

Minneapolis Park & Recreation Board

Minneapolis Park and Recreation Board
Financial Status Report
as of Year-End, 2024

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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, Special Revenue Fund, Enterprise Fund, and Internal Service Funds. This report details the operations of these funds through December 31, 2024.

This interim financial report has been prepared by the Minneapolis Park and Recreation Board Finance Department. The 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. In 2024 General Fund revenues were \$100.7 million and expenditures were \$101.5 million, resulting in a decrease to fund balance of \$843,513. The 2024 year-end fund balance is projected to be \$3.7 million, below financial policy requirements by \$1.4 million.

Special Revenue – Natural Areas Management Fund

The Natural Areas Management Fund accounts for State operations and maintenance funding that supports restoration, expansion, and management of the park system's natural areas. In 2024 Natural Areas Management Fund revenues were \$500,000 and expenses were \$345,433. The 2024 year-end Natural Areas Management Fund balance is projected to be \$625,287.

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 in 2024 was \$2.7 million. The 2024 year-end Enterprise Fund balance is projected to be \$4.0 million. This projected balance is an increase of \$676,898 above the 2023 year-end balance of \$3.3 million.

Stormwater Enterprise Fund

The Stormwater Enterprise Fund accounts for MPRB stormwater operations. In 2024 Stormwater revenues were \$1,333,565 and expenses were \$967,516. The 2024 year-end Stormwater Enterprise Fund balance is projected to be \$366,049.

Internal Service Funds

Internal Service Funds account for equipment fleet, information technology and self-insurance services to Park Board departments. In 2024 Internal Service Fund revenues were \$11.8 million and expenses were \$11.6 million. The 2024 year-end Internal Service Funds balance is projected to be \$9.8 million, \$228,041 higher than the 2023 year-end balance.

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 2024 with a fund balance of \$4.6 million and ended 2024 with a fund balance of \$3.7 million.

In 2024 revenue generated by the Park Board totaled \$100.7 million, up \$3.2 million from 2023 revenues. Revenues increased in 2024 due to increased property tax and local government aid revenue.

In 2024 expenditures totaled \$101.5 million, up \$3.4 million from 2023 expenditures.

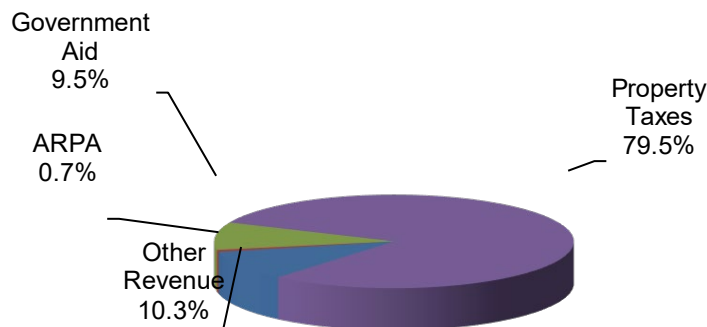
The fund balance for the General Fund at fiscal year-end 2024 is \$3.7 million, below the financial policy requirement of \$5.2 million (5 percent of the 2024 General Fund operating budget) by \$1.4 million.

The financial information contained in this report has not been audited. The audited 2024 financial information may fluctuate from the information contained in this report.

General Fund Revenues

Actual revenues to the end of 2024 totaled \$100.7 million, up 3.2 percent or \$3.2 million from 2023 revenues. Revenues increased in 2024 due to increased property tax and local government aid revenue.

	Revenues by Major Category			
	2023	2024		
	Actual Year-End	Current Budget	Actual Year-End	Percent Recognized
Property and Other Taxes	\$76,464,902	\$81,825,856	\$80,016,264	97.8%
Local Government Aid	8,788,509	9,605,214	9,605,214	100.0%
Fees, Fines and Other Revenues	10,242,841	10,861,963	10,324,621	95.1%
American Rescue Plan Act	2,010,572	875,400	718,216	82.0%
Total Revenues	\$97,506,824	\$103,168,433	\$100,664,315	97.6%



Property Taxes

Property taxes provided 79.5 percent of 2024 revenue, the largest funding source of the General Fund. Property tax revenue was under budget by \$1.8 million. Property owners, especially large commercial properties, have been winning tax court cases that reduce the property’s valuation, reducing the property tax received by the Park Board.

