

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 5c (Consent/Information)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer

Kathy Mabry, Secretary

MEETING DATE: December 5, 2016

SUBJECT: First Quarter Budget Report for 2016-2017

SUMMARY

This item is being presented to the Commission for information purposes only. The Commission will review a first quarter budget report for 2016-2017. The report compares budgeted versus actual transactions through September 30, 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 \$62,219.

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 first quarter totaled \$456,270. This amount represents 95% of the adopted budget total with 25% of the fiscal year complete. The following table compares budgeted and actual revenues through the first quarter.

| Revenue Units | Adjusted Budget | End of 1 st Quarter | Dollar Difference | Percent Collected |
|-------------------|--------------------|-----------------------------------|----------------------|----------------------|
| Intergovernmental | \$449,944 | \$449,944 | \$0 | 100.0 |
| Service Charges | \$30,500 | \$4,678 | \$25,822 | 15.3 |
| Investments | \$2,000 | \$1,648 | \$352 | 82.4 |
| Total | \$482,444 | \$456,270 | \$26,174 | 94.6% |

Actuals in the first quarter and related analysis suggest the Commission will finish the fiscal year with \$477,701 in total revenues, resulting in a deficit of \$4,743 relative to the budgeted amount. An expanded discussion on budgeted and actual revenues through the first 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 first quarter, actual revenues collected within this unit totaled \$4,678 or 15% 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 three to five new proposals will be filed during the fiscal year, which would result in a year-end unit total of \$21,164 and a deficit of \$9,336 or 31%.

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 first quarter totaled \$1,648 or 82% of the budgeted amount. It is reasonable to assume the remaining three quarters will generate a similar amount and would result in a year-end unit total of \$6,593 and a surplus of \$4,593 or 230%.

Operating Expenses

The Commission's operating expenses for 2016-2017 were budgeted at \$534,328.¹ Actual expenses, including encumbrances, through the first quarter totaled \$181,240. This amount represents 34% of the budgeted total with 25% of the fiscal year complete. The following table compares budgeted and actual expenses through the first quarter.

| | Adjusted | End of | Dollar | Percent | | |
|-------------------|-----------|-------------|------------|----------|--|--|
| Expense Units | Budget | 1st Quarter | Difference | Expended | | |
| Salaries/Benefits | \$347,922 | \$60,463 | \$287,459 | 17.4 | | |
| Services/Supplies | \$186,406 | \$120,776 | \$65,630 | 64.8 | | |
| Contingencies | \$0 | \$0 | \$0 | 0.0 | | |
| Total | \$534,328 | \$181,240 | \$353,088 | 33.9% | | |

Actuals in the first quarter and related analysis suggest the Commission will finish the fiscal year with \$415,482 in total expenses and produce an expense surplus/savings of \$118,846 or 22%. An expanded discussion on budgeted and actual expenses through the first 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 first quarter, the Commission's actual expenses within the 10 accounts totaled \$60,463, representing 17% of the budgeted amount. Staff projects the Commission will finish the fiscal year with a unit total of \$244,416 and a surplus/savings of \$103,506 or 30%. 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 first quarter, the Commission's actual expenses within the 23 accounts – including encumbrances – totaled \$120,776, which represents 65% of the budgeted amount. Staff projects the Commission will finish the fiscal year with a unit total of \$171,066 and a surplus/savings of \$15,340 or 8%. Projected savings are primarily associated with lower accounting/auditing service costs, cost reductions associated with the use of consultants, conservative office supply purchases, a new and more cost-efficient Xerox copy machine, and lower than expected 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 First Quarter Budget Sheet through September 30, 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.



