



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 6b

TO: Local Agency Formation Commission

PREPARED BY: Budget Committee (Pitts, Wagenknecht, Freeman)

MEETING DATE: April 4, 2016

SUBJECT: Proposed Budget for Fiscal Year 2016-2017

RECOMMENDATION

It is recommended the Commission take the following actions:

- 1) Adopt the proposed budget for 2016-2017 as provided in Attachment One with any desired changes.
- 2) Direct the Budget Committee to circulate the adopted proposed budget to funding agencies as well as make available to the general public for review and comment.
- 3) Direct the Budget Committee to return with recommendations for a final budget for adoption at a noticed public hearing on June 6, 2016.
- 4) Provide direction to the Budget Committee with respect to returning with a proposed amendment to the Budget Policy that would increase the minimum reserves amount.

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

BACKGROUND

LAFCOs are responsible under State law for annually adopting a proposed budget by May 1st and a final budget by June 15th. State law specifies the proposed and final budgets shall – at a minimum – be equal to the budget adopted for the previous fiscal year unless LAFCO finds the reduced costs will nevertheless allow the agency to fulfill its prescribed regulatory and planning duties.

Prescriptive Funding Sources

The Commission's annual operating expenses are principally funded by the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and Yountville. State law specifies the County is responsible for one half of the Commission's operating expenses while the remaining amount is to be apportioned among the five cities. The current formula for allocating the cities' shares of the Commission's budget was adopted by the municipalities in 2003 as an alternative to the standard method outlined in State law and is based on a weighted calculation of population and general tax revenues. Additional funding – typically representing less than one-tenth of total revenues – is budgeted from anticipated application fees and interest earnings.

Budgeting Policies

It is the policy of the Commission to utilize a Budget Committee to inform the agency's decision-making process in adopting an annual operating budget. The Commission establishes a Budget Committee for each fiscal year to include two commissioners and the Executive Officer. Commissioners Greg Pitts and Brad Wagenknecht were appointed to serve on the Budget Committee at the Commission's December 7, 2015 regular meeting. The Budget Committee's responsibilities are summarized in the Budget Policy (Attachment Three). It is the policy of the Commission to ensure the agency is appropriately funded to effectively and proactively meet its prescribed duties while controlling operating expenses whenever possible to limit the financial impact on the funding agencies. This means utilizing the Commission's unrestricted fund balance ("reserves") when appropriate to offset increases in agency contributions. Additionally, it is the policy of the Commission to retain sufficient reserves to equal no less than three months of budgeted operating expenses in the affected fiscal year.

SUMMARY

The Budget Committee held two meetings on February 10th and March 10th. The Budget Committee has prepared a proposed budget in line-item form for consideration by the Commission as part of a noticed public hearing. The Commission will consider adopting a resolution to approve a proposed budget for 2016-2017. Proposed operating expenses total \$505,688 and represent a 3.8% decrease over the current fiscal year. Proposed operating revenues total \$482,444 with the remaining shortfall (\$23,244) to be covered by drawing down on agency reserves.

The proposed budget for 2016-2017 accomplishes the Budget Committee's objectives to provide sufficient resources to maintain current service levels while minimizing impacts on the funding agencies by limiting overall contribution increases. In particular, the proposed budget preserves present staff and service levels the Budget Committee believes are merited given the agency's prescribed and expanding duties. Also, despite allocating \$23,244 as offsetting revenues, the proposed budget positions the Commission to finish the fiscal year with available reserves totaling \$269,756; an amount more than sufficient to meet the Commission's policy to retain reserves equal to no less than three months of operating expenses.

It is important to note the budget worksheet reflects the following three budget amendments for the current fiscal year that impact operating expenses:

- 1) A one-time \$25,000 increase associated with hiring a private consultant (ECS) to back-scan decades of historical files into the agency's electronic document management system. The back-scanning project was approved by the Commission with the use of reserves to cover the costs.
- 2) Transfer in the amount of \$71,600 from salaries and wages to consulting services to allow for the hiring of a private consultant (SWALE) to prepare municipal service reviews and sphere of influence updates in recognition of the ongoing vacancy in the Commission's Analyst position.
- 3) Transfer of all staff Salaries and Benefits in the amount of \$258,300 to a new Services and Supplies line item Administration Services (Account No. 52100) due to new pension accounting rules and reporting regulations.¹ This transfer was also retroactively applied to previous fiscal year budgets.

