

Narrative for RRBC May 31, 2010 Financial Reports

Background

The Rivanna River Basin Commission owes its initial existence to the efforts of The Nature Conservancy of Virginia (specifically Ridge Schuyler of the Piedmont Program) and the localities that joined during 2005 and 2006. The Nature Conservancy undertook substantial fundraising efforts and raised approximately \$400,000 from private donors to help launch the Commission. From the first meeting in April 2007 until the end of 2008, The Nature Conservancy also provided staff support to the Commission.

During this time, a Memorandum, of Agreement was signed between Thomas Jefferson Soil and Water Conservation Service (a participating member of the RRBC) and TNC that TJSWCD would act as Fiscal Agent on behalf of the Commission. From January 2009, when the Commission first hired staff, until August 1, 2009, TJSWCD provided banking and accounting services for the RRBC.

In August 2009 (one month into FY2010), the Commission assumed its own fiscal agency, transferring the TJSWCD-RRBC funds to its own bank account and assuming accounting operations with Ms. Mary Rice as the Commission's bookkeeper. Ms. Rice worked with RRBC staff to customize QuickBooks accounting software to accommodate this transition and to be able to track and generate reports for federal and state grants.

The following narrative provides additional information about each component of the RRBC Financial Reports of March 31, 2010.

Balance Sheet as of May 31, 2010 as compared to December 31, 2009

The Balance Sheet reflects balances in our two SunTrust accounts (Business Checking and Money Market accounts). It does *not* include money held in trust by The Nature Conservancy for RRBC.

Total Net Assets as of May 31, 2010 (including Amts Held at TNC):

RRBC Net Assets	\$102,211
RRBC Funding Held in Trust by TNC	\$269,363
Total Net Assets RRBC & TNC	\$371,574

Statement of Revenue and Expenses as Compared to FY2010 Budget
 May, 2010 and FY2010 YTD (July 2009 - May 31, 2010)

Income received to date is from four sources:

NFWF Grant	\$285,647	about 2/3 of expected NFWF expenses in FY2010
DCR: Greene	\$4,993	full reimbursement for completed work
DCR: Healthy Water	\$32,934	partial reimbursement (invoiced, not yet received)
TNC	\$73,000	privately raised funds for RRBC operations

NOTES for Statement of Revenue and Expense

Income

1. The work for the grant from DCR to produce the Land Cover Map for the northern part of Greene County has been completed and fully reimbursed by DCR. The map is being used by Greene County as its Existing Conditions in its updated Comprehensive Plan.

2. Approximately 90% of the work has been completed for the DCR- Healthy Waters project. RRBC will receive invoices from StreamWatch and VCU for fourth quarter work by June 30, 2010. RRBC then requests final reimbursement at the completion of the project and submission of final report.

3. We projected a transfer of \$67,936 in Nature Conservancy Funds, but due to cash flow needs, have transferred \$73,000 in TNC funds to date. No further transfers are expected. The full accounting of money raised by The Nature Conservancy for start-up and operations of the RRBC is on the last page.

Expense

Expenses are broken into “Program” and “Non-Program” to reflect the nature of our income, which is either specifically for grant projects (programs) or not. Some program expenses can be used as “grant match,” i.e. RRBC funds (from TNC) used to pay for costs associated with specific grant projects. (For FY 2011, we are using the terms “Grant Funded” and “Non-Grant Funded”).

Grant match is almost always a condition of receiving grant funding, because funders want to know that their dollars are being “matched” by other funding or in-kind contributions (e.g. volunteer hours, goods or services). Each grant agreement includes an accounting of anticipated project match. Our QuickBooks accounting system has been set up to track the cash match for each grant for ease of grant reporting.

One of the best uses of the funding from TNC is as “project match,” since they are dollars raised from private sources. Almost all federal and many state funding sources look for “non-Federal match” when evaluating grant proposals.