Local Government Aid

Local Government Aid (LGA) provided 9.5 percent of 2024 revenue. The State Budget included the 2024 City of Minneapolis LGA allocation of \$81.5 million. The NPP20 Ordinance provides for the transfer of 11.79% of this LGA to the Park Board.

Fees, Fines and Other Revenue

Fees, fines and other revenue provided 10.3 percent of 2024 revenue, \$537,342 under budget. Revenues were under budget due to reduced state and local funding, and donations.

American Rescue Plan Act (ARPA)

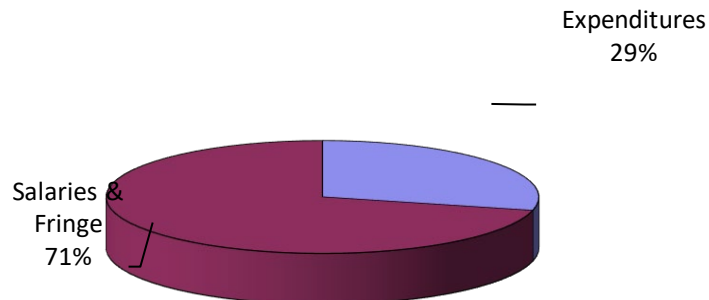
ARPA funding is being received through the City of Minneapolis to fund investment in the Youth of Minneapolis. The Park Board received ARPA funding over the budgeted amount in 2023, causing the 2024 payment to be under budget. The final allocation of ARPA funding has been received.

General Fund Expenditures

Actual expenditures to the end of 2024 totaled \$101.5 million, up 3.4 percent or \$3.4 million from 2023 expenditures.

Expenditures by Major Category

	2023	2024		Percent Expended
	Actual Year-End	Current Budget	Actual Year-End	
Salaries & Fringe	\$68,678,864	\$74,518,624	\$72,226,756	96.9%
Other Expenditures	29,451,856	28,790,178	29,281,072	101.7%
Total Expenditures	\$98,130,720	\$103,308,802	\$101,507,828	98.3%



Salaries and Fringe Benefits

Salaries and fringe benefits ended the year 96.9 percent spent. Certain full-time positions were held vacant to help reduce expenses, offsetting the reduced property tax revenue.

Other Expenditures

Other expenditures include materials, supplies, contractual services, and capital outlay. Other expenditures ended the year 1.7 percent over budget. Continued effects of inflation impacted other expenditures. Legal fees, which has seen an increase in the complexity of cases, caused the Board of Commissioners department to exceed budget, and sharply increased wood processing fees caused Forestry to exceed budget.

