



February 3, 2022

**TO:** LOCSO Board of Directors

**FROM:** Ron Munds, General Manager

**SUBJECT: Agenda Item 2A – 02/03/2022 Board Meeting**  
Approval of the Mid-Year budget adjustment requests for Fiscal Year 2021-2022.

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Matthew D. Fourcroy

**Vice President**  
Charles L. Cesena

**Directors**  
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**DESCRIPTION**

Mid-Year budget adjustment requests to Fiscal Year 2021-2022 budget.

**SUMMARY OF STAFF RECOMMENDATION**

Staff recommends that the Board adopt the following motion:

***Motion: I move that the Board approve the Mid-Year Adjustment requests as presented for Funds 100, 200, 301, 500, 600, 800 and 900.***

**DISCUSSION**

The following section of the report provides a summary of the requested mid-year changes to the Fiscal Year 2021-2022 budget by Fund. More detailed line-item descriptions of each request are provided as an attachment to the report.

**Fiscal Year 2021-22 Mid-Year Budget Adjustment Request Summary:**

**Fund 100 – Administration**

**Major Adjustment Requests:** Budget neutral adjustments in Contract Services to increase in Labor & Support-IT Services (6100) by \$2,000 and correspondingly decrease Public Meetings and Recordings (7342).

**Impact to Budget:** Budget neutral

**Fund 100 – Mid-Year Budget Adjustment Summary**

There are minor adjustments in the Fund 100 budget being proposed resulting in no net increase or decrease in the overall budget. There is a need to for payroll software support which will increase costs by \$2,000 as noted above in Contract Services to increase in Labor & Support-IT Services (6100). Also as noted above, budget savings in Public Meetings and Recordings (7342) will offset this cost.

As a reminder, there will be a negative balance in Legal & Professional, line-item 7320 for charges attributed to the districting process. When the Board approved the budget, it was recommended the Administration fund balance be used to pay for this activity so it wasn't calculated into cost allocation to the other funds.

The following table summarizes the requested changes to the Fund 100 budget. More detailed information is available in the attached Mid-Year Budget Adjustment worksheets.

## **100 - ADMINISTRATION**

<b>Fund 100 Budget Category</b>	<b>2021-2022 Budget</b>	<b>Mid-Year 2021- 2022 Budget</b>	<b>Increase/ (Decrease)</b>
Revenue	\$661,110.53	\$661,110.53	\$0.00
Expenditures			
Personnel	\$368,865.50	\$368,865.50	\$0.00
Services & Supplies	\$292,245.03	\$292,245.03	\$0.00
<b>TOTAL Expenditures</b>	<b>\$661,110.53</b>	<b>\$661,110.53</b>	<b>\$0.00</b>
<b>TOTAL Revenue</b>	<b>\$661,110.53</b>	<b>\$661,110.53</b>	<b>\$0.00</b>

### **Fund 200 – Bayridge Estates**

**Major Adjustment Requests:** Minor adjustments Legal & Professional Services to account for property tax roll preparation and legal noticing.

**Impact to Budget:** Professional & Consulting services will increase by \$275.00 and Legal Notifications will increase by \$70.00 for an overall increase in budget of \$345.00.

### **Fund 200 – Mid-Year Budget Adjustment Summary**

The summary table below reflects any changes to Fund 200 budget.

The following table summarizes the Fund 200 budget.

## **200 - Bayridge**

<b>Fund 200 Budget Category</b>	<b>2021-2022 Budget</b>	<b>Mid-Year 2021- 2022 Budget</b>	<b>Increase/ (Decrease)</b>
Revenue	\$12,400.00	\$12,400.00	\$0.00
Expenditures			
Services & Supplies	\$6,974.16	\$7,319.16	\$345.00
Capital Outlay	\$0.00	\$0.00	\$0.00
Debt Service	\$0.00	\$0.00	\$0.00
Transfers	\$3,305.55	\$3,305.55	\$0.00
<b>TOTAL Expenditures</b>	<b>\$10,279.71</b>	<b>\$10,624.71</b>	<b>\$345.00</b>
<b>TOTAL Revenue</b>	<b>\$12,400.00</b>	<b>\$12,400.00</b>	<b>\$0.00</b>

### **Fund 301 – Fire**

**Major Adjustment Requests:** There are line-item adjustments in Services and Supplies that require adjustments. Those include Fire Personal Protection Equipment (6440), Property Tax Assessment Costs (6345), and Telephone (6025).

