



Minneapolis Park and Recreation Board  
Financial Status Report  
as of Year-End, 2013

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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, 2013.

*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 2013, General Fund revenues were \$67.3 million and expenditures were \$66.6 million.

The 2013 year-end fund balance is projected to be \$5.0 million, which exceeds financial policy requirements. This projected balance is an increase of \$713,000 over the 2012 year-end balance.

Between June 20 and June 26, 2013 severe storms caused damage throughout Minneapolis including park property. The Minneapolis Park and Recreation Board was instrumental in the emergency response, debris clean-up and resident assistance. A Presidential Disaster Declaration for Public Assistance was declared and the Park Board will receive disaster relief funds from the federal government and State of Minnesota. Park Board staff worked with the Federal Emergency Management Agency to compile and report eligible storm related expenses, and is expecting reimbursement of \$2.3 million of the total storm expenses of \$2.6 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 ended 2013 at \$1.4 million.

### **Internal Service Funds**

Internal Service Funds account for equipment fleet, information technology and self-insurance services to Park Board departments. Internal Service Fund revenues ended 2013 at \$7.8 million and expenses ended the year at \$8.2 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 2013 with a fund balance of \$4.3 million and ended the year with a fund balance of \$5.0 million.

In 2013 revenue generated by the Park Board totaled \$67.3 million, up 14 percent from 2012 due to the inclusion of fee based recreation activities that were accounted for in the Enterprise Fund in 2012 and prior years.

In 2013 expenditures totaled \$66.6 million, up 11 percent from 2012.

The fund balance for the General Fund at fiscal year-end 2012 exceeded the financial policy requirement of 5 percent of the General Fund operating budget. The 2013 year-end General Fund exceeds the requirement as well.

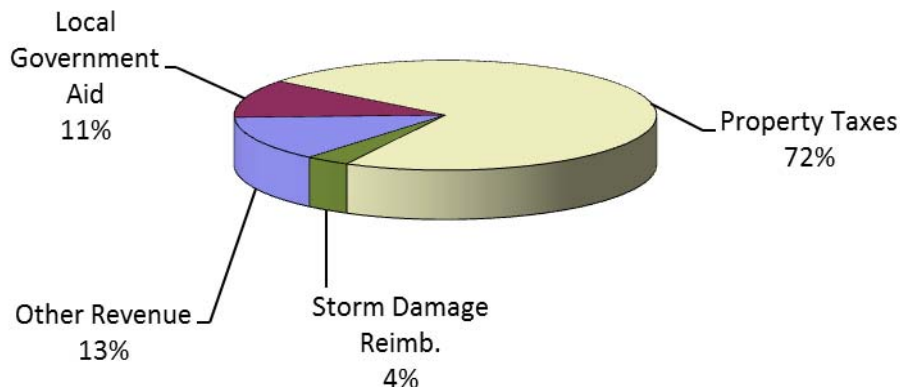
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### General Fund Revenues

Actual revenues to the end of 2013 totaled \$67.3 million, up 13.6 percent from the \$59.3 million collected in 2012.

Revenues by Major Category

	2012	2013		Percent Recognized
	Actual Year-End	Current Budget	Actual 12/31/2013	
Property and Other Taxes	\$46,645,907	\$47,643,486	\$48,571,200	101.9%
Local Government Aid	7,570,039	7,570,039	7,570,039	100.0%
Fees, Fines and Other Revenues	5,048,003	8,917,626	8,892,994	99.7%
Storm Damage Reimbursement		2,625,000	2,280,307	86.9%
<b>Total Revenues</b>	<b>\$59,263,949</b>	<b>\$66,756,151</b>	<b>\$67,314,540</b>	<b>100.8%</b>





**Property Taxes**

Property taxes provided 72 percent of revenue, the largest funding source of the General Fund. Property tax collection levels were greater than the budgeted 98 percent, causing property tax revenue to exceed budget by \$927,714 in 2013.

**Local Government Aid**

Local Government Aid (LGA) provided 11 percent of 2013 revenue. The State Budget included the 2013 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 received its full budgeted LGA amount of \$7.6 million.

**Fees, Fines and Other Revenue**

Fees, fines and other revenue provided 13 percent of 2013 revenue. Revenues have increased significantly over 2012 due to the inclusion of fee based recreation programs in the General Fund.