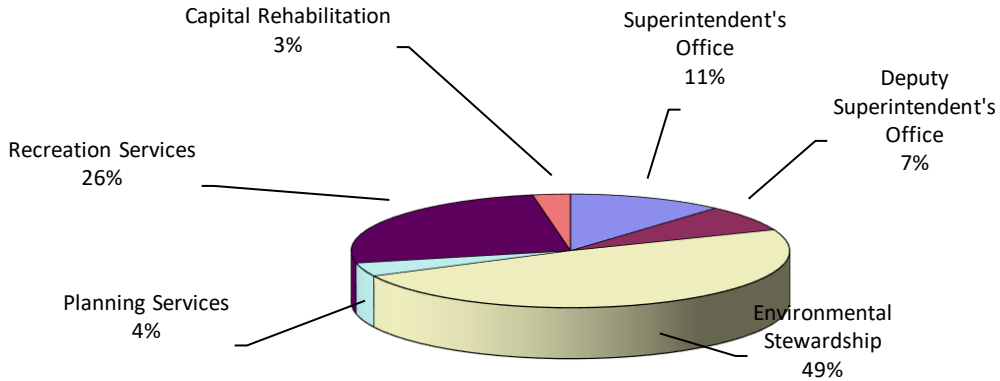
Expenditures by Service Area

	2023	2024		
	Actual Year End	Current Budget	Actual Year-End	Percent Expended
Operating Departments				
Superintendent's Office				
Superintendent's Office	\$1,002,762	\$902,811	\$902,234	99.9%
Board of Commissioners	1,135,110	838,343	1,012,909	120.8%
Communications & Marketing	1,042,640	1,045,410	1,021,662	97.7%
Community Connections & Violence Prevention	848,451	1,035,612	955,355	92.3%
Park Police	6,638,680	7,780,516	7,779,860	100.0%
Deputy Superintendent's Office				
Deputy Superintendent's Office	595,439	722,282	720,906	99.8%
Finance	1,507,684	1,632,855	1,603,460	98.2%
Human Resources	1,334,281	1,627,075	1,623,062	99.8%
Visitor Services	1,580,238	1,742,705	1,577,047	90.5%
City Management Fee, Contributions & Other	2,015,392	2,076,291	2,064,232	99.4%
Environmental Stewardship				
Forestry	10,884,708	11,080,470	11,213,100	101.2%
Asset Management	32,702,584	34,548,261	33,527,707	97.0%
Environmental Management	5,195,432	4,740,903	4,652,435	98.1%
Planning Services				
Design & Project Management	2,014,260	2,160,988	2,156,378	99.8%
Strategic Planning	1,663,509	1,767,715	1,763,629	99.8%
Recreation Services				
Athletic Programs & Aquatics	3,315,949	3,645,983	3,549,658	97.4%
Youth & Recreation Center Programs	21,834,669	23,141,650	22,565,262	97.5%
Total Operating Expenditures	\$95,311,788	\$100,489,870	\$98,688,896	98.2%
Capital				
Pay-as-You-Go-Rehabilitation	2,818,932	2,818,932	2,818,932	100.0%
Total Capital Expenditures	\$2,818,932	\$2,818,932	\$2,818,932	100.0%
Total General Fund	\$98,130,720	\$103,308,802	\$101,507,828	98.3%

Operating Departments

Operating department budgets are monitored closely throughout the year and recommendations and adjustments are made to reduce overspending.

Expenditures by Division and Capital



General Fund Budget Appropriation Changes

Five expenditure budget appropriation changes occurred during 2024.

2024 Original Expense Budget	\$103,168,433	Board Resolution
Cedar & Nokomis blue-green algae reduction diagnostic study and plan	14,962	2021-367
Indigenous Reconciliation Plan	30,134	2022-324
Indigenous Acknowledgement Training	20,000	2022-324
Asset Management System	48,300	2022-324
Board Room Upgrades	26,973	2022-324
2024 Current Expense Budget	<u>\$103,308,802</u>	

General Fund Balance

The 2024 year-end fund balance is estimated to be \$3.7 million, 18 percent lower than 2023 due to property tax revenues below budget.

	2023		2024	
	Actual		Current	Actual
	Year-End		Budget	Year-End
				Percent
				Recognized
Total Revenue	\$97,506,824	\$103,168,433	\$100,664,315	97.6%
Total Expenditures	98,130,720	103,308,802	101,507,828	98.3%
Revenue Over/(Under)				
Expenditures	(\$623,896)	(\$140,369)	(\$843,513)	

General Fund Balance

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 to provide financial reserves for unanticipated one-time expenditures, revenue shortfalls, and/or emergency needs. Based on un-audited figures, the year-end 2024 balance is estimated at \$3.7 million, which is 3.6 percent of the current year adopted expenditure appropriation. This fund balance is below the financial policy requirements by \$1,410,810. Property tax revenues under budget have been negatively impacting fund balance.

2024 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2024	4,591,124
Projected Expenditures in Excess of Revenues	<u>(843,513)</u>
Projected Fund Balance, December 31, 2024	3,747,611
Fund Balance Requirement (5%)	<u>5,158,422</u>
Fund Balance Below Requirement	<u>(\$1,410,810)</u>

The actuals reflected in this report are unaudited. Audit adjustments to revenues or expenditures could cause audited actuals to vary from the year-end results.

