



Minneapolis Park and Recreation Board
Financial Status Report
as of Second Quarter, 2016

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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 June 30, 2016.

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 2016, General Fund revenues are projected to be \$71.2 million and expenditures are projected to be \$71.9 million.

The 2016 year-end fund balance is projected to be \$5.1 million, which exceeds financial policy requirements by \$1.6 million. This projected balance is a decrease of \$725,000 below 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 2016 Tree Preservation and Reforestation Fund revenues and expenses are projected to be \$1.7 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 \$2.7 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 2016 Internal Service Fund revenues are projected to be \$9.2 million and expenses are projected to be \$8.9 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 2016 with a fund balance of \$5.9 million and has a current operating budget of \$72.5 million. Through June of this year, 43.3 percent of the Fund's appropriations have been spent with 50 percent of the year elapsed.



2016 Second Quarter Financial Status Report

Revenue generated by the Park Board as of June 30, 2016 totaled \$30.5 million, up 4.1 percent from the \$29.3 million collected in the first half of 2015. Total revenues for 2016 are projected to be \$71.1 million, an increase of \$1.4 million from 2015 actual revenues, due to increased property tax revenue.

As of June 30, 2016 actual expenditures totaled \$31.4 million, up 1.3 percent from the \$31.0 million spent in the first half of 2015. To the end of 2016 expenditures are projected to be \$72.5 million, 4.7 percent higher than 2015.

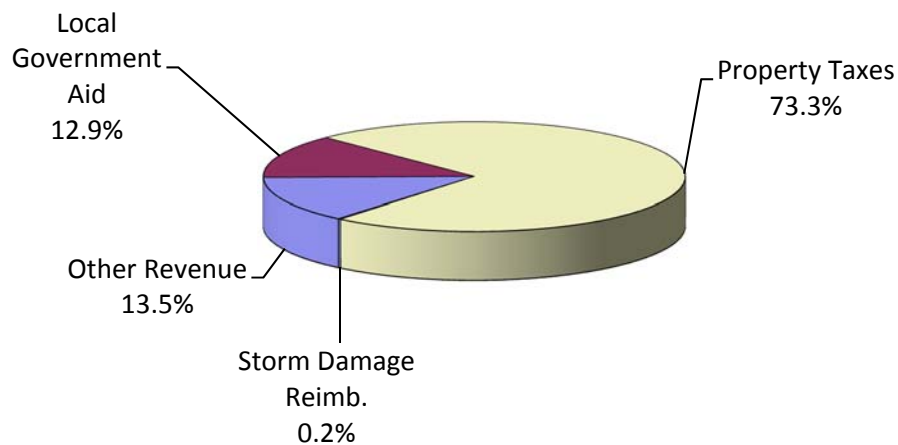
The fund balance for the General Fund at fiscal year-end 2015 exceeded the financial policy requirement of 5 percent of the General Fund operating budget. It is expected that the 2016 year-end General Fund balance will exceed the requirement as well.

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 June 30, 2016 actual revenues totaled \$30.5 million, up 4.1 percent from the \$29.3 million collected in the first half of 2015.

	Revenues by Major Category						
	2015			2016			
	Actual Year-End	As of 6/30	Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year End
Property and Other Taxes	\$50,627,206	\$25,596,811	50.6%	\$52,057,170	\$26,699,065	51.3%	\$52,116,575
Local Government Aid	9,133,360	0	0.0%	9,182,581		0.0%	9,182,581
Fees, Fines and Other Revenues	9,720,734	3,644,468	37.5%	9,742,694	3,702,527	38.0%	9,626,570
Storm Damage Reimbursement	210,493	102,725			147,408		147,408
Total Revenues	\$69,691,793	\$29,344,004	42.1%	\$70,982,445	\$30,549,000	43.0%	\$71,073,134





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, 51.5 percent of budgeted property taxes. Property tax revenue is projected to exceed budget by \$59,000 at year-end.

Local Government Aid

Local Government Aid (LGA) is projected to provide 13 percent of 2016 revenue. The State Budget included the 2016 City of Minneapolis LGA allocation of \$77.8 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 \$9.2 million.

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 37.0 percent of the budgeted fees, fines and other revenue for 2016. Revenues are projected to be under budget by \$116,000 at year-end.

