



Minneapolis Park and Recreation Board
Financial Status Report
as of Third Quarter, 2015

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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 September 30, 2015.

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 2015, General Fund revenues are projected to be \$68.9 million and expenditures are projected to be \$69.1 million, resulting in a reduction to fund balance of \$211,000.

The 2015 year-end fund balance is projected to be \$4.5 million, which exceeds financial policy requirements by \$1.1 million. This projected balance is a decrease of \$211,000 from the 2015 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 2015 Tree Preservation and Reforestation Fund revenues are projected to be \$1.46 million and expenses \$1.44 million.

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 \$1.6 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 2015 Internal Service Fund revenues are projected to be \$9.0 million and expenses are projected to be \$8.6 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 2015 with a fund balance of \$4.7 million and has a current operating budget of \$69.3 million. Through September of this year, 70.1 percent of the Fund's appropriations have been spent with 75 percent of the year elapsed.



Revenue generated by the Park Board as of September 30, 2015 totaled \$37.5 million, down 7.5 percent from the \$40.5 million collected in the first three quarters of 2014. Total revenues for 2015 are projected to be \$68.9 million, \$685,000 over budget and an increase of \$1.9 million from 2014 actual revenues, due to increases in property tax, local government aid and other revenues.

As of September 30, 2015 actual expenditures totaled \$48.5 million, up 4 percent from the \$46.6 million spent in the first three quarters of 2014. To the end of 2015 expenditures are projected to be \$69.1 million, \$122,000 under budget and an increase of \$2.0 million from 2014 actual expenditures.

The fund balance for the General Fund at fiscal year-end 2014 exceeded the financial policy requirement of 5 percent of the General Fund operating budget. It is expected that the 2015 year-end General Fund balance will exceed the requirement as well.

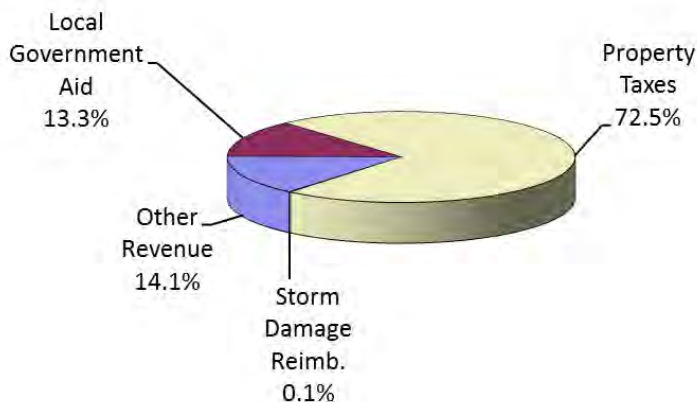
This report contains estimates. Unforeseen changes in revenue and expenditures will cause actual results to fluctuate from the projected results.

General Fund Revenues

As of September 30, 2015 actual revenues totaled \$37.5 million, down 7.5 percent from the \$40.5 million collected in the first three quarters of 2014. Revenues are lower as of September 30, 2015 because half of the local government aid payment has been received in 2015, while the full local government aid payment was received by the third quarter in 2014.

Revenues by Major Category

	2014			2015			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year End
	Year-End	As of 9/30					
Revenues							
Property and Other Taxes	\$48,709,853	\$24,736,820	50.8%	\$49,548,800	\$25,598,747	51.7%	\$49,994,353
Local Government Aid	8,977,319	8,977,319	100.0%	9,133,360	4,566,680	50.0%	9,133,360
Fees, Fines and Other Revenues	9,172,329	6,562,472	71.5%	9,558,847	7,186,172	75.2%	9,696,029
Storm Damage Reimbursement	210,162	210,162			102,725		102,725
Total Revenues	\$67,069,663	\$40,486,773	60.4%	\$68,241,007	\$37,454,324	54.9%	\$68,926,467





Property Taxes

Property taxes provide 73 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 \$446,000 at year-end.

Fees, Fines and Other Revenue

Fees, fines and other revenue provide 14 percent of projected revenue, the second largest funding source in the General Fund. The Park Board has recognized 75.2 percent of the budgeted fees, fines and other revenue for 2015. Revenues are projected to exceed budget by the end of the year due to increased fee-based activity at recreation centers and reimbursement of Southwest Light Rail Transit study expenses.

Local Government Aid

Local Government Aid (LGA) is projected to provide 13 percent of 2015 revenue. The State Budget included the 2015 City of Minneapolis LGA allocation of \$77.4 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 \$9.1 million.

