



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

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



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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, 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 \$973,186. This projected balance is a decrease of \$592,124 below the 2017 year-end balance due to Board approved uses of General Fund excess fund balance and projected year-end revenue 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 \$3.0 million. The 2018 year-end Enterprise Fund balance is projected to be \$2.7 million. This projected balance is an increase of \$1,361,340 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 \$10.1 million and expenses are projected to be \$9.1 million. The 2018 year-end Internal Service Funds balance is projected to be \$14.0 million. This projected balance is an increase of \$964,461 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 September of this year, 75.7 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, 2018 totaled \$44.4 million, up 10.6 percent from the \$33.3 million collected in the first three quarters of 2017. Total revenues for 2018 are projected to be \$80.4 million, 8.5% higher than 2017 revenues, due to increased property tax revenue.

As of September 30, 2018, actual expenditures totaled \$61.3 million, up 10.2 percent from the \$55.6 million spent in the first three quarters of 2017. To the end of 2018 expenditures are projected to be \$81.0 million, 3.4 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 \$973,186.

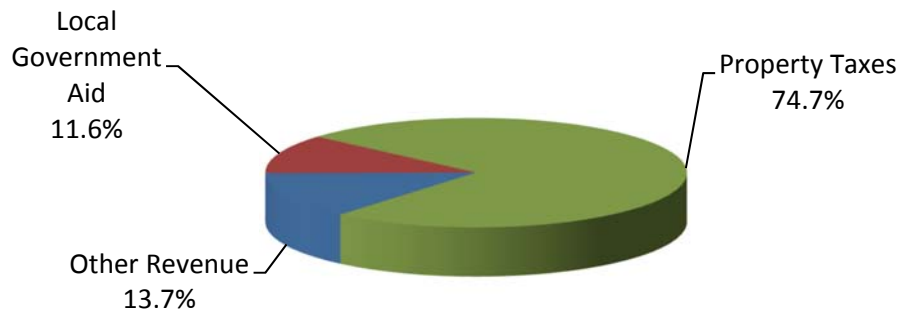
This report contains estimates. Unforeseen changes in revenue and expenditures will cause actual results to fluctuate from the projected results.

General Fund Revenues

As of September 30, 2018, actual revenues totaled \$44.4 million, up 8.5 percent from the \$40.9 million collected in the first three quarters of 2017. Projected year end revenue is \$80.4 million, \$375,846 under budget.

Revenues by Major Category

	2017			2018			
	Actual Year-End	Actual As of 9/30	Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year End
Property and Other Taxes	\$57,671,015	\$29,322,939	50.8%	\$59,845,051	\$32,089,055	53.6%	\$60,038,622
Local Government Aid	9,203,376	4,601,688	50.0%	9,345,764	4,673,434	50.0%	9,345,764
Fees, Fines and Other Revenues	10,017,890	6,964,104	69.5%	11,569,846	7,639,187	66.0%	11,000,429
Storm Damage Reimbursement	18,430	19,148	103.9%				
Total Revenues	\$76,910,711	\$40,907,879	53.2%	\$80,760,661	\$44,401,676	55.0%	\$80,384,815





Property Taxes

Property taxes provide 74.7 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, 53.6 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 \$193,571 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

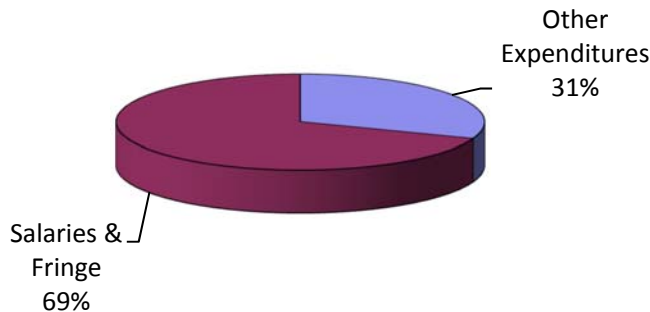
Fees, fines and other revenue provide 13.7 percent of projected revenue, the second largest funding source in the General Fund. The Park Board has recognized 66 percent of the budgeted fees, fines and other revenue for 2018. Revenues are projected to be under budget by \$569,417 at year-end due to reduced revenue from vacant positions that are funded through project billings.

General Fund Expenditures

As of September 30, 2018 actual expenditures totaled \$61.3 million, up 10.2 percent from the \$55.6 million spent in the first three quarters of 2017. Projected year end expenditures are \$81.0 million, \$57,719 under budget.

