

TO: Finance and Personnel Committee

DT: June 24, 2009

FM: Herbert Pike, Finance Director

Re: Financial Reports
--May 2009

The following are highlights of the financial reports for May 2009.

Cash on Hand (Figure 1)

Cash on hand increased to \$878 thousand on May 31 from \$583 thousand on April 30. The May balance includes approximately \$372 thousand invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The May 31 cash balance is approximately \$1.09 million less than the prior year. This year-to-year balance is worse when noting the current cash balance includes over \$500 thousand designated to cover the Annual Required Contribution (ARC) to amortize the Agency's unfunded liability for Other Post Employment Benefits (retiree health care) over the next 30 years. This OPEB liability is projected to be about \$565 thousand by the end of the current fiscal year. Thus, the "uncommitted" cash balance is actually down almost \$1.6 million from last year after accounting for the new OPEB liability. The downturn is attributed to the higher receivables noted below.

Receivables (Figure 2)

Receivables from grant and service programs amounted to about \$4.00 million on May 31, a decrease of \$154 thousand from the month prior. Compared to May 31 the year prior, the total reflects an increase of approximately \$1.87 million. It is anticipated that the continued reduction in State staffing and requested furloughs may slow reimbursements in the succeeding months. Some projects to be supported by State bond sales, although restarted, are awaiting reimbursement when certain bonds are sold; we have not yet received word when bonds for ABAG's projects will be sold. Staff is seeking to accelerate collections from other Federal and local funding sources.

Actual vs. Budgeted Expenses (Figure 9)

Total expenses on May 31 amounted to about \$16.51 million, or 91.2%, of projected expenses of \$18.1 million for FY 08-09.

Actual vs. Budgeted Revenues (Figure 10)

At May 31, total revenues amounted to about \$16.35 million, or 90.3%, of projected revenue of \$18.1 million for FY 08-09.

As of May 31, both revenues and expenses are below projections for the first eleven months of FY 08-09. These positions are largely due to the timing of consultant and sub-contractor expenses that are grant funded. The difference between the approved budget of \$26.7 million and the projections above reflect the typical multi-year programs and their budget balances at fiscal year-end (June 30, 2009) that will be carried forward to the following year. However, several Estuary projects have been suspended due to budget issues at the State. There is a concern that they may not be continued.

Fund Equity (Figure 5)

As of May 31, general fund equity was approximately \$0.95 million, a decrease of \$26 thousand from April 30. The agency's restricted fund equity, consisting of building bond interest, capital, self-insurance and building maintenance, remained unchanged at \$510 thousand.

AGENDA ITEM 3

Indirect Cost (Figure 6)

The agency's actual indirect cost (overhead) rate was 40.95% of direct labor cost as of May 31, or about 5.2% of the budgeted rate of 43.00% for FY 08-09. Overhead expenditures are expected to escalate during the last month of the fiscal year, bringing the actual closer to the budgeted rate of 43.0%.

Overall (Figures 3, 4, 7 & 8)

At May 31, the agency's finances are reasonably close to forecast with a modest deficit of roughly \$160 thousand, or 0.98% of the year-to-date revenues. ABAG's cash flow is being adversely impacted by the State's cash flow problems and delays in reimbursements as seen in increased accounts receivable, with the State Controller threatening to suspend all payments due to the shortage of cash at the State level. The receipt of membership dues helps alleviate current liquidity constraints. At present, there appears to be sufficient funding to cover grant-funded staff affected by the suspended projects through the end of the fiscal year and into the first months of the new fiscal year. However, to conserve cash as receivables continue to increase, the agency will defer its contribution toward retiree medical liabilities. The line of credit is in place should the agency need to borrow short term funds to cover agency commitments before the end of the calendar year.

