

# ANNUAL FINANCIAL REPORT

COMPONENT UNIT OF THE  
CITY OF MINNEAPOLIS

FOR THE YEAR ENDED  
DECEMBER 31, 2016





**MINNEAPOLIS PARK AND RECREATION BOARD**

**COMPONENT UNIT  
ANNUAL FINANCIAL REPORT**



**FOR THE YEAR ENDED DECEMBER 31, 2016**

**FINANCE DEPARTMENT**



**MINNEAPOLIS PARK AND RECREATION BOARD  
MINNEAPOLIS, MINNESOTA**

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# INTRODUCTORY SECTION







**Minneapolis  
Park & Recreation Board**

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Minneapolis, MN 55411-2227

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3800 Bryant Avenue South  
Minneapolis, MN 55409-1000

*Phone*  
612-230-6400

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612-230-6500

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June 8, 2017

Anita Tabb, President  
Minneapolis Park & Recreation Board  
Minneapolis, Minnesota 55411

Jayne Miller, Superintendent  
Minneapolis Park & Recreation Board  
Minneapolis, Minnesota 55411

Citizens of the Minneapolis Park & Recreation Board  
Minneapolis, Minnesota

It is our pleasure to submit to you the Annual Financial Report of the Minneapolis Park & Recreation Board for the fiscal year ended December 31, 2016. The purpose of this report is to provide the Park & Recreation Board, Mayor, City Council, staff, citizens, and other interested parties with useful information concerning the Park & Recreation Board's operations and financial position.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Park & Recreation Board. The data presented in this report is believed to be accurate in all material respects. We believe the report contains all disclosures necessary for the reader to understand the Park & Recreation Board's financial affairs.

**Report Format**

The presentation in this report is in compliance with the requirements of governmental financial reporting. The content of the report is prepared in accordance with generally accepted standards of reporting as recommended by the Governmental Finance Officers Association of the United States and Canada, the Governmental Accounting Standards Board, the Office of the State Auditor, State of Minnesota and the City Charter of the City of Minneapolis, Minnesota.

The transmittal letter is designed to complement the Management Discussion & Analysis (MD&A) and should be read in conjunction with it. The Minneapolis Park & Recreation Board's MD&A can be found immediately following the report of the independent auditor.

**Form of Government**

The Minneapolis Park & Recreation Board was established in 1883 by an act of the Minnesota Legislature. It is to serve as an independently elected, semi-autonomous body responsible for maintaining and developing the

*President*  
Liz Wielinski

*Vice President*  
Scott Vreeland

*Commissioners*  
Brad Bourn  
John Erwin  
Meg Forney

Steffanie Musich  
Jon C. Olson  
Anita Tabb  
M. Annie Young

*Superintendent*  
Jayne Miller

*Secretary to the Board*  
Jennifer B. Ringold



diverse system of land and water areas for citizens of the city. It is a nine-member board, serving four-year terms. Six commissioners are elected from designated park districts, and three are elected from the city at-large. The Park & Recreation Board is a discretely presented component unit of the City of Minneapolis. The City Finance Officer acts as Treasurer of the Park & Recreation Board.

### **Reporting Entity**

The accounts of the Minneapolis Park & Recreation Board are maintained in accordance with City Charter on a fund basis representing a series of independent fiscal and accounting entities with self-balancing sets of accounts recording resources together with related liabilities and equities which are segregated for the purpose of carrying on specific activities.

Budgetary Control is maintained in compliance with City Charter requirements that specify that funds be first appropriated by the Park & Recreation Board before being spent by the departments for ongoing services and for projects in all funds except for the Park Grant and Dedicated Revenue Fund of the Special Revenue Fund Type. All purchase orders, contracts and other obligation documents, which exceed appropriations, are not encumbered or processed until additional appropriations are made available. Operating Encumbrances outstanding at December 31 are included as part of assigned fund balance in the governmental funds and do not constitute expenditures or liabilities.

The State Auditor will issue a management and compliance report covering the review of the Minneapolis Park & Recreation Board's system of internal control over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The management and compliance report will not modify or affect, in any way, this report on the financial statements.

### **Economic Condition and Outlook**

A discussion and analysis of the Park and Recreation Board's overall financial condition during the fiscal year ended 2016 is included as part of the MD&A.

### **Debt Administration**

In 2006, the Minneapolis Park & Recreation Board entered into a loan agreement for the amount of \$710,000 with Wells Fargo Brokerage Services, LLC for the purchase of an ice arena facility and land at 1306 Central Avenue Northeast. This facility is intended to be self-supporting with a portion of the net income generated being allocated to the debt service payments.

In 2015, the Minneapolis Park and Recreation Board entered into a contract for deed agreement in the amount of \$2,000,000 with St. Anthony Real Estate Company for the purchase of 3 parcels of land. This amount, plus the accrued interest, is to be paid in full on or before November 2, 2017.

In 2016, the Park and Recreation Board entered into a Contract for Deed in the amount of \$2,100,000 with L and R Development, LLC for the purchase of one parcel of land located at 4022 ½ Washington Avenue North. The promissory note shall bear interest at a rate of six percent (6%) per annum. Monthly principal and interest payments commenced on April 1, 2016, with the entire remaining unpaid balance of principal and interest due and payable on the first day of the 24<sup>th</sup> month or March 1, 2018.

The City of Minneapolis accounts for all other Park & Recreation Board's long-term obligations. The outstanding debt issued by the City of Minneapolis for projects benefiting the Park & Recreation Board is secured by the full faith and credit of the City of Minneapolis and not the Park & Recreation Board.

The City of Minneapolis' conservative financial practices have earned its general obligation debt some of the highest ratings available from national bond rating services as follows:

- Fitch IBCA – AAA
- Standard & Poor's – AAA
- Moody's Investors Service – Aa1

### **Cash Management**

The Minneapolis Park & Recreation Board's cash at year-end is on deposit with the City of Minneapolis. Deposits of the Park & Recreation Board were either insured by Federal Depository Insurance or collateralized. All collateral on deposits was held by the Federal Reserve Bank of Minneapolis.

### **Risk Management**

The Minneapolis Park & Recreation Board accounts for its risk management activities as an internal service fund and charges the operating funds annually for the anticipated actuarially projected claims. The Park & Recreation Board's risk management program operates under the direction of the Assistant Superintendent for Administration. Various programs have been developed to reduce the Park & Recreation Board's risk of loss including: a comprehensive employee health & safety program; a strategy to reduce tort liability exposure; and, a strategy to reduce the frequency of injuries and illnesses and the cost of workers' compensation.

### **Independent Audit**

The State of Minnesota requires an annual audit of the books of account, financial records, and transactions of the Minneapolis Park & Recreation Board by the Office of the State Auditor. This requirement has been complied with and the auditor's opinion has been included in this report.

### **Acknowledgements**

Timely preparation of this report could not have been accomplished without the efficient and dedicated services of the Minneapolis Park & Recreation Board's Finance Department. In addition we would like to thank the State Auditor's Office for their thoroughness and professionalism in conducting the Park & Recreation Board's audit.

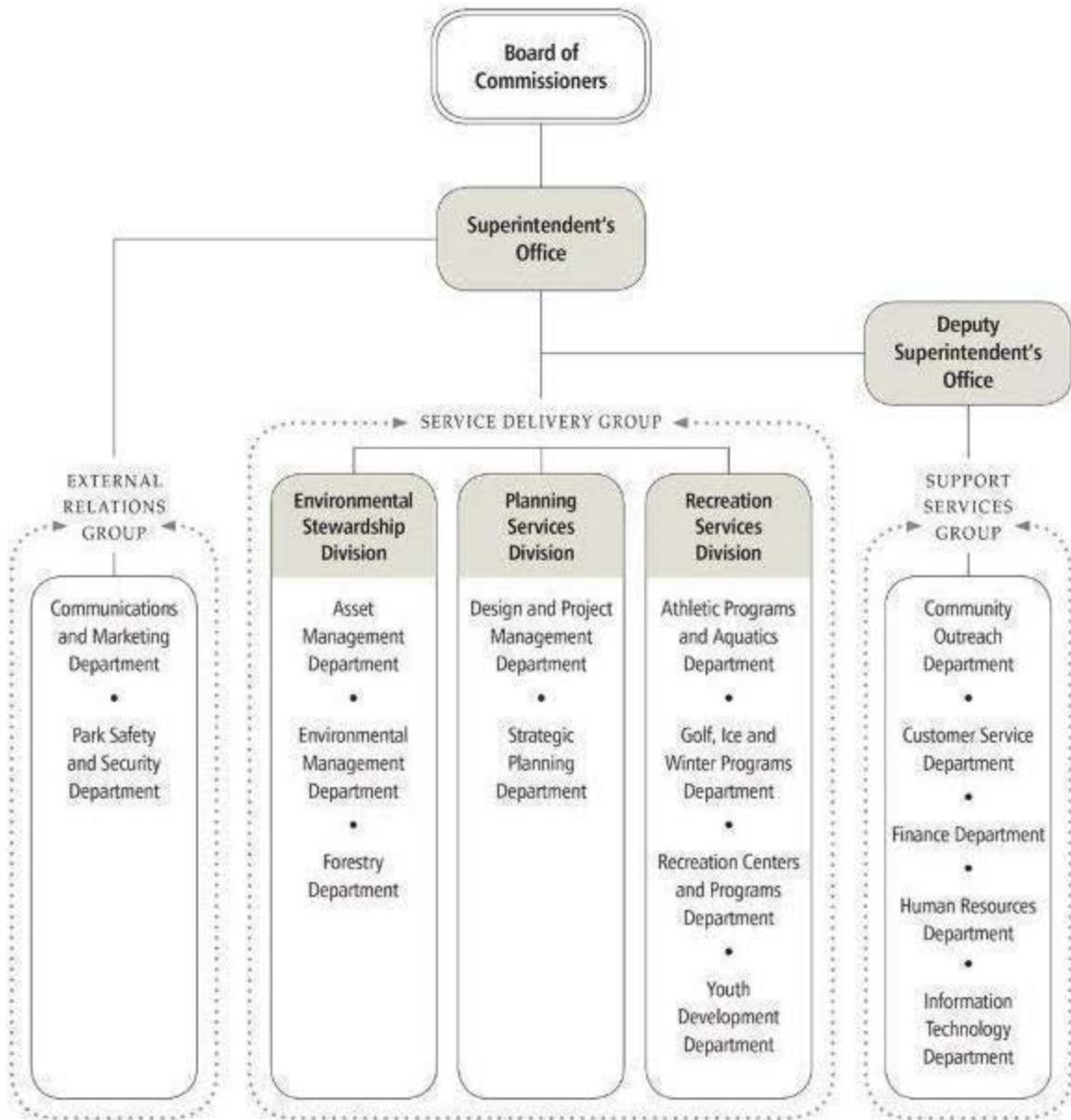
Respectfully submitted,

*Julia M. Wiseman*

Julia M. Wiseman  
Director of Finance

# MINNEAPOLIS PARK AND RECREATION BOARD

## ORGANIZATION CHART



# MINNEAPOLIS PARK AND RECREATION BOARD

## COMMISSIONERS AND OFFICERS

<b>Commissioners</b>	<b>Term of Office From</b>	<b>To</b>
Brad Bourn	January 1, 2010	December 31, 2017
John Erwin	January 1, 2010	December 31, 2017
Meg Forney	January 1, 2014	December 31, 2017
Steffanie Musich	January 1, 2014	December 31, 2017
Jon Olson	January 1, 2002	December 31, 2017
Anita Tabb	January 1, 2010	December 31, 2017
Scott Vreeland	January 1, 2006	December 31, 2017
Liz Wielinski	January 1, 2010	December 31, 2017
M. Annie Young	January 1, 1990	December 31, 2017

### **Officers**

#### **President**

Liz Wielinski	January 1, 2014	July 20, 2016
Anita Tabb	July 20, 2016	December 31, 2016

#### **Vice President**

Scott Vreeland	January 1, 2014	July 20, 2016
John Erwin	July 20, 2016	December 31, 2016

#### **Secretary**

Jennifer Ringold	January 1, 2015	December 31, 2016
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# FINANCIAL SECTION







REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500  
525 PARK STREET SAINT  
PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Minneapolis Park and Recreation Board  
Minneapolis, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Minneapolis Park and Recreation Board, a component unit of the City of Minneapolis, Minnesota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Park Board's basic financial statements, as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the Park Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Park Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Minneapolis Park and Recreation Board as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Minneapolis Park and Recreation Board's basic financial statements. The introductory section, the supplementary information, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2017, on our consideration of the Minneapolis Park and Recreation Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Minneapolis Park and Recreation Board's internal control over financial reporting and compliance.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 8, 2017

# MINNEAPOLIS PARK AND RECREATION BOARD

## MANAGEMENT DISCUSSION AND ANALYSIS

(Unaudited)

This discussion and analysis of the Park and Recreation Board of the City of Minneapolis' financial performance provides an overview of the Park and Recreation Board's financial activities for the fiscal year ended December 31, 2016. Please read it in conjunction with the Park and Recreation Board's basic financial statements and information provided in the letter of transmittal.

### Financial Highlights

- The Park and Recreation Board's government-wide net position increased as a result of this year's operations by \$4,603,357 or 1.5%. Net position of the business-type activities decreased by \$389,377 or 1.9%, and net position of the governmental activities increased by \$4,992,734 or 1.8%.
- The assets of the Park and Recreation Board exceeded its liabilities at the close of the most recent fiscal year by \$301,832,635 (net position).
- As of the close of the current fiscal year, the Park and Recreation Board's Governmental Funds reported combined ending fund balances of \$21,997,061.
- As of the close of the current fiscal year, the Park and Recreation Board's Proprietary Funds reported combined ending equity of \$29,718,669. Ending equity of the business-type proprietary fund is \$20,449,077. Ending net position of the governmental-type proprietary funds is \$9,269,592.

### Financial Statement Overview

This annual report consists of a series of financial statements. The *Statement of Net Position* and the *Statement of Activities* (on pages 18-19) provide information about the activities of the Park and Recreation Board as a whole and present a longer-term view of the Park and Recreation Board's finances. Fund financial statements start on page 20. For governmental activities, these statements show how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Park and Recreation Board's operations in more detail than the government-wide statements by providing information about the Park and Recreation Board's most financially significant funds. Notes to the financial statements start on page 29. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. This report also contains required and supplementary information in addition to the basic financial statements.

### Government-wide Financial Statements

The *Statement of Net Position* and the *Statement of Activities*

The government-wide financial statements provide an overview of the Park and Recreation Board as a whole. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Park and Recreation Board's net position and the changes in components of net position. The *Statement of Net Position* presents the Park and Recreation Board's assets and liabilities, with the difference between the two reported as net position. The *Statement of Activities* presents information showing how the Park and Recreation Board's net position changed during the most recent fiscal year. Over time, changes in the Park and Recreation Board's net position is one indicator of whether its financial health is improving or deteriorating. Other non-financial factors should be considered, such as changes in the Park and Recreation Board's property tax base and the condition of the Park and Recreation Board's capital assets to determine the overall financial health of the Park and Recreation Board.

In the *Statement of Net Position* and the *Statement of Activities*, the Park and Recreation Board is divided into two kinds of activities:

- **Governmental Activities:** Most of the Park and Recreation Board’s basic services are reported here and are reported as Culture and Recreation. Property taxes and state and federal grants finance most of these activities.
- **Business-Type Activities:** The Park and Recreation Board charges fees to customers to help cover all or most of the costs of certain services it provides. The Park and Recreation Board’s golf courses are reported here.

## Fund Financial Statements

The fund financial statements begin on page 20 and provide detailed information about the funds. Some funds are required to be established by state law. In addition, the Park and Recreation Board has established other funds to help it control and manage money for particular purposes. The Park and Recreation Board’s two kinds of funds, governmental and proprietary, use different accounting approaches.

*Governmental Funds:* Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be used in the near future to finance the Park and Recreation Board’s programs. In order to compare these fund statements to the government-wide statements which are presented using accrual accounting, reconciliations are presented with the Governmental fund statements.

*Proprietary Funds:* Proprietary funds provide information about services that are supported by charges to outside customers or other units of the Park and Recreation Board. Proprietary funds are reported using accrual accounting which is the same as the accounting method used in the government-wide statements. The enterprise fund information provided in the fund level statements is the same as the business-type activities presented on the government-wide statements. There are two internal service funds presented on the fund level statements, which report activities that provide self-insurance, park equipment rental and information technology services to the Park and Recreation Board. On the government-wide statements the net internal service funds activities are combined with the governmental funds and included in the column titled governmental activities.

## Government-wide Financial Analysis

The Park and Recreation Board’s total net position of \$301,832,635 increased by \$4,603,357 or 1.5% from a year ago. Current and other assets increased by \$13,710,498 and capital assets increased by \$15,080,498 from a year ago. Deferred Outflows-Pensions increased by \$31,425,814 from a year ago. This analysis will focus first on net position and then on the changes in net position of the Park and Recreation Board’s governmental and business-type activities.

	<b>Minneapolis Park and Recreation Board's Net Position</b>					
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 46,322,523	\$ 33,416,004	\$ 2,453,569	\$ 1,649,591	\$ 48,776,092	\$ 35,065,595
Capital assets	307,014,576	292,529,984	23,220,819	22,624,913	330,235,395	315,154,897
Total Assets	353,337,099	325,945,988	25,674,388	24,274,504	379,011,487	350,220,492
Deferred Outflows-Pensions	63,368,607	33,860,191	4,510,774	2,593,376	67,879,381	36,453,567
Long-term liabilities outstanding	118,965,476	75,203,214	8,536,030	5,556,925	127,501,506	80,760,139
Other liabilities	7,605,897	4,746,980	566,710	231,824	8,172,607	4,978,804
Total Liabilities	126,571,373	79,950,194	9,102,740	5,788,749	135,674,113	85,738,943
Deferred Inflows - Pensions	8,762,179	3,476,565	621,941	229,273	9,384,120	3,705,838
Net position:						
Net investment in Capital Assets	303,032,238	290,529,984	22,845,097	22,302,296	325,877,335	312,832,280
Unrestricted	(34,990,777)	(21,959,274)	(2,384,616)	(1,452,438)	(37,375,393)	(23,411,712)
Restricted	13,330,693	7,808,710	-	-	13,330,693	7,808,710
Total Net Position	\$ 281,372,154	\$ 276,379,420	\$ 20,460,481	\$ 20,849,858	\$ 301,832,635	\$ 297,229,278

Net position of the Park and Recreation Board's governmental activities increased by \$4,992,734 or 1.8%. The unrestricted component of net position is (\$34,990,777) and reflects the net pension obligation for the Park and Recreation Board's governmental activities.

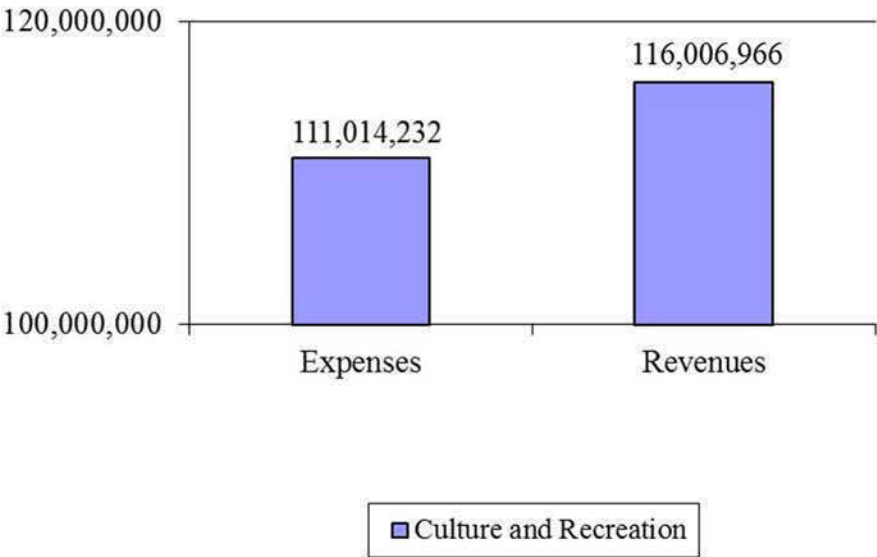
Net position of the Park and Recreation Board's business-type activities decreased by \$389,377 or 1.9%. The Park and Recreation Board commits net position to finance the continuing operations including capital improvements of the Enterprise Fund.

For governmental activities of the Park and Recreation Board, net position increased by \$4,992,734. The increase in Governmental Net Position is primarily due to high revenue collections in 2016. The decrease in business-type activities of the Park and Recreation Board of \$389,377 is primarily due to the continued loss associated with the closure of Meadowbrook Golf Course and partial closure of Hiawatha Golf Course.

