



Midpeninsula Regional  
Open Space District

R-14-155  
Meeting 13-35  
December 17, 2014

## **AGENDA ITEM 8B**

### **AGENDA ITEM**

Fiscal Year 2014-15 Midyear Controller's Report

### **CONTROLLER'S RECOMMENDATION**

Review and accept the attached Fiscal Year 2014-15 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 FY2014-15, the financial results of the first six months indicate that revenues and expenditures are consistent with the District's long-term financial plans.

### **BOARD COMMITTEE REVIEW**

The Action Plan and Budget Committee reviewed the proposed FY2014-15 Midyear Controller's report on November 12, 2014.

### **FISCAL IMPACT**

Acceptance of this report has no fiscal impact.

### **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: December 1, 2014  
MEMO TO: Board of Directors  
FROM: M. Foster, Controller  
SUBJECT: Mid-Year Financial Review

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## CONTROLLER'S REPORT

Attached are unaudited and summarized financial statements for the six months ended September 30, 2014.

Exhibit A contains the District's September 30 balance sheet compared to our audited position on March 31. Our cash balance decreased by \$2.0 million due to the payment of \$6.0 million of scheduled debt service. The District paid only \$10,000 cash for land acquisitions during this six month period. The cash balance, \$32.3 million, includes \$3.3 million of bond reserve and endowment funds not available for general expenditure. The District's outstanding debt of \$136.3 million remains well below the statutory debt limit. The District's cash balance and other net current assets fully fund the minimum reserve balances approved by the Board on November 25, 2014.

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 fiscal 2015 property tax income will be up some 5.9% and exceed the original budget by around \$180,000 (0.5%). Income from rental property, Santa Clara County parks, interest, 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 is up only 1% over the prior year and at 42% of the annual budget. Salaries and benefits are up 3%, while services and supplies are down 7%. The District spent 17% of its annual budget for non-land capital spending, compared to 15% at the same point last year. Total spending excluding land purchases and debt service was 37% of the annual budget—the same as last year and within 1% of the six month spending percentage for each of the prior seven years. So, 37-38% continues to represent the normal seasonal first half spending pattern for the District. A large portion of this year's capital spending will be reimbursed from the proceeds of the initial tranche of Measure AA general obligation bonds, to be issued early in fiscal 2016.

The outlook for District property tax revenue growth in fiscal 2016 is again favorable. Interim reports from the county assessors indicate growth in overall District assessed valuation is likely to be in the 5% to 6% range.

Overall, the financial results of the first six months indicate revenues and expenditures are consistent with the District's pre-Measure AA long-term financial plans. Expenditures are well below the level that will be needed to accomplish all of the Measure AA projects within 25-30 years.

Attachments:

1. Exhibit A – Balance Sheet
2. Exhibit B – Revenues
3. Exhibit C – Expenses

Prepared by:

Michael Foster, Controller

Contact person:

Same as above

## Exhibit A

### MIDPENINSULA REGIONAL OPEN SPACE DISTRICT

#### Balance Sheet

(Thousands)	September 30, 2014 <u>(Unaudited)</u>	March 31, 2014 <u>(Audited)</u>
Cash & Investments	\$32,296	\$34,331
Receivables & Prepaids	\$2,249	\$10,383
Deferred Charges	\$4,023	\$4,105
Net OPEB Asset	\$1,023	\$1,004
Land	\$383,519	\$383,509
Construction in Progress	\$4,710	\$4,710
Structures & Improvements	\$14,670	\$14,213
Equipment	<u>\$2,357</u>	<u>\$2,491</u>
<b>TOTAL ASSETS</b>	<b>\$444,847</b>	<b>\$454,746</b>
Accounts Payable	\$781	\$744
Accrued Liabilities	\$1,773	\$1,432
Land Contract Debt	\$2,421	\$2,431
Public Notes Payable	<u>\$136,318</u>	<u>\$138,992</u>
<b>TOTAL LIABILITIES</b>	<b>\$141,293</b>	<b>\$143,599</b>
<b>TOTAL EQUITY</b>	<b>\$303,554</b>	<b>\$311,147</b>

## 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>2014</u>	<u>2013</u>	
Property Taxes	\$4,800	\$4,534	6%
Interest Income	\$96	\$138	-31%
Acquisition Grants	\$0	\$0	na
Development Grants	\$59	\$313	-81%
Rental Income	\$469	\$491	-5%
Gifts of Land	\$0	\$0	na
SCC Parks Income	\$314	\$306	3%
Other	<u>\$97</u>	<u>\$86</u>	<u>13%</u>
<b>TOTAL REVENUE</b>	<b>\$5,834</b>	<b>\$5,867</b>	<b>-1%</b>

#### Six Month Revenue vs. Annual Budget

(Thousands, Unaudited)	Six Months	Annual	Percent
	<u>Actual</u>	<u>Budget</u>	<u>Received</u>
Property Taxes	\$4,800	\$33,556	14%
Interest Income	\$96	\$265	36%
Acquisition Grants	\$0	\$740	0%
Development Grants	\$59	\$884	7%
Rental Income	\$469	\$1,109	42%
Gifts of Land	\$0	\$1,500	0%
SCC Parks Income	\$314	\$313	100%
Other	<u>\$97</u>	<u>\$200</u>	<u>48%</u>
<b>TOTAL REVENUE</b>	<b>\$5,834</b>	<b>\$38,567</b>	<b>15%</b>

## 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>2014</u>	<u>2013</u>	
Salaries & Benefits	\$6,350	\$6,190	3%
Services & Supplies	<u>\$1,561</u>	<u>\$1,671</u>	<u>-7%</u>
<b>Operating Expense</b>	<b>\$7,912</b>	<b>\$7,861</b>	<b>1%</b>
Strategic/Vision Plan	\$775	\$297	161%
Property Management	\$159	\$124	28%
Land Acquisition Expense	\$105	\$2	4903%
Capital Spending	\$854	\$831	3%
Land Acquired	\$10	\$0	na
Debt Service	<u>\$6,043</u>	<u>\$5,940</u>	<u>2%</u>
<b>TOTAL SPENDING</b>	<b>\$15,857</b>	<b>\$15,055</b>	<b>5%</b>

#### Six Month Spending vs. Annual Budget

(Thousands, Unaudited)	Six Months	Annual	Percent <u>Spent</u>
	<u>Actual</u>	<u>Budget</u>	
Salaries & Benefits	\$6,350	\$14,523	44%
Services & Supplies	<u>\$1,561</u>	<u>\$4,127</u>	<u>38%</u>
<b>Operating Expense</b>	<b>\$7,912</b>	<b>\$18,649</b>	<b>42%</b>
Strategic/Vision Plan	\$775	\$1,448	54%
Property Management	\$159	\$471	34%
Land Acquisition Expense	\$105	\$854	12%
Capital Spending	<u>\$854</u>	<u>\$5,105</u>	<u>17%</u>
<b>NON-LAND SPENDING</b>	<b>\$9,804</b>	<b>\$26,527</b>	<b>37%</b>
Debt Service	\$6,043	\$8,894	68%
Land Acquired	<u>\$10</u>	<u>\$8,500</u>	<u>0%</u>
<b>TOTAL SPENDING</b>	<b>\$15,857</b>	<b>\$43,920</b>	<b>36%</b>