

LAFCO

Santa Barbara Local Agency Formation Commission

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April 2, 2009 (Agenda)

Local Agency Formation Commission

105 East Anapamu Street, Room 403

Santa Barbara CA 93101

Mid-Year Adjustments for FY 2008-09 Budget

Dear Members of the Commission:

RECOMMENDATION

It is recommended the Commission approve the specified budget changes.

DISCUSSION

The staff has consulted with the County Auditor-Controller regarding aspects of the Commission budget that have raised questions as the year has progressed. Some questions deal with why certain costs are being charged to specific line items although we had not budgeted funds in those accounts.

Other questions concern how we should account for the unbudgeted revenue derived from Makar Properties LLC with regard to indemnification for the Dos Pueblos lawsuit and how to increase appropriations for legal services resulting from that case.

The following changes, based on discussions with the very helpful Auditor-Controller staff, are recommended to adjust the budget to more accurately reflect actual revenues and expenditures that are anticipated for the current fiscal year.

Legal Fees and Services

The recommended changes increase Miscellaneous Revenue (Line Item 5909) by \$20,000 and increase Legal Fees (Line Item 7508) by a corresponding \$20,000.

These changes result from indemnification of our costs by Makar Properties related to the Dos Pueblos lawsuit. The additional revenue has been received and deposited. It may be necessary later in the year to process similar adjustments if warranted.

LAFCO Office Space

Commissioners: Bob Orach, Chair ♦ Joe Centeno ♦ Dick DeWees ♦ Martin Mariscal ♦ Bob Orach ♦ Cathy Schlotmann
Larry Wilson ♦ Janet Wolf ♦ Joe Armendariz ♦ Doreen Farr ♦ John Fox ♦ Bob Short ♦ **Executive Officer:** Bob Braitman

Based on changes in the manner the County recovers costs for space occupied by the LAFCO office we should create the following appropriations that are not included in this year's approved budget and which total \$1,300.

- Electricity (Line Item 7801) to \$900
- Natural Gas (Line Item 7802) to \$150
- Water (Line Item 7803) to \$150
- Refuse (Line Item 7804) to \$50
- Utilities (Line Item 7806) to \$50

We should decrease Rents/Leases-Structure (Line Item 7580) by \$3,800. We had thought the above referenced utility and office related expenses would be charged to this account.

According to the Auditor Controller we should also decrease Cost Allocation (Line Item 7669) by \$7,160. This is account the County uses to apportion certain support costs to all functions and the reduction reflects the adjusted amount for the LAFCO budget.

Reservation for Unexpected Contingencies

In the years since LAFCO ceased to be funded entirely by the County as part of the County General Fund, the Commission has attempted to maintain \$40,000 of fund balance for unexpected contingencies without formally setting these resources aside.

In order to distinguish funds available for use and those designated for contingency, the Auditor-Controller suggests these funds be formally set aside in a Designation for Contingencies (Line Item 9798) to more accurately reflect the FY 2008-09 budget adopted by the Commission.

Revenues

The amounts collected from the County, cities and special districts to fund this year's LAFCO budget were higher than originally forecast to accommodate the lower projected available fund balance and the designation for contingency. It is recommended that Other Governmental Agencies (Line Item 4840) be increased by \$100,847 to reflect actual revenues received.

A summary of these changes is set forth below:

Recommended Year Budget Adjustments for FY 2008-09

Revenues

Increase Other Governmental Agencies (Line Item 4840)	\$ 100,847
Increase Miscellaneous Revenue (Line Item 5909)	<u>20,000</u>
Revenue increase	\$120,847

Appropriations

Increase Legal Fees (Line Item 7508)	\$ 20,000
Increase Electricity (Line Item 7801)	900
Increase Natural Gas (Line Item 7802)	150
Increase Water (Line Item 7803)	150
Increase Refuse (Line Item 7804)	50
Increase Utilities (Line Item 7806)	50
Decrease Rents/Leases-Structure (Line Item 7580)	- 3,800
Decrease Cost Allocation (Line Item 7669)	<u>- 7,160</u>
Net Change in Appropriations	\$ 10,340

Designations

Create Designations (Line Item 9798)	\$ 40,000
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Attached for your information is a spreadsheet prepared by the County Auditor-Controller staff which give an overall representation of the Commission's financial position.

Please contact the LAFCO office if you have any questions.

Very truly yours,

BOB BRAITMAN
Executive Officer