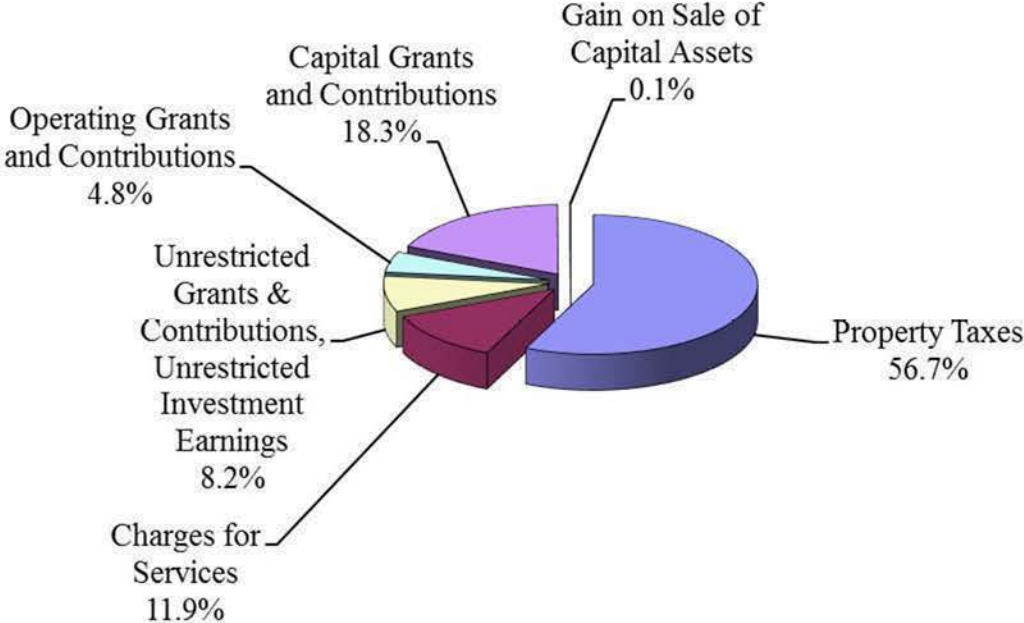
**Minneapolis Park and Recreation Board's Change in Net Position**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for services	\$13,755,909	\$10,664,076	\$10,835,548	\$10,328,371	\$24,591,457	\$20,992,447
Operating grants & contributions	5,584,788	4,027,533	1,860	476,664	5,586,648	4,504,197
Capital grants & contributions	21,250,249	18,120,444	11,657	247,025	21,261,906	18,367,469
General revenues:						
Taxes	65,767,797	62,906,396	-	-	65,767,797	62,906,396
Unrestricted grants & contributions	9,539,349	9,170,507	-	-	9,539,349	9,170,507
Unrestricted investment earnings	21,887	1,172	-	-	21,887	1,172
Gain on sale of capital assets	86,987	181,919	-	596	86,987	182,515
Transfers	-	-	17,239	-	17,239	-
Total Revenue and Transfers	116,006,966	105,072,047	10,866,304	11,052,656	126,873,270	116,124,703
Program expense:						
Culture & recreation	110,996,993	100,727,297	-	-	110,996,993	100,727,297
Park enterprise fund	-	-	11,255,681	11,109,995	11,255,681	11,109,995
Transfers	17,239	-	-	-	17,239	-
Total Expenses and Transfers	111,014,232	100,727,297	11,255,681	11,109,995	122,269,913	111,837,292
Increase (Decrease) in Net Position	\$ 4,992,734	\$ 4,344,750	\$ (389,377)	\$ (57,339)	\$ 4,603,357	\$ 4,287,411

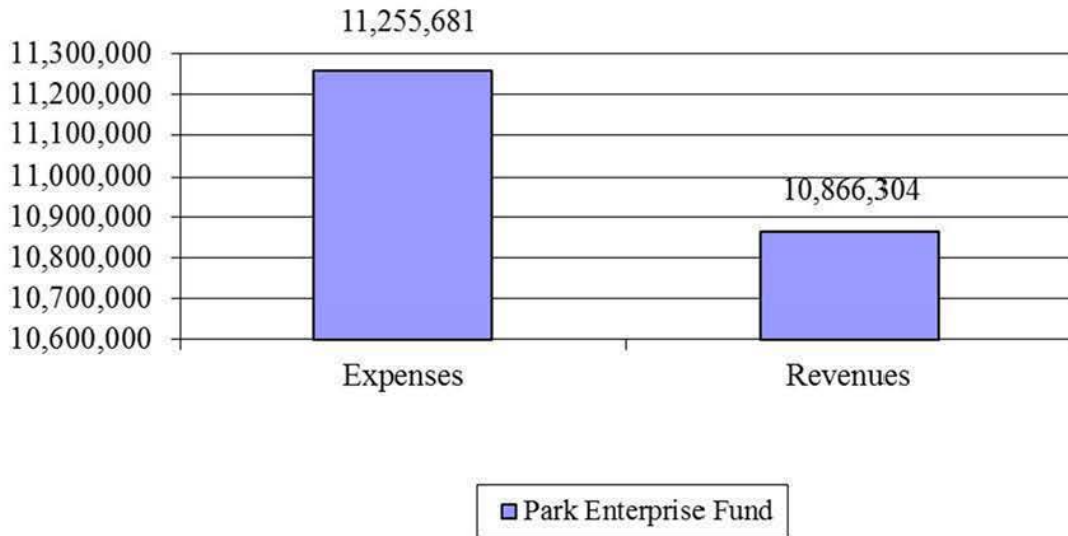
### Expenses and Program Revenues Governmental Activities



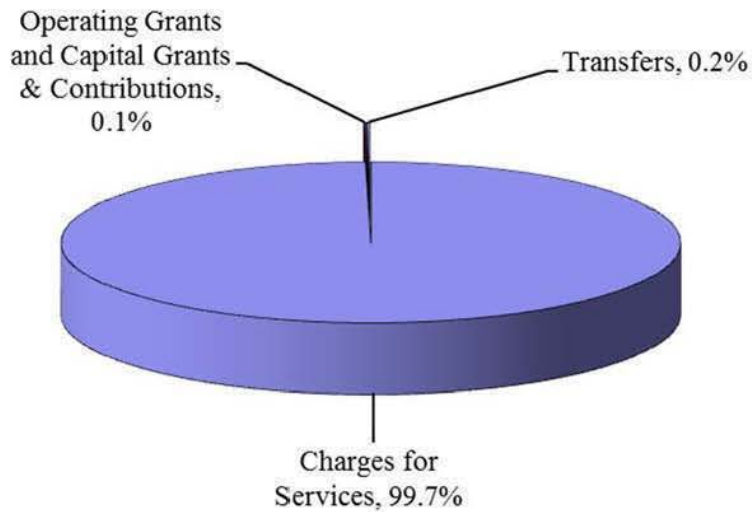
### Revenues by Source - Governmental Activities



## Expenses and Program Revenues Business-Type Activities



## Revenues by Source - Business-Type Activities



## **Individual Funds Financial Analysis**

The Minneapolis Park and Recreation Board uses fund accounting to ensure compliance with finance-related legal requirements.

### **Governmental Funds**

As of the end of the current fiscal year, the Park and Recreation Board's governmental funds had reported a combined ending fund balance of \$21,997,061. The following is an analysis of the major funds reported in the governmental funds statements.

#### **General Fund**

The General Fund is the Board's operating fund that reports activities not reported in other funds. The fund balance of the General Fund increased by \$1,118,303 from 2015 primarily due to a higher than expected property tax collection rate and receipt of the 20-year neighborhood park plan startup funds. As of the end of the current fiscal year the General Fund reported a fund balance of \$7,439,083 of which \$607,197 is classified as restricted, \$426,206 is classified as committed, and \$6,405,680 is classified as unassigned and is available for future near-term spending.

***General Fund Budgetary Highlights:*** The final budget for the Park and Recreation Board's General Fund represents the original budget and any additional supplemental appropriations that may occur during the fiscal year. The 2016 original and final appropriation was \$70,982,445 and \$71,910,603, respectively. The changes made to the 2016 original appropriation were due to the use of excess fund balance to fund one-time costs associated with the 20-year neighborhood park plan startup and recreation facilities analysis and design.

#### **Museum County-wide Levy**

This special revenue fund was established to account for the countywide levy for maintenance of a fine art museum. The Park and Recreation Board acts as a pass-through agency for these funds and a fund balance is not established.

#### **Park Grant and Dedicated Revenue**

This special revenue fund accounts for the activities associated with the purchase and improvement of land used for park purposes and to account for revenue received that is restricted or assigned for specific purposes. The fund balance of the Park Grant and Dedicated Revenue Fund increased by \$1,120,106 from 2015. This increase is primarily due to the State of Minnesota Lottery proceeds and park acquisition funds that are held until needed for land acquisitions. As of the end of the current fiscal year the Park Grant and Dedicated Revenue Fund reported a fund balance of \$10,241,782, of which \$5,900,004 is classified as restricted, \$310,058 is classified as committed and \$4,031,720 as assigned.

#### **Tree Preservation and Reforestation**

This special revenue fund accounts for the activities associated with a special property tax levy approved by the Board to address threats to the urban forest due to Emerald Ash Borer and tree loss due to storms. This is the third year of an eight-year program. As of the end of the current fiscal year the Tree Preservation and Reforestation Fund reported a fund balance of \$51,049, which is classified as committed.

#### **Permanent Improvement Fund**

This capital projects fund accounts for the resources used for the acquisition, rehabilitation and/or development of major capital facilities. Revenues for this fund primarily consist of proceeds from bond issues and various federal, state and local grants. The fund balance of the Permanent Improvement Fund increased by \$2,313,508 from 2015. This increase is primarily due to the receipt of capital project grant proceeds and bond issuance proceeds. As of the end of the current fiscal year the Permanent Improvement Fund reported a fund balance of (\$3,396,215).

### **Proprietary Funds**

The Minneapolis Park and Recreation Board operates one enterprise fund and two internal service funds. The funds are reported using the accrual basis of accounting. The following is an analysis of the funds reported in the proprietary funds statements.

### **Park Operating Fund**

This enterprise fund accounts for the activities of the Park and Recreation Board's golf courses, refectories, ice arenas, parking operations, and use & event permitting. Golf fees and park usage fees are reviewed on a yearly basis and changes are recommended to the Park and Recreation Board for approval. In 2016, operating revenues increased from 2015 by \$474,031 or 4.6%. In 2016, operating expenses of the Park Operating Fund increased from 2015 by \$814,533 or 8.2%. In 2016, operating income was \$47,984 a decrease of \$340,502 from 2015. The decrease in operating income in the Park Operating Fund was due to an increase in pension expense.

### **Park Internal Services Fund**

This internal service fund accounts for the rental of equipment and the information technology services provided to other Park and Recreation Board funds. Equipment rental fees and internal department charges are reviewed each year during the budget process and are approved by the Park and Recreation Board. For the current fiscal year ended, the operating income was \$391,719 and ending net position was \$7,231,771. Net position is comprised of \$4,672,541 or 64.6%, which is the net investment in capital assets and \$2,559,230 or 35.4%, which is classified as unrestricted. The Park and Recreation Board intends to use the unrestricted portion of the fund for repair and replacement of the operation's equipment.

### **Park Self-Insurance Fund**

This internal service fund accounts for both commercial insurance and self-insurance activities of the Park and Recreation Board. These activities include workers' compensation, property insurance, general liability, automotive liability and police professional liability. In the current fiscal year ended, the operating loss was \$224,690 and ending net position was \$2,037,821. An actuarial study completed in 2015 provided an estimate for the 2016 long-term liability for workers' compensation claims pending. An actuarial study completed in 2016 provides the estimate for the 2016 long-term liability for General liability claims pending.

## **Capital Asset and Debt Administration**

### **Capital Assets**

At the end of 2016, the Park and Recreation Board had \$330,235,395 invested in a broad range of capital assets, including land, buildings, vehicles, equipment, trails, bridges, golf courses and parking lots.

Major capital asset events during the current fiscal year included but are not limited to the following:

- West River Road Slope Stabilization
- Sculpture Garden Improvements
- Riverfront Land Acquisition
- Bossen Field Master Plan

### **Capital Assets at Year End (Net of Depreciation)**

	Governmental		Business-Type		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 74,090,477	\$ 71,432,009	\$ 1,206,784	\$ 1,206,784	\$ 75,297,261	\$ 72,638,793
Building and Structures	36,577,649	38,005,387	15,896,500	14,670,385	52,474,149	52,675,772
Infrastructure	31,781,748	33,060,705	57,765	62,475	31,839,513	33,123,180
Public Improvements	104,286,249	98,742,639	3,278,919	3,521,847	107,565,168	102,264,486
Machinery and Equipment	4,986,936	4,819,346	812,525	741,751	5,799,461	5,561,097
Construction in Progress	55,291,517	46,469,898	1,968,326	2,421,671	57,259,843	48,891,569
Total	\$ 307,014,576	\$ 292,529,984	\$ 23,220,819	\$ 22,624,913	\$ 330,235,395	\$ 315,154,897

Additional information regarding the Park and Recreation Board's capital assets can be found in the notes to the Financial Statements.

## **Debt**

More information regarding Park and Recreation Board debt can be found in the notes to the Financial Statements.

## **Economic Factors and 2017 Budget**

### **Employment:**

The unemployment rate for the City of Minneapolis at the end of 2016, as released by the Minnesota Department of Employment and Economic Development, is 3.3%. This economic indicator is lower than the State of Minnesota (4.1%) and national unemployment rate (4.7%). The City of Minneapolis unemployment rate one year ago in December 2015 was at 2.8%.

### **2017 Budget:**

On December 7, 2016, the Park and Recreation Board approved the 2017 budget. The original operating budget was set for \$76.6 million. The 2017 certified state aid is about \$9.2 million; current law increased 2017 Local Government Aid by \$11,473 over the amount received in 2016.

### **20 Year Neighborhood Park Plan:**

In May 2016, the Park and Recreation Board and City of Minneapolis came to an agreement on financing a 20 Year Neighborhood Park Plan through the passage of concurrent ordinances. The 20 Year Neighborhood Park Plan provides \$11 million annually in additional resources for neighborhood park maintenance, rehabilitation and capital investments and protects existing revenue and costs that are through the City of Minneapolis. The funding will begin in 2017. The City of Minneapolis also authorized the payment of \$1.5 million to cover startup expenditures paid by the Park and Recreation Board in 2016.

## **Requests for Information**

This financial report is designed to provide a general overview of the Minneapolis Park and Recreation Board finances and to demonstrate the Park and Recreation Board's accountability for the funds it receives. Questions about this report or requests for additional financial information should be directed to the Finance Director, Minneapolis Park and Recreation Board, 2117 West River Road, Minneapolis, MN 55411, 612-230-6400.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF NET POSITION**  
**December 31, 2016**

	Governmental Activities	Business -Type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Assets:			
Cash and Pooled Investments	\$ 30,000,077	\$ 1,974,429	\$ 31,974,506
Receivables	14,288,668	894,209	15,182,877
Due From Primary Government	1,500,000	-	1,500,000
Materials & Supplies Inventories	-	33,545	33,545
Prepaid Expense	85,164	-	85,164
Internal Balances	448,614	(448,614)	-
Capital Assets:			
Non-Depreciable	129,381,994	3,175,110	132,557,104
Depreciable (Net)	177,632,582	20,045,709	197,678,291
Total Assets	<u>\$ 353,337,099</u>	<u>\$ 25,674,388</u>	<u>\$ 379,011,487</u>
Deferred Outflows of Resources:			
Deferred Outflows - Pensions	<u>63,368,607</u>	<u>4,510,774</u>	<u>67,879,381</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><b>\$ 416,705,706</b></u>	<u><b>\$ 30,185,162</b></u>	<u><b>\$ 446,890,868</b></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>			
Liabilities:			
Salaries Payable	\$ 1,301,907	\$ 83,236	\$ 1,385,143
Accounts Payable (Net)	6,285,833	483,474	6,769,307
Unearned Revenue	18,157	-	18,157
Non-Current Liabilities			
Due Within One Year:			
Compensated Absences	829,709	81,707	911,416
Notes Payable	2,165,329	54,990	2,220,319
Interest Payable	40,000	-	40,000
Due In More Than One Year:			
Compensated Absences	3,639,984	190,651	3,830,635
Contracts Payable	-	105,450	105,450
Notes Payable	1,817,009	215,282	2,032,291
Post Employment Benefits	3,470,147	430,862	3,901,009
Workers' Compensation Claims Pending	2,911,021	-	2,911,021
General Liability Claims Pending	1,517,414	-	1,517,414
Net Pension Liability	102,574,863	7,457,088	110,031,951
Total Liabilities:	<u>126,571,373</u>	<u>9,102,740</u>	<u>135,674,113</u>
Deferred Inflows of Resources:			
Deferred Inflows - Pensions	<u>8,762,179</u>	<u>621,941</u>	<u>9,384,120</u>
Net Position:			
Net Investment in Capital Assets	303,032,238	22,845,097	325,877,335
Restricted			
Capital Improvements	143,710	-	143,710
Project and Grant Programs	7,286,979	-	7,286,979
Special Trust	115,011	-	115,011
Special Reserves	5,784,993	-	5,784,993
Unrestricted	<u>(34,990,777)</u>	<u>(2,384,616)</u>	<u>(37,375,393)</u>
Total Net Position	<u>281,372,154</u>	<u>20,460,481</u>	<u>301,832,635</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u><b>\$ 416,705,706</b></u>	<u><b>\$ 30,185,162</b></u>	<u><b>\$ 446,890,868</b></u>

The notes to the financial statements are an integral part of this statement.



**MINNEAPOLIS PARK AND RECREATION BOARD**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2016**

	General	Museum County- Wide Levy	Park Grant and Dedicated Revenue	Tree Preservation and Reforestation	Permanent Improvement	Other Governmental Funds	Total
<b>ASSETS</b>							
Cash and							
Cash Equivalents	\$ 8,599,330	\$ -	\$ 10,145,831	\$ 20,636	\$ 301,454	\$ 7,743,107	\$ 26,810,358
Receivables:							
Accounts	477,389	-	218,345	-	296,173	9,245	1,001,152
Taxes -							
Current	713,933	80,260	-	23,499	-	-	817,692
Delinquent	440,785	-	-	5,041	-	-	445,826
Intergovernmental	12,036	-	-	-	11,962,937	-	11,974,973
Accrued Interest	-	-	-	-	-	13,938	13,938
Due From-							
Other Funds	130,000	-	5,800	6,001	191,434	-	333,235
Primary Government	1,500,000	-	-	-	-	-	1,500,000
Prepaid Expense	-	-	-	-	23,314	-	23,314
<b>Total Assets</b>	<b>\$ 11,873,473</b>	<b>\$ 80,260</b>	<b>\$ 10,369,976</b>	<b>\$ 55,177</b>	<b>\$ 12,775,312</b>	<b>\$ 7,766,290</b>	<b>\$ 42,920,488</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Payables -							
Salaries	\$ 1,229,698	\$ -	\$ 8,386	\$ -	\$ 217	\$ -	\$ 1,238,301
Accounts	2,654,348	80,260	55,141	128	2,959,120	95,078	5,844,075
Intergovernmental	4,062	-	3,233	-	-	-	7,295
Due To -							
Other Funds	136,001	-	61,434	-	130,000	5,800	333,235
Capital Advances	-	-	-	-	8,200,000	-	8,200,000
Unearned Revenue	18,157	-	-	-	-	-	18,157
<b>Total Liabilities</b>	<b>4,042,266</b>	<b>80,260</b>	<b>128,194</b>	<b>128</b>	<b>11,289,337</b>	<b>100,878</b>	<b>15,641,063</b>
Deferred Inflows of Resources:							
Unavailable Revenue	392,124	-	-	4,000	4,882,190	4,050	5,282,364
Fund Balances:							
Nonspendable:							
Prepaid Expense	-	-	-	-	23,314	-	23,314
Restricted for:							
Capital Improvements	-	-	-	-	143,710	-	143,710
Project & Grant Programs	607,197	-	-	-	-	6,679,782	7,286,979
Special Trust	-	-	115,011	-	-	-	115,011
Special Reserves	-	-	5,784,993	-	-	-	5,784,993
Committed to:							
Capital Improvements	-	-	-	-	5,393,444	-	5,393,444
Project Programs	426,206	-	310,058	51,049	-	-	787,313
Assigned to:							
Project Programs	-	-	3,176,710	-	-	-	3,176,710
Special Trust	-	-	-	-	-	12,067	12,067
Special Reserves	-	-	651,522	-	-	-	651,522
Easements	-	-	23,088	-	-	-	23,088
Forestry and Tree Disease	-	-	180,400	-	-	969,513	1,149,913
Unassigned	6,405,680	-	-	-	(8,956,683)	-	(2,551,003)
<b>Total Fund Balances</b>	<b>7,439,083</b>	<b>-</b>	<b>10,241,782</b>	<b>51,049</b>	<b>(3,396,215)</b>	<b>7,661,362</b>	<b>21,997,061</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 11,873,473</b>	<b>\$ 80,260</b>	<b>\$ 10,369,976</b>	<b>\$ 55,177</b>	<b>\$ 12,775,312</b>	<b>\$ 7,766,290</b>	<b>\$ 42,920,488</b>

The notes to the financial statements are an integral part of this statement.20

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**Reconciliation of the Total Governmental Funds Balance Sheet to the**  
**Government-wide Statement of Net Position - Governmental Activities**  
**December 31, 2016**

**Total Governmental Funds Balances** \$ 21,997,061

Amounts reported for governmental activities  
in the Statement of Net Position are different because

Capital assets used in the governmental activities are not  
financial resources and therefore are not reported in the funds.

