

ANNUAL FINANCIAL REPORT

COMPONENT UNIT OF THE
CITY OF MINNEAPOLIS

FOR THE YEAR ENDED
DECEMBER 31, 2011



MINNEAPOLIS PARK AND RECREATION BOARD

**COMPONENT UNIT
ANNUAL FINANCIAL REPORT**



FOR THE YEAR ENDED DECEMBER 31, 2011

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

Operations Center
3800 Bryant Avenue South
Minneapolis, MN 55409-1000

Phone
612-230-6400

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612-230-6500

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July 27, 2012

John Erwin, 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, 2011. 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.

President
John Erwin

Vice President
Liz Wielinski

Commissioners
Brad Bourn
Bob Fine

Carol A. Kummer
Jon C. Olson
Anita Tabb
Scott Vreeland
M. Annie Young

Superintendent
Jayne Miller

Secretary to the Board
Michael P. Schmidt



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 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 2011 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 2010, the Minneapolis Park and Recreation Board entered into a contract for deed agreement in the amount of \$5,300,000 with Scherer Limited Partnership for the purchase of riverfront land and buildings located at Eighth Avenue and Sibley Street Northeast. This regional park acquisition is primarily supported by State of Minnesota Parks and Trails Legacy funds and Metropolitan Council bonds.

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 – Aaa

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
Finance Manager



Organizational Structure



MINNEAPOLIS PARK AND RECREATION BOARD

COMMISSIONERS AND OFFICERS

| Commissioners | Term of Office From | To |
|----------------------|--------------------------------|-------------------|
| Brad Bourn | January 1, 2010 | December 31, 2013 |
| John Erwin | January 1, 2010 | December 31, 2013 |
| Bob Fine | January 1, 1998 | December 31, 2013 |
| Carol A. Kummer | March 5, 2003 | December 31, 2013 |
| Jon Olson | January 1, 2002 | December 31, 2013 |
| Anita Tabb | January 1, 2010 | December 31, 2013 |
| Scott Vreeland | January 1, 2006 | December 31, 2013 |
| Liz Wielinski | January 1, 2010 | December 31, 2013 |
| M. Annie Young | January 1, 1990 | December 31, 2013 |

Officers

President

| | | |
|------------|-----------------|-------------------|
| John Erwin | January 1, 2011 | December 31, 2011 |
|------------|-----------------|-------------------|

Vice President

| | | |
|----------------|-----------------|-------------------|
| M. Annie Young | January 1, 2011 | December 31, 2011 |
|----------------|-----------------|-------------------|

Secretary

| | | |
|----------------|-----------------|-------------------|
| Karen Robinson | January 1, 2011 | December 31, 2011 |
|----------------|-----------------|-------------------|

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FINANCIAL SECTION





REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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525 PARK STREET
SAINT PAUL, MN 55103-2139

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

INDEPENDENT AUDITOR'S REPORT

Minneapolis Park and Recreation Board
Minneapolis, Minnesota

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, as of and for the year ended December 31, 2011, which collectively comprise the Minneapolis Park and Recreation Board's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Park Board's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Minneapolis Park and Recreation Board adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended December 31, 2011. GASB Statement 54 establishes new fund balance classifications for the governmental fund types and clarifies the definitions of the governmental fund types.

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 GASB, 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. In accordance with auditing standards generally accepted in the United States of America, we have applied certain limited procedures to the required supplementary information, 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.

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 taken as a whole. The introductory section, the supplementary information, and the statistical section 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. This 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 presented 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2012, 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, 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* and should be considered in assessing the results of our audit.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

July 27, 2012

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, 2011. 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 assets increased as a result of this year's operations by \$15,764,482 or 5.7%. Net assets of the business-type activities decreased by \$491,873 or 3.4%, and net assets of the governmental activities increased by \$16,256,355 or 6.2%.
- The assets of the Park and Recreation Board exceeded its liabilities at the close of the most recent fiscal year by \$294,464,885 (net assets). Of this amount, \$10,677,715 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Park and Recreation Board's Governmental Funds reported combined ending fund balances of \$10,468,968.
- As of the close of the current fiscal year, the Park and Recreation Board's Proprietary Funds reported combined ending equity of \$22,711,220. Ending equity of the business-type proprietary fund is \$14,032,833 with approximately 12.3% of this amount or \$1,719,066 available for spending at the government's discretion (unrestricted fund equity). Ending equity of the governmental-type proprietary fund is \$8,678,387 with approximately 54.3% of this amount or \$4,712,843 available for spending at the government's discretion.

Financial Statement Overview

This annual report consists of a series of financial statements. The *Statement of Net Assets* 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 27. 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 Assets* 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 assets and the changes in them. The *Statement of Net Assets* presents the Park and Recreation Board's assets and liabilities, with the difference between the two reported as net assets. The *Statement of Activities* presents information showing how the Park and Recreation Board's net assets changed during the most recent fiscal year. Over time, changes in the Park

and Recreation Board's net assets are 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 Assets* 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, 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, reconciliation is 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 governmental assets of \$298,444,525 increased by \$9,379,766 from a year ago, with current and other assets increased by \$2,313,810 and capital assets increased by \$7,065,956. The Park and Recreation Board's total business type assets of \$15,547,297 decreased \$908,371 from a year ago, with current and other assets decreased by \$381,141 and capital assets decreased by \$527,230. This analysis will focus first on the net assets and then on the changes in net assets of the Park and Recreation Board's governmental and business-type activities.

Minneapolis Park and Recreation Board's Net Assets

| | <u>Governmental</u> | | <u>Business-type</u> | | <u>Total</u> | |
|--|---------------------|------------------|----------------------|------------------|----------------|------------------|
| | 2011 | 2010 Restated | 2011 | 2010 Restated | 2011 | 2010 Restated |
| Current and other assets | \$ 27,397,573 | \$ 25,083,763 | \$ 2,725,523 | \$ 2,984,580 | \$ 30,123,096 | \$ 28,068,343 |
| Capital assets | 271,046,952 | 264,145,349 | 12,821,774 | 13,349,004 | 283,868,726 | 277,494,353 |
| Total assets | 298,444,525 | 289,229,112 | 15,547,297 | 16,333,584 | 313,991,822 | 305,562,696 |
| Long-term liabilities outstanding | 14,281,424 | 16,823,335 | 1,175,614 | 1,109,151 | 15,457,038 | 17,932,486 |
| Other liabilities | 3,731,049 | 8,230,080 | 338,850 | 699,727 | 4,069,899 | 8,929,807 |
| Total liabilities | 18,012,473 | 25,053,415 | 1,514,464 | 1,808,878 | 19,526,937 | 26,862,293 |
| Net Assets: | | | | | | |
| Invested in capital assets, net of related debt | 267,071,952 | 258,845,349 | 12,313,767 | 12,800,085 | 279,385,719 | 271,645,434 |
| Unrestricted | 8,958,649 | 1,965,702 | 1,719,066 | 1,724,621 | 10,677,715 | 3,690,323 |
| Restricted | 4,401,451 | 3,364,646 | | | 4,401,451 | 3,364,646 |
| Total net Assets | \$ 280,432,052 | \$ 264,175,697 | \$ 14,032,833 | \$ 14,524,706 | \$ 294,464,885 | \$ 278,700,403 |

Net assets of the Park and Recreation Board's governmental activities increased by 6.2%. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints, increased by \$6,992,947 and represent 3.2% of total net assets.

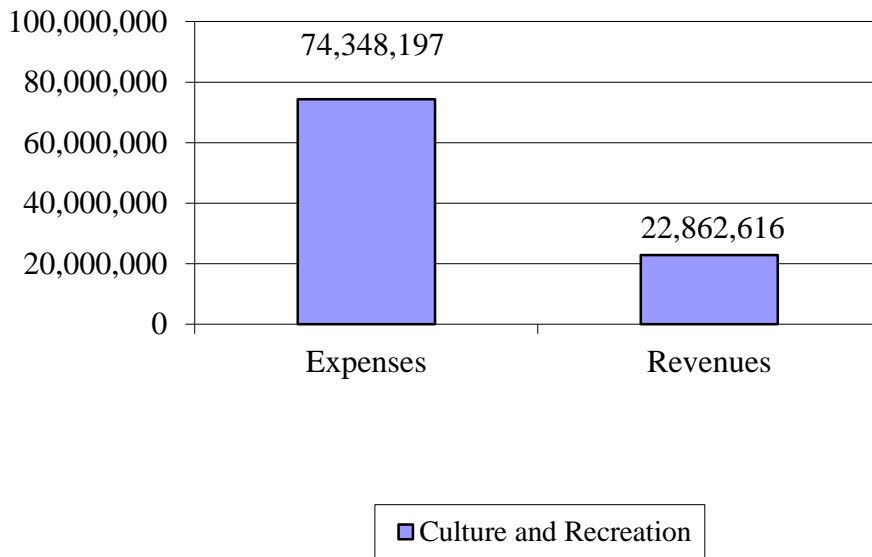
Net assets of the Park and Recreation Board's business-type activities decreased by 3.4% in 2011. The Park and Recreation Board commits these net assets to finance the continuing operations including capital improvements of the Enterprise Fund.

Minneapolis Park and Recreation Board's Change in Net Assets

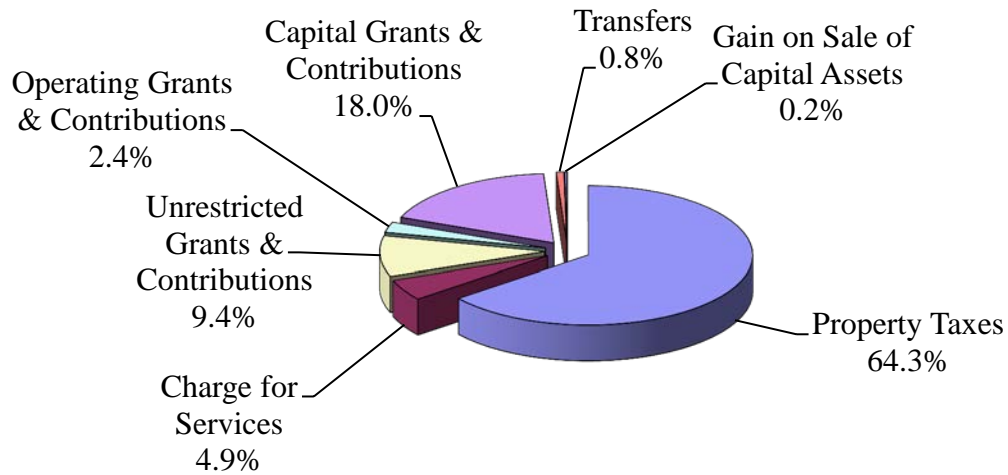
| | <u>Governmental</u> | | <u>Business-type</u> | | <u>Total</u> | |
|-------------------------------------|---------------------|-------------|----------------------|--------------|---------------|---------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for Services | \$ 4,407,736 | \$5,350,193 | \$13,495,117 | \$13,511,956 | \$ 17,902,853 | \$ 18,862,149 |
| Operating grants & contributions | 2,184,314 | 1,450,769 | 677,441 | 1,260,069 | 2,861,755 | 2,710,838 |
| Capital grants & contributions | 16,270,566 | 9,707,410 | | | 16,270,566 | 9,707,410 |
| General revenues: | | | | | | |
| Taxes | 58,322,009 | 56,552,350 | | | 58,322,009 | 56,552,350 |
| Unrestricted grants & contributions | 8,505,979 | 8,483,523 | | | 8,505,979 | 8,483,523 |
| Gain on Sale of Capital Assets | 224,448 | 10,847 | | | 224,448 | 10,847 |
| Transfers | 689,500 | 536,899 | | | 689,500 | 536,899 |
| Total Revenue and Transfers | 90,604,552 | 82,091,991 | 14,172,558 | 14,772,025 | 104,777,110 | 96,864,016 |
| Program Expense: | | | | | | |
| Culture & Recreation | 74,348,197 | 80,016,571 | | | 74,348,197 | 80,016,571 |
| Park Enterprise Fund | | | 13,974,931 | 13,720,047 | 13,974,931 | 13,720,047 |
| Transfers | | | 689,500 | 536,899 | 689,500 | 536,899 |
| Total Expenses and Transfers | 74,348,197 | 80,016,571 | 14,664,431 | 14,256,946 | 89,012,628 | 94,273,517 |
| Increase (Decrease) in Net Assets | \$ 16,256,355 | \$2,075,420 | \$ (491,873) | \$ 515,079 | \$ 15,764,482 | \$ 2,590,499 |

For governmental activities of the Park and Recreation Board, net assets increased by \$16,256,355. The increase in Governmental Net Assets is primarily due to conservative spending in 2011, the state budget and the state shutdown that occurred in July 2011. The decrease in proprietary activities of the Park and Recreation Board of \$491,873 is primarily due to a loss in golf operations.

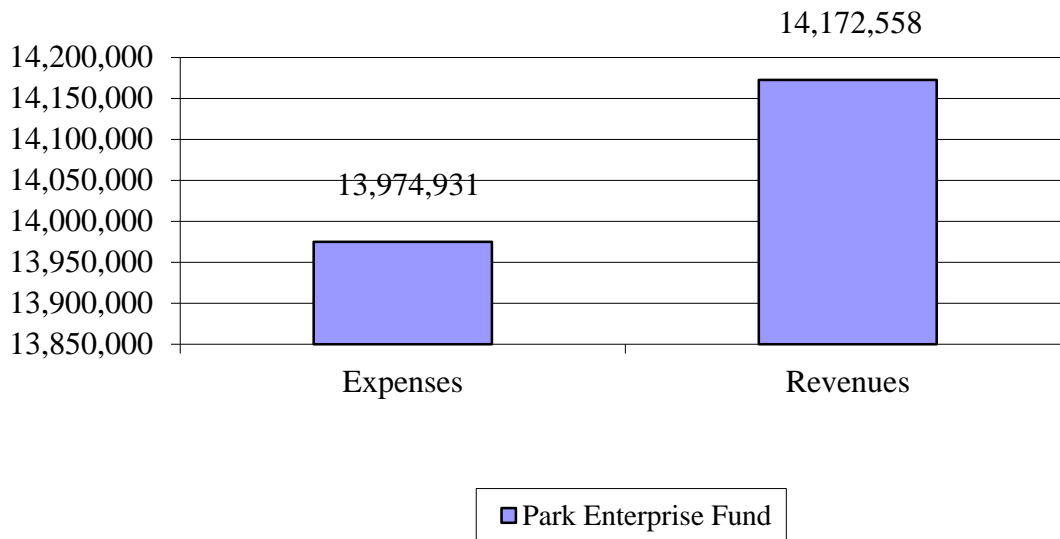
Expenses and Program Revenues Governmental Activities



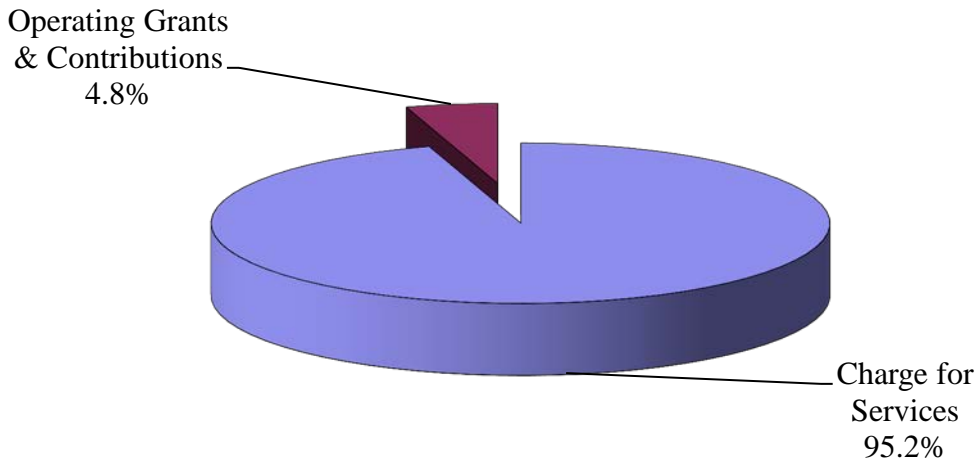
Revenues by Source - Governmental Activities



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 \$10,468,968. 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 \$1,211,869 from 2010 largely due to the conservative spending for neighborhood capital improvements in 2011. As of the end of the current fiscal year the General Fund reported a fund balance of \$5,529,026, all of which 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 2011 original and final appropriation was \$59,063,179 and \$60,000,806, respectively. The changes made to the 2011 original appropriation were due to grants and donations received to fund the summer youth employment program.

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 \$1,077,570 from 2010. This increase is primarily due to the State of Minnesota Lottery proceeds that are held in this fund and then allocated to specific Park & Recreation Board approved projects. As of the end of the current fiscal year the Park Grant and Dedicated Revenue Fund reported a fund balance of \$5,892,791, of which \$3,839,151 is classified as restricted and \$2,053,640 is classified as assigned.

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 \$3,026,334 from 2010. This increase is primarily due to the timing of capital project grant proceeds which accounted for deferred revenue in the amount of \$3,219,978. As of the end of the current fiscal year the Permanent Improvement Fund reported a fund balance of (\$1,923,606). The deficit fund balance will be funded in 2012 with capital program monies, grants and private contributions.

