

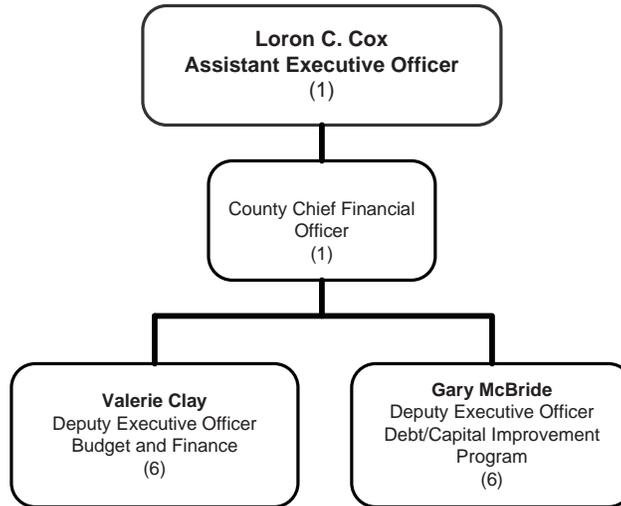
FINANCE AND ADMINISTRATION Loron C. Cox

MISSION STATEMENT

The Finance and Administration section provides timely and accurate financial information to the public, Board of Supervisors, Chief Executive Officer, and County departments; and strives to identify and implement best practices whenever possible while focusing on required services and responsibilities, true cost methodologies, alternative service delivery models, and high-productivity public investments.



ORGANIZATIONAL CHART



2010-11 AND 2011-12 ACCOMPLISHMENTS

- In June 2011, the Board of Supervisors adopted a budget proposal that closed a \$47.2 million gap, the first step in a multi-year process to align revenues and expenditures while putting the County in the best possible position to maintain public services and recover as the economy improves.
- In November 2011, the County Administrative Office initiated a new encumbrance review process to reduce the number of outstanding encumbrances at year-end, including automatic cancellation of encumbrances which fall under a pre-determined threshold and an ongoing review of those which exceed certain age limits.
- In February 2012, for the sixth consecutive year, the County Administrative Office was awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association (GFOA).
- In March 2012, the County refinanced the West Valley Detention Center lease, resulting in a \$540,000 annual savings.
- In March 2012, Standard and Poor’s affirmed the County’s issuer credit rating, and the long term issuer ratings on the County’s Certificates of Participation and Pension Obligation Bonds; the stable outlook was also affirmed.
- In 2012-13, the County Fee Ordinance project is expected to be complete. This was a two-year project to review all County fees to ensure and document full cost recovery. It is anticipated that the 2012-13 recommended fees will generate \$6.1 million in additional revenue.
- The 2012-13 Recommended Budget book will have a reduction of approximately 74 pages due to the reformatting and consolidation in presentation of many special revenue funds and Human Services Subsistence funds, resulting in a reduction in printing costs and administrative efficiencies.



2012-13 GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

GOAL 1: CREATE, MAINTAIN, AND GROW JOBS AND ECONOMIC VALUE IN THE COUNTY.

Objective: Develop financing plans and approaches that will ensure provision of the infrastructure necessary for development and the movement of goods.

The 2012-13 strategic plan developed by the County Administrative Office (CAO) includes one-time funding of \$5.0 million to Public Works for pavement management to maintain the current pavement condition index (PCI), and \$10.15 million in support of other Public Works projects including the Lake Gregory Dam, Rim Forest Storm Drain, and a traffic signal at Valley Blvd. and Banana Ave. in the Fontana area.

GOAL 2: OPERATE IN A FISCALLY-RESPONSIBLE AND BUSINESS-LIKE MANNER.

- Objective A: Develop and maintain a multi-year plan to address projected shortfalls in the County's budget.*
- Objective B: Develop a budget for the coming fiscal year that brings the County into fiscal balance and addresses the most pressing countywide needs.*
- Objective C: Develop a long-term budget plan which brings the County into operational and programmatic balance.*
- Objective D: Live within our means, fully funding liabilities and reserves, while forming capital to strategically invest in the future.*
- Objective E: Invest County resources in ways which create more ongoing revenue to reinvest in maintaining services.*
- Objective F: Fully fund basic operating systems.*

Measurement	2009-10 Actual	2010-11 Actual	2011-12 Target	2011-12 Estimate	2012-13 Target
General Purpose Reserve as a percentage of locally funded appropriation	10%	11%	12%	11%	12%
Variable rate debt as a percentage of total debt outstanding	16.05%	14.42%	<25%	14.91%	<25%

Stability of the County's financial health, especially in these hard economic times, is an important goal of Finance and Administration. By maximizing the use of County resources, being vigilant regarding expenditures, billing at full cost of services, and maintaining adequate reserves, the department strives to meet this goal. Based on the short-term and long-term forecasting of ongoing revenue and expenses, the upcoming and future fiscal years will be very challenging for the County. The 2012-13 strategic plan closes the majority of the five-year budget gap.