Non-Depreciable	74,090,477	
Depreciable	400,465,741	
Accumulated Depreciation	(227,505,700)	
Work in Progress	55,291,517	302,342,035

Long-term liabilities are not due and payable in the  
current period and therefore are not reported in the funds.

Accrued Interest Payable	(40,000)	
Compensated Absences - Short Term	(791,562)	
Notes Payable - Short Term	(2,165,329)	
Compensated Absences - Long Term	(3,548,976)	
Post Employment Benefits - Long Term	(3,272,765)	
Notes Payable- Long Term	(1,817,009)	
Net Pension Liability - Long Term	(98,188,994)	

Unavailable revenue in governmental funds is susceptible  
to full accrual on the entity-wide statements. 5,282,364

Deferred outflows resulting from pension obligations are not  
available resources and therefore are not reported in the funds. 60,713,882

Deferred inflows resulting from pension obligations are not  
due and payable in the current period and therefore are not  
reported in the funds. (8,394,741)

Receivables from business-type funds for internal service fund activity. (11,404)

Internal Service Funds are not reported in the funds  
statement but are included in the Statement of Net  
Position governmental activities. 9,269,592

**Net Position of Governmental Activities** \$ 281,374,154

The notes to the financial statements are an integral part of this statement.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2016**

	General	Museum County- Wide Levy	Park Grant and Dedicated Revenue	Tree Preservation and Reforestation	Permanent Improvement	Other Governmental Funds	Total
<b>REVENUES</b>							
Taxes	\$ 52,757,423	\$ 11,336,931	\$ -	\$ 1,732,897	\$ -	\$ -	\$ 65,827,251
Intergovernmental	11,826,443	-	1,774,642	2,544	19,854,885	500,000	33,958,514
Charges for Services and Sales	7,684,066	-	446,880	-	49,075	-	8,180,021
Licenses and Permits	205,731	-	9,319	-	-	-	215,050
Fines and Forfeits	311,885	-	1,010	-	-	-	312,895
Special Assessments	-	-	-	-	-	244,654	244,654
Investment Earnings	-	-	-	-	-	17,973	17,973
Miscellaneous	174,794	7,181	485,714	-	118,941	5,109,844	5,896,474
<b>Total Revenues</b>	<b>72,960,342</b>	<b>11,344,112</b>	<b>2,717,565</b>	<b>1,735,441</b>	<b>20,022,901</b>	<b>5,872,471</b>	<b>114,652,832</b>
<b>EXPENDITURES</b>							
<b>Current:</b>							
Culture and Recreation	67,882,252	11,344,112	1,260,264	1,742,616	-	-	82,229,244
Capital Outlay	-	-	-	-	24,220,932	658,719	24,879,651
<b>Debt Service:</b>							
Principal Retirement	-	-	-	-	117,662	-	117,662
Interest and Fiscal Charges	-	-	-	-	92,166	-	92,166
<b>Total Expenditures</b>	<b>67,882,252</b>	<b>11,344,112</b>	<b>1,260,264</b>	<b>1,742,616</b>	<b>24,430,760</b>	<b>658,719</b>	<b>107,318,723</b>
Excess of Revenues Over (Under) Expenditures	5,078,090	-	1,457,301	(7,175)	(4,407,859)	5,213,752	7,334,109
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In -							
Other Funds	25,000	-	785,177	-	4,625,789	-	5,435,966
Transfers Out -							
Other Funds	(3,984,787)	-	(1,122,372)	-	(4,422)	(341,624)	(5,453,205)
Promissory Note Issued	-	-	-	-	2,100,000	-	2,100,000
Total Other Financing Sources (Uses)	(3,959,787)	-	(337,195)	-	6,721,367	(341,624)	2,082,761
Net Change in Fund Balance	1,118,303	-	1,120,106	(7,175)	2,313,508	4,872,128	9,416,870
<b>FUND BALANCE - JANUARY 1</b>	<b>6,320,780</b>	<b>-</b>	<b>9,121,676</b>	<b>58,224</b>	<b>(5,709,723)</b>	<b>2,789,234</b>	<b>12,580,191</b>
<b>FUND BALANCE - DECEMBER 31</b>	<b>\$ 7,439,083</b>	<b>\$ -</b>	<b>\$ 10,241,782</b>	<b>\$ 51,049</b>	<b>\$ (3,396,215)</b>	<b>\$ 7,661,362</b>	<b>\$ 21,997,061</b>

The notes to the financial statements are an integral part of this statement.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds**  
**to the Government-wide Statement of Activities - Governmental Activities**  
**For the Year Ended December 31, 2016**

**Net Changes in Fund Balances - Total Governmental Funds** \$ 9,416,870

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. Contributions and donation of capital assets are recorded as revenue in the Statement of Activities.

Expenditures for Capital Assets	24,131,909
Current Year Depreciation	(11,559,778)
Contributions and Donated Capital Assets	1,652,973

Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.

Change in Unavailable Revenue	(1,073,329)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in Accrued Interest Payable	(20,000)
Change in Compensated Absences	(224,523)
Change in Post Employment Benefits	25,431
Change in Note Payable	117,662
Change in Net Pension Liability, including related deferred inflows and outflows of resources	(16,329,024)

Some capital additions were financed through promissory notes. In governmental funds, a capital promissory note is considered a source of financing, but in the statement of net position, the note obligation is reported as a liability.

(2,100,000)

Transfers from business-type funds for internal service fund activities.

(11,404)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

965,947

**Change in net position of governmental activities**

\$ 4,992,734

The notes to the financial statements are an integral part of this statement.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2016**

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Assets:		
Cash and Cash Equivalents	\$ 1,974,429	\$ 3,068,942
Cash with Escrow Agent	-	120,777
Receivables -		
Accounts	734,262	35,087
Intergovernmental	159,947	-
Capital Advances	800,000	8,660,450
Due From Other Funds	432	130,000
Materials & Supplies Inventory	33,545	-
Prepaid Expense	-	61,850
Total Current Assets	3,702,615	12,077,106
Non-Current Assets		
Net Capital Assets	23,220,819	4,672,541
Total Assets	26,923,434	16,749,647
Deferred Outflows of Resources:		
Deferred Outflows - Pensions	4,510,774	2,654,725
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 31,434,208</b>	<b>\$ 19,404,372</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
Current Liabilities:		
Payables -		
Salaries	\$ 83,236	\$ 63,606
Accounts	482,477	434,463
Intergovernmental Payable	997	-
Compensated Absences Payable	81,707	38,147
Notes Payable - Current	54,990	-
Due to Other Funds	-	130,432
Advance From Other Funds	140,050	-
Total Current Liabilities	843,457	666,648
Long-Term Liabilities:		
Notes Payable - Long Term	215,282	-
Advance From Other Funds	1,120,400	-
Contracts Payable	105,450	-
Workers' Compensation Claims Pending	-	2,911,021
General Liability Claims Pending	-	1,517,414
Compensated Absences Payable	190,651	89,008
Post Employment Benefits Payable	430,862	197,382
Net Pension Liability	7,457,088	4,385,869
Total Long-Term Liabilities	9,519,733	9,100,694
Total Liabilities	10,363,190	9,767,342
Deferred Inflows of Resources:		
Deferred Inflows - Pensions	621,941	367,438
Net Position:		
Net Investment in Capital Assets	22,845,097	4,672,541
Unrestricted	(2,396,020)	4,597,051
Total Net Position	20,449,077	9,269,592
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 31,434,208</b>	<b>\$ 19,404,372</b>

The notes to the financial statements are an integral part of this statement.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**Reconciliation of the Proprietary Funds - Business-Type Activities Balance Sheet to the**  
**Government-wide Statement of Net Position - Business-Type Activities**  
**December 31, 2016**

**Net Position - Enterprise Fund** \$ 20,449,077

Some amounts reported for business-type activities in the statement of net position are different because of certain internal service fund assets and liabilities that are included with business-type activities.

11,404

**Net Position of Business-Type Activities** \$ 20,460,481

The notes to the financial statements are an integral part of this statement.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2016**

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES</b>		
Billings to Departments	\$ -	\$ 8,867,480
Charges For Services and Sales	8,275,849	-
Rents	2,501,478	-
Total Operating Revenues	<u>10,777,327</u>	<u>8,867,480</u>
<b>OPERATING EXPENSES</b>		
Personal Services	3,584,449	1,685,263
Contractual Services	2,272,817	2,871,821
Materials and Supplies	1,304,818	1,350,955
Depreciation on Acquired Property	843,998	1,112,507
Benefits	2,723,261	1,679,905
Total Operating Expenses	<u>10,729,343</u>	<u>8,700,451</u>
Operating Income (Loss)	<u>47,984</u>	<u>167,029</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Intergovernmental	11,657	-
Contributions	1,860	-
Gain on Disposal of Capital Assets	-	86,987
Sale of Scrap	592	18,013
Damages/Losses Recovered	-	291,711
Other Non-Operating Revenues	57,629	19,102
City of Minneapolis - Debt Service	(522,288)	-
Interest Expense	(15,454)	-
Total Non-Operating Revenues (Expenses)	<u>(466,004)</u>	<u>415,813</u>
Income (Loss) Before Contributions and Transfers	(418,020)	582,842
Capital Contributions	-	383,105
Transfer In	42,239	-
Transfer Out	(25,000)	-
<b>CHANGE IN NET POSITION</b>	<u>(400,781)</u>	<u>965,947</u>
<b>NET POSITION - JANUARY 1</b>	20,849,858	8,303,645
<b>NET POSITION - DECEMBER 31</b>	<u>\$ 20,449,077</u>	<u>\$ 9,269,592</u>

The notes to the financial statements are an integral part of this statement.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**Reconciliation of the Statement of Revenues, Expenses and**  
**Changes in Net Position of Proprietary Funds - Business-Type Activities**  
**to the Government-wide Statement of Activities - Business-Type Activities**  
**For the Year Ended December 31, 2016**

**Change in Net Position - Enterprise Fund** \$ (400,781)

Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain Internal Service Funds is reported with business-type activities.

11,404

**Change in Net Position of Business-Type Activities** \$ (389,377)

The notes to the financial statements are an integral part of this statement.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2016**

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Interfund Services Provided	\$ -	\$ 8,853,693
Cash Received from Customers	10,625,755	-
Cash Paid to Suppliers for Goods and Services	(3,242,954)	(4,086,805)
Cash Paid to Employees for Services	(4,897,586)	(2,516,763)
Other Non-Operating Revenues	57,629	19,102
Net cash Provided by (Used in) Operating Activities	2,542,844	2,269,227
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Contributions	1,860	-
Repayment of Advances Made by Other Funds	-	270,050
Proceeds from Sale of Scrap	592	18,013
Other Payments Received	-	291,711
City of Minneapolis - Debt Service	(522,288)	-
Transfers from Other Funds	42,239	-
Transfer to Other Funds	(25,000)	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	(502,597)	579,774
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds from Sale of Capital Assets	-	105,638
Principal and Interest Payments	(67,799)	-
Acquisition of Property Plant and Equipment	(1,334,454)	(1,007,544)
Repayment of Advances Made by Other Funds	(140,050)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,542,303)	(901,906)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	497,944	1,947,095
<b>Cash and Cash Equivalents - January 1</b>	1,476,485	1,242,624
<b>Cash and Cash Equivalents - December 31</b>	\$ 1,974,429	\$ 3,189,719
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>		
Operating Income (Loss)	\$ 47,984	\$ 167,029
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation on Acquired Property	843,998	1,112,507
(Increase) Decrease in Accounts Receivable	(310,236)	(35,087)
(Increase) Decrease in Intergovernmental Receivables	-	-
(Increase) Decrease in Due from Other Funds	200,164	(105,280)
(Increase) Decrease in Materials and Supplies Inventory	8,650	-
(Increase) Decrease in Prepaid Expense	-	(1,935)
(Increase) Decrease in Deferred Outflows of Resources - Pensions	(1,917,398)	(1,140,537)
Increase (Decrease) in Salaries Payable	8,854	11,458
Increase (Decrease) in Accounts Payable	325,034	(16,765)
Increase (Decrease) in Intergovernmental Payable	997	-
Increase (Decrease) in Due to Other Funds	(41,500)	109,191
Increase (Decrease) in Workers' Compensation Claims Pending	-	(238,351)
Increase (Decrease) in General Liability Claims Pending	-	410,411
Increase (Decrease) in Post Employment Benefits Payable	3,082	2,713
Increase (Decrease) in Compensated Absences Payable	13,371	10,493
Increase (Decrease) in Deferred Inflows	392,668	233,573
Increase (Decrease) in Net Pension Liability	2,909,547	1,730,705
Other Non-Operating Revenues	57,629	19,102
Total Adjustments	2,494,860	2,102,198
<b>Net Cash Provided by (Used in) Operating Activities</b>	\$ 2,542,844	\$ 2,269,227
<b>Non-Cash, Capital and Related Financing Activities</b>		
Capital Contributions	\$ -	\$ 383,105
Carrying Value of Disposed Assets	-	18,652
Capital Asset Purchased on Account	105,450	-

The notes to the financial statements are an integral part of this statement.

# MINNEAPOLIS PARK AND RECREATION BOARD

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

### Note 1 - Form of Government

The Minneapolis Park and Recreation Board operates pursuant to Chapter 16 of the City Charter of the City of Minneapolis. In addition, various sections of the state statutes and special legislation pertain to the operation of the Minneapolis Park and Recreation Board. Nine members elected by the voters govern the Board. The Board annually elects from its own members a President and Vice President and appoints a Secretary who is not a member of the Board.

### Note 2 - Summary of Significant Accounting Policies

#### A) Reporting Entity

The Minneapolis Park and Recreation Board is considered to be a component unit of the City of Minneapolis according to the criteria for defining the reporting entity, as adopted by the Governmental Accounting Standard Board's (GASB) Statement 61, *The Financial Reporting Entity: omnibus and amendment of GASB Statements No. 14 and No. 34*. Specific criteria which determined the Park and Recreation Board to be a component unit are: 1) the City approves all annual budgets and tax levies of the Park and Recreation Board, 2) the City determines any allocations to be made to the Park and Recreation Board of local government aid received by the City from the State of Minnesota and 3) long-term debt issued for Park and Recreation Board projects is secured by the full faith and credit of the City. In addition, the nature of the Park and Recreation Board's activities, in relation to activities of the City, are such that exclusion from the City's financial statements would cause such statements to be incomplete.

Information on joint venture and related organizations are described in Notes 14 and 15.

The accounting policies of the Minneapolis Park and Recreation Board conform to Generally Accepted Accounting Principles. The following is a summary of the significant policies.

#### B) Presentation of Financial Statements

**Government-wide Financial Statements.** The *Statement of Net Position* and the *Statement of Activities* display information about the Park and Recreation Board as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the full accrual basis of accounting. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide *Statement of Activities* presents a comparison between expenses and program revenues for business-type activities and governmental activities. Program revenues include charges paid by the recipients of the goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, including taxes, are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Park and Recreation Board.

Net position should be reported as restricted when constraints placed on the use of net position are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the Park and Recreation Board's policy to use restricted resources first, then unrestricted resources as they are needed.

**Fund Financial Statements.** The accounts of the Park and Recreation Board are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The fund financial statements provide information about the Park and Recreation Board's funds. Funds are classified into two categories - *Governmental* and *Proprietary*. Each category is divided into separate fund types. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as non-major funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

## Note 2 - Summary of Significant Accounting Policies

### B) Presentation of Financial Statements (Continued)

**Governmental Funds.** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets and deferred outflows of resources.

The modified accrual basis of accounting is used for all governmental funds. Under this method of accounting, revenues are recognized when they become measurable and available as fund balance. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Park and Recreation Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Major revenues that are determined to be susceptible to accrual include property taxes, special assessments, grants-in-aid earned and other intergovernmental revenues, rentals, intrafund charges and interest on investments. Interest on special assessments receivable is recognized when collected. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, severance and compensatory time pay; and (2) principal and interest on long-term debt which is recognized when due. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

The Park and Recreation Board reports the following major governmental funds:

- **General Fund**  
The General Fund is the general operating fund of the Park and Recreation Board. It is used to account for all financial resources except those accounted for in another fund. For the Park and Recreation Board, the General Fund includes such activities as recreation, public safety, maintenance and general government administration.
- **Special Revenue Fund – Museum County-Wide Levy**  
This fund was established to account for the county-wide levy for maintenance of a fine arts museum.
- **Special Revenue Fund – Park Grant and Dedicated Revenue**  
This fund is used to account for assets held for the purchase and improvement of land used for park purposes and to account for revenue received that is earmarked for a specific purpose.
- **Special Revenue Fund – Tree Preservation and Reforestation**  
This fund is used to account for a special tax levy to address threats to the urban forest due to Emerald Ash Borer and tree loss due to storms.
- **Capital Project Fund – Permanent Improvement**  
This fund is used to account for capital acquisition, construction and improvement projects primarily financed by proceeds from bond issues and various federal, state and local grants.

**Proprietary Funds.** All proprietary funds are accounted for on a flow of economic resources measurement focus and the full accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. Net position is segregated into net investment in capital assets and unrestricted.

The Park and Recreation Board Proprietary Funds use the accrual basis of accounting, under which revenues are recognized when earned, and expenses are recorded as liabilities when they are incurred.

**Enterprise Funds.** Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Park and Recreation Board reports the following major enterprise fund:

- **Park Operating Fund**  
This fund is used to account for the operations of golf courses, refectories, ice arenas, sports complexes and similar recreational activities.

Additionally, the Park and Recreation Board reports the following fund type:

- **Internal Service Funds**  
Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Park and Recreation Board, or to other governments, on a cost-reimbursement basis.

### C) Deposits and Investments

The City of Minneapolis serves as custodian for deposits of the Park and Recreation Board's funds. The City's cash and cash equivalents are considered to be cash on hand, demand deposits and investments with original maturities of three months or less from the date of purchase. In addition, the Park and Recreation Board considers cash with escrow agent to be cash and cash equivalents. Except for the Minneapolis Parks and the Park Dedications Fees Special Revenue Funds, the minimal amount of interest earned on these deposits is retained by the City during the year for debt service requirements. The types of investment vehicles, their valuation and risk are described in the notes of the City of Minneapolis Comprehensive Annual Financial Report.

**Note 2 - Summary of Significant Accounting Policies**

**C) Deposits and Investments (Continued)**

The Park and Recreation Board invests funds in the City of Minneapolis investment pool. The fair value of the investment is the fair value per share of the underlying portfolio. The Park and Recreation Board invests in the pool for purpose of joint investment with the City to enhance investment earnings. There are no redemption limitations.

**D) Inventories of Materials and Supplies**

Inventories are priced at cost determined on the moving average method. The cost of inventory is recorded as an expense at the time it is sold. Physical counts are taken at year-end.

**E) Prepaid Expense**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expense in both government-wide and fund financial statements.

**F) Capital Assets**

Governmental activities and Business-type activities capital assets of the Park and Recreation Board are recorded at historical or estimated historical cost. Capital assets are defined as assets with an individual cost of more than \$5,000. Depreciation is provided using the straight-line method over the estimated life of the asset. As of 2008, the Park and Recreation Board is no longer using salvage values, and will depreciate assets to zero. Contributed/donated capital assets are recorded at acquisition value.

Estimated useful lives for determining annual depreciation are as follows:

Infrastructure	15 to 100 years
Structures and Improvements	25 to 50 years
Equipment	5 to 15 years
Public Improvements	20 to 40 years

Changes in capital assets are discussed further in Note 4.

**G) Long-Term Liabilities**

The Park and Recreation Board's long-term liabilities are reported on the government-wide statements and in the proprietary fund statements. Liabilities recorded on these statements include compensated absences payable, mortgage and promissory notes payable, postemployment benefits payable and net pension liability. These liabilities are discussed further in Notes 5, 9, and 10. The Park and Recreation Board typically liquidates the liability for compensated absences, other postemployment benefits, and net pension liability from the fund where the employee's salary was originally charged.