Storm Damage Reimbursement

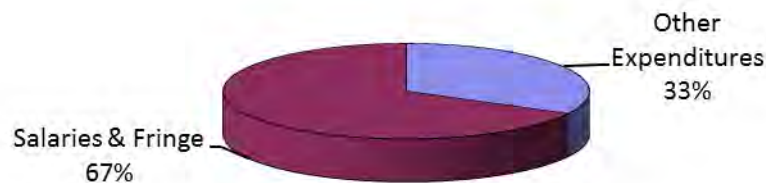
The Park Board received its initial reimbursement for expenses related to severe storms in June and July 2014. Additional reimbursement is expected for the West River Parkway slope repair and Hiawatha and Meadowbrook Golf Course restorations, and will be accounted for in separate projects.

General Fund Expenditures

As of September 30, 2015 actual expenditures totaled \$48.5 million, up 4.1 percent from the \$46.6 million spent in the first three quarters of 2014.

Expenditures by Major Category

	2014			2015		
	Actual		Percent Expended	Current Budget	Actual As of 9/30	Percent Expended
	Year-End	As of 9/30				
Salaries & Fringe	\$42,329,835	\$31,441,227	74.3%	\$46,519,351	\$33,667,750	72.4%
Other Expenditures	24,807,596	15,179,219	61.2%	22,740,247	14,853,372	65.3%
Total Expenditures	\$67,137,431	\$46,620,446	69.4%	\$69,259,598	\$48,521,122	70.1%





Salaries and Fringe Benefits

Salaries and fringe benefits are 72.4 percent expended with 75 percent of the year elapsed.

Other Expenditures

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures are 65.3 percent expended with 75 percent of the year elapsed.

Expenditures by Service Area

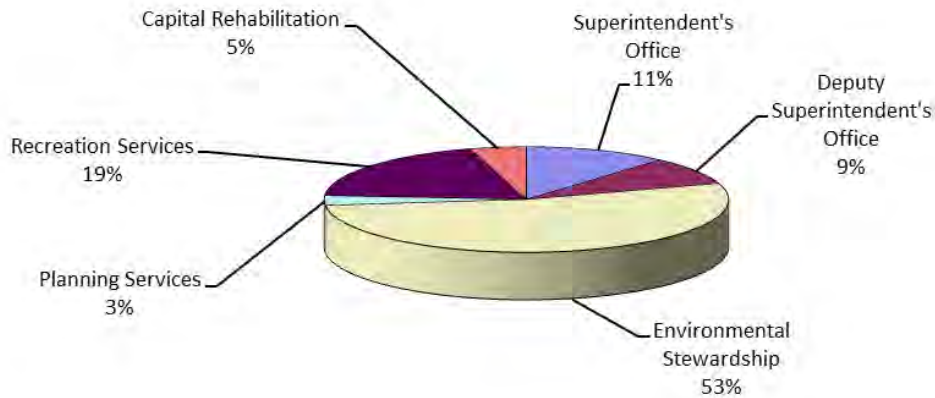
	2014			2015			
	Actual		Percent Expended	Current Budget	Actual As of 9/30	Percent Expended	Projected Year-End
	Year-End	As of 9/30					
Operating Departments							
Superintendent's Office							
Superintendent's Office	\$891,634	\$654,748	73.4%	\$992,499	\$556,713	56.1%	\$909,955
Board of Commissioners	630,938	426,439	67.6%	645,077	458,743	71.1%	608,855
Communications & Marketing	562,677	330,282	58.7%	674,388	482,446	71.5%	630,261
Park Police	5,062,926	3,723,754	73.5%	5,399,230	3,893,207	72.1%	5,330,063
Deputy Superintendent's Office							
Community Outreach	1,392,409	1,013,941	72.8%	1,347,707	912,602	67.7%	1,249,301
Customer Service	406,111	297,527	73.3%	448,905	305,703	68.1%	416,552
Finance	723,149	503,418	69.6%	917,613	542,707	59.1%	756,352
Human Resources	578,024	396,168	68.5%	885,670	496,706	56.1%	731,444
City Management Fee, Contributions & Other	2,163,709	1,431,036	66.1%	2,468,921	1,849,958	74.9%	2,434,297
Environmental Stewardship							
Forestry	8,952,297	6,572,157	73.4%	9,056,770	6,447,125	71.2%	8,854,631
Asset Management	18,332,985	13,166,313	71.8%	22,724,706	17,290,726	76.1%	23,339,965
Environmental Management	6,080,109	4,354,522	71.6%	2,634,496	1,563,997	59.4%	2,357,007
Planning Services							
Planning	2,023,327	1,439,972	71.2%	2,213,187	1,400,665	63.3%	1,939,070
Recreation Services							
Athletic Programs & Aquatics	2,252,587	1,615,995	71.7%	2,670,135	1,920,595	71.9%	2,553,857
Recreation Centers & Programs	9,848,462	7,068,156	71.8%	9,627,801	7,582,177	78.8%	10,014,392
Youth Development	2,971,329	2,197,158	73.9%	3,305,822	2,599,643	78.6%	3,438,631
Total Operating Expenditures	\$62,872,673	\$45,191,586	71.9%	\$66,012,927	\$48,303,713	73.2%	\$65,564,633
Capital							
Pay-as-You-Go-Rehabilitation	\$4,264,758	\$1,428,860	33.5%	\$2,624,371	\$217,409	8.3%	\$2,950,816
Graco Easement				\$622,300	\$0	0.0%	\$622,300
Total Capital Expenditures	\$4,264,758	\$1,428,860	33.5%	\$3,246,671	\$217,409	6.7%	\$3,573,116
Total General Fund	\$67,137,431	\$46,620,446	69.4%	\$69,259,598	\$48,521,122	70.1%	\$69,137,749



