


# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490  
(909) 388-0480 • Fax (909) 388-0481  
lafco@lafco.sbcounty.gov  
www.sbclafco.org

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**DATE:** JANUARY 8, 2020   
**FROM:** SAMUEL MARTINEZ, Executive Officer  
MICHAEL TUERPE, Project Manager  
**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT:** Agenda Item #12: Mid-Year Financial Review for Period  
July 1 through December 31, 2019

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## **RECOMMENDATION:**

Staff recommends that the Commission:

1. Note receipt of this report and file.
2. Provide direction to staff on items of concern for the second half.

## **BACKGROUND:**

The first two quarters of Fiscal Year 2019-20 have concluded and staff is presenting the Commission with its second financial report. This report includes a review of the financial activities and the presentation of a spreadsheet (Attachment #1) showing the line item expenditures and receipts for the first half of the year.

## **MID-YEAR REVIEW:**

The following narrative provides a discussion of expenditures and reserves, revenues received, an update on special project activities, and a breakdown of the fund balance.

### **Expenditures and Reserves**

Expenditures are comprised of two categories of accounts: 1) Salaries and Benefits, and 2) Services and Supplies. Through the mid-year, total expenditures are at 51% of

Approved Budget authority. No request is being presented, at this time, by staff for authorization to utilize funds maintained in the Contingency or Reserve accounts. A more detailed analysis of the categories is as follows:

## **1. Salaries and Benefits (1000 series)**

### **A. Mid-Year Activity**

The Salaries and Benefits series of accounts (1000 series) had expenditures of \$402,698 through the mid-year, representing 49% of Approved Budget authority.

### **B. Anticipated Activity**

The remainder of the year is anticipated to maintain the adopted budget.

## **2. Services and Supplies (2000 and 5000 series)**

### **A. Mid-Year Activity**

For the first and second quarters, the Services and Supplies series of accounts (2000 and 5000 series) had expenditures of \$240,045, or 55% of Approved Budget authority. The first half includes full-year and one-time payments such as the Commission's property and liability insurance.

Additionally, a number of invoices received in June were not able to be processed by the year-end cutoff. The invoices, totaling \$10,245, were processed in July and are included in the FY 2019-20 First Quarter activity.

### **B. Second Half Anticipated Expenditures**

Anticipated activities for the second half include significant expenditures, identified as:

- Office lease and related costs totaling \$50,464.
- Subscription to the County Street Network (\$10,500) for maintenance of digital mapping.
- Significant payments for the processing of proposals (initial study with related noticing) and countywide fire service review (legal costs, advertising and mailing) are anticipated.

At this time staff is not recommending any budget adjustments; rather, as a part of the third quarter financial review staff will recommend the appropriate budget adjustments, if necessary.

### C. Status of Ongoing Commission-approved Projects

The following provides an update on expenditures and progress on projects approved by the Commission.

#### *Countywide Service Review for Fire/Emergency Medical Response/Dispatch:*

The third service review of the second round is scheduled for presentation to the Commission in February. The first draft was released on January 8, and the final draft is scheduled for release on January 29 (with copies provided to the Commission).

#### *Governance Training Program:*

The Commission is continuing its efforts to provide governance training for special districts, as well as other levels of government, within the County. *Peeling Back the Layers: Understanding Pension and OPEB Obligations*, was a course presented to a packed house at the Frontier Project in Rancho Cucamonga.

#### *Fiscal Indicators:*

The annual update to the Fiscal Indicators Program is scheduled for release on the LAFCO website for January 15.

### **3. Reserves (6000 series)**

No spending activity has been requested by staff or authorized by the Commission to take place in the Reserve accounts through the mid-year. At this time, staff is not recommending any budget adjustments; rather, as a part of the third quarter financial review staff will recommend the appropriate budget adjustments, if necessary.

## **Revenues**

### **1. Revenues through Mid-Year**

The Commission has received 89% of Adopted Budget revenues through the mid-year. The items below outline the revenue activity:

- Interest (Account 8500) – Interest rates have steadily increased over the past two years, albeit still providing a minimal cash amount. \$7,167 in interest revenue was earned from the Commission's cash in the County Treasury. The bulk of LAFCO's revenues are received during the first quarter of the fiscal year through receipt of its annual apportionment. However, it is anticipated that the annual interest rate will remain low for the balance of the year providing limited resources (\$5,000).