A detailed summary of proposed operating expenses and revenues follows with the corresponding general ledger showing all affected accounts provided as an exhibit to the attached draft resolution of approval.

¹ Since staff members are County employees, LAFCO's external independent auditors, Gallina LLP, have correctly reclassified the staffing costs as professional services to comply with new accounting standards for both LAFCO and the County. For purposes of providing transparency and maintaining historical consistency, the proposed budget and this staff report continue to reflect each individual line item and corresponding dollar amounts under Salaries and Benefits. However, these Salaries and Benefits accounts are officially combined into the line item Administration Services under Services and Supplies.

Operating Expenses

The Budget Committee proposes a decrease in operating expenses from \$525,684 to \$505,688; a difference of \$19,996 or (3.8%) over the adjusted budget amount for the current fiscal year. Nearly all of the decrease lies within the services/supplies unit with the majority associated with consulting services.

The Budget Committee proposes increasing the salaries and benefits account from \$270,151 to \$347,922. The proposed change represents a \$77,771 or 28.8% increase and accounts for (1) full funding of the vacant Analyst position at the bottom of the pay scale;² (2) increasing the Commission Secretary's weekly schedule from 20 hours to 30 hours; (3) reducing the Executive Officer's salary to the appropriate level;³ and (4) incorporating cost-of-living adjustments for all employees consistent with the Commission's agreement with the County of Napa for staff support services.

The Budget Committee proposes a decrease in the consulting services account from \$126,600 to \$25,000. The decrease in consulting services represents a total of \$101,600 or (80.3%) that is budgeted during the current fiscal year for (1) contract with Ascent Environmental for CEQA consulting services; (2) contract with SWALE for preparation of municipal service reviews and sphere of influence updates; and (3) contract with ECS for historical file back-scanning. The Commission does not budget for contingencies and instead relies on reserves to address unexpected expenses and emergencies.

The following table summarizes operating expenses in the proposed budget.

Expense Unit	Adjusted FY15-16	Proposed FY16-17	Change %
1) Salaries/Benefits	\$270,151	\$347,922	28.8
2) Services/Supplies	\$255,533	\$157,766	(38.3)
3) Contingencies	\$0	\$0	0.0
	\$525,684	\$505,688	(3.8)

² In the absence of hiring of an Analyst in 2016-2017, it would be reasonable to assume the Commission will consider a budget transfer from Administrative Services to Consulting Services in the amount of the Analyst's salary and benefits total for purposes of hiring private consultants to assist in the preparation of municipal service reviews and sphere of influence updates. This potential budget transfer would be consistent with the current fiscal year practice.

³ The current fiscal year budget reflects a salary for the Executive Officer at step 3 of the pay scale due to the uncertainty of the salary that would ultimately be offered to the new Executive Officer following seven months of recruitment efforts. The final budget was adopted prior to the hiring of the current Executive Officer at step 1 of the pay scale.

Operating Revenues

It has been the Commission's practice in recent years to intentionally budget for operating deficits for the purpose of reducing the impact to funding agencies when reserves exceed the amount required in the Budget Policy.⁴ The Budget Committee therefore proposes operating revenues match the current fiscal year amount at \$482,444. This amount would result in an intentional operating deficit of (\$23,244), which would be covered by utilizing reserves consistent with prior fiscal years.

The Budget Committee proposes the majority of operating revenues to be collected – \$449,944 – would be drawn from agency contributions and would match the amount for the current fiscal year. Service charges and interest earnings on the fund balance invested by the County Treasurer represent the remaining portion of operating revenues in the proposed budget. Application fee revenues are proposed to remain consistent at \$30,000 in recognition of recent trends in proposal activity.

The following table summarizes operating revenues in the proposed budget.

