

# **AGENDA**

## **LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY**

**NORTON REGIONAL EVENT CENTER  
1601 EAST THIRD STREET, SAN BERNARDINO**

**REGULAR MEETING OF JANUARY 15, 2025**

**9:00 A.M. – CALL TO ORDER – FLAG SALUTE**

### **ANNOUNCEMENT:**

Anyone present at the hearing who is involved with any of the changes of organization to be considered and who has made a contribution of more than \$250 in the past twelve (12) months to any member of the Commission will be asked to state for the record the Commission member to whom the contribution has been made and the matter of consideration with which they are involved.

1. Comments from the Public  
(By Commission policy, the public comment period is limited to three minutes per person for comments related to other items under the jurisdiction of LAFCO not on the agenda.)

### **CONSENT ITEMS:**

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion unless a request has been received prior to the hearing to discuss the matter.

2. [Approval of Minutes for Regular Meeting of November 20, 2024](#)
3. [Approval of Executive Officer's Expense Report](#)
4. [Ratify Payments as Reconciled and Note Cash Receipts for the Months of October and November 2024](#)
5. Consent Items Deferred for Discussion

### **DISCUSSION ITEMS:**

6. [Review and Accept Audit Report for Fiscal Year Ended June 30, 2024](#)
7. [Mid-Year Financial Review for FY 2024/25](#)
8. [Consider Revision to Schedule of Service Reviews](#)
9. [Update on Daggett Community Services District Water System](#)

### **INFORMATION ITEMS:**

10. Legislative Update Report

11. [Executive Officer's Report](#)

12. Commissioner Comments

(This is an opportunity for Commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken on off-agenda items unless authorized by law.

The Commission may adjourn for lunch from 12:00 to 1:30 p.m. The Commission may take action on any item listed in this Agenda whether or not it is listed for Action. In its deliberations, the Commission may make appropriate changes incidental to the above-listed proposals.

Materials related to an item on this Agenda submitted to the Commission or prepared after distribution of the agenda packet will be available for public inspection in the LAFCO office at 1601 E. 3rd Street, Suite 102, San Bernardino, during normal business hours, on the LAFCO website at [www.sbclafco.org](http://www.sbclafco.org).

Current law and Commission policy require the publishing of staff reports prior to the public hearing. These reports contain technical findings, comments, and recommendations of staff. The staff recommendation may be accepted or rejected by the Commission after its own analysis and consideration of public testimony.

IF YOU CHALLENGE ANY DECISION REGARDING ANY OF THE ABOVE PROPOSALS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED DURING THE PUBLIC TESTIMONY PERIOD REGARDING THAT PROPOSAL OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE LOCAL AGENCY FORMATION COMMISSION AT, OR PRIOR TO, THE PUBLIC HEARING.

The Political Reform Act requires the disclosure of expenditures for political purposes related to a change of organization or reorganization proposal which has been submitted to the Commission, and contributions in support of or in opposition to such measures, shall be disclosed and reported to the same extent and subject to the same requirements as provided for local initiative measures presented to the electorate (Government Code Section 56700.1). Questions regarding this should be directed to the Fair Political Practices Commission at [www.fppc.ca.gov](http://www.fppc.ca.gov) or at 1-866-ASK-FPPC (1-866-275-3772).

A person with a disability or with limited English proficiency may contact the LAFCO office at (909) 388-0480 at least 72-hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related or language interpretation accommodations, including auxiliary aids or services, to participate in the public meeting. Later requests will be accommodated to the extent feasible.

1/8/25:as

**DRAFT**  
**ACTION MINUTES OF THE  
LOCAL AGENCY FORMATION COMMISSION  
FOR SAN BERNARDINO COUNTY**

**SPECIAL MEETING**

**10:00 A.M.**

**November 20, 2024**

**PRESENT:**

**COMMISSIONERS:**

**Regular Member**

Joe Baca Jr.  
Jim Bagley  
Kimberly Cox  
Steven Farrell, Vice Chair  
Curt Hagman  
Acquanetta Warren, Chair

**Alternate Member**

Rick Denison  
Jim Harvey  
Kevin Kenley

**STAFF:**

Samuel Martinez, Executive Officer  
Paula de Sousa, Legal Counsel  
Michael Tuerpe, Senior Analyst  
Arturo Pastor, Analyst  
Angela Schell, Commission Clerk

**ABSENT:**

**COMMISSIONERS:**

**Regular Member**

Phill Dupper

**Alternate Member**

Jesse Armendarez

**CONVENE SPECIAL MEETING OF THE LOCAL AGENCY FORMATION COMMISSION –  
10:02 A.M. – CALL TO ORDER – FLAG SALUTE AND ROLL CALL**

**ANNOUNCEMENT OF CONTRIBUTIONS**

**1. Comments from the Public**

There are none.

**CONSENT ITEMS:**

**2. Approval of Minutes for Regular Meeting of September 18, 2024**

**3. Approval of Executive Officer's Expense Report**

Recommendation: Approve the Executive Officer's Expense for Procurement Card Purchases from August 23, 2024 to September 23, 2024 and September 23, 2024 to October 22, 2024.

**4. Ratify Payments as Reconciled for the Months of August and September 2024 and Note Revenue Receipts**

Recommendation: Ratify payments as reconciled for the months of August and September 2024 and note revenue receipts for the same period.

**5. Consent Items Deferred for Discussion (None)**

*Commissioner Baca moves the approval of the Consent Items. Second by Commissioner Hagman. The motion passes with the following roll call vote:*

*Ayes: Baca, Bagley, Denison, Hagman, Kenley, and Warren.*

*Noes: None.*

*Abstain: None.*

*Absent: Farrell, Cox (Kenley voting in her stead), Dupper (Denison voting in his stead).*

**PUBLIC HEARING ITEMS:**

*Commissioner Farrell arrives at the dais at 10:09 a.m.*

**6. LAFCO SC#532 – City of Rialto Extraterritorial Wastewater Service Agreement (Avila Collection, LLC):**

Recommendation: Staff recommends that the Commission approve LAFCO SC532 by taking the following actions:

1. For environmental review as a responsible agency:
  - a. Certify that the Commission, its staff, and its Environmental Consultant have reviewed and considered the Initial Study and Mitigated Negative Declaration prepared by the County of San Bernardino for a Zone Change from RS-20M (Single Residential 20,000 Square Foot Minimum) to RM (Multiple Residential) in conjunction with a Conditional Use Permit and a Condominium Tentative Tract Map (TTM 20481) to construct a 181-unit multi-family condominium complex on approximately 12.6 acres and found them to be adequate for Commission use;
  - b. Determine that the Commission does not intend to adopt alternatives or additional mitigation measures for this project; that all mitigation measures identified in the County's environmental documents are the responsibility of the County and/or others, not the Commission, and are self-mitigating through implementation of the Conditions of Approval; and,
  - c. Direct the Executive Officer to file a Notice of Determination within five (5) days of this action.
2. Approve LAFCO SC#532 authorizing the City of Rialto to extend sewer service outside its boundaries to Assessor Parcel Numbers 0257-012-12, 0257-021-02, 0257-021-28, and 0257-031-35.



3. Adopt LAFCO Resolution No. 3409 setting forth the Commission's determinations and approval of the agreement for service outside the City of Rialto's boundaries.

*Public Comment: Greg Young, President, Board of Directors, West Valley Water District*

*Commissioner Baca moves approval of staff recommendations. Second by Commissioner Hagman. The motion passes with the following roll call vote:*

*Ayes: Baca, Bagley, Denison, Farrell, Hagman, Kenley, and Warren.*

*Noes: None.*

*Abstain: None.*

*Absent: Cox (Kenley voting in her stead), Dupper (Denison voting in his stead).*

**7. LAFCO 3270 – Annexation to the Cucamonga Valley Water District (Southeastern Sphere of Influence)**

Recommendation: Staff recommends that the Commission approve LAFCO 3270 by taking the following actions:

1. For environmental review, certify that LAFCO 3270 is exempt from the provisions of the California Environmental Quality Act and direct the Executive Officer to file the Notice of Exemption within five (5) days;
2. Approve LAFCO 3270, with the standard LAFCO terms and conditions that include the "hold harmless" clause for potential litigation costs by the applicant and the continuation of fees, charges, and/or assessments currently authorized by the annexing agency; and,
3. Adopt LAFCO Resolution No. 3410, setting forth the Commission's determinations and conditions of approval concerning this reorganization proposal.

*Commissioner Baca moves approval of staff recommendations. Second by Commissioner Hagman. The motion passes with the following roll call vote:*

*Ayes: Baca, Bagley, Denison, Farrell, Hagman, Kenley, and Warren.*

*Noes: None.*

*Abstain: None.*

*Absent: Cox (Kenley voting in her stead), Dupper (Denison voting in his stead).*

**8. LAFCO 3272 – Service Review for the Big River Community Services District**

*Commissioner Cox arrives at the dais at 10:44 a.m.*

Recommendation: Staff recommends that the Commission take the following actions related to LAFCO 3272:

1. For environmental review, certify that the service review is exempt from environmental review and direct the Executive Officer to file the Notice of Exemption within five (5) days.

2. Accept and file the Service Review for the Big River Community Services District which sets forth the written statements for the six determinations outlined in Government Code Section 56430 made by the Commission.
3. Adopt LAFCO Resolution No. 3411 reflecting the Commission's determinations and directions as required by Government Code Section 56430 and Commission policy.

*Public Comment: Mike Gebel, President, Board of Directors, Big River Community Services District*

*Commissioner Hagman moves to approve staff recommendation including the updated legal language recommended by Legal Counsel on Pages 4 and 14 of the Service Review, as outlined by staff. Second by Commissioner Bagley. The motion passes with the following roll call vote:*

*Ayes: Baca, Bagley, Cox, Denison, Farrell, Hagman, and Warren.  
Noes: None.  
Abstain: None.  
Absent: Dupper (Denison voting in his stead).*

*Chair Warren states amending staff's recommendation adding Recommendation #4 that provides for the County to review its capability to help with the audit.*

#### **DISCUSSION ITEMS:**

##### **9. First Quarter Financial Review for FY 2024/2025**

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

*Chair Warren states the item is to receive and file.*

##### **10. Report to the Legislature on Government Code Section 56133.5 Pilot Program**

Recommendation: Staff recommends that the Commission direct staff to file the required report with the California State Legislature (Attachment #2)

*Commissioner Hagman moves to approve staff recommendation. Second by Commissioner Baca. The motion passes with the following roll call vote:*

*Ayes: Baca, Bagley, Cox, Denison, Farrell, Hagman, and Warren.  
Noes: None.  
Abstain: None.  
Absent: Dupper (Denison voting in his stead).*

##### **11. Review and Consider Continuation of Membership with CALAFCO**

*Paula de Sousa, Legal Counsel, recuses herself and leaves the room due to ethical conflict.*

Recommendation: Staff recommends that the Commission discuss and provide direction to staff.

*Chair Warren moves to withdraw its membership from CALAFCO starting Fiscal Year 2025-26. Second by Commissioner Hagman. The motion passes with the following roll call vote:*

*Ayes: Baca, Bagley, Cox, Denison, Farrell, Hagman, and Warren.*

*Noes: None.*

*Abstain: None.*

*Absent: Dupper (Denison voting in his stead).*

*Commissioner Hagman leaves the dais at 11:36 a.m.*

### **INFORMATION ITEMS:**

*Paula de Sousa, Legal Counsel, returns at the dais.*

### **12. Legislative Oral Report**

Executive Officer Samuel Martinez informs the Commission that both bills it supported, AB 3277 and SB 1209, were signed by the Governor.

### **13. Executive Officer's Oral Report**

Executive Officer Samuel Martinez reminds the Commission that there will be no December meeting. He concludes by thanking Chair Warren for her time serving on the CALAFCO Board.

### **14. Commissioner Comments**

Commissioner Bagley commented he enjoyed the CALAFCO Conference and expressed his appreciation to Chair Warren and Commissioner Cox for their time and commitment for serving on the CALAFCO Board.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE MEETING ADJOURNS AT 11:39 A.M.**

**ATTEST:**

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ANGELA SCHELL, Clerk to the Commission


LOCAL AGENCY FORMATION COMMISSION

\_\_\_\_\_  
ACQUANETTA WARREN, Chair

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1601 E. 3rd Street, Suite 102, 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 6, 2025  
FROM: SAMUEL MARTINEZ, Executive Officer   
TO: LOCAL AGENCY FORMATION COMMISSION

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SUBJECT: AGENDA ITEM #3 – APPROVAL OF EXECUTIVE OFFICER'S  
EXPENSE REPORT

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## **RECOMMENDATION:**

Approve the Executive Officer's Expense Report for Procurement Card Purchases from October 23, 2024 to November 22, 2024 and November 23, 2024 to December 23, 2024.

