



**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**

**TO:** Local Agency Formation Commission

**PREPARED BY:** Brendon Freeman, Executive Officer

**MEETING DATE:** August 3, 2015

**SUBJECT:** Fourth Quarter Budget Report for 2014-2015

**BACKGROUND / DISCUSSION**

The Commission’s adjusted budget for 2014-2015 totaled \$511,055. This amount represents the total approved operating expenditures for the fiscal year divided between salaries and benefits, services and supplies, and contingencies. Budgeted revenues totaled \$444,205 and are divided between intergovernmental fees, service charges, and investments. Markedly, an operating shortfall of (\$66,850) was intentionally budgeted to reduce the funding requirements of the local agencies and to be covered by drawing down on unreserved funds. The unreserved portion of the fund balance totaled \$192,229 as of July 1, 2014. The Commission has finished the 2014-2015 fiscal year with an overall operating surplus of \$55,977. This surplus is in stark contrast to the adjusted budget deficit of (\$66,850).

Adjusted Budget Operating Expenses	Adjusted Budget Operating Revenues	Adjusted Budget Year-End Operating Balance
\$511,055	\$444,205	(\$66,850)

**Operating Revenues**

The Commission’s operating revenues for 2014-2015 were budgeted at \$444,205. Actual revenues collected through the fourth quarter totaled \$483,307. This amount represents 109% of the adopted budget total and results in a year-ending balance of \$39,102 and is summarized in the following table.

Revenue Units	Adjusted Budget	End of 4 <sup>th</sup> Quarter	Dollar Difference	Percent Collected
Intergovernmental	\$431,705	\$431,705	\$0	100.0
Service Charges	\$10,500	\$49,837	\$39,337	374.6
Investments	\$2,000	\$1,765	\$235	88.2
<b>Total</b>	<b>\$444,205</b>	<b>\$483,307</b>	<b>\$39,102</b>	<b>108.8%</b>

Juliana Inman, Chair  
 Councilmember, City of Napa

Greg Pitts, Commissioner  
 Councilmember, City of St. Helena

Joan Bennett, Alternate Commissioner  
 Councilmember, City of American Canyon

Diane Dillon, Vice Chair  
 County of Napa Supervisor, 3rd District

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

Keith Caldwell, Alternate Commissioner  
 County of Napa Supervisor, 5th District

Brian J. Kelly, Commissioner  
 Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
 Representative of the General Public

Brendon Freeman  
 Executive Officer

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

***Intergovernmental Fees***

The Commission budgeted \$431,705 in intergovernmental fees in 2014-2015. Half of the total was invoiced to the County of Napa in the amount of \$215,853. 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 \$34,422 for American Canyon, \$12,907 for Calistoga, \$144,529 for Napa, \$14,145 for St. Helena, and \$9,849 for Yountville. All agency invoices were paid in full leaving a zero balance.

***Service Charges***

The Commission budgeted \$10,500 in service charges in 2014-2015. Actual revenues collected within this unit totaled \$49,837. The collected service charges – which were predominately tied to the submittal of annexation and outside service agreement proposals – exceed the amount collected in the prior fiscal year by 56%.

***Investments***

The Commission budgeted \$2,000 in investment income in 2014-2015. 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 earnings generated at the end of the fiscal year totaled \$1,765 or 88% due to lower than expected investment gains.

***Operating Expenses***

The Commission's operating expenses for 2014-2015 were budgeted at \$511,055. Actual expenses – including encumbrances – through the fourth quarter totaled \$478,753. This amount represents 94% of the budgeted total and results in a year-ending balance of \$32,302 as summarized in the following table.

Expense Units	Adjusted Budget	End of 4 <sup>th</sup> Quarter	Dollar Difference	Percent Expended
Salaries/Benefits	\$259,875	\$233,665	\$26,210	89.9
Services/Supplies	\$247,240	\$245,088	\$2,152	99.1
Other Expenses	\$3,940	\$0	\$3,940	0.0
<b>Total</b>	<b>\$511,055</b>	<b>\$478,753</b>	<b>\$32,302</b>	<b>93.7%</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 budgeted \$259,875 in salaries and benefits for 2014-2015 for the 2.5 fulltime equivalent employees assigned to the agency. Actual expenses within the 11 affected accounts totaled \$233,665, representing 90% of the budgeted amount. This \$26,210 surplus was entirely the result of savings associated with an extended vacancy in the Executive Officer position.

