


LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: NOVEMBER 10, 2020 
FROM: SAMUEL MARTINEZ, Executive Officer
MICHAEL TUERPE, Senior Analyst
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #4: First Quarter Financial Review for Period
July 1 through September 30, 2020

RECOMMENDATION:

Staff recommends that the Commission note receipt of this report and file.

BACKGROUND:

The first quarter of Fiscal Year 2020-21 has concluded and staff is presenting the Commission with its first 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 during the period. The summary table below shows that Total Expenditures are on-track with First Quarter makers. For Revenues, Fees and Deposits are slightly below the 25% mark. However, apportionment receipts usually are 100% by this point. This matter is discussed below.

Expenditures		Revenues	
Salaries and Benefits	26% <i>(on par)</i>	Apportionment	68% <i>(does not meet goal)</i>
Services and Supplies	30% <i>(on par)</i>	Fees and Deposits	23% <i>(slightly below goal)</i>
TOTAL	27%	TOTAL	62%

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 at the end of the quarter.

Expenditures and Reserves

Expenditures are comprised of two categories of accounts: 1) Salaries and Benefits, and 2) Services and Supplies. Through the first quarter, total expenditures are at 27% 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. First Quarter Activity

The Salaries and Benefits series of accounts (1000 series) had expenditures of \$216,812 through the first quarter, representing 26% of Approved Budget authority – one percent above the 25% mark. The additional one percent is due to the mandatory payouts of accrued leave due to Jeffrey Lum's separation.

B. Anticipated Activity

Two employees separated towards the end of the first quarter. At the September meeting, the Commission:

- Approved the reclassification of Angie Schell from Administrative Secretary to Clerk to the Commission. The Administrative Secretary position remains unfilled, and temporary help is supplementing staffing needs when needed (see Account 2335 – Temporary Services).
- Approved the recruitment for the vacant GIS Analyst position. We anticipate a new employee beginning employment early January.

2. Services and Supplies (2000 and 5000 series)

A. First Quarter Activity

For the first quarter, the Services and Supplies series of accounts (2000 and 5000 series) had expenditures of \$106,706, or 30% of Approved Budget authority. The first quarter includes full-year and one-time payments. Payments that are typical to the first quarter that have taken place include: California Association of LAFCOs (CALAFCO) membership, the CALAFCO Annual conference (registration), the Commission's property and liability insurance, and the annual payment to SBCERA for GASB 68 processing. These one-time and full-year expenditures are generally on target for the fiscal year.

B. Second Quarter Anticipated Expenditures

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

- Full-year payments for the annual financial audit (\$11,668).
- Subscription to the County Street Network (\$10,500) for maintenance of digital mapping.
- Payments for the processing of proposals and countywide public cemetery district service review (legal costs, advertising and mailing) are anticipated.

C. Status of Ongoing Commission-approved Projects and Programs

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

Service Reviews:

At this November meeting, the Commission will consider the *Countywide Service Review for Public Cemetery Districts*. Pursuant to the service review schedule that the Commission approved in September, in December staff will commence the service review for park and recreation services.

Governance Training Program:

Due to the pandemic, the Governance Training Program is on hiatus. The year included one course: LAFCO 101. There are no plans to conduct this course online. When restrictions on gatherings lift, staff will gauge the interest of potential attendees.

Fiscal Indicators Program:

Due to temporary reduction in staffing from five to three, work has not begun on the new round of Fiscal Indicators. When the GIS Analyst position is filled, staff will commence work on the new round.

3. Reserves (6000 series)

No spending activity has been requested by staff or authorized by the Commission to take place in the Reserve accounts during the first quarter.

Revenues

1. Revenues through First-Quarter

The Commission has received 62% of Adopted Budget revenues through the first quarter. The items below outline the revenue activity:

- Interest (Account 8500) – Interest rates have steady increased over the past two years, albeit still providing a minimal cash amount. \$2,767 in interest revenue was earned from the Commission’s cash in the County Treasury reflecting the final quarter of Fiscal Year 2019-20 cash. The bulk of LAFCO’s revenues are received during the first half 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.
- Apportionment (Account 8842) - 68% of the mandatory apportionment payments from the County, cities, and independent special districts billed by the County Auditor have been received. The County’s share is currently being processed, and staff anticipates its receipt during November. Only one special district has not submitted its apportionment share. As for cities, a calculation error was made by the County Auditor in the cities apportionment related to subsidiary districts. The error was a double counting of subsidiary district revenues, which resulted in an incorrect distribution amongst the cities. On November 3, the County Auditor issued the credit/invoice memos to all cities. It is hoped that the County Auditor will receive all the apportionments by the end of November.
- Fees and Deposits (Accounts 9545 – 9800) – Through the first quarter, the Fees and Deposits series of accounts have received 23% of its budgeted revenue (\$27,170). This amount is made up of a combination of application fees, service contract filing fees and legal cost recovery.
- Carryover from Prior Year (Account 9970)

Prior Year Contingency and Reserve funds have been carried forward, \$278,745.