## **BACKGROUND INFORMATION:**

The Commission participates in the County of San Bernardino's Procurement Card Program to supply the Executive Officer a credit card to provide for payment of routine official costs of Commission activities as authorized by LAFCO Policy and Procedure Manual Section II – Accounting and Financial Policies #3(H). Staff has prepared an itemized report of purchases that covers the billing period of:

- October 23, 2024 to November 22, 2024
- November 23, 2024 to December 23, 2024

Staff recommends that the Commission approve the Executive Officer's expense reports as shown on the attachments.

SM/AS

Attachments



## PROCUREMENT CARD PROGRAM

## ATTACHMENT G

## MONTHLY PROCUREMENT CARD PURCHASE REPORT

PAGE 1 OF 1

F		Cardholder Samuel Martinez						Travel	Billing Period 10/23/24 to 11/22/2024	
DATE	VENDOR NAME	#	DESCRIPTION	PURPOSE	COST CENTER	G/L ACCOUNT	\$ AMT	TRIP NUMBER	*R/D	SALES TAX INCL
10/23/24	Lowe's	1	Office Supplies	Extension cords for office move	8900005012	52002305	\$52.16			
10/28/24	Amazon	2	Office Supplies	Computer Docking Station	8900005012	52002305	\$206.57			
10/31/24	Amazon	3	Office Supplies	Computer Monitor	8900005012	52002305	\$168.11			
11/06/24	Thomas West	4	Law Library Updates	Law Library Updates	8900005012	52002080	\$345.18			
11/06/24	Vital Records	5	Records Storage	3 months & removal fee	8900005012	52002315	\$2,035.67			
11/12/24	Zoom	6	Video Conference	Communication	8900005012	52002305	\$17.23			
11/14/24	Panera Bread	7	Office Expense	Staff Lunch--Big River CSD Site Visit	8900005012	52002305	\$29.77			
11/18/24	Fontier Comm	8	Phone Service	Communication	8900005012	52002041	\$1,555.25			
11/19/24	Albertsons	9	Office Expense	Commission Meeting	8900005012	52002305	\$19.99			
11/21/24	Panera Bread	10	Office Expense	Commission Meeting	8900005012	52002305	\$23.99			

The undersigned, under penalty of perjury, states the above information to be true and correct. If an unauthorized purchase has been made, the undersigned authorizes the County Auditor/Controller-Recorder to withhold the appropriate amount from their payroll check after 15 days from the receipt of the cardholder's Statement of Account.

Cardholder (Print & Sign)	Date
Samuel Martinez 	01/06/25

Approving Official (Print & Sign)	Date
Acquanetta Warren	01/15/25





## PROCUREMENT CARD PROGRAM


## ATTACHMENT G

## MONTHLY PROCUREMENT CARD PURCHASE REPORT

PAGE 1 OF 1

F		Cardholder Samuel Martinez						Travel	Billing Period 11/23/24 to 12/23/2024	
DATE	VENDOR NAME	#	DESCRIPTION	PURPOSE	COST CENTER	G/L ACCOUNT	\$ AMT	TRIP NUMBE	*R/D	SALES TAX INCL
11/23/24	Dell	1	Office Supplies	Computer Docking Station	8900005012	52002305	\$299.05			
11/23/24	Dell	2	Office Supplies	Keyboard & Mouse	8900005012	52002305	\$132.04			
11/27/24	Dell	3	Office Supplies	Mobile Workstation	8900005012	52002305	\$1,557.80			
12/03/24	In-n-Out	4	Office Expense	Day 1 -- Staff lunch, transfer of Archive files	8900005012	52002305	\$49.26			
12/03/24	Southwest Airlines	5	Air Travel- Dr.Cox	CALAFCO Board Meeting	8900005012	52942945	\$359.97			
12/04/24	Expresso Café	6	Office Expense	Day 2 -- Staff lunch, Archive files	8900005012	52002305	\$35.70			
12/05/24	Thomson	7	Law Library Updates	Law Library Updates	8900005012	52002080	\$345.18			
12/10/24	Amazon	8	Office Supplies	Small Desktop Erase Board	8900005012	52002305	\$28.26			
12/10/24	Amazon	9	Office Supplies	Ergonomic Keyboard	8900005012	52002305	\$141.36			
12/12/24	Zoom	10	Video Conference	Communication	8900005012	52002305	\$17.23			
12/18/24	Frontier	11	Phone Service	Communication	8900005012	52002041	\$758.12			
12/18/24	JM Trophies	12	Office Supplies	Meeting name plate	8900005012	52002305	\$23.93			

The undersigned, under penalty of perjury, states the above information to be true and correct. If an unauthorized purchase has been made, the undersigned authorizes the County Auditor/Controller-Recorder to withhold the appropriate amount from their payroll check after 15 days from the receipt of the cardholder's Statement of Account.


Cardholder (Print & Sign)	Date
Samuel Martinez 	01/06/25

Approving Official (Print & Sign)	Date
Acquanetta Warren	01/15/25

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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(909) 388-0480 • Fax (909) 388-0481  
lafco@lafco.sbcounty.gov  
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DATE : JANUARY 8, 2025   
FROM: SAMUEL MARTINEZ, Executive Officer  
TO: LOCAL AGENCY FORMATION COMMISSION

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SUBJECT: AGENDA ITEM #4 - RATIFY PAYMENTS AS RECONCILED FOR  
THE MONTHS OF OCTOBER AND NOVEMBER 2024 AND NOTE  
REVENUE RECEIPTS

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## **RECOMMENDATION:**

Ratify payments as reconciled for the months of October and November 2024 and note revenue receipts for the same period.

## **BACKGROUND INFORMATION:**

Staff prepared a reconciliation of warrants issued for payments to various vendors, internal transfers for payments to County Departments, cash receipts and internal transfers for payments of deposits or other charges that cover the period of:

- October 1 through October 31, 2024
- November 1 through November 30, 2024



Staff recommends that the Commission ratify the payments as outlined on the attached listing and note the revenues received.

SM/MT

Attachment

OCTOBER 2024 PAYMENTS PROCESSED						
Document Number	Account	Posting Date	Vendor	Invoice	Reference	Amount
1901882290	52002090	10/21/24	Inland Valley Dev. Authority	INV0492	Monthly Janitorial Fees -- Office Suite 102	\$ 90.00
1901883125	52002180	10/22/24	So Cal Edison	6433-09-20-24	CustAcct700099666433 SvcAcct8002108287	\$ 132.64
1901872882	52002245	10/03/24	SDRMA	76397	Annual Workers Comp 2023-24, Reconciliation	\$ 6.74
1901874790	52002305	10/08/24	Paper Shredding & Recycle	8008603017	Remove Site Container	\$ 29.25
1901874840	52002305	10/08/24	Paper Shredding & Recycle	584416	Onsite Shredding of docs.date of svc 9/30/24	\$ 78.00
1901882308	52002424	10/21/24	Tom Dodson	LA-1068-2	LAFCO support for LA-1068 - 3269	\$ 170.00
1901882309	52002424	10/21/24	Tom Dodson	LA-1076-2	LAFCO Support for LA-1076 SC#529 Rialto	\$ 85.00
1901882310	52002424	10/21/24	Tom Dodson	LA-1077-1	LAFCO Support	\$ 85.00
1901872575	52002445	10/03/24	Rebecca Lowery	30	Rebecca Lowery Inv for Sept 16 - Sept 30, 2024	\$ 912.18
1901882305	52002445	10/21/24	Rebecca Lowery	31	Rebecca Lowery Inv for Oct. 1 to Oct 15, 2024	\$ 1,030.32
1901872880	52002905	10/03/24	Inland Valley Dev. Authority	INV0384	Monthly Rent -- Office Suite 102	\$ 2,509.00
						\$ 5,128.13
OCTOBER 2024 COUNTY TRANSFERS PROCESSED						
4103604481	52002031	10/01/24	IT	ITD BILLING	SEP 2024 Payroll System Services (EMACS)	\$ 58.16
4103604482	52002032	10/01/24	IT	ITD BILLING	SEP 2024 Virtual Private Network (VPN)	\$ 10.72
4103604484	52002037	10/01/24	IT	ITD BILLING	SEP 2024 Dial Tone	\$ 246.24
4103604485	52002043	10/01/24	IT	ITD BILLING	SEP 2024 Telecommunication Labor Services - Normal	\$ 10,828.11
4103604485	52002043	10/01/24	IT	ITD BILLING	SEP 2024 Telecommunication Parts and Materials (Da	\$ 4,148.93
4103606546	52002305	10/14/24	Purchasing	PUR. / STAPLES	7641803198000002	\$ 3.81
4103604491	52002420	10/01/24	IT	ITD BILLING	SEP 2024 Data Storage and Backup	\$ 73.36
4103604491	52002420	10/01/24	IT	ITD BILLING	SEP 2024 Enterprise Content Management	\$ 89.44
4103604491	52002420	10/01/24	IT	ITD BILLING	SEP 2024 File Sharing Storage	\$ 74.34
4103604491	52002420	10/01/24	IT	ITD BILLING	SEP 2024 Wireless Device (Exchange Active Sync)	\$ 15.75
4103604492	52002421	10/01/24	IT	ITD BILLING	SEP 2024 Desktop Support Services	\$ 636.86
4103604488	52412410	10/01/24	IT	ITD BILLING	IT Infrastructure - Period 4	\$ 751.00
4103606546	55405012	10/14/24	Purchasing	PUR. / STAPLES	7641803198000002	\$ 31.76
4200141937	52002310	10/09/24	Mail	JE UPLOAD	Mail Services - DEL	\$ 256.45
4200141513	52002424	10/04/24	Clerk to the Board	160-COB	NOD - LAFCO 3269	\$ 50.00
4200141515	52002424	10/04/24	Clerk to the Board	160-COB	NOD - LAFCO SC#529	\$ 50.00
1901874721	52942940	10/07/24	Art Pastor	V4SXJS	*Trip from 10/02/24 To 10/02/24 to Chino, CA US	\$ 38.86
1901874721	52942943	10/07/24	Art Pastor	V4SXJS	*Trip from 10/02/24 To 10/02/24 to Chino, CA US	\$ 20.65
4200141938	52002310	10/09/24	Mail	JE UPLOAD	Mail Services - FLAT	\$ 33.53
4200141998	52002310	10/10/24	Mail	JE UPLOAD	Mail Services - HAN	\$ 1,056.00
4200142613	52002323	10/22/24	Purchasing	PUR-PRINTING	N20974 - Emacs Reports 8/5/2024	\$ 18.65
4200143135	52002323	10/31/24	Purchasing	PUR-PRINTING	N21576 - Emacs Reports 8/19/2024	\$ 18.65
TOTAL						\$ 18,511.27
OCTOBER 2024 CASH RECEIPTS						
4103602386	various	10/07/25	City of Rialto (Avila Collections)		SC #532	\$ 3,623.00
4103602386	various	10/07/25	City of Chino		LAFCO 3268 Protest Deposit	\$ 1,500.00
4103602386	various	10/07/25	City of Rialto (Shorecliff)		SC #529	\$ 4,846.00
TOTAL						\$ 9,969.00



OCTOBER 2024 COUNTY TRANSFERRED RECEIVED							
101278529	40308500	10/25/24	County Treasury		QE 9/30/2024 INTEREST APPORTIONMENT	\$	11,242.39
4200141636	0608842	10/16/24	County Auditor		County share of LAFCO apportionment	\$	390,761.00
TOTAL						\$	402,003.39
COMPLETED BY: MICHAEL TUERPE				APPROVED BY: SAMUEL MARTINEZ			
Assistant Executive Officer				Executive Officer 			
	Date:	1/6/2025			1/6/2025		