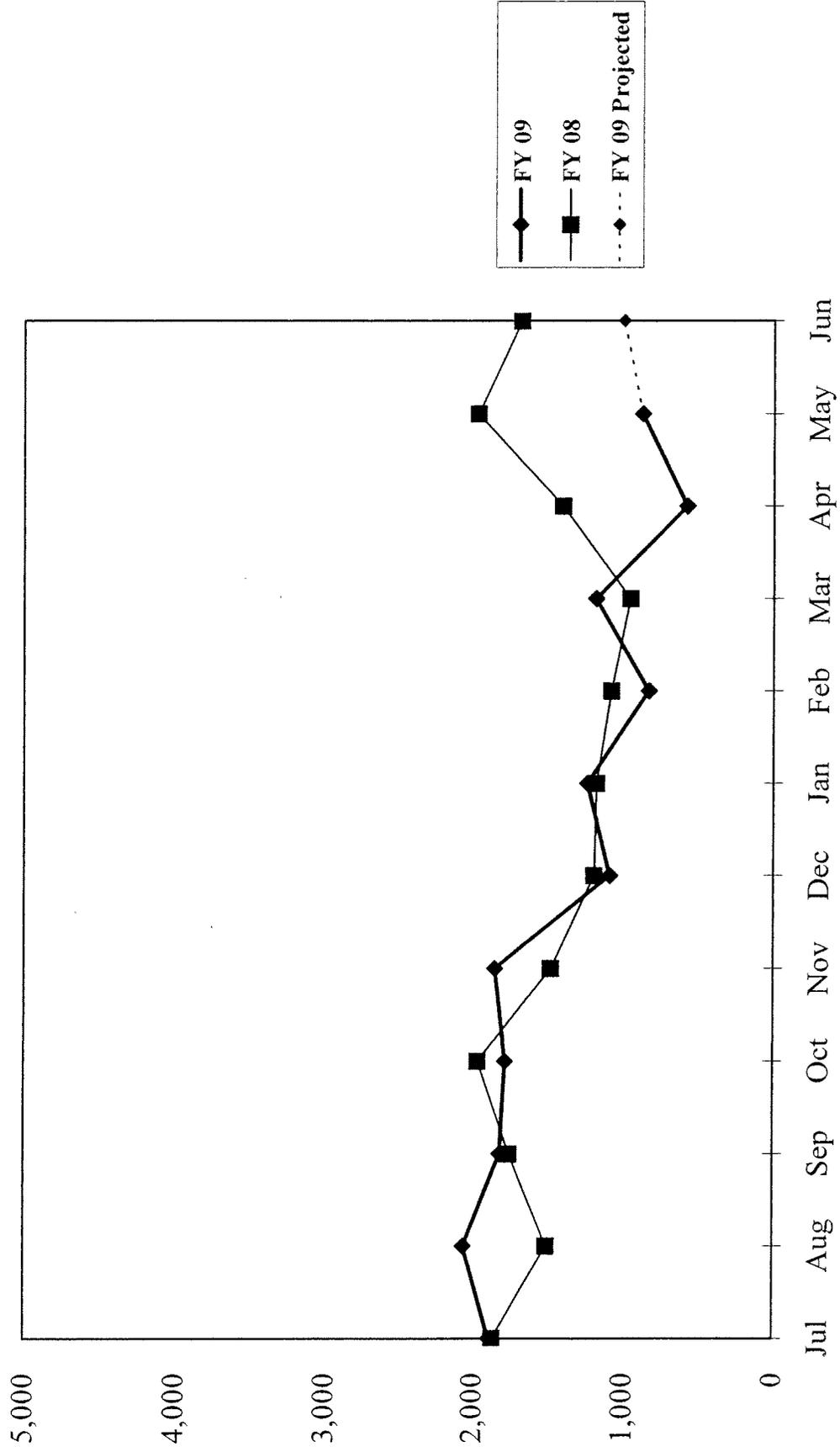
ABAG FINANCIAL REPORTS

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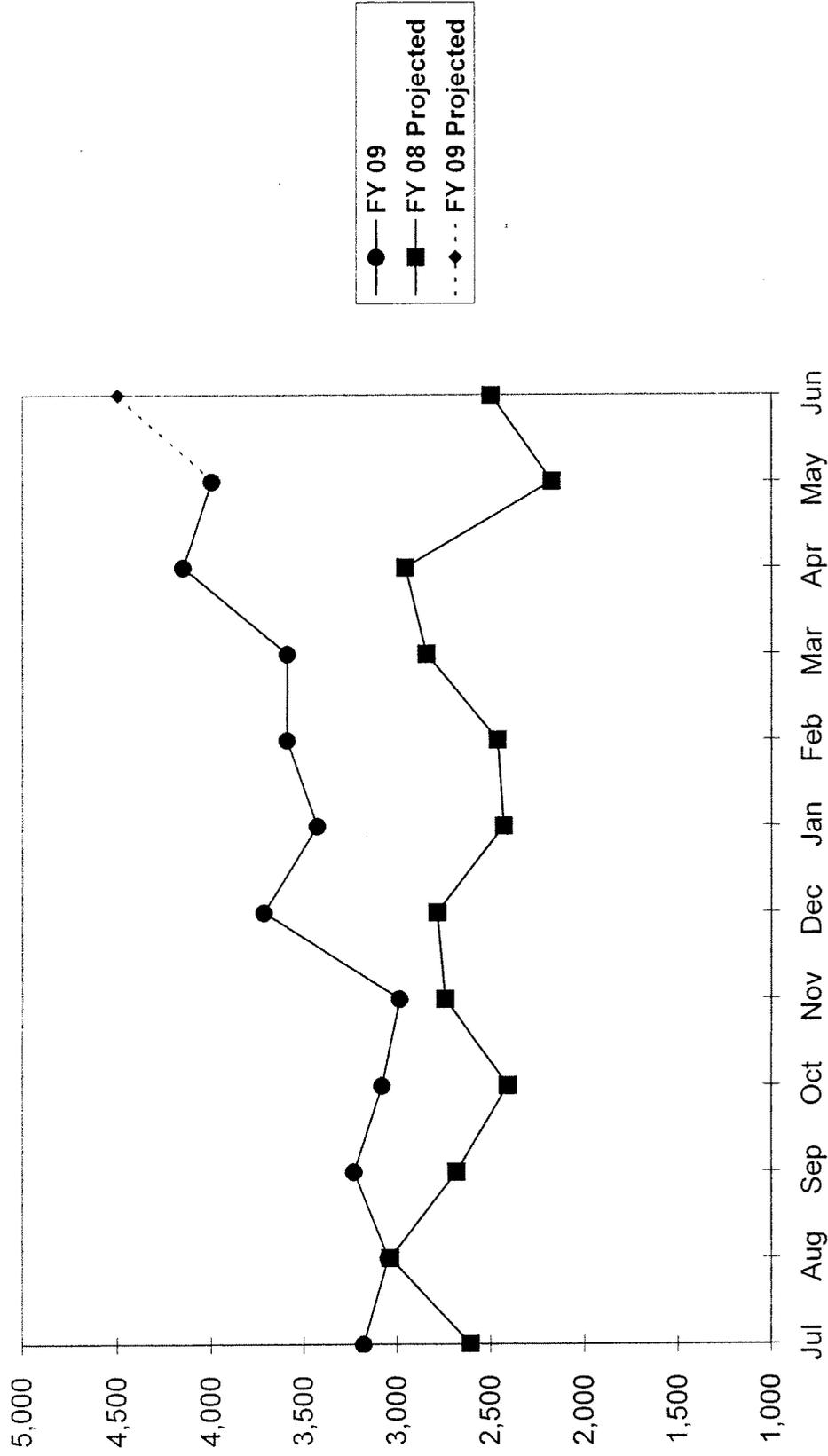
ABAG Financial Indices