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, sports complexes and self-supporting recreational activities. 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 2011, charges for services and rents decreased from 2010 by \$49,062 or .4%. In 2011, operating expenses of the Park Operating Fund increased from 2010 by \$530,089 or 4.3%. Both an expense increase in percentage and a revenue decrease in percentage resulted in a decrease in operating income from 2010 by \$579,151. The decrease in operating income is due to the decrease in the number of golf rounds played and the increase in operating expenses including repair and maintenance of the golf and revenue producing facilities.

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 loss was \$104,250 and ending net assets were \$5,520,369. Net Assets is comprised of \$3,965,544 or 71.8%, which is invested in capital assets net of related debt and \$1,554,825 or 28.2%, 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, operating income was \$1,897,866 and ending net assets were \$3,158,018. An actuarial study completed in 2012 provided an estimate for the 2011 long-term liability for workers' compensation claims payable. An actuarial study completed in 2011 provides the estimate for the 2010 long-term liability for General liability claims payable.

Capital Asset and Debt Administration

Capital Assets

At the end of 2011, the Park and Recreation Board had \$283,868,728 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:

- East River Flats Park Improvement
- Edgewater Park Improvement
- Riverfront Acquisition
- Bryant Avenue Bridge
- Franklin Steele Wading Pool

Capital Assets at Year End (Net of Depreciation)

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|----------------------------|----------------|-----------------------------|---------------|----------------|----------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land | \$ 62,396,075 | \$ 61,848,739 | \$ 1,206,784 | \$ 1,206,784 | \$ 63,602,859 | \$ 63,055,523 |
| Building and Structures | 38,198,561 | 39,532,585 | 6,419,364 | 6,735,161 | 44,617,925 | 46,267,746 |
| Infrastructure | 39,575,045 | 40,796,827 | 81,314 | 86,024 | 39,656,359 | 40,882,851 |
| Public Improvements | 81,476,836 | 83,925,125 | 4,551,417 | 4,258,797 | 86,028,250 | 88,183,922 |
| Machinery and Equipment | 4,609,633 | 4,714,276 | 511,726 | 555,284 | 5,121,359 | 5,269,560 |
| Construction in Progress | 44,790,803 | 33,163,444 | 51,169 | 506,954 | 44,841,972 | 33,670,398 |
| Total | \$ 271,046,953 | \$ 263,980,996 | \$ 12,821,774 | \$ 13,349,004 | \$ 283,868,726 | \$ 277,330,000 |

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

Debt

In 2010, the Park and Recreation Board entered into a loan agreement in the amount of \$5,300,000 with Scherer Limited Partnership for the purchase of riverfront land and buildings.

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

Economic Factors and 2012 Budgets

Employment:

The unemployment rate for the City of Minneapolis at the end of 2011, as released by the Minnesota Department of Economic Security, is 5.4%. This economic indicator is better than the State of Minnesota (5.8%) and the national unemployment rate (8.3%). The City of Minneapolis unemployment rate one year ago in December 2010 was at 6.2%.

2012 Budget:

On December 14, 2011, the Park and Recreation Board approved the 2012 budget. The original operating budget was set for \$58.7 million. The 2012 certified state aid is about \$7.6 million; this 2012 budget includes this certified amount.

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 Manager, Minneapolis Park and Recreation Board, 2117 West River Road, Minneapolis, MN 55411, 612-230-6400.

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MINNEAPOLIS PARK AND RECREATION BOARD
STATEMENT OF NET ASSETS
December 31, 2011

| | Governmental Activities | Business -Type Activities | Total |
|---|----------------------------|------------------------------|-----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 20,003,941 | \$ 1,406,968 | \$ 21,410,909 |
| Receivables (Net) | 7,724,767 | 671,788 | 8,396,555 |
| Inventories | - | 136,200 | 136,200 |
| Prepaid Expense | 179,432 | - | 179,432 |
| Internal Balances | (510,567) | 510,567 | - |
| Capital Assets: | | | |
| Non-Depreciable | 107,186,877 | 1,257,953 | 108,444,830 |
| Depreciable (Net) | 163,860,075 | 11,563,821 | 175,423,896 |
| Total Assets | <u>\$ 298,444,525</u> | <u>\$ 15,547,297</u> | <u>\$ 313,991,822</u> |
| LIABILITIES | | | |
| Salaries Payable | \$ 716,790 | \$ 83,884 | \$ 800,674 |
| Accounts Payable (Net) | 3,014,259 | 254,966 | 3,269,225 |
| Non-Current Liabilities | | | |
| Due Within One Year: | | | |
| Accrued Interest Payable | 54,060 | - | 54,060 |
| Compensated Absences | 2,538,118 | 414,566 | 2,952,684 |
| Notes Payable | 1,325,000 | 42,979 | 1,367,979 |
| Due In More Than One Year: | | | |
| Compensated Absences | 1,323,066 | - | 1,323,066 |
| Post Employment Benefits | 2,074,936 | 253,041 | 2,327,977 |
| Notes Payable | 2,650,000 | 465,028 | 3,115,028 |
| Workers' Compensation Claims Pending | 3,068,359 | - | 3,068,359 |
| General Liability Claims Pending | 1,247,885 | - | 1,247,885 |
| Total Liabilities | <u>18,012,473</u> | <u>1,514,464</u> | <u>19,526,937</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 267,071,952 | 12,313,767 | 279,385,719 |
| Restricted | | | |
| Capital Improvements | 554,152 | - | 554,152 |
| Project and Grant Programs | 132,481 | - | 132,481 |
| Special Trust | 86,765 | - | 86,765 |
| Special Reserves | 3,628,053 | - | 3,628,053 |
| Unrestricted | 8,958,649 | 1,719,066 | 10,677,715 |
| Total Net Assets | <u>280,432,052</u> | <u>14,032,833</u> | <u>294,464,885</u> |
| Total Liabilities and Net Assets | <u>\$ 298,444,525</u> | <u>\$ 15,547,297</u> | <u>\$ 313,991,822</u> |

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

MINNEAPOLIS PARK AND RECREATION BOARD
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

| | <u>Program Revenues</u> | | | | <u>Net (Expense) Revenue and Changes in Net Assets</u> | | |
|--|-------------------------|---------------------------------|---|---|--|-------------------------------------|-----------------------|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
| Function/Program Activities | | | | | | | |
| Governmental Activities | | | | | | | |
| Culture and Recreation | \$ 74,348,197 | \$ 4,407,736 | \$ 2,184,314 | \$ 16,270,566 | \$ (51,485,581) | \$ - | \$ (51,485,581) |
| Business Type Activities | | | | | | | |
| Park Enterprise Fund | 13,974,931 | 13,495,117 | 677,441 | - | - | 197,627 | 197,627 |
| Total | <u>\$ 88,323,128</u> | <u>\$ 17,902,853</u> | <u>\$ 2,861,755</u> | <u>\$ 16,270,566</u> | <u>(51,485,581)</u> | <u>197,627</u> | <u>(51,287,954)</u> |
| General Revenues | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | | 46,693,166 | - | 46,693,166 |
| Museum (county-wide levy) | | | | | 11,628,843 | - | 11,628,843 |
| Grants and contributions not restricted to specific programs | | | | | 8,505,979 | - | 8,505,979 |
| Gain on sale of capital assets | | | | | 224,448 | - | 224,448 |
| Transfers | | | | | 689,500 | (689,500) | - |
| Total General Revenues and Transfers | | | | | <u>67,741,936</u> | <u>(689,500)</u> | <u>67,052,436</u> |
| Change in Net Assets | | | | | 16,256,355 | (491,873) | 15,764,482 |
| Net Assets - January 1 Restated (Note 2I) | | | | | 264,175,697 | 14,524,706 | 278,700,403 |
| Net Assets - December 31 | | | | | <u>\$ 280,432,052</u> | <u>\$ 14,032,833</u> | <u>\$ 294,464,885</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, 2011

| | General | Museum County- Wide Levy | Park Grant and Dedicated Revenue | Permanent Improvement | Other Governmental Funds | Total |
|--|---------------------|-----------------------------------|---|--------------------------|--------------------------------|----------------------|
| ASSETS | | | | | | |
| Cash and | | | | | | |
| Cash Equivalents | \$ 6,175,304 | \$ - | \$ 5,999,161 | \$ 315,780 | \$ 691,687 | \$ 13,181,932 |
| Receivables: | | | | | | |
| Accounts - Net | 214,846 | - | 13,842 | - | 280,605 | 509,293 |
| Taxes - | | | | | | |
| Current | 300,422 | - | - | - | - | 300,422 |
| Delinquent | 697,051 | - | - | - | - | 697,051 |
| Intergovernmental | 874,924 | 66,679 | - | 5,276,375 | - | 6,217,978 |
| Accrued Interest | - | - | - | - | 23 | 23 |
| Due From- | | | | | | |
| Other Funds | 81,997 | - | 21,889 | 554,564 | - | 658,450 |
| Total Assets | \$ 8,344,544 | \$ 66,679 | \$ 6,034,892 | \$ 6,146,719 | \$ 972,315 | \$ 21,565,149 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities : | | | | | | |
| Payables - | | | | | | |
| Salaries | \$ 670,525 | \$ - | \$ 2,640 | \$ 193 | \$ - | \$ 673,358 |
| Accounts | 722,329 | 66,679 | 3,897 | 1,946,657 | 1,550 | 2,741,112 |
| Intergovernmental | 14,565 | - | - | - | - | 14,565 |
| Due To - | | | | | | |
| Other Funds | 129,567 | - | 135,564 | 83,497 | - | 348,628 |
| Capital Advances | 568,600 | - | - | 2,820,000 | - | 3,388,600 |
| Deferred Revenue | | | | | | |
| Unavailable | 709,932 | - | - | 3,219,978 | 8 | 3,929,918 |
| Total Liabilities | 2,815,518 | 66,679 | 142,101 | 8,070,325 | 1,558 | 11,096,181 |
| Fund Balances: | | | | | | |
| Restricted for: | | | | | | |
| Capital Improvements | - | - | - | 554,152 | - | 554,152 |
| Project & Grant Programs | - | - | 124,333 | - | 8,148 | 132,481 |
| Special Trust | - | - | 86,765 | - | - | 86,765 |
| Special Reserves | - | - | 3,628,053 | - | - | 3,628,053 |
| Committed to: | | | | | | |
| Capital Improvements | - | - | - | 1,982,402 | - | 1,982,402 |
| Assigned to: | | | | | | |
| Capital Improvements | - | - | - | - | 74,763 | 74,763 |
| Project Programs | - | - | 1,925,603 | - | - | 1,925,603 |
| Special Trust | - | - | - | - | 12,116 | 12,116 |
| Special Reserves | - | - | 85,949 | - | - | 85,949 |
| Easements | - | - | 42,088 | - | - | 42,088 |
| Forestry and Tree Disease | - | - | - | - | 875,730 | 875,730 |
| Unassigned | 5,529,026 | - | - | (4,460,160) | - | 1,068,866 |
| Total Fund Balances | 5,529,026 | - | 5,892,791 | (1,923,606) | 970,757 | 10,468,968 |
| Total Liabilities and Fund Balances | \$ 8,344,544 | \$ 66,679 | \$ 6,034,892 | \$ 6,146,719 | \$ 972,315 | \$ 21,565,149 |

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

MINNEAPOLIS PARK AND RECREATION BOARD
Reconciliation of the Total Governmental Funds Balance Sheet to the
Government-wide Statement of Net Assets - Governmental Activities
December 31, 2011

Total Governmental Funds Balances \$ 10,468,968

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

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

| | | |
|--------------------------|---------------|-------------|
| Non-Depreciable | 62,396,075 | |
| Depreciable | 336,212,810 | |
| Accumulated Depreciation | (176,318,279) | |
| Work in Progress | 44,790,802 | 267,081,408 |

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

| | | |
|--------------------------------------|-------------|--|
| Accrued Interest Payable | (54,060) | |
| Notes Payable - Short Term | (1,325,000) | |
| Compensated Absences - Short Term | (2,407,434) | |
| Compensated Absences - Long Term | (1,323,066) | |
| Post Employment Benefits - Long Term | (1,967,069) | |
| Notes Payable - Long Term | (2,650,000) | |

Deferred revenue in governmental funds is susceptible
to full accrual on the entity-wide statements. 3,929,918

Internal Service Funds are not reported in the funds
statement but are included in the Statement of Net
Assets governmental activities. 8,678,387

Net Assets of Governmental Activities \$ 280,432,052

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, 2011

| | General | Museum County- Wide Levy | Park Grant and Dedicated Revenue | Permanent Improvement | Other Governmental Funds | Total |
|--|---------------------|-----------------------------------|---|--------------------------|--------------------------------|---------------------|
| REVENUES | | | | | | |
| Taxes | \$46,646,484 | \$11,625,350 | \$ - | \$ - | \$ - | \$58,271,834 |
| Intergovernmental | 10,284,464 | 3,493 | 1,337,754 | 13,260,594 | 280,605 | 25,166,910 |
| Charges for Services and Sales | 1,680,916 | - | 170,165 | 178,349 | - | 2,029,430 |
| Licenses and Permits | 208,457 | - | - | - | - | 208,457 |
| Contributions | - | - | - | - | 5,000 | 5,000 |
| Fines and Forfeits | 483,535 | - | 3,349 | - | - | 486,884 |
| Special Assessments | - | - | - | - | 70,317 | 70,317 |
| Miscellaneous | 504,601 | 5,699 | 151,356 | 434,198 | - | 1,095,854 |
| Total Revenues | 59,808,457 | 11,634,542 | 1,662,624 | 13,873,141 | 355,922 | 87,334,686 |
| EXPENDITURES | | | | | | |
| Culture and Recreation | 54,635,175 | 11,634,542 | 172,744 | - | - | 66,442,461 |
| Capital Outlay | - | - | 115,571 | 15,962,508 | 283,656 | 16,361,735 |
| Miscellaneous | - | - | - | - | 3,996 | 3,996 |
| Total Expenditures | 54,635,175 | 11,634,542 | 288,315 | 15,962,508 | 287,652 | 82,808,192 |
| Excess of Revenues Over (Under) Expenditures | 5,173,282 | - | 1,374,309 | (2,089,367) | 68,270 | 4,526,494 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In - Other Funds | 296,000 | - | 344,123 | 5,431,201 | - | 6,071,324 |
| Transfers Out - Other Funds | (4,420,624) | - | (640,862) | (315,500) | (4,838) | (5,381,824) |
| Sale of Land and Buildings | 163,211 | - | - | - | 19,653 | 182,864 |
| Total Other Financing Sources | (3,961,413) | - | (296,739) | 5,115,701 | 14,815 | 872,364 |
| Net Change in Fund Balances | 1,211,869 | - | 1,077,570 | 3,026,334 | 83,085 | 5,398,858 |
| FUND BALANCE - JANUARY 1 Restated (Note 2I) | 4,317,157 | - | 4,815,221 | (4,949,940) | 887,672 | 5,070,110 |
| FUND BALANCE - DECEMBER 31 | \$ 5,529,026 | \$ - | \$5,892,791 | \$(1,923,606) | \$ 970,757 | \$10,468,968 |

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, 2011

| | |
|--|----------------------|
| Net Changes in Fund Balances - Total Governmental Funds | \$ 5,398,858 |
| <p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p> | |
| <p>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. This is the amount by which capital outlay exceeded depreciation in the current period.</p> | 6,781,565 |
| <p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds</p> | |
| Change in Deferred Revenue | 1,239,580 |
| Contribution of Parkway Reconstruction | 104,892 |
| <p>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.</p> | |
| Change in Accrued Interest Payable | 18,020 |
| Change in Compensated Absences | 38,407 |
| Change in Post Employment Benefits | (563,100) |
| <p>Expenditures reported in the governmental funds are not considered expenses in the Statement of Activities</p> | |
| Payment on Notes Payable | 1,325,000 |
| <p>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.</p> | 1,913,133 |
| Change in net assets of governmental activities | \$ 16,256,355 |

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

MINNEAPOLIS PARK AND RECREATION BOARD
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2011

| | <u>Business-Type Activities - Enterprise Fund</u> | <u>Governmental Activities- Internal Service Funds</u> |
|---|---|--|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 1,406,968 | \$ 6,822,008 |
| Receivables - | | |
| Accounts - Net | 423,098 | - |
| Intergovernmental | 248,690 | - |
| Due From Other Funds | 10,567 | - |
| Capital Advances | 800,000 | 2,588,600 |
| Materials & Supplies Inventory | 136,200 | - |
| Prepaid Expense | - | 179,432 |
| Total Current Assets | <u>3,025,523</u> | <u>9,590,040</u> |
| Non Current Assets | | |
| Net Capital Assets | <u>12,821,774</u> | <u>3,965,544</u> |
| Total Assets | <u><u>\$ 15,847,297</u></u> | <u><u>\$ 13,555,584</u></u> |
| LIABILITIES AND FUND EQUITY | | |
| Current Liabilities : | | |
| Payables - | | |
| Salaries | \$ 83,884 | \$ 43,432 |
| Accounts | 254,966 | 258,582 |
| Due to Other Funds | 300,000 | 20,389 |
| Compensated Absences Payable | 414,566 | 130,683 |
| Notes Payable - Current | 42,979 | - |
| Total Current Liabilities | <u>1,096,395</u> | <u>453,086</u> |
| Long-Term Liabilities: | | |
| Notes Payable - Long Term | 465,028 | - |
| Workers' Compensation Claims Pending | - | 3,068,359 |
| General Liability Claims Pending | - | 1,247,885 |
| Post Employment Benefits Payable | 253,041 | 107,867 |
| Total Long-Term Liabilities | <u>718,069</u> | <u>4,424,111</u> |
| Total Liabilities | <u>1,814,464</u> | <u>4,877,197</u> |
| Equity: | | |
| Invested in Capital Assets, Net of Related Debt | 12,313,767 | 3,965,544 |
| Unrestricted | 1,719,066 | 4,712,843 |
| Total Equity | <u>14,032,833</u> | <u>8,678,387</u> |
| Total Liabilities and Net Assets | <u><u>\$ 15,847,297</u></u> | <u><u>\$ 13,555,584</u></u> |

