

# ANNUAL FINANCIAL REPORT

COMPONENT UNIT OF THE  
CITY OF MINNEAPOLIS

FOR THE YEAR ENDED  
DECEMBER 31, 2010





**MINNEAPOLIS PARK AND RECREATION BOARD**

**COMPONENT UNIT  
ANNUAL FINANCIAL REPORT**



**FOR THE YEAR ENDED DECEMBER 31, 2010**

**FINANCE DEPARTMENT**



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

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# INTRODUCTORY SECTION









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Minneapolis, MN 55411-2227

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

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[www.minneapolisparcs.org](http://www.minneapolisparcs.org)

May 12, 2011

John Erwin, President  
Minneapolis Park & Recreation Board  
Minneapolis, Minnesota 55411

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

Citizens of the Minneapolis Park & Recreation Board  
Minneapolis, Minnesota

It is our pleasure to submit to you the Annual Financial Report of the Minneapolis Park & Recreation Board for the fiscal year ended December 31, 2010. The purpose of this report is to provide the Park & Recreation Board, Mayor, City Council, staff, citizens, and other interested parties with useful information concerning the Park & Recreation Board's operations and financial position.

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

### **Report Format**

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

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

*President*

John Erwin

*Vice President*

M. Annie Young

*Commissioners*

Brad Bourn

Bob Fine

Carol A. Kummer

Jon C. Olson

Anita Tabb

Scott Vreeland

Liz Wielinski

*Superintendent*

Jayne Miller

*Secretary to the Board*

Karen Robinson



## **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 over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The management and compliance report will not modify or affect, in any way, this report on the financial statements.

## **Economic Condition and Outlook**

A discussion and analysis of the Park and Recreation Board's overall financial condition during the fiscal year ended 2010 is included as part of the MD&A.

## **Debt Administration**

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

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

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

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

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

### **Cash Management**

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

### **Risk Management**

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

### **Independent Audit**

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

### **Acknowledgements**

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

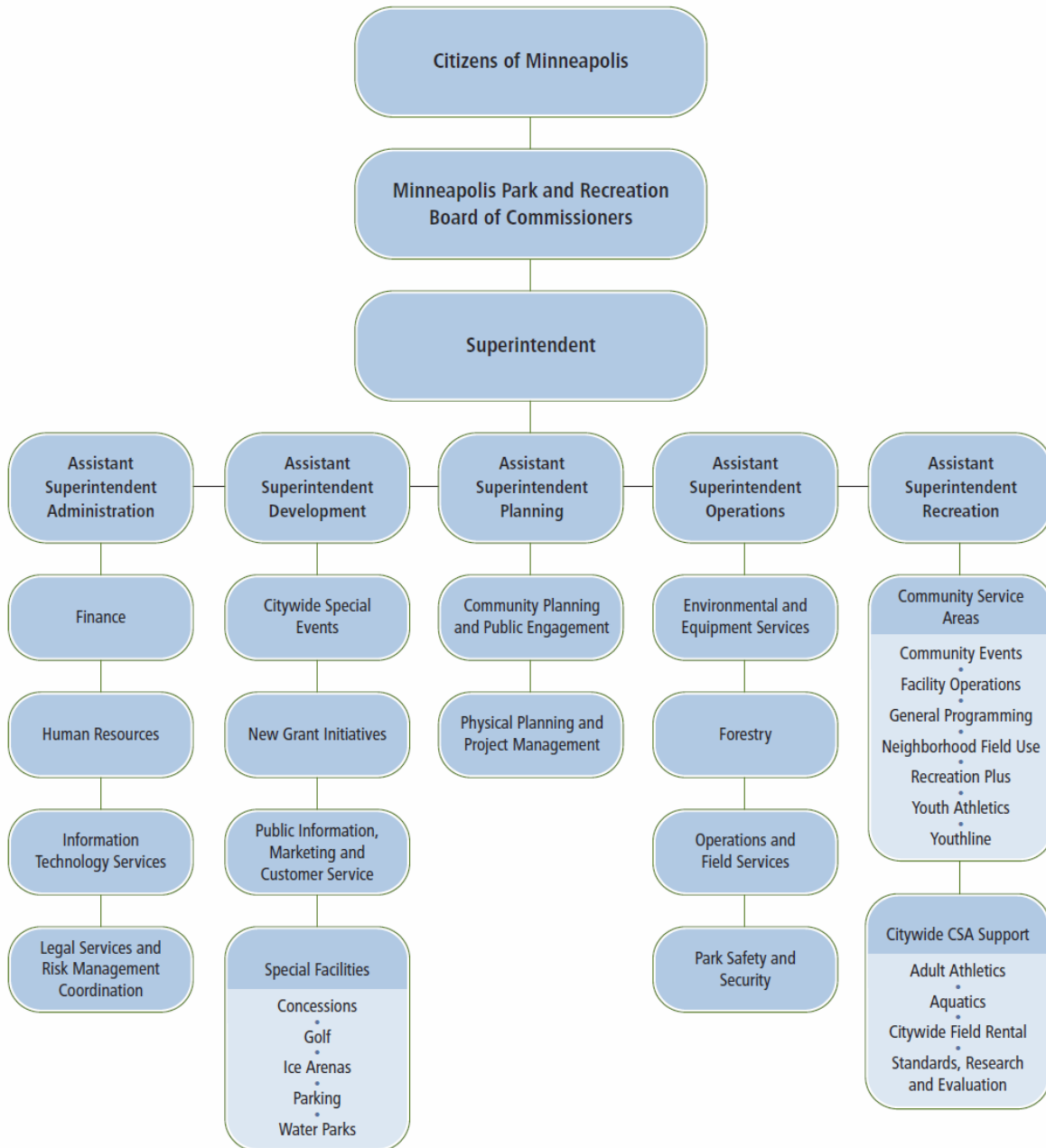
Respectfully submitted,

*Julia M. Wiseman*

Julia M. Wiseman  
Finance Manager



# Organization Chart



# MINNEAPOLIS PARK AND RECREATION BOARD

## COMMISSIONERS AND OFFICERS

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

### **Officers**

#### **President**

John Erwin	January 1, 2010	December 31, 2010
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#### **Vice President**

M. Annie Young	January 1, 2010	December 31, 2010
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#### **Secretary**

Don Siggelkow	January 1, 2010	December 31, 2010
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# FINANCIAL SECTION









REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

SUITE 500  
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SAINT PAUL, MN 55103-2139

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### 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, 2010, 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, 2010, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In

accordance with auditing standards generally accepted in the United States of America, we have applied certain limited procedures to the required supplementary information, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Minneapolis Park and Recreation Board's basic financial statements taken as a whole. The introductory section, the supplementary information, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain limited procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2011, 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

May 12, 2011

# 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, 2010. 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 \$2,590,499 or 0.9%. Net assets of the business-type activities increased by \$515,079 or 3.6%, and net assets of the governmental activities increased by \$2,075,420 or 0.8%.
- The assets of the Park and Recreation Board exceeded its liabilities at the close of the most recent fiscal year by \$277,571,680 (net assets). Of this amount, \$6,090,598 (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 \$3,983,660.
- As of the close of the current fiscal year, the Park and Recreation Board's Proprietary Funds reported combined ending equity of \$21,412,044. Ending equity of the business-type proprietary fund is \$14,646,790 with approximately 12.6% of this amount or \$1,846,705 available for spending at the government's discretion (unrestricted fund equity). Ending equity of the governmental-type proprietary fund is \$6,765,254 with approximately 41.6% of this amount or \$2,814,854 available for spending at the government's discretion.

### Financial Statement Overview

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

### Government-wide Financial Statements

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

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

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

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

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

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

## **Fund Financial Statements**

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

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

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

## **Government-wide Financial Analysis**

The Park and Recreation Board's total governmental assets of \$289,064,759 increased by \$14,440,922 from a year ago, with current and other assets increased by \$5,699,533 and capital assets increased by \$8,741,389. The Park and Recreation Board's total business type assets of \$16,455,668 increased \$975,268 from a year ago, with current and other assets increased by \$411,615 and capital assets increased by \$563,653. This analysis will focus first on the net assets and then on the changes in net assets of the Park and Recreation Board's governmental and business-type activities.

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

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 25,083,763	\$ 19,384,230	\$ 3,106,664	\$ 2,695,049	\$ 28,190,427	\$ 22,079,279
Capital assets	263,980,996	255,239,607	13,349,004	12,785,351	277,330,000	268,024,958
Total assets	289,064,759	274,623,837	16,455,668	15,480,400	305,520,427	290,104,237
Long-term liabilities outstanding	16,823,335	10,908,751	1,109,151	1,074,035	17,932,486	11,982,786
Other liabilities	9,316,534	2,865,616	699,727	274,654	10,016,261	3,140,270
Total liabilities	26,139,869	13,774,367	1,808,878	1,348,689	27,948,747	15,123,056
Net Assets:						
Invested in capital assets, net of related debt	258,680,996	255,239,607	12,800,085	12,197,487	271,481,081	267,437,094
Unrestricted	4,243,894	5,609,863	1,846,705	1,934,224	6,090,599	7,544,087
Total net Assets	\$262,924,890	\$260,849,470	\$14,646,790	\$14,131,711	\$277,571,680	\$274,981,181

Net assets of the Park and Recreation Board's governmental activities increased by 0.8%. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints, decreased by \$1,365,969 and represent 1.6% of total net assets.

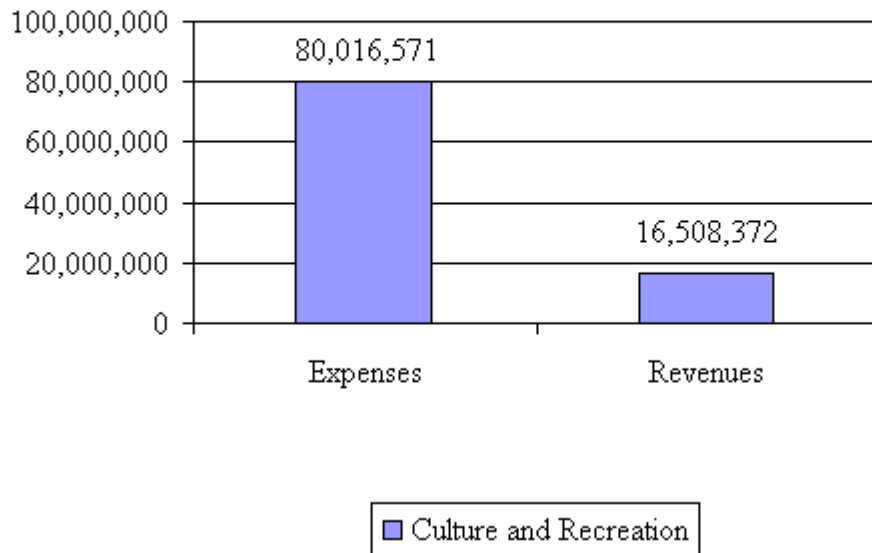
Net assets of the Park and Recreation Board's business-type activities increased by 3.5% in 2010. The Park and Recreation Board commits these net assets to finance the continuing operations including capital improvements of the Enterprise Fund.

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

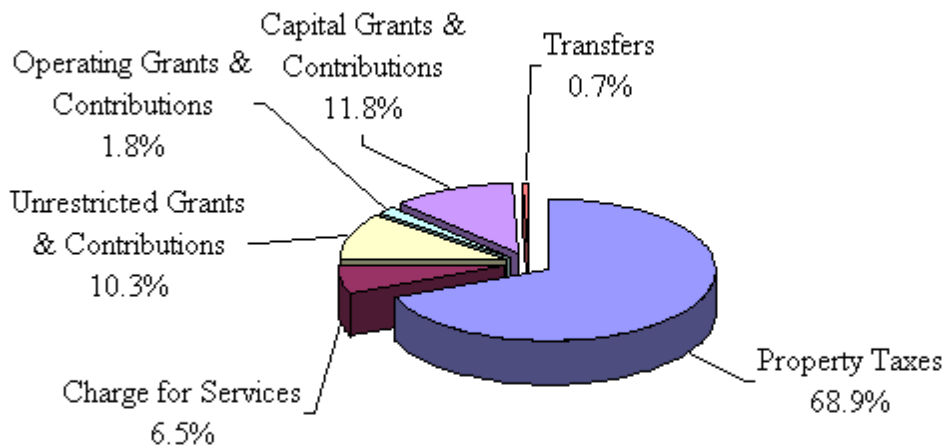
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for Services	\$5,350,193	\$ 4,099,154	\$13,511,956	\$13,407,906	\$18,862,149	\$17,507,060
Operating grants & contributions	1,450,769	3,331,355	1,260,069	421,983	2,710,838	3,753,338
Capital grants & contributions	9,707,410	10,963,674	-	-	9,707,410	10,963,674
General revenues:						
Taxes	56,552,350	54,468,935	-	-	56,552,350	54,468,935
Unrestricted grants & contributions	8,483,523	9,668,753	-	-	8,483,523	9,668,753
Gain on Sale of Capital Assets	10,847	1,432,571	-	-	10,847	1,432,571
Transfers	536,899	295,000	-	-	536,899	295,000
Total Revenue	82,091,991	84,259,442	14,772,025	13,829,889	96,864,016	98,089,331
Program Expense:						
Culture & Recreation	80,016,571	81,151,165	-	-	80,016,571	81,151,165
Park Enterprise Fund	-	-	13,720,047	13,003,277	13,720,047	13,003,277
Transfers	-	-	536,899	295,000	536,899	295,000
Total Expenses	80,016,571	81,151,165	14,256,946	13,298,277	94,273,517	94,449,442
Increase (Decrease) in Net Assets	\$2,075,420	\$3,108,277	\$ 515,079	\$ 531,612	\$ 2,590,499	\$3,639,889

For governmental activities of the Park and Recreation Board, net assets increased by \$2,075,420. In 2010, spending was reduced in response to the reduction of almost \$1.6 million in LGA to the Park and Recreation Board as part of an effort to balance the state budget. The increase in proprietary activities of the Park and Recreation Board of \$515,079 is primarily due to an increase in recreation programming funded by grants, donations and program fees.

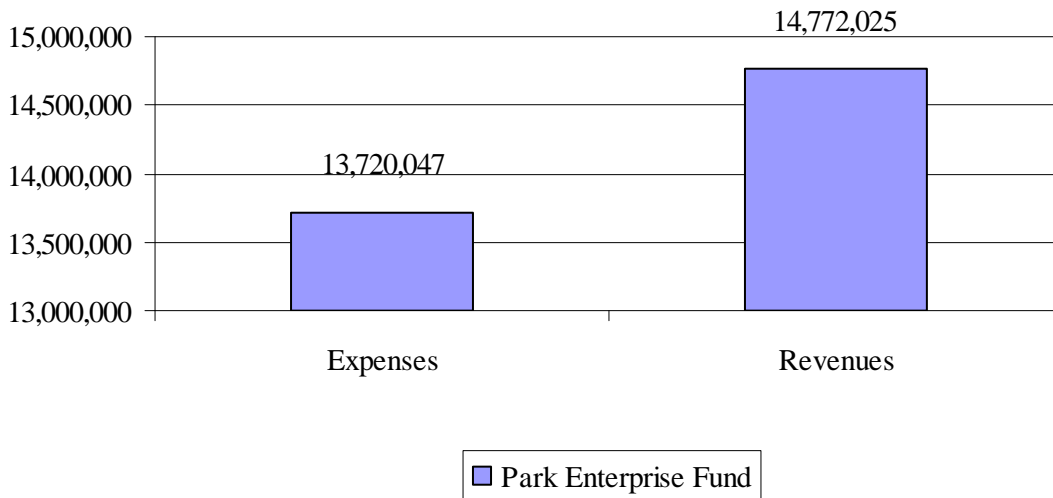
## Expenses and Program Revenues Governmental Activities



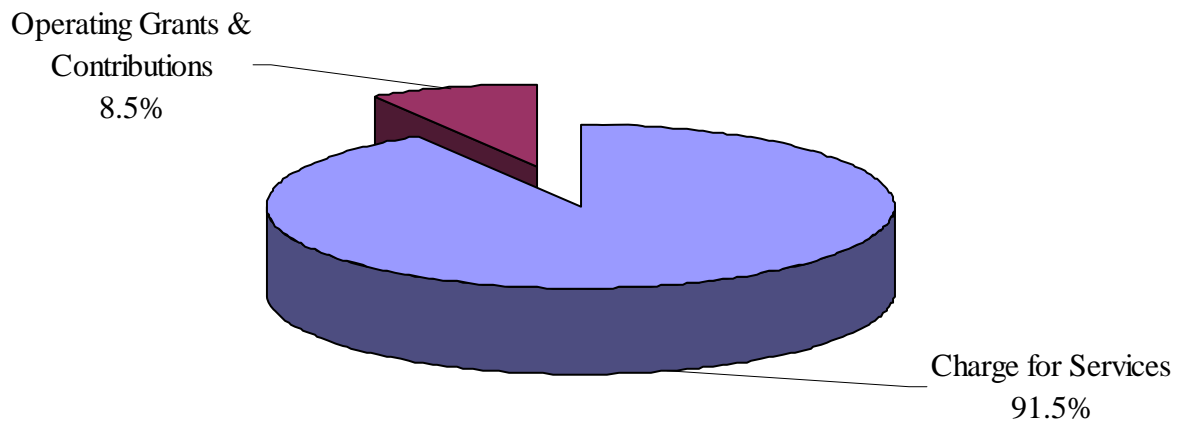
## Revenues by Source - Governmental Activities



## 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 \$3,983,660. The following is an analysis of the major funds reported in the governmental funds statements.

