



Minneapolis Park and Recreation Board
Financial Status Report
as of Third Quarter, 2013

Prepared by: Minneapolis Park and Recreation Board Finance Department
2117 West River Road
Minneapolis, Minnesota 55411-2227
www.minneapolisparcs.org



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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, 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 \$66.8 million and expenditures are projected to be \$66.1 million.

The 2013 year-end fund balance is projected to be \$4.9 million, which exceeds financial policy requirements. This projected balance is an increase of \$680,000 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 is working with the Federal Emergency Management Agency to compile and report eligible storm related expenses. Current estimates have storm expenses at \$2.6 million, with expected disaster relief reimbursement of the same amount.

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. 2013 Enterprise Fund revenues are projected to be \$9.4 million, operating expenses \$8.4 million and non-operating expenses \$2.0 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 \$7.7 million and expenses are projected to be \$7.9 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 2013 with a fund balance of \$4.3 million and has a current operating budget of \$67.4 million. Through September of this year, 69.3 percent of the Fund's appropriations have been spent with 75 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 September 30, 2013 totaled \$34.9 million, up 13.4 percent from the \$30.7 million collected in the first three quarters of 2012. Total revenues for 2013 are projected to be \$66.8 million, an increase of \$7.5 million from 2012 actual revenues.

As of September 30, 2013 actual expenditures totaled \$46.7 million, up 15.8 percent from the \$40.3 million spent in 2012. To the end of 2013 expenditures are projected to be \$66.1 million, 10.2 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.

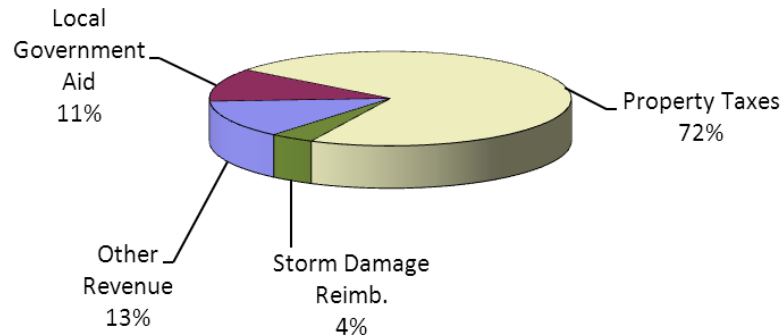
General Fund Revenues

As of September 30, 2013 actual revenues totaled \$34.9 million, up 13.4 percent from the \$30.7 million collected in the first three quarters of 2012.



Revenues by Major Category

	2012			2013			
	Actual		Percent	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year End
	Year-End	As of 9/30	Recognized				
Property and Other Taxes	\$46,645,907	\$23,564,054	50.5%	\$47,643,486	\$24,639,558	51.7%	\$47,973,218
Local Government Aid	7,570,039	3,785,020	50.0%	7,570,039	3,785,020	50.0%	7,570,039
Fees, Fines and Other Revenues	5,048,003	3,387,869	67.1%	8,917,626	6,444,257	72.3%	8,635,305
Storm Damage Reimbursement				2,625,000		0.0%	2,625,000
Total Revenues	\$59,263,949	\$30,736,943	51.9%	\$66,756,151	\$34,868,835	52.2%	\$66,803,563



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, 51.7 percent of budgeted property taxes. Property tax revenue is projected to exceed budget by \$329,732 at year-end.

Local Government Aid

Local Government Aid (LGA) is projected to provide 11 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 72.3 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 \$8.6 million.

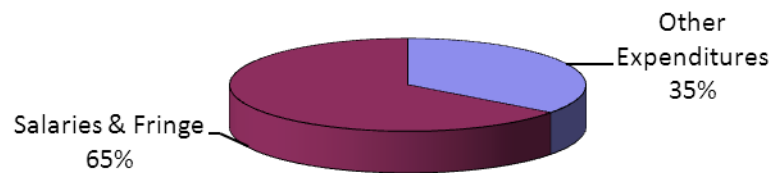


General Fund Expenditures

As of September 30, 2013 actual expenditures totaled \$46.7 million, up 15.8 percent from the \$40.3 million spent in the first three quarters of 2012.

