LAFCO

for San Bernardino County

Fiscal Performance Measures

Need for Quantitative Analysis

- What is the role of LAFCO?
- Service Reviews
  - Financial Ability to Provide Services
  - Not just related to the services provided
  - Inter-relationship between the determinations
  - Holistic approach to a service review

Fiscal Indicators and Trend Analysis

- Quantifiable indicators and selected environmental and organizational factors.
- Monitor the trend over time.
- This allows for better understanding and allows for long-term planning.

Pension – funding status

	June 30, 2010		June 30, 2011
1. Present Value of Projected Benefits (PVB)	N/A	$	19,383,255
2. Entry Age Normal Accrued Liability	N/A		13,356,248
3. Plan's Actuarial Value of Assets (AVA)	N/A	$	13,111,761
4. Unfunded Liability (AVA Basis) [(2) - (3)]	N/A	$	244,487
5. Funded Ratio (AVA Basis) [(3) / (2)]	N/A		98.2%
6. Plan's Market Value of Assets (MVA)	N/A	$	11,736,771
7. Unfunded Liability (MVA Basis) [(2) - (6)]	N/A		1,619,477
8. Funded Ratio (MVA Basis) [(6) / (2)]	N/A		87.9%

Pension – Hypothetical Termination Liability

Valuation Date		Hypothetical Termination Liability		Market Value of Assets (MVA)		Unfunded Termination Liability	Termination Funded Ratio	Discount Rate
06/30/11	$	16,942,046	$	11,736,771	$	5,205,275	69.3%	4.82%

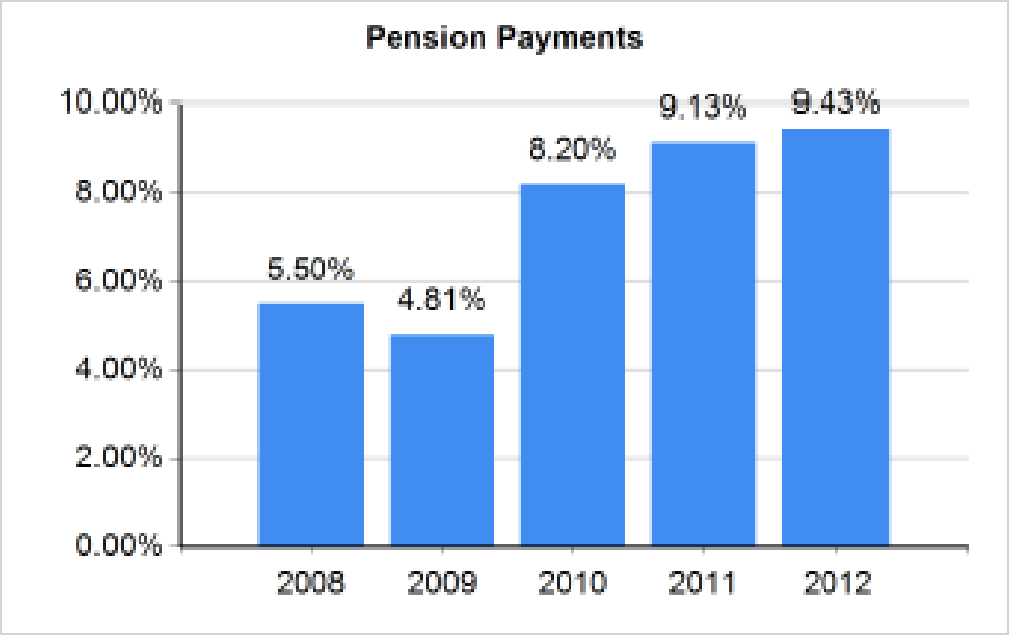
Fiscal Indicator

Pension Payments

Description
This indicator depicts the relationship between the pension payments as a percentage of an agency's revenues.

