



**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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**Agenda Item 6b (Information)**

**TO:** Local Agency Formation Commission

**PREPARED BY:** Brendon Freeman, Executive Officer

**MEETING DATE:** June 1, 2020

**SUBJECT:** Third Quarter Budget Report for 2019-2020

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**BACKGROUND**

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 to re-encumber (i.e., carry over) two consultant contracts. This budget adjustment had a net zero effect on the Commission's bottom line given that the re-encumbered (i.e., carried over) contract amounts were budgeted in the 2018-2019 fiscal year but were unspent by June 30, 2019.

On November 18, 2019, the Commission approved a budget adjustment to move eight expense accounts related to staff salaries and benefits to the Administration Services account (Account No. 52100). This budget adjustment was limited to moving existing budgeted accounts to a separate account and therefore had a net zero effect on the Commission's bottom line.

On May 4, 2020, the Commission approved a budget adjustment to increase the Administration Services account (Account No. 52100) by \$25,000 to ensure staff continues to receive salaries and benefits without interruption. This amount will be covered by drawing down on the unrestricted portion of the fund balance ("reserves").

**SUMMARY**

This item is being presented to the Commission for information purposes only. The Commission will receive a third quarter budget report for fiscal year 2019-2020. A third quarter budget sheet with year-end projections is included as Attachment One.

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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

The Commission's adjusted budget for 2019-2020 totals \$685,000. This amount represents the total approved operating expenditures divided between salaries and benefits, services and supplies, and contingencies. Budgeted revenues total \$503,761 divided between intergovernmental fees, service charges, and investments. An operating shortfall of \$181,239 has been intentionally budgeted to reduce the funding requirements of the local agencies and to be covered by drawing down on reserves. The Commission's reserves totaled \$421,830 as of July 1, 2019, representing 61.6% of expenditures in the adjusted budget for 2019-2020. Local policy directs the Commission to maintain reserves equal to a minimum of four months or 33.3% of annually budgeted operating expenses. Therefore, the adjusted budget for 2019-2020 is consistent with local policy.

This report compares budgeted versus actual transactions through March 31, 2020. The report includes year-end projections and projects the Commission will outperform its intentionally-budgeted shortfall of \$181,239 by finishing with an overall operating shortfall of \$141,541, representing a savings of \$39,698 relative to the adjusted budget.

### ***Operating Revenues***

The Commission's operating revenues for 2019-2020 are budgeted at \$503,761. Actual revenues collected through the third quarter totaled \$498,783. This amount represents 99.0% of the budgeted amount with 75% of the fiscal year complete. Actuals through the third quarter and related analysis suggest the Commission will finish the fiscal year with \$511,667 in total revenues, resulting in a surplus of \$7,906 or 1.6% relative to the amount in the adjusted budget. See Attachment One for additional information on actual revenues through the third quarter and projected year-end revenues.

### ***Operating Expenses***

The Commission's adjusted operating expenses for 2019-2020 are budgeted at \$685,000.<sup>1</sup> Actual expenses through the third quarter, including encumbrances associated with consultant contracts, totaled \$518,186.<sup>2</sup> This amount represents 75.6% of the budgeted total with 75% of the fiscal year complete. Actuals through the third quarter and related analysis suggest the Commission will finish the fiscal year with \$653,208 in total expenses and produce a savings of \$31,792 or 4.6% relative to the amount in the adjusted budget. See Attachment One for additional information on actual expenses through the third quarter and projected year-end expenses.

## **ATTACHMENT**

- 1) 2019-2020 Third Quarter Budget Sheet with Year-End Projections

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<sup>1</sup> The Commission has approved three mid-year budget adjustments as described on page one of this report.

<sup>2</sup> It is important to note the Commission's Insurance – Liability expense account (Account No. 52700) was budgeted at \$4,554 based on the County of Napa's pooled general liability insurance plan that includes other agencies and County departments. However, County staff identified an error in which a claim was inadvertently attributed to the Commission instead of the appropriate agency. The Commission's corrected year-end expense amount for this account is \$380 as reflected in the year-end projections, included as Attachment One. The overcharged amount will be reimbursed to the Commission.

