



Minneapolis Park and Recreation Board
Financial Status Report
as of Year-End, 2015

Prepared by: Minneapolis Park and Recreation Board Finance Department
2117 West River Road
Minneapolis, Minnesota 55411-2227
www.minneapolisparcs.org



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 December 31, 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 were \$69.7 million and expenditures were \$69.2 million, resulting in an increase to fund balance of \$480,000.

The 2015 year-end fund balance is projected to be \$5.3 million, which exceeds financial policy requirements by \$1.9 million. This projected balance is an increase of \$480,000 from the 2014 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 were \$1.49 million and expenses \$1.44 million. Unspent funds are designated for this purpose and will be programmed in future years.

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 ended 2015 at \$2.3 million.

Internal Service Funds

Internal Service Funds accounts for equipment fleet, information technology and self-insurance services to Park Board departments. Internal Service Fund revenues ended 2015 at \$9.0 million and expenses ended the year at \$8.7 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 \$4.9 million and ended the year with a fund balance of \$5.3 million.

In 2015 revenue generated by the Park Board totaled \$69.7 million, up \$2.6 million from 2014 revenues.

In 2015 expenditures totaled \$69.2 million, up \$2.1 million from 2014 expenditures.



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. The 2015 year-end General Fund balance exceeds the requirement as well.

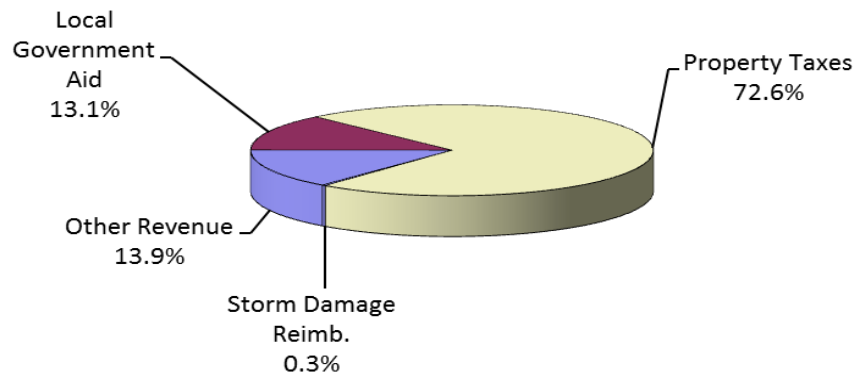
The financial information contained in this report has not been audited. The audited 2015 financial information may fluctuate from the information contained in this report.

General Fund Revenues

Actual revenues to the end of 2015 totaled \$69.7 million, up \$2.6 million from 2014 actual revenues.

Revenues by Major Category

	2014		2015	
	Actual Year-End	Current Budget	Actual 12/31/2015	Percent Recognized
Revenues				
Property and Other Taxes	\$48,709,853	\$49,548,800	\$50,627,206	102.2%
Local Government Aid	8,977,319	9,133,360	9,133,360	100.0%
Fees, Fines and Other Revenues	9,172,329	9,558,847	9,720,734	101.7%
Storm Damage Reimbursement	210,162		210,493	
Total Revenues	\$67,069,663	\$68,241,007	\$69,691,793	102.1%



Property Taxes

Property taxes provided 73 percent of revenue, the largest funding source of the General Fund. Property tax collection rates exceeded the budgeted 98 percent, and the Park Board received excess tax increment financing (TIF) property taxes in addition to the regular property tax levy. This caused property tax revenue to exceed budget by \$1.1 million.

Fees, Fines and Other Revenue

Fees, fines and other revenue provided 14 percent of revenue, the second largest funding source in the General Fund. Revenues exceeded budget due to increased fee-based activity at recreation centers.



Local Government Aid

Local Government Aid provided 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.

Storm Damage Reimbursement

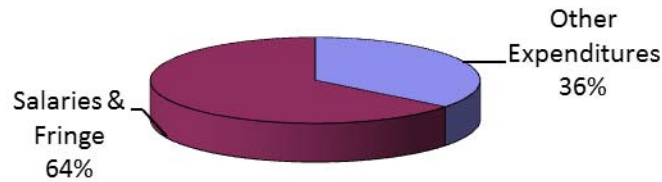
The Park Board received its initial reimbursement for expenses related to severe storms in June and July 2014, and payments for the costs associated with severe storms that took place in June 2013. Additional reimbursement is expected for the West River Parkway slope repair and Hiawatha and Meadowbrook Golf Course restorations, and will be accounted for in separate projects in other funds.

General Fund Expenditures

Actual expenditures to the end of 2015 totaled \$69.2 million, up 3.1 percent from the \$67.1 million spent in 2014.