1. **Contractual Wages** reflects a portion of one month's salary paid to the Executive Director during July 2009 (while the ED was still operating under a contract agreement). This portion reflects the amount that in July that ED time was charged to grant programs.
2. **Employee Benefits** will never reach 100% in FY 2010 because RRBC paid the Executive Director in the cash equivalent of anticipated benefits expenses until each benefit was institutionalized. The Health Insurance Plan was finalized starting January 1, 2010. Workers Compensation Insurance has been instituted will be shown as paid in the June 30 statement.
3. **Payroll Taxes & Unemp – Program and Non-program.** The bulk of the annual payment for Virginia state unemployment insurance is paid “up front” (on the first \$8000 in salary) with successive payments much less.
4. **Total Payroll Expenses - Program.** The FY2010 budget called for a total of \$80,000 in payroll expense for the Executive Director and a part-time administrative assistant. RRBC total staff costs for FY2010 are anticipated to be within 3% of this amount – and are comprised of Executive Director's salary and benefits (and one month of contractual costs in July, 2009), part-time temporary help in December 2009, and salary for the part-time Program Coordinator since January 2010.

The sum of Total Payroll Expense–Program plus Total Payroll Expense-Non-Program reflects the budgeted and actual payroll costs.

5. **Construction – Program** reflects our NFWF grant spending that provides “cost-share” to the localities for design/construction costs for demonstration stormwater BMPs. The budgeted amount is what we expect to transfer to localities in FY2010. RRBC has reimbursed Fluvanna County for \$147K of rainwater harvesting system components for Fluvanna High School. We will soon be reimbursing the City of Charlottesville for approximately \$73K for about half the cost of the bioswale and rainwater harvesting system at Charlottesville High School.
6. **Contractual Expense – Program** reflects costs for subcontracts under the NFWF Stormwater grant (with StreamWatch, Center for Watershed Protection, Rivanna Conservation Society, and Thomas Jefferson PDC). It has taken longer to execute these contracts – time well spent, however, in developing scopes of work. Invoices from these contracts will not spend down this category by the end of FY2010. The tasks are not behind schedule, and the funding can be carried over into FY2010 with no consequence from the funder (NFWF).

Note: According to the grant agreement with NFWF, if any funding line item will be 10% higher or lower than the original proposed, RRBC will be required to notify

NFWF and explain the change. Given the nature of these kinds of projects – entered into with many unknowns – NFWF is generally able to accommodate these kinds of changes. [RRBC staff has undertaken a complete review of the NFWF grant spending as part of developing the FY2011 budget.]

7. **Equipment Expense.** We have purchased stormwater BMP monitoring equipment (through TJPDC) but have not yet been billed for this. This expenditure will show up the June 30, 2010 statement.
8. **Printing and Postage – Program.** This budget figure was an estimate based on the NFWF proposal. We will not spend down this category by the end of FY2010, and the funding can be carried over into FY2010 with no consequence from the funder (NFWF).
9. **Supplies – Program** includes significant spending associated with monitoring supplies. The BMP monitoring component of the grant has been slow to start – thus there have been few expenses in this category. The funding can be carried over into FY2010 with no consequence from the funder (NFWF).
10. **Travel – Program.** This budget figure was an estimate based on the NFWF proposal. We will not spend down this category by the end of FY2010, and the funding can be carried over into FY2010 with no consequence from the funder (NFWF).
11. **Total Program Expenses** is at 49% but will increase substantially when the City of Charlottesville is reimbursed \$73K. Any NFWF grant monies remaining unspent at the end of FY2010 will be carried over into FY2011 budget (with no consequence from NFWF). The DCR Healthy Waters grant funding must be spent by June 30, 2010, as per conditions of the grant agreement. We are on track to do so.
12. **Contractual Wages – Non-Program** is higher than budgeted because temps were used in December to help with administrative overload before Ms. Brown was hired. This should not affect the overall budget due to the fact that some of Ms. Brown’s salary will be paid for by grant funding, which was not anticipated when the original budget that included funds for a part-time administrator was approved.
13. **Total Payroll Expense - Non-Program.** The FY2010 budget called for a total of \$80,000 in payroll expense for the Executive Director and a part-time administrative assistant. RRBC total staff costs for FY2010 are anticipated to be within 3% of this amount – and are comprised of Executive Director’s salary and benefits (and one month of contractual costs in July, 2009), part-time temporary help in December 2009, and salary for the part-time Program Coordinator since January 2010.

