



# San Gabriel Valley Council of Governments

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DATE: February 18, 2010  
TO: City Managers' Steering Committee  
FROM: Charles Conway, Accountant  
RE: FY 2009-2010 Second Quarter Financial Report

## RECOMMENDATION

Receive and File.

## BACKGROUND

Attached for your review are the following reports:

- Exhibit I – Revenue and Expense – Actual Revenue vs. 2009-2010 Budget
- Exhibit II – Project Status
- Exhibit III – 12-Month Cash Flow Analysis
- Exhibit IV – Accounts Receivable Summary

### Exhibit I - Actual Revenue and Expense vs. 2009-2010 Budget

This exhibit shows both the current adopted FY 2009-10 Budget as well as the proposed revision incorporating newly funded projects. The proposed Revised Budget has revenues of \$1,275,000 comprised of: \$720,000 in member dues; \$261,000 for the Metals TMDL Implementation Plan project; \$109,000 for the SCE Energy Wise project; \$12,000 for the LA County Arrow Highway project; \$31,000 for the Regional Homeless Services Strategy Implementation (50% funded by COG); \$61,000 for the Watershed Coordinator project; \$84,000 for the California Integrated Waste Management Board project; and \$6,000 in interest income.

As noted in last quarter's report, we have a notable increase in revenues due to receipt and initiation of multiple grants and special projects as follows:

- 1) **Homeless Services** - LA County and the COG agreed to jointly fund the first phase of implementation of the adopted Regional Homeless Services Strategy for a total of \$31,365. The original budget identified only the County's estimated portion of the project (\$15,500) and the current budget revision includes the COG match. These funds will be used to support the COG's staff time and expenses needed to manage the first phase of implementation.
- 2) **The State of California, Department of Conservation (DOC)** - The DOC funded the COG's application to hire an Upper San Gabriel River Watershed Coordinator that would

be responsible for implementing the goals and objectives identified in the Rio Hondo Watershed Master Plan. This grant extends over three fiscal years (2009-11) and provides for \$194,626 to support this staff position and \$29,193 for administrative and out of pocket expenses. While this was a COG funded position, this individual worked out of the RMC offices. Due to the State's fiscal crisis, the COG received a stop work notification on December 17, 2008; and as a result, no further expenditures were planned for FY 2009-2010. However, the COG was given a notice to proceed at the beginning of the fiscal year and the grant was re-started in August. The budget has been revised to reflect the \$61,109 in funding anticipated for the remainder of the fiscal year due to the restart. The COG anticipates receiving \$5,500 of this to support administration expenses.

- 3) **Energy Wise Partnership** – The COG has partnered with Southern California Edison under the California Public Utilities Commission Local Government Partnerships program. This partnership provides funding to cities for direct energy savings through the installation of energy efficiency projects as well as funding for community outreach and other activities that promote energy efficiency. The COG anticipates having fewer expenses than originally estimated; therefore, the budget has been adjusted from \$130,000 to \$109,759. Approximately \$100,000 of this amount is anticipated to be used to support staffing expenses.
- 4) **Metals TMDL Implementation** – Since adoption of the budget, the COG has agreed to provide administration of a consultant contract to develop a Coordinated Implementation Plan for the Los Angeles Rivers Metals TMDL (Reach 2), which includes 33 participating cities. The budget has been revised to include the additional income and expenses for this new contract. The COG will receive \$25,000 for its administrative activities and \$236,335 will be paid to the consultant for completion of the draft and final implementation plans by July 11, 2010.
- 5) **California Integrated Waste Management Board (CIWMB)** – In December 2009, the COG was awarded a grant from the CIWMB (now the Department of Resources, Recycling, and Recovery or “CalRecycle”) to implement a household hazardous waste grant focused to work collaboratively with local governments and retailers to develop an education and pilot take-back program for household batteries and mercury-containing lamps such as compact fluorescent lamps. The budget has been revised to reflect the additional \$84,683 in income anticipated for this fiscal year. The COG will receive approximately \$20,663 for administration and implementation activities. The remaining \$64,020 will be paid to the consultant for tasks associated with the work plan. CIWMB will withhold 10% of all invoiced amounts until submission of the final report at the end of the grant period (April 2012).
- 6) **Arrow Highway** – Currently, the cities of Glendora, Covina, Baldwin Park, Azusa, and Irwindale, along with LA County Supervisorial Districts 1 and 5, are working together on a planning effort to address land use and transportation issues along Arrow Highway. This project builds off of existing work that was completed as part of SCAG's Compass Blueprint Program. As a next step, the County provided \$12,000 in funding to the COG in August 2009 to complete a land use inventory for the parcels along Arrow Highway.

