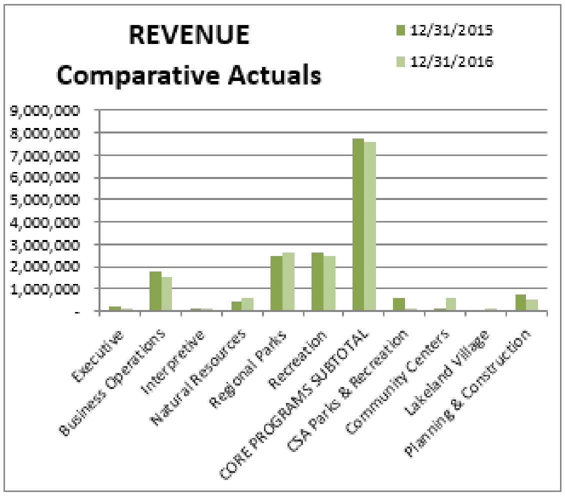
FINANCIAL RESULTS ~ DECEMBER 2016

This report discusses overall FY16-17 revenue and expenditure performance as compared to budget as of December 31, 2016. **The fiscal year is considered 42% elapsed**. Any revenues or expenditures that are significantly above or below that percentage of budget are discussed below.



REVENUE

Overall revenue for the District is at 35**%** of budget, and $(280K) lower than this time last year. Core Programs is at 45% of projected revenue, while Contracts and CIP have only earned 9% of their estimates so far.

Recreation revenue is at 80% of budget but is $(178K) lower than this time last year due to Jurupa Sports Complex, Jurupa Valley Boxing Club, and Cove's revenue being lower than this time last year. The high percentage is due to the discontinuation of waterparks after the 2016 summer season, so the bulk of recreation revenue was earned during those summer months.

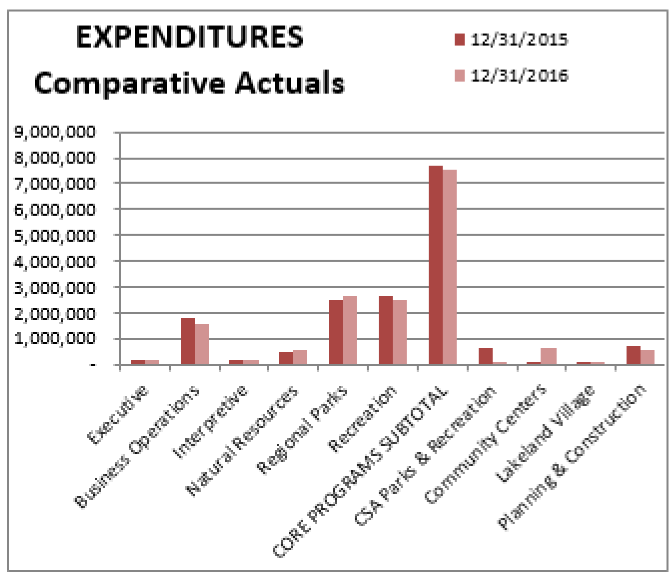
Regional Parks has earned 50% of its projected revenue already, and the amount is $142K more than this time last year.

EXPENDITURES

Overall expenditures for the District are at 38% of budget, which is just under the current target of 42%. However, Core Programs have spent 50% of their expenditure budget, and Contracts & CIP have only spent 19%.

Recreation expenditures are higher than the 42% target, but with the discontinuation of waterparks after the 2016 summer season the bulk of expenditures were incurred during the summer months. The total spent so far is 78% of budget, but $(535K) less than this time last year.

Business Operations expenditures are at 50% of budget and $214K more than this time last year. Business Operations had higher costs for the annual CalPERS unfunded liability payment, Board Ancillary charges posting earlier this year, increased liability insurance costs, and increased rates for RCIT server and desktop support.



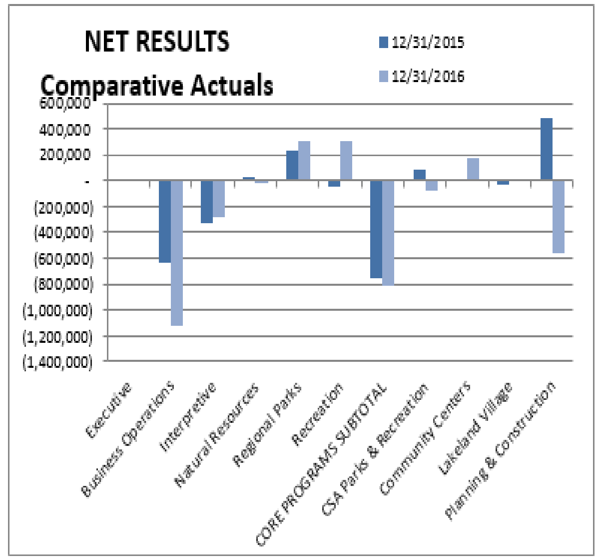
Total spending is currently $(466K) less than this time last year. Executive, Interpretive, Natural Resources, Recreation, CSA Parks, Community Centers, and Lakeland Village have all spent less than this time last year. Programs that spent more than last year at this time are Business Operations, Regional Parks, and Planning & CIP.

