillon, Vice 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 second quarter totaled \$472,098. This amount represents 97.9% of the adopted budget total with 50% of the fiscal year complete. The following table compares budgeted and actual revenues through the second quarter.

Revenue Units	Adjusted Budget	End of 2 nd Quarter	Dollar Difference	Percent Collected
Intergovernmental	\$449,944	\$449,944	\$0	100.0
Service Charges	\$30,500	\$21,779	\$8,721	71.4
Investments	\$2,000	\$375	\$1,625	18.8
Total	\$482,444	\$472,098	\$10,346	97.9%

Actuals in the second quarter and related analysis suggest the Commission will finish the fiscal year with \$482,329 in total revenues, resulting in a deficit of (\$115) relative to the budgeted amount. An expanded discussion on budgeted and actual revenues through the second 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 second 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 may be two new applications filed during the fiscal year, which would result in a year-end unit surplus of \$885 or 3%.

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 second quarter totaled \$375 or 19% of the budgeted amount due to lower than expected investment gains. It is reasonable to assume the remaining two quarters will generate similar amounts and would result in a year-end unit deficit of (\$500) or (25%).

Operating Expenses

The Commission's operating expenses for 2015-2016 were budgeted at \$526,684. Actual expenses, including encumbrances, through the second quarter totaled \$268,735. This amount represents 51% of the budgeted total and is summarized in the following table.

Expense Units	Adjusted Budget	End of 2 nd Quarter	Dollar Difference	Percent Expended
Salaries/Benefits	\$271,151	\$102,108	\$169,043	37.7
Services/Supplies	\$255,533	\$166,627	\$88,906	65.2
Contingencies	\$0	\$0	\$0	0.0
Total	\$526,684	\$268,735	\$257,949	51.0%

Actuals in the second quarter and related analysis suggest the Commission will finish the fiscal year with \$430,261 in total expenses and produce an expense surplus/savings of \$96,423 or 18.3%. An expanded discussion on budgeted and actual expenses through the second quarter within the Commission's three expense units follows.

Salaries/Benefits

The Commission budgeted \$271,151 in salaries and benefits for 2015-2016. At the end of the second quarter, the Commission's actual expenses within the 10 affected accounts totaled \$102,108, representing 38% of the budgeted amount. Staff projects the Commission will finish the fiscal year with a surplus/savings of approximately \$64,422 or 24% in the unit with the majority of the savings tied to savings associated with a vacancy in the Analyst position.

Services/Supplies

The Commission budgeted \$255,533 in services and supplies for 2015-2016. At the end of the second quarter, the Commission's actual expenses within the 22 affected accounts – including encumbrances – totaled \$166,627, which represents 65% of the budgeted amount. Staff projects the Commission will finish the fiscal year with a surplus/savings of approximately \$32,001 or 13% in the unit. 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 December 31, 2015