NOVEMBER 2024 PAYMENTS PROCESSED						
Document Number	Account	Posting Date	Vendor	Invoice	Reference	Amount
1901892516	52002085	11/01/24	Chino Champion	B3862188	Notice of Protest Hearing Chino Champion	\$ 3,070.59
1901903984	52002085	11/15/24	Needles Desert Star	B3864302	Notice of Special Meeting Needles Desert Star	\$ 223.59
1901903985	52002085	11/15/24	The Sun	B3864293	Notice of Special Meeting The Sun	\$ 662.40
1901892970	52002090	11/04/24	Inland Valley Dev. Authority	INV0545	Janitorial Charges - Office Suite 102	\$ 90.00
1901906229	52002400	11/19/24	Best Best Krieger	1008186	Legal Services	\$ 2,638.19
1901892519	52002445	11/01/24	Rebecca Lowery	32	Staff Support	\$ 1,397.84
1901892521	52002445	11/01/24	GMBI	0298264-IN	Order for Elevate Bases	\$ 1,888.76
1901892521	52002445	11/01/24	GMBI	0298264-IN	Order for Elevate Bases	\$ 165.27
1901903972	52002445	11/15/24	Warren	WARREN10-15-24	CALAFCO Annual Conference Oct 16 thru Oct 18	\$ 192.90
1901906226	52002445	11/19/24	Rebecca Lowery	33	Rebecca Lowery Inv 33 Nov 1 to Nov 15, 2024	\$ 1,076.25
1901911429	52002445	11/26/24	Baca	BACA11-20	Baca Stipend Comm Mtg 11-20-24	\$ 200.00
1901911432	52002445	11/26/24	Bagley	BAGLEY11-20	Bagley Stipend Comm Mtg 11-20-24	\$ 200.00
1901911436	52002445	11/26/24	Cox	COX11-20	Cox Stipend Comm Mtg 11-20-24	\$ 200.00
1901911755	52002445	11/26/24	Denison	DENISON11-20	Denison Stipend Comm Mtg 11-20-24	\$ 200.00
1901911757	52002445	11/26/24	Farrell	FARRELL11-20	Farrell Stipend Comm Mtg 11-20-24	\$ 200.00
1901911760	52002445	11/26/24	Hagman	HAGMAN11-20	Hagman Stipend Comm Mtg 11-20-24	\$ 200.00
1901911764	52002445	11/26/24	Harvey	HARVEY11-20	Harvey Stipend Comm Mtg 11-20-24	\$ 200.00
1901911766	52002445	11/26/24	Kenley	KENLEY11-20	Kenley Stipend Comm Mtg 11-20-24	\$ 200.00
1901911770	52002445	11/26/24	Warren	WARREN11-20	Warren Stipend Comm Mtg 11-20-24	\$ 200.00
1901903978	52002895	11/15/24	Konica Minolta	45832519	Konica Minolta Copier Inv 45832519	\$ 365.40
1901903978	52002895	11/15/24	Konica Minolta	45832519	Konica Minolta Copier Inv 45832519	\$ 48.12
1901882307	52002895	11/20/24	Konica Minolta	45652501	Konica Minolta - Copier	\$ 365.40
1901892970	52002905	11/04/24	Inland Valley Dev. Authority	INV0545	Rent Office Suite 102	\$ 2,509.00
1901892971	52002905	11/04/24	Inland Valley Dev. Authority	INV0636	Monthly rent for using Auditorium - 2024	\$ 405.00
1901911432	52942940	11/26/24	Bagley	BAGLEY11-20	Bagley Stipend Comm Mtg 11-20-24	\$ 116.58
1901911436	52942940	11/26/24	Cox	COX11-20	Cox Stipend Comm Mtg 11-20-24	\$ 79.06
1901911755	52942940	11/26/24	Denison	DENISON11-20	Denison Stipend Comm Mtg 11-20-24	\$ 89.64
1901911757	52942940	11/26/24	Farrell	FARRELL11-20	Farrell Stipend Comm Mtg 11-20-24	\$ 24.52
1901911764	52942940	11/26/24	Harvey	HARVEY11-20	Harvey Stipend Comm Mtg 11-20-24	\$ 112.56
1901911766	52942940	11/26/24	Kenley	KENLEY11-20	Kenley Stipend Comm Mtg 11-20-24	\$ 32.42
1901911770	52942940	11/26/24	Warren	WARREN11-20	Warren Stipend Comm Mtg 11-20-24	\$ 26.26
1901912634	52942940	11/27/24	Bagley	BAGLEY11-25	Expense for CALAFCO Ann. Conf. Fish Camp, CA	\$ 530.64
1901912640	52942940	11/27/24	Cox	COX11-25	Expense for CALAFCO Ann. Conf. Fish Camp, CA	\$ 391.28
1901912645	52942940	11/27/24	Farrell	FARRELL11-25	Expense for CALAFCO Ann. Conf. Fish Camp, CA	\$ 458.28
1901912649	52942940	11/27/24	Harvey	HARVEY11-25	Expense for CALAFCO Ann. Conf. Fish Camp, CA	\$ 473.02
1901911794	52942945	11/26/24	GMBI	GBMIS 68148	Travel expense for CALAFCO Annual Conf.	\$ 652.05
1901911794	52942946	11/26/24	GMBI	GBMIS 68148	Travel expense for CALAFCO Annual Conf.	\$ 171.27
1901911794	52942946	11/26/24	GMBI	GBMIS 68148	Travel expense for CALAFCO Annual Conf.	\$ 40.00
						<b>\$ 20,096.29</b>
NOVEMBER 2024 COUNTY TRANSFERS PROCESSED						
4103651457	52002031	11/01/24	IT		OCT 2024 Payroll System Services (EMACS)	\$ 87.24
4103651458	52002032	11/01/24	IT		OCT 2024 Virtual Private Network (VPN)	\$ 10.72
4103651460	52002037	11/01/24	IT		OCT 2024 Dial Tone	\$ 246.24
4103651467	52002420	11/01/24	IT		OCT 2024 Wireless Device (Exchange Active Sync)	\$ 15.75
4103651467	52002420	11/01/24	IT		OCT 2024 File Sharing Storage	\$ 74.34
4103651467	52002420	11/01/24	IT		OCT 2024 Data Storage and Backup	\$ 73.36
4103651467	52002420	11/01/24	IT		OCT 2024 Enterprise Content Management	\$ 89.44


4103651468	52002421	11/01/24	IT		OCT 2024 Desktop Support Services	\$	636.86
4103651464	52412410	11/01/24	IT		IT Infrastructure - Period 5	\$	751.00
4200143323	52002424	11/20/24	Clerk to the Board		NOE - LAFCO SC#533	\$	50.00
4200144437	52002424	11/27/24	Clerk to the Board		NOE-LAFCO 3272	\$	50.00
4200144438	52002424	11/27/24	Clerk to the Board		NOE-LAFCO 3270	\$	50.00
4200143194	52002445	11/05/24	Auditor		2024 Q3 tax filing	\$	851.40
1901913829	52942940	11/27/24	Art Pastor		*Trip from 11/18/24 To 11/18/24 to Chino, CA US	\$	41.54
4200143338	52002310	11/05/24	Mail		Mail Services HAN	\$	223.58
4200143375	52002310	11/06/24	Mail		Mail Services DEL	\$	223.00
4200143442	52002310	11/06/24	Mail		Mail Services FLAT	\$	3.15
4200144571	2002310	11/27/24	Mail		Mail Services DEL	\$	245.30
4200143382	2002415	11/06/24	Auditor		COWCAP Q2	\$	907.00
<b>TOTAL</b>						<b>\$</b>	<b>4,629.92</b>
<b>NOVEMBER 2024 CASH RECEIPTS</b>							
				none			
<b>TOTAL</b>						<b>\$</b>	<b>-</b>
<b>NOVEMBER 2024 COUNTY TRANSFERRED RECEIVED</b>							
				none			
<b>TOTAL</b>						<b>\$</b>	<b>-</b>
COMPLETED BY:	MICHAEL TUERPE				APPROVED BY:	SAMUEL MARTINEZ	
	Assistant Executive Officer					Executive Officer	
	Date:	1/6/2025				1/6/2025	



# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1601 E. 3rd Street, Suite 102, 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, 2025   
**FROM:** SAMUEL MARTINEZ, Executive Officer  
MICHAEL TUERPE, Assistant Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT:** Agenda Item #6: Review and Accept Audit Report for Fiscal Year  
Ended June 30, 2024

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## **RECOMMENDATION:**

Staff recommends that the Commission receive and file the materials submitted by Davis Farr LLP related to the Commission's audit for Fiscal Year 2023/24.

## **BACKGROUND:**

The public accounting firm of Davis Farr LLP has conducted the Commission's annual audit for the period July 1, 2023 through June 30, 2024 (copy attached to this staff report). The auditor has independently verified the financial documents prepared by LAFCO staff, outlined its professional responsibilities and findings, and disclosed its compliance with current *Government Auditing Standards*. The auditor did not identify any deficiencies in internal controls.

### **1. Meeting with Audit/Budget Committee**

On December 18 the LAFCO Administrative Committee (composed of Chair Warren, Vice-Chair Farrell, and Commissioner Dupper), LAFCO management, and the auditor discussed the draft audit.

### **2. Additional Pension Payments**

For the past six years, the Commission has made additional payments to SBCERA as a credit towards LAFCO's net pension liability (NPL). These payments will credit with earnings based on the Plan's market value investment return every year.

The \$50,000 payment made during 2022/23 (shown in red font below), is: (1) used to reduce the NPL in this audit, and (2) reflected in the employer contribution rates for FY 24/25.

In June 2024, the Commission made an additional payment of \$52,500 (shown in red font below). This payment will: (1) be used to reduce the NPL for the FY 24/25 audit and (2) reflect in the FY 25/26 employer contribution rates. Below is the yearly information:

Pay Here Measurement (Budget) Year	Reflect NPL Here Audit Year	Net Pension Liability			
		Begin NPL	Actuary Increase (Decrease)	LAFCO Additional Contribution	End NPL
2012/13	2013/14				581,103
2013/14	2014/15	581,103	3,628		584,731
2014/15	2015/16	584,731	96,716		681,447
2015/16	2016/17	681,447	87,726		769,173
2016/17	2017/18	769,173	95,787		864,960
2017/18	2018/19	864,960	20,287		885,247
2018/19	2019/20	885,247	273,317	(184,963)	973,601
2019/20	2020/21	973,601	273,739	(42,500)	1,204,840
2020/21	2021/22	1,204,840	(1,043,969)	(43,852)	117,019
2021/22	2022/23	117,019	249,842	(50,163)	316,698
2022/23	2023/24	316,698	(78,339)	(50,000)	188,359
2023/24	2024/25	188,359		(52,500)	

Three audit years prior, you will notice that the NPL decreased from \$1,204,840 to \$117,019. This significantly lower figure is tied to a June 30, 2021 measurement date. According to SBCERA's Actuarial Valuation, the plan's overall NPL decreased from \$4.01 billion as of June 30, 2020 to \$1.32 billion as of June 30, 2021 primarily due to the 32.61% return on the market value of assets during 2020/21 (that was higher than the assumed return of 7.25%). For this audit, the NPL decreased from \$316,698 based on a June 2023 measurement date to \$188,359.

### 3. Net Position

The primary reason for the increase in Net Position is the decrease in Net Pension Liability, a decrease from \$316,698 to \$188,359.

#### **4. Fund Balance**

On a cash basis:

- Total Expenditures were within appropriation authority (91%).
  - Salaries and Benefits were within appropriation authority (100%).
  - Services and Supplies were within appropriation authority (76%). Unrecoverable legal costs decreased significantly, which is the primary reason for Services and Supplies being lower than the budget.
- Total Revenues were slightly more than budgeted (108%). The budget projected the receipt of 10 applications that require a Commission hearing, with 17 applications received.
- The Commission also increased the apportionment after remaining essentially stagnant for many years.

#### **5. Conclusion**

The Administrative Committee and LAFCO management staff have discussed the draft audit with the independent auditor. Neither party has issues or concerns with the conduct of the audit or letters provided by the auditors. Per Commission policy, an auditor representative will present the audit at this hearing.

Staff recommends that the Commission receive and file the materials submitted by Davis Farr LLP related to the Commission's audit for Fiscal Year 2023/24. Once accepted the audit will be posted on the LAFCO website under the "Open Government Portal".

Should you have any questions, LAFCO staff would be glad to answer them prior to or at the hearing.

SM/MT

Attachment

To the Board of Commissioners  
Local Agency Formation Commission for San Bernardino County

We have audited the financial statements of the Local Agency Formation Commission for San Bernardino County for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Commission solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the Code of Professional Conduct.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included the preparation of the financial statements and recording

journal entries detected during the audit process. To mitigate the risk, management has compared the draft financial statements and footnotes to the underlying accounting records to verify accuracy.

Additionally, we utilize a quality control reviewer to perform a second review of journal entries and the financial statements. We believe these safeguards are sufficient to reduce the independence threats to an acceptable level.

