

# ANNUAL FINANCIAL REPORT

COMPONENT UNIT OF THE  
CITY OF MINNEAPOLIS

FOR THE YEAR ENDED  
DECEMBER 31, 2007





**MINNEAPOLIS PARK AND RECREATION BOARD**

**COMPONENT UNIT  
ANNUAL FINANCIAL REPORT**



**FOR THE YEAR ENDED DECEMBER 31, 2007**

**FINANCE DEPARTMENT**



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

**TABLE OF CONTENTS**

| <b><u>Introductory Section</u></b>  | <b><u>Page</u></b>     |
|---|------------------------|
| Letter of Transmittal   | 1                      |
| Organizational Chart  | 4                      |
| Commissioners/Officers  | 5                      |
| <br>  |                        |
| <b><u>Financial Section</u></b>   |                        |
| Independent Auditor's Report  | 7                      |
| Management Discussion and Analysis  | 9                      |
| <br>  |                        |
| Basic Financial Statements  |                        |
| Government-wide Financial Statements:   |                        |
| Statement of Net Assets   | 18                     |
| Statement of Activities   | 19                     |
| <br>  |                        |
| Fund Financial Statements   |                        |
| Balance Sheet – Governmental Funds  | 20                     |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds                 | 22                     |
| <br>  |                        |
| Statement of Net Assets – Proprietary Funds   | 24                     |
| Statement of Revenues, Expenses and Changes in Net Assets- Proprietary Funds                          | 25                     |
| Statement of Cash Flows – Proprietary Funds   | 26                     |
| <br>  |                        |
| Notes to the Financial Statements   | 27                     |
| <br>  |                        |
| <b><u>Required Supplementary Information</u></b>  | <b><u>Schedule</u></b> |
| Detailed Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual          |                        |
| General Fund  | A-1                    |
| Museum County-wide Levy Fund  | A-2                    |
| Park Grant and Dedicated Revenue Fund   | A-3                    |
| <br>  |                        |
| Notes to the Required Supplementary Information   | 45                     |
| <br>  |                        |
| <b><u>Other Supplementary Information</u></b>   |                        |
| Combining Balance Sheet – Other Governmental Funds  | B-1                    |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds | B-2                    |
| <br>  |                        |
| Capital Projects Funds  |                        |
| Permanent Improvement Fund  |                        |
| Schedule of Project Costs   | C-1                    |
| Analysis of Other Additions – Current Year  | C-2                    |
| Park Acquisition and Improvement Fund   |                        |
| Analysis of Expenditures Designated For Specific Capital Projects                                     | C-3                    |

TABLE OF CONTENTS  
(Continued)

| <u>Other Supplementary Information (Continued)</u>                                       | <u>Schedule</u> | <u>Page</u> |
|--|-----------------|-------------|
| Enterprise Fund  |                 |             |
| Statement of Changes in Net Assets – Reserved<br>For Renewal and Replacement             | D-1             | 66          |
| Statement of Operating Income by Project   | D-2             | 67          |
| Internal Service Funds   |                 |             |
| Combining Statement of Net Assets  | E-1             | 70          |
| Combining Statement of Revenues, Expenses and<br>Changes in Net Assets                   | E-2             | 71          |
| Combining Statement of Cash Flows  | E-3             | 72          |
| Combining Schedule of Revenues, Expenses and<br>Changes in Net Assets – By Major Program | E-4             | 73          |
| Schedule of Changes in Net Assets – Reserved for<br>Specific Purposes                    | E-5             | 74          |
| <br>   |                 |             |
| <b><u>Statistical Section</u></b>  |                 |             |
| Government-wide Expenses by Function   |                 | 75          |
| Government-wide Revenues   |                 | 76          |
| General Fund Revenues by Source and Expenditures by Function                             |                 | 77          |
| Assessed Value and Actual Value of Taxable Property                                      |                 | 78          |
| Direct and Overlapping Property Tax Rates per \$1,000 of Assessed Value                  |                 | 79          |
| Principal Property Tax Payers  |                 | 80          |
| Property Tax Levies and Collections  |                 | 81          |
| Ratio of Outstanding Debt by Type  |                 | 82          |
| Ratios of Net General Bonded Debt Outstanding  |                 | 83          |
| Direct and Overlapping Governmental Activities Debt                                      |                 | 84          |
| Legal Debt Margin Information  |                 | 85          |
| Demographic and Economic Statistics  |                 | 86          |
| Principal Employers  |                 | 87          |
| Full-time Equivalent City Government Employees by Function                               |                 | 88          |
| Minneapolis Park and Recreation Board Quick Fact Sheet                                   |                 | 89          |

# INTRODUCTORY SECTION







June, 16, 2008

Tom Nordyke, President  
Minneapolis Park & Recreation Board  
Minneapolis, Minnesota 55411

Jon Gurban, 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, 2007. 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 keeping 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 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 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 accounted for as a reserve of equity 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 and compliance with applicable legal provisions. The management and compliance letter 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 2007 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 2007, the Park and Recreation Board entered into a loan agreement in the amount of \$58,399 with Central Bank for the purchase of energy saving lighting and fixtures for the Parade Ice Garden facility. Energy savings experienced from these improvements will be allocated to the debt service payments.

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

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

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

## **Cash Management**

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

### **Risk Management**

The Minneapolis Park & Recreation Board accounts for its risk management activities as an internal service fund and charges the operating funds annually for the anticipated actuarially projected claims. The Park & Recreation Board's risk management program operates under the direction of the Administrative Services Director. 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 (OSA). This requirement has been complied with and the auditor's opinion has been included in this report.

### **Acknowledgements**

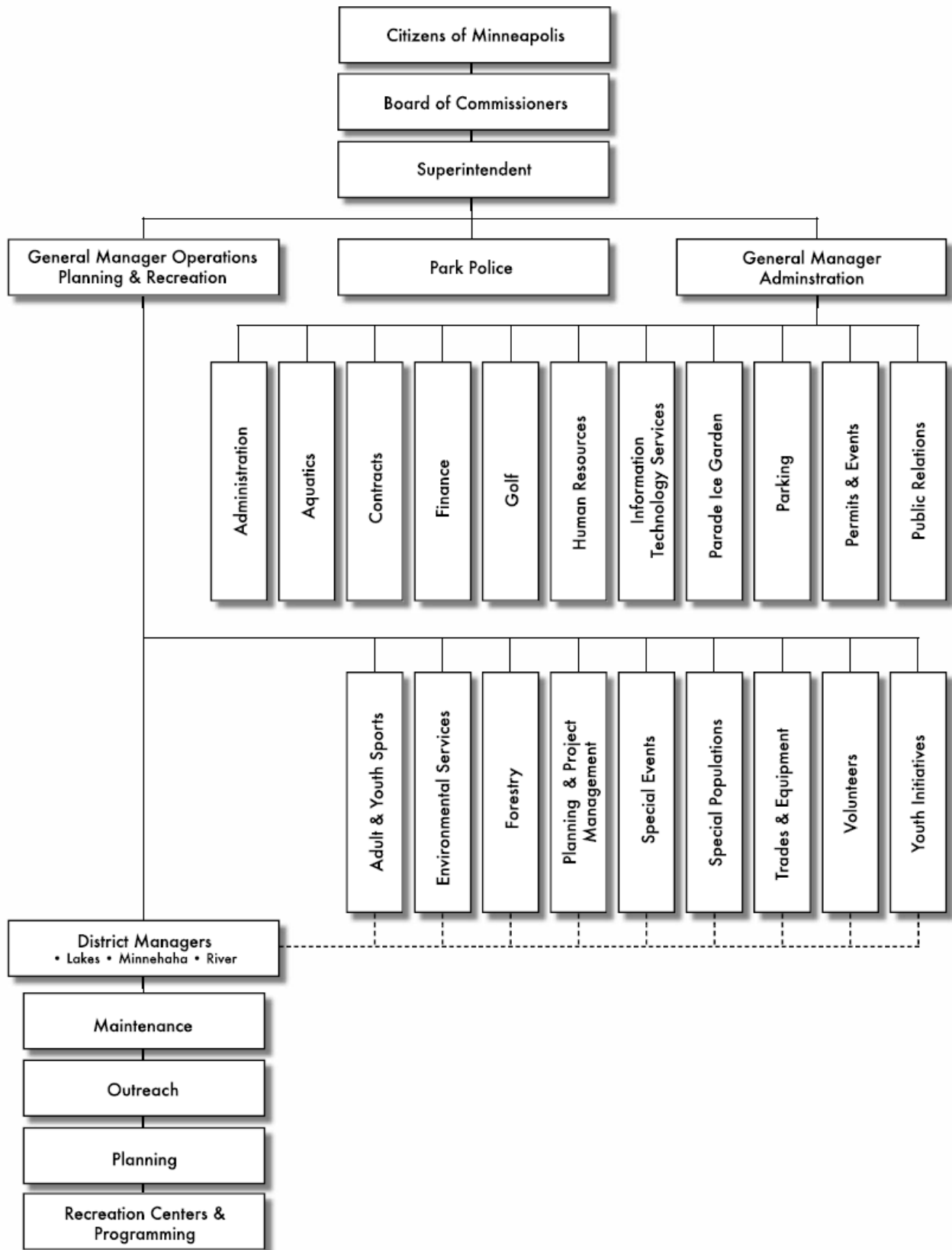
Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the Minneapolis Park & Recreation Board's Finance Department. In addition we would like to thank the State Auditor's Office for their thoroughness and professionalism in conducting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

Respectfully submitted,

*Julia M. Wiseman*

Julia M. Wiseman  
Finance Manager

# Minneapolis Park and Recreation Board ORGANIZATIONAL CHART



## MINNEAPOLIS PARK AND RECREATION BOARD

### COMMISSIONERS AND OFFICERS

| <b>Commissioners</b>  | <b>Term of Office<br/>From</b> | <b>To</b>         |
|-----------------------|--------------------------------|-------------------|
| Mary Merrill Anderson | January 1, 2006                | December 31, 2009 |
| Walt Dzedzic          | January 1, 1998                | December 31, 2009 |
| Bob Fine              | January 1, 1998                | December 31, 2009 |
| Carol A. Kummer       | March 5, 2003                  | December 31, 2009 |
| Tom Nordyke           | January 1, 2006                | December 31, 2009 |
| Tracy Nordstrom       | January 1, 2006                | December 31, 2009 |
| Jon Olson             | January 1, 2002                | December 31, 2009 |
| Scott Vreeland        | January 1, 2006                | December 31, 2009 |
| M. Annie Young        | January 1, 1990                | December 31, 2009 |

#### **Officers**

##### **President**

|             |                 |                   |
|-------------|-----------------|-------------------|
| Tom Nordyke | January 1, 2008 | December 31, 2008 |
|-------------|-----------------|-------------------|

##### **Vice President**

|                       |                 |                   |
|-----------------------|-----------------|-------------------|
| Mary Merrill Anderson | January 1, 2008 | December 31, 2008 |
|-----------------------|-----------------|-------------------|

##### **Secretary**

|               |                 |                   |
|---------------|-----------------|-------------------|
| Don Siggelkow | January 1, 2008 | December 31, 2008 |
|---------------|-----------------|-------------------|

**This Page Left Blank Intentionally.**



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

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

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

### INDEPENDENT AUDITOR'S REPORT

Minneapolis Park and Recreation Board  
Minneapolis, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Minneapolis Park and Recreation Board, a component unit of the City of Minneapolis, as of and for the year ended December 31, 2007, which collectively comprise the Minneapolis Park and Recreation Board's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Park Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Minneapolis Park and Recreation Board as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12, the Minneapolis Park and Recreation Board has implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The Management's Discussion and Analysis, the budgetary comparison information for the General Fund and major special revenue funds contained in statements A-1 through A-3, and the notes to the required supplementary information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we also issued our report dated June 16, 2008, on our consideration of the Minneapolis Park and Recreation Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 16, 2008

# FINANCIAL SECTION





# 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, 2007. Please read it in conjunction with the Park and Recreation Board's basic financial statements and information provided in the letter of transmittal.

### Financial Highlights

- The Park and Recreation Board's government-wide net assets increased as a result of this year's operations by \$748,658 or 0.3%. Net assets of the business-type activities decreased by \$475,405 or 3.3% and net assets of the governmental activities increased by \$1,224,063 or 0.5%.
- The assets of the Park and Recreation Board exceeded its liabilities at the close of the most recent fiscal year by \$276,901,670 (net assets). Of this amount, \$996,002 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Park and Recreation Board's Governmental Funds reported combined ending fund balances of \$676,542.
- As of the close of the current fiscal year, the Park and Recreation Board's Proprietary Funds reported combined ending equity of \$18,933,038. Ending equity of the business-type proprietary fund is \$13,722,066 with approximately 6.3% of this amount or \$861,124 available for spending at the government's discretion (unrestricted fund equity). Ending equity of the governmental-type proprietary fund is \$5,210,972 with approximately 2.0% of this amount or \$106,079 available for spending at the government's discretion.

### Financial Statement Overview

This annual report consists of a series of financial statements. The *Statement of Net Assets* and the *Statement of Activities* (on pages 18-19) provide information about the activities of the Park and Recreation Board as a whole and present a longer-term view of the Park and Recreation Board's finances. Fund financial statements start on page 20. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Park and Recreation Board's operations in more detail than the government-wide statements by providing information about the Park and Recreation Board's most financially significant funds. Notes to the financial statements start on page 27. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

### Government-wide Financial Statements

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

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

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

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

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

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

## **Fund Financial Statements**

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

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

*Proprietary Funds:* Proprietary funds provide information on 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, park stores operations 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 governmental activities.

## **Government-wide Financial Analysis**

The Park and Recreation Board's total governmental assets remained fairly stable from a year ago, however current and other assets decreased by \$2,136,635 and capital assets increased by \$2,223,668 for a net change in governmental assets of \$87,033. The Park and Recreation Board's total business type assets decreased from \$15,829,587 to \$15,332,104. This analysis will focus first on the net assets and then on the changes in net assets of the Park and Recreation Board's governmental and business-type activities.

**Minneapolis Park and Recreation Board's Net Assets**

|   | Governmental         |                      | Business-type       |                     | Total                |                      |
|---|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
|   | 2007                 | 2006                 | 2007                | 2006                | 2007                 | 2006                 |
| Current and other assets                        | \$ 14,553,902        | \$ 16,690,537        | \$ 1,768,801        | \$ 1,735,370        | \$ 16,322,703        | \$ 18,425,907        |
| Capital assets                                  | 263,044,726          | 260,821,058          | 13,563,303          | 14,094,217          | 276,608,029          | 274,915,275          |
| Total assets                                    | <u>277,598,628</u>   | <u>277,511,595</u>   | <u>15,332,104</u>   | <u>15,829,587</u>   | <u>292,930,732</u>   | <u>293,341,182</u>   |
| Long-term liabilities outstanding               | 10,629,432           | 11,725,930           | 1,083,123           | 1,014,721           | 11,712,555           | 12,740,651           |
| Other liabilities                               | 3,789,592            | 3,830,124            | 526,915             | 617,395             | 4,316,507            | 4,447,519            |
| Total liabilities                               | <u>14,419,024</u>    | <u>15,556,054</u>    | <u>1,610,038</u>    | <u>1,632,116</u>    | <u>16,029,062</u>    | <u>17,188,170</u>    |
| Net Assets:                                     |                      |                      |                     |                     |                      |                      |
| Invested in capital assets, net of related debt | 263,044,726          | 260,821,058          | 12,860,942          | 13,400,403          | 275,905,668          | 274,221,461          |
| Unrestricted                                    | 134,878              | 1,134,483            | 861,124             | 797,068             | 996,002              | 1,931,551            |
| Total net Assets                                | <u>\$263,179,604</u> | <u>\$261,955,541</u> | <u>\$13,722,066</u> | <u>\$14,197,471</u> | <u>\$276,901,670</u> | <u>\$276,153,012</u> |

Net assets of the Park and Recreation Board's governmental activities increased by 0.5%. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints, decreased by \$999,605 and represent 0.05% of total net assets.

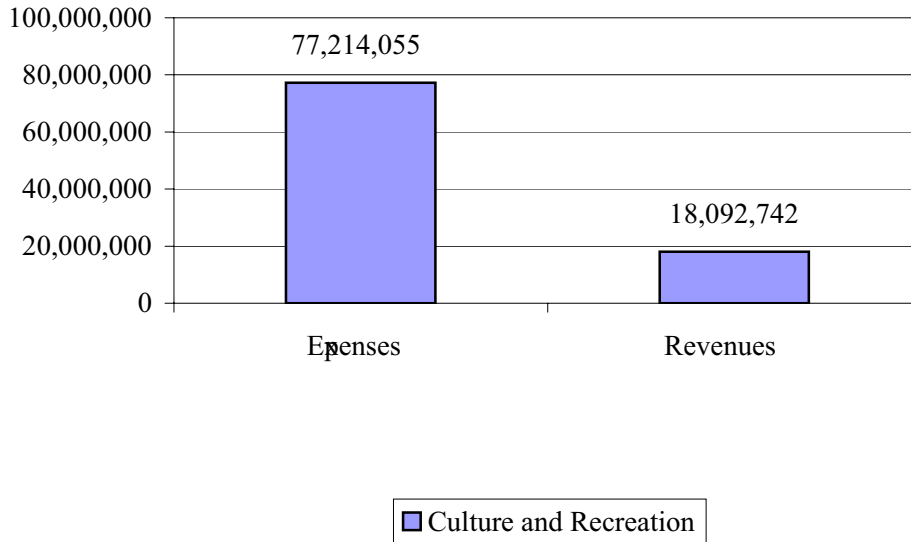
Net assets of the Board's business-type activities decreased by 3.3% in 2007. The Park and Recreation Board commits these net assets to finance the continuing operations including capital improvements of the Enterprise Fund.

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

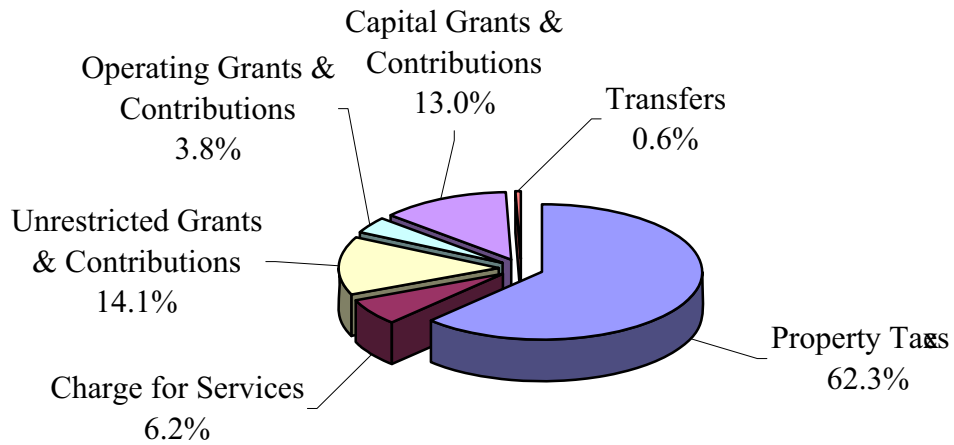
|                                     | Governmental       |                      | Business-type      |                   | Total             |                      |
|-------------------------------------|--------------------|----------------------|--------------------|-------------------|-------------------|----------------------|
|                                     | 2007               | 2006                 | 2007               | 2006              | 2007              | 2006                 |
| Revenues                            |                    |                      |                    |                   |                   |                      |
| Program revenues:                   |                    |                      |                    |                   |                   |                      |
| Charges for Services                | \$4,883,145        | \$ 4,704,912         | \$12,489,302       | \$11,802,731      | \$17,372,447      | \$16,507,643         |
| Operating grants & contributions    | 2,987,325          | 3,087,201            | 547,643            | 625,468           | 3,534,968         | 3,712,669            |
| Capital grants & contributions      | 10,222,272         | 6,221,178            |                    |                   | 10,222,272        | 6,221,178            |
| General revenues:                   |                    |                      |                    |                   |                   |                      |
| Taxes                               | 48,815,060         | 45,406,887           |                    |                   | 48,815,060        | 45,406,887           |
| Unrestricted grants & contributions | 11,035,316         | 11,884,844           |                    |                   | 11,035,316        | 11,884,844           |
| Transfers                           | 495,000            | 295,000              |                    |                   | 495,000           | 295,000              |
| Total Revenue                       | <u>78,438,118</u>  | <u>71,600,022</u>    | <u>13,036,945</u>  | <u>12,428,199</u> | <u>91,475,063</u> | <u>84,028,221</u>    |
| Program Expense:                    |                    |                      |                    |                   |                   |                      |
| Culture & Recreation                | 77,214,055         | 72,780,472           |                    |                   | 77,214,055        | 72,780,472           |
| Park Enterprise Fund                |                    |                      | 13,017,350         | 12,184,123        | 13,017,350        | 12,184,123           |
| Transfers                           |                    |                      | 495,000            | 295,000           | 495,000           | 295,000              |
| Total Expenses                      | <u>77,214,055</u>  | <u>72,780,472</u>    | <u>13,512,350</u>  | <u>12,479,123</u> | <u>90,726,405</u> | <u>85,259,595</u>    |
| Increase (Decrease) in Net Assets   | <u>\$1,224,063</u> | <u>(\$1,180,450)</u> | <u>(\$475,405)</u> | <u>(\$50,924)</u> | <u>\$ 748,658</u> | <u>(\$1,231,374)</u> |

For governmental activities of the Park and Recreation Board, the \$1,224,063 increase in net assets was largely due to an actuarially determined adjustment for workers compensation claims payable and general liability claims payable which decreased the amount of liability recorded in the financial statements. More information regarding this liability can be found in the Notes to the Financial Statements. The decrease in proprietary activities of the Park and Recreation Board of \$475,405 is primarily due to the costs incurred in the maintenance and repair of golf and other revenue producing facilities.

## Expenses and Program Revenues Governmental Activities



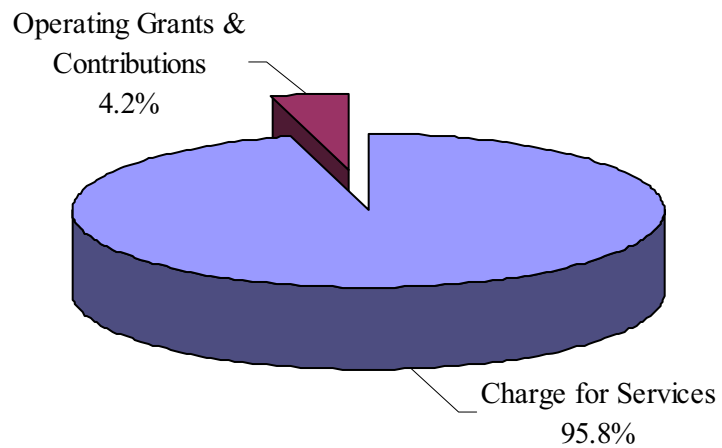
## Revenues by Source - Governmental Activities



## 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 \$676,542. 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 \$156,038 from 2006. As of the end of the current fiscal year the General Fund reported a fund balance of \$1,336,915, of which \$1,015,433 is classified as unreserved 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 addition supplemental appropriations that may occur during the fiscal year. The 2007 original appropriation was \$53,312,202 and the final appropriation was \$55,480,202. The appropriation changes of \$2,168,000 that occurred during the 2007 fiscal year were needed to authorize the appropriation for expenditures related to grants, contributions, interfund transfers which funded programs and improvements expended through the general fund. An appropriation increase of \$485,000 was approved by the Park and Recreation Board on March 5, 2008 to authorize the spending down of fund balance to fund park facility improvements. General revenues and other resources were originally estimated \$53,312,202 and the final revenue estimate was \$54,995,202.

#### **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 earmarked for specific purposes. The fund balance of the Park Grant and Dedicated Revenue fund decreased by \$719,130 from 2006. This decrease 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 \$2,893,739, of which \$2,721,871 is classified as reserved and \$171,868 is classified as unreserved and is available for future near term spending.

#### **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 decreased by \$2,238,136 from 2006, primarily due to the timing of capital project grant proceeds which accounted for \$2,241,004 in deferred revenue. As of the end of the current fiscal year the Permanent Improvement Fund reported a fund balance of (\$4,043,103). The deficit fund balance will be funded in 2008 with capital program monies, private contributions or sales of land.

## **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 2007, charges for services and rents increased from 2006 by \$669,349 or 5.7%. In 2007, operating expenses of the Park Operating Fund increased from 2006 by \$770,296 or 7.0%. Expenses increased by a greater percentage than revenues and therefore operating income decreased from the 2006 operating income by \$100,947 or 12.5%. The decrease in operating income is due to the greater than anticipated increase to contractual services including equipment rental and energy costs.