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



ABAG Financial Indices

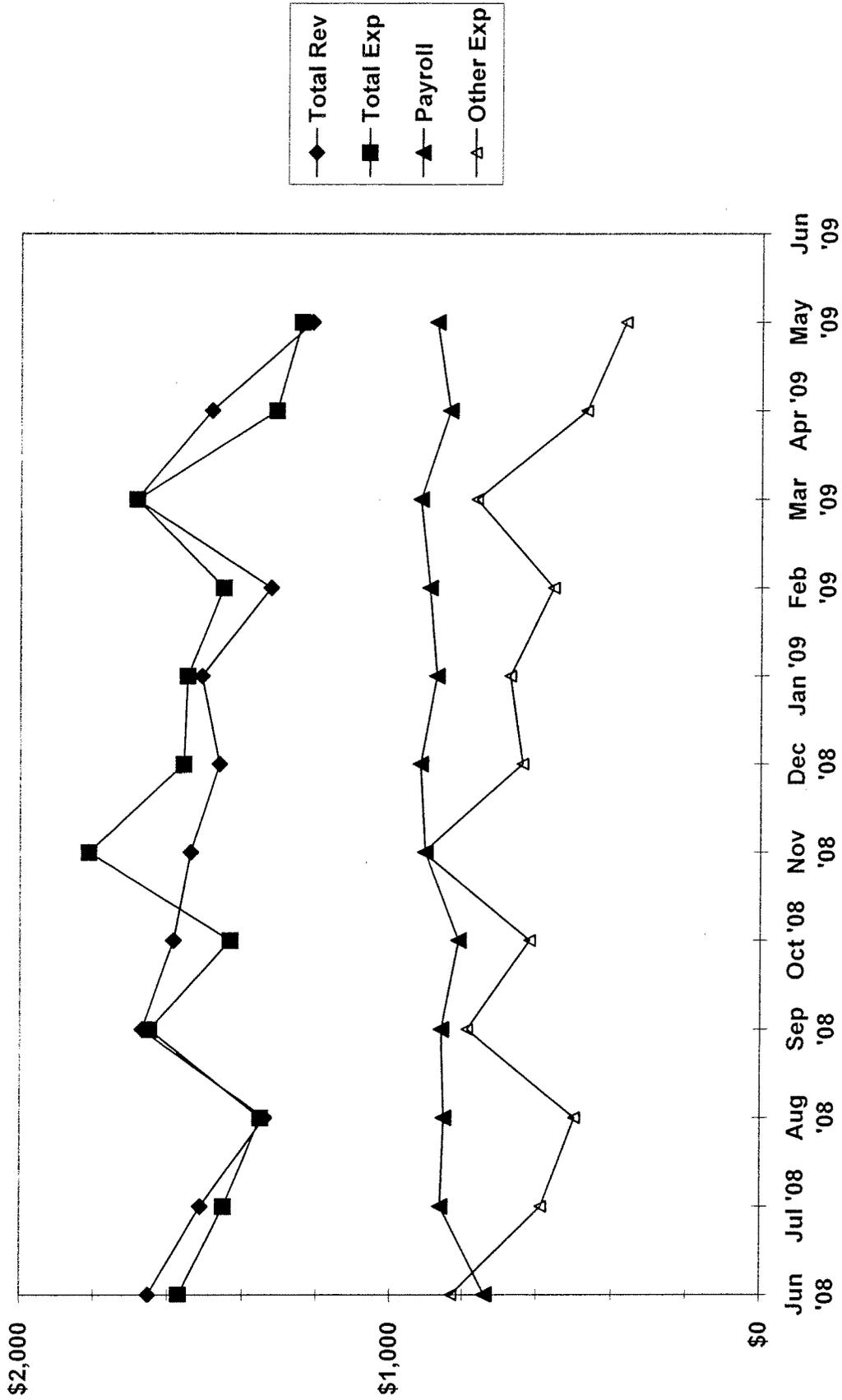
Accounts Receivable FY 08 and FY09 (\$'000)