Formula:
Cities: pension payments / operating revenue Special Districts: pension payments / total revenue

Source:
Notes to Financial Statements



2008	2009	2010	2011	2012
$70,199	$52,670	$82,573	$86,410	$88,916
$1,276,264	$1,095,521	$1,006,814	$946,146	$942,679
5.50%	4.81%	8.20%	9.13%	9.43%

GOVERNMENTAL ACTIVITIES: FUND BALANCE

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	5-yr Var.
Fund Balance:							
Non spendable					288,565	308,096	
Restricted (reserved)	5,856,033	5,911,741	6,094,137	5,886,235	4,613,738	4,433,762	
Committed (designated)	798,643	240,355	511,225	770,317	1,708,266	1,849,761	
Assigned					816,166	359,856	
Unassigned (undesignated)	2,208,193	2,688,057	1,913,152	1,924,900	1,318,359	1,206,409	
Total Fund Balances	$ 8,862,869	$ 8,840,153	$ 8,518,514	$ 8,581,452	$ 8,745,094	$ 8,157,884	-8%
Revenues:							
Taxes	2,841,529	2,825,251	2,519,986	2,216,462	2,425,276	2,356,494	-17%
Licenses, permits, fees	363,821	1,174,004	1,359,417	1,396,416	1,454,468	1,034,370	184%
Intergovernmental	1,746,734	2,419,382	4,496,119	638,213	713,412	1,202,787	-31%
Charges for service	144,128	258,868	227,889	243,535	227,870	249,065	73%
Other	575,120	368,082	546,801	440,223	522,724	383,487	-33%
Total Revenues	$ 5,671,332	$ 7,045,587	$ 9,150,212	$ 4,934,849	$ 5,343,750	$ 5,226,203	-8%
Expenditures:							
General government	968,153	998,852	987,538	770,790	680,614	618,528	-36%
Public safety	2,688,664	2,783,397	2,825,882	2,739,227	2,939,987	2,721,477	1%
Public works	603,939	606,477	900,628	914,582	1,055,969	2,101,307	248%
Park & recreation	816,587	860,621	740,164	670,902	680,304	644,996	-21%
Comm. Development	247,866	215,654	614,992	262,661	210,071	244,350	-1%
Capital outlay	1,478,393	2,187,463	4,283,719	231,828	954,867	368,242	-75%
Debt service	439,324	470,032	432,492	431,061	316,448	740,701	69%
Total Expenditures	$ 7,242,926	$ 8,122,496	$10,785,415	$ 6,021,051	$ 6,838,260	$ 7,439,601	3%
Revenues less Expenditures:	**$ (1,571,594)**	**$ (1,076,909)**	**$ (1,635,203)**	**$ (1,086,202)**	**$(1,494,510)**	**$(2,213,398)**	
Operating Transfers							
Transfers In	$ 2,102,667	$ 1,684,197	$ 1,711,310	$ 1,474,406	$ 2,371,107	$ 2,925,172	
Transfers Out	$ (436,177)	$ (630,003)	$ (397,746)	$ (325,267)	$ (581,788)	$ (918,948)	
Fund Balances, Beginning*	8,767,973	8,862,869	8,840,154	8,518,515	8,450,285	8,365,059	
Fund Balances, Ending	$ 8,862,869	$ 8,840,154	$ 8,518,515	$ 8,581,452	$ 8,745,094	$ 8,157,885	-8%
Increase from prior year	1.1%	-0.3%	-3.6%	0.7%	3.5%	-2.5%	

* Beginning Fund Balance restated for July 1, 2011 & 2012

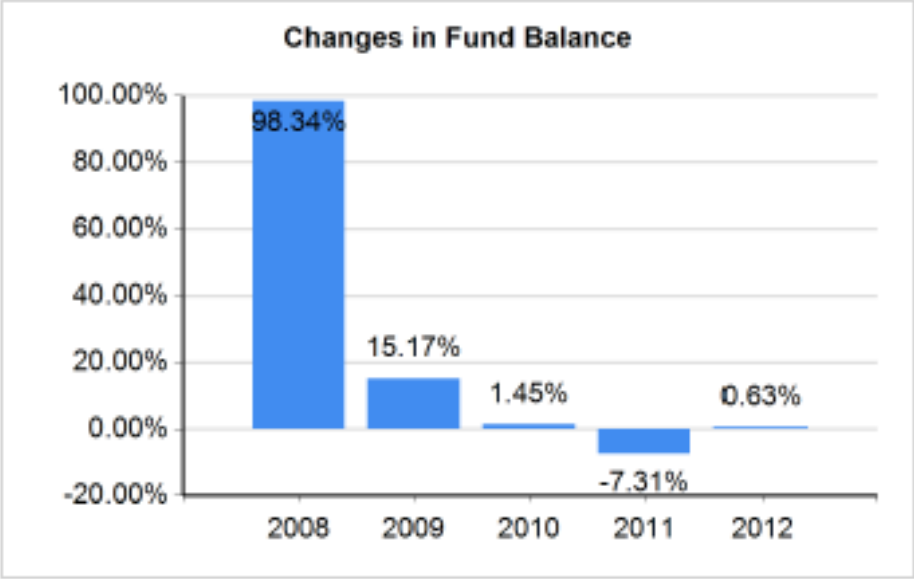
sources: Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

