



Minneapolis Park and Recreation Board
Financial Status Report
as of Third Quarter, 2014

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Budget Overview

Minneapolis Park and Recreation Board operating activities are accounted for in funds. The Park Board funds included in this financial status report are the General Fund, Enterprise Fund, Tree Preservation and Reforestation Fund and Internal Service Funds. This report details the operations of these funds through September 30, 2014.

This interim financial report has been prepared by the Minneapolis Park and Recreation Board Finance Department. Financial information contained in this report is preliminary and has not been audited, nor is the information contained in this report a complete presentation of all financial activity within the Minneapolis Park and Recreation Board.

General Fund

The General Fund accounts for services and goods provided by the Park Board that are primarily supported by property taxes. To the end of 2014, General Fund revenues are projected to be \$67.1 million and expenditures are projected to be \$66.4 million.

The 2014 year-end fund balance is projected to be \$5.4 million, which exceeds financial policy requirements. This projected balance is an increase of \$662,000 over the 2013 year-end balance.

From June 11 to July 11, 2014 severe storms, straight-line winds, flooding, landslides, and mudslides caused damage throughout Minneapolis including park property. Park Board staff has been working with the City of Minneapolis and Hennepin County to compile and report eligible storm related expenses, and it is expected that expenses will be partially reimbursed through federal disaster funding. Storm related expenses are not reported separately in the third quarter financial status report as much of the damage has not yet been repaired. Revenue projections for Park Board golf operations include the impact of the storms, as Hiawatha and Meadowbrook golf courses suffered severe flooding.

Tree Preservation and Reforestation Fund

The Tree Preservation and Reforestation Fund accounts for a special property tax levy that funds the Park Board work addressing threats to the urban forest due to Emerald Ash Borer and tree loss due to storms. To the end of 2014 Tree Preservation and Reforestation Fund revenues and expenses are projected to be \$1.2 million.

Enterprise Fund

The Enterprise Fund accounts for all business-type operations of the Park Board including golf courses, concessions, ice arenas, and permits. The fund is focused on income generation and supports Park Board programs and improvements. Enterprise Fund operating income is projected to end the year at \$978,716.

Internal Service Funds

Internal Service Funds accounts for equipment fleet, information technology and self-insurance services to Park Board departments. To the end of 2014 Internal Service Fund revenues are projected to be \$8.2 million and expenses are projected to be \$7.8 million.



General Fund

Summary

The General Fund is the operating fund of the Minneapolis Park and Recreation Board. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund began 2014 with a fund balance of \$4.7 million and has a current operating budget of \$66.5 million. Through September of this year, 70.1 percent of the Fund’s appropriations have been spent with 75 percent of the year elapsed.

Revenue generated by the Park Board as of September 30, 2014 totaled \$40.5 million, up 16 percent from the \$34.9 million collected in the first three quarters of 2013. Total revenues for 2014 are projected to be \$67.1 million, a decrease of \$217,000 from 2013 actual revenues, due to receiving state and federal storm damage reimbursement in 2013.

As of September 30, 2014 actual expenditures totaled \$46.6 million, down 0.2 percent from the \$46.7 million spent in 2013. To the end of 2014 expenditures are projected to be \$66.4 million, 0.2 percent lower than 2013.

The fund balance for the General Fund at fiscal year-end 2013 exceeded the financial policy requirement of 5 percent of the General Fund operating budget. It is expected that the 2014 year-end General Fund balance will exceed the requirement as well.

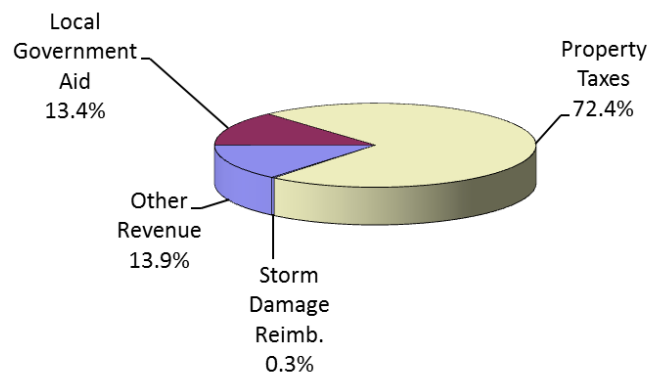
This report contains estimates. Unforeseen changes in revenue and expenditures will cause actual results to fluctuate from the projected results.

