



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

Agenda Item 5c (Consent/Information)

TO: Local Agency Formation Commission
PREPARED BY: Brendon Freeman, Executive Officer
MEETING DATE: February 3, 2020
SUBJECT: Second Quarter Budget Report for 2019-2020

BACKGROUND

On June 3, 2019, the Commission adopted a final budget for fiscal year 2019-2020.

On August 5, 2019, the Commission approved a budget adjustment to re-encumber (i.e., carry over) two consultant contracts. This budget adjustment had a net zero effect on the Commission's bottom line given that the re-encumbered (i.e., carried over) contract amounts were budgeted in the 2018-2019 fiscal year but were unspent by June 30, 2019.

On November 18, 2019, the Commission approved a budget adjustment to move eight expense accounts related to staff salaries and benefits to the Administration Services account (Account No. 52100). This budget adjustment was limited to moving existing budgeted accounts to a separate account and therefore had a net zero effect on the Commission's bottom line.

SUMMARY

This item is being presented to the Commission for information purposes only. The Commission will receive a second quarter budget report for fiscal year 2019-2020. A second quarter budget sheet with year-end projections is included as Attachment One.

The Commission's adjusted budget for 2019-2020 totals \$660,000. 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 \$503,761 divided between intergovernmental fees, service charges, and investments. An operating shortfall of \$156,239 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"). The Commission's reserves totaled \$421,830 as of July 1, 2019, representing 63.9% of budgeted expenditures in 2019-2020. Local policy directs the Commission to maintain reserves equal to a minimum of four months or 33.3% of annually budgeted operating expenses. Therefore, the adjusted budget for 2019-2020 is consistent with local policy.

Kenneth Leary, Vice Chair
Councilmember, City of American Canyon

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

Gregory Rodeno, Chair
Representative of the General Public

Margie Mohler, Commissioner
Councilmember, Town of Yountville

Diane Dillon, Commissioner
County of Napa Supervisor, 3rd District

Eve Kahn, Alternate Commissioner
Representative of the General Public

Scott Sedgley, Alternate Commissioner
Councilmember, City of Napa

Ryan Gregory, Alternate Commissioner
County of Napa Supervisor, 2nd District

Brendon Freeman
Executive Officer

This report compares budgeted versus actual transactions through December 31, 2019. The report includes year-end projections and projects the Commission will outperform its intentionally-budgeted shortfall of \$156,239 by finishing with an overall operating shortfall of \$124,710, representing a savings of \$31,529 relative to the adjusted budget.

Operating Revenues

The Commission's operating revenues for 2019-2020 are budgeted at \$503,761. Actual revenues collected through the second quarter totaled \$498,783. This amount represents 99.0% of the budgeted amount with 50% of the fiscal year complete. Actuals through the second quarter and related analysis suggest the Commission will finish the fiscal year with \$513,442 in total revenues, resulting in a surplus of \$9,681 or 1.9% relative to the budgeted amount. See Attachment One for additional information on actual revenues through the second quarter and projected year-end revenues.

Operating Expenses

The Commission's adjusted operating expenses for 2019-2020 are budgeted at \$660,000.¹ Actual expenses through the second quarter, including encumbrances associated with consultant contracts, totaled \$382,702.² This amount represents 58.0% of the budgeted total with 50% of the fiscal year complete. Actuals through the second quarter and related analysis suggest the Commission will finish the fiscal year with \$638,152 in total expenses and produce a savings of \$21,848 or 3.3% relative to the budgeted amount. See Attachment One for additional information on actual expenses through the second quarter and projected year-end expenses.

ATTACHMENT

- 1) 2019-2020 Second Quarter Budget Sheet with Year-End Projections

¹ On August 5, 2019, the Commission approved a budget adjustment to re-encumber two consultant contracts that resulted in a \$102,624 increase in total operating expenses to be covered by drawing down on reserves. This budget adjustment had a net zero effect on the Commission's bottom line given that the re-encumbered consultant contract amounts were budgeted in the 2018-2019 fiscal year but were unspent by June 30, 2019, and therefore the \$102,624 total unspent amount was carried over to 2019-2020. On November 18, 2019, the Commission approved a second budget adjustment to move eight existing expense accounts to one separate expense account, which also had a net zero effect on the Commission's bottom line.

² It is important to note the Commission's Insurance – Liability expense account (Account No. 52700) was budgeted at \$4,554 based on the County of Napa's pooled general liability insurance plan that includes other agencies and County departments. However, County staff identified an error in which a claim was inadvertently attributed to the Commission instead of the appropriate agency. The Commission's corrected year-end expense amount for this account is \$380 as reflected in the year-end projections, included as Attachment One. The overcharged amount will be reimbursed to the Commission.

