

FY 2015-16 Unaudited Year-End

Attachment 1

Rim of the World Recreation and Park District



Management's Discussion and Analysis For the 2015/2016 Year-End Review Ending June 30, 2016

Revenue Summary:

The District budgeted \$1,092,825 of revenue for the 2015/16 fiscal year and realized actual revenues of \$1,156,330, an overage of 5.8%. Almost all line items contributed to the overall overage, with a four-figure shortfall appearing only in Special Parcel Tax income, amounting to 1.0% of budget (see details below).

Expense Summary:

The District budgeted \$1,052,119 in expense for the 2015/16 fiscal year and incurred actual expenses of \$1,120,489, an overage of 6.5%. The two greatest dollar variances were Facility Repairs & Maintenance (an overage of \$138,074 or 330.3%) and Miscellaneous Expense (a shortage of \$50,000, or 100% – see details below).

Net Income Detail:

The revenue and expense figures above yielded a net income of \$35,842, or \$4,864 less than the budgeted amount of \$40,706 (-12.0%).

Revenue Detail:

Special Parcel Tax

Special Parcel Tax receipts came in at 1.0% below budget projections (\$772,211 vs. \$780,000). All shortage (-\$9,095) was attributable to declines in current-year collections. This is small enough to be ascribed to the normal year-to-year fluctuations in past-due accounts.

Childcare Income

Revenue for Childcare exceeded budget by 20.5%, or \$19,480. Despite this better-than-anticipated performance (in addition to payroll savings as well) the program's overall improvement was not enough to approach a break-even status. Thus, one of three childcare sites will be closed (initially, with an interest list kept for possible re-opening if demand is high) in FY 2016-17 to stem the losses.

Rental Income

Rental Income exceeded budget by a little over 30% (\$27,488), \$18,095 of which was for facility rentals. Contributing to this overage was soccer use of District ball fields (\$6,360, part of which was for field use in the previous fiscal year but missed in the billing then). Other heavier use was noted for Little League, football, and cheer. A second contributing factor was Equipment Rental, with a windfall of \$9,351 for lights usage at the District's three ball fields.

Recreational Programs Income

The District saw some recovery in its Recreational Program Income, about 12.1%, or \$14,967. While non-commission events and programs experienced overall shortfalls from budget of \$9,418 (-21.2%), commission instruction programs surpassed budgeted amounts by \$24,385 (34.8%). Ongoing popular programs and new/experimental offerings have heightened revenues.

Other Income

Only a nominal amount was budgeted in this category (\$360), but a one-time dividend check of \$2,170 was received for an insurance fund gain in FY 2001-02 from CAPRI (Cal. Assoc. for Park and Rec. Indemnity).

Grant Income

The District received an unbudgeted grant of \$6,770 (the majority of the total of \$7,245 for the fiscal year) from Greenfields Outdoor Fitness in December for park workout equipment to be installed at the Twin Peaks Rotary Centennial Park.

Expense Detail:

Compensation & Benefits

Payroll and benefit expenses totaled \$525,277, virtually even with budget. Although accrued benefits, severance, and taxes paid for two departing workers caused Maintenance payroll to exceed budget by \$11,740 (10.9%), this was slightly more than offset by savings in Childcare payroll of \$8,703 (-6.5%) and in Recreation payroll of \$4,513 (-9.6%).

Advertising

Although the District invested \$2,118 (unbudgeted) in 4,000 custom logo pens for distribution, this was more than offset by \$7,280 (-66.2%) in Publications/Marketing expense savings (bi-annual program booklets, map production, e-blast subscription, etc.). Other printed material costs of \$4,397 were \$1,603 (-26.7%) below budget (for banners, flyers, business cards, etc.).

Equipment and Supplies

More conservative office supply ordering (-39.2%, or -\$3,919), lower janitorial supply outlays (-19.4%, or -\$872), and lower other equipment and supply expenses (-50.9%, or -\$1,272) accounted for a variance here of -35.7% (-\$6,063).

Auto Expense

Light repair needs enabled vehicle maintenance expenses to fall 47.3% below budget (-\$1,657); combined with fuel expense savings of 44.9% (-\$3,812), this produced an expense shortfall of 45.6% (\$5,469).