#### **General Fund**

The General Fund is the Board's operating fund that reports activities not reported in other funds. The fund balance of the General Fund increased by \$1,050,743 from 2009 largely due to the conservative spending for neighborhood capital improvements in 2010. As of the end of the current fiscal year the General Fund reported a fund balance of \$4,135,207, of which \$4,081,118 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 additional supplemental appropriations that may occur during the fiscal year. The 2010 original and final appropriation was \$57,722,552 and \$57,073,582, respectively. The changes made to the 2010 original appropriation were due to \$1.6 million in Local Government Aid cuts adopted by the State of Minnesota and grants and donations received to fund the summer youth employment program.

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

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

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

This special revenue fund accounts for the activities associated with the purchase and improvement of land used for park purposes and to account for revenue received that is designated for specific purposes. The fund balance of the Park Grant and Dedicated Revenue Fund increased by \$431,427 from 2009. This increase is primarily due to the State of Minnesota Lottery proceeds that are held in this fund and then allocated to specific Park & Recreation Board approved projects. As of the end of the current fiscal year the Park Grant and Dedicated Revenue Fund reported a fund balance of \$4,815,221, of which \$4,766,731 is classified as reserved and \$48,490 is classified as unreserved and 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 \$2,015,511 from 2009. This decrease is primarily due to the timing of capital project grant proceeds which accounted for deferred revenue in the amount of \$2,027,088. As of the end of the current fiscal year the Permanent Improvement Fund reported a fund balance of (\$5,854,440). The deficit fund balance will be funded in 2011 with capital program monies, grants and private contributions.

### **Proprietary Funds**

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



### **Park Operating Fund**

This enterprise fund accounts for the activities of the Park and Recreation Board's golf courses, refectories, ice arenas, sports complexes and self-supporting recreational activities. Golf fees and park usage fees are reviewed on a yearly basis and changes are recommended to the Park and Recreation Board for approval. In 2010, charges for services and rents increased from 2009 by \$133,023 or 1.0%. In 2010, operating expenses of the Park Operating Fund increased from 2009 by \$499,240 or 4.0%. Expenses were increased by a greater percentage than revenues and therefore operating income decreased from 2009 by \$366,217 or -32.0%. The decrease in operating income is due to the decrease in the number of golf rounds played and the increase in operating expenses including repair and maintenance of the golf and revenue producing facilities.

### **Park Internal Services Fund**

This internal service fund accounts for the rental of equipment and the information technology services provided to other Park and Recreation Board funds. Equipment rental fees and internal department charges are reviewed each year during the budget process and are approved by the Park and Recreation Board. For the current fiscal year ended, the operating loss was \$423,665 and ending net assets were \$5,591,740. Net Assets is comprised of \$3,950,400 or 70.6%, which is invested in capital assets and \$1,641,340 or 29.4%, which is classified as unrestricted. The Park and Recreation Board intends to use the unrestricted portion of the fund for repair and replacement of the operation's equipment.

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

This internal service fund accounts for both commercial insurance and self-insurance activities of the Park and Recreation Board. These activities include workers compensation, property insurance, general liability, automotive liability and police professional liability. In the current fiscal year ended, operating income was \$690,343 and ending net assets were \$1,173,514. An actuarial study completed in 2009 provided an estimate for the 2010 long-term liability for workers' compensation claims payable. An actuarial study completed in 2011 provides the estimate for the 2010 long-term liability for General liability claims payable.

## **Capital Asset and Debt Administration**

### **Capital Assets**

At the end of 2010, the Park and Recreation Board had \$277,330,000 invested in a broad range of capital assets, including land, buildings, vehicles, equipment, trails, bridges, golf courses and parking lots.

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

- Minnehaha Regional Park
- Wirth Lake Beach Park and Building Rehabilitation
- East Phillips Cultural and Community Center
- West River Parkway Bike and Pedestrian Trails
- Philips Community Center Rehabilitation
- Scherer Brothers Property Acquisition

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

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>		2010	2009
	2010	2009	2010	2009	2010	2009
Land	\$ 61,848,739	\$ 56,548,739	\$ 1,206,784	\$ 1,206,784	\$ 63,055,523	\$ 57,755,523
Building and Structures	39,766,328	39,840,514	6,735,161	7,050,960	46,501,489	46,891,474
Infrastructure	40,609,010	42,217,930	86,024	90,733	40,695,034	42,308,663
Public Improvements	84,112,512	88,624,203	4,258,797	3,896,760	88,371,309	92,520,963
Machinery and Equipment	4,480,963	4,993,791	555,284	531,306	5,036,247	5,525,097
Construction in Progress	33,163,444	23,014,430	506,954	8,808	33,670,398	23,023,238
Total	\$263,980,996	\$255,239,607	\$13,349,004	\$12,785,351	\$277,330,000	\$268,024,958

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

### **Debt**

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

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

### **Economic Factors and 2011 Budgets**

Employment:

The unemployment rate for the City of Minneapolis at the end of 2010, as released by the Minnesota Department of Economic Security, is 6.1%. This economic indicator is better than the State of Minnesota (6.8%) and the national unemployment rate (9.1%). The City of Minneapolis unemployment rate one year ago in December 2009 was at 6.6%.

2011 Budget:

On December 13, 2010, the Park and Recreation Board approved the 2011 budget. The original operating budget was set for \$59.1 million. The 2011 certified state aid is about \$10.3 million; this 2011 budget includes only \$7.6 million, \$2.7 million below the certified amount.

### **Requests for Information**

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

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**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF NET ASSETS**  
**December 31, 2010**

	Governmental Activities	Business -Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 16,088,121	\$ 823,483	\$ 16,911,604
Receivables (Net)	9,681,066	1,167,166	10,848,232
Inventories	-	143,500	143,500
Prepaid Expense	287,091	-	287,091
Internal Balances	(972,515)	972,515	-
Capital Assets:			
Non-Depreciable	95,012,183	1,713,738	96,725,921
Depreciable (Net)	168,968,813	11,635,266	180,604,079
<b>Total Assets</b>	<u>289,064,759</u>	<u>16,455,668</u>	<u>305,520,427</u>
<b>LIABILITIES</b>			
Salaries Payable	\$ 622,904	\$ 89,819	\$ 712,723
Accounts Payable (Net)	8,693,630	609,908	9,303,538
Non-Current Liabilities			
Due Within One Year:			
Accrued Interest Payable	72,080	-	72,080
Notes Payable	1,325,000	40,912	1,365,912
Compensated Absences	2,529,024	376,614	2,905,638
Due In More Than One Year:			
Compensated Absences	1,373,351	-	1,373,351
Post Employment Benefits	1,477,768	183,618	1,661,386
Notes Payable	3,975,000	508,007	4,483,007
Workers' Compensation Claims Pending	4,983,259	-	4,983,259
General Liability Claims Pending	1,087,853	-	1,087,853
<b>Total Liabilities</b>	<u>26,139,869</u>	<u>1,808,878</u>	<u>27,948,747</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	258,680,996	12,800,085	271,481,081
Unrestricted	4,243,894	1,846,705	6,090,599
<b>Total Net Assets</b>	<u>262,924,890</u>	<u>14,646,790</u>	<u>277,571,680</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 289,064,759</u>	<u>\$ 16,455,668</u>	<u>\$ 305,520,427</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, 2010**

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Function/Program Activities</b>							
<b>Governmental Activities</b>							
Culture and Recreation	\$ 80,016,571	\$ 5,350,193	\$ 1,450,769	\$ 9,707,410	\$ (63,508,199)	\$ -	\$ (63,508,199)
<b>Business Type Activities</b>							
Park Enterprise Fund	13,720,047	13,511,956	1,260,069	-		1,051,978	1,051,978
<b>Total</b>	<u>\$ 93,736,618</u>	<u>\$ 18,862,149</u>	<u>\$ 2,710,838</u>	<u>\$ 9,707,410</u>			
<b>General Revenues and Transfers:</b>							
Taxes:							
Property Taxes					44,404,663	-	44,404,663
Museum (county-wide levy)					12,147,687	-	12,147,687
Grants and contributions not restricted to specific programs					8,483,523	-	8,483,523
Gain on sale of capital assets					10,847	-	10,847
Transfers					536,899	(536,899)	-
					<u>2,075,420</u>	<u>515,079</u>	<u>2,590,499</u>
Net Assets - January 1					260,849,470	14,131,711	274,981,181
Net Assets - December 31					<u>\$ 262,924,890</u>	<u>\$ 14,646,790</u>	<u>\$ 277,571,680</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, 2010**

	General	Museum County- Wide Levy	Park Grant and Dedicated Revenue	Permanent Improvement	Other Governmental Funds	Total
<b>ASSETS</b>						
Cash and						
Cash Equivalents	\$ 5,406,352	\$ 5,927,734	\$ 227,363	\$ 203,382	\$ 880,158	\$ 12,644,989
Receivables:						
Accounts - Net	257,811	-	227,616	716,436	4,803	1,206,666
Taxes -						
Current	277,382	103,856	-	-	-	381,238
Delinquent	745,525	-	-	-	-	745,525
Intergovernmental	153,366	-	-	7,000,365	-	7,153,731
Accrued Interest	-	-	-	-	2,456	2,456
Due From-						
Other Funds	94,043	-	80,000	81,997	2,255	258,295
Capital Advance	-	-	4,432,000	-	-	4,432,000
<b>Total Assets</b>	<b>\$ 6,934,479</b>	<b>\$ 6,031,590</b>	<b>\$ 4,966,979</b>	<b>\$ 8,002,180</b>	<b>\$ 889,672</b>	<b>\$ 26,824,900</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities :						
Payables -						
Salaries	\$ 579,958	\$ -	\$ 1,612	\$ 3,079	\$ -	\$ 584,649
Accounts	598,712	6,031,590	27,620	1,825,472	-	8,483,394
Intergovernmental	71,449	-	-	-	-	71,449
Due To -						
Other Funds	187,303	-	122,526	120,981	-	430,810
Capital Advances	698,600	-	-	9,880,000	2,000	10,580,600
Deferred Revenue						
Unavailable	663,250	-	-	2,027,088	-	2,690,338
<b>Total Liabilities</b>	<b>2,799,272</b>	<b>6,031,590</b>	<b>151,758</b>	<b>13,856,620</b>	<b>2,000</b>	<b>22,841,240</b>
Fund Balances:						
Reserved For -						
Encumbrances	54,089	-	18,155	71,249	-	143,493
Specific Projects	-	-	316,576	-	887,672	1,204,248
Capital Advance	-	-	4,432,000	-	-	4,432,000
Unreserved Reported in:						
General Fund	4,081,118	-	-	-	-	4,081,118
Special Revenue Funds	-	-	48,490	-	-	48,490
Capital Projects Fund	-	-	-	(5,925,689)	-	(5,925,689)
<b>Total Fund Balances</b>	<b>4,135,207</b>	<b>-</b>	<b>4,815,221</b>	<b>(5,854,440)</b>	<b>887,672</b>	<b>3,983,660</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,934,479</b>	<b>\$ 6,031,590</b>	<b>\$ 4,966,979</b>	<b>\$ 8,002,180</b>	<b>\$ 889,672</b>	<b>\$ 26,824,900</b>

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, 2010**

**Total Governmental Funds Balances** \$ 3,983,660

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	61,848,739	
Depreciable	332,567,995	
Accumulated Depreciation	(167,549,583)	
Work in Progress	33,163,444	260,030,595

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

Accrued Interest Payable		(72,080)
Notes Payable - Short Term		(1,325,000)
Compensated Absences - Short Term		(2,395,557)
Compensated Absences - Long Term		(1,373,351)
Post Employment Benefits - Long Term		(1,403,969)
Notes Payable - Long Term		(3,975,000)

Deferred revenue in governmental funds is susceptible  
to full accrual on the entity-wide statements. 2,690,338

Internal Service Funds are not reported in the funds  
statement but are included in the Statement of Net  
Assets governmental activities. 6,765,254

**Net Assets of Governmental Activities** \$ 262,924,890

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, 2010**

	General	Museum County- Wide Levy	Park Grant and Dedicated Revenue	Permanent Improvement	Other Governmental Funds	Total
<b>REVENUES</b>						
Taxes	\$44,358,084	\$12,146,883	\$ -	\$ -	\$ -	\$56,504,967
Intergovernmental	9,345,082	804	1,381,393	7,990,051	248,835	18,966,165
Charges for Services and Sales	2,130,780	-	41,468	322,587	-	2,494,835
Liscenses and Permits	240,661	-	-	-	-	240,661
Fines and Forfeits	396,068	-	202	-	-	396,270
Special Assessments	-	-	-	-	110,822	110,822
Investment Earnings	-	-	-	-	7,394	7,394
Miscellaneous	1,239,596	6,276	478,274	382,796	-	2,106,942
<b>Total Revenues</b>	<b>57,710,271</b>	<b>12,153,963</b>	<b>1,901,337</b>	<b>8,695,434</b>	<b>367,051</b>	<b>80,828,056</b>
<b>EXPENDITURES</b>						
Culture and Recreation	56,014,955	12,153,963	448,114	-	-	68,617,032
Capital Outlay	-	-	82,363	18,902,665	255,071	19,240,099
<b>Total Expenditures</b>	<b>56,014,955</b>	<b>12,153,963</b>	<b>530,477</b>	<b>18,902,665</b>	<b>255,071</b>	<b>87,857,131</b>
Excess of Revenues Over (Under) Expenditures	1,695,316	-	1,370,860	(10,207,231)	111,980	(7,029,075)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In - Other Funds	295,000	-	28,733	2,891,720	-	3,215,453
Transfers Out - Other Funds	(939,573)	-	(968,166)	-	(770,815)	(2,678,554)
Contract for Deed Issued	-	-	-	5,300,000	-	5,300,000
Total Other Financing Sources	(644,573)	-	(939,433)	8,191,720	(770,815)	5,836,899
Net Change in Fund Balances	1,050,743	-	431,427	(2,015,511)	(658,835)	(1,192,176)
<b>FUND BALANCE - JANUARY 1</b>	<b>3,084,464</b>	<b>-</b>	<b>4,383,794</b>	<b>(3,838,929)</b>	<b>1,546,507</b>	<b>5,175,836</b>
<b>FUND BALANCE - DECEMBER 31</b>	<b>\$ 4,135,207</b>	<b>\$ -</b>	<b>\$4,815,221</b>	<b>\$(5,854,440)</b>	<b>\$ 887,672</b>	<b>\$ 3,983,660</b>

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



**MINNEAPOLIS PARK AND RECREATION BOARD**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds**  
**to the Government-wide Statement of Activities - Governmental Activities**  
**For the Year Ended December 31, 2010**

**Net Changes in Fund Balances - Total Governmental Funds** \$ (1,192,176)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 3,559,759

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	(463,331)
Contribution of Parkway Reconstruction	289,589

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

Change in Accrued Interest Payable	(72,080)
Change in Compensated Absences	(40,604)
Change in Post Employment Benefits	(379,189)

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. 373,452

<b>Change in net assets of governmental activities</b>	<b>\$ 2,075,420</b>
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The Notes to the Financial Statements are an Integral Part of this Statement