General Fund Revenues

As of September 30, 2014 actual revenues totaled \$40.5 million, up 16.1 percent from the \$34.9 million collected in the first half of 2013. Revenues are up from 2013 because the City of Minneapolis has transferred the full amount of 2014 local government aid to the Park Board.

Revenues by Major Category

	2013			2014			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year End
	Year-End	As of 9/30					
Property and Other Taxes	\$48,571,200	\$24,639,558	50.7%	\$47,643,486	\$24,736,820	51.9%	\$48,583,114
Local Government Aid	7,570,039	3,785,020	50.0%	8,977,319	8,977,319	100.0%	8,977,319
Fees, Fines and Other Revenues	9,322,162	6,444,257	69.1%	9,431,151	6,562,472	69.6%	9,327,408
Storm Damage Reimbursement	1,851,139				210,162		210,162
Total Revenues	\$67,314,540	\$34,868,835	51.8%	\$66,051,956	\$40,486,773	61.3%	\$67,098,004





Property Taxes

Property taxes provide 72 percent of projected revenue, the largest funding source of the General Fund. The Park Board received the first half property tax payment from Hennepin County, 51.9 percent of budgeted property taxes. Property tax revenue is projected to exceed budget by \$940,000 at year-end.

Fees, Fines and Other Revenue

Fees, fines and other revenue provide 14 percent of projected revenue, the second largest funding source in the General Fund. The Park Board has recognized 69.6 percent of the budgeted fees, fines and other revenue for 2014. Revenues are projected to end the year slightly below budget at \$9.3 million.

Local Government Aid

Local Government Aid (LGA) is projected to provide 13 percent of 2014 revenue. The State Budget included the 2014 City of Minneapolis LGA allocation of \$76.1 million. The City of Minneapolis revenue distribution policy provides for the transfer of a portion of this LGA to the Park Board. The City of Minneapolis has transferred the full budgeted LGA amount of \$9.0 million to the Park Board.

Storm Damage Reimbursement

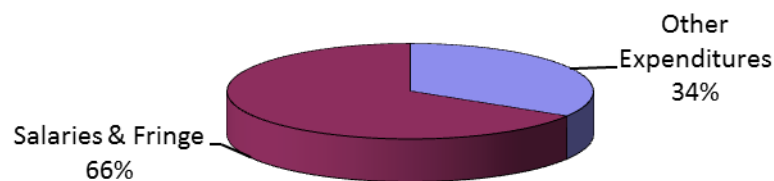
The Park Board is receiving its final payments of federal and state assistance it was granted for the costs associated with severe storms that took place in June 2013. The MPRB was instrumental in the emergency response, debris clean-up and resident assistance in the aftermath of the storms.

General Fund Expenditures

As of September 30, 2014 actual expenditures totaled \$46.6 million, down 0.2 percent from the \$46.7 million spent in the first three quarters of 2014.

Expenditures by Major Category

	2013			2014		
	Actual		Percent	Current Budget	Actual As of 9/30	Percent Expended
	Year-End	As of 9/30	Expended			
Salaries & Fringe	\$40,958,519	\$30,932,231	75.5%	\$44,040,436	\$31,441,227	71.4%
Other Expenditures	25,642,884	15,773,148	61.5%	22,422,020	15,179,219	67.7%
Total Expenditures	\$66,601,403	\$46,705,379	70.1%	\$66,462,456	\$46,620,446	70.1%





Salaries and Fringe Benefits

Salaries and fringe benefits are 71.4 percent expended with 75 percent of the year elapsed.

Other Expenditures

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures are 67.7 percent expended with 75 percent of the year elapsed.

