

Memorandum

To : The Conservancy
The Advisory Committee

Date: August 27, 2007

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

Subject: **Agenda Item 17: Consideration of resolution approving the Mountains Recreation and Conservation Authority FY 2007-08 final budget.**

Staff Recommendation: That the Conservancy adopt the attached resolution approving the Mountains Recreation and Conservation Authority FY 2007-2008 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 July 9, 2007, 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 2008, 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 6/30/07)

<u>Internal Funds Provided by source</u>	<u>Preliminary</u>	<u>Final</u>	<u>Difference</u>
Cash Balance, all sources*	\$3,136K	\$3,136K	-0-
Add:Accounts Receivable*	\$5,940K	\$5,940K	-0-
Less:Note Payable - Zion's Bank	-\$1,400K	-\$1,400K	-0-
Less:Wages, Taxes, and Benefits Payable*	-\$ 237K	-\$ 237K	-0-
Less:Accounts Payable*	-\$3,324K	-\$3,324K	-0-
Less:Mitigation Fund Receipts on Hand*	-\$2,145K	-\$2,145K	-0-
<u>Equals: Net Internal Funds Provided</u>	<u>\$1,970K</u>	<u>\$1,970K</u>	<u>-0-</u>
<u>Add: FY 07/08 Budgeted Revenue</u>	<u>\$47,455K</u>	<u>\$54,865K</u>	<u>\$7,380K</u>
<u>Equals: Total Available Revenue</u>	<u>\$49,455K</u>	<u>\$56,835K</u>	<u>\$7,380K</u>
<u>Less: FY 07/08 Budgeted Expenditures</u>	<u>-\$47,737K</u>	<u>-\$55,230K</u>	<u>-\$7,493K</u>
<u>Equals: Estimated Fund Balance 6/30/08</u>	<u>\$1,718K</u>	<u>\$1,605K</u>	<u>-\$113K</u>

The final budget now incorporates liabilities in the revenue calculations. This final budget incorporates anticipated additional funding from Proposition 84 State Bond Grants that the MRCA will be applying for during the 07/08 fiscal year. These grants account for \$7.00 million of the \$7.38 million difference between the preliminary and final budget revenue 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 2007-08 by project. For the purposes of the Final Management Budget by Project, net project expenses are projected to equal project revenues for each project. Variances from this projection will be accounted for during the mid-year budget revision process.

The FY 2007-08 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 2007-08. 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 \$ 56.84 million, whereas the budgeted expenditures represent a total of \$55.23 million, indicating that the MRCA expects to have \$1.61 million more revenue available than expenditures during the upcoming fiscal year.

New revenue for FY 2007-08 is estimated at \$54.87 million. Revenue sources include grants, government agency contracts, and MRCA generated revenue. Net internal funds provided - \$1.97 million (refer back to the 'Internal Funds Provided by Source' projections, listed on pg.2) are included in the total available revenue figure of \$56.84 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 2007-08 budgeted revenue, by account and type of revenue:

FY 2007-08 Budgeted Revenue:

	Preliminary	Final	Difference
Fees - Garden Tours @ Ramirez	\$ 0	\$ 0	\$ 0
Fees-Conferences/Meetings	\$ 275K	\$ 275K	\$ 0
Fees-Special Events	\$ 683K	\$ 683K	\$ 0
Fees-Filming	\$ 783K	\$ 1,163K	\$ 380K
Fees-Parking	\$ 310K	\$ 310K	\$ 0
Leases-Land	\$ 264K	\$ 264K	\$ 0
Leases-Buildings	\$ 554K	\$ 554K	\$ 0
Lease-Antenna	\$ 100K	\$ 100K	\$ 0
Citations	\$ 1,100K	\$ 1,100K	\$ 0
SMMC Grants	\$30,297K	\$37,297K	\$7,000K
Government Grants	\$ 8,066K	\$ 8,066K	\$ 0
Mitigation Revenues	\$ 1,074K	\$ 1,074K	\$ 0
Govt Agency Contracts	\$ 3,826K	\$ 3,826K	\$ 0
Donations	\$ 0	\$ 0	\$ 0

Sale of Assets	\$ 0	\$ 0	\$ 0
Preservation Assessment District	\$ 149K	\$ 149K	\$ 0
Miscellaneous Revenue	\$ 4K	\$ 4K	\$ 0
Total FY 2007-08 Budgeted Revenue	\$47,485K	\$54,865K	\$7,380K

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 2007-08 fiscal year.

Expenditures

Total FY 2007-08 expenditures are budgeted at \$55.23 million. A overview by account class is presented below:

<u>Account Class</u>	<u>Preliminary</u>	<u>Final</u>	<u>Difference</u>
Personnel	\$ 8,141K	\$ 8,311K	\$ 170K
Contract Services	\$ 1,371K	\$ 1,515K	\$ 144K
Operating Expenses	\$ 2,974K	\$ 3,242K	\$ 268K
MRCA Grants	\$ 40K	\$ 340K	\$ 300K
Land & Improvement	\$33,787K	\$40,398K	\$ 6,611K
Equipment	\$ 1,367K	\$ 1,367K	\$ 0
Interest	\$ 57K	\$ 57K	\$ 0
Total FY 2007-08 Expenditures	\$47,737K	\$55,230K	\$ 7,493K

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 2007-08 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.