



Minneapolis Park and Recreation Board
Financial Status Report
as of Year-End, 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 December 31, 2016.

This financial report has been prepared by the Minneapolis Park and Recreation Board Finance Department. Financial information contained in this report 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. In 2016 General Fund revenues were \$73.0 million and expenditures were \$71.8 million, resulting in an increase to fund balance of \$1.2 million.

The 2016 year-end fund balance is projected to be \$7.1 million, which exceeds financial policy requirements by \$3.5 million. This projected balance is an increase of \$1.2 million above the 2015 year-end balance. The increase in fund balance is due to receiving \$1.5 million from the City of Minneapolis to fund the start-up expenses of the 20 Year Neighborhood Park Plan (NPP20). Of the \$1.5 million, \$892,803 had been spent as of the end of 2016. In 2017 NPP20 start-up expenses of \$607,000 will take place, reducing the fund balance by \$607,000.

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. In 2016 Tree Preservation and Reforestation Fund revenues and expenses were \$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 was \$2.3 million. The 2016 year-end Enterprise Fund balance is projected to be \$2.4 million. This projected balance is an increase of \$581,032 above the 2015 year-end balance of \$1.9 million.

Internal Service Funds

Internal Service Funds account for equipment fleet, information technology and self-insurance services to Park Board departments. In 2016 Internal Service Fund revenues were \$9.3 million and expenses were \$7.5 million. The 2016 year-end Internal Service Funds balance is projected to be \$11.1 million. This projected balance is an increase of \$1.8 million 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 ended 2016 with a fund balance of \$7.1 million.



In 2016 revenue generated by the Park Board totaled \$73.0 million, up \$3.3 million from 2015 revenues. Revenues increased in 2016 due to increased property tax revenue and the receipt of \$1.5 million of NPP20 start-up reimbursement funding.

In 2016 expenditures totaled \$71.8 million, up \$2.6 million from 2015 expenditures.

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 \$2.5 million. The fund balance for the General Fund at fiscal year-end 2016 is \$7.1 million, exceeding the financial policy requirement of \$3.6 million (5 percent of the 2016 General Fund operating budget) by \$3.5 million.

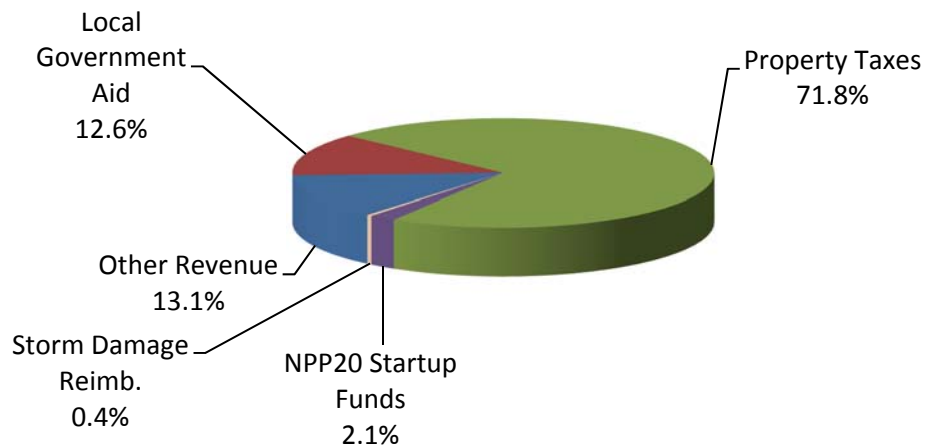
The financial information contained in this report has not been audited. The audited 2016 financial information may fluctuate from the information contained in this report.

General Fund Revenues

Actual revenues to the end of 2016 totaled \$73.0 million, up \$3.3 million from 2015 actual revenues.