**H) Deferred Inflow/Outflow of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Park and Recreation Board has one item, deferred pension outflows, that qualifies for reporting in this category. These outflows arise only under the full accrual basis of accounting and consist of pension plan contributions paid subsequent to the measurement date, the differences between projected and actual earnings on pension plan investments, changes in actuarial assumptions, and pension plan changes in proportionate share and accordingly, are reported only in the statements of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the Park and Recreation Board has two types of deferred inflows that qualify for reporting in this category. Unavailable revenue arises only under the modified accrual basis of accounting and accordingly, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes, intergovernmental revenue, and investment earnings, for amounts that are not considered to be available to liquidate liabilities of the current period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Park and Recreation Board also has deferred pension inflows. These inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience and also pension plan changes in proportionate share, and accordingly, are reported only in the statements of net position.

**I) Pension Plan**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**J) Interfund Transactions**

Interfund transactions are reflected as services provided, loans, reimbursements, or transfers. Reimbursements occur when a fund incurs costs that are eventually repaid through charges to the benefiting fund. All other interfund transactions are treated as transfers. Transfers between governmental funds are subject to elimination as part of the reconciliation to the government-wide presentation. Any residual balances between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

**K) Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Park and Recreation Board is bound to observe constraints imposed upon the use of the resources in the governmental funds. Fund balances are classified as:

**Nonspendable** – amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items not expected to be converted to cash (example: noncurrent loans, inventories and/or prepaid items).

**Restricted** – amounts to be used for specific purposes as determined by enabling legislation or imposed by grantors or debt covenants. Restricted fund balance is used before unrestricted fund balance when an expenditure is incurred for which both restricted and unrestricted fund balance is available.

**Committed** – amounts to be used for specific purposes as determined by formal board action. Committed fund balances are used before assigned or unassigned fund balances when an eligible expenditure is incurred and cannot be used for any other purpose unless formal board action is taken to remove or change the specified use.

**Assigned** – amounts intended to be used for certain purposes as determined by the board or by delegation to the Superintendent. Assigned fund balance is used first when an expenditure is incurred for which both assigned and unassigned fund balance is available.

**Unassigned** – amount remaining in the General Fund that has not been restricted, committed, or assigned. In the other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are as follows.

Fund Balance	General	Park Grant and Dedicated Revenue	Tree Preservation and Reforestation	Permanent Improvement	Other Governmental Funds	Total
<b>Nonspendable:</b>						
Prepaid Expense	\$ -	\$ -	\$ -	\$ 23,314	\$ -	\$ 23,314
<b>Restricted for:</b>						
Capital Improvements	-	-	-	143,710	-	143,710
Project & Grant Programs	607,197	-	-	-	6,679,782	7,286,979
Special Trust	-	115,011	-	-	-	115,011
Special Reserves	-	5,784,993	-	-	-	5,784,993
<i>Total Restricted</i>	<u>607,197</u>	<u>5,900,004</u>	<u>-</u>	<u>143,710</u>	<u>6,679,782</u>	<u>13,330,693</u>
<b>Committed to:</b>						
Capital Improvements	-	-	-	5,393,444	-	5,393,444
Project Programs	426,206	310,058	51,049	-	-	787,313
<i>Total Committed</i>	<u>426,206</u>	<u>310,058</u>	<u>51,049</u>	<u>5,393,444</u>	<u>-</u>	<u>6,180,757</u>
<b>Assigned to:</b>						
Project Programs	-	3,176,710	-	-	-	3,176,710
Special Trust	-	-	-	-	12,067	12,067
Special Reserves	-	651,522	-	-	-	651,522
Easements	-	23,088	-	-	-	23,088
Forestry and Tree Disease	-	180,400	-	-	969,513	1,149,913
<i>Total Assigned</i>	<u>-</u>	<u>4,031,720</u>	<u>-</u>	<u>-</u>	<u>981,580</u>	<u>5,013,300</u>
<b>Unassigned</b>	<u>6,405,680</u>	<u>-</u>	<u>-</u>	<u>(8,956,683)</u>	<u>-</u>	<u>(2,551,003)</u>
<b>Total fund balances</b>	<u>\$ 7,439,083</u>	<u>\$ 10,241,782</u>	<u>\$ 51,049</u>	<u>\$(3,396,215)</u>	<u>\$ 7,661,362</u>	<u>\$21,997,061</u>

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**L) Budgets**

Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds.

The 2015 process for the 2016 budget involved the following:

May	The 2016 budget process began with the Minneapolis Park and Recreation Board Budget retreat with the Committee of the Whole. The Minneapolis Park and Recreation Board was presented with the projections for the 2016 budget.
July-September	Operating Budget Development – Departments prepared department operating budget requests; “Current Service Level Budgets” reflected current year costs of providing the same level of service as provided in the prior year, and proposals which described policy and organizational changes with financial implications.
August-September	The Board of Estimate and Taxation set the maximum property tax levy for the City, Municipal Building Commission, Public Housing Authority and the Park and Recreation Board by September 30, as required by state law.
September-October	The Superintendent held departmental hearings to review operating budgets. The Superintendent prepared and submitted a budget that includes a recommendation on annual property tax levy amounts to the Board of Commissioners at the second meeting in October.
November-December	“Truth in Taxation” property tax statements mailed by the County to property owners indicating the maximum amount of property taxes that the owner will be required to pay.
December	“Truth in Taxation” public hearings held. The Minneapolis Park and Recreation Board of Commissioners adopted a final budget and tax levy.

**M) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, and liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 3 - Receivables**

Receivables at year-end for the Park and Recreation Board’s major individual governmental, other governmental funds in aggregate, internal service funds and enterprise funds are as follows:

	General	Museum County- Wide Levy	Park Grant and Dedicated Revenue	Tree Preservation and Reforestation	Permanent Improvement	Other Governmental	Internal Service	Total Governmental Activities	Total Business- Type Activities
Trade Accounts	\$ 477,389	\$ -	\$218,345	\$ -	\$ 296,173	\$ 9,245	\$ 35,087	\$ 1,036,239	\$ 734,262
Property Tax	1,154,718	80,260	-	28,540	-	-	-	1,263,518	-
Intergovernmental	12,036	-	-	-	11,962,937	-	-	11,974,973	159,947
Accrued Interest	-	-	-	-	-	13,938	-	13,938	-
Gross Receivables	\$ 1,644,143	\$ 80,260	\$218,345	\$ 28,540	\$12,259,110	\$ 23,183	\$ 35,087	\$ 14,288,668	\$ 894,209

**Nicollet Island Inn** In 1987, the Park and Recreation Board leased property on Nicollet Island to IsleWest Associates, a Minnesota general partnership. The term of the lease is 75 years and includes the operations, maintenance and improvements to the Nicollet Island Inn. IsleWest Associates tenant’s interest in the lease was assigned to Island Sash & Door Co., LLC in 2005. In 2012, the Park and Recreation Board approved an amendment to the lease with Island Sash & Door Co., LLC. Island Sash & Door Co., LLC is required to pay three percent of the gross sales as rent. Minnesota Statutes provide that while the land and building shell is still owned by the Park and Recreation Board and is not taxable, the leasehold improvements and tangible personal property are subject to all ad valorem property taxes. Any rent is subject to interest charges. The total amount the Park and Recreation Board received in 2016 for rent was \$93,066.

**Note 3 – Receivables** (Continued)

**Park and Recreation Board Headquarters** In 2015, the Park and Recreation Board leased a portion of the headquarters property located at 2117 West River Road to Surdyk’s Flights and also to the Consulate General of Ecuador, Minnesota. The initial term of the Surdyk’s Flights’ lease is for 4 years with the option to renew for one additional four year period. The terms for the Consulate General of Ecuador, Minnesota was for an initial term of August 1, 2015 through July 31, 2020, with an option to renew for an additional 5 year term. The total amount the Park and Recreation Board received in 2016 for rent from Surdyk’s Flights was \$40,541. The Consulate General of Ecuador, Minnesota paid \$5,075 in 2016 for rent. The Consulate chose to vacate the lease in January 2016.

**Unavailable Revenue – Permanent Improvement Capital Projects Fund** At the end of 2016, the Permanent Improvement Capital Projects Fund reported \$4,882,190 in unavailable revenue. Revenues are considered unavailable when they are not collectible within the current period in order to pay liabilities of the current period. The sources of revenue that make up this balance are as follows:

Grants:	
Federal	\$ 1,774,042
State	2,777,119
Other Local Governments	34,856
Contributions	296,173
Total	<u>\$ 4,882,190</u>

**Note 4 – Changes in Capital Assets**

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance 1/1/16	Additions	Deletions	Balance 12/31/16
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 71,432,009	\$ 2,658,468	\$ -	\$ 74,090,477
Construction in Progress	46,469,898	26,783,929	(17,962,310)	55,291,517
Total capital assets not being depreciated	<u>117,901,907</u>	<u>29,442,397</u>	<u>(17,962,310)</u>	<u>129,381,994</u>
Capital assets being depreciated				
Buildings and Structures	68,105,886	7,941	-	68,113,827
Infrastructure	116,278,120	500,000	-	116,778,120
Public Improvements	199,570,332	13,765,011	-	213,335,343
Equipment	16,147,927	1,422,490	(879,462)	16,690,955
Total capital assets being depreciated	<u>400,102,265</u>	<u>15,695,442</u>	<u>(879,462)</u>	<u>414,918,245</u>
Less accumulated depreciation for:				
Buildings and Structures	(30,100,499)	(1,435,679)	-	(31,536,178)
Infrastructure	(83,217,415)	(1,778,957)	-	(84,996,372)
Public Improvements	(100,827,693)	(8,221,401)	-	(109,049,094)
Equipment	(11,328,581)	(1,236,248)	860,810	(11,704,019)
Total accumulated depreciation	<u>(225,474,188)</u>	<u>(12,672,285)</u>	<u>860,810</u>	<u>(237,285,663)</u>
Total capital assets being depreciated net	<u>174,628,077</u>	<u>3,023,157</u>	<u>(18,652)</u>	<u>177,632,582</u>
Governmental activities capital assets, net	<u>\$ 292,529,984</u>	<u>\$ 32,465,554</u>	<u>\$ (17,980,962)</u>	<u>\$ 307,014,576</u>

**Note 4 – Changes in Capital Assets (Continued)**

	Balance 1/1/16	Additions	Deletions	Balance 12/31/16
<b>Business - Type Activities</b>				
Capital assets not being depreciated				
Land	\$ 1,206,784	\$ -	\$ -	\$ 1,206,784
Construction in Progress	2,421,671	1,190,571	(1,643,917)	1,968,325
Total capital assets not being depreciated	3,628,455	1,190,571	(1,643,917.00)	3,175,109
Capital assets, being depreciated				
Buildings and Structures	21,959,486	1,643,916	-	23,603,402
Infrastructure	98,638	-	-	98,638
Public Improvements	8,724,358	-	-	8,724,358
Equipment	2,454,495	249,333	(13,632)	2,690,196
Total capital assets, being depreciated	33,236,977	1,893,249	(13,632)	35,116,594
Less accumulated depreciation for:				
Buildings and Structures	(7,289,101)	(417,801)	-	(7,706,902)
Infrastructure	(36,163)	(4,710)	-	(40,873)
Public Improvements	(5,202,511)	(256,560)	-	(5,459,071)
Equipment	(1,712,744)	(164,927)	13,632	(1,864,039)
Total accumulated depreciation	(14,240,519)	(843,998)	13,632	(15,070,885)
Total capital assets, being depreciated net	18,996,458	1,049,251	-	20,045,709
Business-type activities capital assets, net	\$ 22,624,913	\$ 2,239,822	\$ (1,643,917)	\$ 23,220,818

Depreciation expense was charged to governmental functions as follows:

Culture and Recreation	\$ 11,559,778
Depreciation on capital assets held in the internal service fund of the Park and Recreation Board is charged to the various functions based on their usage of assets.	<u>1,112,507</u>
Total depreciation expense – governmental activities	<u>\$ 12,672,285</u>

Depreciation expense was charged to the business-type function as follows:

Park Operating	<u>\$ 843,998</u>
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**Construction in Progress**

Construction in progress for the governmental activity represents work being performed on the Park and Recreation Board's permanent improvement projects related to athletic fields, park buildings, sites and totlots. Construction in progress for the business-type activities represents work being performed on the Park and Recreation Board's permanent improvement projects related to golf courses, ice arenas and other enterprise fund infrastructure.

**Note 5 - Changes in Long-Term Debt**

**A) General Obligation Bonds**

Proceeds from the sale of general obligation bonds for Park and Recreation Board projects are recognized in the City of Minneapolis Capital Project Funds. The bonds are accounted for in the entity-wide statements of the City of Minneapolis.

**B) Mortgage Note**

In 2006, the Park and Recreation Board entered into a loan agreement for the amount of \$710,000 with Wells Fargo Brokerage Services, LLC for the purchase of an ice arena facility and land located at 1306 Central Avenue Northeast. The interest rate was 4.99%. The property was renovated and became the Park and Recreation Board's Northeast Ice Arena. This facility is intended to be self-supporting with a portion of the net income generated being allocated to the debt service payments. This is recorded in business-type activities. Listed below is the annual debt service requirement to maturity for the mortgage note.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 54,990	\$ 12,809	\$ 67,799
2018	57,768	10,031	67,799
2019	60,686	7,112	67,798
2020	63,753	4,046	67,799
2021	33,075	825	33,900
Total	<u>\$ 270,272</u>	<u>\$ 34,823</u>	<u>\$ 305,095</u>

**Note 5 - Changes in Long-Term Debt** (Continued)

**C) Promissory Note**

In 2015, the Park and Recreation Board entered into a Contract for Deed in the amount of \$2,000,000 with St. Anthony Real Estate Company for the purchase of three parcels of land located as follows: 30 31<sup>st</sup> Avenue North, 3101 Pacific Street and 50 31<sup>st</sup> Avenue North. The interest rate was one percent (1%) per annum, to be paid in full, together with all accrued interest, on or before November 2, 2017. This is recorded in governmental activities. Listed below is the annual debt service requirement to the required payoff date.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$2,000,000	\$40,000	\$2,040,000

In 2016, the Park and Recreation Board entered into a Contract for Deed in the amount of \$2,100,000 with L and R Development, LLC for the purchase of one parcel of land located at 4022 ½ Washington Avenue North. The promissory note shall bear interest at a rate of six percent (6%) per annum. Monthly principal and interest payments commenced on April 1, 2016, with the entire remaining unpaid balance of principal and interest due and payable on the first day of the 24<sup>th</sup> month or March 1, 2018. This is recorded in governmental activities. Listed below is the annual debt service requirement to the required payoff date.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 165,329	\$ 114,443	\$ 279,772
2018	1,817,009	27,041	1,844,050
Total	<u>\$ 1,982,338</u>	<u>\$ 141,484</u>	<u>\$2,123,822</u>

**D) Changes in Long-Term Liabilities**

Changes in long-term liabilities are summarized as follows:

	<u>Balance</u> <u>01/01/16</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/16</u>	<u>Amounts due</u> <u>within one year</u>
<b>Governmental Activities:</b>					
Notes Payable	\$2,000,000	\$2,100,000	\$ 117,662	\$3,982,338	\$ 2,165,329
Interest Payable	20,000	20,000	-	40,000	40,000
Compensated Absences	4,234,678	2,729,144	2,494,129	4,469,693	829,709
Post-Employment Benefits	3,492,865	163,503	186,221	3,470,147	-
<b>Business-Type Activities:</b>					
Contracts Payable	-	105,450	-	105,450	-
Notes Payable	322,617	-	52,345	270,272	54,990
Compensated Absences	258,987	123,336	109,965	272,358	81,707
Post-Employment Benefits	427,780	4,441	1,359	430,862	-
Total Long-Term Liabilities	<u>\$10,756,927</u>	<u>\$5,245,874</u>	<u>\$2,961,681</u>	<u>\$13,041,120</u>	<u>\$ 3,171,735</u>

**Note 6 - Operating Leases**

Fort Snelling State Park. In 2001, the Park and Recreation Board received approval from the National Park Service to enter into a 30-year lease with the State of Minnesota, Commissioner of Natural Resources for the operations of the Golf Course and Polo Grounds located at Fort Snelling State Park. The Park and Recreation Board is responsible for all costs associated with the operation, maintenance and improvements to the facilities. Improvement projects must receive prior written approval before they can be implemented. The Park and Recreation Board is required to pay a base rent plus a contingent rent based on a percentage of the gross sales. The total amount the Park and Recreation Board paid in 2016 for base and percentage rent was \$118,057.

The future minimum lease payments for the operating lease are as follows:

<u>Year Ending December 31</u>	<u>Business-Type</u> <u>Activity Amount</u>
2017	\$ 55,219
2018	55,219
2019	55,219
2020	55,219
2021	55,219
2022-2026	276,095
2027-2030	220,876
Total minimum lease payments	<u>\$ 773,066</u>

**Note 7 - Interfund Transactions**

**Advances to/from other funds:**

Advances to other funds are to provide temporary working capital for permanent improvement projects, the early retirement of the headquarters building mortgage loan and a loan to the enterprise fund for Minnehaha Refectory improvements. Capital Advances unpaid as of December 31, 2016 are as follows:

<b>Capital Project - Permanent Improvement</b>	
Due to: Park Self-Insurance Fund	\$4,300,000
Due to: Park Internal Services Fund	3,100,000
Due to: Park Operating Fund	800,000
<b>Enterprise Fund - Park Operating Fund</b>	
Due to: Park Self-Insurance Fund	1,260,450
<b>Total</b>	<b>\$9,460,450</b>

**Transfers:**

Transfers are indicative of funding for capital projects, general operations and subsidies of various Park and Recreation Board's operations and re-allocations of special revenues. The following schedule briefly summarizes the Park and Recreation Board's transfer activity:

	Transfers In:				
	General Fund	Permanent Improvement	Park Grant and Dedicated Revenue	Park Operating Enterprise Fund	Total
Transfer out:					
General Fund	\$ -	\$ 3,204,032	\$ 780,755	\$ -	\$ 3,984,787
Park Grant and Dedicated Revenue	-	1,080,133	-	42,239	1,122,372
Minneapolis Parks Special Revenue	-	341,624	-	-	341,624
Permanent Improvement Fund	-	-	4,422	-	4,422
Park Operating Enterprise Fund	25,000	-	-	-	25,000
Total Transfers Out	\$25,000	\$ 4,625,789	\$ 785,177	\$ 42,239	\$ 5,478,205

**Due To/From Other Funds:**

Interfund balances are either due to timing differences or to the elimination of negative cash balances within the various funds. All interfund balances are expected to be repaid within one year. Receivables and payables between funds of the Park and Recreation Board on December 31, 2016 are:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 130,000	\$ 136,001
Park Grant and Dedicated Revenue	5,800	61,434
Minneapolis Parks Special Revenue	-	5,800
Tree Preservation & Reforestation Fund	6,001	-
Permanent Improvement Fund	191,434	130,000
Internal Services Fund	-	432
Park Self-Insurance Fund	130,000	130,000
Park Operating Enterprise Fund	432	-
	<b>\$ 463,667</b>	<b>\$ 463,667</b>

**Note 8 - Vacation, Severance, Sick and Compensatory Time Pay**

Vacation may be accumulated up to fifty (50) days. Sick leave may be accumulated indefinitely. Employees have the option of being paid yearly for current unused sick leave over a minimum base of sixty (60) days. Payments are based on a sliding scale ranging from 50 percent to 100 percent depending on the base level attained. In addition, under certain circumstances, employees leaving employment may qualify to receive payment for 50 percent of their unused sick leave at their current rate of pay. Accrued liabilities for compensated absences are reported in the financial statements as described in Note 5 D.

- The liability has been calculated using the vesting method in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination.
- The liability is reported in the governmental funds only if they have matured (as a result of employee resignations and retirements).
- The liability is accrued when incurred in the government-wide and proprietary fund financial statements.

## **Note 9 - Defined Benefit Pension Plans**

### **A) Plan Description**

The Park and Recreation Board participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

#### **1) General Employees Retirement Fund (GERF)**

All full-time and certain part-time employees of the Park and Recreation Board are covered by the General Employees Retirement Plan (GERF). GERF members belong to either the Coordinated Plan, the Basic Plan or the Minneapolis Employee Retirement Fund. Coordinated Plan members are covered by Social Security and Basic Plan members and Minneapolis Employee Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employee Retirement Fund was closed to new members in 1978 and merged into the GERF plan in 2015. All new members must participate in the Coordinated Plan and benefits vest after three years of service (five years for those first eligible for membership after June 30, 2010).

#### **2) Public Employees Police and Fire Fund (PEPFF)**

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all Park and Recreation Board police officers hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA. For members first hired after June 30, 2010 but before July 1, 2014, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years and increasing 5 percent each year of service until fully vested after 20 years.

### **B) Benefits Provided**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0 percent post retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Employees Retirement Plan Coordinated and Basic Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. Minneapolis Employees Retirement Fund members have an annuity accrual rate of 2.0 percent of average salary for each of the first ten years of service and 2.5 percent for each remaining year. For Public Employees Police and Fire Plan members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

For General Employees Retirement Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Public Employees Police and Fire Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high five salary.