Expenditures by Service Area

	2013			2014			
	Actual		Percent Expended	Current Budget	Actual As of 9/30	Percent Expended	Projected Year-End
	Year-End	As of 9/30					
Operating Departments							
Superintendent's Office							
Superintendent's Office	\$953,828	\$727,406	76.3%	\$998,730	\$654,748	65.6%	\$987,891
Board of Commissioners	637,164	437,832	68.7%	664,569	426,439	64.2%	646,797
Communications & Marketing	386,066	291,439	75.5%	430,474	330,282	76.7%	427,957
Community Outreach	1,616,423	1,356,781	83.9%	1,518,242	1,013,941	66.8%	1,477,582
Park Police	4,990,332	3,709,041	74.3%	5,096,091	3,723,754	73.1%	5,063,189
Deputy Superintendent's Office							
Customer Service	399,019	275,296	69.0%	452,241	297,527	65.8%	405,711
Finance	748,036	549,326	73.4%	887,059	503,418	56.8%	863,248
Human Resources	494,867	318,494	64.4%	574,122	396,168	69.0%	522,619
City Management Fee, Contributions & Other	1,983,484	1,582,697	79.8%	2,288,209	1,431,036	62.5%	2,284,642
Environmental Stewardship							
Forestry	8,480,883	5,814,266	68.6%	8,753,859	6,572,157	75.1%	8,723,606
Asset Management	16,914,392	12,074,429	71.4%	18,226,462	13,166,313	72.2%	18,198,477
Environmental Management	5,642,450	4,272,692	75.7%	5,935,439	4,354,522	73.4%	5,908,665
Planning Services							
Planning	1,758,599	1,262,885	71.8%	2,230,306	1,439,972	64.6%	2,197,375
Recreation Services							
Athletic Programs & Aquatics	2,014,193	1,538,173	76.4%	2,504,963	1,615,995	64.5%	2,460,486
Recreation Centers & Programs	9,678,067	7,107,507	73.4%	9,428,023	7,068,156	75.0%	9,515,155
Youth Development	2,289,442	1,466,273	64.0%	2,944,296	2,197,158	74.6%	2,908,703
Other							
Storm Damage	2,615,629	2,309,139					
Total Operating Expenditures	\$61,602,874	\$45,093,676	73.2%	\$62,933,085	\$45,191,586	71.8%	\$62,592,103
Capital							
Pay-as-You-Go-Rehabilitation	\$4,998,529	\$1,611,703	32.2%	\$3,529,371	\$1,428,860	40.5%	\$3,844,371
Total Capital Expenditures	\$4,998,529	\$1,611,703	32.2%	\$3,529,371	\$1,428,860	40.5%	\$3,844,371
Total General Fund	\$66,601,403	\$46,705,379	70.1%	\$66,462,456	\$46,620,446	70.1%	\$66,436,474



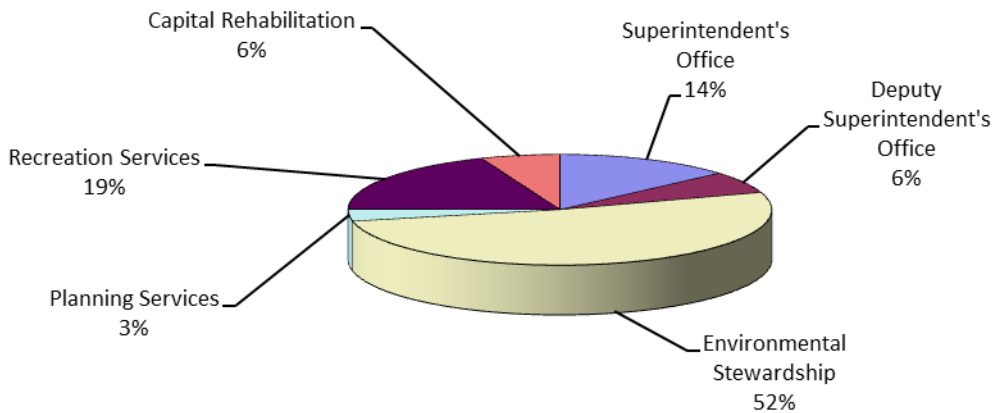
Operating Departments

Two departments have expended greater than 75 percent of budget in the first three-quarters of 2014. Forestry has made budgeted tree purchases for 2014 and Communications & Marketing has made contractual payments related to the launch of the new website. Operating department budgets are monitored closely throughout the year and adjustments are made if necessary to ensure budget targets are met.

