



Local Agency Formation Commission of Napa County
 Subdivision of the State of California

1030 Seminary Street, Suite B
 Napa, California 94559
 Phone: (707) 259-8645
 Fax: (707) 251-1053
 www.napa.lafco.ca.gov

We Manage Local Government Boundaries, Evaluate Municipal Services, and Protect Agriculture

Agenda Item 6c (Consent/Information)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer
 Kathy Mabry, Secretary

MEETING DATE: August 6, 2018

SUBJECT: Fourth Quarter Budget Report for 2017-2018

SUMMARY

This item is being presented to the Commission for information purposes only. The Commission will review a fourth quarter budget report for 2017-2018. The report compares budgeted versus actual transactions through June 30, 2018. The report indicates the Commission eliminated its budgeted funding gap of \$81,075 and finished the fiscal year with an overall operating surplus of \$37,611.

ANALYSIS

The Commission’s adjusted budget for 2017-2018 totals \$534,023. This amount represents the total approved operating expenditures for the fiscal year divided between salaries and benefits, services and supplies, and contingencies. Budgeted revenues total \$452,948 and are divided between intergovernmental fees, service charges, and investments. It is important to note that an operating shortfall of \$81,075 was intentionally budgeted to reduce the funding requirements of the local agencies and to be covered by drawing down on the Commission’s unrestricted fund balance (“reserves”). The Commission’s reserves totaled \$405,435 as of July 1, 2017.

Adjusted Budget Operating Expenses	Adjusted Budget Operating Revenues	Adjusted Budget Year-End Operating Balance
\$534,023	\$452,948	(\$81,075)

Margie Mohler, Chair
 Councilmember, Town of Yountville

Scott Sedgley, Commissioner
 Councilmember, City of Napa

Kenneth Leary, Alternate Commissioner
 Councilmember, City of American Canyon

Brad Wagenknecht, Vice Chair
 County of Napa Supervisor, 1st District

Diane Dillon, Commissioner
 County of Napa Supervisor, 3rd District

Ryan Gregory, Alternate Commissioner
 County of Napa Supervisor, 2nd District

Gregory Rodeno, Commissioner
 Representative of the General Public

Erik Lawrence, Alternate Commissioner
 Representative of the General Public

Brendon Freeman
 Executive Officer

Operating Revenues

The Commission's operating revenues for 2017-2018 were budgeted at \$452,948. Actual revenues collected during the fiscal year totaled \$443,870, resulting in a deficit of \$9,078 relative to the budgeted amount. The following table compares budgeted and actual revenues for the completed fiscal year.

Revenue Units	Adjusted Budget	End of 4th Quarter	Dollar Difference	Percent Collected
Intergovernmental	\$427,448	\$427,448	\$0	100.0%
Service Charges	\$20,500	\$9,721	(\$10,779)	47.4%
Investments	\$5,000	\$6,701	\$1,701	134.0%
Total	\$452,948	\$443,870	(\$9,078)	98.0%

An expanded discussion on budgeted and actual revenues through the fourth quarter within the Commission's three revenue units follows.

Intergovernmental

The Commission budgeted \$427,448 in intergovernmental fees in 2017-2018. Half of the total was invoiced to the County of Napa in the amount of \$213,724. The remaining amount was proportionally invoiced to the cities based on a weighted calculation of population and general tax revenues. This latter formula resulted in invoice charges totaling \$34,380 for American Canyon, \$12,349 for Calistoga, \$143,028 for Napa, \$13,856 for St. Helena, and \$10,111 for Yountville. All agency invoices have been paid in full leaving a zero balance.

Service Charges

The Commission budgeted \$20,500 in service charges in 2017-2018. At the end of the fourth quarter, actual revenues collected within this unit totaled \$9,721 or 47.4% of the budgeted amount. The collected service charges are predominantly tied to the submittal of proposals associated with annexations, sphere of influence amendment requests, and outside service agreements.

Investments

The Commission budgeted \$5,000 in investment income in 2017-2018. All income generated in this unit is tied to interest earned on the Commission's fund balance, which is under pooled investment by the County Treasurer. Actual interest earnings generated through the fourth quarter were higher than originally anticipated totaled \$6,701 or 134.0% of the budgeted amount. Notably, the Commission has increased the amount for this revenue unit to \$7,000 in the adopted final budget for the 2018-2019 fiscal year.