### **Significant Risks Identified**

Auditing standards require we communicate our identification of significant risk noted for the audit. We identified salary expenses as a significant risk.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Commission is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most significant estimate is the estimate of the net pension liability which is calculated by an actuary.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements is Footnote 9: Pension Plan.

### **Significant Difficulties Encountered during the Audit**

We encountered no difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further,



professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. A material misstatement to fund balance that we identified as a result of our audit procedures was brought to the attention of, and corrected by, management.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Commission's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management dated January 8, 2025.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Commission, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Commission's auditors.

### **Other Information Included in the Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Commission's annual report, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that

such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This information is intended solely for the information and use of Board of Commissioners and management of Local Agency Formation Commission for San Bernardino County and is not intended to be, and should not be, used by anyone other than these specified parties.

*Davis Farr LLP*

Irvine, California  
January 8, 2025.

**Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

The Commission Members  
Local Agency Formation Commission  
for San Bernardino County  
San Bernardino, California

**Independent Auditor's Report**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Local Agency Formation Commission for San Bernardino County (the Commission), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated January 8, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Davis Farr LLP*

Irvine, California  
January 8, 2025

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

**Basic Financial Statements**

**Year Ended June 30, 2024**

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

**Basic Financial Statements**

**Year ended June 30, 2024**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balance	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	15
Notes to the Basic Financial Statements	16
Required Supplementary Information:	
Schedule of the Plan's Proportionate Share of the Net Pension Liability	33
Schedule of Plan Contributions	34
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	35
Notes to the Required Supplementary Information	36

## **Independent Auditor's Report**

Board of Commissioners  
Local Agency Formation Commission for San Bernardino County  
San Bernardino, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of the Local Agency Formation Commission for San Bernardino County (the "Commission"), as of and for the year June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

The Commission's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will

always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of the Plan's Proportionate Share of the Net Pension Liability, Schedule of Plan Contributions, and Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Report on Summarized Comparative Information***

We have previously audited the Commission's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 3, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended



June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2025 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

*Davis Farr LLP*

Irvine, California  
January 8, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the Local Agency Formation Commission for San Bernardino County (Commission) provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the financial statements as outlined in the table of contents.

### Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Commission as a whole and present a longer view of the Commission's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how the services were financed in the short-term as well as what remains for future spending.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of two parts - management's discussion and analysis (this section), and the basic financial statements. The basic financial statements provide both long-term and short-term information about the Commission's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The basic financial statements also include additional budgetary information.

### Reporting the Commission as a Whole – Net Position

The accompanying Government-wide financial statements include two statements that present financial data for the Commission as a whole. An important question to be asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Commission as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows.

The statements report the Commission's net position and changes in them. You can think of the Commission's net position – the difference between assets and liabilities - as one way to measure the Commission's financial health or financial position. Over time, increases and decreases in the Commission's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other factors, such as changes in the Commission's revenues, to assess the overall health of the Commission.

The following table provides the Statement of Net Position for the past two fiscal years:

**TABLE 1**  
**NET POSITION – GOVERNMENTAL ACTIVITIES**

	Governmental Activities	
	2024	2023
Assets:		
Cash and investments (note 3)	\$ 755,213	539,794
Accounts receivable	10,611	6,481
Capital assets, net (note 4)	158,754	211,674
Total assets	<u>924,578</u>	<u>757,949</u>
Deferred outflow of resources:		
Deferred outflows from pension plan (note 8)	<u>445,385</u>	<u>524,942</u>
Liabilities:		
Accounts payable	5,876	5,864
Deposit payable	7,710	10,521
Other accrued liabilities	28,181	21,290
Unearned revenues (note 5)	4,714	27,976
Long-term liabilities:		
Due within one year (note 6)	107,703	103,130
Due beyond one year (note 6)	243,341	289,010
Net pension liability (note 8)	<u>188,359</u>	<u>316,698</u>
Total liabilities	<u>585,884</u>	<u>774,489</u>
Deferred inflow of resources:		
Deferred inflows from pension plan (note 8)	<u>216,370</u>	<u>303,233</u>
Total Deferred inflow of resources:	<u>216,370</u>	<u>303,233</u>
Net position (deficit):		
Net investment in capital assets	(8,984)	(207,221)
Unrestricted	<u>576,693</u>	<u>205,169</u>
Total net position	<u>\$ 567,709</u>	<u>205,169</u>

The following table provides the Statement of Activities for the past two fiscal years:

**TABLE 2**  
**CHANGE IN NET POSITION – GOVERNMENTAL ACTIVITIES**

	<b>2024</b>	<b>2023</b>
<b>Revenues:</b>		
Charges for services	156,848	191,258
Apportionment	1,172,283	1,090,497
Interest	56,484	16,438
<b>Total Revenues</b>	<b>1,385,615</b>	<b>\$1,298,193</b>
<b>Expenses</b>	<b>1,023,075</b>	<b>\$1,047,481</b>
<b>Change in Net Position</b>	<b>362,540</b>	<b>250,712</b>
Net Position Beginning	\$205,169	\$ (45,543)
<b>Net Position Ending</b>	<b>\$567,709</b>	<b>\$ 205,169</b>

Explanation of Change in Net Position

The tables presented above show an overall slight increase in revenues and a slight decrease in expenditures. Some of the reasons for the changes in the revenues and expenses of the Commission's governmental activities are outlined as follows:

- On a cash basis:
  - Total Expenditures were within appropriation authority (91%).
    - Salaries and Benefits were within appropriation authority (100%).
    - Services and Supplies were within appropriation authority (76%). Unrecoverable legal costs decreased significantly, which is the primary reason for Services and Supplies being lower than the budget.
  - Total Revenues were slightly more than budgeted (108%). The budget projected the receipt of 10 applications that require a Commission hearing, with 17 applications received.
  - The Commission also increased the apportionment after remaining essentially stagnant for many years.
- For the past six years, the Commission has made additional payments to SBCERA as a credit towards LAFCO's net pension liability (NPL). These payments will credit with earnings based on the Plan's market value investment return every year.

The \$50,000 payment made during 2022/23 (shown in red font below), is: (1) used to reduce the NPL in this audit, and (2) reflected in the employer contribution rates for FY 24/25.

In June 2024, the Commission made an additional payment of \$52,500 (shown in red font below). This payment will: (1) be used to reduce the NPL for the FY 24/25 audit

and (2) reflect in the FY 25/26 employer contribution rates. Below is the yearly information:

<i>Pay Here</i>	<i>Reflect NPL Here</i>	<b>Net Pension Liability</b>			
<b>Measurement (Budget) Year</b>	<b>Audit Year</b>	<b>Begin NPL</b>	<b>Actuary Increase (Decrease)</b>	<b>LAFCO Additional Contribution</b>	<b>End NPL</b>
<b>2012/13</b>	<b>2013/14</b>				581,103
<b>2013/14</b>	<b>2014/15</b>	581,103	3,628		584,731
<b>2014/15</b>	<b>2015/16</b>	584,731	96,716		681,447
<b>2015/16</b>	<b>2016/17</b>	681,447	87,726		769,173
<b>2016/17</b>	<b>2017/18</b>	769,173	95,787		864,960
<b>2017/18</b>	<b>2018/19</b>	864,960	20,287		885,247
<b>2018/19</b>	<b>2019/20</b>	885,247	273,317	(184,963)	973,601
<b>2019/20</b>	<b>2020/21</b>	973,601	273,739	(42,500)	1,204,840
<b>2020/21</b>	<b>2021/22</b>	1,204,840	(1,043,969)	(43,852)	117,019
<b>2021/22</b>	<b>2022/23</b>	117,019	249,842	(50,163)	316,698
<b>2022/23</b>	<b>2023/24</b>	316,698	(78,339)	(50,000)	188,359
<b>2023/24</b>	<b>2024/25</b>	188,359		(52,500)	

Three audit years prior, you will notice that the NPL decreased from \$1,204,840 to \$117,019. This significantly lower figure is tied to a June 30, 2021 measurement date. According to SBCERA's Actuarial Valuation, the plan's overall NPL decreased from \$4.01 billion as of June 30, 2020 to \$1.32 billion as of June 30, 2021 primarily due to the 32.61% return on the market value of assets during 2020/21 (that was higher than the assumed return of 7.25%). For this audit, the NPL decreased from \$316,698 based on a June 2023 measurement date to \$188,359.

#### Reporting the Commission's Fund Activity

The fund financial statements provide detailed information about the Commission's governmental fund as it operates under a single-program government fund. All the Commission's basic services are reported in its General Fund. The fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. We describe the relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) in the reconciliation following the fund financial statements.

#### Long-Term Liabilities (Non-Pension)

The following table provides a summary of the Long-Term Liabilities (non-pension) for the past two fiscal years:

**TABLE 3  
LONG-TERM LIABILITIES**

	<b>2023/24</b>	<b>2022/23</b>
<b>Compensated Absences</b>	183,306	173,245
<b>Lease Payable</b>	167,738	218,895
<b>TOTAL</b>	<b>\$351,044</b>	<b>\$392,140</b>

- Compensated Absences increased by \$10,061 (natural balance accruals minus leave taken during the year and elective cashouts)
- The Commission's lease of the former office space at the Santa Fe Train Depot from the San Bernardino Association of Governments had a term through 2027. Scheduled payments remaining as of June 30, 2024 had a total of \$167,738 – which was prior to the separation agreement that terminated the lease agreement.

***Contacting the Commission's Financial Management:***

This financial report is designed to provide our citizen's, taxpayers, governments, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Officer at 1601 E. 3rd Street, Suite 102, San Bernardino, CA 92415-0490, or 909-388-0480.

## **BASIC FINANCIAL STATEMENTS**

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

**Statement of Net Position**

**June 30, 2024  
(with comparative totals as of June 30, 2023)**

	Governmental Activities	
	2024	2023
Assets:		
Cash and investments (note 3)	\$ 755,213	539,794
Accounts receivable	10,611	6,481
Capital assets, net (note 4)	<u>158,754</u>	<u>211,674</u>
Total assets	<u>924,578</u>	<u>757,949</u>
Deferred outflow of resources:		
Deferred outflows from pension plan (note 8)	<u>445,385</u>	<u>524,942</u>
Liabilities:		
Accounts payable	5,876	5,864
Deposit payable	7,710	10,521
Other accrued liabilities	28,181	21,290
Unearned revenues (note 5)	4,714	27,976
Long-term liabilities:		
Due within one year (note 6)	107,703	103,130
Due beyond one year (note 6)	243,341	289,010
Net pension liability (note 8)	<u>188,359</u>	<u>316,698</u>
Total liabilities	<u>585,884</u>	<u>774,489</u>
Deferred inflow of resources:		
Deferred inflows from pension plan (note 8)	<u>216,370</u>	<u>303,233</u>
Total Deferred inflow of resources:	<u>216,370</u>	<u>303,233</u>
Net position (deficit):		
Net investment in capital assets	(8,984)	(207,221)
Unrestricted	<u>576,693</u>	<u>205,169</u>
Total net position	<u>\$ 567,709</u>	<u>205,169</u>

See accompanying notes to the basic financial statements



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

**Statement of Activities**

**Year ended June 30, 2024  
(with comparative totals for the year ended June 30, 2023)**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position - Governmental Activities</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>2024</u>	<u>2023</u>
Governmental activities:						
General government	\$ 1,017,208	156,848	-	-	(860,360)	(848,846)
Interest Expense	<u>5,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,867)</u>	<u>(7,377)</u>
Total governmental activities	<u>\$ 1,023,075</u>	<u>156,848</u>	<u>-</u>	<u>-</u>	<u>(866,227)</u>	<u>(856,223)</u>
General revenues:						
Apportionment						1,172,283      1,090,497
Investment income (loss)						<u>56,484</u> <u>16,438</u>
Total general revenues						<u>1,228,767</u> <u>1,106,935</u>
Change in net position						362,540      250,712
Net position (deficit), beginning of year						<u>205,169</u> <u>(45,543)</u>
Net position (deficit), end of year						<u>\$ 567,709</u> <u>205,169</u>

See accompanying notes to the basic financial statements

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

**Balance Sheet - Governmental Funds**

**June 30, 2024  
(with comparative totals as of June 30, 2023)**

		General Fund	
		2024	2023
<u>Assets</u>			
Cash and investments	\$	755,213	539,794
Accounts receivable		<u>10,611</u>	<u>6,481</u>
Total assets		<u>765,824</u>	<u>546,275</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable		5,876	5,864
Deposits payable		7,710	10,521
Salaries and benefits payable		28,181	21,290
Unearned revenues		<u>4,714</u>	<u>27,976</u>
Total liabilities		<u>46,481</u>	<u>65,651</u>
Fund balance:			
Committed:		176,095	155,095
Assigned:			
General reserve		508,248	300,529
Contingency		<u>35,000</u>	<u>25,000</u>
Total fund balance		<u>719,343</u>	<u>480,624</u>
Total liabilities and fund balance	\$	<u>765,824</u>	<u>546,275</u>

