

# ANNUAL FINANCIAL REPORT

COMPONENT UNIT OF THE  
CITY OF MINNEAPOLIS

FOR THE YEAR ENDED  
DECEMBER 31, 2014





# **MINNEAPOLIS PARK AND RECREATION BOARD**

## **COMPONENT UNIT ANNUAL FINANCIAL REPORT**



**FOR THE YEAR ENDED DECEMBER 31, 2014**

**FINANCE DEPARTMENT**



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

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# INTRODUCTORY SECTION







**Minneapolis  
Park & Recreation Board**

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Minneapolis, MN 55411-2227

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

*Phone*  
612-230-6400

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612-230-6500

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

June 16, 2015

Liz Wielinski, 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, 2014. The purpose of this report is to provide the Park & Recreation Board, Mayor, City Council, staff, citizens, and other interested parties with useful information concerning the Park & Recreation Board's operations and financial position.

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

**Report Format**

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

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

**Form of Government**

The Minneapolis Park & Recreation Board was established in 1883 by an act of the Minnesota Legislature. It is to serve as an independently elected,

*President*  
Liz Wielinski

*Vice President*  
Scott Vreeland

*Commissioners*  
Brad Bourn  
John Erwin  
Meg Forney

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

*Superintendent*  
Jayne Miller

*Secretary to the Board*  
Jennifer B. Ringold



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

### **Reporting Entity**

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

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

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

### **Economic Condition and Outlook**

A discussion and analysis of the Park and Recreation Board's overall financial condition during the fiscal year ended 2014 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 – Aa1

### **Cash Management**

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

### **Risk Management**

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

### **Independent Audit**

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

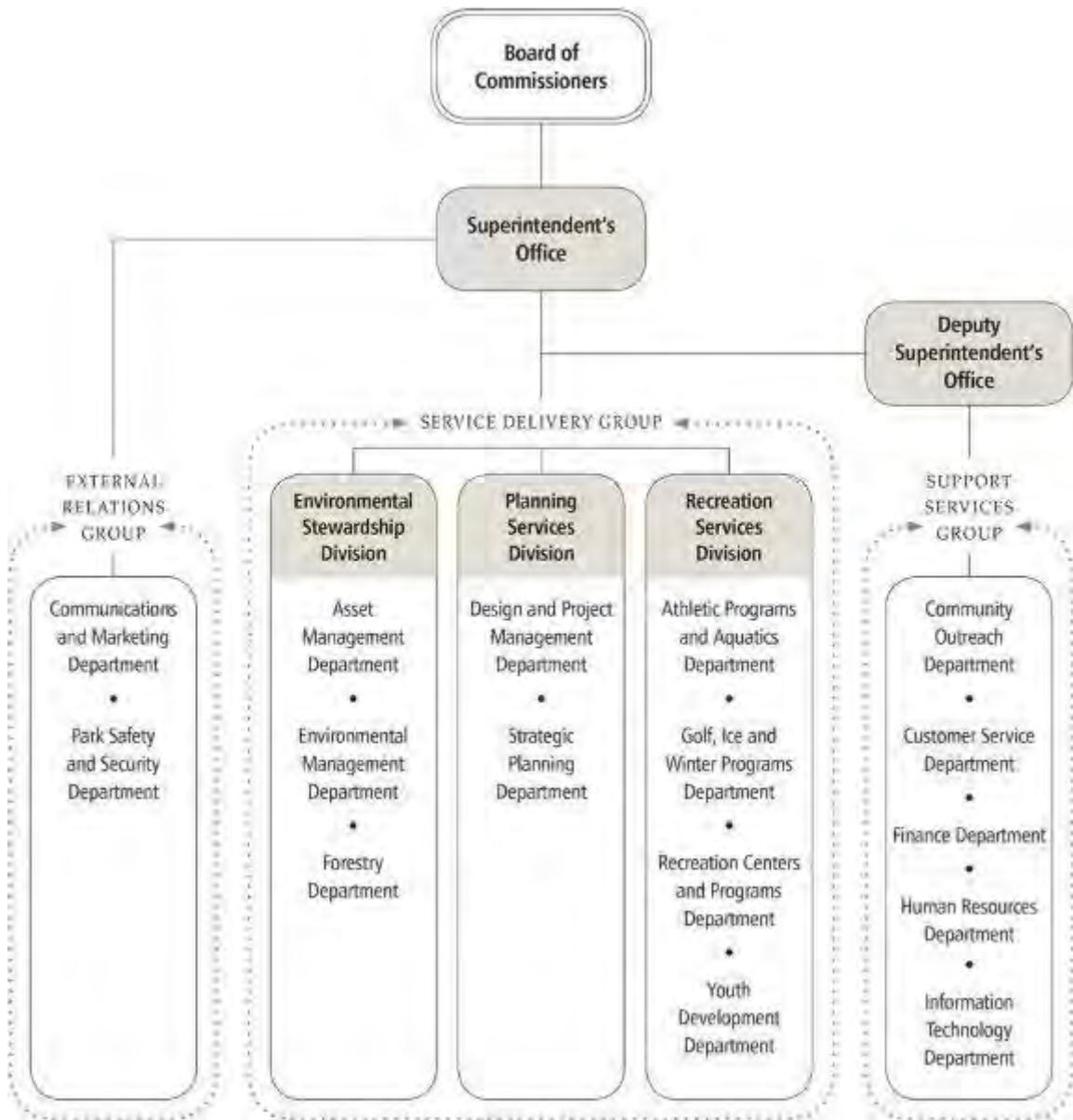
### **Acknowledgements**

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

Respectfully submitted,

*Julia M. Wiseman*

Julia M. Wiseman  
Director of Finance





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# FINANCIAL SECTION







REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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

(651) 296-2551 (Voice)  
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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Minneapolis Park and Recreation Board  
Minneapolis, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Minneapolis Park and Recreation Board, a component unit of the City of Minneapolis, Minnesota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Minneapolis Park and Recreation Board's basic financial statements, as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Minneapolis Park and Recreation Board as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2015, on our consideration of the Minneapolis Park and Recreation Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Minneapolis Park and Recreation Board's internal control over financial reporting and compliance.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 16, 2015



# 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, 2014. Please read it in conjunction with the Park and Recreation Board's basic financial statements and information provided in the letter of transmittal.

### Financial Highlights

- The Park and Recreation Board's government-wide net position increased as a result of this year's operations by \$5,925,727 or 1.9%. Net position of the business-type activities increased by \$2,443,999 or 12.3%, and net position of the governmental activities increased by \$3,481,728 or 1.2%.
- The assets of the Park and Recreation Board exceeded its liabilities at the close of the most recent fiscal year by \$314,825,785 (net position). Of this amount, \$8,672,455 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Park and Recreation Board's Governmental Funds reported combined ending fund balances of \$13,375,367.
- As of the close of the current fiscal year, the Park and Recreation Board's Proprietary Funds reported combined ending equity of \$31,364,796. Ending equity of the business-type proprietary fund is \$22,288,806 with approximately 5.5% of this amount or \$1,234,301 available for spending at the government's discretion (unrestricted net position). Ending net position of the governmental-type proprietary fund is \$9,075,990 with approximately 56.2% of this amount or \$5,101,912 available for spending at the government's discretion.

### Financial Statement Overview

This annual report consists of a series of financial statements. The *Statement of Net Position* and the *Statement of Activities* (on pages 20-21) provide information about the activities of the Park and Recreation Board as a whole and present a longer-term view of the Park and Recreation Board's finances. Fund financial statements start on page 22. For governmental activities, these statements show how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Park and Recreation Board's operations in more detail than the government-wide statements by providing information about the Park and Recreation Board's most financially significant funds. Notes to the financial statements start on page 29. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. This report also contains required and supplementary information in addition to the basic financial statements.

### Government-wide Financial Statements

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

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

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

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

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

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

### **Fund Financial Statements**

The fund financial statements begin on page 22 and provide detailed information about the funds. Some funds are required to be established by state law. In addition, the Park and Recreation Board has established other funds to help it control and manage money for particular purposes. The Park and Recreation Board's two kinds of funds, governmental and proprietary, use different accounting approaches.

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

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

### **Government-wide Financial Analysis**

The Park and Recreation Board's total governmental assets of \$307,925,690 increased by \$2,501,002 from a year ago, with current and other assets decreased by \$825,953 and capital assets increased by \$3,326,955. The Park and Recreation Board's total business-type assets of \$23,829,348 increased \$2,143,778 from a year ago, with current and other assets decreased by \$1,088,263 and capital assets increased by \$3,232,041. This analysis will focus first on net position and then on the changes in net position of the Park and Recreation Board's governmental and business-type activities.

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	Restated				Restated	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 28,952,016	\$ 29,777,969	\$ 2,402,397	\$ 3,490,660	\$ 31,354,413	\$ 33,268,629
Capital assets	278,973,674	275,646,719	21,426,951	18,194,910	300,400,625	293,841,629
Total Assets	307,925,690	305,424,688	23,829,348	21,685,570	331,755,038	327,110,258
Long-term liabilities outstanding	11,859,353	12,734,377	1,068,944	1,109,816	12,928,297	13,844,193
Other liabilities	3,529,358	3,635,060	471,598	730,947	4,000,956	4,366,007
Total Liabilities	15,388,711	16,369,437	1,540,542	1,840,763	16,929,253	18,210,200
Net position:						
Net investment in capital assets	278,973,674	274,321,719	21,054,505	17,775,032	300,028,179	292,096,751
Unrestricted	7,438,154	8,543,049	1,234,301	2,069,775	8,672,455	10,612,824
Restricted	6,125,151	6,190,483	-	-	6,125,151	6,190,483
Total Net Position	\$ 292,536,979	\$ 289,055,251	\$ 22,288,806	\$ 19,844,807	\$ 314,825,785	\$ 308,900,058

Net position of the Park and Recreation Board's governmental activities increased by 1.2%. The unrestricted component of net position, the part of net position that can be used to finance day-to-day operations without constraints, decreased by \$1,104,895 and represents 2.5% of total net position.

