

**MONTEREY PENINSULA REGIONAL PARK DISTRICT
BOARD OF DIRECTORS MEETING**

DATE: June 2, 2021
TO: Board of Directors
FROM: Shuran Parker, Administrative Services Manager
REVIEWED BY: Rafael Payan, General Manager
SUBJECT: Public Hearing for Review of MPRPD Proposed FY2021-22 Budget and Approval of Resolution #2021-08, to Adopt the FY2021-22 Agency Budget

SUMMARY:

At this evening's meeting, staff will review the proposed Fiscal Year (FY) 2021-22 District budget, request that the Board open a public hearing for, then approve the draft document as presented, or with modifications.

FISCAL IMPACT:

Approval of this proposed budget will establish \$7,143,200 in combined revenues and \$9,729,259 in expenditures for FY2021-22.

FUNDING SOURCE:

Not applicable

FUNDING BALANCE:

Not applicable

DISCUSSION:

The proposed budget for FY2021-22, previously reviewed by the Board's Finance Committee, represents a spending plan that includes projected revenues of \$7,143,200 and expenditures of \$9,729,259. These figures include revenues and expenditures from the District's General Fund and the Parks, Open Space and Coastal Preservation Community Facilities District (CFD), plus the use of remaining funds from the "sunsetting" Assessment District.

Compared to the FY2020-21 estimate, projected revenues will be approximately 2% less, due to higher than budgeted property tax revenue receipts last FY, although we have budgeted a nominal increase over that year-end estimate. The projected expenditures, \$9,729,259 are \$2,586,059 more than revenues, as we plan to expend the remaining AD funds (\$2,590,259) and some unused CFD Facilities funds, currently in reserves.

The Fund Balance is projected to be \$16,773,244 at 6/30/22, which represents a 13% decrease compared to the March 2021 year-end estimate for FY2020-21¹.

¹ Final budget numbers will vary, based on activity that occurs during the remainder of the fiscal year, as referenced in the District's financial statements. Actual FY2020-21 numbers will be reflected in the FY2022-23 budget.

In accordance with the District’s recently revised Reserve Policy, a large portion of the estimated fund balance includes the following amounts for Restricted, Assigned and Unassigned projects and expenditures. For clarification, below is a chart with definitions that outlines the components of a fund balance²:

COMPONENTS OF FUND BALANCE

NONSPENDABLE	RESTRICTED	COMMITTED	ASSIGNED	UNASSIGNED
This category is inherently nonspendable, such as the long-term portion of loans receivable, the principle of an endowment and inventories.	This classification has externally enforceable limitations on the use of fund balance, imposed parties such as creditors, grantors or laws or regulations of other governments.	This encompasses limitations imposed by the special district upon itself at its highest level of decision making (e.g., governing Board through a resolution).	This portion is earmarked for an intended use. The intent is established at either the highest level of decision making or by a body or official designated for that purpose.	This comprises all fund balances that are left after considering the other four categories. Use is least constrained in this category of fund balance.



Account	Purpose	Amount	Status
Prepaid Expenses	Insurance	\$105,000	Nonspendable
Seawall Mitigation Funds	Buy Coastal Dune Property	\$2,500,000	Restricted
Operating Expenses	Annual Operating Budget	\$9,700,000	Unassigned
Depreciation	Accumulated depreciation	\$1,700,000	Unassigned
Unanticipated Expenses	Unanticipated expenditures	\$1,000,000	Unassigned
COMBINED TOTAL		\$15,005,000	

Based on the District’s Reserve Policy and existing obligations, the estimated amount to remain in reserves totals \$15,005,000. It is important to call attention to these figures, as a reminder that most funding in reserves has a designated purpose.

As detailed in the General Manager’s Budget Overview, although unbalanced, the proposed FY2021-22 budget calls for using reserve funds from the remaining unexpended Assessment District revenue to close out that funding mechanism, along with unused money from the CFD Facilities account. For additional information, please refer to the attached proposed budget document.

RECOMMENDED ACTION:

It is recommended that the Board receive staff’s oral presentation and conduct a Public Hearing for the proposed budget for FY2021-22 (**ATTACHMENT 1**). It is further

² California Special Districts Association, *Special District Reserves Guidelines*, 2nd Edition, 2013

recommended that the Board approve Resolution #2021-08 (**ATTACHMENT 2**) to adopt said budget.

ATTACHMENTS:

1. [MPRPD FY2021-22 Proposed Budget](#)
2. [Resolution #2021-08 to Adopt FY2021-22 Budget](#)