Total Payroll Expense–Program plus Total Payroll Expense-Non-Program reflects the budgeted and actual payroll costs.

14. **Commissioner Expense** is a budget category created to cover expenses incurred by Commissioners that could be reimbursed (if so determined by the Commission).
15. **Conference Expense** is a budget category to cover expenses for attending conferences, trainings, and workshops by RRBC staff. Most of these expenses have been covered using Program funding. The 50% overage is balanced by less spending in other categories. FY2010 spending will provide a basis for next year's budget.
16. **Dues and Subscriptions** is a budget category created for the first operational year of RRBC. FY2010 spending will provide a basis for next year's budget.
17. **Grants to Other Organizations** was originally the \$5K proposed as a contribution to StreamWatch's Rivanna Long-term Monitoring Program. The Commission has not revisited this spending recommendation. This amount could be used towards designing, with partners including StreamWatch, a long term monitoring program for the Rivanna that goes beyond benthic and habitat data (e.g. bacteria, flow, nutrients, sediment). It could be also directed towards technical support from StreamWatch or others to assist with the Rivanna portion of the Chesapeake Bay Pilot Project.
18. **Meeting Expense** is a budget category that includes refreshments, cost of mailing packets to Commissioners, and other expenses related to hosting meetings of the Commission and its committees. FY2010 spending will provide a basis for next year's budget.
19. **Miscellaneous - Non-Program** is the budget category created for miscellaneous expenses not captured by the other categories. FY2010 spending will provide a basis for next year's budget.
20. **Office Expenses & Non-Cap Equipment** – This category includes office and computer supplies and includes additional computing equipment for part-time staff. FY2010 spending will provide a basis for next year's budget.
21. **Legal services** are considerably higher than budgeted and reflects the additional costs associated with determining issues related to the legal and fiscal status of the RRBC with respect to its designation as an “independent local entity without political subdivision status.”
22. **Rent** was mistakenly estimated at \$4,000 when it should have been \$4,800 (\$400 per month for 12 months). Therefore, we will be over budget on this by \$800.
23. **Web expenses** are higher than anticipated and will continue to accrue for the next several months. We have allocated \$1K of web costs as a specific grant expense, our contractor in his original proposal did not anticipate the cost of uploading three years' of archived materials. We are moving in to Phase II of web-development with the designer and will incur additional costs before the end of FY2010. However, we have now developed in-house capability to upload content, photos, and meeting materials.

24. **Total Expense (Budget vs Actual)** is only 59% close to the end of the fiscal year. As explained above, this is largely due to:

- BMP cost-share with Charlottesville has not yet been invoiced/paid.
- Executing contracts were later than expected, so invoicing on these contracts has been minimal to date.
- Many non-program line items were estimates with little or no history upon which to base them.
- Expenditures under several program line items have simply not yet occurred.

Statement of Revenue and Expense by Class
FY2010 YTD (July 2009 – May 31, 2010)

This financial report shows Income and Expense by “class,” with each class representing a separate grant. This report can be used to track income and expense for each grant. This report reflects the fact that, as of May 31, 2010, we have been reimbursed fully for the DCR – Greene County Map and have received \$285,674 in reimbursed and advance funding for the NFWF Stormwater Grant.

Unlike the NFWF grant, DCR grants are on a reimbursable basis only. We have invoiced DCR \$32,924 for work completed, and we have spent an addition \$1,515 (hence the negative number). Invoicing is generally quarterly.

TNC Rivanna River Basin Fiscal Summary May 31, 2010

This report shows the history and current status of funds raised by The Nature Conservancy specifically for the start-up and operations for the Rivanna River Basin Commission.

This report reflects a total of \$124,900 in disbursements with a balance of \$269,363. TNC raised almost \$392,000 for the Rivanna River Basin Commission from about twenty donors. Holding the balance in the TNC account ensures that these specific RRBC donations are allocated properly and that donors can be kept apprised of the work of the RRBC. RRBC coordinates communication and updates for the donors with TNC. Since July 2009, TNC has not paid interest on these funds in accordance with a TNC organization-wide policy.

The Commission receives a quarterly updates from The Nature Conservancy on funds held in trust for the RRBC.