Revenue Unit	Adjusted FY15-16	Proposed FY16-17	Change \$	Change %
1) Agency Contributions	\$449,944	\$449,944	\$0	0.0
(a) County of Napa	\$224,972	\$224,972	\$0	0.0
(b) City of Napa	\$149,571	\$148,537	(\$1,034)	(0.7)
(c) City of American Canyon	\$35,997	\$35,412	(\$585)	(1.6)
(d) City of St. Helena	\$14,582	\$16,084	\$1,502	10.3
(e) City of Calistoga	\$13,467	\$13,394	(\$73)	(0.5)
(f) Town of Yountville	\$11,355	\$11,545	\$190	1.7
2) Service Charges	\$30,500	\$30,500	\$0	0.0
3) Interest Earnings	\$2,000	\$2,000	\$0	0.0
Total	\$482,444	\$482,444	\$0	0.0

Proposed agency contributions for 2016-2017 (Attachment Two) reflect general tax revenues for 2013-2014 as provided by the State Controller's Office's (SCO) Cities Annual Report as well as population estimates for January 1, 2015 as provided by the State Department of Finance's (DOF) Population Estimates. Agency contributions will be updated in the final budget to reflect new population estimates as of January 1, 2016 from DOF's 2016 Population Estimates once the report has been published.

⁴ Reserves are estimated to total \$293,000 at the end of the current fiscal year. The Budget Policy directs the Commission to retain sufficient reserves to equal no less than three months of budgeted operating expenses. Therefore, pursuant to the Budget Policy and based on proposed operating expenses in 2016-2017, the Commission is directed to retain a minimum of \$126,422 in reserves.

Policy on Reserves

The Budget Committee discussed a potential amendment to the Budget Policy that would increase the minimum reserves amount that the Commission is required to retain.⁵ An increase to the minimum reserves amount would provide additional protection against the possibility of future emergencies and other unforeseen expenses. The Budget Committee discussed the following options:

- 1) Increase the retention of reserves to a flat amount of \$250,000
- 2) Increase the retention of reserves to one-third or one-half of annually budgeted operating expenses

The Commission is invited to discuss and consider providing direction to the Budget Committee with respect to preparing an amendment to the Budget Policy that would be adopted in concurrence with the final budget in June.

Fee Schedule and Work Program

In addition to preparing a proposed budget for 2016-2017, the Budget Committee reviewed the Commission's adopted fee schedule and Work Program pursuant to the Budget Policy. The Budget Committee determined the fee schedule remains adequate in terms of appropriately charging proposal applicants for various processing fees.⁶ No amendments to the fee schedule are proposed at this time. The Budget Committee did, however, identify the need to amend the Work Program to enhance transparency. Specifically, the Work Program was re-structured to display activities in order of priority as well as categorize (1) planning and regulatory activities and (2) administrative activities. The changes to the Work Program are further described as part of item 8a on today's meeting agenda.

⁵ Paragraph 4 of the Budget Policy states: "The budget shall include an undesignated/unreserved fund balance equal to a minimum of one-fourth of annually budgeted operating expenses."

⁶ The fee schedule includes a combination of flat rate fees and at-cost fees for the processing of proposals. The Budget Committee concluded that existing fees are appropriate given they provide cost-assurances to proposal applicants while ensuring the Commission is properly reimbursed for demands on staff resources. Further, the Commission's fee amounts are substantially similar to fees charged by other LAFCOs.

PROCEDURES FOR CONSIDERATION

This item has been included on the agenda for consideration as part of a noticed public hearing. The following procedures are recommended with respect to the Commission's consideration of this item:

- 1) Receive verbal report from the Budget Committee;
- 2) Open the public hearing and invite testimony; and
- 3) Discuss item and – if appropriate – close the public hearing and consider action on recommendation.