Beginning December 2011, the CAO began hosting Forward Planning meetings with the Office of the Auditor-Controller/Treasurer/Tax Collector, the Purchasing Department, the Information Services Department, the Human Resources Department, Land Use Services, and Fleet Management to discuss planning and strategic direction for internal service fund departments. Thus far, these meetings have resulted in a reconciliation of information services application maintenance and support costs and future planning requirements, which lead to the recommendation to include an additional \$1.6 million in on-going funding beginning in 2012-13 to support general fund applications at ideal levels. The 2012-13 Recommended Budget also includes \$700,000 for the Land Use Services Department to upgrade their permitting software; \$2.0 million for Public Works to fund system related costs including WINCAMS, PermitsPlus, and the Job Cost system; and \$368,000 for the Purchasing Department in support of the new electronic procurement network (ePro).

In March 2012, the County refunded the 2001/2002 Certificates of Participation (West Valley Detention Center) through a private placement to provide annual budgetary savings of \$540,000 due to the low interest rate environment and the relatively short remaining life of the current lease obligation.

In 2011-12, the Board approved increasing the General Purpose Reserve target to 20% of locally funded appropriation at the beginning of each budget fiscal year and using one-time sources until the target is achieved. This General Purpose Reserve is intended for unanticipated major emergencies; to allow a transition period when key economic indicators point to a recession likely to substantially reduce county revenues and increase required safety net expenditures; and to ensure the County's ability to make debt service payments in periods of declining general purpose revenues. Currently, the County has to borrow money yearly to meet cashflow needs. The 2011-12 target was not achieved since locally funded appropriation was redefined to include ongoing operating transfers in, which increased the base.

In addition, County Policy 02-11 requires that variable rate bonds be structured to protect the County against cyclical interest rate fluctuations and limits total variable rate debt to no more than 25% of the total debt outstanding.



SUMMARY OF BUDGET UNITS

	2012-13					
	Appropriation	Revenue	Net County Cost	Fund Balance	Revenue Over/ (Under) Exp	Staffing
General Fund						
Finance and Administration	2,640,486	0	2,640,486			14
Capital Facilities Leases	13,052,882	0	13,052,882			0
Total General Fund	15,693,368	0	15,693,368			14
Special Revenue Fund						
Disaster Recovery Fund	15,000	15,000		0		0
Total Special Revenue Fund	15,000	15,000		0		0
Total - All Funds	15,708,368	15,000	15,693,368	0		14

5-YEAR APPROPRIATION TREND

	2008-09	2009-10	2010-11	2011-12	2012-13
Finance and Administration	0	0	0	2,272,535	2,640,486
Capital Facilities Leases	21,812,356	20,933,394	54,640,359	16,258,391	13,052,882
Disaster Recovery Fund	77,227	394,182	173,135	209,310	15,000
Total	21,889,583	21,327,576	54,813,494	18,740,236	15,708,368

5-YEAR REVENUE TREND

	2008-09	2009-10	2010-11	2011-12	2012-13
Finance and Administration	0	0	0	0	0
Capital Facilities Leases	0	0	38,000,000	0	0
Disaster Recovery Fund	76,385	9,820	20,547	30,000	15,000
Total	76,385	9,820	38,020,547	30,000	15,000

5-YEAR NET COUNTY COST TREND

	2008-09	2009-10	2010-11	2011-12	2012-13
Finance and Administration	0	0	0	2,272,535	2,640,486
Capital Facilities Leases	21,812,356	20,933,394	16,640,359	16,258,391	13,052,882
Total	21,812,356	20,933,394	16,640,359	18,530,926	15,693,368

5-YEAR FUND BALANCE TREND

	2008-09	2009-10	2010-11	2011-12	2012-13
Disaster Recovery Fund	842	384,362	152,588	179,310	0
Total	842	384,362	152,588	179,310	0