**Storm Damage Reimbursement**

The Park Board applied for and was granted \$2.3 million of federal and state assistance 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**

Actual expenditures to the end of 2013 totaled \$66.6 million, up 11 percent from the \$60.0 million spent in 2012. Expenditures were higher than 2012 due to the inclusion of fee based recreation programs in the General Fund.

**Expenditures by Major Category**

	2012	2013		
	Actual Year-End	Current Budget	Actual 12/31/2013	Percent Expended
Salaries & Fringe	\$38,179,987	\$43,505,773	\$40,958,519	94.1%
Other Expenditures	21,805,301	23,973,878	25,642,884	107.0%
<b>Total Expenditures</b>	<b>\$59,985,288</b>	<b>\$67,479,651</b>	<b>\$66,601,403</b>	<b>98.7%</b>



**Salaries and Fringe Benefits**

Salaries and fringe benefits ended the year 94.1 percent spent due to savings from position vacancies, and federal and state storm damage reimbursement funds paying for a portion of the regular wages of Park Board full-time staff.

**Other Expenditures**

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures ended the year seven percent over budget due to the cost of purchasing diverse tree species, repair and maintenance of parks, and the transfer of prior year Pay-as-You-Go Rehabilitation to the Capital Project Fund.



**Expenditures by Service Area**

	2012	2013		
	Actual Year-End	Current Budget	Actual 12/31/2013	Percent Expended
<b>Operating Departments</b>				
<b>Superintendent's Office</b>				
Superintendent's Office	\$836,422	\$964,876	\$953,828	98.9%
Board of Commissioners	604,242	575,372	637,164	110.7%
Communications & Marketing	439,773	433,423	386,066	89.1%
Community Outreach	1,356,436	1,811,871	1,616,423	89.2%
Park Police	5,014,441	5,124,303	4,990,332	97.4%
<b>Deputy Superintendent's Office</b>				
Customer Service	425,672	412,678	399,019	96.7%
Finance	832,789	801,578	748,036	93.3%
Human Resources	398,524	486,323	494,867	101.8%
City Management Fee, Contributions & Other	1,632,688	2,220,113	1,983,484	89.3%
<b>Environmental Stewardship</b>				
Forestry	9,521,857	8,967,178	8,480,883	94.6%
Asset Management	19,596,793	17,021,440	16,914,392	99.4%
Environmental Management	1,627,760	5,807,115	5,642,450	97.2%
<b>Planning Services</b>				
Planning	1,151,655	1,832,732	1,758,599	96.0%
<b>Recreation Services</b>				
Athletic Programs & Aquatics	422,034	2,239,281	2,014,193	89.9%
Recreation Centers & Programs	10,485,769	11,526,511	11,967,509	103.8%
<b>Other</b>				
Storm Damage		2,625,000	2,615,629	99.6%
<b>Total Operating Expenditures</b>	<b>\$54,346,855</b>	<b>\$62,849,794</b>	<b>\$61,602,874</b>	<b>98.0%</b>
<b>Capital</b>				
Pay-as-You-Go-Rehabilitation	\$4,887,271	\$4,629,857	\$4,998,529	108.0%
Transfer to Sustainability Fund	395,162			
Forestry Equipment	356,000			
<b>Total Capital Expenditures</b>	<b>\$5,638,433</b>	<b>\$4,629,857</b>	<b>\$4,998,529</b>	<b>108.0%</b>
<b>Total General Fund</b>	<b>\$59,985,288</b>	<b>\$67,479,651</b>	<b>\$66,601,403</b>	<b>98.7%</b>