Operating Expenses

The Commission's adjusted operating expenses for 2017-2018 were budgeted at \$534,023.¹ Actual expenses incurred during the fiscal year totaled \$406,259, resulting in a surplus/savings of \$127,764 relative to the budgeted amount. The following table compares budgeted and actual expenses for the completed fiscal year.

Expense Units	Adjusted Budget	End of 4 th Quarter	Dollar Difference	Percent Expended
Salaries/Benefits	\$359,700	\$256,085	\$103,615	71.2%
Services/Supplies	\$174,323	\$150,174	\$24,149	86.1%
Contingencies	\$0	\$0	\$0	0.0%
Total	\$534,023	\$406,259	\$127,764	76.1%

An expanded discussion on budgeted and actual expenses through the fourth quarter within the Commission's three expense units follows.

Salaries/Benefits

The Commission budgeted \$359,700 in salaries and benefits for 2017-2018. The Commission's actual expenses within the expense unit totaled \$256,085. The surplus/savings of \$103,615 is primarily associated with the existing vacancy in the Analyst position.

Services/Supplies

The Commission budgeted \$174,323 in services and supplies for 2017-2018. The Commission's actual expenses within the expense unit totaled \$150,174. The surplus/savings of \$24,149 is primarily associated with lower than anticipated expenses tied to accounting services, consulting services, equipment, office supplies, and training/conferences.

Consulting services represent the largest surplus/savings within the expense unit at \$22,090. A portion of this surplus/savings amount includes consultant services not rendered during 2017-2018 that must be re-encumbered in the current fiscal year by way of a budget adjustment (see item 6d on today's agenda).

It is also important to note the expense account for ITS – Records Management (Account No. 52132) was not included in the Commission's budget for 2017-2018, but this account produced a total expense of \$6,296 during the fiscal year.²

¹ On August 7, 2017, the Commission approved a budget adjustment to re-encumber two consultant contracts that resulted in a \$26,811 increase in total operating expenses to be covered by drawing down on reserves. On April 2, 2018, the Commission approved a second budget adjustment to increase Legal Services (Account No. 52140) by \$8,500, also to be covered by drawing down on reserves.

² Account No. 52132 is an expense account that was not originally included in the budget. Expenses in this account appeared during the first quarter of the 2017-2018 fiscal year. Commission staff was informed by County of Napa Information Technology Services (ITS) staff that this account is associated with the physical movement of the Commission's historical records tied to the Commission's electronic document management system records scanning project. This expense account represents a non-recurring cost for a specific project and therefore will not be in future budgets. County ITS staff agreed to provide more transparent billing for any similar projects in the future.

Contingencies

The Commission did not budget funds for contingencies in 2017-2018, and instead relies on its unreserved fund balance to address any unexpected costs.