### **C) Contributions**

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature. The employee and employer contribution rates did not change from the previous year.

#### **1) GERF Contributions**

Basic Plan members, Coordinated Plan members, and Minneapolis Employee Retirement Fund members, were required to contribute 9.10 percent, 6.50 percent, and 9.75 percent respectively, of their annual covered salary in calendar year 2016. Participating employers are required to contribute 11.78 percent of pay for Basic Plan members, 7.50 percent for Coordinated Plan members, and 9.75 percent for Minneapolis Employees Retirement Fund members in calendar year 2016. The Park and Recreation Board contributions to the GERF for the year ended December 31, 2016 was \$5,538,261. The employer's contributions were equal to the required contribution as set by state statute.

**Note 9 - Defined Benefit Pension Plans**

**C) Contributions** (Continued)

**2) PEPFF Contributions**

Plan members were required to contribute 10.80 percent of their annual covered salary in calendar year 2016. Employers were required to contribute 16.20 percent of pay for PEPFF members in calendar year 2016. The Park and Recreation Board contributions to the PEPFF for the year ended December 31, 2016 was \$497,630. Employer contributions were equal to the required contributions as set by state statute.

**D) Pension Costs**

**1) GERF Pension Costs**

At December 31, 2016, the Park and Recreation Board reported a liability of \$97,831,902 for the proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the Park and Recreation Board's proportion share was 1.2049 percent, which was an increase of 0.0038 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Park and Recreation Board recognized pension expense of \$22,856,200 for the proportionate share of the GERF's pension expense.

The Park and Recreation Board also recognized \$381,003 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Retirement Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$6 million to the General Employees Retirement Plan each year, starting September 15, 2015, through September 15, 2031.

Proportionate share of net pension liability	\$97,831,902
State of Minnesota's proportionate share of the net pension liability associated with the Park and Recreation Board	<u>1,277,788</u>
Total	\$99,109,690

At December 31, 2016, the Park and Recreation Board reported proportionate shares of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 7,940,773
Difference between projected and actual investment earnings	18,554,934	-
Changes in Actuarial Assumptions	19,155,572	-
Changes in Proportion	17,025,816	-
Contributions paid to PERA subsequent to the measurement date	<u>4,212,475</u>	-
Total	<u>\$ 58,948,797</u>	<u>\$ 7,940,773</u>

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to net pension liability for the year ended December 31, 2017. These Park and Recreation Board contributions were \$4,212,475. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2017	\$16,884,880
2018	16,884,880
2019	9,491,929
2020	3,533,860

**Note 9 - Defined Benefit Pension Plans**

**D) Pension Costs** (Continued)

**2) PEPFF Pension Costs**

At December 31, 2016, the Park and Recreation Board reported a liability of \$12,200,049 for the proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the Park and Recreation Board's proportion share was 0.304 percent, which was a decrease of 0.004 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Park and Recreation Board recognized pension expense of \$2,125,649 for the proportionate share of the PEPFF's pension expense.

The Park and Recreation Board also recognized \$27,360 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Fund. Legislation requires the State of Minnesota to contribute \$9,000,000 to the Public Employees Police and Fire Fund each year, starting in fiscal year 2014, until the plan is 90.0 percent funded.

At December 31, 2016, the Park and Recreation Board reported a share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,405,473
Difference between projected and actual investment earnings	1,867,752	-
Changes in Actuarial Assumptions	6,714,220	-
Changes in proportion	79,203	37,874
Contributions paid to PERA subsequent to the measurement date	269,409	-
Total	\$ 8,930,584	\$ 1,443,347

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to net pension liability for the year ended December 31, 2017. These contributions total \$269,409 for the Park and Recreation Board. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2017	\$1,556,332
2018	1,556,332
2019	1,556,332
2020	1,403,885
2021	1,144,977

Total pension expense for all plans recognized by the Park and Recreation Board for the year ended December 31, 2016 was \$24,981,849.

**E) Actuarial Assumptions**

The total pension liability in the June 30, 2016, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumption	GERF/PEPFF
Inflation	2.5% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

**Note 9 - Defined Benefit Pension Plans**

**E) Actuarial Assumptions** (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants in the General Employees Retirement Plan were based on RP-2014 tables, while Public Employees Police and Fire Plan were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Plan and the Public Employees Police and Fire Plan, cost of living benefit increases for retirees are assumed to be 1.0 percent. Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period 2008 through 2015. The experience study for PEPFF was for the period 2004 through 2009.

On August 16, 2016, an updated experience study was done for PERA’s Public Employees Police and Fire Plan for the period 2011 through 2015, which would result in a larger pension liability. However, PERA will implement the changes in assumptions for its June 30, 2017, estimate of pension liability.

The long-term expected rate of return on pension plan investments is 7.5 percent for PERA, a reduction of the 7.9 percent used in 2015. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Cash	2%	0.50%

**F) Discount Rate**

The discount rate used to measure the total pension liability was 7.5 percent for PERA. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the GERF’s fiduciary net position was projected to be available to make all projected future benefit payments of current and active and inactive employees.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In the Public Employees Police and Fire Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056. Beginning in fiscal year ended June 30, 2057, when projected benefit payments exceed the Plan’s projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85 percent based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60 percent for the Public Employees Police and Fire Plan was determined that produced approximately the same present value of the projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50 percent applied to all years of projected benefits through the point of asset depletion and 2.85 percent thereafter.

**G) Changes in Actuarial Assumptions**

The following changes in actuarial assumptions occurred in 2016:

**General Employees Retirement Plan**

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

**Public Employees Police and Fire Plan**

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

**Note 9 - Defined Benefit Pension Plans (Continued)**

**H) Pension Liability Sensitivity**

The following presents the Park and Recreation Board's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Park and Recreation Board's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Proportionate share of the General Employees Retirement Fund net pension liability	\$ 138,950,297	\$ 97,831,902	\$ 63,961,538
	1% Decrease in Discount Rate (4.6%)	Discount Rate (5.6%)	1% Increase in Discount Rate (6.6%)
Proportionate share of the Public Employees Police and Fire Fund net pension liability	\$ 17,078,449	\$ 12,200,049	\$ 8,214,025

**I) Pension Plan Fiduciary Net Position**

Detailed information about PERA's fiduciary net position is available in a separately issued PERA financial report. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**Note 10-Postemployment Healthcare Plan**

**A) Plan Description**

The Park and Recreation Board participates in the postemployment healthcare plan provided by the City of Minneapolis. The City provides a single-employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical and dental coverage. Medical coverage is administered by Medica. Dental coverage is administered through the Delta Dental Plan of Minnesota. The City is self-insured for dental coverage. Retirees pay 100 percent of the blended active/retiree premium rate, in accordance with Minnesota Statutes Chapter 471.61, subd. 2b. It is the City's policy to periodically review its medical and dental coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees.

There is no separate, audited GAAP-basis postemployment benefit plan report available.

**B) Funding Policy**

Retirees and their spouses of the City and the Park and Recreation Board contribute to the healthcare plan at the same rate as the City and the Park and Recreation Board employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Medica and Delta Dental. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2016, the Park and Recreation Board contributed \$187,580 to the plan. As of January 1, 2015, there were approximately 347 total retirees receiving health benefits from the City's health plan (separate figures for the Park and Recreation Board were not available).

**C) Annual OPEB Cost and Net OPEB Obligation**

The Park and Recreation Board's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the Park and Recreation Board, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Park and Recreation Board's annual OPEB cost of the year, the amount actually contributed to the plan, and changes in the Park and Recreation Board's net OPEB obligation to the plan.

Annual Required contribution	\$ 194,647
Interest on net OPEB obligation	117,619
Adjustment to annual required contribution	<u>(144,322)</u>
Annual OPEB cost (expense)	167,944
Contributions made	<u>187,580</u>
Increase ( Decrease) in net OPEB obligation	(19,636)
Net OPEB obligation - beginning of year	<u>3,920,645</u>
Net OPEB obligation - end of year	<u><u>\$ 3,901,009</u></u>

**Note 10-Postemployment Healthcare Plan**

**C) Annual OPEB Cost and Net OPEB Obligation** (Continued)

The Park and Recreation Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years was as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
12/31/2016	\$ 167,944	111.69%	\$ 3,901,009
12/31/2015	166,537	127.50%	3,920,645
12/31/2014	1,058,280	89.00%	3,966,515

**D) Funded Status and Funding Progress**

As of January 1, 2015, the most recent actuarial valuation date, the Park and Recreation Board had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$2,505,132 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,505,132. The covered payroll (annual payroll of active employees covered by the plan) was \$31,428,652, and the ratio of the UAAL to the covered payroll was 7.97 percent.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

**E) Actuarial Methods and Assumptions**

In the January 1, 2015, actuarial valuation date, the entry age normal cost method was used. The actuarial assumptions included a 3.0% discount rate, which is based on a blend of the long-term expected return on (1) plan assets to the extent they are projected to be sufficient to pay plan benefits, and (2) employee general assets to the extent that projected plan assets are insufficient to pay plan benefits. The Park and Recreation Board currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual healthcare cost trend rate was calculated to be 7.20% initially, reduced incrementally to an ultimate rate of 5.0% after 7 years. Both rates included a 2.75% inflation assumption. The UAAL is being amortized as a level percentage of payroll over a 30-year open period.

**Note 11-Stewardship, Compliance, and Accountability**

**Deficit Fund Equity**

The Park Permanent Improvement Fund had a deficit fund balance as of December 31, 2016. The deficit is primarily due to the timing of capital reimbursements from storm related expenditures. The Park and Recreation Board intends to improve the fund position in 2017 through grant reimbursements and other funding sources.

**Note 12-Risk Management**

The Park and Recreation Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Park and Recreation Board purchases commercial insurance to cover theft of, damage to, and destruction of assets. There were no reductions in insurance coverage or settlements in excess of coverage in the last three fiscal years. For employee health and dental, the Park and Recreation Board as a component unit of the City of Minneapolis participates in the City’s process of obtaining risk financing for these types of losses. The Park and Recreation Board pays an employer share of commercial health coverage based on negotiated terms within the various union contracts which cover Park and Recreation Board employees. The Park and Recreation Board pays 100% of the premium to the City of Minneapolis for dental coverage which is a self-insured function. Further information regarding these coverages can be obtained by referring to the City of Minneapolis Financial Statements. For all other risks of loss the Park and Recreation Board operates a Self-Insurance Fund (an internal service fund) for accounting and financing purposes. No excess commercial coverage is purchased and the Park and Recreation Board assumes all risk associated with these activities.

**Note 12-Risk Management** (Continued)

All funds of the Park and Recreation Board participate in the Park Self-Insurance Fund and make payments based on historical experience of the amounts needed to pay prior and current year claims which become payable in the given year. Park Self-Insurance Fund liabilities are reported based on the requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability must be recognized when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The workers' compensation claims liability for fiscal year ended December 31, 2016 is \$2,911,021 and is based on actuarial estimates dated December 31, 2015. The general liability claims liability for fiscal year ended December 31, 2016 is \$1,517,414 and is based on actuarial estimates dated December 31, 2016.

Changes in the claims liability for the two years ended December 31, 2016 and December 31, 2015 are as follows:

	<u>Workers' Compensation</u>		<u>General Liability</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Liability Balance, January 1	\$ 3,149,372	\$ 2,999,229	\$ 1,107,003	\$ 1,115,199
Current Year Claims and Changes in Estimates	1,459,740	2,026,194	1,090,837	531,531
Claim Payments	(1,698,091)	(1,876,051)	(680,426)	(539,727)
Liability Balance, December 31	<u>\$ 2,911,021</u>	<u>\$ 3,149,372</u>	<u>\$ 1,517,414</u>	<u>\$ 1,107,003</u>

Changes in Net Position – By Major Risk Program in the Park Self-Insurance Fund for the year ended December 31, 2016, follows:

	<u>Workers' Compensation</u>	<u>General Liability</u>	<u>Total</u>
Beginning Balance, January 1	\$ 1,963,473	\$ 22,239	\$ 1,985,712
Revenues	1,752,561	401,266	2,153,827
Expenses	(1,698,091)	(680,426)	(2,378,517)
Other Revenues	276,799	-	276,799
Ending Balance, December 31	<u>\$ 2,294,742</u>	<u>\$ (256,921)</u>	<u>\$ 2,037,821</u>

**Note 13-Contingent Liabilities**

In connection with the normal conduct of its affairs, the Park and Recreation Board is involved in various claims, litigation and judgments. In addition, the Park and Recreation Board continues to experience various claims for workers compensation. None of these contingent liabilities are anticipated to be material to the financial statements of the Park and Recreation Board.

In connection with a construction project the Park and Recreation Board received a loan from Three Rivers Park District. The loan is due and payable only if the Park and Recreation Board should receive funding for this specific purpose. For the year ended December 31, 2016, the remaining amount due to Three Rivers Park District was not recorded as payable due to the unlikelihood of funding becoming available. The balance as of December 31, 2016, is \$125,000.

On March 16, 2017, the Office of Inspector General, Department of Homeland Security issued a Federal Emergency Management Agency (FEMA) audit report of the Park and Recreation Board's federal award for severe damages which occurred during severe storms and flooding in June and July 2014. The audit identified that the Park and Recreation Board received payment of \$18,157 for work that had not been completed. The amount was disallowed and the Park and Recreation Board has reported that amount as unearned revenue on the Statement of Net Position. The funds will be returned in 2017.

**Note 14-Joint Ventures**

**Minneapolis Youth Coordinating Board**

The Minneapolis Youth Coordinating Board is a joint venture between the City of Minneapolis, the Minneapolis Special School District No. 1, the Minneapolis Park and Recreation Board, and Hennepin County. Membership on the Board consists of 10 individuals including the Mayor of Minneapolis, one of the Judges of Hennepin County assigned to the Juvenile Court, two representatives from the Minneapolis City Council, two representatives from the Board of Directors of Special School District No. 1, two Hennepin County Board of Commissioners, the Hennepin County Attorney and one representative from the Minneapolis Park and Recreation Board. The Board was created for the purpose of improving services and the ability of public agencies to promote the health, safety, education, and development of the community's youth. Its objective is to strengthen cooperation and provide an improved means to identify and remedy conditions, which hinder or prevent the community's youth from becoming healthy, productive members of society. For fiscal year 2016 the Minneapolis Park and Recreation Board contributed \$14,415 to the Minneapolis Youth Coordinating Board for its general operations. Upon dissolution of the Board, all property of the Youth Coordinating Board shall be sold and the proceeds thereof, together with monies on hand after payment of all obligations, shall be distributed to the Participating Parties in proportion to the total contributions to the Board made by the Participating Parties. Financial information for the Youth Coordinating Board can be obtained from Towle Building, Room 540, 330 2nd Avenue South, Minneapolis, Minnesota 55401.

**Note 14-Joint Ventures** (Continued)

**Mississippi Watershed Management Organization**

This organization began as the Middle Mississippi River Watershed Management Organization in 1985 with a joint powers agreement in accordance with the Minnesota Statute Section 103B. The agreement was executed by the Cities of Minneapolis, Saint Paul, Lauderdale, Falcon Heights, Saint Anthony Village, the Minneapolis Park and Recreation Board, and the University of Minnesota. The organization shortened its name to the Mississippi Watershed Management Organization (MWMO). The MWMO's governing Board of Commissioners consists of seven commissioners, which includes one representative from the Minneapolis Park and Recreation Board. The MWMO Watershed Management Plan 2011-2021 lays out requirements for local water management plans, sets standards to be implemented by the member organizations, and outlines MWMO partnership and funding opportunities for member organizations. The Park and Recreation Board is not required to provide contributions for the agency's general operations.

**Note 15-Related Organization**

**Minneapolis Parks Foundation**

The Minneapolis Parks Foundation (MPF) was established in 2013 and is an independent donor-supported nonprofit dedicated to supporting the continually evolving park system. Today, MPF brings visionary leadership, philanthropic investment, and private sector expertise to support innovation and equity throughout the whole Minneapolis Park system. MPF is the primary philanthropic partner to the Minneapolis Park and Recreation Board, which stewards the city's 6,790 acres of parkland and water. MPF also partners with a number of additional organizations that have a shared interest in excellence for Minneapolis parks and public spaces. Information regarding MPF and its programs can be found at [www.mplsparcsfoundation.org](http://www.mplsparcsfoundation.org).

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION  
OTHER THAN  
MANAGEMENT DISCUSSION  
AND ANALYSIS**





**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PARK AND RECREATION GENERAL FUND**  
**For the Year Ended December 31, 2016**

<b>REVENUES</b>	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>Taxes:</b>				
General Property Tax -				
Current and Delinquent	\$ 52,057,170	\$ 52,057,170	\$ 46,158,144	\$ (5,899,026)
Property Tax Increment	-	-	425,832	425,832
Fiscal Disparities	-	-	6,173,447	6,173,447
Other Taxes	263,675	263,675	-	(263,675)
<b>Total Taxes</b>	<b>52,320,845</b>	<b>52,320,845</b>	<b>52,757,423</b>	<b>436,578</b>
<b>Intergovernmental Revenues:</b>				
Federal Grants				
U.S. Department of Homeland Security	-	-	202,558	202,558
U.S. Department of Transportation	-	-	41,880	41,880
State Grants				
Local Government Aid	749,856	749,856	-	(749,856)
Payments in Lieu of Taxes/Rent	9,182,581	9,182,581	9,180,669	(1,912)
Other Aid	-	-	77,307	77,307
Department of Agriculture	-	-	73,290	73,290
Department of Public Safety	-	-	5,000	5,000
Minnesota State Post Board	-	-	67,519	67,519
Other Local Governments	-	-	10,318	10,318
Metropolitan Council - Operations & Maintenance	14,910	14,910	-	(14,910)
Middle Mississippi River Watershed Management Org.	-	-	655,867	655,867
City of Minneapolis - MERF Payment	-	-	10,335	10,335
City of Minneapolis - 20 Year Neighborhood Park Plan	-	-	1,700	1,700
<b>Total Intergovernmental Revenues</b>	<b>9,947,347</b>	<b>9,947,347</b>	<b>11,826,443</b>	<b>1,879,096</b>
<b>Charges For Services and Sales:</b>				
Rents and Commissions	1,053,963	1,053,963	1,122,669	68,706
Overhead	126,417	126,417	-	(126,417)
Park Board Services	6,166,931	6,166,931	5,160,937	(1,005,994)
Other Services Provided	596,488	596,488	1,400,460	803,972
<b>Total Charges For Services and Sales</b>	<b>7,943,799</b>	<b>7,943,799</b>	<b>7,684,066</b>	<b>(259,733)</b>
Licenses and Permits	290,000	290,000	205,731	(84,269)
Fines and Forfeits	341,000	341,000	311,885	(29,115)
<b>Miscellaneous Revenues:</b>				
Contributions and Donations	89,454	89,454	123,447	33,993
Damage Claims	5,000	5,000	14,603	9,603
Sale of Scrap/Waste Materials	-	-	14,913	14,913
Other	20,000	20,000	21,831	1,831
<b>Total Miscellaneous Revenues</b>	<b>114,454</b>	<b>114,454</b>	<b>174,794</b>	<b>60,340</b>
<b>Total Revenues</b>	<b>70,957,445</b>	<b>70,957,445</b>	<b>72,960,342</b>	<b>2,002,897</b>

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PARK AND RECREATION GENERAL FUND**  
**For the Year Ended December 31, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>EXPENDITURES</b>				
Culture and Recreation -				
Superintendent's Office	7,845,446	7,860,865	7,747,514	113,351
Deputy Superintendent's Office	3,784,023	3,716,968	3,554,157	162,811
Environmental Stewardship Division	35,273,368	35,284,419	35,439,949	(155,530)
Planning Services Division	2,290,803	2,290,803	1,900,064	390,739
Recreation Services Division	17,022,797	17,098,737	16,871,713	227,024
City Management Fee & Workers' Compensation	2,186,008	2,186,008	1,587,022	598,986
20 Year Neighborhood Park Plan	-	892,803	781,833	110,970
Total Culture and Recreation	<u>68,402,445</u>	<u>69,330,603</u>	<u>67,882,252</u>	<u>1,448,351</u>
<b>Total Expenditures</b>	<u>68,402,445</u>	<u>69,330,603</u>	<u>67,882,252</u>	<u>1,448,351</u>
Excess of Revenues Over (Under) Expenditures	<u>2,555,000</u>	<u>1,626,842</u>	<u>5,078,090</u>	<u>3,451,248</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Park Enterprise Fund	25,000	25,000	25,000	-
Transfer to Permanent Improvement Fund	(2,580,000)	(2,580,000)	(3,204,032)	(624,032)
Transfer to Park Special Revenue Fund	-	-	(780,755)	(780,755)
Total Other Financing Sources (Uses)	<u>(2,555,000)</u>	<u>(2,555,000)</u>	<u>(3,959,787)</u>	<u>(1,404,787)</u>
Net Change in Fund Balance	-	(928,158)	1,118,303	2,046,461
<b>Fund Balance - January 1</b>	<u>6,320,780</u>	<u>6,320,780</u>	<u>6,320,780</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 6,320,780</u>	<u>\$ 5,392,622</u>	<u>\$ 7,439,083</u>	<u>\$ 2,046,461</u>

