



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

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TABLE OF CONTENTS

Budget Overview	2
General Fund	2
Tree Preservation & Reforestation Fund	8
Enterprise Fund	9
Internal Service Fund	12



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, 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 \$68.9 million.

The 2015 year-end fund balance is projected to be \$4.8 million, which exceeds financial policy requirements by \$1.3 million. This projected balance is an increase of \$26,000 over 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 \$1.5 million and expenses \$1.4 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 \$1.7 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 2015 Internal Service Fund revenues are projected to be \$8.9 million and expenses are projected to be \$8.4 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 June of this year, 44.7 percent of the Fund's appropriations have been spent with 50 percent of the year elapsed.

Revenue generated by the Park Board as of June 30, 2015 totaled \$29.3 million, up 5.7 percent from the \$27.7 million collected in the first half of 2014. Total revenues for 2015 are projected to be \$68.9 million, an



increase of \$1.9 million from 2014 actual revenues, due to increases in property tax, local government aid and other revenues.

As of June 30, 2015 actual expenditures totaled \$31.0 million, up 2 percent from the \$30.3 million spent in the first half of 2014. To the end of 2015 expenditures are projected to be \$68.9 million, 2.6 percent higher than 2014.

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.

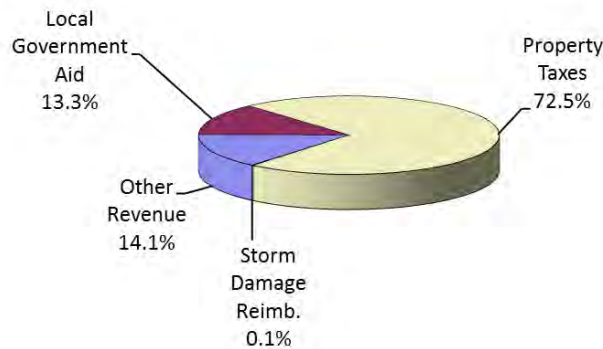
This report contains estimates. Unforeseen changes in revenue and expenditures will cause actual results to fluctuate from the projected results.

General Fund Revenues

As of June 30, 2015 actual revenues totaled \$29.3 million, up 5.7 percent from the \$27.7 million collected in the first half of 2014.

Revenues by Major Category

	2014			2015			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year End
	Year-End	As of 6/30					
Revenues							
Property and Other Taxes	\$48,709,853	\$24,232,880	49.7%	\$49,548,800	\$25,596,811	51.7%	\$49,990,572
Local Government Aid	8,977,319	0	0.0%	9,133,360	0	0.0%	9,133,360
Fees, Fines and Other Revenues	9,172,329	3,376,477	36.8%	9,558,847	3,644,468	38.1%	9,698,506
Storm Damage Reimbursement	210,162	140,637			102,725		102,725
Total Revenues	\$67,069,663	\$27,749,994	41.4%	\$68,241,007	\$29,344,004	43.0%	\$68,925,163



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 \$442,000 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 38.1 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 June 30, 2015 actual expenditures totaled \$31.0 million, up 2.0 percent from the \$30.3 million spent in the first half of 2014.

Expenditures by Major Category

	2014			2015		
	Actual		Percent	Current Budget	Actual As of 6/30	Percent Expended
	Year-End	As of 6/30	Expended			
Salaries & Fringe	\$42,329,835	\$20,522,147	48.5%	\$46,519,351	\$21,522,297	46.3%
Other Expenditures	24,807,596	9,817,415	39.6%	21,721,656	9,439,186	43.5%
Total Expenditures	\$67,137,431	\$30,339,562	45.2%	\$68,241,007	\$30,961,483	45.4%



Salaries and Fringe Benefits

Salaries and fringe benefits are 46.3 percent expended with 50 percent of the year elapsed.

Other Expenditures

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures are 43.5 percent expended with 50 percent of the year elapsed.



