



Minneapolis Park and Recreation Board
Financial Status Report
as of Third 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 September 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 \$71.1 million and expenditures are projected to be \$72.5 million.

The 2016 year-end fund balance is projected to be \$4.5 million, which exceeds financial policy requirements by \$970,359. This projected balance is a decrease of \$1.3 million below the 2015 year-end balance. The reduction in fund balance is due to the 20 Year Neighborhood Park Plan (NPP20) start-up funds that are using fund balance and will be reimbursed by the City of Minneapolis in January, 2017.

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 \$2.4 million. The 2016 year-end Enterprise Fund balance is projected to be \$2.7 million. This projected balance is an increase of \$792,222 million above the 2015 year-end balance of \$1.9 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 \$9.3 million and expenses are projected to be \$8.5 million. The 2016 year-end Internal Service Funds balance is projected to be \$10.2 million. This projected balance is an increase of \$822,851 above the 2015 year-end balance of \$9.4 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 2016 with a fund balance of \$5.9 million and has a current operating budget of \$72.5 million. Through



September of this year, 69.0 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, 2016 totaled \$38.4 million, up 2.5 percent from the \$37.5 million collected in the first three quarters 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 September 30, 2016 actual expenditures totaled \$50.0 million, up 3 percent from the \$48.5 million spent in the first three quarters 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 was \$5.9 million, exceeding the financial policy requirement of \$3.4 million (5 percent of the 2015 General Fund operating budget) by \$2.4 million. The fund balance for the General Fund is projected to be \$4.5 million at fiscal year-end 2016, exceeding the financial policy requirement of \$3.5 million (5 percent of the 2016 General Fund operating budget) by \$1 million.

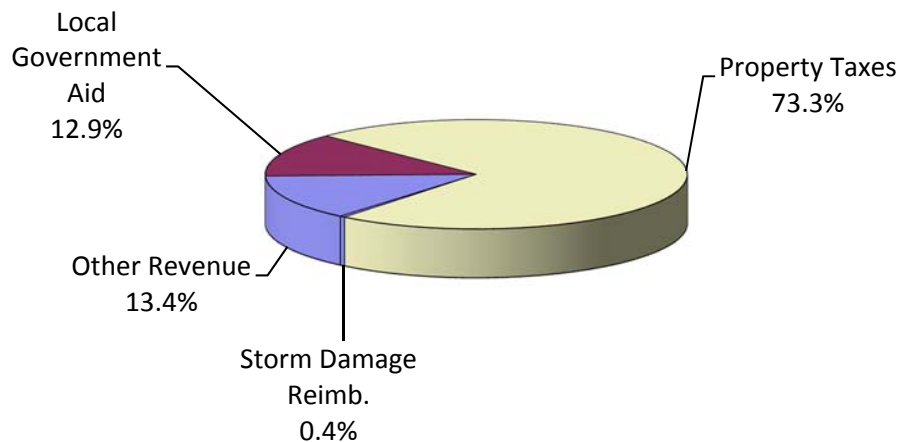
This report contains estimates. Unforeseen changes in revenue and expenditures will cause actual results to fluctuate from the projected results.

General Fund Revenues

As of September 30, 2016 actual revenues totaled \$38.4 million, up 2.5 percent from the \$37.5 million collected in the first three quarters of 2015.

Revenues by Major Category

	2015			2016			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year End
	Year-End	As of 9/30					
Property and Other Taxes	\$50,627,206	\$25,708,694	50.8%	\$52,057,170	\$26,699,065	51.3%	\$52,116,575
Local Government Aid	9,133,360	4,566,680	50.0%	9,182,581	4,590,335	50.0%	9,182,581
Fees, Fines and Other Revenues	9,720,734	7,035,424	72.4%	9,742,694	6,819,164	70.0%	9,543,474
Storm Damage Reimbursement	210,493	143,526			288,233		288,233
Total Revenues	\$69,691,793	\$37,454,324	53.7%	\$70,982,445	\$38,396,797	54.1%	\$71,130,863





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, 51.3 percent of budgeted property taxes. Property tax revenue is projected to exceed budget by \$59,405 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 13 percent of projected revenue, the second largest funding source in the General Fund. The Park Board has recognized 70.0 percent of the budgeted fees, fines and other revenue for 2016. Revenues are projected to be under budget by \$199,220 at year-end, 2% below the budgeted amount.

Storm Damage Reimbursement

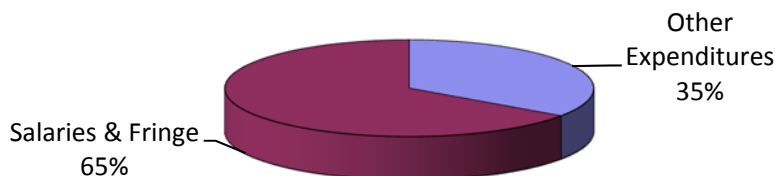
The Park Board is receiving reimbursement for expenses related to severe storms in 2013 and 2014.

