# RISE BEYOND TO CPRE CERTIFICATION™ Exam Prep Course Spring 2024

**KATIE TROLINE, MBA, CPRE, AAPRA Fellow**
GOLD MEDAL FORCE, LLC

**MIKE SELEP, MPS, CPRE**
BOLINGBROOK PARK DISTRICT



# Finance

**Session Contents are property of Gold Medal Force, LLC and MAY NOT be duplicated or modified in any manner! THESE SLIDES ARE DISTRIBUTED TO YOU THE INDIVIDUAL FOR THE SOLE PURPOSE OF EXAM STUDY!**
© 2018, 2019, 2020 Katherine Troline;
2020,2021,2022,2023,2024 Gold Medal Force, LLC

# SIX-WEEK VIRTUAL COURSE SYLLABUS

| WEEKLY CLASS MODULES | CLASS DATES | CLASS TIMES |
|---|---|---|
| Course Introduction | Thursday, February 29 | 10:00 a.m. - 11:30 a.m. CST |
| Communications | Thursday, March 7 | 10:00 a.m. - 11:30 a.m. CST |
| Finance | Thursday, March 14 | 10:00 a.m. - 11:30 a.m. CST |
| Human Resources | Thursday, March 21 | 10:00 a.m. - 11:30 a.m. CST |
| Operations | Thursday, March 28 | 10:00 a.m. - 11:30 a.m. CST |
| Planning & Policy | Thursday, April 4 | 10:00 a.m. - 11:30 a.m. CST |

**PRACTICE QUESTIONS EXAM**
**SAVE THE DATE: Thursday, April 11, 1:00 - 4:00 pm CST**

# Financial Management

Financial Management is the process of planning for, acquiring and using funds to achieve predetermined organizational goals and objectives.

- **Fiscal Scope and Content of Policies**
- **Obtain best possible mix of financial alternatives**
- **Establish Fiscal guidelines and controls**

- Components
  - Budgeting
  - Financing or revenue generation
  - Purchasing
  - Accounting
  - Auditing

## Financial Policy

Fiscal policies provide a general plan of action that governs the financial management function of park and recreation organizations.

- Accountability
  - To Whom?
  - Assessment of programs, facilities and services
  - Efficiency and Effectiveness / Budgets -
  - Evaluation - measure goal and objectives = outcomes
  - Goals met? If no, there is an Accountability Gap?
  - Cash Handling Procedures/Policies
  - Feedback from community, donors
  - Annual Reports, Mission, Vision, Goals
    - Communications
      - Internal - staff budget process and preparation
      - External -Annual audit and Annual Report

## Financial Policy

Fiscal policies provide a general plan of action that governs the financial management function of park and recreation organizations.

- Enterprise Funds
- Insurance Policy
  - Crime Insurance, Liability Insurance, Auto Insurance
- Entrepreneurship
- Fees and Charges
- Grants, Sponsorships
- Fundraising, Gifts
- Partnerships
- Bonds

# Prepare and Manage BUDGET

A prepared plan that attempts to accurately anticipate revenues & expected expenses to position agencies for current & future success.

- Policy Document
- Operations Guide
- Financial Plan
- Communication Device

## Essential to Successful Management

- Planning – priorities, objectives, direction of resources
- Authorization - selecting programs, staffing and expenditures to implement
- Management - goals to specific projects and activities to implement
- Control – adhering to policies, plans & procedures
- Evaluation – monitoring & assessment of performance vs. objectives/goals

# BUDGETING PROCESS

Systematic, continuous process involving key stakeholders to identify needs, recognize & respond to local politics & improve organizational effectiveness & efficiency.

- **Relationship to mission and objectives –** tied to strategic plan, agency goals and objectives - a communication tool.
- **Budget organization –** based on structure of organization: function (recreation, parks, aquatics, gymnastics, recreation facilities/parks
- **Calendars and timelines –** development, review, adoption & implementation
- **Budget instructions & policies –** instructions that guide the process
- **Budgeting approaches –**Line item – Zero based, Program Budget, Capital Budget and Enterprise
- **Budget document –** Budget itself – looks determined by agency

# Manage Budgets

- **Variance in budget-to-actual outcomes**
  - Way to monitor and proactively adjust monitoring Year and Month to date.
- **Monitoring tools**
  - Auditing, payroll analysis, purchase order system, inventory control, contingency planning, accounting systems and GASB (Govt. Accounting Standards Board)
- **Performance monitoring**
  - Determine and measure key dimensions of performance and compare actual outcomes with objectives or benchmarks
    - Measurable Objectives (number of programs or services = anticipated revenues/expense)
    - Allocation of Resources
    - Determines Progress
      - Example: Project or Program Reports - When a program or project is completed, a report is developed that outlines the financial status and other information that impacted the program (weather, higher registration).