# LAFCO of Napa County Third Quarter Budget Report for Fiscal Year 2019-2020

## Revenues and Expenses through March 31, 2020 with Year-End Projections

Attachment One

| Account                                 | Category                       | Adopted Budget  | Budget Adjustments | Adjusted Budget  | Encumbrances    | Actual YTD     | YTD Total with Encumbrances | YTD Percent of Budget with Encumbrances | Year-End Projection | Year-End Projection Percent of Budget |
|---|--------------------------------|-----------------|--------------------|------------------|-----------------|----------------|-----------------------------|---|---------------------|---------------------------------------|
| <b>Revenues</b>                         |                                |                 |                    |                  |                 |                |                             |   |                     |                                       |
| 42690                                   | Permits/Application Fees       | 25,000          | -                  | 25,000           | -               | 17,604         | 17,604                      | 70.4%                                   | 24,624              | 98.5%                                 |
| 43910                                   | County of Napa                 | 235,631         | -                  | 235,631          | -               | 235,631        | 235,631                     | 100.0%                                  | 235,631             | 100.0%                                |
| 43950                                   | Other-Governmental Agencies    | 235,630         | -                  | 235,630          | -               | 235,631        | 235,631                     | 100.0%                                  | 235,631             | 100.0%                                |
| 45100                                   | Interest                       | 7,000           | -                  | 7,000            | -               | 9,667          | 9,667                       | 138.1%                                  | 15,000              | 214.3%                                |
| 46800                                   | Charges for Services           | 500             | -                  | 500              | -               | 250            | 250                         | 50.0%                                   | 781                 | 156.2%                                |
| <b>Total Revenues</b>                   |                                | <b>503,761</b>  | <b>-</b>           | <b>503,761</b>   | <b>-</b>        | <b>498,783</b> | <b>498,783</b>              | <b>99.0%</b>                            | <b>511,667</b>      | <b>101.6%</b>                         |
| <b>Expenses</b>                         |                                |                 |                    |                  |                 |                |                             |   |                     |                                       |
| 51100                                   | Salaries and Wages             | 269,085         | (269,085)          | -                | -               | -              | -                           | -                                       | -                   | -                                     |
| 51200                                   | 401A Employer Contribution     | 1,000           | (1,000)            | -                | -               | -              | -                           | -                                       | -                   | -                                     |
| 51205                                   | Cell Phone Allowance           | 420             | (420)              | -                | -               | -              | -                           | -                                       | -                   | -                                     |
| 51210                                   | Director/Commissioner Pay      | 15,000          | -                  | 15,000           | -               | 7,950          | 7,950.00                    | 53.0%                                   | 10,650              | 71.0%                                 |
| 51300                                   | Medicare                       | 4,090           | (3,865)            | 225              | -               | 114            | 114.33                      | 50.8%                                   | 152                 | 67.6%                                 |
| 51305                                   | FICA                           | 500             | -                  | 500              | -               | 383            | 382.55                      | 76.5%                                   | 510                 | 102.0%                                |
| 51400                                   | Employee Insurance-Premiums    | 54,408          | (54,408)           | -                | -               | -              | -                           | -                                       | -                   | -                                     |
| 51405                                   | Workers Compensation           | 675             | (675)              | -                | -               | -              | -                           | -                                       | -                   | -                                     |
| 51600                                   | Retirement                     | 53,691          | (53,691)           | -                | -               | -              | -                           | -                                       | -                   | -                                     |
| 51605                                   | Other Post Employment Benefits | 16,134          | (16,134)           | -                | -               | -              | -                           | -                                       | -                   | -                                     |
| <b>Total for: Salaries and Benefits</b> |                                | <b>415,003</b>  | <b>(399,278)</b>   | <b>15,725</b>    | <b>-</b>        | <b>8,447</b>   | <b>8,447</b>                | <b>53.7%</b>                            | <b>11,312</b>       | <b>71.9%</b>                          |
| 52100                                   | Administration Services        | -               | 424,278            | 424,278          | -               | 285,458        | 285,458                     | 67.3%                                   | 408,532             | 96.3%                                 |
| 52105                                   | Election Services              | 200             | -                  | 200              | -               | -              | -                           | 0.0%                                    | -                   | 0.0%                                  |