Operating Departments

Three departments have expended greater than 75 percent of budget in the first three quarters of 2015. Maintenance needs in the park system have increased Asset Management's expenditures. Staffing has been increased at recreation centers, impacting the Recreation Centers and Programs budget. Rec Plus attendance has increased, requiring more staffing and supplies, impacting the Youth Development budget. Both Recreation Centers and Programs and Rec Plus have increased revenues in 2015, offsetting their spending increases. Operating department budgets are monitored closely throughout the year and adjustments are made if necessary to ensure budget targets are met.

Expenditures by Division



Divisions

Two divisions make up approximately 72 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 2015 year-end fund balance is estimated to be \$4.5 million, four percent lower than 2014.

General Fund Balance

	2014			2015			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year-End	As of 9/30					
Total Revenue	\$67,069,663	\$40,486,773	60.4%	\$68,241,007	\$37,454,324	54.9%	\$68,926,467
Total Expenditures	67,137,431	46,620,446	69.4%	69,259,598	48,521,122	70.1%	69,137,749
Revenue Over/(Under) Expenditures	(\$67,768)	(\$6,133,673)		(\$1,018,591)	(\$11,066,798)		(\$211,282)

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 2015 balance is estimated at \$4.5 million, which is seven percent of the current year adopted expenditure appropriation. This fund balance exceeds financial policy requirements by \$1.1 million.

2015 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2015	\$4,725,105
Projected Revenues in Excess of Expenditures	(211,282)
Projected Fund Balance, December 31, 2015	4,513,823
Fund Balance Requirement (5%)	3,412,050
Fund Balance in Excess of Requirement	\$1,101,773

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.

General Fund Budget Appropriation Changes

Three budget appropriation changes have occurred during 2015. Expenditures were increased by \$301,291 to fund the Southwest Light Rail Transit Project tunnel study (Board approved Resolution 2014-311). Expenditures were increased by \$622,300 for the purchase of the Graco, Inc. easement (Board approved Resolution 2015-130). Expenditures were increased by \$95,000 for the final design services of the Phillips Community Center Aquatic Facility (Board approved Resolution 2015-170).

2015 Original Budget	\$68,241,007
Southwest Light Rail Tunnel Study	301,291
Graco Easement Purchase	622,300
Phillips Aquatic Facility Final Design Services	95,000
2015 Current Budget	\$69,259,598



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			2015			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year-End	As of 9/30					
Revenues	\$1,217,732	\$519,144	42.6%	\$1,445,500	\$746,861	51.7%	\$1,458,620
Expenses	1,188,993	1,017,380	85.6%	1,445,500	1,091,945	75.5%	1,442,201
Net Income	\$28,739	(\$498,236)		\$0	(\$345,084)		\$16,419

Revenues

Tree Preservation and Reforestation Fund revenues come from a property tax levy dedicated to tree preservation and reforestation. The Park Board has received the first half property tax payment from Hennepin County.

Expenses

Tree Preservation and Reforestation Fund expenses include tree removal, stump removal and tree planting costs. Tree purchases, planting and stump removal are planned for the last quarter of the year.

Fund Balance

Any unspent funds remaining at the end of the year are designated for tree preservation and reforestation purposes, and will be programmed in future years.