### **Park Internal Services Fund**

This internal service fund accounts for the purchase and issuing of materials and supplies, 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, operating loss was \$600,922 and ending net assets was \$6,312,480. The operating loss was due to management decisions to invest in new equipment using unrestricted net assets and to fully fund the Park Stores operations through the internal service fund. Net Assets is comprised of \$5,104,893 or 80.9% which is invested in capital assets and \$1,207,587 or 19.1% 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 the self-insurance activities of the Park and Recreation Board. These activities include workers compensation, property insurance, general liability, automotive liability and police professional liability. In the current fiscal year ended, operating income was \$1,194,454 and ending net assets was (\$1,101,508). Actuarial adjustments were made in 2007 to the long-term liability for workers compensation claims payable. General liability claims payable was adjusted using legal estimates. It is the intention to adjust rates in this fund which will, over time, allow for the full funding of the current deficit.

## **Capital Asset and Debt Administration**

### **Capital Assets**

At the end of 2007, the Park and Recreation Board had \$276,608,029 invested in a broad range of capital assets, including land, buildings, vehicles, equipment, trails, bridges, golf courses and parking lots. This amount represents an increase of \$1,692,754 from 2006.

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

- Minnehaha Regional Park
- Chain of Lakes Flood Mitigation
- Parade Athletic Field Improvements
- Above the Falls Regional Park

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

|                          | Governmental<br>Activities |                      | Business-type<br>Activities |                     | Total                |                      |
|--------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
|                          | 2007                       | 2006                 | 2007                        | 2006                | 2007                 | 2006                 |
|                          | Land                       | \$56,630,843         | \$56,630,843                | \$1,206,784         | \$1,206,784          | \$57,837,627         |
| Building and Structures  | 41,735,131                 | 42,635,502           | 8,121,882                   | 8,443,192           | 49,857,013           | 51,078,694           |
| Infrastructure           | 48,776,920                 | 49,611,235           | 37,604                      | 38,402              | 48,814,524           | 49,649,637           |
| Public Improvements      | 85,545,405                 | 89,359,638           | 3,737,624                   | 3,942,466           | 89,283,029           | 93,302,104           |
| Machinery & Equipment    | 6,123,320                  | 5,942,022            | 453,053                     | 463,373             | 6,576,373            | 6,405,395            |
| Construction in Progress | 24,233,107                 | 16,641,818           | 6,356                       |                     | 24,239,463           | 16,641,818           |
| <b>Total</b>             | <b>\$263,044,726</b>       | <b>\$260,821,058</b> | <b>\$13,563,303</b>         | <b>\$14,094,217</b> | <b>\$276,608,029</b> | <b>\$274,915,275</b> |

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

**Debt**

In 2007, the Park and Recreation Board entered into a loan agreement in the amount of \$58,399 with Central Bank for the purchase of energy saving lighting and fixtures for the Parade Ice Garden facility. Energy savings experienced from these improvements will be allocated to the debt service payments.

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

**Economic Factors and 2008 Budgets**

*Employment:*

The unemployment rate for the City of Minneapolis at the end of 2007, as released by the Minnesota Department of Economic Security, is 4.3%. This economic indicator is on par with comparisons including the State of Minnesota (4.9%) and the national unemployment rate (4.8%).

*2008 Budget:*

On December 12, 2007, the Park and Recreation Board approved the 2008 budget. The original operating budget was set for \$55.0 million.

**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.

**This Page Left Blank Intentionally.**

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF NET ASSETS**  
**December 31, 2007**

|  | Governmental<br>Activities | Business -Type<br>Activities | Total                 |
|--|----------------------------|------------------------------|-----------------------|
| <b>ASSETS</b>                                  |                            |                              |                       |
| Cash and Cash Equivalents                      | \$ 9,424,417               | \$ 4,566                     | \$ 9,428,983          |
| Receivables (Net)                              | 5,222,471                  | 955,911                      | 6,178,382             |
| Inventories                                    | 637,014                    | 78,324                       | 715,338               |
| Internal Balances                              | (730,000)                  | 730,000                      |                       |
| Capital Assets:                                |                            |                              |                       |
| Non-Depreciable                                | 80,863,950                 | 1,213,140                    | 82,077,090            |
| Depreciable (Net)                              | 182,180,776                | 12,350,163                   | 194,530,939           |
| <b>Total Assets</b>                            | <u>277,598,628</u>         | <u>15,332,104</u>            | <u>292,930,732</u>    |
| <b>LIABILITIES</b>                             |                            |                              |                       |
| Salaries Payable                               | \$ 2,643,779               | \$ 283,892                   | \$ 2,927,671          |
| Accounts Payable (Net)                         | 1,145,813                  | 243,023                      | 1,388,836             |
| Non-Current Liabilities                        |                            |                              |                       |
| Due Within One Year:                           |                            |                              |                       |
| Compensated Absences                           | 2,518,363                  | 327,838                      | 2,846,201             |
| Notes Payable                                  |                            | 62,236                       | 62,236                |
| Due In More Than One Year:                     |                            |                              |                       |
| Compensated Absences                           | 1,446,639                  |                              | 1,446,639             |
| Post Employment Benefits                       | 339,339                    | 52,924                       | 392,263               |
| Notes Payable                                  |                            | 640,125                      | 640,125               |
| Workers' Comp Claims Pending                   | 5,250,591                  |                              | 5,250,591             |
| General Liability Claims Pending               | 1,074,500                  |                              | 1,074,500             |
| <b>Total Liabilities</b>                       | <u>14,419,024</u>          | <u>1,610,038</u>             | <u>16,029,062</u>     |
| <b>NET ASSETS</b>                              |                            |                              |                       |
| Invested in Capial Assets, Net of Related Debt | 263,044,726                | 12,860,942                   | 275,905,668           |
| Unrestricted                                   | 134,878                    | 861,124                      | 996,002               |
| <b>Total Net Assets</b>                        | <u>263,179,604</u>         | <u>13,722,066</u>            | <u>276,901,670</u>    |
| <b>Total Liabilities and Net Assets</b>        | <u>\$ 277,598,628</u>      | <u>\$ 15,332,104</u>         | <u>\$ 292,930,732</u> |

The Notes to the Financial Statements are an Integral Part of this Statement

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2007**

|  | <u>Program Revenues</u> |                                 |   |   | <u>Net (Expense) Revenue and<br/>Changes in Net Assets</u> |                                     |                       |
|--|-------------------------|---------------------------------|---|---|--|-------------------------------------|-----------------------|
|  | <u>Expenses</u>         | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Governmental<br/>Activities</u>                         | <u>Business-type<br/>Activities</u> | <u>Total</u>          |
| <b>Function/Program Activities</b>                           |                         |                                 |   |   |  |                                     |                       |
| <b>Governmental Activities</b>                               |                         |                                 |   |   |  |                                     |                       |
| Culture and Recreation                                       | \$ 77,214,055           | \$ 4,883,145                    | \$ 2,987,325                                      | \$ 10,222,272                                   | \$ (59,121,313)  |                                     | \$ (59,121,313)       |
| <b>Business Type Activities</b>                              |                         |                                 |   |   |  |                                     |                       |
| Park Enterprise Fund   | 13,017,350              | 12,489,302                      | 547,643   |   |  | 19,595                              | 19,595                |
| <b>Total</b>   | <u>\$ 90,231,405</u>    | <u>\$ 17,372,447</u>            | <u>\$ 3,534,968</u>                               | <u>\$ 10,222,272</u>                            |  |                                     |                       |
| <b>General Revenues and Transfers:</b>                       |                         |                                 |   |   |  |                                     |                       |
| Taxes:   |                         |                                 |   |   |  |                                     |                       |
| Property Taxes   |                         |                                 |   | 38,780,948                                      |  |                                     | 38,780,948            |
| Museum (county-wide levy)                                    |                         |                                 |   | 10,027,075                                      |  |                                     | 10,027,075            |
| Other  |                         |                                 |   | 7,037   |  |                                     | 7,037                 |
| Grants and contributions not restricted to specific programs |                         |                                 |   | 11,035,316                                      |  |                                     | 11,035,316            |
| Transfers  |                         |                                 |   | 495,000   | (495,000)  |                                     |                       |
|  |                         |                                 |   | <u>1,224,063</u>                                | <u>(475,405)</u>   |                                     | <u>748,658</u>        |
| Net Assets - January 1                                       |                         |                                 |   | 261,955,541                                     | 14,197,471   |                                     | 276,153,012           |
| Net Assets - December 31                                     |                         |                                 |   | <u>\$ 263,179,604</u>                           | <u>\$ 13,722,066</u>                                       |                                     | <u>\$ 276,901,670</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, 2007**

|  | General             | Museum<br>County-<br>Wide<br>Levy | Park<br>Grant and<br>Dedicated<br>Revenue | Permanent<br>Improvement | Other<br>Governmental<br>Funds | Total                |
|--|---------------------|-----------------------------------|---|--------------------------|--------------------------------|----------------------|
| <b>ASSETS</b>                                  |                     |                                   |   |                          |                                |                      |
| Cash and                                       |                     |                                   |   |                          |                                |                      |
| Cash Equivalents                               | \$ 5,074,826        | \$                                | \$ 2,491,464                              | \$ 5,972                 | \$ 512,814                     | \$ 8,085,076         |
| Receivables:                                   |                     |                                   |   |                          |                                |                      |
| Accounts - Net                                 | 176,109             |                                   | 5,256                                     |                          | 4,125                          | 185,490              |
| Taxes -  |                     |                                   |   |                          |                                |                      |
| Current  | 347,849             | 85,005                            |   |                          |                                | 432,854              |
| Delinquent                                     | 1,259,721           |                                   |   |                          |                                | 1,259,721            |
| Intergovernmental                              | 15,692              |                                   | 500,227                                   | 2,827,478                |                                | 3,343,397            |
| Accrued Interest                               |                     |                                   |   | 4                        | 179                            | 183                  |
| <b>Total Assets</b>                            | <u>\$ 6,874,197</u> | <u>\$ 85,005</u>                  | <u>\$ 2,996,947</u>                       | <u>\$ 2,833,454</u>      | <u>\$ 517,118</u>              | <u>\$ 13,306,721</u> |
| <b>LIABILITIES AND FUND BALANCES</b>           |                     |                                   |   |                          |                                |                      |
| Liabilities :                                  |                     |                                   |   |                          |                                |                      |
| Payables -                                     |                     |                                   |   |                          |                                |                      |
| Salaries                                       | \$ 2,424,664        | \$                                | \$ 52,253                                 | \$ 1,382                 | \$                             | \$ 2,478,299         |
| Accounts                                       | 504,297             | 85,005                            | 50,955                                    | 274,171                  | 28,127                         | 942,555              |
| Due To -                                       |                     |                                   |   |                          |                                |                      |
| Capital Advances                               | 1,348,600           |                                   |   | 4,360,000                |                                | 5,708,600            |
| Deferred Revenue                               | 1,259,721           |                                   |   | 2,241,004                |                                | 3,500,725            |
| <b>Total Liabilities</b>                       | <u>5,537,282</u>    | <u>85,005</u>                     | <u>103,208</u>                            | <u>6,876,557</u>         | <u>28,127</u>                  | <u>12,630,179</u>    |
| Fund Balances:                                 |                     |                                   |   |                          |                                |                      |
| Reserved For -                                 |                     |                                   |   |                          |                                |                      |
| Encumbrances                                   | 321,482             |                                   | 23,032                                    | 3,758,223                | 28,328                         | 4,131,065            |
| Specific Projects                              |                     |                                   | 2,698,839                                 |                          | 460,663                        | 3,159,502            |
| Unreserved Reported in:                        |                     |                                   |   |                          |                                |                      |
| General Fund                                   | 1,015,433           |                                   |   |                          |                                | 1,015,433            |
| Special Revenue Funds                          |                     |                                   | 171,868                                   |                          |                                | 171,868              |
| Capital Projects Funds                         |                     |                                   |   | (7,801,326)              |                                | (7,801,326)          |
| <b>Total Fund Balances</b>                     | <u>1,336,915</u>    | <u>0</u>                          | <u>2,893,739</u>                          | <u>(4,043,103)</u>       | <u>488,991</u>                 | <u>676,542</u>       |
| <b>Total Liabilities<br/>and Fund Balances</b> | <u>\$ 6,874,197</u> | <u>\$ 85,005</u>                  | <u>\$ 2,996,947</u>                       | <u>\$ 2,833,454</u>      | <u>\$ 517,118</u>              | <u>\$ 13,306,721</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 Assets - Governmental Activities**  
**December 31, 2007**

**Total Governmental Funds Balances** \$ 676,542

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

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

|                          |               |             |
|--------------------------|---------------|-------------|
| Non-Depreciable          | 56,630,843    |             |
| Depreciable              | 313,564,267   |             |
| Accumulated Depreciation | (136,488,384) |             |
| Work in Progress         | 24,233,107    | 257,939,833 |

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

|   |             |
|---|-------------|
| Compensated Absences - Short Term       | (2,378,056) |
| Compensated Absences - Long Term        | (1,446,639) |
| Post Employment Benefits - Long<br>Term | (323,773)   |

Deferred revenue in governmental funds is susceptible  
to full accrual on the entity-wide statements. 3,500,725

Internal Service Funds are not reported in the funds  
statement but are included in the Statement of Net  
Assets governmental activities. 5,210,972

**Net Assets of Governmental Activities** \$ 263,179,604

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, 2007**

|   | General             | Museum<br>County-<br>Wide<br>Levy | Park<br>Grant and<br>Dedicated<br>Revenue | Permanent<br>Improvement | Other<br>Governmental<br>Funds | Total              |
|---|---------------------|-----------------------------------|---|--------------------------|--------------------------------|--------------------|
| <b>REVENUES</b>                                 |                     |                                   |   |                          |                                |                    |
| Taxes   | \$8,535,183         | \$ 10,027,075                     | \$  | \$                       | \$                             | \$48,562,258       |
| Intergovernmental                               | 13,589,744          | 1,018                             | 1,309,913                                 | 6,110,446                | 500,000                        | 21,511,121         |
| Charges for Services<br>and Sales               | 1,029,831           |                                   | 863,923                                   | 467,136                  |                                | 2,360,890          |
| Fines and Forfeits                              | 511,378             |                                   |   |                          |                                | 511,378            |
| Special Assessments                             |                     |                                   |   |                          | 127,922                        | 127,922            |
| Investment Earnings                             |                     |                                   |   | (41)                     | 948                            | 907                |
| Miscellaneous                                   | 657,379             | 4,551                             | 275,325                                   | 357,910                  |                                | 1,295,165          |
| <b>Total Revenues</b>                           | <u>54,323,515</u>   | <u>10,032,644</u>                 | <u>2,449,161</u>                          | <u>6,935,451</u>         | <u>628,870</u>                 | <u>74,369,641</u>  |
| <b>EXPENDITURES</b>                             |                     |                                   |   |                          |                                |                    |
| Culture and Recreation                          | 54,737,890          | 10,032,644                        | 1,249,408                                 |                          |                                | 66,019,942         |
| Capital Outlay                                  |                     |                                   | 69,443                                    | 11,259,690               | 530,176                        | 11,859,309         |
| <b>Total Expenditures</b>                       | <u>54,737,890</u>   | <u>10,032,644</u>                 | <u>1,318,851</u>                          | <u>11,259,690</u>        | <u>530,176</u>                 | <u>77,879,251</u>  |
| Excess of Revenues Over<br>(Under) Expenditures | <u>(414,375)</u>    | <u>0</u>                          | <u>1,130,310</u>                          | <u>(4,324,239)</u>       | <u>98,694</u>                  | <u>(3,509,610)</u> |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                     |                                   |   |                          |                                |                    |
| Transfers In -<br>Other Funds                   | 995,000             |                                   |   | 2,086,103                |                                | 3,081,103          |
| Transfers Out -<br>Other Funds                  | <u>(736,663)</u>    |                                   | <u>(1,849,440)</u>                        |                          |                                | <u>(2,586,103)</u> |
| Total Other<br>Financing Sources                | <u>258,337</u>      | <u>0</u>                          | <u>(1,849,440)</u>                        | <u>2,086,103</u>         | <u>0</u>                       | <u>495,000</u>     |
| Net Change in<br>Fund Balances                  | (156,038)           |                                   | (719,130)                                 | (2,238,136)              | 98,694                         | (3,014,610)        |
| <b>FUND BALANCE -<br/>JANUARY 1</b>             | <u>1,492,953</u>    |                                   | <u>3,612,869</u>                          | <u>(1,804,967)</u>       | <u>390,297</u>                 | <u>3,691,152</u>   |
| <b>FUND BALANCE -<br/>DECEMBER 31</b>           | <u>\$ 1,336,915</u> | <u>\$ 0</u>                       | <u>\$2,893,739</u>                        | <u>\$ (4,043,103)</u>    | <u>\$ 488,991</u>              | <u>\$ 676,542</u>  |

The Notes to the Financial Statements are an Integral Part of this Statement

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds**  
**to the Government-wide Statement of Activities - Governmental Activities**  
**For the Year Ended December 31, 2007**

**Net Changes in Fund Balances - Total Governmental Funds** \$ (3,014,610)

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 outlays exceeded depreciation in the current period. 1,468,610

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             | 1,481,532 |
| Contribution of Parkway Reconstruction | 718,726   |

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 Compensated Absences     | 22,659    |
| Change in Post Employment Benefits | (323,773) |

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. 870,919

**Change in net assets of governmental activities** \$ 1,224,063

The Notes to the Financial Statements are an Integral Part of this Statement

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**December 31, 2007**

|   | Business-Type<br>Activities -<br>Enterprise Fund | Governmental<br>Activities-<br>Internal<br>Service Funds |
|---|--|--|
| <b>ASSETS</b>                                   |  |  |
| Cash and Cash Equivalents                       | \$ 4,566   | \$ 1,339,341   |
| Receivables -                                   |  |  |
| Accounts - Net                                  | 955,911  | 5  |
| Intergovernmental Receivables                   |  | 821  |
| Capital Advances                                | 800,000  | 4,978,600  |
| Materials & Supplies Inventory                  | 78,324   | 637,014  |
| Total Current Assets                            | 1,838,801  | 6,955,781  |
| Non Current Assets                              |  |  |
| Net Capital Assets                              | 13,563,303                                       | 5,104,893  |
| <b>Total Assets</b>                             | <b>\$ 15,402,104</b>                             | <b>\$ 12,060,674</b>                                     |
| <br><b>LIABILITIES AND FUND EQUITY</b>          |  |  |
| Current Liabilities :                           |  |  |
| Payables -                                      |  |  |
| Salaries  | \$ 283,892                                       | \$ 165,480   |
| Accounts  | 242,185  | 203,258  |
| Intergovernmental Payable                       | 838  |  |
| Notes Payable - Current                         | 62,236   |  |
| Due To-   |  |  |
| Capital Advance                                 | 70,000   |  |
| Total Current Liabilities                       | 659,151  | 368,738  |
| Long-Term Liabilities:                          |  |  |
| Notes Payable - Long Term                       | 640,125  |  |
| Worker's Compensation Claims Pending            |  | 5,250,591  |
| General Liability Claims Pending                |  | 1,074,500  |
| Post Employment Benefits Payable                | 52,924   | 15,566   |
| Compensated Absences Payable                    | 327,838  | 140,307  |
| Total Long-Term Liabilities                     | 1,020,887  | 6,480,964  |
| Total Liabilities                               | 1,680,038  | 6,849,702  |
| Equity:   |  |  |
| Invested in Capital Assets, Net of Related Debt | 12,860,942                                       | 5,104,893  |
| Unrestricted                                    | 861,124  | 106,079  |
| Total Equity                                    | 13,722,066                                       | 5,210,972  |
| <b>Total Liabilities and Net Assets</b>         | <b>\$ 15,402,104</b>                             | <b>\$ 12,060,674</b>                                     |

The Notes to the Financial Statements are an Integral Part of this Statement

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2007**

|  | Business-Type<br>Activities -<br>Enterprise Fund | Governmental<br>Activities-<br>Internal<br>Service Funds |
|--|--|--|
| <b>OPERATING REVENUES</b>                                  |  |  |
| Billings to Departments                                    | \$   | \$ 7,174,301   |
| Charges For Services and Sales                             | 10,762,023                                       |  |
| Rents  | 1,698,425  |  |
| Total Operating Revenues                                   | <u>12,460,448</u>                                | <u>7,174,301</u>   |
| <b>OPERATING EXPENSES</b>                                  |  |  |
| Personal Services  | 4,559,823  | 1,966,746  |
| Contractual Services                                       | 3,223,362  | 724,970  |
| Materials and Supplies                                     | 2,130,501  | 1,630,279  |
| Cost of Goods Sold   |  | 507,368  |
| Depreciation on Acquired Property                          | 590,069  | 1,092,901  |
| Benefits   | 1,250,209  | 658,505  |
| Total Operating Expenses                                   | <u>11,753,964</u>                                | <u>6,580,769</u>   |
| Operating Income (Loss)                                    | <u>706,484</u>                                   | <u>593,532</u>   |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                    |  |  |
| U.S. Department of Justice - Weed & Seed                   | 3,000  |  |
| State of Minnesota - Department of Health & Family Support | 32,950   |  |
| City of Minneapolis - Neighborhood Revitalization Program  | 57,361   |  |
| Contributions  | 454,332  | 96,210   |
| Gain (Loss) on Disposal of Capital Assets                  |  | (12,179)   |
| Gain on Sale of Scrap                                      | 7,500  | 18,948   |
| Damages/Losses Recovered                                   |  | 131,525  |
| Other Non-Operating Revenues                               | 21,354   | 42,883   |
| City of Minneapolis - Debt Service                         | (1,054,250)                                      |  |
| Interest Expense   | (35,455)   |  |
| Other Non-Operating Expenses                               | (173,691)  |  |
| Total Nonoperating Revenues (Expenses)                     | <u>(686,899)</u>                                 | <u>277,387</u>   |
| Income (Loss) Before Transfers                             | <u>19,585</u>                                    | <u>870,919</u>   |
| <b>TRANSFERS IN (OUT)</b>                                  |  |  |
| Transfer to Park General Fund                              | (495,000)  |  |
| Total Transfers In (Out)                                   | <u>(495,000)</u>                                 | <u>0</u>   |
| <b>CHANGE IN NET ASSETS</b>                                | (475,415)  | 870,919  |
| <b>NET ASSETS - JANUARY 1</b>                              | 14,197,471                                       | 4,340,053  |
| <b>NET ASSETS - DECEMBER 31</b>                            | <u>\$ 13,722,056</u>                             | <u>\$ 5,210,972</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, 2007**

|  | Business-Type<br>Activities-<br>Enterprise Fund | Governmental<br>Activities-<br>Internal<br>Service Funds |
|--|---|--|
| <b>Cash Flows from Operating Activities:</b>   |   |  |
| Cash Received from Interfund Services Provided   | \$  | \$ 7,174,301   |
| Cash Received from Customers   | 12,187,955                                      | 176,825  |
| Cash paid to suppliers for goods and services  | (5,519,349)                                     | (4,296,312)  |
| Cash paid to employees for services  | (5,779,849)                                     | (2,581,438)  |
| Net cash provided by (used in) operating activities  | 888,757   | 473,376  |
| <b>Cash Flows from Noncapital Financing Activities:</b>  |   |  |
| U.S. Department of Justice - Weed and Seed Grant   | 3,000   |  |
| State of Minnesota - Department of Health & Family Support   | 32,950  |  |
| City of Minneapolis - Neighborhood Revitalization Program  | 57,361  |  |
| Contributions  | 454,332   |  |
| Advance Received   | 70,000  |  |
| City of Minneapolis - Debt Service   | (1,054,250)                                     |  |
| Advances Paid  |   | (2,500,000)  |
| Transfers To Other Funds   | (495,000)                                       |  |
| Net Cash (Used) Provided by Noncapital Financing Activities  | (931,607)                                       | (2,500,000)  |
| <b>Cash Flows from Capital Financing Activities:</b>   |   |  |
| Proceeds From Sale of Capital Assets   |   | 22,005   |
| Proceeds From Sale of Scrap  | 7,500   | 18,948   |
| Principal and Interest Payments  | (85,299)  |  |
| Acquisition of Property Plant and Equipment  | (66,305)  | (1,067,207)  |
| Net Cash Used for Capital Financing Activities   | (144,104)                                       | (1,026,254)  |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | (186,954)                                       | (3,052,878)  |
| <b>Cash and Cash Equivalents - January 1</b>   | 191,520   | 4,392,219  |
| <b>Cash and Cash Equivalents - December 31</b>   | \$ 4,566  | \$ 1,339,341   |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities</b> |   |  |
| Operating Income (Loss)  | \$ 706,484                                      | \$ 593,532   |
| Adjustments to Reconcile Operating Income to net Cash Provided by Operating Activities:                  |   |  |
| Depreciation Expense   | 590,069   | 1,092,901  |
| (Increase) Decrease in Accounts Receivable   | (293,942)                                       | 307  |
| (Increase) Decrease in Intergovernmental Receivables   | 95  | 2,110  |
| (Increase) Decrease in Inventories   | 3,462   | (59,342)   |
| Increase (Decrease) in Salaries Payable  | (21,911)  | 13,276   |
| Increase (Decrease) in Accounts Payable  | (69,405)  | 53,796   |
| Increase (Decrease) in Intergovernmental Payables  | 838   |  |
| Increase (Decrease) in Workers Compensation Claims Payable   |   | (816,649)  |
| Increase (Decrease) in General Liability Claims Pending  |   | (611,500)  |
| Increase (Decrease) in Post Employment Benefits Payable  | 52,924  | 15,566   |
| Increase (Decrease) in Comp Absences Payable   | 6,931   | 14,971   |
| Non-Operating Damages Losses Recovered   |   | 131,525  |
| Other Non-Operating Expenses   | (108,142)                                       |  |
| Other Non-Operating Revenues   | 21,354  | 42,883   |
| Total Adjustments  | 182,273   | (120,156)  |
| <b>Net Cash Provided by Operating Activities</b>   | \$ 888,757                                      | \$ 473,376   |
| <b>Supplemental Disclosure of Noncash Capital and Related Financing Activities:</b>                      |   |  |
| Contribution and Transfer of Capital Assets (to) from other funds  | 7,150   | 96,210   |
| Proceeds from Promissory Note Paid Directly to Contractor  | 58,399  |  |
| <b>Total Noncash Capital and Related Financing Activities</b>  | \$ 65,549                                       | \$ 96,210  |

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, 2007

### Note 1 - Form of Government

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

### Note 2 - Summary of Significant Accounting Policies

#### A) Reporting Entity

The Minneapolis Park and Recreation Board is considered to be a component unit of the City of Minneapolis according to the criteria for defining the reporting entity, as adopted by the Governmental Accounting Standard Board's Statement 14, *The Financial Reporting Entity*. Specific criteria which determined the Park and Recreation Board to be a component unit are: 1) the City approves all annual budgets and tax levies of the Park and Recreation Board, 2) the City determines any allocations to be made to the Park and Recreation Board of local government aid received by the City from the State of Minnesota and 3) long-term debt issued for Park and Recreation Board projects is secured by the full faith and credit of the City. In addition, the nature of the Park and Recreation Board's activities, in relation to activities of the City, are such that exclusion from the City's financial statements would cause such statements to be incomplete.

