

ANNUAL FINANCIAL REPORT

COMPONENT UNIT OF THE
CITY OF MINNEAPOLIS

FOR THE YEAR ENDED
DECEMBER 31, 2012



MINNEAPOLIS PARK AND RECREATION BOARD

**COMPONENT UNIT
ANNUAL FINANCIAL REPORT**



FOR THE YEAR ENDED DECEMBER 31, 2012

FINANCE DEPARTMENT

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

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INTRODUCTORY SECTION





**Minneapolis
Park & Recreation Board**

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Operations Center
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June 21, 2013

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, 2012. The purpose of this report is to provide the Park & Recreation Board, Mayor, City Council, staff, citizens, and other interested parties with useful information concerning the Park & Recreation Board's operations and financial position.

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

Report Format

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

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

Form of Government

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

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
Julia M. Wiseman



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 2012 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



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FINANCIAL SECTION





REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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SAINT PAUL, MN 55103-2139

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Minneapolis Park and Recreation Board
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Minneapolis Park and Recreation Board, a component unit of the City of Minneapolis, Minnesota, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Park Board's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Minneapolis Park and Recreation Board as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

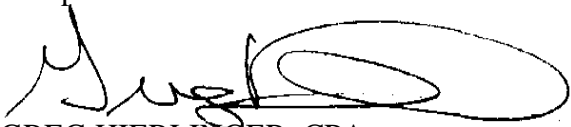
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2013, on our consideration of the Minneapolis Park and Recreation Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Minneapolis Park and Recreation Board's internal control over financial reporting and compliance.


REBECCA OTTO
STATE AUDITOR


GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 21, 2013

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, 2012. Please read it in conjunction with the Park and Recreation Board's basic financial statements and information provided in the letter of transmittal.

Financial Highlights

- The Park and Recreation Board's government-wide net position increased as a result of this year's operations by \$5,672,050 or 1.9%. Net position of the business-type activities decreased by \$580,888 or 4.3%, and net position of the governmental activities increased by \$6,252,938 or 2.2%.
- The assets of the Park and Recreation Board exceeded its liabilities at the close of the most recent fiscal year by \$300,001,713 (net position). Of this amount, \$10,647,055 (unrestricted net position) 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 \$11,698,476.
- As of the close of the current fiscal year, the Park and Recreation Board's Proprietary Funds reported combined ending equity of \$22,283,526. Ending equity of the business-type proprietary fund is \$12,818,764 with approximately 11.2% of this amount or \$1,441,680 available for spending at the government's discretion (unrestricted fund equity). Ending equity of the governmental-type proprietary fund is \$9,464,762 with approximately 60.8% of this amount or \$5,753,199 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 Position* and the *Statement of Activities* (on pages 20-21) 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 22. For governmental activities, these statements show how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Park and Recreation Board's operations in more detail than the government-wide statements by providing information about the Park and Recreation Board's most financially significant funds. Notes to the financial statements start on page 29. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. This report also contains required and supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

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

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

These two statements report the Park and Recreation Board's net position and the changes in components of net position. The *Statement of Net Position* presents the Park and Recreation Board's assets and liabilities, with the difference between the two reported as net position. The *Statement of Activities* presents information showing how the Park and Recreation Board's net position changed during the most recent fiscal year. Over

time, changes in the Park and Recreation Board's net position is one indicator of whether its financial health is improving or deteriorating. Other non-financial factors should be considered, such as changes in the Park and Recreation Board's property tax base and the condition of the Park and Recreation Board's capital assets to determine the overall financial health of the Park and Recreation Board.

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

- **Governmental Activities:** Most of the Park and Recreation Board's basic services are reported here and are reported as Culture and Recreation. Property taxes, 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 22 and provide detailed information about the funds. Some funds are required to be established by state law. In addition, the Park and Recreation Board has established other funds to help it control and manage money for particular purposes. The Park and Recreation Board's two kinds of funds, governmental and proprietary, use different accounting approaches.

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

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

Government-wide Financial Analysis

The Park and Recreation Board's total governmental assets of \$302,887,081 increased by \$3,944,597 from a year ago, with current and other assets decreased by \$86,957 and capital assets increased by \$4,031,554. The Park and Recreation Board's total business-type assets of \$14,276,862 decreased \$637,254 from a year ago, with current and other assets decreased by \$174,012 and capital assets decreased by \$463,242. This analysis will focus first on net position and then on the changes in net position of the Park and Recreation Board's governmental and business-type activities.

Minneapolis Park and Recreation Board's Net Position

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	2011		2011		2011	
	2012	Restated	2012	Restated	2012	Restated
Current and other assets	\$ 27,280,193	\$ 27,367,150	\$ 2,434,751	\$ 2,608,763	\$ 29,714,944	\$ 29,975,913
Capital assets	275,606,888	271,575,334	11,842,111	12,305,353	287,448,999	283,880,687
Total assets	302,887,081	298,942,484	14,276,862	14,914,116	317,163,943	313,856,600
Long-term liabilities outstanding	12,620,358	14,281,424	1,237,147	1,175,614	13,857,505	15,457,038
Other liabilities	3,083,774	3,731,049	220,951	338,850	3,304,725	4,069,899
Total liabilities	15,704,132	18,012,473	1,458,098	1,514,464	17,162,230	19,526,937
Net Position:						
Net Investment in						
Capital Assets	272,956,888	267,600,334	11,377,084	11,797,346	284,333,972	279,397,680
Unrestricted	9,205,375	8,958,649	1,441,680	1,602,306	10,647,055	10,560,955
Restricted	5,020,686	4,371,028			5,020,686	4,371,028
Total Net Position	\$ 287,182,949	\$ 280,930,011	\$ 12,818,764	\$ 13,399,652	\$ 300,001,713	\$ 294,329,663

Net position of the Park and Recreation Board's governmental activities increased by 2.2%. The unrestricted component of net position, the part of net position that can be used to finance day-to-day operations without constraints, increased by \$246,726 and represent 3.2% of total net position.

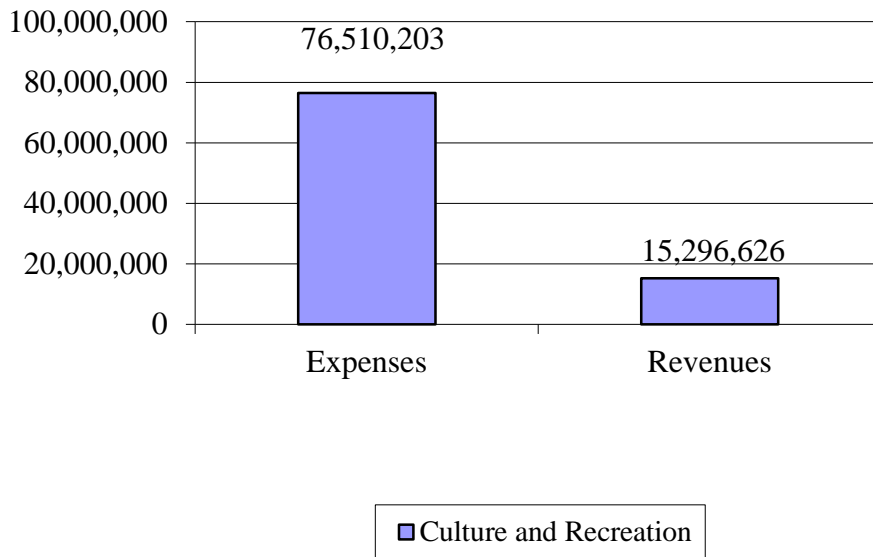
Net position of the Park and Recreation Board's business-type activities decreased by 4.3% in 2012. The Park and Recreation Board commits net position to finance the continuing operations including capital improvements of the Enterprise Fund.

Minneapolis Park and Recreation Board's Change in Net Position

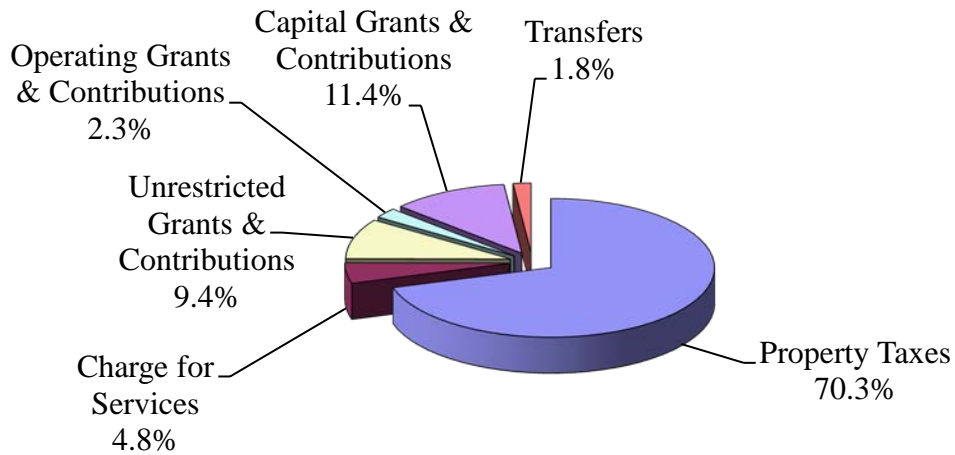
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for Services	\$ 3,945,165	\$ 4,407,736	\$ 14,695,349	\$ 13,495,117	\$ 18,640,514	\$ 17,902,853
Operating grants & contributions	1,917,193	2,184,314	696,158	677,441	2,613,351	2,861,755
Capital grants & contributions	9,434,268	16,270,566			9,434,268	16,270,566
General revenues:						
Taxes	58,188,781	58,322,009			58,188,781	58,322,009
Unrestricted grants & contributions	7,775,593	8,505,979			7,775,593	8,505,979
Gain on Sale of Capital Assets	22,227	224,448			22,227	224,448
Transfers	1,479,914	689,500			1,479,914	689,500
Total Revenue and Transfers	82,763,141	90,604,552	15,391,507	14,172,558	98,154,648	104,777,110
Program Expense:						
Culture & Recreation	76,510,203	74,348,197			76,510,203	74,348,197
Park Enterprise Fund			14,492,481	13,974,931	14,492,481	13,974,931
Transfers			1,479,914	689,500	1,479,914	689,500
Total Expenses and Transfers	76,510,203	74,348,197	15,972,395	14,664,431	92,482,598	89,012,628
Increase (Decrease) in Net Position	\$ 6,252,938	\$ 16,256,355	\$ (580,888)	\$ (491,873)	\$ 5,672,050	\$ 15,764,482

For governmental activities of the Park and Recreation Board, net position increased by \$6,252,938. The increase in Governmental Net Position is primarily due to conservative spending in 2012. The decrease in proprietary activities of the Park and Recreation Board of \$580,888 is primarily due to a loss in golf operations.