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 ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2011

| | Business-Type Activities - Enterprise Fund | Governmental Activities- Internal Service Funds |
|---|--|--|
| OPERATING REVENUES | | |
| Billings to Departments | \$ - | \$ 7,403,603 |
| Charges For Services and Sales | 11,467,553 | - |
| Rents | 1,968,295 | - |
| Total Operating Revenues | <u>13,435,848</u> | <u>7,403,603</u> |
| OPERATING EXPENSES | | |
| Personal Services | 5,063,366 | 1,618,113 |
| Contractual Services | 3,542,508 | 326,606 |
| Materials and Supplies | 1,951,393 | 1,467,383 |
| Depreciation on Acquired Property | 677,671 | 1,403,038 |
| Benefits | 1,634,269 | 794,847 |
| Total Operating Expenses | <u>12,869,207</u> | <u>5,609,987</u> |
| Operating Income (Loss) | <u>566,641</u> | <u>1,793,616</u> |
| NON-OPERATING REVENUES (EXPENSES) | | |
| City of Minneapolis - Youth Coordinating Board | 50,000 | - |
| Minnesota Department of Health & Human Services | 9,944 | - |
| United States Department of Health & Human Services | 48,792 | - |
| United States Department of Justice - Gang Prevention Grant | 169,884 | - |
| Contributions | 398,821 | - |
| Gain on Disposal of Capital Assets | - | 41,584 |
| Gain on Sale of Scrap | 1,489 | 24,186 |
| Loss on Disposal of Capital Assets | - | (69,556) |
| Damages/Losses Recovered | - | 413 |
| Other Non-Operating Revenues | 57,780 | 122,890 |
| City of Minneapolis - Debt Service | (662,525) | - |
| Interest Expense | (26,887) | - |
| Other Non-Operating Expenses | (416,312) | - |
| Total Non-Operating Revenues (Expenses) | <u>(369,014)</u> | <u>119,517</u> |
| Income (Loss) Before Transfers | 197,627 | 1,913,133 |
| Transfer Out | <u>(689,500)</u> | <u>-</u> |
| CHANGE IN NET ASSETS | (491,873) | 1,913,133 |
| NET ASSETS - JANUARY 1 Restated (Note 2I) | 14,524,706 | 6,765,254 |
| NET ASSETS - DECEMBER 31 | <u>\$ 14,032,833</u> | <u>\$ 8,678,387</u> |

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, 2011

| | Business-Type Activities- Enterprise Fund | Governmental Activities- Internal Service Funds |
|--|---|--|
| Cash Flows from Operating Activities: | | |
| Cash Received from Interfund Services Provided | \$ - | \$ 7,423,992 |
| Cash Received from Customers | 14,028,870 | 191,450 |
| Cash paid to suppliers for goods and services | (6,257,855) | (3,321,404) |
| Cash paid to employees for services | (6,596,195) | (2,376,499) |
| Net cash provided by (used in) operating activities | 1,174,820 | 1,917,539 |
| Cash Flows from Non-Capital Financing Activities: | | |
| City of Minneapolis - Youth Coordinating Board | 50,000 | - |
| Minnesota Department of Health & Human Services | 9,944 | - |
| United States Department of Health & Human Services | 48,792 | - |
| United States Department of Justice - Gang Prevention Grant | 169,884 | - |
| Contributions | 398,821 | - |
| Repayment of Advances Made to Other Funds | - | 2,760,000 |
| Other Payments Received | - | 122,890 |
| Payment for Damages/Losses | - | 413 |
| City of Minneapolis - Debt Service | (662,525) | - |
| Transfers To Other Funds (less Due to Other Funds) | (389,500) | - |
| Net Cash (Used) Provided by Non-Capital Financing Activities | (374,584) | 2,883,303 |
| Cash Flows from Capital Financing Activities: | | |
| Proceeds From Sale of Capital Assets | - | 82,448 |
| Proceeds From Sale of Scrap | 1,489 | 24,186 |
| Principal and Interest Payments | (67,799) | - |
| Acquisition of Property Plant and Equipment | (150,441) | (1,528,600) |
| Net Cash Used for Capital Financing Activities | (216,751) | (1,421,966) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 583,485 | 3,378,876 |
| Cash and Cash Equivalents - January 1 | 823,483 | 3,443,132 |
| Cash and Cash Equivalents - December 31 | \$ 1,406,968 | \$ 6,822,008 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities | | |
| Operating Income (Loss) | \$ 566,641 | \$ 1,793,616 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | |
| Depreciation Expense | 677,671 | 1,403,038 |
| (Increase) Decrease in Accounts Receivable | 74,844 | 191,450 |
| (Increase) Decrease in Intergovernmental Receivables | 298,450 | - |
| (Increase) Decrease in Due From Other Funds | 161,948 | - |
| (Increase) Decrease in Inventories | 7,300 | - |
| (Increase) Decrease in Prepaid Expense | - | 107,659 |
| Increase (Decrease) in Salaries Payable | (5,935) | 5,177 |
| Increase (Decrease) in Accounts Payable | (354,942) | 119,793 |
| Increase (Decrease) in Due To Other Funds | - | 20,389 |
| Increase (Decrease) in Workers' Compensation Claims Payable | - | (1,914,899) |
| Increase (Decrease) in General Liability Claims Pending | - | 160,032 |
| Increase (Decrease) in Post Employment Benefits Payable | 69,423 | 34,068 |
| Increase (Decrease) in Compensated Absences Payable | 37,952 | (2,784) |
| Other Non-Operating Expenses | (416,312) | - |
| Other Non-Operating Revenues | 57,780 | - |
| Total Adjustments | 608,179 | 123,923 |
| Net Cash Provided by Operating Activities | \$ 1,174,820 | \$ 1,917,539 |
| Noncash Investing, Capital and Financing activities | | |
| Loss on Disposal of Capital Assets | | (69,556) |

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, 2011

Note 1 - Form of Government

The Minneapolis Park and Recreation Board operates pursuant to Chapter 16 of the City Charter. 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 Statement 14, *The Financial Reporting Entity*. 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 organizations is described in Note 16.

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 Assets* 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. Internal Service Fund activity is eliminated to avoid "doubling up" revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus and the 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 reconciliation 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, 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 assets should be reported as restricted when constraints placed on net assets use 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.

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 net current assets. 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.

Major revenues that are determined not to be susceptible to accrual because they are not available soon enough to pay liabilities of the current period or are not objectively measurable include delinquent property taxes, delinquent assessments, permits, fines and forfeitures. 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.

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.
- **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. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. Fund Equity is segregated into invested in capital assets net of related debt and unrestricted. Proprietary fund type operating statements present increases and decreases in net assets.

The Park 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. Pursuant to Governmental Accounting Standards Board Statement 20, the Park and Recreation Board has elected to apply only those Financial Accounting Standards Board pronouncements issued on or before November 30, 1989.

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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. Except for the Minneapolis Parks Special Revenue Fund, the minimal amount of interest earned on these deposits is returned to 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.

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) Capital Assets

Governmental-type and Business-type 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.

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.

F) Long-Term Liabilities

Park and Recreation Board long-term debt is reported on the government-wide statements and in the proprietary funds statements. Liabilities recorded on these statements include compensated absences payable and mortgage note payable. These liabilities are discussed further in Note 5.

G) 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.

H) Fund Equity

In 2011, the Minneapolis Park and Recreation Board implemented the requirements of Statement No. 54 of the Governmental Accounting Standards Board. GASB 54 requires retroactive restatement of fund balance for the reclassifications made to conform to this statement. Total fund balance did not change. Fund balances are now 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 or assigned.

H) Fund Equity (Continued)

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Park Board is bound to observe constraints imposed upon the use of the resources in the governmental funds. 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 | Permanent Improvement | Other Governmental Funds | Total |
|----------------------------|--------------------|--|--------------------------|--------------------------------|----------------------|
| Restricted for: | | | | | |
| Capital Improvements | \$ - | \$ - | \$ 554,152 | \$ - | \$ 554,152 |
| Project and Grant Programs | - | 124,333 | - | 8,148 | 132,481 |
| Special Trust | - | 86,765 | - | - | 86,765 |
| Special Reserves | - | 3,628,053 | - | - | 3,628,053 |
| <i>Total Restricted</i> | <u>-</u> | <u>3,839,151</u> | <u>554,152</u> | <u>8,148</u> | <u>4,401,451</u> |
| Committed to: | | | | | |
| Capital Improvements | - | - | 1,982,402 | - | 1,982,402 |
| Assigned to: | | | | | |
| Capital Improvements | - | - | - | 74,763 | 74,763 |
| Project Programs | - | 1,925,603 | - | - | 1,925,603 |
| Special Trust | - | - | - | 12,116 | 12,116 |
| Special Reserves | - | 85,949 | - | - | 85,949 |
| Easements | - | 42,088 | - | - | 42,088 |
| Forestry and Tree Disease | - | - | - | 875,730 | 875,730 |
| <i>Total Assigned</i> | <u>-</u> | <u>2,053,640</u> | <u>-</u> | <u>962,609</u> | <u>3,016,249</u> |
| Unassigned | <u>5,529,026</u> | <u>-</u> | <u>(4,460,160)</u> | <u>-</u> | <u>1,068,866</u> |
| Total fund balances | <u>\$5,529,026</u> | <u>\$ 5,892,791</u> | <u>\$(1,923,606)</u> | <u>\$ 970,757</u> | <u>\$ 10,468,968</u> |

I) Restatement

On the Statement of Activities, the Net Assets – January 1, has been restated to reflect the combined restatements for the Governmental Activities.

| | <u>Amount</u> |
|--------------------------------------|----------------------|
| Balance January 1, 2011 | \$262,924,890 |
| Permanent Improvement Fund | 904,500 |
| General Fund | 181,954 |
| Capital Asset Adjustments | <u>164,353</u> |
| Balance, January 1, 2011 as restated | <u>\$264,175,697</u> |

On the Statement of Activities, the Net Assets – January 1, has been restated to reflect an adjustment to capital assets in the Governmental Activities. This adjustment was included in the capital asset additions for 2011.

| | <u>Amount</u> |
|--------------------------------------|----------------------|
| Balance January 1, 2011 | \$262,924,890 |
| Capital Asset Adjustments | <u>164,353</u> |
| Balance, January 1, 2011 as restated | <u>\$263,089,243</u> |

On the Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental Funds, the beginning fund balance for the Permanent Improvement Fund has been restated to reflect the correction of expenditures overstated in 2010.

| | <u>Amount</u> |
|--------------------------------------|-----------------------|
| Balance January 1, 2011 | \$ (5,854,440) |
| Prior Period Adjustment | <u>904,500</u> |
| Balance, January 1, 2011 as restated | <u>\$ (4,949,940)</u> |

Also, the beginning fund balance for the General Fund has been restated to reflect the correction of accruals:

| | <u>Amount</u> |
|--------------------------------------|---------------------|
| Balance January 1, 2011 | \$ 4,135,203 |
| Prior Period Adjustment | <u>181,954</u> |
| Balance, January 1, 2011 as restated | <u>\$ 4,317,157</u> |

I) Restatement (Continued)

The Statement of Revenues, Expenses and Changes in Net Assets, Proprietary Funds and on the Statement of Activities, the Net Assets – January 1 Business Type Activities, beginning fund balance has been restated to reflect the correction of intergovernmental receivables.

| | |
|--------------------------------------|----------------------|
| | <u>Amount</u> |
| Balance January 1, 2011 | \$ 14,646,790 |
| Prior Period Adjustment | <u>(122,084)</u> |
| Balance, January 1, 2011 as restated | <u>\$ 14,524,706</u> |

Note 3 - Receivables

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

| | General | Museum County- Wide Levy | Park Grant and Dedicated Revenue | Permanent Improvement | Non- Major | Total Governmental Activities | Total Business- Type Activities |
|-------------------|--------------------|-----------------------------------|---|--------------------------|-------------------|-------------------------------------|--|
| Trade Accounts | \$ 214,846 | \$ - | \$ 13,842 | \$ - | \$ 280,605 | \$ 509,293 | \$ 423,098 |
| Property Tax | 997,473 | - | - | - | - | 997,473 | - |
| Intergovernmental | 874,924 | 66,679 | - | 5,276,375 | - | 6,217,978 | 248,690 |
| Accrued Interest | - | - | - | - | 23 | 23 | - |
| Net Receivables | <u>\$2,087,243</u> | <u>\$66,679</u> | <u>\$ 13,842</u> | <u>\$ 5,276,375</u> | <u>\$ 280,628</u> | <u>\$ 7,724,767</u> | <u>\$671,788</u> |

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 is required to pay a base rent plus a percentage of the gross sales. 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 unpaid base or percentage rent is subject to interest charges. The total amount the Park and Recreation Board received in 2011 for base and percentage rent was \$57,992.

The future collection requirements for this agreement are as follows:

| Scheduled Lease Collections | Operating Lease |
|-----------------------------|---------------------|
| 2012 | \$ 133,100 |
| 2013 | 133,100 |
| 2014 | 133,100 |
| 2015 | 133,100 |
| 2016 | 133,100 |
| 2017 and thereafter | <u>9,940,820</u> |
| Total | <u>\$10,606,320</u> |

Park and Recreation Board Headquarters In 2004, the Park and Recreation Board leased a portion of the headquarters property located at 2117 West River Road to Twin City Catering, Inc. The term of the lease is 10 years with the option to renew for two additional five year periods. The lease includes 17,900 useable square feet for the purpose of general office, catering kitchen, equipment storage and conference/event facility. Twin City Catering, Inc. is required to pay a base rent. Any unpaid base rate is subject to interest charges. The total amount the Park and Recreation Board received in 2011 for base rent was \$127,920.

The future collection requirements for this agreement are as follows:

| Scheduled Lease Collections | Operating Lease |
|-----------------------------|--------------------|
| 2012 | \$ 131,054 |
| 2013 | 134,275 |
| 2014 | 137,587 |
| 2015 | 140,994 |
| 2016 | 144,497 |
| 2017 and thereafter | <u>1,046,878</u> |
| Total | <u>\$1,735,285</u> |

Note 4 - Changes in Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

| | Balance 1/1/11 | Reclassification ¹ | Revised Balance 1/1/11 | Additions | Deletions | Balance 12/31/11 |
|---|-------------------|-------------------------------|------------------------------|---------------|---------------|---------------------|
| Governmental Activities | | | | | | |
| Capital assets not being depreciated | | | | | | |
| Land | \$ 61,848,739 | \$ - | \$ 61,848,739 | \$ 547,336 | \$ - | \$ 62,396,075 |
| Construction in Progress | 33,163,444 | - | 33,163,444 | 14,985,865 | (3,358,507) | 44,790,802 |
| Total capital assets not being depreciated | 95,012,183 | - | 95,012,183 | 15,533,201 | (3,358,507) | 107,186,877 |
| Capital assets being depreciated | | | | | | |
| Buildings and Structures | 62,918,304 | (233,743) | 62,684,561 | | (1,829) | 62,682,732 |
| Infrastructure | 114,466,419 | 187,817 | 114,654,236 | 632,797 | | 115,287,033 |
| Public Improvements | 153,477,323 | (187,387) | 153,289,936 | 2,996,796 | (2,259) | 156,284,473 |
| Equipment | 13,162,829 | 233,313 | 13,396,142 | 1,747,457 | (1,981,458) | 13,162,141 |
| Total capital assets being depreciated | 344,024,875 | - | 344,024,875 | 5,377,050 | (1,985,546) | 347,416,379 |
| Less accumulated depreciation for: | | | | | | |
| Buildings and Structures | (23,151,976) | - | (23,151,976) | (1,332,196) | - | (24,484,172) |
| Infrastructure | (73,857,409) | - | (73,857,409) | (1,854,578) | - | (75,711,987) |
| Public Improvements | (69,364,811) | - | (69,364,811) | (5,442,826) | - | (74,807,637) |
| Equipment | (8,681,866) | - | (8,681,866) | (1,542,135) | 1,671,493 | (8,552,508) |
| Total accumulated depreciation | (175,056,062) | - | (175,056,062) | (10,171,735) | 1,671,493 | (183,556,304) |
| Total capital assets being depreciated net | 168,968,813 | - | 168,968,813 | (4,794,685) | (314,053) | 163,860,075 |
| Governmental activities capital assets, net | \$ 263,980,996 | \$ - | \$ 263,980,996 | \$ 10,738,516 | \$(3,672,560) | \$ 271,046,952 |

¹Assets were reclassified to proper asset categories in 2011

Note 4 - Changes in Capital Assets (Continued)

| Business Type Activities | Balance 1/1/11 | Additions | Deletions | Balance 12/31/11 |
|--|----------------------|-------------------|---------------------|----------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 1,206,784 | \$ - | \$ - | \$ 1,206,784 |
| Construction in Progress | 506,954 | 51,169 | (506,954) | 51,169 |
| Total capital assets not being depreciated | <u>1,713,738</u> | <u>51,169</u> | <u>(506,954)</u> | <u>1,257,953</u> |
| Capital assets, being depreciated | | | | |
| Buildings and Structures | 12,248,627 | - | - | 12,248,627 |
| Infrastructure | 98,638 | - | - | 98,638 |
| Public Improvements | 8,184,086 | 545,137 | - | 8,729,223 |
| Equipment | 1,581,316 | 73,050 | (26,887) | 1,627,479 |
| Total capital assets, being depreciated | <u>22,112,667</u> | <u>618,187</u> | <u>(26,887)</u> | <u>22,703,967</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and Structures | (5,513,466) | (315,795) | - | (5,829,261) |
| Infrastructure | (12,614) | (4,710) | - | (17,324) |
| Public Improvements | (3,925,289) | (252,520) | - | (4,177,809) |
| Equipment | (1,026,032) | (104,646) | 14,926 | (1,115,752) |
| Total accumulated depreciation | <u>(10,477,401)</u> | <u>(677,671)</u> | <u>14,926</u> | <u>(11,140,146)</u> |
| Total capital assets, being depreciated net | <u>11,635,266</u> | <u>(59,484)</u> | <u>(11,961)</u> | <u>11,563,821</u> |
| Business-type activities capital assets, net | <u>\$ 13,349,004</u> | <u>\$ (8,315)</u> | <u>\$ (518,915)</u> | <u>\$ 12,821,774</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|--|---------------------|
| Culture and Recreation | \$ 8,768,697 |
| Depreciation on capital assets held in the internal service fund of the Park Board is charged to the various functions based on their usage of assets. | <u>1,403,038</u> |
| Total depreciation expense – governmental activities | <u>\$10,171,735</u> |

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

| | |
|----------------|-------------------|
| Park Operating | <u>\$ 677,671</u> |
|----------------|-------------------|

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.

