



Minneapolis Park and Recreation Board
Financial Status Report
as of Second Quarter, 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 June 30, 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 are projected to be \$64.3 million and expenditures are projected to be \$63.9 million.

The 2013 year-end fund balance is projected to be \$4.0 million, which exceeds financial policy requirements. This projected balance is an increase of \$410,000 over the 2012 year-end balance.

On June 21, 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. Park Board staff will be working with the Federal Emergency Management Agency to compile and report eligible storm related expenses. Storm related expenses are not included in the second quarter financial status report as preliminary figures are based on estimates. Actual storm related costs and eligible reimbursements will be reported in the third quarter financial status report.

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 \$1.2 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 2013 Internal Service Fund revenues are projected to be \$7.4 million and expenses are projected to be \$7.3 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 \$3.6 million and has a current operating budget of \$64.1 million. Through June of this year, 42.6 percent of the Fund’s appropriations have been spent with 50 percent of the year elapsed.

Budgeted General Fund revenues and expenditures have increased in 2013 due to the inclusion of fee based recreation activities that were accounted for in the Enterprise Fund in 2012 and prior years.

Revenue generated by the Park Board as of June 30, 2013 totaled \$28.0 million, up 12.7 percent from the \$24.8 million collected in the first half of 2012. Total revenues for 2013 are projected to be \$64.3 million, an increase of \$5.0 million from 2012 actual revenues.

As of June 30, 2013 actual expenditures totaled \$27.3 million, up 5.4 percent from the \$25.9 million spent in 2012. To the end of 2013 expenditures are projected to be \$63.9 million, 6.5 percent higher than 2012.

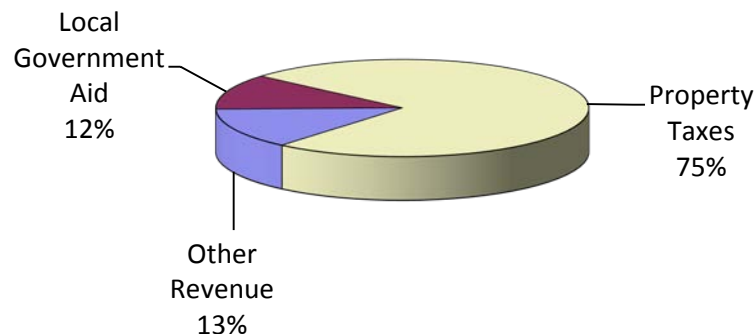
The fund balance for the General Fund at fiscal year-end 2012 exceeded the financial policy requirement of 5 percent of the General Fund operating budget. It is expected that the 2013 year-end General Fund balance will exceed the requirement as well.

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 June 30, 2013 actual revenues totaled \$28.0 million, up 12.7 percent from the \$24.8 million received in the first half of 2012.

	2012			2013			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year End
	Year-End	As of 6/30					
Property and Other Taxes	\$46,645,907	\$23,564,054	50.5%	\$47,643,486	\$24,639,558	51.7%	\$48,047,138
Local Government Aid	7,570,039	0	0.0%	7,570,039		0.0%	7,570,039
Fees, Fines and Other Revenues	5,048,003	1,272,704	25.2%	8,917,626	3,344,444	37.5%	8,650,097
Total Revenues	\$59,263,949	\$24,836,758	41.9%	\$64,131,151	\$27,984,002	43.6%	\$64,267,274





Property Taxes

Property taxes provide 75 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, 51.7 percent of budgeted property taxes. Property tax revenue is projected to exceed budget by \$403,652 at year-end.

Local Government Aid

Local Government Aid (LGA) is projected to provide 12 percent of 2013 revenue, the second largest funding source of the General Fund. 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 expects to receive its full budgeted LGA amount of \$7.6 million.