- Apportionment (Account 8842) - 100% of the mandatory apportionment payments from the County, cities, and independent special districts billed by the County Auditor have been received.
- Fees and Deposits (Accounts 9545 – 9800) – Through the first quarter, the Fees and Deposits series of accounts have received 24% of its budgeted revenue (\$41,685). This amount is made up of a combination of proposal/service contract filing fees and legal cost recovery.
- Carryover from Prior Year (Account 9970)

Prior Year Contingency and Reserve funds have been carried forward, \$296,704.

## 2. Proposal Activity

The figure below identifies the number of proposals and service contracts received through the mid-year. The figure identifies that two proposals and six service contracts were received in the first half.

Activity	Budget	Through December	
		No.	% of Budget
Proposals - Agency/LO/RV initiated	11	2	18%
Proposals - Commission initiated	0	0	--
Service Contracts - Commission approval	2	3	150%
Service Contracts - Commission approval for exemption	0	0	--
Service Contracts - Admin (E.O.) approval	4	3	75%
Protest Hearing Deposits	9	0	0%

In the first quarter, the Commission completed the service review for Wrightwood Community Services District.

## 3. Projected Remaining Activity

Proposals thought to have been received in the first half are anticipated for submission in the second half. Staff has been in discussion with potential applicants regarding significant reorganizations, to include five annexations and two service contracts. The total for these applications totals \$80,408.

In February, the Commission will consider the *Countywide Service Review for Fire/Emergency Medical Response/Dispatch*.

## Fund Balance

As of December 31, the Commission's cash in the County Treasury was \$793,928. A breakdown of this amount is shown below. The projections result in a deficit of roughly \$62,000. As a part of the third quarter budget update in April, staff will refine this figure with an update on activity. Based upon this refinement, future actions may be required for the Commission to close this gap.

However, in July 2018, the Commission approved increases to the Contingency account of \$34,852 and General Reserve of \$64,392. The funds placed into Contingency are available for general operations should the deficit remain at year's end.

<b>December 31, 2019 Balance</b>		<b>\$793,928</b>
<b>Cash Balance is composed of the following:</b>		
<b>Committed</b> (constrained to specific purposes)		
Net Pension Liability Reserve (Account 6010) <i>scheduled June payment to SBCERA</i>		42,500
Compensated Absences Reserve (Account 6030)		110,146
<b>Assigned</b> (intended for specific purposes)		
Contingency (Account 6000) <i>\$673 used to balance 18-19 budget</i>		49,327
General Reserve (Account 6025)		150,000
<b>Projected Expenditures</b>		589,683
<b>Projected Revenues</b> (shown as negative)		(85,408)
<b>Carryover or (Deficit)</b>		<b>(\$62,320)</b>

## CONCLUSION:

Through the first half of the year, expenditures are generally in line with first half activities, but revenues have not met mid-year targets. To date, two proposals have been received. Based upon talks with agencies, staff projects five proposals for the second half.

Staff will be happy to answer any questions from the Commission prior to or at the hearing regarding the items presented in this report.

