

## ABAG FINANCE AND PERSONNEL COMMITTEE

Thursday, January 15, 2009, 5:00 p.m.  
 ABAG Conference Room  
 MetroCenter—8<sup>th</sup> and Oak Streets  
 Oakland, CA

<u>Est. Time in Minutes</u>		<u>Recommendation</u>
2	1. <b>Public Comments</b>	<b>Information</b>
5	2. <b>Election of Officers</b> <i>Following ABAG's Committee Rules and Procedures, the Committee will elect a Chair and Vice Chair.</i>	<b>Action</b>
2	*3. <b>Minutes of the November 20, 2008 Meeting</b>	<b>Action</b>
10	<b>Follow-up on Auditor's Memorandum on Internal Control</b>	<b>Information</b>
	4. <i>Following the presentation of the Memorandum on Internal Control and Required Communication by Maze and Associates at the November 20 meeting, the Committee requested staff to report on actions taken or pending to address the auditor's recommendations re Information Technology Best Practices .</i>	
5	*5. <b>Financial Reports – ABAG</b> <i>The November 2008 reports are enclosed with the agenda packet.</i>	<b>Action</b>
15	*6. <b>Review of Proposed Work Program, Budget and Membership Dues-- FY 2009-2010</b> <i>The Committee will make a recommendation to the Executive Board on the proposed FY 09-10 operating budget and membership dues.</i>	<b>Action</b>
	<b>THE FOLLOWING ITEM WILL BE DISCUSSED IN CLOSED SESSION PURSUANT TO THE REQUIREMENTS OF THE RALPH M. BROWN ACT.</b>	
10	7. <b>Conference with Labor Negotiators</b> <i>Agency designated representatives: Patricia Jones, Brian Kirking and Austris Rungis [IEDA]. Employee organization: SEIU Local 1021.</i>	<b>Information</b>
	8. <b>Adjournment</b>	<b>Action</b>
	* Attachments enclosed with packet.	

## ABAG FINANCE AND PERSONNEL COMMITTEE

### Summary Minutes

November 20, 2008

#### Members Present

Supervisor Scott Haggerty, Chair  
Mayor Gwen Regalia, Vice Chair  
Vice Mayor David Cortese  
Supervisor Barbara Kondylis  
Supervisor John Gioia  
Supervisor Rose Jacobs Gibson  
Mayor Mark Green

#### Jurisdiction

County of Alameda  
City of Walnut Creek  
City of San Jose  
County of Solano  
County of Contra Costa  
County of San Mateo  
City of Union City

#### Members Absent

Supervisor Mike Kerns  
Supervisor Peter McHugh

County of Sonoma  
County of Santa Clara

#### Officers and Staff Present

Henry Gardner, Executive Director  
Patricia Jones, Assistant Executive Director  
Kenneth Moy, Legal Counsel  
Herbert Pike, Finance Director

#### Other attendees:

Cory Biggs, Maze & Associates

The meeting was called to order at 5:00 p.m.

- 1) There were no public comments.
- 2) Minutes of the September 18, 2008 meeting were approved as presented.  
/M/Cortese/S/Green/C/to approve.
- 3) Cory Biggs from Maze & Associates, the Agency's auditors, presented the June 30, 2008 audited financial reports for ABAG. In addition, the associated Single Audit and the Memorandum on Internal Control and Required Communications were also presented. After a few follow-up questions of staff, it was requested that staff return at the January 15 meeting to discuss progress on addressing the auditors' recommended "Information Technology Best Practices."

**AGENDA ITEM 3**

/M/Green/S/Gioia/C/ to forward the financial statements to the Executive Board with a recommendation to approve.

- 4) Pike summarized the September and October 2008 financial reports for ABAG.  
/M/Regalia/S/Kondylis/C/ to approve.
- 5) Gardner and Moy presented a proposed policy per the direction of the Committee to authorize a \$75 per diem for attending a meeting via teleconference..  
/M/Gioia/S/Regalia/C/ to approve and forward to Executive Board.
- 6) Closed Session was held with Agency designated representatives Patricia Jones and Austris Rungis (IEDA) regarding negotiations with ABAG's employee union—SEIU 1021.  
Chair to report to the Executive Committee that the Committee was apprised as to the on-going status of negotiations by the agency's representatives.
- 7) Meeting was adjourned at 5:50 p.m.

TO: Finance and Personnel Committee

DT: December 30, 2008

FM: Herbert Pike, Finance Director

Re: Financial Reports  
--November 2008

The following are highlights of the financial reports for November 2008.

Cash on Hand (Figure 1)

Cash on hand increased to about \$1.85 million on November 30 from \$1.78 million on October 31. The November balance includes approximately \$1.1 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The November 30 cash balance is reasonable at the end of the first five months of the fiscal year.

Receivables (Figure 2)

Receivables from grant and service programs amounted to about \$3.0 million on November 30, compared to \$3.1 million a month prior. Compared to November 30 the year prior, the total reflects an increase of approximately \$244 thousand. It is feared that the continued reduction in State staffing and requested furloughs may slow reimbursements in the succeeding months. The State is also threatened with a shortfall in cash as soon as February which would definitely impact ABAG's receivables.

Actual vs. Budgeted Expenses (Figure 9)

Total expenses on November 30 amounted to about \$7.70 million, or 28.8% of the approved budget of \$26.7 million for FY 08-09.

Actual vs. Budgeted Revenues (Figure 10)

At November 30, total revenues amounted to about \$7.60 million, or 28.7% of the approved budget of \$26.7 million for FY 08-09.

As of November 30, both revenues and expenses are below budget for the first five months of FY 08-09. These positions are largely due to the timing of consultant and sub-contractor expenses that are grant funded. These are typically multi-year programs and their budget balances at fiscal year-end will be carried forward to the following year. These expenses fluctuate widely from year to year.