Tree Preservation and Reforestation Projected 2015 Year-End Fund Balance

Fund Balance 1/1/2015	\$28,739
Revenues in Excess of Expenditures	<u>16,419</u>
Fund Balance 12/31/2015	<u><u>\$45,158</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

	2014			2015			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year End	As of 9/30					
Golf							
Revenues	\$4,551,087	\$4,119,814	90.5%	\$4,063,700	\$4,213,815	103.7%	\$4,693,072
Expenses	5,939,553	4,412,710	74.3%	4,780,802	4,153,778	86.9%	5,366,802
Net Income	(\$1,388,466)	(\$292,896)		(\$717,102)	\$60,037		(\$673,730)
Use & Events Permitting							
Revenues	\$1,079,594	\$518,032	48.0%	\$1,094,900	\$621,841	56.8%	\$1,104,403
Expenses	519,277	436,439	84.0%	591,552	428,301	72.4%	588,697
Net Income	\$560,317	\$81,593		\$503,348	\$193,540		\$515,706
Concessions							
Revenues	\$1,419,987	\$1,079,345	76.0%	\$1,368,000	\$1,166,650	85.3%	\$1,507,292
Expenses	178,698	156,754	87.7%	194,705	128,445	66.0%	175,608
Net Income	\$1,241,289	\$922,591		\$1,173,295	\$1,038,205		\$1,331,684
Parking							
Revenues	\$1,614,123	\$1,266,767	78.5%	\$1,568,453	\$1,289,571	82.2%	\$1,636,927
Expenses	282,639	200,005	70.8%	370,638	249,411	67.3%	342,013
Net Income	\$1,331,484	\$1,066,762		\$1,197,815	\$1,040,160		\$1,294,914
Ice Arenas							
Revenues	\$794,535	\$472,163	59.4%	\$847,779	\$537,888	63.4%	\$848,032
Expenses	889,773	561,817	63.1%	895,804	554,451	61.9%	852,681
Net Income	(\$95,238)	(\$89,654)		(\$48,025)	(\$16,563)		(\$4,649)
Winter Recreation							
Revenues	\$205,919	\$136,294	66.2%	\$336,173	\$105,618	31.4%	\$185,243
Expenses	626,240	436,463	69.7%	854,860	447,068	52.3%	816,605
Net Income	(\$420,321)	(\$300,169)		(\$518,687)	(\$341,450)		(\$631,362)
Sculpture Garden & Cowles Conservatory							
Revenues	\$11,135	\$8,820	79.2%	\$25,950	\$11,634	44.8%	\$11,634
Expenses	258,435	175,324	67.8%	170,488	168,594	98.9%	251,705
Net Income	(\$247,300)	(\$166,504)		(\$144,538)	(\$156,960)		(\$240,071)



Enterprise Fund by Service Area (Continued)

	2014			2015			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year End	As of 9/30					
Total Operating Income							
Revenues	\$9,676,380	\$7,601,235	78.6%	\$9,304,955	\$7,947,017	85.4%	\$9,986,603
Expenses	\$8,694,615	\$6,379,512	73.4%	\$7,858,849	\$6,130,048	78.0%	\$8,394,111
Net Income	\$981,765	\$1,221,723		\$1,446,106	\$1,816,969		\$1,592,492
Non-Operating Expenses							
Improvements	\$655,184	\$572,371	87.4%	\$0	\$152,401		\$175,000
Debt Service	971,079	207,260	21.3%	1,213,537	200,369	16.5%	1,213,537
Total Non-Operating Exp	\$1,626,263	\$779,631		\$1,213,537	\$352,770		\$1,388,537
Income after Non-Operating Expenses	(\$644,498)	\$442,092		\$232,569	\$1,464,199		\$203,955

Golf Operations

Golf Operations had a strong year, with revenues projected to exceed budget by \$629,372 to the end of the year. Revenues exceeded budget due to good weather during the golf season and the operation of nine holes at Hiawatha Golf Course. Meadowbrook Golf Course continued to be closed due to flood damage. To the end of 2015 golf operations is projected to have a loss of (\$673,730).

Use & Events Permitting

Use & Events Permitting revenue as of September 30, 2015 is up 20 percent from the same point in 2014 due to the timing of revenue collections. To the end of 2015 Use & Events Permitting is projected to have \$515,706 of net income, exceeding budget.

Concessions

Concessions net income is projected to increase by \$90,395 to \$1,331,684 in 2015.

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. Revenues are projected to be higher than 2014 due to fee increases and increased usage, and expenses are projected to increase due to the purchase of five parking pay units. To the end of 2015 parking operations is projected to have net income of \$1,294,914.