Specifically, this funding was used to support the COG's internship program. The land use inventory was completed in November 2009.

Interest for the second quarter is estimated to be \$1,500. Rates for LAIF deposits are now hovering just below 1% per annum; an historical low. With the drawdown of dues income that takes place over the nine month period, we have revised interest income down to \$5,000.

The vast majority of the COG's operating expenses are comprised of fixed price not-to-exceed multi-year professional service contracts. Therefore the estimated expenditures are predictable, stable and proceeding as planned within the adopted budget. Management anticipates \$74,000 of the original MSA and \$12,000 of intern expense to be charged to projects, lowering the amounts charged to administration by the same amount. Offsetting these and other minor changes will be substantially more project reimbursable expense due to the new projects. Given these changes, we estimate there will be \$158,000 increase in net assets. When combined with the prior year ending balance of \$389,000, Net Assets are estimated to be \$547,000 or nearly 76% the COG's general dues income. This revised budget performance continues to support our adopted objective of restoring the Agency's cash reserves to a level equal to one year of dues income by 2012 over the next five years.

#### **Exhibit II – Project Status**

Exhibit II details revenue and expense for each grant funded project by total project, current year and future years, if any.

#### **Exhibit III – 12-Month Cash Flow Analysis**

The revised cash flow reflects the changes in estimated income and expenditures as previously discussed. As of December 31, 2009, the COG had \$912,000 on hand and in various bank accounts. Over the next six months, we anticipate receiving the remainder of the second half of the Metals revenue, County member dues and project related reimbursements. COG's cash balance at the end of the fiscal year is anticipated to be \$501,000.

#### **Exhibit IV – Accounts Receivable Summary**

The accounts receivable is broken out by member dues, metal and projects. The Executive Director has contacted members concerning outstanding invoices.

cc: City Managers Steering Committee

**San Gabriel Valley Council of Governments**  
**Revenue and Expense – Actual Revenue vs. 2009-2010 Budget**  
**July 2009 thru December 2009**

	2009-10 Approved Budget	2009-10 Proposed Revision	Actual YTD	% of Budget
<b>Revenues</b>				
4010 · Member Dues	\$ 702,317	\$ 719,800	674,800	96%
4050 · Interest	5,000	6,000	3,709	74%
4100 · Project Revenue	145,500	545,700	350,395	241%
4900 · Misc. Revenue	-	4,000	4,000	n/a
<b>Total Revenues</b>	<b>\$ 852,817</b>	<b>\$ 1,275,500</b>	<b>\$ 1,032,904</b>	<b>121%</b>
<b>Expenses</b>				
5110 · Mgt Contract	\$ 414,059	\$ 340,000	175,834	42%
5140 · Interns/Policy Com Supt	35,000	23,000	10,400	30%
5150 · MTA Board Support	50,000	50,000	20,833	42%
5200 · Insurance	6,000	5,000	3,859	64%
5220 · Legal	25,000	20,000	6,000	24%
5230 · Accounting	10,000	12,000	5,665	57%
5240 · Other Prof Services	35,000	30,000	23,949	68%
5250 · Media/Public Relations	5,000	5,000	4,500	90%
5270 · Outreach	20,000	16,000	-	0%
5310 · Miscellaneous	27,500	45,000	24,850	90%
6000 · Project Reimbursable Expense				
6110 · Mgt Contract - Project		74,000	31,005	n/a
6120 · Mgt Contract - Amend	100,000	100,000	52,083	52%
6130 · Contracts - Project	20,000	354,000	8,063	40%
6140 · Interns - Project	-	12,000	240	n/a
6220 · Legal - Project	1,000	1,000	3,016	302%
6360 · Meetings - Project		5,000	3,834	n/a
6370 · Printing/Publications - Project		2,000	547	n/a
6990 · Misc. - Project		12,000	5,305	n/a
<b>Total 6000 · Reimbursable Expense</b>	<b>121,000</b>	<b>560,000</b>	<b>104,092</b>	<b>86%</b>
7000 · Unallowable Expense				
7300 · Board Stipend	11,000	11,000	4,400	40%
<b>Total 7000 · Unallowable Expense</b>	<b>11,000</b>	<b>11,000</b>	<b>4,400</b>	<b>40%</b>
<b>Total Expenses</b>	<b>759,559</b>	<b>1,117,000</b>	<b>384,383</b>	<b>51%</b>
<b>Incr/(Decr) Net Assets</b>	<b>\$ 93,258</b>	<b>\$ 158,500</b>	<b>\$ 648,521</b>	Note 1

