



Local Agency Formation Commission
LAFCO of Napa County

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December 6, 2010
Agenda Item No. 5a (Consent: Action)

November 29, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: First Quarter Budget Report for 2010-2011

The Commission will receive and file a first quarter budget report for 2010-2011. The report compares budgeted versus actual revenues and expenses through the first three months and projects the Commission will finish the fiscal year with an operating surplus of approximately \$9,800.

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 the 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. Discussion

LAFCO of Napa County's ("Commission") adopted final budget for 2010-2011 totals \$413,480. This amount represents the total approved operating expenditures for the fiscal year within the Commission's three expense units: salaries/benefits; services/supplies; and capital replacement. Budgeted revenues total \$371,020 within three revenue units: agency contributions; service charges; and investments. The expected operating shortfall will be covered by drawing down on the Commission's unreserved/undesignated fund balance, which totaled \$164,728 as of July 1, 2010. A comparison of budgeted and actual revenues and expenses through the first quarter follows.

Overall Revenues

Actual revenues collected through the first quarter totaled \$348,328. This amount represents 94% of the adopted budget total with 25% of the fiscal year complete. The following table summarizes budgeted versus actual revenues through the first quarter.

Adopted and Actual Revenues Through the First Quarter

Budget Units	Adopted Revenues	Actual Revenues	Difference
Agency Contributions	356,020	345,377	(10,643)
Service Charges	10,000	2,951	(7,049)
Investments	5,000	0	(5,000)
Total	371,020	348,328	(22,692)

Juliana Inman, Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

Bill Dodd, Vice Chair
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, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

An expanded discussion on budgeted and actual revenues through the first quarter follows.

Agency Contributions

The Commission budgeted \$356,020 in agency contributions in 2010-2011. Half of the total was invoiced to the County of Napa (\$178,009) with the remaining amount proportionally invoiced based on population and general tax revenues to the Cities of American Canyon (\$27,468), Calistoga (\$10,642), Napa (\$119,647), St. Helena (\$12,657), and Yountville (\$7,596). All invoices were paid through the end of the first quarter with the exception of Calistoga. Staff has issued a reminder letter to Calistoga and anticipates payment shortly.

Service Charges

The Commission budgeted \$10,000 in service charges in 2010-2011. At the end of the first quarter, actual revenues collected within this unit totaled \$2,951. The majority of this amount is tied to additional staff time billed to the City of American Canyon in processing the Devlin Road/South Kelly Road Reorganization proposal. Staff anticipates finishing the fiscal year with actual revenues exceeding \$10,000 based on current and anticipated proposal activity in 2010-2011.

Investments

The Commission budgeted \$5,000 in investment income in 2010-2011. This budgeted amount is entirely tied to interest earned on the Commission's fund balance, which is under investment by the County of Napa Treasurer. The first allocation of earned interest will not be issued by the Treasurer until the end of the second quarter.

Overall Expenses

Actual expenses through the first quarter, including encumbrances, totaled \$97,859. This amount represents 24% of the adopted budget with 25% of the fiscal year complete. The following table summarizes budgeted versus actual expenses through the first quarter.

Adopted and Actual Expenses Through the First Quarter

Budget Units	Adopted Expenses	Actual Expenses	Balance
Salaries/Benefits	293,973	53,151	240,822
Services/Supplies	115,575	44,707	70,868
Capital Replacement	3,932	0	3,931
Total	\$413,480	\$97,859	\$315,620

An expanded discussion on budgeted and actual expenses through the first quarter follows.

Salaries/Benefits

The Commission has budgeted \$293,973 in salaries and benefits in 2010-2011. At the end of the first quarter, the Commission's actual expenses within the eight affected accounts totaled \$53,151, representing 18% of the budgeted amount. None of the affected accounts finished the first quarter with balances below 75%.

Services/Supplies

The Commission has budgeted \$115,575 in services and supplies in 2010-2011. At the end of the first quarter, the Commission's actual expenses within the 15 affected accounts totaled \$44,707. These total expenditures represent 39% of the budgeted amount. Five accounts - memberships, general departmental expense, property lease, special departmental expense, and training - finished the first quarter with balances below 75%. A summary of expenditures in these five accounts follows.

