Minneapolis
Park & Recreation Board

Minneapolis Park and Recreation Board
Financial Status Report
as of Year-End, 2018

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

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Budget Overview

Minneapolis Park and Recreation Board (Park 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, 2018.

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 2018 General Fund revenues were $80.2 million and expenditures were $80.7 million, resulting in a decrease to fund balance of $569,270.

The 2018 year-end fund balance is projected to be $5.1 million, which exceeds financial policy requirements by $1.1 million. This projected balance is a decrease of $569,270 below the 2017 year-end balance. The decrease in fund balance is due to the purchase of an asset management system, and legal fees related to the Graco Easement and FEMA appeal.

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 2018 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 $3.0 million. The 2018 year-end Enterprise Fund balance is projected to be $2.8 million. This projected balance is an increase of $1,450,691 above the 2017 year-end balance of $1.4 million. The Enterprise Fund balance is increasing due to increased operating income in 2018.

Internal Service Funds

Internal Service Funds account for equipment fleet, information technology and self-insurance services to Park Board departments. In 2018 Internal Service Fund revenues were $10.5 million and expenses were $9.7 million. The 2018 year-end Internal Service Funds balance is projected to be $13.8 million. This projected balance is an increase of $742,277 above the 2017 year-end balance of $13.0 million. The fund balance is increasing due to the low amount of self-insurance claims in 2018.

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 $5.7 million and ended 2018 with a fund balance of $5.1 million.

In 2018 revenue generated by the Park Board totaled $80.2 million, up $3.3 million from 2017 revenues. Revenues increased in 2018 due to increased property tax revenue.

In 2018 expenditures totaled $80.7 million, up $2.4 million from 2017 expenditures.

The fund balance for the General Fund at fiscal year-end 2017 was $5.7 million, exceeding the financial policy requirement of $3.8 million (5 percent of the 2017 General Fund operating budget) by $1.8 million. The fund balance for the General Fund at fiscal year-end 2018 is $5.1 million, exceeding the financial policy requirement of $4.0 million (5 percent of the 2018 General Fund operating budget) by $1.1 million.

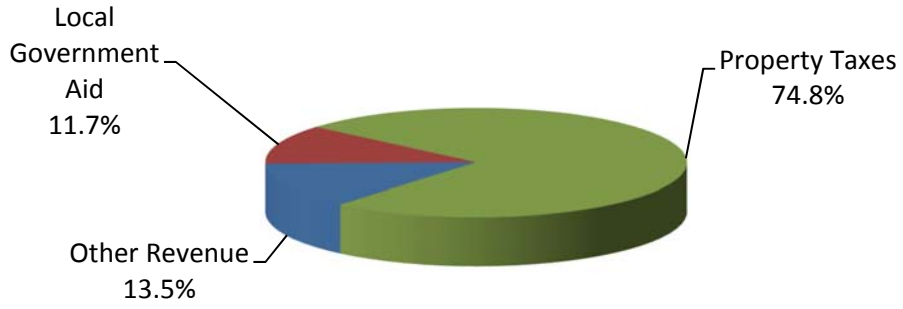
The financial information contained in this report has not been audited. The audited 2018 financial information may fluctuate from the information contained in this report.

General Fund Revenues

Actual revenues to the end of 2018 totaled $80.2 million, up $3.3 million from 2017 actual revenues.

Revenues by Major Category

	2017	2018		
	Actual Year-End	Current Budget	Actual As of 12/31	Percent Recognized
Property and Other Taxes	$57,671,015	$59,845,051	$59,942,687	100.2%
Local Government Aid	9,203,376	9,345,764	9,346,869	100.0%
Fees, Fines and Other Revenues	10,017,890	11,569,846	10,888,113	94.1%
Storm Damage Reimbursement	18,430			
Total Revenues	**$76,910,711**	**$80,760,661**	**$80,177,669**	**99.3%**



Property Taxes
Property taxes provided 74.8 percent of 2018 revenue, the largest funding source of the General Fund. Property tax collection rates exceeded the budgeted 99 percent by $97,636.

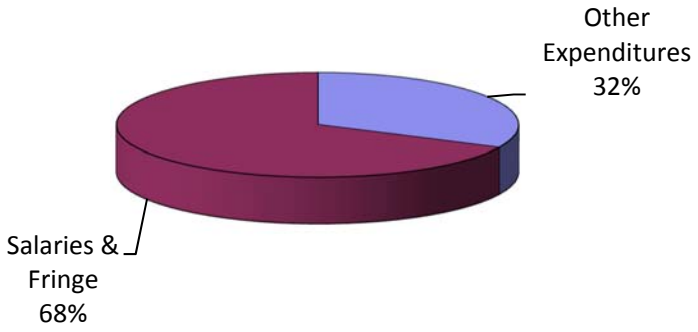
Local Government Aid
Local Government Aid (LGA) provided 11.7 percent of 2018 revenue. The State Budget included the 2018 City of Minneapolis LGA allocation of $79.3 million. The City of Minneapolis revenue distribution policy provides for the transfer of a portion of this LGA to the Park Board.