Special Revenue - Natural Areas Management Fund

Fund Description

The Natural Areas Management fund supports the Environmental Management Department’s restoration, expansion, and management of the park system’s natural areas. It provides additional capacity to support natural area volunteers and increases the Natural Resources workgroup’s ability to conduct field operations through staffing, contracted services and allocations for materials and supplies. This fund supports the organizational goals to increase the acreage and meet the restoration goals of the park system’s Managed Natural Areas.

	2024		
	Current Budget	Actual Year-End	Percent Recognized
Revenues	\$500,000	\$500,000	100.0%
Expenses	500,000	345,433	69.1%
Net Income	\$0	\$154,567	

Natural Areas Management

An ongoing annual allocation of \$500,000 of State operations and maintenance funding provides the revenue for Natural Areas Management. Expenses ended the year under budget as staff is being hired and the program is being built.

Fund Balance

Prior unspent funding was brought into the fund at the beginning of 2024. The projected net income of \$154,567 will be maintained in the fund balance, and reserved for future Natural Areas Management expenses.

Natural Areas Management Projected 2024 Year-End Fund Balance

Fund Balance 1/1/2024	\$470,720
Revenues in Excess of Expenditures	<u>154,567</u>
Fund Balance 12/31/2024	<u><u>\$625,287</u></u>

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 parking. Operating income from operations is reserved for capital rehabilitation, construction, improvements, and debt service.

Enterprise Fund by Service Area

	2023	2024		
	Actual Year End	Current Budget	Actual Year End	Percent Recognized
Golf				
Revenues	\$9,228,460	\$9,484,441	\$9,486,088	100.0%
Expenses	8,299,538	8,713,338	9,448,114	108.4%
Net Income	\$928,922	\$771,103	\$37,974	
Use & Events Permitting				
Revenues	\$830,183	\$1,334,312	\$1,175,404	88.1%
Expenses	954,977	1,155,461	1,175,001	101.7%
Net Income	(\$124,794)	\$178,851	\$403	
Concessions				
Revenues	\$1,422,691	\$1,425,328	\$1,559,724	109.4%
Expenses	339,955	474,045	429,973	90.7%
Net Income	\$1,082,736	\$951,283	\$1,129,751	
Parking				
Revenues	\$2,300,507	\$2,579,715	\$2,532,778	98.2%
Expenses	485,675	771,854	651,016	84.3%
Net Income	\$1,814,832	\$1,807,861	\$1,881,762	
Ice Arenas				
Revenues	\$1,528,445	\$1,596,279	\$1,600,496	100.3%
Expenses	1,608,920	1,586,920	1,833,934	115.6%
Net Income	(\$80,475)	\$9,359	(\$233,438)	
Sculpture Garden & Cowles Conservatory				
Revenues	\$217,323	\$195,000	\$216,352	110.9%
Expenses	338,531	386,090	312,846	81.0%
Net Income	(\$121,208)	(\$191,090)	(\$96,495)	
Water Works				
Revenues	\$620,949	\$320,000	\$536,624	167.7%
Expenses	482,904	641,597	516,786	80.5%
Net Income	\$138,045	(\$321,597)	\$19,838	

Enterprise Fund by Service Area (Continued)

	2023	2024		
	Actual Year End	Current Budget	Actual Year End	Percent Recognized
Total Operating Income				
Revenues	\$16,148,558	\$16,935,075	\$17,107,466	101.0%
Expenses	\$12,510,500	\$13,729,305	\$14,367,670	104.6%
Net Income	\$3,638,058	\$3,205,770	\$2,739,796	
Non-Operating Revenue				
Transfer	\$302,995		\$275,000	
Total Non-Operating Revenue	\$302,995	\$0	\$275,000	
Non-Operating Expenses				
Improvements	\$5,017,993	\$1,785,000	\$917,625	51.4%
MERF Payment	\$141,773	\$141,773	\$141,773	100.0%
Debt Service	\$1,284,375	\$1,278,500	\$1,278,500	100.0%
Total Non-Operating Exp	\$6,444,141	\$3,205,273	\$2,337,898	
Income after Non-Operating Expenses	(\$2,503,088)	\$497	\$676,898	

Golf Operations

Golf operations had another record year, with revenues over \$9.4 million, up 3% from 2023. Expenses were also high at \$9.4 million, leaving net income at \$37,974, under budget by \$733,129.