See accompanying notes to the basic financial statements

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

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**

**June 30, 2024**

Fund balances of governmental funds		\$ 719,343
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets and accumulated depreciation have not been included as financial resources in governmental fund activity:		
Capital assets	702,090	
Accumulated depreciation	<u>(543,336)</u>	158,754
Pension related deferred outflows of resources, net of accumulated amortization, have not been reported in the governmental funds:		
Employer contributions subsequent to the measurement date	195,920	
Differences between actual and expected experience	15,495	
Changes in actuarial assumptions	7,308	
Changes in proportion and differences between employer contributions and the proportionate share of contributions	<u>226,662</u>	445,385
Long-term liabilities are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds. Long-term liabilities consist of the following:		
Net pension liability	(188,359)	
Lease liability	(167,738)	
Compensated absences	<u>(183,306)</u>	(539,403)
Pension related deferred inflows of resources, net of accumulated amortization, have not been reported in the governmental funds:		
Differences in expected and actual experience	(3,169)	
Net difference between projected and actual earnings on pension plan investments	(7,826)	
Changes in proportion and differences between employer contributions and the proportionate share of contributions	<u>(205,375)</u>	<u>(216,370)</u>
Net position of governmental activities		\$ <u>567,709</u>

See accompanying notes to the basic financial statements

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

**Statement of Revenues, Expenditures, and Changes in Fund Balance**

**Year ended June 30, 2024**

**(with comparative totals for the year ended June 30, 2023)**

	General Fund	
	2024	2023
Revenues:		
Apportionment	\$ 1,172,283	1,090,497
Charges for services	156,848	191,258
Investment income	56,484	16,438
Total revenues	<u>1,385,615</u>	<u>1,298,193</u>
Expenditures:		
General government:		
Salaries and employee benefits	810,458	759,070
Services and supplies	279,414	348,513
Principal expense	51,157	49,647
Interest expense	5,867	7,377
Total expenditures	<u>1,146,896</u>	<u>1,164,607</u>
Excess (deficiency) of revenues over (under) expenditures	<u>238,719</u>	<u>133,586</u>
Net change in fund balance	<u>238,719</u>	<u>133,586</u>
Fund balances at beginning of year	480,624	347,038
Fund balances at end of year	<u>\$ 719,343</u>	<u>480,624</u>

See accompanying notes to the basic financial statements

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

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balance to the Statement of Activities**

**Year ended June 30, 2024**

Net changes in fund balances - total governmental funds \$ 238,719

Amounts reported for governmental activities in the Statement of Activities are different because:

The governmental fund reports capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the capital outlays, if any, and depreciation in the current period.

Depreciation expense (52,920)

Long term liability expenses reported in the Statement of Activities do not require the use of current financial resources. Therefore, these expenses are not reported as expenditures in governmental funds. Long term liability expenses reported in the Statement of Activities includes the changes of the following:

Change in net pension liability	128,339	
Payment in lease payable	51,157	
Change in deferred outflows of resources related to pensions	(79,557)	
Change in deferred inflows of resources related to pensions	<u>86,863</u>	186,802

Accrued compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental fund.

(10,061)

Change in net position of governmental activities \$ 362,540

See accompanying notes to the basic financial statements

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

## Notes to the Basic Financial Statements

Year ended June 30, 2024

### 1. Summary of Significant Accounting Policies:

The accounting policies of the Local Agency Formation Commission for San Bernardino County (the Commission) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

#### a. Reporting Entity

Following the end of World War II, California entered a new era of demographic growth and diversity, and economic development. With this growth came the need for housing, jobs and public services. To provide for these services, California experienced a wave of newly formed cities and special districts, but with little forethought as to how the new agencies should plan for services. The lack of coordination and adequate planning for future governance led to a multitude of overlapping, inefficient jurisdictional and service boundaries.

In 1963, the State Legislature created Local Agency Formation Commissions (Commissions) to help direct and coordinate California's growth in a logical, efficient, and orderly manner. Each county within California is required to have a Commission. The Commissions are charged with the responsibility of making difficult decisions on proposals for new cities and special districts, spheres of influence, consolidations, and annexations.

The Commission is composed of seven voting members, with four alternate members who vote only in the absence or abstention of a voting member. Two members are elected county supervisors and are selected by the Board of Supervisors. Two members are elected city council members and are selected by the mayors of the cities within San Bernardino County. Two members are elected members of a special district board of directors and are selected by the presidents of the independent special districts in San Bernardino County. These six elected officials select a "public" member who is not affiliated with county, city, or special district governments. Alternate members for the county, city, special district, and public categories are selected in the same manner. Each commissioner and alternate serve a four-year term.

#### b. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Commission.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include charges for services that are restricted to meeting the operational or capital requirements of particular function or segment. Investment income and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental fund. The Commission operates under a single-program governmental fund.

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

## Notes to the Basic Financial Statements

Year ended June 30, 2024

(Continued)

### 1. **Summary of Significant Accounting Policies (Continued):**

#### c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are not recognized until paid.

Intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Amounts reported as program revenues include charges for services and operating contributions from members.

#### d. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Commission has five items that qualify for reporting in this category for the fiscal year ended June 30, 2024, all of which relate to pensions. These include pension contributions subsequent to the measurement date, differences between actual and expected experience, change in assumptions, and change in employer's proportion and differences between the employer's contributions and employer's proportionate share of contributions.

The first of these items will be amortized in full in the following fiscal year. The second item is a deferred outflow related to pensions for the net difference between projected and actual earnings on plan investments. This amount is amortized over a closed 5-year period. These last three items are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

## Notes to the Basic Financial Statements

Year ended June 30, 2024

(Continued)

### 1. Summary of Significant Accounting Policies (Continued):

In addition to liabilities, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Commission has three items that qualify for reporting in this category for the fiscal year ended June 30, 2024, all of which relate to pension. These include differences between expected and actual experience, and changes in employer's proportion and differences between the employer's contributions, the employer's proportionate share of contributions, and the net difference between projected and actual earnings on pension plan investments. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

#### e. Cash and Investments

Cash and investments include the cash balances of substantially all funds, which are pooled and invested by the County Treasurer to increase interest earnings through investment activities. Investment activities are governed by the California Government Code Sections 53601, 53635, and 53638 and the County's Investment Policy.

Interest income, and realized gains and losses earned on pooled investments are deposited quarterly to the Commission's accounts based upon the Commission's average daily deposit balances during the quarter. Unrealized gains and losses of the pooled investments are distributed to the Commission annually. Cash and investments are shown at fair value.

#### f. Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.



# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

## Notes to the Basic Financial Statements

Year ended June 30, 2024

(Continued)

### 1. Summary of Significant Accounting Policies (Continued):

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the Commission's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the Commission's own data.

#### g. Capital Assets

Capital assets are reported as governmental activities in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000 and have an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Equipment of the Commission is depreciated using the straight-line method over a 5 to 7 year estimated useful life. Lease assets are amortized over the estimated useful life of the asset or contract term, whichever is shorter.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend asset life is not capitalized.

#### h. Employee Compensated Absences

Liabilities for vacation, holidays, sick pay and compensatory time are accrued when incurred in the government-wide financial statements. Upon retirement or termination, an employee is compensated for 100% of unused accrued vacation and holiday time. Those with more than five years of LAFCO service receive 75% of their accumulated sick leave up to a maximum of fourteen hundred (1,400) hours. A liability for accrued leave is reported in the governmental fund financial statements only if it has matured. A matured liability may result from employees who terminate prior to year-end and are paid for their leave subsequent to year-end.

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

## Notes to the Basic Financial Statements

Year ended June 30, 2024

(Continued)

### 1. Summary of Significant Accounting Policies (Continued):

#### i. Fund Balance

Nonspendable fund balances includes amounts that cannot be spent because they are either not spendable in form (such as prepaid expenses) or legally or contractually required to be maintained intact.

Restricted fund balance includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the Commission action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Commission's highest level of authority. The governing board is the highest level of decision-making authority that can commit fund balances. Once adopted, the limitation imposed by the commitment remains in place until a similar action is taken to remove or revise the limitation.

Assigned fund balance includes amounts to be used by the Commission for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance includes the residual amounts that have not been committed or assigned to specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Commission's policy is to apply restricted fund balance first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balances are available, the Commission's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

#### j. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission's San Bernardino County Employees' Retirement Association (SBCERA) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by SBCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

## Notes to the Basic Financial Statements

Year ended June 30, 2024

(Continued)

### 1. Summary of Significant Accounting Policies (Continued):

Valuation Date (VD)	June 30, 2022
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

#### k. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### l. Comparative Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

### 2. Stewardship, Compliance and Accountability: General Budget Policies:

In accordance with provisions of Section 56381 of the Government Code of the State of California, commonly known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH), the Commission shall adopt a proposed budget by May 1 and a final budget by June 15 of each fiscal year.

Budgets are prepared on the cash basis of accounting. After adoption of a final budget, the County of San Bernardino Auditor shall apportion one-third of net operating expenses of the Commission to each of the following: the county, cities, and independent special districts. The legal level of budgetary control is the fund level.

Any deficiency of budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balance as provided for in the County Budget Act.

### 3. Cash and Investments:

Cash and investments as of June 30, 2024 consist of the following:

Petty cash	\$ 250
Investment in County of San Bernardino Investment Pool	<u>754,963</u>
Total Cash and Investments	<u><u>\$ 755,213</u></u>

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

## Notes to the Basic Financial Statements

Year ended June 30, 2024

(Continued)

### 3. Cash and Investments (Continued):

#### Investments Authorized by the Commission's Investment Policy

The Commission's investment policy authorizes investments only in the County of San Bernardino Investment Pool.

#### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of the fair value to changes in market interest rates. As of June 30, 2024, the Commission's cash was voluntarily invested in the County of San Bernardino Investment Pool, and therefore was not exposed to any interest rate risk as described above.

The County of San Bernardino Investment Pool is a pooled investment fund program governed by the San Bernardino County Board of Supervisors, and is administered by the County Treasurer. Investments in the pool are highly liquid as deposits and withdrawal can be made at any time without penalty. The Commission's fair value of its share in the pool is the same value of the pool shares, which amounted to \$754,963. Information on the pool's use of derivative securities in its investment portfolio and the Commission's exposure to credit, market, or legal risk is not available.

#### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The money pooled with the County of San Bernardino Investment Pool is not subject to a credit rating.

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

## Notes to the Basic Financial Statements

Year ended June 30, 2024

(Continued)

### 3. Cash and Investments (Continued):

California law also allows financial institutions to secure Commission deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the money invested by the Commission in the County of San Bernardino Investment Pool).

The Commission is a participant in the San Bernardino County Investment Pool (SBCIP). The SBCIP is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). The County Treasury Oversight Committee and the County Board of Supervisors conduct SBCIP oversight. Cash on deposit in the SBCIP at June 30, 2024, is stated at fair value. The SBCIP values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. For further information regarding the SBCIP, refer to the County of San Bernardino Annual Comprehensive Financial Report.

### 4. Capital Assets:

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
Capital assets:				
Lease asset	\$ 317,514	-	-	317,514
Leasehold improvements	384,576	-	-	384,576
subtotal	702,090	-	-	702,090
Less accumulated depreciation for:				
Lease asset	(105,840)	(52,920)	-	(158,760)
Leasehold improvements	(384,576)	-	-	(384,576)
Total capital assets, net	\$ 211,674	(52,920)	-	158,754

### 5. Unearned Revenues:

At June 30, 2024, the Commission deferred recognition of \$4,714 from fee revenues and deposits that have been received but not yet earned.

