



Minneapolis Park and Recreation Board
Financial Status Report
as of Second Quarter, 2017

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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, 2017.

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 2017, General Fund revenues are projected to be \$76.6 million and expenditures are projected to be \$76.8 million.

The 2017 year-end fund balance is projected to be \$6.1 million, which exceeds financial policy requirements by \$2.3 million. This projected balance is a decrease of \$225,000 below the 2016 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 2017 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 2017 year-end Enterprise Fund balance is projected to be \$1.0 million. This projected balance is a decrease of \$1.1 million below the 2016 year-end balance of \$2.1 million.

Internal Service Funds

Internal Service Funds account for equipment fleet, information technology and self-insurance services to Park Board departments. To the end of 2017 Internal Service Fund revenues are projected to be \$10.0 million and expenses are projected to be \$9.8 million. The 2017 year-end Internal Service Funds balance is projected to be \$11.3 million. This projected balance is an increase of \$206,174 above the 2016 year-end balance of \$11.0 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 2017 with a fund balance of \$7.0 million and has a current operating budget of \$77.2 million. Through June of this year, 44.8 percent of the Fund's appropriations have been spent with 50 percent of the year elapsed.



2017 Second Quarter Financial Status Report

Revenue generated by the Park Board as of June 30, 2017 totaled \$33.3 million, up 8.9 percent from the \$30.5 million collected in the first half of 2016. Total revenues for 2017 are projected to be \$76.6 million, 4.9% higher than 2016 revenues, due to increased property tax revenue.

As of June 30, 2017 actual expenditures totaled \$34.6 million, up 10.3 percent from the \$31.4 million spent in the first half of 2016. To the end of 2017 expenditures are projected to be \$76.8 million, 7.0 percent higher than 2016.

The fund balance for the General Fund at fiscal year-end 2016 was \$6.3 million, exceeding the financial policy requirement of \$3.5 million (5 percent of the 2016 General Fund operating budget) by \$2.8 million. The fund balance for the General Fund is projected to be \$6.1 million at fiscal year-end 2017, exceeding the financial policy requirement of \$3.8 million (5 percent of the 2017 General Fund operating budget) by \$2.3 million.

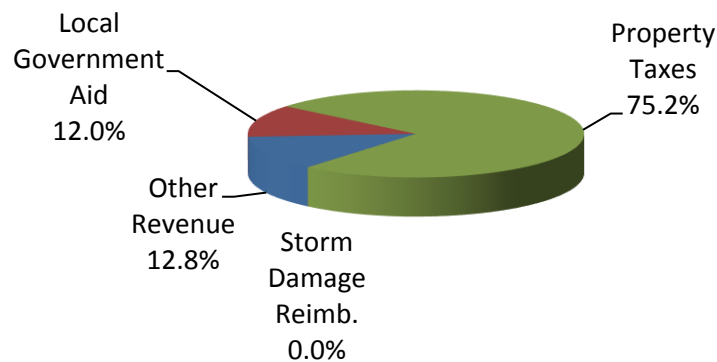
This report contains estimates. Unforeseen changes in revenue and expenditures will cause actual results to fluctuate from the projected results.

General Fund Revenues

As of June 30, 2017 actual revenues totaled \$33.3 million, up 8.9 percent from the \$30.5 million collected in the first half of 2016.

Revenues by Major Category

	2016			2017			
	Actual Year-End	Actual As of 6/30	Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year End
Property and Other Taxes	\$52,414,899	\$26,699,065	50.9%	\$57,462,870	\$29,323,168	51.0%	\$57,561,379
Local Government Aid	9,180,669	0	0.0%	9,194,054	0	0.0%	9,194,054
Fees, Fines and Other Revenues	9,586,279	3,702,527	38.6%	9,956,570	3,912,301	39.3%	9,796,053
NPP20 Start-up Funds	1,500,000	0	0.0%	0	0		0
Storm Damage Reimbursement	288,234	147,408	51.1%	0	19,148		19,148
Total Revenues	\$72,970,081	\$30,549,000	41.9%	\$76,613,494	\$33,254,617	43.4%	\$76,570,634





Property Taxes

Property taxes provide 75 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, 51.0 percent of budgeted property taxes. Property tax revenue is projected to exceed budget by \$99,000 at year-end.