ATTACHMENTS

- 1) Draft Resolution of Approval (Proposed Budget Provided as Exhibit "A")
- 2) Local Agency Contributions Worksheet
- 3) Budget Policy

RESOLUTION NO. ____**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
ADOPTING A PROPOSED BUDGET FOR THE 2016-2017 FISCAL YEAR**

WHEREAS, the Local Agency Formation Commission of Napa County (hereinafter referred to as “Commission”) is required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.) to adopt a proposed budget for the next fiscal year; and

WHEREAS, Government Code Section 56381 requires the Commission to adopt a proposed budget no later than May 1; and

WHEREAS, the Commission appoints and utilizes a Budget Committee to help inform and make decisions regarding the agency’s funding requirements; and

WHEREAS, the Budget Committee prepared a report concerning the proposed budget, including recommendations thereon; and

WHEREAS, the Budget Committee’s report was presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its public hearing on the proposed budget held on April 4, 2016; and

WHEREAS, the Commission determined the proposed budget projects the staffing and program costs of the Commission as accurately and appropriately as is possible.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. The proposed budget as outlined in Exhibit “A” is approved.
2. The proposed budget provides the Commission sufficient resources to fulfill its regulatory and planning responsibilities in accordance with Government Code Section 56381(a).

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on April 4, 2016 by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSTAIN: Commissioners _____

ABSENT: Commissioners _____

ATTEST: Brendon Freeman
Executive Officer

Recorded by: _____
Kathy Mabry
Commission Secretary



Local Agency Formation Commission of Napa County

Subdivision of the State of California

EXHIBIT "A"

FY2016-2017 OPERATING BUDGET / PROPOSED

Prepared on March 10, 2016

Expenses

		FY2013-14		FY2014-15		FY2015-16		FY2016-17	<i>Difference</i>	
<u>Account</u>	<u>Description</u>	Adopted FY13-14	Actual FY13-14	Adjusted FY14-15	Actual FY14-15	Adjusted FY15-16	Estimate FY15-16	Proposed FY16-17		
Salaries and Benefits										
51100 *	Salaries and Wages	155,519.15	148,967.67	147,625.00	150,093.39	152,582.00	130,364.36	218,925.99	66,343.99	43.5%
51200 *	401A Employer Contribution	-	-	1,000.00	300.00	-	1,000.00	1,000.00	1,000.00	-
51205 *	Cell Phone Allowance	840.00	595.00	840.00	682.48	840.00	385.00	420.00	(420.00)	-50.0%
51210	Commissioner/Director Pay	10,000.00	11,500.00	10,000.00	11,125.00	11,000.00	9,375.00	11,000.00	-	0.0%
51300 *	Medicare	3,012.22	2,476.78	3,012.00	2,409.64	3,251.00	1,911.85	3,374.43	123.43	3.8%
51305	FICA	-	193.40	-	496.00	500.00	542.50	550.00	50.00	10.0%
51400 *	Employee Insurance: Premiums	51,202.80	30,172.56	44,796.00	27,678.54	42,936.00	23,340.98	51,754.09	8,818.09	20.5%
51405 *	Workers Compensation	400.00	427.00	428.00	428.00	500.00	461.00	2,221.00	1,721.00	344.2%
51600 *	Retirement	39,595.42	28,257.05	39,853.00	27,040.46	43,791.00	24,598.70	43,689.66	(101.34)	-0.2%
51605 *	Other Post Employment Benefits	12,166.00	12,166.16	12,321.00	12,320.92	14,751.00	14,750.00	14,987.00	236.00	1.6%
		272,735.59	234,755.62	259,875.00	232,574.43	270,151.00	206,729.39	347,922.17	77,771.17	28.8%

* These accounts were combined and reclassified under Services and Supplies as Administration Services (Account No. 52100). For historical consistency and transparency purposes, this budget sheet displays the old individual accounts.

