



**Local Agency Formation Commission**  
**Subdivision of the State of California**

1700 Second Street, Suite 268  
Napa, California 94559  
Telephone: (707) 259-8645  
Facsimile: (707) 251-1053  
<http://napa.lafco.ca.gov>

**August 1, 2011**

**Agenda Item No. 5a (Consent/Action)**

July 25, 2011

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Fourth Quarter Budget Report for 2010-2011**

The Commission will receive a fourth quarter budget report for 2010-2011. The report compares budgeted versus actual revenues and expenses and notes the Commission nearly eliminated its budgeted shortfall of (\$44,459) by finishing the fiscal year with an operating balance of (\$2,515). The report is being presented to the Commission to receive and file.

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 as amended for 2010-2011 totaled \$415,479. 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 totaled \$371,020 within three revenue units: agency contributions; applicant fees; and investments. Markedly, an operating shortfall of (\$44,459) was intentionally budgeted to reduce the funding requirements of the local agencies given the recession and to be covered by drawing down on unreserved funds; the latter totaling \$168,819 as of July 1, 2010.

**Overall Revenues**

Actual revenues collected through the fourth quarter totaled \$386,070. This amount represents 104% of the adopted budget with the \$15,051 surplus attributed to collecting more than double the amount budgeted with respect to application fees. The following table compares budgeted and actual revenues through the fourth quarter.

Budget Units	Adopted Revenues	Actual Revenues Through 4 <sup>th</sup> Quarter	Difference	Collected
Agency Contributions	356,020	356,020	0	100
Applicant Fees	10,000	27,479	17,479	275
Investments	5,000	2,571	(2,429)	(51)
Total	\$371,020	\$386,070	\$15,051	104%

Lewis Chilton, Vice Chair  
Councilmember, Town of Yountville

Joan Bennett, Commissioner  
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner  
Councilmember, City of Napa

Bill Dodd, 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 fourth quarter within the Commission's three revenue units 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 in the amount of \$178,009. The remaining amount was proportionally invoiced based on a weighted calculation of population and general tax revenues to the Cities of American Canyon, Calistoga, Napa, St. Helena, and Yountville in the amounts of \$27,468, \$10,642, \$119,647, \$12,657, and \$7,596, respectively. All agency invoices were paid in full.

### ***Applicant Fees***

The Commission budgeted \$10,000 in applicant fees in 2010-2011. At the end of the fourth quarter, actual revenues collected within this unit nearly tripled the budgeted amount and totaled \$27,479. This is the highest year-end total amount of application fees the Commission has received and is principally attributed to processing three reorganization proposals from American Canyon: (a) Town Center, (b) Eucalyptus Grove/High School, and (c) Clarke Ranch West/Middle School.

### ***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 balance within this account at the end of the fourth quarter was nearly half the budgeted amount as a result of lower than expected returns and totaled \$2,571.

### ***Overall Expenses***

Actual expenses through the fourth quarter, including encumbrances, totaled \$388,585. This amount represents 94% of the adopted budget with a monetary savings of \$26,894. The savings is principally attributed to unexpended funds tied to Commission's legal and office supply expense accounts. The following table compares budgeted and actual expenses through the fourth quarter.

Budget Units	Adopted Expenses	Actual Expenses Through 4 <sup>th</sup> Quarter	Difference	Remaining
Salaries/Benefits	293,973	283,954	10,019	3
Services/Supplies	117,575	100,670	16,875	14
Capital Replacement	3,932	3,931	0	0
Total	\$415,479	\$388,585	\$26,894	6%

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

### ***Salaries/Benefits***

The Commission budgeted \$293,973 in salaries and benefits in 2010-2011. The Commission's actual expenses within the eight affected accounts through the fourth quarter totaled \$283,954, representing 97% of the budgeted amount and a savings of \$10,109. None of the affected accounts finished with negative balances.

### ***Services/Supplies***

The Commission budgeted \$117,575 in services and supplies in 2010-2011.<sup>1</sup> The Commission's actual expenses within the 15 affected accounts through the end of the fourth quarter totaled \$100,670, representing 86% of the budgeted amount and \$16,875 in savings. Two accounts – private vehicle mileage and transportation/travel – finished with negative balances. A summary of expenses in these accounts follows.

#### ***Private Vehicle Mileage***

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This account covers same-day automobile travel costs for staff and commissioners with \$1,000 budgeted in 2010-2011. Through the end of the fourth quarter, expenses in this account totaled \$1,298, which represents approximately 30% of the total amount budgeted. Expenses principally related to staff traveling to Sacramento and Oakland for CALAFCO Legislative Committee meetings.

#### ***Transportation and Travel***

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This account covers overnight non-automobile travel costs for staff and commissioners with \$3,500 budgeted in 2010-2011. Through the end of the fourth quarter, expenses in this account totaled \$5,172, which represents approximately 148% of the total amount budgeted. Nearly all expenses are associated with attendance at CALAFCO's Annual Conference in Palm Springs and Annual Workshop in Ventura.

### ***Capital Replacement***

The Commission 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 was booked in full at the end of the fourth quarter.

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<sup>1</sup> This total budget amount incorporates a \$2,000 budget amendment approved by the Commission on June 6, 2011 to make a matching contribution to CALAFCO in support of the 2011 Annual Conference.