ABAG Financial Indices

Current Month Revenues & Expenses

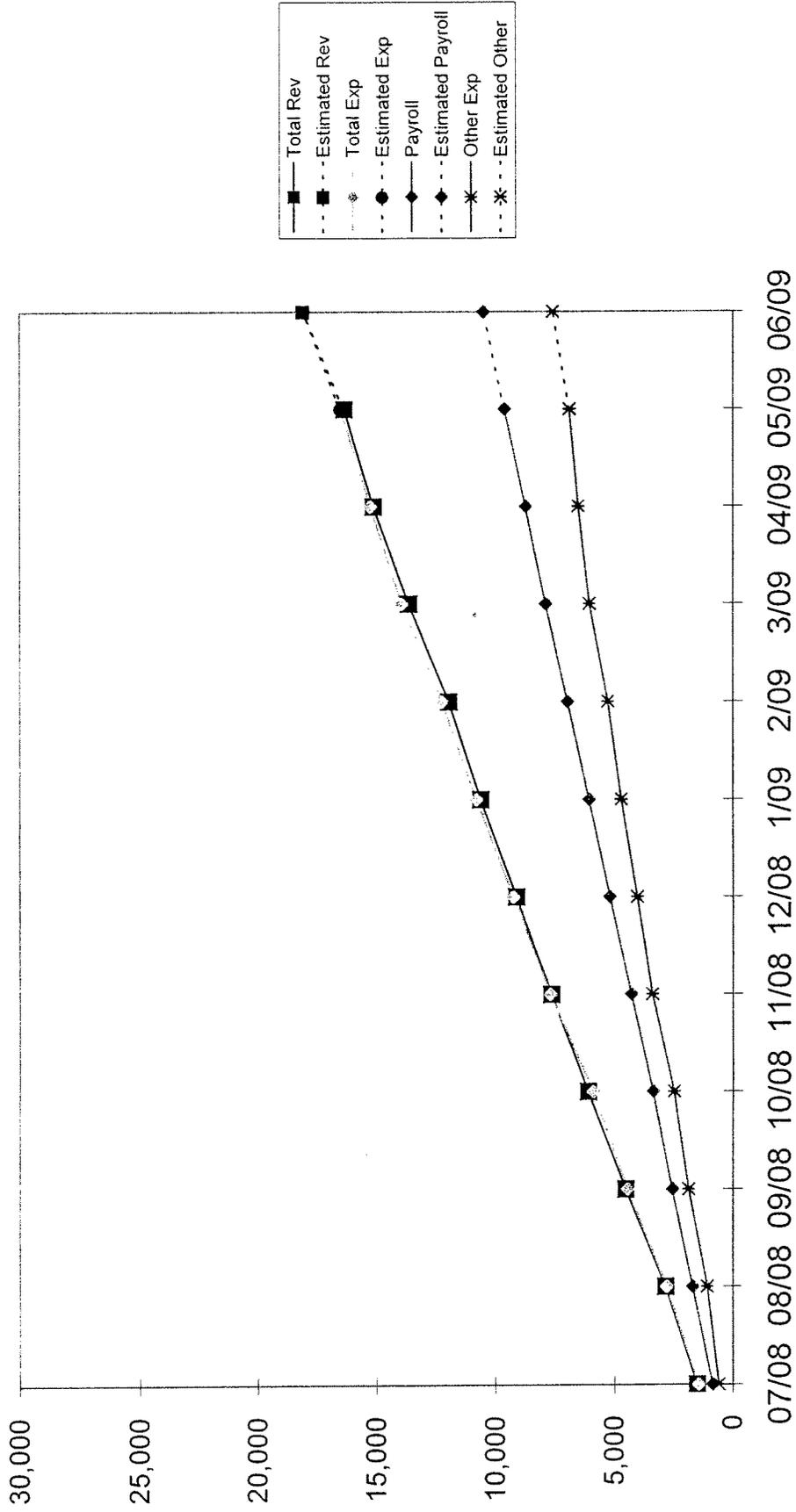
FY 08-09 (\$'000)



