

# ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



**ABAG**

Date: September 1, 2016  
To: ABAG Finance and Personnel Committee  
From: Courtney Ruby  
Director of Finance and Administrative Services  
Subject: **Financial Reports June 2016**

The following are highlights of the June 2016 financial reports.

## Overall Summary

The preliminary results show revenues exceeding expenses by \$367 thousand for the year ended June 30, 2016. This is attributed mostly to the sale of the Hazmat School training program for \$200 thousand and an Agency administration surplus of \$103 thousand. Please refer to the **Table of Financial Report Data Elements** for fiscal year adopted budget, projected fiscal year and year-to-date actual numbers.

## Cash on Hand

The cash balance was \$7.3 million at the end of June, including \$2.2 million deposited in the Local Agency Investment Fund (LAIF) and \$2.4 million in the Money Market account. As shown in Figure 1, the actual monthly cash balances for the year were within our normal range of \$6.0 to \$10.0 million.

## Receivables

At the end of June, total receivables amounted to \$29.7 million which included \$16.4 million of unbilled receivables related to SFEP's Integrated Regional Water Management Program (IRWMP) and \$13.3 million (mainly attributed to IRWMP and BayREN) of grant and service programs receivables, of which approximately \$8 million had been received by August 15, 2016. Receivables over 90 days past due were \$547 thousand including \$153 thousand from the Department of Water Resources and \$114 thousand from Bay Area Clean Water Agencies. All receivables are believed to be collectible. Figure 2 shows the comparison of receivables generated by grants and service programs over the current and prior fiscal year.

## Revenues and Expenses

As of June 30, 2016, total revenue amounted to \$61.7 million, which is 109 percent of the \$56.6 million projected revenue for the year. Total expenses were also \$61.4 million, which is 109

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percent of the \$56.2 million projected expenses for the year. The surplus for the year amounted to \$367 thousand. This amount is preliminary and may be adjusted before the completion of the year-end audit.

Figure 3 presents a graphic comparison of the month of June 2016, the fiscal year then ended, and the projected revenues and expense for the fiscal year.

Figures 4 and 5 show year-to-date revenues and expenses by major categories. Grants revenue is 84% of total revenue, compared to 77% for the prior fiscal year. Pass-through and consultant expense are 74% of total expenses, compared to 64% for the prior fiscal year. The increasing percentages for these categories of revenues and expenses are caused by new multi-year funding for BayREN and SFEP's IRWMP by \$16 million and \$32 million respectively.

The total approved BayREN funding since inception in 2013 is in excess of \$62 million. The total approved state funding for SFEP's IRWMP program since 2011 is \$59 million with an additional funding match of \$40 million required from the sub-recipients, resulting in SFEP managing \$99 million for this program.

### Net Position/Fund Equity

Total fund equity was negative \$7.7 million as of June 30, 2016. In compliance with the new accounting pronouncement, GASB 68, beginning with the June 30, 2015 audited financial statements, we have recorded the ABAG accumulated unfunded pension obligation as a liability and reduction of fund equity. For internal financial statement purposes, we have elected to separately track the fund equity for the pension obligation and operations. Thus, the June fund equity for pension obligations is presented as a negative \$12.2 million, and the accumulated fund equity from operations is presented as a positive \$2.9 million in the financial reports. The restricted fund equity of \$1.6 million consists of capital, self-insurance, building maintenance and reserves. Figure 6 is a graphic presentation of actual and projected: unrestricted, restricted, and total net equity for the current fiscal year.

### Indirect Overhead Rate

The Agency's actual indirect cost (overhead) rate through June 2016 was 47.52%, which was 2.57 percentage points above the adopted budget rate of 44.95 percent. This means ABAG has charged less to the grants for overhead expense than what was actually spent. The under recovery of overhead has been recorded as a receivable and will be billed to the projects in FY 17-18. Figure 7 shows a comparison between the actual indirect cost rate, projected 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 actual revenue and expense data for major programs such as Planning Services, San Francisco Estuary Partnership (SFEP), Bay Trail and POWER/Energy. Apart from SFEP none of the other programs listed on this chart are significantly out of line with the budget. For SFEP, the actual progress of the projects exceeded projection by approximately \$6.0 million. The significant variation is as a result of the complexity of the SFEP projects and

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their multi-year duration that makes it difficult to closely project the progress by various sub-recipients and contractors.

The chart includes a projection of expenses for the year of \$56 million; this is up \$22 million from the November 30, 2015 projection. The majority of this increase is due to SFEP's IRWMP and BayREN as previously discussed.

### Recommended Action

Staff recommends that the Finance and Personnel Committee approve the Financial Reports for June 2016.

### Attachments

Financial Report Indices