Information on joint venture organizations is described in Note 16.

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

#### B) Presentation of Financial Statements

**Government-wide Financial Statements.** The *Statement of Net Assets* and the *Statement of Activities* display information about the Park and Recreation Board as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. Internal Service Fund activity is eliminated to avoid "doubling up" revenues and expenses.

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

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

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

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

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

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

## Note 2 - Summary of Significant Accounting Policies

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

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

The modified accrual basis of accounting is used for all governmental funds. Under this method of accounting, revenues are recognized when they become measurable and available as net current assets. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Park and Recreation Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Major revenues that are determined to be susceptible to accrual include property taxes, special assessments, grants-in-aid earned and other intergovernmental revenues, rentals, intrafund charges and interest on investments. Interest on special assessments receivable is recognized when collected.

Major revenues that are determined not to be susceptible to accrual because they are not available soon enough to pay liabilities of the current period or are not objectively measurable include delinquent property taxes, delinquent assessments, permits, fines and forfeitures. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, severance and compensatory time pay; and (2) principal and interest on long-term debt which is recognized when due.

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

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

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

The Park Proprietary Funds use the accrual basis of accounting, under which revenues are recognized when earned, and expenses are recorded as liabilities when they are incurred. Pursuant to Governmental Accounting Standards Board Statement 20, the Park and Recreation Board has elected to apply only those Financial Accounting Standards Board pronouncements issued on or before November 30, 1989.

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

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

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

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

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

### **C) Encumbrances**

Encumbrance accounting is used to record commitments for the expenditures of money in governmental funds. Encumbrances are not reported as expenditures and fund balances are reserved for subsequent spending.

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

**D) Deposits and Investments**

The City of Minneapolis serves as custodian for deposits of the Park and Recreation Board's funds. 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.

**E) 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.

**F) Capital Assets**

Governmental-type and Business-type capital assets of the Park and Recreation Board are recorded at historical or estimated historical cost. Depreciation is provided using the straight-line method over the estimated life of the asset. Estimated useful lives for determining annual depreciation are generally as follows:

|                          |       |       |                     |        |       |
|--------------------------|-------|-------|---------------------|--------|-------|
| Buildings and Structures | 20-60 | Years | Street Lighting     | 15     | Years |
| Bridges                  | 50    | Years | Public Improvements | 20-100 | Years |
| Streets                  | 20-30 | Years | Equipment           | 2.5-12 | Years |

Changes in capital assets are discussed further in Note 4.

**G) Long-Term Liabilities**

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

**H) 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.

**Note 3 - Receivables**

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

|                   | General      | Museum<br>County-<br>Wide<br>Levy | Park<br>Grant and<br>Dedicated<br>Revenue | Permanent<br>Improvement | Non-<br>Major | Internal<br>Service | Total<br>Governmental<br>Activities | Total<br>Business-<br>Type<br>Activities |
|-------------------|--------------|-----------------------------------|---|--------------------------|---------------|---------------------|-------------------------------------|--|
| Trade Accounts    | \$ 176,109   | \$                                | \$ 5,256                                  | \$                       | \$4,125       | 5                   | \$ 185,495                          | \$ 955,911                               |
| Property Tax      | 1,607,570    | 85,005                            |   |                          |               |                     | 1,692,575                           |  |
| Intergovernmental | 15,692       |                                   | 500,227                                   | 2,827,478                |               | 821                 | 3,344,218                           |  |
| Accrued Interest  |              |                                   |   | 4                        | 179           |                     | 183                                 |  |
| Net Receivables   | \$ 1,799,371 | \$ 85,005                         | \$505,483                                 | \$ 2,827,482             | \$4,304       | \$ 826              | \$ 5,222,471                        | \$ 955,911                               |

**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 2007 for base and percentage rent was \$122,273.

**Note 3 - Receivables (Continued)**

The future collection requirements for this agreement are as follows:

| Scheduled Lease Collections | Operating Lease     |
|-----------------------------|---------------------|
| 2008                        | \$ 121,000          |
| 2009                        | 121,000             |
| 2010                        | 121,000             |
| 2011                        | 121,000             |
| 2012                        | 133,100             |
| 2013 and thereafter         | <u>10,473,220</u>   |
| Total                       | <u>\$11,090,320</u> |

**Park and Recreation Board Headquarters.** In 2004, the Park and Recreation Board leased a portion of the headquarters property located at 2117 West River Road to Twin City Catering, Inc. The term of the lease is 10 years with the option to renew for two additional five year periods. The lease includes 17,900 useable square feet for the purpose of general office, catering kitchen, equipment storage and conference/event facility. Twin City Catering, Inc. is required to pay a base rent. Any unpaid base rate is subject to interest charges. The total amount the Park and Recreation Board received in 2007 for base rent was \$186,742.

The future collection requirements for this agreement are as follows:

| Scheduled Lease Collections | Operating Lease    |
|-----------------------------|--------------------|
| 2008                        | \$ 205,599         |
| 2009                        | 210,952            |
| 2010                        | 216,078            |
| 2011                        | 221,348            |
| 2012                        | 226,767            |
| 2013 and thereafter         | <u>2,852,127</u>   |
| Total                       | <u>\$3,932,871</u> |

**Note 4 - Changes in Capital Assets**

Capital asset activity for the year ended December 31, 2007 was as follows:

|   | Balance<br>01-01-07  | Additions           | Deletions            | Balance<br>12-31-07  |
|---|----------------------|---------------------|----------------------|----------------------|
| <b>Governmental Activities</b>              |                      |                     |                      |                      |
| Capital assets not being depreciated        |                      |                     |                      |                      |
| Land  | \$56,630,843         |                     |                      | \$56,630,843         |
| Construction in Progress                    | <u>16,641,818</u>    | <u>9,286,044</u>    | <u>(1,694,755)</u>   | <u>24,233,107</u>    |
| Total capital assets not being depreciated  | <u>73,272,661</u>    | <u>9,286,044</u>    | <u>(1,694,755)</u>   | <u>80,863,950</u>    |
| Capital assets being depreciated            |                      |                     |                      |                      |
| Buildings and Structures                    | 60,498,013           | 322,464             |                      | 60,820,477           |
| Infrastructure                              | 111,394,499          | 718,726             |                      | 112,113,225          |
| Public Improvements                         | 137,534,320          | 1,260,023           |                      | 138,794,343          |
| Equipment                                   | <u>11,904,866</u>    | <u>1,507,954</u>    | <u>(835,016)</u>     | <u>12,577,804</u>    |
| Total capital assets being depreciated      | <u>321,331,698</u>   | <u>3,809,167</u>    | <u>(835,016)</u>     | <u>324,305,849</u>   |
| Less accumulated depreciation for:          |                      |                     |                      |                      |
| Buildings and Structures                    | (17,862,511)         | (1,222,835)         |                      | (19,085,346)         |
| Infrastructure                              | (61,783,264)         | (1,553,041)         |                      | (63,336,305)         |
| Public Improvements                         | (48,174,682)         | (5,074,256)         |                      | (53,248,938)         |
| Equipment                                   | <u>(5,962,844)</u>   | <u>(1,195,071)</u>  | <u>703,431</u>       | <u>(6,454,484)</u>   |
| Total accumulated depreciation              | <u>(133,783,301)</u> | <u>(9,045,203)</u>  | <u>703,431</u>       | <u>(142,125,073)</u> |
| Total capital assets being depreciated net  | <u>187,548,397</u>   | <u>(5,236,036)</u>  | <u>(131,585)</u>     | <u>182,180,776</u>   |
| Governmental activities capital assets, net | <u>\$260,821,058</u> | <u>\$ 4,050,008</u> | <u>(\$1,826,340)</u> | <u>\$263,044,726</u> |

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

| <b>Business type Activities</b>              | Balance<br><u>01-01-07</u> | <u>Additions</u>   | <u>Deletions</u> | Balance<br><u>12-31-07</u> |
|--|----------------------------|--------------------|------------------|----------------------------|
| Capital assets not being depreciated         |                            |                    |                  |                            |
| Land   | \$1,206,784                | \$ 0               |                  | \$1,206,784                |
| Construction in Progress                     | <u>0</u>                   | <u>6,356</u>       | <u>0</u>         | <u>6,356</u>               |
| Total capital assets not being depreciated   | <u>1,206,784</u>           | <u>6,356</u>       | <u>0</u>         | <u>1,213,140</u>           |
| Capital assets, being depreciated            |                            |                    |                  |                            |
| Buildings and Structures                     | 12,248,627                 |                    |                  | 12,248,627                 |
| Infrastructure                               | 40,000                     |                    |                  | 40,000                     |
| Public Improvements                          | 7,052,056                  |                    |                  | 7,052,056                  |
| Equipment                                    | <u>1,242,448</u>           | <u>59,949</u>      | <u>(70,701)</u>  | <u>1,231,696</u>           |
| Total capital assets, being depreciated      | <u>20,583,131</u>          | <u>59,949</u>      | <u>(70,701)</u>  | <u>20,572,379</u>          |
| Less accumulated depreciation for:           |                            |                    |                  |                            |
| Buildings and Structures                     | (3,805,435)                | (321,310)          |                  | (4,126,745)                |
| Infrastructure                               | (1,598)                    | (798)              |                  | (2,396)                    |
| Public Improvements                          | (3,109,590)                | (204,842)          |                  | (3,314,432)                |
| Equipment                                    | <u>(779,075)</u>           | <u>(63,119)</u>    | <u>63,551</u>    | <u>(778,643)</u>           |
| Total accumulated depreciation               | <u>(7,695,698)</u>         | <u>(590,069)</u>   | <u>63,551</u>    | <u>(8,222,216)</u>         |
| Total capital assets, being depreciated net  | <u>12,887,433</u>          | <u>(530,120)</u>   | <u>(7,150)</u>   | <u>12,350,163</u>          |
| Business-type activities capital assets, net | <u>\$14,094,217</u>        | <u>(\$523,764)</u> | <u>(\$7,150)</u> | <u>\$13,563,303</u>        |

Depreciation expense was charged to governmental functions as follows:

|  |                    |
|--|--------------------|
| Culture and Recreation   | \$7,952,302        |
| 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>1,092,901</u>   |
| Total depreciation expense – governmental activities   | <u>\$9,045,203</u> |

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

|                |                   |
|----------------|-------------------|
| Park Operating | <u>\$ 590,069</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.

| Year        | Principal        | Interest         | Total            |
|-------------|------------------|------------------|------------------|
| 2008        | \$ 35,289        | \$ 32,510        | \$ 67,799        |
| 2009        | 37,072           | 30,727           | 67,799           |
| 2010        | 38,944           | 28,855           | 67,799           |
| 2011        | 40,912           | 26,887           | 67,799           |
| 2012        | 42,979           | 24,820           | 67,799           |
| 2013 - 2017 | 249,745          | 89,250           | 338,995          |
| 2018 - 2021 | <u>215,282</u>   | <u>22,014</u>    | <u>237,296</u>   |
| Total       | <u>\$660,223</u> | <u>\$255,063</u> | <u>\$915,286</u> |

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

**C) Promissory Note**

In 2007, the Park and Recreation Board entered into a loan agreement for the amount of \$58,399 with Central Bank for the purchase of energy saving lighting and fixtures for Parade ice arena facility located at 600 Kenwood Parkway. The interest rate is 3.90%. Utility cost savings generated through the use of the energy saving lighting system will be allocated to the debt service payments. Listed below is the annual debt service requirement to maturity for the promissory note.

| Year  | Principal       | Interest       | Total           |
|-------|-----------------|----------------|-----------------|
| 2008  | \$ 26,971       | \$ 1,204       | \$28,175        |
| 2009  | 13,884          | 203            | 14,087          |
| Total | <u>\$40,855</u> | <u>\$1,407</u> | <u>\$42,262</u> |

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

Changes in long-term liabilities are summarized as follows:

|                                  | Balance<br>January 1, | Additions          | Retirements        | Balance<br>December 31, | Amounts due<br>within one year |
|----------------------------------|-----------------------|--------------------|--------------------|-------------------------|--------------------------------|
| <b>Governmental Activities:</b>  |                       |                    |                    |                         |                                |
| Compensated Absences             | \$3,972,690           | \$2,588,105        | \$2,595,793        | \$ 3,965,002            | \$ 2,518,363                   |
| Post Employment Benefits         |                       | 776,884            | 437,545            | 339,339                 |                                |
| <b>Business-type activities:</b> |                       |                    |                    |                         |                                |
| Notes Payable                    | 693,814               | 58,399             | 49,852             | 702,361                 | 62,236                         |
| Compensated absences             | 320,907               | 194,426            | 187,495            | 327,838                 | 327,838                        |
| Post Employment Benefits         |                       | 121,165            | 68,241             | 52,924                  |                                |
| Total Long-Term Liabilities      | <u>\$4,987,411</u>    | <u>\$3,738,979</u> | <u>\$3,338,926</u> | <u>\$ 5,387,464</u>     | <u>\$ 2,908,437</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 2007 for base and percentage rent was \$123,807.

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

| Year ending December 31      | Business-Type<br>Activity Amount |
|------------------------------|----------------------------------|
| 2008                         | \$ 55,219                        |
| 2009                         | 55,219                           |
| 2010                         | 55,219                           |
| 2011                         | 55,219                           |
| 2012                         | 55,219                           |
| 2013-2030                    | <u>993,942</u>                   |
| Total minimum lease payments | <u>\$1,270,037</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, 2007 are as follows:

|  |                    |
|--|--------------------|
| <b>General Fund</b>                            |                    |
| Due to: Park Self Insurance Fund               | \$1,348,600        |
| <b>Capital Project - Permanent Improvement</b> |                    |
| Due to: Park Self Insurance Fund               | 3,560,000          |
| Due to: Park Operating Fund                    | 800,000            |
| <b>Enterprise Fund</b>                         |                    |
| Due to: Park Self Insurance Fund               | 70,000             |
| <b>Total</b>                                   | <u>\$5,778,600</u> |

**Note 7 - Interfund Transactions (Continued)**

**Transfers:**

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

|                                | Transfers In:    |                       |                     |
|--------------------------------|------------------|-----------------------|---------------------|
|                                | General          | Permanent Improvement | Total               |
| Transfer out:                  |                  |                       |                     |
| General                        | \$               | \$ 736,663            | \$ 736,663          |
| Park Grant & Dedicated Revenue | 500,000          | 1,349,440             | 1,849,440           |
| Park Operating Enterprise Fund | 495,000          |                       | 495,000             |
| Total                          | <u>\$995,000</u> | <u>\$ 2,086,103</u>   | <u>\$ 3,081,103</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 police officers hired after June 15, 1980, and other 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 (PERA). PERA administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes Chapters 353 and 356.

PERF members belong to the Coordinated Plan. Coordinated members are covered by Social Security. All police officers who qualify for membership by statute are covered by the PEPFF.

PERA 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, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for 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 PEPFF members, the annuity accrual rate is 3.0% for each year of service.

For all PEPFF and PERF 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. Normal retirement age is 55 for PEPFF and 65 for Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

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.

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

**A) Plan Description** (Continued)

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org), by writing to PERA at 60 Empire Drive, #200, Saint Paul, Minnesota 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

**B) Funding Policy**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. 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. PERF Coordinated Plan members were required to contribute 5.75% of their annual covered salary in 2007. Contribution rates in the Coordinated Plan will increase in 2008 to 6.0%. PEPFF members were required to contribute 7.8% of their annual covered salary in 2007. That rate will increase to 8.6% in 2008.

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

|                                       |             |             |
|---------------------------------------|-------------|-------------|
| Public Employees Retirement Fund      | <u>2007</u> | <u>2008</u> |
| Coordinated Plan members              | 6.2%        | 6.5%        |
| Public Employees Police and Fire Fund | 11.7%       | 12.9%       |

The Park and Recreation Board's contribution for the years ending December 31, 2007, 2006, and 2005 for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund were:

|      |             |              |
|------|-------------|--------------|
|      | <u>PERF</u> | <u>PEPFF</u> |
| 2007 | \$1,514,815 | \$426,576    |
| 2006 | \$1,376,530 | \$384,834    |
| 2005 | \$1,213,049 | \$322,244    |

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**

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

The MERF 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 a money purchase plan for those who became members prior to June 28, 1973.

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

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

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

**A) Plan Description** (Continued)

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.

The MERF issues a publicly available financial report that includes financial statements and required supplementary information for the MERF. This report may be obtained by writing to MERF, 706 – Second Avenue South, #800, Minneapolis, Minnesota 55402, or by calling (612) 335-5950.

**B) Funding Policy**

Minnesota Statutes Chapter 422A sets the rates for employer and employee contribution. These statutes are established and amended by the state legislature. MERF members are required to contribute 9.25% of the annual covered 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 9.75% of salary. The unfunded actuarial liability is funded partially by payments each year of 2.68% of salary plus \$3,900 from all employers. MERF has a target date of

June 30, 2020 to fully amortize the unfunded liability. The Park and Recreation Board levies taxes to finance the employer's share of pension costs for the General Fund.

The Park and Recreation Board's contributions for the years ended December 31, 2006, 2005 and 2004, for the MERF were:

|      |           |
|------|-----------|
| 2007 | \$616,667 |
| 2006 | \$646,863 |
| 2005 | \$766,590 |

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

**Note 11-Defined Benefit Pension Plan - Single Employer**  
Minneapolis Police Relief Association

**A) Plan Description**

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

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

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

The MPRA issues a publicly available financial report that includes financial statements and required supplementary information for the MPRA. The most recent report, dated December 31, 2006 may be obtained by writing to the Minneapolis Police Relief Association, 10 – Second Street Northeast, Suite 103, Minneapolis, Minnesota, 55413, or by calling (612) 378-1449.

**B) Funding Policy**

Authority for contributions to the MPRA pension plan is established by Minnesota Statutes, section 69.77 and may be amended only by the Minnesota State Legislature. The MPRA funding policy provides for contributions from the Park and Recreation Board, the State of Minnesota, and active plan members. Park and Recreation Board contributions are actuarially determined which requires full funding of the MPRA's accrued liability by the year 2020. Effective in 2004, the Park and Recreation Board no longer had any current employees in the MPRA. As such, the Park Board contributed \$0 for the fiscal year ended December 31, 2006. Current funding toward the unfunded liability of the MPRA consists of an annual tax levy by the City of Minneapolis. The State of Minnesota also contributes annually the two percent peace officers' state aid to the MPRA.

**Note 11-Defined Benefit Pension Plan - Single Employer**  
Minneapolis Police Relief Association

**B) Funding Policy** (Continued)

The City of Minneapolis' annual pension cost for the fiscal year ended December 31, 2006, and related information is as follows (amounts are expressed in thousands):

|                               |  |
|-------------------------------|--|
|                               | <b><u>MPRA</u></b>   |
| Contributions Made            | \$10,592   |
| Actuarial valuation date      | 12/31/06   |
| Actuarial cost method         | Entry Age Normal Cost Method   |
| Amortization method           | Level Percentage of Payroll  |
| Remaining amortization period | 14 years, closed   |
| Asset valuation method        | Book value plus the average unrealized gain for the last three years minus excess investment income as defined by state law. |

|                            |              |
|----------------------------|--------------|
| Actuarial assumptions:     |              |
| Investment rate of return  | 6% per annum |
| Projected salary increases | 4% per annum |
| Inflation                  | None Assumed |
| Cost-of-living adjustments | None Assumed |

**Three-Year Trend Information:**

| Year | Annual Pension Cost (APC) | Percentage of APC Contributed (%) | Net Pension Obligation |
|------|---------------------------|-----------------------------------|------------------------|
| 2004 | \$27,890                  | 100                               | -                      |
| 2005 | \$31,550                  | 100                               | -                      |
| 2006 | \$10,592                  | 100                               | -                      |

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

**Schedule of Funding Progress:**

| Actuarial Valuation Date | Actuarial Value Of Plan Assets (a) | Actuarial Accrued Liability (AAL) -- Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (%) (a/b) | Annual Covered Payroll (Previous Fiscal Year) (c) | UAAL as a Percentage of Covered Payroll (%) ((b-a)/c) |
|--------------------------|------------------------------------|--|-----------------------------|------------------------|---|---|
| 2004                     | \$322,278                          | \$455,753  | \$133,47570.7               |                        | \$1,429 9340.4                                    |   |
| 2005                     | \$359,032                          | \$464,222  | \$105,19077.3               |                        | \$1,403 7497.5                                    |   |
| 2006                     | \$377,013                          | \$439,992  | \$ 62,97985.7               |                        | \$1,236 5095.4                                    |   |

**Note 12- Post Employment Healthcare Plan**

**A) Plan Description**

The Park and Recreation Board participates in the post employment healthcare plan provided by the City of Minneapolis. The City provides a single-employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical and dental coverage. Medical coverage is administered by Medica. Dental coverage is administered through the Delta Dental Plan of Minnesota. The City is self-insured for dental coverage. Retirees pay 100 percent of the blended active/retiree premium rate, in accordance with Minnesota Statutes Chapt. 471.61, subd. 2b. It is the City's policy to periodically review its medical and dental 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 2007, the Park and Recreation Board contributed \$505,786 to the plan. As of January 1, 2007, there were approximately 940 total retirees receiving health benefits from the City's health plan (separate figures for the Park and Recreation Board were not available).

**Note 12- Post Employment Healthcare Plan (Continued)**

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

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

|  |                   |
|--|-------------------|
| Annual required contribution               | \$ 898,049        |
| Interest on net OPEB obligation            | 0                 |
| Adjustment to annual required contribution | 0                 |
| Annual OPEB cost (expense)                 | <u>898,049</u>    |
| Contributions made                         | <u>505,786</u>    |
| Increase in net OPEB obligation            | 392,263           |
| Net OPEB obligation – beginning of year    | 0                 |
| Net OPEB obligation – end of year          | <u>\$ 392,263</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 2007 was as follows:

| <u>Fiscal<br/>Year<br/>Ended</u> | <u>Annual<br/>OPEB Cost</u> | <u>Percentage of Annual<br/>OPEB Cost<br/>Contributed</u> | <u>Net OPEB<br/>Obligation</u> |
|----------------------------------|-----------------------------|---|--------------------------------|
| 12/31/2007                       | \$ 898,049                  | 56.3%   | \$ 392,263                     |

**D) Funded Status and Funding Progress**

As of January 1, 2007, 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 \$9,434,701, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,434,701. The covered payroll (annual payroll of active employees covered by the plan) was \$36,851,875, and the ratio of the UAAL to the covered payroll was 25.6 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, 2007, actuarial valuation date, the entry age normal cost method was used. The actuarial assumptions included a 4.0% 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 (3.5% 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 11 percent initially, reduced incrementally to an ultimate rate of 5 percent after ten 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 remaining amortization period at January 1, 2007 was 30 years.