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**December 31, 2010**

	Business-Type Activities - Enterprise Fund	Governmental Activities- Internal Service Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 823,483	\$ 3,443,132
Receivables -		
Accounts - Net	497,942	191,450
Intergovernmental	669,224	-
Due From Other Funds	172,515	-
Capital Advances	800,000	5,348,600
Materials & Supplies Inventory	143,500	-
Prepaid Expense	-	287,091
Total Current Assets	<u>3,106,664</u>	<u>9,270,273</u>
Non Current Assets		
Net Capital Assets	<u>13,349,004</u>	<u>3,950,400</u>
<b>Total Assets</b>	<u><u>\$ 16,455,668</u></u>	<u><u>\$ 13,220,673</u></u>
 <b>LIABILITIES AND FUND EQUITY</b>		
Current Liabilities :		
Payables -		
Salaries	\$ 89,819	\$ 38,255
Accounts	609,908	138,787
Notes Payable - Current	40,912	-
Total Current Liabilities	<u>740,639</u>	<u>177,042</u>
Long-Term Liabilities:		
Notes Payable - Long Term	508,007	-
Workers' Compensation Claims Pending	-	4,983,258
General Liability Claims Pending	-	1,087,853
Post Employment Benefits Payable	183,618	73,799
Compensated Absences Payable	376,614	133,467
Total Long-Term Liabilities	<u>1,068,239</u>	<u>6,278,377</u>
Total Liabilities	<u>1,808,878</u>	<u>6,455,419</u>
Equity:		
Invested in Capital Assets, Net of Related Debt	12,800,085	3,950,400
Unrestricted	1,846,705	2,814,854
Total Equity	<u>14,646,790</u>	<u>6,765,254</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 16,455,668</u></u>	<u><u>\$ 13,220,673</u></u>

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

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2010**

	Business-Type Activities - Enterprise Fund	Governmental Activities- Internal Service Funds
<b>OPERATING REVENUES</b>		
Billings to Departments	\$ -	\$ 7,357,398
Charges For Services and Sales	12,218,166	-
Rents	1,266,744	-
Total Operating Revenues	<u>13,484,910</u>	<u>7,357,398</u>
<b>OPERATING EXPENSES</b>		
Personal Services	4,943,053	1,748,463
Contractual Services	3,144,064	1,598,716
Materials and Supplies	2,122,590	1,572,121
Depreciation on Acquired Property	634,930	1,418,965
Benefits	1,494,481	752,455
Total Operating Expenses	<u>12,339,118</u>	<u>7,090,720</u>
Operating Income (Loss)	<u>1,145,792</u>	<u>266,678</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
City of Minneapolis - Steps to a Healthier Minneapolis	3,560	-
City of Minneapolis - Neighborhood Revitalization Program	4,967	-
Hennepin County Youth Athletic Field Grants	619,224	-
United States Department of Health & Human Services	50,000	-
United States Department of Justice - Gang Prevention Grant	131,697	-
Contributions	450,621	-
Gain (Loss) on Disposal of Capital Assets	-	(3,004)
Gain on Sale of Scrap	-	12,249
Damages/Losses Recovered	-	7,670
Other Non-Operating Revenues	27,046	89,859
City of Minneapolis - Debt Service	(764,236)	-
Interest Expense	(28,855)	-
Other Non-Operating Expenses	(587,838)	-
Total Non-Operating Revenues (Expenses)	<u>(93,814)</u>	<u>106,774</u>
Income (Loss) Before Capital Contributions and Transfers	1,051,978	373,452
Transfer Out	<u>(536,899)</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	515,079	373,452
<b>NET ASSETS - JANUARY 1</b>	14,131,711	6,391,802
<b>NET ASSETS - DECEMBER 31</b>	<u>\$ 14,646,790</u>	<u>\$ 6,765,254</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, 2010**

	Business-Type Activities- Enterprise Fund	Governmental Activities- Internal Service Funds
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Interfund Services Provided	\$ -	\$ 7,357,398
Cash Received from Customers	12,362,171	97,545
Cash paid to suppliers for goods and services	(5,419,405)	(3,544,695)
Cash paid to employees for services	(6,396,215)	(2,495,409)
Net cash provided by (used in) operating activities	<u>546,551</u>	<u>1,414,839</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
City of Minneapolis - Steps to a Healthier Minneapolis	3,560	-
City of Minneapolis - Neighborhood Revitalization Program	4,967	-
Hennepin County Youth Athletic Field Grants	619,224	-
United States Department of Health & Human Services	50,000	-
United States Department of Justice - Gang Prevention Grant	131,697	-
Contributions	450,621	-
Advances Paid	-	(2,500,000)
City of Minneapolis - Debt Service	(764,236)	-
Transfers To Other Funds	(536,899)	-
Net Cash (Used) Provided by Non-Capital Financing Activities	<u>(41,066)</u>	<u>(2,500,000)</u>
<b>Cash Flows from Capital Financing Activities:</b>		
Proceeds From Sale of Capital Assets	-	29,361
Proceeds From Sale of Scrap	-	12,249
Principal and Interest Payments	(67,800)	-
Acquisition of Property Plant and Equipment	(1,198,583)	(1,043,371)
Net Cash Used for Capital Financing Activities	<u>(1,266,383)</u>	<u>(1,001,761)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(760,898)	(2,086,922)
<b>Cash and Cash Equivalents - January 1</b>	1,584,381	5,530,054
<b>Cash and Cash Equivalents - December 31</b>	<u>\$ 823,483</u>	<u>\$ 3,443,132</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities</b>		
Operating Income (Loss)	\$ 1,145,792	\$ 266,678
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	634,930	1,418,965
(Increase) Decrease in Accounts Receivable	(319,224)	(191,404)
(Increase) Decrease in Intergovernmental Receivables	(669,224)	-
(Increase) Decrease in Due From Other Funds	(161,337)	-
(Increase) Decrease in Inventories	(22,728)	-
(Increase) Decrease in Prepaid Expense	-	(200,567)
Increase (Decrease) in Salaries Payable	(32,742)	(19,065)
Increase (Decrease) in Accounts Payable	457,815	(80,008)
Increase (Decrease) in Workers' Compensation Claims Payable	-	153,659
Increase (Decrease) in General Liability Claims Pending	-	(55,522)
Increase (Decrease) in Post Employment Benefits Payable	39,959	21,255
Increase (Decrease) in Compensated Absences Payable	34,102	3,319
Non-Operating Damages Losses Recovered	-	7,670
Other Non-Operating Expenses	(587,838)	-
Other Non-Operating Revenues	27,046	89,859
Total Adjustments	<u>(599,241)</u>	<u>1,148,161</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 546,551</u>	<u>\$ 1,414,839</u>

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, 2010

### 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. The City's cash and cash equivalents are considered to be cash on hand, demand deposits and investments with original maturities of three months or less from the date of purchase. Except for the Minneapolis Parks Special Revenue Fund, the minimal amount of interest earned on these deposits is returned to the City during the year for debt service requirements. The types of investment vehicles, their valuation and risk are described in the notes of the City of Minneapolis Comprehensive Annual Financial Report.

**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. Capital assets are defined as assets with an individual cost of more than \$5,000. Depreciation is provided using the straight-line method over the estimated life of the asset. As of 2008 the Park and Recreation Board is no longer using salvage values, and will depreciate assets to zero.

Estimated useful lives for determining annual depreciation are as follows:

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

Changes in capital assets are discussed further in Note 4.

**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 County- Wide Levy	Park Grant and Dedicated Revenue	Permanent Improvement	Non- Major	Internal Service	Total Governmental Activities	Total Business- Type Activities
Trade Accounts	\$ 257,811	\$ -	\$227,616	\$ 716,436	\$4,803	\$191,450	\$1,398,116	\$ 497,942
Property Tax	1,022,907	103,856	-	-	-	-	1,126,763	-
Intergovernmental	153,366	-	-	7,000,365	-	-	7,153,731	669,224
Accrued Interest	-	-	-	-	2,456	-	2,456	-
Net Receivables	\$1,434,084	\$103,856	\$227,616	\$7,716,801	\$7,259	\$191,450	\$9,681,066	\$1,167,166

**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 2010 for base and percentage rent was \$108,917.

**Note 3 - Receivables****Nicollet Island Inn** (Continued)

The future collection requirements for this agreement are as follows:

Scheduled Lease Collections	Operating Lease
2011	\$ 121,000
2012	133,100
2013	133,100
2014	133,100
2015	133,100
2016 and thereafter	<u>10,073,920</u>
Total	<u>\$10,727,320</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 2010 for base rent was \$124,874.

The future collection requirements for this agreement are as follows:

Scheduled Lease Collections	Operating Lease
2011	\$ 127,920
2012	131,054
2013	134,275
2014	137,587
2015	140,994
2016 and thereafter	<u>1,191,375</u>
Total	<u>\$1,863,205</u>

**Note 4 - Changes in Capital Assets**

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance 1/1/10	Additions	Deletions	Balance 12/31/10
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 56,548,739	\$ 5,300,000	\$ -	\$ 61,848,739
Construction in Progress	23,014,430	12,091,875	(1,942,861)	33,163,444
Total capital assets not being depreciated	<u>79,563,169</u>	<u>17,391,875</u>	<u>(1,942,861)</u>	<u>95,012,183</u>
Capital assets being depreciated				
Buildings and Structures	61,680,396	1,237,908	-	62,918,304
Infrastructure	114,176,830	289,589	-	114,466,419
Public Improvements	152,585,015	892,308	-	153,477,323
Equipment	13,242,841	1,068,988	(1,149,000)	13,162,829
Total capital assets being depreciated	<u>341,685,082</u>	<u>3,488,793</u>	<u>(1,149,000)</u>	<u>344,024,875</u>
Less accumulated depreciation for:				
Buildings and Structures	(21,839,882)	(1,312,094)	-	(23,151,976)
Infrastructure	(71,958,900)	(1,898,509)	-	(73,857,409)
Public Improvements	(63,960,812)	(5,403,999)	-	(69,364,811)
Equipment	<u>(8,249,050)</u>	<u>(1,539,864)</u>	<u>1,107,048</u>	<u>(8,681,866)</u>
Total accumulated depreciation	<u>(166,008,644)</u>	<u>(10,154,466)</u>	<u>1,107,048</u>	<u>(175,056,062)</u>
Total capital assets being depreciated net	<u>175,676,438</u>	<u>(6,665,673)</u>	<u>(41,952)</u>	<u>168,968,813</u>
Governmental activities capital assets, net	<u>\$255,239,607</u>	<u>\$10,726,202</u>	<u>(\$1,984,812)</u>	<u>\$263,980,996</u>



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

<b>Business Type Activities</b>	Balance 1/1/10	Additions	Deletions	Balance 12/31/10
Capital assets not being depreciated				
Land	\$ 1,206,784	\$ -	\$ -	\$ 1,206,784
Construction in Progress	8,808	498,146	-	506,954
Total capital assets not being depreciated	<u>1,215,592</u>	<u>498,146</u>	<u>-</u>	<u>1,713,738</u>
Capital assets, being depreciated				
Buildings and Structures	12,248,627	-	-	12,248,627
Infrastructure	98,638	-	-	98,638
Public Improvements	7,588,131	595,955	-	8,184,086
Equipment	1,476,834	104,482	-	1,581,316
Total capital assets, being depreciated	<u>21,412,230</u>	<u>700,437</u>	<u>-</u>	<u>22,112,667</u>
Less accumulated depreciation for:				
Buildings and Structures	(5,197,668)	(315,798)	-	(5,513,466)
Infrastructure	(7,904)	(4,710)	-	(12,614)
Public Improvements	(3,691,371)	(233,918)	-	(3,925,289)
Equipment	(945,528)	(80,504)	-	(1,026,032)
Total accumulated depreciation	<u>(9,842,471)</u>	<u>(634,930)</u>	<u>-</u>	<u>(10,477,401)</u>
Total capital assets, being depreciated net	<u>11,569,759</u>	<u>65,507</u>	<u>-</u>	<u>11,635,266</u>
Business-type activities capital assets, net	<u>\$12,785,351</u>	<u>\$563,653</u>	<u>\$ -</u>	<u>\$13,349,004</u>

Depreciation expense was charged to governmental functions as follows:

Culture and Recreation	\$ 8,735,501
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>1,418,965</u>
Total depreciation expense – governmental activities	<u>\$10,154,466</u>

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

Park Operating	<u>\$ 634,930</u>
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Construction in Progress

Construction in progress for the governmental activity represents work being performed on the Park and Recreation Board's permanent improvement projects related to athletic fields, park buildings, sites and totlots.

**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.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 40,912	\$ 26,887	\$ 67,799
2012	42,979	24,820	67,799
2013	45,150	22,649	67,799
2014	47,432	20,367	67,799
2015	49,828	17,971	67,799
2016-2021	<u>322,618</u>	<u>50,276</u>	<u>372,894</u>
Total	<u>\$548,919</u>	<u>\$162,970</u>	<u>\$711,889</u>

**C) Promissory Note**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$1,325,000	\$144,160	\$1,469,160
2012	1,325,000	108,120	1,433,120
2013	1,325,000	72,080	1,397,080
2014	<u>1,325,000</u>	<u>36,040</u>	<u>1,361,040</u>
Total	<u>\$5,300,000</u>	<u>\$360,400</u>	<u>\$5,660,400</u>

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

Changes in long-term liabilities are summarized as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts due</u>
<b>Governmental Activities:</b>	<u>January 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31</u>	<u>within one year</u>
Notes Payable	\$ -	\$5,300,000	\$ -	\$ 5,300,000	\$1,325,000
Compensated Absences	3,858,452	2,244,066	2,200,143	3,902,375	2,529,024
Post Employment Benefits	1,077,324	882,633	482,189	1,477,768	-
<b>Business-type activities:</b>					
Notes Payable	587,864	-	38,945	548,919	40,912
Compensated absences	342,512	185,291	151,189	376,614	376,614
Post Employment Benefits	<u>143,659</u>	<u>88,076</u>	<u>48,117</u>	<u>183,618</u>	<u>-</u>
Total Long-Term Liabilities	<u>\$6,009,811</u>	<u>\$8,700,066</u>	<u>\$2,920,583</u>	<u>\$11,789,294</u>	<u>\$4,271,550</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 2010 for base and percentage rent was \$108,703.

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

<u>Year ending December 31</u>	<u>Business-Type</u>
	<u>Activity Amount</u>
2011	\$ 55,219
2012	55,219
2013	55,219
2014	55,219
2015	55,219
2016-2030	<u>828,285</u>
Total minimum lease payments	<u>\$1,104,380</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, 2010 are as follows:

**General Fund**

Due to: Park Self Insurance Fund \$ 698,600

**Minneapolis Parks Fund**

Due to: Park Grant and Dedicated Revenue Fund 2,000

**Capital Project - Permanent Improvement**

Due to: Park Grant and Dedicated Revenue Fund 4,430,000

Due to: Park Self Insurance Fund 4,650,000

Due to: Park Operating Fund 800,000

**Total** \$10,580,600

**Transfers:**

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

	Transfers In:			
	<u>General</u>	<u>Permanent Improvement</u>	<u>Park Grant &amp; Dedicated Revenue</u>	<u>Total</u>
Transfer out:				
General	\$ -	\$ 910,840	\$ 28,733	\$ 939,573
Park Grant & Dedicated Revenue	-	968,166	-	968,166
Minneapolis Parks Fund	-	770,815	-	770,815
Park Operating Enterprise Fund	295,000	241,899	-	536,899
Total Transfers Out	<u>\$295,000</u>	<u>\$ 2,891,720</u>	<u>\$ 28,733</u>	<u>\$ 3,215,453</u>

**Due To/From Other Funds:**

Receivables and payables between funds of the Park and Recreation Board on December 31, 2010 are:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 94,043	\$187,303
Special Revenue Fund	82,255	122,526
Capital Project Fund	81,997	120,981
Enterprise Fund	172,515	-
	<u>\$430,810</u>	<u>\$430,810</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. The Public Employees Retirement Association administers the General Employees Retirement Fund and the Public Employees Police and Fire Fund which are cost-sharing multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes Chapters 353 and 356.

Police officers are covered by the Public Employees Police and Fire Fund. All other full-time and certain part-time employees covered by the defined benefit pension plans administered by the Public Employees Retirement Association are members of the General Employees Retirement Fund. General Employees Retirement Fund members of the Park and Recreation Board belong to the Coordinated Plan and are covered by Social Security.

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

**A) Plan Description** (Continued)

Public Employees Retirement Association provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, 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 Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0% for each year of service.