Use & Events Permitting

While under budget, revenues increased by 42% from 2023 to \$1.2 million due to events returning. Expenses were slightly over budget, also at \$1.2 million. Use & Events Permitting ended 2024 with net income of \$403, under budget by \$178,468.

Concessions

Concessions revenue increased 10% over 2023. Concessions ended 2024 with net income of \$1,129,751, over budget by \$178,468.

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 and expense were both under budget in 2024. Parking ended 2024 with net income of \$1,881,762, over budget by \$73,901.

Ice Arenas

Ice arena operations consist of the Parade and Northeast Ice Arenas. Ice arena revenue and expense both ended 2024 over budget. Increased staffing and repairs at the ice arenas caused expenses to exceed budget. Ice arenas ended 2024 with net income of \$(233,438) under budget by \$242,797.

Sculpture Garden & Cowles Conservatory

The Sculpture Garden revenue is from parking and events. Revenue ended the year over budget due to increased parking revenue, while expenses were under budget. The Sculpture Garden ended 2024 with net income of (\$96,495), over budget by \$94,596.

Water Works

Water Works revenue exceeded budget as the restaurant continues to be successful. Expenses ended the year under budget, while revenue was over budget by \$216,624. Water Works ended 2024 with net income of \$19,838, over budget by \$341,435.

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2024 is \$2,739,796, \$898,262 lower than 2023 due to increased expenses in golf and ice arena operations.

Operating income is used for facility improvements, debt service, and the MERF pension plan payment. Improvements that took place in 2024 include Gross Golf Course Irrigation, Golf Simulators at Columbia Golf Course, Minnehaha Parking Lot Cameras and emergency repairs.

Enterprise Fund Budget Appropriation Changes

Two budget appropriation changes occurred during 2024. Golf and Ice Arena revenues & expenditures were increased to account for increased usage and the corresponding expenses.

2024 Original Revenue Budget	\$15,964,075
Golf Revenue in Excess of Budget	766,000
Ice Arena Revenue in Excess of Budget	205,000
2024 Current Revenue Budget	<u>\$16,935,075</u>
2024 Original Expense Budget	\$15,963,578
Golf Expense Budget Increase	766,000
Ice Arena Expense Budget Increase	205,000
2024 Current Expense Budget	<u>\$16,934,578</u>

Enterprise Fund Projected 2024 Year-End Reserve for Renewal and Replacement

Reserve Balance 1/1/2024	\$3,344,161
Expenditures in Excess of Revenues	<u>676,898</u>
Reserve Balance 12/31/2024	\$4,021,059

Stormwater Enterprise Fund

Fund Description

The Stormwater Enterprise Fund is a self-supporting fund established to account for MPRB stormwater operations. Stormwater operations provides water quality and stormwater monitoring in MPRB and City lakes and water bodies and education services to community members about the importance of water quality. It will also enhance management of the MPRB's portion of the storm sewer system and stormwater best management practices. These items are all associated with compliance with NPDES permit requirements on parkland.

	2024		
	Current Budget	Actual Year-End	Percent Recognized
Revenues	\$1,324,000	\$1,333,565	100.7%
Expenses	1,324,000	967,516	73.1%
Net Income	\$0	\$366,049	

Stormwater Operations

A stormwater charge through the City of Minneapolis Stormwater Utility Fee provides revenue for the Stormwater Enterprise Fund. Stormwater expenses ended the year under budget as staff is being hired and the program is being built.

Fund Balance

The projected net income of \$366,049 will be maintained in the Stormwater Enterprise fund balance, and is reserved for future Stormwater Operations expenses.