Ice Arenas

Ice arena operations consist of the Parade and Northeast Ice Arenas. Revenues are projected to increase by \$53,497 as the renovations at Parade Ice Arena help to generate greater revenue. Expenses are decreasing from 2014 due to reduced repair and maintenance costs. To the end of 2015 ice arena operations is projected to have a loss of (\$4,649).



Winter Recreation

Winter Recreation includes activities at Wirth Park and cross country skiing at Columbia, Gross National and Hiawatha Golf Courses as well as the Chain of Lakes. In 2015 golf full-time staff salaries are being charged to Winter Recreation during the winter season. Revenues and expenses are projected to be under budget. To the end of 2014 this operation is projected to have a loss of (\$631,362).

Sculpture Garden & Cowles Conservatory

Revenue is generated from permit rentals of Cowles Conservatory and weddings at the Sculpture Garden. To the end of 2015 this operation is projected to have a loss of (\$240,071).

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2015 is projected to be \$1,592,492, higher than 2014 due to increased revenues in golf, concessions and ice arenas.

Operating income is used for facility improvements and debt service. No improvements are budgeted for 2015 due to reduced operating income resulting from Meadowbrook and Hiawatha Golf Course closures. The \$152,401 of improvements as of September 30, 2015 includes expenses for the Wirth Golf Course back nine project, a street assessment for St. Anthony Boulevard bordering Gross Golf Course, and planning for the Hiawatha and Meadowbrook golf course reconstructions.

Enterprise Fund Projected 2015 Year-End Reserve for Renewal and Replacement

Reserve Balance 1/1/2015	\$979,203
Revenues in Excess of Expenditures	<u>203,955</u>
Reserve Balance 12/31/2015	<u><u>\$1,183,158</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.

	2014			2015			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year End	As of 9/30					
Equipment							
Revenues	\$4,536,639	\$3,345,666	73.7%	\$5,018,233	\$3,921,070	78.1%	\$5,172,341
Expenses	4,029,581	2,428,467	60.3%	5,018,233	3,628,353	72.3%	4,820,909
Net Income	\$507,058	\$917,199		\$0	\$292,717		\$351,432
Information Technology Services							
Revenues	\$1,483,234	\$1,112,598	75.0%	\$1,551,080	\$1,143,571	73.7%	\$1,525,524
Expenses	1,301,728	926,949	71.2%	1,551,080	955,359	61.6%	1,523,314
Net Income	\$181,506	\$185,649		\$0	\$188,212		\$2,210
Self-Insurance							
Revenues	\$2,237,355	\$1,513,978	67.7%	\$2,087,802	\$1,780,842	85.3%	\$2,305,417
Expenses	3,633,925	1,434,968	39.5%	2,341,582	1,396,713	59.6%	2,215,844
Net Income	(\$1,396,570)	\$79,010		(\$253,780)	\$384,129		\$89,573

Equipment

Equipment rental is charged to Park Board departments for use of equipment owned by the Park Board. Expenses are up 49 percent compared to 2014 due to budgeted equipment purchases taking place. The projected year-end equipment reserve balance is \$2.6 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. The projected year-end Information Technology Services equipment reserve balance is \$433,000.

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 revenues and expenses are expected to end the year near budget, although expenses are dependent on the number and amount of claims paid out.



Information Technology Services Equipment Reserve Balance

The Internal Service Fund information technology services equipment reserve at year-end 2014 was \$431,010. During 2015 revenues are projected to exceed expenses by \$2,210, leaving the equipment reserve balance at \$433,220.

2015 Projected Internal Service Fund Year-End Information Technology Equipment Reserve Balance

Working Capital January 1, 2015	\$431,010
ITS revenue in excess of expenditures	<u>2,210</u>
Working Capital December 31, 2015	\$433,220

Equipment Services Equipment Reserve Balance

The Internal Service Fund equipment reserve at year-end 2014 was \$2.3 million. During 2015 revenues are projected to exceed expenses by \$351,432, leaving the equipment reserve balance at \$2.6 million.

2015 Projected Internal Service Fund Year-End Equipment Reserve Balance
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Working Capital January 1, 2015	\$2,296,620
Equipment Services revenue in excess of expenditures	<u>351,432</u>
Working Capital December 31, 2015	\$2,648,052

Self-Insurance Fund Net Asset Balance

The Self-Insurance Fund net assets balance at year-end 2014 was \$6.5 million. During 2015 revenues are projected to exceed expenses by \$89,573, increasing the net assets balance.

2015 Projected Self Insurance Fund Year-End Net Asset Balance
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Working Capital January 1, 2015	\$6,457,061
Self Insurance Fund revenue in excess of expenditures	<u>89,573</u>
Working Capital December 31, 2015	\$6,546,634