Finance and Administration

DESCRIPTION OF MAJOR SERVICES

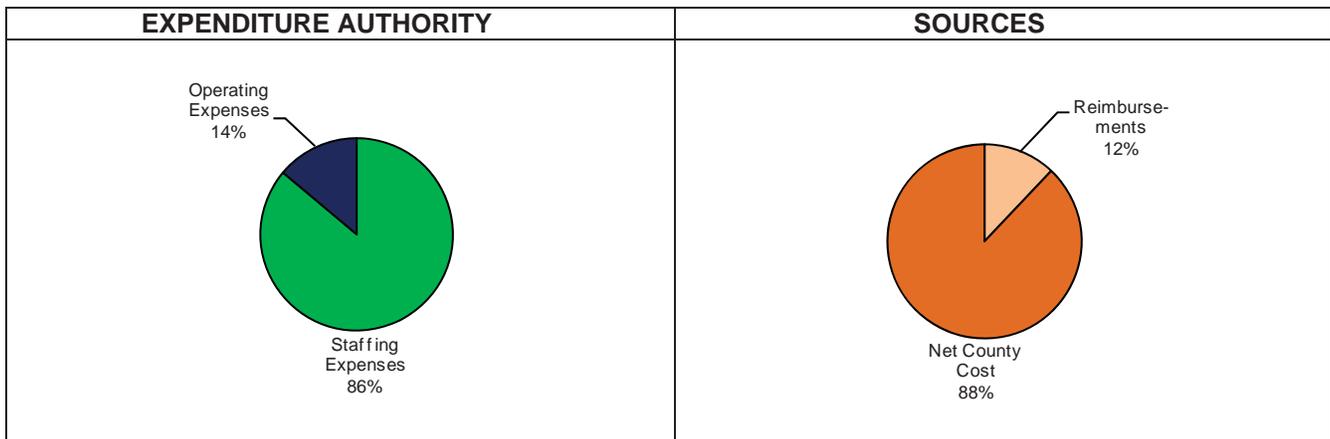
The Finance and Administration budget unit was created in 2011-12 to centralize financial management and oversight. In alignment with priorities of the Board of Supervisors and the Chief Executive Officer, this section provides timely and accurate financial information, assists County departments in implementing best practices, and provides explanations, including alternative solutions, when best practices cannot be implemented.

Budget at a Glance

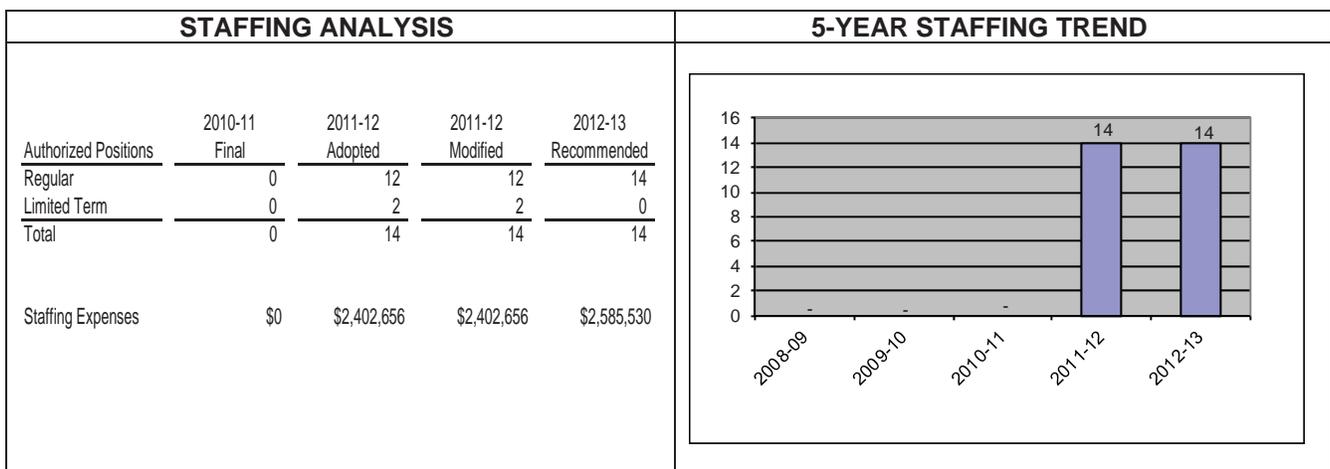
Total Expenditure Authority	\$3,002,344
Total Sources	\$361,858
Net County Cost	\$2,640,486
Total Staff	14
Funded by Net County Cost	88%

Finance and Administration is responsible for the preparation and administration of the County budget, including development of the five-year forecast and annual strategic plan; the administration and monitoring of the County general fund long-term debt portfolio, which includes both issuance and post-issuance activities; and oversight and administration of the County's capital improvement program.