# **LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY**

## **Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

**(Continued)**

### **6. Long Term Liabilities:**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024	Due within one year
Compensated Absences	\$ 173,245	102,242	(92,181)	183,306	54,992
Lease Payable	218,895	-	(51,157)	167,738	52,711
Total long term debt	<u>\$ 392,140</u>	<u>102,242</u>	<u>(143,338)</u>	<u>351,044</u>	<u>107,703</u>

The Commission leases office space from the San Bernardino Association of Governments. The term of the lease is through 2027. A discount rate of 3% was used to discount the lease liability. Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>
2025	\$ 52,711	4,313
2026	54,317	2,707
2027	55,968	1,056
2028	<u>4,742</u>	<u>12</u>
	<u>\$ 167,738</u>	<u>8,088</u>

### **7. Insurance:**

The Commission is a member of the Special District Risk Management Authority, an intergovernmental risk sharing joint powers authority. The schedule of insurance coverage is as follows:

<u>Coverage</u>	<u>Amount</u>	<u>Limit of Insurance</u>
Property Coverage	\$ 1,000,000,000	Per Occurrence
Property - Boiler & Machinery	100,000,000	Per Occurrence
Property - Pollution Coverage	2,000,000	Per Occurrence
Property - Cyber Coverage	Limits on file	Per Occurrence
General Liability - Bodily Injury	2,500,000	Per Occurrence
General Liability - Property Damage	2,500,000	Per Occurrence
General Liability - Public Officials	500,000	Per Occurrence
Personal	2,500,000	Per Occurrence
General Liability - Employment Benefits		
General Liability - Employee/Public	2,500,000	Per Occurrence
Officials E & O		
General Liability - Employment	2,500,000	Per Occurrence
Practices Liability		
General Liability - Employee/Public	1,000,000	Per Occurrence
Officials Dishonesty		
Auto Liability - Auto Bodily Injury	2,500,000	Per Occurrence
Auto Liability - Auto Property Damage	2,500,000	Per Occurrence
Auto Liability - Uninsured Motorist	Limits on file	Per Occurrence
Employers Liability	5,000,000	Per Occurrence
Worker's Compensation	Statutory	Per Occurrence

The Commission is self-insured for unemployment insurance.

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

## Notes to the Basic Financial Statements

Year ended June 30, 2024

(Continued)

### 8. Pension Plan:

#### a. General Information about the Pension Plan

##### Plan Description

The San Bernardino County Employees' Retirement Association (SBCERA) administers the SBCERA pension plan - a cost-sharing multiple-employer defined benefit pension plan (the Plan). SBCERA provides retirement, disability, death and survivor benefits to its members, who are employed by 17 active participating employers (including SBCERA) and 4 withdrawn employers. SBCERA publishes its own Comprehensive Annual Financial Report (CAFR) which is available on SBCERA's website at [www.SBCERA.org](http://www.SBCERA.org).

##### Benefits Provided

SBCERA provides service retirement, disability, death and survivor benefits to eligible employees. Generally, any employee of the County of San Bernardino or participating employers who is appointed to a regular position whose service is greater than fifty percent of the full standard of hours required by a participating SBCERA employer (e.g. 20 hours per week or more) must become a member of SBCERA effective on the first day of employment.

The retirement benefits the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

The Plan's provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Prior to <u>January 1, 2014</u>	On or After <u>January 1, 2014</u>
Hire date		
Benefit formula	2%@55	2.5%@67
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 65	52 - 67
Monthly benefits, as a % of eligible compensation	1.49% - 3.13%	1.0% - 2.5%
Required employee contribution rates	10.74%	8.74%
Required employer contribution rates	34.53%	30.09%

##### Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate.

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

## Notes to the Basic Financial Statements

Year ended June 30, 2024

(Continued)

### 8. Pension Plan (Continued):

Funding contributions for both Plans are determined annually on an actuarial basis as of June 30. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Commission is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

#### Actuarial Assumptions

The total pension liabilities were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	2.50%
Payroll Growth	2.50%
Projected Salary Increase	1.30% - 6.50% (1)
Investment Rate of Return	7.25% (2)
Mortality	(3)

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) Mortality rates are based on the Pub-2010 Amount-Weighted Above-Median Mortality Table projected generationally with the two-dimensional MP-2019 projection scale. For healthy Safety members, the Safety Healthy Retiree rates were used. For disabled General members, the Non-Safety Disabled Retiree rates were used. For disabled Safety members, the Safety Disabled Retiree rates were used. For beneficiaries, the General Contingent Survivor rates were used. For beneficiaries, the General Contingent Survivor rates increased by 10% were used.

#### Discount Rate

The discount rates used to measure the Total Pension Liability was 7.25% as of the June 30, 2023 measurement date. The projection of cash flows used to determine the discount rate assumed employer and member contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members.



# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

## Notes to the Basic Financial Statements

Year ended June 30, 2024

(Continued)

### 8. Pension Plan (Continued):

Therefore, the long-term expected rate of return on pension plan investments of 7.25% were applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2023, measurement date.

The long-term expected rate of return on Plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. These target allocations and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the June 30, 2023 and 2022 actuarial valuations. This information will change every three years based on the actuarial experience study.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap US Equity	14.50%	6.00%
Small Cap US Equity	2.50%	6.65%
Developed International Equity	7.00%	7.01%
Emerging Markets Equity	6.00%	8.80%
U.S. Core Fixed Income	2.00%	1.97%
Emerging Market Debt	6.00%	4.76%
Real Estate - Core	2.50%	3.86%
Cash & Equivalents	2.00%	0.63%
Private Equity	18.00%	9.84%
High Yield/Credit Strategies	13.00%	6.48%
Absolute Return	7.00%	7.10%
Real Estate - Non-Core	2.50%	5.40%
Real Assets	6.00%	10.10%
International Credit	11.00%	7.10%
Total	<u>100.00%</u>	

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

## Notes to the Basic Financial Statements

Year ended June 30, 2024

(Continued)

### 8. Pension Plan (Continued):

#### b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

##### Allocation of Net Pension Liability

The Commission's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures.

The Commission's proportionate share of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following Table shows the Commission's proportionate share of net pension liability over measurement period:

Balance at June 30, 2022	\$ 316,698
Balance at June 30, 2023	<u>188,359</u>
Change - Increase (Decrease)	<u><u>\$ (128,339)</u></u>

The Commission's proportionate share of the net pension liability for the Plan as of the June 30, 2022 and 2023 measurement dates was as follows:

Proportion - June 30, 2022	0.014%
Proportion - June 30, 2023	<u>0.008%</u>
Change - Increase (Decrease)	<u><u>(0.006%)</u></u>

For the year ended June 30, 2024, the Commission recognized pension income of \$53,458. At June 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

# **LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY**

## **Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

**(Continued)**

### **8. Pension Plan (Continued):**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 195,920	-
Differences between actual and expected experience	15,495	(3,169)
Change in assumptions	7,308	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	226,662	(205,375)
Net Difference between projected and actual earnings on Pension Plan Investments	-	(7,826)
Total	<u>\$ 445,385</u>	<u>(216,370)</u>

The deferred outflows of resources related to contributions subsequent to the measurement date of \$195,920 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Amount
2025	12,189
2026	(41,007)
2027	43,096
2028	18,011
2029	806
Thereafter	-
	<u>\$ 33,095</u>

### **Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Commission's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

## Notes to the Basic Financial Statements

Year ended June 30, 2024

(Continued)

### 8. Pension Plan (Continued):

1% decrease		6.25%
Net Pension Liability	\$	664,607
Current Discount Rate		7.25%
Net Pension Liability	\$	188,359
1% Increase		8.25%
Net Pension Liability	\$	(201,122)

#### Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued SBCERA financial reports.

### 9. Salary Savings Plans:

#### Benefit Plan Groups

For the purpose of the salary savings plans, employees shall be divided into the following groups:

- a. Group A      Executive Officer
- b. Group B      All Commission Employees not in Group A or C
- c. Group C      Administrative Assistant

#### 401(k) Plan

Bi-weekly contributions of Commission employees to the County's 401(k) Defined Contribution Plan will be matched by a Commission contribution on the basis of two times the employee's contribution. The bi-weekly contributions of employees in Groups A and B of up to four percent of bi-weekly base salary will be matched by a Commission contribution of two times the employee's contribution, not to exceed eight percent of an employee's bi-weekly base salary.

The bi-weekly contributions of employees in Group C to the County's 401(k) Defined Contribution Plan of up to three percent of bi-weekly base salary will be matched by a Commission contribution of two times the employee's contribution. The Commission's contribution shall not exceed six percent of an employee's bi-weekly base salary.

The Commission contributed \$36,239 to this plan for the fiscal year ended June 30, 2024.

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

**Notes to the Basic Financial Statements**

**Year ended June 30, 2024**

**(Continued)**

**9. Salary Savings Plan (Continued):**

*457 Deferred Compensation Plan*

Bi-weekly contributions of Commission Group A employees to the County's Section 457 Deferred Compensation Plan up to one percent (1%) of an employee's bi-weekly base salary will be matched by a Commission contribution on the basis of one (1) times the employee's contribution. The Commission contribution shall not exceed one percent of the employee's bi-weekly salary. The contribution shall be deposited in the County's 401(a) Plan.

Bi-weekly contributions of Commission Group B and C employees to the County's Section 457 Deferred Compensation Plan up to one percent (1%) of an employee's bi-weekly base salary will be matched by a Commission contribution of one-half (1/2) times the employee's contribution. The Commission's contribution shall not exceed one-half percent (1/2%) of the employee's bi-weekly salary. The contribution shall be deposited in the County's 401(a) Plan.

The Commission contributed \$3,230 to this plan for the fiscal year ended June 30, 2024.

**10. Commitments & Contingencies**

In conducting its activities, the LAFCO, from time to time is the subject of various legal claims. Management is currently unable to determine the ultimate resolution of such legal claims, or the monetary impact on the financial statements.

**11. Subsequent Events**

LAFCO no longer required the use of the office space located at the Santa Fe Depot. The current lease was terminated effective September 23, 2024, and a new lease was signed at a different location for two years. This lease will expire on July 31, 2026.

**REQUIRED SUPPLEMENTARY INFORMATION**

# **LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY**

## **Schedule of the Plan's Proportionate Share of the Net Pension Liability**

### **Last Ten Fiscal Years**

	Measurement Date									
	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the Collective Net Pension Liability	0.008%	0.014%	0.009%	0.030%	0.036%	0.035%	0.033%	0.031%	0.035%	0.034%
Proportionate Share of the Collective Net Pension Liability	\$ 188,359	\$ 316,698	\$ 117,019	\$ 1,204,840	973,602	885,247	864,960	769,173	681,447	584,731
Covered-Employee Payroll	\$ 444,707	\$ 434,992	\$ 418,564	\$ 492,258	478,224	475,010	369,541	359,294	341,542	289,935
Proportionate Share of the Collective Net Pension Liability as a Percentage of Covered-Employee Payroll	42.36%	72.81%	27.96%	244.76%	203.59%	186.36%	234.06%	214.08%	199.52%	201.68%
Plan's Fiduciary Net Position	\$ 3,379,563	\$ 3,439,121	\$ 3,383,284	\$ 3,017,494	3,043,279	2,181,226	1,943,960	1,639,622	1,736,731	1,505,924
Plan's Total Pension Liability	\$ 3,567,922	\$ 3,755,819	\$ 3,500,303	\$ 4,222,334	4,016,881	3,066,474	2,808,921	2,408,795	2,418,178	2,090,655
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.72%	91.57%	96.66%	71.47%	75.76%	71.13%	69.21%	68.07%	71.82%	72.03%

#### Notes to Schedule:

##### Benefit Changes:

There were no changes in benefits.

##### Changes in Assumptions:

There were no changes in Assumptions.