Revenues by Major Category

	2015	2016		Percent Recognized
	Actual Year-End	Current Budget	Actual As of 12/31	
Property and Other Taxes	\$50,627,206	\$52,057,170	\$52,414,899	100.7%
Local Government Aid	9,133,360	9,182,581	9,180,669	100.0%
Fees, Fines and Other Revenues	9,720,734	9,742,694	9,586,279	98.4%
NPP20 Start-up Funds		1,500,000	1,500,000	
Storm Damage Reimbursement	210,493		288,234	
Total Revenues	\$69,691,793	\$72,482,445	\$72,970,081	100.7%





Property Taxes

Property taxes provided 72 percent of revenue, the largest funding source of the General Fund. Property tax collection rates exceeded the budgeted 99 percent by \$357,729.

Local Government Aid

Local Government Aid (LGA) provided 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.

Fees, Fines and Other Revenue

Fees, fines and other revenue provided 13 percent of revenue. Revenues were under budget by \$156,415 at year-end, 1.6% below the budgeted amount.

NPP20 Start-up Funds

The Park Board received \$1.5 million from the City of Minneapolis to fund the start-up expenses of the 20 Year Neighborhood Park Plan (NPP20).

Storm Damage Reimbursement

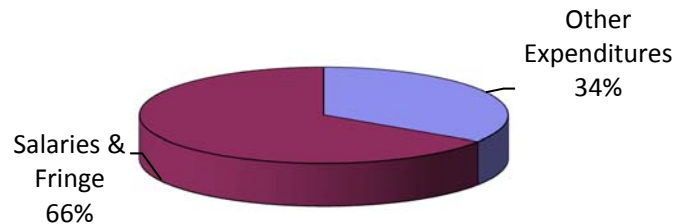
The Park Board received reimbursement for expenses related to severe storms in 2013 and 2014.

General Fund Expenditures

Actual expenditures to the end of 2016 totaled \$71.8 million, up 3.7 percent from the \$69.2 million spent in 2015.

Expenditures by Major Category

	2015	2016	
	Actual Year-End	Current Budget	Actual As of 12/31 Percent Expended
Salaries & Fringe	\$44,579,651	\$48,814,208	\$47,161,985 96.6%
Other Expenditures	24,632,141	23,096,395	24,642,133 106.7%
Total Expenditures	\$69,211,792	\$71,910,603	\$71,804,118 99.9%





Salaries and Fringe Benefits

Salaries and fringe benefits ended the year 96.6 percent spent.

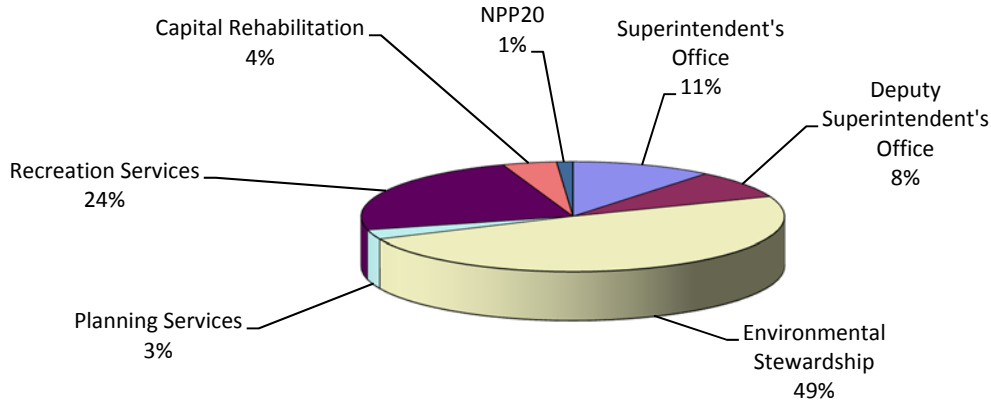
Other Expenditures

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures ended the year seven percent over budget due to repair and maintenance of parks and transfers to capital projects.