2012-13 RECOMMENDED BUDGET



BUDGETED STAFFING



ANALYSIS OF 2012-13 RECOMMENDED BUDGET

GROUP: Administration
 DEPARTMENT: Finance and Administration
 FUND: General

BUDGET UNIT: AAA FAB
 FUNCTION: General
 ACTIVITY: Finance

	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Estimate	2011-12 Modified Budget	2012-13 Recommended Budget	Change From 2011-12 Modified Budget
Appropriation							
Staffing Expenses	0	0	0	1,974,855	2,402,656	2,585,530	182,874
Operating Expenses	0	0	0	250,916	344,339	416,814	72,475
Capital Expenditures	0	0	0	0	0	0	0
Contingencies	0	0	0	0	0	0	0
Total Exp Authority	0	0	0	2,225,771	2,746,995	3,002,344	255,349
Reimbursements	0	0	0	(377,029)	(474,460)	(361,858)	112,602
Total Appropriation	0	0	0	1,848,742	2,272,535	2,640,486	367,951
Operating Transfers Out	0	0	0	0	0	0	0
Total Requirements	0	0	0	1,848,742	2,272,535	2,640,486	367,951
Departmental Revenue							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	0	0	0	0	0	0	0
Total Revenue	0	0	0	0	0	0	0
Operating Transfers In	0	0	0	0	0	0	0
Total Financing Sources	0	0	0	0	0	0	0
Net County Cost	0	0	0	1,848,742	2,272,535	2,640,486	367,951
Budgeted Staffing					14	14	0

BUDGET CHANGES AND OPERATIONAL IMPACT

In 2012-13, appropriation is increasing by \$367,951 primarily due to retirement increases and other costs associated with the replacement of two part-time positions with two full-time positions, enhancements to the countywide BudgetPrep system, and a reduction in reimbursements from the Health Administration budget unit.

MAJOR EXPENDITURES AND REVENUE IN 2012-13 RECOMMENDED BUDGET

Other than staffing expenses, major expenditures include \$223,000 for systems development charges to enhance the countywide BudgetPrep system and complete the Purchase Order project. The majority of reimbursements are from Health Administration, County Fire, and Special Districts for administrative oversight.

STAFFING CHANGES AND OPERATIONAL IMPACT

The 2012-13 budget includes the addition of 2 Administrative Analyst III positions offset by the reduction of 1 Extra-Help Administrative Analyst III and 1 Public Service Employee. Over the last four years, the County Administrative Office has reduced four Administrative Analyst positions, and in the current economic climate, these positions are critical to analyze departmental revenues and expenses, and identify cost saving measures.

2012-13 POSITION SUMMARY

Division	Regular	Limited Term	Total	Filled	Vacant	New	Total
Finance and Administration	14	0	14	11	1	2	14
Total	14	0	14	11	1	2	14

Finance and Administration	
Classification	
1	Assistant Executive Officer-Finance and Administration
1	County Chief Financial Officer
2	Deputy Executive Officer
2	Principal Administrative Analyst
6	Administrative Analyst III
2	Executive Secretary III-Classified
14	Total



