



Local Agency Formation Commission
LAFCO of Napa County

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April 6, 2009
Agenda Item No. 5c (Consent)

March 31, 2009

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Third Quarter Budget Report for 2008-2009

The Commission will receive a third quarter budget report for the 2008-2009 fiscal year. The budget report compares adopted and actual expenses through two-thirds of the fiscal year and is being presented to the Commission to receive and file.

The Local Agency Formation Commission of Napa County's ("Commission") annual budget is entirely funded by the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and the Town of Yountville. State law specifies the County is responsible for one-half of the Commission's annual budget with the remaining amount proportionally shared by the five cities based on a weighted calculation of population and general tax revenues. It is the practice of the Commission to only budget expenses given its prescribed funding sources.

The Commission divides its annual budget into three operating units: (a) salaries/benefits; (b) services/supplies; and (c) contingencies/reserves. The Commission practices bottom-line accounting which allows for shortfalls within individual accounts in the salaries/benefits and services/supplies units as long as the overall balance remains positive. Funds may not be drawn from the contingencies/reserves unit without Commission approval.

A. Discussion

On June 6, 2008, the Commission adopted a final budget for the 2008-2009 fiscal year totaling \$552,110. At the close of the third quarter on March 31, 2009, the Commission's actual expenses – including encumbrances – totaled \$252,903. This amount represents 46% of the total adopted budget with one-quarter of the fiscal year complete.

Adopted and Actual Expenses Through the Third Quarter
(July 1, 2008 through March 31, 2009)

<u>Adopted Expenses</u>	<u>Actual Expenses</u>	<u>Remaining Balance</u>	<u>Percent Available</u>
\$552,110*	\$252,903	\$299,207	54%

* Includes the \$90,594 budgeted within the operating contingency/reserve unit

Juliana Inman, Vice Chair
Councilmember, City of Napa

Jack Gingles, Commissioner
Mayor, City of Calistoga

Cindy Coffey, Alternate Commissioner
Councilmember, City of American Canyon

Bill Dodd, Commissioner
County of Napa Supervisor, 4th District

Brad Wagenknecht, Commissioner
County of Napa Supervisor, 1st District

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County of Napa Supervisor, 2nd District

Brian J. Kelly, Chair
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

A comparison of adopted and actual expenses through the third quarter within the Commission's three budget units follows with a copy of the general ledger attached.

Salaries/Benefits

Through the end of the third quarter the Commission expended \$161,931 within its salaries/benefits unit. This amount represents 55% of the total amount budgeted in the eight affected accounts. Savings are accumulating in several accounts due to the delay in hiring a fulltime analyst. One account – extra help – finished the third quarter with a balance below 25%. A summary of expenses in this account follows.

Extra Help

This account covers the Commission's costs in funding an employee to fill the duties of the analyst position between July 2008 and January 2009.¹ At the end of the third quarter, the Commission spent \$26,283 in this account which exceeds the budgeted amount by 1%. A fulltime analyst was hired in February 2008 and therefore this account will not experience any more withdraws through the fiscal year. The deficit will be covered through savings accumulating in other salaries/benefits accounts.

Services/Supplies

Through the end of the third quarter the Commission expended \$90,972 within its services/supplies unit. This amount represents 54% of the total amount budgeted in the 14 affected accounts. Three accounts – memberships, publications and notices, and property lease – finished the third quarter with balances below 25%. A summary of expenses in these three accounts follows.

Membership

The membership account covers the Commission's annual due for the California Association of Local Agency Formation Commissions (CALAFCO). The Commission's budgeted membership due for CALAFCO in 2008-2009 is \$2,200, which was paid in full in July 2008.

Publications and Notices

The publications and notices account covers the Commission's legal noticing requirements for all public hearings. At the end of the third quarter, the Commission spent \$1,566 in this account which exceeds the budgeted amount by 4%. Additional increases to the existing deficit are expected to be minimal through the end of the fiscal year. The total deficit will be covered through savings accumulating in other services/supplies accounts.

¹ An extra help employee receives the same hourly pay as a regular fulltime analyst but does not receive any benefits, such as health care insurance. An extra help employee is permitted to work up to 1,000 hours per fiscal year.