Membership

This account covers the Commission's annual membership fee for the California Association of Local Agency Formation Commissions (CALAFCO). The Commission's budgeted membership fee in 2010-2011 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 fee was collected in full by CALAFCO at the beginning of the fiscal year leaving a remaining balance of \$75, or 3%.

General Departmental Expenses

This account covers the Commission's general overhead costs ranging from a copy machine lease with Xerox to biweekly purchases with Office Depot. The Commission budgeted \$15,000 for general departmental expenses in 2010-2011. At the end of the first quarter, the Commission spent \$5,547 in this account, which represents approximately 37% 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.

Property Lease

This account covers the Commission's annual office space lease at 1700 Second Street in Napa. The Commission budgeted \$29,280 in this account in 2010-2011, reflecting its current monthly rental charge of \$2,440.¹ The County Auditor's Office has encumbered the full annual rental amount at the beginning of the fiscal year to expedite monthly payments to the property manager.

Special Departmental Expenses

This account covers the Commission's special overhead purchases ranging from furniture to wall decorations. The Commission budgeted \$1,000 for special departmental expenses in 2010-2011. At the end of the first quarter, the Commission spent \$482 in this account, which represents approximately 48% of the total amount budgeted. The entire amount is attributed to purchasing three new multi-line telephones for the LAFCO office. Staff will continue to monitor this account to help ensure a year-end deficit does not occur.

¹ The monthly rental fee at 1700 Second Street is fixed at \$2,440 through June 2011.

Training

This account is used for a variety of instructional activities for Commissioners and staff. The Commission budgeted \$4,000 for training expenses in 2010-2011. At the end of the first quarter, expenses in this account totaled \$2,589, which represents approximately 65% of the total amount budgeted. All expenses in this account are attributed to registration costs for the 2010 CALAFCO Annual Conference in Palm Springs. Staff will continue to monitor this account to help ensure a year-end deficit does not occur.

Capital Replacement

The Commission has budgeted \$3,391 for capital depreciation in 2010-2011. This budgeted amount reflects the Commission's five-year funding replacement program for the agency's electronic document management system. The budgeted expense will be booked at the end of the fiscal year.

B. Analysis

Staff calculates the Commission is on course to finish 2010-2011 with an operating surplus of approximately \$9,800. Nearly the entire projected operating surplus is attributed to anticipated savings in office expenses and per diem payments. The projected operating surplus is measurably less than the \$42,460 amount remaining at the end of 2009-2010. The anticipated decrease in operating surplus is principally tied to the Commission's decision to eliminate its practice of budgeting an annual reserve and consultant contingency in favor of relying on the fund balance to cover unexpended costs.

C. Recommendation

It is recommended the Commission take the following action:

- 1) Receive and file the "First Quarter Budget Report for 2010-2011."

Respectfully submitted,

Keene Simonds
Executive Officer

Attachment:

