



**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*

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**Agenda Item 5c (Consent/Information)**

**TO:** Local Agency Formation Commission

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

**MEETING DATE:** August 7, 2017

**SUBJECT:** Fourth Quarter Budget Report for 2016-2017

**SUMMARY**

This item is being presented to the Commission for information purposes only. The Commission will receive a fourth quarter budget report for 2016-2017. The report compares budgeted versus actual transactions through June 30, 2017. The report indicates the Commission eliminated its budgeted funding gap of (\$52,384) and finished the fiscal year with an overall operating surplus of \$54,561.

**ANALYSIS**

The Commission’s adjusted budget for 2016-2017 totals \$534,828. 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 \$482,444 and are divided between intergovernmental fees, service charges, and investments. It is important to note that an operating shortfall of (\$52,384) was intentionally budgeted to reduce the funding requirements of the local agencies and to be covered by drawing down on the unrestricted portion of the fund balance (“reserves”). Unrestricted reserves totaled \$333,430 as of July 1, 2016.

Adjusted Budget Operating Expenses	Adjusted Budget Operating Revenues	Adjusted Budget Year-End Operating Balance
\$534,828	\$482,444	(\$52,384)

Juliana Inman, Commissioner  
 Councilmember, City of Napa

Margie Mohler, Commissioner  
 Councilmember, Town of Yountville

Kenneth Leary, Alternate Commissioner  
 Councilmember, City of American Canyon

Brad Wagenknecht, 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

Brian J. Kelly, Vice Chair  
 Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
 Representative of the General Public

Brendon Freeman  
 Executive Officer

**Operating Revenues**

The Commission’s operating revenues for 2016-2017 were budgeted at \$482,444. Actual revenues collected during the fiscal year totaled \$459,829, resulting in a deficit of (\$22,615) relative to the budgeted amount. The following table compares budgeted and actual revenues for the completed fiscal year.

Revenue Units	Adjusted Budget	End of 4 <sup>th</sup> Quarter	Dollar Difference	Percent Collected
Intergovernmental	\$449,944	\$449,944	\$0	100.0
Service Charges	\$30,500	\$5,293	(\$25,207)	17.4
Investments	\$2,000	\$4,592	\$2,592	229.6
<b>Total</b>	<b>\$482,444</b>	<b>\$459,829</b>	<b>(\$22,615)</b>	<b>95.3</b>

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

***Intergovernmental***

The Commission budgeted \$449,944 in intergovernmental fees in 2016-2017. Half of the total was invoiced to the County of Napa in the amount of \$224,972. 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 \$35,330 for American Canyon, \$13,209 for Calistoga, \$149,066 for Napa, \$15,908 for St. Helena, and \$11,459 for Yountville. All agency invoices have been paid in full leaving a zero balance.

***Service Charges***

The Commission budgeted \$30,500 in service charges in 2016-2017. At the end of the fourth quarter, actual revenues collected within this unit totaled \$5,293 or 17.4% 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. It is important to note the Commission approved two application fee waivers for proposals during 2016-2017.<sup>1</sup> Therefore, the lower than anticipated total for this revenue unit is not entirely associated with a decline in proposal activity.

***Investments***

The Commission budgeted \$2,000 in investment income in 2016-2017. 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 and totaled \$4,592 or 229.6% of the budgeted amount. Accordingly, the Commission has increased the amount budgeted for this revenue unit to \$5,000 for 2017-2018.

<sup>1</sup> On December 5, 2016, the Commission approved the following application fee waivers involving the new County Jail property: (1) \$2,952 for an outside water service agreement with the City of Napa and (2) \$6,029 for an annexation to the Napa Sanitation District.

**Operating Expenses**

The Commission’s operating expenses for 2016-2017 were budgeted at \$534,828.<sup>2</sup> Actual expenses incurred during the fiscal year totaled \$405,268, resulting in a surplus/savings of \$129,560 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 <sup>th</sup> Quarter	Dollar Difference	Percent Expended
Salaries/Benefits	\$323,222	\$256,739	\$66,483	79.4
Services/Supplies	\$211,606	\$148,529	\$63,077	70.2
Contingencies	\$0	\$0	\$0	0.0
<b>Total</b>	<b>\$534,828</b>	<b>\$405,268</b>	<b>\$129,560</b>	<b>75.8</b>

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

**Salaries/Benefits**

The Commission’s adjusted budget for 2016-2017 includes \$323,222 for salaries and benefits. At the end of the fourth quarter, the Commission’s actual expenses within the 10 accounts totaled \$256,739, representing 79.4% of the budgeted amount. The surplus/savings of \$66,483 is primarily associated with the existing vacancy in the Analyst position.