Expenditures by Division

Divisions

Two divisions make up approximately 71 percent of the projected General Fund expenditures: Environmental Stewardship and Recreation. Small percentage variances in these areas can significantly impact total expenditures





General Fund Balance

The 2014 year-end fund balance is estimated to be \$5.4 million, 14 percent higher than 2013.

General Fund Balance

	2013			2014			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year-End	As of 9/30					
Total Revenue	\$67,314,540	\$34,868,835	51.8%	\$66,051,956	\$40,486,773	61.3%	\$67,098,004
Total Expenditures	66,601,403	46,705,379	70.1%	66,462,456	46,620,446	70.1%	66,436,474
Revenue Over/(Under) Expenditures	\$713,137	(\$11,836,544)		(\$410,500)	(\$6,133,673)		\$661,530

Park Board financial policy requires the General Fund balance to be maintained at a level of 5 percent of the current year adopted expenditure appropriation. Based on un-audited figures, the year-end 2014 balance is estimated at \$5.4 million, which is eight percent of the current year adopted expenditure appropriation. This fund balance exceeds financial policy requirements by \$2.1 million.

2014 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2014	\$4,723,692
Projected Revenues in Excess of Expenditures	661,530
Projected Fund Balance, December 31, 2014	5,385,222
Fund Balance Requirement (5%)	3,302,598
Fund Balance in Excess of Requirement	\$2,082,624

The projections in this report are based on estimates and unforeseen changes in revenue or expenditures could cause actual results to vary considerably from the projected year-end results.



Tree Preservation and Reforestation Fund

Summary

The Tree Preservation and Reforestation Fund accounts for a special property tax levy that funds the Park Board work addressing threats to the urban forest due to Emerald Ash Borer and tree loss due to storms.

	2014			
	Current	Actual	Percent	Projected
	Budget	As of 9/30	Recognized	Year-End
Revenues	\$1,190,780	\$519,144	43.6%	\$1,222,714
Expenses	1,190,780	1,017,380	85.4%	1,190,000
Net Income	\$0	(\$498,236)		\$32,714

Revenues

Tree Preservation and Reforestation Fund revenues include property tax and a transfer of \$200,000 from the City of Minneapolis. The Park Board has received the first half property tax payment from Hennepin County, and expects to receive the transfer from the City of Minneapolis in the fourth quarter.

Expenses

Tree Preservation and Reforestation Fund expenses include tree removal, tree planting and equipment costs. In the first three quarters of the year removal and replacement of ash trees took place, along with the purchase of four mini articulated loaders that will speed up the process of tree removal and planting.



Enterprise Fund

Fund Description

The Enterprise Fund is a self-supporting fund established to account for all business-type operations of the Park Board including golf courses, concessions, ice arenas, and permits. Operating income from operations is reserved for capital rehabilitation, construction or improvements; debt service; and general fund support.