Fees, Fines and Other Revenue

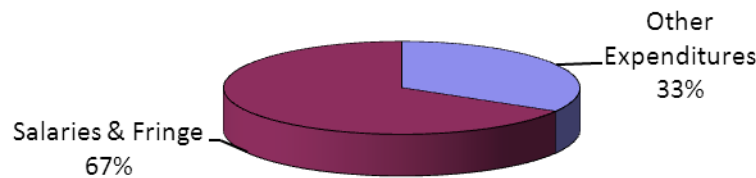
Fees, fines and other revenue provide 13 percent of projected revenue. The Park Board has recognized 37.5 percent of the budgeted fees, fines and other revenue for 2013. Revenues have increased significantly over 2012 due to the inclusion of fee based recreation programs in the General Fund. Revenues are projected to end the year slightly below budget at \$8.7 million.

General Fund Expenditures

As of June 30, 2013 actual expenditures totaled \$27.3 million, up 5.4 percent from the \$25.9 million spent in the first half of 2012.

Expenditures by Major Category

	2012			2013		
	Actual		Percent Expended	Current Budget	Actual As of 6/30	Percent Expended
	Year-End	As of 6/30				
Salaries & Fringe	\$38,179,987	\$19,015,615	49.8%	\$42,660,773	\$19,949,180	46.8%
Other Expenditures	21,805,301	6,882,880	31.6%	21,470,378	7,339,190	34.2%
Total Expenditures	\$59,985,288	\$25,898,495	43.2%	\$64,131,151	\$27,288,370	42.6%





Salaries and Fringe Benefits

Salaries and fringe benefits are 46.8 percent expended with 50 percent of the year elapsed, a slower pace than 2012 due to position vacancies.

Other Expenditures

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures are 34.2 percent expended with 50 percent of the year elapsed, up 7 percent from 2012.

