

SBCCOG
MID-YEAR BUDGET STATUS NARRATIVE
FISCAL YEAR 2020-2021
February 8, 2021

Mid-Year budget summary: Overall, the Mid-year budget for fiscal year 2020-2021 reflects a projected decrease of (\$139,782) compared to the adopted budget (page 2). This amount includes a revenue decrease of (\$2,062,418) or (31.63%), and an expenditure decrease of (\$1,922,636) or (29.89%). There remains a balance of \$42,226 for the office moving expense .

Estimated revenues: The Estimated Revenue Details (page 4) project a decrease in the total General Fund revenues by (\$13,975) or (5.68%). Revenues from grants are projected to decrease (\$2,048,442) or (34.83%). This is due to heavier billing for the first half of the South Bay Fiber Network project in 2019-20 and a shift of Homeless Innovation funds from 2020-21 to 2021-22.

Below is an explanation of some of the revenue increases and (decreases) with the corresponding account codes and descriptions on the revenue categories:

- *MTA South Bay Deputy/4070* – decrease of (\$4,018) no increase from Metro for 2020-21
- *Interest Income/4090* – estimated decrease of (\$10,000) due to decrease in interest rates
- *GBN Torrance/4127* – decrease of (\$1,850) due to decrease in funding from state
- *SCG Contract/4513* – increase of \$48,000 due to additional year of funding in 2021
- *CalTrans LTN/4540* – decrease of (\$10,553) due to greater billing in the first half of the program during FY2019-20
- *Measure R/4570* - decrease of (\$48,890) due to a decrease in program activity
- *Integrated Pest Management/4589* - increase of \$450 due to change in scope of services
- *ICF Resources (REN)/4593* - new contract estimated \$25,000
- *Homeless – LA County (Administration)/4601* – Increase of \$55,922 due to increase in contract amount as well as additional funds for Hygiene program
- *Homeless – LA County, Innovation Fund/4602* – decrease of (\$175,000) in 2020-21 due to contract time extension for the project and shift of funds into 2021-22
- *Water Replenishment District/4610* – increase of \$10,000 due to additional funding for Jan-Jun 2021
- *Measure M/4611* – decrease of (\$10,000) due to decrease in program activity
- *South Bay Fiber Network (SBFN)/4612* - decrease of (\$1,914,365) due to more work being finished in FY19-20 than anticipated
- *Fiber – State of CA/4613* – decrease of (\$30,000) due to decrease in anticipated spending

Please note: the revenue sources are restricted to the uses defined in the contract with the funding agency.

Expenditures: The estimated expenditures (page 5) show a *net* decrease of (\$1,922,636) or (29.89%) compared to the adopted budget in the current year. The Salaries & Benefits portion of the budget decreased (\$55,216) or (5.99%) which reflects one less staff than projected. The

Supplies & Services category shows a *net* decrease of (\$1,857,420) or (34.61%). The expense decrease is due primarily to the South Bay Fiber Network.

Below is an explanation of the expenditure increases and (decreases) with the corresponding account codes and descriptions of the various expenditure categories:

- *Salaries/Regular/6010* – projected mid-year budget of \$694,792 reflects budget for 11 positions, down from 12 as projected in the adopted budget
- *All benefits and taxes* - these reflect the decrease in staff that was authorized but not added
- *Employee Reimbursable Expense/6019* – increase of \$550 to account for the addition of one staff member
- *Refreshments/6203* – decrease of (\$24,500) due to COVID-19 and the stay-at-home order
- *Mileage Reimbursement/6205* – decrease of (\$4,371) due to COVID-19 and the stay-at-home order
- *Meetings/Conferences/6206* – decrease of (\$4,840) due to COVID-19 and the stay-at-home order
- *Newsletter/6208* – decrease of (\$7,070) due to decrease in the number of items printed due to COVID-19 and the stay-at-home order
- *Contractual Services/6210* – decrease of (\$1,796,477) reflects shift of expenditure for South Bay Fiber Network (SBFN) from FY20-21 to FY19-20
- *Rent/6212* – decrease (\$31,314) payment of 10 months' rent instead of 12
- *Equipment Lease/6213* – decrease of (\$4,357) due to reduced usage of Xerox machine as a result of COVID-19 and the stay-at-home order
- *IT Services/Maintenance/6215* – decrease of (\$15,220) due to change of vendor
- *City Reimbursements/6222* – increase of \$30,950 for LA County Homeless Hygiene program - pass through funds for cities

Reserves: Per the recently adopted reserve policy, the target amount for contingencies is \$405,000. As shown on the Budget Summary (page 2), \$249,892 shall be accumulated in LAIF as of June 30, 2021. This amount includes \$53,372 reserve funds established prior to FY15-16 and \$106,520 from the 5-year dues increase with interest. In addition, \$90,000 to be reserved in FY20-21. In order to reach the target of \$405,000, \$38,777 will be required each year for four additional years.