Expenses

		FY2013-14		FY2014-15		FY2015-16		FY2016-17				
		Adopted FY13-14	Actual FY13-14	Adjusted FY14-15	Actual FY14-15	Adjusted FY15-16	Estimate FY15-16	Proposed FY16-17				
<u>Account</u>	<u>Description</u>										<u>Difference</u>	
52100 *	Administration Services	-	-	249,875.00	220,953.43	258,651.00	196,811.89	336,372.17	77,721.17	30.0%		
52105	Election Services	-	150.00	-	75.00	150.00	-	300.00	150.00	0.0%		
52125	Accounting/Auditing Services	9,125.56	8,460.42	10,000.00	8,128.19	10,000.00	8,626.76	9,500.00	(500.00)	-5.0%		
52130	Information Technology Services	22,374.00	22,374.00	24,000.00	23,663.00	24,052.00	24,052.00	24,052.00	-	0.0%		
52140	Legal Services	22,540.00	32,863.95	32,000.00	27,669.59	28,600.00	31,880.00	32,000.00	3,400.00	11.9%		
52310	Consulting Services	61,500.00	58,600.00	107,350.00	78,097.23	126,600.00	107,116.54	25,000.00	(101,600.00)	-80.3%		
52345	Janitorial Services	-	-	-	-	-	360.00	500.00	500.00	NEW		
52515	Maintenance-Software	-	4,400.61	-	1,127.40	1,500.00	1,779.00	2,000.00	500.00	33.3%		
52600	Rents and Leases: Equipment	6,000.00	5,995.03	6,000.00	5,594.26	6,500.00	6,310.40	7,000.00	500.00	7.7%		
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	-	0.0%		
52700	Insurance: Liability	34.63	35.00	100.00	98.00	150.00	304.00	1,206.00	1,056.00	704.0%		
52800	Communications/Telephone	2,950.00	2,488.39	2,950.00	1,231.78	2,000.00	3,125.15	3,000.00	1,000.00	50.0%		
52830	Publications and Notices	1,500.00	1,823.00	2,000.00	728.22	1,500.00	994.59	2,000.00	500.00	33.3%		
52830	Filing Fees	850.00	-	-	-	500.00	300.00	500.00	-	0.0%		
52900	Training/Conference	4,000.00	7,494.42	8,995.00	5,425.52	10,000.00	5,859.50	10,000.00	-	0.0%		
52905	Business Travel/Mileage	5,000.00	2,882.96	2,000.00	1,865.65	2,000.00	1,264.82	2,000.00	-	0.0%		
53100	Office Supplies	5,000.00	2,301.79	4,000.00	3,409.59	4,000.00	2,274.18	4,000.00	-	0.0%		
53110	Freight/Postage	800.00	353.68	800.00	250.00	500.00	250.00	500.00	-	0.0%		
53120	Memberships/Certifications	2,292.96	2,300.00	2,335.00	2,335.00	2,381.00	2,381.00	2,548.00	167.00	7.0%		
53205	Utilities: Electric	1,500.00	1,050.64	1,500.00	1,106.88	1,100.00	1,488.18	1,600.00	500.00	45.5%		
53410	Computer Equipment/Accessories	-	-	-	4,993.29	-	-	-	-	-		
53415	Computer Software/License	3,487.73	183.36	2,500.00	6,150.00	500.00	-	1,000.00	500.00	100.0%		
53600	Special Departmental Expense	21,500.00	10,850.36	15,150.00	128.84	4,000.00	505.00	3,500.00	(500.00)	-12.5%		
54600	Capital Replacement/Depreciation	3,931.00	3,931.00	3,940.00	-	3,940.00	-	-	(3,940.00)	-100.0%		
		199,945.88	194,098.61	251,180.00	197,637.44	255,533.00	224,431.12	157,766.00	(97,767.00)	-38.3%		
Contingencies and Reserves												
<u>Account</u>	<u>Description</u>											
58100	Appropriation for Contingencies	-	-	-	-	-	-	-	-	-		
		-	-	-	-	-	-	-	-	-		
EXPENSE TOTALS		472,681.47	428,854.23	511,055.00	430,211.87	525,684.00	431,160.51	505,688.17	(19,995.83)	-3.8%		

* This account reflects the Salaries and Wages accounts that were combined and reclassified under Services and Supplies as Administration Services (Account No. 52100).

Operating expenses for 2014-2015 reflect a one-time \$11,000 cost associated with an EDMS software upgrade project. Agency reserves were utilized to cover this cost.

Operating expenses for 2015-2016 reflect a one-time \$25,000 cost associated with EDMS back-filing project. Agency reserves were utilized to cover this cost.