Storm Damage Reimbursement

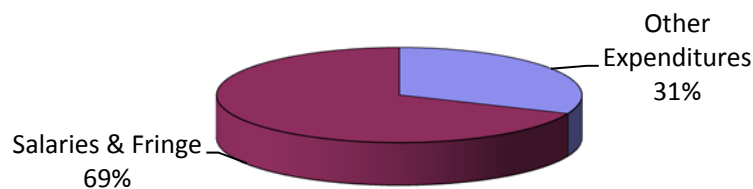
The Park Board is receiving reimbursement for expenses related to severe storms in 2013 and 2014.

General Fund Expenditures

As of June 30, 2016 actual expenditures totaled \$31.4 million, up 1.3 percent from the \$31.0 million spent in the first half of 2015.

Expenditures by Major Category

	2015			2016		
	Actual		Percent	Current	Actual	Percent
	Year-End	As of 6/30	Expended	Budget	As of 6/30	Expended
Salaries & Fringe	\$44,579,651	\$21,522,297	48.3%	\$48,700,271	\$22,389,221	46.0%
Other Expenditures	24,632,141	9,439,186	38.3%	22,282,174	8,980,592	40.3%
Total Expenditures	\$69,211,792	\$30,961,483	44.7%	\$70,982,445	\$31,369,813	44.2%





Salaries and Fringe Benefits

Salaries and fringe benefits are 46.0 percent expended with 50 percent of the year elapsed.

Other Expenditures

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures are 40.3 percent expended with 50 percent of the year elapsed.

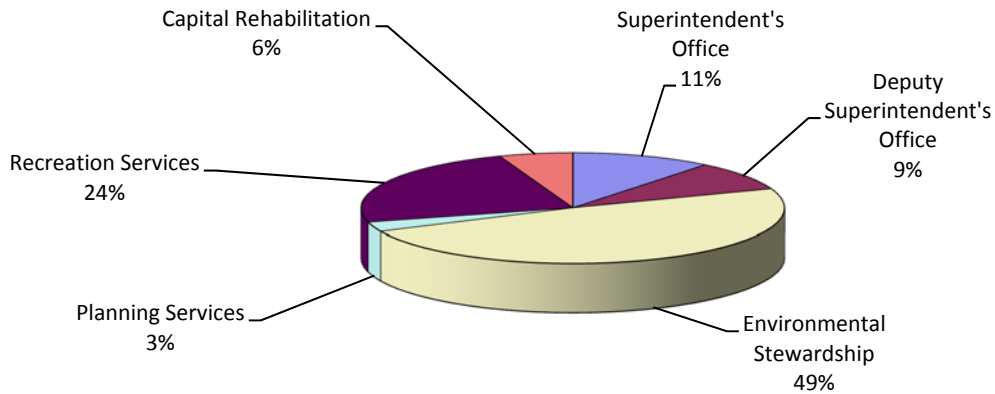
	Expenditures by Service Area						
	2015			2016			
	Actual		Percent	Current	Actual	Percent	Projected
	Year-End	As of 6/30	Expended	Budget	As of 6/30	Expended	Year-End
Operating Departments							
Superintendent's Office							
Superintendent's Office	\$856,217	\$348,352	40.7%	\$982,720	\$382,110	38.9%	\$953,671
Board of Commissioners	654,453	341,118	52.1%	650,441	324,961	50.0%	640,916
Communications & Marketing	656,647	343,132	52.3%	681,237	285,613	41.9%	665,518
Park Police	5,354,017	2,593,371	48.4%	5,531,048	2,697,982	48.8%	5,521,144
Deputy Superintendent's Office							
Community Outreach	1,258,617	572,287	45.5%	1,411,199	609,248	43.2%	1,393,416
Customer Service	404,940	219,649	54.2%	409,301	203,554	49.7%	408,874
Finance	767,374	369,448	48.1%	905,455	436,381	48.2%	876,004
Human Resources	676,865	317,938	47.0%	983,068	388,415	39.5%	951,112
City Management Fee, Contributions & Other	2,465,561	1,218,262	49.4%	2,461,008	1,004,704	40.8%	2,635,597
Environmental Stewardship							
Forestry	8,740,910	4,288,637	49.1%	9,024,374	4,567,168	50.6%	9,020,887
Asset Management	23,265,945	10,870,349	46.7%	23,488,581	11,015,550	46.9%	23,478,876
Environmental Management	2,250,366	957,265	42.5%	2,760,413	1,010,271	36.6%	2,749,553
Planning Services							
Planning	1,861,385	907,466	48.8%	2,040,803	884,946	43.4%	2,009,236
Recreation Services							
Athletic Programs & Aquatics	2,526,188	955,107	37.8%	2,805,185	1,005,786	35.9%	2,749,081
Recreation Centers & Programs	10,225,939	4,988,232	48.8%	10,304,133	4,959,577	48.1%	10,395,925
Youth Development	3,407,443	1,453,461	42.7%	3,963,479	1,493,547	37.7%	3,923,844
Total Operating Expenditures	\$65,372,867	\$30,744,074	47.0%	\$68,402,445	\$31,269,813	45.7%	\$68,373,655
Capital							
Pay-as-You-Go-Rehabilitation	\$3,216,625	\$217,409	6.8%	\$2,580,000	\$100,000	3.9%	\$2,580,000
NPP20				\$1,500,000			\$1,500,000
Graco Easement	\$622,300						
Total Capital Expenditures	\$3,838,925	\$217,409	5.7%	\$4,080,000	\$100,000	2.5%	\$4,080,000
Total General Fund	\$69,211,792	\$30,961,483	44.7%	\$72,482,445	\$31,369,813	43.3%	\$72,453,655