# Manage Budgets

- **Recreation & Parks Budgets**
  - Separate budgets or combined "area" budgets for programs, facilities and operations. Can manage as IBOs (Independent Business Orgs) w/Mission & Budget Statements and independent budgets for a "division" or "park" area all inclusive rev/exp - programs, staffing, fees, etc.
- **Budgeting Process**
  - defines org objectives, is present and future oriented, expenses and outcomes focused concurrently, enhances coordination among divisions/dept., connects planning, operations & performance measures, links spending, organization objectives and stakeholder benefits, and IDs demographics/residents to be served, costs, performance standards and benefits.
- **Types of Budgets**
  - **Line-Item- rev & expense with specific expenditures**
    - Focus on Items/Exp rather than goals of program, status-quo vs evaluation of program (cost, benefits an relevance)
  - **Program Budget**
    - Program Description, Outputs, Expenditures, Performance Measures: (# of participants), Efficiency: (cost to run program, use of facilities), Indicators: (outputs, satisfied participants) and Alternative Delivery of programs, facilities, services
  - **Enterprise Fund**
    - Revenue-Generating Facilities (Tennis, Pool, Golf Courses), Revenues/Expenses stay within facility operations, self-supporting

# Capital Budgets

**Capital Project:** Project that is extremely costly. Facility or Park Construction/Development, Large Vehicles, Land Acquisition, Major Renovations.

**Capital Budget Plans:** Spread over more than a year on items with useful life > 5 yrs.


**Policies:** Any purchase/project over $ X,XXX is to be considered a capital purchase or project.

**Capital Budget:** Separate from Operating Budget. Includes planned and proposed expenditures for long-term and substantial projects.

- Compares proposed to actual, will capital project be costly, relationship between project and priority programs/facilities, meet policy, ROI

# Auditing

- **Internal Audits**
  - during daily operations of facilities with point-of-sale, petty cash, inventory, vending


- **Random Inspections**
  - procedures for money collection, staffing, payroll, etc.
- **External Audits - independent**
  - required by law, after end of fiscal year, CPA firm
- **Independent Budget Audits**
  - state mandated, fiscal activities, fixed assets, inventory control, management practices reviewed

# CATEGORIES OF BUDGETS

## Operating

- **LINE-ITEM:** items of expenditure
- **PROGRAM:** specific program
- **REVENUE:** income projections
- **CASH-FLOW:** cash inputs and outputs during a specific time
- **PERFORMANCE:** link inputs and outputs to outcomes

## Capital

- Benefits that accrue over longer period of time

# Cash Handling

Collection, Deposit & Distribution of Monies - CASH MANAGEMENT

- Policies and Procedures - Accountability
  - who receives $$, paper trail, who “can” receive/access/deposit $$$
- Point of Sale – Registration System, Receipts
- Rentals – Contracts, Deposits, Payments, Refunds
- Staff – Training, Policies, Procedures, Authorization
- Internal Audits – Concessions, Pools, Front Desk Registrations, Inventories, Receipts
- Petty Cash – Policies, Dollar Amounts, Receipts, Audits, Reports ($100)
- Reports - Detailed = Full budget, Exception = any dollar amount that deviates from budget (over/under), Summary = snapshot

## Budgeting

Two main classifications within a budget (Revenues and Expenses)

# Revenues

- Revenue is described as income brought into the park and recreation agency. Types of revenue may include tax appropriations, program/event fees, grants, facility rental fees and more.
- Revenue numbers should be watched carefully as agencies can not spend more than they have.

# Revenue Sources


- Taxation (Compulsory)
  - Real Estate/Property taxes (Assessed Evaluation – EAV)
    - Tax Rates -- Determining Tax Rate - Mills
  - Special taxes (non-property; next slide)
  - Millage taxes - (park/recreation districts - similar to school district asessments)
  - Special Assessment Taxes - neighborhood improvements (sidewalks as example)
- Bonds - (issuance of long-term debt)
  - General Obligation Bonds (finance capital projects - full faith and credit bonds, voter needed, taxes by residents pay the debt)
  - Revenue Bonds (limited liability bonds, paid for by revenue produced from project - golf course)
  - Other Bonds – Mortgage, Debenture, General Term, Convertible, Collateral Trust, Income

## Revenues Sources

### Compulsory Income = Taxes

**Real property tax (mills)**

Taxes on property and improvements made to the property Assessed Valuation

**Personal property tax**

Taxes on household and business property Vehicles, Boats, Furnishings

**Sales tax**

Taxes assessed on the sale of tangible goods

**Excise tax**

Taxes on specific goods and services – hotel/motel, car rental, sin tax: tobacco, alcohol, gas