Expenditures by Major Category

	2017			2018			
	Actual Year-End	Actual As of 9/30	Percent Expended	Current Budget	Actual As of 9/30	Percent Expended	Projected Year End
Salaries & Fringe	\$50,903,682	\$37,727,510	74.1%	\$55,959,174	\$42,126,034	75.3%	\$54,763,844
Other Expenditures	27,435,243	17,892,073	65.2%	25,075,481	19,191,531	76.5%	\$26,213,094
Total Expenditures	\$78,338,925	\$55,619,583	71.0%	\$81,034,655	\$61,317,565	75.7%	\$80,976,939





Salaries and Fringe Benefits

Salaries and fringe benefits are 75.3 percent expended with 75 percent of the year elapsed.

Other Expenditures

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures are 76.5 percent expended with 75 percent of the year elapsed.

Expenditures by Service Area

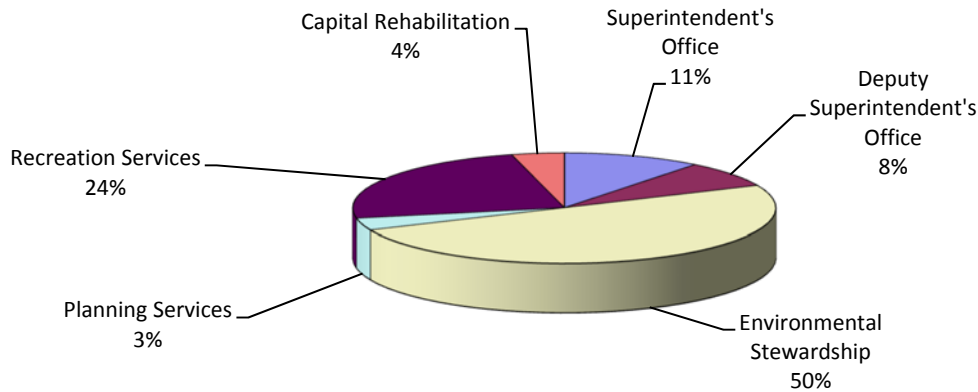
	2017			2018			
	Actual Year-End	Actual As of 9/30	Percent Expended	Current Budget	Actual As of 9/30	Percent Expended	Projected Year-End
Operating Departments							
Superintendent's Office							
Superintendent's Office	\$774,283	\$635,930	82.1%	\$791,001	\$688,312	87.0%	\$872,673
Board of Commissioners	945,950	605,660	64.0%	800,506	587,140	73.3%	800,367
Communications & Marketing	775,681	583,950	75.3%	857,738	637,255	74.3%	852,049
Park Police	6,179,932	4,070,356	65.9%	6,067,402	4,524,599	74.6%	6,050,912
Deputy Superintendent's Office							
Community Outreach	1,194,845	867,489	72.6%	1,420,867	1,061,595	74.7%	1,396,376
Customer Service	475,376	397,789	83.7%	522,690	409,148	78.3%	515,373
Deputy Superintendent's Office	261,926	181,843	69.4%	290,745	214,558	73.8%	287,508
Finance	952,782	779,857	81.9%	1,194,474	879,164	73.6%	1,159,057
Human Resources	1,113,936	794,231	71.3%	1,138,808	806,229	70.8%	1,114,681
City Management Fee, Contributions & Other	2,271,008	1,486,634	65.5%	1,790,729	1,365,777	76.3%	1,789,836
Environmental Stewardship							
Forestry	10,030,720	7,297,155	72.7%	9,468,751	7,147,317	75.5%	9,460,588
Asset Management	27,094,781	19,453,918	71.8%	27,983,465	21,547,313	77.0%	28,382,202
Environmental Management	2,654,920	1,938,905	73.0%	3,156,404	2,029,485	64.3%	2,706,266
Planning Services							
Design & Project Management	1,481,824	1,114,242	75.2%	1,957,669	1,362,835	69.6%	1,813,681
Strategic Planning	864,735	525,282	60.7%	1,059,357	789,666	74.5%	1,048,169
Recreation Services							
Athletic Programs & Aquatics	2,839,664	2,273,945	80.1%	3,420,786	2,660,608	77.8%	3,315,277
Recreation Centers & Programs	10,774,717	7,868,586	73.0%	11,554,794	8,806,882	76.2%	11,855,920
Youth Development	3,973,257	2,967,614	74.7%	4,291,860	3,112,838	72.5%	4,289,395
Total Operating Expenditures	\$74,660,337	\$53,843,386	72.1%	\$77,768,046	\$58,630,721	75.4%	\$77,710,330
Capital							
Pay-as-You-Go-Rehabilitation	2,580,000	1,169,000	45.3%	3,080,000	2,500,235	81.2%	3,080,000
NPP20 Start-Up	607,197	607,197	100.0%				
Asset Management System	491,391	0	0.0%	186,609	186,609	100.0%	186,609
Total Capital Expenditures	\$3,678,588	\$1,776,197	48.3%	\$3,266,609	\$2,686,844	82.3%	\$3,266,609
Total General Fund	\$78,338,925	\$55,619,583	71.0%	\$81,034,655	\$61,317,565	75.7%	\$80,976,939



