



Minneapolis Park and Recreation Board
Financial Status Report
as of Second Quarter, 2018

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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, 2018.

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 2018, General Fund revenues are projected to be \$80.4 million and expenditures are projected to be \$81.0 million.

The 2018 year-end fund balance is projected to be \$5.0 million, which exceeds financial policy requirements by \$985,165. This projected balance is a decrease of \$530,000 below the 2017 year-end balance due to Board approved uses of General Fund excess fund balance and revenue year end projection under budget.

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 2018 Tree Preservation and Reforestation Fund revenues and expenses are projected to be \$1.8 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. The 2018 year-end Enterprise Fund balance is projected to be \$2.1 million. This projected balance is an increase of \$775,980 above the 2017 year-end balance of \$1.4 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 2018 Internal Service Fund revenues are projected to be \$9.6 million and expenses are projected to be \$9.2 million. The 2018 year-end Internal Service Funds balance is projected to be \$13.5 million. This projected balance is an increase of \$486,227 above the 2017 year-end balance of \$13.0 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 2018 with a fund balance of \$5.6 million and has a current operating budget of \$81.0 million. Through June of this year, 45.9 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, 2018 totaled \$36.8 million, up 10.6 percent from the \$33.3 million collected in the first half of 2017. Total revenues for 2018 are projected to be \$80.4 million, 4.6% higher than 2017 revenues, due to increased property tax revenue.

As of June 30, 2018 actual expenditures totaled \$37.2 million, up 7.5 percent from the \$34.6 million spent in the first half of 2017. To the end of 2018 expenditures are projected to be \$81.0 million, 3.3 percent higher than 2017.

The fund balance for the General Fund at fiscal year-end 2017 was \$5.6 million, exceeding the financial policy requirement of \$3.8 million (5 percent of the 2017 General Fund operating budget) by \$1.7 million. The fund balance for the General Fund is projected to be \$5.0 million at fiscal year-end 2018, exceeding the financial policy requirement of \$4.0 million (5 percent of the 2018 General Fund operating budget) by \$985,165.

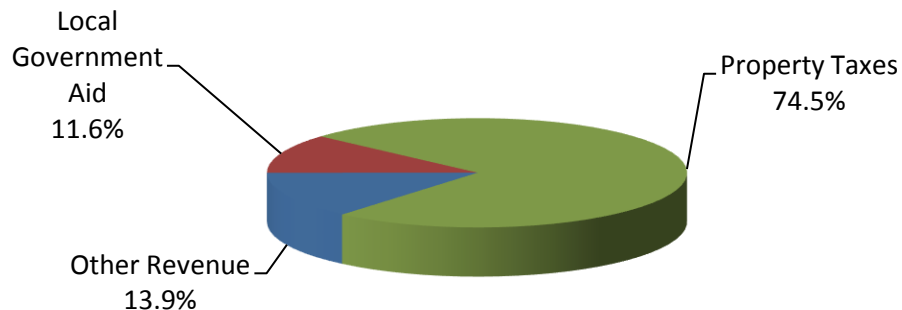
This report contains estimates. Unforeseen changes in revenue and expenditures will cause actual results to fluctuate from the projected results.

General Fund Revenues

As of June 30, 2018 actual revenues totaled \$36.8 million, up 10.6 percent from the \$33.3 million collected in the first half of 2017. Projected year end revenue is \$80.4 million, \$339,243 under budget.

Revenues by Major Category

	2017			2018			
	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	\$57,671,015	\$29,323,168	50.8%	\$59,845,051	\$32,164,008	53.7%	\$59,921,547
Local Government Aid	9,203,376	0	0.0%	9,345,764		0.0%	9,345,764
Fees, Fines and Other Revenues	10,017,890	3,912,301	39.1%	11,569,846	4,621,643	39.9%	11,154,108
Storm Damage Reimbursement	18,430	18,430	100.0%				
Total Revenues	\$76,910,711	\$33,253,899	43.2%	\$80,760,661	\$36,785,651	45.5%	\$80,421,418





Property Taxes

Property taxes provide 74.5 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, 53.7 percent of budgeted property taxes. The first half property tax payment was higher than normal due to prepayments of 2018 property taxes that resulted from changes in federal tax laws. It is expected that second half property tax payments will be lower than normal. Property tax revenue is projected to exceed budget by \$76,496 at year-end.

Local Government Aid

Local Government Aid (LGA) is projected to provide 11.6 percent of 2018 revenue. The State Budget included the 2018 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 \$9.3 million.