**Income tax**

Taxes on income earned in some states


## Revenues Sources

### Compulsory Income = Taxes

**Real property tax**

Taxes on property and improvements made to the property

Real Property Taxes – tax rates expressed in terms of **mills**

| UNIT | # of mills |
|---|---|
| 1= one dollar | 1000 |
| 10 = one dime | 100 |
| .01 = one cent | 10 |
| .0015 | 1.5 |
| .001 | 1 |

# mills question examples Real Property Taxes – tax rates expressed in terms of mills

TWO WAYS TO CALCULATE - PICK THE EASIEST WAY FOR YOU!!

Q1: A property with an assessed value of $100,000 located in a municipality has an established mill rate of 10 mills for Recreation. How much tax would the municipality collect for Recreation?

A. $100
B. $10
C. $10,000
D. $1000

Remember: $1 = 1000 mills

**Q1 Option A**

Assessed Valuation $100,000
Stem says "established mill rate of 10 mills"
Divide 10 mills / $1000 = .01
Multiply $100,000 x .01 = $1000

**Q1 Option B**

Assessed Valuation $100,000
Stem says "established mill rate of 10 mills"
Multiply $100,000 x 10 mills = $1,000,000
Divide $1,000,000 / $1000 = $1000

Q2: A property with an assessed value of $375,000 located in a municipality has an established mill rate of 20 mills for Recreation. Rate will increase to 21 mills. How much tax would the municipality collect for Recreation for BOTH years?

A. $750 & 787
B. $7500 & $7875
C. $375 & $395
D. $3750 & $3950

**Q2 Option A**

Assessed Valuation $375,000
Stem says "established mill rate of 20 mills, increase 21 mills"
Divide (20 mills/$1000) **NEXT**: Multiply ($375,000 x .02) = $7500
Divide (21mills/$1000) **NEXT**: Multiply ($375,000 x .021) = $7875

**Q2 Option B**

Assessed Valuation $375,000
Stem says "established mill rate of 20 mills, increase 21 mills"
Multiply ($375,000 x 20 mills) **NEXT**: Divide ($7,500,000/$1000) = $7500
Multiply ($375,000 x 21mills) **NEXT**: Divide ($7,875,000/$1000) = $7875

Q3: A property valued at $200,000 located in a municipality has an established mill rate of 10 mills for Recreation. If the property is newly assessed at 60% of the value, how much tax would the municipality collect for Recreation?

A. $1200
B. $2000
C. $200
D. $120

**Q3 STEP 1**

Current property value $200,000
Stem says "newly assessed at 60%"
Multiply $200,000 x .60 (of price) = $120,000 (new assessed valuation)

**Q3 Option A**

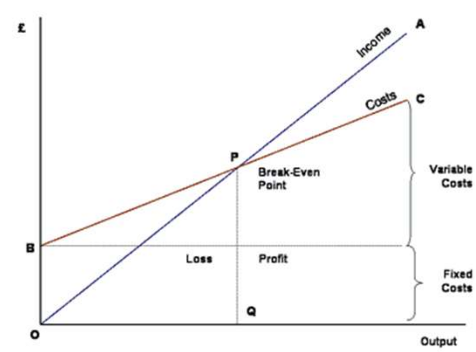
NEW Assessed Valuation $120,000
Stem says "established mill rate of 10 mills"
Divide 10 mills / $1000 = .01
Multiply $120,000 x .01 = $1200

**Q3 Option B**

New Assessed Valuation $120,000
Stem says "established mill rate of 10 mills"
Multiply $120,000 x 10 = $1,200,000
Divide $1,200,000 / $1000 = $1200

# Revenue Sources

- Fees and Charges & Membership Dues
  - Philosophy of Charges & Pricing Methods
  - Fee Collection and Deposit Procedures
  - Analyzing Costs
- Contractual Agreements
- Corporate Sponsorships
- Partnerships



## Alternative Support

Variety of alternative revenue generators for park and recreation agencies outside of tax revenues and general fees/charges for fees provided.  Each of these areas require research, input and proposal preparation.

