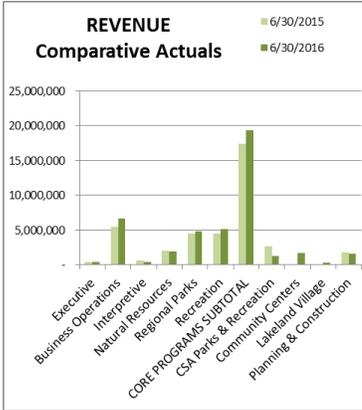




FINANCIAL RESULTS ~ JUNE 2016

This report discusses overall FY15-16 revenue and expenditure performance as compared to budget as of June 30, 2016.

REVENUE



Overall, revenue for the District ended at **88%** of budget, and \$2.08M higher than prior fiscal year. Core Programs brought in 99% of projected revenue, while Contracts and CIP earned 62% of their estimates.

The largest source of this increase was an increase in Business Operations revenue of \$1.54M, of which \$750K was a one-time reimbursement of legal settlement costs incurred in FY12-13 and \$485K is additional Administrative Overhead reimbursement from contract service Programs. These two items are “one-time” revenues and should not be expected to continue in future years.

Recreation was \$663K higher, although \$400K of that increase was a supplemental contribution from the Operating Fund to ensure the Recreation Fund had enough cash to sustain operations through the end of the fiscal year.

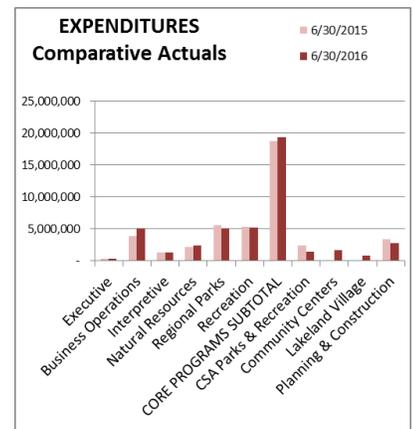
Regional Parks revenue was \$292K higher than prior year due to increased revenue opportunities and higher user fees.

EXPENDITURES

Overall expenditures for the District ended at **92.6%** of budget. Core Programs spent 94% of their expenditure budget, and Contracts & CIP spent 88%.

Business Operations was the only Program to exceed budget at 102%, and Community Centers came very close to budget at 99%. All other Programs were well below their budget targets, averaging around 90%.

Total spending was \$1.5M more than prior year, the largest variance of \$1.187M in Business Operations; \$400K of additional BusOps spending was the contribution given to Recreation to support current year operations, and \$493K was for increased salaries.

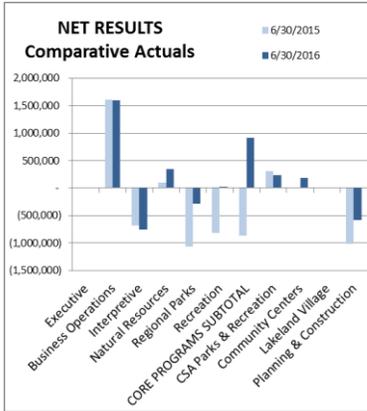


NET RESULT

Overall net result for the District ended with a \$741K gain, which is \$2.3M better than when compared to the net loss of \$(1.57M) prior year.



REGIONAL PARK AND OPEN-SPACE DISTRICT
FY15-16 Budget



Core Programs ended with a \$918K gain, which is \$1.78M better than the \$(863K) loss last year; revenues were \$1.88M higher and expenditures were \$658K higher.

Contracts & CIP ended with a \$(177K) loss, which is \$533K better than last year's loss of \$(710K). This is mostly due to expenditures for grant-funded projects which have not yet been reimbursed.

PROGRAMS

Business Operations

Business Operations as a whole earned 99% of expected revenue and spent 102% of projected budget.

The ending net gain for Business Operations of \$1,964,096 is \$352K more than prior year's net gain of \$1.61M.

Overall Business Operations revenue for FY15-16 was \$1.54M higher than previous year due to two items: \$750,000 reimbursement for legal fees paid during FY12-13, and \$485K in additional Administrative Overhead reimbursement from contract service Programs. These two items are "one-time" revenues and should not be expected to continue in future years.

Costs increased by \$1.18M when compared to prior year. This is due mainly to a substantial increase in Human Resources costs for the annual payment of \$340K to CalPERS for unfunded liabilities, which was a new expense as of FY15-16. All other County internal service rates also increased, and are expected to continue rising in future fiscal years.