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 \$186,609 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	<u>186,609</u>
2018 Current Budget	<u>\$81,034,655</u>



General Fund Balance

The 2018 year-end fund balance is estimated to be \$5.0 million, 10.6 percent lower than 2017.

	2017			2018			
	Actual Year-End	Actual As of 9/30	Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year End
Total Revenue	\$76,910,711	\$40,907,879	53.2%	\$80,760,661	\$44,401,676	55.0%	\$80,384,815
Total Expenditures	78,338,925	55,619,583	71.0%	81,034,655	61,317,565	75.7%	80,976,939
Revenue Over/(Under) Expenditures	<u>(\$1,428,214)</u>	<u>(\$14,711,704)</u>		<u>(\$273,994)</u>	<u>(\$16,915,889)</u>		<u>(\$592,124)</u>

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 \$973,186.

2018 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2018	<u>5,603,343</u>
Projected Expenditures in Excess of Revenues	<u>(592,124)</u>
Projected Fund Balance, December 31, 2018	5,011,219
Fund Balance Requirement (5%)	<u>4,038,033</u>
Fund Balance in Excess of Requirement	<u><u>\$973,186</u></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.

	2017			2018			
	Actual		Percent Recognized	Current Budget	Actual As of 9/30	Percent Recognized	Projected Year-End
	Year-End	As of 9/30					
Revenues	\$1,720,022	\$874,043	50.8%	\$1,734,651	\$929,933	53.6%	\$1,766,873
Expenses	1,754,316	1,650,208	94.1%	1,777,804	1,698,376	95.5%	1,777,464
Net Income	(\$34,294)	(\$776,165)		(\$43,153)	(\$768,443)		(\$10,591)

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 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.

Tree Preservation and Reforestation Projected 2018 Year-End Fund Balance

Fund Balance 1/1/2018	\$11,526
Expenditures in Excess of Revenues	<u>(10,591)</u>
Fund Balance 12/31/2018	<u><u>\$935</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 9/30	Percent Recognized	Projected Year-End
	Year End	As of 9/30					
Golf							
Revenues	\$4,753,724	\$4,496,573	94.6%	\$5,948,255	\$5,302,493	89.1%	\$5,598,784
Expenses	5,935,816	4,950,845	83.4%	6,566,294	4,769,896	72.6%	5,997,782
Net Income	(\$1,182,092)	(\$454,272)		(\$618,039)	\$532,597		(\$398,998)
Use & Events Permitting							
Revenues	\$1,059,852	\$702,704	66.3%	\$1,137,860	\$793,977	69.8%	\$1,126,125
Expenses	654,709	471,323	72.0%	745,002	518,079	69.5%	701,903
Net Income	\$405,143	\$231,381		\$392,858	\$275,898		\$424,222
Concessions							
Revenues	\$1,667,001	\$1,162,047	69.7%	\$1,608,500	\$1,193,761	74.2%	\$1,666,779
Expenses	209,374	133,833	63.9%	219,182	192,247	87.7%	244,277
Net Income	\$1,457,627	\$1,028,214		\$1,389,318	\$1,001,514		\$1,422,502
Parking							
Revenues	\$2,049,985	\$1,860,074	90.7%	\$1,953,250	\$1,834,347	93.9%	\$2,024,258
Expenses	481,195	374,211	77.8%	583,178	401,485	68.8%	565,106
Net Income	\$1,568,790	\$1,485,863		\$1,370,072	\$1,432,862		\$1,459,152
Ice Arenas							
Revenues	\$922,733	\$692,742	75.1%	\$1,039,000	\$967,683	93.1%	\$1,242,311
Expenses	878,111	584,329	66.5%	891,138	838,925	94.1%	1,094,095
Net Income	\$44,622	\$108,413		\$147,862	\$128,758		\$148,216
Sculpture Garden & Cowles Conservatory							
Revenues	\$51,283	\$0		\$290,000	\$143,443	49.5%	\$172,132
Expenses	88,252	85,969	97.4%	333,189	129,042	38.7%	251,999
Net Income	(\$36,969)	(\$85,969)		(\$43,189)	\$14,401		(\$79,867)



