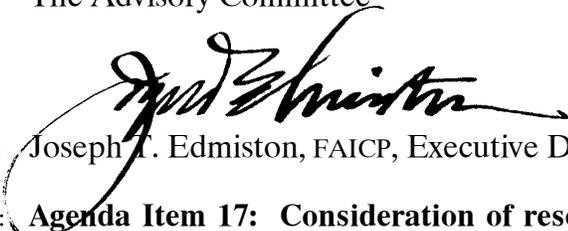


Memorandum

To : The Conservancy
The Advisory Committee

Date: April 4, 2005

From :  Joseph T. Edmiston, FAICP, Executive Director

Subject: **Agenda Item 17: Consideration of resolution authorizing amendments to the Mountains Recreation and Conservation Authority FY 2004/2005 budget.**

Staff Recommendation: That the Conservancy adopt the attached resolution authorizing amendments to the Mountains Recreation and Conservation Authority FY 2004/2005 budget.

Legislative Authority: Section 6500 *et. seq.* of the Government Code, and MRCA Joint Exercise of Powers Agreement, Section 11.3:

“ . . . The Authority shall prepare an annual budget, in a form approved by the Conservancy and the Districts, which budget shall be submitted to the Conservancy and the Districts for approval, in the time and manner as specified by the Conservancy and the Districts . . . ”

Background: The Conservancy is required to approve the Mountains Recreation and Conservation Authority (MRCA) annual budget per Section 11.3 of the MRCA Joint Exercise of Powers Agreement. On August 30, 2004, the Conservancy approved the MRCA’s fiscal year 2004-2005 final budget. The revised budget is described herein and further detailed in three attachments: (1) Amended Official Budget by Account Class Category, (2) Amended Management Budget by Account Class, and (3) Amended Management Budget by Project. The most notable change in the amended budget is the addition of the revenue and expense associated with the acquisition of the Soka property.

An overview of the revised budget, compared with the original budget, is represented in the following table.

	Original Budget	Amended Budget	Difference
Cash Balance as of 6/30/04	\$3,967K	\$3,967K	\$0K
Less: Wages & Benefits Payable as of 6/30/04	\$(150)K	\$(150)K	\$0K
Add: Accounts Payable/Receivable a/o 6/30/04	\$4,767K	\$4,767K	\$0K
Add: FY 04/05 Budgeted Revenue	<u>\$16,796K</u>	<u>\$46,598K</u>	<u>\$29,802K</u>
Total Available Cash and Budgeted Revenue	\$25,380K	\$55,182K	\$29,802K
FY 2004-05 Budgeted Expenditures	\$22,952K	\$51,149K	\$28,197K
FY 2004-05 Total Excess Cash & Revenue over Expenses	\$2,428K	\$4,033K	\$1,605K

The MRCA budgets each project separately, and the total budget figures are a compilation of those project budgets. The Amended Management Budget by Project details the amount of revenue expected to be received in FY 2004-05 by project, the amount of expenses by project for this fiscal year, and the amount of revenue expected in future fiscal years for projects included in the FY 2004-05 budget.

The FY amended 2004-05 budget was prepared using information available in grant and contract files, current and prior year actual revenue receipts and expenditures, and information regarding future project funding. The original budget was amended using actual revenue and expenses incurred during the first part of the fiscal year and projections for the remaining portion of the year. All MRCA staff positions are accounted for in each project budget, as are all project-related expenses and overhead costs.

Revenue

The total available revenue is comprised of the available cash balance of the MRCA, all outstanding payable and receivable items, and the anticipated amount of revenue items to be received during the upcoming fiscal year. The total available cash and budgeted revenue is \$55.18 million, whereas the budgeted expenditures represent a total of \$51.15 million, indicating that the MRCA expects to have \$4.03 million more in revenue than expenditures during the upcoming fiscal year.

New revenue for FY 2004-05 is now estimated at \$46.60 million. Revenue sources include grants, government agency contracts, and MRCA generated revenue. Other revenue sources such as available cash balance and outstanding receivable items are included in the total available revenue figure of \$55.18 million for the upcoming fiscal year. A complete listing by project of how the revenue will be received is in the attached Amended Management Budget by Project. Some of the budgeted projects received advanced revenue in prior years, and these projects are noted with an asterisk on the Amended Management Budget by Project.