General Fund Expenditures

As of September 30, 2016 actual expenditures totaled \$50.0 million, up 3 percent from the \$48.5 million spent in the first half of 2015.

Expenditures by Major Category

	2015			2016			
	Actual		Percent Expended	Current Budget	Actual As of 9/30	Percent Expended	Projected Year End
	Year-End	As of 9/30					
Salaries & Fringe	\$44,579,651	\$33,667,750	75.5%	\$48,825,271	\$35,047,758	71.8%	\$47,349,017
Other Expenditures	24,632,141	14,853,372	60.3%	23,657,174	14,930,547	63.1%	\$25,121,494
Total Expenditures	\$69,211,792	\$48,521,122	70.1%	\$72,482,445	\$49,978,305	69.0%	\$72,470,511





Salaries and Fringe Benefits

Salaries and fringe benefits are 71.8 percent expended with 75 percent of the year elapsed.

Other Expenditures

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures are 63.1 percent expended with 75 percent of the year elapsed.

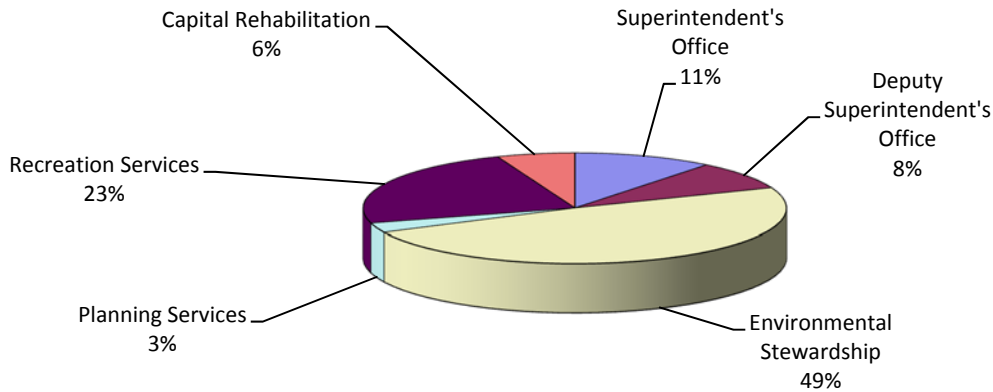
	Expenditures by Service Area						
	2015			2016			
	Actual		Percent	Current	Actual	Percent	Projected
	Year-End	As of 9/30	Expended	Budget	As of 9/30	Expended	Year-End
Operating Departments							
Superintendent's Office							
Superintendent's Office	\$856,217	\$556,713	65.0%	\$982,720	\$622,545	63.3%	\$918,225
Board of Commissioners	654,453	458,743	70.1%	650,441	514,724	79.1%	648,857
Communications & Marketing	656,647	482,446	73.5%	681,237	438,058	64.3%	645,346
Park Police	5,354,017	3,893,207	72.7%	5,531,048	4,067,984	73.5%	5,528,630
Deputy Superintendent's Office							
Community Outreach	1,258,617	912,602	72.5%	1,411,199	1,003,490	71.1%	1,355,912
Customer Service	404,940	305,703	75.5%	409,301	305,704	74.7%	407,599
Finance	767,374	542,707	70.7%	905,455	636,025	70.2%	872,717
Human Resources	676,865	496,706	73.4%	983,068	605,446	61.6%	919,891
City Management Fee, Contributions & Other	2,465,561	1,849,958	75.0%	2,386,008	1,273,785	53.4%	2,485,610
Environmental Stewardship							
Forestry	8,740,910	6,447,125	73.8%	9,024,374	6,594,458	73.1%	8,998,246
Asset Management	23,265,945	17,290,726	74.3%	23,563,581	17,688,652	75.1%	23,806,842
Environmental Management	2,250,366	1,563,997	69.5%	2,760,413	1,730,102	62.7%	2,542,791
Planning Services							
Planning	1,861,385	1,400,665	75.2%	2,040,803	1,412,592	69.2%	2,017,512
Recreation Services							
Athletic Programs & Aquatics	2,526,188	1,920,595	76.0%	2,805,185	1,965,352	70.1%	2,631,104
Recreation Centers & Programs	10,225,939	7,582,177	74.1%	10,304,133	7,889,275	76.6%	10,505,464
Youth Development	3,407,443	2,599,643	76.3%	3,963,479	2,593,176	65.4%	3,863,765
Total Operating Expenditures	\$65,372,867	\$48,303,713	73.9%	\$68,402,445	\$49,341,368	72.1%	\$68,148,511
Capital							
Pay-as-You-Go-Rehabilitation	\$3,216,625	\$217,409	6.8%	\$2,580,000	\$250,000	9.7%	\$2,822,000
NPP20				\$1,500,000	\$386,937	25.8%	\$1,500,000
Graco Easement	\$622,300						
Total Capital Expenditures	\$3,838,925	\$217,409	5.7%	\$4,080,000	\$636,937	15.6%	\$4,322,000
Total General Fund	\$69,211,792	\$48,521,122	70.1%	\$72,482,445	\$49,978,305	69.0%	\$72,470,511



Operating Departments

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.

