

**LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO**

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DATE: OCTOBER 8, 2004
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #4 – QUARTERLY FINANCIAL REPORT FOR
PERIOD JULY 1 THROUGH SEPTEMBER 30 2004**

RECOMMENDATION:

1. Increase Budget Line Item for Fiscal Year 2004-05 Account #1110 General Member Retirement by \$14,796 to a total of \$48,718.
2. Decrease Budget Line Item for Fiscal Year 2004-05 Account #6025 Reserves by \$9,753 to a total of \$34,950.60.
3. Acknowledge increase for Cash Carryover in Fiscal Year 2004-05 of \$5,043 for a total appropriation of \$730,968.

BACKGROUND:

Staff is presenting the Commission with a spreadsheet which summarizes the Commission expenditures and revenues for the period beginning July 1, 2004, through the end of the first quarter, September 30, 2004 (Attachment #1). The information attached shows that the Commission has received 93 percent of its anticipated revenues and has incurred 28 percent of its anticipated expenditures. The revenue receipts identified include the mandatory payments from the County, 23 of 24 cities, and 52 of 53 independent special districts.

Expenditures are in general on target for the fiscal year, with one glaring exception. The Employer portion of San Bernardino County Employee Retirement Association (SBCERA) payments (Account #1110) has dramatically exceeded budget targets. In reviewing this change, staff has determined that following the adoption of the Commission's budget in May 2004, the SBCERA and County Board of Supervisors adopted a change in the retirement

contribution rate to be paid by LAFCO for its employees. That rate now stands at 15.91% of earnable compensation as that is currently defined by the SBCERA (copy of Board Agenda Item included as Attachment #2). When staff prepared the budget, the contributions were estimated at 11.52% of earnable compensation. This increase in rate represents an anticipated \$14,796 shortfall in the Salary and Benefits categories of the Commission's budget.

In the Services and Supplies categories, the expenditure estimates provided include full year payments for the following items: Account #2075 Memberships (payment for CALAFCO membership), Account #2245 Insurance (liability, etc.), Account #2415 COWCAP charges (county-wide cost allocation plan).

Revenues within the fee categories are exceeding expectations as illustrated by the percentage of receipts for LAFCO filing fees Account #9800 (65% of yearly estimate), Registrar of Voter deposits Account #9545 (81% of yearly estimate) and Environmental Fees Account #9660 (61% of yearly estimate). Attached to this report is a copy of the chart outlining a comparison of the Commission's proposal type activity (Attachment #3).

In order to address the anticipated shortfall in the Salary and Benefit Series of the Commission's budget identified above, staff is recommending that the Commission increase General Member Retirement Account #1110 to \$48,718 (increase of \$14,796) and decrease Reserves Account #6025 by \$9,753 to \$34,950.60, and note the increase in cash carryover of \$5,043, adjusting the total anticipated revenues for Fiscal Year 2004-05 to \$730,968.

The staff will be happy to respond to any questions on this information prior to or at the hearing.

KRM/

Attachments:

1. First Quarter Status Report Spreadsheet Expenditures and Revenues
2. Board Agenda Item Increasing Retirement Rate for Special District Members of SBCERA
3. Chart of Illustrating Proposal Activity