




The Maryland-National Capital Park & Planning Commission

mcpb
PCB06-25
May 4, 2006
Item #15

TO: The Montgomery County Planning Board

FROM: Patricia Colihan Barney, Secretary-Treasurer 

SUBJECT: Enterprise Funds FY 2006, Nine-Month Financial Report
Including Projections to June 30, 2006 - Montgomery County

The nine-month financial report and projections to June 30, 2006 are attached. The reasons for the variances are highlighted below.

OVERALL COMMENTS

Operating revenues are projected to be less than budget by \$2,779,300, and operating expenditures are projected to be less than budget by \$1,254,300. The projected net operating income of \$222,900 is \$1,525,000 less than the budgeted net operating income of \$1, 747,900.

Savings of \$512,900 are projected for Debt Service payments. This is mainly due to a decision not to obtain financing for projects at Needwood and Northwest Golf Courses. Non-operating revenues are projected to be \$77,100 higher than budgeted due to higher interest rates.

The transfer of the golf courses to the Montgomery County Revenue Authority results in a significant financial loss for the fourth quarter of the fiscal year; however the long-term financial impact of the transfer is projected to be very positive. The Parks Department projects revenue losses of approximately \$2,300,000 offset by expenditure savings estimated at \$1,090,000 for a net loss of approximately \$1,210,000. The positive cash flow to be realized by the Revenue Authority should cover the \$800,000 of capital investment that they projected for Commission courses as well as our rent payment to fund the Little Bennett debt service payment in FY 2007.

Factoring in all of the items above, the projections reflect a budget basis loss of \$1,109,900 before net transfers in of \$655,000. The projected budget basis net loss is \$454,900 compared with the budgeted net income of \$480,100.

The projected cash reserve requirement per our fund balance policy assuming golf remains transferred is \$1,900,000, while our projected cash balance is \$1,300,000, or 69.7% of the required amount. In estimating the reserve requirement, we have eliminated the need for a reserve for Little Bennett debt service, as it will be fully funded by the rent payment. At June 30, 2005, the cash balance was \$2,100,000 or 71.7% of the required reserve.

ICE RINKS

Net income for the year is projected to be \$36,800. Revenues through March are \$449,200 (13%) higher than last year at the same time, and are projected to be \$167,400 more than budgeted and \$626,700 greater than last year. This is primarily due to the implementation of the new ParkPASS on-line class registration system which cross promotes facilities, and the inclusion of ice skating classes in the Montgomery County Guide. Expenditures are projected to be higher than budget by \$187,800. The majority of the increase is the result of the purchase of new Zamboni machines for both the Cabin John and Wheaton Ice Rinks at a combined cost of \$128,700. A new compressor was required at the Wheaton Ice Rink for \$16,700. (These items may be financed in early 2007, at which time the Enterprise fund will receive note proceeds to replenish the cash for this expenditure.)

GOLF COURSES

The projected loss for the year is \$1,730,100. Revenues which were slightly in excess of anticipated levels for February and March, are projected to be \$2,853,800 lower than the budget, and expenditures are also expected to be lower than budget by \$1,339,300. Savings of \$75,000 are also projected in the Administrative Services allocation. Debt Service savings of \$466,800 are mainly due to the cancellation of planned financed capital outlay purchases (\$100,900) and projects at Needwood and Northwest (\$350,000).

PARK FACILITIES

Net income for the year is projected to be \$851,600. Revenues are projected to be \$26,100 higher than budgeted and \$188,500 greater than last year. Fiber Optic revenues are projected to be \$121,000 in excess of budget, offset by revenue shortfalls projected at the Agricultural History Farm (\$45,500) where anticipated rate increases were never approved and at Brookside Gardens (\$34,800). Expenditures are projected to be \$70,500 lower than budgeted due in part to the contracting out for custodial services at Agricultural History Farm Park and savings in Personal Services at Brookside Gardens. This is offset by the higher Administrative Services allocation of \$47,500. Debt Service payments will be lower than budgeted due to fewer financed capital outlay purchases than planned.

TENNIS FACILITIES

Net income for the year is projected to be \$418,000. Revenues are expected to be under budget by \$87,800, but \$68,500 greater than last year. Projected fees and charges are running at 93.3% of budget. Expenditures are expected to be \$34,100 less than budget mainly due to savings in Other Services and Charges for color-coating the Wheaton courts that has been deferred until August, when courts are closed for two weeks.

CONFERENCE CENTERS

The projected loss for the year is \$31,200. Projected revenue is expected to be less than budget by \$31,200 due to fewer rentals, but \$35,600 greater than last year. Costs are projected to be over budget by \$26,300, largely the result of a water leak resulting in significantly higher water and sewer billings. This is partially offset by savings of \$5,000 in the Administrative Services allocation.