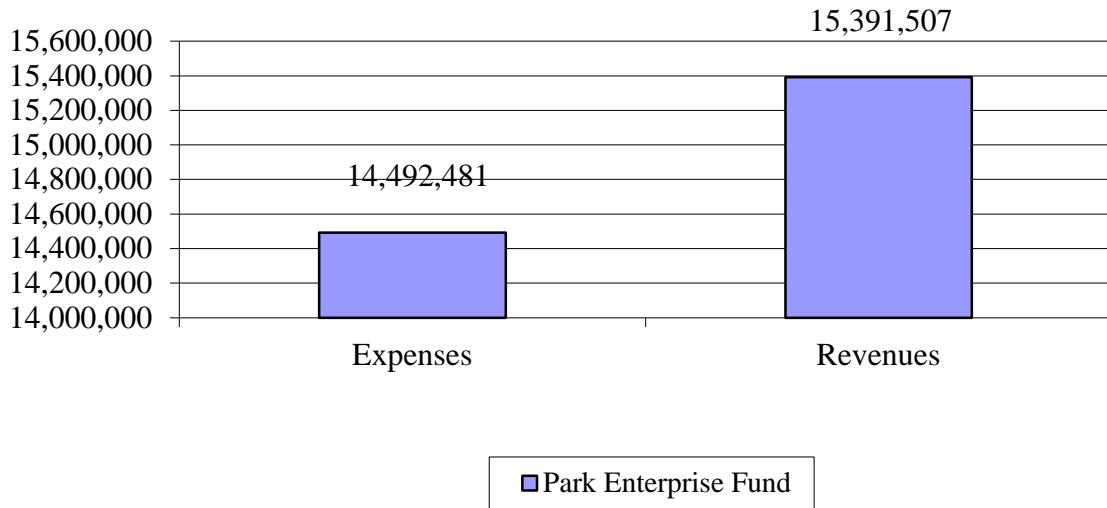
Expenses and Program Revenues Governmental Activities



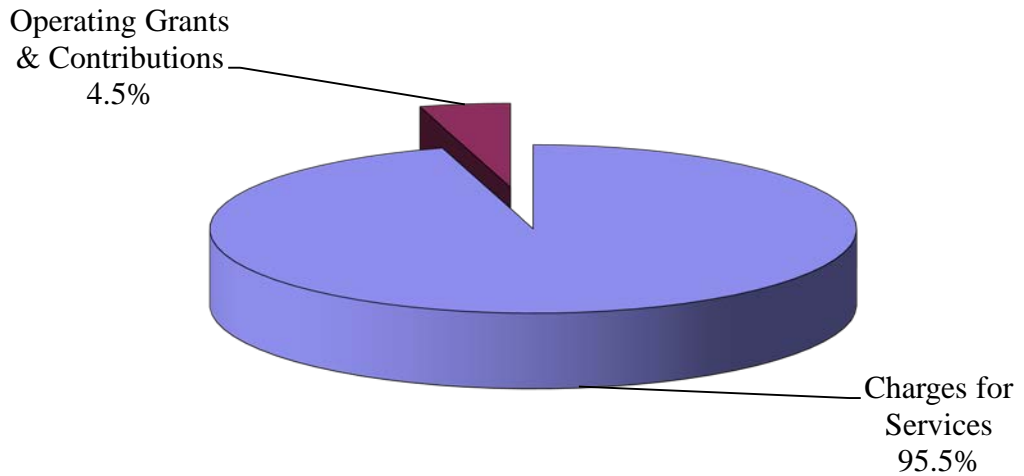
Revenues by Source - Governmental Activities



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 \$11,698,476. 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 decreased by \$525,299 from 2011 due to the creation of an energy efficiency fund and the purchase of Forestry equipment required to implement the Forestry tree pruning practices. As of the end of the current fiscal year the General Fund reported a fund balance of \$4,973,304, 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 2012 original and final appropriation was \$58,687,896 and \$60,444,977, respectively. The changes made to the 2012 original appropriation were due to grants and donations received to fund the summer youth employment program, creation of an energy efficiency fund, and for the Forestry equipment purchase.

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 \$1,196,918 from 2011. 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 \$7,089,709, of which \$4,512,805 is classified as restricted, \$363,513 is classified as committed and \$2,213,391 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 \$486,312 from 2011. This increase is primarily due to the timing of capital project grant proceeds which accounted for deferred revenue in the amount of \$2,446,493. As of the end of the current fiscal year the Permanent Improvement Fund reported a fund balance of \$6,266,369.

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 2012, charges for services and rents increased from 2011 by \$1,204,191 or 9.0%. In 2012, operating expenses of the Park Operating Fund increased from 2011 by \$860,334 or 6.7%. An expense increase in percentage and a larger revenue increase in percentage resulted in an increase in operating income from 2011 by \$343,857. The increase in operating income is due to the increase in the number of golf rounds played and facility rental 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 \$571,991 and ending net position was \$5,461,573. Net Position is comprised of \$3,711,563 or 68.0%, which is the net investment in capital assets and \$1,750,010 or 32.0%, 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 \$657,798 and ending net position was \$4,003,189. An actuarial study completed in 2012 provided an estimate for the 2012 long-term liability for workers' compensation claims pending. An actuarial study completed in 2013 provides the estimate for the 2012 long-term liability for General liability claims pending.

Capital Asset and Debt Administration

Capital Assets

At the end of 2012, the Park and Recreation Board had \$287,448,999 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:

- North Mississippi Regional Park
- St. Anthony Parkway Bike Trail
- East Phillips Cultural and Community Center
- East River Parkway Trails
- Purchase of 1720 Marshall St, NE

Capital Assets at Year End (Net of Depreciation)

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
Land	\$ 63,268,567	\$ 62,396,075	\$ 1,206,784	\$ 1,206,784	\$ 64,475,351	\$ 63,602,859
Building and Structures	41,811,322	38,198,560	6,156,273	6,419,366	47,967,595	44,617,926
Infrastructure	37,770,576	39,609,755	76,605	81,314	37,847,181	39,691,069
Public Improvements	84,963,172	81,970,509	3,769,952	4,023,032	88,733,124	85,993,541
Machinery and Equipment	4,310,872	4,609,633	594,723	523,688	4,905,595	5,133,321
Construction in Progress	43,482,379	44,790,802	37,774	51,169	43,520,153	44,841,971
Total	\$ 275,606,888	\$ 271,575,334	\$ 11,842,111	\$ 12,305,353	\$ 287,448,999	\$ 283,880,687

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

Debt

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

Economic Factors and 2013 Budgets

Employment:

The unemployment rate for the City of Minneapolis at the end of 2012, as released by the Minnesota Department of Economic Security, is 5.0%. This economic indicator is better than the State of Minnesota (5.4%) and the national unemployment rate (7.6%). The City of Minneapolis unemployment rate one year ago in December 2011 was at 5.3%.

2013 Budget:

On December 12, 2012, the Park and Recreation Board approved the 2013 budget. The original operating budget was set for \$64.1 million. The 2013 certified state aid is about \$7.6 million; current law freezes 2013 Local Government Aid at the same level as 2012.

The Board adopted a resolution in March 2013 authorizing the issuance of \$9,800,000 in bonds to fund rehabilitation of the Parade Ice Garden and Energy Upgrades at other facilities in the Minneapolis Park System. Funding of this issuance is to be through revenues generated in the Enterprise Fund

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 POSITION
December 31, 2012

	Governmental Activities	Business -Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 20,498,321	\$ 1,356,655	\$ 21,854,976
Receivables (Net)	7,333,099	317,350	7,650,449
Inventories	-	137,746	137,746
Prepaid Expense	71,773	-	71,773
Internal Balances	(623,000)	623,000	-
Capital Assets:			
Non-Depreciable	106,750,946	1,244,558	107,995,504
Depreciable (Net)	168,855,942	10,597,553	179,453,495
Total Assets	<u>\$ 302,887,081</u>	<u>\$ 14,276,862</u>	<u>\$ 317,163,943</u>
LIABILITIES			
Salaries Payable	\$ 890,223	\$ 107,971	\$ 998,194
Accounts Payable (Net)	2,193,551	112,980	2,306,531
Non-Current Liabilities			
Due Within One Year:			
Accrued Interest Payable	36,040	-	36,040
Compensated Absences	2,462,416	134,359	2,596,775
Notes Payable	1,325,000	45,150	1,370,150
Due In More Than One Year:			
Compensated Absences	1,411,989	313,504	1,725,493
Post Employment Benefits	2,687,525	324,257	3,011,782
Notes Payable	1,325,000	419,877	1,744,877
Workers' Compensation Claims Pending	2,521,434	-	2,521,434
General Liability Claims Pending	850,954	-	850,954
Total Liabilities	<u>15,704,132</u>	<u>1,458,098</u>	<u>17,162,230</u>
NET POSITION			
Net Investment in Capital Assets	272,956,888	11,377,084	284,333,972
Restricted			
Capital Improvements	502,069	-	502,069
Project and Grant Programs	271,250	-	271,250
Special Trust	93,746	-	93,746
Special Reserves	4,153,621	-	4,153,621
Unrestricted	9,205,375	1,441,680	10,647,055
Total Net Position	<u>287,182,949</u>	<u>12,818,764</u>	<u>300,001,713</u>
Total Liabilities and Net Position	<u>\$ 302,887,081</u>	<u>\$ 14,276,862</u>	<u>\$ 317,163,943</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, 2012

	General	Museum County- Wide Levy	Park Grant and Dedicated Revenue	Permanent Improvement	Other Governmental Funds	Total
ASSETS						
Cash and						
Cash Equivalents	\$ 6,561,049	\$ -	\$ 7,171,499	\$ 106,622	\$ 1,070,526	\$ 14,909,696
Receivables:						
Accounts - Net	92,942	-	16,343	-	2,899	112,184
Taxes -						
Current	275,702	-	-	-	-	275,702
Delinquent	741,357	-	-	-	-	741,357
Intergovernmental	109,738	60,672	23,658	6,009,747	-	6,203,815
Accrued Interest	-	-	-	-	41	41
Due From-						
Other Funds	162,373	-	29,250	150,000	-	341,623
Total Assets	<u>\$ 7,943,161</u>	<u>\$ 60,672</u>	<u>\$ 7,240,750</u>	<u>\$ 6,266,369</u>	<u>\$ 1,073,466</u>	<u>\$ 22,584,418</u>
LIABILITIES AND FUND BALANCES						
Liabilities :						
Payables -						
Salaries	\$ 827,137	\$ -	\$ 2,379	\$ 3,493	\$ -	\$ 833,009
Accounts	1,018,870	60,672	13,289	783,677	695	1,877,203
Due To -						
Other Funds	29,250	-	135,373	-	-	164,623
Capital Advances	438,600	-	-	4,470,000	-	4,908,600
Deferred Revenue						
Unavailable	656,000	-	-	2,446,493	14	3,102,507
Total Liabilities	<u>2,969,857</u>	<u>60,672</u>	<u>151,041</u>	<u>7,703,663</u>	<u>709</u>	<u>10,885,942</u>
Fund Balances:						
Restricted for:						
Capital Improvements	-	-	-	502,069	-	502,069
Project & Grant Programs	-	-	265,438	-	5,812	271,250
Special Trust	-	-	93,746	-	-	93,746
Special Reserves	-	-	4,153,621	-	-	4,153,621
Committed to:						
Capital Improvements	-	-	-	3,150,562	-	3,150,562
Project Programs	-	-	363,513	-	-	363,513
Assigned to:						
Capital Improvements	-	-	-	-	74,763	74,763
Project Programs	-	-	2,106,350	-	-	2,106,350
Special Trust	-	-	-	-	12,222	12,222
Special Reserves	-	-	64,953	-	-	64,953
Easements	-	-	42,088	-	-	42,088
Forestry and Tree Disease	-	-	-	-	979,960	979,960
Unassigned	4,973,304	-	-	(5,089,925)	-	(116,621)
Total Fund Balances	<u>4,973,304</u>	<u>-</u>	<u>7,089,709</u>	<u>(1,437,294)</u>	<u>1,072,757</u>	<u>11,698,476</u>
Total Liabilities and Fund Balances	<u>\$ 7,943,161</u>	<u>\$ 60,672</u>	<u>\$ 7,240,750</u>	<u>\$ 6,266,369</u>	<u>\$ 1,073,466</u>	<u>\$ 22,584,418</u>

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 Position - Governmental Activities
December 31, 2012

Total Governmental Funds Balances \$ 11,698,476

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

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

Non-Depreciable	63,268,567	
Depreciable	350,393,195	
Accumulated Depreciation	(185,248,816)	
Work in Progress	43,482,379	271,895,325

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

Accrued Interest Payable	(36,040)	
Notes Payable - Short Term	(1,325,000)	
Compensated Absences - Short Term	(2,424,305)	
Compensated Absences - Long Term	(1,323,066)	
Post Employment Benefits - Long Term	(2,544,710)	
Notes Payable - Long Term	(1,325,000)	

Deferred revenue in governmental funds is susceptible
to full accrual on the entity-wide statements. 3,102,507

Internal Service Funds are not reported in the funds
statement but are included in the Statement of Net
Position governmental activities. 9,464,762

