

ABAG FINANCE AND PERSONNEL COMMITTEE

Thursday, May 17, 2012, 5:00 p.m.
Oakland Marriott City Center
Room OCC 201
1001 Broadway
Oakland, CA

	<u>Recommendation</u>
1. Call to Order	** <hr/>
2. Public Comments	Information
*3. Minutes of the March 15, 2012 Meeting	Action
*4. Financial Reports – ABAG <i>The February and March 2012 Financial reports are enclosed with the agenda packet.</i>	Action
5. Update on ABAG Membership <i>An oral report will be provided.</i>	Information
THE FOLLOWING ITEM WILL BE DISCUSSED IN CLOSED SESSION PURSUANT TO THE REQUIREMENTS OF THE RALPH M. BROWN ACT.	
6. Conference with Legal Counsel – Anticipated Litigation Significant exposure to litigation pursuant to Gov't Code Section 54956.9(b)(1): 1 case	Information
7. Adjournment	Action

* Attachments enclosed with packet.

** The Committee may take action on any item on the agenda, which action may be the recommended action, any other action or no action.

ABAG FINANCE AND PERSONNEL COMMITTEE

Summary Minutes

March 15, 2012

Members Present

Supervisor David Cortese
Mayor Mark Green
Supervisor Scott Haggerty
Supervisor Mark Luce
Vice Mayor Peter McHugh
Councilmember Julie Pierce
Councilmember A. Sepi Richardson

Jurisdiction

County of Santa Clara
City of Union City
County of Alameda
County of Napa
City of Milpitas
City of Clayton
City of Brisbane

Members Not in Attendance

Supervisor Rose Jacobs Gibson, Chair
Supervisor John Gioia
Supervisor Barbara Kondylis

County of San Mateo
County of Contra Costa
County of Solano

Officers and Staff Present

Ezra Rapport, Executive Director
Patricia Jones, Assistant Executive Director
Kenneth Moy, Legal Counsel
Herbert Pike, Finance Director
Susan Hsieh, Assistant Finance Director

Guests:

Supervisor David Rabbitt
County of Sonoma

- 1) Councilmember Richardson called the meeting to order at 5:00 p.m.
- 2) Summary Minutes of the January 19, 2012 meeting were approved.
/M/McHugh/S/Haggerty/C/approved.
- 3) Pike provided an overview of the December 2011 and January 2012 Financial Reports.
/M/Green/S/McHugh/C/approved.
- 4) Rapport and the Committee reviewed discussions to-date and next steps in facilitating discussions in securing long-term commitments for the funding of the Planning & Research operations of ABAG. No action reported.

- 5) Closed Session re Public Employee Performance Evaluation/Executive Direction.
No reportable action.
- 6) Meeting adjourned at 6:00 p.m.

TO: Finance and Personnel Committee

DT: March 30, 2012

FM: Herbert Pike, Finance Director

Re: Financial Reports
--February 2012

The following are highlights of the financial reports for February 2012.

Overall Summary (Figures 3, 4, 7 & 8)

Through February 29th, the Agency's net year-to-date financial operating gain of about \$280 thousand is higher than in previous years, the largest factor being the surplus in indirect overhead to-date attributed to the diversion of accounting, information technology and administrative support personnel away from indirect overhead and charging directly to several new energy projects. The Association's cash balance is \$2.25 million higher than the end of February the prior year. A significant portion of current year's cash balance is committed for grant funded activities. A year-end operating surplus of at least \$50,000 is still achievable, barring any extraordinary expense.

Cash on Hand (Figure 1)

Cash on hand increased to \$3.52 million as of February 29th from \$3.11 million on January 31st. The increase of \$407 thousand is attributed primarily to payments from granting agencies for expenditures incurred in prior months, as well as advances from granting agencies to pay for anticipated contractor expenditures expected in the next one to two months. The February balance includes approximately \$1.36 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The February 29th cash balance is approximately \$2.25 million greater than the prior year. In the current fiscal year, the Association received large advances from a few granting agencies. The grant funds will be used for future program activities such as the design and construction of the Bay Trail Project and energy incentives for Bay Area homeowners.

Receivables (Figure 2)

Receivables from grant and service programs amounted to about \$3.30 million on February 29th, a decrease of \$1.34 million from the month prior. The month to month decrease reflects a \$917 thousand decrease in billed grants receivables and a \$640 thousand decrease in unbilled receivables offset by a \$226 thousand increase in billed services. Effective and efficient management of receivables/grant billings resulted in lower billed receivable balance. February being a short month with a holiday also decreased project expenditures resulting in reducing the unbilled receivable balance. The draw down of funds advanced for contractor/homeowner payments also contributed to reduced billed receivables, because the lag between the billing and the receipt of funds is substantially eliminated due to grant prepayments ABAG is holding. Receivables are approximately \$331 thousand lower than they were a year prior reflecting the higher usage of grant funded advances in the current fiscal year, especially in energy-related grant activity.

Actual vs. Budgeted Expenses (Figure 9)

Total expenses through February 29th, the eighth month of the fiscal year, amounted to about \$17.48 million, or 59.4 percent, of the adjusted budgeted annual expense of \$29.30 million for FY 2011-12. The substantial upward adjustment is due to some large grants (funded through ARRA) that have strict requirements to spend the funds, primarily to contractors, before the end of the current fiscal year.

Actual vs. Budgeted Revenues (Figure 10)

As of February 29th, total revenues amounted to about \$17.76 million, or 62.7 percent, of the revised budgeted annual revenue of \$29.35 million for FY 11-12.

As of February 29th, both revenues and expenses are below projections for the first eight months of FY 2011-12 (66.7 percent). These positions are largely due to the timing of consultant and sub-contractor expenses that are grant funded and for which there is a customary lag between the rendering of the service and the conversion to an expense and receivable when the contractors submit their bills. As some large grants expire, revenues and expenses are expected to increase toward the end of the fiscal year.

Fund Equity (Figure 5)

As of February 29th, general fund equity was approximately \$1.36 million, an increase of \$178 thousand from prior month. The Agency's restricted fund equity, consisting of capital, self-insurance, building maintenance and reserves, remained unchanged at \$560 thousand. That is \$50 thousand over the previous year to reflect the discussed minimum annual reserve increase in reserves of \$50 thousand per year.

Indirect Cost (Figure 6)

The Agency's actual indirect cost (overhead) rate was 37.42 percent, or 5.53 percent below target. The lower than expected rate reflects the diversion of substantial central services efforts toward new grants, especially energy grants. The rate is expected to increase in the next few months after a sizeable energy project wraps up in March 2012. It will allow some staff to divert their focus and resources back into the overhead functions.