ADMINISTRATION

Administration costs are expected to be lower than budgeted by \$24,500 due to savings in Personal Services.

Attachments:

Budget Basis Financial Report for the Nine Months ended March 31, 2006 and Estimations to
June 30, 2006

Projected Cash Balances and Reserve Requirements

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
MONTGOMERY COUNTY ENTERPRISE FUNDS
BUDGET BASIS FINANCIAL REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2006
AND ESTIMATIONS TO JUNE 30, 2006

ICE RINKS										
Revenues	<u>Budget</u>	<u>03/31/06</u>	<u>Projections</u>	<u>Variance</u>	<u>03/31/05</u>	<u>Actual</u>	<u>06/30/05</u>			
Expenditures	4,750,000	3,895,001	4,917,400	167,400	3,445,754	4,290,644				
Administrative Services	(3,802,100)	(2,880,197)	(3,989,900)	(187,800)	(2,558,260)	(3,450,478)				
Operating Income (Loss)	(464,700)	(280,229)	(472,400)	(7,700)	(168,912)	(373,859)				
Debt Service Payments	483,200	734,575	455,100	(28,100)	718,582	466,307				
Other Non-Operating Revenues (Expenses)	(1,031,200)	(361,240)	(997,300)	33,900	(378,809)	(1,020,638)				
Operating Transfers In (out)	-	-	-	-	-	-				
Net Income (Loss)	579,000	579,000	579,000	5,800	10,000	26,568				
	<u>Budget</u>	<u>03/31/06</u>	<u>Projections</u>	<u>Variance</u>	<u>03/31/05</u>	<u>Actual</u>	<u>06/30/05</u>			
	31,000	952,335	36,800	5,800	349,773	(527,763)				
GOLF COURSES										
Revenues	<u>Budget</u>	<u>03/31/06</u>	<u>Projections</u>	<u>Variance</u>	<u>03/31/05</u>	<u>Actual</u>	<u>06/30/05</u>			
Expenditures	7,185,100	4,135,770	4,331,300	(2,853,800)	3,730,771	6,204,773				
Administrative Services	(6,279,700)	(4,604,629)	(4,940,400)	1,339,300	(3,812,726)	(5,670,966)				
Operating Income (Loss)	(734,200)	(391,107)	(659,200)	75,000	(266,848)	599,561				
Debt Service Payments	171,200	(859,966)	(1,268,300)	(1,439,500)	(348,803)	1,133,368				
Other Non-Operating Revenues (Expenses)	(928,700)	(413,847)	(461,900)	466,800	(434,102)	(492,770)				
Operating Transfers In (out)	400	62	100	(300)	1,125	1,125				
Net Income (Loss)	-	-	-	-	-	-				
	<u>Budget</u>	<u>03/31/06</u>	<u>Projections</u>	<u>Variance</u>	<u>03/31/05</u>	<u>Actual</u>	<u>06/30/05</u>			
	(757,100)	(1,273,751)	(1,730,100)	(973,000)	(781,780)	686,908				
PARK FACILITIES										
Revenues	<u>Budget</u>	<u>03/31/06</u>	<u>Projections</u>	<u>Variance</u>	<u>03/31/05</u>	<u>Actual</u>	<u>06/30/05</u>			
Expenditures	2,569,300	1,760,402	2,595,400	26,100	1,695,782	2,406,878				
Administrative Services	(1,612,100)	(1,000,685)	(1,541,600)	70,500	(904,026)	(1,366,452)				
Operating Income (Loss)	(209,000)	(151,791)	(256,500)	(47,500)	(75,899)	(167,989)				
Debt Service Payments	748,200	607,926	797,300	49,100	715,857	872,437				
Other Non-Operating Revenues (Expenses)	(12,900)	(676)	(700)	12,200	(1,016)	(1,360)				
Operating Transfers In (out)	16,400	41,249	55,000	38,600	13,726	13,536				
Net Income (Loss)	-	-	-	-	-	-				
	<u>Budget</u>	<u>03/31/06</u>	<u>Projections</u>	<u>Variance</u>	<u>03/31/05</u>	<u>Actual</u>	<u>06/30/05</u>			
	751,700	648,499	851,600	99,900	728,567	889,132				
TENNIS FACILITIES										
Revenues	<u>Budget</u>	<u>03/31/06</u>	<u>Projections</u>	<u>Variance</u>	<u>03/31/05</u>	<u>Actual</u>	<u>06/30/05</u>			
Expenditures	1,295,800	1,009,208	1,208,000	(87,800)	982,627	1,139,548				
Administrative Services	(781,000)	(545,898)	(746,900)	34,100	(471,162)	(659,277)				
Operating Income (Loss)	(114,800)	(68,310)	(115,100)	(300)	(41,842)	(92,610)				
Debt Service Payments	400,000	395,000	346,000	(54,000)	469,623	387,661				
Other Non-Operating Revenues (Expenses)	-	-	-	-	-	-				
Operating Transfers In (out)	33,200	54,038	72,000	38,800	20,886	30,093				
Net Income (Loss)	-	-	-	-	-	-				
	<u>Budget</u>	<u>03/31/06</u>	<u>Projections</u>	<u>Variance</u>	<u>03/31/05</u>	<u>Actual</u>	<u>06/30/05</u>			
	433,200	449,038	418,000	(15,200)	490,509	422,273				

