



Local Agency Formation Commission
LAFCO of Napa County

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October 5, 2009

Agenda Item No. 5b (Consent: Action)

September 30, 2009

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: First Quarter Budget Report for 2009-2010

The Commission will receive a first quarter budget report for the 2009-2010 fiscal year. The budget report compares adopted and actual expenses through the first three months 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 Yountville. State law states the County is responsible for 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 revenues. The Commission only budgets expenses given its prescribed funding sources.

The Commission divides its annual budget into three operating units: (a) salaries/benefits; (b) services/supplies; and (c) contingencies/reserves. The Commission practices bottom-line accounting allowing 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 1, 2009, the Commission adopted a final budget for 2009-2010 totaling \$496,961. At the end of the first quarter, the Commission's actual expenses, including encumbrances, totaled \$94,998. This amount represents 19% of the total adopted budget with one quarter, or 25%, of the fiscal year complete.

Adopted and Actual Expenses Through the First Quarter

(July 1, 2008 through September 30, 2009)

| Adopted Expenses | Actual Expenses | Balance | Percent Available |
|-------------------------|------------------------|----------------|--------------------------|
| \$496,961 | \$94,998 | \$401,963 | 81% |

A comparison of adopted and actual expenses through the first quarter within the Commission's three budget units follows.

Juliana Inman, Vice Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, 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

Salaries/Benefits

The Commission has budgeted \$288,265 in salaries and benefits in 2009-2010. At the end of the first quarter, the Commission's actual expenses within the eight affected accounts totaled \$48,539. This total represents 20% of the budgeted amount. No accounts finished the first quarter with balances below 75%.

Services/Supplies

The Commission has budgeted \$118,063 in services and supplies in 2009-2010. At the end of the first quarter, the Commission's actual expenses within the 14 affected accounts totaled \$46,459. This total represents 39% of the budgeted amount. Four accounts – memberships, property lease, office expenses, and training – finished the first quarter with balances below 75%. A summary of expenses in these four accounts follows.

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 in 2009-2010 is \$2,275 and reflects the amount approved by CALAFCO as part of an updated annual fee schedule in September 2008. CALAFCO recently suspended all fee increases due to the economy, which lowers the Commission's annual membership due to \$2,200. This reduced membership due was collected in full by CALAFCO at the beginning of the fiscal year leaving a remaining balance of \$75.

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 \$2,440 through June 2011. The total lease amount for the fiscal year (\$29,280) was encumbered at the beginning of the fiscal year.

Office Expenses

The office expense account covers the Commission's general overhead supplies ranging from a copy machine lease with Xerox to biweekly purchases with Office Depot. The Commission budgeted \$15,000 for office expenses in 2009-2010. At the end of the first quarter, the Commission spent \$6,272 in this account, which represents approximately 42% percent of the total amount budgeted. The majority of this expense is attributed to encumbering the Commission's full cost to lease its copy machine with Xerox at the beginning of the fiscal year. Staff will continue to monitor this account to help ensure a year-end deficit does not occur.

Training

The training account is used for a variety of instructional activities for staff and Commissioners. The Commission budgeted \$4,000 for training expenses in 2009-2010. At the end of the first quarter, the Commission's actual training expenses totaled \$2,960, representing 74% percent of the total budgeted amount. The majority of expenses in this account are attributed to registration costs for the 2009 CALAFCO Annual Conference. Staff will continue to monitor this account to help ensure a year-end deficit does not occur.

Contingencies/Reserves

The Commission has budgeted \$90,633 in contingences and reserves in 2009-2010. No funds have been drawn from either of the two affected accounts in the first quarter.

B. Analysis

The Commission is on course to finish 2009-2010 with a remaining balance within its three budget units of approximately \$100,000. Nearly all of the projected remaining balance is attributed to the expected retention of all funds within the contingency/reserve unit. The projected remaining balance is measurably less than the \$162,000 amount the Commission finished with at the end of the previous fiscal year. The anticipated decrease in remaining balances between the two fiscal years is tied to increases in salary and benefit costs due to the filling of the fulltime analyst position prior to the start of the current fiscal year. The Commission will return all unexpended funds (budgeted contributions, application fees, and earned interest) to the agencies in the form of credits towards their share of the adopted budget in 2010-2011.¹

C. Recommendation

It is recommended that the Commission take the following action:

- 1) Receive and file the "First Quarter Budget Report for 2009-2010."

Respectfully submitted,

Keene Simonds
Executive Officer

Attachment:

- 1) General Ledger, July 1, 2009 to September 30, 2009

¹ The Commission has collected a total of \$3,958 in application fees through the first quarter. No earned interest has been allocated to the Commission as of the date of this report.