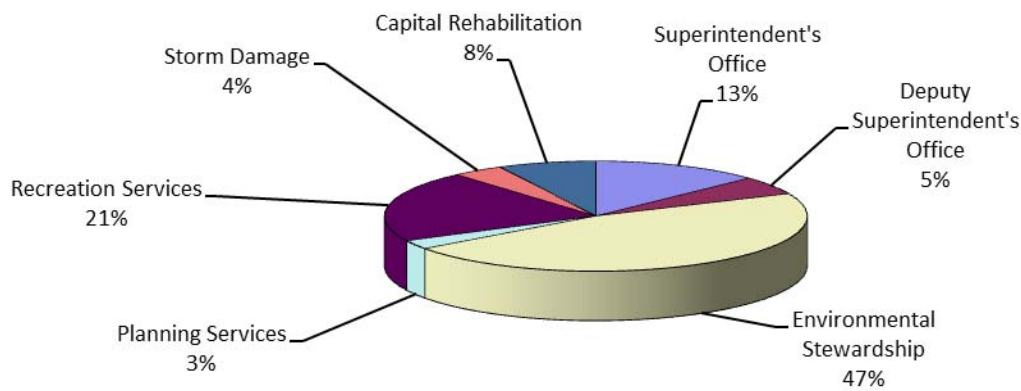
**Operating Departments**

2013 expenditures ended the year under budget by \$878,248.

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

- The Board of Commissioners exceeded budget due to greater than anticipated legal costs.
- Human Resources temporarily increased staffing above the budgeted allocation to assist with the implementation of the organizational performance project initiatives.
- Recreation Centers & Programs exceeded budget primarily due to costs associated with the Rec Plus program. Those costs were fully offset by revenue generated by the program.

**Expenditures by Division**



**General Fund Budget Appropriation Changes**

One budget appropriation change occurred in the fourth quarter of 2013. The budget appropriation change was a \$62,000 increase to expenditures to fund the required grant match for 1-4 person Conservation Corp Minnesota crew. The Board approved Resolution 2012 – 330 on December 12, 2012 authorizing this expenditure as a one-time use of excess fund balance.

2013 Current Budget	\$67,417,651
Fund required grant match for 1-4 person Conservation Corp Minnesota crew	<u>62,000</u>
2013 Current Budget	<u>\$67,479,651</u>



**General Fund Balance**

The 2013 year-end fund balance is estimated to be \$5.0 million, 17 percent higher than 2012.

	<b>General Fund Balance</b>			
	<b>2012</b>	<b>2013</b>		
	<b>Actual Year-End</b>	<b>Current Budget</b>	<b>Actual 12/31/2013</b>	<b>Percent Recognized</b>
Total Revenue	\$59,263,949	\$66,756,151	\$67,314,540	100.8%
Total Expenditures	59,985,288	67,479,651	66,601,403	98.7%
<b>Revenue Over/(Under) Expenditures</b>	<b><u>(\$721,339)</u></b>	<b><u>(\$723,500)</u></b>	<b><u>\$713,137</u></b>	

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 2013 balance is estimated at \$5.0 million, which is eight percent of the current year adopted expenditure appropriation. This fund balance exceeds financial policy requirements by \$1,819,883.

**2013 Projected General Fund Year-End Fund Balance**

<b>Fund Balance, January 1, 2013</b>	<b>\$4,313,304</b>
Estimated Revenues in Excess of Expenditures	<u>713,137</u>
<b>Projected Fund Balance, December 31, 2013</b>	<b>5,026,441</b>
Fund Balance Requirement (5%)	<u>3,206,558</u>
<b>Estimated Fund Balance in Excess of Requirement</b>	<b><u>\$1,819,883</u></b>

