

TO: FM Diversion Finance Committee
FROM: Kent Costin, FMDA Fiscal Agent
RE: Questions about Financial Reporting From 5/22/2019 Meeting
DATE: 5/23/2019

There were a couple of questions raised at the Finance Committee meeting yesterday requiring further explanations.

Q1: Why does the fiscal agent's financial status report show such a large negative balance for program management as compared to the budget status report prepared by the program management consultant? It gives the appearance that we are way over budget?

A1: The fiscal agent report tracks encumbrances (open contracts) while the annual cash budget report prepared by the PMC does not. In January 2019, the FM Diversion Authority approved a very large, multi-year contract to Jacobs for all property acquisition services. Starting in 2019, this multi-year contract will be active until all property acquisitions are complete. The amount approved was \$21,180,800. This work is currently active and has been validated by the PMC.

The multi-year contract should not be matched to the annual budget figure with the conclusion that we are over the annual budget approved for this function. If you compare the annual budget figure (\$11,154) to the amount actually expended Y-T-D (\$1,874) we are well within budget for the current fiscal year. This budget line is 17% expended.

Q2: Why is there a different amount shown on the fiscal agent's financial status report vs. the PMC report. Page 18 amount of \$23,426 vs. page 23 amount of \$22,717,508.

A2: The financial report on page 18 contains other items in addition to the amount shown for the PMC on page 23. We have a contract with Oracle America to provide a program management software services for the project that is included in the encumbrances shown on page 18. If you move down the list on page 23, you can reconcile the numbers by adding in the \$708,434 encumbrance for Oracle America to the PMC encumbrance of \$22,717,508.