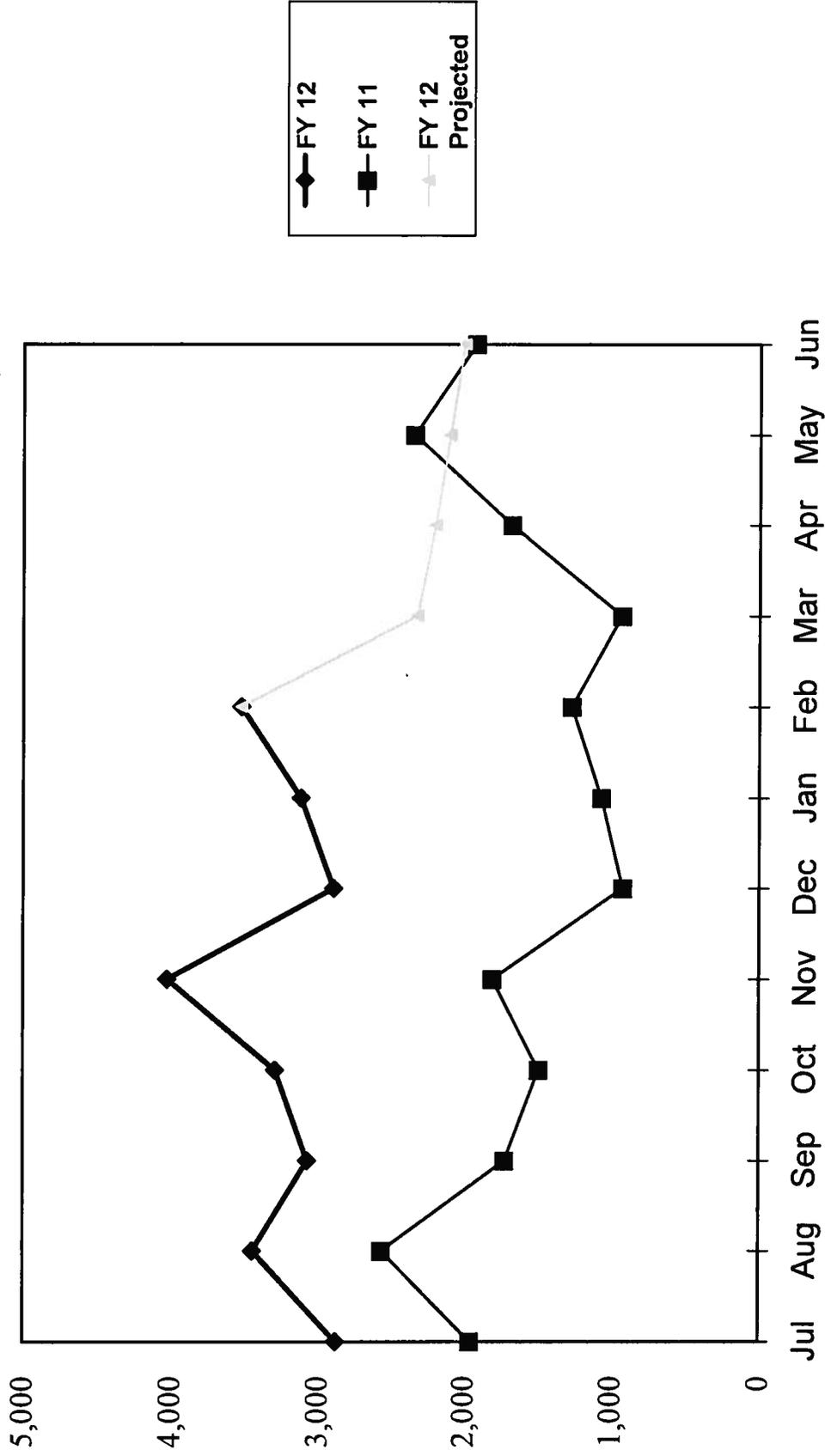
ABAG FINANCIAL REPORTS

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ABAG Financial Indices

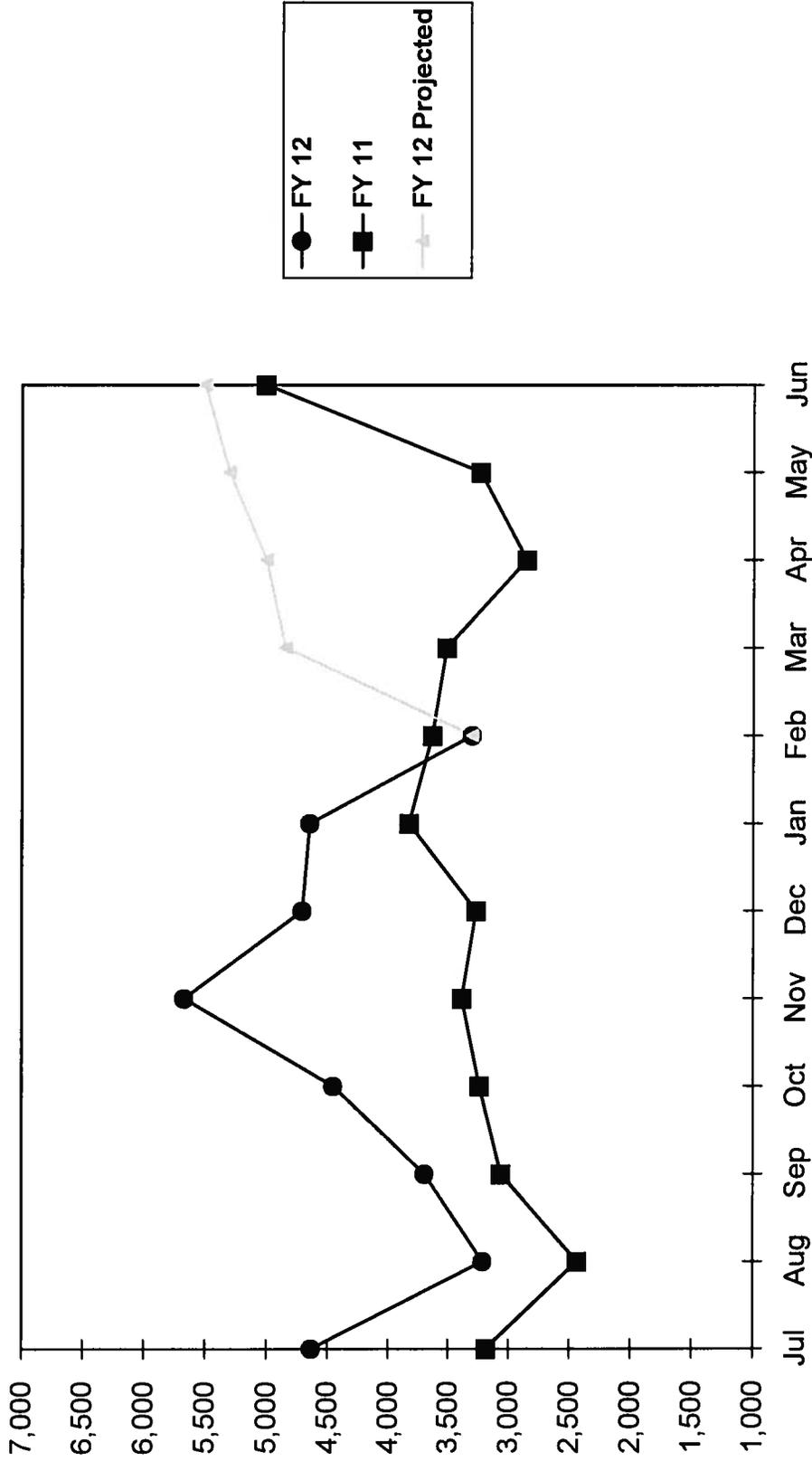
Figure 1--Cash on Hand--FY 11 and FY 12 (\$'000)



Represents the sum total of cash deposited at our bank and the Local Agency Investment Fund.
 This chart shows fluctuation patterns of cash on hand for the current and prior fiscal years.

ABAG Financial Indices

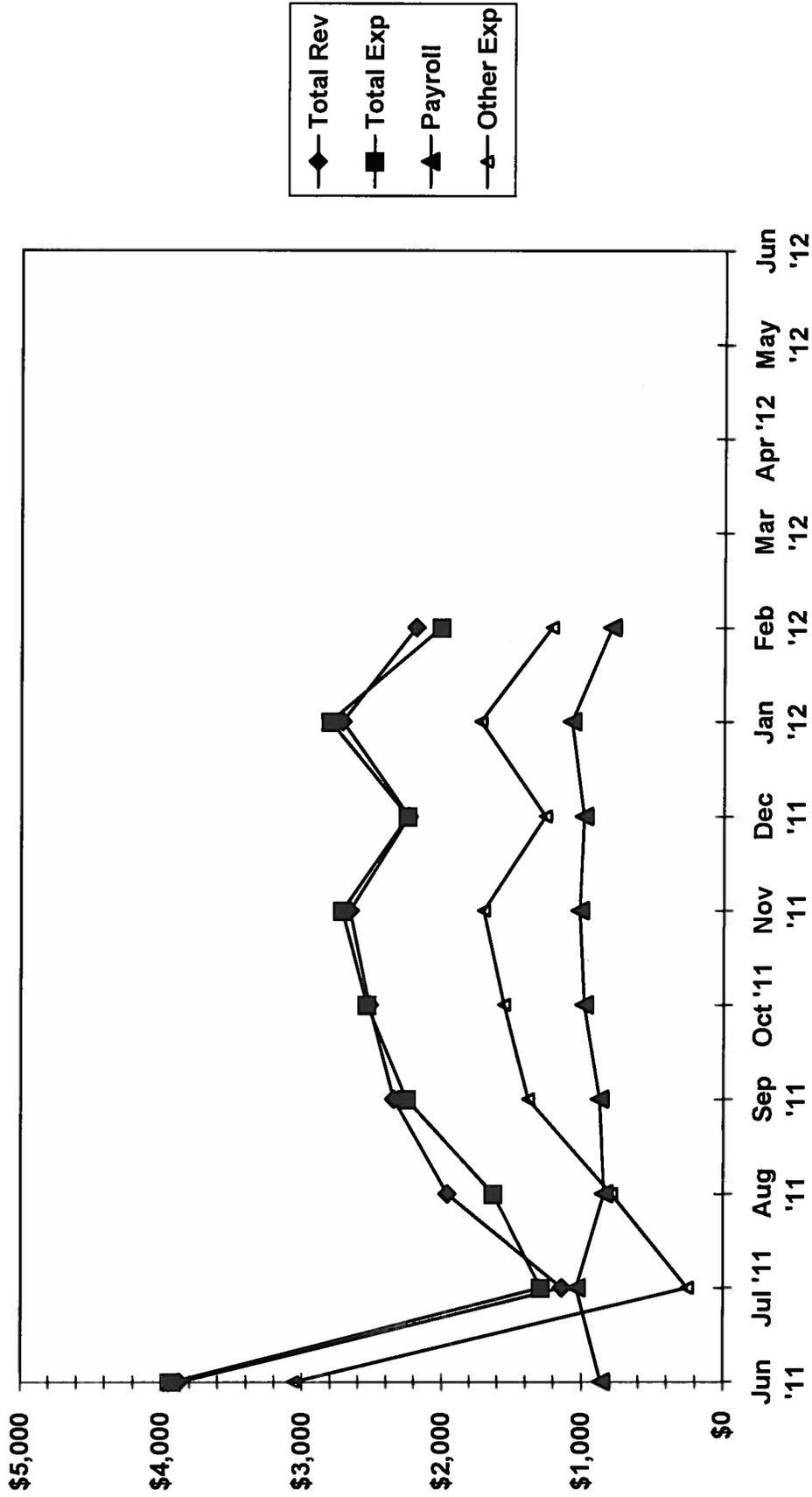
Figure 2--Accounts Receivable--FY 11 and FY 12 (\$'000)



Accounts receivable include receivables generated by grants and service programs over two fiscal years. Reflects the reasonableness of our receivable levels; usually have about six weeks' worth of annual revenues in receivables.

ABAG Financial Indices

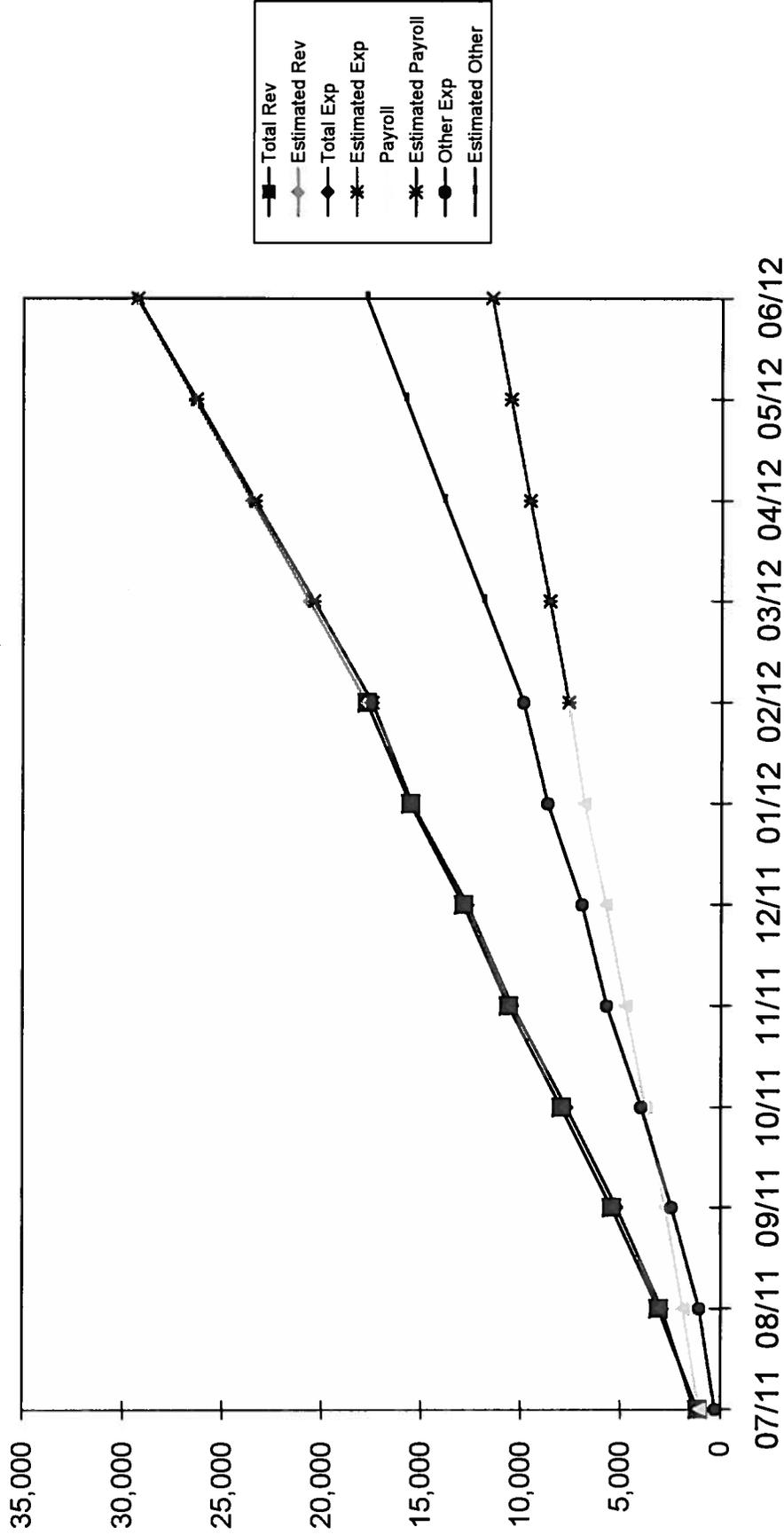
Figure 3--Current Month Revenues & Expenses
FY 11-12 (\$'000)