Professional Services

All line-items in this category were at or below budget, a total savings of \$11,619 (-24.3%). The biggest contributor was Legal Counsel (-42.3%, or -\$6,349), since only minor legal services were required. Other Professional Services expenses of \$1,500 were incurred for grant writing, but none of the remaining budget of \$2,500 in that catch-all category was needed, a savings of 62.5%. Over \$2,000 was saved in the two line items of Payroll Data Processing and Computers & Website (-15.6%).

Program Instructors

Because of the heavier revenues realized in Commission Programs (see note above), \$12,186 more than budget was paid for commission instructors, but the net effect was still positive. A budget of \$5,000 for general Other Expenses did not need to be tapped, a savings there of 100%.

Special Programs

The variance in this line item of \$3,617 (26.7%) is more than accounted for by Youth Track & Field expense overage (\$3,323, or 73.9%) due to a large degree to \$3,763 in uniform costs. However, an additional expense of \$1,200 in that program was a payable booked for return of that amount to the Rim High School track and field program from excess of revenues over expenses; the District program itself still ended up in the black by a little over \$900, even after the \$1,200 is subtracted.

Childcare Expense

Write-offs of old uncollectible Childcare fees in the amount of \$13,259 accounted for all and more of the \$12,200 excess over budget (142.2%). This elimination of bad debts comes just ahead of the institution of a pre-pay requirement for future contracting of Childcare services. This should eliminate the need for write-offs in subsequent fiscal years in this program.

Miscellaneous Expense

A total of \$50,000 was budgeted for the anticipated costs of holding an election to fill a vacant seat on the District's Board of Directors. However, since no candidates came forward to submit their names for the ballot, the County appointed a director to replace the one who had retired. This obviated the need for any funds to be spent on the election.

Facility Repairs & Maintenance

Of the \$138,073 overage (\$330.3%) in this line item, \$73,846 was for repaving of the Running Springs Hootman Senior Center parking lot, a project anticipated in the FY15-16 budget via a transfer from the general Fund Balance to a designated reserve for this purpose (\$75,000), instead of a line item in the Income and Expense report. The reserve has now been transferred in full back to the general Fund Balance. Other overages (unbudgeted) include \$40,533 for the new Lakeside Park (play lot) in Green Valley Lake, \$31,339 for an exercise equipment yard at the Twin Peaks Rotary Centennial Park, \$6,392 for three new ball field signs (Twin Peaks, Running Springs, and Arrowbear), and \$5,095 for re-flooring of the Twin Peaks Senior Center. Partially offsetting these overages were the following significant line-item shortfalls: -\$10,283 (-97.9%) for landscaping that was not needed; -\$8,800 (-100%) for miscellaneous/other projects not needed; and -\$6,695 (-85.6%) for general facility repairs not needed.

Utilities

Savings for utilities totaled \$10,772 (19.6% below budget), and the major contributor was water (\$9,201, or 28.1% below budget). State-mandated water use restrictions resulted in significantly reduced irrigation of District ball fields. Partially due to the termination of electrical service to a Crestline facility that the District no longer has, overall electricity expense was \$1,366 (9.6%) below budget.

Overall Summary:

While Rim of the World Recreation and Park District has initially (pre-audit) fallen a little shy of its target of \$40,706 in net revenues by \$4,864, it maintained an overall revenue stream (outside of the Special Parcel Tax) that far surpassed budget projections by \$71,294 (\$384,119 actual vs. \$312,825 budgeted). Meanwhile, expenses outside of the three brand-new facility construction projects

identified above (\$78,264), less one-time election savings (-\$50,000), were only \$40,106 over budget (which includes the \$73,846 parking lot repaving). However, reserve releases augment the result for the Fund Balance. Moreover, additional gains beyond government fund accounting will be achieved once the audit has been conducted in October (per current schedule). Such increases to the bottom line include 1) \$33,460 in SBCERA debt principal reductions shown at present as expense; 2) \$23,195 (approximately) in mortgage principal reductions shown at present as expense; and 3) significant reductions in aggregate employee benefit accruals due to the departure of three employees in FY 2015-16 who had large balances of unpaid sick and vacation time on the books at June 30, 2015.

Other items:

Additional projects and small property acquisitions are being considered in Crestline toward the west end of the District, and this would be covered by funds already reserved for capital acquisition. In addition, the District is continuing to partner with San Bernardino Associated Governments (SanBAG), the direct recipient of a \$284,250 Active Transportation Program grant (mountain-wide) on behalf of the District and that will be overseen by both agencies working in a joint capacity (but at only a nominal cost to the District, which can receive no portion of the grant funding).

