



**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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**August 5, 2013**  
**Agenda Item No. 5a (Consent/Action)**

July 29, 2013

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Fourth Quarter Budget Report for 2012-2013**

The Commission will review a fourth quarter budget report comparing budgeted versus actual transactions for 2012-2013. The report notes the Commission eliminated its budgeted funding gap of (\$8,811) and finished with an overall operating surplus of \$19,101; the latter amount increasing the agency's available fund balance to \$137,623. The report is being presented to the Commission to formally accept and file.

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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 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. Background**

LAFCO of Napa County's ("Commission") adopted final budget for 2012-2013 totals \$432,461. 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 \$423,650 and are divided between intergovernmental fees, service charges, and investments. Markedly, an operating shortfall of (\$8,811) was intentionally budgeted at the beginning of the fiscal year 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 \$118,523 as of July 1, 2012.

Budgeted Operating Expenses	Budgeted Operating Revenues	Budgeted Year-End Operating Balance
\$432,461	\$423,650	(\$8,811)

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Joan Bennett, Commissioner  
Councilmember, City of American Canyon

Gregory Pitts, Commissioner  
Councilmember, City of St. Helena

Juliana Inman, Alternate Commissioner  
Councilmember, City of Napa

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

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

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

Brian J. Kelly, Vice Chair  
Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer

**B. Discussion**

The Commission has finished the 2012-2013 fiscal year with an overall operating surplus of \$19,101. This surplus is in contrast to the budgeted deficit of (\$8,811) projected at the beginning of the fiscal year. A detailing of year-end operating transactions follows.

***Operating Revenues***

The Commission’s operating revenues budgeted for 2012-2013 were set at \$423,650. Actual revenues collected through the fourth quarter totaled \$435,318. This amount represents 103% of the adopted budget total and results in a year-ending balance of \$11,668 and is summarized in the following table.

Revenue Units	Adopted	End of 4 <sup>th</sup> Quarter	Dollar Difference	Percent Collected
Intergovernmental	409,574	409,574	0	100.0
Service Charges	10,000	23,759	13,759	237.6
Investments	4,076	1,985	(2,091)	48.7
<b>Total</b>	<b>\$423,650</b>	<b>\$435,318</b>	<b>\$11,668</b>	<b>102.7%</b>

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

***Intergovernmental Fees***

The Commission budgeted \$409,574 in intergovernmental fees in 2012-2013. Half of the total was invoiced to the County of Napa in the amount of \$204,787. 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 \$33,321 for American Canyon, \$12,095 for Calistoga, \$136,583 for Napa, \$14,153 for St. Helena, and \$8,635 for Yountville. All agency invoices were paid in full leaving a zero balance.

***Service Charges***

The Commission budgeted \$10,000 in service charges in 2012-2013. Actual revenues collected within this unit totaled \$23,759 or 238% of the budgeted amount. The collected service charges – which were predominately tied to the submittal of five proposals involving four city annexations and one special district outside service request – exceed the amount collected in the prior fiscal year by more than double.<sup>1</sup>

<sup>1</sup> The Commission’s actual service charges collected in 2011-2012 totaled \$9,087.

***Investments***

The Commission budgeted \$4,076 in investment income in 2012-2013 based on actual revenues collected during the first two quarters of the prior fiscal year. 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 earnings generated at the end of the fiscal year totaled \$1,985 or 48% due to lower than expected investment gains.

***Operating Expenses***

The Commission’s operating expenses budgeted for 2012-2013 were set at \$432,461. Actual expenses – including encumbrances – through the fourth quarter totaled \$416,217. This amount represents 96% of the budgeted total and results in a year-ending balance of \$16,244 as summarized in the following table.

Expense Units	Adopted	End of 4 <sup>th</sup> Quarter	Dollar Balance	Percent Expended
Salaries/Benefits	311,287	312,192	(905)	(100.3)
Services/Supplies	121,174	104,025	17,149	82.7
Contingencies	-	-	-	-
<b>Total</b>	<b>\$432,461</b>	<b>\$416,217</b>	<b>\$16,244</b>	<b>96.2%</b>

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

***Salaries/Benefits***

The Commission budgeted \$311,287 in salaries and benefits for 2012-2013 for the 2.5 fulltime equivalent employees assigned to the agency. Actual expenses within the 10 affected accounts totaled \$312,192, representing slightly over 100% of the budgeted amount. This deficit – totaling \$905 – was the result of a five percent shortfall in the salaries account and attributed to two distinct factors. First, the budgeted amount mistakenly omitted an automobile allowance for the Executive Officer.<sup>2</sup> Second, two employees cashed out an allowable amount of accrued vacation time as provided under County policy. Surpluses in group insurance and per diem accounts all but eliminated the deficit in salaries with the remaining amount covered by the overall surplus from the services and supplies unit.