Note 1 - Represents 12 months of dues and six months of expenditures and project revenues

**San Gabriel Valley Council of Governments  
Project Status  
July 2009 thru December 2009**

	Project Budget	Prior Years		YTD		FY2010				Future Years			
		Revenue	Expense	Revenue	Expense	Jan-Jun		Full Year Forecast		Revenue	Expense		
						Revenue	Expense	Revenue	Expense	Revenue	Expense		
Grant Funded													
Metal	261,335			268,171	44	(6,836)	261,291	261,335					
Watershed	223,819	20,644	15,825	9,298	9,501	51,811	51,608	61,109	61,109			162,710	162,710
Energywise	452,968	56,840	8,527	51,700	61,570	58,059	48,189	109,759	109,759			343,209	343,209
Arrow Highway	12,000	-	-	12,000	-	-	12,000	12,000	12,000			-	-
Homeless Imp (1)	31,365	-	-	-	121	31,365	31,244	31,365	31,365			-	-
Waste Board	123,982	-	-	-	352	84,683	84,331	84,683	84,683			39,299	39,299
<b>Total Grant Funded</b>	<b>1,105,469</b>	<b>77,484</b>	<b>24,352</b>	<b>341,169</b>	<b>71,588</b>	<b>219,082</b>	<b>488,663</b>	<b>560,251</b>	<b>560,251</b>			<b>545,218</b>	<b>545,218</b>

(1) Homeless includes \$15 k in COG funds

San Gabriel Valley Council of Governments  
**12-Month Cash Flow Analysis**  
 July through December 2009