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## 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			
		2012	2013		
		Actual	Current	Actual	Percent
		Year End (restated)*	Budget	12/31/2013	Recognized
<b>Golf</b>					
	Revenues	\$6,169,519	\$6,159,460	\$5,185,719	84.2%
	Expenses	5,842,892	5,919,416	5,848,923	98.8%
	<b>Net Income</b>	<b>\$326,627</b>	<b>\$240,044</b>	<b>(\$663,204)</b>	
<b>Use &amp; Events Permitting</b>					
	Revenues	\$1,094,972	\$997,500	\$957,069	95.9%
	Expenses	618,993	467,166	547,316	117.2%
	<b>Net Income</b>	<b>\$475,979</b>	<b>\$530,334</b>	<b>\$409,753</b>	
<b>Concessions</b>					
	Revenues	\$1,183,096	\$1,112,500	\$1,312,822	118.0%
	Expenses	160,562	165,267	154,765	93.6%
	<b>Net Income</b>	<b>\$1,022,534</b>	<b>\$947,233</b>	<b>\$1,158,057</b>	
<b>Parking</b>					
	Revenues	\$1,397,382	\$1,257,000	\$1,443,931	114.9%
	Expenses	218,329	204,203	242,897	118.9%
	<b>Net Income</b>	<b>\$1,179,053</b>	<b>\$1,052,797</b>	<b>\$1,201,034</b>	
<b>Ice Arenas</b>					
	Revenues	\$819,627	\$792,449	\$740,542	93.4%
	Expenses	835,173	814,197	814,598	100.0%
	<b>Net Income</b>	<b>(\$15,546)</b>	<b>(\$21,748)</b>	<b>(\$74,056)</b>	
<b>Athletic Facilities</b>					
	Revenues	\$243,991	In General Fund in 2013		
	Expenses	522,169			
	<b>Net Income</b>	<b>(\$278,178)</b>			
<b>Lupient Water Park</b>					
	Revenues	\$246,902	In General Fund in 2013		
	Expenses	352,855			
	<b>Net Income</b>	<b>(\$105,953)</b>			
<b>Wirth Winter</b>					
	Revenues	\$223,961	\$291,200	\$250,346	86.0%
	Expenses	406,140	464,659	560,540	120.6%
	<b>Net Income</b>	<b>(\$182,179)</b>	<b>(\$173,459)</b>	<b>(\$310,194)</b>	



**Enterprise Fund by Service Area (Continued)**

	<b>2012</b>	<b>2013</b>		
	<b>Actual Year End (restated)*</b>	<b>Current Budget</b>	<b>Actual 12/31/2013</b>	<b>Percent Recognized</b>
<b>Sculpture Garden &amp; Cowles Conservatory</b>				
Revenues	\$12,604	\$51,900	\$8,923	17.2%
Expenses	317,542	252,553	301,355	119.3%
<b>Net Income</b>	<b>(\$304,938)</b>	<b>(\$200,653)</b>	<b>(\$292,432)</b>	
<b>Recreation</b>				
Revenues	\$4,470,086	In General Fund in 2013		
Expenses	3,945,303			
<b>Net Income</b>	<b>\$524,783</b>			
<b>Total Operating Income</b>				
Revenues	\$15,862,140	\$10,662,009	\$9,899,352	92.8%
Expenses	13,219,958	8,287,461	8,470,394	102.2%
<b>Net Income</b>	<b>\$2,642,182</b>	<b>\$2,374,548</b>	<b>\$1,428,958</b>	
<b>Non-Operating Revenues</b>				
Athletic Field Grants	\$250,812			
Prior Period Revenue*		\$306,016		
<b>Total Non-Operating Rev</b>	<b>\$250,812</b>	<b>\$306,016</b>		
<b>Non-Operating Expenses</b>				
Improvements	\$679,850	\$1,125,000	\$1,062,971	94.5%
Debt Service	825,549	633,405	662,900	104.7%
Athletic Field Improvements	156,892			
Transfers	694,399	200,000	0.0%	
<b>Total Non-Operating Exp</b>	<b>\$2,356,690</b>	<b>\$1,958,405</b>	<b>\$1,725,871</b>	
<b>Income after Non-Operating Expenses</b>	<b>\$536,304</b>	<b>\$416,143</b>	<b>\$9,103</b>	

\*2012 year-end results have been restated due to additional revenue and expense that have been identified. Prior period revenue is from 2011.

**Golf Operations**

Due to a late spring, and wet conditions continuing into June, revenues ended 2013 down \$1.0 million from the 2012. Expenses ended the year under budget due to the shortened golf season. Golf operations ended 2013 with a net loss of (\$663,204).



### **Use & Events Permitting**

Poor spring weather caused participation in events to decrease from previous years. Both revenue and expense were down from 2012. Use & Events permitting ended 2013 with net income of \$409,753.

### **Concessions**

Concessions net income ended 2013 at \$1,158,057, an increase of \$135,523 from 2012, due to continued growth in concessions sales.

### **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 net income ended 2013 at \$1,201,034, an increase of \$21,981 over 2012, due to the installation of new electronic multi-space meters within the park system.

### **Ice Arenas**

Ice arena operations consist of the Parade and Northeast Ice Arenas. Revenues ended 2013 under budget due to rink closures related to ice arena improvements. Ice arena operations ended 2013 with a net loss of (\$74,056).