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

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

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

**B) Funding Policy**

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. 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. General Employees Retirement Fund Coordinated Plan members were required to contribute 7.0% of their annual covered salary in 2010. PEPFF members were required to contribute 9.4% of their annual covered salary in 2010.

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

General Employees Retirement Fund	
Coordinated Plan members	6.75%
Public Employees Police and Fire Fund	14.10%

The Park and Recreation Board's contribution for the years ending December 31, 2008, 2009, and 2010 for the General Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>General Employees Retirement Fund</b>	\$1,794,414	\$1,729,979	\$1,611,176
<b>Public Employees Police and Fire Fund</b>	\$ 387,005	\$ 401,051	\$ 426,576

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

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

**A) Plan Description**

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

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

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

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

**A) Plan Description (Continued)**

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

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

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

The Minneapolis Employees Retirement Fund issues a publicly available financial report that includes financial statements and required supplementary information for the Minneapolis Employees Retirement Fund. This report may be obtained by writing to Minneapolis Employees Retirement Fund, 706 – Second Avenue South, Suite 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. Employees contribute 9.25% of salary into the Deposit Accumulation Reserve and .50% of salary (subject to annual adjustment) into the Survivor Benefits Reserve. The Park and Recreation Board is required to contribute any excess of normal cost contributions of 10.09% of salary. The unfunded actuarial liability is funded partially by payments each year of 2.68% of salary plus \$3,900,000 from all employers. Minneapolis Employees Retirement Fund 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, 2008, 2009 and 2010, for the Minneapolis Employees Retirement Fund were:

2008	\$548,352
2009	\$324,487
2010	\$369,050

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 the respective relief associations. Each association is the administrator of a single-employer pension plan. The Minneapolis Police Relief Association was established on August 23, 1905, and it operates under Minnesota Statutes, sections 423B.01-18 and 69.80.

Each member who is at least 50 years of age and has five years of service with the Park and Recreation Board Police Department is eligible to receive a service pension, monthly, for the remainder of the member's life. All benefits are based on a plan of a number of units. A unit is 1/80<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 association and the circumstances of the disability, not to exceed 34 units. Death benefits for a beneficiary or surviving spouse are also available.

The Minneapolis Police Relief Association issues a publicly available financial report that includes financial statements and required supplementary information for the Minneapolis Police Relief Association. The most recent report, dated December 31, 2009 may be obtained by writing to the Minneapolis Police Relief Association, 10 – Second Street Northeast, Suite 103, Minneapolis, Minnesota, 55413.

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

**B) Funding Policy**

Authority for contributions to the Minneapolis Police Relief Association pension plan is established by Minnesota Statutes, section 69.77 and may be amended only by the Minnesota State Legislature. The Minneapolis Police Relief Association funding policy provides for contributions from the Park and Recreation Board, the State of Minnesota, and active plan members. Park and Recreation Board contributions are actuarially determined and requires full funding of the Minneapolis Police Relief Association's accrued liability by the year 2020. Effective in 2004, the Park and Recreation Board no longer had any current employees in the Minneapolis Police Relief Association. As such, the Park Board contributed \$0 for the fiscal year ended December 31, 2009. Current funding toward the unfunded liability of the Minneapolis Police Relief Association consists of an annual tax levy by the City of Minneapolis. The State of Minnesota also contributes annually the 2% peace officers' state aid to the Minneapolis Police Relief Association.

The City of Minneapolis' annual pension cost for the fiscal year ended December 31, 2009, and related information is as follows (amounts are expressed in thousands):

	<u>Minneapolis Police Relief Association</u>
Contributions Made	\$5,506
Actuarial valuation date	12/31/09
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level Percentage of Payroll
Remaining amortization period	15 years, closed
Asset valuation method	Book value plus the average unrealized gain for the last three years minus excess investment income as defined by state law.
Actuarial assumptions:	
Investment rate of return	6% per annum
Projected salary increases	4% per annum
Inflation	None Assumed
Cost-of-living adjustments	None Assumed

**Three-Year Trend Information:**

Year	Annual Pension Cost (APC)	Percentage of APC Contributed (%)	Net Pension Obligation
2007	\$6,814	100	-
2008	\$5,811	100	-
2009	\$5,506	100	-

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

**Schedule of Funding Progress:**

Actuarial Valuation Date	Actuarial Value Of Plan Assets (a)	Actuarial 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)
2007	\$376,476	\$428,281	\$ 51,815	87.9	\$1,186	4368.9
2008	\$324,723	\$506,949	\$182,226	64.1	\$1,249	1458.9
2009	\$277,847	\$415,484	\$137,637	66.9	\$ 923	1491.2

**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.

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

**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 2010, the Park and Recreation Board contributed \$530,306 to the plan. As of January 1, 2010, there were approximately 1,018 total retirees receiving health benefits from the City's health plan (separate figures for the Park and Recreation Board were not available).

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

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

Annual required contribution	\$ 970,709
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	970,709
Contributions made	530,306
Increase in net OPEB obligation	440,403
Net OPEB obligation – beginning of year	1,220,983
Net OPEB obligation – end of year	\$ 1,661,386

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 2010 was as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
12/31/2010	\$970,709	54.6%	\$1,661,386
12/31/2009	\$973,666	51.0%	\$1,220,983
12/31/2008	\$877,124	59.9%	\$ 744,010

**D) Funded Status and Funding Progress**

As of January 1, 2009, 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 \$9,961,178 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 9,961,178. The covered payroll (annual payroll of active employees covered by the plan) was \$35,453,790, and the ratio of the UAAL to the covered payroll was 28.1 percent.

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

**E) Actuarial Methods and Assumptions**

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

**Note 12- Post Employment Healthcare Plan****E) Actuarial Methods and Assumptions** (Continued)

In the January 1, 2009, 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 10 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 original amortization period was 30 years, as of January 1, 2009, 28 years remain.

**Note 13- Deficit Fund Equity**

The Park Permanent Improvement Fund had a deficit Fund Balance as of December 31, 2010. The deficit is primarily due to the timing of capital reimbursements for Metropolitan Council and Mississippi Watershed Management Organization grants. The Park and Recreation Board intends to improve the fund position in 2011 through grant reimbursements and other funding sources.

**Note 14- Risk Management**

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

All funds of the Park and Recreation Board participate in the Self-Insurance Fund and make payments based on historical experience of the amounts needed to pay prior and current year claims which become payable in the given year. Self-Insurance Fund liabilities are reported based on the requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability must be recognized when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The workers compensation claims liability for fiscal year ended December 31, 2010 is \$4,983,259 and is based on actuarial estimates dated December 31, 2009. The general liability claims liability for fiscal year ended December 31, 2010 is \$1,087,853 and is based on actuarial estimates dated December 31, 2010.

Changes in the claims liability for the two years ended December 31, 2010 and December 31, 2009 are as follows:

	<u>Workers' Compensation</u>		<u>General Liability</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Liability Balance, January 1	\$4,829,600	\$5,412,515	\$1,143,375	\$1,263,256
Current Year Claims and Changes in Estimates	1,577,658	1,161,453	29,653	(11,846)
Claim Payments	<u>(1,423,999)</u>	<u>(1,744,368)</u>	<u>(85,175)</u>	<u>(108,035)</u>
Liability Balance, December 31	<u>\$4,983,259</u>	<u>\$4,829,600</u>	<u>\$1,087,853</u>	<u>\$1,143,375</u>

Changes in Net Assets – By Major Risk Program for the year ended December 31, 2010, follows:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Beginning Balance, January 1	\$ 210,607	\$ 193,054	\$ 403,661
Revenues	2,156,568	366,045	2,522,613
Expenses	(1,335,147)	(317,880)	(1,653,027)
Other Expenses			
Decrease in General Liability Claims Payable	-	55,522	55,522
Increase in Workers Compensation Claims Payable	(153,659)	-	(153,659)
Increase in Compensated Absences Payable	-	(1,596)	(1,596)
Ending Balance, December 31	<u>\$ 878,369</u>	<u>\$ 295,146</u>	<u>\$1,173,514</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, 2010 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, 2010 is \$125,000

**Note 16- Joint Ventures**

**A) Minneapolis Neighborhood Revitalization Policy Board**

The Minneapolis Neighborhood Revitalization Policy Board is a joint venture between the City of Minneapolis, the Minneapolis Special School District No. 1, the Minneapolis Park and Recreation Board, and Hennepin County. Membership on the Policy Board consists of 20 individuals and includes public officials, neighborhood representatives, and community interest organizations. The Policy Board was created for the purpose of providing overall policy direction and governance of the Minneapolis Neighborhood Revitalization Program, to provide a forum for the coordination of private, public and intergovernmental efforts in the implementation of neighborhood action plans, and to insure and promote neighborhood participation and cooperation of governmental units and agencies. The powers exercised by the Board include reviewing, modifying where appropriate after receiving neighborhood response, and approving in whole or in part Neighborhood Action Plans. The Minneapolis Park and Recreation Board provides matching funds for projects funded through the Minneapolis Neighborhood Revitalization Program. For fiscal year 2010 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 Park and Recreation Board, and Hennepin County. Membership on the Board consists of 10 individuals including the Mayor of Minneapolis, one of the Judges of Hennepin County assigned to the Juvenile Court, two representatives from the Minneapolis City Council, two representatives from the Board of Directors of Special School District No. 1, two Hennepin County Board of Commissioners, the Hennepin County Attorney and one representative from the Minneapolis Park and Recreation Board. The Board was created for the purpose of improving services and the ability of public agencies to promote the health, safety, education, and development of the community's youth. Its objective is to strengthen cooperation and provide an improved means to identify and remedy conditions, which hinder or prevent the community's youth from becoming healthy, productive members of society. For fiscal year 2010 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.

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





**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PARK AND RECREATION GENERAL FUND**  
**For the Year Ended December 31, 2010**

<b>REVENUES</b>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>Taxes:</b>				
General Property Tax				
Current and Delinquent	\$ 38,573,850	\$ 37,675,950	\$ 38,285,616	\$ 609,666
Property Tax Increment	-	-	64,074	64,074
Fiscal Disparities	6,005,000	6,005,000	6,003,759	(1,241)
Other Taxes	3,000	3,000	4,635	1,635
<b>Total Taxes</b>	<u>44,581,850</u>	<u>43,683,950</u>	<u>44,358,084</u>	<u>674,134</u>
<b>Intergovernmental Revenues:</b>				
Federal Grants				
Economic Recovery Act - Teen Employment	-	130,006	102,723	(27,283)
Temporary Assistance for Needy Families - Special Youth Initiative	-	113,198	111,354	(1,844)
State Grants				
Local Government Aid	8,104,593	7,423,929	7,423,928	(1)
Payments in Lieu of Taxes/Rent	40,000	40,000	42,068	2,068
Other Aid	73,290	73,290	73,290	-
Dept. of Emp. and Economic Dev -Teen Employment	-	300,000	298,995	(1,005)
Dept. of Public Safety - Post Brd Training	15,000	15,000	19,871	4,871
Other Local Governments				
City of Minneapolis - Special Youth Initiative	-	36,000	36,000	-
City of Minneapolis - Employment and Training Program	-	206,826	213,258	6,432
City of Minneapolis - Employees Retirement Fund	300,000	300,000	146,166	(153,834)
Metropolitan Council - Operations & Maintenance	1,058,815	1,058,815	877,429	(181,386)
<b>Total Intergovernmental Revenues</b>	<u>9,591,698</u>	<u>9,697,064</u>	<u>9,345,082</u>	<u>(351,982)</u>
<b>Charges For Services and Sales:</b>				
Overhead	230,000	230,000	196,066	(33,934)
Park Board Services	819,531	819,531	644,847	(174,684)
Other Services Provided	436,412	536,412	1,256,457	720,045
Sales	52,000	62,000	33,410	(28,590)
<b>Total Charges For Services and Sales</b>	<u>1,537,943</u>	<u>1,647,943</u>	<u>2,130,780</u>	<u>482,837</u>
Liscenses and Permits	<u>204,000</u>	<u>204,000</u>	<u>240,661</u>	<u>36,661</u>
<b>Fines and Forfeits:</b>				
Fines	555,000	555,000	396,068	(158,932)
Forfeits	1,500	1,500	-	(1,500)
<b>Total Fines and Forfeits</b>	<u>556,500</u>	<u>556,500</u>	<u>396,068</u>	<u>(160,432)</u>
<b>Miscellaneous Revenues:</b>				
Rents and Commissions	696,861	696,861	712,063	15,202
Contributions and Donations	202,500	217,500	245,162	27,662
Damage Claims	5,200	5,200	8,302	3,102
Other	51,000	69,564	274,069	204,505
<b>Total Miscellaneous Revenues</b>	<u>955,561</u>	<u>989,125</u>	<u>1,239,596</u>	<u>250,471</u>
<b>Total Revenues</b>	<u>57,427,552</u>	<u>56,778,582</u>	<u>57,710,271</u>	<u>931,689</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, 2010**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>EXPENDITURES</b>				
Culture and Recreation -				
Recreation	8,325,820	7,504,892	7,490,376	14,516
Maintenance	16,201,410	15,786,050	15,814,981	(28,931)
City-Wide Operations	11,560,517	11,866,966	11,414,749	452,217
Forestry	10,011,550	9,903,561	9,959,736	(56,175)
Police	5,302,754	5,021,407	4,931,138	90,269
Support Services	3,156,919	3,156,248	3,089,088	67,160
City Management Fee & Workers' Compensation	1,300,382	1,157,403	1,310,006	(152,603)
Prior Year Expenditure - Stormwater Charges	-	-	1,542,650	(1,542,650)
Severance Cost	-	-	462,231	(462,231)
Total Culture and Recreation	<u>55,859,352</u>	<u>54,396,527</u>	<u>56,014,955</u>	<u>(1,618,428)</u>
Excess of Revenues Over (Under) Expenditures	<u>1,568,200</u>	<u>2,382,055</u>	<u>1,695,316</u>	<u>(686,739)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer From Park Enterprise Fund	295,000	295,000	295,000	-
Transfer To Park Capital Project Fund	(1,863,200)	(2,613,200)	(910,840)	1,702,360
Transfer To Park Special Revenue Fund	-	(63,855)	(28,733)	35,122
Total Other Financing Sources (Uses)	<u>(1,568,200)</u>	<u>(2,382,055)</u>	<u>(644,573)</u>	<u>1,737,482</u>
Net Change in Fund Balance	-	-	1,050,743	1,050,743
<b>Fund Balance - January 1</b>	3,084,464	3,084,464	3,084,464	-
<b>Fund Balance - December 31</b>	<u>\$ 3,084,464</u>	<u>\$ 3,084,464</u>	<u>\$ 4,135,207</u>	<u>\$ 1,050,743</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, 2010**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES</b>				
Taxes (County-Wide Levy):				
General Property Tax				
Current and Delinquent	\$ 12,178,277	\$ 12,178,277	\$10,944,853	\$ (1,233,424)
Fiscal Disparities	-	-	1,202,030	1,202,030
Total Taxes	<u>12,178,277</u>	<u>12,178,277</u>	<u>12,146,883</u>	<u>(31,394)</u>
Intergovernmental Revenues:				
State Grants				
Disaster Credit	-	-	804	804
Miscellaneous Revenues:				
Rents	-	-	6,276	6,276
Total Revenues	<u>12,178,277</u>	<u>12,178,277</u>	<u>12,153,963</u>	<u>(24,314)</u>
<b>EXPENDITURES</b>				
Culture and Recreation				
Maintenance and Repairs	<u>12,178,277</u>	<u>12,178,277</u>	<u>12,153,963</u>	<u>24,314</u>
Net Change in Fund Balance	-	-	-	-
<b>Fund Balance - January 1</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2010**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>				
State Government				
Environmental Grant	\$ 12,000	\$ 12,000	\$ -	\$ (12,000)
Other Local Governments				
Metropolitan Council	1,125,000	1,625,000	1,381,393	(243,607)
Total Intergovernmental Revenues	<u>1,137,000</u>	<u>1,637,000</u>	<u>1,381,393</u>	<u>(255,607)</u>
Charges For Services and Sales	-	-	41,468	41,468
Fines and Forfeits	6,000	6,000	202	(5,798)
Miscellaneous Revenues:				
Rents and Commissions	21,600	171,600	131,577	(40,023)
Contributions and Donations	-	300,000	253,548	(46,452)
Damage Claims	-	65,000	80,083	15,083
Revenue From Trusts	3,000	3,000	7,573	4,573
Other Miscellaneous Revenues	-	-	5,493	5,493
Total Miscellaneous Revenues	<u>24,600</u>	<u>539,600</u>	<u>478,274</u>	<u>(61,326)</u>
Total Revenues	<u>1,167,600</u>	<u>2,182,600</u>	<u>1,901,337</u>	<u>(281,263)</u>
<b>EXPENDITURES</b>				
Culture and Recreation				
Special Dedicated Revenue Outlay	30,600	480,600	448,114	32,486
Capital Outlay	37,000	102,000	82,363	19,637
Total Expenditures	<u>67,600</u>	<u>582,600</u>	<u>530,477</u>	<u>52,123</u>
Excess of Revenues Over (Under) Expenditures	<u>1,100,000</u>	<u>1,600,000</u>	<u>1,370,860</u>	<u>(229,140)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer From Park General Fund	-	-	28,733	28,733
Transfer To Park Capital Project Fund	(1,100,000)	(1,600,000)	(968,166)	631,834
Total Other Financing Sources (Uses)	<u>(1,100,000)</u>	<u>(1,600,000)</u>	<u>(939,433)</u>	<u>660,567</u>
Net Change in Fund Balance	-	-	431,427	431,427
<b>Fund Balance - January 1</b>	<u>4,383,794</u>	<u>4,383,794</u>	<u>4,383,794</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 4,383,794</u>	<u>\$ 4,383,794</u>	<u>\$ 4,815,221</u>	<u>\$ 431,427</u>



