

SONOMA LOCAL AGENCY FORMATION COMMISSION

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Staff Report

Meeting Date:	June 5, 2024
Agenda No.	Item 5.2
Agenda Item Title:	Adjustment to Fiscal Year 2023-24 Adopted Budget
Proposal:	Staff requests that the Commission authorize an adjustment to Fiscal Year 2023-24 appropriations to cover projected operational costs that are anticipated to be greater than the Adopted Budget.
Environmental Determination:	Not a project under CEQA
Staff Contact:	Cynthia Olson

Analysis

Background

The LAFCO budget is maintained as a separate fund in the County's accounting and reporting system. The 2023-24 Adopted Budget, which the Commission approved in June 2023, totals \$994,237, including \$799,242 for Salaries and Benefits and \$194,995 for Services and Supplies. Staff projects that the total expenditure for Salaries and Benefits will be under budget by year-end. However, overall Services and Supplies expenditures are projected to exceed the budgeted amount for that category and are anticipated to be at a level to cause the overall expenditure to exceed appropriations.

The Auditor's Office will not allow expenditures to exceed appropriations, i.e., once expenditure requests or submitted claims – whether for payroll or any internal or outside vendor invoices – are greater than the bottom-line budgeted amount, the Auditor will not pay.

Reasons for Over-Expenditures

In previous reports to the Commission, staff had projected over-expenditures in several Services and Supplies accounts. These accounts and an explanation for the overage in each is found below:

- Account 51207 (Auditor Accounting Services): End of year expenditures are projected to be \$13,500, compared to the budgeted amount of \$7,000. This is due in large part to the additional work by the Auditor in the completion of a biannual audit for years ending June 30, 2021, and June 30, 2022.
- Account 51211 (Legal Services): End of year expenditures are projected to be \$45,000, compared to the budgeted amount of \$35,000. Counsel has provided extensive support in areas associated with complex fire district reorganizations as well as unanticipated litigation on one of those proposals.
- Account 51249 (Professional Services): Expenditures in this account this year cover the costs of payments to the State Board of Equalization for processing boundary changes, consultant fees for work on Municipal Service Reviews (City of Santa Rosa and Valley of the Moon Water District), and a special study of Disadvantaged Unincorporated Communities (DUCs). Some consultant work had been budgeted when the Commission adopted the 2023-24 budget in June 2023. However, in discussions with the City of Santa Rosa about an anticipated reorganization application involving annexation of territory that may be contiguous to a DUC, the Commission directed staff to engage a consultant to perform the special study and use Fund Balance monies, as necessary, to cover the costs, with the understanding that the account would reflect a greater-than-budgeted expenditure.

- Accounts 51602 (Travel Expense) and 51605 (Private Car Expense): Expenses in these accounts are projected to be higher than budgeted due to the larger number than anticipated of Commissioners and staff attending CALAFCO events and the costs associated with travel.

Requested Commission Action

From discussions with the Auditor’s Office, it is staff’s understanding that, in order to process a budget adjustment request from the Commission, changes to specific line-item accounts must be identified. To that end, staff requests adjustments, as shown in the table below:

Account Number	Account Name	Budgeted Amount	Amount of Change	New Amount
51249	Professional Services	35,000	50,500	85,500
51211	Legal Services	35,000	10,000	45,000
51602, 51605	Travel and Car Expense	5,500	4,987	10,487
51207	Auditor Accounting Services	7,000	6,500	13,500
Total		82,500	\$71,987	154,487

It should be noted that the expenditures in some accounts, whether those shown in the table or others, might exceed the line-item budget. That is acceptable to the Auditor as long as the overall expenditure does not exceed appropriations.

Source of Funding

Sufficient funds are available in the Commission’s Fund Balance to cover the additional expenditures.

Recommendation

Staff recommends that the Commission authorize and direct staff to work with the Auditor’s Office to adjust the 2023-24 Adopted Budget by an amount not to exceed \$71,987 for operational expenditures beyond the Adopted Budget appropriations. A draft resolution authorizing this action is attached, for Commissioners’ consideration.

Alternative to Recommendation

No alternative is recommended. The County Auditor’s Office will not pay bills that are outstanding prior to final accounting of Fiscal Year 2023-24 expenditures if sufficient appropriations are not available in the Commission’s budget.

Attachments

1. FY 2024-25 Proposed Final Budget with Fiscal Year 2023-24 Adopted Budget and Year-End Projections
2. Draft Resolution