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 Association.

ABAG Financial Indices

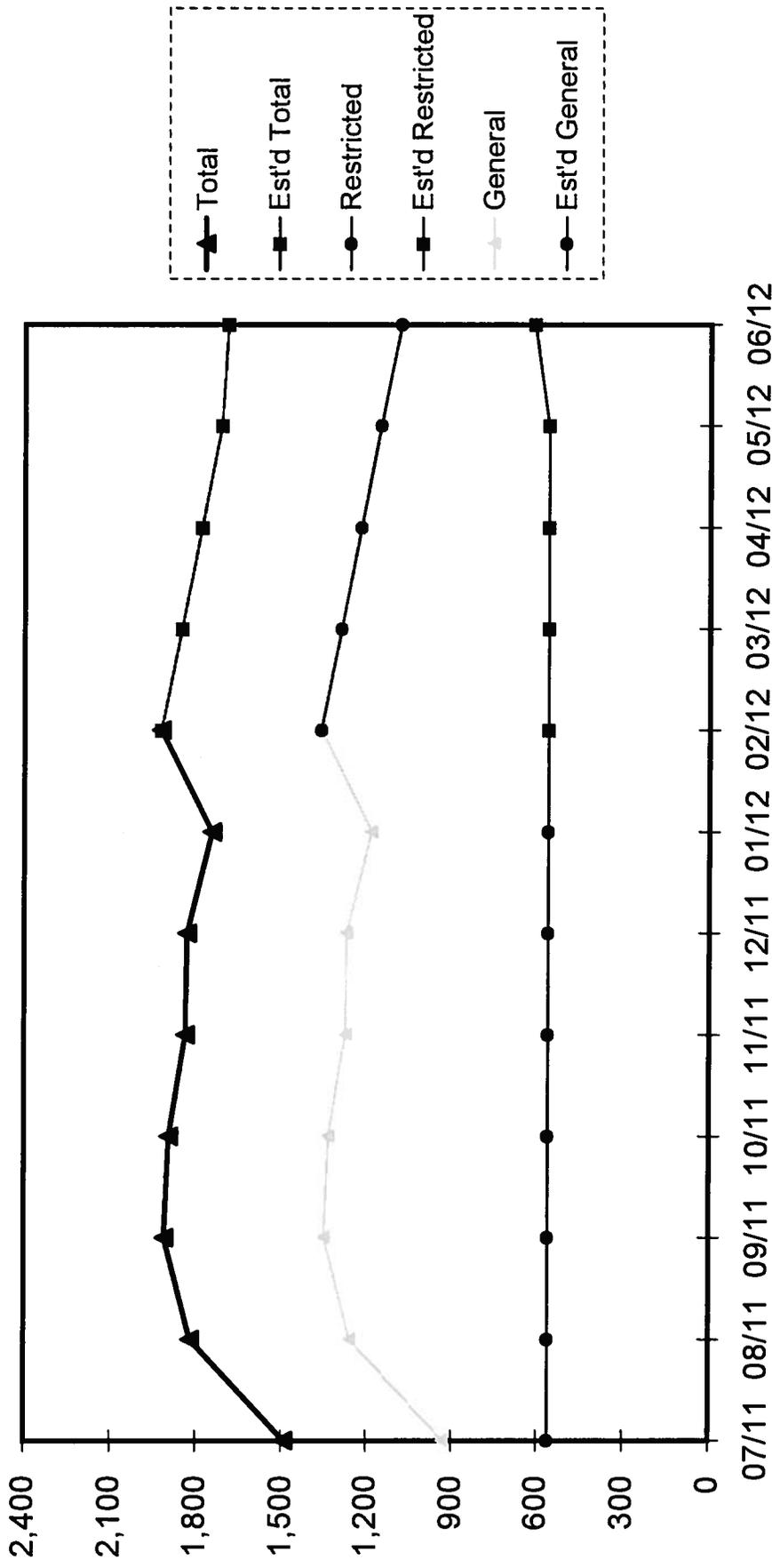
Figure 4--Year-to-date Revenues & Expenses
FY 11-12 (\$'000)



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 Association.

ABAG Financial Indices

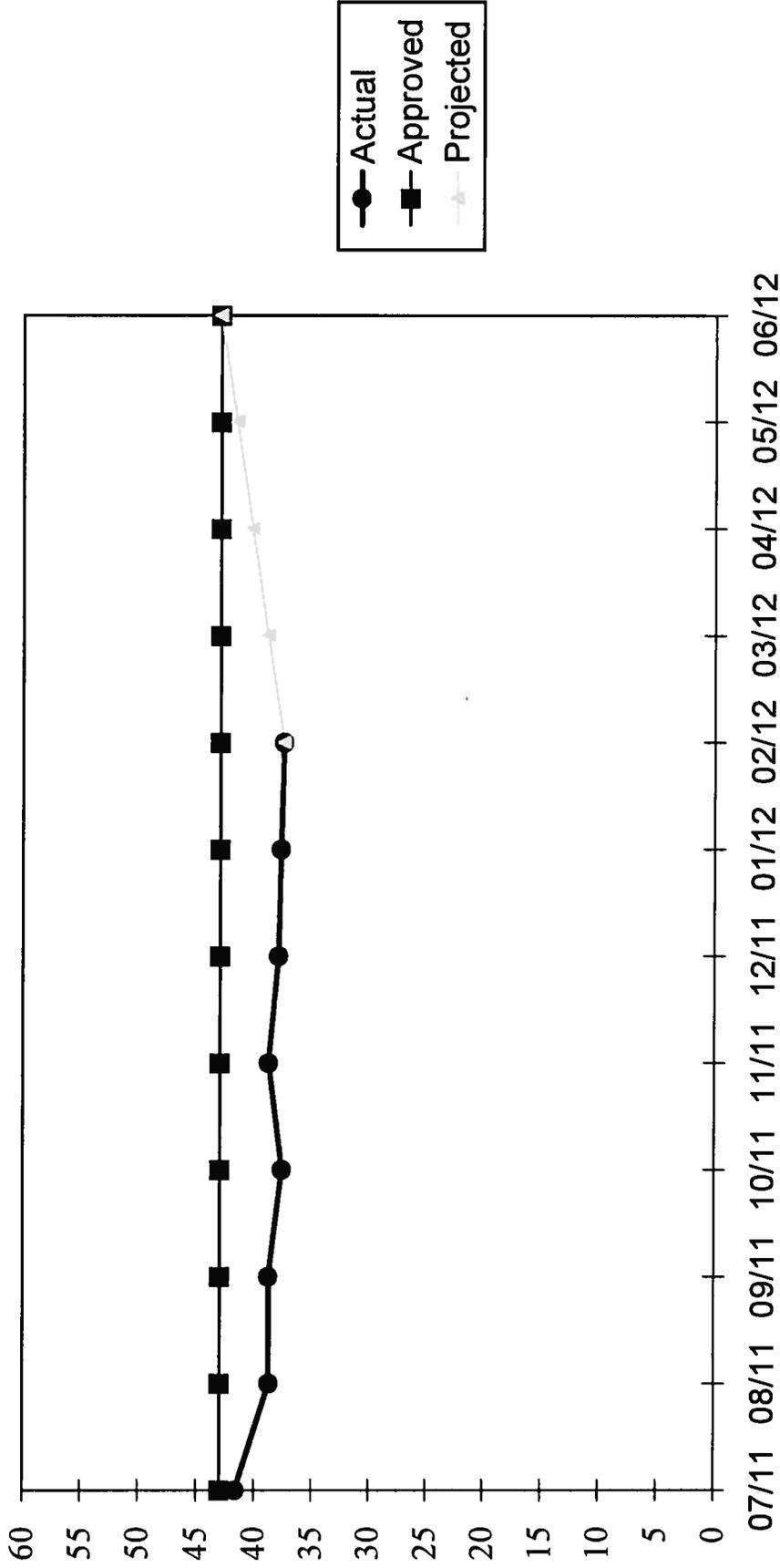
Figure 5--Fund Equity
FY 11-12 (\$'000)



Presents general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building improvement interest, building maintenance, self-insurance, capital and contingency reserve. These restricted equities represent the Association's equities set aside for specific purposes. Total equity is the sum total of general and restricted equities.

ABAG Financial Indices

**Figure 6--Indirect Cost Rate (% of Direct Labor Cost)
FY 11-12**



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 Circular A-87.