**Impact to Budget:** The adjustment requests will increase the Fund 301 budget by \$15,987.94. The individual requests are discussed in the summary section below.

**Fund 301 – Mid-Year Budget Adjustment Summary**

The following are the dollar adjustments and explanations for line-item adjustments in Services and Supplies. More detailed information is available in the attached Mid-Year Budget Adjustment worksheets.

GL Code	Description	Adjustment Request	Explanation
6440	Fire Personal Protection Equipment	\$8,000	A Cal Fire grant covered a majority of the purchase of new PPE, this is the District's share.
6345	Property Tax Assessment Costs	\$953.94	Consultant costs to provide the analysis for property tax revenue increased.
6025	Telephone	\$7,300	With the office closed to the public, each time the front doorbell is used, it registers as a call.
<b>TOTAL</b>		<b>\$15,987.94</b>	

The following table summarizes the requested changes to the Fund 301 budget.

<b>301 - Fire</b>			
Fund 301 Budget Category	2021-2022 Budget	Mid Year 2021-2022 Budget	Increase/ (Decrease)
Revenue	\$3,199,639.60	\$3,199,639.60	\$0.00
Expenditures			
Total Personnel	\$273,514.00	\$273,514.00	\$0.00
Services & Supplies	\$2,621,509.66	\$2,637,497.60	\$15,987.94
Capital Outlay	\$80,363.04	\$80,363.04	\$0.00
Reserves	\$183,713.00	\$183,713.00	\$0.00
Transfers	\$66,111.05	\$66,111.05	\$0.00
Total Expenditure	<b>\$3,225,210.75</b>	<b>\$3,241,198.69</b>	<b>\$15,987.94</b>
Total Revenue	<b>\$3,199,639.60</b>	<b>\$3,199,639.60</b>	<b>\$0.00</b>

**Fund 400 – Vista de Oro**

**Major Adjustment Requests:** Minor adjustments in Legal & Professional Services which are budget neutral and an increase to Property Taxes and Assessment Costs (6345) which reflects actual cost for the service.

**Impact to Budget:** Increase in Property Taxes and Assessment Costs (6345) of \$342.20.

**Fund 400 – Mid-Year Budget Adjustment Summary**

The summary table below reflects any changes to Fund 400 budget.

<b>400 - VISTA DE ORO</b>			
<b>Fund 400 Budget Category</b>	<b>2021-2022 Budget</b>	<b>Mid-Year 2021-2022 Budget</b>	<b>Increase/ (Decrease)</b>
Revenue	\$15,768.00	\$15,768.00	\$0.00
Expenditures			
Services & Supplies	\$3,000.00	\$3,342.20	\$342.20
Debt Service	\$6,711.49	\$6,711.49	\$0.00
Transfers	\$3,305.55	\$3,305.55	\$0.00
<b>TOTAL Expenditures</b>	<b>\$13,017.04</b>	<b>\$13,359.24</b>	<b>\$342.20</b>
<b>TOTAL Revenue</b>	<b>\$15,768.00</b>	<b>\$15,768.00</b>	<b>\$0.00</b>

### **Fund 500 – Water**

**Major Adjustment Requests:** Adjustments in Services and Supplies which result in a moderate increase in budget due to insurance cost increase and under budgeting for postage and billing costs, and a significant increase in Capital Outlay to reflect actual Board approved project bid award costs for the 16<sup>th</sup> Street South Tank Rehabilitation Projects.

**Impact to Budget:** Net increase in the Services and Supplies budget of \$19,820 and net increase in the Capital Outlay budget of \$88,634. The overall result of the budget adjustments is an approximate \$108,454 increase in the Fund 500 budget as outlined in the next section of the report.

### **Fund 500 – Mid-Year Budget Adjustment Summary**

On the revenue side of the budget at mid-year, water sales, service fees and other revenues are on target with projections.