**Grants -** matching, non-matching, local, regional, federal (LWCF Grant)

**Fundraising -** program/org/agency campaign

**Endowment & Foundations -** income producing property given to park and recreation agency for a special purpose. Only interest is used to fund expenses, projects. Managed by board/committee

**501(c)3 Friends Groups** additional $$$ to support agency (facilities, programs, services, projects). Donations/Grants thru NP

**Gifts and Donations –** In kind, tax write-off, no expectation in return, “reverter clause”

- Bequest Program - Planned Giving: cash, stocks, land, home, insurance, wills. Reasons to accept or deny gift

**Entrepreneurship -** Innovative approach to financial management, programming, bridging gaps, fostering economic growth: facility is used mornings/evenings - empty in the afternoons (innovative ways to fill the facility)

## WRITING GRANT PROPOSALS

**Grants**
- Come from state, federal, and private foundations
- Usually available only for a limited time period
- Searching for Funding Opportunities
- Writing and Submitting Grant Proposals (clear/concise)
- Attention to Detail/Deadlines/Grant Mission Alignment

**Elements of a Grant Application**
- Written project statement (scope)
- Project activities and goals to be achieved
- Project schedule/timeline
- Budget - grant dollars and matching funds
- Qualifications

# Cost Benefit Analysis

**The Economic Benefits should outweigh the Economic Costs**

**Things to Consider:**

- Tangible Benefits – Increased Revenues, Economic Benefits
- Intangible Benefits- To Community at Large, Various User Groups
- What are participants or the Community Willing to Pay

# Cost Recovery to Recommend Fees

**PRICING**

**Demand-Based Pricing**

- Price Skimming - charging highest possible fee for service or program
- Differential Pricing
  - Age, Program or Service, Locale, Time, Bulk Supply Purchases, Promotional Discounts

**Competitive Pricing**

- Private Fitness Clubs or Neighboring Parks & Rec Fitness Clubs
- Not based on Costs
- Success = excellent facilities, programs, services
- Price Leadership: first to announce price changes to reflect the market

## Cost Recovery to Recommend Fees

FEES AND CHARGES

**Programs must: Break Even, Make Money (Cost-plus pricing) or be Subsidized**

- Forecasting is essential in price setting – Educated guess

**TYPES OF COSTS**

- Fixed Costs (2 types): Do not change with the number of participants
  - Direct Fixed Costs: Cost of program occurring (i.e., renting a room for an activity)
  - Indirect Fixed/Overhead Costs: Shared fees among programs (i.e., administrative expenses, utilities, maintenance)
- Variable Costs: Costs for operating the program & based on the number of participants (i.e., t-shirts, supplies, etc.)

## Program Budget Analysis

Program Cost = (F+V)/N

(FIXED COSTS + VARIABLE COSTS)
/ NUMBER OF PARTICIPANTS
=
PROGRAM COST

## Breakeven Analysis

**Breakeven Unit: BEU = FC/(SP-VC)**

FIXED COSTS /
(SALE PRICE – VARIABLE COSTS)
=
BREAKEVEN UNIT

$$\frac{\text{Fixed Costs}}{\text{Price - Variable Costs}} = \text{Break Even Point } \textit{(in units)}$$

## Example: Soda Machine Investment 1st Month

- **Fixed Costs Examples:**
  - Soda Machine and Contract
- **Variable Costs:**
  - Soda Can Prices / Operational Expenses

**EQUATION**

- **Fixed Costs** (FC): **$2,000** (FCs given for this example)
- **Sales Price** (SP): **$1.50 (a can) (Sales Price - SP is given for this example)**
- **Variable Costs** (VC): **.40 cents/can or 27% of revenue** (VCs given: $1.50 x .27 = .40)

**Breakeven Unit Analysis = BEU = FC/(SP-VC)** Remember your Mathematical Order of Operations / Account for every $$

FC SP - VC

**Calculate: $2000 / $1.10 = 1818** We need to sell 1818 cans of soda to break even

SP - VC SP

**Account for $$: $1.10/$1.50** (account for every dollar) **= .7333**
**Find BEU in $$$: $2000 / .7333 = $2,727**

$$\frac{\text{Fixed Costs}}{\text{Price - Variable Costs}} = \text{Break Even Point } \textit{(in units)}$$

**To test the equation, use the following:**
**A. 1818 cans x $1.50 = $2,727 (BEU)**

# Expenses

A disbursement, expense, or cost related to doing business

**OPERATING EXPENDITURES**

- Salaries and Wages - Largest Expense
- Supplies - Materials & Goods 2nd Largest Expense
- Utilities
- Maintenance
- Insurance
- Contractual Services