- 1) General Ledger, July 1, 2010 to September 30, 2010



Account	Account Description	Final Budget	Adjustments	Encumbrances	Expenditures	Remaining Balance	Percent Available
51100000	S/W:REGULAR SALARIES	198,347	0.00	0.00	35,475.20	162,871.80	82.11
51200500	S/W:PER DIEM	9,600	0.00	0.00	1,000.00	8,600.00	89.58
51300100	E/B:RETIREMENT	34,992	0.00	0.00	6,076.21	28,915.79	82.64
51300120	OTHER POST EMPLOYMENT BENEFITS	9,138	0.00	0.00	2,284.50	6,853.50	75.00
51300300	E/B:MEDICARE	2,876	0.00	0.00	490.11	2,385.89	82.96
51300500	E/B:GROUP INSURANCE	37,954	0.00	0.00	7,660.73	30,293.27	79.82
51301200	E/B:INS:WORKERS COMP	226	0.00	0.00	0.00	226.00	100.00
51301800	E/B:CELL PHONE ALLOWANCE	840	0.00	0.00	164.50	675.50	80.42
	Total Salaries & Employee Benefits	293,973	0.00	0.00	53,151.25	240,821.75	81.92
52070000	COMMUNICATIONS	3,500	0.00	0.00	378.06	3,121.94	89.20
52100300	INSURANCE:LIABILITY	444	0.00	0.00	0.00	444.00	100.00
52150000	MEMBERSHIPS	2,275	0.00	0.00	2,200.00	75.00	3.30
52170000	OFFICE EXPENSE	15,000	0.00	0.00	954.98	9,449.11	62.99
52180200	PSS:MGMT INFO SVCS	18,439	0.00	0.00	2,381.63	16,057.37	87.08
52180500	PSS:LEGAL EXPENSE	26,010	0.00	0.00	0.00	26,010.00	100.00
52180510	PSS:AUDIT AND ACCOUNTING SERV	0	8,277.00	0.00	1,048.56	7,228.44	87.33
52185000	PSS:OTHER	8,277	-8,277.00	0.00	0.00	0.00	0.00
52190000	PSS:PUBLICATIONS/LGL NOTICE	1,500	0.00	0.00	148.01	1,351.99	90.13
52235000	SDE:OTHER	1,000	0.00	0.00	482.05	517.95	51.80
52240500	SDE:PROPERTY LEASE	29,280	0.00	0.00	9,760.00	0.00	0.00
52243900	SDE:FILING FEE	850	0.00	0.00	50.00	800.00	94.12
52250000	TRANSPORTATION & TRAV	3,500	0.00	0.00	395.88	3,104.12	88.69
52250700	MEALS-REIMBURSABLE/TAXABLE	500	0.00	0.00	101.26	398.74	79.75
52250800	T/T:TRAINING	4,000	0.00	0.00	2,589.00	1,411.00	35.28
52251200	T/T:PRIVATE VEH MILE	1,000	0.00	0.00	102.00	898.00	89.80
	Total Services & Supplies	115,575	0.00	24,115.91	20,591.43	70,867.66	61.32
53980200	DEPR-EQUIPMENT	3,931	0.00	0.00	0.00	3,931.00	100.00
	Total Other Charges	3,931	0.00	0.00	0.00	3,931.00	100.00
02910	NAPA LAFCO	413,479	0.00	24,115.91	73,742.68	315,620.41	76.33
2910	NAPA CO LOCAL AGENCY FORMATION	413,479	0.00	24,115.91	73,742.68	315,620.41	76.33



Report ID: GLC8030W
 Fund: 2910 NAPA CO LOCAL AGENCY FORMATION
 Dept: 02910 NAPA LAFCO

County of Napa
 General Ledger Organization Revenue Status
 For Periods: 1 To: 3 FY: 2011

10/15/201

Account	Account Description	Final Budget	Adjustments	Collected Revenue	Uncollected Revenue	Percent Collec
44000300	INTEREST:INVESTD FNDS	5,000.00	0.00	0.00	5,000.00	0.00
	Total Revenue from Use of Money/Property	5,000.00	0.00	0.00	5,000.00	0.00
45080600	O/GA:COUNTY OF NAPA	185,560.00	-7,550.00	178,009.77	0.23	100.00
45082100	O/GA:CITY OF CALISTOGA	11,094.00	-452.00	0.00	10,642.00	0.00
45082200	O/GA:NAPA CITY	124,722.00	-5,075.00	119,646.81	0.19	100.00
45082300	O/GA:CITY OF ST HELENA	13,193.00	-536.00	12,656.54	0.46	100.00
45082400	O/GA:CITY OF AMER CYN	28,633.00	-1,165.00	27,468.37	-0.37	100.00
45082500	O/GA:TOWN OF YOUNTVILLE	7,918.00	-322.00	7,595.60	0.40	99.99
	Total Intergovernmental Revenues	371,120.00	-15,100.00	345,377.09	10,642.91	97.01
46003300	SPECIAL APPLICATION PROC FEES	0.00	0.00	2,936.50	-2,936.50	0.00
46003400	APPLICATION PROCESSING FEES	10,000.00	0.00	14.30	9,985.70	0.14
	Total Charges for Services	10,000.00	0.00	2,950.80	7,049.20	29.51
02910	NAPA LAFCO	386,120.00	-15,100.00	348,327.89	22,692.11	93.88
2910	NAPA CO LOCAL AGENCY FORMATION	386,120.00	-15,100.00	348,327.89	22,692.11	93.88