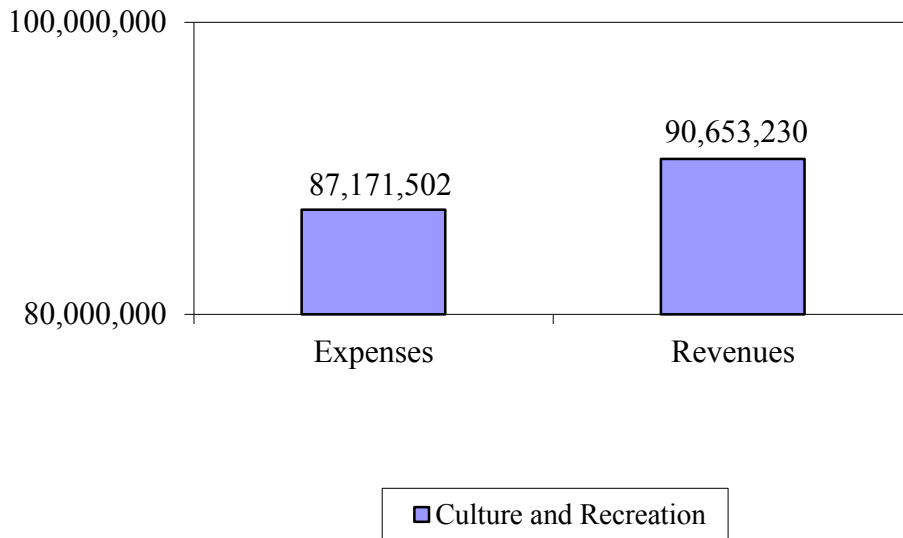
Net position of the Park and Recreation Board's business-type activities increased by 12.3% in 2014 largely due to the capital investment in the Parade Ice Garden Complex. The Park and Recreation Board commits net position to finance the continuing operations including capital improvements of the Enterprise Fund.

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

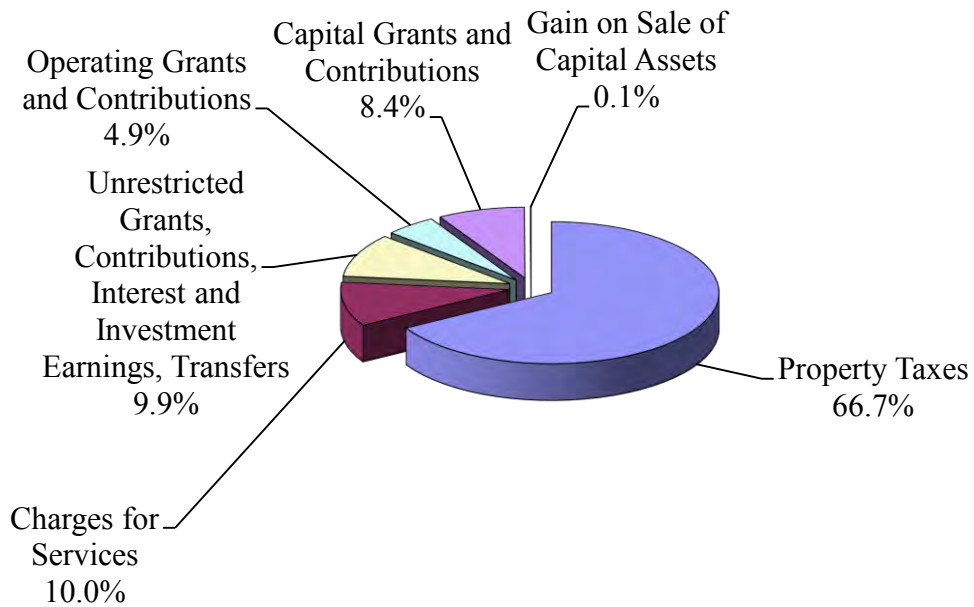
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 9,078,160	\$ 8,797,737	\$ 9,740,711	\$ 9,964,212	\$ 18,818,871	\$ 18,761,949
Operating grants & contributions	4,482,708	6,042,755	46,270	73,054	4,528,978	6,115,809
Capital grants & contributions	7,625,377	8,714,135	2,701,390	6,958,131	10,326,767	15,672,266
General revenues:						
Taxes	60,433,180	59,395,406	-	-	60,433,180	59,395,406
Unrestricted grants & contributions	8,977,319	7,570,039	-	-	8,977,319	7,570,039
Unrestricted investment earnings	1,534	(378)	-	-	1,534	(378)
Gain on sale of capital assets	54,952	153,575	-	-	54,952	153,575
Transfers	-	762,864	308,112	-	308,112	762,864
Total Revenue and Transfers	90,653,230	91,436,133	12,796,483	16,995,397	103,449,713	108,431,530
Program expense:						
Culture & recreation	86,863,390	83,823,212	-	-	86,863,390	83,823,212
Park enterprise fund	-	-	10,352,484	9,791,103	10,352,484	9,791,103
Transfers	308,112	-	-	762,864	308,112	762,864
Total Expenses and Transfers	87,171,502	83,823,212	10,352,484	10,553,967	97,523,986	94,377,179
Increase (Decrease) in Net Position	\$ 3,481,728	\$ 7,612,921	\$ 2,443,999	\$ 6,441,430	\$ 5,925,727	\$ 14,054,351

For governmental activities of the Park and Recreation Board, net position increased by \$3,481,728. The increase in Governmental Net Position is primarily due to conservative spending in 2014. The increase in proprietary activities of the Park and Recreation Board of \$2,443,999 is primarily due to the capital investment in the Parade Ice Garden Complex.

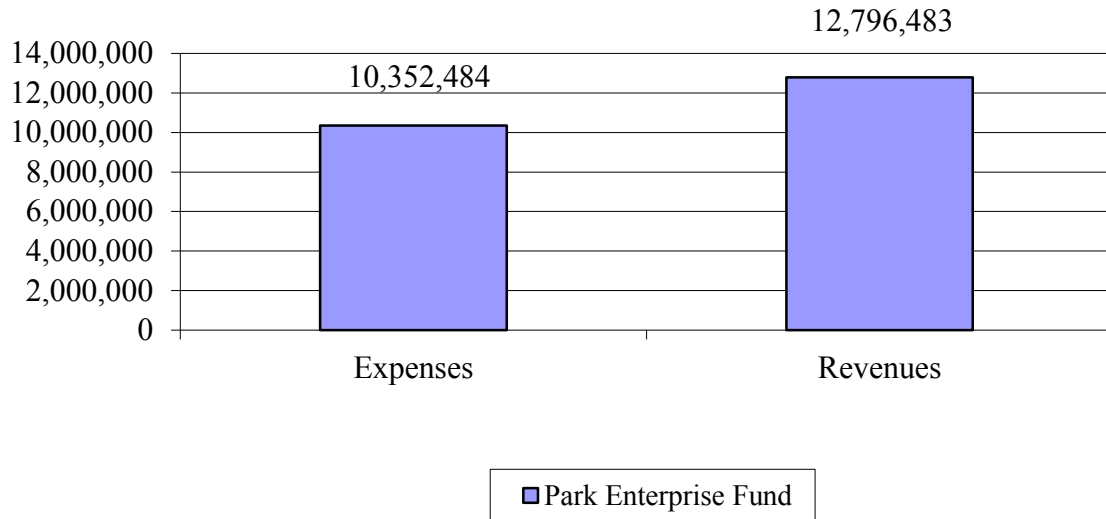
## Expenses and Program Revenues Governmental Activities



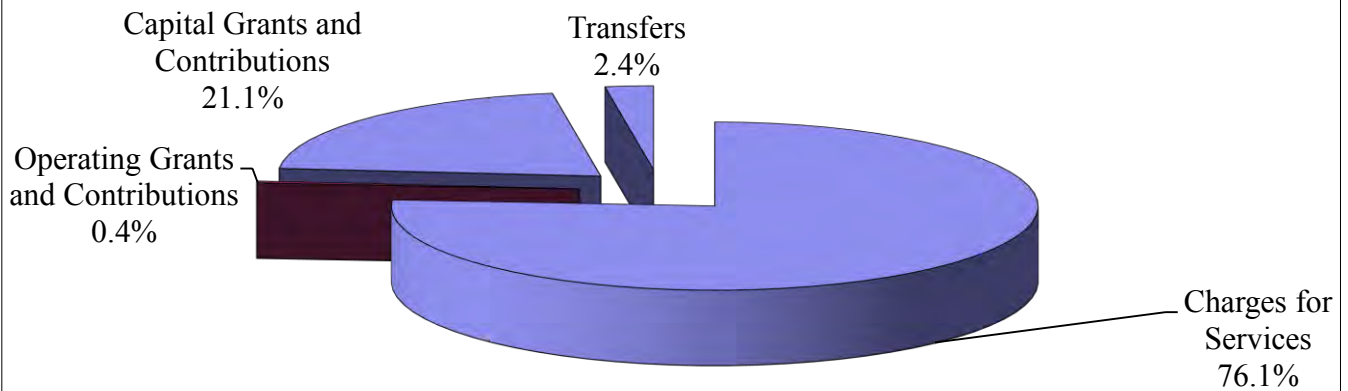
## Revenues by Source - Governmental Activities



## 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 \$13,375,367. 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 \$151,413 from 2013 primarily due to a higher than expected property tax collection rate. As of the end of the current fiscal year the General Fund reported a fund balance of \$5,617,984 of which \$592,879 is classified as committed and \$5,025,105 is classified as unassigned and is available for future near-term spending.

***General Fund Budgetary Highlights:*** The final budget for the Park and Recreation Board's General Fund represents the original budget and any additional supplemental appropriations that may occur during the fiscal year. The 2014 original and final appropriation was \$66,051,956 and \$67,312,456, respectively. The changes made to the 2014 original appropriation were due to the use of excess fund balance to fund one-time costs associated with equipment purchases, website redesign and capital project shortfalls.

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

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

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

This special revenue fund accounts for the activities associated with the purchase and improvement of land used for park purposes and to account for revenue received that is restricted or assigned for specific purposes. The fund balance of the Park Grant and Dedicated Revenue Fund increased by \$187,427 from 2013. 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 \$8,222,497, of which \$5,323,550 is classified as restricted, \$299,706 is classified as committed and \$2,599,241 as assigned.

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

This special revenue fund accounts for the activities associated with a special property tax levy approved by the Board to address threats to the urban forest due to Emerald Ash Borer and tree loss due to storms. This is the first year of an eight year program. As of the end of the current fiscal year the Tree Preservation and Reforestation Fund reported a fund balance of \$28,739, which is classified as committed.

#### **Permanent Improvement Fund**

This capital projects fund accounts for the resources used for the acquisition, rehabilitation and/or development of major capital facilities. Revenues for this fund primarily consist of proceeds from bond issues and various federal, state and local grants. The fund balance of the Permanent Improvement Fund decreased by \$1,472,044 from 2013. This decrease is primarily due to the timing of capital project grant proceeds which accounted for unavailable revenue in the amount of \$1,970,266. As of the end of the current fiscal year the Permanent Improvement Fund reported a fund balance of (\$1,964,954).