***Services/Supplies***

The Commission budgeted \$121,174 in services and supplies for 2012-2013. Actual expenses – including contractual encumbrances – in the 20 affected accounts totaled \$104,025 and representing 86% of the budgeted amount. Three of the affected accounts – information technology, business travel/mileage, and training – finished with balances exceeding their budgeted allocation for reasons detailed below.

<sup>2</sup> The Commission provides a \$5,280 annual automobile allowance to the Executive Officer; an amount that was mistakenly omitted from the adopted budget for 2012-2013.

- Information Technology Services

This account covers the Commission's contracted cost for the County's Information Technology Services Department to provide network and related services to the agency. The Commission budgeted \$22,009 in this account in 2012-2013. Actual expenses totaled \$22,149 or 100.6% of the budgeted amount and is the result of a mid-year budget amendment in which previous funds allocated to this account were transferred into a separate and new account (Computer and Software License) to cover other technical services provided by the Commission's website host and document management vendors. In making the authorized transfer, which was part of a comprehensive set of budget amendments to align with the County's new accounting system, staff miscalculated the needed transfer and overdrew the account by \$140. Savings in other services and supplies accounts were used to cover this deficit.

Business Travel

This account covers the Commission's costs to reimburse members and staff for all travel related expenditures incurred in the course of performing agency business and includes airline tickets and automobile mileage.<sup>3</sup> The Commission budgeted \$5,000 in this account in 2012-2013. Actual expenses totaled \$6,529 or 131% of the budgeted amount. The majority of the expenses were tied to reimbursing members and staff for their vehicle mileage to attend the CALAFCO Annual Conference in Monterey in October 2012 along with travel costs for the Executive Officer and Commissioner Inman to attend various CALAFCO meetings throughout the fiscal year. Savings in other services and supplies accounts were used to cover this deficit.

- Training/Conferences

This account is used for a variety of instructional activities for commissioners and staff with the majority of actual expenditures associated with CALAFCO. The Commission budgeted \$4,000 in this account in 2012-2013. Actual expenses totaled \$6,926 and represent 173% of the budgeted amount. The majority of charges were tied to registering members and staff for the recent CALAFCO Annual Conference and various training programs for staff throughout the fiscal year.<sup>4</sup> Savings in other services and supplies accounts were used to cover this deficit.

Contingencies

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The Commission did not budget or use funds for contingencies in 2012-2013.

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<sup>3</sup> The Executive Officer does not receive mileage reimbursement for any vehicle travel incurred within Napa County.

<sup>4</sup> Attendees for the CALAFCO Annual Conference included six commissioners (Bennett, Chilton, Kelly, Inman, Rodeo, and Wagenknecht) and three staff (Simonds, Freeman, and Gong). CALAFCO's Annual Conference was held on October 3-5 at the Hyatt Regency in Monterey, California.

### **C. Analysis**

The Commission was successful in significantly improving its financial standing at the end of the fiscal year by achieving an overall operating surplus of \$19,101; an amount representing a stark contrast to the projected budget deficit of (\$8,811) adopted at the beginning of the fiscal year. The net savings, accordingly, achieved this fiscal year are \$27,982. These savings are attributed to sizeable reductions in anticipated group insurance and legal service costs coupled with actual service charge revenues more than doubling relative to their budgeted amount. Furthermore, the operating surplus – which exceeds the amount anticipated and projected in the current fiscal year by nearly \$5,500 – results in the Commission increasing its unreserved fund balance from \$118,523 to \$137,624 and is the first rise in reserves since 2007-2008.