	Expenditures by Service Area			
	2015	2016		
	Actual	Current	Actual	Percent
	Year-End	Budget	As of 12/31	Expended
Operating Departments				
Superintendent's Office				
Superintendent's Office	\$856,217	\$920,720	\$900,668	97.8%
Board of Commissioners	654,453	712,441	711,266	99.8%
Communications & Marketing	656,647	681,237	622,675	91.4%
Park Police	5,354,017	5,546,467	5,514,774	99.4%
Deputy Superintendent's Office				
Community Outreach	1,258,617	1,411,199	1,332,811	94.4%
Customer Service	404,940	421,787	421,304	99.9%
Finance	767,374	915,455	888,242	97.0%
Human Resources	676,865	968,527	911,121	94.1%
City Management Fee, Contributions & Other	2,465,561	2,436,008	2,426,820	99.6%
Environmental Stewardship				
Forestry	8,740,910	9,103,907	9,100,660	100.0%
Asset Management	23,265,945	23,814,436	23,808,118	100.0%
Environmental Management	2,250,366	2,366,076	2,332,126	98.6%
Planning Services				
Planning	1,861,385	2,040,803	2,003,764	98.2%
Recreation Services				
Athletic Programs & Aquatics	2,526,188	2,774,503	2,695,395	97.1%
Recreation Centers & Programs	10,225,939	10,404,035	10,374,740	99.7%
Youth Development	3,407,443	3,920,199	3,901,678	99.5%
Total Operating Expenditures	\$65,372,867	\$68,437,800	\$67,946,163	99.3%
Capital				
Pay-as-You-Go-Rehabilitation	\$3,216,625	\$2,580,000	\$2,965,152	114.9%
NPP20		892,803	892,803	100.0%
Graco Easement	\$622,300			
Total Capital Expenditures	\$3,838,925	\$3,472,803	\$3,857,955	111.1%
Total General Fund	\$69,211,792	\$71,910,603	\$71,804,118	99.9%



Expenditures by Division



General Fund Budget Appropriation Changes

Two budget appropriation changes occurred in 2016. Expenditures were increased by \$892,803 for initial costs for capital improvements to, rehabilitation of, or operating expenses relating to NPP20 (Board approved Resolution 2016-239). Expenditures were increased by \$35,355 for the Recreation Center Facilities Analysis (RecQuest) (Board approved Resolution 2012-330).

2016 Original Budget	\$70,982,445
NPP20 Startup funds	892,803
Recreation Center Facilities Analysis (RecQuest)	35,355
2016 Final Budget	\$71,910,603



General Fund Balance

The 2016 year-end fund balance is estimated to be \$7.1 million, 20 percent higher than 2015 due to the receipt of \$1.5 million of start-up funding for capital improvements to, rehabilitation of, or operating expenses relating to NPP20. The General Fund balance will be reduced by \$607,000 in 2017 when the remaining NPP20 start-up funds are expended.

	General Fund Balance			
	2015	2016		
	Actual	Current	Actual	Percent
	Year-End	Budget	As of 12/31	Recognized
Total Revenue	\$69,691,793	\$72,482,445	\$72,970,081	100.7%
Total Expenditures	69,211,792	71,910,603	71,804,118	99.9%
Revenue Over/(Under) Expenditures	\$480,001	\$571,842	\$1,165,963	

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 \$7.1 million, which is 9.9 percent of the current year adopted expenditure appropriation. This fund balance exceeds financial policy requirements by \$3.5 million. Of the \$3.5 million, \$607,000 will be expended in 2017 on NPP20 start-up costs.