Expenditures by Major Category

	2014	2015		
	Actual Year-End	Current Budget	Actual 12/31/2015	Percent Expended
Salaries & Fringe	\$42,329,835	\$46,519,351	\$44,579,651	95.8%
Other Expenditures	24,807,596	22,878,596	24,632,141	107.7%
Total Expenditures	\$67,137,431	\$69,397,947	\$69,211,792	99.7%



Salaries and Fringe Benefits

Salaries and fringe benefits ended the year 95.8 percent spent.

Other Expenditures

Other expenditures ended the year eight percent over budget due to repair and maintenance of parks and transfers to capital projects.



Expenditures by Service Area

	2014	2015		
	Actual Year-End	Current Budget	Actual 12/31/2015	Percent Expended
Operating Departments				
Superintendent's Office				
Superintendent's Office	\$891,634	\$982,499	\$856,217	87.1%
Board of Commissioners	630,938	655,077	654,453	99.9%
Communications & Marketing	562,677	674,388	656,647	97.4%
Park Police	5,062,926	5,399,230	5,354,017	99.2%
Deputy Superintendent's Office				
Community Outreach	1,392,409	1,347,707	1,258,617	93.4%
Customer Service	406,111	448,905	404,940	90.2%
Finance	723,149	917,613	767,374	83.6%
Human Resources	578,024	885,670	676,865	76.4%
City Management Fee, Contributions & Other	2,163,709	2,468,921	2,465,561	99.9%
Environmental Stewardship				
Forestry	8,952,297	9,056,770	8,740,910	96.5%
Asset Management	18,332,985	22,724,706	23,265,945	102.4%
Environmental Management	6,080,109	2,634,496	2,250,366	85.4%
Planning Services				
Planning	2,023,327	2,213,187	1,861,385	84.1%
Recreation Services				
Athletic Programs & Aquatics	2,252,587	2,670,135	2,526,188	94.6%
Recreation Centers & Programs	9,848,462	9,766,150	10,225,939	104.7%
Youth Development	2,971,329	3,305,822	3,407,443	103.1%
Total Operating Expenditures	\$62,872,673	\$66,151,276	\$65,372,867	98.8%
Capital				
Pay-as-You-Go-Rehabilitation	\$4,264,758	\$2,624,371	\$3,216,625	122.6%
Graco Easement		\$622,300	\$622,300	100.0%
Total Capital Expenditures	\$4,264,758	\$3,246,671	\$3,838,925	118.2%
Total General Fund	\$67,137,431	\$69,397,947	\$69,211,792	99.7%



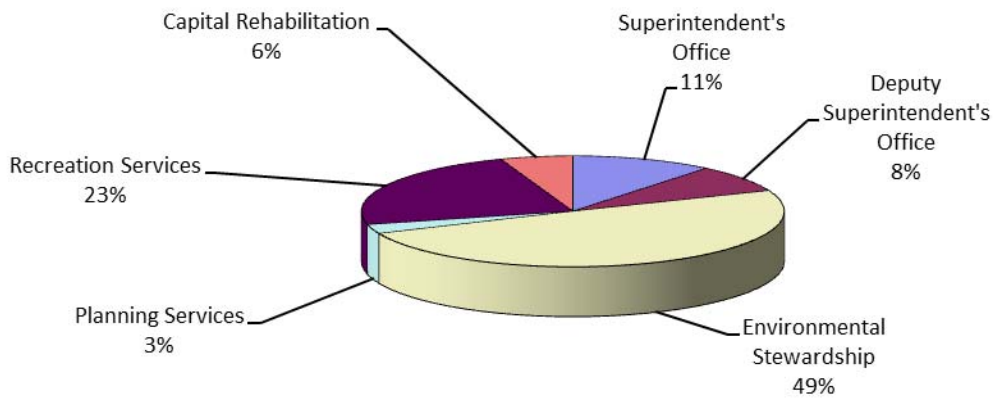
Operating Departments

Expenditures ended 2015 under budget by \$186,155.

The following is information regarding the service areas that exceeded budget in 2015.

- Asset Management exceeded budget due to increased maintenance needs in the park system
- Increased staffing and programming at recreation centers caused Recreation Centers and Programs to exceed budget. Program revenues offset the majority of the increased spending.
- Youth Development exceeded budget due to increased Rec Plus attendance. Revenues from Rec Plus fully offset the increased spending.
- Prior year capital projects were fully funded with their budgeted funds from the General Fund, causing Pay-as-You-Go-Rehabilitation to exceed budget in the current year.

Expenditures by Division





General Fund Balance

The 2015 year-end fund balance is estimated to be \$5.3 million, ten percent higher than 2014.

