



Minneapolis Park and Recreation Board
Financial Status Report
as of Third Quarter, 2012

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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 and Internal Service Funds. This report details the operations of these funds through September 30, 2012.

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 2012, General Fund revenues are projected to be \$59.3 million and expenditures are projected to be \$58.7 million.

The 2012 year-end fund balance is projected to be \$5.7 million, which exceeds financial policy requirements. This projected balance is an increase of \$166,000 over the 2011 year-end balance.

Enterprise Fund

The Enterprise Fund accounts for all business-type operations of the Park Board including golf courses, concessions, ice arenas, permits and recreational activities. 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 \$2.6 million.

Internal Service Funds

Internal Service Funds accounts for equipment fleet, information technology and self-insurance services to Park Board departments. To the end of 2012 Internal Service Fund revenues are projected to be \$7.0 million and expenses are projected to be \$6.9 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 2012 with a fund balance of \$5.5 million and has a current operating budget of \$59.7 million. Through September of this year, 67.6 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, 2012 totaled \$30.7 million, up 2 percent from the \$30.1 million collected in the first three quarters of 2011. Total revenues for 2012 are projected to be \$59.2 million, a decrease of \$0.7 million from 2011 actual revenues.

As of September 30, 2012 actual expenditures totaled \$40.3 million, down 2 percent from the \$41.1 million spent in 2011. To the end of 2012 expenditures are projected to be \$58.7 million, 1 percent lower than 2011.

The fund balance for the General Fund at fiscal year-end 2011 exceeded the financial policy requirement of 5 percent of the General Fund operating budget. It is expected that the 2012 year-end General Fund balance will exceed the requirement as well.

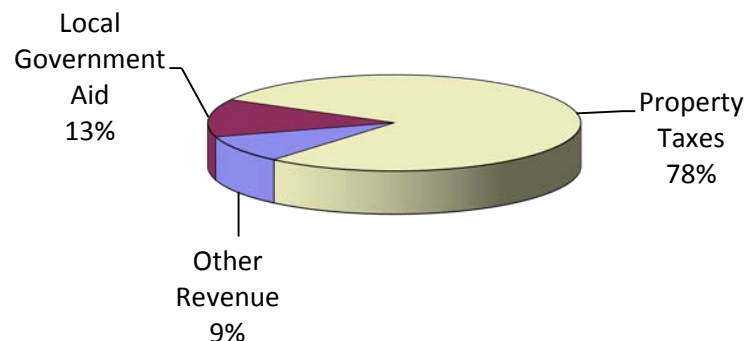
This report contains estimates. Unforeseen changes in revenue and expenditures will cause actual results to fluctuate from the projected results.

General Fund Revenues

As of September 30, 2012 actual revenues totaled \$30.7 million, up 2 percent from the \$30.1 million received in the first three quarters of 2011.

Revenues by Major Category

	2011			2012			
	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	\$46,273,318	\$23,908,260	51.7%	\$46,272,466	\$23,564,054	50.9%	\$46,421,186
Local Government Aid	7,571,635	3,785,818	50.0%	7,570,039	3,785,020	50.0%	7,570,039
Fees, Fines and Other Revenues	6,088,549	2,454,925	40.3%	5,595,391	3,387,869	60.5%	5,259,668
Total Revenues	\$59,933,502	\$30,149,003	50.3%	\$59,437,896	\$30,736,943	51.7%	\$59,250,893





Property Taxes

Property taxes provide 78 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, 50.9 percent of budgeted property taxes. Property tax revenue is projected to exceed budget by \$148,720 at year-end.

Local Government Aid

Local Government Aid (LGA) is projected to provide 13 percent of 2012 revenue, the second largest funding source of the General Fund. The State Budget included the 2012 City of Minneapolis LGA allocation of \$64.1 million. The City of Minneapolis revenue distribution policy provides for the transfer of a portion of this LGA to the Park Board. The Park Board expects to receive its full budgeted LGA amount of \$7.6 million.