## **Proprietary Funds**

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

### **Park Operating Fund**

This enterprise fund accounts for the activities of the Park and Recreation Board's golf courses, refectories, ice arenas, parking operations, and use & event permitting. Golf fees and park usage fees are reviewed on a yearly basis and changes are recommended to the Park and Recreation Board for approval. In 2014, operating revenues decreased from 2013 by \$258,402 or 2.6%. In 2014, operating expenses of the Park Operating Fund increased from 2013 by \$344,553 or 3.8%. In 2014, operating income was \$325,866 a 64.9% decrease from 2013. The significant decrease in operating income in the Park Operating Fund was due to flood damage which occurred in 2014 which closed Meadowbrook Golf Course and partially closed Hiawatha Golf Course during the 2014 golf season.

### **Park Internal Services Fund**

This internal service fund accounts for the rental of equipment and the information technology services provided to other Park and Recreation Board funds. Equipment rental fees and internal department charges are reviewed each year during the budget process and are approved by the Park and Recreation Board. For the current fiscal year ended, the operating income was \$742,998 and ending net position was \$6,738,857. Net position is comprised of \$3,974,078 or 59.0%, which is the net investment in capital assets and \$2,764,779 or 41.0%, which is classified as unrestricted. The Park and Recreation Board intends to use the unrestricted portion of the fund for repair and replacement of the operation's equipment.

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

This internal service fund accounts for both commercial insurance and self-insurance activities of the Park and Recreation Board. These activities include workers' compensation, property insurance, general liability, automotive liability and police professional liability. In the current fiscal year ended, operating loss was \$713,271 and ending net position was \$2,337,133. An actuarial study completed in 2013 provided an estimate for the 2014 long-term liability for workers' compensation claims pending. An actuarial study completed in 2014 provides the estimate for the 2014 long-term liability for General liability claims pending.

## **Capital Asset and Debt Administration**

### **Capital Assets**

At the end of 2014, the Park and Recreation Board had \$300,400,625 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:

- Parade Ice Garden Renovation
- Webber Natural Filtration Pool
- Riverfront Land Acquisition
- West River Parkway Trail Improvements
- East Minnehaha Parkway Paving

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

	Governmental		Business-Type		Total	
	2014	Restated 2013	2014	2013	2014	Restated 2013
Land	\$ 66,327,204	\$ 63,702,354	\$ 1,206,784	\$ 1,206,784	\$ 67,533,988	\$ 64,909,138
Building and Structures	39,088,475	40,538,004	15,181,009	5,837,685	54,269,484	46,375,689
Infrastructure	34,902,920	35,812,490	67,185	71,895	34,970,105	35,884,385
Public Improvements	93,640,516	90,699,185	3,786,503	3,516,016	97,427,019	94,215,201
Machinery and Equipment	4,511,144	3,632,050	870,169	664,338	5,381,313	4,296,388
Construction in Progress	40,503,415	41,262,636	315,301	6,898,192	40,818,716	48,160,828
<b>Total</b>	<b>\$ 278,973,674</b>	<b>\$ 275,646,719</b>	<b>\$ 21,426,951</b>	<b>\$ 18,194,910</b>	<b>\$ 300,400,625</b>	<b>\$ 293,841,629</b>

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

**Debt**

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

**Economic Factors and 2014 Budgets**

Employment:

The unemployment rate for the City of Minneapolis at the end of 2014, as released by the Minnesota Department of Employment and Economic Development, is 3.0%. This economic indicator is lower than the State of Minnesota (3.6%) and national unemployment rate (5.4%). The City of Minneapolis unemployment rate one year ago in December 2013 was at 4.3%.

2015 Budget:

On December 3, 2014, the Park and Recreation Board approved the 2015 budget. The original operating budget was set for \$68.2 million. The 2015 certified state aid is about \$9.1 million; current law increased 2015 Local Government Aid by \$156,000 over the amount received in 2014.

**Requests for Information**

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

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**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF NET POSITION**  
**December 31, 2014**

	Governmental Activities	Business -Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 24,334,507	\$ 1,237,173	\$ 25,571,680
Receivables	4,994,049	302,383	5,296,432
Inventories	-	188,970	188,970
Prepaid Expense	283,918	13,413	297,331
Internal Balances	(660,458)	660,458	-
Capital Assets:			
Non-Depreciable	106,830,619	1,522,085	108,352,704
Depreciable (Net)	172,143,055	19,904,866	192,047,921
<b>Total Assets</b>	<b>\$ 307,925,690</b>	<b>\$ 23,829,348</b>	<b>\$ 331,755,038</b>
<b>LIABILITIES</b>			
Salaries Payable	\$ 1,090,223	\$ 82,272	\$ 1,172,495
Accounts Payable (Net)	2,439,135	389,326	2,828,461
Non-Current Liabilities			
Due Within One Year:			
Compensated Absences	2,513,637	81,748	2,595,385
Notes Payable	-	49,828	49,828
Due In More Than One Year:			
Compensated Absences	1,688,779	190,744	1,879,523
Post Employment Benefits	3,542,509	424,006	3,966,515
Notes Payable	-	322,618	322,618
Workers' Compensation Claims Pending	2,999,229	-	2,999,229
General Liability Claims Pending	1,115,199	-	1,115,199
<b>Total Liabilities</b>	<b>15,388,711</b>	<b>1,540,542</b>	<b>16,929,253</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	278,973,674	21,054,505	300,028,179
Restricted			
Capital Improvements	408,390	-	408,390
Project and Grant Programs	676,467	-	676,467
Special Trust	113,052	-	113,052
Special Reserves	4,927,242	-	4,927,242
Unrestricted	7,438,154	1,234,301	8,672,455
<b>Total Net Position</b>	<b>292,536,979</b>	<b>22,288,806</b>	<b>314,825,785</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 307,925,690</b>	<b>\$ 23,829,348</b>	<b>\$ 331,755,038</b>

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, 2014**

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</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	\$ 86,863,390	\$ 9,078,160	\$ 4,482,708	\$ 7,625,377	\$ (65,677,145)	\$ -	\$ (65,677,145)
<b>Business-Type Activities</b>							
Park Enterprise Fund	10,352,484	9,740,711	46,270	2,701,390	-	2,135,887	2,135,887
<b>Total</b>	<u>\$ 97,215,874</u>	<u>\$ 18,818,871</u>	<u>\$ 4,528,978</u>	<u>\$ 10,326,767</u>	<u>(65,677,145)</u>	<u>2,135,887</u>	<u>(63,541,258)</u>
<b>General Revenues</b>							
Taxes:							
Property taxes					50,043,483	-	50,043,483
Museum (county-wide levy)					10,389,697	-	10,389,697
Grants and contributions not restricted to specific programs					8,977,319	-	8,977,319
Unrestricted interest and investment earnings					1,534		1,534
Gain on sale of capital assets					54,952	-	54,952
<b>Transfers</b>					(308,112)	308,112	-
<b>Total General Revenues and Transfers</b>					<u>69,158,873</u>	<u>308,112</u>	<u>69,466,985</u>
<b>Change in Net Position</b>					3,481,728	2,443,999	5,925,727
Net Position - January 1 Restated (Note 2J)					289,055,251	19,844,807	308,900,058
Net Position - December 31					<u>\$ 292,536,979</u>	<u>\$ 22,288,806</u>	<u>\$ 314,825,785</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, 2014**

	General	Museum County- Wide Levy	Park Grant and Dedicated Revenue	Tree Preservation and Reforestation	Permanent Improvement	Other Governmental Funds	Total
<b>ASSETS</b>							
Cash and							
Cash Equivalents	\$ 7,353,211	\$ -	\$ 8,172,263	\$ 36,963	\$ 951,118	\$ 1,495,565	\$ 18,009,120
Receivables:							
Accounts	227,398	-	21,153	-	89,341	-	337,892
Taxes -							
Current	311,774	-	-	-	-	-	311,774
Delinquent	578,919	-	-	-	-	-	578,919
Intergovernmental	16,400	57,792	32,083	-	3,658,848	-	3,765,123
Accrued Interest	-	-	-	-	-	341	341
Due From-							
Other Funds	80,788	-	92,728	-	315,300	-	488,816
Prepaid Expense	206,785	-	100	-	-	-	206,885
<b>Total Assets</b>	<b>\$ 8,775,275</b>	<b>\$ 57,792</b>	<b>\$ 8,318,327</b>	<b>\$ 36,963</b>	<b>\$ 5,014,607</b>	<b>\$ 1,495,906</b>	<b>\$ 23,698,870</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Payables -							
Salaries	\$ 1,025,643	\$ -	\$ 7,318	\$ -	\$ -	\$ -	\$ 1,032,961
Accounts	1,283,642	57,792	52,539	8,224	634,473	6,073	2,042,743
Intergovernmental	394	-	-	-	-	-	394
Due To -							
Other Funds	130,240	-	35,973	-	1,554,822	18,600	1,739,635
Capital Advances	178,600	-	-	-	2,820,000	-	2,998,600
<b>Total Liabilities</b>	<b>2,618,519</b>	<b>57,792</b>	<b>95,830</b>	<b>8,224</b>	<b>5,009,295</b>	<b>24,673</b>	<b>7,814,333</b>
Deferred Inflows of Resources:							
Unavailable Revenue	538,772	-	-	-	1,970,266	132	2,509,170
Fund Balances:							
Restricted for:							
Capital Improvements	-	-	-	-	408,390	-	408,390
Project & Grant Programs	-	-	283,256	-	-	393,211	676,467
Special Trust	-	-	113,052	-	-	-	113,052
Special Reserves	-	-	4,927,242	-	-	-	4,927,242
Committed to:							
Capital Improvements	-	-	-	-	3,845,440	-	3,845,440
Project Programs	592,879	-	299,706	28,739	-	-	921,324
Assigned to:							
Capital Improvements	-	-	-	-	-	74,763	74,763
Project Programs	-	-	2,045,805	-	-	-	2,045,805
Special Trust	-	-	-	-	-	11,915	11,915
Special Reserves	-	-	334,959	-	-	-	334,959
Easements	-	-	42,088	-	-	-	42,088
Forestry and Tree Disease	-	-	176,389	-	-	991,212	1,167,601
Unassigned	5,025,105	-	-	-	(6,218,784)	-	(1,193,679)
<b>Total Fund Balances</b>	<b>5,617,984</b>	<b>-</b>	<b>8,222,497</b>	<b>28,739</b>	<b>(1,964,954)</b>	<b>1,471,101</b>	<b>13,375,367</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 8,775,275</b>	<b>\$ 57,792</b>	<b>\$ 8,318,327</b>	<b>\$ 36,963</b>	<b>\$ 5,014,607</b>	<b>\$ 1,495,906</b>	<b>\$ 23,698,870</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 Position - Governmental Activities**  
**December 31, 2014**