## **B. Analysis**

The Commission was successful in significantly closing its budgeted funding gap in 2010-2011 from (\$44,459) to (\$2,515); an amount producing a net savings of \$41,944. This savings is attributed to sizeable cost-decreases involving legal and office supply services as well as additional application fees. The savings also produces a relatively minimal decrease to the Commission's unreserved fund balance from \$168,819 to \$166,304. It is also worthwhile to note the year-end operating balance of (\$2,515) is an improvement over the (\$7,742) projection incorporated in adopting a final budget for 2011-2012. This means the Commission is now on pace to experience a \$5,277 savings in its unreserved fund balance at the end of the 2011-2012 fiscal year.

## **C. Alternatives for Action**

The following two alternatives are available to the Commission:

**Alternative One:** Receive and file the staff report as presented.

**Alternative Two:** Continue consideration of the staff report to a future meeting and provide direction for more information as needed.

## **D. Recommendation**

It is recommended the Commission proceed with Alternative One as outlined in the preceding section.

Respectfully submitted,

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Keene Simonds  
Executive Officer

Attachment:

- 1) General Ledger, July 1, 2010 to June 30, 2011



**Local Agency Formation Commission**  
 Subdivision of the State of California

**Final General Ledger for 2010-2011**

**Expenses**

		Final Budget	Adjustments	Expenditures	Remaining Balance	Percent Available
<b>Salaries and Benefits</b>						
<u>Account</u>	<u>Description</u>					
51100000	Regular Salaries	198,347	-	198,280	67	0.03
51300500	Group Health Insurance	37,954	-	33,873	4,081	10.75
51300100	Retirement: Pension	34,992	-	33,955	1,037	2.96
51200500	Commissioner Per Diems	9,600	-	4,900	4,700	48.96
51300120	Retirement: Non-Pension	9,138	-	9,138	-	-
51300300	Medicare	2,876	-	2,739	137	4.79
51301800	Cell Phone Allowance	840	-	843	(3)	(0.42)
51301200	Workers Compensation	226	-	226	-	-
51200100	Extra Help	-	-	-	-	-
51200200	Overtime	-	-	-	-	-
		<b>293,973</b>	<b>-</b>	<b>283,954</b>	<b>10,019</b>	<b>3.41</b>
<b>Services and Supplies</b>						
<u>Account</u>	<u>Description</u>					
52240500	Property Lease	29,280	-	29,280	-	-
52180500	Legal Services	26,010	-	17,660	8,350	32.10
52180200	Information Technology Services	18,439	-	17,625	814	4.41
52170000	Office Expenses	15,000	-	9,628	5,372	35.81
52180510	Audit/Accounting Services	8,277	-	7,301	976	11.79
52250800	Training	4,000	-	3,969	31	0.78
52250000	Transportation and Travel	3,500	-	5,172	(1,672)	(47.77)
52070000	Communications	3,500	-	1,585	1,915	54.71
52150000	Memberships	2,275	-	2,200	75	3.30
52190000	Publications and Notices	1,500	-	1,433	67	4.44
52235000	Special Departmental Purchases	1,000	2,000	2,482	518	17.27
52251200	Private Mileage	1,000	-	1,298	(298)	(29.77)
52243900	Filing Fees	850	-	450	400	47.06
52250700	Meals Reimbursement - Taxable	500	-	172	328	65.61
52100300	Insurance: Liability	444	-	444	-	-
		<b>115,575</b>	<b>2,000</b>	<b>100,700</b>	<b>16,875</b>	<b>14.35</b>
<b>Contingencies and Reserves</b>						
<u>Account</u>	<u>Description</u>					
54000900	Operating Reserve	-	-	-	-	-
54001000	Consultant Contingency	-	-	-	-	-
53980200	Capital Replacement	3,931	-	3,931	-	-
		<b>3,931</b>	<b>-</b>	<b>3,931</b>	<b>-</b>	<b>-</b>
	<b>EXPENSE TOTALS</b>	<b>413,479</b>	<b>2,000</b>	<b>388,585</b>	<b>26,894</b>	<b>6.47</b>

## Revenues

		Final Budget	Adjustments	Collected Revenue	Remaining Balance	Percent Collected
<b>Intergovernmental Contributions</b>						
<u>Account</u>	<u>Description</u>					
45080600	County of Napa	185,560.00	(7,550)	178,010	-	100
45082200	City of Napa	124,722.00	(5,075)	119,647	-	100
45082400	City of American Canyon	28,633.00	(1,165)	27,468	-	100
45082300	City of St. Helena	13,193.00	(536)	12,657	-	100
45082100	City of Calistoga	11,094.00	(452)	10,642	-	100
45082500	Town of Yountville	7,918.00	(322)	7,596	-	100
		<b>371,120.00</b>	<b>(15,100)</b>	<b>356,020</b>	<b>-</b>	<b>100</b>
<b>Service Charges</b>						
<u>Account</u>	<u>Description</u>					
46003400	Standard Applications Fees	10,000	-	24,293	(14,292.60)	243
46003300	Special Application Fees	-	-	3,187	(3,186.50)	-
48040000	Miscellaneous	-	-	-	-	-
		<b>10,000</b>	<b>-</b>	<b>27,479</b>	<b>(17,479.10)</b>	<b>275</b>
<b>Investments</b>						
<u>Account</u>	<u>Description</u>					
44000300	Interest	5,000.00	-	2571.49	2428.51	51
		<b>5,000.00</b>	<b>-</b>	<b>2571.49</b>	<b>2428.51</b>	<b>51</b>
	<b>REVENUE TOTALS</b>	<b>386,120.00</b>	<b>(15,100.00)</b>	<b>386,070.13</b>	<b>(15,050.59)</b>	<b>104</b>

YEAR-END (2,515.17)