Net Position of Governmental Activities \$ 287,182,949

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, 2012

	General	Museum County- Wide Levy	Park Grant and Dedicated Revenue	Permanent Improvement	Other Governmental Funds	Total
REVENUES						
Taxes	\$47,096,192	\$11,146,521	\$ -	\$ -	\$ -	\$58,242,713
Intergovernmental	9,310,330	-	1,383,072	8,560,827	230,772	19,485,001
Charges for Services and Sales	1,718,922	-	183,175	-	-	1,902,097
Licenses and Permits	250,974	-	-	-	-	250,974
Fines and Forfeits	321,106	-	7,024	-	-	328,130
Special Assessments	-	-	-	-	106,750	106,750
Miscellaneous	269,544	5,806	169,877	434,062	177	879,466
Total Revenues	58,967,068	11,152,327	1,743,148	8,994,889	337,699	81,195,131
EXPENDITURES						
Culture and Recreation	54,142,402	11,152,327	439,188	-	-	65,733,917
Capital Outlay	436,668	-	8,223	14,869,543	235,699	15,550,133
Total Expenditures	54,579,070	11,152,327	447,411	14,869,543	235,699	81,284,050
Excess of Revenues Over (Under) Expenditures	4,387,998	-	1,295,737	(5,874,654)	102,000	(88,919)
OTHER FINANCING SOURCES (USES)						
Transfers In - Other Funds	489,965	-	914,588	6,385,966	-	7,790,519
Transfers Out - Other Funds	(5,403,262)	-	(1,013,407)	(25,000)	-	(6,441,669)
Total Other Financing Sources (Uses)	(4,913,297)	-	(98,819)	6,360,966	-	1,348,850
Net Change in Fund Balances	(525,299)	-	1,196,918	486,312	102,000	1,259,931
FUND BALANCE - JANUARY 1 Restated (Note 2I)	5,498,603	-	5,892,791	(1,923,606)	970,757	10,438,545
FUND BALANCE - DECEMBER 31	\$ 4,973,304	\$ -	\$7,089,709	\$ (1,437,294)	\$ 1,072,757	\$ 11,698,476

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 Balance of Governmental Funds
to the Government-wide Statement of Activities - Governmental Activities
For the Year Ended December 31, 2012

Net Changes in Fund Balances - Total Governmental Funds \$ 1,259,931

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 4,226,705

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

Change in Deferred Revenue	(827,411)
Contribution of Parkway Reconstruction	58,830

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in Accrued Interest Payable	18,020
Change in Compensated Absences	(16,871)
Change in Post Employment Benefits	(577,641)

Expenditures reported in the governmental funds are not considered expenses in the Statement of Activities

Payment on Notes Payable	1,325,000
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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. 786,375

Change in net position of governmental activities	\$ 6,252,938
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The notes to the financial statements are an integral part of this statement.

MINNEAPOLIS PARK AND RECREATION BOARD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2012

	Business-Type Activities - Enterprise Fund	Governmental Activities- Internal Service Funds
ASSETS		
Cash and Cash Equivalents	\$ 1,356,655	\$ 5,588,625
Receivables -		
Accounts - Net	151,914	-
Intergovernmental	165,436	-
Capital Advances	800,000	4,108,600
Materials & Supplies Inventory	137,746	-
Prepaid Expense	-	71,773
Total Current Assets	2,611,751	9,768,998
Non-Current Assets		
Net Capital Assets	11,842,111	3,711,563
Total Assets	\$ 14,453,862	\$ 13,480,561
 LIABILITIES AND NET POSITION		
Current Liabilities :		
Payables -		
Salaries	\$ 107,971	\$ 57,214
Accounts	112,980	316,349
Due to Other Funds	177,000	-
Compensated Absences Payable	134,359	38,110
Notes Payable - Current	45,150	-
Total Current Liabilities	577,460	411,673
Long-Term Liabilities:		
Notes Payable - Long Term	419,877	-
Workers' Compensation Claims Pending	-	2,521,434
General Liability Claims Pending	-	850,954
Compensated Absences Payable	313,504	88,923
Post Employment Benefits Payable	324,257	142,815
Total Long-Term Liabilities	1,057,638	3,604,126
Total Liabilities	1,635,098	4,015,799
Net Position:		
Net Investment in Capital Assets	11,377,084	3,711,563
Unrestricted	1,441,680	5,753,199
Total Net Position	12,818,764	9,464,762
Total Liabilities and Net Position	\$ 14,453,862	\$ 13,480,561

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

MINNEAPOLIS PARK AND RECREATION BOARD
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	Business-Type Activities - Enterprise Fund	Governmental Activities- Internal Service Funds
OPERATING REVENUES		
Billings to Departments	\$ -	\$ 6,970,009
Charges For Services and Sales	12,030,859	-
Rents	2,609,180	-
Total Operating Revenues	<u>14,640,039</u>	<u>6,970,009</u>
OPERATING EXPENSES		
Personal Services	5,569,372	1,571,899
Contractual Services	3,415,324	1,746,400
Materials and Supplies	2,416,630	1,549,896
Depreciation on Acquired Property	686,955	1,294,607
Benefits	1,641,260	721,400
Total Operating Expenses	<u>13,729,541</u>	<u>6,884,202</u>
Operating Income (Loss)	<u>910,498</u>	<u>85,807</u>
NON-OPERATING REVENUES (EXPENSES)		
United States Department of Justice-Gang Prevention Grant	230,893	-
MN Dept of Public Safety-Community Crime Prevention Grant	27,340	-
Hennepin County Youth Sports Grant	39,251	-
City of Minneapolis - Youth Coordinating Board	175,931	-
City of Minneapolis - Neighborhood Revitalization Program	6,000	-
Contributions	216,743	-
Gain on Disposal of Capital Assets	-	19,440
Sale of Scrap	1,273	13,149
Other Non-Operating Revenues	54,037	201,288
Contribution to Other Fund & Governmental Activities	(131,064)	-
City of Minneapolis - Debt Service	(663,250)	-
Interest Expense	(24,820)	-
Other Non-Operating Expenses	(74,870)	-
Total Non-Operating Revenues (Expenses)	<u>(142,536)</u>	<u>233,877</u>
Income (Loss) Before Contributions and Transfers	767,962	319,684
Capital Contributions	-	466,691
Transfer Out	<u>(1,348,850)</u>	<u>-</u>
CHANGE IN NET POSITION	(580,888)	786,375
NET POSITION - JANUARY 1 Restated (Note 2I)	13,399,652	8,678,387
NET POSITION - DECEMBER 31	<u>\$ 12,818,764</u>	<u>\$ 9,464,762</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, 2012

	Business-Type Activities- Enterprise Fund	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:		
Cash Received from Interfund Services Provided	\$ -	\$ 6,949,620
Cash Received from Customers	14,942,320	-
Cash paid to Suppliers for Goods and Services	(6,173,357)	(4,074,723)
Cash paid to Employees for Services	(7,082,032)	(2,248,219)
Net cash Provided by (Used in) Operating Activities	1,686,931	626,678
Cash Flows from Non-Capital Financing Activities:		
United States Department of Justice-Gang Prevention Grant	230,893	-
MN Dept of Public Safety-Community Crime Prevention Grant	27,340	-
Hennepin County Youth Sports Grant	39,251	-
City of Minneapolis - Youth Coordinating Board	175,931	-
City of Minneapolis - Neighborhood Revitalization Program	6,000	-
Contributions	216,743	-
Repayment of Advances Made by Other Funds	-	(1,520,000)
Other Payments Received	-	201,287
City of Minneapolis - Debt Service	(663,250)	-
Transfers To Other Funds	(1,348,850)	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	(1,315,942)	(1,318,713)
Cash Flows from Capital Financing Activities:		
Proceeds From Sale of Capital Assets	-	19,440
Proceeds From Sale of Scrap	1,273	13,149
Principal and Interest Payments	(67,799)	-
Acquisition of Property Plant and Equipment	(223,712)	(573,937)
Contributions to Other Fund and Governmental Activities	(131,064)	-
Net Cash Provided by (Used for) Capital Financing Activities	(421,302)	(541,348)
Net Increase (Decrease) in Cash and Cash Equivalents	(50,313)	(1,233,383)
Cash and Cash Equivalents - January 1	1,406,968	6,822,008
Cash and Cash Equivalents - December 31	\$ 1,356,655	\$ 5,588,625
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	\$ 910,498	\$ 85,807
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation on Acquired Property	686,955	1,294,607
(Increase) Decrease in Accounts Receivable	154,423	-
(Increase) Decrease in Intergovernmental Receivables	83,254	-
(Increase) Decrease in Due from Other Funds	10,567	-
(Increase) Decrease in Inventories	(1,546)	-
(Increase) Decrease in Prepaid Expense	-	107,659
Increase (Decrease) in Salaries Payable	24,087	13,782
Increase (Decrease) in Accounts Payable	(141,987)	57,770
Increase (Decrease) in Due to Other Funds	(123,000)	(20,389)
Increase (Decrease) in Workers' Compensation Claims Pending	-	(546,925)
Increase (Decrease) in General Liability Claims Pending	-	(396,931)
Increase (Decrease) in Post Employment Benefits Payable	71,216	34,948
Increase (Decrease) in Compensated Absences Payable	33,297	(3,650)
Other Non-Operating Expenses	(74,870)	-
Other Non-Operating Revenues	54,037	-
Total Adjustments	776,433	540,871
Net Cash Provided by (Used in) Operating Activities	\$ 1,686,931	\$ 626,678
Noncash Investing, Capital and Financing activities		
Capital Contributions		466,691

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, 2012

Note 1 - Form of Government

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

Note 2 - Summary of Significant Accounting Policies

A) Reporting Entity

The Minneapolis Park and Recreation Board is considered to be a component unit of the City of Minneapolis according to the criteria for defining the reporting entity, as adopted by the Governmental Accounting Standard Board's 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 15.

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

B) Presentation of Financial Statements

Government-wide Financial Statements. The *Statement of Net Position* and the *Statement of Activities* display information about the Park and Recreation Board as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. 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 position should be reported as restricted when constraints placed on the use of net position are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the Park and Recreation Board's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

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

Note 2 - Summary of Significant Accounting Policies

B) Presentation of Financial Statements (Continued)

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

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 Position. Fund Equity is segregated into net investment in capital assets and unrestricted. Proprietary fund type operating statements present increases and decreases in net position.

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.

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 Activities and Business-Type Activities 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, mortgage and promissory notes payable and post-employment benefits payable. These liabilities are discussed further in Notes 5 and 11.

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 Balance

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. Fund balances are classified as:

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

H) Fund Equity (Continued)

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
<u>Restricted for:</u>					
Capital Improvements	\$ -	\$ -	\$ 502,069	\$ -	\$ 502,069
Project and Grant Programs	-	265,438	-	5,812	271,250
Special Trust	-	93,746	-	-	93,746
Special Reserves	-	4,153,621	-	-	4,153,621
<i>Total Restricted</i>	-	4,512,805	502,069	5,812	5,020,686
<u>Committed to:</u>					
Capital Improvements	-	-	3,150,562	-	3,150,562
Project Programs	-	363,513	-	-	363,513
<i>Total Committed</i>	-	363,513	3,150,562	-	3,514,075
<u>Assigned to:</u>					
Capital Improvements	-	-	-	74,763	74,763
Project Programs	-	2,106,350	-	-	2,106,350
Special Trust	-	-	-	12,222	12,222
Special Reserves	-	64,953	-	-	64,953
Easements	-	42,088	-	-	42,088
Forestry and Tree Disease	-	-	-	979,960	979,960
<i>Total Assigned</i>	-	2,213,391	-	1,066,945	3,280,336
<u>Unassigned</u>	4,973,304	-	(5,089,925)	-	(116,621)
Total fund balances	\$ 4,973,304	\$ 7,089,709	\$ (1,437,294)	\$ 1,072,757	\$ 11,698,476

I) Restatement

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

	<u>Amount</u>
Balance January 1, 2012	\$280,432,052
Accounts Receivable	(30,423)
Capital Asset Adjustments	<u>528,382</u>
Balance, January 1, 2012 as restated	<u>\$280,930,011</u>

On the Statement of Activities, and the Statement of Net Position, Proprietary Funds, the Net Position – January 1, of the Enterprise Fund has been restated to reflect adjustments to accounts receivable and capital assets.

