

TO: Finance and Personnel Committee

DT: August 22, 2014

FM: Herbert Pike, Finance Director

Re: Financial Reports  
-- July 2014

The following are highlights of the financial reports for July 2014.

### **Overall Summary**

ABAG recognized a deficit of \$103 thousand for the month ended July 2014. Revenues and expenses were slightly above budget. The deficit was the result of high leave usage (or reduction in billable hours), which is consistent with the seasonal pattern in the past. In addition, one of the SFEP projects incurred more expenditures than actual revenues received. The project deficit will be eliminated during later part of the year as contributions from other funding agencies are received. Please refer to the **Table of Financial Report Data Elements** for actual and adopted numbers.

### **Cash on Hand**

The cash balance was \$7.24 million at the end of July including \$2.2 million invested with the Local Agency Investment Fund (LAIF). There was a slight decrease of \$5 thousand from the prior month and an increase of \$576 thousand from the prior year. Figure 1 depicts the actual cash balances for FY 14 and FY 15 and the projected balances for the remaining year. The high cash balance is primarily attributed to grant advances for SFEP projects and the BayREN/Energy project. Funds will be distributed to subrecipients as expenditures are incurred. ABAG expects subrecipients for the BayREN project to draw down the funds for incentive rebates during the first half of the fiscal year (the project will end in December 2014). These funds are for single and multifamily energy retrofits. The incentive rebates will benefit the Bay Area residents in the nine counties. Unspent funds of approximately \$5.7 million are recorded as unearned revenues. The cash balance is projected to be about \$6 million at the end of the fiscal year.

### **Receivables**

Receivables from grant and service programs amounted to \$6.12 million at the end of July comprised primarily of \$3.25 million in grants receivables and \$2.3 million in unbilled receivables. The total increased by \$1.24 million from the prior month and \$934 thousand from the prior year. Due to the fiscal year-end close, June unbilled receivables will not be billed until August and resulted in a high balance in July. Figure 2 depicts the actual receivable balances for FY 14 and FY 15 and the projected balances for the remaining year. Total receivable is expected to be approximately \$5.5 million at the end of the year.

### **Revenues and Expenses**

Expenses exceeded revenues by \$103 thousand as of July 31. Total revenues amounted to \$2.43 million, or 10 percent, of the adopted budget revenues of \$23.67 million. Total expenses amounted to \$2.53 million, or 11 percent, of the adopted budget expenses of \$23.62 million. Revenues and expenses are 2 percent and 3 percent above the 8 percent budgeted. ABAG

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operations are expected to yield a net surplus of \$50 thousand as of June 30, 2015. Figure 3 presents a comparison of current month, year-to-date actual and budgeted revenues and expenses. Figure 4 shows year-to-date revenues by major category, and Figure 5 shows year-to-date expenses by major category.

### **Net Position/Fund Equity**

Total fund equity was \$2.78 million as of July 31 including \$2.07 million in general fund equity and \$710 thousand in restricted fund equity. The fund equity decreased by \$103 thousand compared to the prior month. The restricted fund equity consists of capital, self-insurance, building maintenance and reserves. A surplus is projected at year end and will be reserved for contingency to reflect the commitment to increase restricted reserves by \$50 thousand per year. Figure 6 presents actual and adopted general, restricted, and total fund equities for the current fiscal year.

### **Indirect Overhead Rate**

The Agency's actual indirect cost (overhead) rate for the first month of the fiscal year was 43.16 percent, or 1.79 percent below the budget estimate of 44.95 percent. This means that for the month of July, ABAG has charged more to grants for overhead expense than what was actually spent. The actual realized overhead rate is expected to approach the budgeted rate towards the end of the fiscal year. Figure 7 shows a comparison between the actual indirect cost rate and the approved rate.

### **Financial Information by Program**

The **Report by Program of Net Surplus/(Deficit)** is included after the charts. This report presents revenue and expense information by program. It provides an overview of budgeted and year-to-date revenue and expense data for major programs such as the Planning Services, San Francisco Estuary Partnership, Bay Trail and POWER/Energy.