The following is an overview of the amended FY 2004-05 budgeted revenue, by account and type of revenue:

FY 2004-05 Budgeted Revenue:

	Original	Amended	Difference
Interest	\$0K	\$18K	\$18K
Fees - Garden Tours	\$50K	\$46K	\$(4)K
Fees-Conferences/Meetings	\$96K	\$121K	\$25K
Fees-Special Events	\$554K	\$674K	\$120K
Fees-Filming	\$202K	\$305K	\$103K
Fees-Parking	\$113K	\$145K	\$32K
Leases-Land	\$0K	\$7K	\$7K
Leases-Buildings	\$506K	\$453K	\$(53)K
Lease-Antenna	\$210K	\$200K	\$(10)K
Citations	\$450K	\$600K	\$150K
Forfeitures & Penalties	\$20K	\$0K	\$(20)K
SMMC Grants	\$4,608K	\$3,312K	\$(1,296)K
Government Grants	\$6,820K	\$2,904K	\$(3,916)K
Grants/Settlements	\$530K	\$35,388K	\$34,858K
Govt Agency Contracts	\$2,038K	\$2,101K	\$63K
Donations	\$7K	\$32K	\$25K
Sales	\$0K	\$2K	\$2K
Benefit Assessment District	\$572K	\$267K	\$(305)K
Miscellaneous Revenue	\$20K	\$23K	\$3K
Total FY 2004-05 Budgeted Revenue	\$16,796K	\$46,598K	\$29,802K

Projects are identified in the general ledger (AS 400 system) as reimbursable or advanced funds, which aids in the MRCA's accounts receivable process. All reimbursable grants are invoiced by the MRCA on a monthly basis, or as allowed for in the grant agreements. The Amended Management Budget by Project notes revenue that is expected to be received in future fiscal

years for reimbursable grants. This accounts for reimbursable expenditures that will be incurred at the end of the 2004-05 fiscal year.

Expenditures

Total FY 2004-05 expenditures are budgeted at \$51.15 million. A overview by account class is presented below:

<u>Account Class</u>	<u>Original</u>	<u>Amended</u>	<u>Difference</u>
Personnel	\$5,131K	\$ 5,287K	\$ 156K
Contract Services	\$2,707K	\$2,640K	\$(67K)
Operating Expenses	\$2,921K	\$2,244K	\$(677K)
MRCA Grants	\$288K	\$58K	\$(230K)
Land & Improvement	\$11,397K	\$40,694K	\$29,297K
Equipment	\$507K	\$226K	\$(281K)
Total FY 2004-05 Budgeted Expenditures	\$22,951K	\$51,149K	\$28,198K

Expenditures are further detailed in the Amended Management Budget by Account Class and the Amended Management Budget by Project.

Currently, the majority of budgeted operating expenses are coming in below the amounts reflected in the original budget. The increase in payroll is due primarily to an increase in our Worker's Compensation and Health Benefits insurance. As mentioned, the most significant increase in the amended budget is due to the \$35 million Soka Acquisition.

It is the practice of the MRCA to include budgets for anticipated projects, sometimes where funding is not yet finalized. Anticipated projects for FY 2004-05 are listed as "New Projects" in the Amended Management Budget by Project. If funding is not secured these projects will not be pursued. The MRCA has applied to the Conservancy to fund several of the anticipated projects with State bond measure grants.

Budget Management

The MRCA's Project Managers are issued monthly Budget Performance Reports (BPRs), which track actual performance relative to the budgeted figures for each individual project. These reports assist Project Managers in making necessary spending adjustments and help in the identification of other potential fiscal problem areas. This fiscal year, the budget and BPRs are formatted to provide cash flow management information, thus providing continual information on the status of revenue, expenditures, and receivables. The revised budgets take into account actual expenditures through the first half of the fiscal year, and extrapolate final values based on performance to-date.