2. Proposal Activity

The table below identifies the number of proposals and service contracts received through the first quarter. The table identifies that one proposal and one service contract were received in the first quarter.

Activity	Budget	Through September	
		No.	% of Budget
Proposals	9	1	11%
Service Contracts - Commission approval	2	1	50%
Service Contracts - Admin (E.O.) approval	2	0	0%

The second quarter anticipates the receipt of two annexations.

Cash in Treasury

As of September 30, the Commission’s cash in the County Treasury was \$745,944. A breakdown of this amount is shown below. As shown, the Commission is anticipated to

contribute its Net Pension Liability Reserve amount of \$43,852 to SBCERA in June 2021 to reduce its net pension liability.

September 30, 2020 Balance		\$745,944
Cash Balance is composed of the following:		
<i>Committed (constrained to specific purposes)</i>		
Net Pension Liability Reserve (Account 6010) <i>June 2021 payment to SBCERA</i>		43,852
Compensated Absences Reserve (Account 6030)		142,623
<i>Assigned (intended for specific purposes)</i>		
Contingency (Account 6000)		18,600
General Reserve (Account 6025)		150,000
<i>Budgeted Remaining Expenditures</i>		866,104
<i>Budgeted Remaining Revenues (shown as negative)</i>		(475,235)

CONCLUSION:

For the first quarter, expenditures are on track, 68% of the apportionment receipts were received, and proposal activity is slightly less than on par for one quarter.

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 First-Quarter Expenditures, Reserves, and Revenues

Attachment #1

Budget Spreadsheets

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 18-19	PROJECTED YEAR-END FY 19-20	APPROVED FY 20-21	JULY	AUG	SEPT	AMOUNT THRU 1ST Q	% THRU 1ST Q
SALARIES AND BENEFITS									
1010	Earnable Compensation	\$ 503,704	\$ 485,548	\$ 507,972	\$ 54,538.76	\$ 36,360.71	\$ 42,550.44	\$ 133,450	26%
1030	Auto and Cell Phone Allowances	19,269	9,735	9,485	1,050.00	700.00	700.00	2,450	26%
1035	Overtime						2.97	3	
1045	Termination Payment						1,838.50	1,839	
1110	General Member Retirement	173,050	185,575	183,251	20,109.65	13,125.94	11,545.55	44,781	24%
1130	Survivors Benefits	179	176	183	20.25	13.50	9.45	43	24%
1135	Retirement Subsidy (no longer active)	1,995						-	
1200	Medical Premium Subsidy	53,970	55,906	55,860	6,459.78	4,342.56	3,306.36	14,109	25%
1205	Long-Term Disability	1,068	1,110	1,184	129.66	83.44	65.65	279	24%
1207	Vision Care Insurance	782	779	812	88.80	57.80	40.46	187	23%
1215	Dental Insurance Subsidy	1,230	1,237	1,282	143.16	95.44	66.22	305	24%
1222	Short-Term Disability	4,990	5,636	6,072	667.47	418.64	328.02	1,414	23%
1225	Social Security Medicare	6,277	5,827	6,170	657.15	438.55	533.18	1,629	26%
1235	Workers' Compensation	3,019	1,152	5,266	2,534.32			2,534	48%
1240	Life Insurance & Medical Trust Fund	9,251	9,906	11,853	1,129.62	752.68	701.47	2,584	22%
1305	Medical Reimbursement Plan	3,900	5,496	6,392	450.00	325.92	216.29	992	16%
1310	Annuitant Employee Medical (no longer active)	3,774						-	
1314	457/401a Contribution	2,695	2,929	3,378	331.23	220.82	195.62	748	22%
1315	401k Contribution	35,173	37,051	39,482	4,320.00	2,880.00	2,265.98	9,466	24%
TOTAL SALARIES & BENEFITS		\$ 824,325	\$ 808,062	\$ 838,641	\$ 92,629.85	\$ 59,816.00	\$ 64,366.16	\$ 216,812	26%
	Staffing (Full time equivalent units)	5.25	5.0	5.0					
SERVICES AND SUPPLIES									
General Services & Supplies									
2031	Payroll System Services		\$ 654	\$ 826		\$ 102.00	\$ 68.00	\$ 170	21%
2033	Payroll Systems						1,005.76	1,006	
2035	Communications							-	
2037	COMNET Charge (ISF)	\$ 3,593	3,148	3,434		255.06	255.06	510	15%
2040	Relocation Charges - Phone Service		0					-	
2041	Phone Service/Outside Company	8,644	7,598	8,400	1,417.10	345.38		1,762	21%
2043	Electronic Equipment Maintenance	92	-	-				-	
2075	Membership Dues	10,303	11,822	12,039	10,662.00			10,662	89%
2076	Tuition Reimbursement	-	999	1,000				-	0%
2080	Publications	2,723	3,448	3,343	700.08	35.00	499.38	1,234	37%