Operating Departments

One department has expended greater than 50 percent of budget in the first half of 2016. Forestry has made budgeted tree purchases and paid for contractual stump grinding. 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 Budget Appropriation Changes

One budget appropriation change has occurred during 2016. Expenditures were increased by \$1,500,000 for initial costs for capital improvements to, rehabilitation of, or operating expenses relating to the Neighborhood Park System (NPP20). These expenses will be reimbursed by the City of Minneapolis in 2017.

2016 Original Budget	\$70,982,445
NPP20 Initial Costs	1,500,000
2016 Current Budget	<u>\$72,482,445</u>



General Fund Balance

The 2016 year-end fund balance is estimated to be \$4.5 million, 24 percent lower than 2015. The General Fund balance will increase in 2017 when the initial NPP20 costs are reimbursed by the City of Minneapolis.

General Fund Balance

	2015			2016			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year-End	As of 6/30					
Total Revenue	\$69,691,793	\$29,344,004	42.1%	\$70,982,445	\$30,549,000	43.0%	\$71,073,134
Total Expenditures	68,589,492	30,961,483	45.1%	72,482,445	31,369,813	43.3%	72,453,655
Revenue Over/(Under) Expenditures	\$1,102,301	(\$1,617,479)		(\$1,500,000)	(\$820,813)		(\$1,380,520)

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 2016 balance is estimated at \$4.5 million, which is six percent of the current year adopted expenditure appropriation. This fund balance exceeds financial policy requirements by \$929,486.

2016 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2016	\$5,859,129
Projected Revenues in Excess of Expenditures	<u>(1,380,520)</u>
Projected Fund Balance, December 31, 2016	4,478,609
Fund Balance Requirement (5%)	<u>3,549,122</u>
Fund Balance in Excess of Requirement	<u>\$929,486</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.



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.

	2015			2016			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year-End	As of 6/30					
Revenues	\$1,485,419	\$746,861	50.3%	\$1,714,503	\$880,510	51.4%	\$1,725,800
Expenses	1,441,341	949,953	65.9%	1,743,242	1,150,092	66.0%	1,742,598
Net Income	\$44,078	(\$203,092)		(\$28,739)	(\$269,582)		(\$16,798)

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 for 2016 are complete, causing expenses to exceed 50 percent of budget as of June 30. Tree and stump removals are planned for the second half 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 2016 Year-End Fund Balance

Fund Balance 1/1/2016	\$58,224
Expenditures in Excess of Revenues	<u>-16,798</u>
Fund Balance 12/31/2016	<u><u>\$41,426</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 or improvements; debt service; and general fund support.