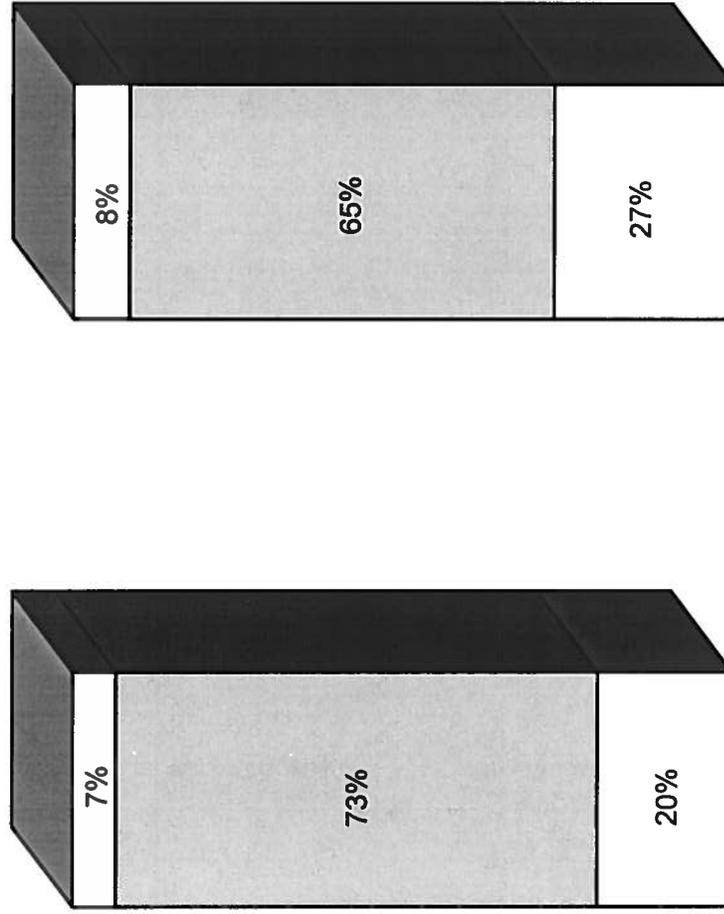
ABAG Financial Indices
Figure 7-- Composition of Expenses FY 11--FY 12
Year to Date
 (\$'000)



	FY11-12 Expenses (Total \$17,482)	FY10-11 Expenses (Total \$13,396)
<input type="checkbox"/> Consultants	\$8,050	\$4,610
<input type="checkbox"/> Others	\$1,829	\$1,384
<input type="checkbox"/> Payroll	\$7,603	\$7,402

This chart compares expenses for current and prior fiscal year. It groups expenses into three broad categories--payroll costs, consultants and other expenses.

ABAG Financial Indices
Figure 8-- Composition of Revenues FY 11--FY 12
Year to Date
 (\$'000)

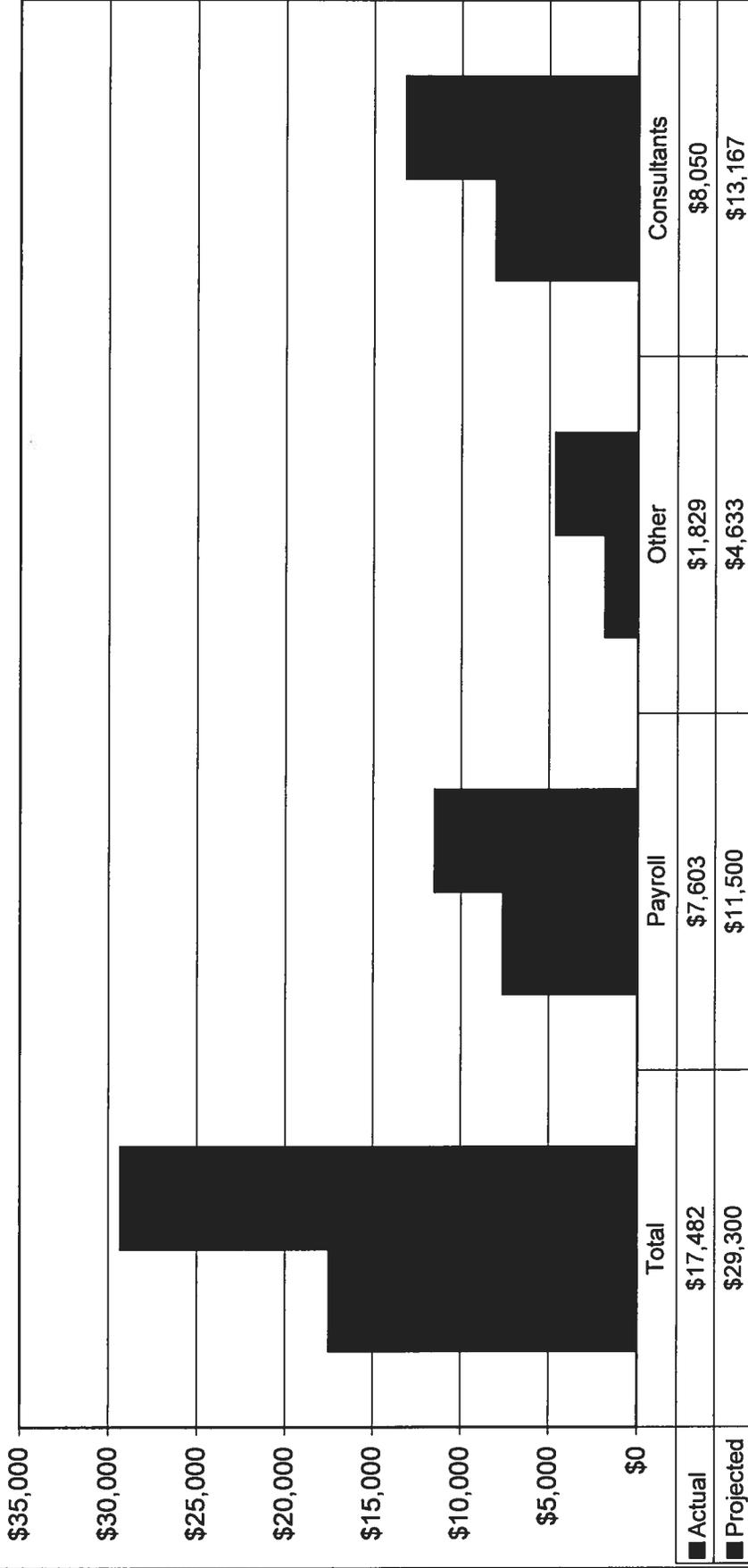


	FY 11-12 Revenue (Total \$17,762)	FY 10-11 Revenue (Total \$13,360)
□ Membership	\$1,155	\$1,127
□ Grants	\$13,008	\$8,625
□ Services & Others	\$3,599	\$3,608

Presents a breakdown of total revenues into four main sources--membership, grants, services and others. This chart compares revenue sources between current and prior fiscal year.

ABAG Financial Indices

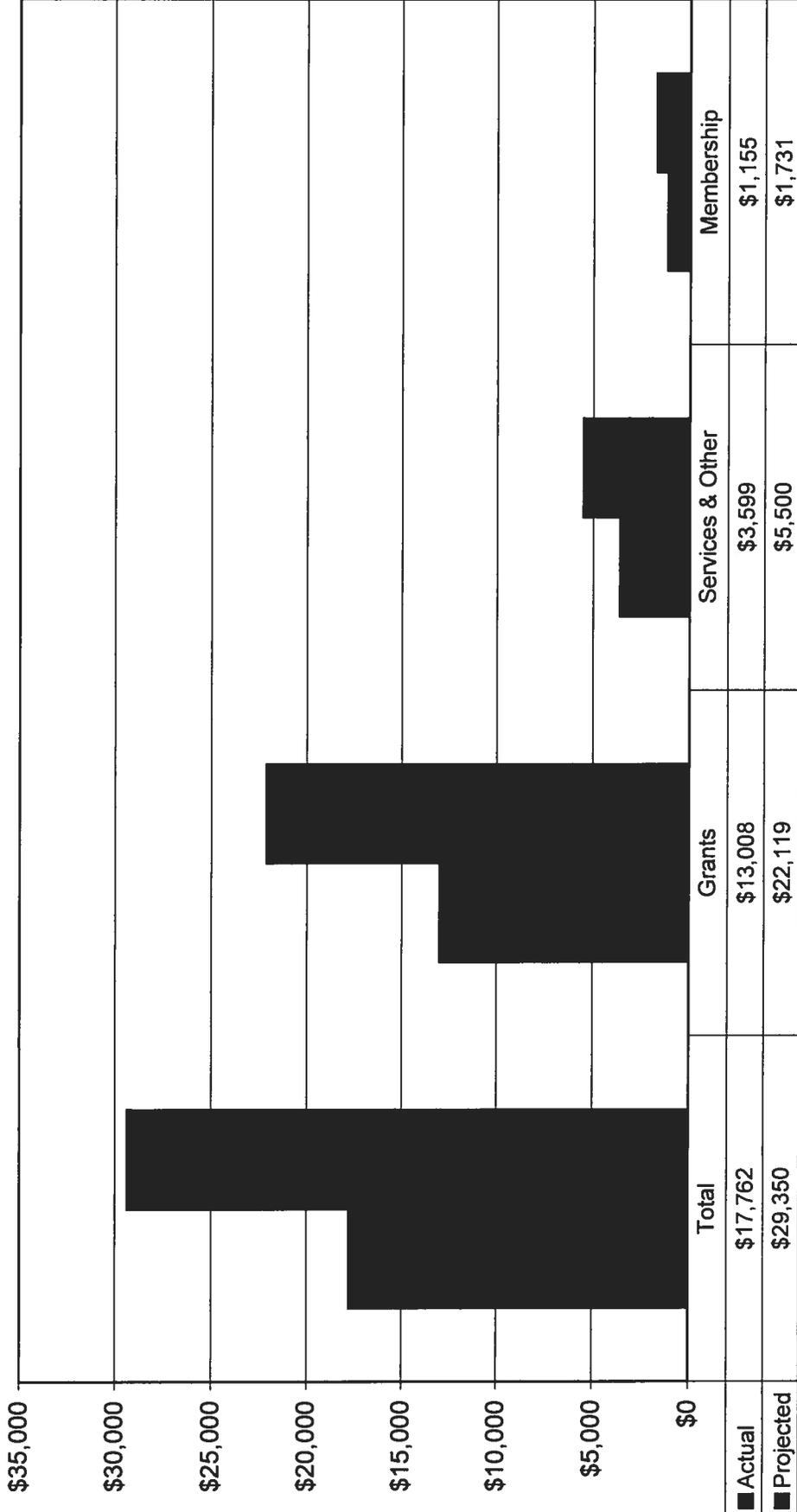
Figure 9--Actual vs Projected Expenses--FY 11-12
Year to Date (\$'000)



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

ABAG Financial Indices

Figure 10--Actual vs Projected Revenues--FY 11-12
Year to Date (\$'000)



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

TO: Finance and Personnel Committee

DT: April 30, 2012

FM: Herbert Pike, Finance Director

Re: Financial Reports
--March 2012

The following are highlights of the financial reports for March 2012.