Local Government Aid

Local Government Aid (LGA) is projected to provide 12 percent of 2017 revenue. The State Budget included the 2017 City of Minneapolis LGA allocation of \$79.3 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 39.3 percent of the budgeted fees, fines and other revenue for 2017. Revenues are projected to be under budget by \$161,000 at year-end.

Storm Damage Reimbursement

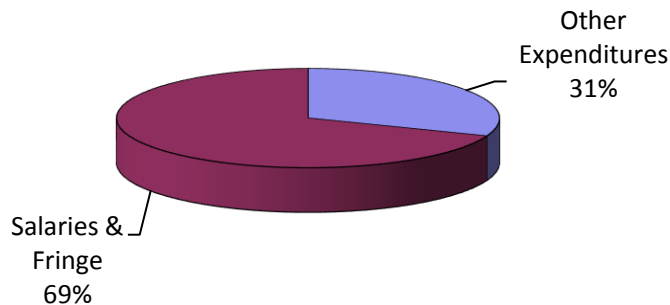
The Park Board is receiving reimbursement for expenses related to severe storms in 2013 and 2014.

General Fund Expenditures

As of June 30, 2017 actual expenditures totaled \$34.6 million, up 10.3 percent from the \$31.4 million spent in the first half of 2016.

Expenditures by Major Category

	2016			2017		
	Actual		Percent Expended	Current Budget	Actual As of 6/30	Percent Expended
	Year-End	As of 6/30				
Salaries & Fringe	\$47,161,985	\$22,389,221	47.5%	\$52,953,022	\$23,693,453	44.7%
Other Expenditures	24,642,133	8,980,592	36.4%	23,660,472	10,900,631	46.1%
Total Expenditures	\$71,804,118	\$31,369,813	43.7%	\$76,613,494	\$34,594,084	45.2%





Salaries and Fringe Benefits

Salaries and fringe benefits are 44.7 percent expended with 50 percent of the year elapsed.

Other Expenditures

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures are 46.1 percent expended with 50 percent of the year elapsed.

Expenditures by Service Area

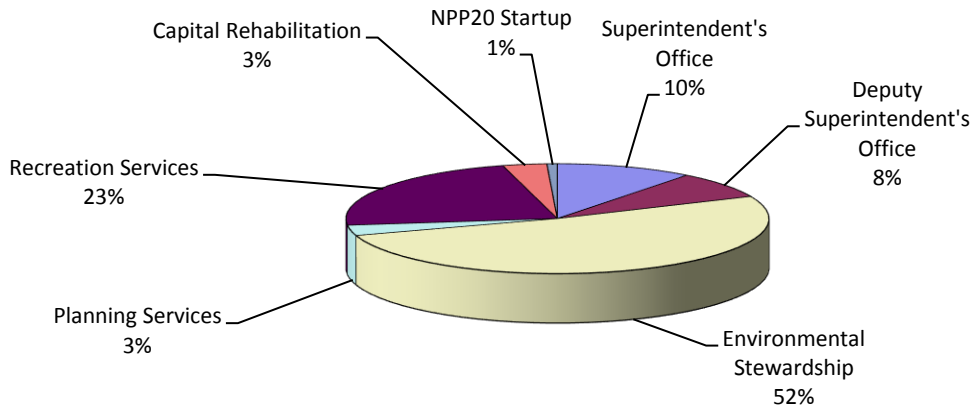
	2016			2017			
	Actual As of 12/31	Actual As of 6/30	Percent Expended	Current Budget	Actual As of 6/30	Percent Expended	Projected Year-End
Operating Departments							
Superintendent's Office							
Superintendent's Office	\$900,668	\$382,110	42.4%	\$749,070	\$404,126	54.0%	\$745,185
Board of Commissioners	711,266	324,961	45.7%	658,984	315,935	47.9%	702,162
Communications & Marketing	622,675	285,613	45.9%	738,349	387,203	52.4%	734,350
Park Police	5,514,774	2,697,982	48.9%	5,867,073	2,715,575	46.3%	5,853,411
Deputy Superintendent's Office							
Community Outreach	1,332,811	609,248	45.7%	1,426,118	530,042	37.2%	1,326,989
Customer Service	421,304	203,554	48.3%	440,769	244,776	55.5%	440,540
Deputy Superintendent's Office				254,832	117,901	46.3%	249,181
Finance	888,242	436,381	49.1%	1,068,970	511,964	47.9%	1,022,704
Human Resources	911,121	388,415	42.6%	1,102,950	520,956	47.2%	1,076,147
City Management Fee, Contributions & Other	2,426,820	1,004,704	41.4%	2,180,093	1,019,171	46.7%	2,178,284
Environmental Stewardship							
Forestry	9,100,660	4,567,168	50.2%	9,352,470	4,728,633	50.6%	9,351,566
Asset Management	23,808,118	11,015,550	46.3%	27,187,375	11,952,272	44.0%	27,140,980
Environmental Management	2,332,126	1,010,271	43.3%	3,073,957	1,095,171	35.6%	3,003,935
Planning Services							
Planning	2,003,764	884,946	44.2%	2,354,169	1,016,174	43.2%	2,338,473
Recreation Services							
Athletic Programs & Aquatics	2,695,395	1,005,786	37.3%	2,881,845	1,057,302	36.7%	2,819,522
Recreation Centers & Programs	10,374,740	4,959,577	47.8%	10,629,090	5,205,438	49.0%	10,521,263
Youth Development	3,901,678	1,493,547	38.3%	4,067,380	1,817,216	44.7%	4,104,094
Total Operating Expenditures	\$67,946,163	\$31,269,813	46.0%	\$74,033,494	\$33,639,855	45.4%	\$73,608,786
Capital							
Pay-as-You-Go-Rehabilitation	\$2,965,152	\$100,000	3.4%	\$2,580,000	\$469,000	18.2%	\$2,580,000
NPP20 Start-Up	892,803			607,197	485,229	79.9%	\$607,197
Total Capital Expenditures	\$3,857,955	\$100,000	2.6%	\$3,187,197	\$954,229	29.9%	\$3,187,197
Total General Fund	\$71,804,118	\$31,369,813	43.7%	\$77,220,691	\$34,594,084	44.8%	\$76,795,983