Enterprise Fund by Service Area

	2015			2016			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year End	As of 6/30					
Golf							
Revenues	\$4,786,526	\$1,908,810	39.9%	\$4,580,891	\$2,172,675	47.4%	\$5,023,696
Expenses	5,081,284	2,230,701	43.9%	5,191,883	2,163,530	41.7%	5,181,623
Net Income	(\$294,758)	(\$321,891)		(\$610,992)	\$9,145		(\$157,927)
Use & Events Permitting							
Revenues	\$1,120,280	\$148,902	13.3%	\$1,129,860	\$281,692	24.9%	\$1,157,496
Expenses	582,052	252,050	43.3%	697,423	328,567	47.1%	688,428
Net Income	\$538,228	(\$103,148)		\$432,437	(\$46,875)		\$469,068
Concessions							
Revenues	\$1,592,527	\$291,075	18.3%	\$1,499,500	\$297,387	19.8%	\$1,598,839
Expenses	194,550	62,452	32.1%	196,781	68,761	34.9%	189,777
Net Income	\$1,397,977	\$228,623		\$1,302,719	\$228,626		\$1,409,062
Parking							
Revenues	\$1,740,615	\$604,301	34.7%	\$1,765,550	\$990,706	56.1%	\$1,954,262
Expenses	361,870	93,285	25.8%	450,582	207,288	46.0%	442,579
Net Income	\$1,378,745	\$511,016		\$1,314,968	\$783,418		\$1,511,683
Ice Arenas							
Revenues	\$991,155	\$427,934	43.2%	\$854,779	\$458,828	53.7%	\$1,022,045
Expenses	787,045	383,088	48.7%	830,214	381,084	45.9%	815,494
Net Income	\$204,110	\$44,846		\$24,565	\$77,744		\$206,551
Winter Recreation							
Revenues	\$118,448	\$103,301	87.2%	\$336,173	\$95,046	28.3%	\$160,193
Expenses	823,682	417,463	50.7%	833,309	521,889	62.6%	831,728
Net Income	(\$705,234)	(\$314,162)		(\$497,136)	(\$426,843)		(\$671,535)
Sculpture Garden & Cowles Conservatory							
Revenues	\$2,965	\$8,965	302.4%	\$0	\$0		\$0
Expenses	221,198	96,614	43.7%	74,784	38,481	51.5%	78,962
Net Income	(\$218,233)	(\$87,649)		(\$74,784)	(\$38,481)		(\$78,962)



Enterprise Fund by Service Area (Continued)

	2015			2016			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year End	As of 6/30					
Total Operating Income							
Revenues	\$10,352,516	\$3,493,288	33.7%	\$10,166,753	\$4,296,334	42.3%	\$10,916,531
Expenses	\$8,051,681	\$3,535,653	43.9%	\$8,274,976	\$3,709,600	44.8%	\$8,228,591
Net Income	\$2,300,835	(\$42,365)		\$1,891,777	\$586,734		\$2,687,940
Non-Operating Expenses							
Improvements	\$138,900	\$74,443	53.6%	\$463,583	\$653,503	141.0%	\$980,255
Debt Service	1,213,537	200,369	16.5%	730,137	223,844	30.7%	730,137
Total Non-Operating Exp	\$1,352,437	\$274,812		\$1,193,720	\$877,347		\$1,710,392
Income after Non-Operating Expenses	\$948,398	(\$317,177)		\$698,057	(\$290,613)		\$977,549

Golf Operations

Golf Operations had a strong first half of 2016, with revenues projected to exceed budget by \$442,805 to the end of the year. The opening of 18 holes at Hiawatha Golf Course has increased revenue. Flood damage continues to keep Meadowbrook Golf Course closed. To the end of 2016 golf operations is projected to have a loss of (\$157,927).

Use & Events Permitting

Use & Events Permitting revenue as of June 30, 2016 is up \$132,790 from the same point in 2015 due to faster revenue collections. To the end of 2016 Use & Events Permitting is projected to have \$469,068 of net income, exceeding budget.

Concessions

Concessions net income is projected to increase by \$11,085 to \$1,409,062 in 2016.

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 2015 due to fee increases and increased usage, and expenses are projected to increase due to the purchase of new parking pay units. To the end of 2016 parking operations is projected to have net income of \$1,511,683.