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 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, 23 percent lower than 2015 due to the start-up costs for capital improvements to, rehabilitation of, or operating expenses relating to NPP20. The General Fund balance will be restored in 2017 when the start-up NPP20 costs are reimbursed by the City of Minneapolis.

	General Fund Balance						
	2015			2016			
	Actual		Percent	Current	Actual	Percent	Projected
	Year-End	As of 9/30	Recognized	Budget	As of 9/30	Recognized	Year-End
Total Revenue	\$69,691,793	\$37,454,324	53.7%	\$70,982,445	\$38,396,797	54.1%	\$71,130,863
Total Expenditures	69,211,792	48,521,122	70.1%	72,482,445	49,978,305	69.0%	72,470,511
Revenue Over/(Under) Expenditures	\$480,001	(\$11,066,798)		(\$1,500,000)	(\$11,581,508)		(\$1,339,648)

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 \$970,359.

2016 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2016	\$5,859,129
Projected Revenues in Excess of Expenditures	<u>(1,339,648)</u>
Projected Fund Balance, December 31, 2016	4,519,481
Fund Balance Requirement (5%)	<u>3,549,122</u>
Fund Balance in Excess of Requirement	<u>\$970,359</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 9/30	Percent Recognized	Projected Year-End
	Year-End	As of 9/30					
Revenues	\$1,485,419	\$746,861	50.3%	\$1,714,503	\$874,510	51.0%	\$1,722,785
Expenses	1,441,341	1,091,945	75.8%	1,743,242	1,555,496	89.2%	1,739,388
Net Income	\$44,078	(\$345,084)		(\$28,739)	(\$680,986)		(\$16,603)

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 75 percent of budget as of September 30.

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, with the full revenue generated for this program to be fully expended by the end of the program.

Tree Preservation and Reforestation Projected 2016 Year-End Fund Balance

Fund Balance 1/1/2016	\$58,224
Revenues in Excess of Expenditures	<u>-16,603</u>
Fund Balance 12/31/2016	<u><u>\$41,621</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 9/30	Percent Recognized	Projected Year-End
	Year End	As of 9/30					
Golf							
Revenues	\$4,786,526	\$4,213,815	88.0%	\$4,580,891	\$4,321,917	94.3%	\$4,931,341
Expenses	5,081,284	4,153,778	81.7%	5,191,883	4,264,411	82.1%	5,279,753
Net Income	(\$294,758)	\$60,037		(\$610,992)	\$57,506		(\$348,412)
Use & Events Permitting							
Revenues	\$1,120,280	\$621,841	55.5%	\$1,129,860	\$660,074	58.4%	\$1,158,513
Expenses	582,052	428,301	73.6%	697,423	543,079	77.9%	692,464
Net Income	\$538,228	\$193,540		\$432,437	\$116,995		\$466,049
Concessions							
Revenues	\$1,592,527	\$1,166,651	73.3%	\$1,499,500	\$1,142,744	76.2%	\$1,568,621
Expenses	194,550	128,446	66.0%	196,781	131,810	67.0%	197,860
Net Income	\$1,397,977	\$1,038,205		\$1,302,719	\$1,010,934		\$1,370,761
Parking							
Revenues	\$1,740,615	\$1,289,571	74.1%	\$1,765,550	\$1,522,836	86.3%	\$1,973,880
Expenses	361,870	249,411	68.9%	450,582	333,660	74.1%	447,410
Net Income	\$1,378,745	\$1,040,160		\$1,314,968	\$1,189,176		\$1,526,470
Ice Arenas							
Revenues	\$991,155	\$537,888	54.3%	\$854,779	\$575,167	67.3%	\$1,028,430
Expenses	787,045	520,551	66.1%	830,214	551,524	66.4%	808,897
Net Income	\$204,110	\$17,337		\$24,565	\$23,643		\$219,533
Winter Recreation							
Revenues	\$118,448	\$105,618	89.2%	\$336,173	\$96,441	28.7%	\$110,479
Expenses	823,682	447,068	54.3%	833,309	574,405	68.9%	840,105
Net Income	(\$705,234)	(\$341,450)		(\$497,136)	(\$477,964)		(\$729,626)
Sculpture Garden & Cowles Conservatory							
Revenues	\$2,965	\$2,669	90.0%	\$0	\$0		\$0
Expenses	221,198	168,594	76.2%	74,784	42,810	57.2%	82,416
Net Income	(\$218,233)	(\$165,925)		(\$74,784)	(\$42,810)		(\$82,416)