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. 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> |
|-------------|------------------|------------------|------------------|
| 2012 | \$ 42,979 | \$ 24,820 | \$ 67,799 |
| 2013 | 45,150 | 22,649 | 67,799 |
| 2014 | 47,432 | 20,367 | 67,799 |
| 2015 | 49,828 | 17,971 | 67,799 |
| 2016 | 52,346 | 15,453 | 67,799 |
| 2017-2021 | <u>270,272</u> | <u>34,823</u> | <u>305,095</u> |
| Total | <u>\$508,007</u> | <u>\$136,083</u> | <u>\$644,090</u> |

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

C) Promissory Note

In 2010, the Park and Recreation Board entered into a contract for deed in the amount of \$5,300,000 with Scherer Limited Partnership for the purchase of riverfront land and buildings.

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|--------------------|------------------|--------------------|
| 2012 | \$1,325,000 | \$108,120 | \$1,433,120 |
| 2013 | 1,325,000 | 72,080 | 1,397,080 |
| 2014 | <u>1,325,000</u> | <u>36,040</u> | <u>1,361,040</u> |
| Total | <u>\$3,975,000</u> | <u>\$216,240</u> | <u>\$4,191,240</u> |

D) Changes in Long-Term Liabilities

Changes in long-term liabilities are summarized as follows:

| | <u>Balance</u> | | | <u>Balance</u> | <u>Amounts due</u> |
|----------------------------------|----------------------|---------------------|---------------------|----------------------|------------------------|
| Governmental Activities: | <u>January 1,</u> | <u>Additions</u> | <u>Retirements</u> | <u>December 31,</u> | <u>within one year</u> |
| Notes Payable | \$ 5,300,000 | \$ - | \$ 1,325,000 | \$ 3,975,000 | \$ 1,325,000 |
| Compensated Absences | 3,902,375 | 2,335,501 | 2,376,692 | 3,861,184 | 2,538,118 |
| Post Employment Benefits | 1,477,768 | 1,023,396 | 426,228 | 2,074,936 | |
| Business-type activities: | | | | | |
| Notes Payable | 548,919 | - | 40,912 | 508,007 | 42,979 |
| Compensated absences | 376,614 | 203,582 | 165,630 | 414,566 | 414,566 |
| Post Employment Benefits | <u>183,618</u> | <u>118,974</u> | <u>49,551</u> | <u>253,041</u> | <u>-</u> |
| Total Long-Term Liabilities | <u>\$ 11,789,294</u> | <u>\$ 3,681,453</u> | <u>\$ 4,384,013</u> | <u>\$ 11,086,734</u> | <u>\$ 4,320,663</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 2011 for base and percentage rent was \$114,389.

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> |
| 2012 | \$ 55,219 |
| 2013 | 55,219 |
| 2014 | 55,219 |
| 2015 | 55,219 |
| 2016-2020 | 276,095 |
| 2021-2025 | 276,095 |
| 2026-2030 | <u>276,095</u> |
| Total minimum lease payments | <u>\$ 1,049,161</u> |

Note 7 - Interfund Transactions

Advances to/from other funds:

Advances to other funds are to provide temporary working capital for permanent improvement projects and the early retirement of the headquarters building mortgage loan.

Capital Advances unpaid as of December 31, 2011 are as follows:

General Fund

Due to: Park Self Insurance Fund \$ 568,600

Capital Project - Permanent Improvement

Due to: Park Self Insurance Fund 2,020,000

Due to: Park Operating Fund 800,000

Total \$3,388,600

Note 7 - Interfund Transactions (Continued)

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: | | | Total |
|--------------------------------|------------------|-----------------------|--------------------------------|---------------------|
| | General | Permanent Improvement | Park Grant & Dedicated Revenue | |
| Transfer out: | | | | |
| General | \$ - | \$ 4,392,001 | \$ 28,623 | \$ 4,420,624 |
| Park Grant & Dedicated Revenue | 1,000 | 639,862 | - | 640,862 |
| Minneapolis Parks Fund | - | 4,838 | - | 4,838 |
| Permanent Improvement Fund | - | - | 315,500 | 315,500 |
| Park Operating Enterprise Fund | 295,000 | 394,500 | - | 689,500 |
| Total Transfers Out | \$296,000 | \$ 5,431,201 | \$ 344,123 | \$ 6,071,324 |

Due To/From Other Funds:

Receivables and payables between funds of the Park and Recreation Board on December 31, 2011 are:

| | Due From Other Funds | Due To Other Funds |
|--------------------------------|----------------------------|--------------------------|
| General Fund | \$ 81,997 | \$ 129,567 |
| Park Grant & Dedicated Revenue | 21,889 | 135,564 |
| Permanent Improvement Fund | 554,564 | 83,497 |
| Internal Services Fund | - | 20,389 |
| Enterprise Fund | 10,567 | 300,000 |
| | \$ 669,017 | \$ 669,017 |

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. In addition, employees after twenty (20) years of service receive severance pay upon retirement based on accumulated sick leave up to a maximum of two hundred (200) days at a daily rate computed on one-half of their current salary. Accrued liabilities for compensated absences are reported in the financial statements as described in Note 5.

Note 9 - Defined Benefit Pension Plans - Statewide

Public Employees Retirement Association

A) Plan Description

Full-time and certain part-time employees of the Park and Recreation Board hired after June 30, 1978, are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota. The Public Employees Retirement Association administers the General Employees Retirement Fund and the Public Employees Police and Fire Fund, which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes Chapters 353 and 356.

Police officers are covered by the Public Employees Police and Fire Fund. All other full-time and certain part-time employees covered by the defined benefit pension plans administered by the Public Employees Retirement Association are members of the General Employees Retirement Fund. General Employees Retirement Fund members of the Park and Recreation Board belong to the Coordinated Plan and are covered by Social Security. All new members' benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010).

All police officers who qualify for membership by statute are covered by the Public Employee Police and Fire Fund. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after 10 years. Members eligible for membership before July 1, 2010, are fully vested after three years of service.

Note 9 - Defined Benefit Pension Plans - Statewide
Public Employees Retirement Association

A) Plan Description (Continued)

Public Employees Retirement Association provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute. The defined retirement benefits are based on a member's highest average salary for five highest paid consecutive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for the General Employees Retirement Fund Coordinated members. The retiring member receives 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 Coordinated member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 1.7% for Coordinated members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0% for each year of service.

For all Public Employees Police and Fire Fund and General Employees Retirement Fund members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

Public Employees Retirement Association issues a publicly available financial report that includes financial statements and required supplementary information for General Employees Retirement Fund and the Public Employees Police and Fire Fund. That report may be obtained on the Internet at www.mnpera.org, by writing to Public Employees Retirement Association at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

B) Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minnesota Statutes Chapter 353. These statutes are established and amended by the state legislature. The Park and Recreation Board makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Coordinated Plan members are required to contribute 6.25% of their annual covered salary in 2011. Public Employees Police and Fire Fund members are required to contribute 9.6%.

The Park and Recreation Board is required to contribute the following percentages of annual covered payroll:

| | |
|---------------------------------------|--------|
| General Employees Retirement Fund | |
| Coordinated Plan members | 7.25% |
| Public Employees Police and Fire Fund | 14.40% |

The Park and Recreation Board's contribution for the years ending December 31, 2011, 2010, and 2009 for the General Employees Retirement Fund and the Public Employees Police and Fire Fund were:

| | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|--|-------------|-------------|-------------|
| General Employees Retirement Fund | \$1,954,079 | \$1,794,414 | \$1,729,979 |
| Public Employees Police and Fire Fund | \$ 417,906 | \$ 387,005 | \$ 401,051 |

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

Note 10-Defined Benefit Pension Plan - Multiple Employer
Minneapolis Employees Retirement Fund

A) Plan Description

All full-time Park and Recreation Board employees hired on or before June 30, 1978, other than police officers, are covered by the Minneapolis Employees Retirement Fund (MERF), a defined benefit pension plan, which is a cost-sharing, multiple-employer retirement plan. This plan is administered in accordance with Minnesota Statutes Chapter 422A.

Note 10-Defined Benefit Pension Plan - Multiple Employer

Minneapolis Employees Retirement Fund

The Minneapolis Employees Retirement Fund pension plan provides pension benefits, deferred annuity, and death and disability benefits as set by State Statute. Members are eligible for service retirement either:

A) Plan Description (Continued)

- (1) With 30 or more years of service at any age; or
- (2) At age 60 with three or more years of service; or
- (3) At age 65 with one year of service; or
- (4) With 20 or more years of service at age 55 under the Two Dollar Bill method of retirement (money purchase plan), if a MERF member prior to June 28, 1973.

The MERF provides a number of retirement options from which the member may choose. The maximum benefit one may receive is a retirement allowance payable throughout life. Participants may receive lesser retirement allowances if they choose payments for a guaranteed number of years, request a certain percent or dollar amount of their retirement allowances to go to a beneficiary or if they choose to provide for a certain amount to be paid out upon death. The benefit amount for all options, except the money purchase plan, is calculated based on the average of the highest five years salary within the last ten years of employment and years of creditable service at the date of retirement. The member will receive a benefit amount equal to 2% of that average salary for each of the first ten years of service, and 2.5% of that salary for each year over ten years of service.

A monthly retirement benefit is available to employees who have under three years of service in MERF, but only when these years, combined with service in other Minnesota statewide retirement systems, total three or more years. A monthly retirement benefit is also available to employees who have less than three years of combined allowable service in any of the qualifying funds, provided the employee works until age 65.

Employees who leave public service before retirement and before age 60 may receive a refund of all personal contributions, with interest, except for the survivor benefit contribution, which is the equivalent of a non-refundable term insurance premium. Employees who leave public service after age 60 may not withdraw personal contributions with interest unless they have worked under three years and do not qualify for monthly retirement benefits.

Pension provisions include death benefits for a beneficiary or surviving spouse and disability benefits for a disabled employee, as defined by the fund.

B) Funding Policy

Minnesota Statutes Chapter 422A sets the rates for employer and employee contribution. These statutes are established and amended by the state legislature. Employees contribute 9.25% of salary into the Deposit Accumulation Reserve and .50% of salary (subject to annual adjustment) into the Survivor Benefits Reserve. The Park and Recreation Board is required to contribute any excess of normal cost contributions of 10.09% of salary. The unfunded actuarial liability is funded partially by payments each year of 2.68% of salary plus \$3,900,000 from all employers. MERF has a target date of June 30, 2020 to fully amortize the unfunded liability. The Park and Recreation Board levies taxes to finance the employer’s share of pension costs for the General Fund.

The Park and Recreation Board’s contributions for the years ended December 31, 2009, 2010 and 2011, for the Minneapolis Employees Retirement Fund were:

| | |
|------|-----------|
| 2009 | \$324,487 |
| 2010 | \$369,050 |
| 2011 | \$499,801 |

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

On June 30, 2010, MERF was consolidated under Public Employees Retirement Association (PERA). Legislation extended the full funding date to 2031 and set a minimum annual payment from the employers of \$27 million and maximum annual payment of \$34 million.

PERA includes more information about MERF in its publicly available report which can be obtained at the address included in Note 9(A).

Note 11-Defined Benefit Pension Plan - Single Employer

Minneapolis Police Relief Association

A) Plan Description

Police Officers of the Park and Recreation Board hired prior to June 15, 1980 are members of the Minneapolis Police Relief Association (MPRA), and the MPRA is the administrator of a single-employer pension plan. The Minneapolis Police Relief Association was established on August 23, 1905, and it operates under Minnesota Statutes, sections 423B.01-18 and 69.80.

Each member who is at least 50 years of age and has five years of service with the Park and Recreation Board Police Department is eligible to receive a service pension, monthly, for the remainder of the member’s life. All benefits are based on a plan of a number of units. A unit is 1/80th of the maximum current monthly salary of a first grade patrol officer. Pensions are based on current Minneapolis Police Department payroll and are fully escalated for all persons receiving a pension benefit.

Note 11-Defined Benefit Pension Plan - Single Employer

Minneapolis Police Relief Association (Continued)

A member is entitled to disability benefits in conformity with the provisions applicable to the association and the circumstances of the disability, not to exceed 34 units. Death benefits for a beneficiary or surviving spouse are also available.

On December 31, 2011, the MPRA was consolidated under PERA.

B) Funding Policy

Authority for contributions to the Minneapolis Police Relief Association pension plan is established by Minnesota Statutes, section 69.77 and may be amended only by the Minnesota State Legislature. The Minneapolis Police Relief Association funding policy provides for contributions from the Park and Recreation Board, the State of Minnesota, and active plan members. Park and Recreation Board contributions are actuarially determined and requires full funding of the Minneapolis Police Relief Association's accrued liability by the year 2020. Effective in 2004, the Park and Recreation Board no longer had any current employees in the Minneapolis Police Relief Association. As such, the Park Board contributed \$0 for the fiscal year ended December 31, 2010. Current funding toward the unfunded liability of the Minneapolis Police Relief Association consists of an annual tax levy by the City of Minneapolis. The State of Minnesota also contributes annually the 2% peace officers' state aid to the Minneapolis Police Relief Association.

The City of Minneapolis' annual pension cost for the fiscal year ended December 31, 2010, and related information is as follows (amounts are expressed in thousands):

| | <u>Minneapolis Police Relief Association</u> |
|-------------------------------|--|
| Contributions Made | \$15,212 |
| Actuarial valuation date | 12/31/10 |
| Actuarial cost method | Entry Age Normal Cost |
| Amortization method | Level Percentage of Payroll |
| Remaining amortization period | 15 years, closed |
| Asset valuation method | Book value plus the average unrealized gain for the last three years minus excess investment income as defined by state law. |
| Actuarial assumptions: | |
| Investment rate of return | 6% per annum |
| Projected salary increases | 4% per annum |
| Inflation | None Assumed |
| Cost-of-living adjustments | None Assumed |

Three-Year Trend Information:

| Year | Annual Pension Cost (APC) | Percentage of APC Contributed (%) | Net Pension Obligation |
|------|---------------------------|-----------------------------------|------------------------|
| 2008 | \$ 5,811 | 100 | - |
| 2009 | \$ 6,295 | 100 | - |
| 2010 | \$15,212 | 100 | - |

There have been no significant changes to plan provisions and actuarial methods and assumptions in the last ten years.

Schedule of Funding Progress:

| Actuarial Valuation Date | Actuarial Value Of Plan Assets (a) | Actuarial Accrued Liability (AAL) -- Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (%) (a/b) | Annual Covered Payroll (Previous Fiscal Year) (c) | UAAL as a Percentage of Covered Payroll (%) ((b-a)/c) |
|--------------------------|------------------------------------|--|-----------------------------|------------------------|---|---|
| 2008 | \$324,723 | \$441,799 | \$117,076 | 73.5 | \$1,249 | 9373.6 |
| 2009 | \$277,847 | \$415,484 | \$137,637 | 66.9 | \$ 923 | 14911.9 |
| 2010 | \$254,934 | \$406,256 | \$151,323 | 62.8 | \$ 685 | 22090.8 |

Note 12-Post Employment Healthcare Plan

A) Plan Description

The Park and Recreation Board participates in the post employment 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 Chapt. 471.61, subd. 2b. It is the City's policy to periodically review its medical and dental

Note 12-Post Employment Healthcare Plan (Continued)

B) Funding Policy

coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees.