Overall Summary (Figures 3, 4, 7 & 8)

Through March 31st, the Agency's net year-to-date financial operating gain of about \$385 thousand is higher than in previous years, the largest factor being the surplus in indirect overhead to-date attributed to the diversion of accounting, information technology and administrative support personnel away from indirect overhead and charging directly to several new energy projects. The Association's cash balance, though down \$1.3 million from the previous month, is still higher than the prior year by \$1.39 compared to the year prior. A significant portion of current year's cash balance is committed for grant funded activities. A year-end operating surplus of at least \$50,000 is still achievable, barring any extraordinary expense.

Cash on Hand (Figure 1)

Cash on hand decreased to \$2.32 million as of March 31st from \$3.52 million on February 29th. The decrease of \$1.20 million is attributed primarily to the draw down of prepaid grant expenditures. The March balance includes approximately \$1.36 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The March 31st cash balance is approximately \$1.39 million greater than the prior year. In the current fiscal year, the Association received large advances from a few granting agencies. The grant funds will be used for future program activities such as the design and construction of the Bay Trail Project and energy incentives for Bay Area homeowners.

Receivables (Figure 2)

Receivables from grant and service programs amounted to about \$4.84 million on March 31st, an increase of \$1.54 million from the month prior. The month to month increase reflects a doubling, \$1.59 million increase, in billed grants receivables and a \$189 thousand increase in unbilled receivables offset by a \$226 thousand decrease in billed services. Receivables are approximately \$1.33 million higher than they were a year prior reflecting the higher usage of grant funded advances in the current fiscal year, especially in energy-related grant activity. Much of the increase is attributable to large grant projects, e.g. energy retrofitting, that are drawing to a close and the rush to submit claims for completion of retrofits before the impending deadline.

Actual vs. Budgeted Expenses (Figure 9)

Total expenses through March 31st, the ninth month of the fiscal year, amounted to about \$21.73 million, or 74.2 percent, of the adjusted budgeted annual expense of \$29.30 million for FY 2011-12. The substantial upward adjustment is due to some large grants (funded through ARRA) that have strict requirements to spend the funds, primarily to contractors, before the end of the current fiscal year.

Actual vs. Budgeted Revenues (Figure 10)

As of March 31st, total revenues amounted to about \$22.12 million, or 75.3 percent, of the revised budgeted annual revenue of \$29.35 million for FY 11-12.

As of March 31st, both revenues and expenses are very close projections for the first nine months of FY 2011-12 (75.0 percent). Actual revenues and expenditures are both usually below the portion of the year elapsed because of the normal timing of grant funded consultant and sub-contractor expenses wherein there is a customary lag between the rendering of the service and the conversion to an expense and receivable when the contractors submit their bills. However, as some large grants are expiring, revenues and expenses are increasing prior the end of the fiscal year.

Fund Equity (Figure 5)

As of March 31st, general fund equity was approximately \$1.465 million, an increase of \$105 thousand from prior month. The Agency's restricted fund equity, consisting of capital, self-insurance, building maintenance and reserves, remained unchanged at \$560 thousand. That is \$50 thousand over the previous year to reflect the discussed minimum annual reserve increase in reserves of \$50 thousand per year.

Indirect Cost (Figure 6)

The Agency's actual indirect cost (overhead) rate was 37.87 percent, or 5.08 percent below target. The lower than expected rate reflects the diversion of substantial central services efforts toward new grants, especially energy grants. The rate is expected to increase in the next few months after a sizeable energy project wraps up for March 2012. It will allow some staff to divert their focus and resources back into the overhead functions.