Ice Arenas

Ice arena operations consist of the Parade and Northeast Ice Arenas. Revenues are projected to increase by \$30,890 due to increased usage and a fee increase. To the end of 2016 ice arena operations is projected to have net income of \$206,551.



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 2016 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 2016 this operation is projected to have a loss of (\$671,535).

Sculpture Garden & Cowles Conservatory

Utility costs and some maintenance continues at the Sculpture Garden while it is being renovated. To the end of 2016 this operation is projected to have a loss of (\$78,962).

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2016 is projected to be \$2,687,940, higher than 2015 due to increased income in golf and parking.

Operating income is used for facility improvements and debt service. Improvements taking place in 2016 include expenses for the Wirth Golf Course back nine project, Columbia Golf Course bridge repair, well at Meadowbrook Golf Course, and planning for the Hiawatha and Meadowbrook golf course reconstructions.

Enterprise Fund Projected 2016 Year-End Reserve for Renewal and Replacement

Reserve Balance 1/1/2016	\$1,866,672
Revenues in Excess of Expenditures	<u>977,549</u>
Reserve Balance 12/31/2016	<u><u>\$2,844,221</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.

	2015			2016			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year End	As of 6/30					
Equipment							
Revenues	\$5,161,687	\$2,625,622	50.9%	\$5,275,504	\$2,568,739	48.7%	\$5,137,478
Expenses	4,872,584	2,565,364	52.6%	5,255,504	1,991,084	37.9%	5,093,253
Net Income	\$289,103	\$60,258		\$20,000	\$577,655		\$44,225
Information Technology Services							
Revenues	\$1,524,758	\$762,379	50.0%	\$1,718,122	\$859,061	50.0%	\$1,718,122
Expenses	1,613,819	567,456	35.2%	1,658,122	489,349	29.5%	1,649,614
Net Income	(\$89,061)	\$194,923		\$60,000	\$369,712		\$68,508
Self-Insurance							
Revenues	\$2,301,917	\$1,249,593	54.3%	\$2,163,359	\$1,114,017	51.5%	\$2,330,462
Expenses	2,226,610	792,260	35.6%	2,163,359	883,770	40.9%	2,126,436
Net Income	\$75,307	\$457,333		\$0	\$230,247		\$204,026

Equipment

Equipment rental is charged to Park Board departments for use of equipment owned by the Park Board. Budgeted equipment purchases are planned for the second half of the year. The projected year-end equipment reserve balance is \$2.9 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. Budgeted hardware and software purchases are planned for the second half of the year. The projected year-end Information Technology Services equipment reserve balance is \$225,340.

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. The projected year-end Self-Insurance net asset balance \$6.6 million.



Equipment Services Equipment Reserve Balance

The Internal Service Fund equipment reserve at year-end 2015 was \$2.9 million. During 2016 revenues are projected to exceed expenses by \$44,225, leaving the equipment reserve balance at \$2.9 million.

2016 Projected Internal Service Fund Year-End Equipment Reserve Balance	
Working Capital January 1, 2016	\$2,861,029
Equipment Services revenue in excess of expenditures	<u>44,225</u>
Working Capital December 31, 2016	\$2,905,254

Information Technology Services Equipment Reserve Balance

The Internal Service Fund information technology services equipment reserve at year-end 2015 was \$156,832. During 2016 revenues are projected to exceed expenses by \$68,508, leaving the equipment reserve balance at \$225,340.

2016 Projected Internal Service Fund Year-End Information Technology Equipment Reserve Balance	
Working Capital January 1, 2016	\$156,832
ITS revenue in excess of expenditures	<u>68,508</u>
Working Capital December 31, 2016	\$225,340

Self-Insurance Fund Net Asset Balance

The Self-Insurance Fund net assets balance at year-end 2015 was \$6.4 million. During 2016 revenues are projected to exceed expenses by \$204,026, leaving the equipment reserve balance at \$6.6 million.

2016 Projected Self Insurance Fund Year-End Net Asset Balance	
Working Capital January 1, 2016	\$6,348,876
Self Insurance Fund revenue in excess of expenditures	<u>204,026</u>
Working Capital December 31, 2016	\$6,552,902