



Minneapolis Park and Recreation Board
Financial Status Report
as of Year-End, 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 December 31, 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 were \$59.3 million and expenditures were \$60.0 million.

The 2012 year-end fund balance is projected to be \$4.8 million, which exceeds financial policy requirements. This projected balance is a decrease of \$721,000 over the 2011 year-end balance. This decrease is due to the creation of the Sustainability Fund and the purchase of Forestry Equipment required to implement the Forestry tree pruning practices.

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 ended 2012 at \$2.4 million.

Internal Service Funds

Internal Service Funds accounts for equipment fleet, information technology and self-insurance services to Park Board departments. Internal Service Fund revenues ended 2012 at \$7.3 million and expenses ended the year at \$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 ended the year with a fund balance of \$4.8 million.

In 2012 revenue generated by the Park Board totaled \$59.3 million, down 1 percent from the \$59.9 million collected in 2011.

In 2012 expenditures totaled \$60.0 million, up 1 percent from \$59.1 million expended in 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. The 2012 year-end General Fund balance exceeds the requirement as well.

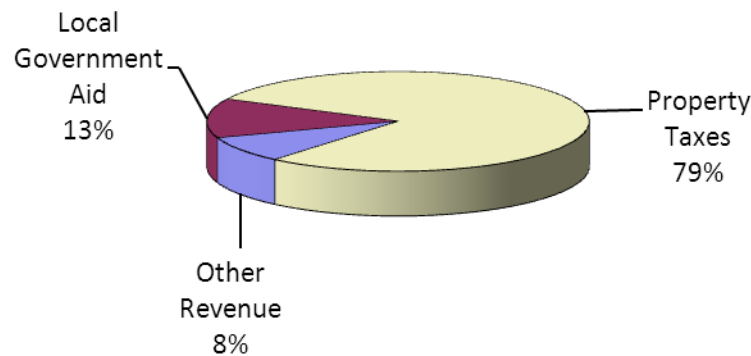
The financial information contained in this report has not been audited. The audited 2012 financial information may fluctuate from the information contained in this report.

General Fund Revenues

Actual revenues to the end of 2012 totaled \$59.3 million, down 1 percent from the \$59.9 million collected in 2011.

Revenues by Major Category

	2011	2012		Percent Recognized
	Actual Year-End	Current Budget	Actual 12/31/2012	
Property and Other Taxes	\$46,273,318	\$46,272,466	\$46,645,907	100.8%
Local Government Aid	7,571,635	7,570,039	7,570,039	100.0%
Fees, Fines and Other Revenues	6,088,549	5,608,309	5,048,003	90.0%
Total Revenues	\$59,933,502	\$59,450,814	\$59,263,949	99.7%





Property Taxes

Property taxes provided 79 percent of revenue, the largest funding source of the General Fund. Property tax revenue exceeded budget by \$373,000.

Local Government Aid

Local Government Aid (LGA) provided 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.

Fees, Fines and Other Revenue

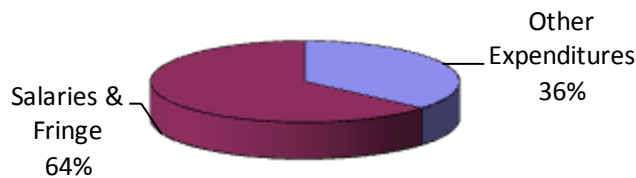
Fees, fines and other revenue provided eight percent of 2012 revenue. Revenues ended the year below budget partially due to a reduction in parking fine revenue caused by increased compliance. Revenues were \$1 million lower than 2011 due to the receipt of disaster relief funds for the North Minneapolis tornado in 2011.

General Fund Expenditures

Actual expenditures to the end of 2012 totaled \$60.0 million, 1 percent below budget and 1.4 percent higher than the \$59.1 million spent in 2011.

Expenditures by Major Category

	2011	2012		
	Actual Year-End	Current Budget	Actual 12/31/2012	Percent Expended
Salaries & Fringe	\$38,688,716	\$ 39,216,933	\$ 38,179,987	97.4%
Other Expenditures	20,460,745	21,228,044	\$ 21,805,301	102.7%
Total Expenditures	\$59,149,461	\$60,444,977	\$59,985,288	99.2%



Salaries and Fringe Benefits

Salaries and fringe benefits ended the year 97.4 percent expended. Expenses were 1.3 percent lower than 2011 due to positions vacancies and reduced workers compensation expenses.

Other Expenditures

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures were 6.6 percent higher than 2011 due to a \$532,000 increase in pay-as-you go rehabilitation funding, a \$395,000 transfer to the Sustainability Fund, and the purchase of \$356,000 of Forestry Equipment required to implement the Forestry tree pruning practices.