	<u>Amount</u>
Balance January 1, 2012	\$ 14,032,833
Accounts Receivable Adjustment	(116,760)
Capital Asset Adjustments:	
Public Improvements	(528,382)
Accumulated Depreciation-Equipment	<u>11,961</u>
Balance, January 1, 2012 as restated	<u>\$ 13,399,652</u>

On the Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental Funds, the beginning fund balances for the General Fund has been restated to reflect a correction of accounts receivable.

Note 2 - Summary of Significant Accounting Policies

I) Restatement (Continued)

	<u>Amount</u>
Balance January 1, 2012	\$ 5,529,026
Accounts Receivable Adjustment	<u>(30,423)</u>
Balance, January 1, 2012 as restated	<u>\$ 5,498,603</u>

J) Budgets

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

The 2011 process for the 2012 budget involved the following:

February	The Minneapolis Park and Recreation Board Finance Department presented preliminary year-end budget status report to the Board of Commissioners.
June	The Minneapolis Park and Recreation Board Budget retreat for the Committee of the Whole.
August-September	Operating Budget Development – Departments prepared department operating budget requests; “Current Service Level Budgets” reflected current year costs of providing the same level of service as provided in the prior year, and proposals which described policy and organizational changes with financial implications.
September-October	The Superintendent held departmental hearings to review operating budgets. The Superintendent prepared and submitted a budget that includes a recommendation on annual property tax levy amounts to the Board of Commissioners at the second meeting in October.
September-October	The Board of Estimate and Taxation set the maximum property tax levy for the City, Municipal Building Commission, Public Housing Authority and the Park Board by September 15, as required by state law.
November-December	“Truth in Taxation” property tax statements mailed by the County to property owners indicating the maximum amount of property taxes that the owner will be required to pay.
December	“Truth in Taxation” public hearings held. The Minneapolis Park and Recreation Board of Commissioners adopted a final budget and tax levy.

K) Use of Estimates

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

Note 3 - Receivables

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

	Museum County- Wide General	Park Grant and Dedicated Levy	Permanent Improvement	Non- Major	Total Governmental Activities	Total Business- Type Activities
Trade Accounts	\$ 92,942	\$ -	\$ 16,343	\$ -	\$ 2,899	\$ 112,184
Property Tax	1,017,059	-	-	-	-	1,017,059
Intergovernmental	109,738	60,672	23,658	6,009,747	-	6,203,815
Accrued Interest	-	-	-	-	41	41
Net Receivables	<u>\$ 1,219,739</u>	<u>\$ 60,672</u>	<u>\$ 40,001</u>	<u>\$ 6,009,747</u>	<u>\$ 2,940</u>	<u>\$ 7,333,099</u>
						<u>\$ 317,350</u>

Note 3 – Receivables (Continued)

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 2012 for base and percentage rent was \$74,248.

The future collection requirements for this agreement are as follows:

Scheduled Lease Collections	Operating Lease
2013	\$ 133,100
2014	133,100
2015	133,100
2016	133,100
2017	133,100
2018 and thereafter	<u>9,807,720</u>
Total	<u>\$ 10,473,220</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. Twin City Catering Inc. was acquired by Mintahoe, 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. Mintahoe 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 2012 for base rent was \$131,054.

The future collection requirements for this agreement are as follows:

Scheduled Lease Collections	Operating Lease
2013	\$ 134,275
2014	137,587
2015	140,994
2016	144,497
2017	148,099
2018 and thereafter	<u>898,779</u>
Total	<u>\$ 1,604,231</u>

Note 4 - Changes in Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	Balance ¹ 1/1/12	Additions	Deletions	Balance 12/31/12
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 62,396,075	\$ 872,492	\$ -	\$ 63,268,567
Construction in Progress	44,790,802	13,703,326	(15,011,749)	43,482,379
Total capital assets not being depreciated	<u>107,186,877</u>	<u>14,575,818</u>	<u>(15,011,749)</u>	<u>106,750,946</u>
Capital assets being depreciated				
Buildings and Structures	62,682,732	4,944,345	-	67,627,077
Infrastructure	115,321,742	58,830	-	115,380,572
Public Improvements	156,778,146	8,584,862	-	165,363,008
Equipment	13,162,141	1,123,726	(116,124)	14,169,743
Total capital assets being depreciated	<u>347,944,761</u>	<u>14,711,763</u>	<u>(116,124)</u>	<u>362,540,400</u>
Less accumulated depreciation for:				
Buildings and Structures	(24,484,172)	(1,331,583)	-	(25,815,755)
Infrastructure	(75,711,987)	(1,898,009)	-	(77,609,996)
Public Improvements	(74,807,637)	(5,592,199)	-	(80,399,836)
Equipment	(8,552,508)	(1,422,169)	115,806	(9,858,871)
Total accumulated depreciation	<u>(183,556,304)</u>	<u>(10,243,960)</u>	<u>115,806</u>	<u>(193,684,458)</u>
Total capital assets being depreciated net	<u>164,388,457</u>	<u>4,467,803</u>	<u>(318)</u>	<u>168,855,942</u>
Governmental activities capital assets, net	<u>\$ 271,575,334</u>	<u>\$ 19,043,621</u>	<u>\$ (15,012,067)</u>	<u>\$ 275,606,888</u>

¹ Asset beginning balance restated; Public Improvements has been increased by \$528,382; \$34,709 has been reclassified from Public Improvements to Buildings and Structures.

	Balance ¹ 1/1/12	Additions	Deletions	Balance 12/31/12
Business - type Activities				
Capital assets not being depreciated				
Land	\$ 1,206,784	\$ -	\$ -	\$ 1,206,784
Construction in Progress	51,169	37,774	(51,169)	37,774
Total capital assets not being depreciated	<u>1,257,953</u>	<u>37,774</u>	<u>(51,169)</u>	<u>1,244,558</u>
Capital assets, being depreciated				
Buildings and Structures	12,248,627	51,313	-	12,299,940
Infrastructure	98,638	-	-	98,638
Public Improvements	8,200,841	-	-	8,200,841
Equipment	1,627,479	185,795	-	1,813,274
Total capital assets, being depreciated	<u>22,175,585</u>	<u>237,108</u>	<u>-</u>	<u>22,412,693</u>
Less accumulated depreciation for:				
Buildings and Structures	(5,829,261)	(314,406)	-	(6,143,667)
Infrastructure	(17,324)	(4,709)	-	(22,033)
Public Improvements	(4,177,809)	(253,080)	-	(4,430,889)
Equipment	(1,103,791)	(114,760)	-	(1,218,551)
Total accumulated depreciation	<u>(11,128,185)</u>	<u>(686,955)</u>	<u>-</u>	<u>(11,815,140)</u>
Total capital assets, being depreciated net	<u>11,047,400</u>	<u>(449,847)</u>	<u>-</u>	<u>10,597,553</u>
Business-type activities capital assets, net	<u>\$ 12,305,353</u>	<u>\$ (412,073)</u>	<u>\$ (51,169)</u>	<u>\$ 11,842,111</u>

¹ Asset beginning balance restated, Public Improvements has been decreased by \$528,382 and Accumulated Depreciation-Equipment has been decreased by \$11,961.

Note 4 - Changes in Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:	
Culture and Recreation	\$ 8,949,353
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>1,294,607</u>
Total depreciation expense – governmental activities	<u>\$10,243,960</u>
Depreciation expense was charged to the business-type function as follows:	
Park Operating	<u>\$ 686,955</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>
2013	\$ 45,150	\$ 22,649	\$ 67,799
2014	47,432	20,367	67,799
2015	49,828	17,971	67,799
2016	52,345	15,453	67,798
2017	54,990	12,809	67,799
2018-2021	215,282	22,014	237,296
Total	<u>\$ 465,027</u>	<u>\$ 111,263</u>	<u>\$ 576,290</u>

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. The annual interest rate is 2.72%.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,325,000	\$ 72,080	\$ 1,397,080
2014	1,325,000	36,040	1,361,040
Total	<u>\$ 2,650,000</u>	<u>\$ 108,120</u>	<u>\$ 2,758,120</u>

D) Changes in Long-Term Liabilities

Changes in long-term liabilities are summarized as follows:

	<u>Balance</u>	<u>Balance</u>	<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	\$ 3,975,000	\$ -	\$ 1,325,000	\$ 2,650,000	\$ 1,325,000
Compensated Absences	3,861,184	2,268,314	2,255,093	3,874,405	2,462,416
Post Employment Benefits	2,074,936	1,075,720	463,131	2,687,525	-
Business-type activities:					
Notes Payable	508,007	-	42,980	465,027	45,150
Compensated absences	414,566	198,615	165,318	447,863	134,359
Post Employment Benefits	253,041	125,057	53,841	324,257	-
Total Long-Term Liabilities	<u>\$ 11,086,734</u>	<u>\$ 3,667,706</u>	<u>\$ 4,305,363</u>	<u>\$ 10,449,077</u>	<u>\$ 3,966,925</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 2012 for base and percentage rent was \$118,592.

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

Year Ending December 31	Business-Type Activity Amount
2013	\$ 55,219
2014	55,219
2015	55,219
2016	55,219
2017	55,219
2018-2022	276,095
2023-2027	276,095
2028-2030	165,657
Total minimum lease payments	<u>\$ 993,942</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, 2012 are as follows:

General Fund

Due to: Park Self Insurance Fund \$ 438,600

Capital Project - Permanent Improvement

Due to: Park Self Insurance Fund 3,670,000

Due to: Park Operating Fund 800,000

Total \$4,908,600

Transfers:

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

	Transfers In:			
	General	Permanent Improvement	Park Grant & Dedicated Revenue	Total
Transfer out:				
General	\$ -	\$ 4,890,928	\$ 512,334	\$ 5,403,262
Park Grant & Dedicated Revenue	169,965	843,442	-	1,013,407
Permanent Improvement	25,000	-	-	25,000
Park Operating Enterprise Fund	295,000	651,596	402,254	1,348,850
Total Transfers Out	<u>\$ 489,965</u>	<u>\$ 6,385,966</u>	<u>\$ 914,588</u>	<u>\$ 7,790,519</u>

Due To/From Other Funds:

Interfund balances are either due to timing differences or to the elimination of negative cash balances within the various funds. All Interfund balances are expected to be repaid within one year. Receivables and payables between funds of the Park and Recreation Board on December 31, 2012 are:

Note 7 - Interfund Transactions (Continued)

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 162,373	\$ 29,250
Park Grant & Dedicated Revenue	29,250	135,373
Permanent Improvement Fund	150,000	-
Enterprise Fund	-	177,000
	<u>\$ 341,623</u>	<u>\$ 341,623</u>

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

All 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.

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.

Note 9 - Defined Benefit Pension Plans - Statewide

Public Employees Retirement Association (Continued)

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 2012. 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, 2012, 2011, and 2010 for the General Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Employees Retirement Fund	\$ 1,723,069	\$ 1,954,079	\$ 1,794,414
Public Employees Police and Fire Fund	\$ 408,130	\$ 417,906	\$ 387,005

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 MERF division account in the Public Employees Retirement Association (PERA) General Employees Retirement Fund, a defined benefit pension plan, which is a cost-sharing, multiple-employer retirement plan. This plan is administered in accordance with Minnesota Statutes Chapter 353 and sections of Minnesota Statutes Chapter 422A (2008).

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

- (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 division 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 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.

Note 10-Defined Benefit Pension Plan - Multiple Employer

Minneapolis Employees Retirement Fund (Continued)

B) Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contribution. These statutes are established and amended by the state legislature. Employees contribute 9.75% 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. The Park and Recreation Board levies taxes to finance the employer’s share of pension costs for the PERA Employees Retirement General Fund.