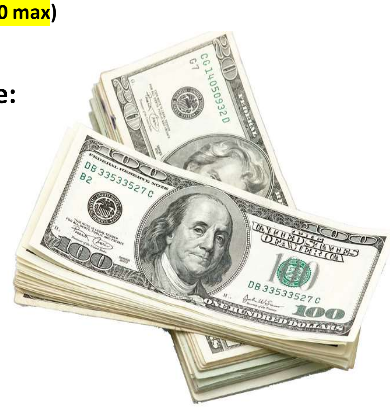
**CAPITAL DISBURSEMENTS**

- Purchase of Fixed Assets
- New Construction
- Equipment

# Cash Handling

## Petty Cash

- Cash on-hand for small purchases and consumables ($100 max)
- Tracked very closely
- Special petty cash handling practices need to be in place:
  - Only accessible through PC Manager
  - Secure cash (locked away separately)
  - Not a change fund
  - Cannot split purchases to stay under $100
  - Reimburses only funds expended
  - Receipts and Vouchers
  - Cannot be used for meals, personal services, traveling



# Credit Card / P-Card Purchasing

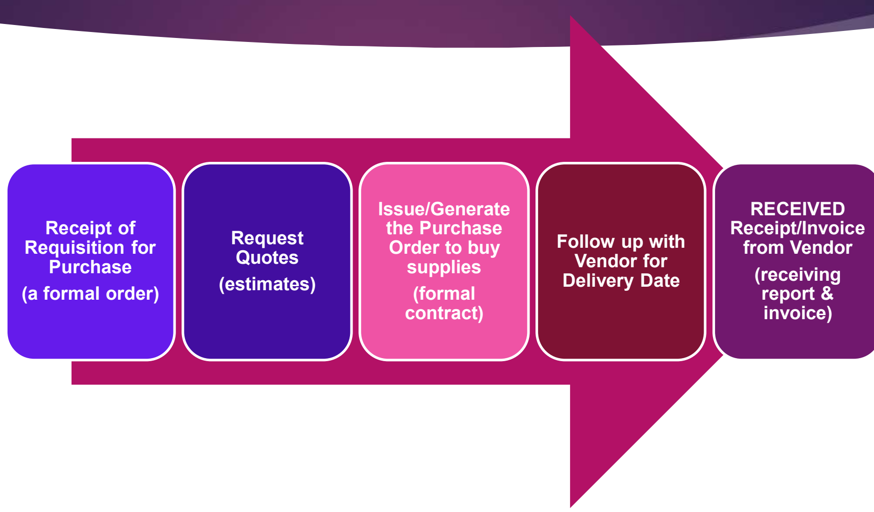
## *Credit Cards*

- Credit Card - card used for specific purchases which is paid off over time with higher fees

## *Purchasing Card (Procurement or P-card)*

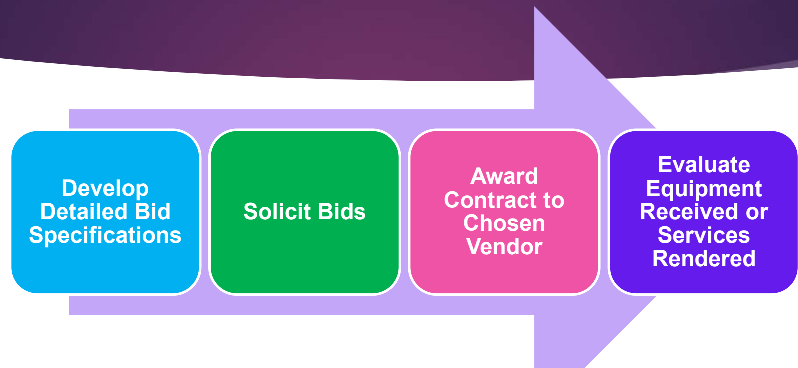
- Credit Card - card used for specific purchases paid off monthly
- Eliminates need for PO
- Replaces Petty Cash


# Commodity Purchases with Requisitions
## NORMAL PURCHASING



## RFPs - Request for Proposal - Formal Bids

**Large Commodity Purchases and/or Capital Acquisitions/Improvements**




- For Large Commodity Purchase or Capital Acquisitions/Improvements/Services **($2,500 +)**
- Competitive in Nature
- RFPs Advertise Publicly (normally one month)
- Bids/Proposals Opened Publicly - TRANSPARENCY
- **ETHICAL ISSUES:** cannot split purchases to avoid bid, make an ER purchase, buying w/o competition, adding restrictions to knock out competitors who want to bid, prequalify bidders on discriminating basis, remove companies from vendor list, give insider info, share vendor quotes, mislead vendors

## Manage Area Specific Contracts

One party offers a service under specific conditions and another accepts. If the party fails to perform, then it may be sued, and the law will enforce the contract.

