



Midpeninsula Regional
Open Space District

R-13-111
Meeting 13-34
December 11, 2013

AGENDA ITEM 5B

AGENDA ITEM

Fiscal Year 2013-14 Midyear Controller's Report

CONTROLLER'S RECOMMENDATION

Review and accept the attached Fiscal Year (FY) 2013-14 Midyear Controller's Report.

SUMMARY

The Controller's Midyear Financial Review Report concludes that the Midyear revenues and expenditures are on track and consistent with the District's long-term financial plans.

DISCUSSION

As part of the Midyear Action Plan and Budget Review process, the Controller prepares a Midyear Financial Report that presents the District's balance sheet and year-to-date revenues and expenditures as of September 30. For FY2013-14, the financial results of the first six months indicate that revenues and expenditures are consistent with the District's long-term financial plans.

FISCAL IMPACT

None.

BOARD COMMITTEE REVIEW

The Action Plan and Budget Committee reviewed the proposed FY2013-14 Midyear Controller's report on November 12, 2013.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act. No additional notice is required.

CEQA COMPLIANCE

This proposed action is not a project under the California Environmental Quality Act (CEQA) and no environmental review is required.

NEXT STEPS

The Controller will continue to monitor property tax revenues and District expenditures.

Attachments:

1. Midyear Financial Review Report

Prepared by:
Mike Foster, Controller



DATE: November 26, 2013
MEMO TO: Board of Directors
FROM: M. Foster, Controller
SUBJECT: Mid-Year Financial Review

CONTROLLER'S REPORT

Attached are unaudited and summarized financial statements for the six months ended September 30, 2013.

Exhibit A contains the District's September 30 balance sheet compared to our audited position on March 31. Our cash balance decreased by \$4 million due mainly to the payment of \$5.9 million of scheduled debt service and the \$1.1 million insurance payment to Cal JPIA. The District did not pay cash for any land acquisitions during this six month period. The cash balance includes \$3.3 million of bond reserve and endowment funds not available for general expenditure. The District's outstanding debt of \$136.9 million remains well below its statutory debt limit and projected tax revenues could support additional debt issuance of up to \$30 million, should this be required.

Exhibit B shows our six month revenues compared to the same period a year ago and to the twelve month budget. This is a low period for tax revenue as the heavy April tax receipts are accrued into the prior year. Assessed valuation reports indicate that FY14 property tax income will be up some 8.7% and exceed budget by around \$850,000 (3%). Redevelopment income is harder to predict, but should also significantly exceed the annual budget. Interest income is on budget but below last year due to less cash and lower interest rates. Income from rental property, SCC parks, development grants, and other sources appears to be on track.

Exhibit C displays a summary of six month spending compared to the same period last year and to the annual budget. Operating expense spending (Opex) is up 15% and consumed 45% of the annual budget. This calculation excludes \$513,000 of liability insurance payments which are expected to be off-set by refunds or credits during the second half. Salaries, services and supplies are each increasing as envisioned in the budget. Total spending excluding land purchases and debt service was 37% of the annual budget—within 1% of the six month spending percentage for each of the prior six years. So, 37-38% appears to represent the new regular (seasonal) first half spending pattern for the District, i.e. low capital spending in the Spring and Summer. Prior to 2008, the District consistently spent around 44% of its annual non-land budget in the first half.

The outlook for District property tax revenue growth in fiscal 2015 is favorable. Interim reports from the county assessors indicate growth in overall District assessed valuation is likely to

exceed 6%. This includes the unusually low consumer price index factor of 0.45%, just reported by the state. How long this above-trend revenue growth will continue is impossible to predict. Overall, the financial results of the first six months indicate revenues and expenditures are consistent with the District's long-term financial plans.

