

## Memorandum

To : The Conservancy  
The Advisory Committee

Date: October 5, 2009

From :   
Joseph T. Edmiston, FAICP, Hon. ALSA, Executive Director

Subject: **Agenda Item 13: Consideration of resolution approving the Mountains Recreation and Conservation Authority FY 2009-10 final budget.**

Staff Recommendation: That the Conservancy adopt the attached resolution approving the Mountains Recreation and Conservation Authority FY 2009-2010 final 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 June 1, 2009, the Conservancy approved the MRCA's preliminary budget. The final budget is now submitted for approval. It is expected that a mid-year revised budget will be submitted for approval in January 2010, although this is not required. The final budget is described herein and further detailed in three attachments: (1) Official Budget by Account Class Category, (2) Final Management Budget by Account Group, and (3) Final Management Budget by Project. .

An overview of the final budget's projection of the MRCA General Fund balance, compared with that of the preliminary budget, is represented in the following table.

**MRCA General Fund Projection:**  
 (\*unaudited amounts as of 6/30/09)

<u>Internal Funds Provided by source</u>	<u>Preliminary</u>	<u>Final</u>	<u>Difference</u>
(Dollars in thousands )			
Cash Balance, all sources*	\$4,994	\$4,994	-0-
Add:Accounts Receivable*	\$3,953	\$3,953	-0-
Less:Note Payable - Zion's Bank	-\$ 322	-\$322	-0-
Less:Wages, Taxes, and Benefits Payable*	-\$216	-\$216	-0-
Less:Accounts and Deposits Payable*	-\$1,395	-\$1,395	-0-
Less:Mitigation Fund Receipts on Hand*	-\$3,424	-\$3,424	-0-
<u>Less: Deferred Revenue*</u>	<u>-\$829</u>	<u>-\$829</u>	<u>-0-</u>
<b><u>Equals: Net Internal Funds Provided</u></b>	<b><u>\$2,711</u></b>	<b><u>\$2,711</u></b>	<b><u>-0-</u></b>
<b><u>Add: FY 09/10 Budgeted Revenue</u></b>	<b><u>\$17,467</u></b>	<b><u>\$28,734</u></b>	<b><u>\$11,267</u></b>
<b><u>Equals: Total Available Revenue</u></b>	<b><u>\$20,178</u></b>	<b><u>\$31,445</u></b>	<b><u>\$11,267</u></b>
<b><u>Less: FY 08/09 Budgeted Expenditures</u></b>	<b><u>-\$18,091</u></b>	<b><u>-\$29,377</u></b>	<b><u>-\$11,286</u></b>
<b><u>Equals: Estimated Fund Balance 6/30/09</u></b>	<b><u>\$2,087</u></b>	<b><u>\$2,068</u></b>	<b><u>-\$19</u></b>

The final budget now incorporates liabilities in the revenue calculations. This final budget incorporates anticipated additional funding from the Santa Monica Mountains Conservancy (so-called 'unfrozen bond funds') in the amount of \$8.30 million. In addition, the Authority anticipates an additional \$2.97 million combined in new grants from Los Angeles County Proposition A Excess funds and the National Park Service.

The MRCA budgets each project separately, and the total budget figures are a compilation of those project budgets. The Final Management Budget by Project details the amount of revenue expected to be received in FY 2009-10 by project. For the purposes of the Final Management Budget by Project, net project expenses are projected to equal project revenues for most projects. Variances from this projection will be accounted for during the mid-year budget revision process.

The FY 2009-10 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 Assistant Financial Officer, with information provided by Project Managers, is able to directly input into the MRCA financial management system (AS400) the amount of revenue and expenditures which he anticipates will occur in FY 2009-10. 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 expected to be received during the upcoming fiscal year. The total available revenue is \$ 31.45 million, whereas the budgeted expenditures represent a total of \$29.38 million, indicating that the MRCA expects to have \$2.07 million more revenue available than expenditures during the upcoming fiscal year.

New revenue for FY 2009-10 is estimated at \$28.73 million. Revenue sources include grants, government agency contracts, and MRCA generated revenue. Net internal funds provided - \$2.71 million (refer back to the 'Internal Funds Provided by Source' projections, listed on pg.2) are included in the total available revenue figure of \$31.44 million for the upcoming fiscal year. A complete listing by project of how the revenue will be received is in the attached Final Management Budget by Project. The following is an overview of the FY 2009-10 budgeted revenue, by account and type of revenue:

**FY 2009-10 Budgeted Revenue: (dollars in thousands)**

	<b>Preliminary</b>	<b>Final</b>	<b>Difference</b>
Fees - Camps	\$ 259	\$ 259	\$ 0
Fees-Conferences/Meetings	\$ 150	\$ 150	\$ 0
Fees-Special Events	\$ 735	\$ 885	\$ 150
Fees-Filming	\$ 1,845	\$ 1,640	\$ (205)
Fees-Parking	\$ 280	\$ 299	\$ 19
Interest Income	\$ 0	\$ 35	\$ 35
Leases-Buildings and Land	\$ 367	\$ 372	\$ 5
Lease-Antenna	\$ 150	\$ 150	\$ 0
Administrative Penalties	\$ 1,990	\$ 1,990	\$ 0
Public Safety Fund	\$ 360	\$ 360	\$ 0
SMMC Grants	\$ 1,384	\$ 9,590	\$ 8,206
Government Grants	\$ 6,459	\$ 10,037	\$ 3,578
Mitigation Revenues	\$ 1,309	\$ 1,161	\$ (149)
Govt Agency Contracts	\$ 1,187	\$ 1,112	\$ (75)
Sale of Assets	\$ 0	\$ 0	\$ 0

Preservation Assessment District	\$ 987	\$ 688	\$ (299)
Miscellaneous Revenue	\$ 5	\$ 6	\$ 1
<b>Total FY 2009-10 Budgeted Revenue</b>	<b>\$ 17,467</b>	<b>\$ 28,735</b>	<b>\$ 11,268</b>

Projects are identified in the AS400 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 Final Management Budget by Project includes 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 fiscal year.

***Expenditures***

Total FY 2009-10 expenditures are budgeted at \$29.38 million. A overview by account class is presented below:

<b><u>Account Class</u></b> (dollars in thousands)	<b><u>Preliminary</u></b>	<b><u>Final</u></b>	<b><u>Difference</u></b>
Personnel	\$ 7,527	\$ 7,431	\$ (96)
Contract Services	\$ 2,663	\$ 2,582	\$ (81)
Operating Expenses	\$ 3,608	\$ 3,636	\$ 28
MRCA Grants	\$ 40	\$ 222	\$ 182
Land & Improvement	\$ 3,826	\$ 15,079	\$ 11,253
Equipment	\$ 363	\$ 363	\$ 0
Interest	\$ 64	\$ 64	\$ 0
<b>Total FY 2009-10 Expenditures</b>	<b>\$ 18,091</b>	<b>\$ 29,377</b>	<b>\$ 11,286</b>

Expenditures are further detailed in the Final Management Budget by Account Group and the Final Management Budget by Project.

It is the practice of the MRCA to include budgets for anticipated projects, sometimes where funding is not yet finalized. Anticipated projects for FY 2009-10 are listed as "New Projects" in the Final Management Budget by Project. If funding is not secured these projects will not be pursued. The MRCA applied for and was subsequently approved by the Conservancy to fund several of the listed 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.