Fund Equity (Figure 5)

As of November 30, general fund equity was approximately \$1.06 million. The decline from \$1.33 million as of October 31 is attributed to a catch-up of expenditures deferred from October as well as reduced grant revenues due to holidays and vacations. The latter situation is projected to occur again in December for the holiday season. The agency's restricted fund equity, consisting of building bond interest, capital, self-insurance and building maintenance, amounted to \$510 thousand.

Indirect Cost (Figure 6)

The agency's actual indirect cost (overhead) rate was 42.65% of direct labor cost as of November 30, or about 99% of the budgeted rate of 43.00% for FY 08-09. Because of the anticipated leave usage during the holiday season, the rate may go beyond 43.00% through December before it declines during the latter half of the year.

Overall (Figures 3, 4, 7 & 8)

At November 30, the agency's finances are very close to forecast with a modest deficit of roughly \$48.4 thousand, or 0.6% of the year-to-date revenues. It appears that this fiscal year is adequately funded. ABAG may be impacted by the State's looming cash flow problems. Some projects funded through the State have already been suspended until the budget impasse is resolved. At present, there appears to be sufficient funding to cover grant-funded staff for a couple of months.

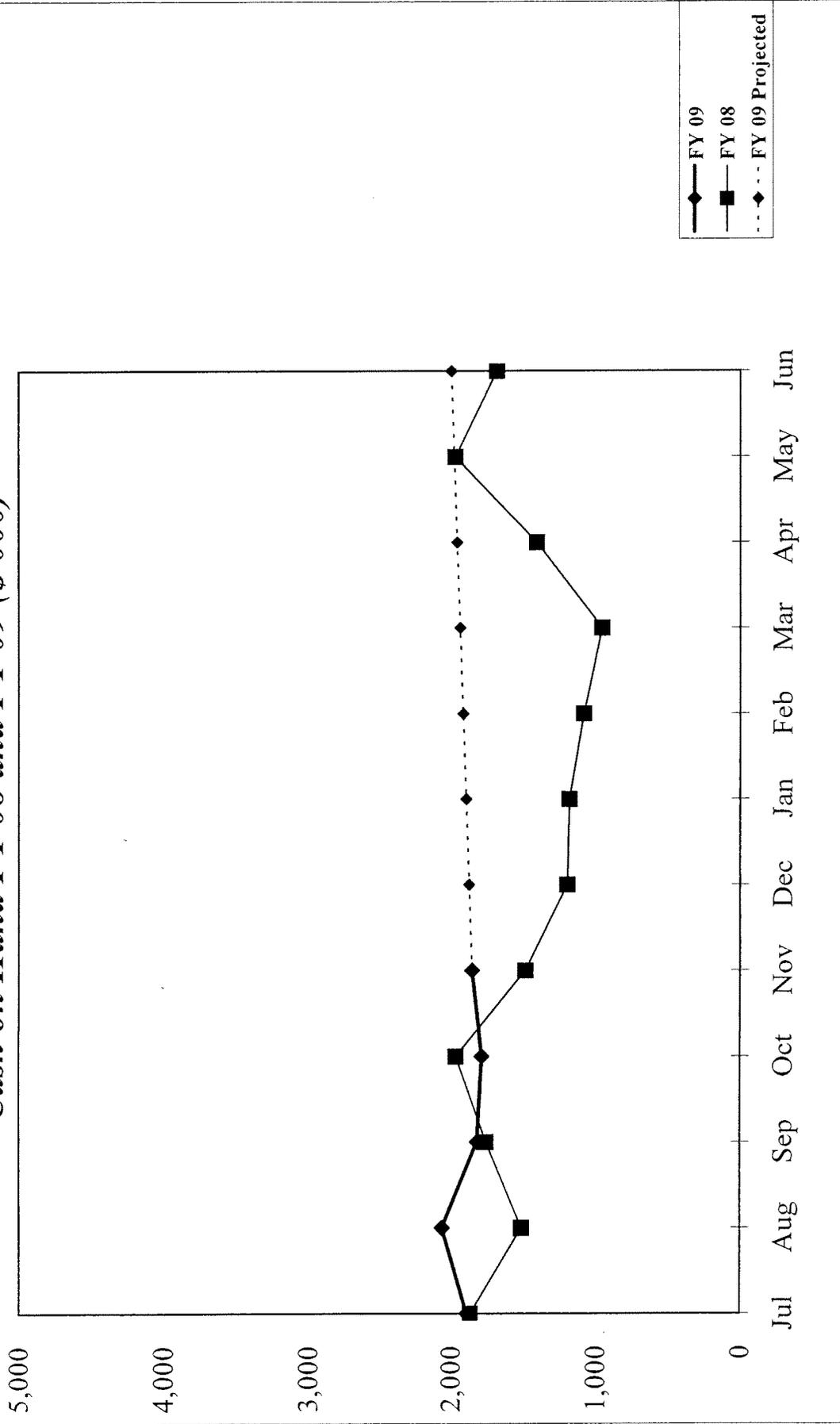
# ABAG FINANCIAL REPORTS

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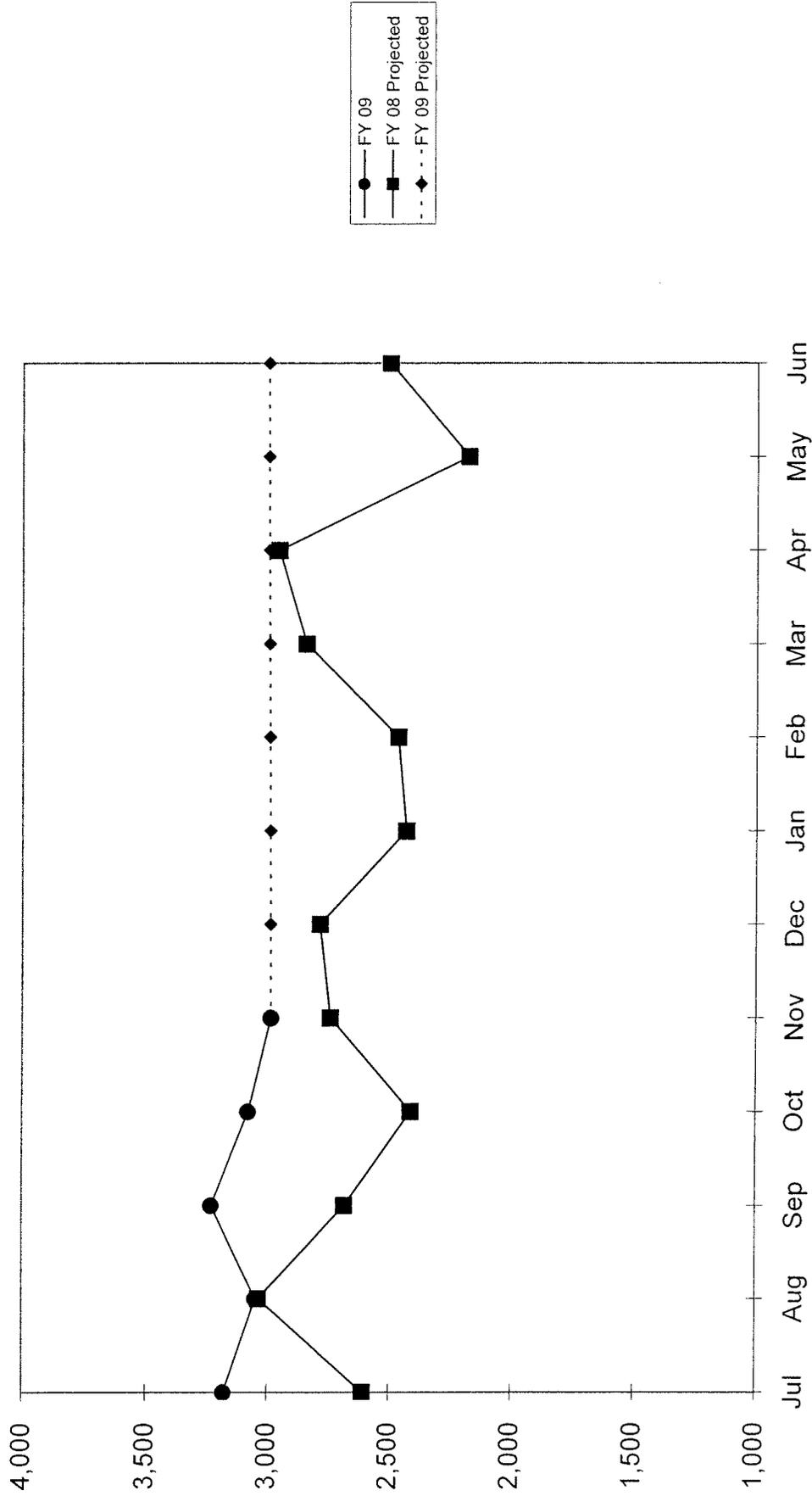
# ABAG Financial Indices

## Cash on Hand FY 08 and FY 09 (\$'000)



# ABAG Financial Indices

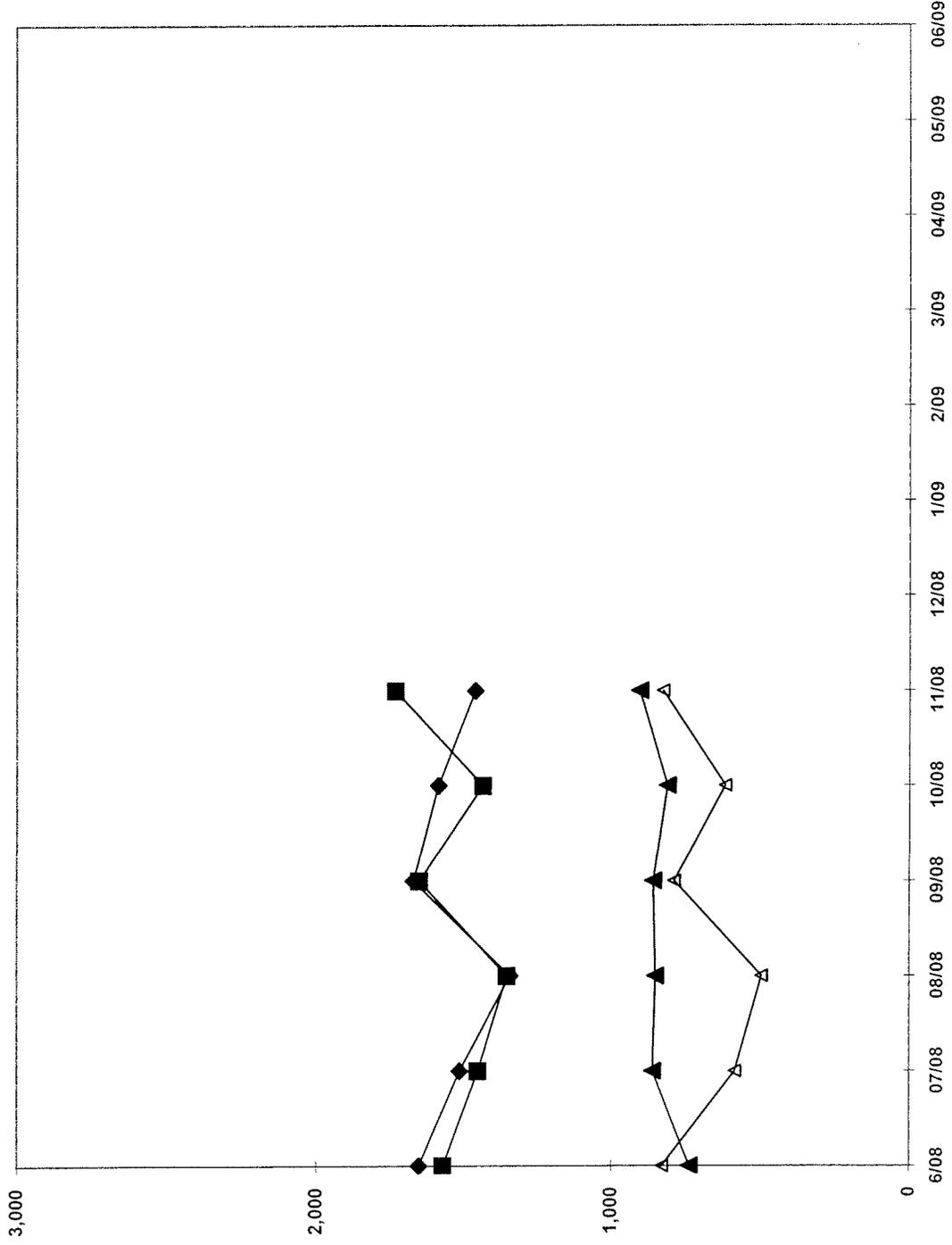
## *Accounts Receivable FY 08 and FY09 (\$'000)*