Fees, Fines and Other Revenue

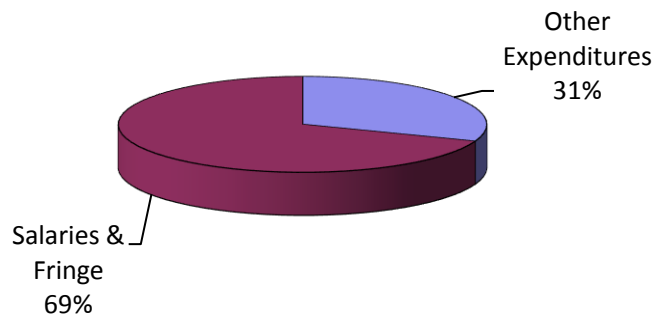
Fees, fines and other revenue provide 13.9 percent of projected revenue, the second largest funding source in the General Fund. The Park Board has recognized 39.9 percent of the budgeted fees, fines and other revenue for 2018. Revenues are projected to be under budget by \$415,739 at year-end due to reduced revenue from vacant positions that are funded through project billings.

General Fund Expenditures

As of June 30, 2018 actual expenditures totaled \$37.2 million, up 7.5 percent from the \$34.6 million spent in the first half of 2017. Projected year end expenditures is \$80.9 million, \$33,092 under budget.

Expenditures by Major Category

	2017			2018			
	Actual Year-End	Actual As of 6/30	Percent Expended	Current Budget	Actual As of 6/30	Percent Expended	Projected Year End
Salaries & Fringe	\$50,903,682	\$23,693,453	46.5%	\$55,959,174	\$26,532,718	47.4%	\$55,453,380
Other Expenditures	27,435,243	10,900,631	39.7%	25,025,311	10,656,609	42.6%	\$25,498,013
Total Expenditures	\$78,338,925	\$34,594,084	44.2%	\$80,984,485	\$37,189,327	45.9%	\$80,951,393





Salaries and Fringe Benefits

Salaries and fringe benefits are 47.4 percent expended with 50 percent of the year elapsed.

Other Expenditures

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures are 43.0 percent expended with 50 percent of the year elapsed.

Expenditures by Service Area

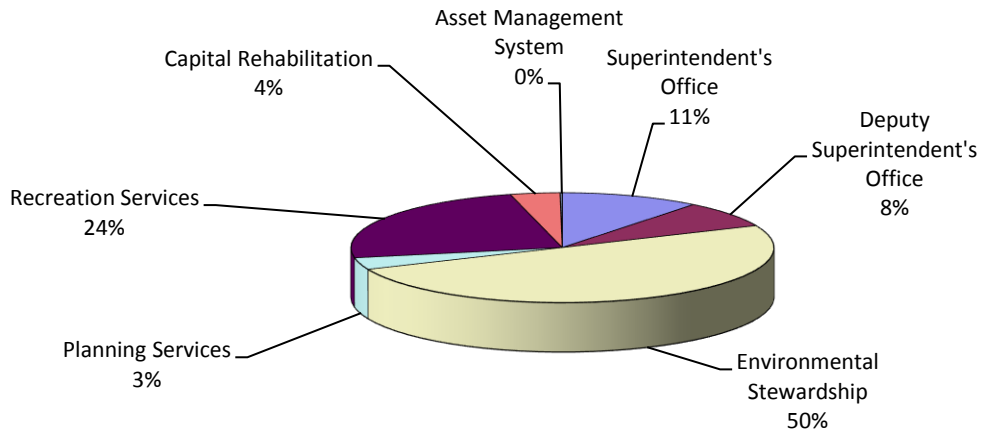
	2017			2018			
	Actual Year-End	Actual As of 6/30	Percent Expended	Current Budget	Actual As of 6/30	Percent Expended	Projected Year-End
Operating Departments							
Superintendent's Office							
Superintendent's Office	\$774,283	\$404,126	52.2%	\$791,000	\$492,350	62.2%	\$910,799
Board of Commissioners	945,950	315,935	33.4%	800,506	454,059	56.7%	799,680
Communications & Marketing	775,681	387,203	49.9%	842,738	409,435	48.6%	840,630
Park Police	6,179,932	2,715,575	43.9%	6,082,402	2,953,832	48.6%	6,081,982
Deputy Superintendent's Office							
Community Outreach	1,194,845	530,042	44.4%	1,420,867	644,688	45.4%	1,394,993
Customer Service	475,376	244,776	51.5%	522,690	268,860	51.4%	514,639
Deputy Superintendent's Office	261,926	117,901		265,745	152,727	57.5%	264,236
Finance	952,782	511,964	53.7%	1,219,474	575,458	47.2%	1,213,066
Human Resources	1,113,936	520,956	46.8%	1,138,808	530,582	46.6%	1,133,491
City Management Fee, Contributions & Other	2,271,008	1,019,171	44.9%	1,790,729	785,336	43.9%	1,789,836
Environmental Stewardship							
Forestry	10,030,720	4,728,633	47.1%	9,468,751	4,724,188	49.9%	9,555,890
Asset Management	27,094,781	11,952,272	44.1%	27,773,463	13,313,566	47.9%	28,077,351
Environmental Management	2,654,920	1,095,171	41.3%	3,156,404	1,166,397	37.0%	2,870,728
Planning Services							
Design & Project Management	1,481,824	686,823	46.3%	2,217,670	849,411	38.3%	1,844,620
Strategic Planning	864,735	329,352	38.1%	1,009,357	478,804	47.4%	979,489
Recreation Services							
Athletic Programs & Aquatics	2,839,664	1,057,302	37.2%	3,420,786	1,311,916	38.4%	3,220,841
Recreation Centers & Programs	10,774,717	5,205,438	48.3%	11,554,796	5,849,748	50.6%	12,021,216
Youth Development	3,973,257	1,817,216	45.7%	4,291,860	2,011,531	46.9%	4,221,467
Total Operating Expenditures	\$74,660,337	\$33,639,856	45.1%	\$77,768,046	\$36,972,888	47.5%	\$77,734,954
Capital							
Pay-as-You-Go-Rehabilitation	2,580,000	469,000	18.2%	3,080,000	80,000	2.6%	3,080,000
NPP20 Start-Up	607,197	485,229					
Asset Management System	491,391			136,439	136,439	100.0%	136,439
Total Capital Expenditures	\$3,678,588	\$954,229	25.9%	\$3,216,439	\$216,439	6.7%	\$3,216,439
Total General Fund	\$78,338,925	\$34,594,085	44.2%	\$80,984,485	\$37,189,327	45.9%	\$80,951,393