Description

Negative Balance Indicates Use of Reserves

Total

Appropriation for Contingencies

EXPENSE TOTALS

472,681

428,854

58100

Local Agency Formation Commission of Napa County

Subdivision of the State of California

FY2016-2017 FIRST QUARTER BUDGET REPORT

Expenses FY2013-14 FY2014-15 FY2015-16 FY2016-17 Adjusted Adjusted Adjusted FY13-14 FY13-14 FY14-15 FY14-15 FY15-16 FY15-16 FY16-17 1st Quarter Year End Salaries and Benefits 146,776 51100 Salaries and Wages 155,519 148,968 147,625 150,093 152,582 138,142 218,926 36,694 16.8% 401A Employer Contribution 51200 1.000 300 2.000 1,000 0.0% 1,000 Cell Phone Allowance 21.2% 51205 840 420 420 401 682 1,875 51210 Commissioner/Director Pay 10,000 11,500 10,000 11,125 11,000 9,375 11,000 17.0% 9,000 51300 Medicare 3,012 2,477 3,012 2,410 3,251 1,951 3,374 529 15.7% 2,116 51305 FICA 193 496 500 395 550 78 14.2% 312 51400 Employee Insurance: Premiums 51,203 30,173 44,796 27,679 42,936 25,002 51,754 9,770 18.9% 39,080 Workers Compensation 427 555 25.0% 2,221 51405 400 428 428 500 461 2,221 51600 39,595 28,257 39,853 27,040 43,791 24,721 43,690 16.3% 28,504 Retirement 7,126 51605 Other Post Employment Benefits 12,166 12,166 12,321 12,321 14,751 14,750 14,987 3,747 14,987 Total 234,756 232,575 270,151 217,197 347,922 60,463 244,416 259,875 Services and Supplies Description Account 52105 0.0% Election Services 52125 9,126 10,000 8,128 10,000 7,496 9,500 5,973 7,500 Accounting/Auditing Services 8,460 52130 Information Technology Services 22,374 22,374 24,000 23,663 24,052 24,052 24,052 6,013 25.0% 24,052 52140 Legal Services 22 540 32,864 32,000 27,670 28,600 26,093 32,000 26,500 82.8% 27,548 52310 Consulting Services 61,500 58,600 107,350 78,097 126,600 59,177 53,640 41,717 77.8% 53,640 52345 Janitorial Services 0.0% 420 500 240 52515 Maintenance-Software 4,401 1,127 1,500 1,869 2,000 120 6.0% 1,780 52600 Rents and Leases: Equipment 6,000 6,000 5,594 6,500 5,962 7,000 6,085 86.9% 6,341 52605 Rents and Leases: Building/Land 25,560 25,560 25,560 25,560 25,560 25,560 25,560 25,560 100.0% 25,560 52700 Insurance: Liability 100 150 304 1,206 302 25.0% 1,206 52800 Communications/Telephone 2,950 2,488 2,950 1,232 2,000 3,424 3,000 862 28.7% 2,842 52830 Publications and Notices 742 37.1% 1,500 1,823 728 1,500 1,406 2,000 1,942 2,000 52835 Filing Fees 40.0% 850 200 550 52900 Training/Conference 4,000 7,494 8,995 5,426 10,000 7,041 10,000 2,918 29.2% 9,418 52905 Business Travel/Mileage 5.000 2.883 2,000 1.866 2.000 1.110 2,000 109 5.5% 913 15.3% 2,452 53100 Office Supplies 5,000 2,302 4,000 3,410 4.000 2,435 4,000 613 53110 354 250 500 200 500 20.0% 350 Freight/Postage 800 800 100 53120 Memberships/Certifications 2,293 2,300 2,335 2,335 2,548 2,548 100.0% 2,548 2,381 2,381 53205 1,500 1,051 1,500 1,107 1,100 1,261 1,600 1,169 53410 Computer Equipment/Accessories 4,993 53415 Computer Software/License 3.488 183 2.500 6,150 500 1.000 145 14.5% 500 113 515 53600 Special Departmental Expense 21,500 10,850 15,150 129 4,000 3,500 0.0% 54600 Capital Replacement/Depreciation 3,931 3,940 3,940 3,931 255,533 170,504 Total 199,946 251,180 197,638 171,066 194,099 186,406 120,776 64.8% Contingencies

| Revenues | | | FY2013-14 | FY2014-15 | | FY2015-16 | | FY2016-17 | | | |
|----------|-----------------------------|----------|-----------|-----------|---------|-----------|---------|-----------|-------------|--------|-----------|
| | | Adjusted | Actual | Adjusted | Actual | Adjusted | Actual | Adjusted | Actual | | Projected |
| | | FY13-14 | FY13-14 | FY14-15 | FY14-15 | FY15-16 | FY15-16 | FY16-17 | 1st Quarter | % | Year End |
| Intergo | vernmental | | | | | | | | | | |
| Account | Description | | | | | | | | | | |
| 43910 | County of Napa | 209,675 | 209,675 | 215,853 | 215,853 | 224,972 | 224,972 | 224,972 | 224,972 | 100.0% | 224,972 |
| 43950 | Other Governmental Agencies | 209,675 | 209,675 | 215,853 | 215,853 | 224,972 | 224,972 | 224,972 | 224,972 | 100.0% | 224,972 |
| | City of Napa | 140,021 | 140,021 | 144,529 | 144,529 | 149,571 | 149,571 | 149,066 | 149,066 | 100.0% | 149,066 |
| | City of American Canyon | 33,757 | 33,757 | 34,422 | 34,422 | 35,997 | 35,997 | 35,330 | 35,330 | 100.0% | 35,330 |
| | City of St. Helena | 13,957 | 13,957 | 14,145 | 14,145 | 14,582 | 14,582 | 15,908 | 15,908 | 100.0% | 15,908 |
| | City of Calistoga | 12,389 | 12,389 | 12,907 | 12,907 | 13,467 | 13,467 | 13,209 | 13,209 | 100.0% | 13,209 |
| | Town of Yountville | 9,552 | 9,552 | 9,850 | 9,850 | 11,355 | 11,355 | 11,459 | 11,459 | 100.0% | 11,459 |
| | Total | 419,350 | 419,350 | 431,705 | 431,705 | 449,944 | 449,944 | 449,944 | 449,944 | 100.0% | 449,944 |
| Service | Charges | | | | | | | | | | |
| 42690 | Application/Permit Fees | 10,000 | 31,488 | 10,000 | 48,462 | 30,000 | 26,322 | 30,000 | 4,428 | 14.8% | 20,664 |
| 46800 | Charges for Services | 500 | 375 | 500 | 1,375 | 500 | 625 | 500 | 250 | 50.0% | 500 |
| | Total | 10,500 | 31,863 | 10,500 | 49,837 | 30,500 | 26,947 | 30,500 | 4,678 | 15.3% | 21,164 |
| Investm | nents | | | | | | | | | | |
| 45100 | Interest | 3,000 | 1,514 | 2,000 | 2,202 | 2,000 | 2,246 | 2,000 | 1,648 | 82.4% | 6,593 |
| | Total | 3,000 | 1,514 | 2,000 | 2,202 | 2,000 | 2,246 | 2,000 | 1,648 | 82.4% | 6,593 |
| | REVENUE TOTALS | 432,850 | 452,727 | 444,205 | 483,744 | 482,444 | 479,137 | 482,444 | 456,270 | 94.6% | 477,701 |
| OPERAT | ING DIFFERENCE | (39,831) | 23,873 | (66,850) | 58,527 | (43,240) | 91,436 | (51,884) | | | 62,219 |

425,217

525,684

387,701

534,328

181,240

415,482