2016 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2016	\$5,894,484
Projected Revenues in Excess of Expenditures	<u>1,165,963</u>
Projected Fund Balance, December 31, 2016	7,060,447
Fund Balance Requirement (5%)	<u>3,549,122</u>
Fund Balance in Excess of Requirement	<u>\$3,511,325</u>

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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 Year-End	Current Budget	Actual 12/31/2016	Percent Recognized
Revenues	\$1,485,419	\$1,714,503	\$1,729,440	100.9%
Expenses	1,441,341	1,743,242	1,742,615	100.0%
Net Income	\$44,078	(\$28,739)	(\$13,175)	

Revenues

Tree Preservation and Reforestation Fund revenues come from a property tax levy dedicated to tree preservation and reforestation. Property tax revenues exceeded budget due to high collection rates.

Expenses

Tree Preservation and Reforestation Fund expenses include tree removal, stump removal, tree planting and the associated supply and equipment costs.

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. The full revenue generated for this program will 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>(13,175)</u>
Fund Balance 12/31/2016	<u><u>\$45,049</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, and debt service.

Enterprise Fund by Service Area

	2015	2016		
	Actual Year End	Current Budget	Actual As of 12/31	Percent Expended
Golf				
Revenues	\$4,786,526	\$4,920,891	\$4,967,999	101.0%
Expenses	5,081,284	5,531,883	5,522,824	99.8%
Net Income	(\$294,758)	(\$610,992)	(\$554,825)	
Use & Events				
Permitting				
Revenues	\$1,120,280	\$1,129,860	\$1,123,695	99.5%
Expenses	582,052	697,423	686,119	98.4%
Net Income	\$538,228	\$432,437	\$437,576	
Concessions				
Revenues	\$1,592,527	\$1,549,500	\$1,655,040	106.8%
Expenses	194,550	246,781	222,604	90.2%
Net Income	\$1,397,977	\$1,302,719	\$1,432,436	
Parking				
Revenues	\$1,740,615	\$1,905,550	\$1,960,007	102.9%
Expenses	361,870	590,582	465,207	78.8%
Net Income	\$1,378,745	\$1,314,968	\$1,494,800	
Ice Arenas				
Revenues	\$991,155	\$914,779	\$962,691	105.2%
Expenses	787,045	890,214	796,841	89.5%
Net Income	\$204,110	\$24,565	\$165,850	
Winter Recreation				
Revenues	\$118,448	\$336,173	\$100,467	29.9%
Expenses	823,682	833,309	736,739	88.4%
Net Income	(\$705,234)	(\$497,136)	(\$636,272)	
Sculpture Garden & Cowles Conservatory				
Revenues	\$2,965	\$0	\$0	
Expenses	221,198	74,784	64,358	86.1%
Net Income	(\$218,233)	(\$74,784)	(\$64,358)	



Enterprise Fund by Service Area (Continued)

	2015	2016		
	Actual Year End	Current Budget	Actual As of 12/31	Percent Expended
Total Operating Income				
Revenues	\$10,352,516	\$10,756,753	\$10,769,899	100.1%
Expenses	\$8,051,681	\$8,864,976	\$8,494,692	95.8%
Net Income	\$2,300,835	\$1,891,777	\$2,275,207	
Non-Operating Expenses				
Improvements	\$138,900	\$610,482	\$963,837	157.9%
Debt Service	1,213,537	730,137	730,338	100.0%
Total Non-Operating Exp	\$1,352,437	\$1,340,619	\$1,694,175	
Income after Non-Operating Expenses	\$948,398	\$551,158	\$581,032	

Golf Operations

Golf Operations revenues increased \$181,473, or 4 percent, over 2015 revenues. The opening of 18 holes at Hiawatha Golf Course helped increase revenue, while flood damage continued to keep Meadowbrook Golf Course closed. Golf operations ended 2016 with a net loss of (\$554,825).

Use & Events Permitting

Use & Events Permitting ended 2016 with net income of \$437,576, exceeding budget by \$5,139, or 1.2%.

Concessions

Concessions ended 2016 with net income of \$1,432,436, exceeding budget by \$129,717, or 10.0%.