**Association of Bay Area Governments**  
**Table of Financial Report Data Elements**  
(thousands of dollars)

For the Month Ended July 2014

Projected percentage of budget is 8%.

Description	Adopted Budget	Year-To-Date Actual	% of Budget	Budget Balance
<b>ASSETS</b>				
Cash	6,000	7,243	121%	(1,243)
Receivables	5,500	6,116	111%	(616)
<b>REVENUES</b>				
Membership Dues	1,821	152	8%	1,669
Grants	15,881	1,751	11%	14,130
Charges for Services and Other	5,963	525	9%	5,438
<b>Total Revenues</b>	<b>23,665</b>	<b>2,428</b>	<b>10%</b>	<b>21,237</b>
<b>EXPENSES</b>				
Salaries and Benefits	12,882	1,127	9%	11,755
Pass-through and Consultant Expenses	8,500	1,257	15%	7,243
Other Expenses	2,233	147	7%	2,086
<b>Total Expenses</b>	<b>23,615</b>	<b>2,531</b>	<b>11%</b>	<b>21,084</b>
Change in Net Position	50	(103)	-206%	153
Beginning Net Position	2,887	2,887	100%	-
<b>Ending Net Position</b>	<b>2,937</b>	<b>2,784</b>	<b>95%</b>	<b>153</b>
<b>NET POSITION BREAKDOWNS</b>				
Unrestricted	2,177	2,074	95%	103
Restricted	760	710	93%	50
<b>Total Net Position</b>	<b>2,937</b>	<b>2,784</b>	<b>95%</b>	<b>153</b>
<b>INDIRECT OVERHEAD</b>				
Overhead Rate	44.95%	43.16%		

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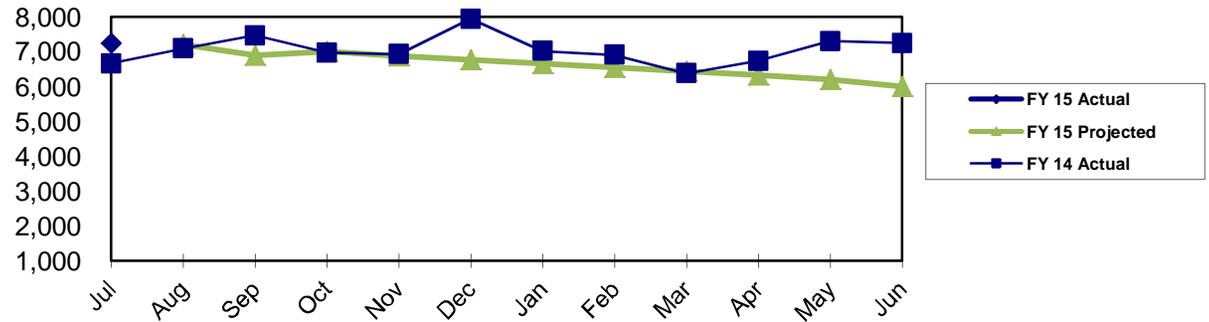
## ABAG Financial Indices

### Cash on Hand FY 14-FY 15 (\$'000)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 15 Actual	7,243											
FY 15 Projected		7,200	6,900	7,000	6,887	6,774	6,661	6,548	6,435	6,322	6,209	6,000
FY 14 Actual	6,667	7,091	7,472	6,974	6,933	7,943	7,017	6,907	6,385	6,741	7,306	7,248