Revenues

		FY2013-14		FY2014-15		FY2015-16		FY2016-17		
		Adopted FY13-14	Actual FY13-14	Adjusted FY14-15	Actual FY14-15	Adjusted FY15-16	Estimate FY15-16	Proposed FY16-17	<i>Difference</i>	
Intergovernmental										
Account	Description									
43910	County of Napa	209,675.02	209,675.02	215,852.51	215,852.51	224,972.00	224,972.00	224,972.00	-	0.0%
43950	Other Governmental Agencies	209,675.01	209,675.01	215,852.51	215,852.51	224,972.00	224,972.00	224,972.00	-	0.0%
----	<i>City of Napa</i>	<i>140,020.50</i>	<i>140,020.50</i>	<i>144,529.41</i>	<i>144,529.41</i>	<i>149,571.00</i>	<i>149,571.00</i>	148,537.19	<i>(1,033.81)</i>	<i>-0.7%</i>
----	<i>City of American Canyon</i>	<i>33,757.20</i>	<i>33,757.20</i>	<i>34,421.92</i>	<i>34,421.92</i>	<i>35,997.00</i>	<i>35,997.00</i>	35,411.78	<i>(585.22)</i>	<i>-1.6%</i>
----	<i>City of St. Helena</i>	<i>13,956.84</i>	<i>13,956.84</i>	<i>14,145.09</i>	<i>14,145.09</i>	<i>14,582.00</i>	<i>14,582.00</i>	16,083.87	<i>1,501.87</i>	<i>10.3%</i>
----	<i>City of Calistoga</i>	<i>12,388.75</i>	<i>12,388.75</i>	<i>12,906.58</i>	<i>12,906.58</i>	<i>13,467.00</i>	<i>13,467.00</i>	13,393.67	<i>(73.33)</i>	<i>-0.5%</i>
----	<i>Town of Yountville</i>	<i>9,551.72</i>	<i>9,551.72</i>	<i>9,849.52</i>	<i>9,849.52</i>	<i>11,355.00</i>	<i>11,355.00</i>	11,545.48	<i>190.48</i>	<i>1.7%</i>
		419,350.03	419,350.03	431,705.02	431,705.02	449,944.00	449,944.00	449,944.00	-	0.0%
Service Charges										
42690	Application/Permit Fees	10,000.00	31,488.00	10,000.00	48,462.00	30,000.00	30,135.00	30,000.00	-	0.0%
46800	Charges for Services	500.00	375.00	500.00	1,375.00	500.00	750.00	500.00	-	0.0%
47900	Miscellaneous	-	-	-	-	-	-	-	-	0.0%
		10,500.00	31,863.00	10,500.00	49,837.00	30,500.00	30,885.00	30,500.00	-	0.0%
Investments										
45100	Interest	3,000.00	1,514.00	2,000.00	2,201.69	2,000.00	1,500.00	2,000.00	-	0.0%
		3,000.00	1,514.00	2,000.00	2,201.69	2,000.00	1,500.00	2,000.00	-	0.0%
	REVENUE TOTALS	432,850.03	452,727.03	444,205.02	483,743.71	482,444.00	482,329.00	482,444.00	-	0.0%
OPERATING DIFFERENCE		(39,831.44)	23,872.80	(66,849.98)	53,531.84	(43,240.00)	51,168.49	(23,244.17)		

Negative Balance Indicates Use of Unrestricted Fund Balance Reserves



	2013-2014 Actual	2014-2015 Actual	2015-2016 Estimate	2016-2017 Proposed Budget
RESTRICTED FUND BALANCE (EQUIPMENT REPLACEMENT RESERVE)				
Beginning:	15,824.00	19,657.00	19,657.00	19,657.00
Ending:	19,657.00	19,657.00	19,657.00	19,657.00
UNRESERVED/UNRESTRICTED FUND BALANCE				
Beginning:	164,427.00	188,299.80	241,831.64	293,000.13
Ending:	188,299.80	241,831.64	293,000.13	269,755.96
TOTAL FUND BALANCE				
Beginning:	180,251.00	207,956.80	261,488.64	312,657.13
Ending:	207,956.80	261,488.64	312,657.13	289,412.96
MINIMUM THREE MONTH RESERVE GOAL	117,187.62	126,778.75	130,436.00	126,422.04