**MINNEAPOLIS PARK AND RECREATION BOARD**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**December 31, 2010**

**Note 1 - Budgetary Data**

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

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

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

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

	Original Budget	Total Revisions	Revised Budget
General Fund	\$57,722,552	(\$648,970)	\$57,073,582
Special Revenue Funds	<u>13,345,877</u>	<u>1,015,000</u>	<u>14,360,877</u>
Total	<u>\$71,068,429</u>	<u>\$ 366,030</u>	<u>\$71,434,459</u>

**Note 2 - Post employment Benefits Plan**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	\$ -	\$9,961,178	\$9,961,178	0.0%	\$35,453,790	28.1%
1/1/2009	\$ -	\$9,476,714	\$9,476,714	0.0%	\$35,349,671	26.8%
1/1/2008	\$ -	\$9,426,662	\$9,426,662	0.0%	\$35,687,712	26.4%
1/1/2007	\$ -	\$9,434,701	\$9,434,701	0.0%	\$36,851,875	25.6%

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# SUPPLEMENTARY INFORMATION





## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Fund**

Special Revenue Funds are used to account for specific revenues 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 trees from private residential property financed by private property assessments.

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**December 31, 2010**

	Minneapolis Parks Special Revenue Fund	Park Acquisition and Improvement Capital Projects Fund	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,734	\$ 878,424	\$ 880,158
Receivables			
Accounts - Net	-	4,803	4,803
Accrued Interest	2,456	-	2,456
Due From Other Funds	2,255	-	2,255
<b>Total Assets</b>	<u>\$ 6,445</u>	<u>\$ 883,227</u>	<u>\$ 889,672</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities :			
Capital Advances	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>
Total Liabilities	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Fund Balances:			
Reserved For			
Specific Projects	<u>4,445</u>	<u>883,227</u>	<u>887,672</u>
Total Fund Balances	<u>4,445</u>	<u>883,227</u>	<u>887,672</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,445</u>	<u>\$ 883,227</u>	<u>\$ 889,672</u>

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2010**

	Minneapolis Parks Special Revenue Fund	Park Acquisition and Improvement Capital Projects Fund	Total Other Governmental Funds
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 248,835	\$ 248,835
Special Assessments	-	110,822	110,822
Investment Earnings	7,394	-	7,394
Total Revenues	<u>7,394</u>	<u>359,657</u>	<u>367,051</u>
<b>EXPENDITURES</b>			
Capital Outlay	-	255,071	255,071
Total Expenditures	<u>-</u>	<u>255,071</u>	<u>255,071</u>
Excess of Revenues Over (Under) Expenditures	<u>7,394</u>	<u>104,586</u>	<u>111,980</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out Other Funds	<u>(770,815)</u>	<u>-</u>	<u>(770,815)</u>
Net Change in Fund Balance	<u>(763,421)</u>	<u>104,586</u>	<u>(658,835)</u>
<b>FUND BALANCE - JANUARY 1</b>	767,866	778,641	1,546,507
<b>FUND BALANCE - DECEMBER 31</b>	<u>\$ 4,445</u>	<u>\$ 883,227</u>	<u>\$ 887,672</u>

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## **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 trees from private residential property financed by private property assessments.

### 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, 2010**

	ADDITIONS								
	Proceeds From Sale of Bonds		Interaccount Transfer		Capital Advances and Receivables		Other		
	Prior Yrs	Current Yr	Prior Yrs	Curr Yr	Prior Years	Curr Year			
Park Reserve	\$ 400	\$ -	\$ (894,921)	\$ -	\$ 112,612	\$ 1,187,243	\$ -		
Minnehaha Regional Park	-	-	50,211	-	952,554	5,258,069	986,894		
NRP Preplan. & Design	-	-	-	-	68,987	406	-		
Park Preplan. & Design	200,000	-	63,500	-	(316,280)	1,801,943	201		
McRae Site	-	-	67,864	-	-	210,908	-		
Minnehaha Regional Park Ph III	-	-	-	-	20,665	3,424,739	26,936		
Mill Ruins Park	-	-	-	-	224,538	7,958,648	-		
Nokomis Landscape	-	-	-	-	100	95,055	1,479		
Upper Mississippi Master Plan	-	-	80,580	-	(63,045)	620,090	-		
Lake of the Isles Master Plan	-	-	-	-	15,548	60,140	-		
North Mississippi Regional Park	50,963	-	-	-	178,610	6,114,084	134,050		
Athletic Facilities	14,000,000	-	-	-	800,000	588,534	-		
East Phillips Site	250,000	-	(10,000)	-	(10,988)	250,000	-		
Chain of Lakes Flood Mitigation	-	-	(120,000)	-	47,721	9,045,532	-		
SE Como Blvd. Tree Planting	-	-	-	-	-	11,574	-		
Bottineau Building	132,000	-	-	-	11,642	2,146,891	-		
Off Leash Dog Recreation Areas	100,000	-	-	-	-	100,000	-		
Bridge Park Site	-	-	(80,580)	-	-	649,036	-		
East River Flats Park	-	-	-	-	(200,000)	850,658	-		
Painter Park Site & Totlot	400,000	-	-	-	-	23,600	-		
Nokomis Gateway Shoreline Buffer	-	-	-	-	-	12,658	-		
Nicollet Island Tree Planting	-	-	-	-	-	10,000	-		
Lake of the Isles Maintenance	-	-	-	-	1,268	125,000	-		
Wirth Lake Beach Park Building	-	-	-	-	220,945	955,000	1,117,193		
Moore Property Acquisition	-	-	-	-	1,130,000	4,998,960	-		
Longfellow Garden	-	-	-	-	-	873,820	4,850		
CARAG Landscaping Projects	-	-	-	-	-	22,656	-		
BF Nelson	-	-	-	-	(32,762)	228,891	-		
Longfellow Oak Savanna	-	-	-	-	-	18,972	-		
2003 Grand Rounds Seed Money	-	-	-	-	-	24,960	7,187		
2003 Regional Trail	-	-	-	-	-	676,422	-		
Webber Park Totlot	204,138	-	-	-	-	125,000	-		
Edgewater Park	-	-	-	-	47	710,666	-		
Above the Falls - Master Plan	-	-	-	-	-	156,117	16,351		
No. Mississippi Wetlands Phase V	-	-	-	-	-	279,656	-		
Victory Mem. Pkwy & Bike Path	-	-	-	-	10,977	1,251,222	16,999		
Grand Rounds Corridor Mgmt Plan	-	-	-	-	-	-	7,410		
St. Anthony Parkway Bike Trail	-	-	-	-	(98,100)	1,092,492	46,452		
Franklin Steele Wading Pool	592,490	-	-	-	(1,434)	394,880	-		
Fuller Park	-	-	-	-	-	15,699	-		
Lake Hiawatha Building	480,000	-	-	-	92,971	347,150	-		
Minnehaha Creek Trails & Stairs	-	-	-	-	29,959	639,747	4,249		
Parade Artificial Turf	1,000,000	-	-	-	(139,220)	752,720	-		
Kenwood Park Playground	-	-	-	-	-	83,285	-		
Webber Park Building	45,862	-	-	-	(113,901)	245,000	-		

Total Additions	DEDUCTIONS			Total Expenditures	Unexpended Balance 12/31/10	Encumb.	Unencumb Balance 12/31/10
	Expenditures		Current Yr				
	Prior Years						
\$ 405,334	\$ 390,437	\$ 14,897	\$ 405,334	\$ -	\$ -	\$ -	
7,247,728	6,346,190	841,539	7,187,729	59,999	-	59,999	
69,393	69,393	-	69,393	-	-	-	
1,749,364	1,373,972	17,797	1,391,769	357,595	-	357,595	
278,772	275,407	-	275,407	3,365	-	3,365	
3,472,340	3,472,340	-	3,472,340	-	-	-	
8,183,186	7,995,369	187,817	8,183,186	-	-	-	
96,634	95,055	1,579	96,634	-	-	-	
637,625	533,561	4,064	537,625	100,000	-	100,000	
75,688	75,688	-	75,688	-	-	-	
6,477,707	6,369,922	107,785	6,477,707	-	-	-	
15,388,534	15,195,093	-	15,195,093	193,441	-	193,441	
479,012	479,012	-	479,012	-	-	-	
8,973,253	8,935,954	37,299	8,973,253	-	-	-	
11,574	11,574	-	11,574	-	-	-	
2,290,533	2,289,766	767	2,290,533	-	-	-	
200,000	170,796	7,194	177,990	22,010	-	22,010	
568,456	568,456	-	568,456	-	-	-	
650,658	528,547	6,786	535,333	115,325	-	115,325	
423,600	421,662	-	421,662	1,938	-	1,938	
12,658	12,658	-	12,658	-	-	-	
10,000	6,000	(4,000)	2,000	8,000	-	8,000	
126,268	126,268	-	126,268	-	-	-	
2,293,138	1,176,288	1,116,850	2,293,138	-	-	-	
6,128,960	6,128,960	-	6,128,960	-	-	-	
878,670	878,670	-	878,670	-	-	-	
22,656	22,656	-	22,656	-	-	-	
196,129	196,129	-	196,129	-	-	-	
18,972	18,972	-	18,972	-	-	-	
32,147	32,147	-	32,147	-	-	-	
676,422	676,422	-	676,422	-	-	-	
329,138	329,138	-	329,138	-	-	-	
710,713	697,624	13,089	710,713	-	-	-	
172,468	172,468	-	172,468	-	-	-	
279,656	279,531	-	279,531	125	-	125	
1,279,198	1,251,224	27,974	1,279,198	-	-	-	
7,410	7,410	-	7,410	-	-	-	
1,040,844	1,026,681	14,163	1,040,844	-	-	-	
985,936	951,802	34,134	985,936	-	-	-	
15,699	15,699	-	15,699	-	-	-	
920,121	920,121	-	920,121	-	-	-	
673,955	673,955	-	673,955	-	-	-	
1,613,500	1,610,539	2,961	1,613,500	-	-	-	
83,285	83,285	-	83,285	-	-	-	
176,961	176,961	-	176,961	-	-	-	

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF PROJECT COSTS**  
**PERMANENT IMPROVEMENT CAPITAL PROJECTS FUND**  
**For the Year Ended December 31, 2010**

	ADDITIONS						
	Proceeds From Sale of Bonds		Interaccount Transfer		Capital Advances and Receivables	Other	
	Prior Yrs	Current Yr	Prior Yrs	Curr Yr		Prior Years	Curr Year
Diseased Elm & Buckthorn	-	-	-	-	(15,261)	351,580	-
Grand Rounds Brochure	-	-	-	-	-	23,711	1,392
Grainbelt Shoreline	-	-	-	-	190,531	794,954	-
Above the Falls - Phase I	-	-	-	-	14,351	2,489,247	-
Victory Memorial	-	-	-	-	11,116	2,046	182,034
Fort Snelling 201 Building	-	-	-	-	850,500	-	94,500
Water Street Park Cleanup	-	-	-	-	-	15,000	-
Bryant Square Park Seating	-	-	-	-	-	27,892	-
Lake Harriet Lighting	-	-	-	-	-	80,000	16,452
East Phillips Community Center	319,000	-	-	-	578,900	435,799	2,091,270
Grand Rounds Missing Link	-	-	-	-	-	450,000	-
Grand Rounds Corridor Plan	-	-	-	-	33,062	-	-
Mississippi River Gorge Area	-	-	-	-	242,318	332,551	-
McRae Park Court Resurfacing	-	-	-	-	-	13,243	-
Minnehaha Creek Reach 8 Bank	-	-	-	-	33,701	544,496	1,500
Mississippi Gorge Picnic Area	-	-	-	-	-	-	1,829
Bryant Sq. Outdoor Performance	-	-	-	-	316	34,084	-
East River Parkway Trails	-	-	-	-	14,936	1,134,389	223,912
Fire Protection Systems	-	-	-	-	-	200,000	200,000
Pre-engineering and Research	-	-	5,840	-	3,864	19,584	62,970
B F Nelson Park Development	-	-	-	-	70,616	640,927	294,037
Windom South Totlot	-	-	(83,840)	-	-	150,000	-
Linden Hills Park Sign	-	-	-	-	-	4,879	-
Luxton Recreation Ctr HVAC	-	-	(144,230)	-	-	150,000	-
MPRB Headquarters Roof Repair	-	-	52,004	-	-	175,000	-
Farview Reception Area	-	-	-	-	-	44,038	-
Longfellow Sidewalks	-	-	-	-	-	17,705	-
Longfellow Building	-	-	-	-	-	32,529	-
Morris Park Totlot Playground	-	-	-	-	(48,594)	138,520	-
Lynnhurst Park Batting Cage	-	-	-	-	1,687	10,000	3,312
Folwell Tennis Courts	-	-	41,877	-	256	-	-
Farview Parking Lot	-	-	88,185	-	(13,489)	15,815	-
Wayfind on Grand Rounds	-	-	-	-	-	-	11,738
Lk Calhoun So. Shore Parking	-	-	-	-	(73)	291,292	138,543
Father Hennepin Bluff Sound	-	-	23,466	-	(19,430)	-	-
West River Pkwy Bike & Ped	-	-	-	-	749,680	1,377,782	948,510
Riverfront Acquisition	-	-	-	-	323,191	182,211	-
East River Gorge Bluff Erosion	-	-	-	-	349,100	-	67,025
Lake of The Isles Hockey Panels	-	-	-	-	15,975	-	-
Lake Harriet Seating	-	-	-	-	68,478	-	-
Minnehaha Shelters	-	-	-	-	(166,500)	382,614	-
Chain of Lakes Plantings	-	-	73,300	-	(72,227)	-	-
Waite Park Lighted Sign	-	-	-	-	(600)	7,728	4,007
Bryant Avenue Bridge	-	141,000	-	-	(28,506)	-	259,160
Stump Removal	-	-	-	-	(17,129)	492,560	7,440

(Continued)

