


TO: James L. App, City Manager  
FROM: Mike Compton, Director of Administrative Services   
SUBJECT: Library Development Fund - Write Off Accounts Receivable  
DATE: November 2, 1999

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**NEEDS:**

For the City Council to consider writing off the remaining balance of the accounts receivable amount on the balance sheet of the Library Development Fund.

**FACTS:**

1. The City has carried an accounts receivable balance in the Library Development Fund for a number of years.
2. At June 30, 1999, the balance was \$127,459.
3. Given that it is not expected that the amount will be received, staff recommended to the ad hoc fiscal policy committee that this accounts receivable amount be written off.
4. The ad hoc fiscal policy committee has considered this matter and supports the accounts receivable amount being written off.
5. The unlikelihood of the accounts receivable being collected is supported by recent correspondence from ACORN (copy attached).
6. ACORN's total cash contribution was \$275,000. The Friends of the Library and the Otto Sharp Trust Fund also contributed \$25,000 each as part of a 'matching' agreement between the two organizations.

**ANALYSIS &  
CONCLUSION:**

During the construction of the library/city hall facility, the anticipated revenues from fund raising efforts were recorded as realized revenue with an off-setting entry to accounts receivable. The amount of the accounts receivable has been reduced by contributions from ACORN to \$127,459 as of June 30, 1999. However, this is same balance that existed at June 30, 1998. The last contribution received was in fiscal year 1997 in the amount of \$75,000.

Continuing to report this accounts receivable amount on the balance sheet of the City serves no purpose, especially since the likelihood of receiving any additional contributions is remote.

**FISCAL IMPACT:**

Since, from an accounting perspective, it is not possible to have negative cash, the City's General Fund transfers cash resources every year end in the exact amount of the negative cash amount and establishes a 'due to' and 'due from' between the funds. Writing off this accounts receivable will have the impact of making this year end transfer adjustment permanent. Should the Council concur with the ad hoc fiscal policy committee, writing off this accounts receivable

amount will reduce General Fund reserves by \$127,459 and may contribute, given other unrelated General Fund resource allocations by the Council, to an operating deficit for the fiscal year ending June 30, 2000.

**OPTIONS:**

- a. That the City Council authorize staff to write off the accounts receivable amount in the Library Development Fund in fiscal year 2000; or
- b. Amend, modify, or reject the above option.

**ACORN**  
PO Box 2094  
Paso Robles, CA 93446

September 26, 1999

Mike Compton  
Director of Administrative Services.  
City of El Paso de Robles  
Paso Robles, CA 93446

Dear Mike:

We are writing in response to your recent letter regarding the final phase of the ACORN Library Fund-Raising Project. We appreciate your help and continued guidance regarding our contributions to the city.

To this date we have contributed \$350,000.00 in cash pledges. The first \$75,000.00 was the kick-off donation from The Friends of the Library. Although this money was being held in the city's financial system, the Friends wanted their savings account to be the first donation for the campaign.

We contributed over the next three years, \$275,000.00. We were given in-kind gifts and donations that totaled \$73,000.00. This was donated as follows; \$25,000.00 from the Country News for a three-year period of advertising for events and all fund raising ads; \$45,000.00 from wineries, restaurants, rental and equipment businesses, bands, linen service for the New Year's Eve Party at the Fair Grounds to kick off the campaign for the new year and for the Hard Hat Ball, a finale event. \$3,000.00 in TV equipment was donated by Tom Martin and delivered to then City Managers' office. It is our understanding that the location of this TV and VCR has yet to be determined. That totals=\$423,000.00.

As you have indicated to us in several conversations, in-kind gifts do equate with money budgeted in the City Budget. We have also come to realize that the city manager, Mr. Ramirez had already budgeted the Friends of the Library toward the furnishing of the Library. But the Friends of the Library and ACORN were not aware that their savings account was being used already toward library budgeted amounts, and publicly they made the first donation. It was quite an event and made them feel that their years of fund-raising was getting public notice.

We will be making a further contribution of \$5,000.00, in November. After that we still have about \$8,000.00 to collect and hope we will not have to write this off, but that well may be the case.

In answer to the question that you posed as to whether to write off whatever is left owing the city, we believe that you should write it off.

We know that for the Director of Administrative Services these volunteer fund raising campaigns are not the easiest projects to deal with. The fund-raising groups set goals or expectations on what we believe can happen and often in the final analysis, what is raised is less than projected. But to the credit of our councilmen they have always encouraged participation from the community. When the citizens help to fund projects there is terrific buy-in. To the City's credit they have formed partnerships with the private sector, both business and private citizens in the building of Centennial Park, the Library, Barney Schwartz Park, the Skateboard Park and Donna Berg's project. These have been very successful ventures. Not always monetarily, but certainly the intrinsic value of these partnerships is worth a great deal in their good will and friend raising.

Thank you Mike for your continued willingness to work with we volunteers. It is truly appreciated. If you would like to have further conversations regarding this project please call either of us.

With personal regards

*Dee Lacey Betty Cousins*

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Copies:  
Jim App  
All Councilmen