

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

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**DATE: AUGUST 2, 2007**

**FROM: MICHAEL TUERPE, LAFCO Analyst**

**TO: LOCAL AGENCY FORMATION COMMISSION**

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**SUBJECT: Agenda Item # 13: Year-End Budget Review for 2006/07**

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**RECOMMENDATION:**

Staff recommends the Commission note that total budget expenditures are below budget, and acknowledge expenditures in excess of appropriation in the 2000 series of accounts of \$10,900 and receipt of revenues in excess of budget target of \$22,339.

**FISCAL YEAR 2006-07:**

Staff is presenting the Commission with a spreadsheet that outlines the Year-End status of expenditures and receipts for FY 2006-07 (Attachment #1). The information attached shows that Total Revenues exceeded projections and Total Appropriations did not exceed authority. However, the 2000 series of accounts exceeded appropriation authority by \$10,900 due to year-end accruals.

*Expenditures*

Expenditures within the 1000 series of accounts (Salaries and Benefits) incurred \$627,351 (97% of appropriation authority). This amount includes roughly \$10,000 for cash out expenses of the retiring Clerk. However, at the February 2007 hearing, the Commission authorized a total transfer of \$11,000 from Account 6000 (Contingency) and Account 6025 (Reserves) to Account 1010 (Regular Salary) to accommodate the dual-appointment for the Clerk position. This position was not filled until July; therefore, the additional appropriation authority was not utilized for that purpose.

Expenditures within the 2000 series of accounts (Services and Supplies) exceeded appropriation authority by \$10,900. On June 30, 2007, the 2000 series actually incurred 98% of its appropriation authority. However, year-end accruals (expenditures paid in FY 07-08 for services rendered in FY 06-07) forced the 2000 series over its appropriations authority. The accruals total \$20,206 and are comprised of the following:

Legal Counsel Services for April through June	\$9,822
Temporary Clerical Support for May and June	\$3,817
Environmental Consultant Services for May	\$2,262
Consultant Services for the Clerk Recruitment	\$1,791
Commissioner Stipends for June Hearing	\$1,350
Video Production Services for May and June Hearings	\$ 450
Legal Advertising for the June Hearing	\$ 324
Reference Materials	\$ 214
Commissioner Mileage for June Hearing	\$ 144
Executive Officer Reimbursement for Special Districts Dinner in June	\$ 33

This past year included the consideration and/or the processing of the County Fire Reorganization and its community meetings, 44 separate islands, the formation of a community services district, the municipal service reviews and spheres of influence updates for the Victorville community and its associated consolidations and dissolutions, submission of the consolidation of two water agencies, and the dissolution of an inactive district. These proposals resulted in increased and additional costs mainly due to:

- The costs for proposal processing which included Registrar of Voters and Surveyor charges for the numerous island proposals and County Fire Reorganization proposal amounting to roughly \$31,000
- Unanticipated expenditures and items over budget (not related to proposal processing) - \$12,518

- Litigation costs not recoverable - \$15,663 (though \$74,520 in litigation costs were recovered)

### *Revenues*

Comparing actual year-end revenues to year-end estimates, Total Revenues (\$1,201,506) exceeded Year-End Estimates (\$1,151,309) by \$50,197. Additionally, Fee Revenue (\$296,814) exceeded year-end estimates (\$259,711) by \$37,103. Since the date of the May hearing, when staff presented the Commission with FY 2006-07 year-end estimates, the Commission has received revenues of roughly \$85,000, of which roughly \$42,000 was related to proposal processing.

However, comparing actual year-end revenues to the final budget, the information attached indicates that Total Revenues (\$1,201,506) exceeded the Final Budget (\$1,179,167) by \$22,339. Of note, this amount includes the \$30,000 loan from the County and carryover from the City of Fontana islands proposal and the County Fire Reorganization proposals. Fee Revenue (\$296,814) fell short of budget projections (\$308,950) by \$12,136 due to a lower number of proposals received during the fiscal year.

### *Proposal Activity*

Attachment #2 to this report identifies the number of proposals and service contracts received during Fiscal Year 2006-07. Six service reviews were completed during the fiscal year, and the number of proposals received (19) is eight less than FY 2005-06. Of the 19 proposals, four were city island annexations, whose fee receipts were deposits towards direct costs only.

### **CONCLUSION:**

For FY 2006-07, Total Revenues exceeded projections and Total Appropriation did not exceed authority. However, year-end accruals forced the 2000 series of accounts over its appropriations authority by \$10,900. Additionally, Total Revenues included the costs recovered for litigation and the loan from the County. At year's end, the Commission's fund carried over to FY 2007-08 a balance of \$29,855 (\$7,081 greater than anticipated).

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Attachments:

1. [Spreadsheet Year-End Expenditures and Receipts for Fiscal Year 2006-07](#)
2. Chart Illustrating Proposal Activity for Fiscal Year 2006-07