LAFCO of Napa County Second Quarter Budget Report for Fiscal Year 2019-2020

Revenues and Expenses through December 31, 2019 with Year-End Projections

Account	Category	Adopted Budget	Budget Adjustments	Adjusted Budget	Encumbrances	Actual YTD	YTD Total with Encumbrances	YTD Percent of Budget with Encumbrances	Year-End Projection	Year-End Projection Percent of Budget
Revenues										
42690	Permits/Application Fees	25,000	-	25,000	-	17,604	17,604	70.4%	22,284	89.1%
43910	County of Napa	235,631	-	235,631	-	235,631	235,631	100.0%	235,631	100.0%
43950	Other-Governmental Agencies	235,630	-	235,630	-	235,631	235,631	100.0%	235,631	100.0%
45100	Interest	7,000	-	7,000	-	9,667	9,667	138.1%	19,334	276.2%
46800	Charges for Services	500	-	500	-	250	250	50.0%	562	112.4%
Total Revenues		503,761	-	503,761	-	498,783	498,783	99.0%	513,442	101.9%
Expenses										
51100	Salaries and Wages	269,085	(269,085)	-	-	-	-	-	-	-
51200	401A Employer Contribution	1,000	(1,000)	-	-	-	-	-	-	-
51205	Cell Phone Allowance	420	(420)	-	-	-	-	-	-	-
51210	Director/Commissioner Pay	15,000	-	15,000	-	5,550	5,550	37.0%	13,500	90.0%
51300	Medicare	4,090	(3,865)	225	-	80	80	35.4%	225	100.0%
51305	FICA	500	-	500	-	261	261	52.3%	500	100.0%
51400	Employee Insurance-Premiums	54,408	(54,408)	-	-	-	-	-	-	-
51405	Workers Compensation	675	(675)	-	-	-	-	-	-	-
51600	Retirement	53,691	(53,691)	-	-	-	-	-	-	-
51605	Other Post Employment Benefits	16,134	(16,134)	-	-	-	-	-	-	-
Total for: Salaries and Benefits		415,003	(399,278)	15,725	-	5,891	5,891	37.5%	14,225	90.5%
52100	Administration Services	-	399,278	399,278	-	158,679	158,679	39.7%	384,531	96.3%
52105	Election Services	200	-	200	-	-	-	0.0%	-	0.0%
52125	Accounting/Auditing Services	8,000	-	8,000	-	5,551	5,551	69.4%	7,500	93.8%
52130	Information Technology Service	24,590	-	24,590	-	12,295	12,295	50.0%	24,590	100.0%
52140	Legal Services	30,000	-	30,000	11,095	18,905	30,000	100.0%	30,000	100.0%
52310	Consulting Services	10,000	102,624	112,624	60,057	52,567	112,624	100.0%	112,624	100.0%
52345	Janitorial Services	300	-	300	225	75	300	100.0%	300	100.0%
52515	Maintenance-Software	2,000	-	2,000	1,540	240	1,779	89.0%	1,779	89.0%
52600	Rents and Leases - Equipment	5,500	-	5,500	2,653	2,309	4,962	90.2%	5,300	96.4%
52605	Rents and Leases - Bldg/Land	29,523	-	29,523	12,301	17,222	29,523	100.0%	29,523	100.0%
52700	Insurance - Liability	4,554	-	4,554	-	2,277	2,277	50.0%	380	8.3%
52800	Communications/Telephone	3,000	-	3,000	2,025	699	2,724	90.8%	3,400	113.3%
52830	Publications & Legal Notices	1,500	-	1,500	-	714	714	47.6%	1,400	93.3%
52835	Filing Fees	250	-	250	-	154	154	61.5%	254	101.6%
52900	Training/Conference Expenses	12,295	-	12,295	-	8,283	8,283	67.4%	12,000	97.6%
52905	Business Travel/Mileage	3,000	-	3,000	-	1,418	1,418	47.3%	2,840	94.7%
53100	Office Supplies	2,000	-	2,000	-	665	665	33.3%	1,800	90.0%
53110	Freight/Postage	300	-	300	-	108	108	35.9%	215	71.7%
53120	Memberships/Certifications	3,261	-	3,261	-	3,261	3,261	100.0%	3,261	100.0%
53205	Utilities - Electric	1,300	-	1,300	-	579	579	44.5%	1,200	92.3%
53410	Computer Equipment/Accessories	300	-	300	-	880	880	293.2%	880	293.3%
53650	Business Related Meal/Supplies	500	-	500	-	37	37	7.4%	150	30.0%
Total for: Services and Supplies		142,373	501,902	644,275	89,896	286,915	376,811	58.5%	623,927	96.8%
Total Expenditures		557,376	102,624	660,000	89,896	292,806	382,702	58.0%	638,152	96.7%
Net Surplus (Deficit)		(53,615)	(102,624)	(156,239)	(89,896)	205,977	116,081	-74.3%	(124,710)	79.8%