Fees, Fines and Other Revenue

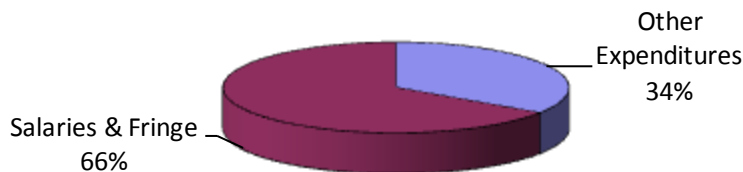
Fees, fines and other revenue provide nine percent of projected revenue. The Park Board has recognized 60.5 percent of the budgeted fees, fines and other revenue for 2012. Revenues are 38 percent higher than the same point in 2011 due to the earlier receipt of Met Council Operations & Maintenance funding. Revenues are projected to end the year at \$5.3 million.

General Fund Expenditures

As of September 30, 2012 actual expenditures totaled \$40.3 million, down 2 percent from the \$41.1 million spent in the first three quarters of 2011.

Expenditures by Major Category

	2011			2012		
	Actual		Percent	Current	Actual	Percent
	Year-End	As of 9/30	Expended	Budget	As of 9/30	Expended
Salaries & Fringe	\$38,688,716	\$29,696,832	76.8%	\$ 39,246,015	\$ 29,022,637	74.0%
Other Expenditures	20,460,745	11,389,009	55.7%	20,434,881	\$ 11,292,866	55.3%
Total Expenditures	\$59,149,461	\$41,085,841	69.5%	\$59,680,896	\$40,315,503	67.6%



Salaries and Fringe Benefits

Salaries and fringe benefits are 74 percent expended with 75 percent of the year elapsed, lower than 2011 due to position vacancies.



Other Expenditures

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures are 55.3 percent expended with 75 percent of the year elapsed, similar to 2011. As of the end of the third quarter Pay-as-You-Go Rehabilitation funds had not been transferred to the capital projects fund. These transfers will take place in the fourth quarter.

Expenditures by Service Area

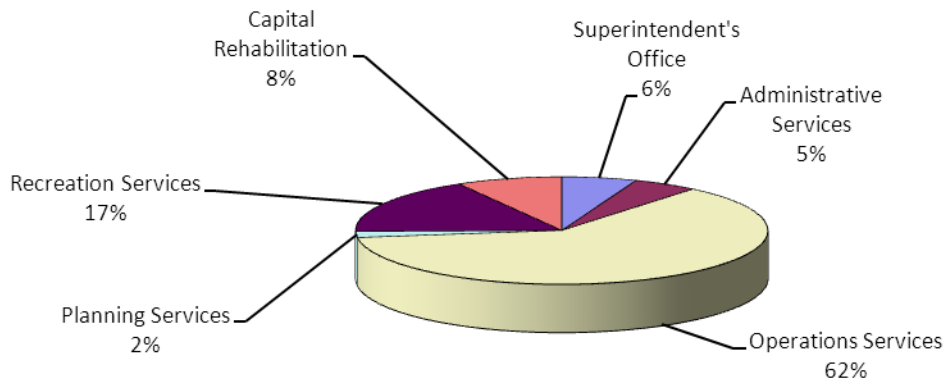
	2011			2012			
	Actual		Percent Expended	Current Budget	Actual As of 9/30	Percent Expended	Projected Year-End
	Year-End	As of 9/30					
Operating Departments							
Superintendent's Office							
Superintendent's Office	\$681,337	\$451,850	66.3%	\$745,553	\$590,767	79.2%	\$742,483
Board of Commissioners	526,925	392,974	74.6%	600,083	488,207	81.4%	589,309
Communications & Marketing	312,591	192,391	61.5%	399,210	270,352	67.7%	382,305
Community Outreach				1,380,472	1,035,028	75.0%	1,375,487
Human Resources	482,602	335,638	69.5%	450,632	287,320	63.8%	372,583
Administrative Services							
Customer Service	381,820	319,190	83.6%	475,716	335,133	70.4%	442,229
Finance	880,069	674,435	76.6%	892,647	644,981	72.3%	863,222
City Mgmt Fee, Contributions & Other	1,781,699	1,237,783	69.5%	1,591,244	1,124,491	70.7%	1,694,952
Operations Services							
Environmental	1,272,241	971,344	76.3%	1,635,746	1,055,079	64.5%	1,482,111
Volunteer Services	131,745	99,906	75.8%	178,691	128,445	71.9%	178,588
Forestry	9,776,762	7,253,695	74.2%	9,678,831	7,182,701	74.2%	9,599,178
Maintenance	19,206,664	14,357,637	74.8%	19,368,856	14,404,360	74.4%	19,251,917
Summer Youth Empl.-Teen							
Teamworks	963,547	858,374	89.1%	894,000	855,622	95.7%	893,343
Park Police	5,063,538	3,792,965	74.9%	5,032,451	3,662,707	72.8%	4,902,449
Planning Services							
Planning	1,386,953	1,224,058	88.3%	1,239,273	710,682	57.3%	1,057,189
Recreation Services							
Aquatics	420,251	360,749	85.8%	414,191	394,742	95.3%	413,100
Recreation	10,157,441	7,482,824	73.7%	9,818,052	6,923,661	70.5%	9,563,790
Wirth Winter Recreation Area	391,964	282,507	72.1%				
Other							
Storm Damage	976,314	637,827	65.3%				
Total Operating Expenditures	\$54,794,463	\$40,926,147	74.7%	\$54,795,648	\$40,094,278	73.2%	\$53,804,235
Capital							
Pay-as-You-Go-Rehabilitation	4,354,998	159,694	3.7%	4,885,248	221,225	4.5%	4,885,248
Total Capital Expenditures	\$4,354,998	\$159,694	3.7%	\$4,885,248	\$221,225	4.5%	\$4,885,248
Total General Fund	\$59,149,461	\$41,085,841	69.5%	\$59,680,896	\$40,315,503	67.6%	\$58,689,483