The Park and Recreation Board’s contributions for the years ended December 31, 2010, 2011 and 2012, for the Minneapolis Employees Retirement Fund were:

2010	\$369,050
2011	\$499,801
2012	\$351,724

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

On June 30, 2010, The Minneapolis Employees Retirement Fund (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 the MERF division account in its publicly available report which can be obtained at the address included in Note 9(A).

C) Potential Impact of New Accounting Standards on Current Period Financial Statements

The Government Accounting Standards Board (GASB) has approved GASB Statement No. 68, *Accounting and Financial reporting for Pensions – an amendment of GASB Statement No. 27*. Application of GASB Statement No. 68 may restate portions of these financial statements and will require the Park and Recreation Board to report unfunded pension liabilities on the statement of net position. GASB Statement No. 68 is required to be implemented for the fiscal year ending December 31, 2015.

Note 11-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 Chapter 471.61, subd. 2b. It is the City’s policy to periodically review its medical and dental coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees.

B) Funding Policy

Retirees and their spouses of the City and the Park and Recreation Board contribute to the healthcare plan at the same rate as the City and the Park and Recreation Board employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Medica and Delta Dental. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2012, the Park and Recreation Board contributed \$516,972 to the plan. As of January 1, 2012, there were approximately 1,269 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.

Note 11-Post Employment Healthcare Plan

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

Annual required contribution	\$ 1,200,777
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>1,200,777</u>
Contributions made	<u>516,972</u>
Increase in net OPEB obligation	683,805
Net OPEB obligation – beginning of year	<u>2,327,977</u>
Net OPEB obligation – end of year	<u>\$ 3,011,782</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 the last three fiscal years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	\$ 1,200,777	43.1%	\$ 3,011,782
12/31/2011	\$ 1,142,370	41.6%	\$ 2,327,977
12/31/2010	\$ 970,709	54.6%	\$ 1,661,386

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 \$12,190,637 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 12,190,637. These are projected figures based on the valuation assumptions. The covered payroll (annual payroll of active employees covered by the plan) was \$34,755,850, and the ratio of the UAAL to the covered payroll was 35.1 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.

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% 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 12-Stewardship, Compliance, and Accountability

A) Deficit Fund Equity

The Park Permanent Improvement Fund had a deficit Fund Balance as of December 31, 2012. The deficit is primarily due to the timing of capital reimbursements from Metropolitan Council grants. The Park and Recreation Board intends to improve the fund position in 2013 through grant reimbursements and other funding sources.

Note 13-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 Park Self-Insurance Fund and make payments based on historical experience of the amounts needed to pay prior and current year claims which become payable in the given year. Park Self-Insurance Fund liabilities are reported based on the requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability must be recognized when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The workers’ compensation claims liability for fiscal year ended December 31, 2012 is \$2,521,434 and is based on actuarial estimates dated December 31, 2012. The general liability claims liability for fiscal year ended December 31, 2012 is \$850,954 and is based on actuarial estimates dated December 31, 2012.

Changes in the claims liability for the two years ended December 31, 2012 and December 31, 2011 are as follows:

	<u>Workers' Compensation</u>		<u>General Liability</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Liability Balance, January 1	\$ 3,068,359	\$ 4,983,259	\$ 1,247,885	\$ 1,087,853
Current Year Claims and Changes in Estimates	1,193,935	(245,595)	(269,624)	249,312
Claim Payments	(1,740,860)	(1,669,305)	(127,307)	(89,280)
Liability Balance, December 31	<u>\$ 2,521,434</u>	<u>\$ 3,068,359</u>	<u>\$ 850,954</u>	<u>\$ 1,247,885</u>

Changes in Net Position – By Major Risk Program in the Park Self-Insurance Fund for the year ended December 31, 2012, follows:

	<u>Workers'</u>	<u>General</u>	<u>Total</u>
	<u>Compensation</u>	<u>Liability</u>	
Beginning Balance, January 1	\$ 2,953,739	\$ 204,279	\$ 3,158,018
Revenues	1,696,756	510,055	2,206,811
Expenses	(1,819,217)	(380,573)	(2,199,790)
Other Expenses			
Decrease in General Liability Claims Payable	-	396,931	396,931
Decrease in Workers Compensation Claims Payable	546,925	-	546,925
Decrease in Prepaid	-	(107,659)	(107,659)
Increase in Compensated Absences Payable	-	1,953	1,953
Ending Balance, December 31	<u>\$ 3,378,203</u>	<u>\$ 624,986</u>	<u>\$ 4,003,189</u>

Note 14-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, 2012, 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, 2012, is \$125,000.

Note 15-Joint Ventures

Minneapolis Youth Coordinating Board

The Minneapolis Youth Coordinating Board is a joint venture between the City of Minneapolis, the Minneapolis Special School District No. 1, the Minneapolis Park and Recreation Board, and Hennepin County. Membership on the Board consists of 10 individuals including the Mayor of Minneapolis, one of the Judges of Hennepin County assigned to the Juvenile Court, two representatives from the Minneapolis City Council, two representatives from the Board of Directors of Special School District No. 1, two Hennepin County Board of Commissioners, the Hennepin County Attorney and one representative from the Minneapolis Park and Recreation Board. The Board was created for the purpose of improving services and the ability of public agencies to promote the health, safety, education, and development of the community's youth. Its objective is to strengthen cooperation and provide an improved means to identify and remedy conditions, which hinder or prevent the community's youth from becoming healthy, productive members of society. For fiscal year 2012 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.

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



MINNEAPOLIS PARK AND RECREATION BOARD
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PARK AND RECREATION GENERAL FUND
For the Year Ended December 31, 2012

REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Taxes:				
General Property Tax -				
Current and Delinquent	\$ 40,005,413	\$ 40,005,413	\$ 40,468,147	\$ 462,734
Property Tax Increment	-	-	244,302	244,302
Fiscal Disparities	6,267,053	6,267,053	6,377,813	110,760
Other Taxes	3,000	3,000	5,930	2,930
Total Taxes	46,275,466	46,275,466	47,096,192	820,726
Intergovernmental Revenues:				
Federal Grants				
U.S. Department of Housing and Urban Development	-	-	55,000	55,000
U.S. Dept. of Agriculture	-	-	60,000	60,000
State Grants -	803,269	1,146,187	-	(1,146,187)
Local Government Aid	7,570,039	7,570,039	7,570,039	-
Payments in Lieu of Taxes/Rent	-	-	53,381	53,381
Other Aid	-	-	146,435	146,435
Dept. of Natural Resources	-	-	35,230	35,230
Dept. of Emp. and Econ. Dev. - Teen Employment Program	-	-	538,640	538,640
Other Local Governments -	585,420	990,420	-	(990,420)
City of Minneapolis - Employment and Training Program	-	-	142,625	142,625
City of Minneapolis - Employees Retirement Fund	-	-	62,929	62,929
Minneapolis Public Schools - Earn to Learn	-	-	7,554	7,554
Metropolitan Council	-	-	1,126	1,126
Metropolitan Council - Operations & Maintenance	-	-	637,371	637,371
Total Intergovernmental Revenues	8,958,728	9,706,646	9,310,330	(396,316)
Charges For Services and Sales:				
Rents and Commissions	625,000	625,000	400,863	(224,137)
Overhead	335,000	335,000	363,104	28,104
Park Board Services	544,702	544,702	526,969	(17,733)
Other Services Provided	340,000	340,000	427,986	87,986
Total Charges For Services and Sales	1,844,702	1,844,702	1,718,922	(125,780)
Licenses and Permits	385,000	385,000	250,974	(134,026)
Fines and Forfeits	679,000	679,000	321,106	(357,894)
Miscellaneous Revenues:				
Contributions and Donations	150,000	165,000	158,668	(6,332)
Damage Claims	5,000	5,000	18,713	13,713
Sale of Scrap/Waste Materials	75,000	75,000	83,123	8,123
Other	20,000	20,000	9,040	(10,960)
Total Miscellaneous Revenues	250,000	265,000	269,544	4,544
Total Revenues	58,392,896	59,155,814	58,967,068	(188,746)

MINNEAPOLIS PARK AND RECREATION BOARD
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PARK AND RECREATION GENERAL FUND
For the Year Ended December 31, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
EXPENDITURES				
Culture and Recreation -				
Operations Services	35,857,906	37,274,826	36,910,195	364,631
Recreation Services	10,232,243	9,992,243	9,951,074	41,169
Superintendent's Office	3,548,845	3,617,950	3,644,397	(26,447)
Planning Services	1,239,273	1,239,273	1,151,655	87,618
Administrative Services	1,356,468	1,368,363	1,258,461	109,902
City Management Fee & Workers' Compensation	1,487,245	1,235,244	1,226,620	8,624
Total Culture and Recreation	<u>53,721,980</u>	<u>54,727,899</u>	<u>54,142,402</u>	<u>585,497</u>
Capital Outlay	<u>80,668</u>	<u>436,668</u>	<u>436,668</u>	<u>-</u>
Total Expenditures	<u>53,802,648</u>	<u>55,164,567</u>	<u>54,579,070</u>	<u>585,497</u>
Excess of Revenues Over (Under) Expenditures	<u>4,590,248</u>	<u>3,991,247</u>	<u>4,387,998</u>	<u>396,751</u>
OTHER FINANCING SOURCES (USES)				
Transfer From Park Enterprise Fund	295,000	295,000	295,000	-
Transfer From Park Special Revenue Fund	-	-	169,965	169,965
Transfer From Permanent Improvement Fund	-	-	25,000	25,000
Transfer To Permanent Improvement Fund	(4,885,248)	(4,885,248)	(4,890,928)	(5,680)
Transfer To Park Special Revenue Fund	-	(395,162)	(512,334)	(117,172)
Total Other Financing Sources (Uses)	<u>(4,590,248)</u>	<u>(4,985,410)</u>	<u>(4,913,297)</u>	<u>72,113</u>
Net Change in Fund Balance	-	(994,163)	(525,299)	468,864
Fund Balance - January 1 Restated (Note 2I)	5,498,603	5,498,603	5,498,603	-
Fund Balance - December 31	<u>\$ 5,498,603</u>	<u>\$ 4,504,440</u>	<u>\$ 4,973,304</u>	<u>\$ 468,864</u>

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

MINNEAPOLIS PARK AND RECREATION BOARD
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
MUSEUM COUNTY-WIDE LEVY SPECIAL REVENUE FUND
For the Year Ended December 31, 2012

	<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	\$ 10,956,697	\$ 10,956,697	\$ 9,982,032	\$ (974,665)
Fiscal Disparities	-	-	1,164,489	1,164,489
Total Taxes	<u>10,956,697</u>	<u>10,956,697</u>	<u>11,146,521</u>	<u>189,824</u>
Miscellaneous Revenues:				
Rents	-	-	5,806	5,806
Total Revenues	<u>10,956,697</u>	<u>10,956,697</u>	<u>11,152,327</u>	<u>195,630</u>
EXPENDITURES				
Culture and Recreation -				
Maintenance and Repairs	<u>10,956,697</u>	<u>10,956,697</u>	<u>11,152,327</u>	<u>(195,630)</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>