Note: This report includes principal payments and capital outlay and does not include depreciation expense.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
MONTGOMERY COUNTY ENTERPRISE FUNDS
BUDGET BASIS FINANCIAL REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2006
AND ESTIMATIONS TO JUNE 30, 2006

		Actual 03/31/06	Projections	Variance	Actual 03/31/05	Actual 06/30/05
CONFERENCE CENTERS						
Revenues	Budget	261,030	422,900	(31,200)	247,219	387,315
Expenditures	454,100	(365,180)	(483,000)	(26,300)	(309,043)	(429,293)
Administrative Services	(456,700)	(27,949)	(47,100)	5,000	(18,889)	(41,807)
Operating Income (Loss)	(52,100)	(132,099)	(107,200)	(52,500)	(80,713)	(83,785)
Debt Service Payments	(54,700)	-	-	-	-	-
Other Non-Operating Revenues (Expenses)	-	-	-	-	-	-
Operating Transfers In (out)	76,000	76,000	76,000	-	76,000	80,518
Net Income (Loss)	21,300	(56,099)	(31,200)	(52,500)	(4,713)	(3,267)

		Actual 03/31/06	Projections	Variance	Actual 03/31/05	Actual 06/30/05
ENTERPRISE ADMIN						
Revenues	Budget	1,640	(1,550,300)	24,500	(691,738)	(1,263,744)
Expenditures	(1,574,800)	(922,870)	1,550,300	(24,500)	572,390	1,263,744
Administrative Services	1,574,800	919,386	(1,844)	-	(119,348)	-
Operating Income (Loss)	-	(1,844)	-	-	-	-
Debt Service Payments	-	-	-	-	-	-
Other Non-Operating Revenues (Expenses)	-	-	-	-	75,309	-
Operating Transfers In (out)	-	-	-	-	(44,039)	-
Net Income (Loss)	-	(1,844)	-	-	(44,039)	-

		Actual 03/31/06	Projections	Variance	Actual 01/31/05	Actual 06/30/05
TOTAL - ENTERPRISE						
Revenues	Budget	11,063,051	13,475,000	(2,779,300)	10,102,153	14,429,158
Expenditures	16,254,300	(10,319,459)	(13,252,100)	1,254,300	(8,746,955)	(12,840,210)
Administrative Services	(14,506,400)	-	-	-	-	1,187,040
Operating Income (Loss)	1,747,900	743,592	222,900	(1,525,000)	1,355,198	2,775,988
Debt Service Payments	(1,972,800)	(775,763)	(1,459,900)	512,900	(813,927)	(1,514,768)
Other Non-Operating Revenues (Expenses)	50,000	95,349	127,100	77,100	35,737	44,754
Operating Transfers In (out)	655,000	655,000	655,000	-	161,309	161,309
Net Income (Loss)	480,100	718,178	(454,900)	(935,000)	738,317	1,467,283

Note: This report includes principal payments and capital outlay and does not include depreciation expense.

**Montgomery County Enterprise Fund
Projected Cash Balances and Reserve Requirements**

Goal: Minimum cash balance should equal 10% of operating revenues plus one year's debt service

Operating Revenues (FY 2006 adjusted)	<u>June 30, 2006</u>	
	9,143,700	
10% of Operating Revenues	914,370	
One year's debt service (FY 2007)	<u>970,021</u>	
Required reserve	<u><u>1,884,391</u></u>	
Equity in Pooled Cash as of 6/30 projected	1,312,431	
Percentage of goal realized	<u><u>69.65%</u></u>	

Operating revenues do not include lease revenues from Montgomery County Revenue Authority

Debt service does not include debt service on Little Bennett Notes, which are funded by lease payments from Revenue Authority