Capital Facilities Leases

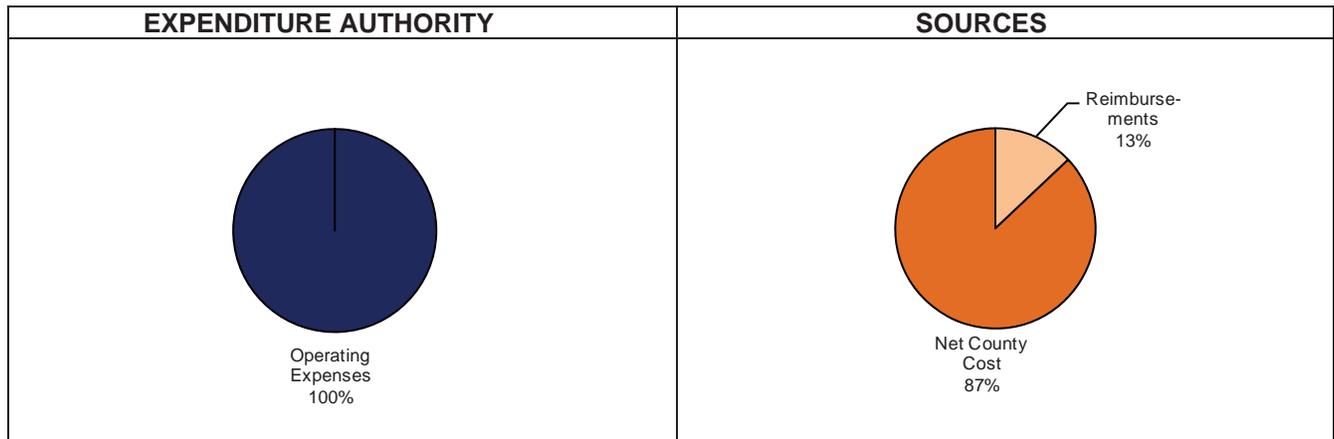
DESCRIPTION OF MAJOR SERVICES

This budget unit funds the cost of long-term capital lease payments for the major county facilities financed by the general fund.

Budget at a Glance

Total Expenditure Authority	\$14,998,418
Total Sources	\$1,945,536
Net County Cost	\$13,052,882
Total Staff	0
Funded by Net County Cost	87%

2012-13 RECOMMENDED BUDGET



ANALYSIS OF 2012-13 RECOMMENDED BUDGET

GROUP: Administration
 DEPARTMENT: Finance and Administration - Capital Facilities Leases
 FUND: General

BUDGET UNIT: AAA JPL
 FUNCTION: General
 ACTIVITY: Property Management

	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Estimate	2011-12 Modified Budget	2012-13 Recommended Budget	Change From 2011-12 Modified Budget
Appropriation							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	22,406,840	22,503,854	54,214,260	18,145,624	18,202,053	14,998,418	(3,203,635)
Capital Expenditures	0	0	0	0	0	0	0
Contingencies	0	0	0	0	0	0	0
Total Exp Authority	22,406,840	22,503,854	54,214,260	18,145,624	18,202,053	14,998,418	(3,203,635)
Reimbursements	(2,173,150)	(1,816,051)	(2,037,795)	(1,943,662)	(1,943,662)	(1,945,536)	(1,874)
Total Appropriation	20,233,690	20,687,803	52,176,465	16,201,962	16,258,391	13,052,882	(3,205,509)
Operating Transfers Out	0	0	0	0	0	0	0
Total Requirements	20,233,690	20,687,803	52,176,465	16,201,962	16,258,391	13,052,882	(3,205,509)
Departmental Revenue							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	17,995	55	4,413	0	0	0	0
Total Revenue	17,995	55	4,413	0	0	0	0
Operating Transfers In	0	0	38,000,000	0	0	0	0
Total Financing Sources	17,995	55	38,004,413	0	0	0	0
Net County Cost	20,215,695	20,687,748	14,172,052	16,201,962	16,258,391	13,052,882	(3,205,509)
Budgeted Staffing					0	0	0

BUDGET CHANGES AND OPERATIONAL IMPACT

Operating expenses of \$14,998,418 represent lease payments and related fees and administrative costs for the major county assets financed by the general fund.

In 2012-13, operating expenses are decreasing by \$3,203,635 as follows:

- A \$2,284,071 reduction of one-time expenditure authority used to optionally prepay a portion of the County's outstanding principal in 2011-12, using savings from variable rate interest expense realized in 2009-10.
- A \$380,000 decrease which reflects ongoing savings achieved as a result of the 2011-12 optional prepayment using the one-time expenditure authority referred to above.
- A \$540,000 decrease which reflects ongoing savings achieved via the refinancing of the 2001-02 West Valley Detention Center certificates of participation.
- A \$436 increase in expenditure authority representing a \$1,438 decrease in the annual COWCAP charge offset by a \$1,874 increase in expenditures funded by reimbursements.

Reimbursements of \$1,945,536 reflect an increase of \$1,874 from 2011-12. This includes an increase of \$1,900 in the reimbursement from the Preschool Services Department, and a \$26 decrease in reimbursement from the Airport.