# ABAG Financial Indices

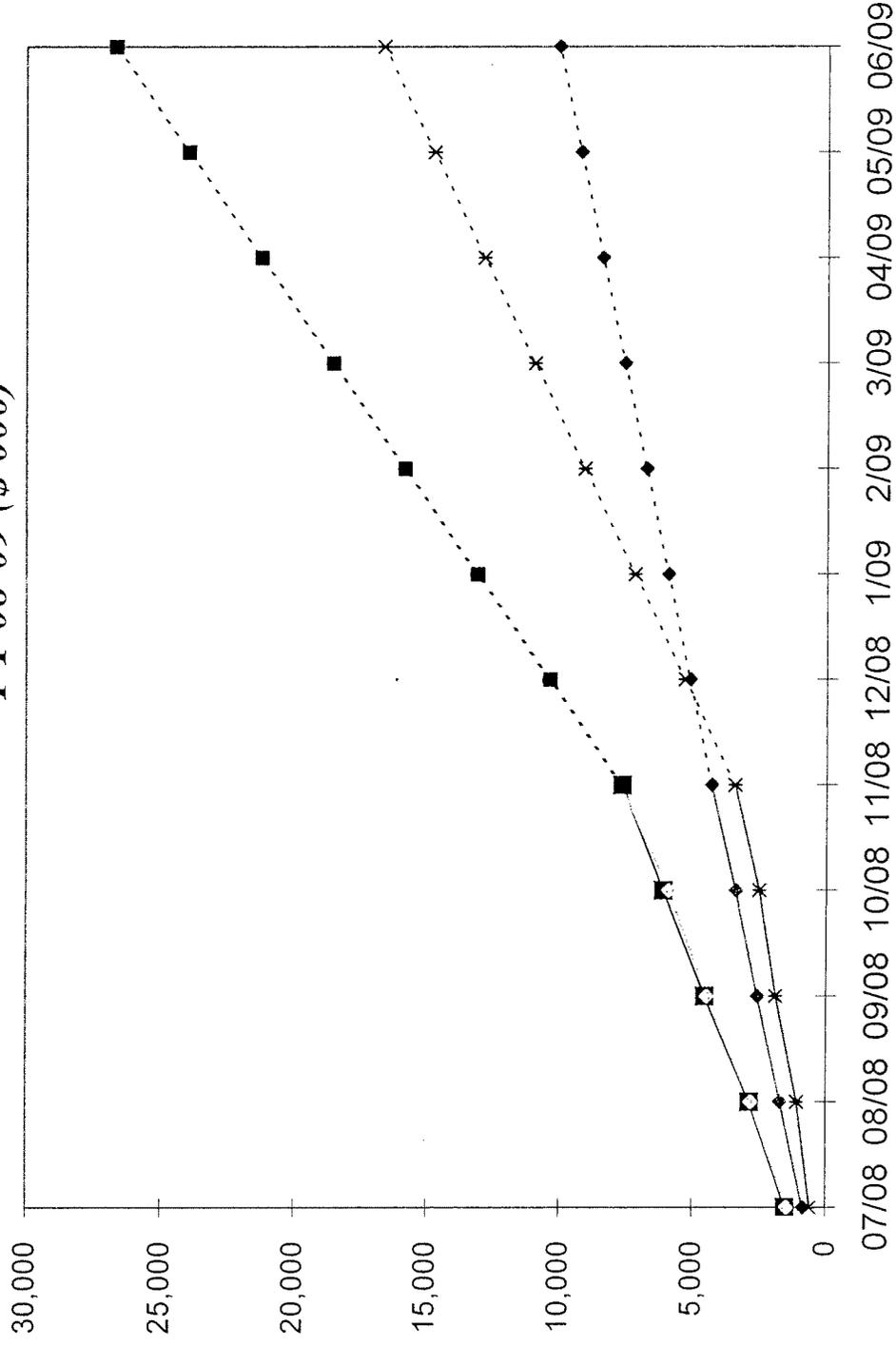
## Current Month Revenues & Expenses

### FY 08-09 (\$'000)