**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.

**Figure 1--Cash on Hand--FY 14 and FY 15 (\$'000)**

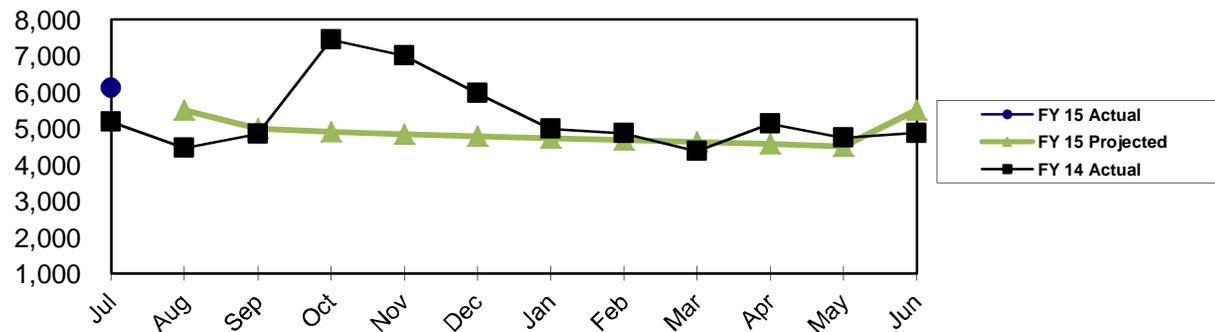


### Accounts Receivable FY 14-FY 15 (\$'000)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 15 Actual	6,116											
FY 15 Projected		5,500	5,000	4,900	4,844	4,788	4,732	4,676	4,620	4,564	4,508	5,500
FY 14 Actual	5,182	4,463	4,851	7,445	7,006	5,973	4,985	4,862	4,379	5,132	4,742	4,874

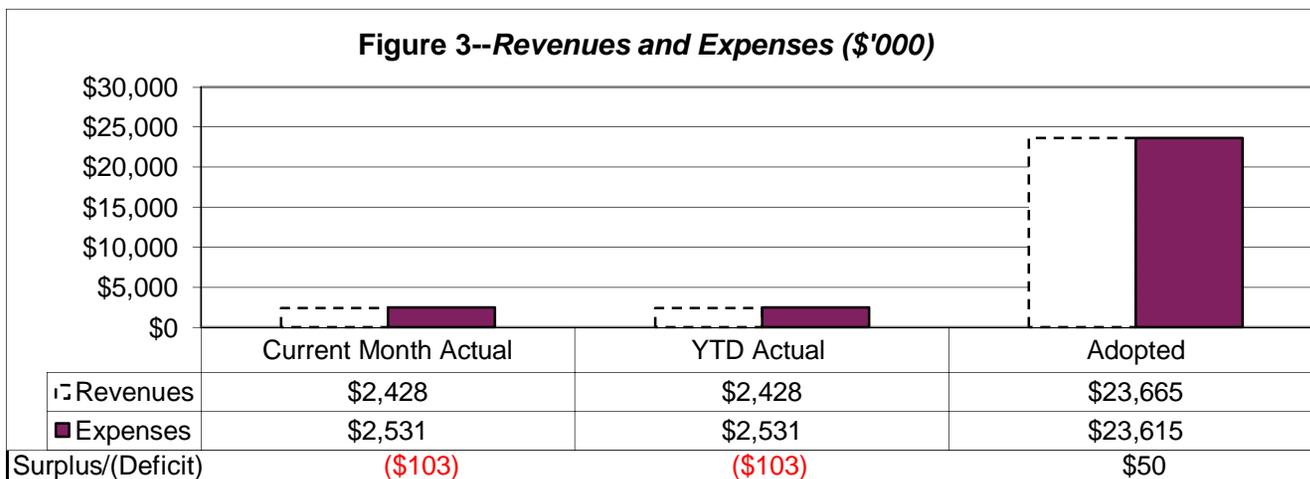
**Accounts** receivable include receivables generated by grants and service programs over two fiscal years. Reflects the reasonableness of our receivable levels; usually have about six weeks' worth of annual revenues in receivables.