### **Wirth Winter Recreation Area**

Revenues ended 2013 under budget and expenses ended 2013 over budget due to January snowmaking operations. In a normal winter season, snowmaking operations begin and end in December. However, with the late December thaw in 2012, additional staff hours were required to resume snowmaking operations in January. Wirth Winter ended 2013 with a net loss of (\$310,194).

### **Sculpture Garden & Cowles Conservatory**

Revenue is generated from permit rentals of Cowles Conservatory and weddings at the Sculpture Garden. Sculpture Garden & Cowles Conservatory ended 2013 with a net loss of (\$292,432).

### **Enterprise Operating Income**

Operating income is the difference between operating revenues and operating expenses. Operating income in 2013 was \$1.4 million. Operating income is lower than 2012 due to decreased net income in golf operations.

Operating income is used for three purposes; facility improvements, transfers to support the General Fund, and debt service. Improvements that have took place in 2013 include the Hiawatha Golf Course parking lot renovation and exterior club house repairs, the purchase of additional electronic single space on-street parking meters, Parade parking lot renovation, the purchase of 2 golf simulators for a winter program at Gross National Golf Course, and docking changes at Bohemian Flats.



## Internal Service Fund

### Summary

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

	<u>2012</u>	<u>2013</u>		
	<u>Actual</u>	<u>Current</u>	<u>Actual</u>	<u>Percent</u>
	<u>Year End</u>	<u>Budget</u>	<u>12/31/2013</u>	<u>Recognized</u>
<b>Equipment</b>				
Revenues	\$3,971,742	\$4,137,903	\$4,395,892	106.2%
Expenses	3,596,658	4,245,142	4,071,359	95.9%
<b>Net Income</b>	<b>\$375,084</b>	<b>(\$107,239)</b>	<b>\$324,533</b>	
<b>Information Technology Services</b>				
Revenues	\$1,025,334	\$1,234,080	\$1,160,024	94.0%
Expenses	1,134,042	1,233,999	1,196,174	96.9%
<b>Net Income</b>	<b>(\$108,708)</b>	<b>\$81</b>	<b>(\$36,150)</b>	
<b>Self-Insurance</b>				
Revenues	\$2,336,811	\$1,975,221	\$2,207,464	111.8%
Expenses	2,199,789	2,975,221	2,945,405	99.0%
<b>Net Income</b>	<b>\$137,022</b>	<b>(\$1,000,000)</b>	<b>(\$737,941)</b>	

### Equipment

Equipment rental is charged to Park Board departments for use of equipment owned by the Park Board. Revenue and expenses are up compared to 2012 due to the sale of equipment, and purchase of new equipment. The projected year-end equipment reserve balance is \$1,699,000.

### 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 and expenses ended the year under budget because the Business Solutions Architect position was not filled and corresponding services were not deployed. The projected year-end Information Technology Services equipment reserve balance is \$252,000.

### 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 expenses exceeded revenues in 2013 due to claim close-outs and settlements. The Self-Insurance Fund has sufficient reserves to cover these expenses. The projected year-end Self Insurance Fund net asset balance is \$6.6 million.

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

The Internal Service Fund equipment reserve at year-end 2012 was \$1.7 million. During 2013 revenues exceeded expenses by \$288,383, increasing the equipment reserve balance to \$1.95 million.

**2013 Projected Internal Service Fund Year-End Equipment Reserve Balance**

<b>Working Capital January 1, 2013</b>	<b>\$1,662,722</b>
Equipment Services revenue in excess of expenditures	324,533
ITS revenue in excess of expenditures	<u>(36,150)</u>
<b>Working Capital December 31, 2013</b>	<b>\$1,951,105</b>

**Self Insurance Fund Net Asset Balance**

The Self Insurance Fund net assets balance at year-end 2012 was \$7.4 million. During 2013 expenses exceeded revenues by \$737,941, decreasing the net assets balance.

**2013 Projected Self Insurance Fund Year-End Net Asset Balance**

<b>Working Capital January 1, 2013</b>	<b>\$7,379,820</b>
Self Insurance Fund revenue in excess of expenditures	<u>(737,941)</u>
<b>Working Capital December 31, 2013</b>	<b>\$6,641,879</b>