

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 7c (Consent/Information)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer

Kathy Mabry, Secretary

MEETING DATE: February 6, 2017

SUBJECT: Second Quarter Budget Report for 2016-2017

SUMMARY

This item is being presented to the Commission for information purposes only. The Commission will review a second quarter budget report for 2016-2017. The report compares budgeted versus actual transactions through December 31, 2016. The report projects the Commission is on pace to improve its year-end financial position by eliminating its budgeted funding gap of (\$51,884) and finish with an overall operating surplus of \$60,133.

ANALYSIS

The Commission's adjusted final budget for 2016-2017 totals \$534,328. 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 (\$51,884) has been intentionally budgeted to reduce the funding requirements of the local agencies and to be covered by drawing down on the unassigned portion of the fund balance ("reserves"). Reserves totaled \$333,268 as of July 1, 2016.

Adjusted Final Budget	Adjusted Final Budget	Adjusted Final Budget
Operating Expenses	Operating Revenues	Year-End Operating Balance
\$534,328	\$482,444	(\$51,884)

Operating Revenues

The Commission's operating revenues for 2016-2017 were budgeted at \$482,444. Actual revenues collected through the second quarter totaled \$458.533. This amount represents 95% of the adopted budget total with 50% of the fiscal year complete. The following table compares budgeted and actual revenues through the second quarter.

Revenue Units	Adjusted Budget	End of 2 nd 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	\$3,296	\$1,296	164.8
Total	\$482,444	\$458,533	(\$23,911)	95.0

Actuals in the second quarter and related analysis suggest the Commission will finish the fiscal year with \$466,382 in total revenues, resulting in a deficit of (\$16,062) relative to the budgeted amount. An expanded discussion on budgeted and actual revenues through the second 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 second quarter, actual revenues collected within this unit totaled \$5,293 or 17% 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 reasonable to expect one new proposal will be filed during the fiscal year, which would result in a year-end unit total of \$9,846 and a deficit of (\$20,654).

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 second quarter totaled \$3,296 or 165% of the budgeted amount. It is reasonable to assume the remaining two quarters will generate a similar amount and would result in a year-end unit total of \$6,592 and a surplus of \$4,592.

Operating Expenses

The Commission's operating expenses for 2016-2017 were budgeted at \$534,328.¹ Actual expenses through the second quarter totaled \$205,431. This amount represents 38% of the budgeted total with 50% of the fiscal year complete. The following table compares budgeted and actual expenses through the second quarter.

	Adjusted	End of	Dollar	Percent
Expense Units	Budget	2nd Quarter	Difference	Expended
Salaries/Benefits	\$347,922	\$122,907	\$225,015	35.3
Services/Supplies	\$186,406	\$82,524	\$103,882	44.3
Contingencies	\$0	\$0	\$0	0.0
Total	\$534,328	\$205,431	\$328,897	38.4

Actuals in the second quarter and related analysis suggest the Commission will finish the fiscal year with \$406,249 in total expenses and produce an expense surplus/savings of \$128,079 relative to the budgeted amount. An expanded discussion on budgeted and actual expenses through the second quarter within the Commission's three expense units follows.

Salaries/Benefits

The Commission budgeted \$347,922 in salaries and benefits for 2016-2017. At the end of the second quarter, the Commission's actual expenses within the 10 accounts totaled \$122,907, representing 35% of the budgeted amount. Staff projects the Commission will finish the fiscal year with a unit total of \$246,566 and a surplus/savings of \$101,356. Projected savings are entirely associated with the existing vacancy in the Analyst position.

Services/Supplies

The Commission budgeted \$186,406 in services and supplies for 2016-2017. At the end of the second quarter, the Commission's actual expenses within the 24 accounts totaled \$82,524, which represents 44% of the budgeted amount. Staff projects the Commission will finish the fiscal year with a unit total of \$159,683 and a surplus/savings of \$26,723. Projected savings are primarily associated with lower than expected costs for consulting services, training/conferences, business travel/mileage, office supplies, and special departmental expenses relative to the originally budgeted amounts.

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 Second Quarter Budget Sheet through December 31, 2016 with Year-End Projections

¹ 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.



Total

OPERATING DIFFERENCE

Negative Balance Indicates Use of Reserves

REVENUE TOTALS

Local Agency Formation Commission of Napa County

(39,831)

1,514

23,873

(66,850)