**Note 13- Deficit Fund Equity**

The Park Permanent Improvement Fund had a deficit Fund Balance as of December 31, 2007. The Park and Recreation Board intends to fund the project deficits for the Athletic Field Development Project and the Fort Snelling 201 Building Settlement with other funding sources in 2008.

**Note 14- Risk Management**

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

All funds of the Park and Recreation Board participate in the Self-Insurance Fund and make payments based on historical experience of the amounts needed to pay prior and current year claims which become payable in the given year. Self-Insurance Fund liabilities are reported based on the requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability must be recognized when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The workers compensation claims liability for fiscal year ended December 31, 2007 is \$5,250,591 and is based on actuarial estimates dated December 31, 2007. The general liability claims liability for fiscal year ended December 31, 2007 is \$1,074,500 and is based on legal estimates dated December 31, 2007.

Changes in the claims liability for the two years ended December 31, 2007 and December 31, 2006 are as follows:

|  | <u>Workers' Compensation</u> |                    | <u>General Liability</u> |                    |
|--|------------------------------|--------------------|--------------------------|--------------------|
|  | <u>2007</u>                  | <u>2006</u>        | <u>2007</u>              | <u>2006</u>        |
| Liability Balance, January 1                 | \$6,067,240                  | \$5,694,041        | \$1,686,000              | \$1,918,000        |
| Current Year Claims and Changes in Estimates | 859,814                      | 1,562,652          | (452,079)                | 338,000            |
| Claim Payments                               | <u>(1,676,463)</u>           | <u>(1,189,453)</u> | <u>(159,421)</u>         | <u>(570,000)</u>   |
| Liability Balance, December 31               | <u>\$5,250,591</u>           | <u>\$6,067,240</u> | <u>\$1,074,500</u>       | <u>\$1,686,000</u> |

Changes in Net Assets – By Major Risk Program for the year ended December 31, 2005, follows:

|  | <u>Workers' Compensation</u> | <u>General Liability</u> | <u>Total</u>         |
|--|------------------------------|--------------------------|----------------------|
| Beginning Balance, January 1                     | (\$5,362,247)                | \$2,903,610              | (\$2,458,637)        |
| Revenues   | 1,685,716                    | 560,695                  | 2,246,411            |
| Expenses   | (1,870,693)                  | (446,697)                | (2,317,390)          |
| Other Expenses:                                  |                              |                          |                      |
| Increase in Compensated Absences                 |                              | (40)                     | (40)                 |
| Decrease in General Liability Claims Payable     |                              | 611,500                  | 611,500              |
| Decrease in Workers' Compensation Claims Payable | <u>816,648</u>               |                          | <u>816,648</u>       |
| Ending Balance, December 31                      | <u>(\$4,730,576)</u>         | <u>\$3,629,068</u>       | <u>(\$1,101,508)</u> |

**Note 15- Contingent Liabilities**

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

In connection with a construction project the Park and Recreation Board received a loan from Three Rivers Park District. The loan is due and payable only if the Park and Recreation Board should receive funding for this specific purpose. For the year ended December 31, 2007 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, 2007 is \$125,000.

## **Note 16- Joint Ventures**

### **A) Minneapolis Neighborhood Revitalization Policy Board**

The Minneapolis Neighborhood Revitalization Policy Board is a joint venture between the City of Minneapolis, the Minneapolis Special School District No. 1, the Minneapolis Library Board, the Minneapolis Park and Recreation Board, and Hennepin County. Membership on the Policy Board consists of 20 individuals and includes public officials, neighborhood representatives, and community interest organizations. The Policy Board was created for the purpose of providing overall policy direction and governance of the Minneapolis Neighborhood Revitalization Program, to provide a forum for the coordination of private, public and intergovernmental efforts in the implementation of neighborhood action plans, and to insure and promote neighborhood participation and cooperation of governmental units and agencies. The powers exercised by the Board include reviewing, modifying where appropriate after receiving neighborhood response, and approving in whole or in part Neighborhood Action Plans. The Minneapolis Park and Recreation Board provides matching funds for projects funded through the Minneapolis Neighborhood Revitalization Program. For fiscal year 2007 these funds consisted of various types of funding including General Obligation Bonds and Private Donations. Upon dissolution of the Policy Board, all property of the Policy Board shall be sold, or otherwise distributed to its members in proportion to contributions made by its members. Financial information for the Minneapolis Neighborhood Revitalization Policy Board can be obtained from the Crown Roller Mill Building, Suite 425, 105 5th Avenue South, Minneapolis, Minnesota.

### **B) Minneapolis Youth Coordinating Board**

The Minneapolis Youth Coordinating Board is a joint venture between the City of Minneapolis, the Minneapolis Special School District No. 1, the Minneapolis Library Board, the Minneapolis Park and Recreation Board, and Hennepin County. Membership on the Board consists of 12 individuals including the Mayor of Minneapolis, one of the Judges of Hennepin County assigned to the Juvenile Court, and two State legislators, as well as two representatives from the Minneapolis City Council, the Board of Directors of Special School District No. 1, and the Hennepin County Board of Commissioners, and one representative each from the Minneapolis Library Board and 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 2007 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 2<sup>nd</sup> Avenue South, Minneapolis, Minnesota 55401.

**This Page Left Blank Intentionally.**

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





**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PARK AND RECREATION GENERAL FUND**  
**For the Year Ended December 31, 2007**

| <b>REVENUES</b>                                      | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>     | <u>VARIANCE</u>  |
|--|----------------------------|-------------------------|-------------------|------------------|
| <b>Taxes:</b>  |                            |                         |                   |                  |
| General Property Tax -                               |                            |                         |                   |                  |
| Current and Delinquent                               | \$ 33,298,673              | \$ 33,298,673           | \$ 33,792,029     | \$ 493,356       |
| Property Tax Increment                               |                            |                         | 58,317            | 58,317           |
| Fiscal Disparities                                   | 4,680,000                  | 4,680,000               | 4,678,818         | (1,182)          |
| Other Taxes  | 3,000                      | 3,000                   | 6,019             | 3,019            |
| <b>Total Taxes</b>                                   | <u>37,981,673</u>          | <u>37,981,673</u>       | <u>38,535,183</u> | <u>553,510</u>   |
| <b>Intergovernmental Revenues:</b>                   |                            |                         |                   |                  |
| Federal Grants                                       |                            |                         |                   |                  |
| FEMA Reimbursement - 35W Bridge                      |                            | 42,000                  | 42,163            | 163              |
| State Grants -                                       |                            |                         |                   |                  |
| Local Government Aid                                 | 9,911,588                  | 9,911,588               | 9,900,000         | (11,588)         |
| State Aid - Market Value Credit                      | 1,227,000                  | 1,227,000               | 1,226,640         | (360)            |
| Payments in Lieu of Taxes/Rent                       | 35,000                     | 35,000                  | 38,060            | 3,060            |
| Other Aid  | 73,290                     | 73,290                  | 73,290            |                  |
| Dept. of Economic Security - Teen Employment Program |                            | 475,000                 | 477,500           | 2,500            |
| Dept. of Public Safety - Post Brd Training Reimb.    | 15,000                     | 15,000                  | 20,099            | 5,099            |
| Dept. of Natural Resources                           | 5,000                      | 5,000                   | 24,525            | 19,525           |
| Other Local Governments -                            |                            |                         |                   |                  |
| City of Minneapolis - Employees Retirement Fund      | 400,000                    | 400,000                 | 405,784           | 5,784            |
| City of Minneapolis - Jumpstart Program              |                            | 254,000                 | 253,166           | (834)            |
| Hennepin County Grant                                |                            | 73,000                  | 71,628            | (1,372)          |
| Metropolitan Council - Environmental Grants          | 10,500                     | 10,500                  | 8,800             | (1,700)          |
| Metropolitan Council - Operations & Maintenance      | 843,315                    | 1,048,315               | 1,048,089         | (226)            |
| <b>Total Intergovernmental Revenues</b>              | <u>12,520,693</u>          | <u>13,569,693</u>       | <u>13,589,744</u> | <u>20,051</u>    |
| <b>Charges For Services and Sales:</b>               |                            |                         |                   |                  |
| Culture and Recreation -                             |                            |                         |                   |                  |
| Overhead   | 230,000                    | 230,000                 | 202,103           | (27,897)         |
| Park Board Services                                  | 500,182                    | 500,182                 | 312,016           | (188,166)        |
| Other Services Provided                              | 524,412                    | 604,412                 | 480,215           | (124,197)        |
| Sales  | 2,000                      | 36,000                  | 35,497            | (503)            |
| <b>Total Charges For Services and Sales</b>          | <u>1,256,594</u>           | <u>1,370,594</u>        | <u>1,029,831</u>  | <u>(340,763)</u> |
| <b>Fines and Forfeits</b>                            |                            |                         |                   |                  |
| Fines  | 550,000                    | 550,000                 | 488,852           | (61,148)         |
| Forfeits   | 1,500                      | 1,500                   | 22,526            | 21,026           |
| <b>Total Fines and Forfeits</b>                      | <u>551,500</u>             | <u>551,500</u>          | <u>511,378</u>    | <u>(40,122)</u>  |
| <b>Miscellaneous Revenues:</b>                       |                            |                         |                   |                  |
| Rents and Commissions                                | 498,042                    | 498,042                 | 506,700           | 8,658            |
| Contributions and Donations                          | 2,500                      | 22,500                  | 140,971           | 118,471          |
| Damage Claims  | 5,200                      | 5,200                   | 5,621             | 421              |
| Other  | 1,000                      | 1,000                   | 4,087             | 3,087            |
| <b>Total Miscellaneous Revenues</b>                  | <u>506,742</u>             | <u>526,742</u>          | <u>657,379</u>    | <u>130,637</u>   |
| <b>Total Revenues</b>                                | <u>52,817,202</u>          | <u>54,000,202</u>       | <u>54,323,515</u> | <u>323,313</u>   |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PARK AND RECREATION GENERAL FUND**  
**For the Year Ended December 31, 2007**

|  | ORIGINAL<br>BUDGET  | FINAL<br>BUDGET     | ACTUAL              | VARIANCE          |
|--|---------------------|---------------------|---------------------|-------------------|
| <b>EXPENDITURES</b>                          |                     |                     |                     |                   |
| Culture and Recreation -                     |                     |                     |                     |                   |
| District Operations                          | 23,371,362          | 23,371,362          | 23,487,705          | (116,343)         |
| Forestry                                     | 9,532,427           | 9,566,427           | 9,529,937           | 36,490            |
| Police                                       | 4,776,305           | 4,828,305           | 5,122,301           | (293,996)         |
| Park Rehabilitation                          | 2,417,086           | 2,917,086           | 3,494,780           | (577,694)         |
| Community Recreation Services                | 3,362,752           | 3,362,752           | 3,244,493           | 118,259           |
| Environmental                                | 1,413,004           | 1,483,004           | 1,435,444           | 47,560            |
| Aquatics and Neiman Complex                  | 939,326             | 939,326             | 1,304,057           | (364,731)         |
| Finance and Personnel                        | 1,441,023           | 1,326,023           | 1,293,251           | 32,772            |
| Planning and Project Management              | 1,342,218           | 1,342,218           | 1,257,873           | 84,345            |
| Unallocated and Undistributed Costs          | 1,235,280           | 1,925,280           | 1,130,018           | 795,262           |
| Summer Youth Employment - Teen Teamworks     | 180,000             | 1,002,000           | 998,110             | 3,890             |
| Administration                               | 640,333             | 725,333             | 725,055             | 278               |
| Field Services                               | 759,610             | 759,610             | 706,287             | 53,323            |
| Board of Commissioners                       | 473,390             | 578,390             | 574,325             | 4,065             |
| Public Information and Customer Service      | 510,826             | 435,826             | 434,254             | 1,572             |
| Total Culture and Recreation                 | <u>52,394,942</u>   | <u>54,562,942</u>   | <u>54,737,890</u>   | <u>(174,948)</u>  |
| Excess of Revenues Over (Under) Expenditures | <u>422,260</u>      | <u>(562,740)</u>    | <u>(414,375)</u>    | <u>148,365</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                     |                     |                     |                   |
| Transfer From Park Special Revenue Fund      | 200,000             | 500,000             | 500,000             |                   |
| Transfer From Park Enterprise Fund           | 295,000             | 495,000             | 495,000             |                   |
| Transfer To Park Capital Project Fund        | (787,260)           | (787,260)           | (736,663)           | 50,597            |
| Transfer To Park Internal Service Fund       | (130,000)           | (130,000)           |                     | 130,000           |
| Total Other Financing Sources (Uses)         | <u>(422,260)</u>    | <u>77,740</u>       | <u>258,337</u>      | <u>180,597</u>    |
| Net Change in Fund Balance                   | 0                   | (485,000)           | (156,038)           | 328,962           |
| <b>Fund Balance - January 1</b>              | 1,492,953           | 1,492,953           | 1,492,953           |                   |
| <b>Fund Balance - December 31</b>            | <u>\$ 1,492,953</u> | <u>\$ 1,007,953</u> | <u>\$ 1,336,915</u> | <u>\$ 328,962</u> |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**MUSEUM COUNTY-WIDE LEVY SPECIAL REVENUE FUND**  
**For the Year Ended December 31, 2007**

|   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET   | ACTUAL            | VARIANCE         |
|---|--------------------|-------------------|-------------------|------------------|
| <b>REVENUES</b>                                     |                    |                   |                   |                  |
| Taxes (County-Wide Levy):                           |                    |                   |                   |                  |
| General Property Tax -<br>Current and<br>Delinquent | \$10,136,944       | \$10,136,944      | \$9,255,275       | \$ (881,669)     |
| Fiscal Disparities                                  |                    |                   | 771,800           | 771,800          |
| Total Taxes   | <u>10,136,944</u>  | <u>10,136,944</u> | <u>10,027,075</u> | <u>(109,869)</u> |
| Intergovernmental Revenues:                         |                    |                   |                   |                  |
| State Grants -<br>Disaster Credit                   |                    |                   | 1,018             | 1,018            |
| Miscellaneous Revenues:                             |                    |                   |                   |                  |
| Rents   |                    |                   | 4,551             | 4,551            |
| Total Revenues                                      | <u>10,136,944</u>  | <u>10,136,944</u> | <u>10,032,644</u> | <u>(104,300)</u> |
| <b>EXPENDITURES</b>                                 |                    |                   |                   |                  |
| Culture and Recreation -<br>Maintenance and Repairs | 10,136,944         | 10,136,944        | 10,032,644        | 104,300          |
| Net Change in Fund Balance                          | 0                  | 0                 | 0                 | 0                |
| <b>Fund Balance - January 1</b>                     | <u>0</u>           | <u>0</u>          | <u>0</u>          | <u>0</u>         |
| <b>Fund Balance - December 31</b>                   | <u>\$ 0</u>        | <u>\$ 0</u>       | <u>\$ 0</u>       | <u>\$ 0</u>      |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PARK GRANT AND DEDICATED REVENUE SPECIAL REVENUE FUND**  
**For the Year Ended December 31, 2007**

|  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>       | <u>VARIANCE</u>   |
|--|----------------------------|-------------------------|---------------------|-------------------|
| <b>REVENUES</b>                              |                            |                         |                     |                   |
| Intergovernmental Revenues:                  |                            |                         |                     |                   |
| Federal Grants-                              |                            |                         |                     |                   |
| Weed and Seed Grant                          | \$                         | \$                      | \$ 11,145           | \$ 11,145         |
| State Grants-                                |                            |                         |                     |                   |
| Department of Natural Resources              | 12,000                     | 12,000                  |                     | (12,000)          |
| Other Local Governments-                     |                            |                         |                     |                   |
| City of Minneapolis - NRP Program Grant      |                            |                         | 3,300               | 3,300             |
| Metropolitan Council                         | 525,000                    | 1,325,000               | 1,295,468           | (29,532)          |
| Total Intergovernmental Revenues             | <u>537,000</u>             | <u>1,337,000</u>        | <u>1,309,913</u>    | <u>(27,087)</u>   |
| Charges For Services and Sales:              |                            |                         |                     |                   |
| Park Board Services                          |                            |                         | 4,134               | 4,134             |
| Security Services                            | 800,000                    | 800,000                 | 815,969             | 15,969            |
| Other Services Provided                      | 161,753                    | 190,253                 | 43,820              | (146,433)         |
| Total Charges For Services and Sales         | <u>961,753</u>             | <u>990,253</u>          | <u>863,923</u>      | <u>(126,330)</u>  |
| Fines and Forfeits                           |                            |                         |                     |                   |
|  | <u>6,000</u>               | <u>6,000</u>            |                     | <u>(6,000)</u>    |
| Miscellaneous Revenues:                      |                            |                         |                     |                   |
| Rents and Commissions                        | 21,600                     | 21,600                  | 565                 | (21,035)          |
| Contributions and Donations                  | 100,000                    | 210,000                 | 195,716             | (14,284)          |
| Damage Claims                                |                            | 36,528                  | 77,251              | 40,723            |
| Revenue From Trusts                          | 3,000                      | 3,000                   | 1,793               | (1,207)           |
| Total Miscellaneous Revenues                 | <u>124,600</u>             | <u>271,128</u>          | <u>275,325</u>      | <u>4,197</u>      |
|  |                            |                         |                     |                   |
| Total Revenues                               | <u>1,629,353</u>           | <u>2,604,381</u>        | <u>2,449,161</u>    | <u>(155,220)</u>  |
| <b>EXPENDITURES</b>                          |                            |                         |                     |                   |
| Culture and Recreation -                     |                            |                         |                     |                   |
| Special Dedicated Revenue Outlay             | 1,092,353                  | 1,202,353               | 1,249,408           | (47,055)          |
| Capital Outlay                               | 37,000                     | 102,028                 | 69,443              | 32,585            |
| Total Expenditures                           | <u>1,129,353</u>           | <u>1,304,381</u>        | <u>1,318,851</u>    | <u>(14,470)</u>   |
|  |                            |                         |                     |                   |
| Excess of Revenues Over (Under) Expenditures | <u>500,000</u>             | <u>1,300,000</u>        | <u>1,130,310</u>    | <u>(169,690)</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                            |                         |                     |                   |
| Transfer To Park General Fund                | (200,000)                  | (500,000)               | (500,000)           |                   |
| Transfer To Park Capital Project Fund        | (300,000)                  | (1,780,000)             | (1,349,440)         | 430,560           |
| Total Other Financing Sources (Uses)         | <u>(500,000)</u>           | <u>(2,280,000)</u>      | <u>(1,849,440)</u>  | <u>430,560</u>    |
|  |                            |                         |                     |                   |
| Net Change in Fund Balance                   | 0                          | (980,000)               | (719,130)           | 260,870           |
|  |                            |                         |                     |                   |
| <b>Fund Balance - January 1</b>              | <u>3,612,869</u>           | <u>3,612,869</u>        | <u>3,612,869</u>    |                   |
| <b>Fund Balance - December 31</b>            | <u>\$ 3,612,869</u>        | <u>\$ 2,632,869</u>     | <u>\$ 2,893,739</u> | <u>\$ 260,870</u> |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2007**

**Note 1 - Budgetary Data**

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

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

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

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

Supplemental budget revisions took place during the course of the year. The effect of these revisions are summarized below:

|                       | Original<br>Budget  | Total<br>Revisions | Revised<br>Budget   |
|-----------------------|---------------------|--------------------|---------------------|
| General Fund          | \$53,312,202        | \$2,168,000        | \$55,480,202        |
| Special Revenue Funds | <u>11,766,297</u>   | <u>1,955,028</u>   | <u>13,721,325</u>   |
| Total                 | <u>\$65,078,499</u> | <u>\$4,123,028</u> | <u>\$69,201,527</u> |

**Note 2 - Postemployment Benefits Plan**

**Schedule of Funding Progress**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued Liability<br>(AAL) –<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage of<br>Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 1/1/2007                       | \$ -0-                                 | \$ 9,434,701  | \$ 9,434,701                       | 0.0%                     | \$36,851,875              | 25.6%   |

**This Page Left Blank Intentionally.**

# **OTHER SUPPLEMENTARY INFORMATION**





## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Fund**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

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

### **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those 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 shade trees from private residential property not financed by bonded debt.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**December 31, 2007**

|  | <u>Minneapolis<br/>Parks<br/>Fund</u> | <u>Park<br/>Acquisition<br/>and<br/>Improvement</u> | <u>Total<br/>Other<br/>Governmental<br/>Funds</u> |
|--|---------------------------------------|---|---|
| <b>ASSETS</b>                                  |                                       |   |   |
| Cash and Cash Equivalents                      | \$ 11,045                             | \$ 501,769  | \$ 512,814  |
| Receivables -                                  |                                       |   |   |
| Accounts - Net                                 |                                       | 4,125   | 4,125   |
| Accrued Interest                               | 179                                   |   | 179   |
| <b>Total Assets</b>                            | <u>\$ 11,224</u>                      | <u>\$ 505,894</u>                                   | <u>\$ 517,118</u>                                 |
| <br><b>LIABILITIES AND FUND BALANCES</b>       |                                       |   |   |
| Liabilities :                                  |                                       |   |   |
| Payables -                                     |                                       |   |   |
| Accounts                                       |                                       | 28,127  | 28,127  |
| <b>Total Liabilities</b>                       | <u>0</u>                              | <u>28,127</u>                                       | <u>28,127</u>                                     |
| <br>Fund Balances:                             |                                       |   |   |
| Reserved For -                                 |                                       |   |   |
| Encumbrances                                   |                                       | 28,328  | 28,328  |
| Specific Projects                              | 11,224                                | 449,439   | 460,663   |
| <b>Total Fund Balances</b>                     | <u>11,224</u>                         | <u>477,767</u>                                      | <u>488,991</u>                                    |
| <b>Total Liabilities<br/>and Fund Balances</b> | <u>\$ 11,224</u>                      | <u>\$ 505,894</u>                                   | <u>\$ 517,118</u>                                 |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2007**

|                                   | Minneapolis<br>Parks<br>Fund | Park<br>Acquisition<br>and<br>Improvement | Total<br>Other<br>Governmental<br>Funds |
|-----------------------------------|------------------------------|---|---|
| <b>REVENUES</b>                   |                              |   |   |
| Intergovernmental                 | \$                           | \$ 500,000                                | \$ 500,000                              |
| Special Assessments               |                              | 127,922                                   | 127,922                                 |
| Investment Earnings               | 948                          |   | 948                                     |
| Total Revenues                    | <u>948</u>                   | <u>627,922</u>                            | <u>628,870</u>                          |
| <b>EXPENDITURES</b>               |                              |   |   |
| Capital Outlay                    | <u>9,960</u>                 | <u>520,216</u>                            | <u>530,176</u>                          |
| Total Expenditures                | <u>9,960</u>                 | <u>520,216</u>                            | <u>530,176</u>                          |
| Net Change in Fund Balance        | <u>(9,012)</u>               | <u>107,706</u>                            | <u>98,694</u>                           |
| <b>FUND BALANCE - JANUARY 1</b>   | 20,236                       | 370,061                                   | 390,297                                 |
| <b>FUND BALANCE - DECEMBER 31</b> | <u>\$ 11,224</u>             | <u>\$ 477,767</u>                         | <u>\$ 488,991</u>                       |

**This Page Left Blank Intentionally.**

## **CAPITAL PROJECTS FUNDS**

Capital Projects Funds account for resources used for the acquisition and/or development of major capital facilities.

### Park Acquisition and Improvement

This fund accounts for special assessments for parkway improvements and the removal of diseased shade trees from private residential property not financed by bonded debt.