The notes to the required supplementary information are an integral part of this schedule.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**MUSEUM COUNTY-WIDE LEVY SPECIAL REVENUE FUND**  
**For the Year Ended December 31, 2016**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES</b>				
Taxes (County-Wide Levy):				
General Property Tax -				
Current and Delinquent	\$ 11,167,021	\$ 11,167,021	\$ 10,399,301	\$ (767,720)
Fiscal Disparities	-	-	937,630	937,630
Total Taxes	<u>11,167,021</u>	<u>11,167,021</u>	<u>11,336,931</u>	<u>169,910</u>
Miscellaneous Revenues:				
Rents	-	-	7,181	7,181
<b>Total Revenues</b>	<u>11,167,021</u>	<u>11,167,021</u>	<u>11,344,112</u>	<u>177,091</u>
<b>EXPENDITURES</b>				
Culture and Recreation -				
Maintenance and Repairs	<u>11,167,021</u>	<u>11,167,021</u>	<u>11,344,112</u>	<u>(177,091)</u>
Net Change in Fund Balance	-	-	-	-
<b>Fund Balance - January 1</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the required supplementary information are an integral part of this schedule.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PARK GRANT AND DEDICATED REVENUE SPECIAL REVENUE FUND**  
**For the Year Ended December 31, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>				
Intergovernmental Revenues				
State Government Grants				
Minnesota Historical Society	\$ -	\$ -	\$ 40,880	\$ 40,880
Minnesota Dept. of Employment and Econ. Dev.	-	246,455	346,455	100,000
Metropolitan Council	1,300,000	1,300,000	1,186,277	(113,723)
Other State Governments	-	100,000	-	(100,000)
Other Local Governments				
City of Minneapolis	-	-	180,230	180,230
Hennepin County	-	-	20,800	20,800
Other Local Payments	25,000	205,229	-	(205,229)
Total Intergovernmental	<u>1,325,000</u>	<u>1,851,684</u>	<u>1,774,642</u>	<u>(77,042)</u>
Charges For Services and Sales	<u>21,600</u>	<u>113,947</u>	<u>446,880</u>	<u>332,933</u>
Licenses and Permits	<u>12,000</u>	<u>12,000</u>	<u>9,319</u>	<u>(2,681)</u>
Fines and Forfeits	<u>6,000</u>	<u>6,000</u>	<u>1,010</u>	<u>(4,990)</u>
Miscellaneous				
Contributions and Donations	-	395,529	396,883	1,354
Damage Claims	-	-	25,825	25,825
Revenue From Trusts	3,000	3,000	-	(3,000)
Other Miscellaneous Revenues	-	-	63,006	63,006
Total Miscellaneous	<u>3,000</u>	<u>398,529</u>	<u>485,714</u>	<u>87,185</u>
<b>Total Revenues</b>	<u>1,367,600</u>	<u>2,382,160</u>	<u>2,717,565</u>	<u>335,405</u>
<b>EXPENDITURES</b>				
Culture and Recreation -				
Special Dedicated Revenue Outlay	<u>67,600</u>	<u>1,301,000</u>	<u>1,260,264</u>	<u>40,736</u>
<b>Total Expenditures</b>	<u>67,600</u>	<u>1,301,000</u>	<u>1,260,264</u>	<u>40,736</u>
Excess of Revenues Over (Under) Expenditures	<u>1,300,000</u>	<u>1,081,160</u>	<u>1,457,301</u>	<u>376,141</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Park General Fund	-	218,840	780,755	561,915
Transfer from Park Capital Projects Fund	-	-	4,422	4,422
Transfer to Park General Fund	(1,300,000)	-	-	-
Transfer to Park Permanent Improvement Fund	-	(1,300,000)	(1,080,133)	219,867
Transfer to Park Enterprise Fund	-	-	(42,239)	(42,239)
Total Other Financing Sources (Uses)	<u>(1,300,000)</u>	<u>(1,081,160)</u>	<u>(337,195)</u>	<u>743,965</u>
Net Change in Fund Balance	-	-	1,120,106	1,120,106
<b>Fund Balance - January 1</b>	<u>9,121,676</u>	<u>9,121,676</u>	<u>9,121,676</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 9,121,676</u>	<u>\$ 9,121,676</u>	<u>\$ 10,241,782</u>	<u>\$ 1,120,106</u>

The notes to the required supplementary information are an integral part of this schedule.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**TREE PRESERVATION AND REFORESTATION SPECIAL REVENUE FUND**  
**For the Year Ended December 31, 2016**

<b>REVENUES</b>	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Taxes:				
General Property Tax -				
Current and Delinquent	\$ 1,714,503	\$ 1,714,503	\$ 1,515,541	\$ (198,962)
Property Tax Increment	-	-	14,015	14,015
Fiscal Disparities	-	-	203,341	203,341
<b>Total Taxes</b>	<u>1,714,503</u>	<u>1,714,503</u>	<u>1,732,897</u>	<u>18,394</u>
Intergovernmental Revenues:				
Other Local Governments	-	-	2,544	2,544
<b>Total Revenues</b>	<u>1,714,503</u>	<u>1,714,503</u>	<u>1,735,441</u>	<u>20,938</u>
 <b>EXPENDITURES</b>				
Culture and Recreation -				
Special Dedicated Revenue Outlay	<u>1,743,242</u>	<u>1,743,242</u>	<u>1,742,616</u>	<u>626</u>
<b>Total Expenditures</b>	<u>1,743,242</u>	<u>1,743,242</u>	<u>1,742,616</u>	<u>626</u>
Net Change in Fund Balance	(28,739)	(28,739)	(7,175)	21,564
<b>Fund Balance - January 1</b>	<u>58,224</u>	<u>58,224</u>	<u>58,224</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 29,485</u>	<u>\$ 29,485</u>	<u>\$ 51,049</u>	<u>\$ 21,564</u>

The notes to the required supplementary information are an integral part of this schedule.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT PLAN**  
**DECEMBER 31, 2016**

<b>Fiscal Year Ending</b>	<b>Employer's Proportionate Share (Percentage) of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)</b>	<b>State's Proportionate Share (Amount) of the Net Pension Liability Associated with Minneapolis Park and Recreation Board (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With Minneapolis Park and Recreation Board (a+b)</b>	<b>Employer's Covered Payroll (c)</b>	<b>Employer Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2016	1.2049%	\$ 97,831,902	\$ 1,277,788	\$ 99,109,690	\$ 29,190,842	339.52%	68.91%
2015	1.2011%	\$ 62,247,236	N/A	\$ 62,247,236	\$ 26,621,071	233.83%	78.19%

This schedule is for former MERF Division Employers to present their proportionate share of the State of Minnesota's contributions to the General Employees Fund on their behalf.

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The measurement date for each year is June 30.

N/A - Not applicable

The notes to the required supplementary information are an integral part of this schedule.

**MINNEAPOLIS PARK AND RECREATION BOARD  
SCHEDULE OF CONTRIBUTIONS  
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT PLAN  
DECEMBER 31, 2016**

<b>Fiscal Year Ending</b>	<b>Statutorily Required Contribution (a)</b>	<b>Relation to the Statutorily Required Contribution (b)</b>	<b>Contribution Deficiency (Excess) (a-b)</b>	<b>Covered Payroll (d)</b>	<b>Contributions as a Percentage of Covered Payroll (b/d)</b>
2016	\$ 5,538,261	\$ 5,538,261	\$ -	\$ 31,008,224	17.86%
2015	\$ 5,320,452	\$ 5,320,452	\$ -	\$ 28,242,029	18.84%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The Park and Recreation Board year-end is December 31.

Statutorily required contributions include additional cocontributions as required by State Statute which affects actual contributions as a percentage of covered payroll.

The notes to the required supplementary information are an integral part of this schedule.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES POLICE AND FIRE PLAN**  
**DECEMBER 31, 2016**

<b>Fiscal Year Ending</b>	<b>Employer's Proportionate Share (Percentage) of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)</b>	<b>Employer's Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2016	0.304%	\$ 12,200,049	\$ 2,925,828	416.98%	63.88%
2015	0.308%	\$ 3,499,601	\$ 2,850,764	122.76%	86.61%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

The notes to the required supplementary information are an integral part of this schedule.

**MINNEAPOLIS PARK AND RECREATION BOARD  
SCHEDULE OF CONTRIBUTIONS  
PUBLIC EMPLOYEES POLICE AND FIRE PLAN  
DECEMBER 31, 2016**

<b>Fiscal Year Ending</b>	<b>Statutorily Required Contribution (a)</b>	<b>Contributions in Relation to the Statutorily Required Contribution (b)</b>	<b>Contribution Deficiency (Excess) (a-b)</b>	<b>Employee Payroll (d)</b>	<b>Contributions as a Percentage of Employee Payroll (b/d)</b>
2016	\$ 497,630	\$ 497,630	\$ -	\$ 3,067,892	16.22%
2015	\$ 472,805	\$ 472,805	\$ -	\$ 2,918,551	16.20%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The Park and Recreation Board year-end is December 31.

Statutorily required contributions include additional contributions as required by State Statute which affects actual contributions as a percentage of covered payroll.

The notes to the required supplementary information are an integral part of this schedule.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2016**

**Note 1 - Budgetary Data**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and major special revenue funds within the governmental funds grouping. Capital projects funds adopt project-length budgets.

The Park and Recreation Board of the City of Minneapolis follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Superintendent of Parks submits to the Park and Recreation Board a proposed operating budget for the fiscal year commencing the following January 1.
2. Public hearings are conducted to obtain taxpayers' comments.
3. The budget is legally enacted through passage of a resolution.

The Park and Recreation Board adopts an annual budget and, during the budget year, supplemental appropriations are authorized. The amounts shown in the financial statements under columns headed "Original Budget" represent the January 1 adopted budget. The amounts shown in the financial statements under columns headed "Final Budget" represent the budget after all revisions have been made. The legal level of budgetary control is at the fund level. The Park and Recreation Board approves budgetary amendments at the fund level. Appropriations lapse at year-end.

	Original Budget	Total Revisions	Revised Budget
General Fund	\$ 70,982,445	\$ 928,158	\$ 71,910,603
Museum County-Wide Levy			
Special Revenue Fund	\$ 11,167,021	\$ -	\$ 11,167,021
Park Grant and Dedicated Revenue			
Special Revenue Fund	\$ 1,367,600	\$ 1,233,400	\$ 2,601,000
Tree Preservation and Reforestation			
Special Revenue Fund	\$ 1,743,242	\$ -	\$ 1,743,242

The following funds had expenditures in excess of budget for the year ending 12/31/2016:

	Expenditures	Budget	Excess
Museum County-Wide Levy			
Special Revenue Fund	\$ 11,344,112	\$ 11,167,021	\$ (177,091)

**Note 2 - Post-Employment Benefits Plan**

**A) Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2015	\$ -	\$ 2,505,132	\$ 2,505,132	0.00%	\$ 31,428,652	7.97%
1/1/2013	\$ -	\$ 10,725,927	\$ 10,725,927	0.00%	\$ 24,170,738	44.38%
1/1/2011	\$ -	\$ 11,597,683	\$ 11,597,683	0.00%	\$ 34,178,934	33.93%

**Note 2 - Post-Employment Benefits Plan (Continued)**

**B) Plan Changes Affecting Actuarial Accrued Liability**

Changes to actuarial assumptions and plan participation caused a decrease in the actuarial accrued liability (AAL) between the valuations dated 1/1/2013 and 1/1/2015. Management reviewed and approved both the population data and actuarial assumptions used. A summary of the changes with the greatest effect is found below.

- The number of total plan participants decreased by 7.3 percent due to the Minneapolis Public Housing Authority no longer participating in the City's plan.
- The 1/1/2013 valuation used a healthcare cost trend rate of 8.0 percent initially reduced to 5.0 percent after 12 years with a 3.0 percent inflation rate. The 1/1/2015 valuation used lower rates with a healthcare cost trend rate of 7.2 percent initially reduced to 5.0 percent after seven years with a 2.75 percent inflation rate.
- Changes in actuarial methodologies between the actuaries preparing the 1/1/2013 and the 1/1/2015 valuation caused the greatest reduction in AAL. For example, the most recent valuation differentiates between the contribution rates of different participant classes while the prior valuation used a blended rate.
- Actual medical claims experience and coverage election varied significantly from the previously projected amounts. New projections more closely aligned to actual experience resulted in a reduction in AAL.

**Note 3 - Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions**

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30, 2016:

General Employees Retirement Plan

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.9 percent to 7.5 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.9 percent to 7.5 percent. The single discount rate was also changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

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# SUPPLEMENTARY INFORMATION





## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.

Minneapolis Parks Special Revenue Fund – This fund accounts for revenue received that is earmarked for a specific purpose and has the contractual requirement to earn interest.

Park Dedication Fees Special Revenue Fund – This fund accounts for revenue received from fees charged in conjunction with construction permits.

### **Capital Projects Fund**

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude capital-related outflows financed by proprietary funds.

Park Acquisition and Improvement Capital Projects Fund – This fund accounts for special assessments for parkway and sidewalk improvements and the removal of diseased trees from private residential property financed by private property assessments.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**December 31, 2016**

	Minneapolis Parks Special Revenue Fund	Park Dedication Fees Special Revenue Fund	Park Acquisition and Improvement Capital Projects Fund	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 504,341	\$ 6,183,420	\$ 1,055,346	\$ 7,743,107
Receivables -				
Accounts	-	-	9,245	9,245
Accrued Interest	1,702	12,236	-	13,938
<b>Total Assets</b>	<u>\$ 506,043</u>	<u>\$ 6,195,656</u>	<u>\$ 1,064,591</u>	<u>\$ 7,766,290</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Payables -				
Accounts	\$ -	\$ -	\$ 95,078	\$ 95,078
Due to -				
Other Funds	5,800	-	-	5,800
Total Liabilities	<u>5,800</u>	<u>-</u>	<u>95,078</u>	<u>100,878</u>
Deferred Inflows of Resources:				
Unavailable Revenue	495	3,555	-	4,050
Fund Balances:				
Restricted for				
Projects and Grant Programs	487,681	6,192,101	-	6,679,782
Assigned to:				
Special Trust	12,067	-	-	12,067
Forestry and Tree Disease	-	-	969,513	969,513
Total Fund Balances	<u>499,748</u>	<u>6,192,101</u>	<u>969,513</u>	<u>7,661,362</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 506,043</u>	<u>\$ 6,195,656</u>	<u>\$ 1,064,591</u>	<u>\$ 7,766,290</u>

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2016**

	Minneapolis Parks Special Revenue Fund	Park Dedication Fees Special Revenue Fund	Park Acquisition and Improvement Capital Projects Fund	Total Other Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 500,000	\$ 500,000
Special Assessments	-	-	244,654	244,654
Investment Earnings	3,380	14,593	-	17,973
Miscellaneous	641,498	4,468,346	-	5,109,844
Total Revenues	<u>644,878</u>	<u>4,482,939</u>	<u>744,654</u>	<u>5,872,471</u>
<b>EXPENDITURES</b>				
Capital Outlay	-	-	658,719	658,719
Total Expenditures	<u>-</u>	<u>-</u>	<u>658,719</u>	<u>658,719</u>
Excess of Revenues Over (Under) Expenditures	<u>644,878</u>	<u>4,482,939</u>	<u>85,935</u>	<u>5,213,752</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out-				
Other Funds	(341,624)	-	-	(341,624)
Total Other Financing Sources (Uses)	<u>(341,624)</u>	<u>-</u>	<u>-</u>	<u>(341,624)</u>
Net Change in Fund Balance	303,254	4,482,939	85,935	4,872,128
<b>FUND BALANCE - JANUARY 1</b>	<u>196,494</u>	<u>1,709,162</u>	<u>883,578</u>	<u>2,789,234</u>
<b>FUND BALANCE - DECEMBER 31</b>	<u>\$ 499,748</u>	<u>\$ 6,192,101</u>	<u>\$ 969,513</u>	<u>\$ 7,661,362</u>

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## **CAPITAL PROJECTS FUND**

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude capital-related outflows financed by proprietary funds.

### Park Acquisition and Improvement

This fund accounts for special assessments for parkway and sidewalk improvements and the removal of diseased trees from private residential property financed by private property assessments.

**MINNEAPOLIS PARK AND RECREATION BOARD  
ANALYSIS OF EXPENDITURES ASSIGNED  
FOR SPECIFIC CAPITAL PROJECTS  
PARK ACQUISITION AND IMPROVEMENT  
CAPITAL PROJECTS FUND  
For the Year Ended December 31, 2016**

	<u>Authorizations</u>	<u>Expenditures</u>	<u>Balance</u>
Tree Removal	\$ 1,450,057	\$ 360,167	\$ 1,089,890
Sidewalk/Street Lighting	178,175	298,552	(120,377)
	<hr/>	<hr/>	<hr/>
<b>Totals</b>	<u>\$ 1,628,232</u>	<u>\$ 658,719</u>	<u>\$ 969,513</u>

## **ENTERPRISE FUND**

### Park Operating Fund

This fund accounts for the operations of Minneapolis golf courses, refectories, ice arenas, parade complex, and similar recreational activities.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF CHANGES IN NET POSITION**  
**RESERVED FOR RENEWAL AND REPLACEMENT**  
**PARK OPERATING ENTERPRISE FUND**  
**For the Year Ended December 31, 2016**

	<u>Reserve For Renewal and Replacement</u>
<b>OPERATING INCOME (LOSS)</b>	\$ 47,984
<b>ADDITIONS:</b>	
Depreciation	843,998
Non-Operating Revenues:	
Federal Emergency Management Agency Grant	11,657
Contributions	1,860
Other Non-Operating Revenues	57,629
Transfers From Other Funds	42,239
Proceeds From Sale of Scrap	592
<b>DEDUCTIONS:</b>	
Purchase of Capital Assets - Capitalized	(1,439,904)
Other Non-Cash Items:	
Change in Compensated Absences Payable	13,371
Change in Post Employment Benefits Payable	3,082
Change in Net Pension Liability, Deferred Inflows & Outflows - Pensions	1,384,817
Non-Operating Expenses:	
Note Principal and Interest Payment	(67,799)
Debt Service Payment	(522,288)
Repayment of Advances Made by Other Funds	(140,050)
Transfer to Other Funds	(25,000)
<b>TOTAL INCREASE (DECREASE)</b>	212,188
<b>BALANCE - JANUARY 1</b>	<u>1,866,673</u>
<b>BALANCE - DECEMBER 31</b>	<u><u>\$ 2,078,861</u></u>

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF OPERATING INCOME - BY PROJECT**  
**PARK OPERATING ENTERPRISE FUND**  
**For the Year Ended December 31, 2016**

	<u>REVENUES</u>	<u>EXPENSES</u>	<u>OPERATING INCOME/(LOSS)</u>
<b><u>PARK REFECTORIES</u></b>			
CALHOUN	\$ 133,887	\$ 25,292	\$ 108,595
HARRIET	167,922	23,804	144,118
MINNEHAHA	415,462	41,342	374,120
NOKOMIS	94,441	2,529	91,912
PERMITS & VENDING	1,123,543	686,119	437,424
COMP ABS, POST EMP BEN & PEN LIAB ADJ	-	57,933	(57,933)
<b>TOTAL PARK REFECTORIES</b>	<b><u>1,935,255</u></b>	<b><u>837,019</u></b>	<b><u>1,098,236</u></b>
<b><u>SPECIAL FACILITIES</u></b>			
PARADE COMPLEX	118,021	83,966	34,055
PARADE ICE COMPLEX	785,729	954,316	(168,587)
NORTHEAST ICE ARENA	176,962	202,931	(25,969)
COLUMBIA MANOR	64,075	26,963	37,112
COMMERCIAL PARKING	675,934	54,206	621,728
REGIONAL PARKING LOTS	1,163,595	415,014	748,581
NICOLLET ISLAND	569,004	126,264	442,740
COMP ABS, POST EMP BEN & PEN LIAB ADJ	-	295,464	(295,464)
<b>TOTAL SPECIAL FACILITIES</b>	<b><u>3,553,320</u></b>	<b><u>2,159,124</u></b>	<b><u>1,394,196</u></b>
<b><u>GOLF COURSES (INCL REFECTORIES)</u></b>			
COLUMBIA	1,101,779	1,185,738	(83,959)
COLUMBIA LEARNING CENTER	137,610	107,098	30,512
GROSS	1,405,913	1,374,936	30,977
HIAWATHA	649,943	977,180	(327,237)
HIAWATHA LEARNING CENTER	114,563	54,120	60,443
MEADOWBROOK	-	510,635	(510,635)
THEODORE WIRTH	1,061,528	1,002,879	58,649
THEO WIRTH PAR-3	84,081	138,755	(54,674)
FORT SNELLING	332,672	479,637	(146,965)
COMP ABS, POST EMP BEN & PEN LIAB ADJ	-	1,038,470	(1,038,470)
<b>TOTAL GOLF COURSES</b>	<b><u>4,888,089</u></b>	<b><u>6,869,448</u></b>	<b><u>(1,981,359)</u></b>
<b><u>MISCELLANEOUS ACTIVITIES</u></b>			
BOATS	240,745	48,829	191,916
BIKE RENTALS	47,508	-	47,508
WINTER PROGRAMS	100,467	773,905	(673,438)
JUNIOR GOLF PROGRAMS	11,943	464	11,479
COMP ABS, POST EMP BEN & PEN LIAB ADJ	-	40,554	(40,554)
<b>TOTAL MISCELLANEOUS ACTIVITIES</b>	<b><u>400,663</u></b>	<b><u>863,752</u></b>	<b><u>(463,089)</u></b>
<b>TOTAL</b>	<b><u>\$ 10,777,327</u></b>	<b><u>\$ 10,729,343</u></b>	
<b>NET OPERATING INCOME</b>			<b><u>\$ 47,984</u></b>

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## **INTERNAL SERVICE FUNDS**

### Park Internal Services Fund

This fund accounts for the rental of equipment and the information technology services provided to other Park and Recreation Board Funds.