Services/Supplies

The Commission budgeted \$247,240 in services and supplies for 2014-2015. Actual expenses – including contractual encumbrances – in the 20 affected accounts totaled \$245,088, representing 99% of the budgeted amount. Four of the affected accounts – (1) Election Services, (2) Legal Services, (3) Maintenance: Software, and (4) Rents and Leases: Equipment – finished with balances exceeding their respective budgeted allocations.

Contingencies

The Commission did not budget or use funds for contingencies in 2014-2015.

**ANALYSIS**

The Commission was successful in significantly improving its financial standing at the end of the fiscal year by achieving an overall operating surplus of \$55,977; an amount representing a stark contrast to the projected budget deficit of (\$66,850) following several budget adjustments during the 2014-2015 fiscal year. The net savings achieved this fiscal year are \$122,827. These savings are primarily attributed to a higher than anticipated number of annexation proposals received as well as lower employee insurance premiums and retirements costs. The operating surplus results in the Commission increasing its unreserved fund balance from \$192,229 to \$248,206.

**ATTACHMENT**

- 1) 2014-15 General Ledger through July 21, 2015



A Tradition of Stewardship  
A Commitment to Service

## Statement of Revenues and Expenses Budget vs. Actual by Fund

8400 - Local Agency Formation Comm  
Periods 1 through 12 of Fiscal Year: 2015

		Adopted Budget	Budget Adjustments	Adjusted Budget	Encumbrances	Actual YTD	YTD Total	Budget vs Actual	Percent of Budget
<b>Revenues</b>									
42690	Permits/Application Fees	10,000.00	-	10,000.00	-	48,462.00	48,462.00	38,462.00	484.62%
43910	County of Napa	215,853.00	-	215,853.00	-	215,852.51	215,852.51	(0.49)	100.00%
43950	Other-Governmental Agencies	215,853.00	-	215,853.00	-	215,852.52	215,852.52	(0.48)	100.00%
45100	Interest	2,000.00	-	2,000.00	-	1,764.77	1,764.77	(235.23)	88.24%
46800	Charges for Services	500.00	-	500.00	-	1,375.00	1,375.00	875.00	275.00%
47900	Miscellaneous	-	-	-	-	-	-	-	0.00%
	<b>Total Revenues</b>	<b>444,206.00</b>	<b>-</b>	<b>444,206.00</b>	<b>-</b>	<b>483,306.80</b>	<b>483,306.80</b>	<b>39,100.80</b>	<b>108.80%</b>
<b>Expenses</b>									
51100	Salaries and Wages	212,625.00	(65,000.00)	147,625.00	-	150,093.39	150,093.39	(2,468.39)	101.67%
51105	Extended Hours	-	-	-	-	97.08	97.08	(97.08)	0.00%
51200	401A Employer Contribution	-	1,000.00	1,000.00	-	300.00	300.00	700.00	30.00%
51205	Cell Phone Allowance	840.00	-	840.00	-	682.48	682.48	157.52	81.25%
51210	Director/Commissioner Pay	10,000.00	-	10,000.00	-	11,125.00	11,125.00	(1,125.00)	111.25%
51300	Medicare	3,012.00	-	3,012.00	-	2,248.32	2,248.32	763.68	74.65%
51305	FICA	-	-	-	-	496.00	496.00	(496.00)	0.00%
51400	Employee Insurance-Premiums	44,796.00	-	44,796.00	-	27,678.54	27,678.54	17,117.46	61.79%
51405	Workers Compensation	428.00	-	428.00	-	428.00	428.00	-	100.00%
51600	Retirement	39,853.00	-	39,853.00	-	28,194.82	28,194.82	11,658.18	70.75%
51605	Other Post Employment Benefits	12,321.00	-	12,321.00	-	12,320.92	12,320.92	0.08	100.00%
	<b>Total for: Salaries and Benefits</b>	<b>323,875.00</b>	<b>(64,000.00)</b>	<b>259,875.00</b>	<b>-</b>	<b>233,664.55</b>	<b>233,664.55</b>	<b>26,210.45</b>	<b>89.91%</b>
52105	Election Services	-	-	-	-	75.00	75.00	(75.00)	0.00%
52125	Accounting/Auditing Services	10,000.00	-	10,000.00	-	8,128.19	8,128.19	1,871.81	81.28%
52130	Information Technology Service	24,000.00	-	24,000.00	-	23,663.00	23,663.00	337.00	98.60%
52140	Legal Services	32,000.00	-	32,000.00	18,493.30	24,592.94	43,086.24	(11,086.24)	134.64%
52310	Consulting Services	-	107,350.00	107,350.00	31,797.27	75,552.73	107,350.00	-	100.00%
52515	Maintenance-Software	-	-	-	-	1,127.40	1,127.40	(1,127.40)	0.00%
52600	Rents and Leases - Equipment	6,000.00	-	6,000.00	1,132.47	5,100.33	6,232.80	(232.80)	103.88%
52605	Rents and Leases - Bldg/Land	25,560.00	-	25,560.00	-	25,560.00	25,560.00	-	100.00%
52700	Insurance - Liability	100.00	-	100.00	-	98.00	98.00	2.00	98.00%
52800	Communications/Telephone	2,950.00	-	2,950.00	-	1,231.78	1,231.78	1,718.22	41.76%
52830	Publications & Legal Notices	2,000.00	-	2,000.00	-	603.22	603.22	1,396.78	30.16%
52835	Filing Fees	-	-	-	-	-	-	-	0.00%