**Services/Supplies**

The Commission’s adjusted budget for 2016-2017 includes \$211,606 for services and supplies. At the end of the fourth quarter, the Commission’s actual expenses within the 25 accounts totaled \$148,529, which represents 70.2% of the budgeted amount. The surplus/savings of \$63,077 is primarily associated with lower than anticipated expenses tied to consulting services, legal services, training/conferences, business travel/mileage, equipment, office supplies, and special departmental expenses relative to the budgeted amounts. Consulting services represent the largest surplus/savings at \$43,425. A portion of this surplus/savings amount includes consultant services not rendered during 2016-2017 that will be re-encumbered in the current fiscal year by way of a budget adjustment as part of item 5d on today’s agenda.<sup>3</sup>

**Contingencies**

The Commission did not budget funds for contingencies in 2016-2017, and instead will rely on its unreserved fund balance to address any unexpected costs.

**ATTACHMENT**

- 1) 2016-2017 Fourth Quarter Budget Sheet through June 30, 2017

<sup>2</sup> On August 1, 2016, the Commission approved a budget adjustment to re-encumber two consultant contracts that resulted in a \$28,640 increase in total operating expenses.

<sup>3</sup> This budget adjustment process will be similar to the Commission’s action described in Footnote No. 2.



**FY2016-2017 FOURTH QUARTER BUDGET REPORT**

Prepared on July 19, 2017

Expenses		FY2013-14		FY2014-15		FY2015-16		FY2016-17		
		Adjusted FY13-14	Actual FY13-14	Adjusted FY14-15	Actual FY14-15	Adjusted FY15-16	Actual FY15-16	Adjusted FY16-17	Actual Year-End	%
<b>Salaries and Benefits</b>										
<u>Account</u>	<u>Description</u>									
51100	Salaries and Wages	155,519	148,968	147,625	150,093	152,582	138,142	192,301	157,926	82.1%
51200	401A Employer Contribution	-	-	1,000	300	-	2,000	1,000	1,000	100.0%
51205	Cell Phone Allowance	840	595	840	682	840	401	420	404	96.2%
51210	Commissioner/Director Pay	10,000	11,500	10,000	11,125	11,000	9,375	12,875	12,750	99.0%
51300	Medicare	3,012	2,477	3,012	2,410	3,251	1,951	3,424	2,334	68.2%
51305	FICA	-	193	-	496	500	395	550	490	89.1%
51400	Employee Insurance: Premiums	51,203	30,173	44,796	27,679	42,936	25,002	51,754	34,190	66.1%
51405	Workers Compensation	400	427	428	428	500	461	2,221	2,221	100.0%
51600	Retirement	39,595	28,257	39,853	27,040	43,791	24,721	43,690	30,437	69.7%
51605	Other Post Employment Benefits	12,166	12,166	12,321	12,321	14,751	14,750	14,987	14,987	100.0%
	<b>Total</b>	272,736	234,756	259,875	232,575	270,151	217,197	323,222	256,739	79.4%
<b>Services and Supplies</b>										
<u>Account</u>	<u>Description</u>									
52105	Election Services	-	150	-	75	150	-	300	-	0.0%
52125	Accounting/ Auditing Services	9,126	8,460	10,000	8,128	10,000	7,496	9,500	7,655	80.6%
52130	Information Technology Services	22,374	22,374	24,000	23,663	24,052	24,052	24,052	24,052	100.0%
52140	Legal Services	22,540	32,864	32,000	27,670	28,600	26,093	32,000	25,867	80.8%
52310	Consulting Services	61,500	58,600	107,350	78,097	126,600	59,177	78,840	35,415	44.9%
52345	Janitorial Services	-	-	-	-	-	420	500	150	30.0%
52515	Maintenance-Software	-	4,401	-	1,127	1,500	1,869	2,000	1,779	89.0%
52600	Rents and Leases: Equipment	6,000	5,995	6,000	5,594	6,500	5,962	7,000	5,240	74.9%