**Total Governmental Funds Balances** \$ 13,375,367

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

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

Non-Depreciable	66,327,204	
Depreciable	373,300,460	
Accumulated Depreciation	(205,131,483)	
Work in Progress	40,503,415	274,999,596

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

Compensated Absences - Short Term	(2,474,486)
Compensated Absences - Long Term	(1,597,427)
Post Employment Benefits - Long Term	(3,351,231)

Unavailable revenue in governmental funds is susceptible  
to full accrual on the entity-wide statements. 2,509,170

Internal Service Funds are not reported in the funds  
statement but are included in the Statement of Net  
Position governmental activities. 9,075,990

**Net Position of Governmental Activities** \$ 292,536,979

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, 2014**

	General	Museum County- Wide Levy	Park Grant and Dedicated Revenue	Tree Preservation and Reforestation	Permanent Improvement	Other Governmental Funds	Total
<b>REVENUES</b>							
Taxes	\$ 49,071,884	\$ 10,389,697	\$ -	\$ 1,016,484	\$ -	\$ -	\$ 60,478,065
Intergovernmental	10,306,619	-	2,108,150	201,249	6,931,746	100,000	19,647,764
Charges for Services and Sales	7,006,509	-	180,165	-	55,800	-	7,242,474
Licenses and Permits	313,886	-	-	-	-	-	313,886
Fines and Forfeits	368,911	-	-	-	-	-	368,911
Special Assessments	-	-	-	-	-	93,795	93,795
Investment Earnings	-	-	-	-	-	1,048	1,048
Miscellaneous	121,956	6,148	575,618	-	728,917	209,800	1,642,439
<b>Total Revenues</b>	<b>67,189,765</b>	<b>10,395,845</b>	<b>2,863,933</b>	<b>1,217,733</b>	<b>7,716,463</b>	<b>404,643</b>	<b>89,788,382</b>
<b>EXPENDITURES</b>							
Culture and Recreation	62,682,047	10,395,845	1,569,267	1,188,994	-	16,712	75,852,865
Capital Outlay	-	-	-	-	14,507,489	221,742	14,729,231
<b>Total Expenditures</b>	<b>62,682,047</b>	<b>10,395,845</b>	<b>1,569,267</b>	<b>1,188,994</b>	<b>14,507,489</b>	<b>238,454</b>	<b>90,582,096</b>
Excess of Revenues Over (Under) Expenditures	4,507,718	-	1,294,666	28,739	(6,791,026)	166,189	(793,714)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In - Other Funds	7,188	-	88,735	-	5,376,170	-	5,472,093
Transfers Out - Other Funds	(4,363,493)	-	(1,195,974)	-	(57,188)	-	(5,616,655)
Total Other Financing Sources (Uses)	(4,356,305)	-	(1,107,239)	-	5,318,982	-	(144,562)
Net Change in Fund Balance	151,413	-	187,427	28,739	(1,472,044)	166,189	(938,276)
<b>FUND BALANCE - JANUARY 1</b>	<b>5,466,571</b>	<b>-</b>	<b>8,035,070</b>	<b>-</b>	<b>(492,910)</b>	<b>1,304,912</b>	<b>14,313,643</b>
<b>FUND BALANCE - DECEMBER 31</b>	<b>\$ 5,617,984</b>	<b>\$ -</b>	<b>\$ 8,222,497</b>	<b>\$ 28,739</b>	<b>\$ (1,964,954)</b>	<b>\$ 1,471,101</b>	<b>\$ 13,375,367</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 Balance of Governmental Funds**  
**to the Government-wide Statement of Activities - Governmental Activities**  
**For the Year Ended December 31, 2014**

**Net Changes in Fund Balances - Total Governmental Funds** \$ (938,276)

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.

Expenditures for Capital Assets	13,460,230
Current Year Depreciation	(10,959,122)

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

Change in Unavailable Revenue	(328,147)
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Some expenses reported in the statement of activities do not require as expenditures in governmental funds.

Change in Accrued Interest Payable	18,020
Change in Compensated Absences	105,171
Change in Post Employment Benefits	(97,497)

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

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.

896,349

**Change in net position of governmental activities**

\$ 3,481,728

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

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2014**

	Business-Type Activities - Enterprise Fund	Governmental Activities- Internal Service Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,237,173	\$ 6,325,387
Receivables -		
Accounts	302,383	-
Capital Advances	800,000	3,599,100
Due From Other Funds	1,610,934	-
Materials & Supplies Inventory	188,970	-
Prepaid Expense	13,413	77,033
Total Current Assets	4,152,873	10,001,520
Non-Current Assets		
Net Capital Assets	21,426,951	3,974,078
<b>Total Assets</b>	<b>\$ 25,579,824</b>	<b>\$ 13,975,598</b>
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities:		
Payables -		
Salaries	\$ 82,272	\$ 57,262
Accounts	389,326	395,998
Compensated Absences Payable	81,748	39,151
Notes Payable - Current	49,828	-
Due to Other Funds	349,976	10,139
Total Current Liabilities	953,150	502,550
Long-Term Liabilities:		
Notes Payable - Long Term	322,618	-
Advance From Other Funds	1,400,500	-
Workers' Compensation Claims Pending	-	2,999,229
General Liability Claims Pending	-	1,115,199
Compensated Absences Payable	190,744	91,352
Post Employment Benefits Payable	424,006	191,278
Total Long-Term Liabilities	2,337,868	4,397,058
Total Liabilities	3,291,018	4,899,608
Net Position:		
Net Investment in Capital Assets	21,054,505	3,974,078
Unrestricted	1,234,301	5,101,912
Total Net Position	22,288,806	9,075,990
<b>Total Liabilities and Net Position</b>	<b>\$ 25,579,824</b>	<b>\$ 13,975,598</b>

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

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2014**

	Business-Type Activities - Enterprise Fund	Governmental Activities- Internal Service Funds
<b>OPERATING REVENUES</b>		
Billings to Departments	\$ -	\$ 7,955,617
Charges For Services and Sales	7,608,318	-
Rents	2,078,586	-
Total Operating Revenues	<u>9,686,904</u>	<u>7,955,617</u>
<b>OPERATING EXPENSES</b>		
Personal Services	3,462,927	1,661,364
Contractual Services	2,422,719	3,048,345
Materials and Supplies	1,500,683	1,332,511
Depreciation on Acquired Property	735,875	1,106,101
Benefits	1,238,834	777,569
Total Operating Expenses	<u>9,361,038</u>	<u>7,925,890</u>
Operating Income (Loss)	<u>325,866</u>	<u>29,727</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Contributions	46,270	-
Gain on Disposal of Capital Assets	-	54,952
Sale of Scrap	-	12,615
City of Minneapolis - Capital Financing	2,701,390	-
Damages/Losses Recovered	-	2,724
Other Non-Operating Revenues	53,807	101,323
City of Minneapolis - Debt Service	(971,079)	-
Interest Expense	(20,367)	-
Total Non-Operating Revenues (Expenses)	<u>1,810,021</u>	<u>171,614</u>
Income (Loss) Before Contributions and Transfers	2,135,887	201,341
Capital Contributions	163,550	695,008
Transfer In	149,792	-
Transfer Out	(5,230)	-
<b>CHANGE IN NET POSITION</b>	<u>2,443,999</u>	<u>896,349</u>
<b>NET POSITION - JANUARY 1</b>	19,844,807	8,179,641
<b>NET POSITION - DECEMBER 31</b>	<u>\$ 22,288,806</u>	<u>\$ 9,075,990</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, 2014**

	Business-Type Activities- Enterprise Fund	Governmental Activities- Internal Service Funds
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Interfund Services Provided	\$ -	\$ 7,955,617
Cash Received from Customers	8,308,063	-
Cash paid to Suppliers for Goods and Services	(4,215,998)	(4,010,298)
Cash paid to Employees for Services	(4,697,022)	(2,427,421)
Other Non-Operating Revenues	53,807	121,143
Net cash Provided by (Used in) Operating Activities	(551,150)	1,639,041
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Contributions	46,270	-
Repayment of Advances Made by Other Funds	-	130,000
Other Payments Received	-	6,182
City of Minneapolis - Debt Service	(971,079)	-
Payment of Advances Made to Other Funds	-	(1,400,500)
Transfers To Other Funds	(5,230)	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	(930,039)	(1,264,318)
<b>Cash Flows from Capital Financing Activities:</b>		
Proceeds from Sale of Capital Assets	-	54,952
Proceeds from Sale of Scrap	-	12,615
Proceeds from Capital Arbitrage	2,701,390	-
Principal and Interest Payments	(67,799)	-
Acquisition of Property Plant and Equipment	(3,804,367)	(1,236,939)
Advance from Other Funds	1,400,500	-
Transfers From Other Funds	149,792	-
Net Cash Provided by (Used for) Capital Financing Activities	379,516	(1,169,372)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,101,673)	(794,649)
<b>Cash and Cash Equivalents - January 1</b>	2,338,846	7,120,036
<b>Cash and Cash Equivalents - December 31</b>	\$ 1,237,173	\$ 6,325,387
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>		
Operating Income (Loss)	\$ 325,866	\$ 29,727
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation on Acquired Property	735,875	1,106,101
(Increase) Decrease in Accounts Receivable	(172,832)	23,278
(Increase) Decrease in Intergovernmental Receivables	54,949	-
(Increase) Decrease in Due from Other Funds	(1,610,934)	-
(Increase) Decrease in Inventories	(21,655)	-
(Increase) Decrease in Prepaid Expense	(13,413)	2,355
Increase (Decrease) in Salaries Payable	11,592	5,828
Increase (Decrease) in Accounts Payable	(270,941)	(111,921)
Increase (Decrease) in Due to Other Funds	349,976	10,139
Increase (Decrease) in Workers' Compensation Claims Pending	-	180,725
Increase (Decrease) in General Liability Claims Pending	-	289,260
Increase (Decrease) in Post Employment Benefits Payable	12,335	5,565
Increase (Decrease) in Compensated Absences Payable	(5,775)	119
Other Non-Operating Revenues	53,807	97,865
Total Adjustments	(877,016)	1,609,314
<b>Net Cash Provided by (Used in) Operating Activities</b>	\$ (551,150)	\$ 1,639,041
<b>Noncash Investing, Capital and Financing activities</b>		
Capital Contributions	163,550	695,008
Carrying Value of Disposed Capital Assets	-	68

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, 2014

### Note 1 - Form of Government

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

### Note 2 - Summary of Significant Accounting Policies

#### A) Reporting Entity

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

Information on joint venture organizations is described in Note 15.