### Permanent Improvement

This fund accounts for projects financed primarily by proceeds from bond issues and various federal, state and local grants.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF PROJECT COSTS**  
**PERMANENT IMPROVEMENT CAPITAL PROJECTS FUND**  
**For the Year Ended December 31, 2007**

|                                      | <b>ADDITIONS</b>                       |                   |                                  |                |   |                    |                  |
|--------------------------------------|--|-------------------|----------------------------------|----------------|---|--------------------|------------------|
|                                      | <b>Proceeds From Sale<br/>of Bonds</b> |                   | <b>Interaccount<br/>Transfer</b> |                | <b>Capital Advances<br/>and<br/>Receivables</b> | <b>Other</b>       |                  |
|                                      | <b>Prior Yrs</b>                       | <b>Current Yr</b> | <b>Prior Yrs</b>                 | <b>Curr Yr</b> | <b>Receivables</b>                              | <b>Prior Years</b> | <b>Curr Year</b> |
| Park Reserve                         | \$ 400                                 | \$                | \$ (894,921)                     | \$             | \$ (48,938)                                     | \$ 1,187,243       |                  |
| Cleveland Neigh Tree Planting        | 330,000                                |                   |                                  |                | 6,460   | 81,770             |                  |
| Riverfront Site Dev. - Ph II         |  |                   | 924,430                          |                |   | 2,545,939          |                  |
| Minnehaha Regional Park Dev          |  |                   | 50,211                           |                |   | 1,129,522          | 1,753,244        |
| Central Park Land Acquisition        | 473,000                                |                   | 250,000                          |                | 7,765   | 733,460            |                  |
| North Mis. Reg. Park                 | 5,458                                  |                   | 2,008                            |                |   | 4,838,747          | 4,300            |
| Cedar Lake Trail Development         |  |                   |                                  |                |   | 1,337,334          |                  |
| Gluek Riverside Park Dev             |  |                   |                                  |                |   | 55,700             |                  |
| NRP Preplan. & Design                |  |                   |                                  |                | 68,987  | 100,406            | (100,000)        |
| Park Preplan. & Design               | 200,000                                |                   | 63,500                           |                | (561,758)                                       | 1,561,130          | 1,515            |
| Logan Park Improvements              | 491,001                                |                   |                                  |                |   | 357,359            |                  |
| Lynnhurst Park Improvements          | 679,153                                |                   | (32,683)                         |                | 64,152  | 100,025            | (32,076)         |
| C. Mississippi Rvrfrt-Nic. Island F  | 43,565                                 |                   | 73,373                           |                |   | 1,139,694          |                  |
| M'haha Interpretation Kiosk          |  |                   |                                  |                |   | 75,000             |                  |
| Loring Park Site Improvements        | 787,967                                |                   | 109,033                          |                | 100,113   | 2,520,188          |                  |
| Stevens Square Neigh. Tree Planting  |  |                   |                                  |                |   | 2,545              |                  |
| Bassett Creek Trail Development      |  |                   |                                  |                | 44,770  | 281,136            |                  |
| Lower Gorge Restoration              |  |                   |                                  |                | 15,310  | 193,801            |                  |
| McRae Site Improvements              |  |                   | 67,864                           |                |   | 210,908            |                  |
| Brckett Park Improvements            | 735,114                                | 4,886             |                                  |                |   | 1,077,709          | 119,054          |
| Minnehaha Regional Park Development  |  |                   |                                  |                | 47,601  | 3,424,739          |                  |
| North Commons Pool Renovation        | 1,236,835                              |                   | 63,165                           |                |   | 518,000            |                  |
| Mill Ruins Park                      |  |                   | 350,000                          | (350,000)      | 6,536   | 7,957,962          |                  |
| Windom South Park Building           | 200,000                                |                   | 20,000                           |                | 10,089  |                    |                  |
| Lakeshore Restoration                |  |                   |                                  |                | (21,886)  | 159,080            |                  |
| Nokomis Landscape Restoration        |  |                   |                                  |                |   | 93,827             |                  |
| Stewart Park Improvements            | 4,952                                  |                   | 19,371                           |                |   | 1,357,428          |                  |
| Beltrami Park Improvements           | 62,500                                 |                   | 2,494                            |                | 1,327   | 152,692            |                  |
| Upper Mississippi River Master Plan  |  |                   |                                  |                | (96,580)  | 620,090            |                  |
| Harrison School and Community Center |  |                   |                                  |                | 25,915  | 504,734            |                  |
| Lake of the Isles Master Plan        |  |                   |                                  |                | 15,548  | 60,140             |                  |
| North Mississippi Regional Park      | 50,963                                 |                   |                                  |                | (62,517)  | 5,036,875          | 17,874           |
| Victory Park Improvements            | 62,500                                 |                   |                                  |                | 15,014  | 267,680            |                  |
| Armatage Park Playground             | 150,000                                |                   |                                  |                | 3,076   | 151,965            |                  |
| Athletic Facilities Development      | 14,000,000                             |                   |                                  |                | 606,559   | 588,534            |                  |
| Bridge Park Schematic Design         |  |                   |                                  |                | 25  | 9,400              |                  |
| Van Cleve Community Center           | 1,140,811                              |                   |                                  |                |   | 157,299            |                  |
| East Phillips Site Improvements      | 250,000                                |                   | (10,000)                         |                |   | 250,000            |                  |
| Armatage Building Remodeling         | 600,000                                |                   | (21,131)                         |                | 18,962  |                    |                  |
| Minnehaha Pkwy Regional Trail        | 450,000                                |                   |                                  |                |   | 1,752,852          | (52,154)         |
| Linden Hills Tree Planting           |  |                   |                                  |                | 5,382   | 51,866             |                  |
| Lake Nokomis Shoreline               |  |                   |                                  |                |   | 149,553            |                  |
| Chain of Lakes Flood Mitigation      |  |                   |                                  |                | 66,467  | 5,831,467          | 1,975,287        |
| Southeast Como Blvd. Tree Planting   |  |                   |                                  |                |   | 11,574             |                  |
| North Commons Playground             | 300,000                                |                   | 16,457                           |                |   | 842,500            |                  |
| Bottineau Building                   | 109,936                                | 2,760             |                                  |                |   | 2,146,891          |                  |
| Off Leash Dog Recreation Areas       | 100,000                                |                   |                                  |                | (29,204)  | 100,000            |                  |
| Riverside Park Site Improvements     | 350,000                                |                   |                                  |                | 52  | 26,762             |                  |
| Bridge Park Site Improvements        |  |                   |                                  |                | (80,580)  | 649,036            |                  |
| Pershing Park Improvements           |  |                   |                                  |                | 3,353   | 125,525            |                  |
| Tower Hill Park Landscaping          |  |                   |                                  |                | 4,151   |                    |                  |
| Re-Roofing 2000                      | 100,000                                |                   |                                  |                | 3,513   | 35,357             |                  |

(Continued)

| Total<br>Additions | DEDUCTIONS  |            | Total<br>Expenditures | Unexpended<br>Balance<br>12/31/07 | Encumb. | Unencumb<br>Balance<br>12/31/07 |
|--------------------|-------------|------------|-----------------------|-----------------------------------|---------|---------------------------------|
|                    | Prior Years | Current Yr |                       |                                   |         |                                 |
| \$ 243,784         | \$ 243,784  |            | \$ 243,784            | \$                                | \$      | \$                              |
| 418,230            | 416,938     | 1,292      | 418,230               |                                   |         |                                 |
| 3,470,369          | 3,469,535   |            | 3,469,535             | 834                               |         | 834                             |
| 2,932,977          | 1,103,064   | 1,829,913  | 2,932,977             |                                   |         |                                 |
| 1,464,225          | 1,464,225   |            | 1,464,225             |                                   |         |                                 |
| 4,850,513          | 4,850,513   |            | 4,850,513             |                                   |         |                                 |
| 1,337,334          | 1,329,045   |            | 1,329,045             | 8,289                             |         | 8,289                           |
| 55,700             | 55,007      |            | 55,007                | 693                               |         | 693                             |
| 69,393             | 69,393      |            | 69,393                |                                   |         |                                 |
| 1,264,387          | 1,279,682   | (26,365)   | 1,253,317             | 11,070                            |         | 11,070                          |
| 848,360            | 847,539     |            | 847,539               | 821                               |         | 821                             |
| 778,571            | 778,571     |            | 778,571               |                                   |         |                                 |
| 1,256,632          | 1,255,302   |            | 1,255,302             | 1,330                             |         | 1,330                           |
| 75,000             | 73,552      |            | 73,552                | 1,448                             |         | 1,448                           |
| 3,517,301          | 3,517,301   |            | 3,517,301             |                                   |         |                                 |
| 2,545              | 2,545       |            | 2,545                 |                                   |         |                                 |
| 325,906            | 325,906     |            | 325,906               |                                   |         |                                 |
| 209,111            | 209,111     |            | 209,111               |                                   |         |                                 |
| 278,772            | 275,407     |            | 275,407               | 3,365                             |         | 3,365                           |
| 1,936,763          | 1,924,131   | 12,632     | 1,936,763             |                                   |         |                                 |
| 3,472,340          | 3,472,340   |            | 3,472,340             |                                   |         |                                 |
| 1,818,000          | 1,813,512   |            | 1,813,512             | 4,488                             |         | 4,488                           |
| 7,964,498          | 7,906,609   | 57,889     | 7,964,498             |                                   |         |                                 |
| 230,089            | 230,089     |            | 230,089               |                                   |         |                                 |
| 137,194            | 137,194     |            | 137,194               |                                   |         |                                 |
| 93,827             | 93,827      |            | 93,827                |                                   |         |                                 |
| 1,381,751          | 1,367,207   | 2,785      | 1,369,992             | 11,759                            |         | 11,759                          |
| 219,013            | 219,013     |            | 219,013               |                                   |         |                                 |
| 523,510            | 523,510     |            | 523,510               |                                   |         |                                 |
| 530,649            | 530,649     |            | 530,649               |                                   |         |                                 |
| 75,688             | 75,688      |            | 75,688                |                                   |         |                                 |
| 5,043,195          | 4,994,390   | 48,805     | 5,043,195             |                                   |         |                                 |
| 345,194            | 345,194     |            | 345,194               |                                   |         |                                 |
| 305,041            | 305,041     |            | 305,041               |                                   |         |                                 |
| 15,195,093         | 15,195,093  |            | 15,195,093            |                                   |         |                                 |
| 9,425              | 9,425       |            | 9,425                 |                                   |         |                                 |
| 1,298,110          | 1,298,110   |            | 1,298,110             |                                   |         |                                 |
| 490,000            | 479,012     |            | 479,012               | 10,988                            |         | 10,988                          |
| 597,831            | 597,831     |            | 597,831               |                                   |         |                                 |
| 2,150,698          | 2,118,622   | 19,010     | 2,137,632             | 13,066                            |         | 13,066                          |
| 57,248             | 51,866      | 5,382      | 57,248                |                                   |         |                                 |
| 149,553            | 146,404     | 3,149      | 149,553               |                                   |         |                                 |
| 7,873,221          | 6,242,524   | 1,630,697  | 7,873,221             |                                   |         |                                 |
| 11,574             | 11,574      |            | 11,574                |                                   |         |                                 |
| 1,158,957          | 1,157,245   | 568        | 1,157,813             | 1,144                             |         | 1,144                           |
| 2,259,587          | 2,256,827   | 2,760      | 2,259,587             |                                   |         |                                 |
| 170,796            | 170,796     |            | 170,796               |                                   |         |                                 |
| 376,814            | 376,814     |            | 376,814               |                                   |         |                                 |
| 568,456            | 568,456     |            | 568,456               |                                   |         |                                 |
| 128,878            | 128,878     |            | 128,878               |                                   |         |                                 |
| 4,151              | 4,151       |            | 4,151                 |                                   |         |                                 |
| 138,870            | 138,870     |            | 138,870               |                                   |         |                                 |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF PROJECT COSTS**  
**PERMANENT IMPROVEMENT CAPITAL PROJECTS FUND**  
**For the Year Ended December 31, 2007**

|  | <b>ADDITIONS</b>                       |                   |                                  |                |   |                    |                  |
|--|--|-------------------|----------------------------------|----------------|---|--------------------|------------------|
|  | <b>Proceeds From Sale<br/>of Bonds</b> |                   | <b>Interaccount<br/>Transfer</b> |                | <b>Capital Advances<br/>and<br/>Receivables</b> | <b>Other</b>       |                  |
|  | <b>Prior Yrs</b>                       | <b>Current Yr</b> | <b>Prior Yrs</b>                 | <b>Curr Yr</b> |   | <b>Prior Years</b> | <b>Curr Year</b> |
| M. L. King Park Improvements                 | 50,000                                 |                   |                                  |                | 11,874  | 152,016            |                  |
| Chain of Lakes Alum-Macrophyte               |  |                   |                                  |                | 509   | 140,500            |                  |
| East River Flats Park Improvements           |  |                   | (350,000)                        | 350,000        | (325,814)                                       | 382,391            | 16,527           |
| Washburn & Clinton Field Rehabi              | 290,108                                | 1,486             |                                  |                | 123   | 60,578             |                  |
| Erosion Control                              |  |                   |                                  |                | (62,120)  | 34,651             |                  |
| Painter Park Site & Totlot Rehabil           | 398,062                                |                   |                                  |                |   | 23,600             |                  |
| Rosacker Pool Renovation                     | 3,056,310                              |                   |                                  |                | 23,878  | 180,000            |                  |
| Nokomis Gateway Shoreline Buffer             |  |                   |                                  |                |   | 12,658             |                  |
| Lyndale Farmstead Site & Totlot I            | 375,000                                |                   |                                  |                |   | 22,521             |                  |
| Nicollet Island Tree Planting                |  |                   |                                  |                |   | 10,000             |                  |
| Bassett's Creek Improvements                 |  |                   |                                  |                |   | 126,686            |                  |
| Powderhorn Lake Restoration                  |  |                   | 26,000                           |                |   | 516,900            | 48,363           |
| Lake of the Isles Maintenance Relocation     |  |                   |                                  |                | 1,268   | 125,000            |                  |
| Armatage Water Service Improvements          |  |                   |                                  |                | 4,132   |                    |                  |
| Regional Bike Trails                         |  |                   |                                  |                | (50,079)  | 2,194,532          |                  |
| Lake Calhoun Alum Treatment                  |  |                   |                                  |                |   | 226,000            |                  |
| Pershing Park Site & Field Renovation        |  |                   | (14,000)                         |                |   | 315,000            |                  |
| Outdoor Bleachers 2002                       |  |                   |                                  |                |   | 125,000            |                  |
| Matthews Tennis Court Renovatio              | 71,047                                 |                   |                                  |                |   | 75,000             |                  |
| Willard Park Improvements                    | 170,000                                |                   |                                  |                |   | 738,161            |                  |
| M.L. King Tennis Court Renovation            |  |                   |                                  |                |   | 150,000            |                  |
| Riverview Property Acquisition               |  |                   |                                  |                |   | 1,343,669          | (27,635)         |
| Cedar Field Site & Totlot Rehab              |  |                   |                                  |                |   | 400,000            |                  |
| Currie Site & Totlot Rehab                   | 341,980                                | 2,580             |                                  |                |   | 45,000             |                  |
| Wirth Lake Beach Park Building               |  |                   |                                  |                | 20,265  | 955,000            |                  |
| Moore Building Property Acquisition          |  |                   |                                  |                | 1,148,300                                       | 4,980,660          |                  |
| Bryn Mawr Meadows Parking Lot Recontr        |  |                   |                                  |                | 7,801   | 80,000             |                  |
| Nokomis Gym Re-Roof 2002                     |  |                   |                                  |                |   | 50,000             |                  |
| Nokomis Gym Floor Replacement                |  |                   |                                  |                |   | 80,000             |                  |
| North Mississippi Regional Pk Prairie Restor |  |                   |                                  |                |   | 82,376             |                  |
| Longfellow Garden at Minnehaha Park          |  |                   |                                  |                |   | 829,798            | 14,021           |
| Armatage Athletic Fields Improve             | 29,000                                 |                   | 43,000                           |                | 9,033   | 500,890            |                  |
| CARAG Landscaping Projects                   |  |                   |                                  |                |   | 18,874             |                  |
| Hall Park Playground Improvemer              | 191,247                                |                   |                                  |                |   | 250,000            |                  |
| Harrison Park Playground Improv              | 198,867                                |                   |                                  |                |   | 250,000            |                  |
| BF Nelson                                    |  |                   |                                  |                | (25,642)  | 98,605             | 130,286          |
| Longfellow Comm Council for Oak Savanna      |  |                   |                                  |                |   | 18,972             |                  |
| 2003 Grand Rounds Seed Money                 |  |                   |                                  |                | 7,187   | 24,960             |                  |
| Wirth Winter Recreation Planning             | 199,917                                | 83                |                                  |                | 27,488  | 52,469             | 2,532            |
| 2003 Regional Trail Improvements             |  |                   |                                  |                |   | 676,422            |                  |
| Webber Park Totlot Improvements              | 204,138                                |                   |                                  |                |   | 125,000            |                  |
| Edgewater Park Improvements                  |  |                   |                                  |                | 229,383   | 414,827            | 47,303           |
| Above the Falls - Master Plan                |  |                   |                                  |                | 16,351  | 156,117            |                  |
| North Mississippi Wetlands Phase V           |  |                   |                                  |                |   | 276,042            | 3,614            |
| Block 40 Totlot                              | 247,480                                |                   |                                  |                |   |                    |                  |
| Jackson Square Site and Totlot               | 379,048                                | 70,952            |                                  |                | 31,997  | 155,000            |                  |
| Skate Park Installations                     | 297,024                                | 2,600             |                                  |                |   | 75,090             |                  |
| Victory Mem. Pkwy Plan & Bike Path           |  |                   |                                  |                | (343,291)                                       | 1,061,898          | 522,613          |
| Elliot Park Improvements                     | 38,935                                 |                   |                                  |                |   |                    |                  |
| Park Field Renovations                       |  |                   |                                  |                |   | 50,000             |                  |
| Minnehaha Step Repair                        |  |                   |                                  |                | 1,224   | 70,895             | 9,153            |

| Total<br>Additions | DEDUCTIONS  |            | Total<br>Expenditures | Unexpended<br>Balance<br>12/31/07 | Encumb. | Unencumb<br>Balance<br>12/31/07 |
|--------------------|-------------|------------|-----------------------|-----------------------------------|---------|---------------------------------|
|                    | Prior Years | Current Yr |                       |                                   |         |                                 |
| 213,890            | 213,890     |            | 213,890               |                                   |         |                                 |
| 141,009            | 141,009     |            | 141,009               |                                   |         |                                 |
| 73,104             | 48,918      | 24,186     | 73,104                |                                   |         |                                 |
| 352,295            | 348,549     | 3,746      | 352,295               |                                   |         |                                 |
| (27,469)           | 34,651      | (62,120)   | (27,469)              |                                   |         |                                 |
| 421,662            | 421,662     |            | 421,662               |                                   |         |                                 |
| 3,260,188          | 3,260,188   |            | 3,260,188             |                                   |         |                                 |
| 12,658             | 12,658      |            | 12,658                |                                   |         |                                 |
| 397,521            | 396,531     |            | 396,531               | 990                               |         | 990                             |
| 10,000             | 6,000       |            | 6,000                 | 4,000                             |         | 4,000                           |
| 126,686            | 126,463     |            | 126,463               | 223                               |         | 223                             |
| 591,263            | 591,263     |            | 591,263               |                                   |         |                                 |
| 126,268            | 126,268     |            | 126,268               |                                   |         |                                 |
| 4,132              | 4,132       |            | 4,132                 |                                   |         |                                 |
| 2,144,453          | 2,138,809   |            | 2,138,809             | 5,644                             |         | 5,644                           |
| 226,000            | 224,553     |            | 224,553               | 1,447                             |         | 1,447                           |
| 301,000            | 296,600     |            | 296,600               | 4,400                             |         | 4,400                           |
| 125,000            | 124,568     |            | 124,568               | 432                               |         | 432                             |
| 146,047            | 146,047     |            | 146,047               |                                   |         |                                 |
| 908,161            | 895,490     |            | 895,490               | 12,671                            |         | 12,671                          |
| 150,000            | 147,551     |            | 147,551               | 2,449                             |         | 2,449                           |
| 1,316,034          | 1,344,370   | (28,336)   | 1,316,034             |                                   |         |                                 |
| 400,000            | 396,286     | 2,366      | 398,652               | 1,348                             |         | 1,348                           |
| 389,560            | 386,980     | 2,580      | 389,560               |                                   |         |                                 |
| 975,265            | 975,265     |            | 975,265               |                                   |         |                                 |
| 6,128,960          | 6,128,617   | 343        | 6,128,960             |                                   |         |                                 |
| 87,801             | 87,801      |            | 87,801                |                                   |         |                                 |
| 50,000             | 42,908      |            | 42,908                | 7,092                             |         | 7,092                           |
| 80,000             | 73,887      |            | 73,887                | 6,113                             |         | 6,113                           |
| 82,376             | 82,376      |            | 82,376                |                                   |         |                                 |
| 843,819            | 839,418     | 1,118      | 840,536               | 3,283                             |         | 3,283                           |
| 581,923            | 581,923     |            | 581,923               |                                   |         |                                 |
| 18,874             | 18,874      |            | 18,874                |                                   |         |                                 |
| 441,247            | 441,247     |            | 441,247               |                                   |         |                                 |
| 448,867            | 448,867     |            | 448,867               |                                   |         |                                 |
| 203,249            | 168,151     | 27,803     | 195,954               | 7,295                             |         | 7,295                           |
| 18,972             | 18,972      |            | 18,972                |                                   |         |                                 |
| 32,147             | 32,147      |            | 32,147                |                                   |         |                                 |
| 282,489            | 252,385     | 30,104     | 282,489               |                                   |         |                                 |
| 676,422            | 676,422     |            | 676,422               |                                   |         |                                 |
| 329,138            | 329,138     |            | 329,138               |                                   |         |                                 |
| 691,513            | 627,051     | 64,462     | 691,513               |                                   |         |                                 |
| 172,468            | 172,468     |            | 172,468               |                                   |         |                                 |
| 279,656            | 279,456     |            | 279,456               | 200                               |         | 200                             |
| 247,480            | 247,480     |            | 247,480               |                                   |         |                                 |
| 636,997            | 534,048     | 102,949    | 636,997               |                                   |         |                                 |
| 374,714            | 372,114     | 2,600      | 374,714               |                                   |         |                                 |
| 1,241,220          | 1,240,068   | 121        | 1,240,189             | 1,031                             |         | 1,031                           |
| 38,935             | 38,935      |            | 38,935                |                                   |         |                                 |
| 50,000             | 32,297      | 17,703     | 50,000                |                                   |         |                                 |
| 81,272             | 70,895      | 10,377     | 81,272                |                                   |         |                                 |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF PROJECT COSTS**  
**PERMANENT IMPROVEMENT CAPITAL PROJECTS FUND**  
**For the Year Ended December 31, 2007**

|   | <b>ADDITIONS</b>                       |                   |                                  |                |   |                    |                  |
|---|--|-------------------|----------------------------------|----------------|---|--------------------|------------------|
|   | <b>Proceeds From Sale<br/>of Bonds</b> |                   | <b>Interaccount<br/>Transfer</b> |                | <b>Capital Advances<br/>and<br/>Receivables</b> | <b>Other</b>       |                  |
|   | <b>Prior Yrs</b>                       | <b>Current Yr</b> | <b>Prior Yrs</b>                 | <b>Curr Yr</b> |   | <b>Prior Years</b> | <b>Curr Year</b> |
| Gluek Riverside Park EPA                        |  |                   |                                  |                | 31,775  | 110,440            | 139,773          |
| Grand Rounds Corridor Mgmt Plan                 |  |                   |                                  |                | 7,410   |                    |                  |
| Re-Roofing 2004                                 | 60,000                                 |                   |                                  |                | 1,000   | 139,000            | 25,400           |
| Folwell HVAC                                    |  |                   |                                  |                | 16,586  | 55,000             | 35,000           |
| St. Anthony Parkway Bike Trail                  |  |                   |                                  |                |   | 44,054             | 167,441          |
| Franklin Steele Wading Pool                     | 8,674                                  | 119,458           |                                  |                | (100,000)                                       | 54,880             | 100,000          |
| Cleveland Wading Pool                           | 300,000                                | 19,704            |                                  |                |   |                    |                  |
| Longfellow HVAC                                 | 81,194                                 | 77,646            |                                  |                |   |                    | 72,750           |
| Miss. River Gorge Street Eroision Stabilization |  |                   |                                  |                | 99,663  | 205,463            | 49,874           |
| Fuller Park Improvements                        |  |                   |                                  |                |   | 15,699             |                  |
| Jordan Park Site Improvements                   | 319,219                                | 30,781            |                                  |                | 21,185  | 100,000            |                  |
| Shingle Creek Site & Totlot                     | 350,000                                |                   |                                  |                | 1,318   |                    |                  |
| Lake Hiawatha Building Rehab                    | 152,281                                | 327,719           |                                  |                | 82,881  | 19,950             | 327,200          |
| Minnehaha Creek Trails & Stairs                 |  |                   |                                  |                | (32,283)  | 40,047             | 527,463          |
| Fulton Reforestation                            |  |                   |                                  |                |   | 8,870              |                  |
| Parade Artificial Turf                          |  | 768,930           |                                  |                |   | 552,720            | 200,000          |
| Kenwood Park Playground Equipment               |  |                   |                                  |                | 37,082  | 46,203             |                  |
| Webber Park Building Improvements               |  |                   |                                  |                | (93,129)  | 245,000            |                  |
| Diseased Elm & Buckthorn Removal                |  |                   |                                  |                | 20,941  | 123,059            | 76,941           |
| Grand Rounds Promotional Brochure               |  |                   |                                  |                | 3,887   | 13,099             | 8,117            |
| Grainbelt Shoreline Development                 |  |                   |                                  |                | 47,851  |                    |                  |
| Above the Falls Regional Park - Phase I         |  |                   |                                  |                | 1,279,542                                       |                    | 466,808          |
| Tennis Court Improvements                       |  |                   |                                  |                |   |                    | 90,369           |
| Lake Harriet Trail Improvements                 |  |                   |                                  |                | 1,089   | 10,000             |                  |
| Marcy-Holmes Neigh Tree Planting                |  |                   |                                  |                | 5,320   | 7,687              |                  |
| Victory Memorial Restoration                    |  |                   |                                  |                | 42,798  |                    |                  |
| Fort Snelling 201 Building                      |  |                   |                                  |                | 945,000   |                    |                  |
| Water Street Park Riverbank Cleanup             |  |                   |                                  |                | (14,933)  |                    | 15,000           |
| South Wirth Park Infrastructure                 |  |                   |                                  |                |   | 3,686              | 158,094          |
| Bryant Square Park Seating                      |  |                   |                                  |                |   |                    | 20,370           |
| Linden Hills Park Garden & Seating              |  |                   |                                  |                | 35  |                    | 3,687            |
| Nokomis East Neigh Tree Planting                |  |                   |                                  |                |   | 26,785             |                  |
| Lake Harriet Lighting                           |  |                   |                                  |                |   |                    | 67,812           |
| East Phillips Cultural & Community Center       |  |                   |                                  |                | 86,103  |                    |                  |
| Grand Rounds Missing Link                       |  |                   |                                  |                | (143,820)                                       |                    | 450,000          |
| Kenwood Re-Roofing                              |  |                   |                                  |                |   |                    | 37,330           |
| Grand Rounds Corridor Management Plan           |  |                   |                                  |                | 15,903  |                    |                  |
| Mississippi River Gorge Area Inventory          |  |                   |                                  |                | 272,344   |                    | 8,534            |
| Holmes Park Shelter Rehabilitation              |  |                   |                                  |                |   |                    | 2,259            |
| McRae Park Court Resurfacing                    |  |                   |                                  |                |   |                    | 13,243           |
| Minnehaha Creek Reach 8 Bank Repair             |  |                   |                                  |                | 75,584  |                    |                  |
| Kenwood Tennis Court                            |  |                   |                                  |                | 91,797  |                    | 235,014          |
| Crown Hydroelectric at Mill Ruins               |  |                   |                                  |                |   |                    | 26,448           |
| Mississippi Gorge Picnic Area                   |  |                   |                                  |                | 1,829   |                    |                  |
| Bryant Square Outdoor Performance               |  |                   |                                  |                |   |                    | 32,223           |
| East River Parkway Trails                       |  |                   |                                  |                |   |                    | 37,974           |
| Fire Protection Systems                         |  |                   |                                  |                | 15,679  |                    |                  |
| Southside Service Center Rehab                  |  |                   |                                  |                |   | 457,082            |                  |
| Minnehaha Shelters                              |  |                   |                                  |                | 166,501   | 129,281            | (79,668)         |
| Harriet Plaza & Shelters                        |  |                   |                                  |                | 340,413   | 152,653            | (127,653)        |
| Nokomis Shelters                                |  |                   |                                  |                |   | 60,752             | 5,686            |
| Nokomis Totlot                                  |  |                   |                                  |                | (129,878)                                       | 200,000            | (55,299)         |