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 75 percent of the projected General Fund expenditures: Environmental Stewardship and Recreation.

General Fund Budget Appropriation Changes

One budget appropriation change has occurred during 2017. Expenditures were increased by \$607,197 for initial costs for capital improvements to, rehabilitation of, or operating expenses relating to the Neighborhood Park System (NPP20). This increase is for the remaining expenses of the \$1.5 million NPP20 startup funding that was reimbursed by the City of Minneapolis in 2016.

2017 Original Budget	\$76,613,494
NPP20 Startup funds	607,197
2017 Current Budget	\$77,220,691



General Fund Balance

The 2017 year-end fund balance is estimated to be \$6.1 million, 3.6 percent lower than 2016. NPP20 startup costs are being expended in 2017. Those costs were reimbursed by the City of Minneapolis in 2016, which artificially increased the General Fund balance.

	General Fund Balance			2017		
	2016			Current Budget	Actual As of 6/30	Percent Recognized
	Actual Year-End	Actual As of 6/30	Percent Recognized			
Total Revenue	\$72,970,081	\$30,549,000	41.9%	\$76,613,494	\$33,254,617	43.4%
Total Expenditures	71,804,118	31,369,813	43.7%	77,220,691	34,594,084	44.8%
Revenue Over/(Under) Expenditures	\$1,165,963	(\$820,813)		(\$607,197)	(\$1,339,467)	

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 2017 balance is estimated at \$6.1 million, which is eight percent of the current year adopted expenditure appropriation. This fund balance exceeds financial policy requirements by \$2,278,763.

2017 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2017	6,334,787
Projected Revenues in Excess of Expenditures	<u>(225,349)</u>
Projected Fund Balance, December 31, 2017	6,109,438
Fund Balance Requirement (5%)	<u>3,830,675</u>
Fund Balance in Excess of Requirement	<u>\$2,278,763</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.