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

#### B) Presentation of Financial Statements

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

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

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

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

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

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

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

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

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

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

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 position. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Park and Recreation Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Major revenues that are determined to be susceptible to accrual include property taxes, special assessments, grants-in-aid earned and other intergovernmental revenues, rentals, intrafund charges and interest on investments. Interest on special assessments receivable is recognized when collected.

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

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

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

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

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

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

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

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

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

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

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

**C) Deposits and Investments**

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

**D) Inventories of Materials and Supplies**

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

**E) Capital Assets**

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

Estimated useful lives for determining annual depreciation are as follows:

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

Changes in capital assets are discussed further in Note 4.

**F) Long-Term Liabilities**

Park and Recreation Board long-term debt is reported on the government-wide statements and in the proprietary funds statements. Liabilities recorded on these statements include compensated absences payable, mortgage and promissory notes payable and post-employment benefits payable. These liabilities are discussed further in Notes 5 and 11.

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Park and Recreation Board has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Park and Recreation Board has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes, intergovernmental revenue, and investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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.

**I) Fund Balance**

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

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

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

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

**I) Fund Balance (Continued)**

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

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

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

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

Fund Balance	General	Park Grant and Dedicated Revenue	Tree Preservation & Reforestation	Permanent Improvement	Other Governmental Funds	Total
<b>Restricted for:</b>						
Capital Improvements	\$ -	\$ -	\$ -	\$ 408,390	\$ -	\$ 408,390
Project and Grant Programs	-	283,256	-	-	393,211	676,467
Special Trust	-	113,052	-	-	-	113,052
Special Reserves	-	4,927,242	-	-	-	4,927,242
<i>Total Restricted</i>	-	<u>5,323,550</u>	-	<u>408,390</u>	<u>393,211</u>	<u>6,125,151</u>
<b>Committed to:</b>						
Capital Improvements	-	-	-	3,845,440	-	3,845,440
Project Programs	592,879	299,706	28,739	-	-	921,324
<i>Total Committed</i>	<u>592,879</u>	<u>299,706</u>	<u>28,739</u>	<u>3,845,440</u>	-	<u>4,766,764</u>
<b>Assigned to:</b>						
Capital Improvements	-	-	-	-	74,763	74,763
Project Programs	-	2,045,805	-	-	-	2,045,805
Special Trust	-	-	-	-	11,915	11,915
Special Reserves	-	334,959	-	-	-	334,959
Easements	-	42,088	-	-	-	42,088
Forestry and Tree Disease	-	176,389	-	-	991,212	1,167,601
<i>Total Assigned</i>	-	<u>2,599,241</u>	-	-	<u>1,077,890</u>	<u>3,677,131</u>
<b>Unassigned</b>	<u>5,025,105</u>	-	-	<u>(6,218,784)</u>	-	<u>(1,193,679)</u>
Total fund balances	<u>\$ 5,617,984</u>	<u>\$ 8,222,497</u>	<u>\$ 28,739</u>	<u>\$ (1,964,954)</u>	<u>\$ 1,471,101</u>	<u>\$ 13,375,367</u>

**J) Restatement**

On the Statement of Activities, the Net Position – January 1, of the Governmental Activities has been restated to reflect adjustments to Capital Assets.

	<u>Amount</u>
Net Position, January 1, 2014	\$294,795,870
Capital Asset Adjustments	<u>(5,740,619)</u>
Net Position, January 1, 2014 as restated	<u>\$289,055,251</u>

**K) Budgets**

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

The 2013 process for the 2014 budget involved the following:

June The 2014 budget process began with the Minneapolis Park and Recreation Board Budget retreat with the Committee of the Whole. The Minneapolis Park and Recreation Board approved the 2014-2018 Strategic Direction and Implementation Plan.

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

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

**L) Use of Estimates**

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

**Note 3 - Receivables**

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

	General	Museum County- Wide Levy	Park Grant and Dedicated Revenue	Permanent Improvement	Non- Major	Total Governmental Activities	Total Business- Type Activities
Trade Accounts	\$ 227,398	\$ -	\$ 21,153	\$ 89,341	\$ -	\$ 337,892	\$ 302,383
Property Tax	890,693	-	-	-	-	890,693	-
Intergovernmental	16,400	57,792	32,083	3,658,848	-	3,765,123	-
Accrued Interest	-	-	-	-	341	341	-
Gross Receivables	\$ 1,134,491	\$ 57,792	\$ 53,236	\$ 3,748,189	\$ 341	\$ 4,994,049	\$ 302,383

**Nicollet Island Inn** In 1987, the Park and Recreation Board leased property on Nicollet Island to IsleWest Associates, a Minnesota general partnership. The term of the lease is 75 years and includes the operations, maintenance and improvements to the Nicollet Island Inn. IsleWest Associates tenant’s interest in the lease was assigned to Island Sash & Door Co., LLC in 2005. In 2012, the Park and Recreation Board approved an amendment to the lease with Island Sash & Door Co., LLC. Island Sash & Door Co., LLC is required to pay three percent of the gross sales as rent. Minnesota Statutes provide that while the land and building shell is still owned by the Park and Recreation Board and is not taxable, the leasehold improvements and tangible personal property are subject to all ad valorem property taxes. Any rent is subject to interest charges. The total amount the Park and Recreation Board received in 2014 for rent was \$79,374.

**Park and Recreation Board Headquarters** In 2004, the Park and Recreation Board leased a portion of the headquarters property located at 2117 West River Road to Twin City Catering, Inc. Twin City Catering Inc. was acquired by Mintahoe, Inc. The term of the lease is 10 years with the option to renew for two additional five year periods. The lease includes 17,900 useable square feet for the purpose of general office, catering kitchen, equipment storage and conference/event facility. Mintahoe Inc. is required to pay a base rent. Any unpaid base rate is subject to interest charges. The total amount the Park and Recreation Board received in 2014 for base rent was \$34,397. Mintahoe, Inc. chose not to renew the lease and moved from the location in 2014.

**Note 4 - Changes in Capital Assets**

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance <sup>1</sup> 1/1/14	Additions	Deletions	Balance 12/31/14
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 63,702,354	\$ 2,624,850	\$ -	\$ 66,327,204
Construction in Progress	41,262,636	13,014,594	(13,773,815)	40,503,415
Total capital assets not being depreciated	<u>104,964,990</u>	<u>15,639,444</u>	<u>(13,773,815)</u>	<u>106,830,619</u>
Capital assets being depreciated				
Buildings and Structures	67,681,019	77,058	-	67,758,077
Infrastructure	115,321,743	956,377	-	116,278,120
Public Improvements	176,681,135	10,388,518	-	187,069,653
Equipment	13,761,084	2,104,594	(339,257)	15,526,421
Total capital assets being depreciated	<u>373,444,981</u>	<u>13,526,547</u>	<u>(339,257)</u>	<u>386,632,271</u>
Less accumulated depreciation for:				
Buildings and Structures	(27,143,015)	(1,526,587)	-	(28,669,602)
Infrastructure	(79,509,253)	(1,865,947)	-	(81,375,200)
Public Improvements	(85,981,950)	(7,447,187)	-	(93,429,137)
Equipment	(10,129,034)	(1,225,432)	339,189	(11,015,277)
Total accumulated depreciation	<u>(202,763,252)</u>	<u>(12,065,153)</u>	<u>339,189</u>	<u>(214,489,216)</u>
Total capital assets being depreciated net	<u>170,681,729</u>	<u>1,461,394</u>	<u>(68)</u>	<u>172,143,055</u>
Governmental activities capital assets, net	<u>\$ 275,646,719</u>	<u>\$ 17,100,838</u>	<u>\$ (13,773,883)</u>	<u>\$ 278,973,674</u>

<sup>1</sup> Asset beginning balance restated; Construction in Progress has been decreased by \$4,314,176, Infrastructure has been decreased by \$1,426,443.

	Balance 1/1/14	Additions	Deletions	Balance 12/31/14
<b>Business - Type Activities</b>				
Capital assets not being depreciated				
Land	\$ 1,206,784	\$ -	\$ -	\$ 1,206,784
Construction in Progress	6,898,192	315,301	(6,898,192)	315,301
Total capital assets not being depreciated	<u>8,104,976</u>	<u>315,301</u>	<u>(6,898,192)</u>	<u>1,522,085</u>
Capital assets, being depreciated				
Buildings and Structures	12,299,940	9,659,546	-	21,959,486
Infrastructure	98,638	-	-	98,638
Public Improvements	8,200,841	523,517	-	8,724,358
Equipment	2,020,914	367,744	-	2,388,658
Total capital assets, being depreciated	<u>22,620,333</u>	<u>10,550,807</u>	<u>-</u>	<u>33,171,140</u>
Less accumulated depreciation for:				
Buildings and Structures	(6,462,255)	(316,222)	-	(6,778,477)
Infrastructure	(26,743)	(4,710)	-	(31,453)
Public Improvements	(4,684,825)	(253,030)	-	(4,937,855)
Equipment	(1,356,576)	(161,913)	-	(1,518,489)
Total accumulated depreciation	<u>(12,530,399)</u>	<u>(735,875)</u>	<u>-</u>	<u>(13,266,274)</u>
Total capital assets, being depreciated net	<u>10,089,934</u>	<u>9,814,932</u>	<u>-</u>	<u>19,904,866</u>
Business-type activities capital assets, net	<u>\$ 18,194,910</u>	<u>\$ 10,130,233</u>	<u>\$ (6,898,192)</u>	<u>\$ 21,426,951</u>

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

Depreciation expense was charged to governmental functions as follows:	
Culture and Recreation	\$ 10,959,052
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>1,106,101</u>
Total depreciation expense – governmental activities	<u>\$ 12,065,153</u>
Depreciation expense was charged to the business-type function as follows:	
Park Operating	<u>\$ 735,875</u>

**Construction in Progress**

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

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

**A) General Obligation Bonds**

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

**B) Mortgage Note**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 49,828	\$ 17,971	\$ 67,799
2016	52,345	15,453	67,798
2017	54,990	12,809	67,799
2018	57,768	10,031	67,799
2019	60,686	7,112	67,798
2020-2021	96,829	4,871	101,700
Total	<u>\$ 372,446</u>	<u>\$ 68,247</u>	<u>\$ 440,693</u>

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

Changes in long-term liabilities are summarized as follows:

	Balance			Balance	Amounts due
	January 1, 2014	Additions	Retirements	December 31, 2014	within one year
<b>Governmental Activities:</b>					
Notes Payable	\$ 1,325,000	\$ -	\$ 1,325,000	\$ -	\$ -
Compensated Absences	4,307,468	2,314,360	2,419,412	4,202,416	2,513,637
Post Employment Benefits	3,439,447	945,154	842,092	3,542,509	-
<b>Business-Type Activities:</b>					
Notes Payable	419,878	-	47,432	372,446	49,828
Compensated Absences	278,267	231,650	237,425	272,492	81,748
Post Employment Benefits	411,671	113,126	100,791	424,006	-
Total Long-Term Liabilities	<u>\$ 10,181,731</u>	<u>\$ 3,604,290</u>	<u>\$ 4,972,152</u>	<u>\$ 8,813,869</u>	<u>\$ 2,645,213</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 2014 for base and percentage rent was \$115,836.