# ABAG Financial Indices

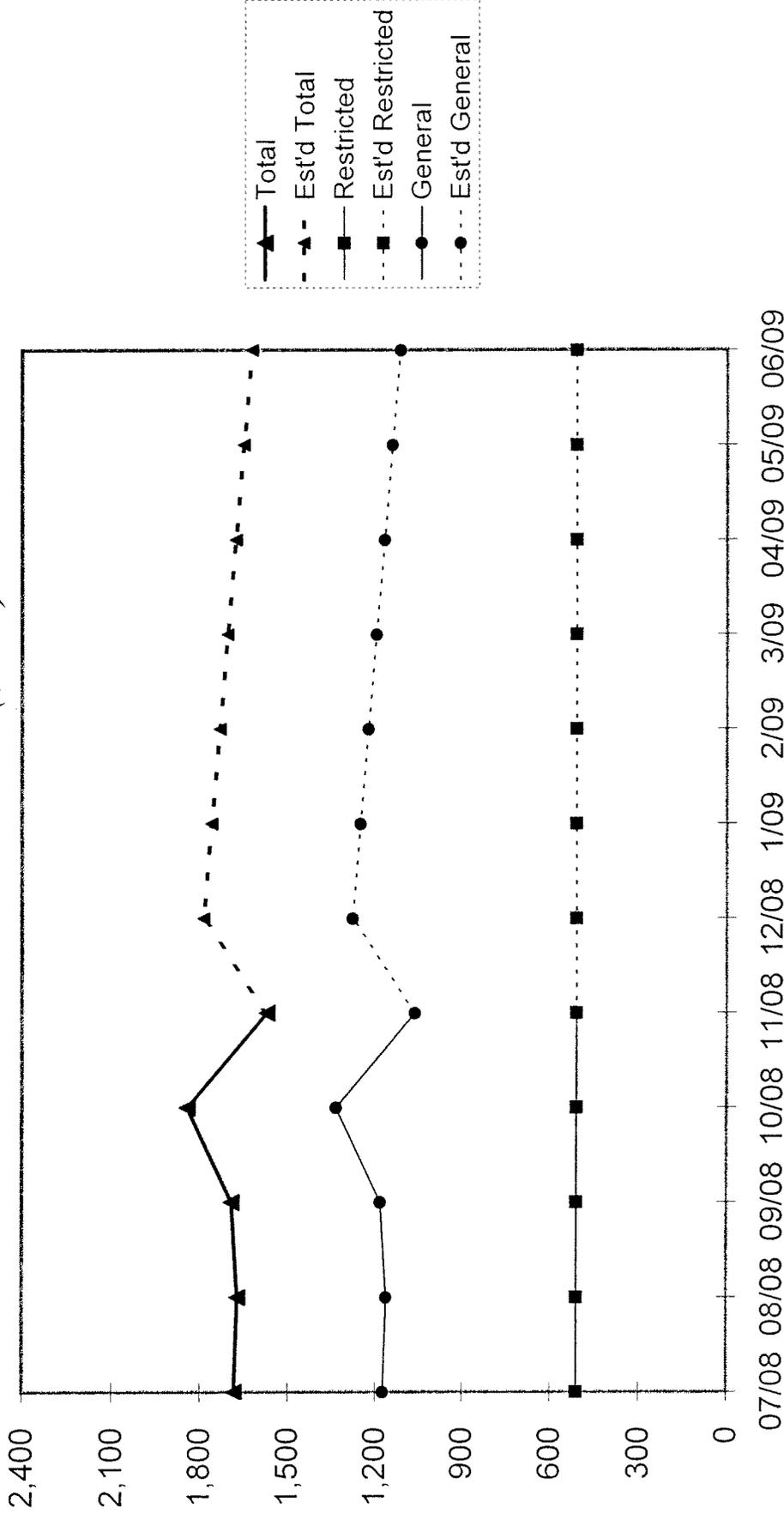
## Year-to-date Revenues & Expenses FY 08-09 (\$'000)