ABAG Financial Indices

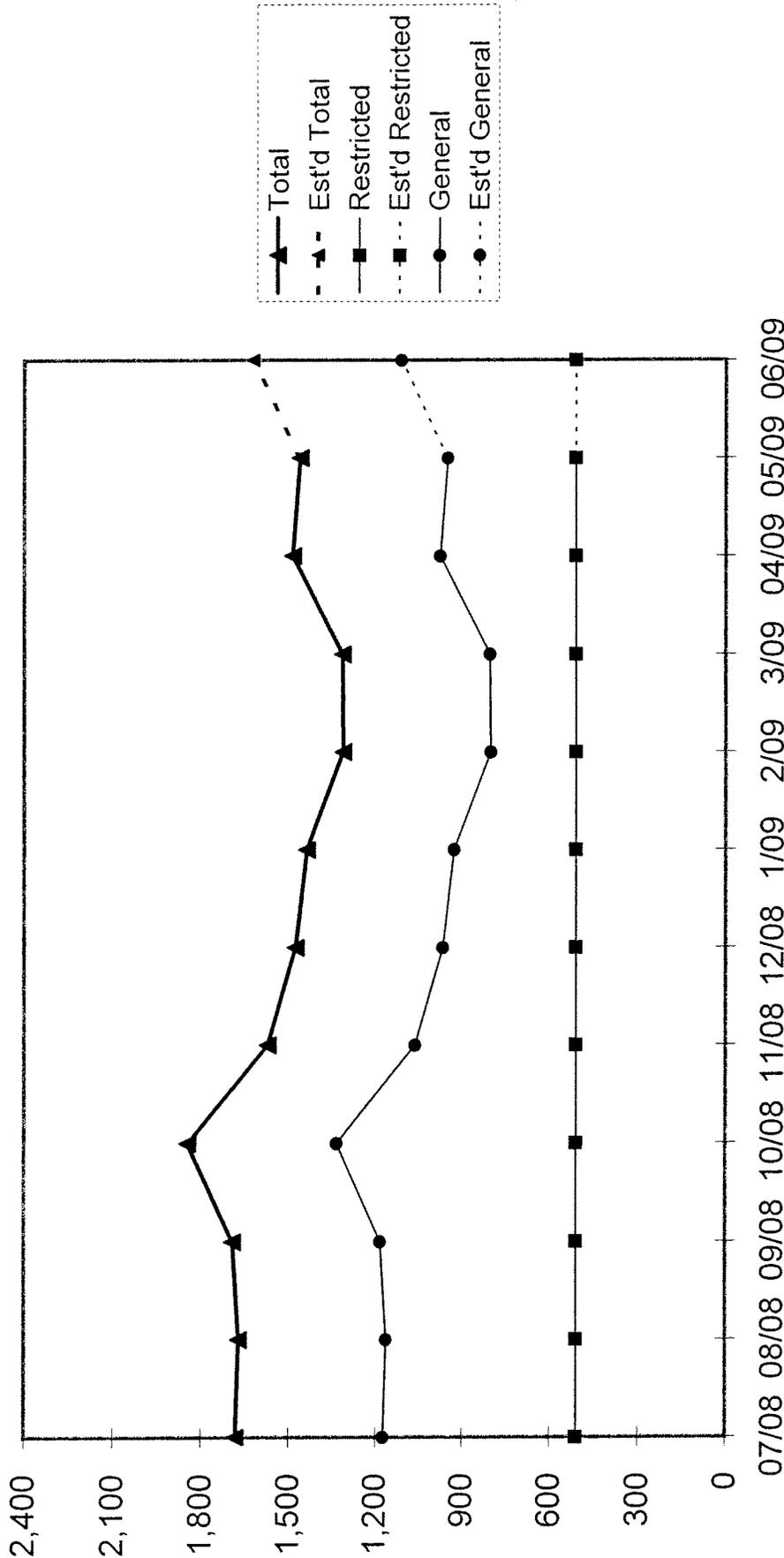
Year-to-date Revenues & Expenses

FY 08-09 (\$'000)