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

Year Ending December 31	Business-Type Activity Amount
2015	\$ 55,219
2016	55,219
2017	55,219
2018	55,219
2019	55,219
2020-2024	276,095
2025-2029	276,095
2030	55,219
Total minimum lease payments	<u>\$ 883,504</u>

**Note 7 - Interfund Transactions**

**Advances to/from other funds:**

Advances to other funds are to provide temporary working capital for permanent improvement projects, the early retirement of the headquarters building mortgage loan and a loan to the enterprise fund for Minnehaha Refectory improvements.

**Interfund Transactions**

Capital Advances unpaid as of December 31, 2014 are as follows:

**General Fund**

Due to: Park Self-Insurance Fund 178,600

**Capital Project - Permanent Improvement**

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

Due to: Park Operating Fund 800,000

**Enterprise Fund - Park Operating Fund**

Due to: Park Self-Insurance Fund 1,400,500

**Total** \$ 4,399,100

**Transfers:**

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

	Transfers In:				Total
	General Fund	Permanent Improvement	Park Grant and Dedicated Revenue	Park Operating Enterprise Fund	
Transfer out:					
General Fund	\$ -	\$ 4,274,758	\$ 88,735	\$ -	\$ 4,363,493
Park Grant and Dedicated Revenue	-	1,096,182	-	99,792	1,195,974
Permanent Improvement	7,188	-	-	50,000	57,188
Park Operating Enterprise Fund	-	5,230	-	-	5,230
Total Transfers Out	<u>\$ 7,188</u>	<u>\$ 5,376,170</u>	<u>\$ 88,735</u>	<u>\$ 149,792</u>	<u>\$ 5,621,885</u>

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

**Due To/From Other Funds:**

Interfund balances are either due to timing differences or to the elimination of negative cash balances within the various funds. All Interfund balances are expected to be repaid within one year. Receivables and payables between funds of the Park and Recreation Board on December 31, 2014 are:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 80,788	\$ 130,240
Park Grant and Dedicated Revenue	92,728	35,973
Minneapolis Parks Special Revenue	-	18,600
Permanent Improvement Fund	315,300	1,554,822
Park Self-Insurance Fund	-	10,139
Park Operating Enterprise Fund	1,610,934	349,976
	<u>\$ 2,099,750</u>	<u>\$ 2,099,750</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. Payments are based on a sliding scale ranging from 50 percent to 100 percent depending on the base level attained. In addition, under certain circumstances, employees leaving City employment may qualify to receive payment for 50 percent of their unused sick leave at their current rate of pay. Accrued liabilities for compensated absences are reported in the financial statements as described in Note 5.

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

Public Employees Retirement Association

**A) Plan Description**

All full-time and certain part-time employees of the Park and Recreation Board are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA 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.

General Employees Retirement Fund members belong to the Coordinated Plan or the Basic Plan, as well as a separate division for the Minneapolis Employees Retirement Fund (MERF). Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan and benefits vest after five years of credited service. MERF was made part of the General Employees Retirement Fund in June 2010. A traditional multiple employer defined benefit plan, MERF is not coordinated with Social Security and was closed to new membership in 1979. Because its funding includes annual state subsidies and is required to remain self-sustaining, it is accounted for separately by PERA. In addition to the base employer contribution, MERF employers share the responsibility of meeting the MERF division's unfunded liability with the State of Minnesota.

Legislation (MN Statute 353) was passed in 2011 that merged the Minneapolis Police Relief Association and Minneapolis Fire Relief Association into PERA's Police and Fire Fund effective December 30, 2011. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute. Defined retirement benefits are based on a member's highest average yearly salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for General Employees Retirement Fund Coordinated and Basic Plan 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 Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

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

**Public Employees Retirement Association**

**A) Plan Description** (Continued)

For all General Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund members and either 65 or 66 (depending on the date hired) for General Employees Retirement Fund members. 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees Retirement Fund and the 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 PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

**B) Funding Policy**

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. Ch. 353. These statutes are established and amended by the State Legislature. The Park and Recreation Board makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary in 2014. Public Employees Police and Fire Fund members are required to contribute 10.20 percent of their annual covered salary in 2014.

In 2014, the Park and Recreation Board was required to contribute the following percentages of annual covered payroll:

General Employees Retirement Fund	
Coordinated Plan members	7.25%
Public Employees Police and Fire Fund	15.30%

The Park and Recreation Board's contribution for the years ending December 31, 2014, 2013, and 2012 for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, Minneapolis Police Relief Association, and the Minneapolis Employees Retirement Fund were:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>General Employees Retirement Fund</b>	\$ 1,910,875	\$ 1,759,035	\$ 1,723,069
<b>Public Employees Police and Fire Fund</b>	440,361	394,109	408,130
<b>Minneapolis Police Relief Association</b>	-	102	21
<b>Minneapolis Employees Retirement Fund</b>	347,111	385,253	351,724

These contribution amounts are equal to the contractually required contributions for each year as set by state statute. Contribution rates increased on January 1, 2015, in the General Employees Retirement Fund Coordinated Plan (6.50 percent for members and 7.50 percent for employers) and the Public Employees Police and Fire Fund (10.80 percent for members and 16.20 percent for employers).

**Note 10-Defined Benefit Pension Plan - Multiple Employer**

**Minneapolis Employees Retirement Fund**

**A) Plan Description**

All full-time Park and Recreation Board employees hired on or before June 30, 1978, other than police officers, are covered by the MERF division of the Public Employees Retirement Association (PERA) General Employees Retirement Fund, a defined benefit pension plan, which is a cost-sharing, multiple-employer retirement plan. This plan is administered in accordance with Minnesota Statutes Chapter 353 and sections of Minnesota Statutes Chapter 422A (2008). The MERF division pension plan provides pension benefits, deferred annuity, and death and disability benefits as set by State Statute. Members are eligible for service retirement either:

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

**Note 10-Defined Benefit Pension Plan - Multiple Employer**

**Minneapolis Employees Retirement Fund**

**A) Plan Description** (Continued)

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

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

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

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

**B) Funding Policy**

MERF division employees contribute 9.75% of salary into the Deposit Accumulation Reserve and .50% of salary (subject to annual adjustment) into the Survivor Benefits Reserve. Employers, including the Park and Recreation Board 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 \$3.9 million from all employers. The City levies taxes to finance the employer's share of pension costs for the PERA General Employees Retirement Fund.

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

**C) Additional Information**

PERA includes more information about the MERF division account in its publicly available report which can be obtained at the address included under the Plan Description for PERA.

On January 1, 2015, MERF was merged into the PERA General Fund. While MERF is fully integrated into the PERA General Fund, Minneapolis Park and Recreation Board and other MERF employers, plan active members, and the State of Minnesota remain obligated for the funding of MERF member benefits.

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

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

**Note 11-Post Employment Healthcare Plan**

**A) Plan Description**

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

**Note 11-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 2014, the Park and Recreation Board contributed \$942,883 to the plan. As of January 1, 2014, there were approximately 648 total retirees receiving health benefits from the City's health plan (separate figures for the Park and Recreation Board were not available).

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

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

Annual Required contribution	\$ 1,058,280
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>\$ 1,058,280</u>
Contributions made	<u>942,883</u>
Increase in net OPEB obligation	115,397
Net OPEB obligation - beginning of year	<u>3,851,118</u>
Net OPEB obligation - end of year	<u><u>\$ 3,966,515</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$ 1,058,280	89.0%	\$ 3,966,515
12/31/2013	1,373,172	38.9%	3,851,118
12/31/2012	1,200,777	43.1%	3,011,782

**D) Funded Status and Funding Progress**

As of January 1, 2013, 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 \$10,725,927 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 10,725,927. The covered payroll (annual payroll of active employees covered by the plan) was \$24,170,738, and the ratio of the UAAL to the covered payroll was 44.38 percent.

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

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

**Note 11-Post Employment Healthcare Plan (Continued)**

**E) Actuarial Methods and Assumptions**

In the January 1, 2013, actuarial valuation date, the entry age normal cost method was used. The actuarial assumptions included a 3.0% discount rate, which is based on the investment yield expected to finance benefits depending on whether the plan is funded in a separate trust (about 7.0% to 8.5%, long-term, similar to a pension plan) or unfunded (3.0% to 5.0%, 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 8.0% initially, reduced incrementally to an ultimate rate of 5.0% after 12 years. Both rates included a 3.0% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization period is 30 years, as of January 1, 2013.

**Note 12-Stewardship, Compliance, and Accountability**

**A) Deficit Fund Equity**

The Park Permanent Improvement Fund had a deficit fund balance as of December 31, 2014. The deficit is primarily due to the timing of capital reimbursements from Metropolitan Council grants. The Park and Recreation Board intends to improve the fund position in 2015 through grant reimbursements and other funding sources.