Total Additions	DEDUCTIONS			Total Expenditures	Unexpended Balance 12/31/10	Encumb.	Unencumb Balance 12/31/10
	Expenditures		Total Expenditures				
	Prior Years	Current Yr					
336,319	326,111	10,208	336,319	-	-	-	
25,103	25,103	-	25,103	-	-	-	
985,485	845,193	140,292	985,485	-	-	-	
2,503,598	2,481,427	22,171	2,503,598	-	-	-	
195,196	184,081	11,115	195,196	-	-	-	
945,000	945,000	-	945,000	-	-	-	
15,000	67	-	67	14,933	-	14,933	
27,892	27,892	-	27,892	-	-	-	
96,452	96,452	-	96,452	-	-	-	
3,424,969	691,842	2,733,127	3,424,969	-	-	-	
450,000	446,008	-	446,008	3,992	-	3,992	
33,062	33,062	-	33,062	-	-	-	
574,869	574,869	-	574,869	-	-	-	
13,243	13,243	-	13,243	-	-	-	
579,697	576,372	3,325	579,697	-	-	-	
1,829	1,829	-	1,829	-	-	-	
34,400	34,400	-	34,400	-	-	-	
1,373,237	1,243,443	129,794	1,373,237	-	-	-	
400,000	201,421	158,074	359,495	40,505	-	40,505	
92,258	28,704	63,554	92,258	-	-	-	
1,005,580	707,171	298,409	1,005,580	-	-	-	
66,160	66,160	-	66,160	-	-	-	
4,879	4,879	-	4,879	-	-	-	
5,770	5,770	-	5,770	-	-	-	
227,004	215,786	4,129	219,915	7,089	-	7,089	
44,038	43,338	-	43,338	700	-	700	
17,705	17,705	-	17,705	-	-	-	
32,529	32,529	-	32,529	-	-	-	
89,926	89,926	-	89,926	-	-	-	
14,999	18,499	(3,500)	14,999	-	-	-	
42,133	42,133	-	42,133	-	-	-	
90,511	90,511	-	90,511	-	-	-	
11,738	6,668	5,070	11,738	-	-	-	
429,762	291,292	138,470	429,762	-	-	-	
4,036	4,036	-	4,036	-	-	-	
3,075,972	2,235,729	1,144,053	3,379,782	(303,810)	-	(303,810)	
505,402	185,471	319,931	505,402	-	-	-	
416,125	67,025	349,100	416,125	-	-	-	
15,975	15,975	-	15,975	-	-	-	
68,478	68,478	-	68,478	-	-	-	
216,114	216,114	-	216,114	-	-	-	
1,073	-	1,073	1,073	-	-	-	
11,135	7,782	3,353	11,135	-	-	-	
371,654	48,789	322,865	371,654	-	-	-	
482,871	482,617	254	482,871	-	-	-	

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF PROJECT COSTS**  
**PERMANENT IMPROVEMENT CAPITAL PROJECTS FUND**  
**For the Year Ended December 31, 2010**

	ADDITIONS						
	Proceeds From Sale of Bonds		Interaccount Transfer		Capital Advances and Receivables	Other	
	Prior Yrs	Current Yr	Prior Yrs	Curr Yr		Prior Years	Curr Year
Phelps Park Bldg Renovation	-	-	-	-	(17,788)	100,000	-
Peace Bridge	-	-	-	-	-	18,000	5,722
Victory Memorial Drive	-	-	-	-	4,590	-	-
Shingle Creek Field	-	-	-	-	10,479	125,000	45,000
MLK Teen Teamwks Bldg	-	-	30,000	-	-	-	(30,000)
Lake District Park Signs	-	-	20,000	-	-	-	(416)
Lake District Cust. Service	-	-	8,000	-	880	-	21,382
Matthews Park Playground	-	-	-	-	11,434	45,000	-
Phillips Comm Ctr Rehab	-	-	-	-	27,905	500,000	540,000
Tangletown Neigh.Fuller Pk	-	-	-	-	-	-	1,288
Scherer Brothers Prop. Acq.	-	-	-	-	4,838	-	7,918,206
Linden Hills Wading Pools	-	-	-	-	(31,559)	-	100,000
Lake Hiawatha Wading Pool	-	191,327	-	-	(30,448)	-	-
Chute Square Improvements	-	-	-	-	(575)	-	300
McKinstry Energy Efficiency	-	268,929	-	-	-	-	-
Parking Lot Repavement	-	220,584	-	-	(61,000)	-	-
Glen Gale /Perkins Hill	-	180,838	-	-	42,625	-	-
Carl W. Kroening Interpretive	-	-	-	-	7,104	-	-
4th Avenue Playground	-	-	-	-	121,689	-	144,136
Father Hennepin East Falls	-	-	-	-	31,798	-	22,232
Gateway Project -River/Creeks	-	-	-	-	3,639	-	15,290
Beards Plaisance Re-roofing	-	-	-	-	-	-	20,000
US Aquatics Pool Engineering	-	-	-	-	7,000	-	-
CARAG Neigh. Blvd Trees	-	-	-	-	-	-	-
Kenwood Park Trail Improv.	-	-	-	-	-	-	13,125
Automatic Door Grant	-	-	-	-	12,172	-	-
Service Center Elevator	-	-	-	-	-	-	39,021
Upper River Property Mgmt.	-	-	-	-	12,254	-	30,699
Kenwood Neigh. Playground	-	-	-	-	-	-	7,126
Brownie Lake	-	-	-	-	9,850	-	-
Thomas Lowry Park Improv.	-	-	-	-	-	-	11,483
Lk Hiawatha Tennis Courts	-	-	-	-	87	-	-
Wm Berry Park & Beard's Pl	-	-	-	-	-	-	-
Riverfront Design Competition	-	-	-	-	-	-	-
Central Riverfront Bassetts Crk	-	-	-	-	-	-	-
ARRA Energy Conservation	-	-	-	-	-	-	-
Wirth Winter Recreation	-	-	-	-	5,930	-	-
E. Phillips Park Soccer & Baseball	-	-	-	-	-	-	-
Bottineau Park Baseball & Soccer	-	-	-	-	-	-	-
Designated For Debt Serv	-	-	-	-	-	1,090,348	-
Other Reserve for Encumbrances	-	-	-	-	-	-	-
Capital Advances	-	-	-	-	(4,620,000)	-	-
Deferred Revenue	-	-	-	-	(1,667,234)	-	-
Completed Projects	-	-	728,744	-	-	(728,744)	-
	<u>\$ 17,774,853</u>	<u>\$ 1,002,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (147)</u>	<u>\$ 66,649,903</u>	<u>\$ 15,884,476</u>

(Continued)

Total Additions	DEDUCTIONS			Total Expenditures	Unexpended Balance 12/31/10	Encumb.	Unencumb Balance 12/31/10
	Expenditures		Current Yr				
	Prior Years						
82,212	74,881	7,331	82,212	-	-	-	
23,722	23,722	-	23,722	-	-	-	
4,590	4,024	566	4,590	-	-	-	
180,479	58,390	135,395	193,785	(13,306)	-	(13,306)	
-	-	-	-	-	-	-	
19,584	19,584	-	19,584	-	-	-	
30,262	29,657	605	30,262	-	-	-	
56,434	27,681	28,753	56,434	-	-	-	
1,067,905	53,343	1,014,562	1,067,905	-	-	-	
1,288	-	1,288	1,288	-	-	-	
7,923,044	-	7,923,044	7,923,044	-	-	-	
68,441	-	68,441	68,441	-	-	-	
160,879	-	160,879	160,879	-	-	-	
(275)	-	(275)	(275)	-	-	-	
268,929	-	268,929	268,929	-	-	-	
159,584	-	159,584	159,584	-	-	-	
223,463	-	223,463	223,463	-	-	-	
7,104	-	7,104	7,104	-	-	-	
265,825	-	265,825	265,825	-	-	-	
54,030	-	54,030	54,030	-	-	-	
18,929	-	18,929	18,929	-	-	-	
20,000	-	20,000	20,000	-	-	-	
7,000	-	7,000	7,000	-	-	-	
-	-	-	-	-	-	-	
13,125	-	13,125	13,125	-	-	-	
12,172	-	12,172	12,172	-	-	-	
39,021	-	39,021	39,021	-	-	-	
42,953	-	42,953	42,953	-	-	-	
7,126	-	7,126	7,126	-	-	-	
9,850	-	9,850	9,850	-	-	-	
11,483	-	11,483	11,483	-	-	-	
87	-	87	87	-	-	-	
-	-	12,960	12,960	(12,960)	-	(12,960)	
-	-	57,611	57,611	(57,611)	-	(57,611)	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
5,930	-	5,930	5,930	-	-	-	
-	-	12,062	12,062	(12,062)	-	(12,062)	
-	-	25,270	25,270	(25,270)	-	(25,270)	
1,090,348	1,090,303	-	1,090,303	45	-	45	
-	-	-	-	-	71,249	(71,249)	
(4,620,000)	-	-	-	(4,620,000)	-	(4,620,000)	
(1,667,234)	-	-	-	(1,667,234)	-	(1,667,234)	
-	-	-	-	-	-	-	
<u>\$ 101,311,763</u>	<u>\$ 88,192,289</u>	<u>\$ 18,902,665</u>	<u>\$ 107,094,954</u>	<u>\$ (5,783,191)</u>	<u>\$ 71,249</u>	<u>\$ (5,854,440)</u>	

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**ANALYSIS OF OTHER ADDITIONS**  
**PERMANENT IMPROVEMENT CAPITAL PROJECTS FUND**  
**For the Year ended December 31, 2010**

**PROJECTS**

Minnehaha Regional Park		
Metropolitan Council Grant	666,602	
Donations	319,407	
Charges for Services	885	986,894
Park Preplanning & Revolving		
Plan Deposit		201
Minnehaha Regional Park Dev. Ph. III		
Transfer from Park Special Revenue Fund - O & M		26,936
Nokomis Landscape		
Transfer from CPED - NRP Grant		1,479
North Mississippi Regional Park		
Metropolitan Council Grant		134,050
Wirth Lake Beach Park Rehabilitation		
Metropolitan Council Grant		1,117,193
Longfellow Garden at Minnehaha Park		
Transfer from Park Special Revenue Fund - O&M		4,850
2003 Grand Rounds Seed Money		
Transfer from Park General Fund		7,187
Above the Falls - A Master Plan		
Transfer from Park Special Revenue Fund - O&M		16,351
Victory Memorial Parkway Master Plan & Bike Path		
Transfer from Park Special Revenue Fund - O&M	15,170	
Transfer from General Fund	1,829	16,999
Grand Rounds Corridor Mgmt Plan		
Transfer from Park Special Revenue Fund - O&M		7,410
St. Anthony Parkway Bike Trail		
Federal Highway Grant		46,452
Minnehaha Creek Trails & Stairs		
Transfer from General Fund		4,249
Grand Rounds Brochure		
Transfer from Park Special Revenue Fund - O&M		1,392
Victory Memorial Restoration		
Transfer from Park Special Revenue Fund - O&M		182,034
Fort Snelling 201 Building		
Transfer from Park Enterprise Fund		94,500
Lake Harriet Lighting		
Transfer from Park Special Revenue Fund - O&M		16,452
East Phillips Cultural & Community Center		
Metropolitan Council Grant		2,091,270
Minnehaha Creek Reach & Bank Repair		
Charges for Services		1,500



**MINNEAPOLIS PARK AND RECREATION BOARD  
ANALYSIS OF OTHER ADDITIONS  
PERMANENT IMPROVEMENT CAPITAL PROJECTS FUND  
For the Year ended December 31, 2010**

Mississippi Gorge Picnic Area		
Transfer from Park Special Revenue Fund - O&M		1,829
East River Parkway Trails Construction		
Federal Grant - Mn DOT		223,912
Fire Protection System		
Transfer from Park General Fund - Capital Levy		200,000
Pre-Engineering and Research		
Transfer from Park General Fund - Capital Levy		62,970
BF Nelson Park		
Mississippi Watershed Management Organization Grant	204,877	
Donations	64,160	
Hennepin County Grant	25,000	
	25,000	294,037
Lynnhurst Park Batting Cage		
Transfer from Park General Fund - Capital Levy		3,312
Wayfinding on Grand Rounds		
Federal Grant - US Dept of Transportation	9,390	
Transfer from Park Special Revenue Fund - O&M	2,348	
	2,348	11,738
Lake Calhoun South Shore Parking Plaza		
Transfer from Park Special Revenue Fund - O&M		138,543
West River Parkway Bike and Pedestrian Trail Construction		
Federal Grant - US Dept of Transportation	188,258	
Mississippi Watershed Organization Grant	412,626	
Transfer from Park Special Revenue Fund - O&M	344,446	
Charges for Services	3,180	
	3,180	948,510
East River Gorge Bluff Erosion		
Mississippi Watershed Organizatin Grant		67,025
Waite Park Lighted Sign		
Transfer from CPED - NRP Grant		4,007
Bryant Avenue Bridge		
Federal Grant - MN DOT		259,160
Stump Removal		
Transfer from Other Special Revenue Funds- City of Mpls.		7,440
Peace Bridge		
Transfer from Park General Fund - Capital Levy		5,722
Shingle Creek Field Improvements		
Hennepin County Grant		45,000
MLK Teen Teamworks Building Windows		
Transfer from Park General Fund - Capital Levy		(30,000)
Lake District Park Signs		
Transfer from Park General Fund - Capital Levy		(416)
Lake District Parks Customer Service Counters		
Transfer from Park General Fund - Capital Levy		21,382

**MINNEAPOLIS PARK AND RECREATION BOARD  
ANALYSIS OF OTHER ADDITIONS  
PERMANENT IMPROVEMENT CAPITAL PROJECTS FUND  
For the Year ended December 31, 2010**

Phillips Community Center		
Transfer from Park General Fund - Capital Levy	500,000	
Donations	40,000	540,000
Tangletown Neighborhood - Fuller Park Improvements		
Transfer from CPED - NRP Grant		1,288
Scherer Brothers Property Acquiring		
Transfer from Park Special Revenue Funds	770,815	
Transfer from Park Enterprise Funds	147,399	
Metropolitan Council Grant	1,699,992	
Contract For Deed Issued	5,300,000	7,918,206
Linden Hills Wading Pools		
Transfer from Park General Fund - Capital Levy		100,000
Chute Square Improvements		
Donations		300
4th Avenue Playground		
Transfer from Park Special Revenue Fund - O&M	100,000	
Donations	44,136	144,136
Father Hennepin East Falls		
Mississippi Watershed Organization Grant		22,232
Gateway Project - River/Creeks		
Transfer from Park Special Revenue Fund - O&M		15,290
Beards Plaisance Reroofing		
Transfer from Park Special Revenue Fund - O&M		20,000
Kenwood Park Trail Improvement		
Transfer from CPED - NRP Grant		13,125
Service Center Elevator		
Transfer from Park Special Revenue Fund - O&M		39,021
Upper River Property Management		
Transfer from Park Special Revenue Fund - O&M		30,699
Kenwood Neighborhood - Playground		
Transfer from CPED - NRP Grant		7,126
Thomas Lowry Park Improvements		
Transfer from CPED - NRP Grant		11,483
<b>Total Other Additions - Current Year - To Schedule of Project Costs</b>		<b>\$ 15,884,476</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, 2010**

	<u>Authorizations</u>	<u>Expenditures</u>	<u>Balance</u>
Tree Removal	\$ 1,063,272	\$ 254,808	\$ 808,464
Sidewalk/Street Lighting	75,026	263	74,763
<b>Totals</b>	<u><u>\$ 1,138,298</u></u>	<u><u>\$ 255,071</u></u>	<u><u>\$ 883,227</u></u>

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## **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, 2010**

	<b>Reserve For Repair &amp; Replacement</b>	<b>Recreation Programs</b>	<b>Total</b>
<b>OPERATING INCOME (LOSS)</b>	\$ 1,204,783	\$ (58,991)	\$ 1,145,792
<b>ADDITIONS</b>			
Depreciation	622,410	12,520	634,930
Non-Operating Revenues:			
United States Department of Health & Human Services	-	50,000	50,000
United States Department of Justice - Gang Prevention	-	131,697	131,697
Hennepin County Youth Athletic Field Grants	619,224	-	619,224
City of Minneapolis - Steps to a Healthier Minneapolis	-	3,560	3,560
City of Minneapolis - Neighborhood Revitalization	-	4,967	4,967
Contributions	154,891	295,730	450,621
Other Non-Operating Revenues	16,279	10,767	27,046
<b>DEDUCTIONS</b>			
Purchase of Capital Assets - Capitalized	(1,198,583)	-	(1,198,583)
Purchase of Capital Assets - Not Capitalized	(292,454)	-	(292,454)
Other Non-Cash Items:			
Increase (Decrease) in Compensated Absences and Post Employment Benefits	73,246	815	74,061
Non-Operating Expenses:			
Note Principal and Interest Payment	(67,800)	-	(67,800)
Prior Year Expenses	(192,620)	(102,764)	(295,384)
Transfers To Other Funds	(536,899)	-	(536,899)
Debt Service Payment	(764,236)	-	(764,236)
<b>TOTAL INCREASE (DECREASE)</b>	(361,759)	348,301	(13,458)
<b>BALANCE - JANUARY 1</b>	(141,667)	1,475,565	1,333,898
<b>BALANCE - DECEMBER 31</b>	<u>\$ (503,426)</u>	<u>\$ 1,823,866</u>	<u>\$ 1,320,440</u>

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF OPERATING INCOME - BY PROJECT**  
**PARK OPERATING ENTERPRISE FUND**  
**For the Year Ended December 31, 2010**