ABAG Financial Indices

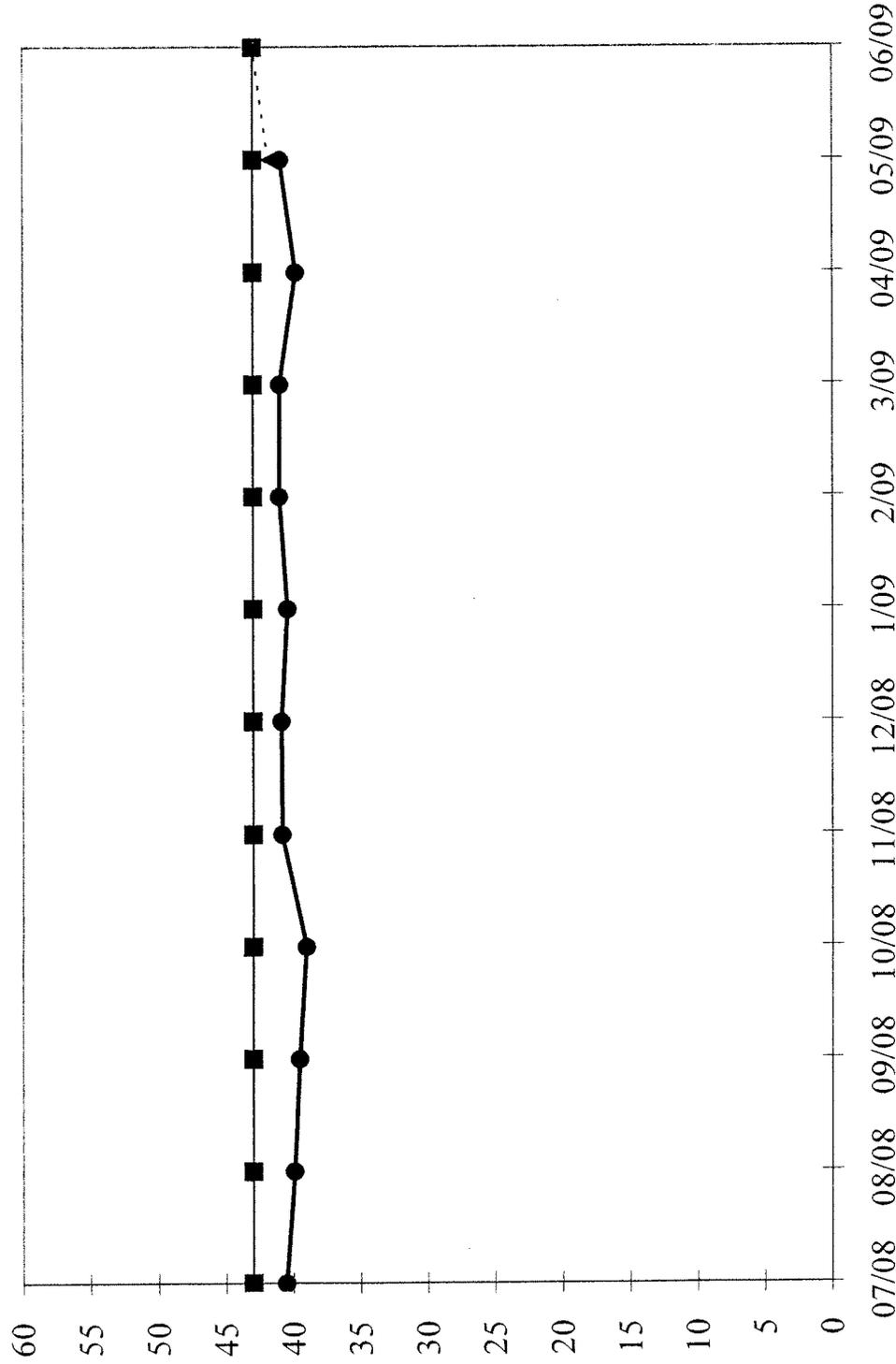
Fund Equity
 FY 08-09 (\$'000)



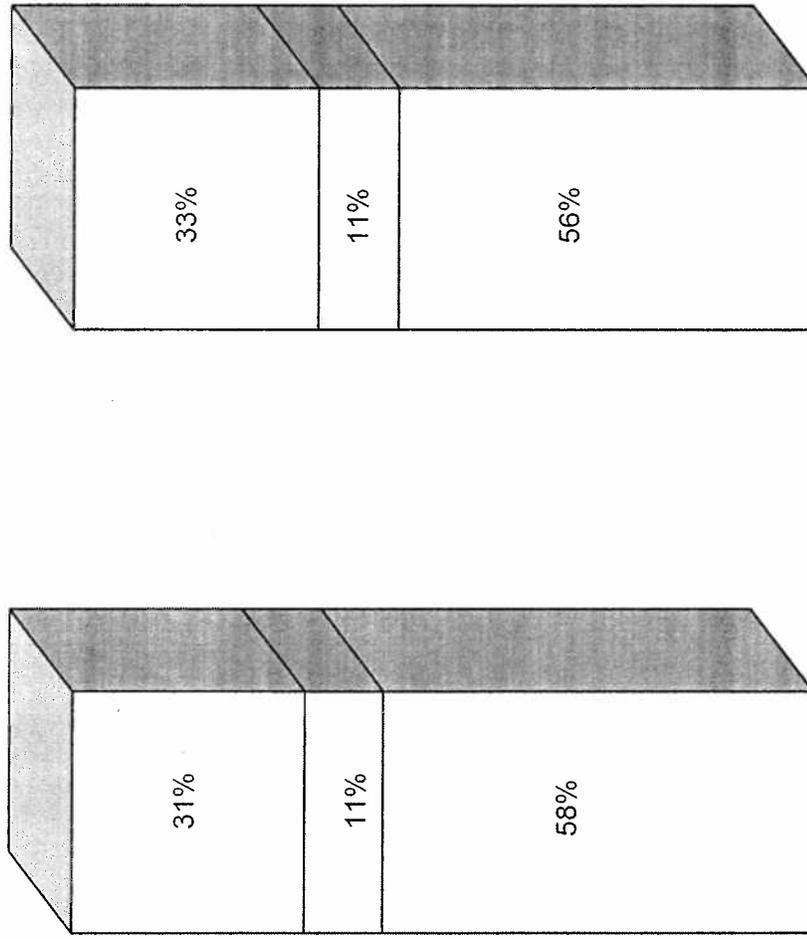
ABAG Financial Indices

Indirect Cost Rate (% of Direct Labor Cost)