**Note 13-Risk Management**

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

All funds of the Park and Recreation Board participate in the Park Self-Insurance Fund and make payments based on historical experience of the amounts needed to pay prior and current year claims which become payable in the given year. Park Self-Insurance Fund liabilities are reported based on the requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability must be recognized when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The workers' compensation claims liability for fiscal year ended December 31, 2014 is \$2,999,229 and is based on actuarial estimates dated December 31, 2013. The general liability claims liability for fiscal year ended December 31, 2014 is \$1,115,199 and is based on actuarial estimates dated December 31, 2014.

Changes in the claims liability for the two years ended December 31, 2014 and December 31, 2013 are as follows:

	<u>Workers' Compensation</u>		<u>General Liability</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Liability Balance, January 1	\$ 2,818,504	\$ 2,521,434	\$ 825,938	\$ 850,954
Current Year Claims and Changes in Estimates	2,007,368	3,066,949	503,632	221,751
Claim Payments	<u>(1,826,643)</u>	<u>(2,769,879)</u>	<u>(214,371)</u>	<u>(246,767)</u>
Liability Balance, December 31	<u>\$ 2,999,229</u>	<u>\$ 2,818,504</u>	<u>\$ 1,115,199</u>	<u>\$ 825,938</u>

**Note 13-Risk Management (Continued)**

Changes in Net Position – By Major Risk Program in the Park Self-Insurance Fund for the year ended December 31, 2014, follows:

	Workers' Compensation	General Liability	Total
Beginning Balance, January 1	\$ 2,339,056	\$ 613,483	\$ 2,952,539
Revenues	1,672,477	337,015	2,009,492
Expenses	(2,007,367)	(715,396)	(2,722,763)
Other Revenues	97,063	802	97,865
Ending Balance, December 31	<u>\$ 2,101,229</u>	<u>\$ 235,904</u>	<u>\$ 2,337,133</u>

**Note 14-Contingent Liabilities**

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

In connection with a construction project the Park and Recreation Board received a loan from Three Rivers Park District. The loan is due and payable only if the Park and Recreation Board should receive funding for this specific purpose. For the year ended December 31, 2014, 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, 2014, is \$125,000.

**Note 15-Joint Ventures**

**Minneapolis Youth Coordinating Board**

The Minneapolis Youth Coordinating Board is a joint venture between the City of Minneapolis, the Minneapolis Special School District No. 1, the Minneapolis Park and Recreation Board, and Hennepin County. Membership on the Board consists of 10 individuals including the Mayor of Minneapolis, one of the Judges of Hennepin County assigned to the Juvenile Court, two representatives from the Minneapolis City Council, two representatives from the Board of Directors of Special School District No. 1, two Hennepin County Board of Commissioners, the Hennepin County Attorney and one representative from the Minneapolis Park and Recreation Board. The Board was created for the purpose of improving services and the ability of public agencies to promote the health, safety, education, and development of the community's youth. Its objective is to strengthen cooperation and provide an improved means to identify and remedy conditions, which hinder or prevent the community's youth from becoming healthy, productive members of society. For fiscal year 2014 the Minneapolis Park and Recreation Board contributed \$14,415 to the Minneapolis Youth Coordinating Board for its general operations. Upon dissolution of the Board, all property of the Youth Coordinating Board shall be sold and the proceeds thereof, together with monies on hand after payment of all obligations, shall be distributed to the Participating Parties in proportion to the total contributions to the Board made by the Participating Parties. Financial information for the Youth Coordinating Board can be obtained from Towle Building, Room 540, 330 2nd Avenue South, Minneapolis, Minnesota 55401.

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





**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PARK AND RECREATION GENERAL FUND**  
**For the Year Ended December 31, 2014**

<b>REVENUES</b>	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>Taxes:</b>				
General Property Tax -				
Current and Delinquent	\$ 47,643,486	\$ 47,643,486	\$ 42,117,489	\$ (5,525,997)
Property Tax Increment	-	-	631,914	631,914
Fiscal Disparities	-	-	6,320,929	6,320,929
Other Taxes	3,000	3,000	1,552	(1,448)
<b>Total Taxes</b>	<b>47,646,486</b>	<b>47,646,486</b>	<b>49,071,884</b>	<b>1,425,398</b>
<b>Intergovernmental Revenues:</b>				
Federal Grants				
U.S. Department of Homeland Security	-	-	150,622	150,622
U.S. Department of Justice	-	-	20,000	20,000
U.S. Department of Transportation	-	-	8,011	8,011
State Grants	810,769	810,769	-	(810,769)
Local Government Aid	8,977,319	8,977,319	8,977,319	-
Payments in Lieu of Taxes/Rent	-	-	60,026	60,026
Other Aid	-	-	73,296	73,296
Department of Agriculture	-	-	5,000	5,000
Department of Natural Resources	-	-	125,650	125,650
Department of Public Safety	-	-	59,540	59,540
Minnesota State Post Board	-	-	9,976	9,976
Other Local Governments	642,741	642,741	-	(642,741)
Metropolitan Council - Operations & Maintenance	-	-	634,457	634,457
Minnehaha Watershed District	-	-	154,406	154,406
Mississippi River Watershed Management Org.	-	-	28,316	28,316
<b>Total Intergovernmental Revenues</b>	<b>10,430,829</b>	<b>10,430,829</b>	<b>10,306,619</b>	<b>(124,210)</b>
<b>Charges For Services and Sales:</b>				
Rents and Commissions	1,237,096	1,237,096	1,057,373	(179,723)
Overhead	126,000	126,000	-	(126,000)
Park Board Services	5,193,798	5,193,798	4,573,440	(620,358)
Other Services Provided	494,038	494,038	1,375,696	881,658
<b>Total Charges For Services and Sales</b>	<b>7,050,932</b>	<b>7,050,932</b>	<b>7,006,509</b>	<b>(44,423)</b>
Licenses and Permits	315,000	315,000	313,886	(1,114)
Fines and Forfeits	311,000	311,000	368,911	57,911
<b>Miscellaneous Revenues:</b>				
Contributions and Donations	172,709	172,709	79,723	(92,986)
Damage Claims	5,000	5,000	2,040	(2,960)
Sale of Scrap/Waste Materials	-	-	13,960	13,960
Other	20,000	20,000	26,233	6,233
<b>Total Miscellaneous Revenues</b>	<b>197,709</b>	<b>197,709</b>	<b>121,956</b>	<b>(75,753)</b>
<b>Total Revenues</b>	<b>65,951,956</b>	<b>65,951,956</b>	<b>67,189,765</b>	<b>1,237,809</b>

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PARK AND RECREATION GENERAL FUND**  
**For the Year Ended December 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>EXPENDITURES</b>				
Culture and Recreation -				
Superintendent's Office	8,765,985	8,828,106	8,516,007	312,099
Deputy Superintendent's Office	1,913,422	1,793,422	1,701,117	92,305
Environmental Stewardship Division	32,915,762	33,035,760	33,149,229	(113,469)
Planning Services Division	2,230,306	2,230,306	2,049,743	180,563
Recreation Services Division	14,819,401	14,907,282	14,967,427	(60,145)
City Management Fee & Workers' Compensation	1,877,709	2,288,209	2,298,524	(10,315)
Total Culture and Recreation	<u>62,522,585</u>	<u>63,083,085</u>	<u>62,682,047</u>	<u>401,038</u>
<b>Total Expenditures</b>	<u>62,522,585</u>	<u>63,083,085</u>	<u>62,682,047</u>	<u>401,038</u>
Excess of Revenues Over (Under) Expenditures	<u>3,429,371</u>	<u>2,868,871</u>	<u>4,507,718</u>	<u>1,638,847</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer From Park Enterprise Fund	100,000	100,000	-	(100,000)
Transfer From Permanent Improvement Fund	-	-	7,188	7,188
Transfer To Permanent Improvement Fund	(3,529,371)	(4,229,371)	(4,274,758)	(45,387)
Transfer To Park Special Revenue Fund	-	-	(88,735)	(88,735)
Total Other Financing Sources (Uses)	<u>(3,429,371)</u>	<u>(4,129,371)</u>	<u>(4,356,305)</u>	<u>(226,934)</u>
Net Change in Fund Balance	-	(1,260,500)	151,413	1,411,913
<b>Fund Balance - January 1</b>	<u>5,466,571</u>	<u>5,466,571</u>	<u>5,466,571</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 5,466,571</u>	<u>\$ 4,206,071</u>	<u>\$ 5,617,984</u>	<u>\$ 1,411,913</u>

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

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**MUSEUM COUNTY-WIDE LEVY SPECIAL REVENUE FUND**  
**For the Year Ended December 31, 2014**

	<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	\$ 10,248,056	\$ 10,248,056	\$ 9,398,570	\$ (849,486)
Fiscal Disparities	-	-	991,127	991,127
Total Taxes	<u>10,248,056</u>	<u>10,248,056</u>	<u>10,389,697</u>	<u>141,641</u>
Miscellaneous Revenues:				
Rents	-	-	6,148	6,148
<b>Total Revenues</b>	<u>10,248,056</u>	<u>10,248,056</u>	<u>10,395,845</u>	<u>147,789</u>
<b>EXPENDITURES</b>				
Culture and Recreation -				
Maintenance and Repairs	<u>10,248,056</u>	<u>10,248,056</u>	<u>10,395,845</u>	<u>(147,789)</u>
Net Change in Fund Balance	-	-	-	-
<b>Fund Balance - January 1</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PARK GRANT AND DEDICATED REVENUE SPECIAL REVENUE FUND**  
**For the Year Ended December 31, 2014**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES</b>				
Intergovernmental Revenues				
Federal Government Grants				
U.S. Department of Health & Human Services	\$ -	\$ -	\$ 7,000	\$ 7,000
State Government Grants				
Minnesota State Arts Board	-	23,500	18,600	(4,900)
Minnesota Dept. of Public Safety	12,000	12,000	58,122	46,122
Minnesota Dept. of Employment and Econ. Dev.	-	681,391	484,349	(197,042)
Other Local Governments				
City of Minneapolis	-	-	127,327	127,327
Minneapolis Youth Coordinating Board	-	-	47,902	47,902
Hennepin County	-	-	64,590	64,590
Metropolitan Council	1,325,000	1,325,000	1,300,260	(24,740)
Total Intergovernmental	<u>1,337,000</u>	<u>2,041,891</u>	<u>2,108,150</u>	<u>66,259</u>
Charges For Services and Sales	-	98,175	180,165	81,990
Fines and Forfeits	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
Miscellaneous				
Contributions and Donations	-	201,587	437,552	235,965
Damage Claims	-	-	64,689	64,689
Revenue From Trusts	3,000	3,000	9,727	6,727
Other Miscellaneous Revenues	21,600	21,600	63,650	42,050
Total Miscellaneous	<u>24,600</u>	<u>226,187</u>	<u>575,618</u>	<u>349,431</u>
<b>Total Revenues</b>	<u>1,367,600</u>	<u>2,372,253</u>	<u>2,863,933</u>	<u>491,680</u>
<b>EXPENDITURES</b>				
Culture and Recreation -				
Special Dedicated Revenue Outlay	67,600	1,174,253	1,569,267	(395,014)
<b>Total Expenditures</b>	<u>67,600</u>	<u>1,174,253</u>	<u>1,569,267</u>	<u>(395,014)</u>
Excess of Revenues Over (Under) Expenditures	<u>1,300,000</u>	<u>1,198,000</u>	<u>1,294,666</u>	<u>96,666</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer From Park General Fund	-	-	88,735	88,735
Transfer From Park Enterprise Fund	-	-	-	-
Transfer To Park General Fund	(1,300,000)	(1,300,000)	-	1,300,000
Transfer To Other Special Revenue Fund	-	-	-	-
Transfer To Park Permanent Improvement Fund	-	(143,020)	(1,195,974)	(1,052,954)
Total Other Financing Sources (Uses)	<u>(1,300,000)</u>	<u>(1,443,020)</u>	<u>(1,107,239)</u>	<u>335,781</u>
Net Change in Fund Balance	-	(245,020)	187,427	432,447
<b>Fund Balance - January 1</b>	<u>8,035,070</u>	<u>8,035,070</u>	<u>8,035,070</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 8,035,070</u>	<u>\$ 7,790,050</u>	<u>\$ 8,222,497</u>	<u>\$ 432,447</u>