Prepared by:
Michael Foster, Controller

Exhibit A

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT

Balance Sheets

(Thousands)	September 13, 2013 <u>(Unaudited)</u>	March 31, 2013 <u>(Audited)</u>
Cash & Investments	\$30,251.8	\$34,169.1
Receivables & Prepaids	1,759.3	9,342.0
Deferred Charges	978.9	1,211.2
Land	379,410.8	379,410.8
Construction in Progress	3,647.2	4,396.4
Structures & Improvements	12,260.7	12,543.5
Equipment	<u>2,101.6</u>	<u>2,239.0</u>
TOTAL ASSETS	\$430,410.3	\$443,312.0
Accounts Payable	396.6	811.2
Accrued Liabilities	459.9	1,386.4
Deferred Revenues	2,172.6	1,971.0
Land Contract Debt	2,450.1	2,450.1
Public Notes Payable	<u>134,472.3</u>	<u>136,510.7</u>
TOTAL LIABILITIES	\$139,951.5	\$143,129.4
TOTAL EQUITY	\$290,458.8	\$300,182.6

Exhibit B

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT

Six Month Revenue vs. Prior Year

(Thousands, Unaudited)	<u>Six Months Ended September 30</u>		Percent <u>Increase</u>
	<u>2013</u>	<u>2012</u>	
Property Taxes	\$4,504.5	\$4,209.8	7%
Redevelopment Income	29.4	349.2	-92%
Interest Income	137.7	171.9	-20%
Acquisition Grants	0.0	375.0	-100%
Development Grants	312.6	491.3	-36%
Rental Income	491.3	484.5	1%
Gifts of Land	0.0	520.0	-100%
SCC Parks Income	305.8	298.4	2%
Other	<u>85.9</u>	<u>53.0</u>	<u>62%</u>
TOTAL REVENUE	\$5,867.2	\$6,953.1	-16%

Six Month Revenue vs. Annual Budget

(Thousands, Unaudited)	Six Months	Annual	Percent <u>Received</u>
	<u>Actual</u>	<u>Budget</u>	
Property Taxes	\$4,504.5	\$30,051.0	15%
Redevelopment Income	29.4	234.0	13%
Interest Income	137.7	280.0	49%
Acquisition Grants	0.0	0.0	na
Development Grants	312.6	2,386.0	13%
Rental Income	491.3	1,084.0	45%
Gifts of Land	0.0	1,500.0	0%
SCC Parks Income	305.8	306.0	100%
Other	<u>85.9</u>	<u>205.0</u>	<u>42%</u>
TOTAL REVENUE	\$5,867.2	\$36,046.0	16%

Exhibit C

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT

Six Month Spending vs. Prior Year

(Thousands, Unaudited)	Six Months Ended September 30		Percent <u>Increase</u>
	<u>2013</u>	<u>2012</u>	
Salaries & Benefits	\$6,190.4	\$5,530.4	12%
Services & Supplies (*)	<u>1,671.0</u>	<u>1,295.3</u>	<u>29%</u>
Operating Expense	7,861.4	6,825.7	15%
Strategic/Vision Plan	297.3	2.2	13414%
Property Management	123.8	103.6	19%
Land Acquisition Expense	2.1	123.2	-98%
Capital Spending	830.5	1,595.8	-48%
Land Acquired	0.0	1,923.0	-100%
Debt Service	<u>5,940.1</u>	<u>5,896.0</u>	<u>1%</u>
TOTAL SPENDING	\$15,055.2	\$16,469.5	-9%

() Excluding \$513K pre-payment of Liability Insurance*

Six Month Spending vs. Annual Budget

(Thousands, Unaudited)	Six Months	Annual	Percent <u>Spent</u>
	<u>Actual</u>	<u>Budget</u>	
Salaries & Benefits	\$6,190.4	\$13,586.7	46%
Services & Supplies (*)	<u>1,671.0</u>	<u>3,873.3</u>	<u>43%</u>
Operating Expense	7,861.4	17,460.0	45%
Strategic/Vision Plan	297.3	850.9	35%
Property Management	123.8	324.8	38%
Land Acquisition Expense	2.1	749.0	0%
Capital Spending	<u>830.5</u>	<u>5,496.7</u>	<u>15%</u>
NON-LAND SPENDING	\$9,115.1	\$24,881.4	37%
Debt Service	5,940.1	8,875.0	67%
Land Acquired	<u>0.0</u>	<u>7,250.0</u>	<u>0%</u>
TOTAL SPENDING	\$15,055.2	\$41,006.4	37%