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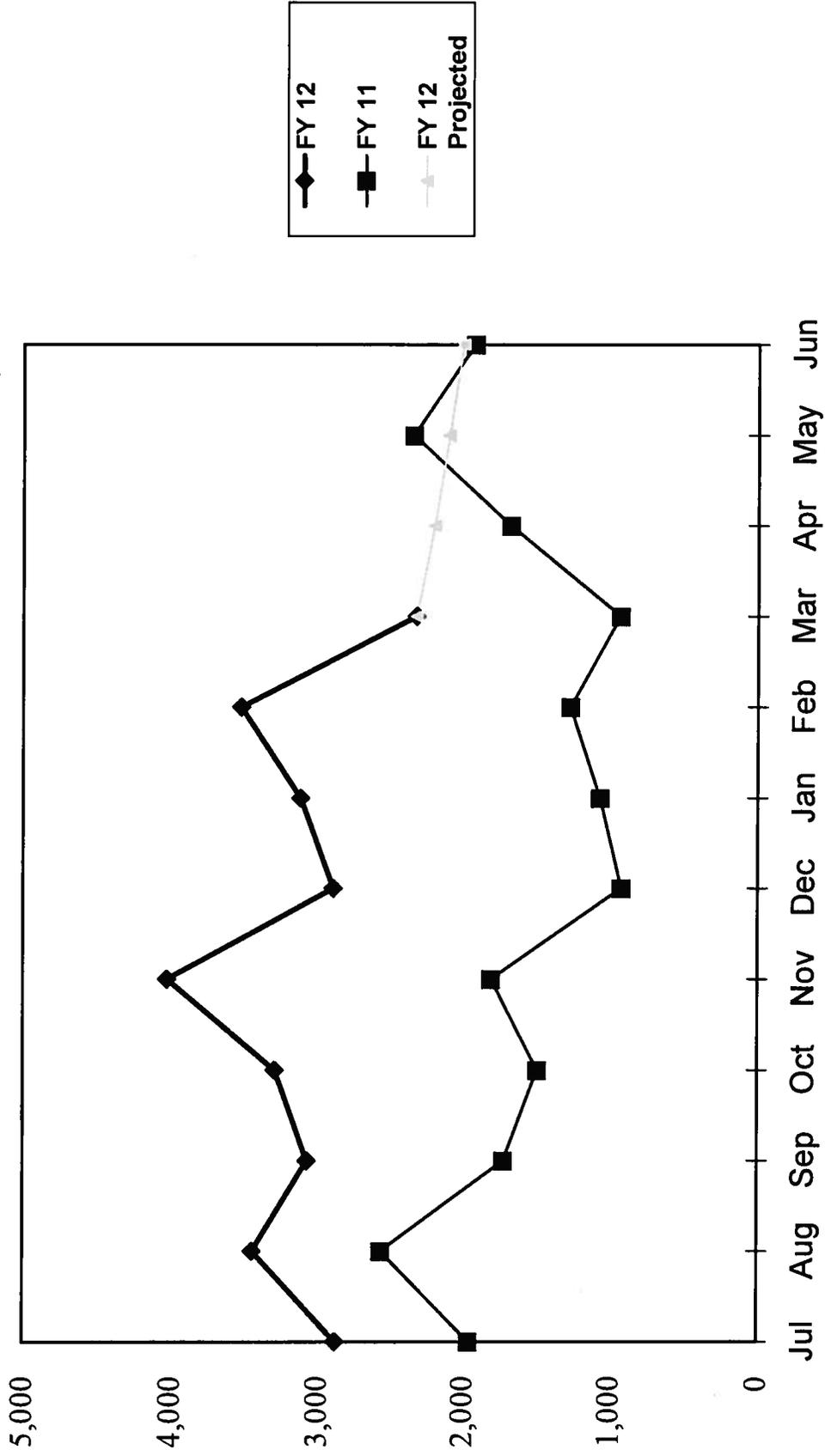
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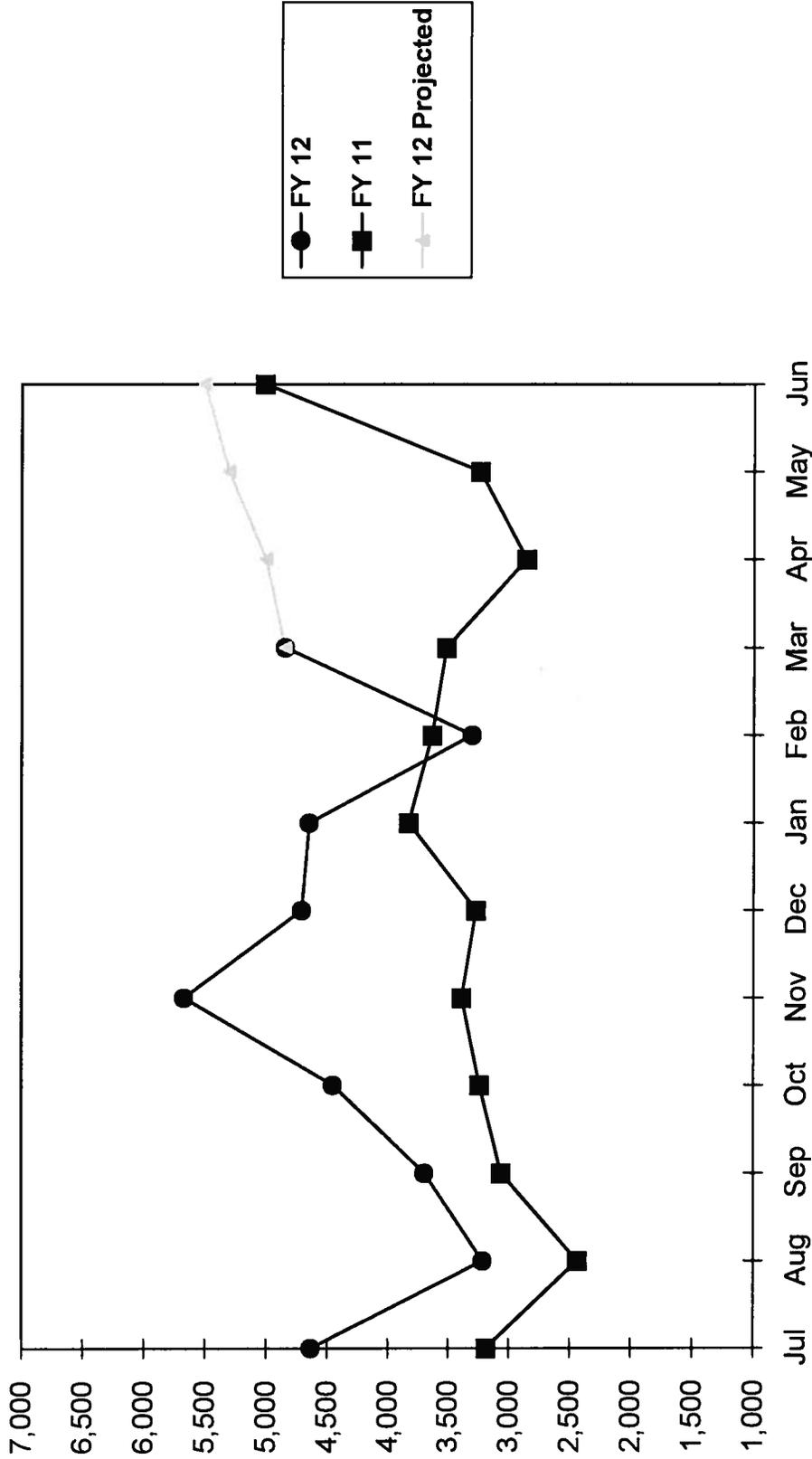
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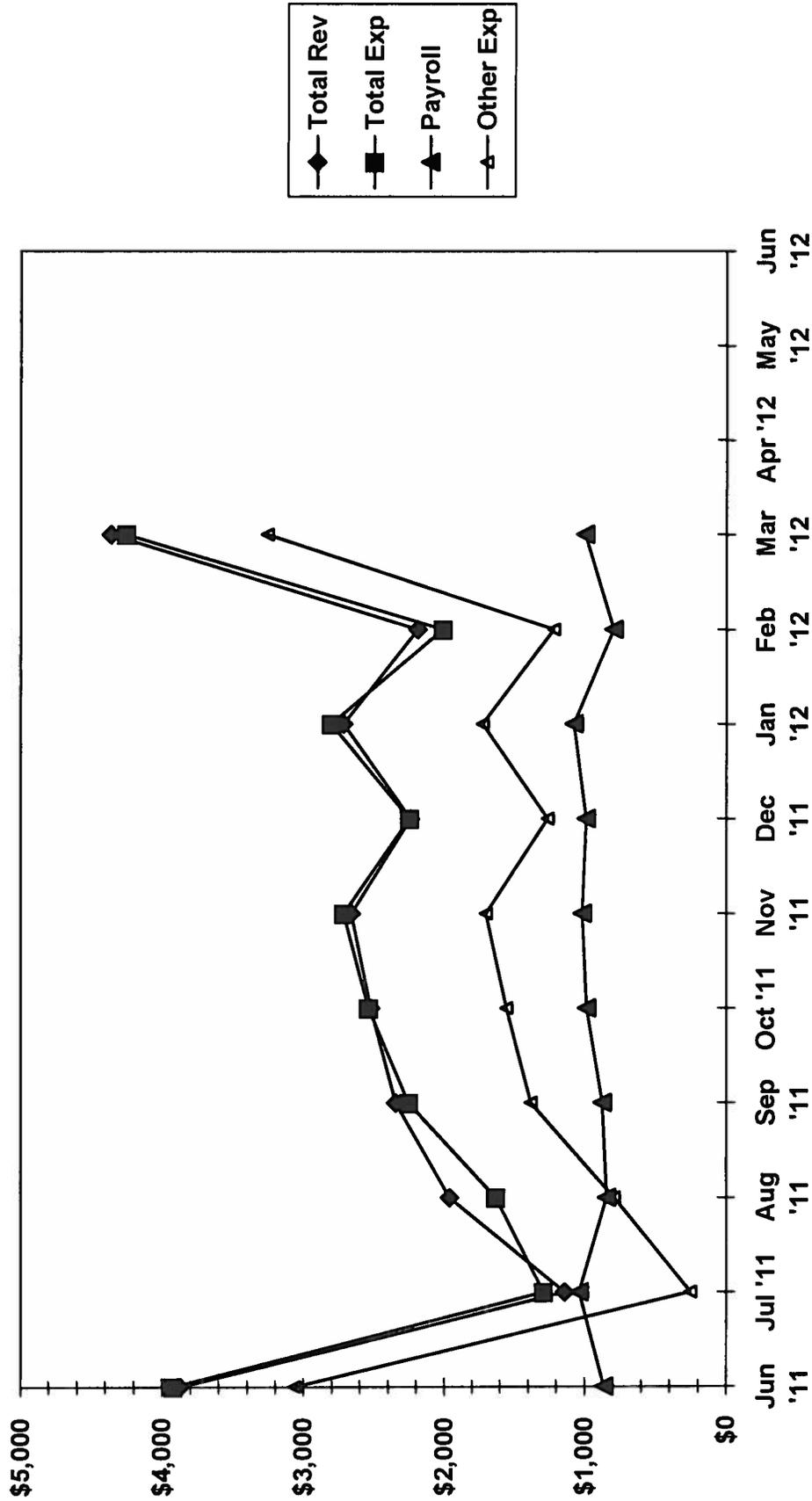
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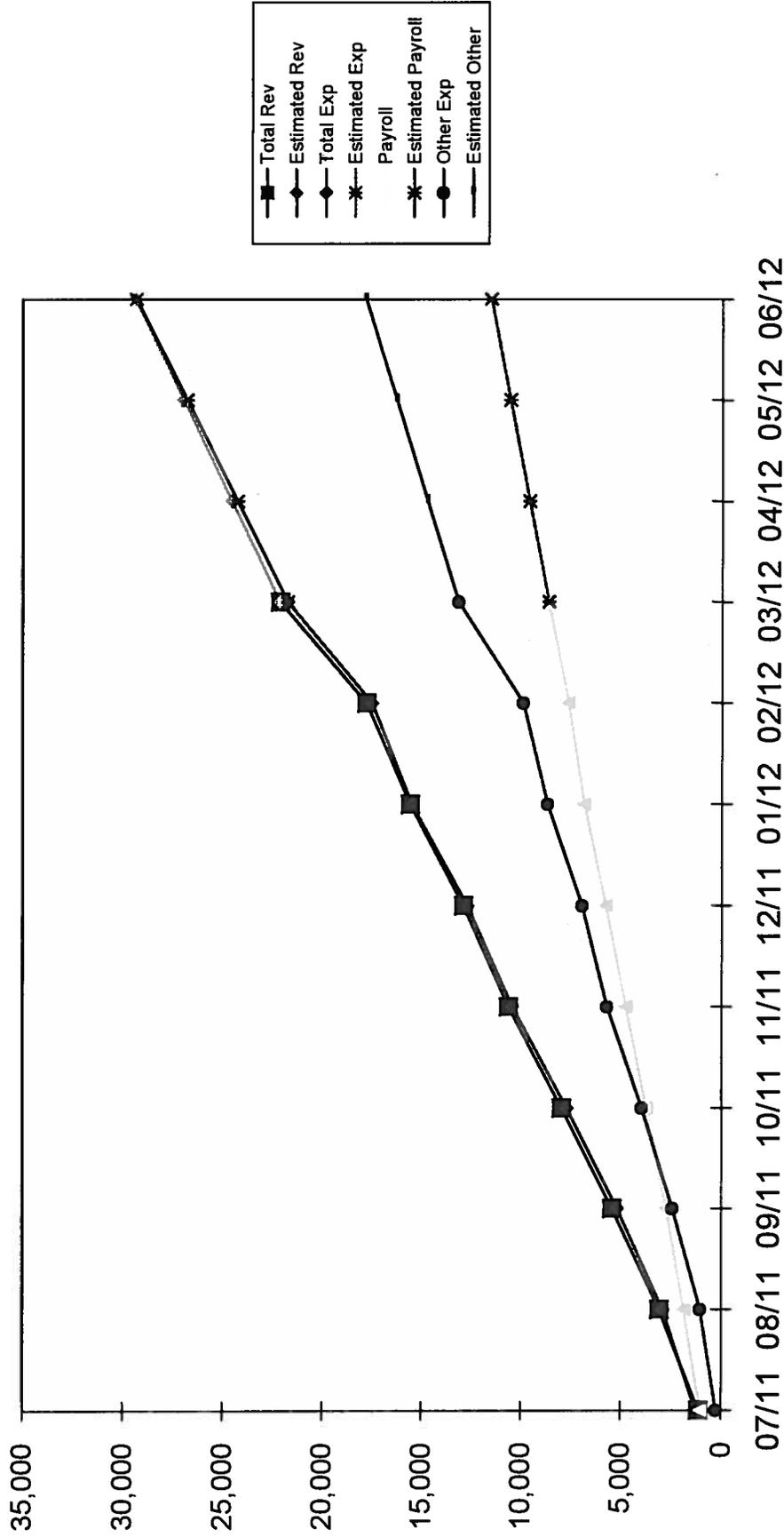
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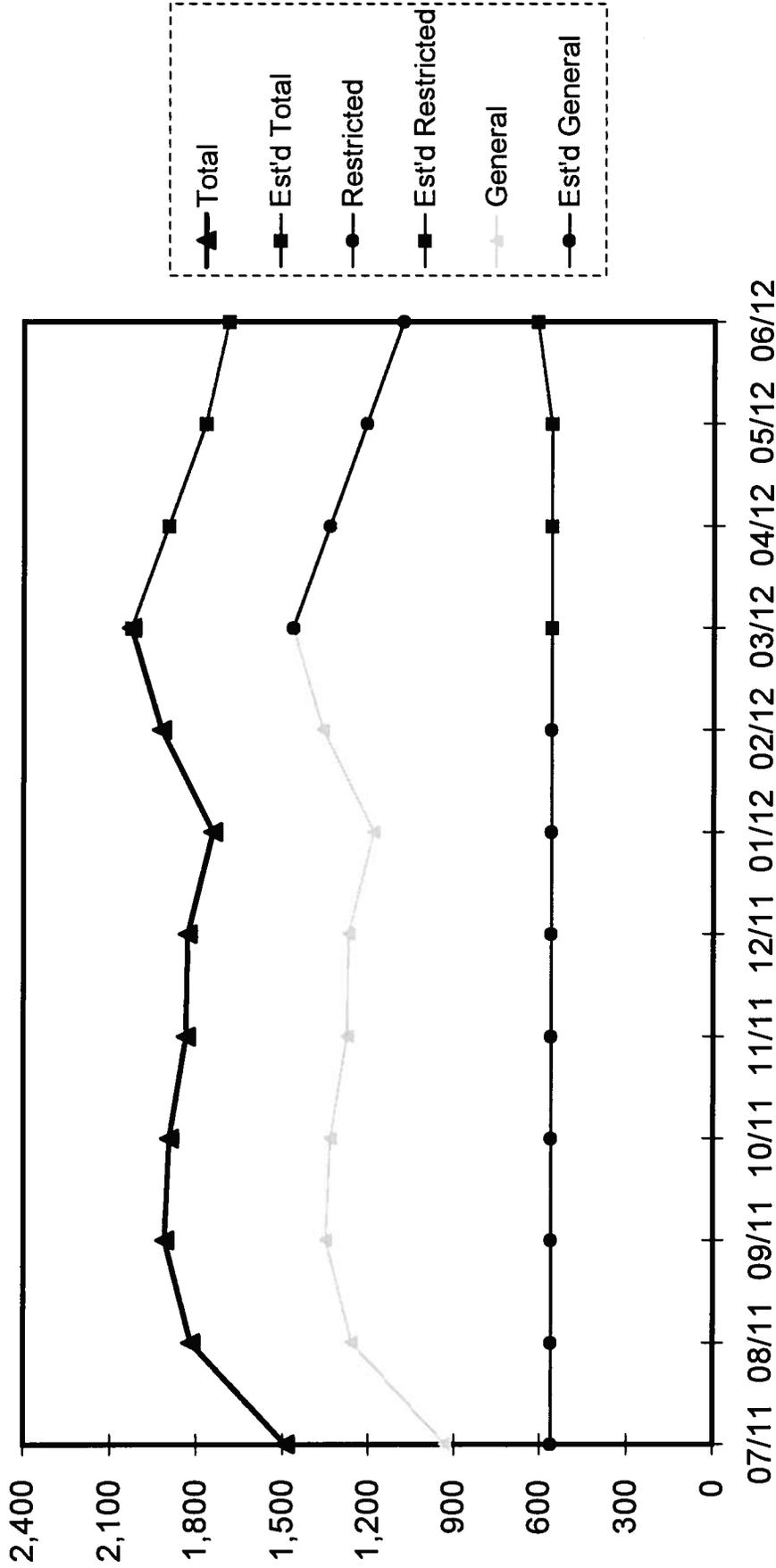
ABAG Financial Indices
Figure 4-- Year-to-date Revenues & Expenses
FY 11-12 (\$'000)