FY 08-09



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



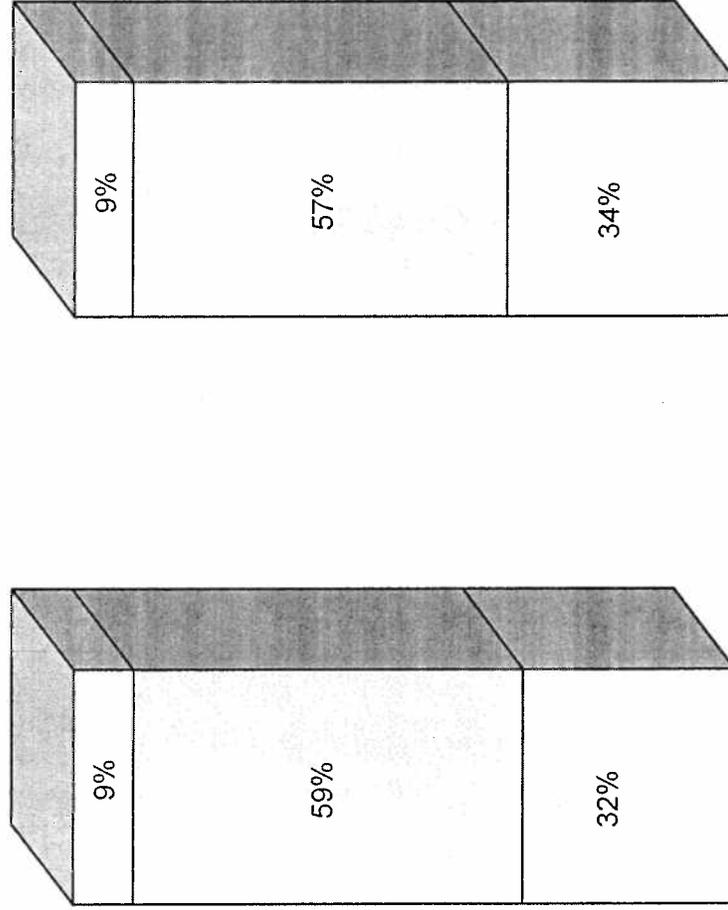
	FY08-09 Expenses (Total \$16,510)	FY07-08 Expenses (Total \$15,688)
<input type="checkbox"/> Consultants	\$5,144	\$5,135
<input type="checkbox"/> Others	\$1,750	\$1,708
<input type="checkbox"/> Payroll	\$9,616	\$8,845

ABAG Financial Indices

Composition of Revenues FY 08-- FY 09

Year to Date

(\$'000)