Enterprise Stormwater Operations Projected 2024 Year-End Fund Balance

Fund Balance 1/1/2024	\$0
Revenues in Excess of Expenditures	<u>366,049</u>
Fund Balance 12/31/2024	<u><u>\$366,049</u></u>

Internal Service Funds

Summary

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

	2023	2024		
	Actual Year End	Current Budget	Actual Year End	Percent Recognized
Equipment				
Revenues	\$6,538,165	\$6,435,276	\$6,396,168	99.4%
Expenses	\$6,813,271	\$6,435,276	\$6,247,012	97.1%
Net Income	(\$275,106)	\$0	\$149,156	
Information Technology Services				
Revenues	\$2,807,280	\$3,083,542	\$3,083,542	100.0%
Expenses	\$2,795,550	\$3,137,542	\$3,101,695	98.9%
Net Income	\$11,730	(\$54,000)	(\$18,153)	
Self-Insurance				
Revenues	\$2,483,226	\$2,225,664	\$2,319,291	104.2%
Expenses	\$3,606,532	\$2,225,664	\$2,222,253	99.8%
Net Income	(\$1,123,306)	\$0	\$97,038	

Equipment

Equipment rental is charged to Park Board departments for use of equipment owned by the Park Board. Equipment is becoming more available (at higher prices), and delayed purchases continue to be caught up. In 2024, both revenue and expenses were slightly under budget. At the end of 2023 the equipment reserve balance was \$2.2 million. The projected 2024 year-end equipment reserve balance is \$2.4 million.

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. In 2024 revenues were at budget, and expenses were slightly under budget due to position vacancies. At the end of 2023 the Information Technology Services equipment reserve balance was \$798,891. The projected 2024 year-end Information Technology Services equipment reserve balance is \$780,738.

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 revenues ended the year over budget while expenses ended the year under budget. The 2024 revenue budget was increased for reimbursement revenue received over budget and 2024 expense budget increased for claims paid exceeding budget. At the end of 2023 the Self-Insurance net asset balance was \$6.6 million. The projected 2024 year-end Self-Insurance net asset balance is \$6.7 million.

Internal Service Fund Budget Appropriation Changes

One budget appropriation change occurred during 2024. Self-Insurance revenues & expenditures were increased based on actual revenues and expenses.

2024 Self-Insurance Original Revenue Budget	\$2,039,000
Revenue in Excess of Budget	186,664
2024 Self-Insurance Current Revenue Budget	<u>\$2,225,664</u>
2024 Self-Insurance Original Expense Budget	\$2,039,000
Expense Budget Increase	186,664
2024 Self-Insurance Current Expense Budget	<u>\$2,225,664</u>

Equipment Services Equipment Reserve Balance

The Internal Service Fund equipment reserve at year-end 2023 was \$2.2 million. During 2024 revenues exceeded expenses by \$149,156, leaving the equipment reserve balance at \$2.4 million.

2024 Projected Internal Service Fund Year-End Equipment Reserve Balance
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Working Capital January 1, 2024	\$2,234,037
Equipment Services expenditures in excess of revenues	149,156
Working Capital December 31, 2024	<u>\$2,383,193</u>

Information Technology Services Equipment Reserve Balance

The Internal Service Fund information technology services equipment reserve at year-end 2023 was \$798,891. During 2024 expenses exceeded revenues by \$18,153, leaving the equipment reserve balance at \$780,738.

2024 Projected Internal Service Fund Year-End Information Technology Equipment Reserve Balance

Working Capital January 1, 2024	\$798,891
ITS expenditures in excess of revenues	(18,153)
Working Capital December 31, 2024	<u>\$780,738</u>

Self-Insurance Fund Net Asset Balance

The Self-Insurance Fund net assets balance at year-end 2023 was \$6.6 million. During 2024 revenues exceeded expenses by \$97,038 leaving the net asset balance at \$6.7 million.

2024 Projected Self Insurance Fund Year-End Net Asset Balance
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Working Capital January 1, 2024	\$6,556,949
Self Insurance Fund revenue in excess of expenditures	97,038
Working Capital December 31, 2024	<u>\$6,653,987</u>