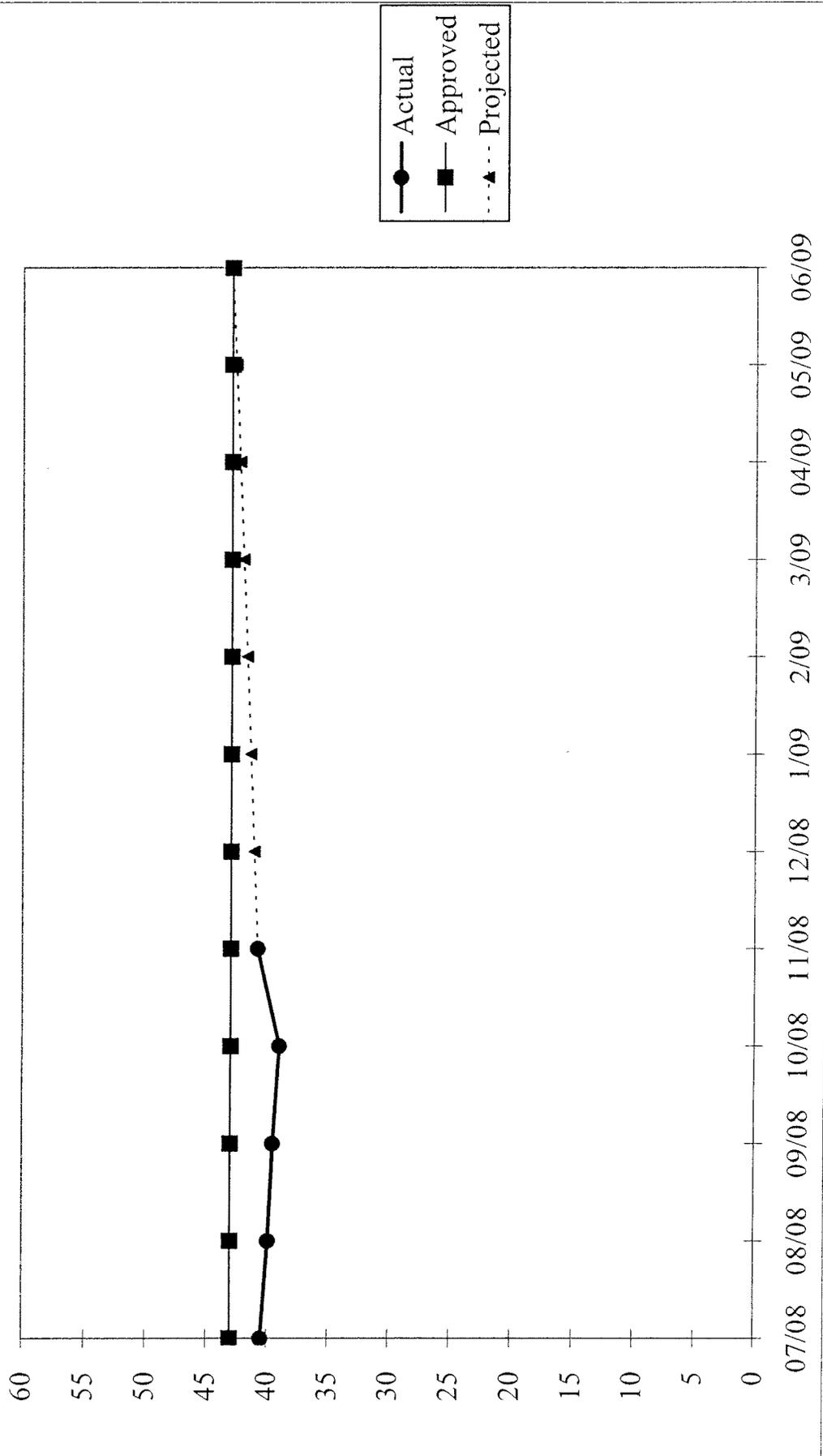
# ABAG Financial Indices

## Fund Equity

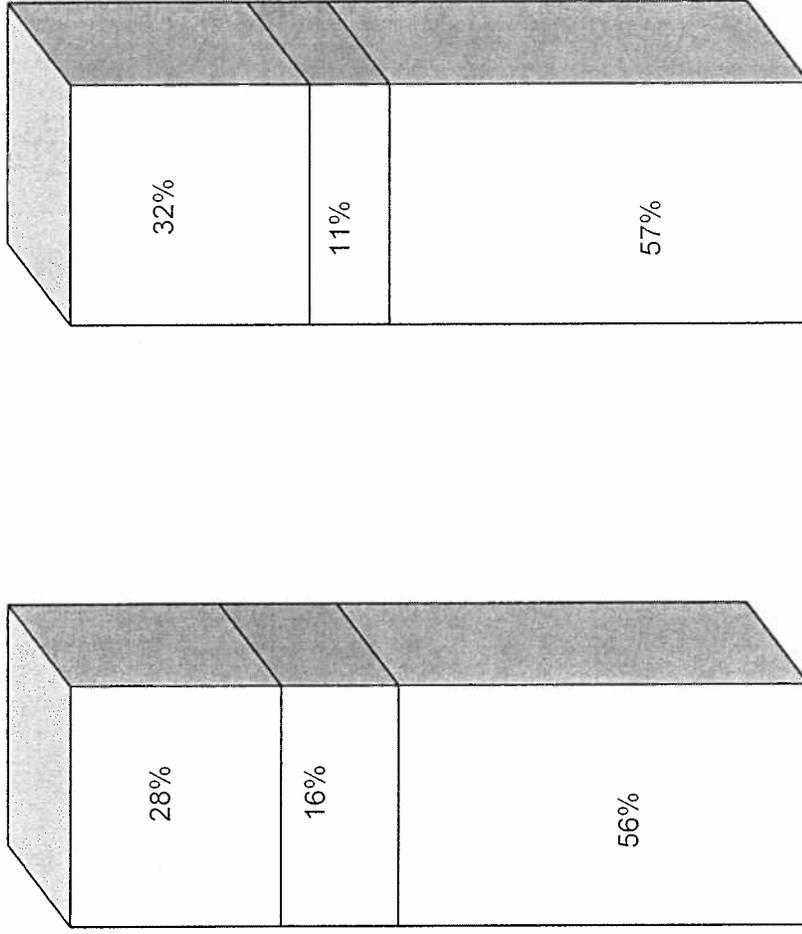
### FY 08-09 (\$'000)