### **D. Recommendation**

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

### **E. 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.

### **F. 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,

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Keene Simonds  
Executive Officer

Attachment:

- 1) 2012-2013 General Ledger through June 30, 2013



# Local Agency Formation Commission of Napa County

Subdivision of the State of California

## FY2012-2013 Adopted Operating Budget: Fourth Quarter Report

### Expenses

		FY2009-10		FY2010-11		FY2011-12		FY2012-13		
		Adopted	Actual	Adopted	Actual	Adopted	Actual	Adopted	Actual	Balance
		FY09-10	FY09-10	FY10-11	FY10-11	FY11-12	FY11-12	FY12-13	FY12-13	
<b>Salaries and Benefits</b>										
<u>Account</u>	<u>Description</u>									
51100	Salaries and Wages	195,580.00	193,055.65	198,346.60	198,280.48	202,387.60	203,108.73	203,183.19	212,429.87	(9,246.68) -4.55%
51400	Employee Insurance: Premiums	36,471.00	29,210.94	37,953.96	33,872.67	45,648.12	37,643.35	47,646.00	39,635.35	8,010.65 16.81%
51600	Retirement	34,064.00	33,015.37	34,991.95	34,924.41	36,701.99	36,871.55	37,736.30	37,730.04	6.26 0.02%
51605	Other Post Employment Benefits	8,706.00	8,706.00	9,138.00	9,138.00	9,341.00	9,341.00	12,139.00	12,139.00	- 0.00%
51210	Commissioner/Director Pay	9,600.00	5,100.00	9,600.00	4,900.00	9,600.00	5,700.00	6,400.00	6,125.00	275.00 4.30%
51300	Medicare	2,836.00	2,657.51	2,876.49	2,738.20	2,934.62	2,790.20	2,946.16	2,896.38	49.78 1.69%
51205	Cell Phone Allowance	840.00	843.50	840.00	843.50	840.00	843.50	840.00	840.00	- 0.00%
51405	Workers Compensation	168.00	168.00	226.00	226.00	327.00	327.00	396.00	396.00	- 0.00%
51115	Overtime	-	-	-	-	-	-	-	-	- 0.00%
		288,265.00	272,756.97	293,973.00	284,923.26	307,780.33	296,625.33	311,286.64	312,191.64	(905.00) -0.29%
<b>Services and Supplies</b>										
<u>Account</u>	<u>Description</u>									
52605	Rents and Leases: Building/Land	29,280.00	29,280.00	29,280.00	29,280.00	29,280.00	29,280.00	25,560.00	25,560.00	- 0.00%
52140	Legal Services	24,990.00	17,938.31	26,010.00	17,659.74	22,540.00	17,593.30	22,540.00	10,673.44	11,866.56 52.65%
52130	Information Technology Services	22,438.00	19,182.50	18,438.91	17,625.42	24,630.83	23,385.87	22,009.00	22,149.36	(140.36) -0.64%
52125	Accounting/Auditing Services	7,883.00	7,819.33	8,277.15	7,301.48	8,691.01	7,340.78	9,125.56	8,051.60	1,073.96 11.77%
52600	Rents and Leases: Equipment	-	-	-	-	-	-	6,500.00	6,232.62	267.38 4.11%
53100	Office Supplies	15,000.00	9,697.20	15,000.00	9,628.08	12,000.00	14,508.46	5,500.00	2,375.00	3,125.00 56.82%
52905	Business Travel/Mileage	4,500.00	5,044.48	4,500.00	6,469.45	5,000.00	2,253.35	5,000.00	6,528.78	(1,528.78) -30.58%
52900	Training/Conference	4,500.00	6,063.92	4,500.00	4,140.97	4,000.00	5,141.00	4,000.00	6,925.77	(2,925.77) -73.14%
53600	Special Departmental Purchases	1,000.00	1,095.25	1,000.00	2,482.00	1,000.00	426.64	3,500.00	3,415.29	84.71 2.42%
53415	Computer Software/License	-	-	-	-	-	-	3,487.13	-	3,487.13 100.00%
52800	Communications/Telephone	3,500.00	1,205.16	3,500.00	1,640.02	4,470.00	2,329.81	2,970.00	2,486.89	483.11 16.27%
53120	Memberships/Certifications	2,275.00	2,200.00	2,275.00	2,200.00	2,275.00	2,200.00	2,248.40	2,248.00	0.40 0.02%
53205	Utilities: Electric	-	-	-	-	-	-	1,500.00	1,029.77	470.23 31.35%
52830	Publications and Notices	1,500.00	1,112.17	1,500.00	1,433.43	1,500.00	2,255.64	1,500.00	1,169.59	330.41 22.03%
52835	Filing Fees	850.00	250.00	850.00	450.00	850.00	237.50	850.00	350.00	500.00 58.82%
53110	Postage/Freight	-	-	-	-	-	-	800.00	277.42	522.58 65.32%
52700	Insurance: Liability	347.00	347.00	444.00	444.00	321.00	321.00	153.00	148.00	5.00 3.27%
52105	Election Services	-	-	-	-	-	-	-	150.00	(150.00) -
53105	Office Supplies: Furniture/Fixtures	-	-	-	-	-	-	-	322.38	(322.38) -
54600	Capital Replacement/Depreciation*	-	3,931.30	3,931.40	3,931.40	3,931.40	3,931.40	3,931.40	3,931.40	- 0.00%
		118,063.00	105,166.62	119,506.46	104,685.99	120,489.23	111,204.75	121,174.49	104,025.31	17,149.18 14.15%
<b>Contingencies</b>										
<u>Account</u>	<u>Description</u>									
58100	Appropriation for Contingencies	90,632.80	-	-	-	-	-	-	-	-
		90,632.80	-	-	-	-	-	-	-	-
<b>EXPENSE TOTALS</b>		<b>496,960.80</b>	<b>377,923.59</b>	<b>413,479.46</b>	<b>389,609.25</b>	<b>428,269.56</b>	<b>407,830.08</b>	<b>432,461.13</b>	<b>416,216.95</b>	<b>16,244.18 3.76%</b>