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

General Fund Budget Appropriation Changes

Two budget appropriation changes have occurred during 2018. Expenditures were increased by \$87,385 for legal fees associated with the Graco easement and FEMA appeal (Board approved Resolution 2017-377). Expenditures were increased by \$136,439 for the acquisition and implementation of the MPRB Asset Management System software (Board approved Resolution 2016-339).

2018 Original Budget	\$80,760,661
Graco & FEMA Legal Fees	87,385
Asset Management System	136,439
2018 Current Budget	<u>\$80,984,485</u>



General Fund Balance

The 2018 year-end fund balance is estimated to be \$5.0 million, 9.5 percent lower than 2017.

	2017			2018			
	Actual Year-End	Actual As of 6/30	Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year End
Total Revenue	\$76,910,711	\$33,253,899	43.2%	\$80,760,661	\$36,785,651	45.5%	\$80,421,418
Total Expenditures	78,338,925	34,594,085	44.2%	80,984,485	37,189,327	45.9%	80,951,393
Revenue Over/(Under) Expenditures	(\$1,428,214)	(\$1,340,186)		(\$223,824)	(\$403,676)		(\$529,975)

General Fund Balance

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 2018 balance is estimated at \$5.0 million, which is six percent of the current year adopted expenditure appropriation. This fund balance exceeds financial policy requirements by \$985,165.

2018 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2018	5,553,173
Projected Expenditures in Excess of Revenues	(529,975)
Projected Fund Balance, December 31, 2018	5,023,198
Fund Balance Requirement (5%)	4,038,033
Fund Balance in Excess of Requirement	\$985,165

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.

	2017			2018			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year-End	As of 6/30					
Revenues	\$1,720,022	\$874,015	50.8%	\$1,734,651	\$931,005	53.7%	\$1,768,910
Expenses	1,754,316	1,307,957	74.6%	1,777,804	1,212,645	68.2%	1,777,464
Net Income	(\$34,294)	(\$433,942)		(\$43,153)	(\$281,640)		(\$8,555)

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. Property tax revenues are greater than 50 percent due to prepayments of property taxes related to changes in federal tax law.