**Figure 2--Accounts Receivable--FY 14 and FY 15 (\$'000)**



## ABAG Financial Indices

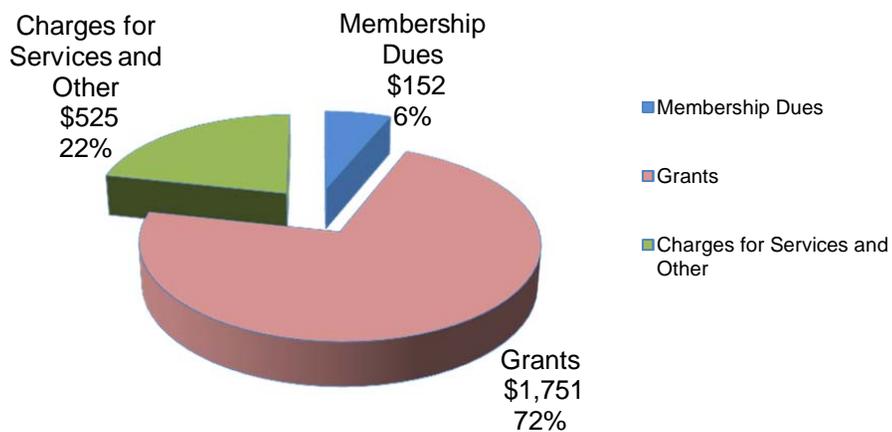
**Presents** a comparison of current month actual, year-to-date actual, and adopted/projected revenues and expenses.



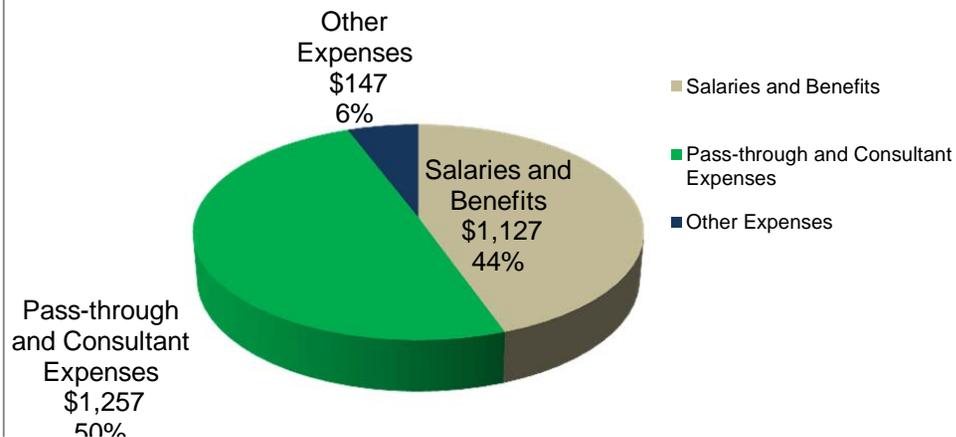
**Shows** year-to-date revenues by major category including membership dues, grants, and charges for services and other.

**Shows** year-to-date expenses by major category including salaries and benefits, pass-through and consultant expenses, and other expenses.

**Figure 4-- Year-to-date Revenues by Category (\$'000)**



**Figure 5-- Year-to-date Expenses by Category (\$'000)**



## ABAG Financial Indices

**Presents** actual and adopted/projected 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.

**Shows** a comparison between the actual indirect cost rate and the budgeted/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 federal guidelines.

Figure 6--Net Position/Fund Equity (\$'000)