**ABAG Financial Indices**  
*Indirect Cost Rate (% of Direct Labor Cost)*  
**FY 08-09**

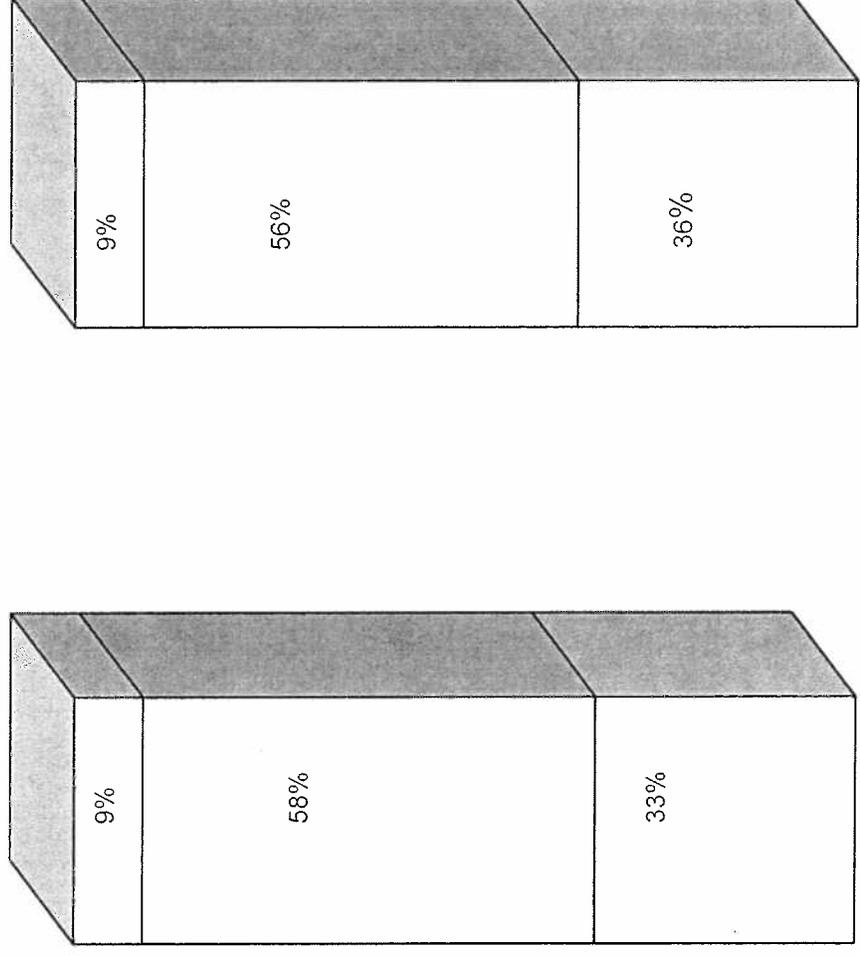


**ABAG Financial Indices**  
**Composition of Expenses FY 08 -- FY 09**  
**Year to Date**  
**(\$'000)**



	FY08-09 Expenses (Total \$7,701)	FY07-08 Expenses (Total \$7,056)
<input type="checkbox"/> Consultants	\$2,182	\$2,267
<input type="checkbox"/> Others	\$1,227	\$768
<input type="checkbox"/> Payroll	\$4,292	\$4,020

**ABAG Financial Indices**  
**Composition of Revenues FY 08-- FY 09**  
**Year to Date**  
**(\$'000)**

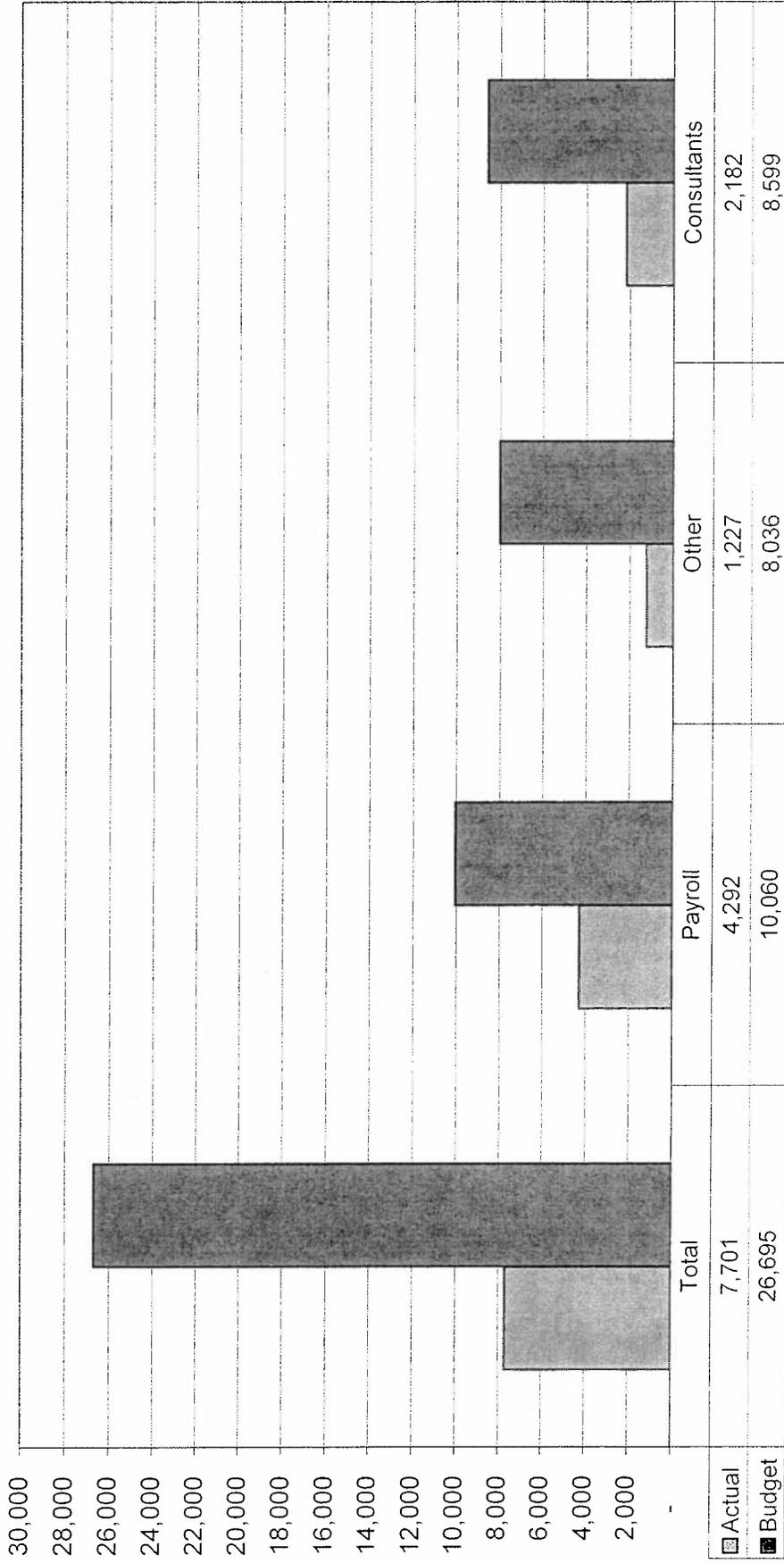


	FY 08-09 Revenue (Total \$7,603)	FY 07-08 Revenue (Total \$7,092)
<input type="checkbox"/> Membership	\$668	\$622
<input type="checkbox"/> Grants	\$4,418	\$3,946
<input type="checkbox"/> Services & Others	\$2,517	\$2,524