Rim of the World Recreation and Park District Profit & Loss Budget vs. Actual

July 2015 through June 2016

	Jul '15 - Jun 16	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
500-100 · Special Parcel Tax	772,211.33	780,000.00	-7,788.67	99.0%
500-200 · Childcare Income	114,479.74	95,000.00	19,479.74	120.5%
500-250 · Activities-Commission	310.00	0.00	310.00	100.0%
500-300 · Interest	178.96	240.00	-63.04	73.7%
500-400 · Rental Income	118,913.01	91,425.00	27,488.01	130.1%
500-500 · Recreation Programs Income	138,767.03	123,800.00	14,967.03	112.1%
500-600 · Other Income	2,170.00	360.00	1,810.00	602.8%
500-701 · Convenience/Other Fee Income	64.00	0.00	64.00	100.0%
500-710 · Grant Income	7,245.00	0.00	7,245.00	100.0%
500-900 · Donations	1,993.00	2,000.00	-7.00	99.7%
Total Income	1,156,330.07	1,092,825.00	63,505.07	105.8%
Gross Profit	1,156,330.07	1,092,825.00	63,505.07	105.8%
Expense				
600-100 · Compensation & Benefits	525,277.13	525,149.00	128.13	100.0%
600-500 · Advertising	10,505.17	17,000.00	-6,494.83	61.8%
600-700 · Bank Charges	3,841.94	4,510.00	-668.06	85.2%
600-800 · Board Member Expense	336.20	300.00	36.20	112.1%
600-900 · Communications	11,485.67	10,040.00	1,445.67	114.4%
700-300 · Equipment and Supplies	10,936.55	17,000.00	-6,063.45	64.3%
700-400 · Auto Expense	6,530.87	12,000.00	-5,469.13	54.4%
700-500 · Professional Services	36,185.89	47,805.00	-11,619.11	75.7%
700-600 · Program Instructors (1099)	69,868.93	63,160.00	6,708.93	110.6%
700-620 · Special Programs	17,167.43	13,550.00	3,617.43	126.7%
700-630 · Special Event Programs	20,721.19	20,500.00	221.19	101.1%
700-800 · License Fees	242.00	210.00	32.00	115.2%
700-900 · Insurance	39,872.15	36,790.00	3,082.15	108.4%
800-100 · Childcare Expense	20,779.64	8,580.00	12,199.64	242.2%
800-300 · Building Loan Pymt - DO	48,694.80	48,695.00	-0.20	100.0%
800-305 · Other Financing Source - Debt	0.00	0.00	0.00	0.0%
800-307 · Other Financing Use - Debt	0.00	0.00	0.00	0.0%
800-310 · SB CERA Retirement Association	33,460.20	33,460.00	0.20	100.0%
800-400 · Meals & Entertainment	809.39	600.00	209.39	134.9%
800-450 · Staff Uniforms	1,101.56	2,000.00	-898.44	55.1%
800-500 · Memberships	6,102.00	6,000.00	102.00	101.7%
800-550 · Legal Notices	267.97	0.00	267.97	100.0%
800-600 · Mileage	2,312.60	1,500.00	812.60	154.2%
800-700 · Miscellaneous Expense	0.00	50,000.00	-50,000.00	0.0%
800-800 · Rent/Lease of Equipment	5,280.00	7,700.00	-2,420.00	68.6%
800-900 · Postage	575.90	1,000.00	-424.10	57.6%
900-200 · Facilities Rental Charge	6,600.00	4,200.00	2,400.00	157.1%
900-300 · Facility Repairs & Maintenance	179,873.71	41,800.00	138,073.71	430.3%
900-500 · Subscriptions	51.95	600.00	-548.05	8.7%
900-600 · Training and Travel	6,464.07	5,800.00	664.07	111.4%
900-700 · Utilities	44,072.57	54,845.00	-10,772.43	80.4%
900-725 · Trash - SB County Waste Mgmt	6,479.70	9,465.00	-2,985.30	68.5%
900-800 · Equipment Repairs & Maintenance	4,596.36	7,860.00	-3,263.64	58.5%
900-900 · Petty Cash - Over / Short	-5.00	0.00	-5.00	100.0%
Total Expense	1,120,488.54	1,052,119.00	68,369.54	106.5%
Net Ordinary Income	35,841.53	40,706.00	-4,864.47	88.0%
Net Income	35,841.53	40,706.00	-4,864.47	88.0%