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 2011, the Park and Recreation Board contributed \$475,779 to the plan. As of January 1, 2011, there were approximately 619 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 of the Park and Recreation Board (ARC), 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 | \$ 1,142,370 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | - |
| Annual OPEB cost (expense) | <u>1,142,370</u> |
| Contributions made | <u>475,779</u> |
| Increase in net OPEB obligation | 666,591 |
| Net OPEB obligation – beginning of year | 1,661,386 |
| Net OPEB obligation – end of year | <u><u>\$ 2,327,977</u></u> |

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 2011 was as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|--------------------------|-------------------------|---|----------------------------|
| 12/31/2011 | \$1,142,370 | 41.6% | \$2,327,977 |
| 12/31/2010 | \$ 970,709 | 54.6% | \$1,661,386 |
| 12/31/2009 | \$ 973,666 | 51.0% | \$1,220,983 |

D) Funded Status and Funding Progress

As of January 1, 2011, 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 \$11,597,682 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 11,597,682. The covered payroll (annual payroll of active employees covered by the plan) was \$34,178,934, and the ratio of the UAAL to the covered payroll was 33.9 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.

E) Actuarial Methods and Assumptions

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.

Note 12-Post Employment Healthcare Plan (Continued)

E) Actuarial Methods and Assumptions

In the January 1, 2011, actuarial valuation date, the entry age normal cost method was used. The actuarial assumptions included a 3.0% discount rate, which is based on the investment yield expected to finance benefits depending on whether the plan is funded in a separate trust (about 7% to 8.5%, long-term, similar to a pension plan) or unfunded (3.0% to 5%, shorter term, based on the Park and Recreation Board’s general assets). 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 9 percent initially, reduced incrementally to an ultimate rate of 5 percent after 8 years. Both rates included a 3 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization period is 30 years, as of January 1, 2011.

Note 13-Stewardship, Compliance, and Accountability

A) Deficit Fund Equity

The Park Permanent Improvement Fund had a deficit Fund Balance as of December 31, 2011. The deficit is primarily due to the timing of capital reimbursements from Metropolitan Council and Mississippi Watershed Management Organization grants. The Park and Recreation Board intends to improve the fund position in 2012 through grant reimbursements and other funding sources.

Note 14-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.

All funds of the Park and Recreation Board participate in the 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. 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, 2011 is \$3,068,359 and is based on actuarial estimates dated December 31, 2011. The general liability claims liability for fiscal year ended December 31, 2011 is \$1,247,885 and is based on actuarial estimates dated December 31, 2011.

Changes in the claims liability for the two years ended December 31, 2011 and December 31, 2010 are as follows:

| | <u>Workers' Compensation</u> | | <u>General Liability</u> | |
|--|------------------------------|--------------------|--------------------------|--------------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| Liability Balance, January 1 | \$4,983,259 | \$4,829,600 | \$1,087,853 | \$1,143,375 |
| Current Year Claims and Changes in Estimates | (245,595) | 1,577,658 | 249,312 | 29,653 |
| Claim Payments | <u>(1,669,305)</u> | <u>(1,423,999)</u> | <u>(89,280)</u> | <u>(85,175)</u> |
| Liability Balance, December 31 | <u>\$3,068,359</u> | <u>\$4,983,259</u> | <u>\$1,247,885</u> | <u>\$1,087,853</u> |

Note 14-Risk Management (Continued)

Changes in Net Assets – By Major Risk Program for the year ended December 31, 2011, follows:

| | <u>Workers'</u> <u>Compensation</u> | <u>General</u> <u>Liability</u> | <u>Total</u> |
|---|--|------------------------------------|--------------------|
| Beginning Balance, January 1 | \$ 878,369 | \$ 295,146 | \$ 1,173,515 |
| Revenues | 1,932,395 | 381,013 | 2,313,408 |
| Expenses | (1,771,924) | (200,151) | (1,972,075) |
| Other Expenses | | | |
| Increase in General Liability Claims Payable | - | (160,032) | (160,032) |
| Decrease in Workers Compensation Claims Payable | 1,914,899 | - | 1,914,899 |
| Decrease in Prepaid | - | (107,659) | (107,659) |
| Increase in Compensated Absences Payable | - | (4,038) | (4,038) |
| Ending Balance, December 31 | <u>\$2,953,739</u> | <u>\$ 204,279</u> | <u>\$3,158,018</u> |

Note 15-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, 2011 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, 2011 is \$125,000

Note 16-Joint Ventures

A) Minneapolis Neighborhood Revitalization Policy Board

The Minneapolis Neighborhood Revitalization Policy 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 Policy Board consists of 20 individuals and includes public officials, neighborhood representatives, and community interest organizations. The Policy Board was created for the purpose of providing overall policy direction and governance of the Minneapolis Neighborhood Revitalization Program, to provide a forum for the coordination of private, public and intergovernmental efforts in the implementation of neighborhood action plans, and to insure and promote neighborhood participation and cooperation of governmental units and agencies. The powers exercised by the Board include reviewing, modifying where appropriate after receiving neighborhood response, and approving in whole or in part Neighborhood Action Plans. The Minneapolis Park and Recreation Board provides matching funds for projects funded through the Minneapolis Neighborhood Revitalization Program. For fiscal year 2011 these funds consisted of various types of funding including General Obligation Bonds and Private Donations.

The Neighborhood Revitalization Program was governed by a Joint Powers Agreement that expired December 31, 2011. After that date, the Program will be run by the City of Minneapolis. After December 31, financial management of the Neighborhood Revitalization Program will no longer be the responsibility of the current Neighborhood Revitalization Program Policy Board.

B) 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 2011 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.

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



MINNEAPOLIS PARK AND RECREATION BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PARK AND RECREATION GENERAL FUND
For the Year Ended December 31, 2011

| REVENUES | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|--------------------|-------------------|-------------------|------------------|
| Taxes: | | | | |
| General Property Tax - | | | | |
| Current and Delinquent | \$ 40,528,732 | \$ 40,528,732 | \$ 40,775,796 | \$ 247,064 |
| Property Tax Increment | - | - | 123,023 | 123,023 |
| Fiscal Disparities | 5,743,734 | 5,743,734 | 5,743,734 | - |
| Other Taxes | 3,000 | 3,000 | 3,931 | 931 |
| Total Taxes | 46,275,466 | 46,275,466 | 46,646,484 | 371,018 |
| Intergovernmental Revenues: | | | | |
| Federal Grants | | | | |
| Federal Emergency Management Agency | - | 366,203 | 863,474 | 497,271 |
| State Grants - | | | | |
| Local Government Aid | 7,570,039 | 7,570,039 | 7,571,635 | 1,596 |
| Payments in Lieu of Taxes/Rent | - | - | 46,709 | 46,709 |
| Other Aid | 120,000 | 120,000 | 122,651 | 2,651 |
| Dept. of Natural Resources | - | - | 109,545 | 109,545 |
| Dept. of Emp. and Econ. Dev. - Teen Employment Program | 200,000 | 200,000 | 126,352 | (73,648) |
| Dept. of Public Safety - Post Brd Training Reimb. | 15,000 | 15,000 | - | (15,000) |
| Other Local Governments - | | | | |
| City of Minneapolis - Public Works | 190,000 | 190,000 | 191,158 | 1,158 |
| City of Minneapolis - Employment and Training Program | 533,315 | 586,894 | 502,554 | (84,340) |
| City of Minneapolis - Employees Retirement Fund | 300,000 | 300,000 | 75,407 | (224,593) |
| Metropolitan Council - Operations & Maintenance | 100,900 | 622,948 | 674,979 | 52,031 |
| Total Intergovernmental Revenues | 9,029,254 | 9,971,084 | 10,284,464 | 313,380 |
| Charges For Services and Sales: | | | | |
| Rents and Commissions | 615,879 | 615,879 | 551,155 | (64,724) |
| Overhead | 225,000 | 225,000 | 225,000 | - |
| Park Board Services | 965,580 | 789,077 | 593,142 | (195,935) |
| Other Services Provided | 388,000 | 388,000 | 311,619 | (76,381) |
| Total Charges For Services and Sales | 2,194,459 | 2,017,956 | 1,680,916 | (337,040) |
| Licenses and Permits | 364,000 | 374,300 | 208,457 | (165,843) |
| Fines and Forfeits | | | | |
| Fines | 557,500 | 557,500 | 181,942 | (375,558) |
| Forfeits | 1,500 | 1,500 | 301,593 | 300,093 |
| Total Fines and Forfeits | 559,000 | 559,000 | 483,535 | (75,465) |
| Miscellaneous Revenues: | | | | |
| Contributions and Donations | 230,000 | 392,000 | 343,641 | (48,359) |
| Damage Claims | 5,000 | 5,000 | 1,122 | (3,878) |
| Sale of Scrap/Waste Materials | 60,000 | 60,000 | 107,729 | 47,729 |
| Other | 51,000 | 51,000 | 52,109 | 1,109 |
| Total Miscellaneous Revenues | 346,000 | 508,000 | 504,601 | (3,399) |
| Total Revenues | 58,768,179 | 59,705,806 | 59,808,457 | 102,651 |

MINNEAPOLIS PARK AND RECREATION BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PARK AND RECREATION GENERAL FUND
For the Year Ended December 31, 2011

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|---------------------|---------------------|---------------------|---------------------|
| EXPENDITURES | | | | |
| Culture and Recreation - | | | | |
| Operations Services | 36,889,053 | 36,457,453 | 36,385,203 | 72,250 |
| Recreation Services | 12,052,772 | 11,870,096 | 10,969,656 | 900,440 |
| Superintendent's Office | 2,020,410 | 2,010,560 | 2,003,461 | 7,099 |
| Planning Services | 1,602,949 | 1,390,804 | 1,386,953 | 3,851 |
| Administrative Services | 1,254,443 | 1,245,663 | 1,261,889 | (16,226) |
| City Management Fee & Workers' Compensation | 1,485,664 | 1,646,328 | 1,651,699 | (5,371) |
| Storm Damage | - | 477,014 | 976,314 | (499,300) |
| Total Culture and Recreation | <u>55,305,291</u> | <u>55,097,918</u> | <u>54,635,175</u> | <u>462,743</u> |
| Excess of Revenues Over (Under) Expenditures | <u>3,462,888</u> | <u>4,607,888</u> | <u>5,173,282</u> | <u>565,394</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer From Park Enterprise Fund | 295,000 | 295,000 | 295,000 | - |
| Transfer From Park Special Revenue Fund | - | - | 1,000 | 1,000 |
| Transfer To Permanent Improvement Fund | (3,757,888) | (4,902,888) | (4,392,001) | 510,887 |
| Transfer To Park Special Revenue Fund | - | - | (28,623) | (28,623) |
| Sale of Land and Buildings | - | - | 163,211 | 163,211 |
| Total Other Financing Sources (Uses) | <u>(3,462,888)</u> | <u>(4,607,888)</u> | <u>(3,961,413)</u> | <u>646,475</u> |
| Net Change in Fund Balance | - | - | 1,211,869 | 1,211,869 |
| Fund Balance - January 1 Restated (Note 2I) | 4,317,157 | 4,317,157 | 4,317,157 | - |
| Fund Balance - December 31 | <u>\$ 4,317,157</u> | <u>\$ 4,317,157</u> | <u>\$ 5,529,026</u> | <u>\$ 1,211,869</u> |

MINNEAPOLIS PARK AND RECREATION BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
MUSEUM COUNTY-WIDE LEVY SPECIAL REVENUE FUND
For the Year Ended December 31, 2011

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> |
|-----------------------------------|----------------------------|-------------------------|-------------------|------------------|
| REVENUES | | | | |
| Taxes (County-Wide Levy): | | | | |
| General Property Tax - | | | | |
| Current and Delinquent | \$ 11,738,497 | \$ 11,738,497 | \$10,444,558 | \$ (1,293,939) |
| Fiscal Disparities | - | - | 1,180,792 | 1,180,792 |
| Total Taxes | <u>11,738,497</u> | <u>11,738,497</u> | <u>11,625,350</u> | <u>(113,147)</u> |
| Intergovernmental Revenues: | | | | |
| State Grants - | | | | |
| Disaster Credit | - | - | 3,493 | 3,493 |
| Miscellaneous Revenues: | | | | |
| Rents | - | - | 5,699 | 5,699 |
| Total Revenues | <u>11,738,497</u> | <u>11,738,497</u> | <u>11,634,542</u> | <u>(103,955)</u> |
| EXPENDITURES | | | | |
| Culture and Recreation - | | | | |
| Maintenance and Repairs | <u>11,738,497</u> | <u>11,738,497</u> | <u>11,634,542</u> | <u>103,955</u> |
| Net Change in Fund Balance | - | - | - | - |
| Fund Balance - January 1 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance - December 31 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

MINNEAPOLIS PARK AND RECREATION BOARD
STATEMENT 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, 2011

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> |
|---|----------------------------|-------------------------|---------------------|---------------------|
| REVENUES | | | | |
| State Government | | | | |
| Environmental Grant | \$ 12,000 | \$ 12,000 | \$ 38,373 | \$ 26,373 |
| Other Local Governments | | | | |
| Metropolitan Council | <u>1,125,000</u> | <u>1,125,000</u> | <u>1,299,381</u> | <u>174,381</u> |
| Total Intergovernmental | <u>1,137,000</u> | <u>1,137,000</u> | <u>1,337,754</u> | <u>200,754</u> |
| Charges For Services and Sales | <u>21,600</u> | <u>21,600</u> | <u>170,165</u> | <u>148,565</u> |
| Fines and Forfeits | <u>6,000</u> | <u>6,000</u> | <u>3,349</u> | <u>(2,651)</u> |
| Miscellaneous | | | | |
| Contributions and Donations | - | - | 109,313 | 109,313 |
| Damage Claims | - | - | 20,044 | 20,044 |
| Revenue From Trusts | 3,000 | 3,000 | 10,002 | 7,002 |
| Other Miscellaneous Revenues | - | - | 11,997 | 11,997 |
| Total Miscellaneous | <u>3,000</u> | <u>3,000</u> | <u>151,356</u> | <u>148,356</u> |
| Total Revenues | <u>1,167,600</u> | <u>1,167,600</u> | <u>1,662,624</u> | <u>495,024</u> |
| EXPENDITURES | | | | |
| Culture and Recreation - | | | | |
| Special Dedicated Revenue Outlay | 30,600 | 30,600 | 172,744 | (142,144) |
| Capital Outlay | <u>37,000</u> | <u>37,000</u> | <u>115,571</u> | <u>(78,571)</u> |
| Total Expenditures | <u>67,600</u> | <u>67,600</u> | <u>288,315</u> | <u>(220,715)</u> |
| Excess of Revenues Over (Under) Expenditures | <u>1,100,000</u> | <u>1,100,000</u> | <u>1,374,309</u> | <u>274,309</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer From Park General Fund | - | - | 28,623 | 28,623 |
| Transfer From Park Permanent Improvement Fund | - | - | 315,500 | 315,500 |
| Transfer To Park General Fund | (1,100,000) | (1,100,000) | (1,000) | 1,099,000 |
| Transfer To Park Permanent Improvement Fund | - | - | (639,862) | (639,862) |
| Total Other Financing Sources (Uses) | <u>(1,100,000)</u> | <u>(1,100,000)</u> | <u>(296,739)</u> | <u>803,261</u> |
| Net Change in Fund Balance | - | - | 1,077,570 | 1,077,570 |
| Fund Balance - January 1 | <u>4,815,221</u> | <u>4,815,221</u> | <u>4,815,221</u> | <u>-</u> |
| Fund Balance - December 31 | <u>\$ 4,815,221</u> | <u>\$ 4,815,221</u> | <u>\$ 5,892,791</u> | <u>\$ 1,077,570</u> |

MINNEAPOLIS PARK AND RECREATION BOARD
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2011

Note 1 - Budgetary Data

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and 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 | \$ 59,063,179 | \$ 937,626 | \$ 60,000,806 |
| Special Revenue Funds | 12,906,097 | - | 12,906,097 |
| Total | \$ 71,969,277 | \$ 937,626 | \$ 72,906,903 |

The following funds had expenditures in excess of budget for the year ending 12/31/2011:

| | Expenditures | Budget | Excess |
|--|--------------|-----------|-------------|
| Park Grant and Dedicated Special Revenue Fund | \$ 288,315 | \$ 67,600 | \$(220,715) |

Note 2 - Post employment Benefits Plan

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) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 1/1/2011 | \$ - | \$11,597,683 | \$11,597,683 | 0.00% | \$34,178,934 | 33.93% |
| 1/1/2010 | \$ - | \$9,961,178 | \$9,961,178 | 0.00% | \$35,453,790 | 28.10% |
| 1/1/2009 | \$ - | \$9,476,714 | \$9,476,714 | 0.00% | \$35,349,671 | 26.80% |
| 1/1/2008 | \$ - | \$9,426,662 | \$9,426,662 | 0.00% | \$35,687,712 | 26.40% |
| 1/1/2007 | \$ - | \$9,434,701 | \$9,434,701 | 0.00% | \$36,851,875 | 25.60% |

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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.