Operating Departments

Four departments have expended greater than 75 percent of budget in the first three quarters of 2012. Budgeted lobbying and legal fees associated with the State budget cycle and Park Board policy issues have been expended from the Superintendent's Office and Board budgets. Aquatics and Teen Teamworks budgets are almost fully expended due to the seasonal nature of their work. City Management Fee, Contributions & Other is projected to overspend its 2012 budget due to non-budgeted severance payments. 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

Three divisions make up approximately 65 percent of the projected General Fund expenditures: Maintenance, Recreation and Forestry. Small percentage variances in any of these areas can significantly impact total expenditures.



General Fund Balance

The 2012 year-end fund balance is estimated to be \$5.7 million, 3 percent higher than 2011.

General Fund Balance

	2011			2012			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year-End	As of 9/30					
Total Revenue	\$59,933,502	\$30,149,003	50.3%	\$59,437,896	\$30,736,943	51.7%	\$59,250,893
Total Expenditures	59,149,461	41,085,841	69.5%	59,680,896	40,315,503	67.6%	58,689,483
Revenue Over/(Under) Expenditures	\$784,041	(\$10,936,838)		(\$243,000)	(\$9,578,560)		\$561,410

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 2012 balance is estimated at \$5.7 million, which is 10 percent of the current year adopted expenditure appropriation. This fund balance exceeds financial policy requirements by \$2.8 million.

2012 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2012	\$5,529,026
Transfer to Sustainability Fund	(\$395,162)
Projected Revenues in Excess of Expenditures	561,410
Projected Fund Balance, December 31, 2012	5,695,274
Fund Balance Requirement (5%)	2,934,395
Fund Balance in Excess of Requirement	\$2,760,879

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.



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, permits and recreational activities. Operating income from operations is reserved for capital rehabilitation, construction or improvements; debt service; and general fund support.