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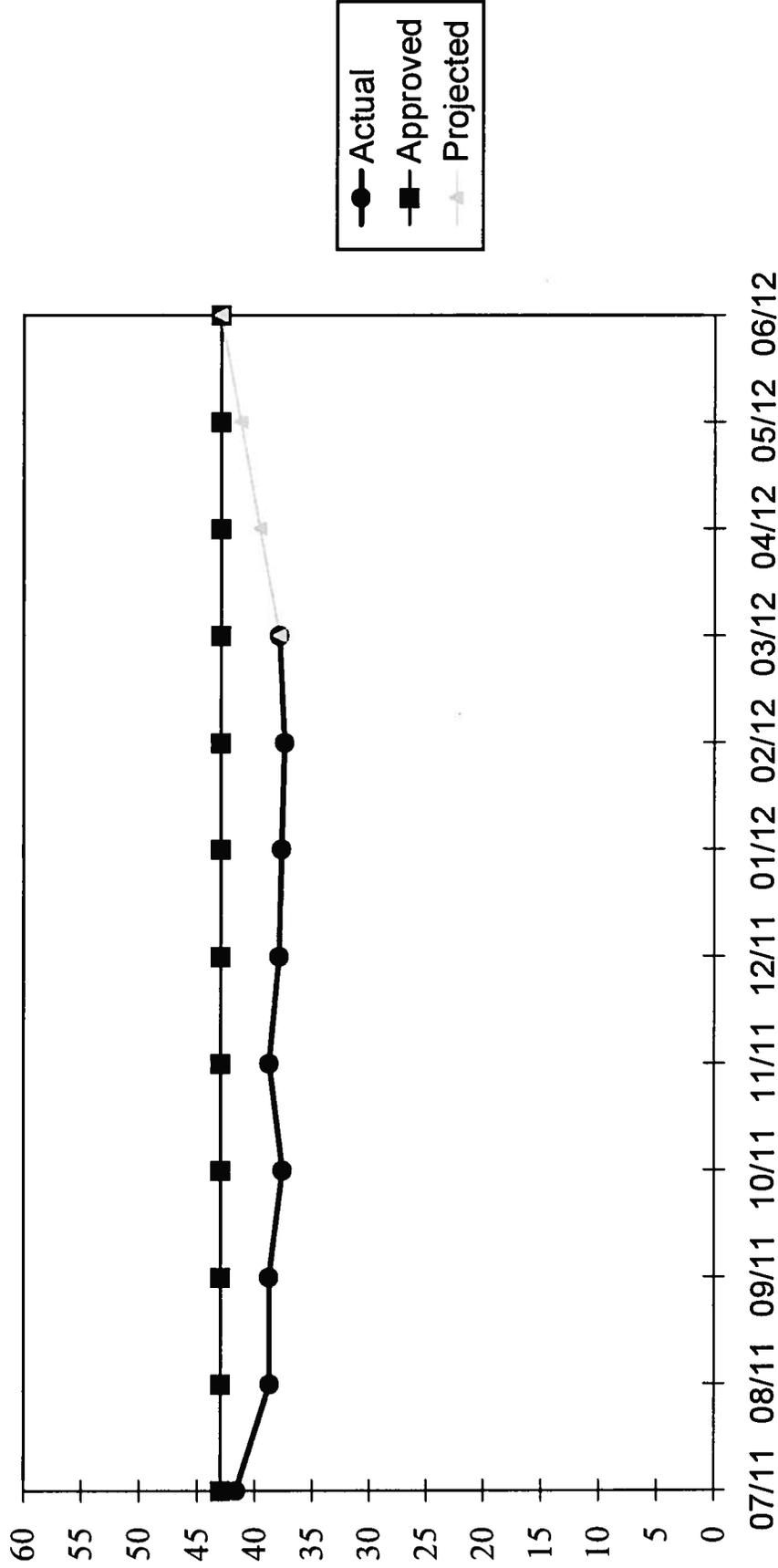
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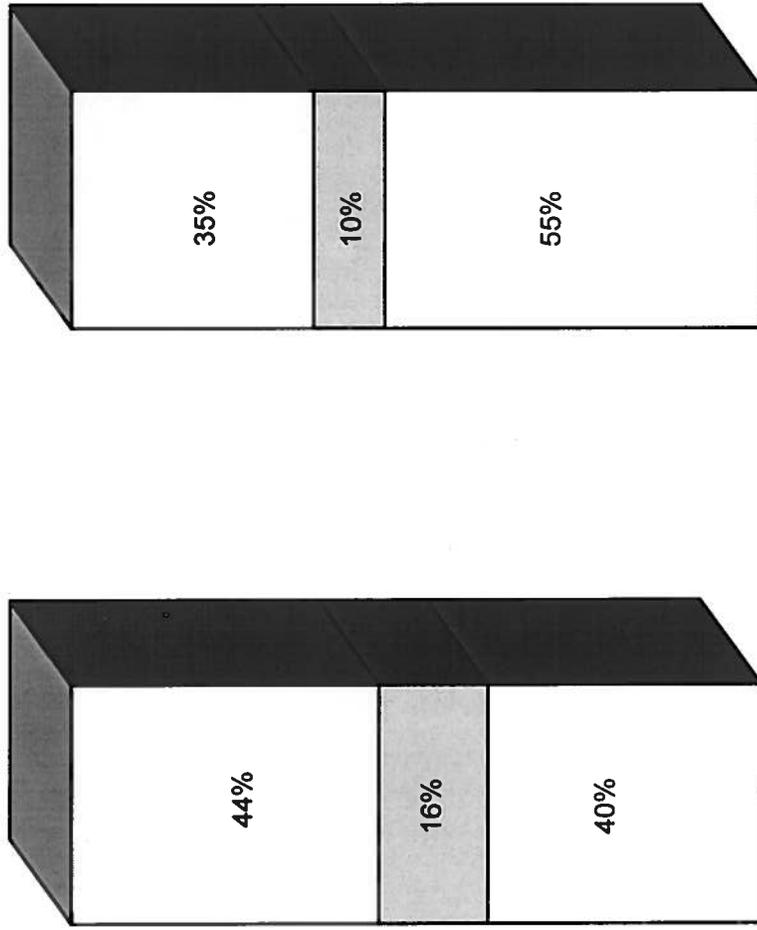
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**Figure 6--Indirect Cost Rate (% of Direct Labor Cost)
FY 11-12**



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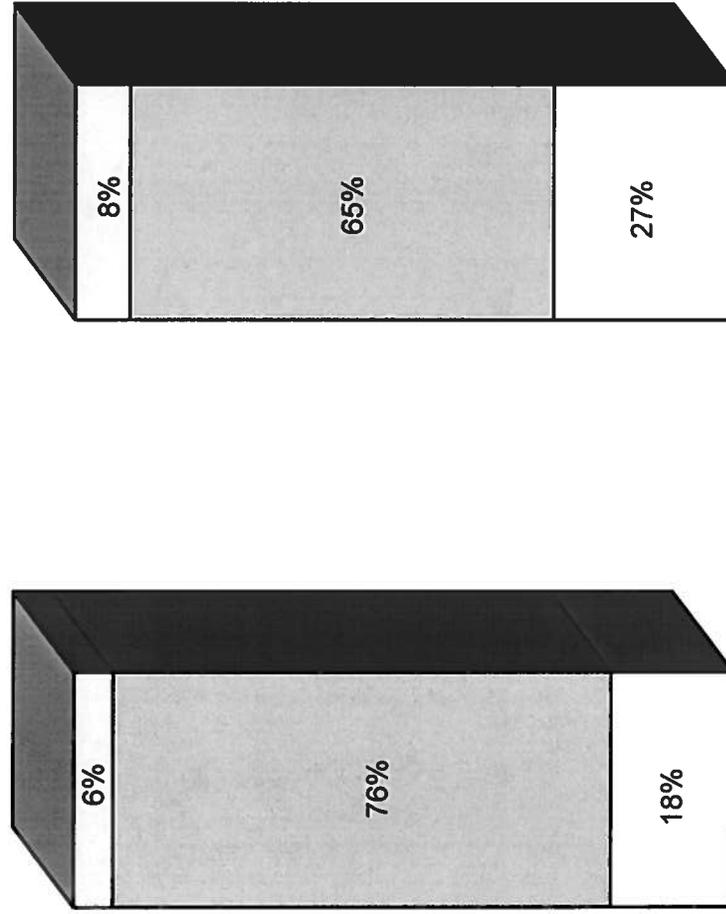
ABAG Financial Indices
Figure 7-- Composition of Expenses FY 11--FY 12
Year to Date
 (\$'000)



	FY11-12 Expenses (Total \$21,733)	FY10-11 Expenses (Total \$15,194)
<input type="checkbox"/> Consultants	\$9,679	\$5,307
<input type="checkbox"/> Others	\$3,456	\$1,574
<input type="checkbox"/> Payroll	\$8,598	\$8,313

This chart compares expenses for current and prior fiscal year. It groups expenses into three broad categories--payroll costs, consultants and other expenses.