	<u>REVENUES</u>	<u>EXPENSES</u>	<u>OPERATING INCOME/(LOSS)</u>
<b><u>PARK REFECTORIES</u></b>			
Calhoun	\$ 150,191	\$ 30,988	\$ 119,203
Harriet	43,248	66,067	(22,819)
Minnehaha	216,354	45,025	171,329
Nokomis	30	1,567	(1,537)
Permits and Vending	1,134,618	766,035	368,583
Compensated Abs & Post Emp Benefits Adj	-	2,962	(2,962)
<b>TOTAL PARK REFECTORIES</b>	<b><u>1,544,441</u></b>	<b><u>912,644</u></b>	<b><u>631,797</u></b>
<b><u>SPECIAL FACILITIES</u></b>			
Parade Complex	164,798	473,141	(308,343)
Parade Ice Complex	737,726	794,500	(56,774)
Northeast Ice Arena	90,914	168,245	(77,331)
Columbia Manor	42,234	16,304	25,930
Commercial Parking	198,652	18,871	179,781
Regional Parking Lots	583,698	147,642	436,056
Nicollet Island Pavilion	395,454	96,540	298,914
Compensated Abs & Post Emp Benefits Adj	-	15,108	(15,108)
<b>TOTAL SPECIAL FACILITIES</b>	<b><u>2,213,476</u></b>	<b><u>1,730,351</u></b>	<b><u>483,125</u></b>
<b><u>GOLF COURSES (INCL REFECTORIES)</u></b>			
Columbia	844,543	1,046,159	(201,616)
Columbia Learning Center	121,347	75,649	45,698
Gross	1,202,540	1,163,860	38,680
Hiawatha	1,089,786	1,136,923	(47,137)
Hiawatha Learning Center	127,183	59,737	67,446
Meadowbrook	1,166,855	1,081,347	85,508
Theodore Wirth	978,721	1,027,652	(48,931)
Theodore Wirth Par 3	160,496	129,235	31,261
Fort Snelling	321,128	407,592	(86,464)
Compensated Abs & Post Emp Benefits Adj	-	53,102	(53,102)
<b>TOTAL GOLF COURSES</b>	<b><u>6,012,599</u></b>	<b><u>6,181,256</u></b>	<b><u>(168,657)</u></b>
<b><u>MISCELLANEOUS ACTIVITIES</u></b>			
Boats	341,998	55,564	286,434
Bike Rentals	20,981	24	20,957
Winter Programs	78,351	112,191	(33,840)
Junior Golf Programs	64,142	77,101	(12,959)
Compensated Abs & Post Emp Benefits Adj	-	2,074	(2,074)
<b>TOTAL MISCELLANEOUS ACTIVITIES</b>	<b><u>505,472</u></b>	<b><u>246,954</u></b>	<b><u>258,518</u></b>
<b><u>RECREATION PROGRAMS</u></b>			
Recreation	3,208,922	3,267,098	(58,176)
Compensated Abs & Post Emp Benefits Adj	-	815	(815)
<b>TOTAL RECREATION PROGRAMS</b>	<b><u>3,208,922</u></b>	<b><u>3,267,913</u></b>	<b><u>(58,991)</u></b>
<b>TOTAL</b>	<b><u>\$ 13,484,910</u></b>	<b><u>\$ 12,339,118</u></b>	
<b>NET OPERATING INCOME</b>			<b><u>\$ 1,145,792</u></b>

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## **INTERNAL SERVICE FUNDS**

### Park Internal Services Fund

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

### Park Self-Insurance Fund

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

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING STATEMENT OF NET ASSETS**  
**ALL INTERNAL SERVICE FUNDS**  
**December 31, 2010**

	Internal Services	Self-Insurance	Total Internal Service Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,910,103	\$ 1,533,029	\$ 3,443,132
Receivables			
Accounts Receivable	30	191,420	191,450
Capital Advances	-	5,348,600	5,348,600
Prepaid Expense	-	287,091	287,091
Total Current Assets	1,910,133	7,360,140	9,270,273
Non-Current Assets			
Net Capital Assets	3,950,400	-	3,950,400
<b>Total Assets</b>	\$ 5,860,533	\$ 7,360,140	\$ 13,220,673
 <b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities :			
Payables			
Salaries	\$ 36,986	\$ 1,269	\$ 38,255
Accounts	28,517	110,270	138,787
Total Current Liabilities	65,503	111,539	177,042
Long-Term Liabilities:			
Workers' Compensation Claims Pending	-	4,983,258	4,983,258
General Liability Claims Pending	-	1,087,853	1,087,853
Post Employment Benefits Payable	73,799	-	73,799
Compensated Absences Payable	129,491	3,976	133,467
Total Long-Term Liabilities	203,290	6,075,087	6,278,377
Total Liabilities	268,793	6,186,626	6,455,419
Net Assets:			
Invested in Capital Assets	3,950,400	-	3,950,400
Unrestricted	1,641,340	1,173,514	2,814,854
Total Net Assets	5,591,740	1,173,514	6,765,254
<b>Total Liabilities and Net Assets</b>	\$ 5,860,533	\$ 7,360,140	\$ 13,220,673

**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, 2010**

	Internal Services	Self - Insurance	Total Internal Service Funds
<b>OPERATING REVENUES</b>			
Charges to Departments	\$ 4,914,295	\$ 2,443,103	\$ 7,357,398
Total Operating Revenues	<u>4,914,295</u>	<u>2,443,103</u>	<u>7,357,398</u>
<b>OPERATING EXPENSES</b>			
Personal Services	1,694,880	53,583	1,748,463
Contractual Service	306,565	1,292,151	1,598,716
Materials and Supplies	1,196,662	375,459	1,572,121
Depreciation on Acquired Property	1,418,965	-	1,418,965
Benefits	720,888	31,567	752,455
Total Operating Expenses	<u>5,337,960</u>	<u>1,752,760</u>	<u>7,090,720</u>
Operating Income (Loss)	<u>(423,665)</u>	<u>690,343</u>	<u>266,678</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Gain (Loss) on Disposal of Capital Assets	(3,004)	-	(3,004)
Gain on Sale of Scrap	12,249	-	12,249
Damages/Losses Recovered	7,670	-	7,670
Other Non-Operating Revenues	10,349	79,510	89,859
Total Non-Operating Revenues (Expenses)	<u>27,264</u>	<u>79,510</u>	<u>106,774</u>
<b>CHANGE IN NET ASSETS</b>	(396,401)	769,853	373,452
<b>NET ASSETS - JANUARY 1</b>	5,988,141	403,661	6,391,802
<b>NET ASSETS - DECEMBER 31</b>	<u>\$ 5,591,740</u>	<u>\$ 1,173,514</u>	<u>\$ 6,765,254</u>

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ALL INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2010**

	Internal Services	Self - Insurance	Total Internal Service Funds
<b>Cash Flows from Operating Activities</b>			
Cash received from interfund services provided	\$ 4,914,295	\$ 2,443,103	\$ 7,357,398
Cash received from customers	18,035	79,510	97,545
Cash paid to suppliers for goods and services	(1,518,873)	(2,025,822)	(3,544,695)
Cash paid to employees for services	(2,411,998)	(83,411)	(2,495,409)
Net cash provided by (used in) operating activities	<u>1,001,459</u>	<u>413,380</u>	<u>1,414,839</u>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Advances (Paid) Repaid	-	(2,500,000)	(2,500,000)
Net Cash (Used) Provided by Non-Capital Financing Activities	<u>-</u>	<u>(2,500,000)</u>	<u>(2,500,000)</u>
<b>Cash Flows from Capital Financing Activities</b>			
Proceeds From Sale of Capital Assets	29,361	-	29,361
Proceeds From Sale of Scrap	12,249	-	12,249
Acquisition of Property Plant and Equipment	(1,043,371)	-	(1,043,371)
Net Cash Used for Capital Financing Activities	<u>(1,001,761)</u>	<u>-</u>	<u>(1,001,761)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(302)	(2,086,620)	(2,086,922)
<b>Cash and Cash Equivalents - January 1</b>	1,910,405	3,619,649	5,530,054
<b>Cash and Cash Equivalents - December 31</b>	<u>\$ 1,910,103</u>	<u>\$ 1,533,029</u>	<u>\$ 3,443,132</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities</b>			
Operating Income (Loss)	\$ (423,665)	\$ 690,343	\$ 266,678
Adjustments to Reconcile Operating Income to net Cash Provided by Operating Activities:			
Depreciation Expense	1,418,965	-	1,418,965
(Increase) Decrease in Accounts Receivable	16	(191,420)	(191,404)
(Increase) Decrease in Prepaid Expense	-	(200,567)	(200,567)
Increase (Decrease) in Salaries Payable	(19,208)	143	(19,065)
Increase (Decrease) in Accounts Payable	(15,646)	(64,362)	(80,008)
Increase (Decrease) in Workers' Compensation Claims Payable	-	153,659	153,659
Increase (Decrease) in General Liability Claims Pending	-	(55,522)	(55,522)
Increase (Decrease) in Postemployment Benefits Payable	21,255	-	21,255
Increase (Decrease) in Compensated Absences Payable	1,723	1,596	3,319
Non-Operating Damages Losses Recovered	7,670	-	7,670
Other Non-Operating Revenues	10,349	79,510	89,859
Total Adjustments	<u>1,425,124</u>	<u>(276,963)</u>	<u>1,148,161</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 1,001,459</u>	<u>\$ 413,380</u>	<u>\$ 1,414,839</u>

**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, 2010**

	<b>Information Technology</b>	<b>Mobile Equipment</b>	<b>Workers Comp. &amp; Liability</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges For Services and Sales				
Insurance Premiums	\$ -	\$ -	\$ 2,443,103	\$ 2,443,103
Information Technology Services	918,454	-	-	918,454
Total Charges For Services	<u>918,454</u>	<u>-</u>	<u>2,443,103</u>	<u>3,361,557</u>
Rents				
Mobile Equipment	-	3,995,841	-	3,995,841
Total Operating Revenues	<u>918,454</u>	<u>3,995,841</u>	<u>2,443,103</u>	<u>7,357,398</u>
<b>OPERATING EXPENSES</b>				
Information Technology Services	917,037	-	-	917,037
Mobile Equipment	-	4,420,923	-	4,420,923
Workers' Compensation	-	-	1,488,806	1,488,806
General Liability	-	-	263,954	263,954
Total Operating Expenses	<u>917,037</u>	<u>4,420,923</u>	<u>1,752,760</u>	<u>7,090,720</u>
Operating Income (Loss)	<u>1,417</u>	<u>(425,082)</u>	<u>690,343</u>	<u>266,678</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Gain (Loss) on Disposal of Capital Assets	-	(3,004)	-	(3,004)
Sale of Scrap	-	12,249	-	12,249
Damage Claims	-	7,670	-	7,670
Miscellaneous	-	10,349	79,510	89,859
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>27,264</u>	<u>79,510</u>	<u>106,774</u>
Change in Net Assets	1,417	(397,818)	769,853	373,452
<b>Net Assets - January 1</b>	<u>279,417</u>	<u>5,708,724</u>	<u>403,661</u>	<u>6,391,802</u>
<b>Net Assets - December 31</b>	<u>\$ 280,834</u>	<u>\$ 5,310,906</u>	<u>\$ 1,173,514</u>	<u>\$ 6,765,254</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, 2010**

	<u>Purchase of Capital Assets</u>	<u>Information Technology Systems</u>
<b>OPERATING INCOME (LOSS)</b>	(\$425,082)	\$1,417
<b>ADDITIONS</b>		
Depreciation	1,410,576	8,389
Non-Operating Revenues:		
Sale of Equipment	29,361	-
Sale of Scrap	12,249	-
Damage Claims	7,670	-
Other Miscellaneous Revenues	10,349	-
Increase in Compensated Absences	1,723	-
Increase in Post Employment Benefits	21,255	-
<b>DEDUCTIONS</b>		
Purchase of Mobile Equipment	(1,043,371)	-
<b>TOTAL INCREASE (DECREASE)</b>	24,730	9,806
<b>BALANCE - JANUARY 1</b>	<u>1,058,180</u>	<u>342,509</u>
<b>BALANCE - DECEMBER 31</b>	<u><b>\$1,082,910</b></u>	<u><b>\$352,315</b></u>

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

### Schedule of Expenditures of Federal Awards

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

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2010**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Justice</b>		
Direct		
Juvenile Mentoring Program	16.726	<u>\$ 131,697</u>
<b>U.S. Department of Labor</b>		
Passed Through City of Minneapolis Employment & Training Program		
Workforce Investment Act - Youth Activities - ARRA	17.259	<u>\$ 102,723</u>
<b>U.S. Department of Transportation</b>		
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction Cluster		
Highway Planning and Construction	20.205	\$ 295,308
Highway Planning and Construction - ARRA	20.205	<u>259,160</u>
<b>Total U.S. Department of Transportation</b>		<u><b>\$ 554,468</b></u>
<b>U.S. Department of Health and Human Services</b>		
Passed Through City of Minneapolis Employment & Training Program		
Temporary Assistance for Needy Families - ARRA	93.558	\$ 111,354
Passed Through City of Minneapolis Election Department		
Voting Access for Individual with Disabilities - Grants to States	93.617	12,172
Passed Through City of Minneapolis Health and Family Support		
Prevention and Wellness - Communities Putting Prevention to Work		
Funding Opportunities Announcement - ARRA	93.724	<u>50,000</u>
<b>Total U.S. Department of Health and Human Services</b>		<u><b>\$ 173,526</b></u>
<b>Total Federal Awards</b>		<u><b>\$ 962,414</b></u>

The Notes to the Schedule of Expenditures of Federal Awards are an Integral Part of this Schedule.



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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2010**

1. Reporting Entity  
The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Minneapolis Park and Recreation Board. The Park Board's reporting entity is defined in Note 2 to the financial statements.
2. Basis of Presentation  
The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Minneapolis Park and Recreation Board under programs of the federal government for the year ended December 31, 2010. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Minneapolis Park and Recreation Board, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Minneapolis Park and Recreation Board.
3. Summary of Significant Accounting Policies  
Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.
4. Subrecipients  
The Park Board did not pass any federal money to subrecipients during the year ended December 31, 2010.
5. American Recovery and Reinvestment Act  
The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.

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# STATISTICAL SECTION





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

Last Nine Fiscal Years

December 31, 2010

Fiscal Year	Culture and Recreation	Park Enterprise	Total
2002	\$ 61,897,639	\$ 11,662,020	\$ 73,559,659
2003	67,570,967	12,101,880	79,672,847
2004	73,590,980	12,067,235	85,658,215
2005	72,512,784	12,122,276	84,635,060
2006	72,780,472	12,184,123	84,964,595
2007	77,214,055	13,017,350	90,231,405
2008	83,013,151	13,761,734	96,774,885
2009	81,151,165	13,003,277	94,154,442
2010	80,016,571	13,720,047	93,736,618

Note: The Park and Recreation Board implemented GASB 34 in 2002.

(UNAUDITED)

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

Last Nine Fiscal Years

December 31, 2010

Fiscal Year	Program Revenues			General Revenues		Total
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Taxes	Unrestricted Grants & Contributions	
2002	\$ 14,259,595	\$ 3,426,800	\$ 13,725,642	\$ 38,858,855	\$ 14,828,338	\$ 85,099,230
2003	15,720,210	2,406,492	10,332,367	38,222,236	13,417,956	80,099,261
2004	15,597,126	1,816,937	8,690,805	42,115,988	10,592,294	78,813,150
2005	16,263,028	3,365,741	8,484,056	43,405,998	10,333,684	81,852,507
2006	16,507,698	3,712,669	6,221,178	45,406,887	11,884,844	83,733,276
2007	17,372,447	3,534,968	10,222,272	48,815,060	11,035,316	90,980,063
2008	17,840,962	4,032,306	9,464,419	50,722,119	9,154,701	91,214,507
2009	17,507,060	3,753,338	10,963,674	54,468,935	11,101,324	97,794,331
2010	18,862,149	2,710,838	9,707,410	56,552,350	8,494,370	96,327,117

Note: The Park and Recreation Board implemented GASB 34 in 2002.