	2016			2017			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year-End	As of 6/30					
Revenues	\$1,729,440	\$880,510	50.9%	\$1,714,503	\$874,015	51.0%	\$1,716,683
Expenses	1,742,615	1,150,092	66.0%	1,743,242	1,307,957	75.0%	1,743,065
Net Income	(\$13,175)	(\$269,582)		(\$28,739)	(\$433,942)		(\$26,382)

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 2017 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 2017 Year-End Fund Balance

Fund Balance 1/1/2017	\$51,049
Expenditures in Excess of Revenues	<u>(26,382)</u>
Fund Balance 12/31/2017	<u><u>\$24,667</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

	2016			2017			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year End	As of 6/30					
Golf							
Revenues	\$4,967,999	\$2,172,675	43.7%	\$5,948,255	\$2,076,808	34.9%	\$4,973,774
Expenses	5,522,824	2,163,530	39.2%	6,604,084	2,857,041	43.3%	6,007,404
Net Income	(\$554,825)	\$9,145		(\$655,829)	(\$780,233)		(\$1,033,630)
Use & Events Permitting							
Revenues	\$1,123,695	\$281,692	25.1%	\$1,129,860	\$382,501	33.9%	\$1,149,504
Expenses	686,119	328,567	47.9%	706,371	283,226	40.1%	671,329
Net Income	\$437,576	(\$46,875)		\$423,489	\$99,275		\$478,175
Concessions							
Revenues	\$1,655,040	\$297,387	18.0%	\$1,523,500	\$342,225	22.5%	\$1,649,401
Expenses	222,604	68,761	30.9%	203,292	73,979	36.4%	193,872
Net Income	\$1,432,436	\$228,626		\$1,320,208	\$268,246		\$1,455,529
Parking							
Revenues	\$1,960,007	\$990,706	50.5%	\$1,968,000	\$1,006,776	51.2%	\$1,976,077
Expenses	465,207	207,288	44.6%	501,242	237,614	47.4%	515,043
Net Income	\$1,494,800	\$783,418		\$1,466,758	\$769,162		\$1,461,034
Ice Arenas							
Revenues	\$962,691	\$458,828	47.7%	\$1,039,000	\$490,935	47.3%	\$1,030,056
Expenses	796,841	381,084	47.8%	845,795	427,925	50.6%	845,615
Net Income	\$165,850	\$77,744		\$193,205	\$63,010		\$184,441
Winter Recreation							
Revenues	\$100,467	\$95,046	94.6%				
Expenses	736,739	521,889	70.8%				
Net Income	(\$636,272)	(\$426,843)		\$0	\$0		\$0
Sculpture Garden & Cowles Conservatory							
Revenues	\$0			\$57,800			\$57,800
Expenses	64,358	38,481	59.8%	219,511	13,344	6.1%	217,316
Net Income	(\$64,358)	(\$38,481)		(\$161,711)	(\$13,344)		(\$159,516)



Enterprise Fund by Service Area (Continued)

	2016			2017			
	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	\$10,769,899	\$4,296,334	39.9%	\$11,666,415	\$4,299,245	36.9%	\$10,836,612
Expenses	\$8,494,692	\$3,709,600	43.7%	\$9,080,295	\$3,893,129	42.9%	\$8,450,579
Net Income	\$2,275,207	\$586,734		\$2,586,120	\$406,116		\$2,386,033
Non-Operating Expenses							
Improvements	\$963,837	\$653,503	67.8%	\$810,000	\$653,806	80.7%	\$2,634,252
Debt Service	730,338	223,844	30.6%	789,637	179,094	22.7%	789,637
Total Non-Operating Expenses	\$1,694,175	\$877,347		\$1,599,637	\$832,900		\$3,423,889
Income after Non-Operating Expenses	\$581,032	(\$290,613)		\$986,483	(\$426,784)		(\$1,037,856)

Golf Operations

Golf revenues have been hampered by the continued closure of Meadowbrook Golf Course (opening in August) and construction at Wirth Golf Course. To the end of 2016 golf operations is projected to have a loss of (\$1,033,630).

Use & Events Permitting

Use & Events Permitting revenue as of June 30, 2017 is up \$100,809 from the same point in 2016 due to faster revenue collections. To the end of 2016 Use & Events Permitting is projected to have \$478,175 of net income, exceeding budget.

Concessions

Concessions net income is projected to increase by \$23,093 to \$1,455,529 in 2017.

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 2016 due to fee increases and increased usage, and expenses are projected to increase due to the purchase and rehabilitation of parking pay units. To the end of 2017 parking operations is projected to have net income of \$1,461,034.