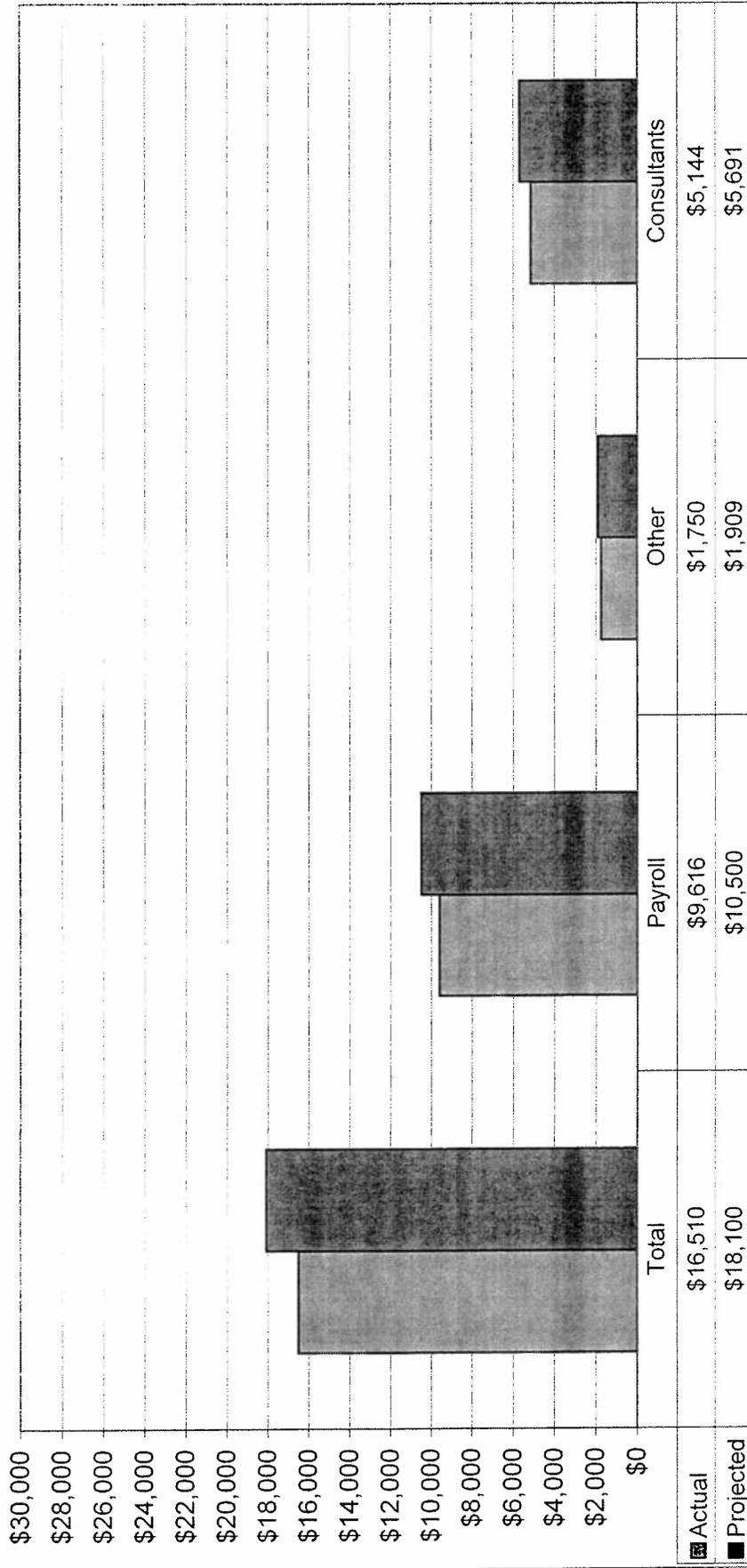


	FY 08-09 Revenue (Total \$16,348)	FY 07-08 Revenue (Total \$15,757)
Membership	\$1,469	\$1,380
Grants	\$9,664	\$8,956
Services & Others	\$5,215	\$5,421

ABAG Financial Indices

Actual vs Projected Expenses--FY 08-09

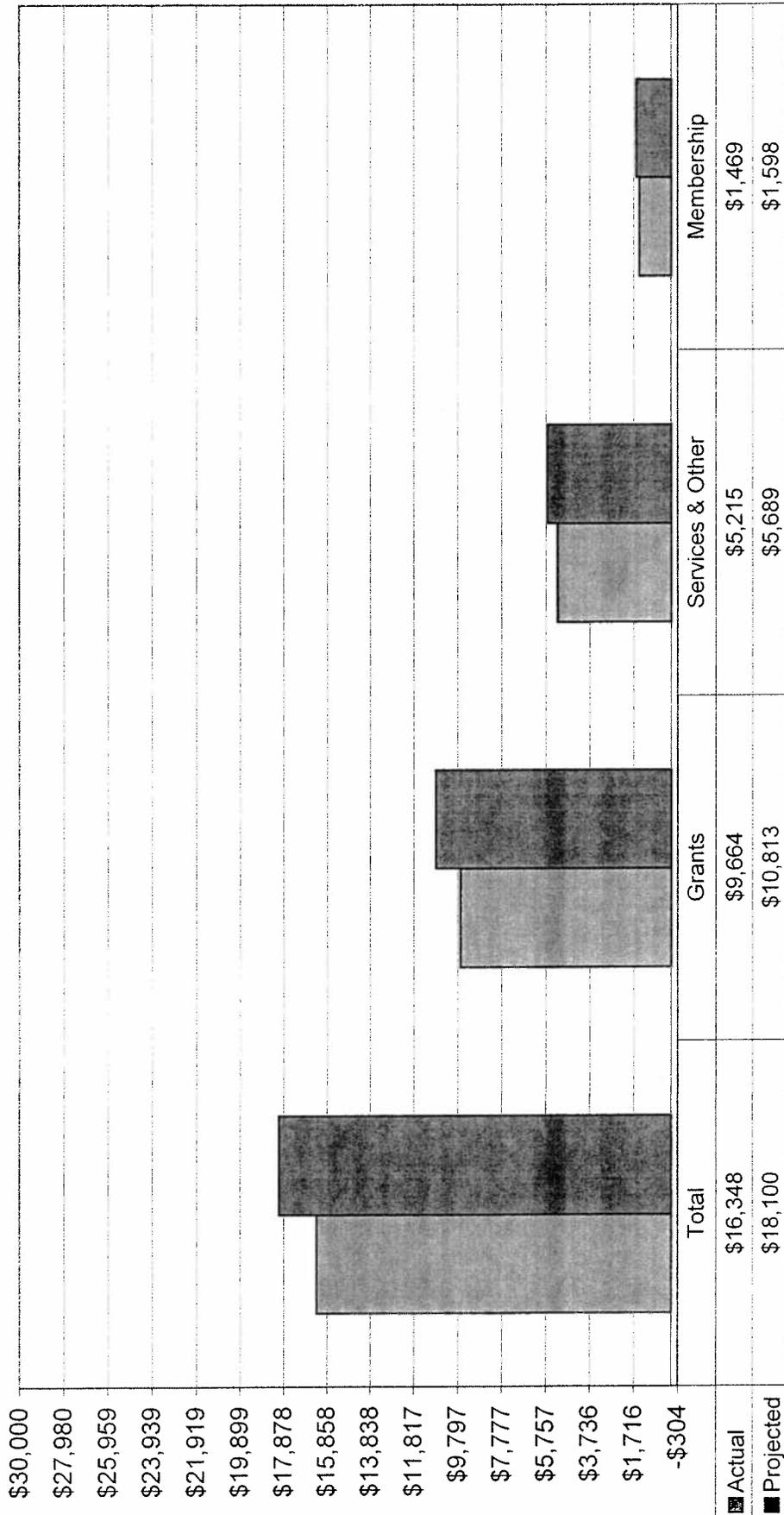
Year-to-Date (\$'000)



ABAG Financial Indices

Actual vs Projected 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.