Report ID: GLC8020w

Fund: 2910 NAPA CO LOCAL AGENCY FORMATION

Dept: 02910 NAPA LAFCO

County of Napa
General Ledger Organization Budget Status
 For Periods: 1 To: 12 FY: 2010

9/30/2009

| <u>Account</u> | <u>Account Description</u> | <u>Final Budget</u> | <u>Adjustments</u> | <u>Encumbrances</u> | <u>Expenditures</u> | <u>Remaining Balance</u> | <u>Percent Available</u> |
|----------------|---|---------------------|--------------------|---------------------|---------------------|--------------------------|--------------------------|
| 51100000 | S/W:REGULAR SALARIES | 195,580 | 0.00 | 0.00 | 34,826.85 | 160,753.15 | 82.19 |
| 51200500 | S/W:PER DIEM | 9,600 | 0.00 | 0.00 | 500.00 | 9,100.00 | 94.79 |
| 51300100 | E/B:RETIREMENT | 34,064 | 0.00 | 0.00 | 5,936.12 | 28,127.88 | 82.57 |
| 51300120 | OTHER POST EMPLOYMENT BENEFITS | 8,706 | 0.00 | 0.00 | 0.00 | 8,706.00 | 100.00 |
| 51300300 | E/B:MEDICARE | 2,836 | 0.00 | 0.00 | 471.86 | 2,364.14 | 83.36 |
| 51300500 | E/B:GROUP INSURANCE | 36,471 | 0.00 | 0.00 | 6,636.56 | 29,834.44 | 81.80 |
| 51301200 | E/B:INS:WORKERS COMP | 168 | 0.00 | 0.00 | 0.00 | 168.00 | 100.00 |
| 51301800 | E/B:CELL PHONE ALLOWANCE | 840 | 0.00 | 0.00 | 168.00 | 672.00 | 80.00 |
| | Total Salaries & Employee Benefits | 288,265 | 0.00 | 0.00 | 48,539.39 | 239,725.61 | 83.16 |
| 52070000 | COMMUNICATIONS | 3,500 | 0.00 | 0.00 | 235.46 | 3,264.54 | 93.27 |
| 52100300 | INSURANCE:LIABILITY | 347 | 0.00 | 0.00 | 0.00 | 347.47 | 100.00 |
| 52150000 | MEMBERSHIPS | 2,275 | 0.00 | 0.00 | 2,200.00 | 75.00 | 3.30 |
| 52170000 | OFFICE EXPENSE | 15,000 | 0.00 | 4,682.04 | 1,589.50 | 8,728.46 | 58.19 |
| 52180200 | PSS:MGMT INFO SVCS | 22,438 | 0.00 | 0.00 | 4,677.00 | 17,761.00 | 79.16 |
| 52180500 | PSS:LEGAL EXPENSE | 24,990 | 0.00 | 0.00 | 0.00 | 24,990.00 | 100.00 |
| 52185000 | PSS:OTHER | 7,883 | 0.00 | 0.00 | 0.00 | 7,883.00 | 100.00 |
| 52190000 | PSS:PUBLICATNS/LGL NOTICE | 1,500 | 0.00 | 0.00 | 192.36 | 1,307.64 | 87.18 |
| 52235000 | SDE:OTHER | 1,000 | 0.00 | 0.00 | 0.00 | 1,000.00 | 100.00 |
| 52240500 | SDE:PROPERTY LEASE | 29,280 | 0.00 | 19,520.00 | 9,760.00 | 0.00 | 0.00 |
| 52243900 | SDE:FILING FEE | 850 | 0.00 | 0.00 | 0.00 | 850.00 | 100.00 |
| 52250000 | TRANSPORTATION & TRAV | 4,000 | 0.00 | 0.00 | 476.87 | 3,523.13 | 88.08 |
| 52250800 | T/T:TRAINING | 4,000 | 0.00 | 0.00 | 2,960.00 | 1,040.00 | 26.00 |
| 52251200 | T/T:PRIVATE VEH MILE | 1,000 | 0.00 | 0.00 | 165.55 | 834.45 | 83.45 |
| | Total Services & Supplies | 118,063 | 0.00 | 24,202.04 | 22,256.74 | 71,604.69 | 60.65 |
| 54000900 | OPERATING RESERVE | 40,633 | 0.00 | 0.00 | 0.00 | 40,633.00 | 100.00 |
| 54001000 | PROFESSIONAL SERVICES RESERVE | 50,000 | 0.00 | 0.00 | 0.00 | 50,000.00 | 100.00 |
| | Total Contingencies & Reserves | 90,633 | 0.00 | 0.00 | 0.00 | 90,633.00 | 100.00 |
| 02910 | NAPA LAFCO | 496,961 | 0.00 | 24,202.04 | 70,796.13 | 401,963.30 | 80.88 |
| 2910 | NAPA CO LOCAL AGENCY FORMATION | 496,961 | 0.00 | 24,202.04 | 70,796.13 | 401,963.30 | 80.88 |