Fees, Fines and Other Revenue
Fees, fines and other revenue provided 13.5 percent of revenue. Revenues ended 2018 under budget by $681,733 due to reduced revenue from vacant positions that are funded through project billings.

General Fund Expenditures
Actual expenditures to the end of 2018 totaled $80.7 million, up 3 percent from the $78.3 million spent in 2017.

Expenditures by Major Category

	2017	2018		
	Actual Year-End	Current Budget	Actual As of 12/31	Percent Expended
Salaries & Fringe	$50,903,682	$55,959,174	$54,803,567	97.9%
Other Expenditures	27,435,243	25,152,495	25,943,372	103.1%
Total Expenditures	**$78,338,925**	**$81,111,669**	**$80,746,939**	**99.6%**



Salaries and Fringe Benefits

Salaries and fringe benefits ended the year 97.9 percent spent.

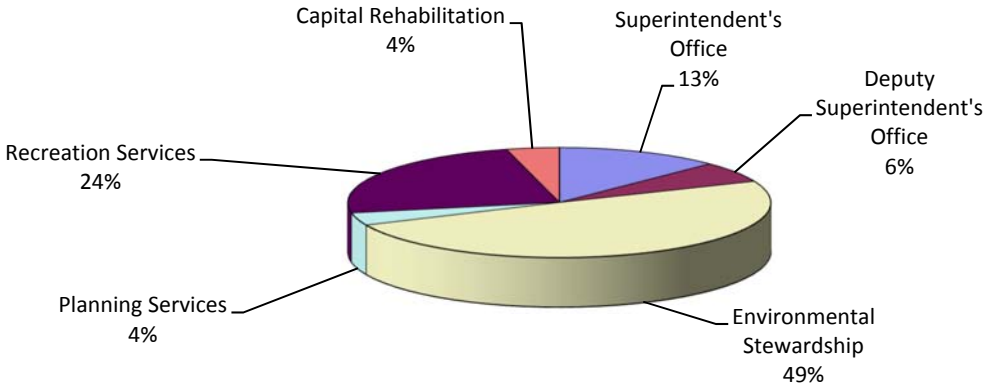
Other Expenditures

Other expenditures include materials, supplies, contractual services and capital outlay. Other expenditures ended the year three percent over budget due to legal fees related to the Graco easement and supplies for park maintenance and recreation.

Expenditures by Service Area

	2017	2018		
Operating Departments	Actual Year-End	Current Budget	Actual As of 12/31	Percent Expended
Superintendent's Office				
Superintendent's Office	$774,283	$818,385	$984,194	120.3%
Board of Commissioners	945,950	773,121	$915,189	118.4%
Communications & Marketing	775,681	862,738	$877,520	101.7%
Community Outreach	1,194,845	1,400,867	$1,365,204	97.5%
Park Police	6,179,932	6,082,402	$6,015,350	98.9%
Deputy Superintendent's Office				
Customer Service	475,376	522,690	$515,951	98.7%
Deputy Superintendent's Office	261,926	300,745	$298,806	99.4%
Finance	952,782	1,184,474	$1,182,484	99.8%
Human Resources	1,113,936	1,138,808	$1,157,196	101.6%
City Management Fee, Contributions & Other	2,271,008	1,790,729	$1,781,846	99.5%
Environmental Stewardship				
Forestry	10,030,720	9,628,751	$9,627,939	100.0%
Asset Management	27,094,781	27,773,463	$27,768,229	100.0%
Environmental Management	2,654,920	2,996,404	$2,622,420	87.5%
Planning Services				
Design & Project Management	1,481,824	2,177,470	$1,869,177	85.8%
Strategic Planning	864,735	1,109,357	$1,107,649	99.8%
Recreation Services				
Athletic Programs & Aquatics	2,839,664	3,420,786	$3,399,359	99.4%
Recreation Centers & Programs	10,774,717	11,572,010	$11,735,915	101.4%
Youth Development	3,973,257	4,291,860	$4,255,902	99.2%
Total Operating Expenditures	$74,660,337	$77,845,060	$77,480,330	99.5%
Capital				
Pay-as-You-Go-Rehabilitation	2,580,000	3,080,000	$3,080,000	100.0%
NPP20 Start-Up	607,197			
Asset Management System	491,391	186,609	$186,609	100.0%
Total Capital Expenditures	$3,678,588	$3,266,609	$3,266,609	100.0%
Total General Fund	$78,338,925	$81,111,669	$80,746,939	99.6%