Capital Projects Funds

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 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, 2011

| | Minneapolis Parks Special Revenue Fund | Park Acquisition and Improvement Capital Projects Fund | Total Other Governmental Funds |
|--|---|--|---|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 20,249 | \$ 671,438 | \$ 691,687 |
| Receivables - | | | |
| Accounts - Net | - | 280,605 | 280,605 |
| Accrued Interest | 23 | - | 23 |
| Total Assets | <u>\$ 20,272</u> | <u>\$ 952,043</u> | <u>\$ 972,315</u> |
| | | | |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities : | | | |
| Payables - | | | |
| Accounts | \$ - | \$ 1,550 | \$ 1,550 |
| Deferred Interest Revenue | 8 | - | 8 |
| Total Liabilities | <u>8</u> | <u>1,550</u> | <u>1,558</u> |
| | | | |
| Fund Balances: | | | |
| Restricted for | | | |
| Projects and Grant Programs | 8,148 | - | 8,148 |
| Assigned to: | | | |
| Capital Improvements | - | 74,763 | 74,763 |
| Special Trust | 12,116 | - | 12,116 |
| Forestry and Tree Disease | - | 875,730 | 875,730 |
| Total Fund Balances | <u>20,264</u> | <u>950,493</u> | <u>970,757</u> |
| | | | |
| Total Liabilities and Fund Balances | <u>\$ 20,272</u> | <u>\$ 952,043</u> | <u>\$ 972,315</u> |

MINNEAPOLIS PARK AND RECREATION BOARD
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
Year Ended December 31, 2011

| | Minneapolis Parks Special Revenue Fund | Park Acquisition and Improvement Capital Projects Fund | Total Other Governmental Funds |
|---|---|--|---|
| REVENUES | | | |
| Intergovernmental | \$ - | \$ 280,605 | \$ 280,605 |
| Contributions | 5,000 | - | 5,000 |
| Special Assessments | - | 70,317 | 70,317 |
| Total Revenues | <u>5,000</u> | <u>350,922</u> | <u>355,922</u> |
| EXPENDITURES | | | |
| Capital Outlay | - | 283,656 | 283,656 |
| Miscellaneous | 3,996 | - | 3,996 |
| Total Expenditures | <u>3,996</u> | <u>283,656</u> | <u>287,652</u> |
| Excess of Revenues Over (Under) Expenditures | <u>1,004</u> | <u>67,266</u> | <u>68,270</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out- | | | |
| Other Funds | (4,838) | - | (4,838) |
| Sale of Land and Buildings | 19,653 | - | 19,653 |
| Total Other Financing Sources(Uses) | <u>14,815</u> | <u>-</u> | <u>14,815</u> |
| Net Change in Fund Balance | 15,819 | 67,266 | 83,085 |
| FUND BALANCE - JANUARY 1 | <u>4,445</u> | <u>883,227</u> | <u>887,672</u> |
| FUND BALANCE - DECEMBER 31 | <u>\$ 20,264</u> | <u>\$ 950,493</u> | <u>\$ 970,757</u> |

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CAPITAL PROJECTS FUNDS

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 DESIGNATED
FOR SPECIFIC CAPITAL PROJECTS
PARK ACQUISITION AND IMPROVEMENT
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2011**

| | <u>Authorizations</u> | <u>Expenditures</u> | <u>Balance</u> |
|--------------------------|----------------------------|--------------------------|--------------------------|
| Tree Removal | \$ 1,159,386 | \$ 283,656 | \$ 875,730 |
| Sidewalk/Street Lighting | 74,763 | - | 74,763 |
| | <hr/> | <hr/> | <hr/> |
| Totals | <u><u>\$ 1,234,149</u></u> | <u><u>\$ 283,656</u></u> | <u><u>\$ 950,493</u></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.

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**MINNEAPOLIS PARK AND RECREATION BOARD
SCHEDULE OF CHANGES IN NET ASSETS
RESERVED FOR RENEWAL AND REPLACEMENT
PARK OPERATING ENTERPRISE FUND
For the Year Ended December 31, 2011**

| | Reserve For Repair & Replacement | Recreation Programs | Total |
|---|---|--------------------------------|---------------------|
| OPERATING INCOME (LOSS) | \$ 855,271 | \$ (288,630) | \$ 566,641 |
| ADDITIONS: | | | |
| Depreciation | 677,671 | - | 677,671 |
| Non-Operating Revenues: | | | |
| United States Department of Health & Human Services | - | 48,792 | 48,792 |
| United States Department of Justice-Gang Prevention Grant | - | 169,884 | 169,884 |
| Minnesota Department of Health & Human Service | - | 9,944 | 9,944 |
| City of Minneapolis - Youth Coordinating Board | - | 50,000 | 50,000 |
| Contributions | 127,033 | 271,788 | 398,821 |
| Other Non-Operating Revenues | - | 57,780 | 57,780 |
| DEDUCTIONS: | | | |
| Purchase of Capital Assets - Capitalized | (150,441) | - | (150,441) |
| Purchase of Capital Assets - Not Capitalized | (416,312) | - | (416,312) |
| Other Non-Cash Items: | | | |
| Increase (Decrease) in Compensated Absences and Post Employment Benefits | 106,194 | 1,181 | 107,375 |
| Non-Operating Expenses: | | | |
| Note Principal and Interest Payment | (67,799) | - | (67,799) |
| Transfers To Other Funds | (689,500) | - | (689,500) |
| Debt Service Payment | (662,525) | - | (662,525) |
| TOTAL INCREASE (DECREASE) | (220,408) | 320,739 | 100,331 |
| BALANCE - JANUARY 1 Restated, (Note 2I) | (503,426) | 1,701,782 | 1,198,356 |
| BALANCE - DECEMBER 31 | <u>\$ (723,834)</u> | <u>\$ 2,022,521</u> | <u>\$ 1,298,687</u> |

MINNEAPOLIS PARK AND RECREATION BOARD
SCHEDULE OF OPERATING INCOME - BY PROJECT
PARK OPERATING ENTERPRISE FUND
For the Year Ended December 31, 2011

| | <u>REVENUES</u> | <u>EXPENSES</u> | <u>OPERATING INCOME/(LOSS)</u> |
|---|-----------------------------|-----------------------------|------------------------------------|
| <u>PARK REFECTORIES</u> | | | |
| CALHOUN | \$ 158,921 | \$ 30,666 | \$ 128,255 |
| HARRIET | 72,135 | 37,894 | 34,241 |
| MINNEHAHA | 241,700 | 42,326 | 199,374 |
| NOKOMIS | - | 1,112 | (1,112) |
| PERMITS & VENDING | 1,163,051 | 646,016 | 517,035 |
| COMP ABS & POST EMP BENEFITS ADJ | - | 4,295 | (4,295) |
| TOTAL PARK REFECTORIES | <u>1,635,807</u> | <u>762,309</u> | <u>873,498</u> |
| <u>SPECIAL FACILITIES</u> | | | |
| PARADE COMPLEX | 242,740 | 452,426 | (209,686) |
| PARADE ICE COMPLEX | 790,361 | 836,037 | (45,676) |
| NORTHEAST ICE ARENA | 85,502 | 145,315 | (59,813) |
| COLUMBIA MANOR | 56,541 | 41,653 | 14,888 |
| COMMERCIAL PARKING | 369,676 | 20,828 | 348,848 |
| REGIONAL PARKING LOTS | 592,323 | 232,479 | 359,844 |
| NICOLLET ISLAND | 389,674 | 116,282 | 273,392 |
| NIEMAN/QUILICI/VAN CLEVE | - | 299,243 | (299,243) |
| COMP ABS & POST EMP BENEFITS ADJ | - | 21,905 | (21,905) |
| TOTAL SPECIAL FACILITIES | <u>2,526,817</u> | <u>2,166,168</u> | <u>360,649</u> |
| <u>GOLF COURSES (INCL REFECTORIES)</u> | | | |
| COLUMBIA | 754,636 | 1,121,808 | (367,172) |
| COLUMBIA LEARNING CENTER | 124,491 | 77,508 | 46,983 |
| GROSS | 1,182,189 | 1,162,874 | 19,315 |
| HIAWATHA | 913,600 | 1,074,934 | (161,334) |
| HIAWATHA LEARNING CENTER | 98,871 | 50,532 | 48,339 |
| MEADOWBROOK | 990,999 | 1,036,077 | (45,078) |
| THEODORE WIRTH | 746,894 | 953,480 | (206,586) |
| THEO WIRTH PAR-3 | 110,280 | 107,338 | 2,942 |
| FORT SNELLING | 267,971 | 405,644 | (137,673) |
| COMP ABS & POST EMP BENEFITS ADJ | - | 76,987 | (76,987) |
| TOTAL GOLF COURSES | <u>5,189,931</u> | <u>6,067,182</u> | <u>(877,251)</u> |
| <u>MISCELLANEOUS ACTIVITIES</u> | | | |
| BOATS | 108,516 | 18,182 | 90,334 |
| BIKE RENTALS | 25,413 | - | 25,413 |
| WINTER PROGRAMS | 43,591 | 95,075 | (51,484) |
| JUNIOR GOLF PROGRAMS | 58,511 | 72,425 | (13,914) |
| JIM LUPIENT WATER PARK | 243,092 | - | 243,092 |
| NIEMAN SPORTS COMPLEX | 207,941 | - | 207,941 |
| COMP ABS & POST EMP BENEFITS ADJ | - | 3,007 | (3,007) |
| TOTAL MISCELLANEOUS ACTIVITIES | <u>687,064</u> | <u>188,689</u> | <u>498,375</u> |
| <u>RECREATION PROGRAMS</u> | | | |
| RECREATION | 3,396,229 | 3,684,859 | (288,630) |
| TOTAL | <u>\$ 13,435,848</u> | <u>\$ 12,869,207</u> | |
| NET OPERATING INCOME | | | <u>\$ 566,641</u> |

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, general liability and property insurance.

MINNEAPOLIS PARK AND RECREATION BOARD
COMBINING STATEMENT OF NET ASSETS
ALL INTERNAL SERVICE FUNDS
December 31, 2011

| | Internal Services | Self-Insurance | Total Internal Service Funds |
|---|----------------------|---------------------|------------------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,911,118 | \$ 4,910,890 | \$ 6,822,008 |
| Receivables - | | | |
| Capital Advances | - | 2,588,600 | 2,588,600 |
| Prepaid Expense | - | 179,432 | 179,432 |
| Total Current Assets | 1,911,118 | 7,678,922 | 9,590,040 |
| Non-Current Assets | | | |
| Net Capital Assets | 3,965,544 | - | 3,965,544 |
| Total Assets | \$ 5,876,662 | \$ 7,678,922 | \$ 13,555,584 |
| LIABILITIES AND NET ASSETS | | | |
| Current Liabilities : | | | |
| Payables - | | | |
| Salaries | \$ 40,995 | \$ 2,437 | \$ 43,432 |
| Accounts | 64,373 | 194,209 | 258,582 |
| Due to Other Funds | 20,389 | - | 20,389 |
| Compensated Absences Payable | 122,669 | 8,014 | 130,683 |
| Total Current Liabilities | 248,426 | 204,660 | 453,086 |
| Long-Term Liabilities: | | | |
| Workers' Compensation Claims Pending | - | 3,068,359 | 3,068,359 |
| General Liability Claims Pending | - | 1,247,885 | 1,247,885 |
| Post Employment Benefits Payable | 107,867 | - | 107,867 |
| Total Long-Term Liabilities | 107,867 | 4,316,244 | 4,424,111 |
| Total Liabilities | 356,293 | 4,520,904 | 4,877,197 |
| Net Assets: | | | |
| Invested in Capital Assets, Net of Related Debt | 3,965,544 | - | 3,965,544 |
| Unrestricted | 1,554,825 | 3,158,018 | 4,712,843 |
| Total Net Assets | 5,520,369 | 3,158,018 | 8,678,387 |
| Total Liabilities and Net Assets | \$ 5,876,662 | \$ 7,678,922 | \$ 13,555,584 |

MINNEAPOLIS PARK AND RECREATION BOARD
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
ALL INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2011

| | Internal Services | Self - Insurance | Total Internal Service Funds |
|---|----------------------|---------------------|------------------------------------|
| OPERATING REVENUES | | | |
| Billings to Departments | \$ 5,176,832 | \$ 2,226,771 | \$ 7,403,603 |
| OPERATING EXPENSES | | | |
| Personal Services | 1,514,670 | 103,443 | 1,618,113 |
| Contractual Service | 326,606 | - | 326,606 |
| Materials and Supplies | 1,290,153 | 177,230 | 1,467,383 |
| Depreciation on Acquired Property | 1,403,038 | - | 1,403,038 |
| Benefits | 746,615 | 48,232 | 794,847 |
| Total Operating Expenses | <u>5,281,082</u> | <u>328,905</u> | <u>5,609,987</u> |
| Operating Income (Loss) | <u>(104,250)</u> | <u>1,897,866</u> | <u>1,793,616</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Gain on Disposal of Capital Assets | 41,584 | - | 41,584 |
| Gain on Sale of Scrap | 24,186 | - | 24,186 |
| Loss on Disposal of Capital Assets | (69,556) | - | (69,556) |
| Damages/Losses Recovered | 413 | - | 413 |
| Other Non-Operating Revenues | 36,252 | 86,638 | 122,890 |
| Total Non-Operating Revenues (Expenses) | <u>32,879</u> | <u>86,638</u> | <u>119,517</u> |
| CHANGE IN NET ASSETS | (71,371) | 1,984,504 | 1,913,133 |
| NET ASSETS - JANUARY 1 | 5,591,740 | 1,173,514 | 6,765,254 |
| NET ASSETS - DECEMBER 31 | <u>\$ 5,520,369</u> | <u>\$ 3,158,018</u> | <u>\$ 8,678,387</u> |

MINNEAPOLIS PARK AND RECREATION BOARD
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2011

| | Internal Services | Self - Insurance | Total Internal Service Funds |
|--|----------------------|---------------------|------------------------------------|
| Cash Flows from Operating Activities | | | |
| Cash received from Interfund Services Provided | \$ 5,197,221 | \$ 2,226,771 | \$ 7,423,992 |
| Cash received from Customers | 30 | 191,420 | 191,450 |
| Cash paid to suppliers for goods and services | (1,580,905) | (1,740,499) | (3,321,404) |
| Cash paid to employees for services | (2,230,030) | (146,469) | (2,376,499) |
| Net cash provided by (used in) operating activities | <u>1,386,316</u> | <u>531,223</u> | <u>1,917,539</u> |
| Cash Flows from Non-Capital Financing Activities | | | |
| Other Payments Received | 36,252 | 86,638 | 122,890 |
| Payment for Damages/Losses | 413 | - | 413 |
| Advances (Paid) Repaid | - | 2,760,000 | 2,760,000 |
| Net Cash (Used) Provided by Non-Capital Financing Activities | <u>36,665</u> | <u>2,846,638</u> | <u>2,883,303</u> |
| Cash Flows from Capital Financing Activities | | | |
| Proceeds From Sale of Capital Assets | 82,448 | - | 82,448 |
| Proceeds From Sale of Scrap | 24,186 | - | 24,186 |
| Acquisition of Property Plant and Equipment | (1,528,600) | - | (1,528,600) |
| Net Cash Used for Capital Financing Activities | <u>(1,421,966)</u> | <u>-</u> | <u>(1,421,966)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,015 | 3,377,861 | 3,378,876 |
| Cash and Cash Equivalents - January 1 | 1,910,103 | 1,533,029 | 3,443,132 |
| Cash and Cash Equivalents - December 31 | <u>\$ 1,911,118</u> | <u>\$ 4,910,890</u> | <u>\$ 6,822,008</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities | | | |
| Operating Income (Loss) | \$ (104,250) | \$ 1,897,866 | \$ 1,793,616 |
| Adjustments to Reconcile Operating Income to net Cash Provided by Operating Activities: | | | |
| Depreciation Expense | 1,403,038 | - | 1,403,038 |
| (Increase) Decrease in Accounts Receivable | 30 | 191,420 | 191,450 |
| (Increase) Decrease in Prepaid Expense | - | 107,659 | 107,659 |
| Increase (Decrease) in Salaries Payable | 4,009 | 1,168 | 5,177 |
| Increase (Decrease) in Accounts Payable | 35,854 | 83,939 | 119,793 |
| Increase (Decrease) in Due To Other Funds | 20,389 | - | 20,389 |
| Increase (Decrease) in Workers' Compensation Claims Payable | - | (1,914,899) | (1,914,899) |
| Increase (Decrease) in General Liability Claims Pending | - | 160,032 | 160,032 |
| Increase (Decrease) in Postemployment Benefits Payable | 34,068 | - | 34,068 |
| Increase (Decrease) in Compensated Absences Payable | (6,822) | 4,038 | (2,784) |
| Total Adjustments | <u>1,490,566</u> | <u>(1,366,643)</u> | <u>123,923</u> |
| Net Cash Provided by Operating Activities | <u>\$ 1,386,316</u> | <u>\$ 531,223</u> | <u>\$ 1,917,539</u> |
| Noncash Investing, Capital and Financing activities | | | |
| Loss on Disposal of Capital Assets | (69,556) | - | (69,556) |