Local Agency Formation Commission of Napa County

Subdivision of the State of California

FY2015-2016 SECOND QUARTER BUDGET REPORT

Prepared on January 21, 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 2nd Quarter	%	Projected Year End
Salaries and Benefits											
<u>Account</u>	<u>Description</u>										
51100	Salaries and Wages	203,183.19	212,429.87	155,519.15	148,967.67	147,625.00	150,093.39	152,581.83	63,034.76	41.3%	130,364.36
51200	401A Employer Contribution	-	-	-	-	1,000.00	300.00	1,000.00	1,000.00	100.0%	1,000.00
51205	Cell Phone Allowance	840.00	840.00	840.00	595.00	840.00	682.48	840.00	157.50	18.8%	385.00
51210	Commissioner/Director Pay	6,400.00	6,000.00	10,000.00	11,500.00	10,000.00	11,125.00	11,000.00	6,000.00	54.5%	9,375.00
51300	Medicare	2,946.16	2,896.38	3,012.22	2,476.78	3,012.00	2,248.32	3,250.64	936.85	28.8%	1,911.85
51305	FICA	-	-	-	193.40	-	496.00	500.00	271.25	54.3%	542.50
51400	Employee Insurance: Premiums	47,646.00	39,635.35	51,202.80	30,172.56	44,796.00	27,678.54	42,936.00	11,156.92	26.0%	23,340.98
51405	Workers Compensation	396.00	396.00	400.00	427.00	428.00	428.00	500.00	230.50	46.1%	461.00
51600	Retirement	37,736.30	37,730.04	39,595.42	28,257.05	39,853.00	27,040.46	43,791.10	11,945.54	27.3%	24,598.70
51605	Other Post Employment Benefits	12,139.00	12,139.00	12,166.00	12,166.16	12,321.00	12,320.92	14,751.00	7,375.00	50.0%	14,750.00
		311,286.65	312,066.64	272,735.59	234,755.62	259,875.00	232,413.11	271,150.56	102,108.32	37.7%	206,729.39
Services and Supplies											
<u>Account</u>	<u>Description</u>										
52105	Election Services	-	150.00	-	150.00	-	75.00	150.00	-	0.0%	-
52125	Accounting/Auditing Services	9,125.56	8,051.60	9,125.56	8,460.42	10,000.00	8,128.19	10,000.00	6,769.68	67.7%	8,626.76
52130	Information Technology Services	22,009.00	22,149.36	22,374.00	22,374.00	24,000.00	23,663.00	24,052.00	12,026.00	50.0%	24,052.00
52140	Legal Services	22,540.00	10,673.44	22,540.00	32,863.95	32,000.00	27,829.34	28,600.00	13,283.80	46.4%	31,880.00
52310	Consulting Services	-	-	61,500.00	58,600.00	107,350.00	78,097.23	126,600.00	107,116.54	84.6%	107,116.54
52345	Janitorial Services	-	-	-	-	-	-	-	180.00		360.00
52515	Maintenance-Software	-	-	-	4,400.61	-	1,127.40	1,500.00	239.70	16.0%	1,479.40
52600	Rents and Leases: Equipment	6,500.00	5,739.88	6,000.00	5,995.03	6,000.00	5,594.26	6,500.00	2,384.25	36.7%	6,310.40
52605	Rents and Leases: Building/Land	25,560.00	25,560.00	25,560.00	25,560.00	25,560.00	25,560.00	25,560.00	12,780.00	50.0%	25,560.00
52700	Insurance: Liability	153.00	148.00	34.63	35.00	100.00	98.00	150.00	152.00	101.3%	304.00
52800	Communications/Telephone	2,970.00	2,486.89	2,950.00	2,488.39	2,950.00	1,231.78	2,000.00	1,472.15	73.6%	2,525.15
52830	Publications and Legal Notices	1,500.00	1,169.59	1,500.00	1,823.00	2,000.00	728.22	1,500.00	369.59	24.6%	994.59
52830	Filing Fees	850.00	350.00	850.00	-	-	-	500.00	150.00	30.0%	300.00
52900	Training/Conference	4,000.00	6,925.77	4,000.00	7,494.42	8,995.00	5,425.52	10,000.00	4,459.50	44.6%	5,859.50
52905	Business Travel/Mileage	5,000.00	6,528.78	5,000.00	2,882.96	2,000.00	1,865.65	2,000.00	864.82	43.2%	1,264.82
53100	Office Supplies	5,500.00	2,375.00	5,000.00	2,301.79	4,000.00	3,409.59	4,000.00	921.09	23.0%	2,274.18
53110	Freight/Postage	800.00	277.42	800.00	353.68	800.00	250.00	500.00	100.00	20.0%	250.00
53120	Memberships/Certifications	2,248.00	2,248.00	2,292.96	2,300.00	2,335.00	2,335.00	2,381.00	2,381.00	100.0%	2,381.00
53205	Utilities: Electric	1,500.00	1,029.77	1,500.00	1,050.64	1,500.00	1,106.88	1,100.00	744.09	67.6%	1,488.18
53415	Computer Software/License	3,487.13	-	3,487.73	183.36	2,500.00	6,150.00	500.00	-	0.0%	-
53600	Special Departmental Expense	3,500.00	3,415.29	21,500.00	10,850.36	15,150.00	128.84	4,000.00	232.50	5.8%	505.00
54600	Capital Replacement/Depreciation	3,931.40	3,931.40	3,931.00	3,931.00	3,940.00	-	3,940.00	-	0.0%	-
		121,174.09	103,210.19	199,945.88	194,098.61	251,180.00	192,803.90	255,533.00	166,626.71	65.2%	223,531.52
Contingencies and Reserves											
<u>Account</u>	<u>Description</u>										
58100	Appropriation for Contingencies	-	-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-	-		-
	EXPENSE TOTALS	432,460.74	415,276.83	472,681.47	428,854.23	511,055.00	425,217.01	526,683.56	268,735.03	51.0%	430,260.91