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

MINNEAPOLIS PARK AND RECREATION BOARD
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PARK GRANT AND DEDICATED REVENUE SPECIAL REVENUE FUND
For the Year Ended December 31, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Intergovernmental				
Federal Government				
EAID Grant	\$ -	\$ -	\$ 32,000	\$ 32,000
State Government				
Minnesota State Arts Board	12,000	12,000	22,923	10,923
Other Local Governments				
Hennepin County	-	-	31,804	31,804
Metropolitan Council	1,325,000	1,325,000	1,296,345	(28,655)
Total Intergovernmental	<u>1,337,000</u>	<u>1,337,000</u>	<u>1,383,072</u>	<u>46,072</u>
Charges For Services and Sales	<u>21,600</u>	<u>21,600</u>	<u>183,175</u>	<u>161,575</u>
Fines and Forfeits	<u>6,000</u>	<u>6,000</u>	<u>7,024</u>	<u>1,024</u>
Miscellaneous				
Contributions and Donations	-	-	137,061	137,061
Damage Claims	-	-	21,169	21,169
Revenue From Trusts	3,000	3,000	9,353	6,353
Other Miscellaneous Revenues	-	-	2,294	2,294
Total Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>169,877</u>	<u>166,877</u>
 Total Revenues	 <u>1,367,600</u>	 <u>1,367,600</u>	 <u>1,743,148</u>	 <u>375,548</u>
EXPENDITURES				
Culture and Recreation -				
Special Dedicated Revenue Outlay	30,600	30,600	439,188	(408,588)
Capital Outlay	<u>37,000</u>	<u>37,000</u>	<u>8,223</u>	<u>28,777</u>
Total Expenditures	<u>67,600</u>	<u>67,600</u>	<u>447,411</u>	<u>(379,811)</u>
 Excess of Revenues Over (Under) Expenditures	 <u>1,300,000</u>	 <u>1,300,000</u>	 <u>1,295,737</u>	 <u>(4,263)</u>
OTHER FINANCING SOURCES (USES)				
Transfer From Park General Fund	-	-	512,334	512,334
Transfer From Park Enterprise Fund	-	-	402,254	402,254
Transfer To Park General Fund	-	-	(169,965)	(169,965)
Transfer To Park Permanent Improvement Fund	<u>(1,300,000)</u>	<u>(1,300,000)</u>	<u>(843,442)</u>	<u>456,558</u>
Total Other Financing Sources (Uses)	<u>(1,300,000)</u>	<u>(1,300,000)</u>	<u>(98,819)</u>	<u>1,201,181</u>
 Net Change in Fund Balance	 -	 -	 1,196,918	 1,196,918
 Fund Balance - January 1	 <u>5,892,791</u>	 <u>5,892,791</u>	 <u>5,892,791</u>	 <u>-</u>
Fund Balance - December 31	<u><u>\$ 5,892,791</u></u>	<u><u>\$ 5,892,791</u></u>	<u><u>\$ 7,089,709</u></u>	<u><u>\$ 1,196,918</u></u>

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

MINNEAPOLIS PARK AND RECREATION BOARD
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2012

Note 1 - Budgetary Data

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

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

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

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

	Original Budget	Total Revisions	Revised Budget
General Fund	\$ 58,687,896	\$ 1,757,081	\$ 60,444,977
Museum County-Wide Levy			
Special Revenue Fund	10,956,697	-	10,956,697
Park Grant and Dedicated Revenue			
Special Revenue Fund	1,367,600	-	1,367,600
Total	\$ 71,012,193	\$ 1,757,081	\$ 72,769,274

The following funds had expenditures in excess of budget for the year ending 12/31/2012:

	Expenditures	Budget	Excess
Museum County-Wide Levy			
Special Revenue Fund	\$ 11,152,327	\$ 10,956,697	\$ (195,630)
Park Grant and Dedicated Revenue			
Special Revenue Fund	447,411	67,600	(379,811)

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%
1/1/2009	\$ -	\$9,476,714	\$9,476,714	0.00%	\$35,349,671	26.80%
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 Fund

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 Fund

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

Park Acquisition and Improvement 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, 2012

	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	\$ 18,007	\$ 1,052,519	\$ 1,070,526
Receivables -			
Accounts - Net	-	2,899	2,899
Accrued Interest	41	-	41
Total Assets	<u>\$ 18,048</u>	<u>\$ 1,055,418</u>	<u>\$ 1,073,466</u>
LIABILITIES AND FUND BALANCES			
Liabilities :			
Payables -			
Accounts	\$ -	\$ 695	\$ 695
Deferred Interest Revenue	14	-	14
Total Liabilities	<u>14</u>	<u>695</u>	<u>709</u>
Fund Balances:			
Restricted for			
Projects and Grant Programs	5,812	-	5,812
Assigned to:			
Capital Improvements	-	74,763	74,763
Special Trust	12,222	-	12,222
Forestry and Tree Disease	-	979,960	979,960
Total Fund Balances	<u>18,034</u>	<u>1,054,723</u>	<u>1,072,757</u>
Total Liabilities and Fund Balances	<u>\$ 18,048</u>	<u>\$ 1,055,418</u>	<u>\$ 1,073,466</u>

MINNEAPOLIS PARK AND RECREATION BOARD
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
Year Ended December 31, 2012

	Minneapolis Parks Special Revenue Fund	Park Acquisition and Improvement Capital Projects Fund	Total Other Governmental Funds
REVENUES			
Intergovernmental	\$ -	\$ 230,772	\$ 230,772
Special Assessments	-	106,750	106,750
Investment Earnings	177	-	177
Total Revenues	<u>177</u>	<u>337,522</u>	<u>337,699</u>
EXPENDITURES			
Capital Outlay	<u>2,407</u>	<u>233,292</u>	<u>235,699</u>
Net Change in Fund Balance	(2,230)	104,230	102,000
FUND BALANCE - JANUARY 1	<u>20,264</u>	<u>950,493</u>	<u>970,757</u>
FUND BALANCE - DECEMBER 31	<u>\$ 18,034</u>	<u>\$ 1,054,723</u>	<u>\$ 1,072,757</u>

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CAPITAL PROJECTS FUND

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

Park Acquisition and Improvement

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

**MINNEAPOLIS PARK AND RECREATION BOARD
ANALYSIS OF EXPENDITURES DESIGNATED
FOR SPECIFIC CAPITAL PROJECTS
PARK ACQUISITION AND IMPROVEMENT
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2012**

	<u>Authorizations</u>	<u>Expenditures</u>	<u>Balance</u>
Tree Removal	\$ 1,213,252	\$ 233,292	\$ 979,960
Sidewalk/Street Lighting	74,763	-	74,763
	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 1,288,015</u>	<u>\$ 233,292</u>	<u>\$ 1,054,723</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 POSITION
RESERVED FOR RENEWAL AND REPLACEMENT
PARK OPERATING ENTERPRISE FUND
For the Year Ended December 31, 2012**

	Reserve For Renewal & Replacement
OPERATING INCOME (LOSS)	\$ 910,498
ADDITIONS:	
Depreciation	686,955
Non-Operating Revenues:	
United States Department of Justice-Gang Prevention Grant	230,893
MN Dept of Public Safety-Community Crime Prevention Grant	27,340
Hennepin County Youth Sports Grant	39,251
City of Minneapolis - Youth Coordinating Board	175,931
City of Minneapolis - Neighborhood Revitalization Program	6,000
Contributions	216,743
Other Non-Operating Revenues	55,310
DEDUCTIONS:	
Purchase of Capital Assets - Capitalized	(223,712)
Purchase of Capital Assets - Not Capitalized	(74,870)
Purchase of Capital Assets - Contributed to Other Fund and Governmental Activities	(131,064)
Other Non-Cash Items:	
Increase (Decrease) in Compensated Absences and Post Employment Benefits	104,513
Non-Operating Expenses:	
Note Principal and Interest Payment	(67,799)
Transfers To Other Funds	(1,348,850)
Debt Service Payment	(663,250)
TOTAL INCREASE (DECREASE)	(56,111)
BALANCE - JANUARY 1	1,298,687
BALANCE - DECEMBER 31	\$ 1,242,576

MINNEAPOLIS PARK AND RECREATION BOARD
SCHEDULE OF OPERATING INCOME - BY PROJECT
PARK OPERATING ENTERPRISE FUND
For the Year Ended December 31, 2012

	<u>REVENUES</u>	<u>EXPENSES</u>	<u>OPERATING INCOME/(LOSS)</u>
<u>PARK REFECTORIES</u>			
CALHOUN	\$ 176,808	\$ 28,359	\$ 148,449
HARRIET	109,089	40,640	68,449
MINNEHAHA	272,021	36,979	235,042
NOKOMIS	-	2,009	(2,009)
PERMITS & VENDING	989,046	618,993	370,053
COMP ABS & POST EMP BENEFITS ADJ	-	4,181	(4,181)
TOTAL PARK REFECTORIES	<u>1,546,964</u>	<u>731,161</u>	<u>815,803</u>
<u>SPECIAL FACILITIES</u>			
PARADE COMPLEX	215,656	555,821	(340,165)
PARADE ICE COMPLEX	686,598	852,042	(165,444)
NORTHEAST ICE ARENA	133,029	149,745	(16,716)
COLUMBIA MANOR	67,098	29,242	37,856
COMMERCIAL PARKING	597,159	35,071	562,088
REGIONAL PARKING LOTS	659,027	195,966	463,061
NICOLLET ISLAND	415,608	100,209	315,399
NIEMAN/QUILICI/VAN CLEVE	177,751	329,817	(152,066)
COMP ABS & POST EMP BENEFITS ADJ	-	21,321	(21,321)
TOTAL SPECIAL FACILITIES	<u>2,951,926</u>	<u>2,269,234</u>	<u>682,692</u>
<u>GOLF COURSES (INCL REFECTORIES)</u>			
COLUMBIA	961,993	1,098,679	(136,686)
COLUMBIA LEARNING CENTER	143,230	105,141	38,089
GROSS	1,338,943	1,119,940	219,003
HIAWATHA	987,397	1,032,321	(44,924)
HIAWATHA LEARNING CENTER	107,633	84,750	22,883
MEADOWBROOK	1,110,810	983,950	126,860
THEODORE WIRTH	844,921	907,531	(62,610)
THEO WIRTH PAR-3	127,335	116,347	10,988
FORT SNELLING	336,990	366,959	(29,969)
COMP ABS & POST EMP BENEFITS ADJ	-	74,935	(74,935)
TOTAL GOLF COURSES	<u>5,959,252</u>	<u>5,890,553</u>	<u>68,699</u>
<u>MISCELLANEOUS ACTIVITIES</u>			
BOATS	159,128	13,250	145,878
BIKE RENTALS	28,709	-	28,709
WINTER PROGRAMS	188,422	437,715	(249,293)
JUNIOR GOLF PROGRAMS	57,790	76,177	(18,387)
COMP ABS & POST EMP BENEFITS ADJ	-	2,926	(2,926)
TOTAL MISCELLANEOUS ACTIVITIES	<u>434,049</u>	<u>530,068</u>	<u>(96,019)</u>
<u>RECREATION PROGRAMS</u>			
RECREATION	3,747,848	4,308,525	(560,677)
TOTAL	<u>\$ 14,640,039</u>	<u>\$ 13,729,541</u>	
NET OPERATING INCOME			<u>\$ 910,498</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 POSITION
ALL INTERNAL SERVICE FUNDS
December 31, 2012

	Park Internal Services Fund	Park Self-Insurance Fund	Total Internal Service Funds
ASSETS			
Cash and Cash Equivalents	\$ 2,209,516	\$ 3,379,109	\$ 5,588,625
Receivables -			
Capital Advances	-	4,108,600	4,108,600
Prepaid Expense	-	71,773	71,773
Total Current Assets	<u>2,209,516</u>	<u>7,559,482</u>	<u>9,768,998</u>
Non-Current Assets			
Net Capital Assets	<u>3,711,563</u>	<u>-</u>	<u>3,711,563</u>
Total Assets	<u><u>\$ 5,921,079</u></u>	<u><u>\$ 7,559,482</u></u>	<u><u>\$ 13,480,561</u></u>
LIABILITIES AND NET POSITION			
Current Liabilities :			
Payables -			
Salaries	\$ 54,167	\$ 3,047	\$ 57,214
Accounts	141,552	174,797	316,349
Compensated Absences Payable	36,292	1,818	38,110
Total Current Liabilities	<u>232,011</u>	<u>179,662</u>	<u>411,673</u>
Long-Term Liabilities:			
Workers' Compensation Claims Pending	-	2,521,434	2,521,434
General Liability Claims Pending	-	850,954	850,954
Compensated Absences Payable	84,680	4,243	88,923
Post Employment Benefits Payable	142,815	-	142,815
Total Long-Term Liabilities	<u>227,495</u>	<u>3,376,631</u>	<u>3,604,126</u>
Total Liabilities	<u>459,506</u>	<u>3,556,293</u>	<u>4,015,799</u>
Net Position:			
Net Investment in Capital Assets	3,711,563	-	3,711,563
Unrestricted	<u>1,750,010</u>	<u>4,003,189</u>	<u>5,753,199</u>
Total Net Position	<u>5,461,573</u>	<u>4,003,189</u>	<u>9,464,762</u>
Total Liabilities and Net Position	<u><u>\$ 5,921,079</u></u>	<u><u>\$ 7,559,482</u></u>	<u><u>\$ 13,480,561</u></u>

