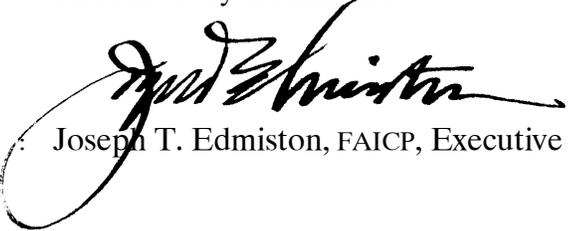


Memorandum

To : The Conservancy
The Advisory Committee

Date: August 28, 2006

From : 
Joseph T. Edmiston, FAICP, Executive Director

Subject: **Agenda Item 19: Consideration of resolution approving the Mountains Recreation and Conservation Authority FY 2006-07 final budget.**

Staff Recommendation: That the Conservancy adopt the attached resolution approving the Mountains Recreation and Conservation Authority FY 2006-2007 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 26, 2006, 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 2007, 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 Class, and (3) Final Management Budget by Project.

An overview of the final budget, compared with the preliminary budget, is represented in the following table.

	Final Budget	Preliminary Budget	Difference
Cash Balance as of 6/30/06	\$2,479K	\$2,479K	-0-
Less: Wages & Benefits Payable as of 6/30/06	\$58K	\$58K	-0-
Add: Accounts Payable/Receivable a/o 6/30/06	\$1,998K	\$1,998K	-0-
Add: FY 06/07 Budgeted Revenue	<u>\$32,905K</u>	<u>\$32,914K</u>	<u>(\$9K)</u>
Total Available Revenue	\$37,324K	\$37,333K	(\$9K)
FY 2006-07 Budgeted Expenditures	\$33,484K	\$33,505K	(\$21K)

FY 2006-07 Total	\$3,840K	\$3,828K	\$12K
-------------------------	-----------------	-----------------	--------------

The final budget now incorporates liabilities in the revenue calculations. This final budget incorporates anticipated funding from State Bond Grants that the MRCA will be applying for this month and next. These grants account for the majority of the difference between the preliminary and final budget figures.

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 2006-07 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 2006-07 budget.

The FY 2006-07 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 2006-07. 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 \$ 37.32 million, whereas the budgeted expenditures represent a total of \$33.48 million, indicating that the MRCA expects to have \$3.84 million more revenue than expenditures during the upcoming fiscal year.

New revenue for FY 2006-07 is estimated at \$32.91 million. Revenue sources include grants, government agency contracts, and MRCA generated revenue. Other revenue sources such as available cash balance and outstanding receivable items, less outstanding accrued payroll and accounts payable items, are included in the total available revenue figure of \$37.32 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. Some of the budgeted projects received advanced revenue in prior years, and these projects are noted with an asterisk on the Final Management Budget by Project.

The following is an overview of the FY 2006-07 budgeted revenue, by account and type of revenue:

FY 2006-07 Budgeted Revenue:

	Final	Preliminary	Difference
Fees - Garden Tours @ Ramirez	\$ 0	\$ 0	\$ 0
Fees-Conferences/Meetings	\$ 160K	\$ 160K	\$ 0
Fees-Special Events	\$ 578K	\$ 558K	\$ 20K
Fees-Filming	\$ 340K	\$ 340K	\$ 0
Fees-Parking	\$ 200K	\$ 190K	\$ 10K
Leases-Land	\$ 267K	\$ 266K	\$ 1K
Leases-Buildings	\$ 544K	\$ 544K	\$ 0
Lease-Antenna	\$ 180K	\$ 165K	\$ 15K
Citations	\$ 750K	\$ 750K	\$ 0
Forfeitures & Penalties	\$ 0	\$ 0	\$ 0
SMMC Grants	\$ 9,080K	\$ 9,119K	\$ (39K)
Government Grants	\$12,588K	\$12,912K	\$(324K)
Mitigation Revenues	\$ 1,563K	\$ 1,568K	\$ (5K)
Govt Agency Contracts	\$ 5,683K	\$ 5,717K	\$ (34K)
Donations	\$ 181K	\$ 181K	\$ 0
Sale of Assets	\$ 307K	\$ 0	\$ 307K
Benefit Assessment District	\$ 480K	\$ 444K	\$ 36K
Miscellaneous Revenue	\$ 4K	\$ 0	\$ 4K
Total FY 2006-07 Budgeted Revenue	\$32,905K	\$32,914K	\$ (9K)

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 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 2006-07 fiscal year.

Expenditures

Total FY 2006-07 expenditures are budgeted at \$33.48 million. A overview by account class is presented below:

<u>Account Class</u>	<u>Final</u>	<u>Preliminary</u>	<u>Difference</u>
Personnel	\$ 6,275K	\$ 6,238K	\$ 37K
Contract Services	\$ 4,102K	\$ 4,036K	\$ 66K
Operating Expenses	\$ 2,708K	\$ 2,758K	\$ (50K)
MRCA Grants	\$ 55K	\$ 55K	\$ 0
Land & Improvement	\$19,594K	\$19,952K	\$ 42K
Equipment	\$ 535K	\$ 651K	\$(116K)
Interest	\$ 215K	\$ 215K	\$ 0
Total FY 2006-07 Expenditures	\$33,484K	\$33,505K	\$ (21K)

Expenditures are further detailed in the Final Management Budget by Account Class 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 2006-07 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 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.