Lease payments in this budget unit for 2012-13 are:

Justice Center/Chino Airport Improvements	6,581,000
West Valley Detention Center - 2001/02 Financing	8,090,058
Subtotal:	14,671,058
Debt Administration (including Trustee Fees, Audit and Arbitrage)	215,287
COWCAP	112,073
Reimbursements	(1,945,536)
Subtotal:	(1,618,176)
Total:	13,052,882



Disaster Recovery Fund

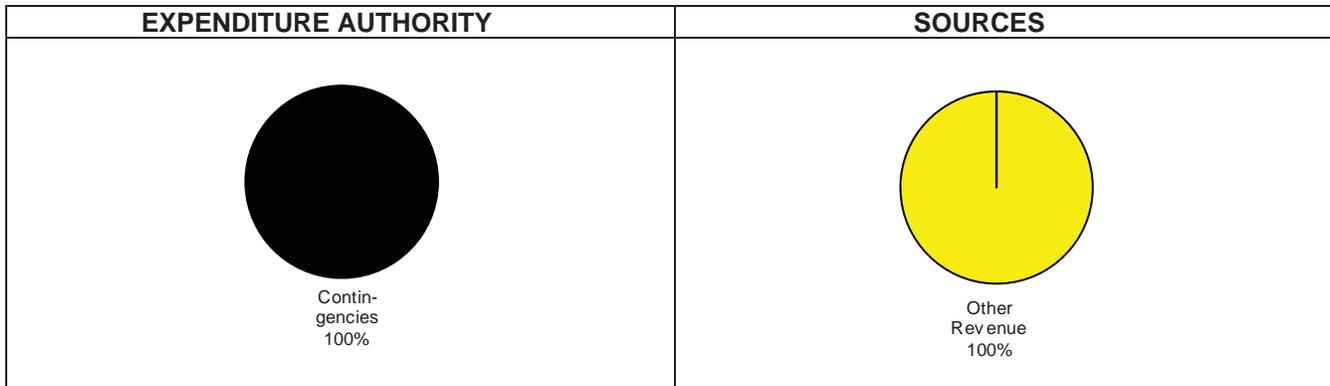
DESCRIPTION OF MAJOR SERVICES

The Disaster Recovery Fund was established to provide separate accountability for specific administrative and program costs related to the county's disaster recovery efforts which are reimbursed through state and federal funds. Prior incidents have included the Grand Prix/Old Fires in October 2003, Grass Valley/Slide Fires of October 2007, and winter storms of 1998, 2005, and 2010.

Budget at a Glance

Total Expenditure Authority	\$15,000
Total Sources	\$15,000
Fund Balance	\$0
Total Staff	0

2012-13 RECOMMENDED BUDGET



ANALYSIS OF 2012-13 RECOMMENDED BUDGET

GROUP: Administration
DEPARTMENT: Finance and Administration-Disaster Recovery Fund
FUND: Disaster Recovery Fund

BUDGET UNIT: SFH CAO
FUNCTION: Public Protection
ACTIVITY: Other Protection

	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Estimate	2011-12 Modified Budget	2012-13 Recommended Budget	Change From 2011-12 Modified
Appropriation							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	0	6,587	0	0	0	0	0
Capital Expenditures	0	0	0	0	0	0	0
Contingencies	0	0	0	0	0	15,000	15,000
Total Exp Authority	0	6,587	0	0	0	15,000	15,000
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	0	6,587	0	0	0	15,000	15,000
Operating Transfers Out	0	0	0	191,310	209,310	0	(209,310)
Total Requirements	0	6,587	0	191,310	209,310	15,000	(194,310)
Departmental Revenue							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	305,797	0	0	0	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	77,723	19,161	20,548	12,000	30,000	15,000	(15,000)
Total Revenue	383,520	19,161	20,548	12,000	30,000	15,000	(15,000)
Operating Transfers In	0	0	0	0	0	0	0
Total Financing Sources	383,520	19,161	20,548	12,000	30,000	15,000	(15,000)
				Fund Balance	179,310	0	(179,310)
				Budgeted Staffing	0	0	0

BUDGET CHANGES AND OPERATIONAL IMPACT

This budget unit is currently used as a suspense account to track payments by state and federal agencies for reimbursable disaster recovery efforts that are then distributed to County departments. In 2011-12, the entire unreserved fund balance was used to repay prior years' disallowed costs. Contingencies of \$15,000 represent funding for any future disallowed costs. Other revenue of \$15,000 represents anticipated interest earnings based on the entire fund balance which consists of restricted funds due to other agencies.