MINNEAPOLIS PARK AND RECREATION BOARD
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
ALL INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

	Park Internal Services Fund	Park Self - Insurance Fund	Total Internal Services Funds
OPERATING REVENUES			
Billings to Departments	\$ 4,950,572	\$ 2,019,437	\$ 6,970,009
OPERATING EXPENSES			
Personal Services	1,498,685	73,214	1,571,899
Contractual Service	457,975	1,288,425	1,746,400
Materials and Supplies	1,549,896	-	1,549,896
Depreciation on Acquired Property	1,294,607	-	1,294,607
Benefits	721,400	-	721,400
Total Operating Expenses	<u>5,522,563</u>	<u>1,361,639</u>	<u>6,884,202</u>
Operating Income (Loss)	<u>(571,991)</u>	<u>657,798</u>	<u>85,807</u>
NONOPERATING REVENUES (EXPENSES)			
Gain on Disposal of Capital Assets	19,440	-	19,440
Sale of Scrap	13,149	-	13,149
Other Non-Operating Revenues	13,915	187,373	201,288
Total Non-Operating Revenues (Expenses)	<u>46,504</u>	<u>187,373</u>	<u>233,877</u>
Income (Loss) before Contributions	(525,487)	845,171	319,684
Capital Contributions	<u>466,691</u>	<u>-</u>	<u>466,691</u>
CHANGE IN NET POSITION	(58,796)	845,171	786,375
NET POSITION - JANUARY 1	5,520,369	3,158,018	8,678,387
NET POSITION - DECEMBER 31	<u>\$ 5,461,573</u>	<u>\$ 4,003,189</u>	<u>\$ 9,464,762</u>

MINNEAPOLIS PARK AND RECREATION BOARD
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

	Park Internal Services Fund	Park Self - Insurance Fund	Total Internal Service Funds
Cash Flows from Operating Activities			
Cash received from Interfund Services Provided	\$ 4,930,183	\$ 2,019,437	\$ 6,949,620
Cash paid to Suppliers for Goods and Services	(1,930,690)	(2,144,034)	(4,074,724)
Cash paid to Employees for Services	(2,173,662)	(74,557)	(2,248,219)
Net cash Provided by (Used in) Operating Activities	<u>825,831</u>	<u>(199,154)</u>	<u>626,677</u>
Cash Flows from Non-Capital Financing Activities			
Other Payments Received	13,915	187,373	201,288
Repayment of Advances Made by Other Funds	-	(1,520,000)	(1,520,000)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>13,915</u>	<u>(1,332,627)</u>	<u>(1,318,712)</u>
Cash Flows from Capital Financing Activities			
Proceeds From Sale of Capital Assets	19,440	-	19,440
Proceeds From Sale of Scrap	13,149	-	13,149
Acquisition of Property Plant and Equipment	(573,937)	-	(573,937)
Net Cash Provided by (Used for) Capital Financing Activities	<u>(541,348)</u>	<u>-</u>	<u>(541,348)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	298,398	(1,531,781)	(1,233,383)
Cash and Cash Equivalents - January 1	1,911,118	4,910,890	6,822,008
Cash and Cash Equivalents - December 31	<u>\$ 2,209,516</u>	<u>\$ 3,379,109</u>	<u>\$ 5,588,625</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	\$ (571,991)	\$ 657,798	\$ 85,807
Adjustments to Reconcile Operating Income to net Cash Provided by Operating Activities:			
Depreciation on Acquired Property	1,294,607	-	1,294,607
(Increase) Decrease in Prepaid Expense	-	107,659	107,659
Increase (Decrease) in Salaries Payable	13,172	610	13,782
Increase (Decrease) in Accounts Payable	77,181	(19,412)	57,769
Increase (Decrease) in Due to Other Funds	(20,389)	-	(20,389)
Increase (Decrease) in Workers' Compensation Claims Pending	-	(546,925)	(546,925)
Increase (Decrease) in General Liability Claims Pending	-	(396,931)	(396,931)
Increase (Decrease) in Post Employment Benefits Payable	34,948	-	34,948
Increase (Decrease) in Compensated Absences Payable	(1,697)	(1,953)	(3,650)
Total Adjustments	<u>1,397,822</u>	<u>(856,952)</u>	<u>540,870</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 825,831</u>	<u>\$ (199,154)</u>	<u>\$ 626,677</u>
Non-cash from capital financing activities:			
Capital Contributions	\$ 466,691	\$ -	\$ 466,691

MINNEAPOLIS PARK AND RECREATION BOARD
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
ALL INTERNAL SERVICE FUNDS - BY MAJOR PROGRAM
For the Year Ended December 31, 2012

	Information Technology	Mobile Equipment	Workers Comp. & Liability	Total
OPERATING REVENUES:				
Charges For Services and Sales -				
Insurance Premiums	\$ -	\$ -	\$2,019,437	\$ 2,019,437
Information Technology Services	1,025,334	-	-	1,025,334
Total Charges For Services	<u>1,025,334</u>	<u>-</u>	<u>2,019,437</u>	<u>3,044,771</u>
Rents -				
Mobile Equipment	-	3,925,238	-	3,925,238
Total Operating Revenues	<u>1,025,334</u>	<u>3,925,238</u>	<u>2,019,437</u>	<u>6,970,009</u>
OPERATING EXPENSES:				
Information Technology Services	1,178,040	-	-	1,178,040
Mobile Equipment	-	4,344,523	-	4,344,523
Workers' Compensation	-	-	1,272,292	1,272,292
General Liability	-	-	89,347	89,347
Total Operating Expenses	<u>1,178,040</u>	<u>4,344,523</u>	<u>1,361,639</u>	<u>6,884,202</u>
Operating Income (Loss)	<u>(152,706)</u>	<u>(419,285)</u>	<u>657,798</u>	<u>85,807</u>
NON-OPERATING REVENUES (EXPENSES)				
Gain on Disposal of Capital Assets	-	19,440	-	19,440
Sale of Scrap	-	13,149	-	13,149
Miscellaneous	-	13,915	187,373	201,288
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>46,504</u>	<u>187,373</u>	<u>233,877</u>
Income (Loss) before Contributions	<u>(152,706)</u>	<u>(372,781)</u>	<u>845,171</u>	<u>319,684</u>
Capital Contributions	<u>-</u>	<u>466,691</u>	<u>-</u>	<u>466,691</u>
CHANGE IN NET POSITION	<u>(152,706)</u>	<u>93,910</u>	<u>845,171</u>	<u>786,375</u>
NET POSITION - JANUARY 1	<u>367,458</u>	<u>5,152,911</u>	<u>3,158,018</u>	<u>8,678,387</u>
NET POSITION - DECEMBER 31	<u>\$ 214,752</u>	<u>\$ 5,246,821</u>	<u>\$ 4,003,189</u>	<u>\$ 9,464,762</u>

MINNEAPOLIS PARK AND RECREATION BOARD
SCHEDULE OF CHANGES IN NET POSITION
RESERVED FOR SPECIFIC PURPOSES
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

	<u>Purchase of Capital Assets</u>	<u>Information Technology Systems</u>
OPERATING INCOME (LOSS)	(\$419,285)	(\$152,706)
ADDITIONS:		
Depreciation	1,288,134	6,473
Non-Operating Revenues:		
Sale of Equipment	19,440	-
Sale of Scrap	13,149	-
Other Miscellaneous Revenues	13,915	-
Increase in Post Employment Benefits Payable	34,948	-
Decrease in Compensated Absences Payable	(1,697)	-
Increase in Accounts Payable	-	37,941
DEDUCTIONS:		
Purchase of Mobile Equipment	<u>(529,146)</u>	<u>(44,791)</u>
TOTAL INCREASE (DECREASE)	419,458	(153,083)
BALANCE - JANUARY 1	<u>954,857</u>	<u>441,490</u>
BALANCE - DECEMBER 31	<u>\$1,374,315</u>	<u>\$288,407</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, 2012**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Agriculture Forest Health Protection	10.680	\$ 60,000
U.S. Department of Housing and Urban Development		
Passed Through City of Minneapolis Community Development Block Grants/Entitlement Grants	14.218	\$ 55,000
U.S. Department of Justice		
Direct Juvenile Mentoring Program	16.726	\$ 180,499
Passed Through City of Minneapolis Health and Family Support Youth Gang Prevention	16.544	48,092
Total U.S. Department of Justice		\$ 228,591
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	\$ 50,575
U.S. Environmental Protection Agency		
Passed Through Hennepin County Brownfields Assessment and Cleanup Cooperative Agreements - ARRA	66.818	\$ 260,803
U.S. Department of Energy		
Passed Through City of Minneapolis Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	81.128	\$ 182,248
U.S. Department of Health and Human Services		
Passed Through City of Minneapolis Election Department Voting Access for Individuals with Disabilities - Grants to States	93.617	\$ 32,000
Total Federal Awards		\$ 869,217

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, 2012

1. Reporting Entity
The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Minneapolis Park and Recreation Board, a discretely presented component unit of the City of Minneapolis. The Park Board's reporting entity is defined in Note 2 to the financial statements.
2. Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Minneapolis Park and Recreation Board under programs of the federal government for the year ended December 31, 2012. 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 position, or cash flows of the Minneapolis Park and Recreation Board.
3. Summary of Significant Accounting Policies
Expenditures reported on the schedule are reported on the basis of accounting used by the individual funds of the Minneapolis Park and Recreation Board. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Such expenditures are recognized following 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. Subrecipients
The Park Board did not pass any federal awards through to subrecipients during the year ended December 31, 2012.
5. 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, 2012		
Fiscal Year	Culture and Recreation	Park Enterprise	Total	
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	
2012	76,510,203	14,492,481	91,002,684	

(UNAUDITED)

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

Last Ten Fiscal Years December 31, 2012

Fiscal Year	Program Revenues			General Revenues			Total
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Taxes	Unrestricted Grants & Contributions		
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
2012	18,640,514	2,613,351	9,434,268	58,188,781	7,797,820		96,674,734

(UNAUDITED)

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

Last Ten Fiscal Years	December 31, 2012									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Revenue</u>										
Taxes	\$ 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	\$ 47,096,192
Intergovernmental	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	9,310,330
Charges for Services	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	1,718,922
Licenses and Permits	95,404	104,090	100,056	146,329	95,929	176,053	183,041	240,661	208,457	250,974
Fines and Forfeits	565,529	583,862	519,155	551,629	511,378	526,810	560,131	396,068	483,535	321,106
Miscellaneous	440,933	463,192	832,120	768,136	657,379	1,216,808	929,001	1,239,596	504,601	269,544
Total Revenues	\$ 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	\$ 58,967,068
<u>Expenditures</u>										
Current:										
Culture and Recreation	\$ 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	\$ 54,142,402
Capital Outlay	-	-	-	-	-	-	-	-	-	436,668
Total Expenditures	\$ 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	\$ 54,579,070

(UNAUDITED)

City of Minneapolis
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2012

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
2003	\$ 4,895,935	\$ 2,633,849	\$ 16,664,348	\$ 1,314,200	\$ 363,997	\$ 8,160,621	\$ 25,872,529	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	3,448,334	26,571,451	1,341,775	415,390	9,549,066	38,646,131	7.52	43,857,249	88%
2009	7,295,669	3,499,200	25,461,784	1,459,942	401,699	9,025,112	38,118,294	7.68	43,473,340	88%
2010	7,020,347	3,556,811	24,611,900	1,474,662	393,785	8,777,609	37,057,504	7.81	39,746,514	93%
2011	6,304,914	3,287,604	23,533,625	1,426,447	529,962	10,550,339	35,082,552	9.23	41,079,647	85%
2012	5,987,868	3,266,162	22,638,806	1,301,688	404,729	10,340,495	33,599,253	10.33	39,412,937	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, 2012