| Total<br>Additions | DEDUCTIONS  |            | Total<br>Expenditures | Unexpended<br>Balance<br>12/31/07 | Encumb. | Unencumb<br>Balance<br>12/31/07 |
|--------------------|-------------|------------|-----------------------|-----------------------------------|---------|---------------------------------|
|                    | Prior Years | Current Yr |                       |                                   |         |                                 |
| 281,988            | 28,727      | 253,261    | 281,988               |                                   |         |                                 |
| 7,410              | 3,036       | 4,374      | 7,410                 |                                   |         |                                 |
| 225,400            | 225,400     |            | 225,400               |                                   |         |                                 |
| 106,586            | 106,586     |            | 106,586               |                                   |         |                                 |
| 211,495            | 44,054      | 167,441    | 211,495               |                                   |         |                                 |
| 183,012            | 42,661      | 140,351    | 183,012               |                                   |         |                                 |
| 319,704            | 319,704     |            | 319,704               |                                   |         |                                 |
| 231,590            | 81,195      | 150,395    | 231,590               |                                   |         |                                 |
| 355,000            | 240,431     | 114,569    | 355,000               |                                   |         |                                 |
| 15,699             | 15,699      |            | 15,699                |                                   |         |                                 |
| 471,185            | 436,233     | 34,952     | 471,185               |                                   |         |                                 |
| 351,318            | 360,522     | (9,204)    | 351,318               |                                   |         |                                 |
| 910,031            | 172,228     | 737,803    | 910,031               |                                   |         |                                 |
| 535,227            | 41,032      | 494,195    | 535,227               |                                   |         |                                 |
| 8,870              | 8,870       |            | 8,870                 |                                   |         |                                 |
| 1,521,650          | 96,532      | 1,425,118  | 1,521,650             |                                   |         |                                 |
| 83,285             | 82,618      | 667        | 83,285                |                                   |         |                                 |
| 151,871            | 12,682      | 139,189    | 151,871               |                                   |         |                                 |
| 220,941            | 123,059     | 97,882     | 220,941               |                                   |         |                                 |
| 25,103             | 20,865      | 4,238      | 25,103                |                                   |         |                                 |
| 47,851             |             | 47,851     | 47,851                |                                   |         |                                 |
| 1,746,350          |             | 1,746,350  | 1,746,350             |                                   |         |                                 |
| 90,369             |             | 90,369     | 90,369                |                                   |         |                                 |
| 11,089             | 11,089      |            | 11,089                |                                   |         |                                 |
| 13,007             | 7,687       | 5,320      | 13,007                |                                   |         |                                 |
| 42,798             | 9,972       | 32,826     | 42,798                |                                   |         |                                 |
| 945,000            | 945,000     |            | 945,000               |                                   |         |                                 |
| 67                 | 67          |            | 67                    |                                   |         |                                 |
| 161,780            | 3,686       | 158,094    | 161,780               |                                   |         |                                 |
| 20,370             |             | 20,370     | 20,370                |                                   |         |                                 |
| 3,722              | 3,614       | 108        | 3,722                 |                                   |         |                                 |
| 26,785             | 26,785      |            | 26,785                |                                   |         |                                 |
| 67,812             |             | 62,797     | 67,812                | 5,015                             |         | 5,015                           |
| 86,103             |             | 86,103     | 86,103                |                                   |         |                                 |
| 306,180            |             | 306,180    | 306,180               |                                   |         |                                 |
| 37,330             |             | 37,330     | 37,330                |                                   |         |                                 |
| 15,903             |             | 15,903     | 15,903                |                                   |         |                                 |
| 280,878            |             | 280,878    | 280,878               |                                   |         |                                 |
| 2,259              |             | 2,259      | 2,259                 |                                   |         |                                 |
| 13,243             |             | 13,243     | 13,243                |                                   |         |                                 |
| 75,584             |             | 75,584     | 75,584                |                                   |         |                                 |
| 326,811            |             | 326,811    | 326,811               |                                   |         |                                 |
| 26,448             |             | 26,448     | 26,448                |                                   |         |                                 |
| 1,829              |             | 1,829      | 1,829                 |                                   |         |                                 |
| 32,223             |             | 32,223     | 32,223                |                                   |         |                                 |
| 37,974             |             | 37,974     | 37,974                |                                   |         |                                 |
| 15,679             |             | 15,679     | 15,679                |                                   |         |                                 |
| 457,082            | 463,892     | (6,810)    | 457,082               |                                   |         |                                 |
| 216,114            | 129,281     | 86,833     | 216,114               |                                   |         |                                 |
| 365,413            | 152,653     | 212,760    | 365,413               |                                   |         |                                 |
| 66,438             | 65,810      | 628        | 66,438                |                                   |         |                                 |
| 14,823             | 14,823      |            | 14,823                |                                   |         |                                 |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF PROJECT COSTS**  
**PERMANENT IMPROVEMENT CAPITAL PROJECTS FUND**  
**For the Year Ended December 31, 2007**

| <b>ADDITIONS</b>                        |                     |                                  |                |   |                      |                     |
|---|---------------------|----------------------------------|----------------|---|----------------------|---------------------|
| <b>Proceeds From Sale<br/>of Bonds</b>  |                     | <b>Interaccount<br/>Transfer</b> |                | <b>Capital Advances<br/>and<br/>Receivables</b> | <b>Other</b>         |                     |
| <b>Prior Yrs</b>                        | <b>Current Yr</b>   | <b>Prior Yrs</b>                 | <b>Curr Yr</b> |   | <b>Prior Years</b>   | <b>Curr Year</b>    |
|   |                     |                                  |                |   | 1,090,348            | (41)                |
| Designated For Debt Serv                |                     |                                  |                |   |                      |                     |
| Other Reserve for Encumbrances          |                     |                                  |                |   |                      |                     |
| Change in Intergovernmental Receivables |                     |                                  |                | (417,812)                                       |                      |                     |
| Completed Projects                      |                     | (758,171)                        |                |   | 758,171              |                     |
| <u>\$ 30,723,686</u>                    | <u>\$ 1,429,585</u> | <u>\$ 0</u>                      | <u>\$ 0</u>    | <u>\$ 3,753,192</u>                             | <u>\$ 75,967,131</u> | <u>\$ 7,591,970</u> |

| Total<br>Additions    | DEDUCTIONS            |                      | Total<br>Expenditures | Unexpended<br>Balance<br>12/31/07 | Encumb.             | Unencumb<br>Balance<br>12/31/07 |
|-----------------------|-----------------------|----------------------|-----------------------|-----------------------------------|---------------------|---------------------------------|
|                       | Prior Years           | Current Yr           |                       |                                   |                     |                                 |
| 1,090,307             | 1,090,303             |                      | 1,090,303             | 4                                 |                     | 4                               |
| (417,812)             |                       |                      |                       | (417,812)                         | 3,758,223           | (3,758,223)                     |
|                       |                       |                      |                       |                                   |                     | (417,812)                       |
| <u>\$ 119,465,564</u> | <u>\$ 108,490,754</u> | <u>\$ 11,259,690</u> | <u>\$ 119,750,444</u> | <u>\$ (284,880)</u>               | <u>\$ 3,758,223</u> | <u>\$ (4,043,103)</u>           |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**ANALYSIS OF OTHER ADDITIONS**  
**PERMANENT IMPROVEMENT CAPITAL PROJECTS FUND**  
**For the Year ended December 31, 2007**

**PROJECTS**

|   |         |           |
|---|---------|-----------|
| Minnehaha Regional Park Development                 |         |           |
| Metropolitan Council Grant                          | 920,711 |           |
| Transfer from Park Special Revenue Fund - O&M       | 832,533 | 1,753,244 |
|   |         |           |
| North Mississippi Reg. Park Acquisition             |         |           |
| Transfer from Park Special Revenue Fund - O&M       |         | 4,300     |
| NRP Preplanning & Revolving                         |         |           |
| Charge for Service                                  |         | (100,000) |
| Park Preplanning & Revolving                        |         |           |
| Plan Deposit  |         | 1,515     |
| Lynnhurst Park Improvements                         |         |           |
| Transfer from Park General Fund - Capital Levy      |         | (32,076)  |
| Brackett Park Improvements                          |         |           |
| Transfer from Park General Fund - Capital Levy      |         | 119,054   |
| North Mississippi Regional Park Development         |         |           |
| Metropolitan Council Grant                          | 25,788  |           |
| Transfer from Park Special Revenue Fund - O&M       | (7,914) | 17,874    |
|   |         |           |
| Minnehaha Parkway Regional Trail                    |         |           |
| Transfer from Park Special Revenue Fund - O&M       |         | (52,154)  |
| Chain of Lakes Flood Mitigation                     |         |           |
| Metropolitan Council Grant                          |         | 1,975,287 |
| East River Flats Park Improvements                  |         |           |
| Mississippi River Watershed Organization Grant      |         | 16,527    |
| Powderhorn Lake Restoration                         |         |           |
| Transfer from Park General Fund - Capital Levy      |         | 48,363    |
| WRR - Land Purchase/Riverview Property              |         |           |
| Mississippi Watershed Management Organization Grant |         | (27,635)  |
| Longfellow Garden at Minnehaha Park                 |         |           |
| Mississippi Watershed Management Organization Grant | 2,200   |           |
| Transfer from Park Special Revenue Fund - O&M       | 11,821  | 14,021    |
|   |         |           |
| BF Nelson   |         |           |
| Charge for Service                                  | 4,472   |           |
| Federal Grant - Environmental Protection Agency     | 125,814 | 130,286   |
|   |         |           |
| Wirth Winter Recreation Improvements                |         |           |
| Transfer from Park Special Revenue Fund - O&M       |         | 2,532     |
| Edgewater Park Improvements                         |         |           |
| Mississippi Watershed Management Organization Grant |         | 47,303    |
| North Mississippi Wetlands Phase V                  |         |           |
| Transfer from Park Special Revenue Fund - O&M       |         | 3,614     |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**ANALYSIS OF OTHER ADDITIONS**  
**PERMANENT IMPROVEMENT CAPITAL PROJECTS FUND**  
**For the Year ended December 31, 2007**

|   |                |         |
|---|----------------|---------|
| Victory Memorial Parkway Master Plan & Bike Path            |                |         |
| Federal Grant - TEA 21                                      | 344,444        |         |
| Transfer from Park Special Revenue Fund - O&M               | <u>178,169</u> | 522,613 |
| Minnehaha Step Repair                                       |                |         |
| Transfer from Park Special Revenue Fund - O&M               |                | 9,153   |
| Gluek Riverside Park EPA                                    |                |         |
| Federal Grant - US EPA                                      | 56,000         |         |
| Transfer from Park Special Revenue Fund - O&M               | <u>83,773</u>  | 139,773 |
| Re-Roofings 2004  |                |         |
| Transfer from Park General Fund - Capital Levy              |                | 25,400  |
| Folwell HVAC  |                |         |
| Transfer from Park Genral Fund - Capital Levy               |                | 35,000  |
| St. Anthony Parkway Bike Trail                              |                |         |
| Transfer from Park Special Revenue Fund - O&M               |                | 167,441 |
| Franklin Steele Wading Pool                                 |                |         |
| Charge for Service  |                | 100,000 |
| Longfellow HVAC   |                |         |
| Transfer from Park General Fund - Capital Levy              |                | 72,750  |
| Mississippi River Gorge 38th-43rd St. Erosion Stabilization |                |         |
| Mississippi Watershed Management Organization Grant         |                | 49,874  |
| Lake Hiawatha Building Rehabilitation                       |                |         |
| Transfer from Park General Fund - Capital Levy              | 252,200        |         |
| Transfer from CPED - NRP Grant                              | <u>75,000</u>  | 327,200 |
| Minnehaha Creek Trails & Stairs                             |                |         |
| Transfer from Park Special Revenue Fund - O&M               | 32,284         |         |
| Metropolitan Council Grant                                  | <u>495,179</u> | 527,463 |
| Parade Artificial Turf                                      |                |         |
| Donation  |                | 200,000 |
| Diseased Elm and Buckthorn Removal                          |                |         |
| Transfer from Park Special Revenue Fund - O&M               |                | 76,941  |
| Grand Rounds Promotional Brochure                           |                |         |
| Federal Grant - Grand Rounds                                |                | 8,117   |
| Above the Falls Regional Park - Phase I                     |                |         |
| Charge for Services - City of Minneapolis                   | 439,173        |         |
| Mississippi Watershed Management Organization Grant         | <u>27,635</u>  | 466,808 |
| Tennis Courts Improvements                                  |                |         |
| Transfer from Park General Fund - Capital Levy              |                | 90,369  |
| Water Street Park Riverbank Cleanup                         |                |         |
| DNR/Conservation Partnership Grant                          |                | 15,000  |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**ANALYSIS OF OTHER ADDITIONS**  
**PERMANENT IMPROVEMENT CAPITAL PROJECTS FUND**  
**For the Year ended December 31, 2007**

|  |           |  |                     |
|--|-----------|--|---------------------|
| South Wirth Park Infrastructure  |           |  |                     |
| Transfer from Park Special Revenue Fund - O&M                              |           |  | 158,094             |
| <br>   |           |  |                     |
| Bryant Square Park Seating   |           |  |                     |
| Transfer from CPED - NRP Grant   |           |  | 20,370              |
| <br>   |           |  |                     |
| Linden Hills Park Garden & Seating Rehabilitation                          |           |  |                     |
| Transfer from CPED - NRP Grant   |           |  | 3,687               |
| <br>   |           |  |                     |
| Lake Harriet Lighting  |           |  |                     |
| Transfer from Park Special Revenue Fund - O&M                              |           |  | 67,812              |
| <br>   |           |  |                     |
| Grand Rounds Missing Link  |           |  |                     |
| Metropolitan Council Grant   | 250,000   |  |                     |
| Hennepin County Grant  | 200,000   |  |                     |
|  |           |  | 450,000             |
| <br>   |           |  |                     |
| Kenwood Re-Roofing   |           |  |                     |
| Transfer from Park General Fund - Capital Levy                             |           |  | 37,330              |
| <br>   |           |  |                     |
| Mississippi River Gorge Area Inventory & Bluff Repair                      |           |  |                     |
| Mississippi Watershed Management Organization Grant                        |           |  | 8,534               |
| <br>   |           |  |                     |
| Holmes Park Shelter Rehabilitation   |           |  |                     |
| Transfer from Park General Fund - Capital Levy                             |           |  | 2,259               |
| <br>   |           |  |                     |
| McRae Park Court Resurfacing   |           |  |                     |
| Transfer from CPED - NRP Grant   |           |  | 13,243              |
| <br>   |           |  |                     |
| Kenwood Tennis Court   |           |  |                     |
| Transfer from CPED - NRP Grant   | 149,000   |  |                     |
| Transfer from Park General Fund - Capital Levy                             | 86,014    |  |                     |
|  |           |  | 235,014             |
| <br>   |           |  |                     |
| Crown Hydroelectric at Mill Ruins  |           |  |                     |
| Donations  |           |  | 26,448              |
| <br>   |           |  |                     |
| Bryant Square Outdoor Performance Space Rehabilitation                     |           |  |                     |
| Transfer from CPED - NRP Grant   |           |  | 32,223              |
| <br>   |           |  |                     |
| East River Parkway Trails Construction                                     |           |  |                     |
| Transfer from Park Special Revenue Fund - O&M                              |           |  | 37,974              |
| <br>   |           |  |                     |
| Minnehaha Shelters   |           |  |                     |
| Transfer from Park Special Revenue Fund - O&M                              | (129,281) |  |                     |
| Transfer from Park General Fund - Local Government Aid                     | 49,613    |  |                     |
|  |           |  | (79,668)            |
| <br>   |           |  |                     |
| Harriet Plaza and Shelter  |           |  |                     |
| Transfer from Park Special Revenue Fund - O&M                              |           |  | (127,653)           |
| <br>   |           |  |                     |
| Nokomis Shelters   |           |  |                     |
| Transfer From Park General Fund - Local Government Aid                     |           |  | 5,686               |
| <br>   |           |  |                     |
| Nokomis Totlot   |           |  |                     |
| Transfer From Park General Fund - Local Government Aid                     |           |  | (55,299)            |
| <br>   |           |  |                     |
| Designated For Debt Service  |           |  |                     |
| Interest on Investments  |           |  | (41)                |
| <br>   |           |  |                     |
| <b>Total Other Additions - Current Year - To Schedule of Project Costs</b> |           |  | <b>\$ 7,591,970</b> |

**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, 2007**

|                          | <u>Authorizations</u> | <u>Expenditures</u> | <u>Balance</u>    |
|--------------------------|-----------------------|---------------------|-------------------|
| Tree Removal             | \$ 906,088            | \$ 508,675          | \$ 397,413        |
| Sidewalk/Street Lighting | 91,894                | 11,540              | 80,354            |
|                          | <hr/>                 | <hr/>               | <hr/>             |
| <b>Totals</b>            | <u>\$ 997,982</u>     | <u>\$ 520,215</u>   | <u>\$ 477,767</u> |

This Page Left Blank Intentionally.

## **ENTERPRISE FUND**

### Park Operating Fund

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

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF CHANGES IN NET ASSETS**  
**RESERVED FOR RENEWAL AND REPLACEMENT**  
**PARK OPERATING ENTERPRISE FUND**  
**For the Year Ended December 31, 2007**

|  | <u>Reserve For<br/>Repair &amp;<br/>Replacement</u> | <u>Recreation<br/>Programs</u> | <u>Total</u>      |
|--|---|--------------------------------|-------------------|
| <b>OPERATING INCOME (LOSS)</b>               | \$ 1,051,331  | (\$344,847)                    | \$ 706,484        |
| <b>ADDITIONS:</b>                            |   |                                |                   |
| Depreciation                                 | 590,069   |                                | 590,069           |
| Nonoperating Revenues:                       |   |                                |                   |
| U.S. Department of Justice - Weed and Seed   |   | 3,000                          | 3,000             |
| MN Department of Health and Family Support   |   | 32,950                         | 32,950            |
| Community Planning and Economic Development  |   | 57,361                         | 57,361            |
| Contributions                                | 14,955  | 439,377                        | 454,332           |
| Other  | 23,999  | 4,856                          | 28,855            |
| <b>DEDUCTIONS:</b>                           |   |                                |                   |
| Purchase of Capital Assets - Capitalized     | (66,305)  |                                | (66,305)          |
| Purchase of Capital Assets - Not Capitalized | (166,541)   |                                | (166,541)         |
| Other Noncash Items:                         |   |                                |                   |
| Inc in Comp Abs & Post Emp Benefits Payable  | 59,197  | 658                            | 59,855            |
| Nonoperating Expenses:                       |   |                                |                   |
| Note Principal and Interest Payment          | (85,299)  |                                | (85,299)          |
| Transfers To Other Funds                     | (502,150)   |                                | (502,150)         |
| Debt Service Payment                         | (1,054,250)   |                                | (1,054,250)       |
| <b>TOTAL INCREASE (DECREASE)</b>             | (134,994)   | 193,355                        | 58,361            |
| <b>BALANCE - JANUARY 1</b>                   | (459,769)   | 556,797                        | 97,028            |
| <b>BALANCE - DECEMBER 31</b>                 | <u>\$ (594,763)</u>                                 | <u>\$ 750,152</u>              | <u>\$ 155,389</u> |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF OPERATING INCOME - BY PROJECT**  
**PARK OPERATING ENTERPRISE FUND**  
**For the Year Ended December 31, 2007**

|   | <u>REVENUES</u>            | <u>EXPENSES</u>            | <u>OPERATING<br/>INCOME/(LOSS)</u> |
|---|----------------------------|----------------------------|------------------------------------|
| <b><u>PARK REFECTORIES</u></b>                |                            |                            |                                    |
| CALHOUN                                       | \$ 77,641                  | \$ 26,383                  | \$ 51,258                          |
| HARRIET                                       | 31,479                     | 31,463                     | 16                                 |
| MINNEHAHA                                     | 104,906                    | 47,427                     | 57,479                             |
| NOKOMIS                                       | 7,500                      | 3,420                      | 4,080                              |
| VENDING MISCELLANEOUS                         | 688,273                    | 273,412                    | 414,861                            |
| COMP ABS & POST EMP BENEFITS ADJ              |                            | 2,394                      | (2,394)                            |
| <b>TOTAL PARK REFECTORIES</b>                 | <b><u>909,799</u></b>      | <b><u>384,499</u></b>      | <b><u>525,300</u></b>              |
| <b><u>SPECIAL FACILITIES</u></b>              |                            |                            |                                    |
| PARADE COMPLEX                                | 223,654                    | 452,008                    | (228,354)                          |
| PARADE ICE COMPLEX                            | 632,435                    | 856,288                    | (223,853)                          |
| NORTHEAST ICE ARENA                           | 176,145                    | 224,535                    | (48,390)                           |
| COLUMBIA MANOR                                | 62,875                     | 50,949                     | 11,926                             |
| COMMERCIAL PARKING                            | 322,429                    | 45,083                     | 277,346                            |
| REGIONAL PARKING LOTS                         | 374,432                    | 167,300                    | 207,132                            |
| NICOLLET ISLAND                               | 344,915                    | 73,563                     | 271,352                            |
| COMP ABS & POST EMP BENEFITS ADJ              |                            | 12,210                     | (12,210)                           |
| <b>TOTAL SPECIAL FACILITIES</b>               | <b><u>2,136,885</u></b>    | <b><u>1,881,936</u></b>    | <b><u>254,949</u></b>              |
| <b><u>GOLF COURSES (INCL REFECTORIES)</u></b> |                            |                            |                                    |
| COLUMBIA                                      | 1,044,912                  | 1,007,458                  | 37,454                             |
| COLUMBIA LEARNING CENTER                      | 170,943                    | 131,828                    | 39,115                             |
| GROSS   | 1,236,008                  | 967,457                    | 268,551                            |
| HIAWATHA                                      | 1,163,089                  | 1,112,217                  | 50,872                             |
| HIAWATHA LEARNING CENTER                      | 140,776                    | 74,371                     | 66,405                             |
| MEADOWBROOK                                   | 1,228,213                  | 1,018,567                  | 209,646                            |
| THEODORE WIRTH                                | 964,073                    | 1,127,320                  | (163,247)                          |
| THEO WIRTH PAR-3                              | 173,290                    | 73,316                     | 99,974                             |
| FORT SNELLING                                 | 381,547                    | 491,063                    | (109,516)                          |
| COMP ABS & POST EMP BENEFITS ADJ              |                            | 42,917                     | (42,917)                           |
| <b>TOTAL GOLF COURSES</b>                     | <b><u>6,502,851</u></b>    | <b><u>6,046,514</u></b>    | <b><u>456,337</u></b>              |
| <b><u>MISCELLANEOUS ACTIVITIES</u></b>        |                            |                            |                                    |
| BOATS   | 219,378                    | 65,748                     | 153,630                            |
| WINTER PROGRAMS                               | 98,131                     | 376,359                    | (278,228)                          |
| JUNIOR GOLF PROGRAMS                          | 48,040                     | 107,021                    | (58,981)                           |
| COMP ABS & POST EMP BENEFITS ADJ              |                            | 1,676                      | (1,676)                            |
| <b>TOTAL MISC ACTIVITIES</b>                  | <b><u>365,549</u></b>      | <b><u>550,804</u></b>      | <b><u>(185,255)</u></b>            |
| <b><u>RECREATION PROGRAMS</u></b>             |                            |                            |                                    |
| RECREATION                                    | 2,545,364                  | 2,889,553                  | (344,189)                          |
| COMP ABS & POST EMP BENEFITS ADJ              |                            | 658                        | (658)                              |
| <b>TOTAL RECREATION PROGRAMS</b>              | <b><u>2,545,364</u></b>    | <b><u>2,890,211</u></b>    | <b><u>(344,847)</u></b>            |
| <b>TOTAL</b>                                  | <b><u>\$12,460,448</u></b> | <b><u>\$11,753,964</u></b> |                                    |
| <b>NET OPERATING INCOME</b>                   |                            |                            | <b><u>\$ 706,484</u></b>           |

**This Page Left Blank Intentionally.**

## **INTERNAL SERVICE FUNDS**

### Park Internal Services Fund

This fund accounts for the purchase and issuing of materials and supplies, 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 self-insurance activities of the Park and Recreation Board. These activities include workers compensation, general liability and automotive and property retention (deductibles).