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 increased \$219,392 from 2015 due to fee increases and increased usage. Expenses increased due to the purchase of new parking pay units. Parking operations ended 2016 with net income of \$1,494,800, exceeding budget by \$141,285, or 13.7%.

Ice Arenas

Ice arena operations consist of the Parade and Northeast Ice Arenas. Ice arena operations ended 2016 with net income of \$165,850, exceeding budget by \$141,285, almost 6 times budgeted net income.



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. During the fourth quarter of 2016 Park Board staff worked to transition operations to the Loppet, with the Loppet taking over operations in 2017. Winter Recreation ended 2016 with a net loss of (\$636,272).

Sculpture Garden & Cowles Conservatory

Utility costs and some maintenance continues at the Sculpture Garden while it is being renovated. The Sculpture Garden & Cowles Conservatory ended 2016 with a net loss of (\$64,358).

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2016 was \$2.3 million, the same as 2015.

Operating income is used for facility improvements and debt service. Improvements in 2016 include expenses for Columbia Golf Course bridge repair, well at Meadowbrook Golf Course, and planning for the Hiawatha and Meadowbrook golf courses.

Enterprise Fund Budget Appropriation Changes

Two budget appropriation changes occurred during 2016. Revenues and expenditures were increased by \$590,000 based on actual revenue received that exceeded the original budget. Expenditures were increased by \$146,899 for the Columbia Golf Course bridge repair (Board approved Resolution 2016-268).

2016 Original Budget	\$9,468,696
Appropriation increases based on actual revenue received:	590,000
Columbia Golf Course Bridge Repair	146,899
2016 Final Budget	<u>\$10,205,595</u>

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>581,032</u>
Reserve Balance 12/31/2016	<u><u>\$2,447,704</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.

	<u>2015</u>	<u>2016</u>		
	<u>Actual Year End</u>	<u>Current Budget</u>	<u>Actual 12/31/2016</u>	<u>Percent Expended</u>
Equipment				
Revenues	\$5,161,687	\$5,275,504	\$5,136,280	97.4%
Expenses	4,872,584	5,255,504	3,904,417	74.3%
Net Income	<u>\$289,103</u>	<u>\$20,000</u>	<u>\$1,231,863</u>	
Information Technology Services				
Revenues	\$1,524,758	\$1,718,122	\$1,718,122	100.0%
Expenses	1,613,819	1,658,122	1,444,251	87.1%
Net Income	<u>(\$89,061)</u>	<u>\$60,000</u>	<u>\$273,871</u>	
Self-Insurance				
Revenues	\$2,301,917	\$2,163,359	\$2,429,443	112.3%
Expenses	2,226,610	2,163,359	2,155,107	99.6%
Net Income	<u>\$75,307</u>	<u>\$0</u>	<u>\$274,336</u>	

Equipment

Equipment rental is charged to Park Board departments for use of equipment owned by the Park Board. Expenses ended 2016 under budget due to position vacancies and deferred equipment purchases. Deferred equipment purchases will be made in 2017. At the end of 2015 the equipment reserve balance was \$2.9 million. The projected 2016 year-end equipment reserve balance is \$4.1 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. Expenses ended 2016 under budget due to reduced network connectivity fees. 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 \$430,703.

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. At the end of 2015 the Self-Insurance net asset balance was \$6.3 million. The projected 2016 year-end Self-Insurance net asset balance is \$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 exceeded expenses by \$1,231,863, leaving the equipment reserve balance at \$4.1 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>1,231,863</u>
Working Capital December 31, 2016	\$4,092,892

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 exceeded expenses by \$273,871, leaving the equipment reserve balance at \$430,703.

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>273,871</u>
Working Capital December 31, 2016	\$430,703

Self-Insurance Fund Net Asset Balance

The Self-Insurance Fund net assets balance at year-end 2015 was \$6.3 million. During 2016 revenues exceeded expenses by \$274,336, leaving the net assets 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>274,336</u>
Working Capital December 31, 2016	\$6,623,212