ABAG Financial Indices
Figure 8-- Composition of Revenues FY 11--FY 12
Year to Date
(\$'000)

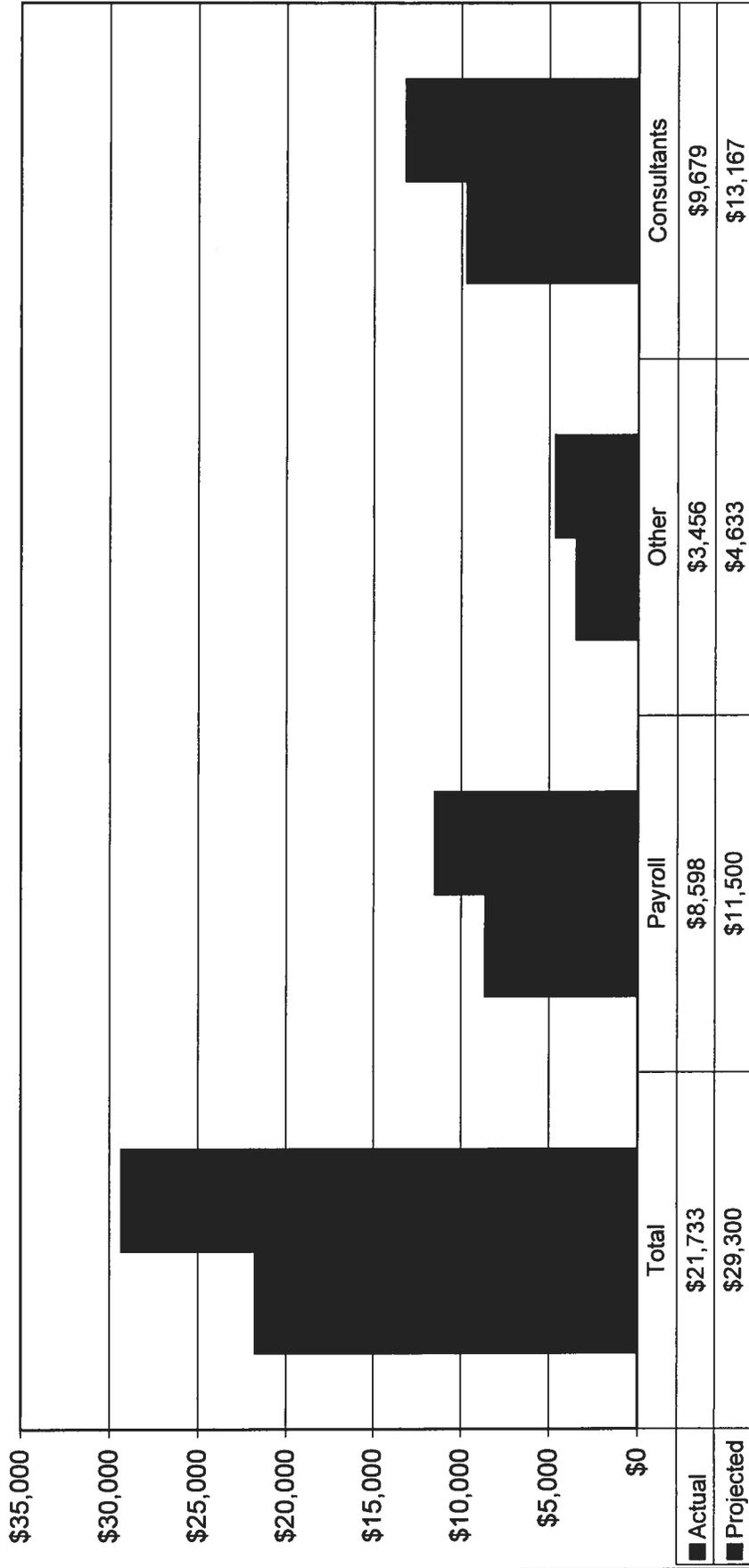


	FY 11-12 Revenue (Total \$22,118)	FY 10-11 Revenue (Total \$15,329)
□ Membership	\$1,299	\$1,267
□ Grants	\$16,755	\$9,885
□ Services & Others	\$4,064	\$4,177

Presents a breakdown of total revenues into four main sources--membership, grants, services and others. This chart compares revenue sources between current and prior fiscal year.

ABAG Financial Indices

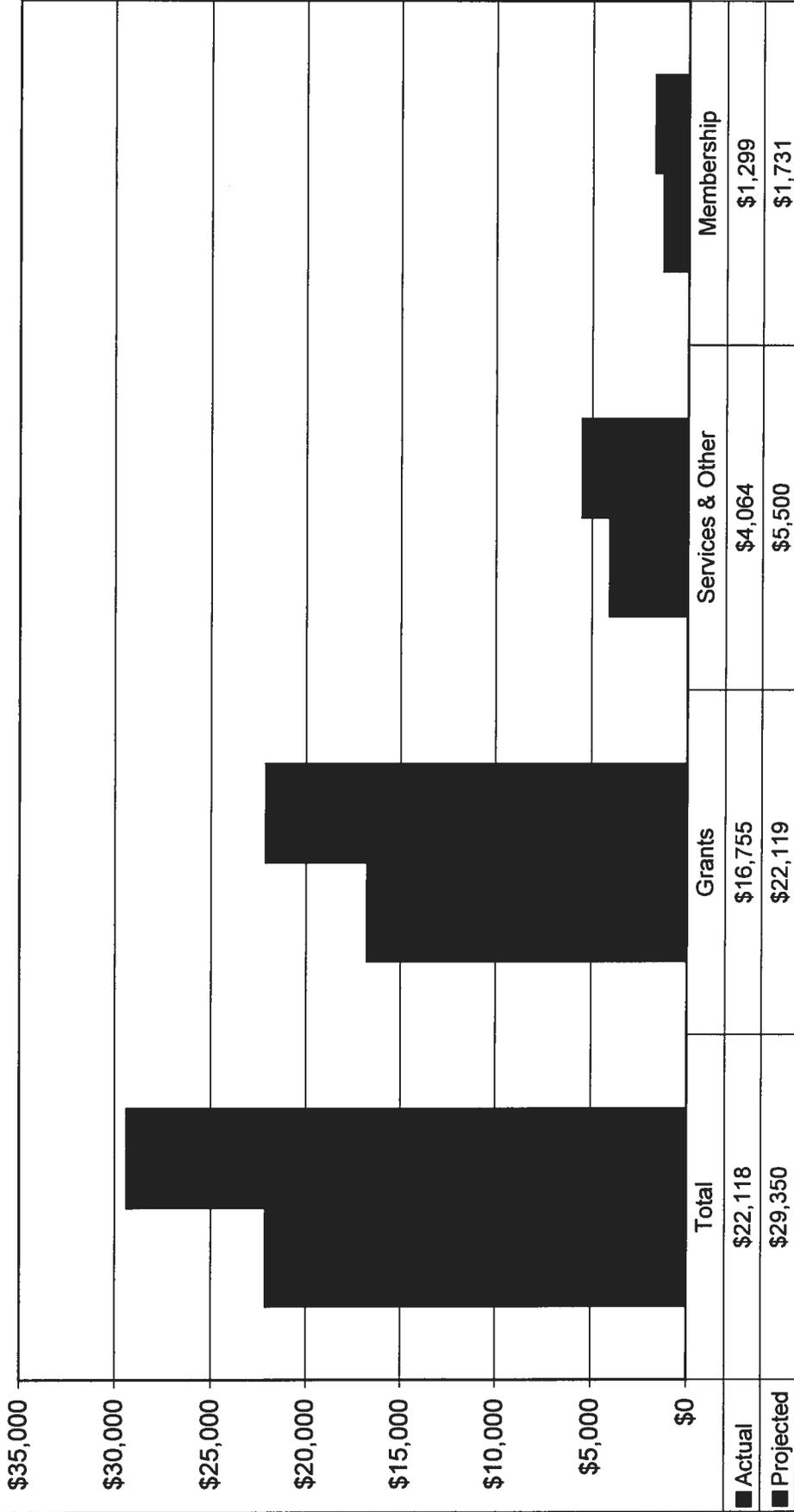
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Presents a comparison of actual and budgeted/projected total revenues as well as component categories: membership dues, grants, services and other.

**ASSOCIATION OF BAY AREA GOVERNMENTS
FINANCE & PERSONNEL COMMITTEE**

**TABLE OF FINANCIAL REPORT DATA ELEMENTS
(thousands of dollars)**

<u>Index Description</u>	<u>Mar-12</u>	<u>Feb-12</u>	<u>Jan-12</u>	<u>Mar-11</u>	<u>Feb-11</u>
Cash	2,320	3,519	3,112	930	1,268
Receivables	4,843	3,302	4,645	3,515	3,633
Payroll Cost-YTD	8,598	7,603	6,810	8,313	7,402
-Month	995	793	1,076	911	759
Total Other Expense-YTD	13,135	9,879	8,663	6,881	5,994
-Month	3,256	1,216	1,726	887	1,007
Total Expenses-YTD	21,733	17,482	15,473	15,194	13,396
-Month	4,251	2,009	2,802	1,798	1,766
Total Revenues-YTD	22,118	17,762	15,575	15,329	13,360
-Month	4,356	2,187	2,715	1,969	1,871
Fund Equity-General	1,465	1,360	1,182	1,156	985
Total Restricted	560	560	560	510	510
Total Fund Equity	2,025	1,920	1,742	1,666	1,495
Approved Overhead	42.95%	42.95%	42.95%	42.95%	42.95%
Overhead Rate %	37.87%	37.42%	37.64%	43.27%	43.45%

F&PC AGENDA ITEM 4-C