Expenditures by Major Category

	2012			2013		
	Actual		Percent Expended	Current Budget	Actual As of 9/30	Percent Expended
	Year-End	As of 9/30				
Salaries & Fringe	\$38,179,987	\$ 29,022,637	76.0%	\$43,660,773	\$30,932,231	70.8%
Other Expenditures	21,805,301	\$ 11,292,866	51.8%	23,756,878	15,773,148	66.4%
Total Expenditures	\$59,985,288	\$40,315,503	67.2%	\$67,417,651	\$46,705,379	69.3%



Salaries and Fringe Benefits

Salaries and fringe benefits are 70.8 percent expended with 75 percent of the year elapsed, a slower pace than 2013 due to position vacancies.

Other Expenditures

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures are 66.4 percent expended with 75 percent of the year elapsed, up from 2012 due to storm expenses and transfers to capital projects.



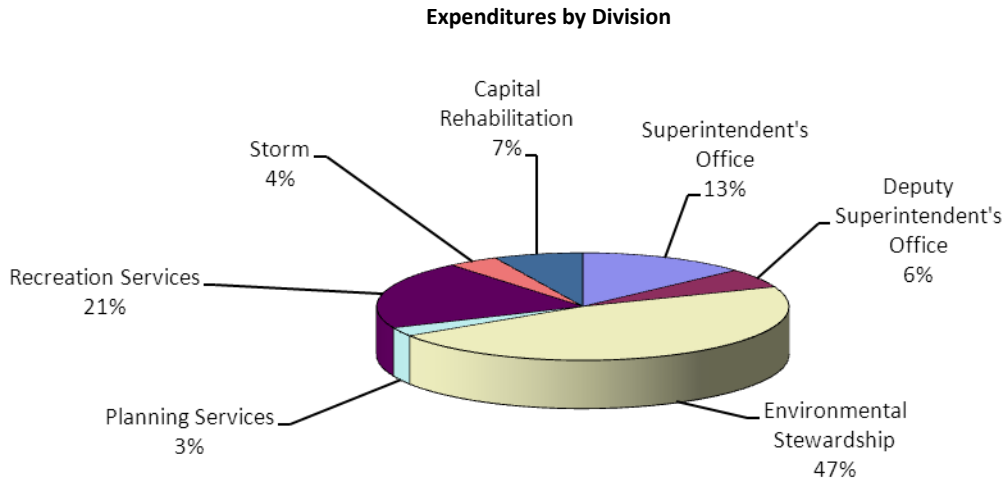
Expenditures by Service Area

	2012			2013			
	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	\$836,422	\$590,767	70.6%	\$964,876	\$727,406	75.4%	\$964,706
Board of Commissioners	604,242	488,207	80.8%	575,372	437,832	76.1%	595,708
Communications & Marketing	439,773	270,352	61.5%	433,423	291,439	67.2%	412,971
Community Outreach	1,356,436	1,035,028	76.3%	1,811,871	1,356,781	74.9%	1,796,372
Park Police	5,014,441	3,662,707	73.0%	5,124,303	3,709,041	72.4%	4,990,978
Deputy Superintendent's Office							
Customer Service	425,672	335,133	78.7%	412,678	275,296	66.7%	391,223
Finance	832,789	644,981	77.4%	801,578	549,326	68.5%	739,274
Human Resources	398,524	287,320	72.1%	486,323	318,494	65.5%	528,406
City Management Fee, Contributions & Other	1,632,688	1,124,491	68.9%	2,220,113	1,582,697	71.3%	2,188,648
Environmental Stewardship							
Forestry	9,521,857	7,182,701	75.4%	8,967,178	5,814,266	64.8%	8,405,655
Asset Management	19,596,793	14,404,360	73.5%	17,021,440	12,074,429	70.9%	16,815,465
Environmental Management	1,627,760	1,183,524	72.7%	5,745,115	4,272,692	74.4%	5,675,106
Planning Services							
Planning	1,151,655	710,682	61.7%	1,832,732	1,262,885	68.9%	1,773,728
Recreation Services							
Athletic Programs & Aquatics	422,034	394,742	93.5%	2,327,281	1,538,173	66.1%	2,173,492
Recreation Centers & Programs	10,485,769	7,779,283	74.2%	11,438,511	8,573,780	75.0%	11,417,977
Other							
Storm Damage				2,625,000	2,309,139	88.0%	2,624,223
Total Operating Expenditures	\$54,346,855	\$40,094,278	73.8%	\$62,787,794	\$45,093,676	71.8%	\$61,493,932
Capital							