Enterprise Fund by Service Area

	2013			2014			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year End	As of 9/30					
Golf							
Revenues	\$5,185,719	\$4,252,542	82.0%	\$6,159,460	\$4,119,814	66.9%	\$4,557,954
Expenses	5,848,923	4,195,696	71.7%	6,030,322	4,412,710	73.2%	5,892,252
Net Income	(\$663,204)	\$56,846		\$129,138	(\$292,896)		(\$1,334,298)
Use & Events Permitting							
Revenues	\$957,069	\$403,519	42.2%	\$977,500	\$518,032	53.0%	\$973,972
Expenses	547,316	416,526	76.1%	465,964	436,439	93.7%	533,407
Net Income	\$409,753	(\$13,007)		\$511,536	\$81,593		\$440,565
Concessions							
Revenues	\$1,312,822	\$977,046	74.4%	\$1,202,000	\$1,079,345	89.8%	\$1,399,790
Expenses	154,765	109,616	70.8%	167,307	156,754	93.7%	184,375
Net Income	\$1,158,057	\$867,430		\$1,034,693	\$922,591		\$1,215,415
Parking							
Revenues	\$1,443,931	\$1,076,689	74.6%	\$1,399,000	\$1,266,767	90.5%	\$1,594,009
Expenses	242,897	168,194	69.2%	319,029	200,005	62.7%	274,708
Net Income	\$1,201,034	\$908,495		\$1,079,971	\$1,066,762		\$1,319,301
Ice Arenas							
Revenues	\$740,542	\$397,675	53.7%	\$782,779	\$472,163	60.3%	\$800,041
Expenses	814,598	520,758	63.9%	857,285	561,817	65.5%	855,657
Net Income	(\$74,056)	(\$123,083)		(\$74,506)	(\$89,654)		(\$55,616)
Wirth Winter							
Revenues	\$250,346	\$146,109	58.4%	\$291,200	\$136,294	46.8%	\$240,531
Expenses	560,540	372,058	66.4%	515,950	436,463	84.6%	593,800
Net Income	(\$310,194)	(\$225,949)		(\$224,750)	(\$300,169)		(\$353,269)
Sculpture Garden & Cowles Conservatory							
Revenues	\$8,923	\$8,129	91.1%	\$51,900	\$8,820	17.0%	\$9,614
Expenses	301,355	193,987	64.4%	283,468	175,324	61.8%	262,996
Net Income	(\$292,432)	(\$185,858)		(\$231,568)	(\$166,504)		(\$253,382)



Enterprise Fund by Service Area (Continued)

	2013			2014			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year End	As of 9/30					
Total Operating Income							
Revenues	\$9,899,352	\$7,261,709	73.4%	\$10,863,839	\$7,601,235	70.0%	\$9,575,911
Expenses	\$8,470,394	\$5,976,835	70.6%	\$8,639,325	\$6,379,512	73.8%	\$8,597,195
Net Income	\$1,428,958	\$1,284,874		\$2,224,514	\$1,221,723		\$978,716
Non-Operating Revenues							
Prior Period Revenue	\$306,016		0.0%				
Total Non-Operating Rev	\$306,016						
Non-Operating Expenses							
Improvements	\$1,062,971	\$851,081	80.1%	\$300,000	\$572,371	190.8%	\$600,000
Debt Service	662,900	122,490	18.5%	915,874	207,260	22.6%	915,874
Transfers				100,000	0	0.0%	100,000
Total Non-Operating Exp	\$1,725,871	\$973,571		\$1,315,874	\$779,631		\$1,615,874
Income after Non-Operating Expenses	\$9,103	\$311,303		\$908,640	\$442,092		(\$637,158)

Golf Operations

Golf Operations has been impacted by June flooding. Meadowbrook Golf Course closed for the season and Hiawatha Golf Course was closed for more than a month, with nine holes open for the remainder of the season. Other courses were not impacted as much, but did sustain damage and were closed for a short time. Golf revenues are projected to be \$1.6 million under budget to the end of 2014. Expenses will also be under budget, but savings at the flood damaged courses will be minimal, as staff works to get the courses back in playable shape. To the end of 2014 golf operations is projected to have a loss of (\$1,334,298).

Use & Events Permitting

Use & Events Permitting is projected to have \$440,565 of net income, an increase of \$30,812 over 2013.

Concessions

Concessions net income is projected to increase by \$57,358 to \$1,215,415 in 2014.



Parking

Parking operations include revenue collection and maintenance of on-street single-space parking meters, multi space pay and display machines, patron parking permit sales and event parking. Net income in 2014 is expected to increase from 2013 net income. Parking expenses have increased due to customer service staff charging their time to parking, accurately reflecting their duties. To the end of 2014 parking operations is projected to have net income of (\$1,319,301).

Ice Arenas

Ice arena operations consist of the Parade and Northeast Ice Arenas. Revenues are projected to increase by \$59,499 as the renovations at Parade Ice Arena help to generate greater revenue. To the end of 2014 ice arena operations is projected to have a loss of (\$55,616).