Expenditures in Volunteer Management were \$120K greater than prior year due to the addition of two Volunteer Service Coordinator positions, one of which will be reimbursed by grant funds from CalRecycle. Spending in Finance was \$118K more, mostly due to a 200% increase in costs for PeopleSoft Financials processing.

Interpretive

Total revenues for Interpretive were 112% of expectations, and expenditures were at 89% of projections. The net loss of \$(757K) is better than the projected net loss of \$(935K) due to revenues being higher than expected.



REGIONAL PARK AND OPEN-SPACE DISTRICT FY15-16 Budget

The Interpretive Program's net loss of \$(756,959) is a greater loss than prior year by \$(74,804) due to an increased net loss at Louis Robidoux Nature Center of \$(112,330). However, in FY14-15 LRNC received \$110K in grant revenue that was a one-time source. If that variance is removed from the analysis, then the difference in net results between years is only \$(2,330).

Hidden Valley Nature Center's operations are supplemented by Fund Balance from the Arundo Removal fund. This fiscal year, HVNC utilized \$81K of Fund Balance, which is \$51K more than prior year due to the loss of interest income from the Wildlands Grant that previously supported the program. The Arundo Removal Program also utilizes \$85K of Fund Balance to sustain its annual operations. **The ending Fund Balance of \$701K will only support these two programs for another 4.2 fiscal years. Additional funding sources or service reductions should be considered in the very near future.**

Natural Resources

This Program earned 82% of expected revenue and spent 88% of projected expenditures, and ended with a net gain of \$35K.

All Natural Resources programs utilized \$872K of existing fund balance to sustain current year operations, which is \$525K more than prior year. Uses were as follows:

- \$408K – MSHCP: \$355K to catch up on reimbursing the Operating Fund for many years of Administrative Overhead costs, \$53K to supplement salary costs.
- \$165K – Arundo Removal: \$103K to purchase tractor, \$38K to sustain operations.
- \$ 19K – Mitigation Bank: to sustain operations
- \$227K – Open Space: to sustain operations

Revenue for OHV was \$(181K) less due to one-time grant revenues that were received in prior year. Currently all annual OHV revenue is being used to support the Open Space Program.

Arundo Removal utilizes Fund Balance to sustain ongoing operations in the amount of \$85K annually. Additionally, Hidden Valley Nature Center utilizes Arundo Removal Fund Balance to subsidize its operations in the amount of \$81K annually. **The ending Fund Balance of \$701K will only support these two programs for another 4.2 fiscal years. Additional funding sources or service reductions should be considered in the very near future.**

Revenue for Open Space was \$(272K) less than prior year due to the discontinuation of the City of Riverside annual maintenance agreements. The loss of this source of revenue will require the Program to utilize Fund Balance and OHV contributions to fill the annual \$375K funding gap to sustain ongoing operations. **With OHV contributions of \$100K annually, the FY15-16 ending Fund Balance of \$1.055M will sustain operations for only another 3.8 fiscal years. Without support from OHV, it will only last for 2.8 years. Additional funding sources or service reductions should be considered in the very near future.**



Regional Parks

Regional Parks spent 92% of projected expenditures and earned 107% of expected revenues. The Program ended the fiscal year with a net loss of \$(288K). These results are comparable to FY13-14 results for Regional Parks, which posted a net loss of \$(292K), and \$772K better than FY14-15 mostly due to decreased spending on repairs and maintenance.

The FY14-15 net loss of \$(1.06M) was atypical for the Program and was the result of major expenditures at Lake Skinner for repairs to its dock, rock climbing structure, vehicles, and boat engines, as well as increased costs across all parks for landscaping services and utilities. Although the major repairs are complete, other operating costs continue to increase. Therefore in FY15-16 several park user fees were increased so revenues would keep pace with the rising cost of providing services. Revenues for this year were \$445K higher than FY13-14 and \$292K higher than FY14-15.

Rancho Jurupa Park is the only location showing continuous improvement over the past three fiscal years. Last year it ended with a net income of \$35K, this year it ended with \$116K. Although spending for fish stocking was limited during this fiscal year, fishing activity remained consistent. Cabin rentals increased significantly, and although this increases revenue it has also resulted in increased maintenance costs for the cabins. Unexpected costs such as sewer repairs, tree trimming, wild pig mitigation, and equipment repairs were covered within the approved budget.

