



Minneapolis Park and Recreation Board
Financial Status Report
as of Year-End, 2014

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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, Tree Preservation and Reforestation Fund and Internal Service Funds. This report details the operations of these funds through December 31, 2014.

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 2014, General Fund revenues were \$67.1 million and expenditures were \$67.1 million.

The 2014 year-end fund balance is projected to be \$4.8 million, which exceeds financial policy requirements. This projected balance is a decrease of \$68,000 from the 2013 year-end balance.

Tree Preservation and Reforestation Fund

The Tree Preservation and Reforestation Fund accounts for a special property tax levy that funds the Park Board work addressing threats to the urban forest due to Emerald Ash Borer and tree loss due to storms. To the end of 2014 Tree Preservation and Reforestation Fund revenues and expenses were \$1.2 million. Unspent funds are designated for this purpose and will be programmed in future years.

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 2014 at \$1.0 million.

Internal Service Funds

Internal Service Funds accounts for equipment fleet, information technology and self-insurance services to Park Board departments. Internal Service Fund revenues ended 2014 at \$8.3 million and expenses ended the year at \$9.0 million.

2014 Storm Damage

From June 11 to July 11, 2014 severe storms, straight-line winds, flooding, landslides, and mudslides caused damage throughout Minneapolis including park property. Park Board staff has been working with the City of Minneapolis and Hennepin County to compile and report eligible storm related expenses, and it is expected that expenses will be partially reimbursed through federal and state disaster funding. Storm related expenses are not reported separately in the year-end financial status report as much of the damage has not yet been repaired. Revenue figures for Park Board golf operations include the impact of the storms, as Hiawatha and Meadowbrook golf courses suffered severe flooding.



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 2014 with a fund balance of \$4.9 million and ended the year with a fund balance of \$4.8 million.

In 2014 revenue generated by the Park Board totaled \$67.1 million, up \$131,000 from 2013 actual revenues.

In 2014 expenditures totaled \$67.1 million, up \$651,000 from 2013.

The fund balance for the General Fund at fiscal year-end 2013 exceeded the financial policy requirement of 5 percent of the General Fund operating budget. The 2014 year-end General Fund balance exceeds the requirement as well.

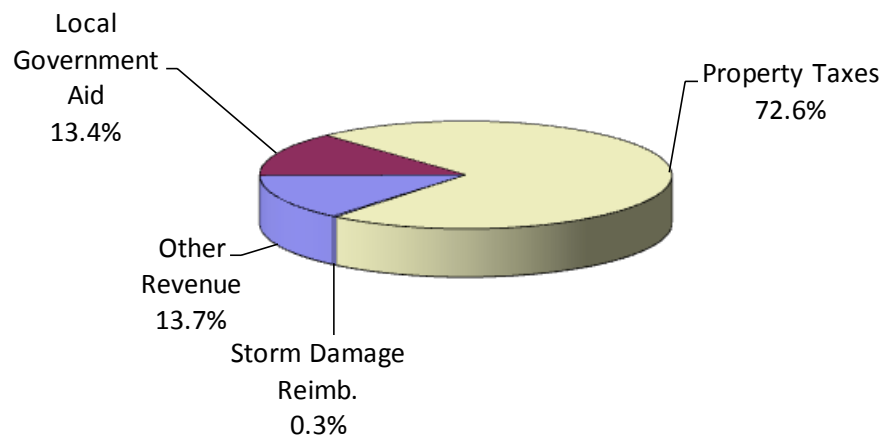
The financial information contained in this report has not been audited. The audited 2014 financial information may fluctuate from the information contained in this report.

General Fund Revenues

Actual revenues to the end of 2014 totaled \$67.1 million, up \$131,000 from 2013 actual revenues.

Revenues by Major Category

	2013	2014		
	Actual Year-End	Current Budget	Actual 12/31/2014	Percent Recognized
Property and Other Taxes	\$48,571,201	\$47,643,486	\$48,709,853	102.2%
Local Government Aid	7,570,039	8,977,319	8,977,319	100.0%
Fees, Fines and Other Revenues	8,946,538	9,431,151	9,172,329	97.3%
Storm Damage Reimbursement	1,851,139		210,162	
Total Revenues	\$66,938,917	\$66,051,956	\$67,069,663	101.5%





Property Taxes

Property taxes provided 73 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 \$1,066,367 in 2014.