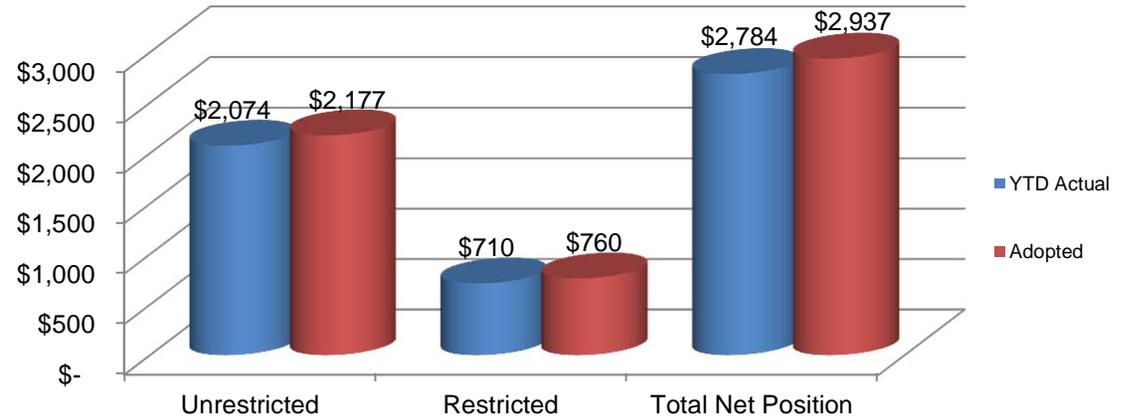
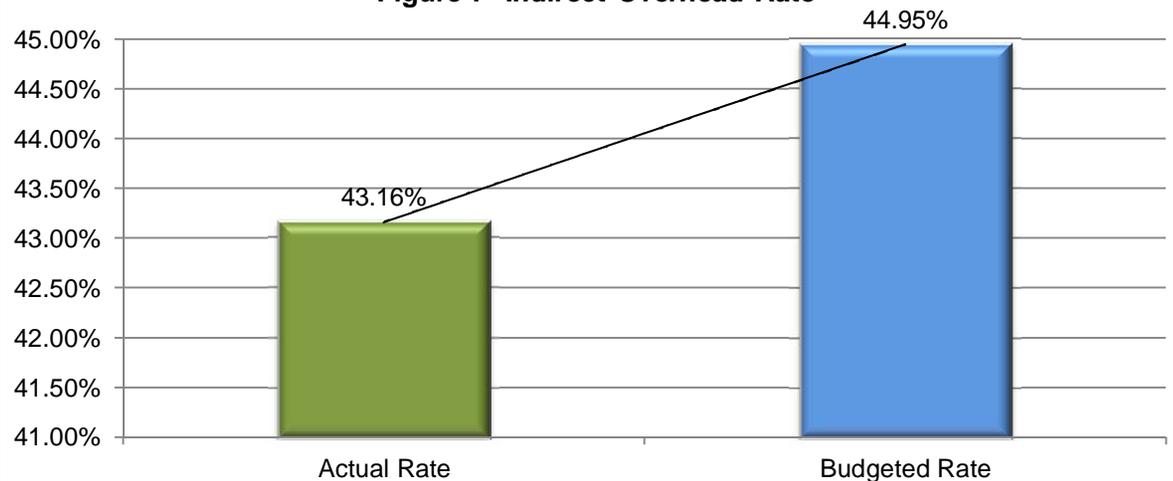


Figure 7--Indirect Overhead Rate



## Association of Bay Area Governments

### Report by Program of Net Surplus/(Deficit) Through July 2014 / 8% of Year Elapsed

Program Description	Adopted Budget Expenses *	Year-To-Date Revenues	Year-To-Date Expenses	YTD Surplus/(Deficit)	% of Expense Budget	Explanations for Variances over 5%
	A	B	C	D = B - C	E = C/A	
Planning Services	3,967,523	349,355	349,355	-	9%	
San Francisco Estuary Partnership	5,549,917	319,198	392,395	(73,197)	7%	
Disaster Recovery	400,000	27,278	27,278	-	7%	
Bay Trail	1,737,560	87,535	87,535	-	5%	
Green Business	120,000	6,750	6,750	-	6%	
Training Center, Web Hosting and Publications	672,500	50,871	54,364	(3,493)	8%	
POWER/Energy	4,650,000	1,061,679	1,062,604	(924)	23%	Actual expenditures for the BayREN project exceeded budget estimate.
Finance Authority	1,500,000	129,591	126,117	3,474	8%	
Plan Corporation - Property & Liability Insurance Pool	2,900,000	213,686	213,686	-	7%	
SHARP - Worker's Comp Pool	140,000	4,153	4,153	-	3%	
Fiscal Agent Services	101,200	15,249	15,455	(206)	15%	Accounting staff spent more time on contracted services due to fiscal year-end close.
Communications/Legislative	860,000	61,680	61,680	-	7%	
Agency Administration	1,016,061	101,200	98,543	2,657	10%	
Payroll Clearing		-	43,654	(43,654)	N/A	The deficit was the result of low billable hours.
Central Overhead	3,333,913	307,911	295,808	12,103	9%	
<b>Totals</b>	<b>26,948,674</b>	<b>2,736,136</b>	<b>2,839,377</b>	<b>(103,241)</b>	<b>11%</b>	

\* Adopted expenses equal to adopted revenues for all programs except for Agency Administration in which a \$50K surplus was budgeted.