Expenses

Tree Preservation and Reforestation Fund expenses include tree removal, stump removal and tree planting costs. Tree purchases for 2018 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 2018 Year-End Fund Balance

Fund Balance 1/1/2018	\$11,526
Expenditures in Excess of Revenues	<u>(8,555)</u>
Fund Balance 12/31/2018	<u><u>\$2,972</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

	2017			2018			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year End	As of 6/30					
Golf							
Revenues	\$4,753,724	\$2,076,808	43.7%	\$5,948,255	\$2,414,750	40.6%	\$5,493,228
Expenses	5,935,816	2,857,041	48.1%	6,566,294	2,620,968	39.9%	5,993,452
Net Income	(\$1,182,092)	(\$780,233)		(\$618,039)	(\$206,218)		(\$500,224)
Use & Events Permitting							
Revenues	\$1,059,852	\$382,501	36.1%	\$1,137,860	\$462,882	40.7%	\$1,164,076
Expenses	654,709	283,226	43.3%	745,002	293,802	39.4%	735,312
Net Income	\$405,143	\$99,275		\$392,858	\$169,080		\$428,764
Concessions							
Revenues	\$1,667,001	\$342,225	20.5%	\$1,608,500	\$278,789	17.3%	\$1,581,127
Expenses	209,374	73,979	35.3%	219,182	116,146	53.0%	247,709
Net Income	\$1,457,627	\$268,246		\$1,389,318	\$162,643		\$1,333,418
Parking							
Revenues	\$2,049,985	\$1,006,776	49.1%	\$1,953,250	\$958,197	49.1%	\$1,962,599
Expenses	481,195	237,614	49.4%	583,178	242,717	41.6%	592,047
Net Income	\$1,568,790	\$769,162		\$1,370,072	\$715,480		\$1,370,552
Ice Arenas							
Revenues	\$922,733	\$490,935	53.2%	\$1,039,000	\$738,868	71.1%	\$1,145,245
Expenses	878,111	427,925	48.7%	891,138	494,945	55.5%	979,031
Net Income	\$44,622	\$63,010		\$147,862	\$243,923		\$166,214
Sculpture Garden & Cowles Conservatory							
Revenues	\$51,283			\$290,000	\$55,950	19.3%	\$205,000
Expenses	88,252	38,481	43.6%	333,189	64,737	19.4%	329,857
Net Income	(\$36,969)	(\$38,481)		(\$43,189)	(\$8,787)		(\$124,857)



Enterprise Fund by Service Area (Continued)

	2017			2018			
	Actual		Percent	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year End	As of 6/30	Recognized				
Total Operating Income							
Revenues	\$10,504,578	\$4,299,245	40.9%	\$11,976,865	\$4,909,436	41.0%	\$11,551,275
Expenses	\$8,247,457	\$3,918,266	47.5%	\$9,337,983	\$3,833,315	41.1%	\$8,877,408
Net Income	\$2,257,121	\$380,979		\$2,638,882	\$1,076,121		\$2,673,867
Non-Operating Revenues							
FEMA Reimbursement	567,122	0	0.0%				
Total Non-Operating Rev	\$567,122	\$0					
Non-Operating Expenses							
Improvements	\$2,674,121	\$653,503	24.4%	\$1,168,000	\$76,947	6.6%	\$1,168,000
Debt Service	789,637	223,844	28.3%	729,887	163,244	22.4%	729,887
Total Non-Operating Exp	\$3,463,758	\$877,347		\$1,897,887	\$240,191		\$1,897,887
Income after Non-Operating Expenses	(\$639,515)	(\$496,368)		\$740,995	\$835,930		\$775,980

Golf Operations

Golf revenues have increased \$337,942 from the same point in 2017 due to Meadowbrook Golf Course being open the full year. Construction at Wirth Golf Course and poor spring weather have reduced revenues below budgeted levels. To the end of 2018 golf operations is projected to have a loss of (\$500,224).

Use & Events Permitting

Use & Events Permitting revenue as of June 30, 2018 is up \$80,381 from the same point in 2017 due to faster revenue collections. To the end of 2018 Use & Events Permitting is projected to have \$428,764 of net income, exceeding budget.

Concessions

Concessions net income is projected to decrease by \$124,209 to \$1,333,418 in 2018 due to repairs required to meet code at a concession venue, and the start-up of a new concessionaire.

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 lower than 2017 due to a portion of the Parade/Sculpture Garden parking fees moving to the Sculpture Garden budget. To the end of 2018 parking operations is projected to have net income of \$1,370,552.