ATTACHMENT

- 1) 2017-2018 Fourth Quarter Budget Sheet through June 30, 2018



Local Agency Formation Commission of Napa County

Subdivision of the State of California

Attachment One

FY2017-2018 FOURTH QUARTER BUDGET REPORT

Expenses	FY2014-15		FY2015-16		FY2016-17		FY2017-18		
	Adjusted FY14-15	Actual FY14-15	Adjusted FY15-16	Actual FY15-16	Adjusted FY16-17	Actual FY16-17	Adjusted FY17-18	Actual 4th Quarter	%
Salaries and Benefits									
<u>Account</u>	<u>Description</u>								
51100	147,625	150,093	152,582	138,142	194,226	157,926	230,519	163,069	70.7%
51200	1,000	300	-	2,000	1,000	1,000	1,000	1,000	100.0%
51205	840	682	840	401	420	404	420	420	100.0%
51210	10,000	11,125	11,000	9,375	11,000	12,750	11,000	9,875	89.8%
51300	3,012	2,410	3,251	1,951	3,374	2,334	3,500	2,358	67.4%
51305	-	496	500	395	550	490	500	398	79.6%
51400	44,796	27,679	42,936	25,002	51,754	34,190	51,818	33,663	65.0%
51405	428	428	500	461	2,221	2,221	719	719	100.0%
51600	39,853	27,040	43,791	24,721	43,690	30,437	46,010	29,067	63.2%
51601	-	-	-	-	-	-	-	(27)	New
51602	-	-	-	-	-	-	-	1,327	New
51605	12,321	12,321	14,751	14,750	14,987	14,987	14,214	14,216	100.0%
Total	259,875	232,575	270,151	217,197	323,222	256,739	359,700	256,085	71.2%
Services and Supplies									
<u>Account</u>	<u>Description</u>								
52105	-	75	150	-	300	-	100	-	0.0%
52125	10,000	8,128	10,000	7,496	9,500	7,655	9,500	6,902	72.7%
52130	24,000	23,663	24,052	24,052	24,052	24,052	16,859	16,859	100.0%
52132	-	-	-	-	-	-	-	6,296	New
52140	32,000	27,670	28,600	26,093	32,000	25,867	35,000	35,000	100.0%
52310	107,350	78,097	126,600	59,177	78,840	35,415	52,311	30,221	57.8%
52345	-	-	-	420	500	150	200	75	37.5%
52515	-	1,127	1,500	1,869	2,000	1,779	2,000	1,779	89.0%
52600	6,000	5,594	6,500	5,962	7,000	5,240	6,000	4,710	78.5%
52605	25,560	25,560	25,560	25,560	25,560	25,560	27,828	27,828	100.0%
52700	100	98	150	304	1,206	1,206	249	249	100.0%
52800	2,950	1,232	2,000	3,424	3,000	3,021	3,000	3,041	101.4%
52830	2,000	728	1,500	1,406	2,000	1,588	2,000	1,562	78.1%
52835	-	-	500	200	500	400	500	150	30.0%
52900	8,995	5,426	10,000	7,041	10,000	8,050	9,000	7,091	78.8%
52905	2,000	1,866	2,000	1,110	2,000	830	1,500	1,152	76.8%
52906	-	-	-	-	-	38	100	-	0.0%
53100	4,000	3,410	4,000	2,435	4,000	1,949	3,000	1,768	58.9%
53110	800	250	500	200	500	250	300	253	84.3%
53120	2,335	2,335	2,381	2,381	2,548	2,548	2,726	2,726	100.0%
53205	1,500	1,107	1,100	1,261	1,600	1,121	1,300	1,057	81.3%
53410	-	4,993	-	-	-	418	500	539	107.8%
53415	2,500	6,150	500	-	1,000	145	-	-	-
53600	15,150	129	4,000	113	3,500	595	-	-	-
53650	-	-	-	-	-	652	350	916	261.7%
54600	3,940	-	3,940	-	-	-	-	-	-
Total	251,180	197,638	255,533	170,504	211,606	148,529	174,323	150,174	86.1%
Contingencies									
<u>Account</u>	<u>Description</u>								
58100	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
EXPENSE TOTALS	511,055	430,212	525,684	387,701	534,828	405,268	534,023	406,259	76.1%
Revenues									
Revenues	FY2014-15		FY2015-16		FY2016-17		FY2017-18		
	Adjusted FY14-15	Actual FY14-15	Adjusted FY15-16	Actual FY15-16	Adjusted FY16-17	Actual FY16-17	Adjusted FY17-18	Actual 4th Quarter	%
Intergovernmental									
<u>Account</u>	<u>Description</u>								
43910	215,853	215,853	224,972	224,972	224,972	224,972	213,724	213,724	100.0%
43950	215,853	215,853	224,972	224,972	224,972	224,972	213,724	213,724	100.0%
----	144,529	144,529	149,571	149,571	149,066	149,066	143,028	143,028	100.0%
----	34,422	34,422	35,997	35,997	35,330	35,330	34,380	34,380	100.0%
----	14,145	14,145	14,582	14,582	15,908	15,908	13,856	13,856	100.0%
----	12,907	12,907	13,467	13,467	13,209	13,209	12,349	12,349	100.0%
----	9,850	9,850	11,355	11,355	11,459	11,459	10,111	10,111	100.0%
Total	431,705	431,705	449,944	449,944	449,944	449,944	427,448	427,448	100.0%
Service Charges									
42690	10,000	48,462	30,000	26,322	30,000	5,043	20,000	9,471	47.4%
46800	500	1,375	500	625	500	250	500	250	50.0%
Total	10,500	31,863	30,500	26,947	30,500	5,293	20,500	9,721	47.4%
Investments									
45100	2,000	2,202	2,000	2,246	2,000	4,592	5,000	6,701	134.0%
Total	2,000	2,202	2,000	2,246	2,000	4,592	5,000	6,701	134.0%
REVENUE TOTALS	444,205	465,770	482,444	479,137	482,444	459,829	452,948	443,870	98.0%
OPERATING DIFFERENCE	(66,850)	35,557	(43,240)	91,436	(52,384)	54,561	(81,075)	37,611	
Negative Balance Indicates Use of Reserves									