**Specific Contract Types**

- Employment
- Purchasing Equipment or Supplies
- Renting/Leasing Facility
- Participant Waiver
- Transfer of Liability (to an independent contractor)

**Contracts Include Three Parts**

| | |
|---|---|
| Offer : | Must be specific and with intent (what, where, when & how much) |
| Acceptance : | Accept or reject the offer. Once accepted, it cannot be rejected. |
| Consideration: | Trade that each party makes with acceptance of the offer. |

- Some *must* be written, over one year or a year in the future, over certain $ depending on state
- Contracts: MOUs, Letters of Agreement, Intergovernmental Agreements (Joint Use Agreements), Cooperative Endeavor Agreements

# Financial/Operating Data

**Income Statements:**
profitability of facility, service, program (revenue, expenses & net income)

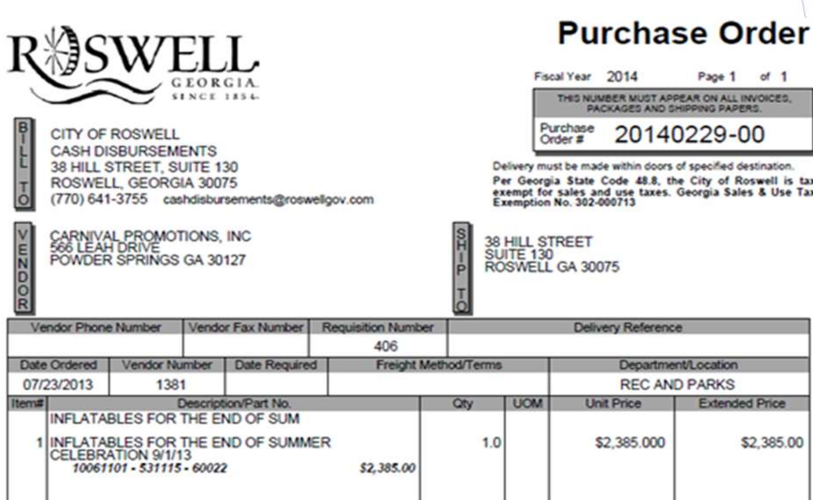
**Cost Benefit Profit Analysis:**
Determines sources & amounts of revenue for various participation levels

**Cash Flow Statements:**
Revenue versus expenditures (positive or negative)


**Balance Sheets/ Statement of Financial Position:**
Assets = Liabilities + Equity

**Budget Statements:**
Allocated & expended monies (how much money remains)

## Standard Purchase Order - One time delivery, with authorization



ROSWELL GEORGIA SINCE 1854

**Purchase Order**

Fiscal Year 2014 Page 1 of 1

THIS NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES AND SHIPPING PAPERS.

Purchase Order # 20140229-00

Delivery must be made within doors of specified destination.

Per Georgia State Code 48.8, the City of Roswell is tax exempt for sales and use taxes. Georgia Sales & Use Tax Exemption No. 302-000713

BILL TO
CITY OF ROSWELL
CASH DISBURSEMENTS
38 HILL STREET, SUITE 130
ROSWELL, GEORGIA 30075
(770) 641-3755 cashdisbursements@roswellgov.com

VENDOR
CARNIVAL PROMOTIONS, INC
566 LEAH DRIVE
POWDER SPRINGS GA 30127

SHIP TO
38 HILL STREET
SUITE 130
ROSWELL GA 30075

| Vendor Phone Number | Vendor Fax Number | Requisition Number | Delivery Reference |
|---|---|---|---|
| | | 406 | |

| Date Ordered | Vendor Number | Date Required | Freight Method/Terms | Department/Location |
|---|---|---|---|---|
| 07/23/2013 | 1381 | | | REC AND PARKS |

| Item# | Description/Part No. | Qty | UOM | Unit Price | Extended Price |
|---|---|---|---|---|---|
| | INFLATABLES FOR THE END OF SUM | | | | |
| 1 | INFLATABLES FOR THE END OF SUMMER CELEBRATION 9/1/13<br>*10061101 - 531115 - 60022* *$2,385.00* | 1.0 | | $2,385.000 | $2,385.00 |

**Blanket Purchase Order -** Monthly billing used for small, continuous purchases

ROSWELL GEORGIA SINCE 1854

# Purchase Order

Fiscal Year 2014 Page 1 of 1

THIS NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES AND SHIPPING PAPERS.