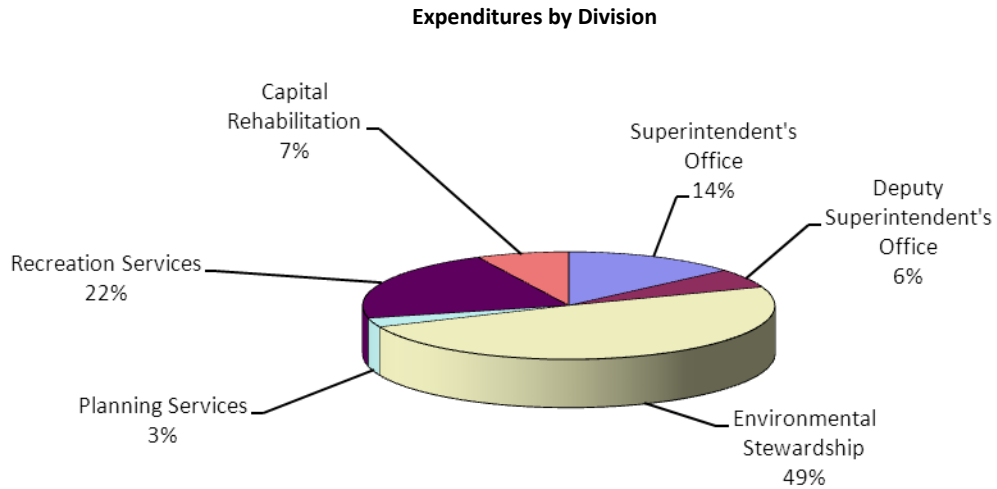
Expenditures by Service Area

	2012			2013			
	Actual		Percent Expended	Current Budget	Actual As of 6/30	Percent Expended	Projected Year-End
	Year-End	As of 6/30					
Operating Departments							
Superintendent's Office							
Superintendent's Office	\$836,422	\$394,987	47.2%	\$964,179	\$454,535	47.1%	\$960,414
Board of Commissioners	604,242	250,640	41.5%	575,372	289,488	50.3%	566,910
Communications & Marketing	439,773	193,769	44.1%	428,325	190,618	44.5%	395,263
Community Outreach	1,356,436	613,715	45.2%	1,788,310	815,680	45.6%	1,739,563
Park Police	5,014,441	2,445,803	48.8%	5,119,803	2,441,215	47.7%	5,045,047
Deputy Superintendent's Office							
Customer Service	425,672	221,870	52.1%	407,030	172,069	42.3%	359,195
Finance	832,789	417,062	50.1%	789,290	375,514	47.6%	736,790
Human Resources	398,524	195,139	49.0%	480,777	192,744	40.1%	498,508
City Management Fee, Contributions & Other	1,632,688	877,950	53.8%	2,104,583	709,555	33.7%	2,099,435
Environmental Stewardship							
Forestry	9,521,857	4,978,243	52.3%	8,873,101	4,561,067	51.4%	8,854,163
Asset Management	19,596,793	9,073,241	46.3%	16,846,927	7,626,792	45.3%	16,992,830
Environmental Management	1,627,760	731,918	45.0%	5,684,343	2,347,838	41.3%	5,451,575
Planning Services							
Planning	1,151,655	546,572	47.5%	1,808,960	820,424	45.4%	1,752,689
Recreation Services							
Athletic Programs & Aquatics	422,034	111,392	26.4%	2,309,811	830,379	36.0%	2,307,954
Recreation	10,485,769	4,818,541	46.0%	11,320,483	5,460,452	48.2%	11,466,949
Total Operating Expenditures	\$54,346,855	\$25,870,842	47.6%	\$59,501,294	\$27,288,370	45.9%	\$59,227,285
Capital							
Pay-as-You-Go-Rehabilitation	\$4,887,271	\$27,653	0.6%	\$4,629,857	\$0	0.0%	\$4,629,857
Transfer to Sustainability Fund	395,162						
Forestry Equipment	356,000						
Total Capital Expenditures	\$5,638,433	\$27,653	0.5%	\$4,629,857	\$0	0.0%	\$4,629,857
Total General Fund	\$59,985,288	\$25,898,495	43.2%	\$64,131,151	\$27,288,370	42.6%	\$63,857,142



Operating Departments

Two departments have expended greater than 50 percent of budget in the first half of 2013. Budgeted lobbying fees associated with the State budget cycle have been expended from the Board budget. Forestry has made tree purchases for 2013. Operating department budgets are monitored closely throughout the year and adjustments are made if necessary to ensure budget targets are met.



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 2013 year-end fund balance is estimated to be \$4.0 million, 11.4 percent higher than 2012.

General Fund Balance

	2012			2013			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year-End	As of 6/30					
Total Revenue	\$59,263,949	\$24,836,758	41.9%	\$64,131,151	\$27,984,002	43.6%	\$64,267,274
Total Expenditures	59,985,288	25,898,495	43.2%	64,131,151	27,288,370	42.6%	63,857,142
Revenue Over/(Under) Expenditures	(\$721,339)	(\$1,061,737)		\$0	\$695,632		\$410,132

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 \$4.0 million, which is six percent of the current year adopted expenditure appropriation. This fund balance exceeds financial policy requirements by \$793,379.

2013 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2013	\$3,589,804
Projected Revenues in Excess of Expenditures	<u>410,132</u>
Projected Fund Balance, December 31, 2013	3,999,936
Fund Balance Requirement (5%)	<u>3,206,558</u>
Fund Balance in Excess of Requirement	<u>\$793,379</u>