Changes in Fund Balance

Description
This indicator is especially important because a pattern of operating deficits or decreases in surplus can be indicators of an imbalance between revenue structure and expenditures. It should be noted that it would not indicate a problem if the agency had planned the operating deficits and was deliberately drawing down fund balances or using extra revenues from another fund for temporary needs.

Formula:
Cities: general fund operating deficit or surplus / general fund balance at the beginning of the year. Special Districts: net change in fund balance / beginning fund balance

Source:
Cities: Statement of Revenues, Expenses, and Changes in Fund Balances Districts: Statements of Revenues, Expenses and Changes in Net Assets



2008	2009	2010	2011	2012
$472,554	$144,574	$15,874	($81,390)	$6,543
$480,516	$953,070	$1,097,644	$1,113,518	$1,032,128
98.34%	15.17%	1.45%	-7.31%	0.63%

Fiscal Indicators

- Understand the causal factors, inter-relationships among trends
- Does not readily indicate why there is a problem, but provides red flags and clues
- Inter-jurisdictional comparisons are difficult
- Final interpretation and determination is up to the agency's decision makers

4 Types of Solvency

- Cash
- Budget
- Long-term
- Service

Net Cost of Governmental Activities

FY 2010-11	General Gov	Fire	Park & Rec	Streetlights	Total
Revenues:					
Property tax	*81,918*	*243,817*	*53,549*	*4,116*	*383,400*
Fire assessment	-	280,605	-	-	280,605
Other	631	4,992	193,868	-	199,491
Total Revenues	$ 82,549	$ 529,414	$ 247,417	$ 4,116	$ 863,496
Expenditures:					
Salaries & wages	46,538	299,255	34,349	-	380,142
Benefits	10,075	46,111	7,513	-	63,699
Operations expense	29,403	159,421	205,555	4,116	398,495
Debt service	-	24,627	-	-	24,627
Total Expenditures	$ 86,016	$ 529,414	$ 247,417	$ 4,116	$ 866,963
Revenues less Expenditures	**$ (3,467)**	**$ -**	**$ -**	**$ -**	**$ (3,467)**

Forecasting

- Necessary for effective budgeting, capital projections, general policy making
- Group data consistently
- As much art as science

Forecasting

POST AUDIT: 2012-13 BUDGET & TWO-YEAR PROJECTION					
	2011-12 Audit	2012-13 Budget	2013-14 LAFCO Projection	2014-15 LAFCO Projection	3-yr Var.
Revenues:					
Property tax	366,739	365,516	365,516	365,516	0%
Fire assessment	286,528	291,915	297,753	303,708	6%
Grant income	31,971	5,293	-	-	-100%
Fire service	1,542	27,900	3,638	3,711	141%
Park revenue	3,332	5,200	5,304	5,410	62%
Other	22,289	1,500	1,500	1,530	-93%
Total Revenues	$ 712,401	$ 697,324	$ 673,712	$ 679,876	-5%
Expenditures:					
General government	105,302	179,877	183,475	187,144	78%
Fire operations	500,731	485,323	495,029	504,930	1%
Park & recreation	67,078	12,924	13,182	13,446	-80%
Streetlights	4,074	4,200	4,284	4,370	7%
Debt service/replacement	12,313	15,000	-	-	-100%
Total Expenditures	$ 689,498	$ 697,324	$ 695,970	$ 709,890	3%
Revenues less Expenditures:	**$ 22,903**	**$ -**	**$ (22,259)**	**$ (30,014)**	
Fund Balances, Beginning	542,444	565,347	565,347	543,088	
Fund Balances, Ending	$ 565,347	$ 565,347	$ 543,088	$ 513,074	-9%
Change from prior year	4.2%	0.0%	-3.9%	-5.5%	
sources: CSD Audit and Budget, LAFCO					