Purchase Order # 20140437-00

BILL TO
CITY OF ROSWELL
CASH DISBURSEMENTS
38 HILL STREET, SUITE 130
ROSWELL, GEORGIA 30075
(770) 641-3755 cashdisbursements@ro

mailto:cashdisbursements@roswellgov.com

Delivery must be made within doors of specified destination.
Per Georgia State Code 48.8, the City of Roswell is tax exempt for sales and use taxes. Georgia Sales & Use Tax 2-000713

VENDOR
FROSTY TREATS OF ATLANTA, INC
901 CHATTAHOOCHEE AVE
ATLANTA GA 30318

SHIP TO
38 HILL STREET
SUITE 130
ROSWELL GA 30075

| Vendor Phone Number | Vendor Fax Number | Requisition Number | Delivery Reference |
|---|---|---|---|
| | | 602 | |

| Date Ordered | Vendor Number | Date Required | Freight Method/Terms | Department/Location |
|---|---|---|---|---|
| 08/06/2013 | 1859 | | | REC AND PARKS |

| Item# | Description/Part No. | Qty | UOM | Unit Price | Extended Price |
|---|---|---|---|---|---|
| | ICE CREAM FOR CONCESSIONS AT E | | | | |
| 1 | ICE CREAM FOR CONCESSIONS AT EAST ROSWELL SPRAYGROUND 7/1-12/1/13<br>*55561204 - 531115 - POL* *$9,570.00* | 11000.0 | Each | $0.870 | $9,570.00 |
| 2 | ICE CREAM FOR RIVERSIDE PARK CONCESSIONS 7/1-12/1/13<br>*55561204 - 531115 - POL* *$9,570.00* | 11000.0 | | $0.870 | $9,570.00 |

**Budget Statements -** Operate within an existing budget, a report on allocated and expended monies, snapshot of budgeted and approved by governing agency (allocated) vs. money spent to date (expended monies), expenses cannot exceed allocated funds. Allows you to adjust spending toward end of quarter or fiscal year.

Can be divided up monthly or quarterly

## 2022 TRAINING AND EDUCATION BUDGET

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Organization | XYZ Park District | | Year | 2021 | | | |
| Department | Professional Development | | Submitted by: | Nancy Thompson | | | |
| Annual Training Alottment: | $40,000 | | Alternate Funding: | 0 | | | |
| 1Q Budget | $2,242 | 2Q Budget | $10, 720 | Total Budgeted | $39,572 | | |
| 2Q Budget | $15,400 | 4Q Budget | $11,210 | Total Spent | $2,242 | Remaining | $37,758 |

1st Quarter Training and Education Budget (January - March)

| Item | Description/Justification | QTY | UNIT | Total Budget | Spent |
|---|---|---|---|---|---|
| Staff | Description/Justification | | | $710.00 | $710.00 |
| Marketing | Description/Justification | | | $300.00 | $300.00 |
| Supplies | Description/Justification | | | $650.00 | $650.00 |
| Supplies | Description/Justification | | | $38.72 | $38.72 |
| Supplies | Description/Justification | | | $12.78 | $12.78 |
| Supplies | Description/Justification | | | $265.33 | $265.33 |
| Supplies | Description/Justification | | | $87.77 | $87.77 |
| Supplies | Description/Justification | | | $178.00 | $178.00 |

# Allocated and Expended Monies

## Income Statements -Revenue, Expense, Net Income

Demonstrates the profitability of a facility or cost center during a period of time.

P R O F I T A B I L T I Y

**[Company Name]** — **Income Statement**

For the Years Ending [Dec 31, 2008 and Dec 31, 2007]

| Revenue | 2008 | 2007 |
|---|---|---|
| Sales revenue | 110,000 | 95,000 |
| (Less sales returns and allowances) | | |
| Service revenue | 70,000 | 62,000 |
| Interest revenue | | |
| Other revenue | | |
| **Total Revenues** | **180,000** | **157,000** |
| **Expenses** | | |
| Advertising | 1,000 | 1,000 |
| Bad debt | | |
| Commissions | | |
| Cost of goods sold | 65,000 | 63,000 |
| Depreciation | | |
| Employee benefits | | |
| Furniture and equipment | | 8,000 |
| Insurance | | |
| Interest expense | 4,200 | 5,200 |
| Maintenance and repairs | | |
| Office supplies | | |
| Payroll taxes | | |
| Rent | | |
| Research and development | | |
| Salaries and wages | 55,000 | 55,000 |
| Software | | |
| Travel | | |
| Utilities | | |
| Web hosting and domains | | |
| Other | 17,460 | |
| **Total Expenses** | **142,660** | **132,200** |
| Net Income Before Taxes | 37,340 | 24,800 |
| Income tax expense | 14,936 | 9,920 |
| **Income from Continuing Operations** | **22,404** | **14,880** |
| **Below-the-Line Items** | | |
| Income from discontinued operations | | |
| Effect of accounting changes | | |
| Extraordinary items | | |
| **Net Income** | **22,404** | **14,880** |

Park and recreation professionals should know how to predict revenue, expenses and net income.