SM/MT

Attachment: Spreadsheet of Expenditures, Reserves, and Revenues

1/8/2020

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 18-19	FINAL BUDGET FY 19-20 26 Pay Periods	FIRST QUARTER	OCT	NOV	DEC	THRU MID YEAR	PERCENT THRU MID YEAR
	<b>SALARIES AND BENEFITS</b>								
1010	Earnable Compensation	\$ 503,704	\$ 492,781	\$ 125,087	\$ 35,778.34	\$ 35,778.34	\$ 46,398.32	\$ 243,042	49.3%
1030	Auto and Cell Phone Allowances	19,269	9,135	3,085	700.00	700.00	700.00	5,185	56.8%
1035	Overtime								
1045	Termination Payment								
1110	General Member Retirement	173,050	189,146	48,135	13,750.60	13,750.60	16,853.95	92,491	48.9%
1130	Survivors Benefits	179	176	47	13.50	13.50	13.50	88	49.8%
1135	Retirement Subsidy (no longer active)	1,995							
1200	Medical Premium Subsidy	53,970	53,799	15,013	4,388.50	4,388.50	4,388.50	28,179	52.4%
1205	Long-Term Disability	1,068	1,141	294	85.02	85.02	85.02	549	48.1%
1207	Vision Care Insurance	782	782	210	59.90	59.90	59.90	389	49.8%
1215	Dental Insurance Subsidy	1,230	1,235	333	95.44	95.44	95.44	620	50.2%
1222	Short-Term Disability	4,990	5,316	1,458	432.70	432.70	432.70	2,756	51.8%
1225	Social Security Medicare	6,277	5,917	1,499	430.57	439.33	567.89	2,937	49.6%
1235	Workers' Compensation	3,019	5,074						0.0%
1240	Life Insurance & Medical Trust Fund	9,251	10,735	2,574	745.45	745.26	745.26	4,809	44.8%
1305	Medical Reimbursement Plan	3,900	6,516	1,050	300.00	300.00	300.00	1,950	29.9%
1310	Annuitant Employee Medical (no longer active)	3,774							
1314	457/401a Contribution	2,695	3,275	755	218.48	218.48	218.48	1,411	43.1%
1315	401k Contribution	35,173	38,040	9,793	2,833.36	2,833.36	2,833.36	18,293	48.1%
	<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$ 824,325</b>	<b>\$ 823,068</b>	<b>\$ 209,333</b>	<b>\$ 59,831.86</b>	<b>\$ 59,840.43</b>	<b>\$ 73,692.32</b>	<b>\$ 402,698</b>	<b>48.9%</b>
	Staffing (Full time equivalent units)	5.25	5.0						
	<b>SERVICES AND SUPPLIES</b>								
	<b>General Services &amp; Supplies</b>								
2031	Payroll System Services		\$ 826	\$ 127	63.50	\$ 63.50	\$ 95.25	349	42.3%
2035	Communications							-	
2037	COMNET Charge (ISF)	\$ 3,593	3,434	572	286.20	286.20	286.20	1,431	41.7%
2040	Relocation Charges - Phone Service	-						-	
2041	Phone Service/Outside Company	8,644	8,400	2,238	572.71	671.87	671.87	4,154	49.5%
2043	Electronic Equipment Maintenance	92	-					-	
2075	Membership Dues	10,303	11,753	10,376	1,446.00			11,822	100.6%
2076	Tuition Reimbursement	-	1,000		999.00			999	99.9%
2080	Publications	2,723	3,163	1,125	233.36	233.36	466.72	2,058	65.1%
2085	Legal Notices	21,188	18,750	961	602.36	2,301.81		3,865	20.6%



1/8/2020

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 18-19	FINAL BUDGET FY 19-20	FIRST QUARTER	OCT	NOV	DEC	THRU MID YEAR	PERCENT THRU MID YEAR
			26 Pay Periods						
2895	Rent/Lease Equipment (copier)	5,289	4,800	1,704	456.68	450.46	422.41	3,033	63.2%
2905	Office/Hearing Chamber Rental	99,052	100,928	24,721	23,911.23	405.00	405.00	49,442	49.0%
								-	
	<b>Travel Related Expenses:</b>							-	
2940	Private Mileage	4,952	3,436	1,071	337.73	965.75	338.83	2,713	79.0%
2941	Conference/Training	5,231	4,740	4,410				4,410	93.0%
2942	Hotel	5,886	7,990	1,616			4,309.18	5,926	74.2%
2943	Meals	456	1,200	248		238.79	29.64	516	43.0%
2944	Car Rental	-	-					-	
2945	Air Travel	1,011	2,200		684.88	906.86		1,592	72.4%
2946	Other Travel	122	825	143		587.07	42.50	773	93.6%
								-	
	<b>Other:</b>							-	
5012	Services Out (Staples)	283	600	20			1,741.32	1,761	293.5%
<b>TOTAL SERVICES &amp; SUPPLIES</b>		<b>\$ 475,345</b>	<b>\$ 437,882</b>	<b>\$ 121,979</b>	<b>\$ 50,112.21</b>	<b>\$ 38,552.17</b>	<b>\$ 29,401.58</b>	<b>\$ 240,045</b>	<b>54.8%</b>
<b>TOTAL EXPENDITURES</b>		<b>\$ 1,299,670</b>	<b>\$ 1,260,950</b>	<b>\$ 331,312</b>	<b>\$ 109,944.07</b>	<b>\$ 98,392.60</b>	<b>\$ 103,093.90</b>	<b>\$ 642,743</b>	<b>51.0%</b>
<b>RESERVES</b>									
6000	Contingency (Assigned)		\$ 49,327						
6010	Net Pension Liability Reserve (Committed)		42,500						
6025	General Reserve (Assigned)		150,000						
6030	Compensated Absences Reserve (Committed)		110,146						
<b>TOTAL CONTINGENCIES &amp; RESERVES</b>		<b>\$ -</b>	<b>\$ 351,973</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>TOTAL APPROPRIATION</b>		<b>\$ 1,299,670</b>	<b>\$ 1,612,923</b>	<b>\$ 331,312</b>	<b>\$ 109,944.07</b>	<b>\$ 98,392.60</b>	<b>\$ 103,093.90</b>	<b>\$ 642,743</b>	<b>39.8%</b>