Rim of the World Recreation and Park District
Balance Sheet Prev Year Comparison
As of June 30, 2016

	Jun 30, 16	Jun 30, 15	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
100-125 · California B & T checking	466,654.80	421,520.47	45,134.33	10.7%
100-126 · California B & T savings	247,847.83	247,690.87	156.96	0.1%
Total Checking/Savings	714,502.63	669,211.34	45,291.29	6.8%
Accounts Receivable				
100-130 · Accounts Receivable	39,161.79	35,334.57	3,827.22	10.8%
Total Accounts Receivable	39,161.79	35,334.57	3,827.22	10.8%
Other Current Assets				
100-135 · Allowance for Doubtful Accounts	-11,314.00	-11,314.00	0.00	0.0%
100-140 · Office Petty Cash	500.00	300.00	200.00	66.7%
100-180 · Prepaid Expenses	15,302.34	2,562.38	12,739.96	497.2%
Total Other Current Assets	4,488.34	-8,451.62	12,939.96	153.1%
Total Current Assets	758,152.76	696,094.29	62,058.47	8.9%
Fixed Assets				
100-200 · Land	574,257.00	574,257.00	0.00	0.0%
100-205 · Improvements to Land	738,592.00	738,592.00	0.00	0.0%
100-210 · Improvment to Land - Depreciable	64,584.00	64,584.00	0.00	0.0%
100-220 · Equipment	150,415.00	150,415.00	0.00	0.0%
100-230 · Structures and Improvements	1,845,882.00	1,845,882.00	0.00	0.0%
100-240 · Accumulated Depreciation	-1,035,593.00	-1,035,593.00	0.00	0.0%
Total Fixed Assets	2,338,137.00	2,338,137.00	0.00	0.0%
TOTAL ASSETS	3,096,289.76	3,034,231.29	62,058.47	2.1%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
200-100 · Accounts Payable	33,566.12	10,197.12	23,369.00	229.2%
Total Accounts Payable	33,566.12	10,197.12	23,369.00	229.2%
Credit Cards				
200-270 · California B & T Visa	4,729.49	1,901.55	2,827.94	148.7%
Total Credit Cards	4,729.49	1,901.55	2,827.94	148.7%
Other Current Liabilities				
200-300 · Salaries & Benefits Payable				
200-305 · CA SDI - Liability	638.00	638.00	0.00	0.0%
200-300 · Salaries & Benefits Payable - Other	23,781.08	23,781.08	0.00	0.0%
Total 200-300 · Salaries & Benefits Payable	24,419.08	24,419.08	0.00	0.0%
200-325 · Employee Compensated Absences	30,733.00	30,733.00	0.00	0.0%
200-500 · Other Liab - Tax Assess Errors	63,433.00	63,433.00	0.00	0.0%
200-600 · Tenants - Rental Security Dep	6,365.00	6,345.00	20.00	0.3%
200-801 · Loan Payable - Cal Bank & Trust	476,810.22	476,810.22	0.00	0.0%
200-810 · SB CERA	619,013.70	619,013.70	0.00	0.0%
Total Other Current Liabilities	1,220,774.00	1,220,754.00	20.00	0.0%
Total Current Liabilities	1,259,069.61	1,232,852.67	26,216.94	2.1%
Total Liabilities	1,259,069.61	1,232,852.67	26,216.94	2.1%
Equity				
300-100 · Fund Balance - Unreserved	246,870.11	287,697.97	-40,827.86	-14.2%
300-200 · Investment in Capital Assets	2,338,137.00	2,338,137.00	0.00	0.0%
300-300 · Amount to be Provided	-1,126,557.49	-1,126,557.49	0.00	0.0%
300-400 · General Reserves				

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Accrual Basis

Rim of the World Recreation and Park District
Balance Sheet Prev Year Comparison
As of June 30, 2016