Expenditures by Service Area

	2014			2015			
	Actual		Percent Expended	Current Budget	Actual As of 6/30	Percent Expended	Projected Year-End
	Year-End	As of 6/30					
Operating Departments							
Superintendent's Office							
Superintendent's Office	\$891,634	\$419,794	47.1%	\$992,499	\$348,352	35.1%	\$939,765
Board of Commissioners	630,938	313,512	49.7%	645,077	341,118	52.9%	641,583
Communications & Marketing	562,677	194,243	34.5%	674,388	343,132	50.9%	603,845
Park Police	5,062,926	2,445,332	48.3%	5,399,230	2,593,371	48.0%	5,313,813
Deputy Superintendent's Office							
Community Outreach	1,392,409	658,141	47.3%	1,347,707	572,287	42.5%	1,280,789
Customer Service	406,111	196,240	48.3%	448,905	219,649	48.9%	427,838
Finance	723,149	343,620	47.5%	917,613	369,448	40.3%	786,459
Human Resources	578,024	211,841	36.6%	885,670	317,938	35.9%	784,511
City Management Fee, Contributions & Other	2,163,709	1,115,680	51.6%	2,468,921	1,218,262	49.3%	2,322,706
Environmental Stewardship							
Forestry	8,952,297	4,595,470	51.3%	9,056,770	4,288,637	47.4%	9,010,402
Asset Management	18,332,985	8,294,801	45.2%	22,724,706	10,870,349	47.8%	22,914,399
Environmental Management	6,080,109	2,547,306	41.9%	2,634,496	957,265	36.3%	2,570,449
Planning Services							
Planning	2,023,327	937,515	46.3%	2,213,187	907,466	41.0%	1,946,343
Recreation Services							
Athletic Programs & Aquatics	2,252,587	830,980	36.9%	2,670,135	955,107	35.8%	2,562,469
Recreation Centers & Programs	9,848,462	4,687,649	47.6%	9,627,801	4,988,232	51.8%	9,796,497
Youth Development	2,971,329	1,185,578	39.9%	3,305,822	1,453,461	44.0%	3,424,038
Total Operating Expenditures	\$62,872,673	\$28,977,702	46.1%	\$66,012,927	\$30,744,074	46.6%	\$65,325,906
Capital							
Pay-as-You-Go-Rehabilitation	\$4,264,758	\$1,361,860	31.9%	\$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	\$1,361,860	31.9%	\$3,246,671	\$217,409	6.7%	\$3,573,116
Total General Fund	\$67,137,431	\$30,339,562	45.2%	\$69,259,598	\$30,961,483	44.7%	\$68,899,022

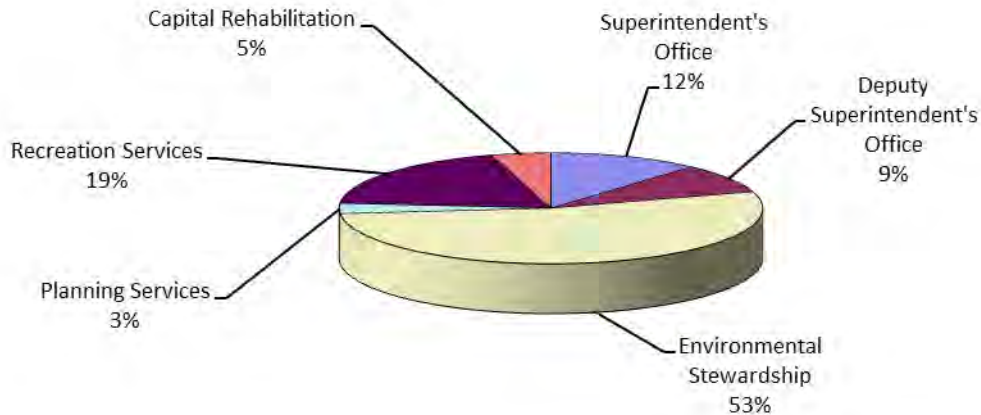
Operating Departments

Three departments have expended greater than 50 percent of budget in the first half of 2015. Budgeted lobbying fees associated with the State budget cycle have been expended from the Board of Commissioners budget. Communications and Marketing made budgeted city-wide survey and website redesign payments. Staffing has been increased at recreation centers, impacting the Recreation Centers and Programs budget. Four departments have spent less than 40% of budget in the first half of 2015. Budgeted contractual services have not been spent out of the Superintendent's Office



budget. Human Resources has savings from position vacancies and contractual services that will be expended in the second half of the year. Athletic Programs & Aquatics and Environmental Management have seasonal components to their operations, and expenses will increase in the second half of the year. 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

Three budget appropriation changes occurred during the first half of 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).

2016 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
2016 Current Budget	<u>\$69,259,598</u>



General Fund Balance

The 2015 year-end fund balance is estimated to be \$4.8 million, one percent higher than 2014.