Subdivision of the State of California

FY2016-2017 SECOND QUARTER BUDGET REPORT

Expen	Panuary 19, 2017 es FY2013-14 FY2014-15 FY2015-16 FY2016-17										
Expens	ses	Adjusted	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted	Actual	_	Projecte
		FY13-14	FY13-14	FY14-15	FY14-15	FY15-16	FY15-16	FY16-17	2nd Quarter	%	Year En
Salaries	and Benefits										
Account	Description										
1100	Salaries and Wages	155,519	148,968	147,625	150,093	152,582	138,142	218,926	73,376	33.5%	146,7
1200	401A Employer Contribution	-	-	1,000	300	-	2,000	1,000	-	0.0%	1,00
1205	Cell Phone Allowance	840	595	840	682	840	401	420	210	50.0%	42
1210	Commissioner/Director Pay	10,000	11,500	10,000	11,125	11,000	9,375	11,000	5,500	50.0%	10,7
1300	Medicare	3,012	2,477	3,012	2,410	3,251	1,951	3,374	1,152	34.1%	2,30
1305 1400	FICA Employee Insurance: Premiums	51,203	193 30,173	44,796	496 27,679	500 42,936	395 25,002	550 51,754	194 18,518	35.2% 35.8%	37,00
1405	Workers Compensation	400	427	428	428	500	461	2,221	1,111	50.0%	2,2
1600	Retirement	39,595	28,257	39,853	27,040	43,791	24,721	43,690	15,354	35.1%	30,70
1605	Other Post Employment Benefits	12,166	12,166	12,321	12,321	14,751	14,750	14,987	7,493	50.0%	14,9
	Total	272,736	234,756	259,875	232,575	270,151	217,197	347,922	122,907	35.3%	246,50
Services	and Supplies										
ccount	<u>Description</u>										
2105	Election Services		150		75	150		300	-	0.0%	
2125	Accounting/Auditing Services	9,126	8,460	10,000	8,128	10,000	7,496	9,500	6,735	70.9%	8,9
2130	Information Technology Services	22,374	22,374	24,000	23,663	24,052	24,052	24,052	12,026	50.0%	24,0
2140	Legal Services	22,540	32,864	32,000	27,670	28,600	26,093	32,000	13,614	42.5%	26,83
2310	Consulting Services	61,500	58,600	107,350	78,097	126,600	59,177	53,640	19,400	36.2%	44,7
2345	Janitorial Services	-	-	-	-	-	420	500	75	15.0%	1
2515	Maintenance-Software		4,401	•	1,127	1,500	1,869	2,000	200	10.0%	1,9
2600	Rents and Leases: Equipment	6,000	5,995	6,000	5,594	6,500	5,962	7,000	2,841	40.6%	6,1
2605	Rents and Leases: Building/Land	25,560	25,560	25,560	25,560	25,560	25,560	25,560	12,780	50.0%	25,5
2700	Insurance: Liability	35	35	100	98	150	304	1,206	603	50.0%	1,2
2800 2830	Communications/Telephone	2,950	2,488	2,950	1,232	2,000	3,424	3,000	1,578	52.6%	2,8
	Publications and Notices	1,500	1,823	2,000	728	1,500	1,406	2,000	898	44.9%	1,6
2835 2900	Filing Fees Training/Conference	850 4,000	7,494	- 8,995	5,426	500 10,000	200 7,041	500	300	60.0% 70.5%	4. 8,2
2900	Business Travel/Mileage		2,883				1,110	10,000 2,000	7,049 256	12.8%	5
2905	Fleet Charges	5,000	2,003	2,000	1,866	2,000	1,110	2,000	38	12.876 New	5
3100	Office Supplies	5,000	2,302	4,000	3,410	4,000	2,435	4,000	809	20.2%	1,6
3110	Freight/Postage	800	354	800	250	500	2,433	500	100	20.2%	2
3120	Memberships/Certifications	2,293	2,300	2,335	2,335	2,381	2,381	2,548	2,548	100.0%	2,5
3205	Utilities: Electric	1,500	1,051	1,500	1,107	1,100	1,261	1,600	530	33.1%	1,2
3410	Computer Equipment/Accessories	-	'-	-	4,993	'-	~	-	-		5(
3415	Computer Software/License	3,488	183	2,500	6,150	500		1,000	145	14.5%	14
3600	Special Departmental Expense	21,500	10,850	15,150	129	4,000	113	3,500	-	0.0%	
4600	Capital Replacement/Depreciation	3,931	3,931	3,940	-	3,940		-	-		
	Total	199,946	194,099	251,180	197,638	255,533	170,504	186,406	82,524	44.3%	159,68
Conting	encies										
ccount	Description										
8100	Appropriation for Contingencies	-	-	-	-	-	-	-	-	-	-
	Total	-	-		-	<u> </u>	<u>—</u>	-	-		-
	EXPENSE TOTALS	472,681	428,854	511,055	425,217	525,684	387,701	534,328	205,431	38.4%	406,24
Revenu	ies		FY2013-14		FY2014-15		FY2015-16		FY2016-17	7	
		Adjusted	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted	Actual		Projecte
		FY13-14	FY13-14	FY14-15	FY14-15	FY15-16	FY15-16	FY16-17	2nd Quarter	%	Year En
ntergov	vernmental										
ccount	Description			[
3910	County of Napa	209,675	209,675	215,853	215,853	224,972	224,972	224,972	224,972	100.0%	224,97
3950	Other Governmental Agencies	209,675	209,675	215,853	215,853	224,972	224,972	224,972	224,972	100.0%	224,9
	City of Napa	140,021	140,021	144,529	144,529	149,571	149,571	149,066	149,066	100.0%	149,0
	City of American Canyon	33,757	33,757	34,422	34,422	35,997	35,997	35,330	35,330	100.0%	35,3
	City of St. Helena	13,957	13,957	14,145	14,145	14,582	14,582	15,908	15,908	100.0%	15,9
	City of Calistoga	12,389	12,389	12,907	12,907	13,467	13,467	13,209	13,209	100.0%	13,2
	Town of Yountville	9,552	9,552	9,850	9,850	11,355	11,355	11,459	11,459	100.0%	11,4.
	Total	419,350	419,350	431,705	431,705	449,944	449,944	449,944	449,944	100.0%	449,9
Service (Charges										
2690	Application/Permit Fees	10,000	31,488	10,000	48,462	30,000	26,322	30,000	5,043	16.8%	9,4
				1 11							
6800	Charges for Services	500	375	500	1,375	500	625	500	250	50.0%	3
	Total	10,500	31,863	10,500	49,837	30,500	26,947	30,500	5,293	17.4%	9,8
nvestm	ents										
5100	Interest	3,000	1,514	2,000	2,202	2,000	2,246	2,000	3,296	164.8%	6,5
	Total	3,000	1 514	2,000	2,202	2,000] 2246	2,000	2,206	4.54.00/	5,5

2,202

58,527

(43,240)

91,436

164.8%

458,533

(51,884)

6,592

60,133