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, 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		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year End	As of 6/30					
Golf							
Revenues	\$6,051,990	\$2,743,978	45.3%	\$6,159,460	\$1,475,328	24.0%	\$4,753,235
Expenses	5,552,311	2,502,266	45.1%	5,919,416	2,192,657	37.0%	5,492,703
Net Income	\$499,679	\$241,712		\$240,044	(\$717,329)		(\$739,468)
Use & Events Permitting							
Revenues	\$969,601	\$303,138	31.3%	\$997,500	\$227,720	22.8%	\$894,183
Expenses	618,993	280,987	45.4%	467,166	251,112	53.8%	504,865
Net Income	\$350,608	\$22,151		\$530,334	(\$23,392)		\$389,318
Concessions							
Revenues	\$1,183,096	\$233,366	19.7%	\$1,112,500	\$198,338	17.8%	\$1,193,068
Expenses	160,562	45,885	28.6%	165,267	51,822	31.4%	166,500
Net Income	\$1,022,534	\$187,481		\$947,233	\$146,516		\$1,026,568
Parking							
Revenues	\$1,392,893	\$640,467	46.0%	\$1,257,000	\$527,369	42.0%	\$1,304,000
Expenses	218,329	78,391	35.9%	204,203	86,625	42.4%	241,563
Net Income	\$1,174,564	\$562,076		\$1,052,797	\$440,744		\$1,062,437
Ice Arenas							
Revenues	\$819,627	\$271,623	33.1%	\$792,449	\$351,590	44.4%	\$849,572
Expenses	835,173	395,616	47.4%	814,197	372,290	45.7%	878,961
Net Income	(\$15,546)	(\$123,993)		(\$21,748)	(\$20,700)		(\$29,389)
Athletic Facilities							
Revenues	\$243,991	\$4,729	1.9%	In General Fund in 2013			
Expenses	522,169	179,681	34.4%				
Net Income	(\$278,178)	(\$174,952)					
Lupient Water Park							
Revenues	\$246,902	\$66,283	26.8%	In General Fund in 2013			
Expenses	352,855	78,733	22.3%				
Net Income	(\$105,953)	(\$12,450)					
Wirth Winter							
Revenues	\$188,422	\$120,975	64.2%	\$291,200	\$145,704	50.0%	\$210,100
Expenses	406,140	267,224	65.8%	464,659	342,757	73.8%	481,673
Net Income	(\$217,718)	(\$146,249)		(\$173,459)	(\$197,053)		(\$271,573)



Enterprise Fund by Service Area (Continued)

	2012			2013			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year End	As of 6/30					
Sculpture Garden & Cowles Conservatory							
Revenues	\$12,604	\$6,601	52.4%	\$51,900	\$6,149	11.8%	\$29,000
Expenses	317,542	115,617	36.4%	252,553	79,879	31.6%	281,804
Net Income	(\$304,938)	(\$109,016)		(\$200,653)	(\$73,730)		(\$252,804)
Recreation							
Revenues	\$4,219,498	\$2,112,083	50.1%	In General Fund in 2013			
Expenses	3,945,303	1,624,165	41.2%				
Net Income	\$274,195	\$487,918					
Total Operating Income							
Revenues	\$15,328,624	\$6,503,243	42.4%	\$10,662,009	\$2,932,198	27.5%	\$9,233,158
Expenses	12,929,377	5,568,565	43.1%	8,287,461	3,377,142	40.8%	8,048,069
Net Income	\$2,399,247	\$934,678		\$2,374,548	(\$444,944)		\$1,185,089
Non-Operating Revenues							
Athletic Field Grants	\$250,812	\$0	0.0%				
Total Non-Operating Rev	\$250,812	\$0					
Non-Operating Expenses							
Improvements	\$679,850	\$59,522	8.8%	\$1,125,000	\$748,953	75.0%	\$1,125,000
Debt Service	825,549	178,625	21.6%	633,405	76,450	12.1%	633,405
Athletic Field Improvements	156,892	52,757	33.6%				
Transfers	694,399	0	0.0%	200,000		0.0%	200,000
Total Non-Operating Exp	\$2,356,690	\$290,904		\$1,958,405	\$825,403		\$1,958,405
Income after Non-Operating Expenses	\$293,369	\$643,774		\$416,143	(\$1,270,347)		(\$773,316)

Golf Operations

Due to a late spring, and wet conditions continuing into June, the number of rounds of golf played as of June 30, 2013 is down 28,000 rounds from the same point in 2012, and revenues are down \$1.3 million. Revenues and expenses are projected to end the year under budget due to the poor weather conditions in the first half of the year. To the end of 2013 golf operations is projected to have a loss of (\$739,468)

Use & Events Permitting

Poor spring weather caused participation in events to decrease from previous years. As of June 30, Use & Events Permitting revenue was down \$75,418 from 2012. To the end of 2013 Use & Events Permitting is projected to have \$389,318 of net income, an increase of \$38,712 over 2012.