General Fund Balance

	2014			2015			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year-End	As of 6/30					
Total Revenue	\$67,069,663	\$27,749,994	41.4%	\$68,241,007	\$29,344,004	43.0%	\$68,925,163
Total Expenditures	67,137,431	30,339,562	45.2%	69,259,598	30,961,483	44.7%	68,899,022
Revenue Over/(Under) Expenditures	(\$67,768)	(\$2,589,568)		(\$1,018,591)	(\$1,617,479)		\$26,141

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 \$4.8 million, which is seven percent of the current year adopted expenditure appropriation. This fund balance exceeds financial policy requirements by \$1.3 million.

2015 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2015	\$4,725,105
Projected Revenues in Excess of Expenditures	26,141
Projected Fund Balance, December 31, 2015	4,751,246
Fund Balance Requirement (5%)	3,412,050
Fund Balance in Excess of Requirement	\$1,339,196

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.

	2014			2015			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year-End	As of 6/30					
Revenues	\$1,217,732	\$503,940	41.4%	\$1,445,500	\$746,861	51.7%	\$1,458,620
Expenses	1,188,993	742,684	62.5%	1,445,500	949,953	65.7%	1,445,123
Net Income	\$28,739	(\$238,744)		\$0	(\$203,092)		\$13,497

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 removals caused expenses to exceed 50 percent of budget as of June 30. Tree purchases, planting and stump removal 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 2015 Year-End Fund Balance

Fund Balance 1/1/2015	\$28,739
Revenues in Excess of Expenditures	<u>13,497</u>
Fund Balance 12/31/2015	<u><u>\$42,236</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 6/30	Percent Recognized	Projected Year-End
	Year End	As of 6/30					
Golf							
Revenues	\$4,551,087	\$1,957,449	43.0%	\$4,063,700	\$1,908,810	47.0%	\$4,542,788
Expenses	5,939,553	2,409,519	40.6%	4,780,802	2,230,701	46.7%	5,084,395
Net Income	(\$1,388,466)	(\$452,070)		(\$717,102)	(\$321,891)		(\$541,607)
Use & Events Permitting							
Revenues	\$1,079,594	\$194,244	18.0%	\$1,094,900	\$148,902	13.6%	\$1,075,000
Expenses	519,277	263,442	50.7%	591,552	252,050	42.6%	567,493
Net Income	\$560,317	(\$69,198)		\$503,348	(\$103,148)		\$507,507
Concessions							
Revenues	\$1,419,987	\$226,394	15.9%	\$1,368,000	\$291,075	21.3%	\$1,451,000
Expenses	178,698	58,436	32.7%	194,705	62,452	32.1%	182,009
Net Income	\$1,241,289	\$167,958		\$1,173,295	\$228,623		\$1,268,991
Parking							
Revenues	\$1,614,123	\$531,095	32.9%	\$1,568,453	\$604,301	38.5%	\$1,687,329
Expenses	282,639	98,195	34.7%	370,638	93,285	25.2%	369,759
Net Income	\$1,331,484	\$432,900		\$1,197,815	\$511,016		\$1,317,570
Ice Arenas							
Revenues	\$794,535	\$405,866	51.1%	\$847,779	\$427,934	50.5%	\$837,502
Expenses	889,773	417,383	46.9%	895,804	383,088	42.8%	847,365
Net Income	(\$95,238)	(\$11,517)		(\$48,025)	\$44,846		(\$9,863)
Winter Recreation							
Revenues	\$205,919	\$134,919	65.5%	\$336,173	\$103,301	30.7%	\$174,301
Expenses	626,240	386,994	61.8%	854,860	417,463	48.8%	788,864
Net Income	(\$420,321)	(\$252,075)		(\$518,687)	(\$314,162)		(\$614,563)
Sculpture Garden & Cowles Conservatory							
Revenues	\$11,135	\$5,562	50.0%	\$25,950	\$8,965	34.5%	\$14,000
Expenses	258,435	118,398	45.8%	170,488	96,614	56.7%	214,901
Net Income	(\$247,300)	(\$112,836)		(\$144,538)	(\$87,649)		(\$200,901)



Enterprise Fund by Service Area (Continued)

