



Local Agency Formation Commission
LAFCO of Napa County

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April 5, 2010

Agenda Item No. 6b (Consent: Action)

March 29, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Amendment to Fiscal Year 2009-2010 Budget

The Commission will consider amending its current fiscal year budget to allocate \$3,931 into a new expense account to begin funding capital depreciation for the agency's electronic document management system.

Local Agency Formation Commissions (LAFCOs) are responsible for making their own arrangements for facilities, personnel, and supplies necessary to perform its duties under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. This includes adopting an annual budget for operating costs, which are proportionally funded by the affected county and cities. LAFCOs are also empowered to contract with any public or private entity in providing for its own provisions.

A. Discussion

At its June 1, 2009 meeting, LAFCO of Napa County ("Commission") adopted a final budget for the current fiscal year totaling \$496,961. Close to four-fifths, or \$389,550, of this amount is allocated within the Commission's two principal budget units, salaries/benefits and services/supplies. The Commission's practice of bottom-line accounting allows for deficits to accrue in individual expense accounts within these two principal budget units as long as the overall balance remains positive. Staff currently projects the Commission will finish the current fiscal year with a positive balance of \$16,778 in the two principal budget units.

Staff has belatedly identified an omission in the current fiscal year budget involving allocating sufficient funds within the Commission's services/supplies unit. This omission involves not including a new expense account within the affected budget unit to fund capital depreciation for the Commission's electronic document management system (EDMS), which was paid and implemented through a contract with Incrementum in 2008-2009. Capital components of the EDMS include a server, scanner, and associated software with a present book value of \$19,655. The expected useful life of the EDMS is five years, resulting in an annual depreciation amount of \$3,931.

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Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

B. Analysis

Staff believes it would be prudent for the Commission to amend the current fiscal year budget to allocate \$3,931 in the services/supplies unit to begin funding its annual depreciation for the EDMS. This action includes establishing a new expense account titled "capital deprecation" and would allow the Commission to have sufficient funds in 2013-2014 to fully replace the EDMS at the end of its expected useful life. Anticipated savings in other expense accounts within the salaries/benefits and services/supplies units are sufficient to cover the end-of-year deficit in the new account.

C. Recommendation

It is recommended the Commission take the following action:

- 1) Authorize the Executive Officer to work with the County of Napa Auditor-Controller's Office to amend the 2009-2010 budget as follows:
 - (a) Establish a capital depreciation expense account within the services/supplies unit; and
 - (b) Allocate \$3,991 in the newly created capital deprecation expense account for purposes of funding annual depreciation of the Commission's EDMS.

Respectfully submitted,

Keene Simonds
Executive Officer

Attachment:

- 1) ~~LAFCO Resolution No. 09-06
Adopted 2009-2010 Budget~~

Attachment is available by contacting staff