Enterprise Fund by Service Area

	2011			2012			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year End	As of 9/30					
Golf							
Revenues	\$5,321,841	\$4,818,408	90.5%	\$6,464,600	\$5,430,262	84.0%	\$5,927,975
Expenses	5,724,667	4,722,889	82.5%	5,657,572	4,378,563	77.4%	5,625,049
Net Income	(\$402,826)	\$95,519		\$807,028	\$1,051,699		\$302,926
Use & Events							
Permitting							
Revenues	\$1,246,889	\$855,336	68.6%	\$1,040,000	\$577,749	55.6%	\$1,209,000
Expenses	723,241	543,156	75.1%	626,619	470,968	75.2%	650,653
Net Income	\$523,648	\$312,180		\$413,381	\$106,781		\$558,347
Concessions							
Revenues	\$1,033,341	\$773,634	74.9%	\$1,028,000	\$893,469	86.9%	\$1,118,164
Expenses	177,246	123,432	69.6%	144,360	86,468	59.9%	144,280
Net Income	\$856,095	\$650,202		\$883,640	\$807,001		\$973,884
Parking							
Revenues	\$1,102,393	\$861,494	78.1%	\$987,000	\$1,137,569	115.3%	\$1,355,041
Expenses	218,042	171,156	78.5%	194,115	142,724	73.5%	193,892
Net Income	\$884,351	\$690,338		\$792,885	\$994,845		\$1,161,149
Ice Arenas							
Revenues	\$812,083	\$427,711	52.7%	\$842,050	\$358,458	42.6%	\$781,100
Expenses	837,282	542,477	64.8%	739,031	555,772	75.2%	811,252
Net Income	(\$25,199)	(\$114,766)		\$103,019	(\$197,314)		(\$30,152)
Athletic Facilities							
Revenues	\$268,907	\$89,575		\$254,000	\$4,729	1.9%	\$240,000
Expenses	462,246	349,905	75.7%	429,824	394,972	91.9%	506,753
Net Income	(\$193,339)	(\$260,330)		(\$175,824)	(\$390,243)		(\$266,753)
Lupient Water Park							
Revenues	\$243,092	\$241,636		\$244,703	\$229,308	93.7%	\$231,841
Expenses	325,947	305,452		329,807	274,030	83.1%	298,101
Net Income	(\$82,855)	(\$63,816)		(\$85,104)	(\$44,722)		(\$66,260)
Wirth Winter							
Revenues	\$43,591	\$42,766	98.1%	\$291,200	\$111,309	38.2%	\$160,000
Expenses	60,378	64,229	106.4%	411,945	285,245	69.2%	390,834
Net Income	(\$16,787)	(\$21,463)		(\$120,745)	(\$173,936)		(\$230,834)



Enterprise Fund by Service Area (Continued)

	2011			2012			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year End	As of 9/30					
Sculpture Garden & Cowles Conservatory							
Revenues	\$28,370	\$20,417	72.0%	\$50,900	\$7,086	13.9%	\$10,586
Expenses	256,317	186,409	72.7%	246,350	199,699	81.1%	266,223
Net Income	(\$227,947)	(\$165,992)		(\$195,450)	(\$192,613)		(\$255,637)
Recreation							
Revenues	\$3,960,150	\$2,925,434	73.9%	\$3,415,146	\$3,292,297	96.4%	\$4,065,543
Expenses	3,367,875	2,338,075	69.4%	3,415,146	2,819,772	82.6%	3,608,865
Net Income	\$592,275	\$587,359		\$0	\$472,525		\$456,678
Total Operating Income							
Revenues	\$14,060,657	\$11,056,411	78.6%	\$14,617,599	\$12,042,236	82.4%	\$15,099,250
Expenses	12,153,241	9,347,180	76.9%	12,194,769	9,608,213	78.8%	12,495,902
Net Income	\$1,907,416	\$1,709,231		\$2,422,830	\$2,434,023		\$2,603,348
Non-Operating Expenses							
Improvements	\$475,067	\$252,325	53.1%	\$1,149,180	\$409,863	35.7%	\$503,963
Debt Service	757,025	91,263	12.1%	728,650	178,625	24.5%	728,650
Athletic Field Improvements	339,030	94,500	27.9%	250,000		0.0%	250,000
Transfers	295,000	0	0.0%	295,000		0.0%	295,000
Total Non-Operating Exp	\$1,866,122	\$438,088		\$2,422,830	\$588,488		\$1,777,613
Income after Non-Operating Expenses	\$41,294	\$1,271,143		\$0	\$1,845,535		\$825,735

Enterprise Fund Budget Appropriation Change

Fort Snelling Golf Course was not budgeted for in 2012. The enterprise fund revenue and expense budgets have been increased to account for the continued operation of Fort Snelling Golf Course.