Expenditures by Service Area

	2011	2012		
	Actual Year-End	Current Budget	Actual 12/31/2012	Percent Expended
Operating Departments				
Superintendent's Office				
Superintendent's Office	\$681,337	\$745,553	\$836,422	112.2%
Board of Commissioners	526,925	600,083	604,242	100.7%
Communications & Marketing	312,591	441,210	439,773	99.7%
Community Outreach		1,380,472	1,356,436	98.3%
Human Resources	482,602	450,632	398,524	88.4%
Administrative Services				
Customer Service	381,820	475,716	425,672	89.5%
Finance	880,069	892,647	832,789	93.3%
City Mgmt Fee, Contributions & Other	1,781,699	1,591,244	1,632,688	102.6%
Operations Services				
Environmental	1,272,241	1,624,664	1,455,781	89.6%
Volunteer Services	131,745	178,691	171,979	96.2%
Forestry	9,776,762	9,636,831	9,521,857	98.8%
Maintenance	19,206,664	19,608,856	19,596,793	99.9%
Summer Youth Empl.-Teen Teamworks	963,547	918,000	956,729	104.2%
Park Police	5,063,538	5,032,451	5,014,441	99.6%
Planning Services				
Planning	1,386,953	1,239,273	1,151,655	92.9%
Recreation Services				
Aquatics	420,251	414,191	422,034	101.9%
Recreation	10,157,441	9,578,052	9,529,040	99.5%
Wirth Winter Recreation Area	391,964			
Other				
Storm Damage	976,314			
Total Operating Expenditures	\$54,794,463	\$54,808,566	\$54,346,855	99.2%
Capital				
Pay-as-You-Go-Rehabilitation	4,354,998	4,885,248	4,887,271	100.0%
Transfer to Sustainability Fund		395,162	395,162	100.0%
Forestry Equipment		356,000	356,000	100.0%
Total Capital Expenditures	\$4,354,998	\$5,636,410	\$5,638,433	100.0%
Total General Fund	\$59,149,461	\$60,444,976	\$59,985,288	99.2%



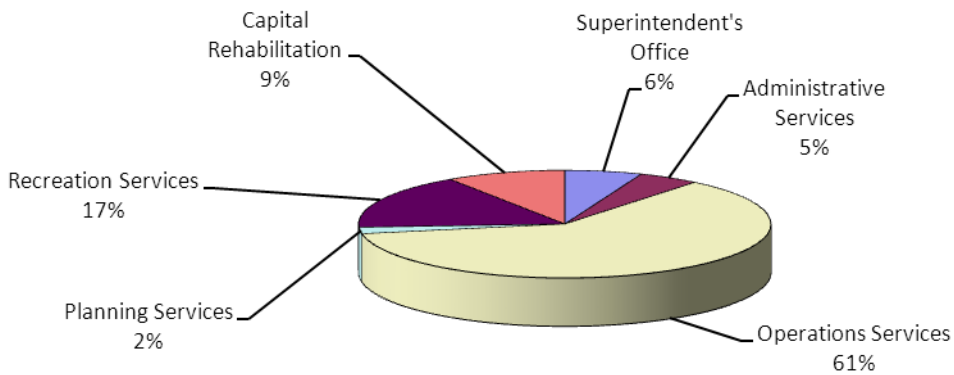
Operating Departments

2012 expenditures ended the year under budget by \$459,658. This savings was realized from position vacancies.

The following is information regarding the service areas that exceeded budget:

- The Superintendent’s Office and Board of Commissioners exceeded budget due to spending on legal fees.
- Non-budgeted severance payments were made from the City Management Fee, Contributions & Other budget.
- Summer Youth Employment – Teen Teamworks did not receive the anticipated funding for a joint project with the City of Minneapolis.
- North Commons Waterpark required repairs, causing Aquatics to exceed budget.

Expenditures by Division



General Fund Budget Appropriation Changes

Three budget appropriation changes occurred during the fourth quarter of 2012. The first budget appropriation change was a \$12,918 increase to the Teen Teamworks budget for grant funding received. The two remaining appropriation changes were funded through the general fund balance. An appropriation increase of \$395,162 was made to fund the Board approved Sustainability Fund. The final appropriation change was an increase of \$356,000 to fund the Board approved purchase of Forestry Equipment required to implement the Forestry tree pruning practices. The equipment was received in December 2012, which required it to be paid from 2012 funds.

