

ALAMEDA COUNTY
ASSOCIATED COMMUNITY ACTION PROGRAM
AGENDA REPORT – ITEM IV

DATE: February 15, 2012
TO: Honorable Governing Board Members
FROM: Joni Pattillo, City of Dublin City Manager, Chair of ACAP
SUBJECT: Proposed Calendar Year 2012 Operating Budget
Prepared by: Vivian Gong, City of Dublin Finance Manager

SUMMARY

The Board will consider the adoption of an Operating Budget for the calendar year 2012 which begins January 1, 2012. The Proposed Budget includes projected revenues of \$270,238 and expenditures of \$422,372 presented on a cash basis.

It should be noted that at the time the report is prepared the final closing process and audit of the calendar year 2011 has not been completed. Therefore the projected Ending Fund Balance for 2011 is preliminary and was based on the available funds held at the City of Dublin as ACAP's fiscal agent.

There are significant variances from the 2011 Estimates to the 2012 Proposed Budget as ACAP operation had transitioned from the going concerns basis to the liquidation basis. Please also note a comparable analysis of the 2012 Proposed Budget to the 2011 Adopted Budget cannot be made due to the 2011 Budget was not prepared for adoption in the prior year.

RECOMMENDATION

It is recommends that the Governing Board receive a Staff presentation, provide direction on any desired modification to the financial plan, and adopt the Budget.

FINANCIAL STATEMENT

See Attachment A

DISCUSSION

REVENUE

Total projected revenues for year 2012 are \$270,238. In order to balance the Budget the organization will need to primary depend on contributions from thirteen member agencies to support any outstanding fiscal and legal requirements for the winding down affairs of ACAP as there no other identifiable revenue resources.

Contributions from member agencies

2011 Estimates	2012 Proposed Budget	\$ Difference	% Total Revenue Budget
\$1,204,615	\$269,828	(\$934,787)	99.85%

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A total contribution of \$269,828 will be required and is shared equally among twelve cities and the County of Alameda. Each member will be billed \$20,756 after the budget is adopted. Payments are due to the City Dublin no later 30 days after invoice date. This category represents 99.8% of the total revenues and is the primary resource to support the closing of ACAP.

Interest Income

2011 Estimates	2012 Proposed Budget	\$ Difference	% Total Revenue Budget
\$1,405	\$410	(\$995)	0.15%

This category represents the projected interest income earned from funds collected from member agencies and held at the City of Dublin. Interests rate are projected at 0.5 percent (Local Agency Investment Funds (LAIF) rate) with an average monthly cash balance of \$82,000.

EXPENDITURES

Total projected expenditures for Calendar Year 2012 are \$422,372. The following outlines key expenditures categories and the assumptions used in the development of the 2012 Proposed Budget.

ACAP participated in an unemployment insurance plan with the State and have placed contributions regularly through each payroll cycle into a reserve account maintains by the Employment Development Department. Budget for this item was not necessary as current and future exposures to unemployment benefit claims are drawn from the insurance plan.

Additionally personnel costs were not budgeted as there are no active employees. The compensation to the City of Dublin’s staff time to serve as ACAP’s Administrator and Fiscal Agent is shown in Services and Supplies as a \$30,000 reimbursement (\$15,000 annual remuneration per function) as approved by Governing Board at the November 16, 2011 meeting.

Budgeted Contingency

2011 Estimates	2012 Proposed Budget	\$ Difference	% Total Expenditures Budget
\$ 0	\$ 265,000	(\$265,000)	62.74%

The 2012 Proposed Budget includes a budgeted contingency for unanticipated expenses that might incur during the year.

Consultant and contract services

2011 Estimates	2012 Proposed Budget	\$ Difference	% Total Expenditures Budget
\$ 251,392	\$ 1,464	\$249,928	0.35%

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The 2012 Proposed Budget includes the projected annual cost for records storage at Iron Mountain at \$62/month and six records retrieval services at \$120/request.

Insurance

2011 Estimates	2012 Proposed Budget	\$ Difference	% Total Expenditures Budget
\$ 32,174	\$ 4,000	\$28,174	0.95%

The 2012 Proposed Budget includes the insurance premiums for the Board general liability for July 1, 2012 through December 31, 2012. The insurance coverage for the first six months of 2012 for the period January 1, 2012 through June 30, 2012 has been paid for.

Mileages

2011 Estimates	2012 Proposed Budget	\$ Difference	% Total Expenditures Budget
\$ 3,292	\$ 168	\$3,125	0.04%

The 2012 Proposed Budget includes an allowance for the reimbursements to the City of Dublin Staff for mileages travel to attend annual Board meeting and other miscellaneous traveling needs. A total of 300 miles at \$0.55 mile per mile is budgeted.