Budget Appropriation Changes

2012 Original Expense Budget	\$14,287,599
Fort Snelling expense budget	400,000
Reduction in Enterprise Improvements	<u>-70,000</u>
2012 Current Expense Budget	<u>\$14,617,599</u>
2012 Original Revenue Budget	\$14,287,599
Fort Snelling Revenue budget	<u>330,000</u>
2012 Current Revenue Budget	<u>\$14,617,599</u>



Golf Operations

Golf operations benefited from an early March opening. Weather conditions continued to be favorable through April; however, May 2012 was the second wettest May in history. Through September 30, 2012 revenue is up 13 percent from 2011. Expenses are down from 2011 due to payment timing. Revenues are projected to end the year under budget due to the wet weather conditions in May, prolonged heat and humidity in July and August and continued weakness in the golf industry nationwide. Expenses are projected to meet budget in 2012. Golf Operations net income is projected to end 2012 at \$302,926, an increase of \$705,752 from 2011.

Use & Events Permitting

Use & Events Permitting net income is projected to end 2012 at \$449,347, an increase of \$34,699 from 2011.

Concessions

Concessions net income is projected to end 2012 at \$973,884 an increase of \$117,789 from 2011, partially due to the full operating season from the new Lake Harriet concession *Bread & Pickle*.

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. Revenue as of September 30, 2012 is up from 2011 levels due to newly installed electronic on-street single space parking meters installed on Main Street and East River Road, favorable mild winter weather which increased traffic in the regional parks, and better preventative maintenance on parking machines allowing them to be in service for longer periods of time. Expenses are projected to end the year at budget. Parking net income is projected to end 2012 at \$1,161,149, an increase of \$278,796 from 2011.

Ice Arenas

Ice arena operations consist of the Parade and Northeast Ice Arenas. Revenues are expected to come in under budget in 2012 due to the loss of a large ice user. Expenses are expected to end the year over budget due to necessary repairs in the south rink at Parade and the increasing cost of Freon used in the rink cooling systems. Ice Arenas net loss is projected to end 2012 at (\$30,152) a change of (\$4,953) from 2011.

Athletic Facilities

Athletic Facilities consist of Neiman Complex, Parade Athletic Fields, Van Cleve, Quilici, Northeast and Pearl Park Fields. Athletic Facilities net loss is projected to end 2012 at (\$266,753) a change of (\$67,414) from 2011.

Lupient Water Park

As of September 30, Lupient Water Park revenues and expenses are down from 2011 levels. Lupient Water Park net loss is project to end 2012 at (\$66,260) a change of \$16,595 from 2011.

Wirth Winter Recreation Area

In 2012 the entire Wirth Winter Recreation Area is reported in the enterprise fund. In 2011 only the tubing hill was reported in the enterprise fund. Revenues and expenses are projected to be under budget due to poor winter conditions, limiting the season. Wirth Winter net loss is projected to end 2012 at (\$230,834) a change of (\$214,017) from 2011, due to the full operations moving to the enterprise fund in 2012.



Sculpture Garden & Cowles Conservatory

Revenue is generated from permit rentals of Cowles Conservatory and weddings at the Sculpture Garden. The Planning Division is currently working with the Walker Art Center to develop and implement a jointly agreed upon operational agreement for the garden that is mutually beneficial and sustainable. Sculpture Garden & Cowles Conservatory net loss is projected to end 2012 at (\$255,637), a change of (\$27,690) from 2011.

Recreation

Recreation includes fee-based community programs, school-age child care, and adult sports. Recreation net income is projected to end 2012 at \$450,232 a decrease of \$135,597 from 2011, primarily due to the timing and receipt of grants and donations.

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2012 is projected to be \$2.5 million. Operating income is higher than 2011 due to increased net income in golf operations.