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING STATEMENT OF NET ASSETS**  
**ALL INTERNAL SERVICE FUNDS**  
**December 31, 2007**

|   | Internal<br>Services | Self-Insurance      | Total<br>Internal<br>Service Funds |
|---|----------------------|---------------------|------------------------------------|
| <b>ASSETS</b>                           |                      |                     |                                    |
| Cash and Cash Equivalents               | \$ 969,374           | \$ 369,967          | \$ 1,339,341                       |
| Receivables -                           |                      |                     |                                    |
| Accounts Receivable                     | 5                    |                     | 5                                  |
| Intergovernmental Receivables           | 821                  |                     | 821                                |
| Capital Advances                        |                      | 4,978,600           | 4,978,600                          |
| Materials & Supplies Inventory          | 637,014              |                     | 637,014                            |
| Total Current Assets                    | 1,607,214            | 5,348,567           | 6,955,781                          |
| Non Current Assets                      |                      |                     |                                    |
| Net Capital Assets                      | 5,104,893            |                     | 5,104,893                          |
| <b>Total Assets</b>                     | <b>\$ 6,712,107</b>  | <b>\$ 5,348,567</b> | <b>\$ 12,060,674</b>               |
| <br><b>LIABILITIES AND NET ASSETS</b>   |                      |                     |                                    |
| Current Liabilities :                   |                      |                     |                                    |
| Payables -                              |                      |                     |                                    |
| Salaries                                | \$ 163,273           | \$ 2,207            | \$ 165,480                         |
| Accounts                                | 82,757               | 120,501             | 203,258                            |
| Total Current Liabilities               | 246,030              | 122,708             | 368,738                            |
| Long-Term Liabilities:                  |                      |                     |                                    |
| Worker's Compensation Claims Pending    |                      | 5,250,591           | 5,250,591                          |
| General Liability Claims Pending        |                      | 1,074,500           | 1,074,500                          |
| Post Employment Benefits Payable        | 15,566               |                     | 15,566                             |
| Compensated Absences Payable            | 138,031              | 2,276               | 140,307                            |
| Total Long-Term Liabilities             | 153,597              | 6,327,367           | 6,480,964                          |
| Total Liabilities                       | 399,627              | 6,450,075           | 6,849,702                          |
| Net Assets:                             |                      |                     |                                    |
| Invested in Capital Assets              | 5,104,893            |                     | 5,104,893                          |
| Unrestricted                            | 1,207,587            | (1,101,508)         | 106,079                            |
| Total Net Assets                        | 6,312,480            | (1,101,508)         | 5,210,972                          |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 6,712,107</b>  | <b>\$ 5,348,567</b> | <b>\$ 12,060,674</b>               |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**ALL INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2007**

|   | Internal<br>Services | Self - Insurance      | Total<br>Internal<br>Service Funds |
|---|----------------------|-----------------------|------------------------------------|
| <b>OPERATING REVENUES</b>                 |                      |                       |                                    |
| Billings to Departments                   | \$5,090,565          | \$ 2,083,736          | \$ 7,174,301                       |
| Total Operating Revenues                  | <u>5,090,565</u>     | <u>2,083,736</u>      | <u>7,174,301</u>                   |
| <b>OPERATING EXPENSES</b>                 |                      |                       |                                    |
| Personal Services                         | 1,935,044            | 31,702                | 1,966,746                          |
| Contractual Service                       | 306,638              | 418,332               | 724,970                            |
| Materials and Supplies                    | 1,201,543            | 428,736               | 1,630,279                          |
| Cost of Goods Sold                        | 507,368              |                       | 507,368                            |
| Depreciation on Acquired Property         | 1,092,901            |                       | 1,092,901                          |
| Benefits                                  | 647,993              | 10,512                | 658,505                            |
| Total Operating Expenses                  | <u>5,691,487</u>     | <u>889,282</u>        | <u>6,580,769</u>                   |
| Operating Income (Loss)                   | <u>(600,922)</u>     | <u>1,194,454</u>      | <u>593,532</u>                     |
| <b>NONOPERATING REVENUES (EXPENSES)</b>   |                      |                       |                                    |
| Contributions                             | 96,210               |                       | 96,210                             |
| Gain (Loss) on Disposal of Capital Assets | (12,179)             |                       | (12,179)                           |
| Gain on Sale of Scrap                     | 18,948               |                       | 18,948                             |
| Damages/Losses Recovered                  | 6,789                | 124,736               | 131,525                            |
| Other Non-Operating Revenues              | 4,944                | 37,939                | 42,883                             |
| Total Nonoperating Revenues (Expenses)    | <u>114,712</u>       | <u>162,675</u>        | <u>277,387</u>                     |
| <b>CHANGE IN NET ASSETS</b>               | (486,210)            | 1,357,129             | 870,919                            |
| <b>NET ASSETS - JANUARY 1</b>             | 6,798,690            | (2,458,637)           | 4,340,053                          |
| <b>NET ASSETS - DECEMBER 31</b>           | <u>\$6,312,480</u>   | <u>\$ (1,101,508)</u> | <u>\$ 5,210,972</u>                |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ALL INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2007**

|  | Internal<br>Services | Self - Insurance | Total<br>Internal Service<br>Funds |
|--|----------------------|------------------|------------------------------------|
| <b>Cash Flows from Operating Activities</b>  |                      |                  |                                    |
| Cash received from Interfund Services Provided   | \$ 5,090,565         | \$ 2,083,736     | \$ 7,174,301                       |
| Cash received from Customers   | 14,150               | 162,675          | 176,825                            |
| Cash paid to suppliers for goods and services  | (2,061,018)          | (2,235,294)      | (4,296,312)                        |
| Cash paid to employees for services  | (2,537,238)          | (44,200)         | (2,581,438)                        |
| Net cash provided by (used in) operating activities  | 506,459              | (33,083)         | 473,376                            |
| <b>Cash Flows from Noncapital Financing Activities</b>   |                      |                  |                                    |
| Advances Paid  |                      | (2,500,000)      | (2,500,000)                        |
| Net Cash (Used) Provided by noncapital Financing Activities  |                      | (2,500,000)      | (2,500,000)                        |
| <b>Cash Flows from Capital Financing Activities</b>  |                      |                  |                                    |
| Proceeds From Sale of Capital Assets   | 22,005               |                  | 22,005                             |
| Proceeds From Sale of Scrap  | 18,948               |                  | 18,948                             |
| Acquisition of Property Plant and Equipment  | (1,067,207)          |                  | (1,067,207)                        |
| Net Cash Used for Capital Financing Activities   | (1,026,254)          | 0                | (1,026,254)                        |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | (519,795)            | (2,533,083)      | (3,052,878)                        |
| <b>Cash and Cash Equivalents - January 1</b>   | 1,489,169            | 2,903,050        | 4,392,219                          |
| <b>Cash and Cash Equivalents - December 31</b>   | \$ 969,374           | \$ 369,967       | \$ 1,339,341                       |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities</b> |                      |                  |                                    |
| Operating Income (Loss)  | \$ (600,922)         | \$ 1,194,454     | \$ 593,532                         |
| Adjustments to Reconcile Operating Income to net Cash Provided by Operating Activities:                  |                      |                  |                                    |
| Depreciation Expense   | 1,092,901            |                  | 1,092,901                          |
| (Increase) Decrease in Accounts Receivable   | 307                  |                  | 307                                |
| (Increase) Decrease in Intergovernmental Receivable  | 2,110                |                  | 2,110                              |
| (Increase) Decrease in Inventories   | (59,342)             |                  | (59,342)                           |
| Increase (Decrease) in Salaries Payable  | 15,302               | (2,026)          | 13,276                             |
| Increase (Decrease) in Accounts Payable  | 13,873               | 39,923           | 53,796                             |
| Increase (Decrease) in Workers Compensation Claims Payable   |                      | (816,649)        | (816,649)                          |
| Increase (Decrease) in General Liability Claims Pending  |                      | (611,500)        | (611,500)                          |
| Increase (Decrease) in Postemployment Benefits Payable   | 15,566               |                  | 15,566                             |
| Increase (Decrease) in Compensated Absences Payable  | 14,931               | 40               | 14,971                             |
| Non-Operating Damages Losses Recovered   | 6,789                | 124,736          | 131,525                            |
| Other Non-Operating Revenues   | 4,944                | 37,939           | 42,883                             |
| Total Adjustments  | 1,107,381            | (1,227,537)      | (120,156)                          |
| <b>Net Cash Provided by Operating Activities</b>   | \$ 506,459           | \$ (33,083)      | \$ 473,376                         |
| <b>Supplemental Disclosure of Noncash Capital and Related Financing Activities:</b>                      |                      |                  |                                    |
| Contribution and Transfer of Capital Assets (to)from other funds   | 96,210               |                  |                                    |
| <b>Total Noncash Capital and Related Financing Activities</b>  | \$ 96,210            |                  |                                    |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**ALL INTERNAL SERVICE FUNDS - BY MAJOR PROGRAM**  
**For the Year Ended December 31, 2007**

|   | <u>Park<br/>Stores</u> | <u>Information<br/>Technology</u> | <u>Mobile<br/>Equipment</u> | <u>Workers<br/>Comp. &amp;<br/>Liability</u> | <u>Total</u>       |
|---|------------------------|-----------------------------------|-----------------------------|--|--------------------|
| <b>OPERATING REVENUES:</b>                |                        |                                   |                             |  |                    |
| Charges For Services and Sales -          |                        |                                   |                             |  |                    |
| Insurance Premiums                        | \$                     | \$                                | \$                          | \$2,083,736                                  | \$2,083,736        |
| Information Technology Services           |                        | 966,099                           |                             |  | 966,099            |
| Mobile Equipment                          |                        |                                   | 18,680                      |  | 18,680             |
| Stores                                    | 530,526                |                                   |                             |  | 530,526            |
| Total Charges For Services                | <u>530,526</u>         | <u>966,099</u>                    | <u>18,680</u>               | <u>2,083,736</u>                             | <u>3,599,041</u>   |
| Rents -                                   |                        |                                   |                             |  |                    |
| Mobile Equipment                          |                        |                                   | 3,575,260                   |  | 3,575,260          |
| Total Operating Revenues                  | <u>530,526</u>         | <u>966,099</u>                    | <u>3,593,940</u>            | <u>2,083,736</u>                             | <u>7,174,301</u>   |
| <b>OPERATING EXPENSES:</b>                |                        |                                   |                             |  |                    |
| Stores                                    | 860,193                |                                   |                             |  | 860,193            |
| Information Technology Services           |                        | 991,018                           |                             |  | 991,018            |
| Mobile Equipment                          |                        |                                   | 3,840,276                   |  | 3,840,276          |
| Workers Comp                              |                        |                                   |                             | 1,054,044                                    | 1,054,044          |
| Property                                  |                        |                                   |                             | (164,762)                                    | (164,762)          |
| Total Operating Expenses                  | <u>860,193</u>         | <u>991,018</u>                    | <u>3,840,276</u>            | <u>889,282</u>                               | <u>6,580,769</u>   |
| Operating Income (Loss)                   | <u>(329,667)</u>       | <u>(24,919)</u>                   | <u>(246,336)</u>            | <u>1,194,454</u>                             | <u>593,532</u>     |
| <b>NONOPERATING REVENUES (EXPENSES)</b>   |                        |                                   |                             |  |                    |
| Contributions and Donations               |                        |                                   | 96,210                      |  | 96,210             |
| Gain (Loss) on Disposal of Capital Assets |                        |                                   | (12,179)                    |  | (12,179)           |
| Sale of Scrap                             | 213                    |                                   | 18,735                      |  | 18,948             |
| Damage Claims                             |                        |                                   | 6,789                       | 124,736                                      | 131,525            |
| Miscellaneous                             |                        |                                   | 4,944                       | 37,939                                       | 42,883             |
| Total Nonoperating Revenues (Expenses)    | <u>213</u>             | <u>0</u>                          | <u>114,499</u>              | <u>162,675</u>                               | <u>277,387</u>     |
| Change in Net Assets                      | (329,454)              | (24,919)                          | (131,837)                   | 1,357,129                                    | 870,919            |
| <b>Net Assets - January 1</b>             | <u>863,385</u>         | <u>317,178</u>                    | <u>5,618,127</u>            | <u>(2,458,637)</u>                           | <u>4,340,053</u>   |
| <b>Net Assets - December 31</b>           | <u>\$533,931</u>       | <u>\$ 292,259</u>                 | <u>\$5,486,290</u>          | <u>\$(1,101,508)</u>                         | <u>\$5,210,972</u> |

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF CHANGES IN NET ASSETS**  
**RESERVED FOR SPECIFIC PURPOSES**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2007**

|   | <u>Purchase<br/>of<br/>Capital Assets</u> | <u>Information<br/>Technology<br/>Systems</u> |
|---|---|---|
| <b>OPERATING INCOME (LOSS)</b>          | (\$246,336)                               | (\$24,919)                                    |
| <b>ADDITIONS:</b>                       |   |   |
| Depreciation                            | 1,062,552                                 | 30,349  |
| Nonoperating Revenues:                  |   |   |
| Sale of Equipment                       | 22,005                                    |   |
| Sale of Scrap                           | 18,735                                    |   |
| Damage Claims                           | 6,789                                     |   |
| Other Miscellaneous Revenues            | 4,944                                     |   |
| Increase in Compensated<br>Absences     | 14,931                                    |   |
| Increase in Post Employment<br>Benefits | 15,566                                    |   |
| <b>DEDUCTIONS:</b>                      |   |   |
| Purchase of Mobile Equipment            | <u>(1,059,944)</u>                        | <u>(7,263)</u>                                |
| <b>TOTAL INCREASE (DECREASE)</b>        | (160,758)                                 | (1,833)                                       |
| <b>BALANCE - JANUARY 1</b>              | <u>721,832</u>                            | <u>309,100</u>                                |
| <b>BALANCE - DECEMBER 31</b>            | <u><u>\$561,074</u></u>                   | <u><u>\$307,267</u></u>                       |

# STATISTICAL SECTION





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

| Last Five Fiscal Years |                        | December 31, 2007 |            |
|------------------------|------------------------|-------------------|------------|
| 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 |

(Unaudited)

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

| Last Five Fiscal Years |                      | December 31, 2007                |                                |                  |                                     |               |
|------------------------|----------------------|----------------------------------|--------------------------------|------------------|-------------------------------------|---------------|
| Fiscal Year            | Charges for Services | Program Revenues                 |                                | General Revenues |                                     |               |
|                        |                      | Operating Grants & Contributions | Capital Grants & Contributions | Taxes            | Unrestricted Grants & Contributions | Total         |
| 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    |

(Unaudited)

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

| Last Ten Fiscal Years     | December 31, 2007    |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                           | 1998                 | 1999                 | 2000                 | 2001                 | 2002                 | 2003                 | 2004                 | 2005                 | 2006                 | 2007                 |
| <b>Revenue</b>            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Taxes                     | \$ 16,408,362        | \$ 17,762,581        | \$ 19,274,396        | \$ 22,510,304        | \$ 27,746,615        | \$ 26,555,421        | \$ 28,543,419        | \$ 34,491,379        | \$ 36,185,368        | \$ 38,535,183        |
| Intergovernmental         | 10,667,725           | 12,416,073           | 12,914,746           | 13,728,057           | 12,922,381           | 11,177,184           | 8,450,333            | 12,577,890           | 14,415,082           | 13,589,744           |
| Charges for Services      | 984,959              | 1,439,974            | 2,106,207            | 1,799,353            | 2,132,654            | 1,915,324            | 1,497,094            | 1,354,510            | 1,088,165            | 1,029,831            |
| Fines and Forfeits        | 248,862              | 337,839              | 329,456              | 451,011              | 470,405              | 565,529              | 583,862              | 519,155              | 551,629              | 511,378              |
| Miscellaneous             | 428,090              | 271,611              | 189,819              | 521,883              | 236,194              | 440,933              | 463,192              | 832,120              | 768,136              | 657,379              |
| <b>Total Revenues</b>     | <b>\$ 28,737,998</b> | <b>\$ 32,228,078</b> | <b>\$ 34,814,624</b> | <b>\$ 39,010,608</b> | <b>\$ 43,508,249</b> | <b>\$ 40,654,391</b> | <b>\$ 39,537,900</b> | <b>\$ 49,775,054</b> | <b>\$ 53,008,380</b> | <b>\$ 54,323,515</b> |
| <b>Expenditures</b>       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Current:                  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Culture and Recreation    | \$ 31,164,463        | \$ 32,763,437        | \$ 34,989,062        | \$ 38,249,439        | \$ 39,894,811        | \$ 39,640,047        | \$ 40,688,326        | \$ 54,453,296        | \$ 52,113,937        | \$ 54,737,890        |
| Highways and Streets      | 989,338              | 960,739              | 994,295              |                      |                      |                      |                      |                      |                      |                      |
| <b>Total Expenditures</b> | <b>\$ 32,153,801</b> | <b>\$ 33,724,176</b> | <b>\$ 35,983,357</b> | <b>\$ 38,249,439</b> | <b>\$ 39,894,811</b> | <b>\$ 39,640,047</b> | <b>\$ 40,688,326</b> | <b>\$ 54,453,296</b> | <b>\$ 52,113,937</b> | <b>\$ 54,737,890</b> |

(Unaudited)

**Minneapolis Park and Recreation Board**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*  
**December 31, 2007**

| Fiscal Year<br>Ended<br>December 31, | Commercial<br>Property | Apartment<br>Property | Residential<br>Property | Industrial<br>Property | Personal &<br>Other Property | Tax-Exempt<br>Property | Total Taxable<br>Assessed<br>Value <sup>1</sup> | Total<br>Direct<br>Tax Rate | Estimated<br>Actual        |       | Taxable Assessed<br>Value as a % of<br>Actual Taxable Value |
|--------------------------------------|------------------------|-----------------------|-------------------------|------------------------|------------------------------|------------------------|---|-----------------------------|----------------------------|-------|---|
|                                      |                        |                       |                         |                        |                              |                        |   |                             | Taxable Value <sup>2</sup> | Value |   |
| 1998                                 | 3,619,646              | 1,215,820             | 8,576,609               | 772,009                | 277,422                      | 4,775,146              | \$ 14,461,506                                   | 5.40                        | 16,785,843                 |       | 86%   |
| 1999                                 | 3,968,179              | 1,323,041             | 9,215,680               | 804,894                | 289,177                      | 5,076,487              | \$ 15,600,971                                   | 5.88                        | 18,424,454                 |       | 85%   |
| 2000                                 | 4,191,716              | 1,495,183             | 10,093,079              | 902,211                | 296,295                      | 6,385,833              | \$ 16,978,484                                   | 6.03                        | 20,113,950                 |       | 84%   |
| 2001                                 | 4,566,619              | 1,774,766             | 11,702,958              | 1,030,649              | 295,151                      | 7,024,416              | \$ 19,370,143                                   | 5.93                        | 22,694,511                 |       | 85%   |
| 2002                                 | 4,996,989              | 2,262,704             | 14,445,648              | 1,147,733              | 309,224                      | 7,834,331              | \$ 23,162,298                                   | 8.28                        | 26,594,230                 |       | 87%   |
| 2003                                 | 4,895,935              | 2,633,849             | 16,664,348              | 1,314,200              | 363,997                      | 8,160,621              | \$ 25,872,329                                   | 8.78                        | 29,315,775                 |       | 88%   |
| 2004                                 | 4,670,904              | 3,005,654             | 19,172,856              | 1,302,065              | 372,891                      | 8,739,232              | \$ 28,524,370                                   | 8.50                        | 33,473,533                 |       | 85%   |
| 2005                                 | 4,646,615              | 3,199,757             | 21,504,339              | 1,347,262              | 392,195                      | 10,351,037             | \$ 31,090,168                                   | 8.19                        | 35,289,521                 |       | 88%   |
| 2006                                 | 5,282,718              | 3,393,675             | 24,309,842              | 1,392,094              | 413,521                      | \$8,426,487            | \$ 34,791,850                                   | 7.75                        | 39,067,565                 |       | 89%   |
| 2007                                 | 6,141,186              | 3,341,167             | 25,883,768              | 1,305,858              | 424,587                      | \$8,465,785            | \$ 37,096,566                                   | 7.55                        | 39,943,095                 |       | 93%   |

Source: Finance Department calculations, using Assessor data

Notes:

<sup>1</sup>Total of each to the first five property types. Tax exempt property value has been netted from each of these totals.

<sup>2</sup>Calculated using sales ratios, a means of statistically measuring the uniformity of assessments statewide. 1997 based on 1998 sales ratio.