	General Fund Balance			
	2014	2015		
	Actual Year-End	Current Budget	Actual 12/31/2015	Percent Recognized
Total Revenue	\$67,069,663	\$68,241,007	\$69,691,793	102.1%
Total Expenditures	67,137,431	69,397,947	69,211,792	99.7%
Revenue Over/(Under) Expenditures	<u>(\$67,768)</u>	<u>(\$1,156,940)</u>	<u>\$480,001</u>	

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 \$5.3 million, which is eight percent of the current year adopted expenditure appropriation. This fund balance exceeds financial policy requirements by \$1.9 million.

2015 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2015	\$4,863,454
Projected Revenues in Excess of Expenditures	<u>480,001</u>
Projected Fund Balance, December 31, 2015	5,343,455
Fund Balance Requirement (5%)	<u>3,412,050</u>
Fund Balance in Excess of Requirement	<u>\$1,931,405</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.

General Fund Budget Appropriation Changes

Four budget appropriation changes occurred during 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). Expenditures were increased by \$138,349 for the Recreation Center Facilities Analysis (RecQuest) (Board approved Resolution 2012-330).

2015 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
Recreation Center Facilities Analysis (RecQuest)	138,349
2015 Final Budget	<u>\$69,397,947</u>



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	Current	Actual	Percent
	Year-End	Budget	12/31/2015	Recognized
Revenues	\$1,217,732	\$1,445,500	\$1,485,419	102.8%
Expenses	1,188,993	1,445,500	1,441,341	99.7%
Net Income	\$28,739	\$0	\$44,078	

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.

Tree Preservation and Reforestation 2015 Year-End Fund Balance

Fund Balance 1/1/2015	\$28,739
Revenues in Excess of Expenditures	<u>44,078</u>
Fund Balance 12/31/2015	<u><u>\$72,817</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; and debt service.

	Enterprise Fund by Service Area			
	2014	2015		
	Actual Year End	Current Budget	Actual 12/31/2015	Percent Recognized
Golf				
Revenues	\$4,551,087	\$4,560,418	\$4,786,526	105.0%
Expenses	5,939,553	5,185,520	5,081,284	98.0%
Net Income	(\$1,388,466)	(\$625,102)	(\$294,758)	
Use & Events Permitting				
Revenues	\$1,079,594	\$1,094,900	\$1,120,280	102.3%
Expenses	519,277	591,552	582,052	98.4%
Net Income	\$560,317	\$503,348	\$538,228	
Concessions				
Revenues	\$1,419,987	\$1,368,000	\$1,592,527	116.4%
Expenses	178,698	194,705	194,550	99.9%
Net Income	\$1,241,289	\$1,173,295	\$1,397,977	
Parking				
Revenues	\$1,614,123	\$1,568,453	\$1,740,615	111.0%
Expenses	282,639	370,638	361,870	97.6%
Net Income	\$1,331,484	\$1,197,815	\$1,378,745	
Ice Arenas				
Revenues	\$794,535	\$847,779	\$991,155	116.9%
Expenses	821,974	895,804	787,045	87.9%
Net Income	(\$27,439)	(\$48,025)	\$204,110	
Winter Recreation				
Revenues	\$205,919	\$336,173	\$118,448	35.2%
Expenses	626,240	854,860	823,682	96.4%
Net Income	(\$420,321)	(\$518,687)	(\$705,234)	
Sculpture Garden & Cowles Conservatory				
Revenues	\$11,135	\$25,950	\$2,965	11.4%
Expenses	258,435	170,488	221,198	129.7%
Net Income	(\$247,300)	(\$144,538)	(\$218,233)	



Enterprise Fund by Service Area (Continued)

	2014	2015		
	Actual Year End	Current Budget	Actual 12/31/2015	Percent Recognized
Total Operating Income				
Revenues	\$9,676,380	\$9,801,673	\$10,352,516	105.6%
Expenses	\$8,626,816	\$8,263,567	\$8,051,681	97.4%
Net Income	\$1,049,564	\$1,538,106	\$2,300,835	
Non-Operating Expenses				
Improvements	\$655,184	\$92,000	\$138,900	151.0%
Debt Service	1,038,878	1,213,537	1,213,537	100.0%
Total Non-Operating Exp	\$1,694,062	\$1,305,537	\$1,352,437	
Income after Non-Operating Expenses	(\$644,498)	\$232,569	\$948,398	407.8%

Enterprise Fund Budget Appropriation Change

The Enterprise Fund budget was increased based on actual revenue collected. Golf Operations revenue exceeded budget due to Hiawatha Golf Course having nine holes open (the course was budgeted as being closed), and Gross and Wirth golf courses exceeding revenue budgets.