# **LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY**

## **Schedule of Plan Contributions**

### **Last Ten Fiscal Years**

	Fiscal Year									
	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially Determined Contribution	\$ 195,920	\$204,364	\$ 220,882	\$ 148,859	185,762	177,400	125,543	132,171	120,963	122,480
Contributions in Relation to the										
Actuarially Determined Contribution	(195,920)	(204,364)	(220,882)	(192,711)	(228,262)	(361,363)	(125,543)	(132,171)	(120,963)	(122,480)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ (43,852)	(42,500)	(183,963)	-	-	-	-
Covered-Employee Payroll	\$ 444,707	\$ 444,707	\$ 434,992	\$ 418,564	492,258	478,224	475,010	369,541	359,294	341,542
Contributions as a Percentage of										
Covered-Employee Payroll	44.06%	45.95%	50.78%	35.56%	37.74%	37.10%	26.43%	35.77%	33.67%	35.86%

#### Notes to Schedule:

Valuation Date                      6/30/2022

#### Methods and Assumptions Used to Determine Contribution Rates:

Cost sharing employers	Entry Age Actuarial Cost Method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	4.55 to 12.75%, including inflation of 2.75%
	7.25%, net of pension plan investment expense,
Investment rate of return	including inflation
Retirement age	50-70 years (2%@50 and 2.5%@67)
	Pub-2010 Amount-Weighted Above-Median
Mortality	Mortality Table



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

**Schedule of Revenues, Expenditures, and Changes in Fund Balances**

**Budget and Actual - General Fund**

**Year ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Apportionment	\$ 1,090,497	1,090,497	1,172,283	81,786
Charges for services	105,579	205,579	156,848	(48,731)
Investment income	10,000	10,000	56,484	46,484
Total revenues	<u>1,206,076</u>	<u>1,306,076</u>	<u>1,385,615</u>	<u>79,539</u>
Expenditures:				
General government:				
Salaries and benefits	833,866	833,866	810,458	23,408
Service and supplies	327,830	377,667	279,414	98,253
Principal expense	49,647	49,647	51,157	(1,510)
Interest expense	7,377	7,377	5,867	1,510
Total expenditures	<u>1,218,720</u>	<u>1,268,557</u>	<u>1,146,896</u>	<u>121,661</u>
Net change in fund balance:	<u>(12,644)</u>	<u>37,519</u>	<u>238,719</u>	<u>201,200</u>
Fund balances at beginning of year	<u>480,624</u>	<u>480,624</u>	<u>480,624</u>	<u>-</u>
Fund balances at end of year	<u>\$ 467,980</u>	<u>518,143</u>	<u>719,343</u>	<u>201,200</u>

See notes to the required supplementary information

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

**Notes to the Required Supplementary Information**

**Year ended June 30, 2024**


**1. Budgetary Reporting**

The Commission established accounting control through formal adoption of an annual budget for the Governmental Fund. The budget is prepared on a basis consistent with generally accepted accounting principles. The adopted budget can be amended by the Commission to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations require Commission's approval. Expenditures may not exceed total appropriations at the individual fund level. It is the practice of the Commission's management to review the budget monthly and provide quarterly updates to the Commission.

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1601 E. 3rd Street, Suite 102, 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, 2025   
**FROM:** SAMUEL MARTINEZ, Executive Officer  
MICHAEL TUERPE, Assistant Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT:** Agenda Item #7: Mid-Year Financial Review for Fiscal Year 2024/25

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## **RECOMMENDATION:**

Staff recommends that the Commission:

1. Note receipt of this report and file.
2. Amend the Budget to account for the office move as follows:
  - a. Increase Expenditures by \$51,000 as follows:
    - i. Increase Account 2043 (Telecommunications) by \$15,000 from \$0 to \$15,000
    - ii. Increase Account 2245 (Other Professional Services) by \$36,000 from \$82,981 to \$118,981
  - b. Increase Revenue Account 9910 (Prior Year) by \$51,000 from \$0 to \$51,000 (carryover earmarked for the move)

## **SUMMARY:**

### **1. Budget Markers**

The second quarter of Fiscal Year 2024/25 has 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 (see Attachment) showing the line-item expenditures and receipts during the period. The summary table below shows that Total Expenditures are on-track with second quarter markers. For Revenues, Applications are at 29% - below the 50% mark. The table below is a snapshot through the mid-year.

Expenditures		Revenues	
Salaries and Benefits	47%	Apportionment	100%
(below appropriation mark)		(met goal)	
Services and Supplies	49%	Applications	29%
(at appropriation mark)		(below goal)	
<b>TOTAL</b>	<b>48%</b>	<b>TOTAL</b>	<b>94%</b>

## 2. Applications

The table below identifies the number of proposals and service contracts received. When taking activity that the Commission approves (proposals and one category of service contracts), three of ten have been received through the first half (30%).

Activity	Budget	THRU	MID YEAR
		No.	% of Budget
Commission: Proposals	6	1	17%
Commission: Service Contracts	4	2	50%
Administrative: Service Contracts	4	6	150%

## 3. Cash in Treasury

As of December 31, the Commission's cash in the County Treasury was \$1,301,051. A breakdown of this amount is shown below. After accounting for reserves and the remaining budget, at this time roughly \$60,000 is anticipated for carryover into the next year.

<b>December 31, 2024 Balance</b>		<b>\$1,301,051</b>
<b>Cash Balance is composed of the following:</b>		
<b>Reserves: Committed</b> (constrained to specific purposes)		
Compensated Absences (Account 6030)		182,562
Salary for Extra Pay Period: Year 4 of 10 (Account 6035)		12,000
<b>Reserves: Assigned</b> (intended for specific purposes)		
Contingency (Account 6000)		40,000
Application (Account 6010)		110,000
General (Account 6025)		235,000
<b>Remaining Activity</b>		
Open Proposals, Deposits on File		22,000
Revenues (shown as negative)		(77,715)
Expenditures		717,492
<b>Projected Additional Cash Carryover</b>		<b>\$59,712</b>

## **DETAIL:**

The following provides a discussion of (1) expenditures, (2) reserves, (3) projects and programs, and (4) revenues.

### **1. Expenditures**

Expenditures are comprised of two categories of accounts: 1) Salaries and Benefits, and 2) Services and Supplies. Through the mid-year, expenditures were at 48% of Approved Budget authority. At this time, no request is being presented by staff for authorization to utilize funds maintained in the Contingency or Reserve accounts. A more detailed analysis of the categories is as follows:

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

##### *(1) Mid-Year Activity*

The Salaries and Benefits series of accounts (1000 series) had expenditures of \$389,881, representing 47% of Approved Budget authority.

##### *(2) Anticipated Activity*

At this time, no additional activity is anticipated outside of the budget.

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

##### *(1) Mid-Year Activity*

For the mid-year, the Services and Supplies series of accounts (2000 and 5000 series) had expenditures of \$222,444, or 49% of the Approved Budget authority. The first half includes full-year and one-time payments, as well as costs for the office move.

##### *(2) Anticipated Activity*

No known activities are anticipated to have a significant effect on the budget.

### **2. Reserves**

No spending activity has been requested by staff or authorized by the Commission to take place in the Reserve accounts through the mid-year. Reserve balances are shown in the Cash Balance figure on page 2.

### **3. Projects and Programs**

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

A. Office Move

The Commission allocated \$60,000 for the move from the train station to the airport, and final costs are roughly \$51,000. The move was completed on-time, under budget, and within the scope authorized. Expenditures are composed of the following:

- Furniture and moving services.     \$35,845
- IT.     \$14,977

After approval of the budget in May, in July the Commission approved the office move along with its estimated expenses to be paid with carryover that was earmarked for this activity. At that time, staff identified that it would return to the Commission for budget amendments when all costs have been paid. This staff report recommends an increase in expenditures and revenues of \$51,000, respectively. The recommendation on page 1 provides the breakdown of affected accounts.

B. Inventory of Off-Site Storage

The law requires LAFCO to maintain its application files in perpetuity, and LAFCO uses the County's storage contract as a cost savings measure. The County is changing vendors which means that LAFCO's files would physically move to a new location.

Staff reached out to the new vendor and was notified that our files would be in a receiving bay before being shelved. Staff took this opportunity and made a couple of trips to the new storage site and inventoried all the files, totaling over 3,000 files in over 300 boxes. Staff is glad to report that all files that were in storage are accounted for. This was done at no additional cost, not counting staff time.

C. Service Reviews and Special Studies

The focused service review for the Big River Community Services District was completed in November. Item 8 on this month's agenda requests that the Commission reorder the service review schedule as follows:

- Park and Recreation (estimated completion Fall 2025)
- Healthcare Districts
- Streetlighting

D. Governance Training Program

LAFCO and CSDA are partnering on this year's Governance Training sessions. The first session, *Special District Finances, Part II*, will be held at the Mojave

Water Agency in February. The second session is *Meeting Management Through Parliamentary Procedure*, to be held in April.

E. Fiscal Indicators Program

Staff is currently formulating the new application which includes a new design, better mobile accessibility, and replacement of certain indicators with more relevant indicators. Although there are nominal costs related to services and supplies, costs for this program mainly relate to staff time.

4. Revenues

The Commission has received 94% of Adopted Budget revenues through the mid-year. The items below outline the revenue activity:

- Interest (Account 8500) – The County made an interest adjustment in August of \$9,176. An additional \$11,242 was allocated in October.
- 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.
- Applications (Accounts 9545 – 9800) – The Applications series of accounts have received 29% of its budgeted revenue (\$32,285). This amount is made up of a combination of application fees, service contract filing fees, and cost recovery.

**CONCLUSION:**

Through the mid-year, total expenditures are on track, 100% of the apportionment receipts were received, and application activity is below the goal. Staff recommends that the Commission take the actions on page 1.

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

## Attachment #1

## Budget Spreadsheets

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 23/24	APPROVED BUDGET FY 24/25	AMENDED BUDGET FY 24/25	AMOUNT THRU Q1	OCT	NOV	DEC	AMOUNT THRU MID YEAR	PERCENT THRU MID YEAR
	<b>Salaries and Benefits:</b>									
1010	Earnable Compensation	482,198	529,170	529,170	111,901	57,106.03	37,639.46	43,606.43	250,253	47%
1030	Auto and Cell Phone Allowances	9,132	9,275	9,275	2,100	1,050.00	700.00	700.00	4,550	49%
1045	Termination Payment	-	-	-	-				-	
1110	General Member Retirement	144,520	146,892	146,892	31,617	16,049.94	10,573.28	11,918.61	70,159	48%
1130	Survivors Benefits	96	101	101	22	10.80	7.20	8.10	48	47%
1200	Medical Premium Subsidy	50,565	60,784	60,784	12,576	6,424.23	4,282.82	4,611.66	27,895	46%
1205	Long-Term Disability	1,337	1,515	1,515	321	163.56	110.04	120.48	715	47%
1207	Vision Care Insurance	625	674	674	144	71.88	47.92	53.91	317	47%
1215	Dental Insurance Subsidy	998	1,112	1,112	230	114.78	76.52	85.98	507	46%
1222	Short-Term Disability	5,054	5,817	5,817	1,193	607.69	408.74	447.79	2,657	46%
1225	Medicare	5,674	6,683	6,683	1,323	672.87	449.51	534.73	2,980	45%
1240	Life Insurance & Medical Trust Fund	14,907	16,483	16,483	3,539	1,804.23	1,212.88	1,214.63	7,771	47%
1305	Medical Reimbursement Plan	2,743	3,962	3,962	645	327.69	218.46	249.04	1,440	36%
1314	457/401a Contribution	3,230	3,551	3,551	767	390.48	262.00	262.00	1,682	47%
1315	401k Contribution	36,239	38,991	38,991	8,612	4,388.84	2,952.96	2,952.96	18,906	48%
	<b>Total Salaries and Benefits</b>	<b>\$ 757,318</b>	<b>\$ 825,010</b>	<b>\$ 825,010</b>	<b>\$ 174,990</b>	<b>\$ 89,183.02</b>	<b>\$ 58,941.79</b>	<b>\$ 66,766.32</b>	<b>\$ 389,881</b>	<b>47%</b>
	<b>Services and Supplies:</b>									
2031	Payroll System Services (County IT)	727	756	756	145	58.16	87.24	58.16	349	46%
2032	Virtual Private Network (County IT)	216	129	129	21	10.72	10.72	10.72	54	42%
2033	Network Labor Services (County IT)	-	-	-	-				-	
2037	Dial Tone (County IT)	2,998	2,955	2,955	492	246.24	246.24	246.24	1,231	42%
2041	Data Line	7,767	8,400	8,400	2,598		1,397.58		3,995	48%
<b>2043</b>	<b>Telecommunications Labor (County IT)</b>		-	<b>15,000</b>	-	14,977.04			14,977	100%
2075	Membership Dues	13,936	14,224	14,224	12,509			1,809.00	14,318	101%
2076	Tuition Reimbursement	-	2,000	2,000	-				-	0%
2080	Publications	3,507	4,064	4,064	1,324		1,273.54		2,597	64%
2085	Legal Notices	12,139	23,500	23,500	6,707		3,956.58		10,664	45%
2090	Building Expense	12,344	8,923	8,923	2,221	90.00	90.00	90.00	2,491	28%
2115	Software	9,425	3,591	3,591	1,023				1,023	28%
2180	Electricity	6,366	7,800	7,800	2,298	132.64			2,431	31%
2245	Other Insurance	13,220	19,265	19,265	12,612	6.74			12,618	65%
2305	General Office Expense	5,664	2,260	2,260	811	111.06	97.00	116.34	1,136	50%
2308	Credit Card Clearing Account	(312)	-	-	(760)	1,419.51	(1,419.51)	4,453.92	3,694	
2310	Mail (County Mail)	9,095	8,344	8,344	2,743	1,345.98	695.03	367.31	5,151	62%
2315	Records Storage	1,397	1,680	1,680	256				256	15%
2322	Enterprise Printing (County IT)	34	72	72	-				-	0%
2323	Reproduction Services	518	500	500	38	37.30		1,946.22	2,021	404%
2335	Temporary Services	393	-	-	-				-	
2400	Legal Counsel	21,410	37,500	37,500	2,112		2,638.19	3,678.97	8,429	22%
2405	Auditing	15,332	11,708	11,708	-			2,427.14	2,427	21%
2410	IT Infrastructure (County IT)	8,526	9,010	9,010	2,251	751.00	751.00	751.00	4,504	50%