	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	TOTAL
<b>Income</b>													
4010 - Member Dues	484,344	122,175	43,231	24,700	-	-	1,000	90,000	-	1,000	-	-	764,450
4050 - Interest	1,451	-	28	1,177	53	-	-	-	-	-	-	-	4,709
4100 - Project Revenue	27,593	64,724	47,577	34,944	10,394	16,345	88,954	44,546	47,992	55,256	15,321	22,157	475,813
4900 - Misc. Revenue	-	9,298	-	2,000	2,000	-	-	-	-	-	-	-	13,298
<b>Total Income</b>	<b>513,388</b>	<b>196,197</b>	<b>90,836</b>	<b>62,821</b>	<b>12,394</b>	<b>16,398</b>	<b>89,954</b>	<b>134,546</b>	<b>47,992</b>	<b>56,256</b>	<b>15,321</b>	<b>22,157</b>	<b>1,258,270</b>
<b>Expense</b>													
5110 - Mgt Contract	29,355	29,355	29,355	29,355	28,855	29,559	32,455	26,355	26,455	26,455	25,455	25,455	338,464
5140 - Interns/Policy Com Supt	-	-	3,210	2,182	3,390	1,618	2,000	2,000	2,000	2,000	2,000	2,000	22,400
5150 - MTA Board Support	4,167	4,167	4,167	4,167	-	4,167	4,167	4,167	4,167	4,167	4,167	4,167	45,837
5200 - Insurance	-	-	3,859	-	-	-	-	-	-	-	-	-	3,859
5220 - Legal	2,000	2,000	2,000	-	-	-	2,000	2,000	2,000	2,000	2,000	2,000	18,000
5230 - Accounting	833	868	1,000	999	1,020	945	1,000	1,000	1,000	1,000	1,000	1,000	11,665
5240 - Other Prof Services	-	7,061	-	3,888	13,000	-	-	7,000	-	-	-	-	30,949
5250 - Media/Public Relations	4,500	-	-	-	-	-	-	-	-	-	-	-	4,500
5270 - Outreach	-	-	-	-	-	-	-	-	15,000	-	-	-	15,000
5310 - Miscellaneous - Total	7,560	5,618	3,484	992	5,531	3,187	2,700	2,700	2,900	2,700	2,700	2,900	42,952
6000 - Project Reimbursable	-	-	-	-	-	-	-	-	-	-	-	-	-
6110 - Mgt Contract - Project	5,000	5,000	5,000	5,000	5,500	5,500	1,900	8,000	7,900	7,900	8,900	8,900	74,500
6120 - Mgt Contract - Amend	10,417	8,333	8,133	8,533	8,333	8,333	8,302	8,376	8,376	8,376	8,376	8,376	102,264
6130 - Contracts - Project	-	-	-	8,063	-	-	60,010	74,965	76,855	54,030	10,000	25,200	309,123
6140 - Interns - Project	-	-	-	240	-	-	-	-	-	-	-	-	240
6220 - Legal - Project	-	-	-	-	-	3,016	-	-	-	-	-	-	3,016
6360 - Meetings - Project	-	-	-	-	1,044	1,290	-	-	-	-	-	-	2,334
6370 - Printing/Publications - Proj	-	-	-	-	547	-	-	-	-	-	-	-	547
6990 - Misc. - Project	731	2,613	774	117	725	343	2,784	1,000	1,000	1,619	1,000	1,619	14,325
<b>Total 6000 - Project Reimbursable</b>	<b>16,148</b>	<b>15,946</b>	<b>13,907</b>	<b>21,953</b>	<b>16,149</b>	<b>18,482</b>	<b>72,996</b>	<b>92,341</b>	<b>94,131</b>	<b>71,925</b>	<b>28,276</b>	<b>44,095</b>	<b>505,349</b>
7000 - Unallowable Expense	(800)	-	2,500	100	-	2,600	-	-	2,600	-	-	2,600	9,600
7300 - Board Stipend	(800)	-	2,500	100	-	2,600	-	-	2,600	-	-	2,600	9,600
<b>Total 7000 - Unallowable Expense</b>	<b>(800)</b>	<b>-</b>	<b>2,500</b>	<b>100</b>	<b>-</b>	<b>2,600</b>	<b>-</b>	<b>-</b>	<b>2,600</b>	<b>-</b>	<b>-</b>	<b>2,600</b>	<b>9,600</b>
<b>Total Expense</b>	<b>63,763</b>	<b>65,015</b>	<b>63,482</b>	<b>63,636</b>	<b>67,945</b>	<b>60,558</b>	<b>117,318</b>	<b>137,563</b>	<b>135,253</b>	<b>110,247</b>	<b>65,598</b>	<b>84,217</b>	<b>1,034,575</b>
<b>Net Income</b>	<b>449,625</b>	<b>131,182</b>	<b>27,374</b>	<b>(815)</b>	<b>(55,551)</b>	<b>(44,160)</b>	<b>(27,354)</b>	<b>(3,017)</b>	<b>(87,261)</b>	<b>(53,991)</b>	<b>(50,277)</b>	<b>(62,060)</b>	<b>223,694</b>
(1)													
Beginning	318,148	767,773	898,955	926,329	925,514	869,963	825,803	798,449	795,432	708,171	654,179	603,902	
Ending	767,773	898,955	926,329	925,514	869,963	825,803	798,449	795,432	708,171	654,179	603,902	541,842	
Per Bank	767,773	898,958	917,031	916,216	860,653	816,504							
	0	(9,297)	(9,298)	(9,298)	(9,300)	(9,299)							
Checking	445,758	42,857	34,492	6,544	1,101	15,889							
Metals	6,846	45,631	81,353	107,310	107,200	113,252							
AB 2766	503	56,503	56,519	56,519	56,519	56,519							
LAF	314,667	744,667	744,667	745,844	695,844	630,844							
<b>Total Bank</b>	<b>767,773</b>	<b>898,958</b>	<b>917,031</b>	<b>916,216</b>	<b>860,653</b>	<b>816,504</b>							

(1) Includes reversal of year-end adjustment

**San Gabriel Valley Council of Governments**  
**Accounts Receivable - Summary**  
As of December 31, 2009

<u>Days</u>	<u>Dues</u>	<u>Metals</u>	<u>Other</u>	<u>Open Balance</u>
1 - 30	-	148,149	1,659	149,807.77
31 - 60	-	-	8,272	8,272.20
61 - 90	-	-	9,299	9,298.92
> 90	-	9,298	-	9,298.00
<b>TOTAL</b>	<b>-</b>	<b>157,447</b>	<b>19,230</b>	<b>176,677</b>