2012 Current Budget	\$59,680,896
Teen Teamworks Grants & Donations	12,918
Sustainability Fund	395,162
Forestry Equipment Purchase	356,000
2012 Final Budget	<u>\$60,444,976</u>



General Fund Balance

The 2012 year-end fund balance is estimated to be \$4.8 million, 13 percent lower than 2011.

	General Fund Balance			
	2011	2012		
	Actual Year-End	Current Budget	Actual 12/31/2012	Percent Recognized
Total Revenue	\$59,933,502	\$59,450,814	\$59,263,949	99.7%
Total Expenditures	59,149,461	60,444,976	59,985,288	99.2%
Revenue Over/(Under) Expenditures	\$784,041	(\$994,162)	(\$721,339)	

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 \$4.8 million, which is 8 percent of the current year adopted expenditure appropriation. This fund balance exceeds financial policy requirements by \$1.9 million.

2012 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2012	\$5,529,026
Projected Revenues in Excess of Expenditures	(721,339)
Projected Fund Balance, December 31, 2012	4,807,687
Fund Balance Requirement (5%)	2,934,395
Fund Balance in Excess of Requirement	\$1,873,292

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 Actual Year End	2012		
		Current Budget	Actual 12/31/2012	Percent Recognized
Golf				
Revenues	\$5,321,841	\$6,464,600	\$6,051,990	93.6%
Expenses	5,724,667	5,657,572	5,552,311	98.1%
Net Income	(\$402,826)	\$807,028	\$499,679	
Use & Events Permitting				
Revenues	\$1,246,889	\$1,040,000	\$969,601	93.2%
Expenses	723,241	626,619	618,993	98.8%
Net Income	\$523,648	\$413,381	\$350,608	
Concessions				
Revenues	\$1,033,341	\$1,028,000	\$1,183,096	115.1%
Expenses	177,246	144,360	160,562	111.2%
Net Income	\$856,095	\$883,640	\$1,022,534	
Parking				
Revenues	\$1,102,393	\$987,000	\$1,392,893	141.1%
Expenses	218,042	194,115	218,329	112.5%
Net Income	\$884,351	\$792,885	\$1,174,564	
Ice Arenas				
Revenues	\$812,083	\$842,050	\$819,627	97.3%
Expenses	769,483	739,031	835,173	113.0%
Net Income	\$42,600	\$103,019	(\$15,546)	
Athletic Facilities				
Revenues	\$268,907	\$254,000	\$243,991	96.1%
Expenses	462,246	429,824	522,169	121.5%
Net Income	(\$193,339)	(\$175,824)	(\$278,178)	
Lupient Water Park				
Revenues	\$243,092	\$244,703	\$246,902	100.9%
Expenses	325,947	329,807	352,855	107.0%
Net Income	(\$82,855)	(\$85,104)	(\$105,953)	
Wirth Winter				
Revenues	\$43,591	\$291,200	\$188,422	64.7%
Expenses	60,378	411,945	406,140	98.6%
Net Income	(\$16,787)	(\$120,745)	(\$217,718)	



Enterprise Fund by Service Area (Continued)

	2011	2012		
	Actual Year End	Current Budget	Actual 12/31/2012	Percent Recognized
Sculpture Garden & Cowles Conservatory				
Revenues	\$28,370	\$50,900	\$12,604	24.8%
Expenses	256,317	246,350	317,542	128.9%
Net Income	(\$227,947)	(\$195,450)	(\$304,938)	
Recreation				
Revenues	\$3,960,150	\$4,415,146	\$4,219,498	95.6%
Expenses	3,367,875	3,995,146	3,945,303	98.8%
Net Income	\$592,275	\$420,000	\$274,195	
Total Operating Income				
Revenues	\$14,060,657	\$15,617,599	\$15,328,624	98.1%
Expenses	12,085,442	12,774,769	12,929,377	101.2%
Net Income	\$1,975,215	\$2,842,830	\$2,399,247	
Non-Operating Revenues				
Athletic Field Grants			\$250,812	
Total Non-Operating Rev			\$250,812	
Non-Operating Expenses				
Improvements	\$475,067	\$1,149,180	\$679,850	59.2%
Debt Service	824,824	728,650	825,549	113.3%
Athletic Field Improvements	339,030	250,000	156,892	62.8%
Transfers	295,000	715,000	694,399	97.1%
Total Non-Operating Exp	\$1,933,921	\$2,842,830	\$2,356,690	
Income after Non-Operating Expenses	\$41,294	\$0	\$293,369	

Enterprise Fund Budget Appropriation Change

At the end of each year the Enterprise Fund budget is adjusted based on actual revenue collected.