**Revenues**

		FY2009-10		FY2010-11		FY2011-12		FY2012-13		
		Adopted FY09-10	Actual FY09-10	Adopted FY10-11	Actual FY10-11	Adopted FY11-12	Actual FY11-12	Adopted FY12-13	Actual FY12-13	Difference
<b>Intergovernmental</b>										
<u>Account</u>	<u>Description</u>									
43910	County of Napa	-	153,965.70	178,009.77	178,010.00	191,550.50	191,550.50	204,787.17	204,787.17	- 0.0%
43950	Other Governmental Agencies	-	153,965.70	178,009.77	178,010.00	191,550.50	191,550.50	204,787.17	204,787.17	- 0.0%
----	<i>City of Napa</i>	-	105,428.75	119,646.81	119,647.00	126,330.38	126,330.38	136,583.40	136,583.40	- 0.0%
----	<i>City of American Canyon</i>	-	22,010.54	27,468.37	27,468.00	32,912.04	32,912.04	33,320.64	33,320.64	- 0.0%
----	<i>City of St. Helena</i>	-	11,135.35	12,656.54	12,657.00	12,997.37	12,997.37	14,152.67	14,152.67	- 0.0%
----	<i>City of Calistoga</i>	-	8,742.73	10,642.45	10,642.00	11,393.34	11,393.34	12,095.39	12,095.39	- 0.0%
----	<i>Town of Yountville</i>	-	6,648.33	7,595.60	7,596.00	7,917.37	7,917.37	8,635.07	8,635.07	- 0.0%
			307,931.40	356,019.55	356,020.00	383,101.00	383,101.00	409,574.34	409,574.34	- 0.0%
<b>Service Charges</b>										
42690	Application/Permit Fees	-	18,437.00	10,000.00	24,293.00	10,000.00	8,562.00	10,000.00	23,078.00	13,078.00 130.8%
46800	Charges for Services	-	625.00	-	3,187.00	-	475.00	-	500.00	500.00 -
47900	Miscellaneous	-	156.30	-	-	-	50.00	-	180.70	180.70 -
			19,218.30	10,000.00	27,480.00	10,000.00	9,087.00	10,000.00	23,758.70	13,758.70 137.6%
<b>Investments</b>										
45100	Interest	-	3,791.48	5,000.00	2,570.00	2,340.00	2,472.66	4,076.00	1,985.03	(2,090.97) -51.3%
			3,791.48	5,000.00	2,570.00	2,340.00	2,472.66	4,076.00	1,985.03	(2,090.97) -51.3%
	REVENUE TOTALS	-	330,941.18	371,019.55	386,070.00	395,441.00	394,660.66	423,650.34	435,318.07	11,667.73 2.8%
<b>OPERATING DIFFERENCE</b>		-	(43,051)	(42,459.91)	(3,539)	(32,828.56)	(13,169.42)	(8,810.79)	19,101.12	

**UNRESERVED/UNRESTRICTED FUND BALANCE**

<b>Beginning:</b>	186,574.00	134,344.00	131,692.00	118,522.58
<b>Ending:</b>	134,344.00	131,692.00	118,522.58	137,623.70

