



SAN JOAQUIN COUNCIL OF GOVERNMENTS

555 E. Weber Avenue • Stockton, California 95202 • P 209.235.0600 • F 209.235.0438 • www.sjco.org

March 31, 2025

Toni Lundgren
 City of Manteca
 1001 W. Center St.
 Manteca, CA 95337

Paul Akinjo
 CHAIR

Christina Fugazi
 VICE CHAIR

Diane Nguyen
 EXECUTIVE DIRECTOR

Member Agencies
 CITIES OF
 ESCALON,
 LATHROP,
 LODI,
 MANTECA,
 MOUNTAIN HOUSE,
 RIPON,
 STOCKTON,
 TRACY,
 and
 THE COUNTY OF SAN
 JOAQUIN

Dear Ms. Lundgren:

On March 27, 2025 the SJCOG Board adopted the Annual Financial Plan for FY 2025-26. Attached is the board staff report as well as a copy of the adopting resolution. Pursuant to SJCOG's Joint Powers Agreement, following adoption of the budget by the SJCOG Board, it is to be delivered to member agencies for ratification by each governing body. Approval by a majority of the governing bodies representing 55% or more of the county's population is considered ratification.

Therefore, SJCOG requests you place SJCOG's Annual Financial Plan for FY 2025-26 on a forthcoming consent agenda prior to June 30, 2025, for ratification.

The Annual Financial Plan implements the FY 2025-26 Overall Work Program (OWP) that was also adopted by the SJCOG Board on March 27, 2025.

The attached excerpt of the Annual Financial Plan (AFP) provides a summary of revenues and expenditures by cost category and line item comparing the approved FY 2025-26 budgets with the current year (FY 2024-25) adopted budget, as most recently amended, along with FY 2023-24 actual expenditures. Revenues and expenditures total **\$55,267,077.00**. The approved AFP represents the general fund budget for SJCOG. The revenues and expenditures in the AFP are the same as the Overall Work Program (OWP), however, presented in a traditional line-item format compared to the work element format of the OWP.

Readers should note several differences between SJCOG and its member agencies' budgets:

- SJCOG revenue sources are quite different from our member agencies.
- SJCOG employs staff on an at-will basis, vis-à-vis civil service and has its own employee handbook and policies.
- SJCOG has its own Financial and Accounting Policy guiding our financial matters including procurement procedures.
- SJCOG employees are exempted from Social Security except for Medicare.
- As noted below, SJCOG offers a defined contribution retirement plan to its employees. SJCOG has no CalPERS or post employments benefit obligations except limited sick leave conversion as noted.

The following assumptions are incorporated in the budget:

1. Work will not begin, and expenses will not be incurred unless anticipated revenue sources are secured.
2. The AFP anticipates SJCOG to be fully staffed. The budget includes a 7.5 % pool that can be drawn upon for merit-based increases and potential promotions. The full impact of that pool is incorporated into the salary-driven benefits (retirement, Medicare, disability).
3. SJCOG has no significant liability exposure for post-employment benefits.
 - a. The employee retirement program is a defined contribution program managed by the International City Managers Association Retirement Program (Mission Square Retirement).
 - b. SJCOG employee vacation accruals are capped at two times the individual's annual leave.
 - c. Upon separation with 50 years of age or 20 years of SJCOG employment, an employee can convert accrued sick leave hours to be deposited into a Retirement Health Savings Account to pay for health-related expenses. The conversion is based upon the employee's salary at retirement.

ATTACHMENT 4

SJCOG staff would be pleased to appear before your policymakers to answer any questions they might have regarding this matter. **We request ratification prior to June 30, 2025.** Please let me know when this will be on your agenda. If you have any questions regarding this matter, don't hesitate to contact me at (209) 235-0454.

Thank you for your assistance.

Sincerely,

DocuSigned by:

Grace Orusco

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GRACE OROSCO

Interim Deputy Director of Finance & Administration

Attachments:

FY 2025-26 Annual Financial Plan Board Summary

FY 2025-26 Annual Financial Plan Staff Report

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