	2014			2015			
	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	\$9,676,380	\$3,455,529	35.7%	\$9,304,955	\$3,493,288	37.5%	\$9,781,920
Expenses	\$8,694,615	\$3,752,367	43.2%	\$7,858,849	\$3,535,653	45.0%	\$8,054,786
Net Income	\$981,765	(\$296,838)		\$1,446,106	(\$42,365)		\$1,727,134
Non-Operating Expenses							
Improvements	\$655,184	\$391,302	59.7%	\$0	\$74,443		\$111,665
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	\$598,562		\$1,213,537	\$274,812		\$1,325,202
Income after Non-Operating Expenses	(\$644,498)	(\$895,400)		\$232,569	(\$317,177)		\$401,933

Golf Operations

Golf Operations had a strong first half of 2015, with revenues projected to exceed budget by \$479,088 to the end of the year. Flood damage from 2014 continues to affect operations, with Meadowbrook Golf Course and nine holes at Hiawatha Golf Course closed for the season. To the end of 2015 golf operations is projected to have a loss of (\$541,607).

Use & Events Permitting

Use & Events Permitting revenue as of June 30, 2015 is down 23 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 \$507,507 of net income, exceeding budget.

Concessions

Concessions net income is projected to increase by \$27,702 to \$1,268,991 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 planned purchase of five parking pay units. To the end of 2015 parking operations is projected to have net income of \$1,317,570.



Ice Arenas

Ice arena operations consist of the Parade and Northeast Ice Arenas. Revenues are projected to increase by \$42,967 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 (\$9,863).

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 (\$614,563).

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 (\$200,901).

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2015 is projected to be \$1,727,134, higher than 2014 due to increased revenues in golf, concessions and parking.

Operating income is used for three purposes; facility improvements, transfers to support the General Fund, and debt service. No improvements are budgeted for 2015 due to reduced operating income resulting from Meadowbrook and Hiawatha Golf Course closures. The \$74,443 of improvements as of June 30, 2015 includes expenses for the Wirth Golf Course back nine project and a street assessment for St. Anthony Boulevard bordering Gross Golf Course.

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

Reserve Balance 1/1/2015	\$979,203
Revenues in Excess of Expenditures	<u>401,933</u>
Reserve Balance 12/31/2015	<u><u>\$1,381,136</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 6/30	Percent Recognized	Projected Year-End
	Year End	As of 6/30					
Equipment							
Revenues	\$4,536,639	\$2,183,913	48.1%	\$5,018,233	\$2,625,622	52.3%	\$5,069,181
Expenses	4,029,581	1,453,018	36.1%	5,018,233	2,565,364	51.1%	4,720,684
Net Income	\$507,058	\$730,895		\$0	\$60,258		\$348,497
Information Technology Services							
Revenues	\$1,483,234	\$741,961	50.0%	\$1,551,080	\$762,379	49.2%	\$1,524,758
Expenses	1,301,728	706,630	54.3%	1,551,080	567,456	36.6%	1,380,577
Net Income	\$181,506	\$35,331		\$0	\$194,923		\$144,181
Self-Insurance							
Revenues	\$2,237,355	\$897,478	40.1%	\$2,087,802	\$1,249,593	59.9%	\$2,291,744
Expenses	3,633,925	785,279	21.6%	2,341,582	792,260	33.8%	2,250,428
Net Income	(\$1,396,570)	\$112,199		(\$253,780)	\$457,333		\$41,316

Equipment

Equipment rental is charged to Park Board departments for use of equipment owned by the Park Board. Expenses are up 77 percent compared to 2014 due to budgeted equipment purchases taking place in the first half of the year. 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 \$575,000.

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.

**Equipment Services and Information Technology Services Equipment Reserve Balance**

The Internal Service Fund equipment reserve at year-end 2014 was \$2.7 million. During 2015 revenues are projected to exceed expenses by \$493,000, leaving the equipment reserve balance at \$3.2 million.

2015 Projected Internal Service Fund Year-End Equipment Reserve Balance

Working Capital January 1, 2015	\$2,727,629
Equipment Services revenue in excess of expenditures	348,497
ITS revenue in excess of expenditures	<u>144,181</u>
Working Capital December 31, 2015	\$3,220,307

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 \$41,316, increasing the net assets balance.

2015 Projected Self-Insurance Fund Year-End Net Asset Balance

Working Capital January 1, 2015	\$6,457,061
Self-Insurance Fund revenue in excess of expenditures	<u>41,316</u>
Working Capital December 31, 2015	\$6,498,377