### Park Self-Insurance Fund

This fund accounts for the commercial insurance and self-insurance activities of the Park and Recreation Board. These activities include workers' compensation, general liability, police professional liability, and property insurance.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING STATEMENT OF NET POSITION**  
**ALL INTERNAL SERVICE FUNDS**  
**December 31, 2016**

	Park Internal Services Fund	Park Self-Insurance Fund	Total Internal Service Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Assets:			
Cash and Cash Equivalents	\$ 2,021,664	\$ 1,047,278	\$ 3,068,942
Cash with Escrow Agent	-	120,777	120,777
Receivables -			
Accounts	13,623	21,464	35,087
Due from Other Funds	-	130,000	130,000
Capital Advances	3,100,000	5,560,450	8,660,450
Prepaid Expense	-	61,850	61,850
Total Current Assets	<u>5,135,287</u>	<u>6,941,819</u>	<u>12,077,106</u>
Non-Current Assets			
Net Capital Assets	<u>4,672,541</u>	-	<u>4,672,541</u>
Total Assets	<u>9,807,828</u>	<u>6,941,819</u>	<u>16,749,647</u>
Deferred Outflows of Resources:			
Deferred Outflows - Pensions	<u>2,461,922</u>	<u>192,803</u>	<u>2,654,725</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><u>\$ 12,269,750</u></u>	<u><u>\$ 7,134,622</u></u>	<u><u>\$ 19,404,372</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>			
Current Liabilities :			
Payables -			
Salaries	\$ 60,316	\$ 3,290	\$ 63,606
Accounts	253,543	180,920	434,463
Compensated Absences Payable	35,826	2,321	38,147
Due to Other Funds	432	130,000	130,432
Total Current Liabilities	<u>350,117</u>	<u>316,531</u>	<u>666,648</u>
Long-Term Liabilities:			
Net Pension Liability	4,064,966	320,903	4,385,869
Workers' Compensation Claims Pending	-	2,911,021	2,911,021
General Liability Claims Pending	-	1,517,414	1,517,414
Compensated Absences Payable	83,593	5,415	89,008
Post Employment Benefits Payable	197,382	-	197,382
Total Long-Term Liabilities	<u>4,345,941</u>	<u>4,754,753</u>	<u>9,100,694</u>
Total Liabilities	<u>4,696,058</u>	<u>5,071,284</u>	<u>9,767,342</u>
Deferred Inflows of Resources:			
Deferred Inflows - Pensions	<u>341,921</u>	<u>25,517</u>	<u>367,438</u>
Net Position:			
Net Investment in Capital Assets	4,672,541	-	4,672,541
Unrestricted	<u>2,559,230</u>	<u>2,037,821</u>	<u>4,597,051</u>
Total Net Position	<u>7,231,771</u>	<u>2,037,821</u>	<u>9,269,592</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u><u>\$ 12,269,750</u></u>	<u><u>\$ 7,134,622</u></u>	<u><u>\$ 19,404,372</u></u>

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**ALL INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2016**

	Park Internal Services Fund	Park Self - Insurance Fund	Total Internal Service Funds
<b>OPERATING REVENUES</b>			
Billings to Departments	\$ 6,713,653	\$ 2,153,827	\$ 8,867,480
<b>OPERATING EXPENSES</b>			
Personal Services	1,583,857	101,406	1,685,263
Contractual Services	856,789	2,015,032	2,871,821
Materials and Supplies	1,185,654	165,301	1,350,955
Depreciation on Acquired Property	1,112,507	-	1,112,507
Benefits	1,583,127	96,778	1,679,905
Total Operating Expenses	<u>6,321,934</u>	<u>2,378,517</u>	<u>8,700,451</u>
Operating Income (Loss)	<u>391,719</u>	<u>(224,690)</u>	<u>167,029</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Gain on Disposal of Capital Assets	86,987	-	86,987
Sale of Scrap	18,013	-	18,013
Damages/Losses Recovered	16,095	275,616	291,711
Other Non-Operating Revenues	17,919	1,183	19,102
Total Non-Operating Revenues (Expenses)	<u>139,014</u>	<u>276,799</u>	<u>415,813</u>
Income (Loss) before Contributions	530,733	52,109	582,842
Capital Contributions	<u>383,105</u>	<u>-</u>	<u>383,105</u>
<b>CHANGE IN NET POSITION</b>	913,838	52,109	965,947
<b>NET POSITION - JANUARY 1</b>	<u>6,317,933</u>	<u>1,985,712</u>	<u>8,303,645</u>
<b>NET POSITION - DECEMBER 31</b>	<u>\$ 7,231,771</u>	<u>\$ 2,037,821</u>	<u>\$ 9,269,592</u>

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ALL INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2016**

	Park Internal Services Fund	Park Self - Insurance Fund	Total Internal Service Funds
<b>Cash Flows from Operating Activities</b>			
Cash Received from Interfund Services Provided	\$ 6,699,866	\$ 2,153,827	\$ 8,853,693
Cash Paid to Suppliers for Goods and Services	(2,037,803)	(2,049,002)	(4,086,805)
Cash Paid to Employees for Services	(2,370,181)	(146,582)	(2,516,763)
Other Non-Operating Revenues	17,919	1,183	19,102
Net Cash Provided by (Used for) Operating Activities	<u>2,309,801</u>	<u>(40,574)</u>	<u>2,269,227</u>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Other Payments Received	16,095	275,616	291,711
Proceeds From Sale of Scrap	18,013	-	18,013
Repayment of Advances Made by Other Funds	-	270,050	270,050
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>34,108</u>	<u>545,666</u>	<u>579,774</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds from Sale of Capital Assets	105,638	-	105,638
Acquisition of Property Plant and Equipment	(1,007,544)	-	(1,007,544)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(901,906)</u>	<u>-</u>	<u>(901,906)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,442,003	505,092	1,947,095
<b>Cash and Cash Equivalents - January 1</b>	<u>579,661</u>	<u>662,963</u>	<u>1,242,624</u>
<b>Cash and Cash Equivalents - December 31</b>	<u>\$ 2,021,664</u>	<u>\$ 1,168,055</u>	<u>\$ 3,189,719</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	\$ 391,719	\$ (224,690)	\$ 167,029
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation on Acquired Property	1,112,507	-	1,112,507
(Increase) Decrease in Accounts Receivable	(13,623)	(21,464)	(35,087)
(Increase) Decrease in Prepaid Expense	-	(1,935)	(1,935)
(Increase) Decrease in Deferred Outflows of Resources - Pensions	(1,067,749)	(72,788)	(1,140,537)
(Increase) Decrease in Due from Other Funds	-	(105,280)	(105,280)
Increase (Decrease) in Salaries Payable	11,958	(500)	11,458
Increase (Decrease) in Accounts Payable	4,640	(21,405)	(16,765)
Increase (Decrease) in Due to Other Funds	(164)	109,355	109,191
Increase (Decrease) in Workers' Compensation Claims Pending	-	(238,351)	(238,351)
Increase (Decrease) in General Liability Claims Pending	-	410,411	410,411
Increase (Decrease) in Post Employment Benefits Payable	2,713	-	2,713
Increase (Decrease) in Compensated Absences Payable	10,963	(470)	10,493
Increase (Decrease) in Deferred Inflows of Resources - Pensions	218,666	14,907	233,573
Increase (Decrease) in Net Pension Liability	1,620,252	110,453	1,730,705
Other Non-Operating Revenues	17,919	1,183	19,102
Total Adjustments	<u>1,918,082</u>	<u>184,116</u>	<u>2,102,198</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 2,309,801</u>	<u>\$ (40,574)</u>	<u>\$ 2,269,227</u>
<b>Non-Cash Capital and Related Financing Activities:</b>			
Capital Contributions	\$ 383,105	\$ -	\$ 383,105
Carrying Value of Disposed Assets	18,652	-	18,652

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**ALL INTERNAL SERVICE FUNDS - BY MAJOR PROGRAM**  
**For the Year Ended December 31, 2016**

	<u>Information Technology</u>	<u>Mobile Equipment</u>	<u>Workers Comp. &amp; Liability</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>				
Charges For Services and Sales -				
Insurance Premiums	\$ -	\$ -	\$ 2,153,827	\$ 2,153,827
Information Technology Services	1,718,122	-	-	1,718,122
Total Charges For Services	<u>1,718,122</u>	<u>-</u>	<u>2,153,827</u>	<u>3,871,949</u>
Rents -				
Mobile Equipment	-	4,995,531	-	4,995,531
Total Operating Revenues	<u>1,718,122</u>	<u>4,995,531</u>	<u>2,153,827</u>	<u>8,867,480</u>
<b>OPERATING EXPENSES:</b>				
Information Technology Services	1,814,791	-	-	1,814,791
Mobile Equipment	-	4,507,143	-	4,507,143
Workers' Compensation	-	-	1,698,091	1,698,091
General Liability	-	-	680,426	680,426
Total Operating Expenses	<u>1,814,791</u>	<u>4,507,143</u>	<u>2,378,517</u>	<u>8,700,451</u>
Operating Income (Loss)	<u>(96,669)</u>	<u>488,388</u>	<u>(224,690)</u>	<u>167,029</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Gain on Disposal of Capital Assets	-	86,987	-	86,987
Sale of Scrap	-	18,013	-	18,013
Damage Claims	-	16,095	275,616	291,711
Other Non-Operating revenues	-	17,919	1,183	19,102
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>139,014</u>	<u>276,799</u>	<u>415,813</u>
Income (Loss) before Contributions	(96,669)	627,402	52,109	582,842
Capital Contributions	-	383,105	-	383,105
<b>CHANGE IN NET POSITION</b>	<u>(96,669)</u>	<u>1,010,507</u>	<u>52,109</u>	<u>965,947</u>
<b>NET POSITION - JANUARY 1</b>	<u>(192,316)</u>	<u>6,510,249</u>	<u>1,985,712</u>	<u>8,303,645</u>
<b>NET POSITION - DECEMBER 31</b>	<u>\$ (288,985)</u>	<u>\$ 7,520,756</u>	<u>\$ 2,037,821</u>	<u>\$ 9,269,592</u>

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF CHANGES IN NET POSITION**  
**RESERVED FOR SPECIFIC PURPOSES**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2016**

	<u>Purchase of Capital Assets</u>	<u>Information Technology Systems</u>
<b>OPERATING INCOME (LOSS)</b>	\$ 488,388	\$ (96,669)
<b>ADDITIONS:</b>		
Depreciation	1,094,783	17,724
Non-Operating Revenues:		
Sale of Equipment	86,987	-
Sale of Scrap	18,013	-
Other Miscellaneous Revenues	16,666	-
Increase in Post Employment Benefits Payable	2,713	-
Increase in Compensated Absences Payable	10,963	-
Increase in Deferred Outflows	(572,304)	(495,445)
Increase in Deferred Inflows	117,203	101,463
Increase in Net Pension Liability	868,441	751,811
<b>DEDUCTIONS:</b>		
Purchase of Mobile Equipment	(1,007,544)	-
<b>TOTAL INCREASE (DECREASE)</b>	1,124,309	278,884
<b>BALANCE - JANUARY 1</b>	2,676,720	341,141
<b>BALANCE - DECEMBER 31</b>	<u>\$ 3,801,029</u>	<u>\$ 620,025</u>

## **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

### Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by the Minneapolis Park and Recreation Board. The accompanying Notes to the Schedule of Expenditures of Federal Awards provide integral information regarding the schedule.

**MINNEAPOLIS PARK AND RECREATION BOARD  
MINNEAPOLIS, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Contract Number/ Pass-Through Grant Number</b>	<b>Expenditures</b>
<b>U.S. Department of Transportation</b>			
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	1000608	\$ 722,341
Passed Through Minnesota Department of Public Safety Highway Safety Cluster			
State and Community Highway Safety	20.600	A-ENFRC16-2016- MPLSPD-00006	7,877
National Priority Safety Programs (Total expenditures for Highway Safety Cluster \$41,880)	20.616	A-ENFRC16-2016- MPLSPD-00006	<u>34,003</u>
<b>Total U.S. Department of Transportation</b>			<b><u>\$ 764,221</u></b>
<b>U.S. Department of Homeland Security</b>			
Passed Through Minnesota Department of Public Safety Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4182DRMNP00000001	<b><u>\$ 1,776,035</u></b>
<b>Total Federal Awards</b>			<b><u><u>\$ 2,540,256</u></u></b>

No funds were passed through to subrecipients.

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**MINNEAPOLIS PARK AND RECREATION BOARD  
MINNEAPOLIS, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2016**

1. Reporting Entity  
The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Minneapolis Park and Recreation Board, a discretely presented component unit of the City of Minneapolis. The Park Board's reporting entity is defined in Note 2 to the financial statements.
2. Basis of Presentation  
The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Minneapolis Park and Recreation Board under programs of the federal government for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Minneapolis Park and Recreation Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Minneapolis Park and Recreation Board.
3. Summary of Significant Accounting Policies  
Expenditures reported on the schedule are reported on the basis of accounting used by the individual funds of the Minneapolis Park and Recreation Board. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Amounts shown on the schedule have been reduced, when applicable, for adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Minneapolis Park and Recreation Board has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance

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# STATISTICAL SECTION





**Schedule 1**  
**Minneapolis Park and Recreation Board**  
**Government-Wide Expenses by Function**

Last Ten Fiscal Years December 31, 2016

Fiscal Year	Culture and Recreation	Park Enterprise	Total
2007	\$ 77,214,055	\$ 13,017,350	\$ 90,231,405
2008	83,013,151	13,761,734	96,774,885
2009	81,151,165	13,003,277	94,154,442
2010	80,016,571	13,720,047	93,736,618
2011	74,348,197	13,974,931	88,323,128
2012	76,510,203	14,492,481	91,002,684
2013	83,823,212	9,791,103	93,614,315
2014	86,863,390	10,352,484	97,215,874
2015	100,727,297	11,109,995	111,837,292
2016	110,996,993	11,255,681	122,252,674

Source: Minneapolis Park and Recreation Board

(UNAUDITED)

Schedule 2  
**Minneapolis Park and Recreation Board**  
**Government-Wide Revenues**

Last Ten Fiscal Years

December 31, 2016

Fiscal Year	Program Revenues			General Revenues				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Grants and Contributions	Unrestricted Interest and Investment Earnings	Gain on Sale of Capital Asset	
2007	\$ 17,372,447	\$ 3,534,968	\$ 10,222,272	\$ 48,815,060	\$ 11,035,316	\$ -	\$ -	\$ 90,980,063
2008	17,840,962	4,032,306	9,464,419	50,722,119	9,154,701	-	-	91,214,507
2009	17,507,060	3,753,338	10,963,674	54,468,935	11,101,324	-	-	97,794,331
2010	18,862,149	2,710,838	9,707,410	56,552,350	8,494,370	-	-	96,327,117
2011	17,902,853	2,861,755	16,270,566	58,322,009	8,730,427	-	-	104,087,610
2012	18,640,514	2,613,351	9,434,268	58,188,781	7,797,820	-	-	96,674,734
2013	18,761,949	6,115,809	15,672,266	59,395,406	7,570,039	(378)	153,575	107,668,666
2014	18,818,871	4,528,978	10,326,767	60,433,180	8,977,319	1,534	54,952	103,141,601
2015	20,992,447	4,027,533	18,844,133	62,906,396	9,170,507	1,172	181,919	116,124,107
2016	24,591,457	5,586,648	21,261,906	65,767,797	9,539,349	21,887	86,987	126,856,031

Source: Minneapolis Park and Recreation Board

(UNAUDITED)

**Schedule 3**

**Minneapolis Park and Recreation Board**

**General Fund Revenues by Source and Expenditures by Function**

Last Ten Fiscal Years

December 31, 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b><u>Revenue</u></b>										
Taxes	\$ 38,535,183	\$ 40,330,918	\$ 42,300,317	\$44,358,084	\$46,646,484	\$47,096,192	\$49,073,449	\$49,071,884	\$50,985,436	\$52,757,423
Intergovernmental	13,589,744	11,001,628	12,533,827	9,345,082	10,284,464	9,310,330	10,320,427	10,306,619	10,579,965	11,826,443
Charges for Services	933,902	1,001,845	1,069,636	2,130,780	1,680,916	1,718,922	6,634,917	7,006,509	7,417,471	7,684,066
Licenses and Permits	95,929	176,053	183,041	240,661	208,457	250,974	444,364	313,886	220,528	205,731
Fines and Forfeits	511,378	526,810	560,131	396,068	483,535	321,106	344,062	368,911	300,343	311,885
Miscellaneous	657,379	1,216,808	929,001	1,239,596	504,601	269,544	162,969	121,956	172,202	174,794
<b>Total Revenues</b>	<b>\$ 54,323,515</b>	<b>\$ 54,254,062</b>	<b>\$ 57,575,953</b>	<b>\$ 57,710,271</b>	<b>\$ 59,808,457</b>	<b>\$ 58,967,068</b>	<b>\$ 66,980,188</b>	<b>\$ 67,189,765</b>	<b>\$ 69,675,945</b>	<b>\$ 72,960,342</b>
<b><u>Expenditures</u></b>										
Current:										
Culture and Recreation	\$ 54,737,890	\$ 54,243,358	\$ 54,189,728	\$ 56,014,955	\$ 54,635,175	\$ 54,142,402	\$ 60,734,136	\$ 62,682,047	\$ 65,325,323	\$ 67,882,252
Capital Outlay	-	-	-	-	-	436,668	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 54,737,890</b>	<b>\$ 54,243,358</b>	<b>\$ 54,189,728</b>	<b>\$ 56,014,955</b>	<b>\$ 54,635,175</b>	<b>\$ 54,579,070</b>	<b>\$ 60,734,136</b>	<b>\$ 62,682,047</b>	<b>\$ 65,325,323</b>	<b>\$ 67,882,252</b>

Source: Minneapolis Park and Recreation Board

(UNAUDITED)

**Schedule 4**  
**City of Minneapolis**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*  
**December 31, 2016**

Fiscal Year Ended December 31,	Commercial Property	Apartment Property	Residential Property	Industrial Property	Personal & Other Property	Tax-Exempt Property	Total Taxable Assessed Value <sup>1</sup>	Total Direct Tax Rate	Estimated Actual Taxable Value <sup>2</sup>	Taxable Assessed Value as a % of Actual Taxable Value
2007	\$ 6,141,186	\$ 3,341,167	\$ 25,883,768	\$ 1,305,858	\$ 424,587	\$ 8,465,785	\$ 37,096,566	7.53	\$ 39,943,095	93%
2008	6,869,181	3,448,334	26,571,451	1,341,775	415,390	9,549,066	38,646,131	7.52	43,857,249	88%
2009	7,295,669	3,499,200	25,461,784	1,459,942	401,699	9,025,112	38,118,294	7.67	43,473,340	88%
2010	7,020,347	3,556,811	24,611,900	1,474,662	393,785	8,777,609	37,057,504	7.81	39,746,514	93%
2011	6,304,914	3,287,604	23,533,625	1,426,447	529,962	10,550,339	35,082,552	9.22	41,079,647	85%
2012	5,987,868	3,266,162	22,638,806	1,301,688	404,729	10,340,495	33,599,253	10.34	39,412,937	85%
2013	5,982,739	3,363,752	21,512,948	1,281,968	426,840	9,927,053	32,568,247	9.55	34,459,013	95%
2014	6,166,615	3,690,983	21,634,886	1,313,800	430,582	10,482,230	33,236,865	8.82	45,164,553	74%
2015	6,534,226	4,723,778	23,516,623	1,339,382	430,523	11,679,375	36,544,532	8.29	43,879,415	83%
2016	7,596,673	6,090,411	24,958,025	1,215,531	436,040	12,726,043	40,296,681	8.13	45,025,954	89%

Source: City of Minneapolis Finance and Property Services Department calculations, using Assessor data

Notes:

<sup>1</sup>Total of the first five property types.