MINNEAPOLIS PARK AND RECREATION BOARD
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
ALL INTERNAL SERVICE FUNDS - BY MAJOR PROGRAM
For the Year Ended December 31, 2011

| | <u>Information Technology</u> | <u>Mobile Equipment</u> | <u>Workers Comp. & Liability</u> | <u>Total</u> |
|--|-----------------------------------|-----------------------------|--|---------------------|
| OPERATING REVENUES: | | | | |
| Charges For Services and Sales - | | | | |
| Insurance Premiums | \$ - | \$ - | \$2,226,771 | \$2,226,771 |
| Information Technology Services | 919,672 | - | - | 919,672 |
| Total Charges For Services | <u>919,672</u> | <u>-</u> | <u>2,226,771</u> | <u>3,146,443</u> |
| Rents - | | | | |
| Mobile Equipment | - | 4,257,160 | - | 4,257,160 |
| Total Operating Revenues | <u>919,672</u> | <u>4,257,160</u> | <u>2,226,771</u> | <u>7,403,603</u> |
| OPERATING EXPENSES: | | | | |
| Information Technology Services | 833,511 | - | - | 833,511 |
| Mobile Equipment | - | 4,447,571 | - | 4,447,571 |
| Workers' Compensation | - | - | (142,975) | (142,975) |
| General Liability | - | - | 471,880 | 471,880 |
| Total Operating Expenses | <u>833,511</u> | <u>4,447,571</u> | <u>328,905</u> | <u>5,609,987</u> |
| Operating Income (Loss) | <u>86,161</u> | <u>(190,411)</u> | <u>1,897,866</u> | <u>1,793,616</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Gain on Disposal of Capital Assets | - | 41,584 | - | 41,584 |
| Loss on Disposal of Capital Assets | - | (69,556) | - | (69,556) |
| Sale of Scrap | 463 | 23,723 | - | 24,186 |
| Damage Claims | - | 413 | - | 413 |
| Miscellaneous | - | 36,252 | 86,638 | 122,890 |
| Total Non-Operating Revenues (Expenses) | <u>463</u> | <u>32,416</u> | <u>86,638</u> | <u>119,517</u> |
| Change in Net Assets | 86,624 | (157,995) | 1,984,504 | 1,913,133 |
| Net Assets - January 1 | <u>280,834</u> | <u>5,310,906</u> | <u>1,173,514</u> | <u>6,765,254</u> |
| Net Assets - December 31 | <u>\$ 367,458</u> | <u>\$ 5,152,911</u> | <u>\$ 3,158,018</u> | <u>\$ 8,678,387</u> |

MINNEAPOLIS PARK AND RECREATION BOARD
SCHEDULE OF CHANGES IN NET ASSETS
RESERVED FOR SPECIFIC PURPOSES
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2011

| | <u>Purchase of Capital Assets</u> | <u>Information Technology Systems</u> |
|--|---|---|
| OPERATING INCOME (LOSS) | (\$190,411) | \$86,161 |
| ADDITIONS: | | |
| Depreciation | 1,400,487 | 2,551 |
| Non-Operating Revenues: | | |
| Sale of Equipment | 82,448 | - |
| Sale of Scrap | 23,723 | 463 |
| Damage Claims | 413 | - |
| Other Miscellaneous Revenues | 36,252 | - |
| Increase in Post Employment Benefits | 34,068 | - |
| Decrease in Compensated Absences | (6,822) | - |
| Increase in Liability-Due To Other Funds | 20,389 | - |
| DEDUCTIONS: | | |
| Purchase of Mobile Equipment | (1,528,600) | - |
| TOTAL INCREASE (DECREASE) | (128,053) | 89,175 |
| BALANCE - JANUARY 1 | <u>1,082,910</u> | <u>352,315</u> |
| BALANCE - DECEMBER 31 | <u>\$954,857</u> | <u>\$441,490</u> |

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Schedule of Expenditures of Federal Awards

The Schedule of Expenditure 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, 2011**

| Federal Grantor Pass-Through Agency Grant Program Title | Federal CFDA Number | Expenditures |
|---|------------------------------------|-----------------------------------|
| U.S. Department of Justice | | |
| Direct | | |
| Juvenile Mentoring Program | 16.726 | \$ 141,714 |
| Passed Through City of Minneapolis Health and Family Support | | |
| Youth Gang Prevention | 16.544 | <u>37,530</u> |
| Total U.S. Department of Justice | | <u>\$ 179,244</u> |
| U.S. Department of Transportation | | |
| Passed Through Minnesota Department of Transportation | | |
| Highway Planning and Construction Cluster | | |
| Highway Planning and Construction | 20.205 | \$ 27,918 |
| Highway Planning and Construction - ARRA | 20.205 | <u>59,884</u> |
| Total U.S. Department of Transportation | | <u>\$ 87,802</u> |
| U.S. Environmental Protection Agency | | |
| Passed Through Hennepin County | | |
| Brownfields Assessment and Cleanup Cooperative Agreements - ARRA | 66.818 | <u>\$ 819,197</u> |
| U.S. Department of Energy | | |
| Passed Through City of Minneapolis | | |
| Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA | 81.128 | <u>\$ 67,752</u> |
| U.S. Department of Health and Human Services | | |
| Passed Through City of Minneapolis Health and Family Support | | |
| Prevention and Wellness - Communities Putting Prevention to Work | | |
| Funding Opportunities Announcement (FOA) - ARRA | 93.724 | <u>\$ 48,792</u> |
| U.S. Department of Homeland Security | | |
| Passed Through Minnesota Department of Public Safety - Division of Homeland Security and Emergency Management | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | <u>\$ 863,474</u> |
| Total Federal Awards | | <u><u>\$ 2,066,261</u></u> |

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, 2011**

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 discrete 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, 2011. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 assets, 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 the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

4. Clusters
Clusters of programs are groupings of closely related programs that share common compliance requirements. Total expenditures by cluster were:

| | |
|---|------------------|
| Highway Planning and Construction Cluster | <u>\$ 87,802</u> |
|---|------------------|

5. Subrecipients
The Park Board did not pass any federal money to subrecipients during the year ended December 31, 2011.

6. American Recovery and Reinvestment Act
The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.

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STATISTICAL SECTION



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

Last Ten Fiscal Years December 31, 2011

| Fiscal Year | Culture and Recreation | Park Enterprise | Total |
|-------------|---------------------------|--------------------|---------------|
| 2002 | \$ 61,897,639 | \$ 11,662,023 | \$ 73,559,662 |
| 2003 | 67,570,967 | 12,101,880 | 79,672,847 |
| 2004 | 73,590,980 | 12,067,235 | 85,658,215 |
| 2005 | 72,512,784 | 12,122,276 | 84,635,060 |
| 2006 | 72,780,472 | 12,184,123 | 84,964,595 |
| 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 |

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

Last Ten Fiscal Years

December 31, 2011

| Fiscal Year | Program Revenues | | | General Revenues | | Total |
|-------------|----------------------|----------------------------------|--------------------------------|------------------|-------------------------------------|---------------|
| | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Taxes | Unrestricted Grants & Contributions | |
| 2002 | \$ 14,259,595 | \$ 3,426,800 | \$ 13,725,642 | \$ 38,858,855 | \$ 14,828,338 | \$ 85,099,230 |
| 2003 | 15,720,210 | 2,406,492 | 10,332,367 | 38,222,236 | 13,417,956 | 80,099,261 |
| 2004 | 15,597,126 | 1,816,937 | 8,690,805 | 42,115,988 | 10,592,294 | 78,813,150 |
| 2005 | 16,263,028 | 3,365,741 | 8,484,056 | 43,405,998 | 10,333,684 | 81,852,507 |
| 2006 | 16,507,698 | 3,712,669 | 6,221,178 | 45,406,887 | 11,884,844 | 83,733,276 |
| 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 |

Minneapolis Park and Recreation Board
General Fund Revenues by Source and Expenditures by Function

Last Ten Fiscal Years

December 31, 2011

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenue | | | | | | | | | | |
| Taxes | \$ 27,746,615 | \$ 26,555,421 | \$ 28,543,419 | \$ 34,491,379 | \$ 36,185,368 | \$ 38,535,183 | \$ 40,330,918 | \$ 42,300,317 | \$ 44,358,084 | \$ 46,646,484 |
| Intergovernmental | 12,922,381 | 11,177,184 | 8,450,333 | 12,577,890 | 14,415,082 | 13,589,744 | 11,001,628 | 12,533,827 | 9,345,082 | 10,284,464 |
| Charges for Services | 2,050,728 | 1,819,920 | 1,393,004 | 1,254,454 | 941,836 | 933,902 | 1,001,845 | 1,069,636 | 2,130,780 | 1,680,916 |
| Licenses and Permits | 81,926 | 95,404 | 104,090 | 100,056 | 146,329 | 95,929 | 176,053 | 183,041 | 240,661 | 208,457 |
| Fines and Forfeits | 470,405 | 565,529 | 583,862 | 519,155 | 551,629 | 511,378 | 526,810 | 560,131 | 396,068 | 483,535 |
| Miscellaneous | 236,194 | 440,933 | 463,192 | 832,120 | 768,136 | 657,379 | 1,216,808 | 929,001 | 1,239,596 | 504,601 |
| Total Revenues | \$ 43,508,249 | \$ 40,654,391 | \$ 39,537,900 | \$ 49,775,054 | \$ 53,008,380 | \$ 54,323,515 | \$ 54,254,062 | \$ 57,575,953 | \$ 57,710,271 | \$ 59,808,457 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Culture and Recreation | \$ 39,894,811 | \$ 39,640,047 | \$ 40,688,326 | \$ 54,453,296 | \$ 52,113,937 | \$ 54,737,890 | \$ 54,243,358 | \$ 54,189,728 | \$ 56,014,955 | \$ 54,635,175 |
| Total Expenditures | \$ 39,894,811 | \$ 39,640,047 | \$ 40,688,326 | \$ 54,453,296 | \$ 52,113,937 | \$ 54,737,890 | \$ 54,243,358 | \$ 54,189,728 | \$ 56,014,955 | \$ 54,635,175 |

City of Minneapolis
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2011

| Fiscal Year Ended December 31, | Commercial Property | Apartment Property | Residential Property | Industrial Property | Personal & Other Property | Tax-Exempt Property | Total Taxable Assessed Value ¹ | Total Direct Tax Rate | Estimated Actual Taxable Value ² | Taxable Assessed Value as a % of Actual Taxable Value |
|--------------------------------|---------------------|--------------------|----------------------|---------------------|---------------------------|---------------------|---|-----------------------|---|---|
| 2002 | \$ 4,996,989 | \$ 2,262,704 | \$ 14,445,648 | \$ 1,147,733 | \$ 309,224 | \$ 7,834,331 | \$ 23,162,298 | 8.28 | \$ 26,594,230 | 87% |
| 2003 | 4,895,935 | 2,633,849 | 16,664,348 | 1,314,200 | 363,997 | 8,160,621 | 25,872,329 | 8.78 | 29,315,775 | 88% |
| 2004 | 4,670,904 | 3,005,654 | 19,172,856 | 1,302,065 | 372,891 | 8,739,232 | 28,524,370 | 8.50 | 33,473,533 | 85% |
| 2005 | 4,646,615 | 3,199,757 | 21,504,339 | 1,347,262 | 392,195 | 10,351,037 | 31,090,168 | 8.19 | 35,289,521 | 88% |
| 2006 | 5,282,718 | 3,393,675 | 24,309,842 | 1,392,094 | 413,521 | 8,426,487 | 34,791,850 | 7.75 | 39,067,565 | 89% |
| 2007 | 6,141,186 | 3,341,167 | 25,883,768 | 1,305,858 | 424,587 | 8,465,785 | 37,096,566 | 7.55 | 39,943,095 | 93% |
| 2008 | 6,869,181 | 1,341,775 | 26,571,451 | 3,448,334 | 415,390 | 9,549,066 | 38,646,131 | 7.52 | 43,857,249 | 88% |
| 2009 | 7,295,669 | 1,459,942 | 25,461,784 | 3,499,200 | 401,699 | 9,025,112 | 38,118,294 | 7.68 | 43,473,340 | 88% |
| 2010 | 7,020,347 | 1,474,662 | 24,611,900 | 3,556,811 | 393,785 | 8,777,609 | 37,057,504 | 7.81 | 39,746,514 | 93% |
| 2011 | 6,304,914 | 1,426,447 | 23,533,625 | 3,287,604 | 529,962 | 10,550,339 | 35,082,552 | 9.23 | 41,079,647 | 85% |

Source: Finance Department calculations, using Assessor data

Notes:

¹Total of the first five property types.

²Calculated 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)

**City of Minneapolis
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
December 31, 2011**

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| City Direct Rates | | | | | | | | | | |
| <i>Tax Capacity Based Rates</i> | | | | | | | | | | |
| General | 3.12 | 3.63 | 4.13 | 4.40 | 4.27 | 4.24 | 4.80 | 4.86 | 5.04 | 5.73 |
| Estimate and Taxation | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Building Commission | 0.18 | 0.19 | 0.17 | 0.16 | 0.14 | 0.13 | 0.13 | 0.13 | 0.13 | 0.14 |
| Permanent Improvement | 0.14 | 0.14 | 0.10 | 0.08 | 0.07 | 0.05 | 0.05 | 0.05 | 0.05 | 0.06 |
| Bond Redemption | 1.53 | 1.69 | 1.25 | 0.97 | 0.74 | 0.63 | 0.57 | 0.69 | 0.47 | 0.61 |
| Firefighter's Relief Association | - | - | - | - | 0.05 | 0.10 | 0.11 | 0.06 | 0.04 | 0.16 |
| Police Relief Association | 0.16 | 0.16 | 0.14 | - | 0.08 | 0.12 | 0.11 | 0.09 | 0.35 | 0.51 |
| Minneapolis Employees Retirement Fund | 0.24 | 0.21 | 0.19 | 0.13 | 0.11 | 0.08 | 0.09 | 0.07 | 0.07 | 0.09 |
| Parks | 1.86 | 1.75 | 1.65 | 1.55 | 1.42 | 1.34 | 1.29 | 1.35 | 1.33 | 1.56 |
| Libraries | 0.63 | 0.60 | 0.56 | 0.52 | 0.48 | 0.45 | - | - | - | - |
| Community Development | 0.26 | 0.21 | - | - | - | - | - | - | - | - |
| Public Housing | 0.05 | 0.05 | 0.05 | 0.05 | 0.04 | 0.04 | 0.04 | 0.04 | - | - |
| Teacher's Retirement Association | 0.11 | 0.12 | 0.11 | 0.09 | 0.08 | 0.07 | 0.07 | 0.07 | 0.07 | 0.08 |
| <i>Market Value Based Rates</i> | | | | | | | | | | |
| Library Referendum | - | 0.02 | 0.14 | 0.24 | 0.27 | 0.27 | 0.25 | 0.25 | 0.25 | 0.27 |
| Total City Direct Rates | 8.29 | 8.78 | 8.50 | 8.20 | 7.76 | 7.53 | 7.52 | 7.67 | 7.81 | 9.22 |
| Overlapping Rates | | | | | | | | | | |
| <i>Tax Capacity Based Rates</i> | | | | | | | | | | |
| Watershed Districts | 0.36 | 0.16 | 0.10 | 0.16 | 0.13 | 0.14 | 0.18 | 0.19 | 0.21 | 0.21 |
| Hennepin County | 5.95 | 5.93 | 5.33 | 4.94 | 4.59 | 4.40 | 4.38 | 5.09 | 5.38 | 5.76 |
| Minneapolis Public Schools | 4.39 | 4.40 | 4.17 | 3.39 | 3.23 | 3.06 | 2.78 | 3.15 | 2.57 | 2.95 |
| Other Special Taxing Districts | 0.63 | 0.67 | 0.62 | 0.59 | 0.52 | 0.54 | 0.54 | 0.49 | 0.52 | 0.59 |
| <i>Market Value Based Rates</i> | | | | | | | | | | |
| Minneapolis Public Schools Referendum | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 | 0.02 | 0.02 |
| Total Overlapping Rates | 11.34 | 11.17 | 10.23 | 9.09 | 8.48 | 8.15 | 7.89 | 8.94 | 8.70 | 9.53 |
| Grand Total | 19.63 | 19.95 | 18.73 | 17.29 | 16.24 | 15.68 | 15.41 | 16.61 | 16.51 | 18.75 |

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: Finance Department

**City of Minneapolis
Principal Property Tax Payers
Current Year and Nine Years Ago
(in thousands of dollars)
December 31, 2011**

| Taxpayer | 2011 | | | 2002 | | |
|------------------------------------|------------------------|------|---|------------------------|------|---|
| | 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 | \$ 322,801 | 1 | 1.47% | \$ 287,424 | 1 | 2.78% |
| Target Corporation | 208,932 | 2 | 0.95% | 246,547 | 2 | 2.38% |
| MB Mpls. 8th St LLC | 178,200 | 3 | 0.81% | - | - | - |
| Minneapolis 225 Holdings LLC | 171,700 | 4 | 0.78% | - | - | - |
| NWC Limited Partnership | 165,700 | 5 | 0.75% | 166,900 | 3 | 1.62% |
| City Center Associates | 139,500 | 6 | 0.63% | 156,165 | 4 | 1.51% |
| First Minneapolis - Hines | 137,400 | 7 | 0.62% | 144,400 | 6 | 1.40% |
| Wells Operating Partnership LP | 137,500 | 8 | 0.63% | - | - | - |
| Fifth Street Owner Corp. | 112,300 | 9 | 0.51% | - | - | - |
| Hilton Hotels Corp. | 109,100 | 10 | 0.50% | - | - | - |
| American Express Financial Corp. | - | - | - | - | - | - |
| 601 Second Avenue Ltd. Partnership | - | - | - | 146,000 | 5 | 1.41% |
| Eighth Street | - | - | - | 118,000 | 9 | 1.14% |
| Sixth & Nicollet LLC | - | - | - | 115,682 | 10 | 1.12% |
| Byte Investment Partnership | - | - | - | 138,900 | 7 | 1.35% |
| CPP 800 Nicollet Mall LLC | - | - | - | 132,600 | 8 | 1.28% |
| Total | \$ 1,683,133 | | 7.65% | \$ 1,652,618 | | 15.99% |