Pay-as-You-Go-Rehabilitation	\$4,887,271	\$221,225	4.5%	\$4,629,857	\$1,611,703	34.8%	\$4,629,857
Transfer to Sustainability Fund	395,162						
Forestry Equipment	356,000						
Total Capital Expenditures	\$5,638,433	\$221,225	3.9%	\$4,629,857	\$1,611,703	34.8%	\$4,629,857
Total General Fund	\$59,985,288	\$40,315,503	67.2%	\$67,417,651	\$46,705,379	69.3%	\$66,123,789



Operating Departments

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 68 percent of the projected General Fund expenditures: Environmental Stewardship and Recreation. Small percentage variances in these areas can significantly impact total expenditures

General Fund Budget Appropriation Changes

Two budget appropriation changes have occurred during 2013. The first budget appropriation change was a \$661,500 increase to expenditures to repay the Capital Projects Fund for costs associated with the 2006 Board contractor settlement for work done at the Fort Snelling 201 Building. The Board approved Resolution 2012 – 330 on December 12, 2012 authorizing this expenditure as a one-time use of excess fund balance. The second appropriation change is for expenses related to the June 2013 severe storms. The MPRB was instrumental in the emergency response, debris clean-up and resident assistance in the aftermath of the storms. The MPRB is expecting to receive reimbursement for these costs from the federal and state governments. The Board will be presented a resolution to approve this appropriation increase in November.

2013 Original Budget	\$64,131,151
Repay Capital Projects Fund for Fort Snelling 201 Building	661,500
June 2013 Storm Expenses	<u>2,625,000</u>
2013 Current Budget	<u>\$67,417,651</u>



General Fund Balance

The 2013 year-end fund balance is estimated to be \$4.9 million, 16 percent higher than 2012.

General Fund Balance

	2012			2013			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year-End	As of 9/30					
Total Revenue	\$59,263,949	\$30,736,943	51.9%	\$66,756,151	\$34,868,835	52.2%	\$66,803,563
Total Expenditures	59,985,288	40,315,503	67.2%	67,417,651	46,705,379	69.3%	66,123,789
Revenue Over/(Under) Expenditures	(\$721,339)	(\$9,578,560)		(\$661,500)	(\$11,836,544)		\$679,774

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 \$4.9 million, which is eight percent of the current year adopted expenditure appropriation. This fund balance exceeds financial policy requirements by \$1,724,520.