Skinner and Cahuilla had diminished performance last year, but came back strong this year with ending results better than FY13-14. Lake Skinner added 55 new dry camping sites, increased park fees, and a new restaurant opened at the Camp Store, all of which increased revenues. Impacts on expenditures were the temporary freeze on trout stocking due to vendor issues, splash pad closure awaiting costly repairs, and Temecula Valley Family Faire chose not to return to Skinner for FY15-16 (loss of \$36K in revenue).

Lake Cahuilla kept the park open from May through September instead of closing as was done in the past. This resulted in more day use and camping revenue. The new Vestal Village event brought in \$36K in new revenue; this event will return in FY16-17.

Seven parks performed better than last year, but still not as well as FY13-14: Trails, Park Residences, Bogart, Hurkey Creek, Idyllwild, McCall, and Other Parks (Concessions).

The fire ban in Idyllwild didn't affect camping reservations at Hurkey Creek, but it did result in a loss of approximately \$10K in firewood sales that normally would have occurred. The ban will continue into November, and total projected revenue lost as a result of the ban is estimated to be \$13K.

Three parks are posting increasing net losses each year: Kabian, Lawler Lodge, and Mayflower. This is due to increased payroll costs at Kabian and Mayflower, and increased spending on supplies and repairs at Lawler Lodge.



REGIONAL PARK AND OPEN-SPACE DISTRICT FY15-16 Budget

It should be noted that Mayflower Park was impacted by a failed water well and construction of the dock and boat ramp. Lawler Lodge remained closed for much of the year due to sewer and water well issues, and McCall Park remains closed due to water-related issues.

Gopher Hole is no longer posting a net profit. It ended FY15-16 with a very minor loss of \$(297), but two years ago in FY13-14 it posted a net income of almost \$29K. This is mostly due to payroll costs, which have increased from \$24K to \$49K.

Recreation

The Recreation Program earned 97% of expected revenue and spent 95% of its projected expenditure budget. Overall the Program ended with a net gain of \$18K, which is \$839K more than prior year's loss of \$(820K). However, it should be noted that \$400K of this increased gain was due to a supplemental contribution from the District's Operating Fund in order to sustain operations through the end of the fiscal year.

Overall expenditures decreased by \$176K when compared to prior year, and revenues were higher by \$263K (*not including the \$400K supplemental contribution*).

Most areas performed better than last year:

- Weddings & Events net gain of \$178K is \$133K better
- The Cove's net loss of \$(221K) is \$175K better
- DropZone's net loss of \$(524K) is \$214K better
- Jurupa Sports Park's net loss of \$(75K) is \$62K better

Two areas did not perform as well as last year:

- Recreation Activities net loss of \$(897) is \$(40K) worse than last year's gain of \$39K
- Jurupa Boxing Club's loss \$(44K) is \$(20K) more than last year's loss of \$(24K).

The Sports Park had an unexpected expense of \$4700 to repair turf during the fiscal year, and has approximately \$60K of past-due fees yet to be received which staff are diligently collecting. Management is working on a possible partnership with an outside organization to convert underused natural grass fields without lighting into synthetic turf indoor-soccer-type fields with lighting. The organization has proposed paying for all infrastructure improvements in exchange for a revenue-sharing agreement and long-term lease. This concept is still under development.

Jurupa Boxing club is enjoying increasing membership, and has received several small Community Improvement grants from the Board of Supervisors during the last few fiscal years to pay for such things as HVAC improvements and new equipment.



CSA Park Maintenance & Operations

CSA Parks earned 100% of expected revenue and only expended 86% of the overall projected expenditures.

After utilizing fund balance remaining from FY14-15 operations, the Program ended the fiscal year with a net gain of \$228K. It is expected that this balance will be returned to EDA once a thorough financial performance analysis is completed between the District and EDA.

Community Centers

Community Centers earned 105% of expected revenue and spent 99% of projected expenditures. The ending net gain of \$183K is mostly due to the use of \$145K of Fund Balance remaining from prior year.

Mead Valley only spent 81% of their budget, while Moses-Shaffer spent 102%. All other Community Centers were slightly below budget.

Lakeland Village & Perret Park

This Program earned 99% of expected revenues and expended 96% of projected expenditures.

Lakeland Village began the fiscal year with \$801K in Fund Balance to be used towards the Butterfield Elementary School's rehabilitation into Lakeland Village Community Center. During FY15-16, \$494K of Fund Balance was spent for this purpose, and \$37K was spent on projects at Perret Park. This leaves a Fund Balance of \$270K to supplement ongoing operations in future fiscal years.