Source: Bond Issue Report 10/28/11 and 10/11/02

(UNAUDITED)

Minneapolis Park and Recreation Board
Property Tax Levies and Collections
Last Ten Fiscal Years
December 31, 2011

| <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> |
|--------------------|-----------------------|--------------------------------|----------------------------------|-----------------------------------|------------------------------|---|
| 2002 | 34,796,759 | 34,252,787 | 98.437% | 103,901 | 34,356,688 | 98.735% |
| 2003 | 33,074,759 | 32,596,105 | 98.553% | 130,484 | 32,726,589 | 98.947% |
| 2004 | 34,827,749 | 34,300,502 | 98.486% | 44,975 | 34,345,477 | 98.615% |
| 2005 | 36,418,659 | 35,777,953 | 98.241% | 265,669 | 36,043,622 | 98.970% |
| 2006 | 38,064,605 | 37,359,038 | 98.146% | 295,318 | 37,654,356 | 98.922% |
| 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% |

Source: City Finance Department

City of Minneapolis
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands of dollars, except per capita)
December 31, 2011

| Fiscal Year | Governmental Activities | | | Business-type Activities | | | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|-------------|--------------------------|---------------|---------------|----------------------------------|---------------|---------------|--------------------------|-----------------------------------|----------------|
| | General Obligation Bonds | Revenue Bonds | Notes Payable | General Obligation Bonds & Notes | Revenue Bonds | Notes Payable | | | |
| 2002 | \$ 738,379 | \$ 90,643 | \$ 49,091 | \$ 380,645 | \$ 91,885 | \$ 3,502 | \$ 1,354,145 | 16.78% | \$ 3,538 |
| 2003 | 857,358 | 77,102 | 48,422 | 390,135 | 82,117 | 1,248 | 1,456,382 | 16.32% | 3,810 |
| 2004 | 891,678 | 74,682 | 41,998 | 407,280 | 71,390 | 1,155 | 1,488,183 | 16.99% | 3,892 |
| 2005 | 865,011 | 67,085 | 41,252 | 410,263 | 61,631 | 1,056 | 1,446,298 | 15.36% | 3,730 |
| 2006 | 817,771 | 65,756 | 26,709 | 396,019 | 57,985 | 950 | 1,365,190 | 14.50% | 3,521 |
| 2007 | 777,385 | 56,306 | 22,735 | 368,335 | 63,695 | 837 | 1,289,293 | 12.10% | 3,323 |
| 2008 | 755,946 | 45,647 | 22,291 | 338,188 | 60,730 | 718 | 1,223,520 | 11.48% | 3,153 |
| 2009 | 772,936 | 35,980 | 19,040 | 310,607 | 57,365 | 591 | 1,196,519 | 10.87% | 3,067 |
| 2010 | 673,926 | 26,700 | 15,585 | 308,383 | 95,925 | 455 | 1,120,974 | 12.19% | 2,930 |
| 2011 | 586,500 | 25,990 | 15,276 | 296,857 | 91,985 | 311 | 1,016,919 | 9.32% | 2,658 |

Notes:

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

(1) See Schedule 14 for personal income and population data.

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

City of Minneapolis
Ratios Of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

(in thousands of dollars, except per capita)
 December 31, 2011

| Fiscal Year | Net General Bonded Debt Outstanding | | | | Total | Percentage of Total Taxable Assessed Value of Property (1) | Per Capita (2) |
|-------------|---------------------------------------|--|---------------------------------------|--------------|-------|--|----------------|
| | Governmental General Obligation Bonds | Business-type General Obligation Bonds & Notes | Less Assets Reserved for Debt Service | | | | |
| 2002 | \$ 738,379 | \$ 380,645 | \$ 32,453 | \$ 1,086,571 | 4.69% | \$ 2,839 | |
| 2003 | 857,358 | 390,135 | 34,451 | 1,213,042 | 4.69% | 3,173 | |
| 2004 | 891,678 | 407,280 | 35,753 | 1,263,205 | 4.43% | 3,303 | |
| 2005 | 865,011 | 410,263 | 27,704 | 1,247,570 | 4.01% | 3,218 | |
| 2006 | 817,771 | 396,019 | 30,978 | 1,182,812 | 3.40% | 3,051 | |
| 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 | 2.44% | 2,228 | |

Notes:

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

(1) See Schedule 5 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 14.

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

City of Minneapolis
Direct and Overlapping Governmental Activities Debt
(in thousands of dollars)
December 31, 2011

| Governmental Unit | Net General Obligation Governmental Debt Outstanding (1) | Estimated Percentage Applicable (2) | Estimated Share of Direct and Overlapping Debt |
|---|---|---|---|
| City of Minneapolis - Direct Debt | \$ 335,400 (3) | 100.00% | \$ 335,400 |
| <u>Overlapping Debt:</u> | | | |
| Special School District No. 1 | 206,733 | 100.00% | 206,733 |
| Hennepin County | 723,889 (4) | 25.47% | 184,375 |
| Hennepin County Regional Railroad Authority | 40,128 | 25.47% | 10,221 |
| Metropolitan Council | 142,957 | 11.02% | 15,754 |
| Subtotal, Overlapping Debt | | | \$ 417,083 |
| Total Direct and Overlapping Debt | | | \$ 752,483 |

Notes:

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

(1) This table represents the net governmental debt of the City of Minneapolis and overlapping jurisdictions on a net debt basis. This presentation shows the total property tax supported debt burden of the general taxpayers of the City.

(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) Total excludes \$178,865 of self supporting debt, \$50,975 of special assessment debt and all governmental activity revenue bonds and notes which are not principally paid by the general taxpayer base.

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

Sources:

Minneapolis Finance Department - Capital and Debt Management

Minneapolis Public School District 1

Hennepin County

MET Council Report of Outstanding Indebtedness

(UNAUDITED)

City of Minneapolis
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2011

| | Fiscal Year | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|------------------|
| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| Debt Limit | \$875,204 | \$967,210 | \$1,054,780 | \$1,182,794 | \$1,159,728 | \$1,253,051 | \$1,306,194 | \$1,282,797 | \$1,254,206 | \$1,173,628 |
| Total net debt applicable to limit | <u>193,639</u> | <u>319,436</u> | <u>362,739</u> | <u>369,842</u> | <u>339,712</u> | <u>313,129</u> | <u>302,772</u> | <u>270,629</u> | <u>246,979</u> | <u>213,714</u> |
| Legal debt margin | <u>\$681,565</u> | <u>\$647,774</u> | <u>\$692,041</u> | <u>\$812,952</u> | <u>\$820,016</u> | <u>\$939,922</u> | <u>\$1,003,422</u> | <u>\$1,012,168</u> | <u>\$1,007,227</u> | <u>\$959,914</u> |
| Total net debt applicable to limit as a percentage of debt limit | 22.13% | 33.03% | 34.39% | 31.27% | 29.29% | 24.99% | 23.18% | 21.10% | 19.69% | 18.21% |

Legal Debt Margin Calculation for Fiscal Year 2011

| | |
|---|------------------|
| Real Property (2011 Assessed Market Value) | \$34,576,212 |
| Personal Property (2011 Assessed Market Value) | 379,464 |
| Adjustment for Exempt Personal Property (1966 Market Value) | 298,030 |
| Adjustment for Net Fiscal Disparities (Contribution)/Distribution | <u>-44,853</u> |
| Total 2011 Assessed Market Value | 35,208,853 |
| Debt Limit (3-1/3% of Market Value Applicable to Debt Limit) | 1,173,628 |
| Debt applicable to limit: | |
| General Obligation Bonds Subject to Debt Limit. | 234,930 |
| Less: Assets in General Debt Service Funds | <u>-21,216</u> |
| Total Net Debt Applicable to Limit | <u>213,714</u> |
| Legal Debt Margin | <u>\$959,914</u> |

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

**City of Minneapolis
Demographic and Economic Statistics
Last 10 Fiscal Years
December 31, 2011**

| Year | Population (1) | Aggregate Income (2) | Per Capita Income | Median Age (3) | School Enrollment (4) | Annual average Unemployment Rate (5) |
|------|----------------|----------------------|-------------------|----------------|-----------------------|--------------------------------------|
| 2002 | 382,700 | \$ 8,069,589,052 | \$ 21,086 | 32.0 | 45,651 | 4.9% |
| 2003 | 382,295 | 8,924,153,419 | 23,344 | 33.4 | 42,900 | 5.2% |
| 2004 | 382,400 | 8,759,647,300 | 22,907 | 33.9 | 40,051 | 5.0% |
| 2005 | 387,711 | 9,417,158,500 | 24,289 | 32.1 | 37,865 | 4.2% |
| 2006 | 387,970 | 10,144,150,100 | 27,487 | 33.6 | 36,428 | 3.8% |
| 2007 | 388,020 | 10,656,131,500 | 30,343 | 35.3 | 34,570 | 4.2% |
| 2008 | 390,131 | 11,006,550,500 | 30,825 | 34.2 | 33,789 | 5.1% |
| 2009 | 379,499 | 9,196,353,584 | 29,249 | 32.1 | 33,584 | 7.4% |
| 2010 | 382,578 | 10,912,705,100 | 29,558 | 31.4 | 33,995 | 6.6% |
| 2011 | NA | NA | NA | NA | 32,663 | 5.3% |

Sources:

- (1) Population 2002-2009 - Metropolitan Council. Population 2010 US Census
 - (2) Aggregate income (for population 15+) - US Census Bureau - American Community Survey
 - (3) Median age - US Census Bureau - American Community Survey
 - (4) School enrollment - Minneapolis School System
 - (5) Annual average unemployment rate - Minnesota Department of Employment and Economic Development
- NA Data is not Available presently

- Notes: 1) The Metropolitan Council adopts the 2010 population figure from Census. For consistency purposes to calculate per capita income, 2010 population and aggregate income data are from the Census of Population.
- 2) ACS only counts population in households; it excludes population in group quarters such as student dormitories, jail, convents and other institutions.

Definitions:

Total Income is the sum of the amounts reported separately for wages, salary, commissions, bonuses, or tips; self-employment income from own non-farm or farm businesses, including proprietorships and partnerships; interest, dividends, net rental income, royalty income, or income from estates and trusts; Social Security or Railroad Retirement income; Supplemental Security Income (SSI); any public assistance or welfare payments from the state or local welfare office; retirement, survivor, or disability pensions; and any other sources of income received regularly such as Veterans' (VA) payments, unemployment compensation, child support or alimony.

Per capita income is an average obtained by dividing aggregate income by the population 15 years old or older in an area.

(UNAUDITED)

**City of Minneapolis
Principal Employers
Current Year and Six Years Ago
December 31, 2011**

| Employer - Metro Region | 2011 | | | 2006 | | |
|-------------------------------------|--|-------------|--|--|-------------|--|
| | <u>Approximate Number of Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> | <u>Approximate Number of Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> |
| University of Minnesota | 13,800 | 1 | 6.84% | 30,240 | 1 | 14.29% |
| Target Corporation | 11,100 | 2 | 5.50% | 24,294 | 2 | 11.48% |
| Fairview Health Services | 8,700 | 3 | 4.31% | 18,500 | 5 | 8.74% |
| Hennepin County | 8,000 | 4 | 3.96% | 12,459 | 6 | 5.89% |
| Wells Fargo Bank Minnesoa | 6,700 | 5 | 3.32% | 19,100 | 4 | 9.03% |
| Abbott Northwestern Hospital | 5,700 | 6 | 2.82% | - | - | - |
| City of Minneapolis | 5,000 | 7 | 2.48% | - | - | - |
| Hennepin Health Care Systems (HCMC) | 5,000 | 8 | 2.48% | - | - | - |
| Ameriprise Financial Services | 3,900 | 9 | 1.93% | 6,500 | 8 | 3.07% |
| Star and Tribune | 3,100 | 10 | 1.54% | - | - | - |
| Allina Health System | - | - | - | 22,500 | 3 | 10.64% |
| US Bankcorp | - | - | - | 9,442 | 7 | 4.46% |
| Xcel Energy Inc. | - | - | - | 5,356 | 9 | 2.53% |
| United Parcel Services | - | - | - | 5,329 | 10 | 2.52% |
| Total | 71,000 | | 35.18% | 153,720 | | 72.65% |

Note:

Source 2011: CPED used the following link http://www.ci.minneapolis.mn.us/cped/docs/Minneapolis_Fast_Facts_Labor_Force_and_Jobs.pdf
Source 2006: Minnesota Department of Employment and Economic Development

(UNAUDITED)

City of Minneapolis
Full-time Equivalent City Government Employees by Function
Last 10 Fiscal Years
December 31, 2011

| Function Program | Full-time Equivalent Employees as of December 31, 2011 | | | | | | | | | |
|---|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* | 2010* | 2011 |
| General Government | | | | | | | | | | |
| Assessor | 35.50 | 35.50 | 34.50 | 34.50 | 34.50 | 37.00 | 37.00 | 36.50 | 36.50 | 34.50 |
| Attorney | 111.50 | 110.63 | 101.13 | 101.00 | 106.50 | 108.00 | 108.00 | 105.50 | 102.00 | 105.00 |
| City Clerk/Council | 92.25 | 85.50 | 85.20 | 65.50 | 66.50 | 66.00 | 67.00 | 65.50 | 65.50 | 64.75 |
| City Coordinator | 969.20 | 969.59 | 929.75 | 929.08 | 911.03 | 917.00 | 941.00 | 919.10 | 949.80 | 546.60 |
| Civil Rights | 29.00 | 27.50 | 24.00 | 27.00 | 26.00 | 26.00 | 26.00 | 21.00 | 19.00 | 19.00 |
| Civilian Review | 5.00 | - | - | - | - | - | - | - | - | - |
| Community Planning and Economic Development | 204.38 | 206.48 | 144.00 | 139.00 | 142.00 | 141.00 | 139.00 | 141.00 | 135.00 | 128.00 |
| Fire | 482.50 | 469.50 | 449.50 | 444.50 | 444.50 | 447.00 | 449.00 | 444.00 | 438.00 | 406.00 |
| Health & Family Support | 69.15 | 75.40 | 73.90 | 69.00 | 66.30 | 66.00 | 66.00 | 67.00 | 60.00 | 61.70 |
| Internal Audit | - | - | - | - | - | - | - | - | 2.00 | 3.00 |
| Mayor | 12.00 | 11.00 | 11.00 | 11.00 | 11.00 | 12.00 | 12.00 | 12.00 | 10.00 | 11.00 |
| Police | 1,093.00 | 1,060.50 | 966.05 | 942.00 | 1,058.00 | 1,088.00 | 1,093.00 | 1,092.00 | 999.20 | 992.00 |
| Public Works | 1,227.04 | 1,256.54 | 1,211.19 | 1,206.39 | 1,206.59 | 1,197.00 | 1,203.00 | 1,189.20 | 1,024.50 | 1,000.35 |
| Regulatory Services** | - | - | - | - | - | - | - | - | - | 379.00 |
| | <u>4,330.52</u> | <u>4,308.14</u> | <u>4,030.22</u> | <u>3,968.97</u> | <u>4,072.92</u> | <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> |
| Independent Boards | | | | | | | | | | |
| Board of Estimate & Taxation | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 1.00 | 1.00 |
| Library | 368.00 | 363.40 | 242.00 | 246.50 | 261.90 | 273.00 | - | - | - | - |
| Park | 946.94 | 936.27 | 907.47 | 907.91 | 909.55 | 902.00 | 886.00 | 859.00 | 827.00 | 811.18 |
| Community Development | - | - | - | - | - | - | - | - | - | - |
| Building Commission | 66.50 | 64.00 | 62.00 | 61.00 | 61.00 | 62.00 | 62.00 | 62.00 | 62.00 | 60.00 |
| Youth Coordinating Board | 39.00 | 26.50 | 4.50 | 4.50 | 4.50 | 5.00 | 5.00 | 5.00 | 5.00 | 5.80 |
| NRP | 14.00 | 12.00 | 12.00 | 11.00 | 10.00 | 10.00 | 9.00 | 9.00 | 7.00 | 5.00 |
| | <u>1,436.44</u> | <u>1,404.17</u> | <u>1,229.97</u> | <u>1,232.91</u> | <u>1,248.95</u> | <u>1,254.00</u> | <u>964.00</u> | <u>937.00</u> | <u>902.00</u> | <u>882.98</u> |
| Total | <u><u>5,766.96</u></u> | <u><u>5,712.31</u></u> | <u><u>5,260.19</u></u> | <u><u>5,201.88</u></u> | <u><u>5,321.87</u></u> | <u><u>5,359.00</u></u> | <u><u>5,105.00</u></u> | <u><u>5,029.80</u></u> | <u><u>4,743.50</u></u> | <u><u>4,633.88</u></u> |

* 2009 and 2010 have been revised

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

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 Management and Budget

(UNAUDITED)