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Budget Spreadsheets

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 18-19	PROJECTED YEAR-END FY 19-20	APPROVED FY 20-21	JULY	AUG	SEPT	AMOUNT THRU 1ST Q	% THRU 1ST Q
2895	Rent/Lease Equipment (copier)	5,289	6,004	5,100	533.29	428.47		962	19%
2905	Office/Hearing Chamber Rental	99,052	99,474	101,201	8,448.33	15,057.90	15,057.90	38,564	38%
	Travel Related Expenses:								
2940	Private Mileage	4,952	4,025	4,632				-	0%
2941	Conference/Training	5,231	5,205	4,710	300.00		75.00	375	8%
2942	Hotel	5,886	6,151	7,610				-	0%
2943	Meals	456	724	1,100				-	0%
2944	Car Rental	-	-	-				-	
2945	Air Travel	1,011	1,792	800				-	0%
2946	Other Travel	122	848	300				-	0%
	Other:								
5012	Services Out (Staples)	283	2,619.44	3,600	43.40	223.27		267	7%
TOTAL SERVICES & SUPPLIES		\$ 475,345	\$ 423,483	\$ 350,981	\$ 48,163.52	\$ 27,655.56	\$ 30,886.94	\$ 106,706	30%
TOTAL EXPENDITURES		\$ 1,299,670	\$ 1,231,546	\$ 1,189,622	\$ 140,793.37	\$ 87,471.56	\$ 95,253.10	\$ 323,518	27%
	RESERVES (Increases)								
6000	Contingency (Assigned)								
6010	Net Pension Liability Reserve (Committed)			43,852					
6025	General Reserve (Assigned)								
6030	Compensated Absences Reserve (Committed)			32,477					
6035	Salary Reserve for Extra Pay Period (Committed)								
TOTAL CONTINGENCIES & RESERVES		\$ -	\$ -	\$ 76,329	\$ -	\$ -	\$ -	\$ -	0%
TOTAL APPROPRIATION		\$ 1,299,670	\$ 1,231,546	\$ 1,265,951	\$ 140,793.37	\$ 87,471.56	\$ 95,253.10	\$ 323,518	26%

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Budget Spreadsheets

ACCT #	ACCOUNT NAME	ACTUAL YEAR-END FY 18-19	PROJECTED YEAR-END FY 19-20	APPROVED FY 20-21	JULY	AUG	SEPT	AMOUNT THRU 1ST Q	% THRU 1ST Q
	CONTRIBUTION REVENUES								
	Use of Money:								
8500	Interest	\$ 16,191	\$ 15,823	\$ 19,000	\$ 2,766.69			2,767	15%
	Mandatory Contribution from Governments:								
8842	Apportionment	1,105,497	1,090,497	1,120,497		756,998.00		756,998	68%
	Fees and Deposits (Current Services):								
9545	Individual Notice	8,916	5,429	11,000	1,000.00	1,000.00		2,000	18%
9555	Legal Services	70,067	14,050	19,400	2,050.47	2,233.40		4,284	22%
9595	Protest Hearing	3,000		6,000		4,839.61		4,840	81%
9655	GIMS Fees	825	1,055	765		975.00		975	127%
9660	Environmental	10,619	5,705	10,400	700.00	1,000.00		1,700	16%
9800	LAFCO Fees	69,389	62,895	68,889	1,600.00	11,772.00		13,372	19%
	Total Fees and Deposits	162,816	89,135	116,454	5,350.47	21,820.01	-	27,170	23%
	TOTAL CONTRIBUTION REVENUES	1,284,504	1,195,454	1,255,951	8,117.16	778,818.01	-	786,935	63%
	OTHER REVENUES								
9910	Prior Year Activity (refunds, collections)	\$ (373)						-	
9930	Miscellaneous Revenues	265	580			2,657.98		2,658	
9970	Carryover of Open Proposals/Projects	(50)		10,000	1,122.84			1,123	11%
9970	Carryover from Prior Year, Assigned	50						-	
9973	State-dated Checks	1,000	38					-	
9970	SBCERA Contributions	(184,963)						-	
	TOTAL OTHER REVENUES	(184,071)	618	10,000	1,122.84	2,657.98	-	3,781	38%
	TOTAL REVENUES	\$ 1,100,434	\$ 1,196,072	\$ 1,265,951	\$ 9,240.00	\$ 781,475.99	\$ -	\$ 790,716	62%