Fees, Fines and Other Revenue

Fees, fines and other revenue provided 14 percent of projected revenue, the second largest funding source in the General Fund. Revenues ended the year slightly under budget at \$9.2 million.

Local Government Aid

Local Government Aid (LGA) provided 13 percent of 2014 revenue. The State Budget included the 2014 City of Minneapolis LGA allocation of \$76.1 million. The City of Minneapolis revenue distribution policy provides for the transfer of a portion of this LGA to the Park Board. The City of Minneapolis has transferred the full budgeted LGA amount of \$9.0 million to the Park Board, an increase of \$1.4 million from 2013.

Storm Damage Reimbursement

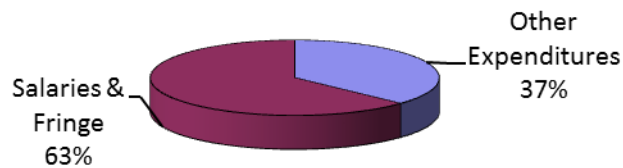
The Park Board received its final payments of federal and state assistance it was granted for the costs associated with severe storms that took place in June 2013. The MPRB was instrumental in the emergency response, debris clean-up and resident assistance in the aftermath of the storms. No revenue has been received from the 2014 storms as work will be completed in 2015.



General Fund Expenditures

Actual expenditures to the end of 2014 totaled \$67.1 million, up 1 percent from the \$66.5 million spent in 2013.

	Expenditures by Major Category			
	2013	2014		
	Actual Year-End	Current Budget	Actual 12/31/2014	Percent Expended
Salaries & Fringe	\$40,958,519	\$43,834,436	\$42,329,835	96.6%
Other Expenditures	25,528,403	23,478,020	24,807,596	105.7%
Total Expenditures	\$66,486,922	\$67,312,456	\$67,137,431	99.7%



Salaries and Fringe Benefits

Salaries and fringe benefits ended the year 96.6 percent spent.

Other Expenditures

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures ended the year six percent over budget due to the cost of purchasing diverse tree species, repair and maintenance of parks, increased utility costs, and equipment purchases.



Expenditures by Service Area

	2013	2014		
	Actual Year-End	Current Budget	Actual 12/31/2014	Percent Expended
Operating Departments				
Superintendent's Office				
Superintendent's Office	\$954,328	\$968,730	\$891,634	92.0%
Board of Commissioners	637,164	664,569	630,938	94.9%
Communications & Marketing	386,067	580,474	562,677	96.9%
Community Outreach	1,616,423	1,518,242	1,392,409	91.7%
Park Police	4,990,332	5,096,091	5,062,926	99.3%
Deputy Superintendent's Office				
Customer Service	398,186	442,241	406,111	91.8%
Finance	748,034	767,059	723,149	94.3%
Human Resources	494,866	584,122	578,024	99.0%
City Management Fee, Contributions & Other	1,889,863	2,288,209	2,163,709	94.6%
Environmental Stewardship				
Forestry	8,448,046	8,753,859	8,952,297	102.3%
Asset Management	16,913,308	18,346,462	18,332,985	99.9%
Environmental Management	5,646,974	5,935,439	6,080,109	102.4%
Planning Services				
Planning	1,749,320	2,230,306	2,023,327	90.7%
Recreation Services				
Athletic Programs & Aquatics	2,014,193	2,428,963	2,252,587	92.7%
Recreation Centers & Programs	9,675,943	9,504,023	9,848,462	103.6%
Youth Development	2,314,288	2,974,296	2,971,329	99.9%
Other				
Storm Damage	2,615,629			
Total Operating Expenditures	<u>\$61,492,964</u>	<u>\$63,083,085</u>	<u>\$62,872,673</u>	<u>99.7%</u>
Capital				
Pay-as-You-Go-Rehabilitation	<u>\$4,993,958</u>	<u>\$4,229,371</u>	<u>\$4,264,758</u>	<u>100.8%</u>
Total Capital Expenditures	<u>\$4,993,958</u>	<u>\$4,229,371</u>	<u>\$4,264,758</u>	<u>100.8%</u>
Total General Fund	\$66,486,922	\$67,312,456	\$67,137,431	99.7%