2013 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2013	\$4,251,304
Estimated Revenues in Excess of Expenditures	<u>679,774</u>
Projected Fund Balance, December 31, 2013	4,931,078
Fund Balance Requirement (5%)	<u>3,206,558</u>
Estimated Fund Balance in Excess of Requirement	<u>\$1,724,520</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 9/30	Percent Recognized	Projected Year-End
	Year End	As of 9/30					
Golf							
Revenues	\$6,051,990	\$5,430,262	89.7%	\$6,159,460	\$4,252,542	69.0%	\$4,822,324
Expenses	5,552,311	4,378,563	78.9%	5,919,416	4,195,696	70.9%	5,681,445
Net Income	\$499,679	\$1,051,699		\$240,044	\$56,846		(\$859,121)
Use & Events Permitting							
Revenues	\$969,601	\$577,749	59.6%	\$997,500	\$403,519	40.5%	\$925,371
Expenses	618,993	470,968	76.1%	467,166	416,526	89.2%	585,217
Net Income	\$350,608	\$106,781		\$530,334	(\$13,007)		\$340,154
Concessions							
Revenues	\$1,183,096	\$893,469	75.5%	\$1,112,500	\$977,046	87.8%	\$1,266,673
Expenses	160,562	86,468	53.9%	165,267	109,616	66.3%	183,711
Net Income	\$1,022,534	\$807,001		\$947,233	\$867,430		\$1,082,962
Parking							
Revenues	\$1,392,893	\$1,137,569	81.7%	\$1,257,000	\$1,076,689	85.7%	\$1,331,012
Expenses	218,329	142,724	65.4%	204,203	168,194	82.4%	243,799
Net Income	\$1,174,564	\$994,845		\$1,052,797	\$908,495		\$1,087,213
Ice Arenas							
Revenues	\$819,627	\$358,458	43.7%	\$792,449	\$397,675	50.2%	\$788,822
Expenses	835,173	555,772	66.5%	814,197	520,758	64.0%	867,273
Net Income	(\$15,546)	(\$197,314)		(\$21,748)	(\$123,083)		(\$78,451)
Athletic Facilities							
Revenues	\$243,991	\$4,729	1.9%	In General Fund in 2013			
Expenses	522,169	394,972	75.6%				
Net Income	(\$278,178)	(\$390,243)					
Lupient Water Park							
Revenues	\$246,902	\$229,308	92.9%	In General Fund in 2013			
Expenses	352,855	274,030	77.7%				
Net Income	(\$105,953)	(\$44,722)					
Wirth Winter							
Revenues	\$188,422	\$111,309	59.1%	\$291,200	\$146,109	50.2%	\$223,222
Expenses	406,140	285,245	70.2%	464,659	372,058	80.1%	492,953
Net Income	(\$217,718)	(\$173,936)		(\$173,459)	(\$225,949)		(\$269,731)



Enterprise Fund by Service Area (Continued)

	2012			2013			
	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	\$12,604	\$7,086	56.2%	\$51,900	\$8,129	15.7%	\$10,019
Expenses	317,542	199,699	62.9%	252,553	193,987	76.8%	311,830
Net Income	(\$304,938)	(\$192,613)		(\$200,653)	(\$185,858)		(\$301,811)
Recreation							
Revenues	\$4,219,498	\$3,292,297	78.0%	In General Fund in 2013			
Expenses	3,945,303	2,819,772	71.5%				
Net Income	\$274,195	\$472,525					
Total Operating Income							
Revenues	\$15,328,624	\$12,042,236	78.6%	\$10,662,009	\$7,261,709	68.1%	\$9,367,443
Expenses	12,929,377	9,608,213	74.3%	8,287,461	5,976,835	72.1%	8,366,228
Net Income	\$2,399,247	\$2,434,023		\$2,374,548	\$1,284,874		\$1,001,215
Non-Operating Revenues							
Athletic Field Grants	\$250,812	\$0	0.0%				
Total Non-Operating Rev	\$250,812	\$0					
Non-Operating Expenses							
Improvements	\$679,850	\$409,863	60.3%	\$1,125,000	\$851,081	75.7%	\$1,125,000
Debt Service	825,549	178,625	21.6%	633,405	122,490	19.3%	633,405
Athletic Field Improvements	156,892		0.0%				
Transfers	694,399		0.0%	200,000	200,000	100.0%	200,000
Total Non-Operating Exp	\$2,356,690	\$588,488		\$1,958,405	\$1,173,571		\$1,958,405
Income after Non-Operating Expenses	\$293,369	\$1,845,535		\$416,143	\$111,303		(\$957,190)

Golf Operations

Due to a late spring, and wet conditions continuing into June, revenues are down \$1.2 million from the same point in 2012. Revenues and expenses are projected to end the year under budget due to the poor weather conditions in the first half of the year. Golf operations is projected to have a loss of (\$859,121) in 2013.