52605	Rents and Leases: Building/Land	25,560	25,560	25,560	25,560	25,560	25,560	25,560	25,560	100.0%
52700	Insurance: Liability	35	35	100	98	150	304	1,206	1,206	100.0%
52800	Communications/Telephone	2,950	2,488	2,950	1,232	2,000	3,424	3,000	3,021	100.7%
52830	Publications and Notices	1,500	1,823	2,000	728	1,500	1,406	2,000	1,588	79.4%
52835	Filing Fees	850	-	-	-	500	200	500	400	80.0%
52900	Training/Conference	4,000	7,494	8,995	5,426	10,000	7,041	10,000	8,050	80.5%
52905	Business Travel/Mileage	5,000	2,883	2,000	1,866	2,000	1,110	2,000	830	41.5%
52906	Fleet Charges	-	-	-	-	-	-	-	38	New
53100	Office Supplies	5,000	2,302	4,000	3,410	4,000	2,435	4,000	1,949	48.7%
53110	Freight/Postage	800	354	800	250	500	200	500	250	50.0%
53120	Memberships/Certifications	2,293	2,300	2,335	2,335	2,381	2,381	2,548	2,548	100.0%
53205	Utilities: Electric	1,500	1,051	1,500	1,107	1,100	1,261	1,600	1,121	70.1%
53410	Computer Equipment/Accessories	-	-	-	4,993	-	-	-	418	New
53415	Computer Software/License	3,488	183	2,500	6,150	500	-	1,000	145	14.5%
53600	Special Departmental Expense	21,500	10,850	15,150	129	4,000	113	3,500	595	17.0%
53650	Business Related Meal/Supplies	-	-	-	-	-	-	-	652	New
54600	Capital Replacement/Depreciation	3,931	3,931	3,940	-	3,940	-	-	-	-
	<b>Total</b>	199,946	194,099	251,180	197,638	255,533	170,504	211,606	148,529	70.2%
<b>Contingencies</b>										
<u>Account</u>	<u>Description</u>									
58100	Appropriation for Contingencies	-	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-	-	-	-
<b>EXPENSE TOTALS</b>		472,681	428,854	511,055	425,217	525,684	387,701	534,828	405,268	75.8%
<b>Revenues</b>										
		FY2013-14		FY2014-15		FY2015-16		FY2016-17		
		Adjusted FY13-14	Actual FY13-14	Adjusted FY14-15	Actual FY14-15	Adjusted FY15-16	Actual FY15-16	Adjusted FY16-17	Actual Year-End	%
<b>Intergovernmental</b>										
<u>Account</u>	<u>Description</u>									
43910	County of Napa	209,675	209,675	215,853	215,853	224,972	224,972	224,972	224,972	100.0%
43950	Other Governmental Agencies	209,675	209,675	215,853	215,853	224,972	224,972	224,972	224,972	100.0%
----	City of Napa	140,021	140,021	144,529	144,529	149,571	149,571	149,066	149,066	100.0%
----	City of American Canyon	33,757	33,757	34,422	34,422	35,997	35,997	35,330	35,330	100.0%
----	City of St. Helena	13,957	13,957	14,145	14,145	14,582	14,582	15,908	15,908	100.0%
----	City of Calistoga	12,389	12,389	12,907	12,907	13,467	13,467	13,209	13,209	100.0%
----	Town of Yountville	9,552	9,552	9,850	9,850	11,355	11,355	11,459	11,459	100.0%
	<b>Total</b>	419,350	419,350	431,705	431,705	449,944	449,944	449,944	449,944	100.0%
<b>Service Charges</b>										
42690	Application/Permit Fees	10,000	31,488	10,000	48,462	30,000	26,322	30,000	5,043	16.8%
46800	Charges for Services	500	375	500	1,375	500	625	500	250	50.0%
	<b>Total</b>	10,500	31,863	10,500	49,837	30,500	26,947	30,500	5,293	17.4%
<b>Investments</b>										
45100	Interest	3,000	1,514	2,000	2,202	2,000	2,246	2,000	4,592	229.6%
	<b>Total</b>	3,000	1,514	2,000	2,202	2,000	2,246	2,000	4,592	229.6%
<b>REVENUE TOTALS</b>		432,850	452,727	444,205	483,744	482,444	479,137	482,444	459,829	95.3%
<b>OPERATING DIFFERENCE</b>		(39,831)	23,873	(66,850)	58,527	(43,240)	91,436	(52,384)	54,561	

Negative Balance Indicates Use of Reserves