## Attachment #1

## Budget Spreadsheets

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 23/24	APPROVED BUDGET FY 24/25	AMENDED BUDGET FY 24/25	AMOUNT THRU Q1	OCT	NOV	DEC	AMOUNT THRU MID YEAR	PERCENT THRU MID YEAR
2414	Application Dev. & Maint. (County IT)	-	-	-	-				-	
2415	Countywide Cost Allocation Program	-	5,981	5,981	907		907.00		1,814	30%
2416	Enterprise Printing (County IT)	-	-	-	-				-	
2417	Inactive Account (County IT)	-	-	-	-				-	
2418	Data Storage Services (County IT)	-	-	-	-				-	
2420	Enterprise Content Management (County IT)	4,122	2,024	2,024	506	252.89	252.89	252.89	1,264	62%
2421	Desktop Support Services (County IT)	9,025	7,642	7,642	1,274	636.86	636.86	636.86	3,184	42%
2424	Environmental Consultant	12,880	10,950	10,950	2,110	440.00	150.00	2,175.00	4,875	45%
2444	Security Services	492	492	492	583				583	118%
2445	Other Professional Services	54,203	82,981	118,981	30,031	1,942.50	7,372.42	21,683.92	61,030	51%
2449	Outside Legal (Litigation & Special Counsel)	2,990	10,000	10,000	-				-	0%
2450	Systems Development Charges (County IT)	-	1,294	1,294	-				-	0%
2460	Aerial Imagery (County IT)	3,000	3,000	3,000	-				-	0%
2895	Rent/Lease Equipment (copier)	4,204	5,400	5,400	250		778.92	365.40	1,394	26%
2905	Office/Hearing Chamber Rental	64,218	64,142	64,142	25,530	2,509.00	2,914.00	2,509.00	33,462	52%
2940	Private Mileage	5,101	7,428	7,428	1,098	38.86	2,375.80	510.54	4,023	54%
2941	Conference/Training	6,925	8,680	8,680	6,870				6,870	79%
2942	Hotel	7,630	11,297	11,297	3,641		3,693.27		7,335	65%
2943	Meals	491	1,050	1,050	55	20.65	220.72	41.29	338	32%
2944	Car Rental	1,269	-	-	-				-	
2945	Air Travel	1,538	800	800	-		652.05		652	82%
2946	Other Travel	893	300	300	160		211.27		371	124%
5012	Transfer to County (Staples & Microsoft)	6,876	8,697	8,697	531	31.76		319.50	882	10%
Total Services and Supplies		\$ 330,558	\$ 398,839	\$ 449,839	\$ 122,946	\$ 25,058.91	\$ 29,988.81	\$ 44,449.42	\$ 222,444	49%
TOTAL EXPENDITURES		\$ 1,087,876	\$ 1,223,849	\$ 1,274,849	\$ 297,937	\$ 114,241.93	\$ 88,930.60	\$ 111,215.74	\$ 612,325	48%
Trust Transfers:										
9990	SBCERA Additional Payment	52,500	54,968	54,968	-				-	0%
TOTAL APPROPRIATION		\$ 1,140,376	\$ 1,278,816	\$ 1,329,817	\$ 297,937	\$ 114,241.93	\$ 88,930.60	\$ 111,215.74	\$ 612,325	46%

## Attachment #1

## Budget Spreadsheets

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 23/24	BUDGET INCREASE FY 24/25	Q1	Q2	RESERVE BALANCES FY 24/25
	<b>RESERVES</b>					
6000	Contingency (Assigned)	35,000	5,000	-	-	40,000
6010	Application (Assigned)	-	110,000	-	-	110,000
6025	General (Assigned)	225,000	10,000	-	-	235,000
6030	Compensated Absences (Committed)	167,095	15,467	-	-	182,562
6035	Salary for Extra Pay Period (Committed)	9,000	3,000	-	-	12,000
<b>TOTAL RESERVES (Increases)</b>		<b>\$ 436,095</b>	<b>\$ 143,467</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 579,562</b>

## Attachment #1

## Budget Spreadsheets

ACCT #	ACCOUNT NAME	ACTUAL YEAR-END FY 23/24	APPROVED BUDGET FY 24/25	AMENDED BUDGET FY 24/25	AMOUNT THRU Q1	OCT	NOV	DEC	AMOUNT THRU MID YEAR	PERCENT THRU MID YEAR
	County Treasury:									
8500	Interest and Investments	34,791	15,000	15,000	-	11,242.39			11,242	75%
9984	Interest Adjustment	20,258	15,000	15,000	9,176				9,176	61%
8842	Apportionment	1,172,283	1,172,283	1,172,283	781,522	390,761.00			1,172,283	100%
	Total County Treasury	1,227,332	1,202,283	1,202,283	790,698	402,003.39	-	-	1,192,701	99%
	Applications:									
6010	Application Reserve (Assigned Reserve)		110,000	110,000	-					
9545	Individual Notice Deposit	12,298			-	2,000.00		1,000.00	3,000	
9555	Legal Services Deposit	8,341			-	1,400.00		1,000.00	2,400	
9595	Protest Hearing Deposit	1,500			-	1,500.00		3,000.00	4,500	
9655	Digital Mapping Fee (no longer used)	1,830			-				-	
9660	Environmental Deposit	20,110			7,710	1,400.00		2,000.00	11,110	
9800	LAFCO Fee	86,268			7,772	3,669.00	-800.00	634.00	11,275	
	Total Applications	130,347	110,000	110,000	15,482	9,969.00	(800.00)	7,634.00	32,285	29%
	Other:									
9910	Prior Year (accounts pay/due, carryover)	-		51,000	-				-	
9930	Miscellaneous	38,198			-				-	
9955	Returned Deposits: Non-Sufficient Funds				(606)				(606)	
9970	Accrued Payroll Liability				10,774				10,774	
9973	Returned Checks: Stale-dated	726			-				-	
	Total Other	38,924	-	51,000	10,168	-	-	-	10,168	
	TOTAL REVENUES	\$ 1,396,603	\$ 1,312,283	\$ 1,363,283	\$ 816,347	\$ 411,972.39	\$ (800.00)	\$ 7,634.00	\$ 1,235,154	94%

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1601 E. 3rd Street, Suite 102, 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, 2025   
**FROM:** MICHAEL TUERPE, Assistant Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT: AGENDA ITEM #8: Consider Revision to Service Review Schedule**

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## **RECOMMENDATION:**

Staff recommends that the Commission revise the service review schedule by choosing Proposed Schedule B and directing staff to immediately commence the countywide park and recreation service review.

## **DISCUSSION:**

Staff proposes a revision to the service review schedule. The current service review schedule is to conduct countywide service reviews in the following order: Healthcare Districts, Streetlighting, and Park and Recreation.

Recently, the LAFCO office has received valid complaints regarding two agencies, each of which happens to provide park and recreation services. Staff's analysis is that these agencies require either a special study or service review, and staff proposes two options for Commission consideration.

- A. Proposed Schedule A would direct staff to conduct two special studies in succession this calendar year, then the current schedule would resume.
- B. Proposed Schedule B would review and address the identified issues timely and concurrently along with the remainder of the park and recreation agencies, instead of isolating these agencies via individual special studies and then reviewing them two years later in a countywide service review. This option essentially reorders the schedule and does not add time because the park and recreation review is already on the schedule.

Proposed Schedule (A)	
Special Study	Agency A
Special Study	Agency B
Countywide Review	Healthcare Districts
Countywide Review	Streetlighting
Countywide Review	Park and Recreation

Proposed Schedule (B)	
Countywide Review	Park and Recreation
Countywide Review	Healthcare Districts
Countywide Review	Streetlighting

Considering time and resources, staff recommends that the Commission choose Proposed Schedule B and direct staff to immediately commence the park and recreation service review.

SM/MT

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---

**DATE :** JANUARY 8, 2025   
**FROM:** MICHAEL TUERPE, Assistant Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT:** AGENDA ITEM # 9: Update on Daggett Community Services  
District Water System

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## **RECOMMENDATION:**

Staff recommends the Commission:

1. Receive and file this report.
2. Provide staff with direction, if any.

## **BACKGROUND INFORMATION:**

In July and November, staff provided the Commission with an update on the Daggett Community Services District ("CSD") water system. Below are the summaries from those updates.

The system currently has one active well with a fair distribution system. In June it experienced a complete system failure which required the County to coordinate a multi-agency and multi-department response. According to the CSD, it is working with the Golden State Water Company (Barstow System) to consolidate the water systems in coordination with the State Water Board under its Small Water System Consolidation program (SB 88). If successful, the two systems would consolidate but would take roughly six years to complete. In the meantime, the single-well system remains vulnerable. There is neither a LAFCO solution for a system failure nor a consolidation, as all neighboring systems are not under LAFCO purview.

The situation in Daggett continues in its challenged state. The State Waterboard issued a notice that it is taking the first step to designate Daggett CSD as a public water system in need of an Administrator because it has not consistently provided an

adequate supply of affordable, safe drinking water to its customers. Specifically, the notice identifies two violations to support its action:

- Failure to comply with maximum contaminant levels of uranium.
- Failure to demonstrate adequate technical, managerial, and financial capacity to maintain and operate the water system in accordance with the CA Safe Water Drinking Act.

The State Water Board is taking this step now, so that a State funded administrator will be able to take on many of the tasks that will be required to assist the Daggett CSD in getting its water system into compliance with applicable drinking water laws and regulations sustainably into the future.


Should the Commission have any questions, staff will be happy to answer them before or at the hearing.

SM/MT

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lafco@lafco.sbcounty.gov  
www.sbclafco.org

---

**DATE:** JANUARY 8, 2025   
**FROM:** SAMUEL MARTINEZ, Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT: AGENDA ITEM #11: EXECUTIVE OFFICER'S REPORT**

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## UPDATES ON PROPOSALS INCLUDING SERVICE REVIEWS/SPECIAL STUDIES, AND SPHERE OF INFLUENCE AMENDMENTS/UPDATES

- LAFCO 3269 – Reorganization to Include Annexation to the City of Chino and Detachment from County Service Area 70 and County Service Area SL-1 (Ramona Francis Annexation)

*LAFCO staff conducted the Protest Hearing for LAFCO 3269 on November 16, 2024; LAFCO staff subsequently issued the Certificate of Completion for LAFCO 3269 on November 25, 2024.*

- LAFCO 3270 – Annexation to the Cucamonga Valley Water District (Southeastern Sphere of Influence)

*Reconsideration period ended. Protest Hearing scheduled for January 29, 2025, at the Cucamonga Valley Water District Boardroom.*

- LAFCO 3271 – Annexation to the Barstow Fire Protection District (Wastewater Treatment Facility Area))

*LAFCO staff issued the Notice of Filing for LAFCO 3271 on December 9, 2024*

## LAFCO NEWS:

We recently completed our recruitment process for the Project Manager/Commission Clerk position. I hired Gavin Centeno, who earned his bachelor's degree in Public Administration from Cal State Dominguez Hills and completed his Master of Public Administration at Cal State Long Beach. We welcome Gavin to the team!



**SOUTHERN REGION LAFCOs:**

The Southern Region LAFCOs met virtually on January 6. Chair Warren, Commissioner Cox, and LAFCO staff attended the meeting.

**CALAFCO NEWS:**

The CALAFCO Board of Directors will be meeting in person on January 10, 2025, from 10:00 AM to 4:00 PM, in Sacramento, CA. Given the Commission's action in November 2024 not renew its membership on CALAFCO, as well as the concerns expressed by other LAFCOs and EOs regarding CALAFCO, the CALAFCO Board will be discussing, among other things, the issues that have been brought forward regarding CALAFCO.

**OTHER PUBLICATIONS:**

*2025 Guide to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000*

The 2025 CKH Guide is now available, and can be accessed from the link below:

[https://www.sbcounty.gov/uploads/LAFCO/Publications/CKH\\_2025.pdf](https://www.sbcounty.gov/uploads/LAFCO/Publications/CKH_2025.pdf)