Concessions

Concessions net income is projected to increase by \$4,034 to \$1,026,568 in 2013.



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 June 30, 2013 is down from 2012 levels due to the poor spring weather conditions impacting visitor counts to the regional parks. Revenues and expenses are projected to end the year over budget due to the installation of new electronic multi-space meters within the park system. To the end of 2013 parking operations net income is projected to be \$1,062,437.

Ice Arenas

Ice arena operations consist of the Parade and Northeast Ice Arenas. Revenues and expenses are both expected to exceed budget in 2013. To the end of 2013 ice arena operations is projected to have a loss of (\$29,389).

Wirth Winter Recreation Area

Revenues are projected to be under budget and expenses are projected to be 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. To the end of 2013 this operation is projected to have a loss of (\$271,573).

Sculpture Garden & Cowles Conservatory

Revenue is generated from permit rentals of Cowles Conservatory and weddings at the Sculpture Garden. To the end of 2013 this operation is projected to have a loss of (\$252,804).

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2013 is projected to be \$1.2 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 taken place or are planned for the second half of 2013 include the Hiawatha Golf Course parking lot renovation, the purchase of additional electronic single space on-street parking meters, Parade parking lot renovation 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.

	2012			2013			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year End	As of 6/30					
Equipment							
Revenues	\$3,971,742	\$1,955,201	49.2%	\$4,137,903	\$2,000,893	48.4%	\$4,070,326
Expenses	3,596,658	1,534,382	42.7%	4,245,142	2,213,766	52.1%	4,178,479
Net Income	\$375,084	\$420,819		(\$107,239)	(\$212,873)		(\$108,153)
Information Technology Services							
Revenues	\$1,025,334	\$464,851	45.3%	\$1,234,080	\$566,262	45.9%	\$1,132,524
Expenses	1,134,042	572,119	50.4%	1,233,999	499,580	40.5%	1,132,088
Net Income	(\$108,708)	(\$107,268)		\$81	\$66,682		\$436
Self-Insurance							
Revenues	\$2,336,811	\$835,577	35.8%	\$1,975,221	\$859,116	43.5%	\$2,149,424
Expenses	2,199,789	676,756	30.8%	1,975,221	1,191,180	60.3%	1,974,102
Net Income	\$137,022	\$158,821		\$0	(\$332,064)		\$175,322

Equipment

Equipment rental is charged to Park Board departments for use of equipment owned by the Park Board. Expenses are up 44 percent compared to 2012 due to budgeted equipment purchases taking place in the first half of the year. The projected year-end equipment reserve balance is \$1,266,000.

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 are expected to end the year under budget since the Business Solutions Architect position has not been filled and corresponding services have not been deployed. The projected year-end Information Technology Services equipment reserve balance is \$289,000.

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 June 30, Self Insurance expenses are higher than the same point in 2012 due to claim close-outs occurring in the first half of 2013. Self Insurance revenues and expenses are expected to end the year near budget.

**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 expenses are projected to exceed revenues by \$108,000, decreasing the equipment reserve balance to \$1.6 million.

2013 Projected Internal Service Fund Year-End Equipment Reserve Balance
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Working Capital January 1, 2013	\$1,662,722
Equipment Services revenue in excess of expenditures	(108,153)
ITS revenue in excess of expenditures	<u>436</u>
Working Capital December 31, 2013	\$1,555,005

Self Insurance Fund Net Asset Balance

The Self Insurance Fund net assets balance at year-end 2012 was \$7.4 million. During 2013 revenues are projected to exceed expenses by \$175,000, increasing the net assets balance.

2013 Projected Self Insurance Fund Year-End Net Asset Balance
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Working Capital January 1, 2013	\$7,379,820
Self Insurance Fund revenue in excess of expenditures	<u>175,322</u>
Working Capital December 31, 2013	\$7,555,142