Local Agency Formation Commission of Napa County

Subdivision of the State of California

ATTACHMENT TWO

2016-2017 Agency Contributions Calculation

Step 1 Total Agency Contributions									
	<u>FY15-16</u>	<u>FY16-17</u>	<u>FY16-17</u>						
Total	449,944.00	505,688.17	449,944.00	\$	-				0.0%
Step 2 Allocation Between County and Cities									
	<u>FY15-16</u>	<u>FY16-17</u>							
50% to the County of Napa	\$ 224,972.00	\$ 224,972.00	\$	-					0.0%
50% to the 5 Cities	\$ 224,972.00	\$ 224,972.00	\$	-					0.0%
Step 3a Cities' Share Based on Total General Tax Revenues (FY2013-2014)									
<u>General Tax Revenues</u>	<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Cities</u>			
Property Tax	7,131,618	1,718,854	26,336,994	3,876,514	1,086,163	40,150,143			
Sales and Use Taxes	2,562,424	919,680	14,206,446	2,547,323	1,240,859	21,476,732			
Transient Occupancy Tax	1,457,354	4,456,456	15,170,111	1,732,607	6,262,880	29,079,408			
Other Taxes	2,017,635	1,117,346	7,118,326	2,051,428	567,907	12,872,642			
Total	\$ 13,169,031	\$ 8,212,336	\$ 62,831,877	\$ 10,207,872	\$ 9,157,809	\$ 103,578,925			
Percentage of Total Taxes to all Cities	12.7%	7.9%	60.7%	9.9%	8.8%	100%			
Step 3b Cities' Share Based on Total Population (1/1/15)									
	<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Cities</u>			
Population	20,149	5,261	78,971	6,065	3,017	113,463			
Population Percentage	17.76%	4.64%	69.60%	5.35%	2.66%	100%			
Step 4 Cities Allocation Formula									
	<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Cities</u>			
Cities' Share Based on Total General Taxes	12.7%	7.9%	60.7%	9.9%	8.8%	100%			
Portion of LAFCO Budget	11,441.18	7,134.83	54,587.99	8,868.54	7,956.25	40%			
Cities' Share Based on Total Population	17.76%	4.64%	69.60%	5.35%	2.66%	100%			
Portion of LAFCO Budget	23,970.60	6,258.84	93,949.20	7,215.33	3,589.23	60%			
Total Agency Allocation	\$ 35,411.78	\$ 13,393.67	\$ 148,537.19	\$ 16,083.87	\$ 11,545.48	\$ 224,972.00			
Allocation Share	15.7405%	5.9535%	66.0247%	7.1493%	5.1320%	100%			
Step 5 FY16-17 Invoices									
	<u>County of Napa</u>	<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Agencies</u>		
	\$ 224,972.00	\$ 35,411.78	\$ 13,393.67	\$ 148,537.19	\$ 16,083.87	\$ 11,545.48	\$ 449,944.00		
<i>Difference From FY15-16:</i>	\$ -	\$ (585.22)	\$ (73.33)	\$ (1,033.81)	\$ 1,501.87	\$ 190.48	\$ -		
	0.00%	-1.63%	-0.54%	-0.69%	10.30%	1.68%	0.00%		



LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

BUDGET POLICY

- 1) An annual budget shall be prepared, adopted and administered in accordance with Government Code Section 56381.
- 2) The Commission should annually consider the Fee Schedule and Work Program in conjunction with the budget process.
- 3) The Commission is committed to ensuring the agency is appropriately funded each fiscal year to effectively meet its prescribed regulatory and planning responsibilities. The Commission is also committed to controlling operating expenses to reduce the financial obligations on the County of Napa and cities, hereafter referred to as the “funding agencies,” whenever possible and appropriate.
- 4) The budget shall include an undesignated/unreserved fund balance equal to a minimum of one-fourth of annually budgeted operating expenses.
- 5) The Commission shall establish an ad-hoc budget committee at the last meeting of each calendar year comprising of two Commissioners and the Executive Officer which will terminate each year with the adoption of the final budget. Commissioners appointed to a budget committee shall receive a regular per diem payment for each meeting attended.
- 6) The adopted final budget should be posted on the Commission’s website for public viewing for the entirety of the affected fiscal year.