Expenditures by Area



General Fund Budget Appropriation Changes

Four budget appropriation changes 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). Expenditures were increased by $17,214 for the Recreation Center Facilities Analysis (RecQuest) (Board approved Resolution 2012-330). Expenditures were increased by $59,800 for the Operation Facilities Analysis (Board approved Resolution 2012-330).

2018 Original Budget	$80,760,661
RecQuest	17,214
Operations Facility Plan	59,800
Graco & FEMA Legal Fees	87,385
Asset Management System	186,609
2018 Current Budget	$81,111,669

General Fund Balance

The 2018 year-end fund balance is estimated to be $5.1 million, 10 percent lower than 2017.

General Fund Balance

	2017	2018		
	Actual Year-End	Current Budget	Actual As of 12/31	Percent Recognized
Total Revenue	$76,910,711	$80,760,661	$80,177,669	99.3%
Total Expenditures	78,338,925	81,111,669	80,746,939	99.6%
Revenue Over/(Under) Expenditures	**($1,428,214)**	**($351,008)**	**($569,270)**	

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 $5.1 million, which is 6.3 percent of the current year adopted expenditure appropriation. This fund balance exceeds financial policy requirements by $1.1 million.

2018 Projected General Fund Year-End Fund Balance

Fund Balance, January 1, 2018	**5,680,267**
Projected Expenditures in Excess of Revenues	(569,270)
Projected Fund Balance, December 31, 2018	**5,110,997**
Fund Balance Requirement (5%)	4,038,033
Fund Balance in Excess of Requirement	**$1,072,964**

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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.

	2017	2018		
	Actual Year-End	Current Budget	Actual As of 12/31	Percent Recognized
Revenues	$1,720,022	$1,734,651	$1,737,097	100.1%
Expenses	1,754,316	1,777,804	1,745,700	98.2%
Net Income	**($34,294)**	**($43,153)**	**($8,603)**	

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 collection rates over 99%.

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 2018 Year-End Fund Balance

Fund Balance 1/1/2018	$11,526
Expenditures in Excess of Revenues	(8,603)
Fund Balance 12/31/2018	$2,923

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

	2017	2018		
	Actual Year End	Current Budget	Actual As of 12/31	Percent Recognized
Golf				
Revenues	$4,753,724	$5,948,255	$5,701,352	95.8%
Expenses	5,935,816	6,566,294	6,242,761	95.1%
Net Income	**($1,182,092)**	**($618,039)**	**($541,409)**	
Use & Events Permitting				
Revenues	$1,059,852	$1,137,860	$1,179,176	103.6%
Expenses	654,709	745,002	727,653	97.7%
Net Income	**$405,143**	**$392,858**	**$451,523**	
Concessions				
Revenues	$1,667,001	$1,608,500	$1,612,943	100.3%
Expenses	209,374	219,182	250,309	114.2%
Net Income	**$1,457,627**	**$1,389,318**	**$1,362,634**	
Parking				
Revenues	$2,049,985	$1,953,250	$2,245,320	115.0%
Expenses	481,195	583,178	556,598	95.4%
Net Income	**$1,568,790**	**$1,370,072**	**$1,688,722**	
Ice Arenas				
Revenues	$922,733	$1,039,000	$1,373,133	132.2%
Expenses	878,111	891,138	1,328,855	149.1%
Net Income	**$44,622**	**$147,862**	**$44,278**	
Sculpture Garden				
Revenues	$51,283	$290,000	$163,732	56.5%
Expenses	88,252	333,189	179,280	53.8%
Net Income	**($36,969)**	**($43,189)**	**($15,548)**	

Enterprise Fund by Service Area (Continued)

	2017	2018		
	Actual Year End	Current Budget	Actual As of 12/31	Percent Recognized
Total Operating Income				
Revenues	$10,504,578	$11,976,865	$12,275,656	102.5%
Expenses	$8,247,457	$9,337,983	$9,285,456	99.4%
Net Income	**$2,257,121**	**$2,638,882**	**$2,990,200**	
Non-Operating Revenues				
FEMA Reimbursement	567,122			
Total Non-Operating Rev	**$567,122**			
Non-Operating Expenses				
Improvements	$2,674,121	$1,168,000	$809,622	69.3%
Debt Service	789,637	729,887	729,887	100.0%
Total Non-Operating Exp	**$3,463,758**	**$1,897,887**	**$1,539,509**	
Income after Non-Operating Expenses	**($639,515)**	**$740,995**	**$1,450,691**	

Golf Operations
Golf revenues increased $947,628 over 2017 due to Meadowbrook Golf Course being open the full year, and construction being completed at Wirth Golf Course. Golf ended 2018 with a net loss of ($541,409).