## Statement of Revenues and Expenses Budget vs. Actual by Fund

8400 - Local Agency Formation Comm  
 Periods 1 through 12 of Fiscal Year: 2015

		Budget							Percent of
		Adopted Budget	Adjustments	Adjusted Budget	Encumbrances	Actual YTD	YTD Total	Budget vs Actual	Budget
52900	Training/Conference Expenses	8,000.00	995.00	8,995.00	-	5,425.52	5,425.52	3,569.48	60.32%
52905	Business Travel/Mileage	2,000.00	-	2,000.00	-	1,865.65	1,865.65	134.35	93.28%
53100	Office Supplies	4,000.00	-	4,000.00	-	3,350.87	3,350.87	649.13	83.77%
53110	Freight/Postage	800.00	-	800.00	-	250.00	250.00	550.00	31.25%
53120	Memberships/Certifications	2,335.00	-	2,335.00	-	2,335.00	2,335.00	-	100.00%
53205	Utilities - Electric	1,500.00	-	1,500.00	-	1,106.88	1,106.88	393.12	73.79%
53415	Computer Software/Licensing Fe	3,500.00	(1,000.00)	2,500.00	-	-	-	2,500.00	0.00%
53600	Special Departmental Expense	4,000.00	11,150.00	15,150.00	-	13,598.65	13,598.65	1,551.35	89.76%
<b>Total for: Services and Supplies</b>		<b>128,745.00</b>	<b>118,495.00</b>	<b>247,240.00</b>	<b>51,423.04</b>	<b>193,665.16</b>	<b>245,088.20</b>	<b>2,151.80</b>	<b>99.13%</b>
54600	Depreciation Expense	3,940.00	-	3,940.00	-	-	-	3,940.00	0.00%
<b>Total for: Other Expenses</b>		<b>3,940.00</b>	<b>-</b>	<b>3,940.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,940.00</b>	<b>0.00%</b>
<b>Total Expenditures</b>		<b>456,560.00</b>	<b>54,495.00</b>	<b>511,055.00</b>	<b>51,423.04</b>	<b>427,329.71</b>	<b>478,752.75</b>	<b>32,302.25</b>	<b>93.68%</b>
<b>Net Surplus (Deficit)</b>		<b>(12,354.00)</b>	<b>(54,495.00)</b>	<b>(66,849.00)</b>	<b>(51,423.04)</b>	<b>55,977.09</b>	<b>4,554.05</b>		

33100 - Available Fund Balance - Beginning	192,229.30
Net Surplus (Deficit)	55,977.09
33100 - Available Fund Balance - Ending	248,206.39