Ice Arenas

Ice arena operations consist of the Parade and Northeast Ice Arenas. Revenues are projected to increase by \$222,512 due to increased usage and improved revenue collection processes. To the end of 2018 ice arena operations is projected to have net income of \$166,214.



Sculpture Garden & Cowles Conservatory

After being renovated, the Sculpture Garden completed its grow-in in the first half of 2018, reducing revenue opportunities in the first half of the year. Staff is working to increase revenue, which includes rental income, concessions and parking. To the end of 2018 this operation is projected to have a loss of (\$124,857).

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2018 is projected to be \$2,673,867, higher than 2017 due to the reopening of Meadowbrook golf course.

Operating income is used for facility improvements and debt service. Improvements taking place in 2018 include expenses for Wirth Golf irrigation, cart paths and fireplace room flooring; repairs at Parade and Northeast Ice Arenas; and the Hiawatha Golf Course master plan.

Enterprise Fund Projected 2018 Year-End Reserve for Renewal and Replacement

Reserve Balance 1/1/2018	\$1,371,911
Revenues in Excess of Expenditures	<u>775,980</u>
Reserve Balance 12/31/2018	<u><u>\$2,147,891</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.

	2017			2018			
	Actual		Percent Recognized	Current Budget	Actual As of 6/30	Percent Recognized	Projected Year-End
	Year End	As of 6/30					
Equipment							
Revenues	\$5,766,516	\$2,930,784	50.8%	\$5,626,856	\$2,853,621	50.7%	\$5,380,602
Expenses	4,898,548	2,598,224	53.0%	5,751,856	1,970,141	34.3%	5,023,210
Net Income	\$867,968	\$332,560		(\$125,000)	\$883,480		\$357,392
Information Technology Services							
Revenues	\$1,789,672	\$894,836	50.0%	\$2,012,767	\$1,006,383	50.0%	\$2,012,766
Expenses	1,686,706	966,694	57.3%	2,012,767	920,712	45.7%	1,986,204
Net Income	\$102,966	(\$71,858)		\$0	\$85,671		\$26,562
Self-Insurance							
Revenues	\$2,389,342	\$1,185,510	49.6%	\$2,176,361	\$1,162,814	53.4%	\$2,249,708
Expenses	2,346,636	1,326,333	56.5%	2,176,361	662,912	30.5%	2,147,435
Net Income	\$42,706	(\$140,823)		\$0	\$499,902		\$102,273

Equipment

Equipment rental is charged to Park Board departments for use of equipment owned by the Park Board. Due to continued issues with the state purchasing contract, budgeted equipment purchases have been delayed to the second half of the year and into 2019. At the end of 2017 the equipment reserve balance was \$4.7 million. The projected 2018 year-end equipment reserve balance is \$5.0 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. At the end of 2017 the Information Technology Services equipment reserve balance was \$722,503. The projected 2018 year-end Information Technology Services equipment reserve balance is \$749,065.

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 2017 the Self-Insurance net asset balance was \$7.6 million. The projected 2018 year-end Self-Insurance net asset balance is \$7.7 million.



Equipment Services Equipment Reserve Balance

The Internal Service Fund equipment reserve at year-end 2017 was \$4.7 million. During 2018 revenues are projected to exceed expenses by \$357,392, leaving the equipment reserve balance at \$5.0 million.

2018 Projected Internal Service Fund Year-End Equipment Reserve Balance	
Working Capital January 1, 2018	\$4,666,186
Equipment Services revenue in excess of expenditures	<u>357,392</u>
Working Capital December 31, 2018	\$5,023,578

Information Technology Services Equipment Reserve Balance

The Internal Service Fund information technology services equipment reserve at year-end 2017 was \$722,503. During 2018 revenues are projected to exceed expenses by \$26,562, leaving the equipment reserve balance at \$749,065.

2018 Projected Internal Service Fund Year-End Information Technology Equipment Reserve Balance	
Working Capital January 1, 2018	\$722,503
ITS revenue in excess of expenditures	<u>26,562</u>
Working Capital December 31, 2018	\$749,065

Self-Insurance Fund Net Asset Balance

The Self-Insurance Fund net assets balance at year-end 2017 was \$7.6 million. During 2018 revenues are projected to exceed expenses by \$102,273, leaving the equipment reserve balance at \$7.7 million.

2018 Projected Self Insurance Fund Year-End Net Asset Balance	
Working Capital January 1, 2018	\$7,647,894
Self Insurance Fund revenue in excess of expenditures	<u>102,273</u>
Working Capital December 31, 2018	\$7,750,167