On the expense side, Fund 500 (Water) budget requires adjustments within several of the object level categories in Services and Supplies to offset line-item increases result in an increase of approximately \$19,820. The object level categories that required increases are:

- Insurance, Licenses and Regulatory Fees (increase of \$6,600)
- Office and Operations (increase \$4,550)
- Rent and Utilities (increase \$200)
- Repairs & Maintenance (increase \$11,000)
- Capital Outlay (\$88,634)

Staff was able to balance expenses at the object level for Equipment and Tools by adjusting line-item expenses within those budget categories resulting in no net impact to the overall budget. Additionally, several line-items were decreased to reflect either actual for service or anticipated costs reductions for the fiscal year.

The following table summarizes the larger budget increases in the **General Ledger line-items** recommended for Mid-Year adjustments; Capital Outlay expenditures are summarized in a following section:

<b>Insurance, License &amp; Regulatory Fees</b>		
7325-Insurance	\$6,600 increase	SDRMA annual insurance increase

<b>Equipment &amp; Tools</b>		
7256-Meter Purchases	\$8,000 increase	Replacement of the LOMS 4" meter; approx. \$6,000
<b>Office &amp; Operations</b>		
7180-Billing Supplies, Forms & Printing	\$16,550 increase (offsetting decrease in 7160 of \$10,000)	Adjustment in voucher coding; corresponding decrease in 7160 of \$10,000 for net increase of \$6,550
<b>Repairs &amp; Maintenance</b>		
6641-R&M Wells	\$4,300 increase	Increase to equip 8 <sup>th</sup> St. well with Variable Frequency Drive
6640-Equipment & Non-structural Assets	\$14,000 increase	South Bay upper well brine tank replacement

### Capital Outlay Summary of Changes

As identified in the 2021-22 Capital Improvement Plan, there are three capital projects and one vehicle replacements initiated this fiscal year. The increase in project costs for the 16<sup>th</sup> Street South Tank Rehabilitation Project is a result of approved project budget increase approved by the Board based on actual contract award amount and approved support services costs.

<b>FY 2021-22 Mid-Year Capital Improvement Projects Status Report</b>				
<b>Budget Code</b>	<b>FY 2020-21 Project</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Status</b>
500/9006	8th Street Well Construction	\$366,441.00	\$336,441.00	Delays due to supply chain issues
<b>FY 21/22 Projects</b>				
500/9006	Program "C" Well Construction	\$750,000.00	\$750,000.00	Waiting for Minor Use Permit
500/9006	16th St. Tank South Rehabilitation	\$352,150.00	\$487,078.00	In progress
500/9059	Replacement Utility Truck Unit H	\$50,000.00	\$33,706.00	Complete
<b>TOTAL</b>		<b>\$1,518,591.00</b>	<b>\$1,607,225.00</b>	

The District was awarded a grant from the Department of Water Resources (DWR) for up to \$239,000 for the 8<sup>th</sup> Street Upper Aquifer Well Project which will help offset the above referenced project cost. Staff has not incorporated this into the budget as revenue since final grant documents have not been signed between DWR and the County which is the lead grantee agency.

The following table summarizes the changes in the Fund 500 budget. As indicated, a significant portion of the budget increase is attributed to the capital projects now in progress. More detailed line-item descriptions of the various budget adjustments are provided as an attachment to the report. The following table summarizes the revised budget for Fiscal Year 2021-22.

### **500 - Water**

<b>Fund 500 Budget Category</b>	<b>2021-2022 Budget</b>	<b>Mid Year FY 2021- 2022 Budget</b>	<b>Increase/ (Decrease)</b>
Revenue	\$2,942,647.40	\$2,953,383.40	\$10,736.00
<b>Expenditures</b>			
Total Personnel	\$780,181.50	\$780,181.50	\$0.00
Services & Supplies	\$610,737.81	\$630,558.00	\$19,820.19
Capital Outlay	\$1,518,591.00	\$1,607,225.00	\$88,634.00
Debt Service	\$275,556.50	\$275,556.50	\$0.00
Reserves	\$57,000.00	\$57,000.00	\$0.00
Transfers	\$565,249.50	\$565,249.50	\$0.00
<b>TOTAL Expenditures</b>	<b>\$3,807,316.31</b>	<b>\$3,915,770.50</b>	<b>\$108,454.19</b>
<b>TOTAL Revenue</b>	<b>\$2,942,647.40</b>	<b>\$2,953,383.40</b>	<b>\$10,736.00</b>

### **Fund 600 – Wastewater**

**Major Adjustment Requests:** A GL coding change was made to accurately account for bank service charges. There is no budget impact.