2015 Original Budget	\$9,072,386
Golf Operations Revenue in Excess of Budget	496,718
2015 Current Budget	\$9,569,104

Golf Operations

Golf Operations had a strong year, with revenues \$235,439 higher than 2014 despite the full-year closure of nine holes at Hiawatha Golf Course and complete closure of Meadowbrook golf course due to flood damage. Expenses are lower than 2014 due to the charging of full-time staff to Winter Recreation during the winter season. Golf operations ended 2015 with a net loss of (\$294,758).

Use & Events Permitting

Use & Events Permitting ended 2015 with net income of \$538,228.

Concessions

Concessions ended 2015 with net income of \$1,397,977, an increase of \$156,688 from 2014 due to a full year of operations at the Lake Nokomis concession and higher sales at other park concessions.

**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. Parking revenues increased \$126,492 over 2014 revenues due to fee increases, increased usage and greater compliance. Expenses increased \$79,231 from 2014 due to the purchase of five parking pay units. Parking operations ended 2015 with net income of \$1,378,745.

Ice Arenas

Ice arena operations consist of the Parade and Northeast Ice Arenas. Revenues increased \$196,492 over 2014 as the renovations at Parade Ice Arena helped generate greater revenue. Expenses decreased \$34,929 from 2014 due to reduced repair and maintenance costs. Ice arena operations ended 2015 with net income of \$204,110.

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 were charged to Winter Recreation during the winter season. Both revenues and expenses were under budget in 2015 due to the warm December. Winter operations ended 2015 with a net loss of (\$705,234).

Sculpture Garden & Cowles Conservatory

The Sculpture Garden and Cowles Conservatory ended 2015 with a net loss of (\$218,233).

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2015 was \$2,300,835, higher than 2014 due to increased revenues in golf, concessions and ice arenas.

Operating income is used for facility improvements and debt service. Improvements in 2015 include expenses for the Wirth Golf Course back nine project, a street assessment for St. Anthony Boulevard bordering Gross Golf Course, and planning for the Hiawatha and Meadowbrook golf course reconstructions.

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

Reserve Balance 1/1/2015	\$979,203
Revenues in Excess of Expenditures	<u>948,398</u>
Reserve Balance 12/31/2015	<u><u>\$1,927,601</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 Year End	Current Budget	Actual 12/31/2015	Percent Recognized
Equipment				
Revenues	\$4,536,639	\$5,018,233	\$5,161,687	102.9%
Expenses	4,029,581	5,018,233	4,872,584	97.1%
Net Income	\$507,058	\$0	\$289,103	
Information Technology Services				
Revenues	\$1,483,234	\$1,551,080	\$1,524,758	98.3%
Expenses	1,301,728	1,551,080	1,613,819	104.0%
Net Income	\$181,506	\$0	(\$89,061)	
Self-Insurance				
Revenues	\$2,237,355	\$2,087,802	\$2,301,917	110.3%
Expenses	3,633,925	2,341,582	2,226,610	95.1%
Net Income	(\$1,396,570)	(\$253,780)	\$75,307	

Equipment

Equipment rental is charged to Park Board departments for use of equipment owned by the Park Board. Expenses ended 2015 under budget due to reduced fuel costs and position vacancies. Revenues ended 2015 over budget due to the sale of equipment that was replaced during 2015. 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. Expenses ended the year over budget due to costs for the Board Room enhancements, and the new Park Board phone system. The projected year-end Information Technology Services equipment reserve balance is \$341,949.

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. The projected year-end Self-Insurance net asset balance is \$6,532,368.

**Equipment Services Equipment Reserve Balance**

The Internal Service Fund equipment reserve at year-end 2014 was \$2.3 million. During 2015 revenues exceeded expenses by \$289,103, leaving the equipment reserve balance at \$2.6 million.

2015 Projected Internal Service Fund Year-End Equipment Reserve Balance

Working Capital January 1, 2015	\$2,296,620
Equipment Services revenue in excess of expenditures	<u>289,103</u>
Working Capital December 31, 2015	\$2,585,723

Information Technology Services Equipment Reserve Balance

The Internal Service Fund information technology services equipment reserve at year-end 2014 was \$431,010. During 2015 expenses exceeded revenues by \$89,061, leaving the equipment reserve balance at \$341,949.

2015 Projected Internal Service Fund Year-End Information Technology Equipment Reserve Balance

Working Capital January 1, 2015	\$431,010
ITS revenue in excess of expenditures	<u>(89,061)</u>
Working Capital December 31, 2015	\$341,949

Self-Insurance Fund Net Asset Balance

The Self-Insurance Fund net assets balance at year-end 2014 was \$6.5 million. During 2015 revenues exceeded expenses by \$75,307, 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>75,307</u>
Working Capital December 31, 2015	\$6,532,368