Use & Events Permitting
Use & Events Permitting ended 2018 with net income of $451,523, exceeding budget by $58,665.

Concessions
Concessions ended 2018 with net income of $1,362,634, under budget by $26,684 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 increased $195,335 from 2017 due to fee increases and increased usage. Parking operations ended 2018 with net income of $1,688,722, exceeding budget by $318,650.

Ice Arenas
Ice arena operations consist of the Parade and Northeast Ice Arenas. Revenues increased by $450,400 over 2017 due to increased usage and improved revenue collection processes. Expenses increased due to the addition of two full-time staff members and increased utility costs. Ice arena operations ended 2018 with net income of $44,278.

Sculpture Garden

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. The Sculpture Garden ended 2018 with a net loss of ($15,548).

Enterprise Operating Income

Operating income is the difference between operating revenues and operating expenses. Operating income in 2018 was $3.0 million, increased from 2017 due to the reopening of Meadowbrook golf course.

Operating income is used for facility improvements and debt service. Improvements that took place in 2018 include expenses for Wirth Golf irrigation; repairs at Parade Ice Arena; contribution to the Parade Parking Lot Reserve; 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	1,450,691
Reserve Balance 12/31/2018	$2,822,602

Internal Service Fund

Summary

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

		2017	2018		
		Actual Year End	Current Budget	Actual As of 12/31	Percent Recognized
Equipment					
	Revenues	$5,766,516	$5,816,110	$5,818,941	100.0%
	Expenses	4,898,548	5,941,110	5,847,478	98.4%
	Net Income	**$867,968**	**($125,000)**	**($28,537)**	
Information Technology Services					
	Revenues	$1,789,672	$2,012,767	$2,012,764	100.0%
	Expenses	1,686,706	2,115,067	2,081,679	98.4%
	Net Income	**$102,966**	**($102,300)**	**($68,915)**	
Self-Insurance					
	Revenues	$2,389,342	$2,176,361	$2,624,084	120.6%
	Expenses	2,346,636	2,176,361	1,784,355	82.0%
	Net Income	**$42,706**	**$0**	**$839,729**	

Equipment

Equipment rental is charged to Park Board departments for use of equipment owned by the Park Board. Budgeted equipment purchases in 2018 were made after issues with the state equipment purchase contract were resolved. The projected 2018 year-end equipment reserve balance is $4.6 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 in 2018 include the cost of website development and migration, which was funded with the Information Technology Services reserve balance. The projected 2018 year-end Information Technology Services equipment reserve balance is $653,588.

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 2017 the Self-Insurance net asset balance was $7.6 million. Due to the low amount of claim payouts in 2018 the projected 2018 year-end Self-Insurance net asset balance is increasing to $8.5 million.

Internal Service Fund Budget Appropriation Change

Two budget appropriation changes occurred during 2018. Equipment Services revenues and expenditures were increased by $189,254 based on actual revenue received that exceeded the original budget. Information Technology Services expenditures were increased by $102,300 for website development and migration (Board approved Resolution 2018-158).

2018 Original Internal Services Budget	$9,940,984
Appropriation increase based on Equipment Services revenue received	189,254
Website Development & Migration	102,300
2018 Final Budget	$10,232,538

Equipment Services Equipment Reserve Balance

The Internal Service Fund equipment reserve at year-end 2017 was $4.7 million. During 2018 expenses exceeded revenues by $28,537, leaving the equipment reserve balance at $4.6 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	(28,537)
Working Capital December 31, 2018	**$4,637,649**

Information Technology Services Equipment Reserve Balance

The Internal Service Fund information technology services equipment reserve at year-end 2017 was $722,503. During 2018 expenses exceeded revenues by $68,915, leaving the equipment reserve balance at $653,588.

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	(68,915)
Working Capital December 31, 2018	**$653,588**

Self-Insurance Fund Net Asset Balance

The Self-Insurance Fund net assets balance at year-end 2017 was $7.6 million. During 2018 revenues exceeded expenses by $839,729, leaving the net assets balance at $8.5 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	839,729
Working Capital December 31, 2018	**$8,487,623**