Office Supplies

2011 Estimates	2012 Proposed Budget	\$ Difference	% Total Expenditures Budget
\$ 12,543	\$ 500	\$12,043	0.12%

The 2012 Proposed Budget includes a line item for a miscellaneous office supplies at \$500.

Postage

2011 Estimates	2012 Proposed Budget	\$ Difference	% Total Expenditures Budget
\$ 681	\$ 200	\$481	0.05%

The 2012 Proposed Budget includes a projected five Fed-Ex special mailings at \$25 each request and other miscellaneous mailing needs.

Professional Services – Audit and General Legal

2011 Estimates	2012 Proposed Budget	\$ Difference	% Total Expenditures Budget
\$ 329,258	\$ 21,040	\$308,218	4.98%

The 2012 Proposed Budget includes a projected \$8,500 for the 2011 audit services and \$12,540 for 60 hours of general legal services.

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Professional Services - Litigation

2011 Estimates	2012 Proposed Budget	\$ Difference	% Total Expenditures Budget
\$ 82,648	\$ 100,000	(\$17,352)	23.68%

The 2012 Proposed Budget includes a projected \$100,000 for litigation services.

Reimbursement to the City of Dublin

2011 Estimated	2012 Proposed Budget	\$ Difference	% Total Expenditures Budget
\$ 0	\$ 30,000	(\$30,000)	7.10%

The 2012 Proposed Budget includes a line item in the amount of \$30,000 to compensate the City of Dublin's staff time to serve as ACAP's Fiscal Agent and Administrator in connection with the winding up of the business affairs of the Joint Powers Agency. This item was previously approved at \$15,000 annual remuneration per function by the Governing Board at the November 16, 2011 meeting.

NET IMPACT OF REVENUES LESS EXPENDITURES

2012 Projected Beginning Fund Balance	2012 Projected Revenues	2012 Expenditures	Net Impact	2012 Projected Ending Fund Balance
\$ 152,134	\$ 270,238	\$ 422,372	\$(152,134)	\$0

With total revenue estimated at \$270,238 and recommended expenditures of \$422,372 the 2012 Proposed Budget will have a net deficit impact of \$152,134. The projected beginning fund balance for 2012 is \$152,134 and will be used to offset the net impact of the 2012 operation. At the close of the organization any residual funds will be redistributed equally among the member agencies.

Staff will be available to respond to any specific questions related to the 2012 Proposed Budget.

**ASSOCIATED COMMUNITY ACTION PROGRAM
PROPOSED BUDGET CALENDAR YEAR 2012**

	2011	2011	2011	2012
	ADOPTED	YTD DEC	ESTIMATES	PROPOSED
REVENUES				
Contribution - Member Agencies	Not Available	1,204,615	1,204,615	269,828
Contribution - Funds from Union Bank	Not Available	16,166	16,166	-
Interest income	Not Available	1,405	1,405	410
TOTAL REVENUES		\$ 1,222,186	\$ 1,222,186	\$ 270,238
EXPENDITURES				
Employee Expenses				
Salaries & benefits	Not Available	\$ 282,838	\$ 282,838	\$ -
Total Employee Expenses		\$ 282,838	\$ 282,838	\$ -
Services & Supplies				
Advertising	Not Available	\$ 2,515	\$ 2,515	\$ -
Budgeted Contingency	Not Available	-	-	265,000
Consultant and contract services	Not Available	237,871	251,392	1,464
Insurance	Not Available	32,174	32,174	4,000
Internet access	Not Available	2,123	2,123	-
Mileages	Not Available	3,293	3,293	168
Office/Operating supplies	Not Available	12,543	12,543	500
Postage	Not Available	580	681	200
Printing and copying	Not Available	3,470	3,470	-
Professional services	Not Available	308,818	329,258	21,040
Professional services litigation	Not Available	76,514	82,648	100,000
Reimb. Dublin Staff Admin Cost	Not Available	-	-	30,000
Rent	Not Available	57,492	58,792	-
Telephone	Not Available	7,096	7,096	-
Training/travel	Not Available	1,155	1,155	-
Utilities	Not Available	74	74	-
Total Services and supplies		\$ 745,718	\$ 787,214	\$ 422,372
TOTAL EXPENDITURES	Not Available	\$ 1,028,556	\$ 1,070,052	\$ 422,372
NET CHANGE IN FUND BALANCE	Not Available	\$ 193,630	\$ 152,134	\$ (152,134)
FUND BALANCE, BEGINNING	Not Available	\$ -	\$ -	\$ 152,134
FUND BALANCE, ENDING	Not Available	\$ 193,630	\$ 152,134	\$ -

ATTACHMENT A