Operating income is used for four purposes; facility improvements, transfers to support the General Fund, matching funds for the Hennepin County youth sports grants, and debt service. Improvements planned for the fourth quarter include planning and engineering for the Hiawatha Golf Course parking lot renovation, a new irrigation well at Meadowbrook Golf Course to combat zebra mussels in Minnehaha Creek, roof replacement at Lupient Waterpark and replacement of two refrigeration compressors at Northeast Ice Arena. Improvements already completed in 2012 include new flooring at Hiawatha Golf Course, replacement and repair of netting at Columbia Learning Center, air conditioning at Columbia Manor, drainage projects at Wirth and Hiawatha golf courses, irrigation well pump replacement at Wirth Golf Course and Hiawatha Golf Course, and equipment purchases for golf operations, athletic facilities and Parade Ice Garden. Several improvements planned for 2012 will be deferred including Gross Golf Course clubhouse renovation and bunker renovations at Columbia, Gross and Hiawatha Golf Courses.



Internal Service Fund

Summary

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

	2011			2012			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year End	As of 9/30					
Equipment							
Revenues	\$4,359,518	\$3,317,373	76.1%	\$4,094,401	\$2,955,457	72.2%	\$3,956,340
Expenses	4,608,360	3,717,455	80.7%	3,932,772	2,699,659	68.6%	3,877,985
Net Income	(\$248,842)	(\$400,082)		\$161,629	\$255,798		\$78,355
Information Technology Services							
Revenues	\$920,135	\$716,050	77.8%	\$1,099,890	\$744,957	67.7%	\$993,028
Expenses	833,469	618,255	74.2%	1,303,476	794,702	61.0%	1,105,785
Net Income	\$86,666	\$97,795		(\$203,586)	(\$49,745)		(\$112,757)
Self-Insurance							
Revenues	\$2,443,409	\$1,876,145	76.8%	\$2,028,027	\$1,565,572	77.2%	\$2,072,579
Expenses	1,972,075	1,326,670	67.3%	2,028,027	1,279,982	63.1%	1,888,782
Net Income	\$471,334	\$549,475		\$0	\$285,590		\$183,797

Equipment

Equipment rental is charged to Park Board departments for use of equipment owned by the Park Board. Equipment revenue is down 11 percent compared to 2011 due to enterprise fund departments no longer participating in the fleet replacement portion of the equipment fund. Enterprise departments now buy equipment as needed, with the equipment department providing repair and maintenance services. Expenses are down 27 percent compared to 2011 due to reduced equipment purchases in 2012. In addition to the budgeted equipment purchases the Board approved the purchase of an aquatic plant harvester using the equipment reserve balance. The projected year-end equipment reserve balance is \$1,033,000.

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. Information Technology Services revenues are expected to end the year under budget since Geographic Information Systems services have not been deployed and are not being charged for. Expenses are projected to be under budget due to position vacancies. The projected year-end Information Technology Services equipment reserve balance is \$329,000.

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. Self Insurance revenues and expenses are expected to end the year near budget. Self-Insurance premiums charged to departments were reduced in 2012 due to a history of lower claim rates.

**Equipment Services and Information Technology Services Equipment Reserve Balance**

The Internal Service Fund equipment reserve at year-end 2011 was \$1.4 million. During 2012 expenses are projected to exceed revenues by \$34,000, decreasing the equipment reserve balance to \$1.36 million.

2012 Projected Internal Service Fund Year-End Equipment Reserve Balance

Working Capital January 1, 2012	\$1,396,347
Equipment Services revenue in excess of expenditures	78,355
ITS revenue in excess of expenditures	<u>(112,757)</u>
Working Capital December 31, 2012	\$1,361,945

Self Insurance Fund Net Asset Balance

The Self Insurance Fund net assets balance at year-end 2011 was \$7.5 million. During 2012 revenues are projected to exceed expenses by \$183,000, increasing the net assets balance.

2012 Projected Self Insurance Fund Year-End Net Asset Balance

Working Capital January 1, 2012	\$7,474,262
Self Insurance Fund revenue in excess of expenditures	<u>183,797</u>
Working Capital December 31, 2012	\$7,658,059