Wirth Winter Recreation Area

Revenues are projected to be under budget and expenses are projected to be over budget. To the end of 2014 this operation is projected to have a loss of (\$353,269).

Sculpture Garden & Cowles Conservatory

Revenue is generated from permit rentals of Cowles Conservatory and weddings at the Sculpture Garden. To the end of 2014 this operation is projected to have a loss of (\$253,382).

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2014 is projected to be \$978,716, lower than 2013 due to flood related golf course closures.

Operating income is used for three purposes; facility improvements, transfers to support the General Fund, and debt service. Improvements that took place in the first three quarters of 2014 include the Meadowbrook Golf Course well construction and purchase of golf equipment. Major storm related repairs to the golf courses will be reported under improvements as the expenses are incurred.



Internal Service Fund

Summary

The Internal Service Fund provides accounting for equipment fleet, information technology and self-insurance services to Park Board departments.

	2013			2014			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year End	As of 9/30					
Equipment							
Revenues	\$4,395,892	\$3,353,507	76.3%	\$4,477,497	\$3,345,666	74.7%	\$4,448,837
Expenses	4,071,359	3,069,306	75.4%	4,473,997	2,428,467	54.3%	4,315,684
Net Income	\$324,533	\$284,201		\$3,500	\$917,199		\$133,153
Information Technology Services							
Revenues	\$1,160,024	\$849,393	73.2%	\$1,532,685	\$1,112,598	72.6%	\$1,490,881
Expenses	1,196,174	1,018,608	85.2%	1,489,336	926,949	62.2%	1,367,037
Net Income	(\$36,150)	(\$169,215)		\$43,349	\$185,649		\$123,844
Self-Insurance							
Revenues	\$2,207,464	\$1,299,791	58.9%	\$2,015,656	\$1,513,978	75.1%	\$2,239,380
Expenses	2,945,405	1,993,242	67.7%	2,015,656	1,434,968	71.2%	2,108,021
Net Income	(\$737,941)	(\$693,451)		\$0	\$79,010		\$131,359

Equipment

Equipment rental is charged to Park Board departments for use of equipment owned by the Park Board. Expenses are down 21 percent compared to 2013 due to budgeted equipment purchases not yet taking place. Purchases are planned for the fourth quarter. The projected year-end equipment reserve balance is \$1,923,000.

Information Technology Services

Park Board departments are charged an annual fee for the use and service of computer workstations and access to the Park Board network. The projected year-end Information Technology Services equipment reserve balance is \$374,000.

Self Insurance

Self Insurance premiums are collected from Park Board departments to fund activities including workers compensation; property, fire and vandalism insurance; and general, automotive and police professional liability. As of September 30, Self Insurance expenses are lower than the same point in 2013 due to lower claim payments occurring in the first three quarters of 2014. Self Insurance revenues and expenses are expected to end the year over budget, although expenses are dependent on the number and amount of claims paid out.



Equipment Services and Information Technology Services Equipment Reserve Balance

The Internal Service Fund equipment reserve at year-end 2013 was \$2.0 million. During 2014 revenues are projected to exceed expenses by \$257,000, leaving the equipment reserve balance at \$2.3 million.

2014 Projected Internal Service Fund Year-End Equipment Reserve Balance
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Working Capital January 1, 2014	2,039,564
Equipment Services revenue in excess of expenditures	133,153
ITS revenue in excess of expenditures	<u>123,844</u>
Working Capital December 31, 2014	\$2,296,561

Self Insurance Fund Net Asset Balance

The Self Insurance Fund net assets balance at year-end 2013 was \$6.6 million. During 2014 revenues are projected to exceed expenses by \$131,000, increasing the net assets balance.

2014 Projected Self Insurance Fund Year-End Net Asset Balance
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Working Capital January 1, 2014	\$6,600,012
Self Insurance Fund revenue in excess of expenditures	<u>131,359</u>
Working Capital December 31, 2014	\$6,731,371