Professionals are also expected to review the income statements and determine if the program, facility or cost center will meet budget, produce a profit and whether the expenses will exceed the revenues.

## Cash Flow Statements

**Cash Flow Statement**
**Company XYZ**
**FY Ended 31 Dec 2003**

all figures in USD

| | | |
|---|---|---|
| **Cash Flow From Operations** | | |
| Net Earnings | | 2,000,000 |
| *Additions to Cash* | | |
| Depreciation | | 10,000 |
| Decrease in Accounts Receivable | | 15,000 |
| Increase in Accounts Payable | | 15,000 |
| Increase in Taxes Payable | | 2,000 |
| *Subtractions From Cash* | | |
| Increase in Inventory | | (30,000) |
| Net Cash from Operations | | 2,012,000 |
| **Cash Flow From Investing** | | |
| Equipment | | (500,000) |
| **Cash Flow From Financing** | | |
| Notes Payable | | 10,000 |
| **Cash Flow for FY Ended 31 Dec 2003** | | **1,522,000** |

- **Examines revenues and expenditures**
- **Illustrates whether the cash flow is negative (agency has shortage) or positive (agency has overage)**
- **Cash flow statements assist with evaluating seasonal finances - $$ coming and going monthly.**
- **Finance departments may be able to better invest overages if they find that the agency has an overage during certain months or times of year.**

## Budgeting – Balance Sheets

**CLASSY COMPANY**
**Balance Sheet**
**December 31, 20X3**

| | | | |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash | | $100,000 | |
| Short-term investments | | 50,000 | |
| Accounts receivable | | 75,000 | |
| Inventories | | 200,000 | |
| Prepaid insurance | | 25,000 | $450,000 |
| **Long-term investments** | | | |
| Stock investments | | $ 40,000 | |
| Cash value of insurance | | 10,000 | 50,000 |
| **Property, plant & equip.** | | | |
| Land | | $ 25,000 | |
| Buildings and equipment | $150,000 | | |
| Less: Accum. depreciation | (50,000) | 100,000 | 125,000 |
| **Intangible assets** | | | |
| Goodwill | | | 275,000 |
| **Other assets** | | | |
| Receivable from employee | | | 10,000 |
| Total assets | | | $910,000 |

| | | |
|---|---|---|
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable | $ 80,000 | |
| Salaries payable | 10,000 | |
| Interest payable | 15,000 | |
| Taxes payable | 5,000 | |
| Current portion of note | 40,000 | $150,000 |
| **Long-term liabilities** | | |
| Notes payable | $110,000 | |
| Bank Loan | 35,000 | |
| Mortgage obligation | 75,000 | |
| Deferred income taxes | 80,000 | 300,000 |
| Total liabilities | | $450,000 |
| **Stockholders' equity** | | |
| Capital stock | $300,000 | |
| Retained earnings | 160,000 | |
| Total stockholders' equity | | 460,000 |
| Total liabilities and equity | | $910,000 |

Balance sheets demonstrate the financial equation: assets equal liabilities plus equity. They show agencies what they own and what they owe to others.

- Assets are made up of land, cash and inventory.
- Liabilities consist of bond payments and equipment purchased that month.
- Equity reveals the amount that is owned by the agency clear of any debts.

**Assets = Liabilities + Equity**

## Key Terms - Finance

### Key Terminology

- Enterprise Fund
- Endowment Fund
- Forecasting
- Divestiture
- General Obligation Bonds
- Revenue Bonds
- Certificates of Participation
- Differential Pricing
- Internal Service Fund
- Unit Contribution Approach
- Various Budget Approaches (Incremental, Zero-based, Variable, PBB, etc.)
- MOU
- Cooperative Endeavor Agreements
- Joint Use Agreements
- RFPs

- **Read ALL PAGES in BOOK**
- **Review CAPRA Standards (end of each chapter)**
- **Highlight Information**
- **Create STUDY NOTE CARDS**

# Weekly Reading/Homework:

*Read Chapters PRIOR to the UPCOMING CLASS
*Begin to Highlight Definitions
*Take Notes
*Begin to Create Index Cards for Terms/Definitions

## STUDY DATES FOR EACH MODULE

| DAILY STUDY CHAPTERS DATES/TIMES | READ at least 15-20 MINS. A DAY B4 NEXT CLASS | DATE OF CLASS |
|---|---|---|
| Human Resources | March 14 - March 20 | March 21 |
| Operations | March 21 - March 27 | March 28 |
| Programming | March 28 - April 3 | April 4 |

**SAVE THE DATE PRACTICE EXAM:**
**THURSDAY, APRIL 11, 2024: 1-4 p.m. CST**

# FINANCE QUESTIONS

## HERE WE GO!