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

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

(Unaudited)

**Minneapolis Park and Recreation Board  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
December 31, 2007**

|                                       | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>City Direct Rates</b>              |       |       |       |       |       |       |       |       |       |       |
| <i>Tax Capacity Based Rates</i>       |       |       |       |       |       |       |       |       |       |       |
| General                               | 2.54  | 2.75  | 2.74  | 2.81  | 3.12  | 3.63  | 4.13  | 4.40  | 4.27  | 4.24  |
| Estimate and Taxation                 | 0.00  | 0.01  | 0.01  | 0.00  | 0.01  | 0.01  | 0.01  | 0.01  | 0.01  | 0.01  |
| Building Commission                   | 0.11  | 0.12  | 0.12  | 0.11  | 0.18  | 0.19  | 0.17  | 0.16  | 0.14  | 0.13  |
| Permanent Improvement                 | 0.06  | 0.09  | 0.10  | 0.11  | 0.14  | 0.14  | 0.10  | 0.08  | 0.07  | 0.05  |
| Bond Redemption                       | 0.71  | 0.90  | 1.10  | 0.95  | 1.53  | 1.69  | 1.25  | 0.97  | 0.74  | 0.63  |
| Firefighter's Relief Association      | 0.14  | 0.13  | 0.04  | 0.01  | -     | -     | -     | -     | 0.05  | 0.10  |
| Police Relief Association             | 0.08  | 0.03  | 0.05  | -     | 0.16  | 0.16  | 0.14  | -     | 0.08  | 0.12  |
| Minneapolis Employees Retirement Fund | 0.22  | 0.16  | 0.16  | 0.14  | 0.24  | 0.21  | 0.19  | 0.13  | 0.11  | 0.08  |
| Parks                                 | 0.99  | 1.11  | 1.13  | 1.21  | 1.86  | 1.75  | 1.65  | 1.55  | 1.42  | 1.34  |
| Libraries                             | 0.43  | 0.46  | 0.47  | 0.45  | 0.63  | 0.60  | 0.56  | 0.52  | 0.48  | 0.45  |
| Community Development                 | -     | -     | -     | -     | 0.26  | 0.21  | -     | -     | -     | -     |
| Public Housing                        | 0.04  | 0.05  | 0.05  | 0.04  | 0.05  | 0.05  | 0.05  | 0.05  | 0.04  | 0.04  |
| Teacher's Retirement Association      | 0.07  | 0.08  | 0.09  | 0.08  | 0.11  | 0.12  | 0.11  | 0.09  | 0.08  | 0.07  |
| <i>Market Value Based Rates</i>       |       |       |       |       |       |       |       |       |       |       |
| Library Referendum                    | -     | -     | -     | -     | -     | 0.02  | 0.14  | 0.24  | 0.27  | 0.27  |
| <b>Total City Direct Rates</b>        | 5.39  | 5.89  | 6.06  | 5.91  | 8.29  | 8.78  | 8.50  | 8.20  | 7.76  | 7.53  |
| <b>Overlapping Rates</b>              |       |       |       |       |       |       |       |       |       |       |
| <i>Tax Capacity Based Rates</i>       |       |       |       |       |       |       |       |       |       |       |
| Watershed Districts                   | n/a   | n/a   | n/a   | 0.18  | 0.36  | 0.16  | 0.10  | 0.16  | 0.13  | 0.14  |
| Hennepin County                       | 4.67  | 4.98  | 4.80  | 4.52  | 5.95  | 5.93  | 5.33  | 4.94  | 4.59  | 4.40  |
| Minneapolis Public Schools            | 8.97  | 7.95  | 7.72  | 6.98  | 4.39  | 4.40  | 4.17  | 3.39  | 3.23  | 3.06  |
| Other Special Taxing Districts        | 0.85  | 0.95  | 0.94  | 0.31  | 0.63  | 0.67  | 0.62  | 0.59  | 0.52  | 0.54  |
| <i>Market Value Based Rates</i>       |       |       |       |       |       |       |       |       |       |       |
| Minneapolis Public Schools Referendum | 0.01  | 0.01  | 0.02  | 0.02  | 0.01  | 0.01  | 0.01  | 0.01  | 0.01  | 0.01  |
| Solid Waste Fee                       | n/a   | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  |
| <b>Total Overlapping Rates</b>        | 14.50 | 13.89 | 13.48 | 12.01 | 11.34 | 11.17 | 10.23 | 9.09  | 8.48  | 8.15  |
| <b>Grand Total</b>                    | 19.89 | 19.78 | 19.54 | 17.92 | 19.63 | 19.95 | 18.73 | 17.29 | 16.24 | 15.68 |

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.

n/a=not available

Source: Finance Department

(Unaudited)

**Minneapolis Park and Recreation Board  
Principal Property Tax Payers  
Current Year and Nine Years Ago  
December 31, 2007**

(Dollar Amounts Express in Thousands)

| Taxpayer                         | 2007                   |      |   | 1998                   |      |   |
|----------------------------------|------------------------|------|---|------------------------|------|---|
|                                  | 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            | \$ 321,904             | 1    | 1.47%   | \$274,520              | 3    | 3.94%   |
| Target Corporation               | 235,243                | 2    | 1.08%   |                        |      |   |
| MB Mpls. 8th St LLC              | 192,000                | 3    | 0.88%   |                        |      |   |
| NWC Limited Partnership          | 172,000                | 4    | 0.79%   | 187,100                | 4    | 2.44%   |
| American Express Financial Corp. | 159,146                | 5    | 0.72%   |                        |      |   |
| Wells Operating Partnership LP   | 144,000                | 6    | 0.66%   |                        |      |   |
| City Center Associates           | 134,800                | 7    | 0.62%   | 182,500                | 5    | 2.50%   |
| First Minneapolis - Hines        | 136,000                | 8    | 0.62%   |                        |      |   |
| Minneapolis 225 Holdings LLC     | 134,000                | 9    | 0.62%   |                        |      |   |
| Byte Investmetn Ptnrshp I        | 130,000                | 10   | 0.60%   |                        |      |   |
| Hines Intrsts Ltd Ptnrsp         |                        |      |   | 391,000                | 1    | 5.11%   |
| Heitman Properties Ltd.          |                        |      |   | 336,315                | 2    | 4.41%   |
| Property Minnesota One LLC       |                        |      |   | 152,900                | 6    | 2.00%   |
| Interntl Centre Ltd Ptnrshp      |                        |      |   | 120,495                | 7    | 1.57%   |
| Brookfield Market Inc            |                        |      |   | 114,400                | 8    | 1.49%   |
| NW Natl Life Insurance Co        |                        |      |   | 98,078                 | 9    | 1.28%   |
| Federal Reserve Bank of Mpls     |                        |      |   | 96,375                 | 10   | 1.26%   |
| <b>Total</b>                     | <b>\$ 1,759,093</b>    |      | <b>8.06%</b>                                    | <b>\$ 1,953,683</b>    |      | <b>26.00%</b>                                   |

Source: Bond Issue Report 6/15/1999 and 6/15/2007  
(Unaudited)

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

December 31, 2007

| Fiscal Year | Total Tax Levy (1) | Current Tax Collections | Percent Of Levy Collected | Delinquent Tax Collections | Total Tax Collections | Ratio of Total Tax Collections To Total Tax Levy |
|-------------|--------------------|-------------------------|---------------------------|----------------------------|-----------------------|--|
| 1998        | 25,425,438         | 25,138,315              | 98.871                    | 137,463                    | 25,275,778            | 99.411   |
| 1999        | 26,914,000         | 26,607,966              | 98.863                    | 154,491                    | 26,762,457            | 99.437   |
| 2000        | 28,627,000         | 28,344,563              | 99.013                    | 83,252                     | 28,427,815            | 99.304   |
| 2001        | 32,797,943         | 32,094,665              | 97.856                    | 54,720                     | 32,149,385            | 98.023   |
| 2002        | 34,796,759         | 34,252,787              | 98.437                    | 103,901                    | 34,356,688            | 98.735   |
| 2003        | 33,074,759         | 32,596,105              | 98.553                    | 130,484                    | 32,726,589            | 98.947   |
| 2004        | 34,827,749         | 34,300,502              | 98.486                    | 44,975                     | 34,345,477            | 98.615   |
| 2005        | 36,418,659         | 35,777,953              | 98.241                    | 265,669                    | 36,043,622            | 98.970   |
| 2006        | 38,064,605         | 37,359,038              | 98.146                    | 295,318                    | 37,654,356            | 98.922   |
| 2007        | 40,005,789         | 39,159,473              | 97.885                    | 602,350                    | 39,761,823            | 99.390   |

(1) Beginning in collection year 2002, this total includes market value based homestead credit which is used to reduce the property tax of residential homesteads.

Source: City Finance Department

(Unaudited)

**Minneapolis Park and Recreation Board**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
(in thousands of dollars, except per capita)  
December 31, 2007

| Fiscal Year | Governmental Activities  |               |               |                                  | Business-type Activities |               |                          |        | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|-------------|--------------------------|---------------|---------------|----------------------------------|--------------------------|---------------|--------------------------|--------|--------------------------|-----------------------------------|----------------|
|             | General Obligation Bonds | Revenue Bonds | Notes Payable | General Obligation Bonds & Notes | Revenue Bonds            | Notes Payable | Total Primary Government |        |                          |                                   |                |
| 1998        | 534,813                  | 150,425       | 18,020        | 279,443                          | 143,165                  | 972           | 1,126,838                | N/A    | 3,125                    |                                   |                |
| 1999        | 642,497                  | 125,035       | 27,753        | 326,620                          | 116,245                  | 4,760         | 1,242,910                | N/A    | 3,466                    |                                   |                |
| 2000        | 731,091                  | 118,385       | 14,478        | 432,940                          | 94,445                   | 9,083         | 1,400,422                | 16.14% | 3,660                    |                                   |                |
| 2001        | 756,500                  | 103,726       | 32,488        | 417,672                          | 102,765                  | 7,406         | 1,420,557                | 15.45% | 3,714                    |                                   |                |
| 2002        | 738,379                  | 90,643        | 49,091        | 380,645                          | 91,885                   | 3,502         | 1,354,145                | 16.78% | 3,538                    |                                   |                |
| 2003        | 857,358                  | 77,102        | 48,422        | 390,135                          | 82,117                   | 1,248         | 1,456,382                | 16.32% | 3,810                    |                                   |                |
| 2004        | 891,678                  | 74,682        | 41,998        | 407,280                          | 71,390                   | 1,155         | 1,488,183                | 16.99% | 3,892                    |                                   |                |
| 2005        | 865,011                  | 67,085        | 41,252        | 410,263                          | 61,631                   | 1,056         | 1,446,298                | 15.36% | 3,730                    |                                   |                |
| 2006        | 817,771                  | 65,756        | 26,709        | 396,019                          | 57,985                   | 950           | 1,365,190                | 14.50% | 3,521                    |                                   |                |
| 2007        | 777,385                  | 56,306        | 22,735        | 368,335                          | 63,695                   | 837           | 1,289,293                | 12.71% | 3,323                    |                                   |                |

**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. Personal income data was not available for 1998 - 1999.

Source: Minneapolis Finance Department - Capital and Debt Management

(Unaudited)

**Minneapolis Park and Recreation Board**  
**Ratios Of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

(in thousands of dollars, except per capita)  
 December 31, 2007

| Fiscal Year | Net General Bonded Debt Outstanding   |  |                                       |           |  | Total | Percentage of Total Taxable Assessed Value of Property (1) | Per Capita (2) |
|-------------|---------------------------------------|--|---------------------------------------|-----------|--|-------|--|----------------|
|             | Governmental General Obligation Bonds | Business-type General Obligation Bonds & Notes | Less Assets Reserved for Debt Service |           |  |       |  |                |
| 1998        | 534,813                               | 279,443  | 31,666                                | 782,590   |  | 5.41% | 2,170  |                |
| 1999        | 642,497                               | 326,620  | 36,139                                | 932,978   |  | 5.98% | 2,602  |                |
| 2000        | 731,091                               | 432,940  | 32,495                                | 1,131,536 |  | 6.66% | 2,957  |                |
| 2001        | 756,500                               | 417,672  | 33,059                                | 1,141,113 |  | 5.89% | 2,984  |                |
| 2002        | 738,379                               | 380,645  | 32,453                                | 1,086,571 |  | 4.69% | 2,839  |                |
| 2003        | 857,358                               | 390,135  | 34,451                                | 1,213,042 |  | 4.69% | 3,173  |                |
| 2004        | 891,678                               | 407,280  | 35,753                                | 1,263,205 |  | 4.43% | 3,303  |                |
| 2005        | 865,011                               | 410,263  | 27,704                                | 1,247,570 |  | 4.01% | 3,218  |                |
| 2006        | 817,771                               | 396,019  | 30,978                                | 1,182,812 |  | 3.40% | 3,051  |                |
| 2007        | 777,385                               | 368,335  | 36,559                                | 1,109,161 |  | 2.99% | 2,859  |                |

**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, 2007

| Governmental Unit                           | Net General<br>Obligation<br>Governmental Debt<br>Outstanding (1) | Estimated<br>Percentage<br>Applicable (2) | Estimated<br>Share of<br>Direct and<br>Overlapping Debt |
|---|---|---|---|
| City of Minneapolis - Direct Debt           | \$ 464,868 (3)  | 100.00%                                   | \$ 464,868  |
| <u>Overlapping Debt:</u>                    |   |   |   |
| Special School District No. 1               | \$ 339,587  | 100.00%                                   | \$ 339,587  |
| Hennepin County                             | 468,236 (4)   | 24.50%                                    | 114,718   |
| Hennepin County Regional Railroad Authority | 44,577  | 24.50%                                    | 10,921  |
| Metropolitan Council                        | 142,203   | 11.86%                                    | 16,865  |
| Subtotal, Overlapping Debt                  |   |   | \$ 482,091  |
| Total Direct and Overlapping Debt           |   |   | \$ 946,959  |

**Notes:**

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

- (1) This table represents the net governmental debt of the City of Minneapolis and overlapping jurisdictions on a net debt basis. This presentation shows the total property tax supported debt burden of the general taxpayers of the City.
- (2) The estimated percentage applicable is determined by Hennepin County and represents the tax capacity of the City in relation to the tax capacity of the overlapping jurisdictions as calculated by Hennepin County.
- (3) Total excludes \$242,400 of self supporting debt, \$44,435 of special assessment debt and all governmental activity revenue bonds and notes which are not principally paid by the general taxpayer base.
- (4) Excludes suburban library bonds for which Minneapolis taxpayers are not obligated.

Sources:

- Minneapolis Finance Department - Capital and Debt Management
- Minneapolis Public School District 1
- Hennepin County
- MET Council Report of Outstanding Indebtedness

**Minneapolis Park and Recreation Board**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
(in thousands of dollars)  
December 31, 2007

|  | Fiscal Year      |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | 1998             | 1999             | 2000             | 2001             | 2002             | 2003             | 2004             | 2005             | 2006             | 2007             |
| Debt Limit   | \$519,540        | \$576,511        | \$655,557        | \$784,051        | \$875,204        | \$967,210        | \$1,054,780      | \$1,182,794      | \$1,159,728      | \$1,253,051      |
| Total net debt applicable to limit                               | 118,312          | 134,109          | 159,347          | 146,911          | 193,639          | 319,436          | 362,739          | 369,842          | 339,712          | 313,129          |
| Legal debt margin  | <u>\$401,228</u> | <u>\$442,402</u> | <u>\$496,210</u> | <u>\$637,140</u> | <u>\$681,565</u> | <u>\$647,774</u> | <u>\$692,041</u> | <u>\$812,952</u> | <u>\$820,016</u> | <u>\$939,922</u> |
| Total net debt applicable to limit as a percentage of debt limit | 22.77%           | 23.26%           | 24.31%           | 18.74%           | 22.13%           | 33.03%           | 34.39%           | 31.27%           | 29.29%           | 24.99%           |

**Legal Debt Margin Calculation for Fiscal Year 2007**

|   |                   |
|---|-------------------|
| Real Property (2007 Assessed Market Value)                        | \$36,694,955      |
| Personal Property (2007 Assessed Market Value)                    | 401,611           |
| Adjustment for Exempt Personal Property (1966 Market Value)       | 298,030           |
| Adjustment for Net Fiscal Disparities (Contribution)/Distribution | 196,944           |
| Total 2007 Assessed Market Value                                  | <u>37,591,540</u> |
| Debt Limit (3-1/3% of Market Value Applicable to Debt Limit)      | 1,253,051         |
| Debt applicable to limit:   |                   |
| General Obligation Bonds Subject to Debt Limit.                   | 337,190           |
| Less: Assets in General Debt Service Funds                        | -24,061           |
| Total Net Debt Applicable to Limit                                | <u>313,129</u>    |
| Legal Debt Margin   | <u>\$939,922</u>  |

Source: Minneapolis Finance Department - Capital and Debt Management

**Minneapolis Park and Recreation Board**  
**Demographic and Economic Statistics**  
**Last 10 Fiscal Years**  
December 31, 2007

| Year     | Population (1) | Aggregate Income (3) | Per Capita Income | Median Age (4) | School Enrollment (5) | Annual average Unemployment Rate (6) |
|----------|----------------|----------------------|-------------------|----------------|-----------------------|--------------------------------------|
| 1998     | 360,591        | N/A                  | N/A               | N/A            | 48,776                | 2.8%                                 |
| 1999     | 358,610        | N/A                  | N/A               | N/A            | 48,487                | 2.8%                                 |
| 2000 (2) | 382,618        | \$ 8,675,946,500     | \$ 22,675         | 31.5           | 48,689                | 3.0%                                 |
| 2001     | 382,446        | \$ 9,194,419,953     | \$ 24,041         | 32.1           | 47,824                | 3.9%                                 |
| 2002     | 382,700        | \$ 8,069,589,052     | \$ 21,086         | 32.0           | 45,651                | 4.9%                                 |
| 2003     | 382,295        | \$ 8,924,153,419     | \$ 23,344         | 33.4           | 42,900                | 5.2%                                 |
| 2004     | 382,400        | \$ 8,759,647,300     | \$ 22,907         | 33.9           | 40,051                | 5.0%                                 |
| 2005     | 387,711        | \$ 9,417,158,500     | \$ 24,289         | 32.1           | 37,865                | 4.2%                                 |
| 2006     | 387,970        | \$ 10,144,150,100    | \$ 27,487         | 33.6           | 36,428                | 3.8%                                 |
| 2007     | N/A            | N/A                  | N/A               | N/A            | 34,570                | 4.2%                                 |

N/A = Non available

Sources:

- (1) Population 1997-2006 - Metropolitan Council
- (2) Population and aggregate income for 2000 - US Census of Population and Housing
- (3) Aggregate income (for population 15+) - US Census Bureau - American Community Survey
- (4) Median age - US Census Bureau - American Community Survey
- (5) School enrollment - Minneapolis School System
- (6) Annual average unemployment rate - Minnesota Department of Employment and Economic Development

Notes: 1) The Metropolitan Council adopts the 2000 population figure from Census. For consistency purposes to calculate per capita income, 2000 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.

**Minneapolis Park and Recreation Board**  
**Principal Employers**  
December 31, 2007

| <u>Employer - Metro Region</u> | 2007                            |      |                                     | 2006                            |      |                                     |
|--------------------------------|---------------------------------|------|-------------------------------------|---------------------------------|------|-------------------------------------|
|                                | Approximate Number of Employees | Rank | Percentage of Total City Employment | Approximate Number of Employees | Rank | Percentage of Total City Employment |
| University of Minnesota        | 30,000                          | 1    | 14.18%                              | 30,240                          | 1    | 14.29%                              |
| Target Corporation             | 25,734                          | 2    | 12.16%                              | 24,294                          | 2    | 11.48%                              |
| Allina Health System           | 22,105                          | 3    | 10.45%                              | 22,500                          | 3    | 10.64%                              |
| Wells Fargo Bank Minnesota     | 20,175                          | 4    | 9.54%                               | 19,100                          | 4    | 9.03%                               |
| Fairview Health Services       | 18,500                          | 5    | 8.74%                               | 18,500                          | 5    | 8.74%                               |
| Hennepin County                | 12,171                          | 6    | 5.75%                               | 12,459                          | 6    | 5.89%                               |
| U.S. Bankcorp                  | 9,500                           | 7    | 4.49%                               | 9,442                           | 7    | 4.46%                               |
| Ameriprise Financial Inc.      | 6,000                           | 8    | 2.84%                               | 6,500                           | 8    | 3.07%                               |
| Xcel Energy Inc.               | 5,057                           | 10   | 2.39%                               | 5,356                           | 9    | 2.53%                               |
| United Parcel Services         | 5,400                           | 9    | 2.55%                               | 5,329                           | 10   | 2.52%                               |
|                                | 154,642                         |      | 73.09%                              | 153,720                         |      | 72.66%                              |

Source: Minnesota Department of Employment and Economic Development

(<http://www.mnpro.com/>)

Information Prior to 2006 is not available

(Unaudited)

**Minneapolis Park and Recreation Board**  
**Full-time Equivalent City Government Employees by Function**  
**Last 10 Fiscal Years**  
 December 31, 2007

|   | 1998     | 1999     | 2000     | 2001     | 2002     | 2003     | 2004     | 2005     | 2006     | 2007     |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Full-time Equivalent Employees as of December 31. |          |          |          |          |          |          |          |          |          |          |
| Function Program                                  |          |          |          |          |          |          |          |          |          |          |
| General Government                                |          |          |          |          |          |          |          |          |          |          |
| Assessor  | 40.30    | 39.00    | 38.00    | 37.00    | 35.50    | 35.50    | 34.50    | 34.50    | 34.50    | 37.00    |
| Attorney  | 89.00    | 106.00   | 105.50   | 113.50   | 111.50   | 110.63   | 101.13   | 101.00   | 106.50   | 108.00   |
| City Clerk  | 79.25    | 77.60    | 80.25    | 52.00    | 54.25    | 47.50    | 46.20    | 26.50    | 39.50    | 27.00    |
| City Coordinator                                  | 771.25   | 772.25   | 775.50   | 852.80   | 969.20   | 969.59   | 929.75   | 929.08   | 911.03   | 917.00   |
| City Council                                      | 13.00    | 13.00    | 13.00    | 38.00    | 38.00    | 38.00    | 39.00    | 39.00    | 26.00    |          |
| Civil Rights                                      | 23.00    | 24.00    | 25.00    | 29.00    | 29.00    | 27.50    | 24.00    | 27.00    | 25.80    | 26.00    |
| Civilian Review                                   | 7.00     | 7.00     | 7.00     | 5.00     | 5.00     |          |          |          |          |          |
| Community Planning and Economic Development       |          |          |          |          |          |          |          |          |          |          |
| Fire  | 483.00   | 483.00   | 493.00   | 211.75   | 204.38   | 206.48   | 144.00   | 139.00   | 142.00   | 141.00   |
| Health & Family Support                           | 69.97    | 70.97    | 73.90    | 64.15    | 69.15    | 75.40    | 73.90    | 69.00    | 66.30    | 66.00    |
| Mayor   | 13.00    | 13.00    | 13.00    | 13.00    | 12.00    | 11.00    | 11.00    | 11.00    | 11.00    | 12.00    |
| Police  | 1,205.50 | 1,202.50 | 1,191.00 | 1,182.50 | 1,093.00 | 1,060.50 | 966.05   | 942.00   | 1,058.00 | 1,088.00 |
| Public Works                                      | 1,180.19 | 1,177.24 | 1,182.64 | 1,195.34 | 1,227.04 | 1,256.54 | 1,211.19 | 1,206.39 | 1,206.59 | 1,197.00 |
| Planning  | 32.00    | 39.00    | 39.00    |          |          |          |          |          |          |          |
|   | 4,006.46 | 4,024.56 | 4,036.79 | 4,277.04 | 4,330.52 | 4,308.14 | 4,030.22 | 3,968.97 | 4,071.72 | 4,066.00 |
| Independent Boards                                |          |          |          |          |          |          |          |          |          |          |
| Board of Estimate & Taxation                      | 2.00     | 2.00     | 2.00     | 2.00     | 2.00     | 2.00     | 2.00     | 2.00     | 2.00     | 2.00     |
| Library   | 352.19   | 358.89   | 358.89   | 357.99   | 368.00   | 363.40   | 242.00   | 246.50   | 261.90   | 273.00   |
| Park  | 883.26   | 890.47   | 903.38   | 951.23   | 946.94   | 936.27   | 907.47   | 907.91   | 909.55   | 902.00   |
| Community Development                             | 162.50   | 163.50   | 157.00   |          |          |          |          |          |          |          |
| Building Commission                               | 60.50    | 74.00    | 66.50    | 66.50    | 66.50    | 64.00    | 62.00    | 61.00    | 61.00    | 62.00    |
| Youth Coordinating Board                          | 31.00    | 31.13    | 28.50    | 30.00    | 39.00    | 26.50    | 4.50     | 4.50     | 4.50     | 5.00     |
| NRP   | 19.00    | 18.00    | 16.00    | 15.00    | 14.00    | 12.00    | 12.00    | 11.00    | 10.00    | 10.00    |
|   | 1,510.45 | 1,537.99 | 1,532.27 | 1,422.72 | 1,436.44 | 1,404.17 | 1,229.97 | 1,232.91 | 1,248.95 | 1,254.00 |
| Total   | 5,516.91 | 5,562.55 | 5,569.06 | 5,699.76 | 5,766.96 | 5,712.31 | 5,260.19 | 5,201.88 | 5,320.67 | 5,320.00 |

Source: City Budget Office

(Unaudited)

## Minneapolis Park and Recreation Board Quick Fact Sheet

For over a century, the Minneapolis Park and Recreation Board has gained experience in park management, including the development and enhancement of park and recreation facilities and programs. The following quick facts about the park system will give you an idea of the scope of that task.

| <b>Number of...</b>    |                   |                            |
|------------------------|-------------------|----------------------------|
| Acres                  | <b>6,400</b>      | Waterparks                 |
| Park Properties        | <b>182</b>        | Wading Pools               |
| Recreation Centers     | <b>49</b>         | Authorized Beaches         |
| Park Visits            | <b>19 million</b> | Sports Fields              |
| Miles of Parkways      | <b>55</b>         | Indoor Ice Arena           |
| Miles of Walking Paths | <b>43</b>         | Outdoor Ice Rink Locations |
| Miles of Biking Paths  | <b>43</b>         | Dog Park                   |
| Golf Courses           | <b>6</b>          | Skate Parks                |
| Par-3 Courses          | <b>1</b>          | Year-Round Employees       |
| Golf Learning Centers  | <b>3</b>          | Part-Time Employees        |
| Rounds of Golf Played  | <b>237,013</b>    | Volunteer                  |
|                        |                   | <b>2</b>                   |
|                        |                   | <b>62</b>                  |
|                        |                   | <b>12</b>                  |
|                        |                   | <b>396</b>                 |
|                        |                   | <b>2</b>                   |
|                        |                   | <b>23</b>                  |
|                        |                   | <b>5</b>                   |
|                        |                   | <b>6</b>                   |
|                        |                   | <b>575</b>                 |
|                        |                   | <b>1,300</b>               |
|                        |                   | <b>5,000</b>               |

**This Page Left Blank Intentionally.**