Enterprise Fund by Service Area (Continued)

	2015			2016			
	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	\$10,352,516	\$7,938,053	76.7%	\$10,166,753	\$8,319,179	81.8%	\$10,771,264
Expenses	\$8,051,681	\$6,096,149	75.7%	\$8,274,976	\$6,441,699	77.8%	\$8,348,905
Net Income	\$2,300,835	\$1,841,904		\$1,891,777	\$1,877,480		\$2,422,359
Non-Operating Expenses							
Improvements	\$138,900	\$132,401	95.3%	\$463,583	\$830,110	179.1%	\$900,000
Debt Service	1,213,537	200,369	16.5%	730,137	223,844	30.7%	730,137
Total Non-Operating Exp	\$1,352,437	\$332,770		\$1,193,720	\$1,053,954		\$1,630,137
Income after Non-Operating Expenses	\$948,398	\$1,509,134		\$698,057	\$823,526		\$792,222

Golf Operations

Golf Operations had a strong year in 2016, with revenues projected to exceed budget by \$350,450 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 both revenue and expense are projected to be over budget, and higher than 2015 due to an increase in rounds played. To the end of 2016 golf operations is projected to have a loss of (\$348,412).

Use & Events Permitting

To the end of 2016 Use & Events Permitting is projected to have \$466,049 of net income, exceeding budget.

Concessions

Concessions is projected to have \$1,370,761 of net income, exceeding budget.

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 \$1,526,470.

Ice Arenas

Ice arena operations consist of the Parade and Northeast Ice Arenas. Revenues are projected to increase by \$37,275 due to increased usage and a fee increase. To the end of 2016 ice arena operations is projected to have net income of \$219,533.



Winter Recreation

Winter Recreation includes activities at Wirth Park and cross country skiing at Columbia 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. During the fourth quarter Park Board staff will work to transition operations to the Loppet, with the Loppet taking over operations in 2017. To the end of 2016 this operation is projected to have a loss of (\$729,626).

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 (\$82,416).

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2016 is projected to be \$2,422,359, higher than 2015 by \$121,524 due to increased income in 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 courses.

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>792,222</u>
Reserve Balance 12/31/2016	<u><u>\$2,658,894</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 9/30	Percent Recognized	Projected Year-End
	Year End	As of 9/30					
Equipment							
Revenues	\$5,161,687	\$3,921,070	76.0%	\$5,275,504	\$3,830,175	72.6%	\$5,094,133
Expenses	4,872,584	3,628,353	74.5%	5,255,504	3,151,161	60.0%	4,784,404
Net Income	\$289,103	\$292,717		\$20,000	\$679,014		\$309,729
Information Technology Services							
Revenues	\$1,524,758	\$1,143,571	75.0%	\$1,718,122	\$1,288,592	75.0%	\$1,718,208
Expenses	1,613,819	955,359	59.2%	1,658,122	962,134	58.0%	1,590,077
Net Income	(\$89,061)	\$188,212		\$60,000	\$326,458		\$128,131
Self-Insurance							
Revenues	\$2,301,917	\$1,780,842	77.4%	\$2,163,359	\$1,791,749	82.8%	\$2,469,738
Expenses	2,226,610	1,396,713	62.7%	2,163,359	1,369,212	63.3%	2,084,747
Net Income	\$75,307	\$384,129		\$0	\$422,537		\$384,991

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 fourth quarter. At the end of 2015 the equipment reserve balance was \$2.9 million. The projected 2016 year-end equipment reserve balance is \$3.2 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 purchases are planned for the fourth quarter. At the end of 2015 the Information Technology Services equipment reserve balance was \$156,832. The projected 2016 year-end Information Technology Services equipment reserve balance is \$284,963.

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. At the end of 2015 the Self-Insurance net asset balance was \$6.4 million. The projected 2016 year-end Self-Insurance net asset balance is \$6.7 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 \$309,729, leaving the equipment reserve balance at \$3.2 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>309,729</u>
Working Capital December 31, 2016	\$3,170,758

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 \$128,131, leaving the equipment reserve balance at \$284,963.

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>128,131</u>
Working Capital December 31, 2016	\$284,963

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 \$384,991, leaving the equipment reserve balance at \$6.7 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>384,991</u>
Working Capital December 31, 2016	\$6,733,867