ACCT #	ACCOUNT NAME	ACTUAL YEAR-END FY 18-19	FINAL BUDGET FY 19-20	FIRST QUARTER	OCT	NOV	DEC	THRU MID YEAR	PERCENT THRU MID YEAR
	<b>CONTRIBUTION REVENUES</b>								
	Use of Money:								
8500	Interest	\$ 16,191	\$ 16,000	\$ 4,027	\$ 3,140.85			\$ 7,167	44.8%
	<b>Mandatory Contribution from Governments:</b>								
8842	Local Government -- For FY 2019-20 apportionment to County, Cities, and Independent Special Districts (\$363,499 total for each category)	1,105,497	1,090,497	1,090,497				\$ 1,090,497	100.0%
	<b>Fees and Deposits (Current Services):</b>								
9545	Individual Notice	8,916	14,300	1,700	642.02	1,087.28		\$ 3,429	24.0%
9555	Legal Services	70,067	28,000	8,121	1,456.16	739.75	17.25	\$ 10,335	36.9%
9595	Protest Hearing	3,000	10,800						
9655	GIMS Fees	825	10,945						
9660	Environmental	10,619	14,900	2,000	1,305.00	700.00		\$ 4,005	26.9%
9800	LAFCO Fees	69,389	98,795	16,284	3,172.00	1,030.00	3,430.00	\$ 23,916	24.2%
	<b>Total Fees and Deposits</b>	<b>162,816</b>	<b>177,740</b>	<b>28,105</b>	<b>6,575.18</b>	<b>3,557.03</b>	<b>3,447.25</b>	<b>41,685</b>	<b>23.5%</b>
	<b>TOTAL CONTRIBUTION REVENUES</b>	<b>1,284,504</b>	<b>1,284,237</b>	<b>1,122,629</b>	<b>9,716.03</b>	<b>3,557.03</b>	<b>3,447.25</b>	<b>1,139,349</b>	<b>88.7%</b>
	<b>OTHER REVENUES</b>								
9910	Prior Year Activity (refunds, collections)	\$ (373)	\$ -						
9930	Miscellaneous Revenues	265	-	550	30.00			579.66	
9970	Carryover of Open Proposals/Projects	(50)	31,982						0.0%
9970	Carryover from Prior Year, Assigned	50	-						
9973	Stale-dated Checks	1,000					38.04	38.04	
9990	SBCERA contributions	(184,963)							
	<b>TOTAL OTHER REVENUES</b>	<b>(184,071)</b>	<b>31,982</b>	<b>550</b>	<b>30.00</b>	<b>-</b>	<b>38.04</b>	<b>618</b>	<b>1.9%</b>
	<b>TOTAL REVENUES</b>	<b>\$ 1,100,433</b>	<b>\$ 1,316,219</b>	<b>\$ 1,123,179</b>	<b>\$ 9,746.03</b>	<b>\$ 3,557.03</b>	<b>\$ 3,485.29</b>	<b>\$ 1,139,967</b>	<b>86.6%</b>
	<b>RESERVES FROM PRIOR YEAR</b>								
9970	Contingency (Assigned)	\$ 57,783	\$ 49,327	49,327				\$ 49,327	100.0%
9970	Net Pension Liability Reserve (Committed)	148,450							
9970	General Reserve (Assigned)	200,000	150,000	150,000				\$ 150,000	100.0%
9970	Compensated Absences Reserve (Committed)	89,708	97,377	97,377				\$ 97,377	100.0%
	<b>TOTAL RESERVES FROM PRIOR YEAR</b>	<b>\$ 495,941</b>	<b>\$ 296,704</b>	<b>\$ 296,703.55</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 296,704</b>	<b>100.0%</b>
	<b>TOTAL REVENUE AND RESERVES</b>	<b>\$ 1,596,374</b>	<b>\$ 1,612,923</b>	<b>\$ 1,419,882.25</b>	<b>\$ 9,746.03</b>	<b>\$ 3,557.03</b>	<b>\$ 3,485.29</b>	<b>\$ 1,436,671</b>	<b>89.1%</b>

Note: Spreadsheet utilizes the cash basis of accounting and does not include accrual/reversal data.