(UNAUDITED)

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

Last Ten Fiscal Years

December 31, 2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenue</b>										
Taxes	\$ 22,510,304	\$ 27,746,615	\$ 26,555,421	\$ 28,543,419	\$ 34,491,379	\$ 36,185,368	\$ 38,535,183	\$ 40,330,918	\$ 42,300,317	\$ 44,358,084
Intergovernmental	13,728,057	12,922,381	11,177,184	8,450,333	12,577,890	14,415,082	13,589,744	11,001,628	12,533,827	9,345,082
Charges for Services	1,753,192	2,050,728	1,819,920	1,393,004	1,254,454	941,836	933,902	1,001,845	1,069,636	2,130,780
Liscenses and Permits	46,161	81,926	95,404	104,090	100,056	146,329	95,929	176,053	183,041	240,661
Fines and Forfeits	451,011	470,405	565,529	583,862	519,155	551,629	511,378	526,810	560,131	396,068
Miscellaneous	521,883	236,194	440,933	463,192	832,120	768,136	657,379	1,216,808	929,001	1,239,596
<b>Total Revenues</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>\$ 54,254,062</b>	<b>\$ 57,575,953</b>	<b>\$ 57,710,271</b>
<b>Expenditures</b>										
Current:										
Culture and Recreation	\$ 38,249,439	\$ 39,894,811	\$ 39,640,047	\$ 40,688,326	\$ 54,453,296	\$ 52,113,937	\$ 54,737,890	\$ 54,243,358	\$ 54,189,728	\$ 56,014,955
<b>Total Expenditures</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>	<b>\$ 54,243,358</b>	<b>\$ 54,189,728</b>	<b>\$ 56,014,955</b>

(UNAUDITED)

**City of Minneapolis**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*  
**December 31, 2010**

Fiscal Year Ended December 31,	Commercial Property	Apartment Property	Residential Property	Industrial Property	Personal & Other Property	Tax-Exempt Property	Total Taxable Assessed Value <sup>1</sup>	Total Direct Tax Rate	Estimated Actual Taxable Value <sup>2</sup>	Taxable Assessed Value as a % of Actual Taxable Value
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%
2008	6,869,181	1,341,775	26,571,451	3,448,334	415,390	9,549,066	38,646,131	7.52	43,857,249	88%
2009	7,295,669	1,459,942	25,461,784	3,499,200	401,699	9,025,112	38,118,294	7.68	43,473,340	88%
2010	7,020,347	1,474,662	24,611,900	3,556,811	393,785	8,777,609	37,057,504	7.81	39,746,514	93%

Source: Finance Department calculations, using Assessor data

Notes:

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

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

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

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

(UNAUDITED)



**City of Minneapolis  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
December 31, 2010**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>City Direct Rates</b>										
<i>Tax Capacity Based Rates</i>										
General	2.81	3.12	3.63	4.13	4.40	4.27	4.24	4.80	4.86	5.04
Estimate and Taxation	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Building Commission	0.11	0.18	0.19	0.17	0.16	0.14	0.13	0.13	0.13	0.13
Permanent Improvement	0.11	0.14	0.14	0.10	0.08	0.07	0.05	0.05	0.05	0.05
Bond Redemption	0.95	1.53	1.69	1.25	0.97	0.74	0.63	0.57	0.69	0.47
Firefighter's Relief Association	0.01	-	-	-	-	0.05	0.10	0.11	0.06	0.04
Police Relief Association	-	0.16	0.16	0.14	-	0.08	0.12	0.11	0.09	0.35
Minneapolis Employees Retirement Fund	0.14	0.24	0.21	0.19	0.13	0.11	0.08	0.09	0.07	0.07
Parks	1.21	1.86	1.75	1.65	1.55	1.42	1.34	1.29	1.35	1.33
Libraries	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	0.05	0.05	0.04	0.04	0.04	0.04	-
Teacher's Retirement Association	0.08	0.11	0.12	0.11	0.09	0.08	0.07	0.07	0.07	0.07
<i>Market Value Based Rates</i>										
Library Referendum	-	-	0.02	0.14	0.24	0.27	0.27	0.25	0.25	0.25
<b>Total City Direct Rates</b>	<b>5.91</b>	<b>8.29</b>	<b>8.78</b>	<b>8.50</b>	<b>8.20</b>	<b>7.76</b>	<b>7.55</b>	<b>7.52</b>	<b>7.67</b>	<b>7.81</b>
<b>Overlapping Rates</b>										
<i>Tax Capacity Based Rates</i>										
Watershed Districts	0.18	0.36	0.16	0.10	0.16	0.13	0.14	0.18	0.19	0.21
Hennepin County	4.52	5.95	5.93	5.33	4.94	4.59	4.40	4.38	5.09	5.38
Minneapolis Public Schools	6.98	4.39	4.40	4.17	3.39	3.23	3.06	2.78	3.15	2.57
Other Special Taxing Districts	0.31	0.63	0.67	0.62	0.59	0.52	0.54	0.54	0.49	0.52
<i>Market Value Based Rates</i>										
Minneapolis Public Schools Referendum	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02
<b>Total Overlapping Rates</b>	<b>12.01</b>	<b>11.34</b>	<b>11.17</b>	<b>10.23</b>	<b>9.09</b>	<b>8.48</b>	<b>8.15</b>	<b>7.90</b>	<b>8.94</b>	<b>8.70</b>
<b>Grand Total</b>	<b>17.92</b>	<b>19.63</b>	<b>19.95</b>	<b>18.73</b>	<b>17.29</b>	<b>16.24</b>	<b>15.70</b>	<b>15.42</b>	<b>16.61</b>	<b>16.51</b>

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)

**City of Minneapolis  
Principal Property Tax Payers  
Current Year and Nine Years Ago  
(in thousands of dollars)  
December 31, 2010**

<u>Taxpayer</u>	2010			2001		
	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	\$ 303,867	1	2.20%	\$ 165,326	2	1.81%
Target Corporation	256,110	2	2.01%	158,100	6	1.65%
MB Mpls. 8th St LLC	209,300	3	1.65%	-	-	-
Minneapolis 225 Holdings LLC	208,400	4	1.64%	-	-	-
NWC Limited Partnership	188,800	5	1.48%	173,800	1	1.92%
First Minneapolis - Hines	159,600	6	1.26%	152,300	5	1.68%
Wells Operating Partnership LP	157,000	7	1.23%	-	-	-
City Center Associates	146,100	8	1.18%	124,000	7	1.48%
Fifth Street Owner Corp.	139,900	9	1.10%	-	-	-
American Express Financial Corp.	137,874	10	1.06%	-	-	-
601 Second Avenue Ltd. Partnership	-	-	-	162,000	3	1.79%
Eighth Street	-	-	-	153,000	4	1.69%
Property Minnesota One LLC	-	-	-	128,600	8	1.42%
Byte Investment Partnership	-	-	-	126,381	9	1.24%
CPP 800 Nicollet Mall LLC	-	-	-	114,800	10	1.12%
Total	<u>\$1,906,951</u>		<u>14.81%</u>	<u>\$ 1,458,307</u>		<u>15.80%</u>

Source: Bond Issue Report 5/14/10 and 10/25/2001

(UNAUDITED)

**Minneapolis Park and Recreation Board**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
December 31, 2010

<u>Fiscal Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections</u>	<u>Percent Of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections To Total Tax Levy</u>
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%
2008	41,778,021	40,743,493	97.524%	698,822	41,442,315	99.196%
2009	43,607,542	42,519,175	97.504%	903,552	43,422,727	99.576%
2010	45,488,623	43,503,795	95.637%	854,289	44,358,084	97.515%

(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)

**City of Minneapolis**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
(in thousands of dollars, except per capita)  
December 31, 2010

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			
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	12.10%	3,323
2008	755,946	45,647	22,291	338,188	60,730	718	1,223,520	11.48%	3,153
2009	772,936	35,980	19,040	310,607	57,365	591	1,196,519	10.87%	3,067
2010	673,926	26,700	15,585	308,383	95,925	455	1,120,974	12.19%	2,930

**Notes:**

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

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

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

**City of Minneapolis**  
**Ratios Of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
(in thousands of dollars, except per capita)  
December 31, 2010

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				
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	
2008	755,946	338,188	40,196	1,053,938	2.73%	2,701	
2009	772,936	310,607	108,567	974,976	2.56%	2,569	
2010	673,926	308,383	57,397	924,912	2.50%	2,418	

**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, 2010

Governmental Unit	Net General Obligation Governmental Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
City of Minneapolis - Direct Debt	\$ 379,830 (3)	100.00%	\$ 379,830
<u>Overlapping Debt:</u>			
Special School District No. 1	238,238	100.00%	238,238
Hennepin County	683,934 (4)	25.55%	174,745
Hennepin County Regional Railroad Authority	39,571	25.55%	10,110
Metropolitan Council	181,079	10.78%	19,520
Subtotal, Overlapping Debt			\$ 442,613
Total Direct and Overlapping Debt			\$ 822,443

**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 \$197,780 of self supporting debt, \$47,806 of special assessment debt and all governmental activity revenue bonds and notes which are not principally paid by the general taxpayer base.

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

Sources:

Minneapolis Finance Department - Capital and Debt Management

Minneapolis Public School District 1

Hennepin County

MET Council Report of Outstanding Indebtedness

(UNAUDITED)

**City of Minneapolis**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
(in thousands of dollars)  
December 31, 2010

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	\$784,051	\$875,204	\$967,210	\$1,054,780	\$1,182,794	\$1,159,728	\$1,253,051	\$1,306,194	\$1,282,797	\$1,254,206
Total net debt applicable to limit	<u>146,911</u>	<u>193,639</u>	<u>319,436</u>	<u>362,739</u>	<u>369,842</u>	<u>339,712</u>	<u>313,129</u>	<u>302,772</u>	<u>270,629</u>	<u>246,979</u>
Legal debt margin	<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>	<u>\$1,003,422</u>	<u>\$1,012,168</u>	<u>\$1,007,227</u>
Total net debt applicable to limit as a percentage of debt limit	18.74%	22.13%	33.03%	34.39%	31.27%	29.29%	24.99%	23.18%	21.10%	19.69%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Real Property (2010 Assessed Market Value)	\$36,688,594
Personal Property (2010 Assessed Market Value)	368,660
Adjustment for Exempt Personal Property (1966 Market Value)	298,030
Adjustment for Net Fiscal Disparities (Contribution)/Distribution	<u>270,910</u>
Total 2010 Assessed Market Value	<u>37,626,194</u>
Debt Limit (3-1/3% of Market Value Applicable to Debt Limit)	1,254,206
Debt applicable to limit:	
General Obligation Bonds Subject to Debt Limit.	295,435
Less: Assets in General Debt Service Funds	<u>-48,456</u>
Total Net Debt Applicable to Limit	<u>246,979</u>
Legal Debt Margin	<u>\$1,007,227</u>

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

**City of Minneapolis  
Demographic and Economic Statistics  
Last 10 Fiscal Years  
December 31, 2010**

Year	Population (1)	Aggregate Income (3)	Per Capita Income	Median Age (4)	School Enrollment (5)	Annual average Unemployment Rate (6)
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	388,020	10,656,131,500	30,343	35.3	34,570	4.2%
2008	390,131	11,006,550,500	30,825	34.2	33,789	5.1%
2009	379,499	9,196,353,584	29,249	32.1	33,584	7.4%
2010	382,578	N/A	N/A	N/A	33,995	6.6%

Sources:

- (1) Population 2001-2009 - Metropolitan Council, Population 2010 US Census
- (2) Population and aggregate income for 2001-2009 - US Census of Population and Housing-American Community Survey began counting population in group totals as part the total population estimates in 2006.
- (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.

(UNAUDITED)



**City of Minneapolis  
Principal Employers  
Current Year and Five Years Ago  
December 31, 2010**

<b><u>Employer - Metro Region</u></b>	<b>2010</b>			<b>2006</b>		
	<u>Approximate Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Approximate Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
University of Minnesota	17,100	1	8.47%	30,240	1	14.29%
Target Corporation	10,000	2	4.96%	24,294	2	11.48%
Allina Health System	-		-	22,500	3	10.64%
Wells Fargo Bank Minnesoa	9,100	3	4.51%	19,100	4	9.03%
Hennepin County	5,800	4	2.87%	12,459	6	5.89%
Abbott Northwestern Hospital	5,200	5	2.58%	-		-
City of Minneapolis	5,000	6	2.48%	-		-
Hennepin Health Care Systems (HCMC)	4,500	7	2.23%	-		-
Ameriprise Financial Services	3,300	8	1.64%	6,500	8	3.07%
Children's Hospitals and Clinics	3,100	9	1.54%	-		-
Fairview Health Services	3,000	10	1.49%	18,500	5	8.74%
US Bankcorp	-		-	9,442	7	4.46%
Xcel Energy Inc.	-		-	5,356	9	2.53%
United Parcel Services	-		-	<u>5,329</u>	10	<u>2.52%</u>
Total	66,100		32.77%	153,720		72.65%

Note:

Information Prior to 2006 is not available

Source 2010: CPED use the following link [http://www.ci.minneapolis.mn.us/cped/docs/Minneapolis\\_Fast\\_Facts\\_Labor\\_Force\\_and\\_Jobs.pdf](http://www.ci.minneapolis.mn.us/cped/docs/Minneapolis_Fast_Facts_Labor_Force_and_Jobs.pdf)

Source 2006: Minnesota Department of Employment and Economic Development

(UNAUDITED)

**City of Minneapolis**  
**Full-time Equivalent City Government Employees by Function**  
**Last 10 Fiscal Years**  
**December 31, 2010**

Function Program	Full-time Equivalent Employees as of December 31, 2010									
	2001	2002	2003	2004	2005	2006	2007	2008	2009*	2010*
General Government										
Assessor	37.00	35.50	35.50	34.50	34.50	34.50	37.00	37.00	36.50	36.50
Attorney	113.50	111.50	110.63	101.13	101.00	106.50	108.00	108.00	105.50	102.00
City Clerk/Council	90.00	92.25	85.50	85.20	65.50	66.50	66.00	67.00	65.50	65.50
City Coordinator	852.80	969.20	969.59	929.75	929.08	911.03	917.00	941.00	919.10	949.80
Civil Rights	29.00	29.00	27.50	24.00	27.00	26.00	26.00	26.00	21.00	19.00
Civilian Review	5.00	5.00	-	-	-	-	-	-	-	-
Community Planning and Economic Development	211.75	204.38	206.48	144.00	139.00	142.00	141.00	139.00	141.00	135.00
Fire	483.00	482.50	469.50	449.50	444.50	444.50	447.00	449.00	444.00	438.00
Health & Family Support	64.15	69.15	75.40	73.90	69.00	66.30	66.00	66.00	67.00	60.00
Mayor	13.00	12.00	11.00	11.00	11.00	11.00	12.00	12.00	12.00	10.00
Police	1,182.50	1,093.00	1,060.50	966.05	942.00	1,058.00	1,088.00	1,093.00	1,092.00	999.20
Public Works	1,195.34	1,227.04	1,256.54	1,211.19	1,206.39	1,206.59	1,197.00	1,203.00	1,189.20	1,024.50
Planning	-	-	-	-	-	-	-	-	-	-
	<u>4,277.04</u>	<u>4,330.52</u>	<u>4,308.14</u>	<u>4,030.22</u>	<u>3,968.97</u>	<u>4,072.92</u>	<u>4,105.00</u>	<u>4,141.00</u>	<u>4,092.80</u>	<u>3,839.50</u>
Independent Boards										
Board of Estimate & Taxation	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
Library	357.99	368.00	363.40	242.00	246.50	261.90	273.00	-	-	-
Park	951.23	946.94	936.27	907.47	907.91	909.55	902.00	886.00	859.00	827.00
Community Development	-	-	-	-	-	-	-	-	-	-
Building Commission	66.50	66.50	64.00	62.00	61.00	61.00	62.00	62.00	62.00	62.00
Youth Coordinating Board	30.00	39.00	26.50	4.50	4.50	4.50	5.00	5.00	5.00	5.00
NRP	15.00	14.00	12.00	12.00	11.00	10.00	10.00	9.00	9.00	7.00
	<u>1,422.72</u>	<u>1,436.44</u>	<u>1,404.17</u>	<u>1,229.97</u>	<u>1,232.91</u>	<u>1,248.95</u>	<u>1,254.00</u>	<u>964.00</u>	<u>937.00</u>	<u>902.00</u>
Total	<u>5,699.76</u>	<u>5,766.96</u>	<u>5,712.31</u>	<u>5,260.19</u>	<u>5,201.88</u>	<u>5,321.87</u>	<u>5,359.00</u>	<u>5,105.00</u>	<u>5,029.80</u>	<u>4,741.50</u>

\* 2009 and 2010 are revised budgets

Source: City Management and Budget

(UNAUDITED)