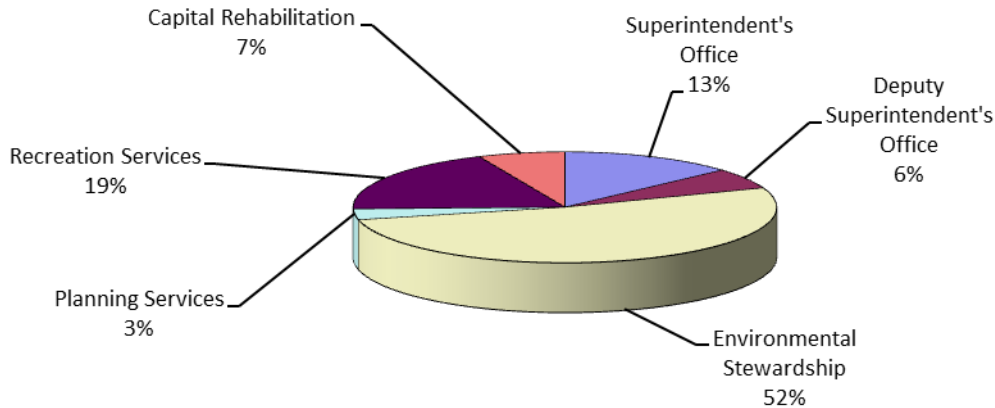
Operating Departments

2014 expenditures ended the year under budget by \$175,025.

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

- Forestry exceeded budget due to the increased cost of tree purchases, and equipment purchases that enable more efficient and safer work.
- Environmental Management exceeded budget due to the costs of maintaining the regional park system and environmental programming. Expenses over budget were fully offset by programming, stormwater services and grant revenues.
- Rec Centers & Programs exceeded budget due to programming expenses (offset by revenue) and increased utility costs.

Expenditures by Division



General Fund Budget Appropriation Changes

Two budget appropriation changes occurred in the fourth quarter of 2014. The first budget appropriation change was a \$150,000 increase to expenditures to fund the website redesign. The Board approved Resolution 2012 – 330 on December 12, 2012 authorizing this expenditure as a one-time use of excess fund balance. The second budget appropriation change was a \$700,000 increase to expenditures to fund a capital contingency fund addressing shortfalls in approved capital programs. The Board approved Resolution 2014 – 177 on May 7, 2014 authorizing this expenditure as a one-time use of excess fund balance.

2014 Current Budget	\$66,462,456
Capital Contingency Fund	\$700,000
Website Redesign	\$150,000
2014 Current Budget	<u>\$67,312,456</u>



General Fund Balance

The 2014 year-end fund balance is estimated to be \$4.8 million, one percent lower than 2013.

	General Fund Balance			
	2013	2014		
	Actual Year-End	Current Budget	Actual 12/31/2014	Percent Recognized
Total Revenue	\$66,938,917	\$66,051,956	\$67,069,663	101.5%
Total Expenditures	66,486,922	67,312,456	67,137,431	99.7%
Revenue Over/(Under) Expenditures	\$451,995	(\$1,260,500)	(\$67,768)	

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 2014 balance is estimated at \$4.8 million, which is seven percent of the current year adopted expenditure appropriation. This fund balance exceeds financial policy requirements by \$1.5 million.

2014 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2014	\$4,873,692
Estimated Revenues in Excess of Expenditures	<u>(67,768)</u>
Projected Fund Balance, December 31, 2014	4,805,924
Fund Balance Requirement (5%)	<u>3,302,598</u>
Fund Balance in Excess of Requirement	<u>\$1,503,326</u>

The financial information contained in this report has not been audited. The audited 2014 financial information may fluctuate from the information contained in this report.