# ABAG Financial Indices

## Actual vs Budgeted Expenses--FY 08-09

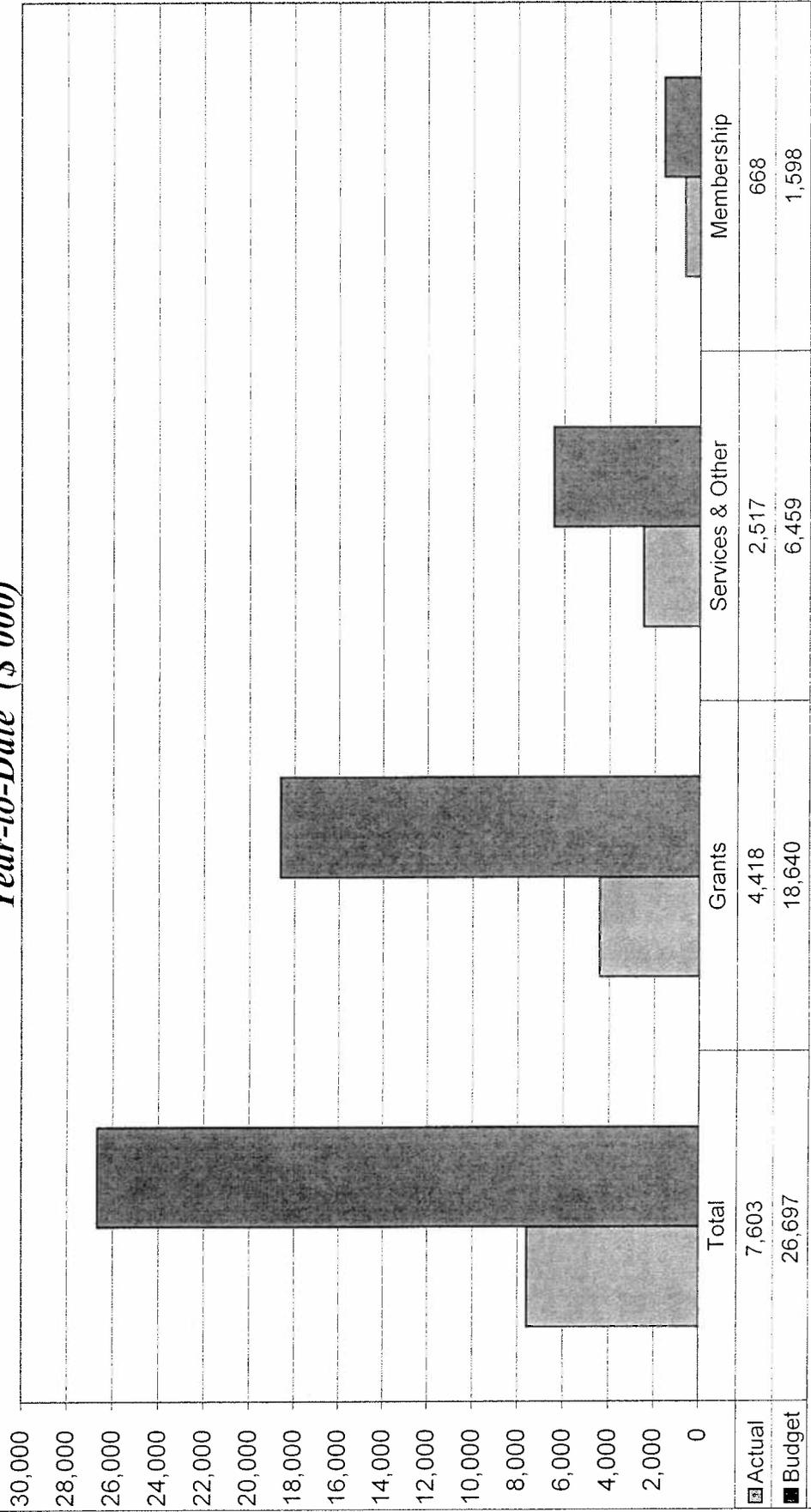
### Year-to-Date (\$'000)



# ABAG Financial Indices

## Actual vs Budgeted Revenues--FY 08-09

### Year-to-Date (\$'000)



## **Description of Charts**

### Figure 1 -- Cash on Hand

Cash on hand represents the sum total of cash deposited at our bank and the Local Agency Investment Fund (LAIF). This chart shows fluctuation patterns of cash on hand for the current and last fiscal years.

### Figure 2 -- Accounts Receivable

Accounts receivable tracked by this chart include receivables generated by grants and service programs over two fiscal years. This chart reflects the reasonableness of our receivable levels. We usually have about six weeks' worth of our annual revenues in receivables.

### Figure 3 -- Current Month Revenues and Expenses

Presents month by month total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall current month net surplus (or deficit) for the agency.

### Figure 4 -- Year-to-date Revenues and Expenses

Presents year-to-date total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall year-to-date net surplus (or Deficit) for the agency.

### Figure 5 --Fund Equity

Presents general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building bond interest, building maintenance, self-insurance and capital. These restricted equities represent the agency's equities set aside for specific purposes as approved by the Finance and Personnel Committee. Total equity is the sum total of general and restricted equities.

### Figure 6 -- Indirect Cost Rate (% of Direct Labor Cost)

This chart shows a comparison between the actual indirect cost rate and the approved rate. The approved indirect cost rate is computed by dividing total estimated overhead expenses by total projected direct labor cost for a fiscal year. This rate is used as a standard overhead cost rate to allocate indirect costs to all projects. This process is performed in accordance with an indirect cost plan, which is prepared annually in accordance with OMB A-87.

### Figure 7 – Composition of Expenses

This chart compares expenses for current and last fiscal years. It groups expenses into two broad categories -- payroll costs and other expenses.

### Figure 8 -- Composition of Revenues

Presents a break down of total revenues into four main sources -- membership, grants, services and others. This chart compares revenue sources between current and last fiscal years.

### Figure 9 -- Actual vs. Budgeted Expenses

Presents a comparison of actual and budgeted total expenses as well as component categories: payroll costs, consultants and other expenses.

### Figure 10 -- Actual vs. Budgeted Revenues)

Presents a comparison of actual and budgeted total revenues as well as component categories: membership dues, grants, services and other.