**Impact to Budget:** No budget impacts

### **Fund 600 – Mid-Year Budget Adjustment Summary**

The summary table below reflects any changes to Fund 600 budget.

The following table summarizes the Fund 600 budget.

### **600 - Wastewater**

<b>Fund 600 Budget Category</b>	<b>2021-2022 Budget</b>	<b>Mid-Year 2021-2022 Budget</b>	<b>Increase/ (Decrease)</b>
Revenue	\$20,110.55	\$20,110.55	\$0.00
<b>Expenditures</b>			
Services & Supplies	\$16,805.00	\$16,805.00	\$0.00
Debt Service	\$0.00	\$0.00	\$0.00
Transfers	\$3,305.55	\$3,305.55	\$0.00
<b>TOTAL Expenditures</b>	<b>\$20,110.55</b>	<b>\$20,110.55</b>	<b>\$0.00</b>
<b>TOTAL Revenue</b>	<b>\$20,110.55</b>	<b>\$20,110.55</b>	<b>\$0.00</b>

### **Fund 800 – Drainage**

**Major Adjustment Requests:** A decrease in investment income to better reflect actual revenue and minor increases to Services and Supplies various categories to balance budget line-items.

**Impact to Budget:** Investment income was decreased by \$1,800; Services and Supplies budget was increased by \$350.00.

### **Fund 800 – Mid-Year Budget Adjustment Summary**

As previously discussed, revenues will decrease by \$1,800 and the Services and Supplies budget will increase by \$350.00.

The following table summarizes the requested changes to the Fund 800 budget. More detail is provided in the attached item detail document.

<b>800 - Drainage</b>			
<b>Fund 800 Budget Category</b>	<b>2021-2022 Budget</b>	<b>Mid-Year 2021-2022 Budget</b>	<b>Increase/ (Decrease)</b>
Revenue	\$135,339.00	\$133,539.00	-\$1,800.00
Expenditures			
Total Personnel	\$9,200.00	\$9,200.00	\$0.00
Services & Supplies	\$29,584.24	\$29,934.24	\$350.00
Capital Outlay	\$15,000.00	\$15,000.00	\$0.00
Reserves	\$0.00	\$0.00	\$0.00
Transfers	\$13,222.21	\$13,222.21	\$0.00
<b>TOTAL Expenditures</b>	<b>\$67,006.45</b>	<b>\$67,356.45</b>	<b>\$350.00</b>
<b>TOTAL Revenue</b>	<b>\$135,339.00</b>	<b>\$133,539.00</b>	<b>-\$1,800.00</b>
Net Revenue/Expenses	\$68,332.55	\$66,182.55	

### **Fund 900 – Parks and Recreation**

**Major Adjustment Requests:** No mid-year budget changes requested.

**Impact to Budget:** No budget impacts.

### **Fund 900 – Mid-Year Budget Adjustment Summary**

The following table summarizes the Fund 900 budget.

<b>900 - Parks &amp; Recreation</b>			
<b>Fund 900 Budget Category</b>	<b>2021-2022 Budget</b>	<b>Mid-Year 2021- 2022 Budget</b>	<b>Increase/ (Decrease)</b>
Revenue	\$23,099.70	\$23,099.70	\$0.00
Expenditures			
Services & Supplies	\$1,600.00	\$1,600.00	\$0.00
Capital Outlay	\$60,000.00	\$60,000.00	\$0.00
Transfers	\$6,611.11	\$6,611.11	\$0.00
<b>TOTAL Expenditures</b>	<b>\$68,211.11</b>	<b>\$68,211.11</b>	<b>\$0.00</b>
<b>TOTAL Revenue</b>	<b>\$23,099.70</b>	<b>\$23,099.70</b>	<b>\$0.00</b>

### **Advisory Committee Action**

The Utilities Advisory Committee reviewed the Fund 500 and 800 budgets at their January 19, 2021 meeting and recommended approval of the mid-year budget adjustments as presented for Funds 500 and 800.

The Finance Advisory Committee will review the entire mid-year budget document at their January 31, 2022 meeting. Staff will report on their recommendations at the February 3<sup>rd</sup> Board meeting.

### **Attachments**

Line-item details for each fund