Revenues

		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 2nd Quarter	%	Projected Year End
Intergovernmental											
Account	Description										
43910	County of Napa	204,787.17	204,787.17	209,675.02	209,675.02	215,852.51	215,852.51	224,972.00	224,972.00	100.0%	224,972.00
43950	Other Governmental Agencies	204,787.17	204,787.17	209,675.01	209,675.01	215,852.51	215,852.51	224,972.00	224,972.00	100.0%	224,972.00
----	<i>City of Napa</i>	<i>136,583.40</i>	<i>136,583.40</i>	<i>140,020.50</i>	<i>140,020.50</i>	<i>144,529.41</i>	<i>144,529.41</i>	<i>149,571.03</i>	<i>149,571.03</i>	<i>100.0%</i>	<i>149,571.03</i>
----	<i>City of American Canyon</i>	<i>33,320.64</i>	<i>33,320.64</i>	<i>33,757.20</i>	<i>33,757.20</i>	<i>34,421.92</i>	<i>34,421.92</i>	<i>35,996.86</i>	<i>35,996.86</i>	<i>100.0%</i>	<i>35,996.86</i>
----	<i>City of St. Helena</i>	<i>14,152.67</i>	<i>14,152.67</i>	<i>13,956.84</i>	<i>13,956.84</i>	<i>14,145.09</i>	<i>14,145.09</i>	<i>14,581.81</i>	<i>14,581.81</i>	<i>100.0%</i>	<i>14,581.81</i>
----	<i>City of Calistoga</i>	<i>12,095.39</i>	<i>12,095.39</i>	<i>12,388.75</i>	<i>12,388.75</i>	<i>12,906.58</i>	<i>12,906.58</i>	<i>13,467.37</i>	<i>13,467.37</i>	<i>100.0%</i>	<i>13,467.37</i>
----	<i>Town of Yountville</i>	<i>8,635.00</i>	<i>8,635.00</i>	<i>9,551.72</i>	<i>9,551.72</i>	<i>9,849.52</i>	<i>9,849.52</i>	<i>11,354.93</i>	<i>11,354.93</i>	<i>100.0%</i>	<i>11,354.93</i>
		409,574.34	409,574.34	419,350.03	419,350.03	431,705.02	431,705.02	449,944.00	449,944.00	100.0%	449,944.00
Service Charges											
42690	Application/Permit Fees	10,000.00	23,078.00	10,000.00	31,488.00	10,000.00	48,462.00	30,000.00	21,279.10	70.9%	30,135.10
46800	Charges for Services	-	500.00	500.00	375.00	500.00	1,375.00	500.00	500.00	100.0%	750.00
47900	Miscellaneous	-	180.70	-	-	-	-	-	-		-
		10,000.00	23,758.70	10,500.00	31,863.00	10,500.00	49,837.00	30,500.00	21,779.10	71.4%	30,885.10
Investments											
45100	Interest	4,076.00	1,985.03	3,000.00	1,514.00	2,000.00	2,201.69	2,000.00	375.07	18.8%	1,500.28
		4,076.00	1,985.03	3,000.00	1,514.00	2,000.00	2,201.69	2,000.00	375.07	18.8%	1,500.28
	REVENUE TOTALS	423,650.34	435,318.07	432,850.03	452,727.03	444,205.02	483,743.71	482,444.00	472,098.17	97.9%	482,329.38
OPERATING DIFFERENCE		(8,810.40)	20,041.24	(39,831.44)	23,872.80	(66,849.98)	58,526.70	(44,239.56)			52,068.47

Negative Balance Indicates Use of Reserves