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 2017 ice arena operations is projected to have net income of \$184,441.



Winter Recreation

The Loppet has taken over Winter Recreation operations in 2017.

Sculpture Garden & Cowles Conservatory

Utility costs and some maintenance took place at the Sculpture Garden while it was being renovated. Operating costs will be incurred in the second half of 2017 as the Sculpture Garden has opened. To the end of 2017 this operation is projected to have a loss of (\$159,516).

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2017 is projected to be \$2,386,033, higher than 2016 due to transfer of Winter Recreation to the Loppet.

Operating income is used for facility improvements and debt service. Improvements taking place in 2017 include expenses for the Wirth Golf Course back nine project, Columbia Golf Course bridge repair, well at Meadowbrook Golf Course, repairs at Meadowbrook Golf Course.

Enterprise Fund Projected 2017 Year-End Reserve for Renewal and Replacement

Reserve Balance 1/1/2017	\$2,078,861
Revenues in Excess of Expenditures	<u>(1,037,856)</u>
Reserve Balance 12/31/2017	<u><u>\$1,041,005</u></u>



Internal Service Funds

Summary

The Internal Service Funds provide accounting for equipment fleet, information technology and self-insurance services to Park Board departments.

	2016			2017			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year End	As of 6/30					
Equipment							
Revenues	\$5,136,280	\$2,568,739	50.0%	\$5,764,389	\$2,930,784	50.8%	\$5,854,487
Expenses	3,904,417	1,991,084	51.0%	6,336,088	2,598,224	41.0%	5,814,424
Net Income	\$1,231,863	\$577,655		(\$571,699)	\$332,560		\$40,063
Information Technology Services							
Revenues	\$1,718,122	\$859,061	50.0%	\$1,789,672	\$894,836	50.0%	\$1,789,672
Expenses	1,444,251	489,349	33.9%	1,779,672	966,694	54.3%	1,712,033
Net Income	\$273,871	\$369,712		\$10,000	(\$71,858)		\$77,639
Self-Insurance							
Revenues	\$2,429,443	\$1,114,017	45.9%	\$2,197,208	\$1,185,510	54.0%	\$2,371,020
Expenses	2,155,107	883,770	41.0%	2,197,208	1,326,333	60.4%	2,282,548
Net Income	\$274,336	\$230,247		\$0	(\$140,823)		\$88,472

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. At the end of 2016 the equipment reserve balance was \$3.8 million. The projected 2017 year-end equipment reserve balance is \$3.8 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 took place in the first half of 2017, causing expenses to exceed 50 percent of budget as of June 30. At the end of 2016 the Information Technology Services equipment reserve balance was \$620,025. The projected 2017 year-end Information Technology Services equipment reserve balance is \$697,664.

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 2016 the Self-Insurance net asset balance was \$6.6 million. The projected 2017 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 2016 was \$3.8 million. During 2017 revenues are projected to exceed expenses by \$40,063, leaving the equipment reserve balance at \$3.8 million.

2017 Projected Internal Service Fund Year-End Equipment Reserve Balance

Working Capital January 1, 2017	\$3,801,029
Equipment Services revenue in excess of expenditures	<u>40,063</u>
Working Capital December 31, 2017	\$3,841,092

Information Technology Services Equipment Reserve Balance

The Internal Service Fund information technology services equipment reserve at year-end 2016 was \$620,025. During 2017 revenues are projected to exceed expenses by \$77,639, leaving the equipment reserve balance at \$697,664.

2017 Projected Internal Service Fund Year-End Information Technology Equipment Reserve Balance

Working Capital January 1, 2017	\$620,025
ITS revenue in excess of expenditures	<u>77,639</u>
Working Capital December 31, 2017	\$697,664

Self-Insurance Fund Net Asset Balance

The Self-Insurance Fund net assets balance at year-end 2016 was \$6.6 million. During 2017 revenues are projected to exceed expenses by \$88,472, leaving the equipment reserve balance at \$6.7 million.

2017 Projected Self Insurance Fund Year-End Net Asset Balance

Working Capital January 1, 2017	\$6,625,288
Self Insurance Fund revenue in excess of expenditures	<u>88,472</u>
Working Capital December 31, 2017	\$6,713,760