**Tree Preservation and Reforestation Fund****Summary**

The Tree Preservation and Reforestation Fund accounts for a special property tax levy that funds the Park Board work addressing threats to the urban forest due to Emerald Ash Borer and tree loss due to storms.

	2014		
	Current Budget	Actual 12/31/2014	Percent Recognized
Revenues	\$1,190,780	\$1,217,732	102.3%
Expenses	1,190,780	1,188,993	99.8%
Net Income	\$0	\$28,739	

Revenues

Tree Preservation and Reforestation Fund revenues include property tax and a transfer of \$200,000 from the City of Minneapolis. Property tax revenue was over budget in 2014 due to high collection rates.

Expenses

Tree Preservation and Reforestation Fund expenses include tree removal, tree planting and equipment costs, including the purchase of four mini articulated loaders that speed up the process of tree removal and planting.

Fund Balance

Unspent funds remaining are designated for tree preservation and reforestation purposes, and will be programmed in future years.

Tree Preservation and Reforestation 2014 Year-End Fund Balance

Fund Balance 1/1/2014	\$0
Revenues in Excess of Expenditures	<u>28,739</u>
Fund Balance 12/31/2014	<u><u>\$28,739</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, 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				
	2013	2014		
	Actual	Current	Actual	Percent
	Year End	Budget	12/31/2014	Recognized
Golf				
Revenues	\$5,185,719	\$6,159,460	\$4,551,087	73.9%
Expenses	5,848,923	6,030,322	5,939,553	98.5%
Net Income	(\$663,204)	\$129,138	(\$1,388,466)	
Use & Events Permitting				
Revenues	\$957,069	\$1,077,500	\$1,079,594	100.2%
Expenses	547,316	565,964	519,277	91.8%
Net Income	\$409,753	\$511,536	\$560,317	
Concessions				
Revenues	\$1,312,822	\$1,202,000	\$1,419,987	118.1%
Expenses	154,765	167,307	178,698	106.8%
Net Income	\$1,158,057	\$1,034,693	\$1,241,289	
Parking				
Revenues	\$1,443,931	\$1,399,000	\$1,614,123	115.4%
Expenses	242,897	319,029	282,639	88.6%
Net Income	\$1,201,034	\$1,079,971	\$1,331,484	
Ice Arenas				
Revenues	\$740,542	\$782,779	\$794,535	101.5%
Expenses	814,598	857,285	889,773	103.8%
Net Income	(\$74,056)	(\$74,506)	(\$95,238)	
Wirth Winter				
Revenues	\$250,346	\$291,200	\$205,919	70.7%
Expenses	560,540	515,950	626,240	121.4%
Net Income	(\$310,194)	(\$224,750)	(\$420,321)	
Sculpture Garden & Cowles Conservatory				
Revenues	\$8,923	\$51,900	\$11,135	21.5%
Expenses	301,355	283,468	258,435	91.2%
Net Income	(\$292,432)	(\$231,568)	(\$247,300)	



Enterprise Fund by Service Area (Continued)

	2013	2014		
	Actual	Current	Actual	Percent
	Year End	Budget	12/31/2014	Recognized
Total Operating Income				
Revenues	\$9,899,352	\$10,963,839	\$9,676,380	88.3%
Expenses	\$8,470,394	\$8,739,325	\$8,694,615	99.5%
Net Income	\$1,428,958	\$2,224,514	\$981,765	
Non-Operating Revenues				
Prior Period Revenue	\$306,016			
Total Non-Operating Rev	\$306,016			
Non-Operating Expenses				
Improvements	\$1,062,971	\$700,000	\$655,184	93.6%
Debt Service	662,900	915,874	971,079	106.0%
Transfers		100,000	0	0.0%
Total Non-Operating Expense	\$1,725,871	\$1,715,874	\$1,626,263	
Income after Non-Operating Expenses	\$9,103	\$508,640	(\$644,498)	

Golf Operations

Golf Operations was impacted by June flooding. Meadowbrook Golf Course closed for the season and Hiawatha Golf Course was closed for more than a month, with nine holes open for the remainder of the season. Other courses were not impacted as much, but did sustain damage and were closed for a short time. Golf revenues ended 2014 \$1.6 million under budget, and expenses ended the year \$90,000 under budget. Golf operations ended 2014 with a net loss of (\$1,388,466).