| 52125                                   | Accounting/Auditing Services   | 8,000           | -                  | 8,000            | -               | 6,086          | 6,086                       | 76.1%                                   | 7,500               | 93.8%                                 |
| 52130                                   | Information Technology Service | 24,590          | -                  | 24,590           | -               | 18,442         | 18,442                      | 75.0%                                   | 24,590              | 100.0%                                |
| 52140                                   | Legal Services                 | 30,000          | -                  | 30,000           | 8,264           | 21,736         | 30,000                      | 100.0%                                  | 30,000              | 100.0%                                |
| 52310                                   | Consulting Services            | 10,000          | 102,624            | 112,624          | 47,682          | 64,942         | 112,624                     | 100.0%                                  | 112,624             | 100.0%                                |
| 52345                                   | Janitorial Services            | 300             | -                  | 300              | 75              | 225            | 300                         | 100.0%                                  | 300                 | 100.0%                                |
| 52515                                   | Maintenance-Software           | 2,000           | -                  | 2,000            | 1,419           | 360            | 1,779                       | 89.0%                                   | 1,930               | 96.5%                                 |
| 52600                                   | Rents and Leases - Equipment   | 5,500           | -                  | 5,500            | 1,324           | 3,638          | 4,962                       | 90.2%                                   | 5,000               | 90.9%                                 |
| 52605                                   | Rents and Leases - Bldg/Land   | 29,523          | -                  | 29,523           | 7,381           | 22,142         | 29,523                      | 100.0%                                  | 29,523              | 100.0%                                |
| 52700                                   | Insurance - Liability          | 4,554           | -                  | 4,554            | -               | 285            | 285                         | 6.3%                                    | 380                 | 8.3%                                  |
| 52800                                   | Communications/Telephone       | 3,000           | -                  | 3,000            | 683             | 2,041          | 2,724                       | 90.8%                                   | 3,024               | 100.8%                                |
| 52830                                   | Publications & Legal Notices   | 1,500           | -                  | 1,500            | -               | 895            | 895                         | 59.6%                                   | 1,200               | 80.0%                                 |
| 52835                                   | Filing Fees                    | 250             | -                  | 250              | -               | 154            | 154                         | 61.5%                                   | 154                 | 61.5%                                 |
| 52900                                   | Training/Conference Expenses   | 12,295          | -                  | 12,295           | -               | 9,068          | 9,068                       | 73.7%                                   | 9,068               | 73.7%                                 |
| 52905                                   | Business Travel/Mileage        | 3,000           | -                  | 3,000            | -               | 1,418          | 1,418                       | 47.3%                                   | 1,418               | 47.3%                                 |
| 53100                                   | Office Supplies                | 2,000           | -                  | 2,000            | -               | 962            | 962                         | 48.1%                                   | 1,250               | 62.5%                                 |
| 53110                                   | Freight/Postage                | 300             | -                  | 300              | -               | 158            | 158                         | 52.6%                                   | 210                 | 70.0%                                 |
| 53120                                   | Memberships/Certifications     | 3,261           | -                  | 3,261            | -               | 3,261          | 3,261                       | 100.0%                                  | 3,261               | 100.0%                                |
| 53205                                   | Utilities - Electric           | 1,300           | -                  | 1,300            | -               | 959            | 959                         | 73.8%                                   | 1,250               | 96.2%                                 |
| 53410                                   | Computer Equipment/Accessories | 300             | -                  | 300              | -               | 617            | 617                         | 205.7%                                  | 617                 | 205.7%                                |
| 53650                                   | Business Related Meal/Supplies | 500             | -                  | 500              | -               | 65             | 65                          | 13.1%                                   | 65                  | 13.1%                                 |
| <b>Total for: Services and Supplies</b> |                                | <b>142,373</b>  | <b>526,902</b>     | <b>669,275</b>   | <b>66,829</b>   | <b>442,910</b> | <b>509,739</b>              | <b>76.2%</b>                            | <b>641,896</b>      | <b>95.9%</b>                          |
| <b>Total Expenditures</b>               |                                | <b>557,376</b>  | <b>127,624</b>     | <b>685,000</b>   | <b>66,829</b>   | <b>451,357</b> | <b>518,186</b>              | <b>75.6%</b>                            | <b>653,208</b>      | <b>95.4%</b>                          |
| <b>Net Surplus (Deficit)</b>            |                                | <b>(53,615)</b> | <b>(127,624)</b>   | <b>(181,239)</b> | <b>(66,829)</b> | <b>47,426</b>  | <b>(19,403)</b>             | <b>10.7%</b>                            | <b>(141,541)</b>    | <b>78.1%</b>                          |