<sup>2</sup>Calculated using sales ratios, a means of statistically measuring the uniformity of assessments statewide.

Tax Rates are per \$1,000 of assessed value.

Total Direct Tax Rate is the weighted average of all individual direct tax rates applied.

(UNAUDITED)

**Schedule 5**  
**City of Minneapolis**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**December 31, 2016**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>City Direct Rates</b>										
<i>Tax Capacity Based Rates</i>										
General	4.24	4.80	4.86	5.04	5.73	6.09	5.36	4.76	4.48	4.59
Estimate and Taxation	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	-	-
Building Commission	0.13	0.13	0.13	0.13	0.14	0.15	0.16	0.14	0.13	0.13
Permanent Improvement	0.05	0.05	0.05	0.05	0.06	0.03	0.03	0.03	0.03	0.01
Bond Redemption	0.63	0.57	0.69	0.47	0.61	0.65	1.00	1.11	1.06	0.98
Firefighter's Relief Association	0.10	0.11	0.06	0.04	0.16	0.01	0.09	0.08	0.08	0.04
Police Relief Association	0.12	0.11	0.09	0.35	0.51	0.79	0.22	0.20	0.18	0.24
Minneapolis Employees Retirement Fund	0.08	0.09	0.07	0.07	0.09	0.60	0.62	0.56	0.51	0.29
Parks	1.34	1.29	1.35	1.33	1.56	1.63	1.69	1.56	1.52	1.55
Libraries	0.45	-	-	-	-	-	-	-	-	-
Public Housing	0.04	0.04	0.04	-	-	-	-	-	-	-
Teacher's Retirement Association	0.07	0.07	0.07	0.07	0.08	0.09	0.08	0.07	0.06	0.06
<i>Market Value Based Rates</i>										
Library Referendum	<u>0.27</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.27</u>	<u>0.29</u>	<u>0.29</u>	<u>0.30</u>	<u>0.24</u>	<u>0.22</u>
<b>Total City Direct Rates</b>	<u>7.53</u>	<u>7.52</u>	<u>7.67</u>	<u>7.81</u>	<u>9.22</u>	<u>10.34</u>	<u>9.55</u>	<u>8.82</u>	<u>8.29</u>	<u>8.11</u>
<b>Overlapping Rates</b>										
<i>Tax Capacity Based Rates</i>										
Watershed Districts	0.14	0.18	0.19	0.21	0.21	0.23	0.23	0.22	0.22	0.22
Hennepin County	4.40	4.38	5.09	5.38	5.76	6.24	6.33	5.92	5.78	5.64
Minneapolis Public Schools	3.06	2.78	3.15	2.57	2.95	3.47	3.29	2.85	2.72	2.63
Other Special Taxing Districts	0.54	0.54	0.49	0.52	0.59	0.70	0.73	0.71	0.67	0.68
<i>Market Value Based Rates</i>										
Minneapolis Public Schools Referendum	<u>0.01</u>	<u>0.01</u>	<u>0.02</u>	<u>0.02</u>	<u>0.02</u>	<u>0.02</u>	<u>0.01</u>	<u>0.02</u>	<u>0.02</u>	<u>0.02</u>
<b>Total Overlapping Rates</b>	<u>8.15</u>	<u>7.89</u>	<u>8.94</u>	<u>8.70</u>	<u>9.53</u>	<u>10.66</u>	<u>10.59</u>	<u>9.72</u>	<u>9.41</u>	<u>9.19</u>
<b>Grand Total</b>	<u>15.68</u>	<u>15.41</u>	<u>16.61</u>	<u>16.51</u>	<u>18.75</u>	<u>21.00</u>	<u>20.14</u>	<u>18.54</u>	<u>17.69</u>	<u>17.30</u>

Based upon weighted class rate among property types (e.g. commercial/industrial, residential).

Bond Redemption levy is reserved for repayment of debt service, according to schedules at the time of sale of the bonds.

Source: City of Minneapolis Finance and Property Services Department

(UNAUDITED)

**Schedule 6**  
**City of Minneapolis**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**  
*(in thousands of dollars)*  
**December 31, 2016**

<u>Taxpayer</u>	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Northern States Power Co.	394,562	1	1.73%	321,904	1	1.47%
First Minneapolis-Hines Co.	304,910	2	1.34%	136,000	8	0.62%
SRI Ten City Center LLC	258,968	3	1.14%	-	-	-
Target Corporation	253,645	4	1.11%	235,243	2	1.08%
BRI 1855 IDS Center LLC	237,780	5	1.05%	-	-	-
Hilton Hotels Corp.	275,553	6	1.02%	-	-	-
NWC Limited Partnership	224,700	7	0.99%	172,000	4	0.79%
Minneapolis 225 Holdings LLC	219,270	8	0.96%	134,000	9	0.62%
Wells Operating Partnership LP	152,810	9	0.67%	144,000	6	0.66%
Wells Fargo Bank and Home Mortgage	151,967	10	0.67%	-	-	-
City Center Associates	-	-	-	134,800	7	0.62%
American Express Financial Corp.	-	-	-	159,146	5	0.72%
Byte Investment Partnership	-	-	-	130,000	10	0.60%
80 South Eighth LLC	-	-	-	192,000	3	0.88%
Total	<u>\$ 2,474,165</u>		<u>10.68%</u>	<u>\$ 1,759,093</u>		<u>8.06%</u>

Source: City of Minneapolis Bond Issue Report 10/7/16 and 10/26/07

(UNAUDITED)

**Schedule 7**  
**Minneapolis Park and Recreation Board**  
**Property Tax Levies and Collections - General Fund**  
**Last Ten Fiscal Years**  
**December 31, 2016**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent Of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections To Total Tax Levy</u>
2007	40,005,789	39,159,473	97.885%	602,350	39,761,823	99.390%
2008	41,778,021	40,743,493	97.524%	698,822	41,442,315	99.196%
2009	43,607,542	42,519,175	97.504%	903,552	43,422,727	99.576%
2010	45,488,623	43,503,795	95.637%	854,289	44,358,084	97.515%
2011	47,217,000	46,347,752	98.159%	298,732	46,646,484	98.792%
2012	47,217,000	46,651,826	98.803%	444,366	47,096,192	99.744%
2013	48,616,000	48,504,513	99.771%	568,936	49,073,449	100.941%
2014	49,627,000	48,649,827	98.031%	422,057	49,071,884	98.881%
2015	50,560,000	50,524,741	99.930%	460,695	50,985,436	100.841%
2016	52,583,000	52,462,988	99.772%	294,435	52,757,423	100.332%

Source: City of Minneapolis Finance and Property Services Department

(UNAUDITED)

**Schedule 8**  
**City of Minneapolis**  
**Outstanding Debt by Type and Per Capita**  
**Last Ten Fiscal Years**  
(in thousands of dollars, except per capita)  
December 31, 2016

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Per Capita (1)
	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable		
2007	\$ 777,385	\$ 56,306	\$ 22,735	\$ 368,335	\$ 63,695	\$ 837	\$ 1,289,293	\$ 3,323
2008	755,946	45,647	22,291	338,188	60,730	718	1,223,520	3,153
2009	772,936	35,980	19,040	310,607	57,365	591	1,196,519	3,067
2010	673,926	26,700	15,585	308,383	95,925	455	1,120,974	2,930
2011	586,500	25,990	15,276	296,857	91,985	311	1,016,919	2,658
2012	495,545	25,210	14,695	272,790	85,255	157	893,652	2,304
2013	491,517	24,385	14,385	254,971	94,100	41	879,399	2,243
2014	508,015	23,500	14,055	234,613	90,100	-	870,283	2,171
2015	437,357	22,710	13,695	214,125	84,790	-	772,677	1,879
2016	439,908	21,625	4,115	221,637	76,315	-	763,600	1,851

**Notes:**

Details regarding the City of Minneapolis' outstanding debt can be found in the notes to the financial statements in the City's CAFR.

(1) See Schedule 14 for population data.

Source: City of Minneapolis Finance and Property Services Department - Capital and Debt Management

(UNAUDITED)

**Schedule 9**  
**City of Minneapolis**  
**Ratios Of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
(in thousands of dollars, except per capita)  
December 31, 2016

Fiscal Year	Net General Bonded Debt Outstanding				Total	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
	Governmental General Obligation Bonds & Notes	Business-type General Obligation Bonds & Notes	Less Resources Restricted to Pay Debt Service				
2007	\$ 777,385	\$ 368,335	\$ 36,559	\$ 1,109,161	2.99%	\$ 2,859	
2008	755,946	338,188	40,196	1,053,938	2.73%	2,701	
2009	772,936	310,607	108,567	974,976	2.56%	2,569	
2010	673,926	308,383	57,397	924,912	2.50%	2,418	
2011	586,500	296,857	30,839	852,518	2.43%	2,228	
2012	495,545	272,790	28,681	739,654	2.20%	1,907	
2013	491,517	254,971	29,302	717,186	2.20%	1,830	
2014	508,015	234,613	27,753	714,875	2.15%	1,783	
2015	437,357	214,125	24,542	626,940	1.72%	1,524	
2016	439,908	221,637	38,695	622,850	1.55%	1,510	

**Notes:**

Details regarding the City of Minneapolis' outstanding debt can be found in the notes to the financial statements of the City's CAFR.

(1) See Schedule 4 for property value data. Assessed value used is consistent with valuations on the legal debt margin schedule.

(2) Population data can be found in Schedule 12.

Source: City of Minneapolis Finance and Property Services Department - Capital and Debt Management

(UNAUDITED)

**Schedule 10**  
**City of Minneapolis**  
**Direct and Overlapping Governmental Activities Debt**  
(in thousands of dollars)  
December 31, 2016

Governmental Unit	Governmental Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
City of Minneapolis - Direct Debt	\$ 465,648	100.00%	\$ 465,648
<u>Overlapping Debt:</u>			
Special School District No. 1	362,225	100.00%	362,225
Hennepin County	811,376 (3)	28.03%	227,429
Hennepin County Regional Railroad Authority	32,848	28.03%	9,207
Metropolitan Council	93,044	14.21%	13,222
Subtotal, Overlapping Debt			\$ 612,083
Total Direct and Overlapping Debt			\$ 1,077,731

**Notes:**

Details regarding the City of Minneapolis' outstanding debt can be found in the notes to the financial statements of the City's CAFR.

(1) This table represents the governmental debt of the City of Minneapolis and the net debt share of the overlapping jurisdictions.

(2) The estimated percentage applicable is determined by Hennepin County and represents the tax capacity of the City in relation to the tax capacity of the overlapping jurisdictions as calculated by Hennepin County.

(3) Excludes suburban library bonds for which Minneapolis taxpayers are not obligated.

Sources:

City of Minneapolis Finance and Property Services Department - Capital and Debt Management

Minneapolis Public School District 1

Hennepin County

MET Council Report of Outstanding Indebtedness

(UNAUDITED)

**Schedule 11**  
**City of Minneapolis**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
(in thousands of dollars)  
December 31, 2016

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 1,253,051	\$ 1,306,194	\$ 1,282,797	\$ 1,254,206	\$ 1,173,628	\$ 1,131,060	\$ 1,102,298	\$ 1,117,046	\$ 1,226,826	\$ 1,350,986
Total net debt applicable to limit	313,129	302,772	270,629	246,979	213,714	154,317	155,494	146,506	114,260	109,926
Legal debt margin	<u>\$ 939,922</u>	<u>\$ 1,003,422</u>	<u>\$ 1,012,168</u>	<u>\$ 1,007,227</u>	<u>\$ 959,914</u>	<u>\$ 976,743</u>	<u>\$ 946,804</u>	<u>\$ 970,540</u>	<u>\$ 1,112,566</u>	<u>\$ 1,241,060</u>
Total net debt applicable to limit as a percentage of debt limit	24.99%	23.18%	21.10%	19.69%	18.21%	13.64%	14.11%	13.12%	9.31%	8.14%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Real Property (2016 Assessed Market Value)	\$ 39,881,278
Personal Property (2016 Assessed Market Value)	415,403
Adjustment for Exempt Personal Property (1966 Market Value)	298,030
Adjustment for Net Fiscal Disparities (Contribution)/Distribution	(65,133)
Total 2016 Assessed Market Value	<u>40,529,578</u>
Debt Limit (3-1/3% of Market Value Applicable to Debt Limit)	1,350,986
Debt applicable to limit:	
General Obligation Bonds Subject to Debt Limit	140,895
Less: Amount set aside to pay general obligation debt	(30,969)
Total Net Debt Applicable to Limit	<u>109,926</u>
Legal Debt Margin	<u>\$ 1,241,060</u>

Source: City of Minneapolis Finance and Property Services Department - Capital and Debt Management

(UNAUDITED)

**Schedule 12**  
**City of Minneapolis**  
**Demographic and Economic Statistics**  
**Last 10 Fiscal Years**  
**December 31, 2016**

Year	Population (1)	Per Capita Income (2)	Personal Income	Median Age (3)	Households (4)	Jobs (5)	Annual Average Unemployment Rate (6)	Median Household Income (7)	School Enrollment (8)
2007	388,020	\$ 30,343	\$ 11,773,690,860	35.3	167,367	292,833	4.3%	\$ 44,423	34,570
2008	390,131	\$ 30,825	\$ 12,025,788,075	34.1	168,669	291,019	5.1%	\$ 48,724	33,958
2009	386,691	\$ 28,131	\$ 10,878,004,521	31.6	169,798	280,899	7.3%	\$ 45,538	33,424
2010	382,578	\$ 29,558	\$ 11,308,240,524	31.4	163,540	281,577	6.9%	\$ 46,508	33,418
2011	387,873	\$ 30,256	\$ 11,735,485,488	32.3	166,110	287,846	6.1%	\$ 46,682	33,476
2012	392,008	\$ 29,936	\$ 11,735,151,488	31.4	166,513	297,012	5.3%	\$ 47,604	34,423
2013	400,938	\$ 32,791	\$ 13,147,157,958	32.1	170,195	303,135	4.6%	\$ 50,563	35,356
2014	411,273	\$ 31,764	\$ 13,063,675,572	31.8	175,119	308,714	3.8%	\$ 50,791	35,400
2015	412,517	\$ 34,763	\$ 14,340,328,471	32.4	176,878	317,475	3.3%	\$ 54,571	35,649
2016	NA	NA	NA	NA	NA	324,620	3.3%	NA	35,597

Sources:

- (1) Population 2007-2009 & 2011-2015 - Metropolitan Council. 2010 figure from US Census
- (2) Per Capita Income - US Census Bureau - American Community Survey Table B19301 (2015 - 1 year estimate)
- (3) Median Age - US Census Bureau - American Community Survey Table S0101 - (2015 - 1 year estimate)
- (4) Households 2007-2009 & 2011-2015 - Metropolitan Council. 2010 figure from US Census
- (5) Jobs data from MN DEED/QCEW tables; 2016 number reflects 3rd quarter, latest available data
- (6) Annual Average Unemployment Rate - from MN DEED/LAUS tables
- (7) Median Household Income - American Community Survey Table B19013 (2015 - 1 year estimate)
- (8) School Enrollment - Minneapolis Public Schools/Student Accounting Office

NA - 2016 data is not yet available for these categories.

(UNAUDITED)

**Schedule 13  
City of Minneapolis  
Principal Employers  
Current Year and Nine Years Ago  
December 31, 2016**

<b><u>Employer</u></b>	<b>2016 (a)</b>			<b>2007 (b)</b>		
	<b>Approximate Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total Metro Employment</b>	<b>Approximate Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
University of Minnesota	20,000	1	6.2%	30,000	1	14.2%
Allina Health	20,000	1	6.2%	22,105	3	10.4%
Target Corporation	8,200	3	2.5%	25,734	2	12.2%
Hennepin County Medical Center	7,300	4	2.2%	(d)	(d)	(c)
Wells Fargo Bank	7,000	5	2.2%	20,175	4	9.5%
Hennepin County	6,500	6	2.0%	12,171	6	5.8%
Ameriprise Financial Services	4,900	7	1.5%	6,000	8	2.8%
US Bancorp	4,500	8	1.4%	9,500	7	4.5%
UPS	3,500	9	1.1%	5,400	9	2.6%
Xcel Energy Inc.	2,400	10	0.7%	5,057	10	2.4%
Fairview Health Services	-		-	18,500	5	8.7%
<b>Total</b>	<b>84,300</b>		<b>26.0%</b>	<b>154,642</b>		<b>73.1%</b>

Notes:

- a) Employment numbers are metro-wide numbers rounded to nearest 100.  
Sources for City jobs: Minneapolis Downtown Council, Hoovers
- b) Source was MN DEED <http://www.mnpro.com> as previously published in 2007 City CAFR.
- c) Employer not part of top ten city-wide employers in 2007 City CAFR.
- d) Hennepin Healthcare was part of Hennepin County in 2007.

(UNAUDITED)

**Schedule 14**  
**City of Minneapolis**  
**Full-time Equivalent City Government Employees by Function**  
**Last 10 Fiscal Years**  
**December 31, 2016**

Function Program	Full-time Equivalent Employees as of December 31, 2016									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Assessor	37.00	37.00	36.50	36.50	34.50	35.00	35.00	36.00	36.00	37.00
Attorney	108.00	108.00	105.50	102.00	105.00	101.00	102.00	108.00	110.00	112.00
City Clerk/Council	66.00	67.00	65.50	65.50	64.75	65.02	66.00	66.00	70.00	70.00
City Coordinator	917.00	941.00	919.10	949.80	546.60	691.40	677.40	702.60	747.60	751.60
Civil Rights	26.00	26.00	21.00	19.00	19.00	19.00	21.00	22.00	23.00	23.00
Community Planning and Economic Development	141.00	139.00	141.00	135.00	128.00	116.79	224.80	228.00	230.00	239.00
Fire	447.00	449.00	444.00	438.00	406.00	392.00	413.00	413.00	413.00	413.00
Minneapolis Health Department	66.00	66.00	67.00	60.00	61.70	50.25	91.00	94.30	99.30	101.55
Internal Audit	-	-	-	2.00	3.00	2.50	2.00	3.00	3.00	3.00
Mayor	12.00	12.00	12.00	10.00	11.00	11.00	11.00	11.00	12.00	13.00
Police	1,088.00	1,093.00	1,092.00	999.20	992.00	967.80	980.50	985.50	1,020.50	1,029.50
Public Works	1,197.00	1,203.00	1,189.20	1,024.50	1,000.35	932.08	911.65	946.98	1,004.50	1,004.50
Regulatory Services*	-	-	-	-	379.00	285.30	141.00	149.00	156.50	163.50
	<u>4,105.00</u>	<u>4,141.00</u>	<u>4,092.80</u>	<u>3,841.50</u>	<u>3,750.90</u>	<u>3,669.14</u>	<u>3,676.35</u>	<u>3,765.38</u>	<u>3,925.40</u>	<u>3,960.65</u>
Independent Boards										
Board of Estimate & Taxation	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Library	273.00	-	-	-	-	-	-	-	-	-
Park	902.00	886.00	859.00	827.00	811.18	802.40	814.72	819.24	832.00	859.26
Building Commission	62.00	62.00	62.00	62.00	60.00	54.00	55.00	55.00	55.00	55.00
Youth Coordinating Board	5.00	5.00	5.00	5.00	5.80	5.80	5.80	9.00	8.00	8.00
Neighborhood Revitalization Program**	10.00	9.00	9.00	7.00	5.00	-	-	-	-	-
	<u>1,254.00</u>	<u>964.00</u>	<u>937.00</u>	<u>902.00</u>	<u>882.98</u>	<u>863.20</u>	<u>876.52</u>	<u>884.24</u>	<u>896.00</u>	<u>923.26</u>
Total	<u>5,359.00</u>	<u>5,105.00</u>	<u>5,029.80</u>	<u>4,743.50</u>	<u>4,633.88</u>	<u>4,532.34</u>	<u>4,552.87</u>	<u>4,649.62</u>	<u>4,821.40</u>	<u>4,883.91</u>

\* In 2011 Regulatory Services became a Charter department and is no longer included in City Coordinator FTE total

\*\* In 2012, the Neighborhood Revitalization Program (NRP) changed management to the Neighborhood and Community Relations (NCR) department under the City Coordinator.

Note: Effective January 1, 2008, the Minneapolis Public Library was merged into the Hennepin County Library system, resulting in the elimination of the Minneapolis Public Library Board.

Source: City of Minneapolis Management and Budget

(UNAUDITED)