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City Direct Rates										
<i>Tax Capacity Based Rates</i>										
General	3.63	4.13	4.40	4.27	4.24	4.80	4.86	5.04	5.73	6.09
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	0.19	0.17	0.16	0.14	0.13	0.13	0.13	0.13	0.14	0.15
Permanent Improvement	0.14	0.10	0.08	0.07	0.05	0.05	0.05	0.05	0.06	0.03
Bond Redemption	1.69	1.25	0.97	0.74	0.63	0.57	0.69	0.47	0.61	0.65
Firefighter's Relief Association	-	-	-	0.05	0.10	0.11	0.06	0.04	0.16	0.01
Police Relief Association	0.16	0.14	-	0.08	0.12	0.11	0.09	0.35	0.51	0.79
Minneapolis Employees Retirement Fund	0.21	0.19	0.13	0.11	0.08	0.09	0.07	0.07	0.09	0.60
Parks	1.75	1.65	1.55	1.42	1.34	1.29	1.35	1.33	1.56	1.63
Libraries	0.60	0.56	0.52	0.48	0.45	-	-	-	-	-
Community Development	0.21	-	-	-	-	-	-	-	-	-
Public Housing	0.05	0.05	0.05	0.04	0.04	0.04	0.04	-	-	-
Teacher's Retirement Association	0.12	0.11	0.09	0.08	0.07	0.07	0.07	0.07	0.08	0.09
<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	0.29
Total City Direct Rates	8.78	8.50	8.20	7.76	7.53	7.52	7.67	7.81	9.22	10.34
Overlapping Rates										
<i>Tax Capacity Based Rates</i>										
Watershed Districts	0.16	0.10	0.16	0.13	0.14	0.18	0.19	0.21	0.21	0.23
Hennepin County	5.93	5.33	4.94	4.59	4.40	4.38	5.09	5.38	5.76	6.24
Minneapolis Public Schools	4.40	4.17	3.39	3.23	3.06	2.78	3.15	2.57	2.95	3.47
Other Special Taxing Districts	0.67	0.62	0.59	0.52	0.54	0.54	0.49	0.52	0.59	0.70
<i>Market Value Based Rates</i>										
Minneapolis Public Schools Referendum	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02
Total Overlapping Rates	11.17	10.23	9.09	8.48	8.15	7.89	8.94	8.70	9.53	10.66
Grand Total	19.95	18.73	17.29	16.24	15.68	15.41	16.61	16.51	18.75	21.00

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, 2012**

	2012			2003		
	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	\$ 286,725	1	1.54%	\$ 304,119	3	4.00%
Target Corporation	208,518	2	1.12%	282,712	1	4.07%
MB Mpls. 8th St LLC	171,300	3	0.92%	-	-	-
Minneapolis 225 Holdings LLC	163,800	4	0.88%	-	-	-
NWC Limited Partnership	159,000	5	0.86%	154,600	4	2.20%
City Center Associates	140,900	6	0.76%	130,250	6	1.88%
First Minneapolis - Hines	130,500	7	0.70%	-	-	-
Wells Operating Partnership LP	131,700	8	0.71%	-	-	-
Hilton Hotels Corp.	114,500	9	0.62%	-	-	-
Hines Global REIT	107,800	10	0.58%	-	-	-
CPP 800 Nicollet Mall LLC	-	-	-	121,400	7	1.74%
American Express Financial Corp.	-	-	-	286,527	2	4.02%
601 Second Avenue Ltd. Partnership	-	-	-	111,000	10	1.56%
Eighth Street	-	-	-	114,900	9	1.66%
Sixth & Nicollet LLC	-	-	-	150,711	5	2.19%
Byte Investment Partnership	-	-	-	123,300	8	1.74%
Total	\$ 1,614,743		8.69%	\$ 1,779,519		25.06%

Source: Bond Issue Report 10/26/12 and 10/16/03

(UNAUDITED)

**Minneapolis Park and Recreation Board
Property Tax Levies and Collections
Last Ten Fiscal Years**

December 31, 2012

<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>
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%
2012	47,217,000	46,651,826	98.803%	444,366	47,096,192	99.744%

Source: City Finance Department

(UNAUDITED)

City of Minneapolis
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands of dollars, except per capita)
December 31, 2012

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable	Total Primary Government				
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		
2012	495,545	25,210	14,695	272,790	85,255	157	893,652	7.86%	2,304		

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, 2012

Fiscal Year	Net General Bonded Debt Outstanding							Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
	Governmental General Obligation Bonds & Notes	Business-type General Obligation Bonds & Notes	Less Assets Reserved for Debt Service	Total	Total	Total	Total		
2003	\$ 857,358	\$ 390,135	\$ 34,451	\$ 1,213,042	\$ 34,451	\$ 1,213,042	4.69%	\$ 3,173	
2004	891,678	407,280	35,753	1,263,205	35,753	1,263,205	4.43%	3,303	
2005	865,011	410,263	27,704	1,247,570	27,704	1,247,570	4.01%	3,218	
2006	817,771	396,019	30,978	1,182,812	30,978	1,182,812	3.40%	3,051	
2007	777,385	368,335	36,559	1,109,161	36,559	1,109,161	2.99%	2,859	
2008	755,946	338,188	40,196	1,053,938	40,196	1,053,938	2.73%	2,701	
2009	772,936	310,607	108,567	974,976	108,567	974,976	2.56%	2,569	
2010	673,926	308,383	57,397	924,912	57,397	924,912	2.50%	2,418	
2011	586,500	296,857	30,839	852,518	30,839	852,518	2.44%	2,228	
2012	495,545	272,790	28,681	739,654	28,681	739,654	2.20%	1,907	

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, 2012

Governmental Unit	Net General Obligation Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
City of Minneapolis - Direct Debt	\$ 260,613 (3)	100.00%	\$ 260,613
<u>Overlapping Debt:</u>			
Special School District No. 1	225,449	100.00%	225,449
Hennepin County	671,462 (4)	26.21%	175,990
Hennepin County Regional Railroad Authority	38,758	26.21%	10,158
Metropolitan Council	193,378	11.95%	23,109
Subtotal, Overlapping Debt			\$ 434,706
Total Direct and Overlapping Debt			\$ 695,319

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) City of Minneapolis - Direct Debt amount excludes \$167,830 of self supporting debt, \$49,140 of special assessment debt and all governmental activity revenue bonds and notes which are not principally paid by the general taxpayer base. Total is net amount available in the General and Development Debt Service funds.

(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, 2012

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$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	\$1,131,060
Total net debt applicable to limit	319,436	362,739	369,842	339,712	313,129	302,772	270,629	246,979	213,714	154,317
Legal debt margin	<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>	<u>\$976,743</u>
Total net debt applicable to limit as a percentage of debt limit	33.03%	34.39%	31.27%	29.29%	24.99%	23.18%	21.10%	19.69%	18.21%	13.64%

Legal Debt Margin Calculation for Fiscal Year 2012

Real Property (2012 Assessed Market Value)	\$33,215,186
Personal Property (2012 Assessed Market Value)	384,066
Adjustment for Exempt Personal Property (1966 Market Value)	298,030
Adjustment for Net Fiscal Disparities (Contribution)/Distribution	34,520
Total 2012 Assessed Market Value	<u>33,931,802</u>
Debt Limit (3-1/3% of Market Value Applicable to Debt Limit)	1,131,060
Debt applicable to limit:	
General Obligation Bonds Subject to Debt Limit	172,245
Less: Assets in General Debt Service Fund	(17,928)
Total Net Debt Applicable to Limit	<u>154,317</u>
Legal Debt Margin	<u>\$976,743</u>

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

City of Minneapolis
Demographic and Economic Statistics
Last 10 Fiscal Years
December 31, 2012

Year	Population (1)	Aggregate Income (2)	Per Capita Income	Median Age (3)	School Enrollment (4)	Annual average Unemployment Rate (5)
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	387,873	11,371,465,900	30,693	32.0	32,663	5.3%
2012	NA	NA	NA	NA	34,303	5.0%

Sources:

- (1) Population 2002-2009 & 2011 - 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 7 Years Ago
December 31, 2012

	2012			2006		
	Approximate Number of Employees	Rank	Percentage of Total City Employment	Approximate Number of Employees	Rank	Percentage of Total City Employment
Employer - Metro Region						
University of Minnesota	17,100	1	8.51%	30,240	1	14.29%
Target Corporation	12,200	2	6.07%	24,294	2	11.48%
Wells Fargo Bank Minnesota	7,000	3	3.48%	19,100	4	9.03%
Fairview Health Services	6,700	4	3.33%	18,500	5	8.74%
Hennepin Health Care Systems (HCMC)	5,800	5	2.89%	-	-	-
Ameriprise Financial Services	5,600	6	2.79%	6,500	8	3.07%
Hennepin County	5,200	7	2.59%	12,459	6	5.89%
Children's Hospital	3,000	8	1.49%	-	-	-
Honeywell Aerospace	2,200	9	1.09%	-	-	-
City of Minneapolis	2,100	10	1.04%	-	-	-
Allina Health System	-		-	22,500	3	10.64%
U.S. Bankcorp	-		-	9,442	7	4.46%
Xcel Energy Inc.	-		-	5,356	9	2.53%
United Parcel Services	-		-	5,329	10	2.52%
Total	66,900		33.28%	153,720		72.65%

Note:

Source 2012: D&B Million Dollar Database, Reference USA and Minneapolis Downtown Council
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, 2012**

	Full-time Equivalent Employees as of December 31, 2012									
	2003	2004	2005	2006	2007	2008	2009*	2010*	2011	2012
Function Program										
General Government										
Assessor	35.50	34.50	34.50	34.50	37.00	37.00	36.50	36.50	34.50	35.00
Attorney	110.63	101.13	101.00	106.50	108.00	108.00	105.50	102.00	105.00	101.00
City Clerk/Council	85.50	85.20	65.50	66.50	66.00	67.00	65.50	65.50	64.75	65.02
City Coordinator	969.59	929.75	929.08	911.03	917.00	941.00	919.10	949.80	546.60	691.40
Civil Rights	27.50	24.00	27.00	26.00	26.00	26.00	21.00	19.00	19.00	19.00
Community Planning and Economic Development	206.48	144.00	139.00	142.00	141.00	139.00	141.00	135.00	128.00	116.79
Fire	469.50	449.50	444.50	444.50	447.00	449.00	444.00	438.00	406.00	392.00
Health & Family Support	75.40	73.90	69.00	66.30	66.00	66.00	67.00	60.00	61.70	50.25
Internal Audit	-	-	-	-	-	-	-	2.00	3.00	2.50
Mayor	11.00	11.00	11.00	11.00	12.00	12.00	12.00	10.00	11.00	11.00
Police	1,060.50	966.05	942.00	1,058.00	1,088.00	1,093.00	1,092.00	999.20	992.00	967.80
Public Works	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	917.67
Regulatory Services**	-	-	-	-	-	-	-	-	379.00	286.30
	<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>	<u>3,655.73</u>
Independent Boards										
Board of Estimate & Taxation	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00
Library	363.40	242.00	246.50	261.90	273.00	-	-	-	-	-
Park	936.27	907.47	907.91	909.55	902.00	886.00	859.00	827.00	811.18	802.40
Building Commission	64.00	62.00	61.00	61.00	62.00	62.00	62.00	62.00	60.00	54.00
Youth Coordinating Board	26.50	4.50	4.50	4.50	5.00	5.00	5.00	5.00	5.80	5.80
NRP	12.00	12.00	11.00	10.00	10.00	9.00	9.00	7.00	5.00	-
	<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>	<u>863.20</u>
Total	<u>5,712.31</u>	<u>5,260.19</u>	<u>5,201.88</u>	<u>5,321.87</u>	<u>5,359.00</u>	<u>5,105.00</u>	<u>5,029.80</u>	<u>4,743.50</u>	<u>4,633.88</u>	<u>4,518.93</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)