Use & Events Permitting

Use & Events Permitting ended 2014 with net income of \$560,317, an increase of \$150,564 from 2013.

Concessions

Concessions ended 2014 with net income of \$1,241,289, an increase of \$82,232 from 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. Parking operations ended 2014 with net income of \$1,331,484, an increase of \$130,450 from 2013.



Ice Arenas

Ice arena operations consist of the Parade and Northeast Ice Arenas. Ice arena operations ended 2014 with a net loss of (\$95,238).

Wirth Winter Recreation Area

Wirth Winter ended 2014 with a loss of (\$420,321).

Sculpture Garden & Cowles Conservatory

Revenue is generated from permit rentals of Cowles Conservatory and weddings at the Sculpture Garden. Sculpture Garden and Cowles Conservatory ended 2014 with a net loss of (\$247,300).

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2014 was \$981,765 lower than 2013 due to flood related golf course closures.

Operating income is used for three purposes; facility improvements, transfers to support the General Fund, and debt service. Improvements that took place in the 2014 include the Meadowbrook Golf Course well construction and purchase of golf equipment. Major storm related repairs to the golf courses will occur in 2015.

Enterprise Fund 2014 Year-End Reserve for Renewal and Replacement

Reserve Balance 1/1/2014	\$1,808,118
Revenues in Excess of Expenditures	<u>(644,498)</u>
Reserve Balance 12/31/2014	<u><u>\$1,163,620</u></u>



Internal Service Fund

Summary

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

	2013	2014		
	Actual Year End	Current Budget	Actual 12/31/2014	Percent Recognized
Equipment				
Revenues	\$4,395,892	\$4,477,497	\$4,536,639	101.3%
Expenses	4,071,359	4,473,997	4,029,581	90.1%
Net Income	\$324,533	\$3,500	\$507,058	
Information Technology Services				
Revenues	\$1,160,024	\$1,532,685	\$1,483,234	96.8%
Expenses	1,196,174	1,489,336	1,301,728	87.4%
Net Income	(\$36,150)	\$43,349	\$181,506	
Self-Insurance				
Revenues	\$2,207,464	\$2,237,356	\$2,237,355	100.0%
Expenses	2,945,405	3,637,856	3,633,925	99.9%
Net Income	(\$737,941)	(\$1,400,500)	(\$1,396,570)	

Equipment

Equipment rental is charged to Park Board departments for use of equipment owned by the Park Board. Expenses ended 2014 under budget due to budgeted equipment purchases not taking place. Purchases are planned to be made in 2015. The projected year-end equipment reserve balance is \$2,297,000.

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. Expenses ended 2014 under budget due to position vacancies. The projected year-end Information Technology Services equipment reserve balance is \$431,000.

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 2014 expenses include an internal loan of \$1,450,000 to fund the phase one improvements to the Minnehaha Refectory, to be paid back over a 10-year period. The projected year-end Self Insurance Fund net asset balance is \$5,203,000.



Equipment Services and Information Technology Services Equipment Reserve Balance

The Internal Service Fund equipment reserve at year-end 2013 was \$2.0 million. During 2014 revenues exceeded expenses by \$688,564, leaving the equipment reserve balance at \$2.7 million.

2014 Projected Internal Service Fund Year-End Equipment Reserve Balance
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Working Capital January 1, 2014	\$2,039,564
Equipment Services revenue in excess of expenditures	507,058
ITS revenue in excess of expenditures	<u>181,506</u>
Working Capital December 31, 2014	\$2,728,128

Self Insurance Fund Net Asset Balance

The Self Insurance Fund net assets balance at year-end 2013 was \$6.6 million. During 2014 expenses exceeded revenues by \$1,396,570, decreasing the net assets balance.

2014 Projected Self Insurance Fund Year-End Net Asset Balance
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Working Capital January 1, 2014	\$6,600,012
Self Insurance Fund revenue in excess of expenditures	<u>(1,396,570)</u>
Working Capital December 31, 2014	\$5,203,442