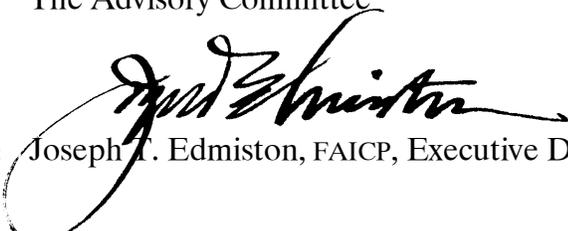


Memorandum

To : The Conservancy
The Advisory Committee

Date: August 30, 2004

From : 
Joseph T. Edmiston, FAICP, Executive Director

Subject: **Agenda Item 19: Consideration of resolution approving the Mountains Recreation and Conservation Authority FY 2004-05 final budget.**

Staff Recommendation: That the Conservancy adopt the attached resolution approving the Mountains Recreation and Conservation Authority FY 2004-2005 final budget.

Legislative Authority: Section 6500 *et. seq.* of the Government Code, and MRCA Joint Exercise of Powers Agreement, Section 11.2:

“...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 11.2 of the MRCA Joint Exercise of Powers Agreement. On June 14, 2004, the Conservancy approved the MRCA's preliminary annual budget. The final annual budget is now submitted for approval. The final budget is described herein and further detailed in three attachments: (1) Final 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 6/30/04	\$3,967K	\$3,873K	\$94K
Less: Wages & Benefits Payable as of 6/30/04	\$150K	n/a	\$150K
Add: Accounts Payable/Receivable a/o 6/30/04	\$4,767K	\$6,401K	-\$1,634K
Add: FY 04/05 Budgeted Revenue	<u>\$16,796K</u>	<u>\$12,424K</u>	<u>\$4,372K</u>
Total Available Revenue	\$25,380K	\$22,698K	\$2,682K
FY 2004-05 Budgeted Expenditures	\$22,952K	\$18,950K	\$4,002K
FY 2004-05 Total	\$2,428K	\$3,748K	-\$1,320K

Budget Management

The final budget now incorporates liabilities in the revenue calculations, and funding from State Bond Grants that the MRCA will be applying for. 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 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 final budget.

The FY 2004-05 final 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. Project Managers were able to directly input into the MRCA financial management system (AS400) the amount of revenue and expenditures they anticipate will occur in FY 2004-05. 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 \$ 25.41 million, whereas the budgeted expenditures represent a total of \$22.98 million, indicating that the MRCA expects to have \$2.43 million more revenue than expenditures during the upcoming fiscal year.

New revenue for FY 2004-05 is estimated at \$16.82 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 \$25.41 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 2004-05 budgeted revenue, by account and type of revenue:

FY 2004-05 Budgeted Revenue:

	Final	Preliminary	Difference
Fees - Garden Tours	\$50K	\$50K	0
Fees-Conferences/Meetings	\$96K	\$96K	0
Fees-Special Events	\$554K	\$494K	\$60K
Fees-Filming	\$202K	\$202K	0
Fees-Parking	\$113K	\$60K	\$53K
Leases-Buildings	\$506K	\$506K	0
Lease-Antenna	\$210K	\$210K	0
Citations	\$450K	\$400K	\$50K
Forfeitures & Penalties	\$20K	\$20K	0
SMMC Grants	\$4,608K	\$1,507K	\$3,101K
Government Grants	\$6,820K	\$6,321K	\$499K
Grants/Settlements	\$530K	\$80K	\$450K
Govt Agency Contracts	\$2,038K	\$2,140K	\$(102K)
Donations	\$7K	0	\$7K
Benefit Assessment District	\$572K	\$233K	\$339K
Miscellaneous Revenue	\$21K	\$105K	\$(84K)
Total FY 2004-05 Budgeted Revenue	\$16,797K	\$12,424K	\$4,373K

Projects are identified in the AS400 system as reimbursable or advanced funds. This distinguishment further assists 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 2004-05 fiscal year.

Expenditures

Total FY 2004-05 expenditures are budgeted at \$18.9 million. A summary by account class is presented below:

<u>Account Class</u>	<u>Final</u>	<u>Preliminary</u>	<u>Difference</u>
Personnel	\$5,131K	\$ 4,419K	\$ 712,000
Contract Services	\$2,707K	\$2,445K	\$262,000
Operating Expenses	\$2,921K	\$2,739K	\$182,000
MRCA Grants	\$288K	\$318K	\$(30,000)
Land & Improvement	\$11,397K	\$8,695K	\$2,702,000
Equipment	\$507K	\$334K	\$173,000
Total FY 2004-05 Expenditures	\$22,951K	\$18,950K	\$4,001K

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 2004-05 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

MRCA 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.