	<u>Jun 30, 16</u>	<u>Jun 30, 15</u>	<u>\$ Change</u>	<u>% Change</u>
300-401 · Operating Reserve	50,729.00	39,410.00	11,319.00	28.7%
300-402 · Capital Replacement Reserve	7,200.00	7,200.00	0.00	0.0%
300-403 · Capital Acquisition Reserve	200,000.00	24,000.00	176,000.00	733.3%
300-406 · ATP Grant Expense Reserve	25,000.00	0.00	25,000.00	100.0%
300-410 · Other Unassigned Reserve	60,000.00	42,519.00	17,481.00	41.1%
Total 300-400 · General Reserves	342,929.00	113,129.00	229,800.00	203.1%
Net Income	35,841.53	188,972.14	-153,130.61	-81.0%
Total Equity	1,837,220.15	1,801,378.62	35,841.53	2.0%
TOTAL LIABILITIES & EQUITY	<u>3,096,289.76</u>	<u>3,034,231.29</u>	<u>62,058.47</u>	<u>2.1%</u>

FY 15-16 RESERVE DETAIL - 06/30/16
 Prepared August 2, 2016 (pre-audit)

<u>Account</u>	<u>Name</u>	<u>Description</u>	FY 15-16 <u>Beginning</u>	FY 15-16 <u>Transfers</u>	FY 15-16 <u>Revised</u>	FY 15-16 <u>12 Months</u>	FY 15-16 <u>Updated 06/30</u>
300-401	Operating Reserve	General Operating Reserve	39,410.00	11,319.00	50,729.00	0.00	50,729.00
300-402	Capital Replacement Reserve	Capital Replacement Reserve	7,200.00 *	0.00	7,200.00 *	0.00	7,200.00
300-403	Capital Acquisition Reserve	Capital Acquisition Reserve	24,000.00 *	176,000.00	200,000.00 *	0.00	200,000.00
300-410	Other Unassigned Reserve	Maintenance Truck Reserve	7,200.00	7,800.00	15,000.00	0.00	15,000.00
300-410	Other Unassigned Reserve	Running Springs Skate Park Reserve	14,000.00	(14,000.00)	0.00	0.00	0.00
300-410	Other Unassigned Reserve	New Facility Reserve	10,000.00	(10,000.00)	0.00	0.00	0.00
300-410	Other Unassigned Reserve	RS Hootman Center Parking Lot Reserve	0.00	75,000.00	75,000.00	(75,000.00)	0.00
300-410	Other Unassigned Reserve	Green Valley Lake Playground Reserve	0.00	45,000.00	45,000.00	(45,000.00)	0.00
300-410	Other Unassigned Reserve	ATP Grant Expense Reserve	0.00	0.00	0.00	25,000.00	25,000.00
300-410	Other Unassigned Reserve	Contingency Reserve Carryover	11,319.00 *	(11,319.00)	0.00 *	0.00	0.00
	Total	All reserves	<u>113,129.00</u>	<u>279,800.00</u>	<u>392,929.00</u>	<u>(95,000.00)</u>	<u>297,929.00</u>
		FY 14-15 Fund unaudited gains/losses	191,422.86	0.00	191,422.86	0.00	191,422.86
		FY 14-15 Fund audit adjustments	(2,450.72)	0.00	(2,450.72)	0.00	(2,450.72)
		Fund Balance (FY 15-16 only)	<u>287,697.97</u>	<u>(279,800.00)</u>	<u>7,897.97</u>	<u>130,841.53</u>	<u>138,739.50</u>
		Total Fund Balance	<u>476,670.11</u>	<u>(279,800.00)</u>	<u>196,870.11</u>	<u>130,841.53</u>	<u>327,711.64</u>
		Total Fund Balance and All Reserves	<u><u>589,799.11</u></u>	<u><u>0.00</u></u>	<u><u>589,799.11</u></u>	<u><u>35,841.53</u></u>	<u><u>625,640.64</u></u>
		* Contingency and Capital Reserves	42,519.00	164,681.00	207,200.00	0.00	207,200.00
		Fund Balance & Other Reserves	<u>547,280.11</u>	<u>(164,681.00)</u>	<u>382,599.11</u>	<u>35,841.53</u>	<u>418,440.64</u>
		Total Fund Balance and Reserves	<u><u>589,799.11</u></u>	<u><u>0.00</u></u>	<u><u>589,799.11</u></u>	<u><u>35,841.53</u></u>	<u><u>625,640.64</u></u>