Use & Events Permitting

Poor spring weather caused participation in events to decrease from previous years. As of September 30, Use & Events Permitting revenue was down \$174,230 from 2013. Use & Events Permitting is projected to have \$340,154 of net income in 2013, a decrease of \$10,454 from 2012.

Concessions

Concessions net income is projected to increase by \$60,428 to \$1,082,962 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 September 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. Parking operations net income is projected to be \$1,087,213 in 2013.

Ice Arenas

Ice arena operations consist of the Parade and Northeast Ice Arenas. Revenues and expenses are both expected to exceed budget in 2013. Ice arena operations is projected to have a loss of (\$78,451) in 2013.

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. This operation is projected to have a loss of (\$269,731) in 2013.

Sculpture Garden & Cowles Conservatory

Revenue is generated from permit rentals of Cowles Conservatory and weddings at the Sculpture Garden. This operation is projected to have a loss of (\$301,811) in 2013.

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2013 is projected to be \$1.0 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 fourth quarter of 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.

	2012			2013			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year End	As of 9/30					
Equipment							
Revenues	\$3,971,742	\$2,955,457	74.4%	\$4,137,903	\$3,353,507	81.0%	\$4,367,633
Expenses	3,596,658	2,699,659	75.1%	4,245,142	3,069,306	72.3%	4,221,854
Net Income	\$375,084	\$255,798		(\$107,239)	\$284,201		\$145,779
Information Technology Services							
Revenues	\$1,025,334	\$744,957	72.7%	\$1,234,080	\$849,393	68.8%	\$1,138,187
Expenses	1,134,042	794,702	70.1%	1,233,999	1,018,608	82.5%	1,186,612
Net Income	(\$108,708)	(\$49,745)		\$81	(\$169,215)		(\$48,425)
Self-Insurance							
Revenues	\$2,336,811	\$1,565,572	67.0%	\$1,975,221	\$1,299,791	65.8%	\$2,182,643
Expenses	2,199,789	1,279,982	58.2%	2,975,221	1,993,242	67.0%	2,506,409
Net Income	\$137,022	\$285,590		(\$1,000,000)	(\$693,451)		(\$323,766)

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 \$1,520,000.

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 \$240,000.

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 have exceeded budget due to claim close-outs and settlements. An action will be brought forward to the Board of Commissioners to authorize an increase in the Self Insurance fund budget. The Self-Insurance Fund has sufficient reserves to cover these expenses.

**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 are projected to exceed expenses by \$97,354, increasing the equipment reserve balance to \$1.8 million.

2013 Projected Internal Service Fund Year-End Equipment Reserve Balance

Working Capital January 1, 2013	\$1,662,722
Equipment Services revenue in excess of expenditures	145,779
ITS revenue in excess of expenditures	<u>(48,425)</u>
Working Capital December 31, 2013	\$1,760,076

Self Insurance Fund Net Asset Balance

The Self Insurance Fund net assets balance at year-end 2012 was \$7.4 million. During 2013 expenses are projected to exceed revenues by \$323,766, decreasing the net assets balance.

2013 Projected Self Insurance Fund Year-End Net Asset Balance

Working Capital January 1, 2013	\$7,379,820
Self Insurance Fund revenue in excess of expenditures	<u>(323,766)</u>
Working Capital December 31, 2013	\$7,056,054