Budget Appropriation Changes

2012 Current Budget	\$14,617,599
Appropriation Increases based on Actual Revenue Collected	<u>1,000,000</u>
2012 Final Budget	<u>\$15,617,599</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. Revenues ended 2012 up 14 percent from 2011. Expenses were down from 2011 due to payment timing, giving Golf Operations a one-time expense reduction of \$290,000. Golf Operations net income ended 2012 at \$499,679, an increase of \$902,505 from 2011.

Use & Events Permitting

Use & Events Permitting revenues were affected by the limited use policy. Net income ended 2012 at \$350,608, a decrease of \$173,040 from 2011.

Concessions

Concessions net income ended 2012 at \$1,022,534 an increase of \$166,439 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. Parking revenue in 2012 was 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. Parking net income ended 2012 at \$1,174,564, an increase of \$290,213 from 2011.

Ice Arenas

Ice arena operations consist of the Parade and Northeast Ice Arenas. Revenues ended 2012 under budget due to the loss of a large ice user. Expenses ended 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 for 2012 was (\$15,546) a change of (\$58,146) from 2011.

Athletic Facilities

Athletic Facilities consist of Neiman Complex, Parade Athletic Fields, Van Cleve, Quilici, Northeast and Pearl Park Fields. Pearl and Northeast Park athletic fields held their grand openings in 2012, and funds were expended to prepare for their openings and continued maintenance. Athletic Facilities ended 2012 with a net loss of (\$278,178) a change of (\$84,839) from 2011.

Lupient Water Park

Lupient Water Park revenues and expenses both ended 2012 up from 2011 levels. Lupient Water Park ended 2012 with a net loss of (\$105,953) a change of (\$23,098) 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 both ended the year under budget due to poor winter conditions, limiting the season. Wirth Winter ended 2012 with a net loss of (\$217,718) a change of (\$200,931) 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 ended 2012 with a net loss of (\$304,938), a change of (\$76,991) from 2011.

Recreation

Recreation includes fee-based community programs, school-age child care, and adult sports. Recreation net income ended 2012 at \$274,195 a decrease of \$318,080 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 was \$2.4 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 begun in the fourth quarter include planning and engineering for the Hiawatha Golf Course parking lot renovation and planning and engineering for a new irrigation well at Meadowbrook Golf Course to combat zebra mussels in Minnehaha Creek. Improvements completed in 2012 include roof replacement at Lupient Waterpark, replacement of two refrigeration compressors at Northeast Ice Arena, 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 were 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 Year End	Current Budget	Actual 12/31/2012	Percent Recognized
Equipment				
Revenues	\$4,359,518	\$4,094,401	\$3,971,742	97.0%
Expenses	4,608,360	3,932,772	3,596,658	91.5%
Net Income	(\$248,842)	\$161,629	\$375,084	
Information Technology Services				
Revenues	\$920,135	\$1,099,890	\$1,025,334	93.2%
Expenses	833,469	1,303,476	1,134,042	87.0%
Net Income	\$86,666	(\$203,586)	(\$108,708)	
Self-Insurance				
Revenues	\$2,443,409	\$2,215,400	\$2,336,811	105.5%
Expenses	1,972,075	2,215,400	2,199,789	99.3%
Net Income	\$471,334	\$0	\$137,022	

Equipment

Equipment rental is charged to Park Board departments for use of equipment owned by the Park Board. Equipment revenue ended 2012 down 9 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 ended 2012 down 22 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 estimated year-end equipment reserve balance is \$1,330,000.

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 ended 2012 under budget since Geographic Information Systems services were not deployed or charged for. Expenses ended 2012 under budget due to position vacancies. The estimated year-end Information Technology Services equipment reserve balance is \$333,000.

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 premiums charged to departments were reduced in 2012 due to a history of lower claim rates. In 2012 Self Insurance revenues exceeded budget and expenses were slightly under budget.



The 2012 Self Insurance Fund appropriation was increased due to non-budgeted damage claim proceeds.

Self Insurance Fund Original Budget	\$2,028,027
Damage Claim Proceeds	<u>187,734</u>
2012 Final Budget	<u>\$2,215,761</u>

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 revenues exceeded expenses by \$266,000, increasing the equipment reserve balance to \$1.7 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	375,084
ITS revenue in excess of expenditures	<u>(108,708)</u>
Working Capital December 31, 2012	\$1,662,723

Self Insurance Fund Net Asset Balance

The Self Insurance Fund net assets balance at year-end 2011 was \$7.5 million. During 2012 revenues exceeded expenses by \$137,000, increasing the net assets balance to \$7.6 million.

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>137,022</u>
Working Capital December 31, 2012	\$7,611,284