Enterprise Fund by Service Area (Continued)

	2017			2018			
	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	\$10,504,578	\$8,914,140	84.9%	\$11,976,865	\$10,235,704	85.5%	\$11,830,389
Expenses	\$8,247,457	\$6,600,510	80.0%	\$9,337,983	\$6,849,674	73.4%	\$8,855,162
Net Income	\$2,257,121	\$2,313,630		\$2,638,882	\$3,386,030		\$2,975,227
Non-Operating Revenues							
FEMA Reimbursement	567,122	0	0.0%				
Total Non-Operating Rev	\$567,122	\$0					
Non-Operating Expenses							
Improvements	\$2,674,121	\$1,289,813	48.2%	\$1,168,000	\$89,433	7.7%	\$884,000
Debt Service	789,637	179,094	22.7%	729,887	163,244	22.4%	729,887
Total Non-Operating Exp	\$3,463,758	\$1,468,907		\$1,897,887	\$252,677		\$1,613,887
Income after Non-Operating Expenses	(\$639,515)	\$844,723		\$740,995	\$3,133,353		\$1,361,340

Golf Operations

Golf revenues have increased \$805,920 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 (\$398,998).

Use & Events Permitting

Use & Events Permitting revenue as of September 30, 2018 is up \$91,273 from the same point in 2017 due to faster revenue collections. To the end of 2018 Use & Events Permitting is projected to have \$424,222 of net income, exceeding budget.

Concessions

Concessions net income is projected to decrease by \$35,125 to \$1,422,502 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 \$1,459,152.



Ice Arenas

Ice arena operations consist of the Parade and Northeast Ice Arenas. Revenues are projected to increase by \$319,578 due to increased usage and improved revenue collection processes. Expenses have increased due to the addition of two full-time staff members and increased utility costs. To the end of 2018 ice arena operations is projected to have net income of \$148,216.

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 (\$79,867).

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2018 is projected to be \$2,975,227, 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>1,361,340</u>
Reserve Balance 12/31/2018	<u><u>\$2,733,251</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 9/30	Percent Recognized	Projected Year-End
	Year End	As of 9/30					
Equipment							
Revenues	\$5,766,516	\$4,367,457	75.7%	\$5,626,856	\$4,311,430	76.6%	\$5,727,750
Expenses	4,898,548	3,388,165	69.2%	5,751,856	3,457,079	60.1%	5,093,554
Net Income	\$867,968	\$979,292		(\$125,000)	\$854,351		\$634,196
Information Technology Services							
Revenues	\$1,789,672	\$1,342,247	75.0%	\$2,012,767	\$1,509,575	75.0%	\$2,012,766
Expenses	1,686,706	1,444,992	85.7%	2,012,767	1,537,415	76.4%	1,983,297
Net Income	\$102,966	(\$102,745)		\$0	(\$27,840)		\$29,469
Self-Insurance							
Revenues	\$2,389,342	\$1,820,864	76.2%	\$2,176,361	\$1,780,517	81.8%	\$2,326,538
Expenses	2,346,636	1,641,393	69.9%	2,176,361	1,094,962	50.3%	2,025,742
Net Income	\$42,706	\$179,471		\$0	\$685,555		\$300,796

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 end of 2018 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 \$5.3 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 \$751,972.

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 are expected to end the year over budget and expenses are expected to end the year under 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 \$7.9 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 \$634,196, leaving the equipment reserve balance at \$5.3 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>634,196</u>
Working Capital December 31, 2018	\$5,300,382

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 \$29,469, leaving the equipment reserve balance at \$751,972.

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>29,469</u>
Working Capital December 31, 2018	\$751,972

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 \$300,796, leaving the reserve balance at \$7.9 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>300,796</u>
Working Capital December 31, 2018	\$7,948,690