



Local Agency Formation Commission
LAFCO of Napa County

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Agenda Item No. 5a (Consent)

January 26, 2009

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Second Quarter Budget Report for 2008-2009

The Commission will receive a second quarter budget report for the 2008-2009 fiscal year. The budget report compares adopted and actual expenses through the first half of the fiscal year 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 the Town of 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 tax 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 units: (a) salaries/benefits; (b) services/supplies; and (c) contingencies/reserves. The Commission practices bottom-line accounting which allows 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 the 2008-2009 fiscal year totaling \$552,110. At the close of the second quarter on December 31, 2008, the Commission's actual expenses totaled \$189,372. This amount represents 34% of the total adopted budget with one-half of the fiscal year complete.

Adopted and Actual Expenses Through the Second Quarter
(July 1, 2008 through December 31, 2008)

Adopted Expenses	Actual Expenses	Remaining Balance	Percent Available
\$552,110*	\$189,372	\$362,714	66%

* Includes the \$90,594 budgeted within the contingency/reserve unit

Juliana Inman, Vice Chair
Councilmember, City of Napa

Jack Gingles, Commissioner
Mayor, City of Calistoga

Cindy Coffey, 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

A comparison of adopted and actual expenses through the second quarter within the Commission's three budget units follows with a copy of the general ledger attached.

Salaries/Benefits

Through the end of the second quarter the Commission expended \$110,259 within its salaries/benefits unit. This amount represents 37% of the total amount budgeted in the eight affected accounts. Savings are accumulating in several accounts due to the delay in hiring a fulltime analyst. One account – extra help – finished the second quarter with a balance below 50%. A summary of expenses in this account follows.

Extra Help

This account covers the Commission's costs in funding an employee to fill the duties of the analyst position between July 2008 and January 2009.¹ At the end of the second quarter, the Commission spent \$22,421 in this account, which represents approximately 86% percent of the total amount budgeted. The remaining balance is sufficient to fund the extra help position through January 2009 until a fulltime analyst is hired.

Services/Supplies

Through the end of the second quarter the Commission expended \$79,133 within its services/supplies unit. This amount represents 47% of the total amount budgeted in the 14 affected accounts. Four accounts – office improvements, memberships, publications and notices, and property lease – finished the second quarter with balances below 50%. A summary of expenses in these four accounts follows.

Office Improvements

The office improvements account covers the Commission's costs to fund special expenditures associated with agency operations. This account is generally budgeted at \$1,000 unless specific improvements are scheduled during the fiscal year. In 2008-2009, the Commission budgeted two office improvements totaling \$55,000 to fund the (a) design and development of a new agency website and (b) implement an electronic document management system. At the end of second quarter, the Commission spent \$28,710 in this account, which represents approximately 51% of the total amount budgeted. Nearly all of the expenditures through the second quarter are associated with encumbering and/or paying the full contract amount of \$28,350 with Planeteria to design and develop a new website.

Membership

The membership account covers the Commission's annual due for the California Association of Local Agency Formation Commissions (CALAFCO). The Commission's budgeted membership due for CALAFCO in 2008-2009 is \$2,200, which was paid in full in July 2008.

¹ The extra help employee receives the same hourly pay as a regular fulltime analyst but does not receive any benefits, such as health care insurance. The extra help employee is permitted to work up to 1,000 hours per fiscal year.

Publications and Notices

The publications and notices account covers the Commission's legal noticing requirements for all public hearings. At the end of the second quarter, the Commission spent \$1,386 in this account, which represents approximately 92% percent of the total amount budgeted. These early expenditures were anticipated and are associated with noticing the four sphere of influence reviews the Commission completed during the first-half of the fiscal year. Staff will continue to monitor this account to help ensure an end-of-year deficit does not occur.

Property Lease

The property lease account covers the Commission's rental charge for office space at 1700 Second Street in Napa. The current lease provides a fixed monthly rental charge of \$2,250 through June 2009. The total lease amount for the fiscal year (\$27,000) was encumbered by the County Auditor's Office in July 2008 for the purpose of simplifying monthly payments to the property manager.

Contingencies/Reserves

Through the second quarter the Commission has not drawn funds from its contingencies/reserves unit. It is not expected the Commission will need to draw funds from either of the two affected accounts during the fiscal year given the savings accruing within the salaries/benefits and services/supplies units.

B. Analysis

The Commission is currently on schedule to expend only three-fourths (\$409,229) of its budgeted expenses in 2008-2009. This projected savings is attributed to the delay in hiring a fulltime analyst and the expected retention of all funds within the contingency/reserve unit. In accordance with its practice, the Commission will return all unexpended funds (agency contributions, application fees, and earned interest) to the agencies in the form of credits towards their share of the adopted budget in 2009-2010.²

C. Recommendation

It is recommended that the Commission take the following action:

- 1) Receive and file the "Second Quarter Budget Report for 2008-2009."

Respectfully submitted,

Keene Simonds
Executive Officer

Attachment: as stated

² Staff currently estimates the Commission will finish the fiscal year with a total of \$155,628 in unexpended funds.



Local Agency Formation Commission

LAFCO of Napa County

2nd Quarter Budget Report for 2008-2009: Expenses Through 12/31/08

		<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	-	59,124	109,782	65%
51200100	Extra Help	26,010	-	22,421	3,589	14%
51200500	Commissioner Per Diems	9,600	-	1,900	7,700	80%
51300100	Retirement: Pension	34,551	-	10,131	24,419	71%
51300120	Retirement: Non-Pension	11,295	-	5,648	5,647	50%
51300300	Medicare	2,826	-	1,116	1,711	61%
51300500	Group Health Care	40,148	-	9,486	30,662	76%
51301200	Workers Compensation	149	-	75	75	50%
51301800	Cell Phone Allowance	840	-	383	457	54%
	SUB TOTALS	294,325	-	110,283	184,042	63%
Services/Supplies						
<u>Account</u>	<u>Description</u>					
52243900	Filing Fees	850	-	250	600	71%
52235000	Office Improvements	56,000	25,599	3,112	27,290	49%
52185000	Professional Service Supplies	7,507	-	484	7,023	94%
52070000	Communications	3,500	-	461	3,039	87%
52100300	Insurance: Liability	546	-	273	274	50%
52150000	Memberships	2,200	-	2,200	-	0%
52170000	Office Expenses	15,000	3,213	3,680	8,107	54%
52180200	Information Services	17,768	-	8,884	8,884	50%
52180500	Legal Services	26,320	-	-	26,320	100%
52190000	Publications and Notices	1,500	-	1,386	114	8%
52240500	Property Lease	27,000	11,250	15,750	-	0%
52250000	Transportation and Travel	4,000	-	903	3,097	77%
52250800	Training	4,000	-	1,576	2,424	61%
52251200	Private Mileage	1,000	-	95	905	91%
	SUB TOTALS	167,191	40,061	39,052	88,078	53%
Contingencies/Reserves						
<u>Account</u>	<u>Description</u>					
54000900	Operating Reserve	40,594	-	-	40,594	100%
54001000	Consultant Contingency	50,000	-	-	50,000	100%
		90,594	-	-	90,594	100%
	GRAND TOTALS	\$ 552,110	\$ 40,061	\$ 149,334	\$ 362,714	66%