Property Lease

The property lease account covers the Commission's rental charge for office space at 1700 Second Street in Napa. The current lease provides a fixed monthly rental charge of \$2,250 through June 2009. The total lease amount for the fiscal year (\$27,000) was encumbered by the County Auditor's Office in July 2008 for the purpose of simplifying monthly payments to the property manager.

Contingencies/Reserves

Through the third quarter the Commission has not drawn funds from its contingencies/reserves unit. It is not expected the Commission will need to draw funds from either of the two affected accounts during the fiscal year given the savings accruing within the salaries/benefits and services/supplies units.

B. Analysis

The Commission is currently on schedule to expend only three-fourths (\$407,314) of its budgeted expenses in 2008-2009. This projected savings is attributed to the delay in hiring a fulltime analyst and the expected retention of all funds within the contingency/reserve unit. In accordance with its practice, the Commission will return all unexpended funds (agency contributions, application fees, and earned interest) to the agencies in the form of credits towards their share of the adopted budget in 2009-2010.²

C. Recommendation

It is recommended that the Commission take the following action:

- 1) Receive and file the "Third Quarter Budget Report for 2008-2009."

Respectfully submitted,

Keene Simonds
Executive Officer

Attachment: as stated

² Staff currently estimates the Commission will finish the fiscal year with a total of \$167,956 in unexpended funds, which includes unexpended agency contributions (\$144,796), earned interest (\$6,885), and application fees (\$16,275).



Local Agency Formation Commission

LAFCO of Napa County

3rd Quarter Budget Report for 2008-2009: Expenses Through 3/31/09

		<u>Final Budget</u>	<u>Encumbrances</u>	<u>Expenditures</u>	<u>Balance</u>	
Salaries/Benefits						<i>Percent Available</i>
<u>Account</u>	<u>Description</u>					
51100000	Regular Salaries	168,905	-	94,118	74,787	44%
51200100	Extra Help	26,010	-	26,283	(273)	-1%
51200500	Commissioner Per Diems	9,600	-	2,500	7,100	74%
51300100	Retirement: Pension	34,551	-	16,131	18,419	53%
51300120	Retirement: Non-Pension	11,295	-	5,648	5,647	50%
51300300	Medicare	2,826	-	1,637	1,189	42%
51300500	Group Health Care	40,148	-	14,908	25,240	63%
51301200	Workers Compensation	149	-	112	37	25%
51301800	Cell Phone Allowance	840	-	593	247	29%
	SUB TOTALS	<u>294,325</u>	<u>-</u>	<u>161,931</u>	<u>132,394</u>	45%
Services/Supplies						
<u>Account</u>	<u>Description</u>					
52243900	Filing Fees	850	-	250	600	71%
52235000	Office Improvements	56,000	4,225	24,485	27,290	49%
52185000	Professional Service Supplies	7,507	-	5,311	2,196	29%
52070000	Communications	3,500	-	1,211	2,289	65%
52100300	Insurance: Liability	546	-	409	137	25%
52150000	Memberships	2,200	-	2,200	-	0%
52170000	Office Expenses	15,000	1,977	5,613	7,410	49%
52180200	Information Services	17,768	-	13,326	4,442	25%
52180500	Legal Services	26,320	-	-	26,320	100%
52190000	Publications and Notices	1,500	-	1,566	(66)	-4%
52240500	Property Lease	27,000	4,500	22,500	-	0%
52250000	Transportation and Travel	4,000	-	923	3,077	77%
52250800	Training	4,000	-	2,210	1,790	45%
52251200	Private Mileage	1,000	-	267	733	73%
	SUB TOTALS	<u>167,191</u>	<u>10,702</u>	<u>80,270</u>	<u>76,219</u>	46%
Contingencies/Reserves						
<u>Account</u>	<u>Description</u>					
54000900	Operating Reserve	40,594	-	-	40,594	100%
54001000	Consultant Contingency	50,000	-	-	50,000	100%
		<u>90,594</u>	<u>-</u>	<u>-</u>	<u>90,594</u>	100%
	GRAND TOTALS	<u>\$ 552,110</u>	<u>\$ 10,702</u>	<u>\$ 242,201</u>	<u>\$ 299,207</u>	54%