NET RESULT

Overall net results as of December 31st is a $(1.28M) loss. Core Programs loss is at $(816K), and Contracts and CIP have a net loss of $(465K).

The Core Programs net loss is $63K more than the $(753K) loss last year; revenues were $(194K) less and expenditures were $(698K) lower. The reduced expenditures are mainly due to last year's one-time internal transfer transactions that moved money between funds but don't represent true revenue or expenditures. If transfer activity is disregarded in both years, the Core Programs loss becomes $(681K), which is $71K better the previous year.

Contracts & CIP ended with a $(567K) loss, which is $(1M) lower than last year's gain of $481K. This is mostly due to expenditures for grant-funded projects which have not yet been reimbursed.



PROGRAMS

Business Operations

Expenditures in four areas are currently above target, but is expected given the timing and nature of transactions:

- *General Admin* *73%*
- *Grants & Contracts* *49%*
- *Human Resources* *63%*

For General Admin, Grants & Contracts and HR, expenditures include annual payments that are made at the beginning of the year: Property and Liability Insurance, Board Item Charges, and CalPERS Unfunded Liability payment. These costs are budgeted for and expected, but incurring the full cost at the beginning of the year causes the year-to-date expenditure percentages to look high. As a note, insurance costs increased 25% over prior year due to increased activity throughout the District.

Interpretive

Overall revenue is below target at 38%. LRNC has earned more than their projected annual revenue already, and SRP is close to projected revenues at 39% so far. However, all other areas are significantly lower than expectations:

- *Gilman* *6%*

- *Jensen* *32%*
- *SRP* *39%*
- *HVNC* *27%*

Expenditures are on target for this point of the year, with overall expenditures at 42% of budget. San Timoteo Schoolhouse and Santa Rosa Plateau Nature Center are right on track of expending 42% of their projected expenses, and Hidden Valley nature center is far below target at only 27%.

However, four areas have spent a significant portion of their annual budgets already:

- *Gilman* *52%*
- *IDYNC* *51%*
- *Jensen* *45%*
- *LRNC* *48%*

Gilman and Jensen both have low revenue coupled with high expenditures should be closely monitored throughout the remainder of the fiscal year.

Natural Resources

Natural Resources revenue is low due to delayed reimbursement for MSR and MSHCP invoices. Expenditures overall are on target at 42%.

Habitat & Open-Space Management expenditures are high at 60%, but that includes a significant one-time purchase of a tractor for $93,974.

Regional Parks

Overall revenue is higher than expected at 50% and expenditures are at slightly below target 41%.

Most areas are continuing to earn more than expected for this time of year, an excellent trend! McCall is the only park that isn’t earning more revenue than this time last year; this is only due to the park being closed.

Mayflower Park and Bogart Park have both earned higher revenue than expected but are operating at a net loss.

Four areas have spent more than the targeted 42% but are currently showing a net gain due to higher than expected revenue. For these areas, the additional expenditures may have been necessary in order to earn the additional revenue:

- *Gopher Hole* *49% expenditures, net gain $12K*
- *Idyllwild* *44% expenditures, net gain $37K*

- *Lake Cahuilla* *44% expenditures, net gain $34.00*
- *Rancho Jurupa* *43% expenditures, net gain $290K*

Three areas have spent more than the targeted 42% and are also showing a net loss. Expenditures should be slowed in order to more closely match revenues:

- *Bogart* *45% expenditures, net loss $(36K)*
- *Kabian* *51% expenditure, net loss $(9K)*
- *McCall* *45% expenditures, net loss $(27K)*

The Gopher Hole is scheduled to be taken over by a concessionaire in January or February 2017.

Recreation

Overall revenue is at 79% of projections and expenditures are at 78%.

Waterparks have expended 100% of their budgets due to the transfer of those facilities back to EDA as of January 18th.

Jurupa Sports Complex has only earned 31% of their projected revenue this year and is ($56K) less than this time last year. They have incurred 43% of their projected expenditures this year, which is ($12K) less than this time last year. Collection efforts have been initiated to collect $150K in past-due account balances from several different user groups.

Weddings & Events has earned 55% of their projected revenue this year, which is $(25K) less than this time last year. They have spent 34% of their projected expenditures this year, which is $4K more than this time last year, for a current net gain of $81K.

Recreation General Admin expenditures are currently much higher than expected at 81%, with mostly all expenditures occurring in Salaries & Benefits. These expenditures should be carefully monitored to ensure only the expected personnel are charging time to that Program Area.

Planning & CIP

Expenditures are low are at 16%, and revenue is very low at 7%. There appear to be outstanding expenses for Grant and DIF projects that need to be reimbursed. All projects should to be closely monitored to insure the District is receiving timely reimbursements for all expenses incurred.

CSA Park Maintenance & Operations, Community Centers, Lakeland Village & Perret Park

As of January 1, 2017, The District is no longer responsible for operations and maintenance of these locations. The Fiscal Manager is working to reconcile all vendor's balances and return any unused funding to the Executive Office and EDA.