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

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**TREE PRESERVATION AND REFORESTATION SPECIAL REVENUE FUND**  
**For the Year Ended December 31, 2014**

<b>REVENUES</b>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Taxes:				
General Property Tax -				
Current and Delinquent	\$ 990,780	\$ 990,780	\$ 871,857	\$ (118,923)
Property Tax Increment	-	-	13,144	13,144
Fiscal Disparities	-	-	131,451	131,451
Other Taxes	-	-	32	32
<b>Total Taxes</b>	<u>990,780</u>	<u>990,780</u>	<u>1,016,484</u>	<u>25,704</u>
Intergovernmental Revenues:				
Other Local Governments	200,000	200,000	201,249	1,249
<b>Total Intergovernmental Revenues</b>	<u>200,000</u>	<u>200,000</u>	<u>201,249</u>	<u>1,249</u>
<b>Total Revenues</b>	<u>1,190,780</u>	<u>1,190,780</u>	<u>1,217,733</u>	<u>26,953</u>
<b>EXPENDITURES</b>				
Culture and Recreation -				
Special Dedicated Revenue Outlay	1,190,780	1,190,780	1,188,994	1,786
<b>Total Expenditures</b>	<u>1,190,780</u>	<u>1,190,780</u>	<u>1,188,994</u>	<u>1,786</u>
Net Change in Fund Balance	-	-	28,739	28,739
<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>\$ 28,739</u>	<u>\$ 28,739</u>

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

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2014**

**Note 1 - Budgetary Data**

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

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

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

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

	Original Budget	Total Revisions	Revised Budget
General Fund	\$ 66,051,956	\$ 1,260,500	\$ 67,312,456
Museum County-Wide Levy			
Special Revenue Fund	10,248,056	-	10,248,056
Park Grant and Dedicated Revenue			
Special Revenue Fund	1,367,600	1,249,673	2,617,273
Tree Preservation and Reforestation			
Special Revenue Fund	1,190,780	-	1,190,780

The following funds had expenditures in excess of budget for the year ending 12/31/2014:

	Expenditures	Budget	Excess
Museum County-Wide Levy			
Special Revenue Fund	\$ 10,395,845	\$ 10,248,056	\$ (147,789)
Park Grant and Dedicated Revenue			
Special Revenue Fund	1,569,267	1,174,253	(395,014)

**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)
1/1/2013	\$ -	\$10,725,927	\$10,725,927	0.00%	\$24,170,738	44.38%
1/1/2011	\$ -	\$11,597,683	\$11,597,683	0.00%	\$34,178,934	33.93%
1/1/2009	\$ -	\$9,476,714	\$9,476,714	0.00%	\$35,349,671	26.80%

# SUPPLEMENTARY INFORMATION





## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

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

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

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

### **Capital Projects Fund**

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

Park Acquisition and Improvement 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, 2014**

	Minneapolis Parks Special Revenue Fund	Park Dedication Fees Special Revenue Fund	Park Acquisition and Improvement Capital Projects Fund	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 214,846	\$ 209,800	\$ 1,070,919	\$ 1,495,565
Receivables -				
Accrued Interest	341	-	-	341
<b>Total Assets</b>	<u>\$ 215,187</u>	<u>\$ 209,800</u>	<u>\$ 1,070,919</u>	<u>\$ 1,495,906</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Payables -				
Accounts	\$ 1,129	\$ -	\$ 4,944	\$ 6,073
Due to -				
Other Funds	18,600	-	-	18,600
Total Liabilities	<u>19,729</u>	<u>-</u>	<u>4,944</u>	<u>24,673</u>
Deferred Inflows of Resources:				
Unavailable Revenue	<u>132</u>	<u>-</u>	<u>-</u>	<u>132</u>
Fund Balances:				
Restricted for				
Projects and Grant Programs	183,411	209,800	-	393,211
Assigned to:				
Capital Improvements	-	-	74,763	74,763
Special Trust	11,915	-	-	11,915
Forestry and Tree Disease	-	-	991,212	991,212
Total Fund Balances	<u>195,326</u>	<u>209,800</u>	<u>1,065,975</u>	<u>1,471,101</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 215,187</u>	<u>\$ 209,800</u>	<u>\$ 1,070,919</u>	<u>\$ 1,495,906</u>

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2014**

	Minneapolis Parks Special Revenue Fund	Park Dedication Fees Special Revenue Fund	Park Acquisition and Improvement Capital Projects Fund	Total Other Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 100,000	\$ 100,000
Special Assessments	-	-	93,795	93,795
Investment Earnings	1,048	-	-	1,048
Other Miscellaneous	-	209,800	-	209,800
Total Revenues	<u>1,048</u>	<u>209,800</u>	<u>193,795</u>	<u>404,643</u>
<b>EXPENDITURES</b>				
Culture and Recreation	16,712	-	-	16,712
Capital Outlay	-	-	221,742	221,742
Total Expenditures	<u>16,712</u>	<u>-</u>	<u>221,742</u>	<u>238,454</u>
Net Change in Fund Balance	(15,664)	209,800	(27,947)	166,189
<b>FUND BALANCE - JANUARY 1</b>	<u>210,990</u>	<u>-</u>	<u>1,093,922</u>	<u>1,304,912</u>
<b>FUND BALANCE - DECEMBER 31</b>	<u>\$ 195,326</u>	<u>\$ 209,800</u>	<u>\$ 1,065,975</u>	<u>\$ 1,471,101</u>

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## **CAPITAL PROJECTS FUND**

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

### Park Acquisition and Improvement

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

**MINNEAPOLIS PARK AND RECREATION BOARD  
ANALYSIS OF EXPENDITURES ASSIGNED  
FOR SPECIFIC CAPITAL PROJECTS  
PARK ACQUISITION AND IMPROVEMENT  
CAPITAL PROJECTS FUND  
For the Year Ended December 31, 2014**

	<u>Authorizations</u>	<u>Expenditures</u>	<u>Balance</u>
Tree Removal	\$ 1,457,843	\$ 466,631	\$ 991,212
Sidewalk/Street Lighting	74,763	-	74,763
	<hr/>	<hr/>	<hr/>
<b>Totals</b>	<u><u>\$ 1,532,606</u></u>	<u><u>\$ 466,631</u></u>	<u><u>\$ 1,065,975</u></u>

## **ENTERPRISE FUND**

### Park Operating Fund

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

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**MINNEAPOLIS PARK AND RECREATION BOARD  
SCHEDULE OF CHANGES IN NET POSITION  
RESERVED FOR RENEWAL AND REPLACEMENT  
PARK OPERATING ENTERPRISE FUND  
For the Year Ended December 31, 2014**

	<u>Reserve For Renewal and Replacement</u>
<b>OPERATING INCOME (LOSS)</b>	\$ 325,866
<b>ADDITIONS:</b>	
Depreciation	735,875
Non-Operating Revenues:	
Contributions	46,270
Other Non-Operating Revenues	53,807
Transfers From Other Funds	149,792
Advance From Self-Insurance Fund	1,400,500
City of Minneapolis - Capital Financing	2,701,390
<b>DEDUCTIONS:</b>	
Purchase of Capital Assets - Capitalized	(3,804,367)
Other Non-Cash Items:	
Increase (Decrease) in Compensated Absences and Post Employment Benefits	6,560
Non-Operating Expenses:	
Note Principal and Interest Payment	(67,799)
Transfers To Other Funds	(5,230)
Debt Service Payment	(971,079)
<b>TOTAL INCREASE (DECREASE)</b>	<u>571,585</u>
<b>BALANCE - JANUARY 1</b>	<u>1,808,118</u>
<b>BALANCE - DECEMBER 31</b>	<u><u>\$ 2,379,703</u></u>

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF OPERATING INCOME - BY PROJECT**  
**PARK OPERATING ENTERPRISE FUND**  
**For the Year Ended December 31, 2014**

	<u>REVENUES</u>	<u>EXPENSES</u>	<u>OPERATING INCOME/(LOSS)</u>
<b><u>PARK REFECTORIES</u></b>			
CALHOUN	\$ 208,087	\$ 24,405	\$ 183,682
HARRIET	118,269	25,366	92,903
MINNEHAHA	341,576	67,224	274,352
NOKOMIS	4,342	2,530	1,812
PERMITS & VENDING	1,091,222	533,676	557,546
COMP ABS & POST EMP BENEFITS ADJ	-	265	(265)
<b>TOTAL PARK REFECTORIES</b>	<b><u>1,763,496</u></b>	<b><u>653,466</u></b>	<b><u>1,110,030</u></b>
<b><u>SPECIAL FACILITIES</u></b>			
PARADE COMPLEX	205,631	285,245	(79,614)
PARADE ICE COMPLEX	665,342	812,144	(146,802)
NORTHEAST ICE ARENA	124,257	178,887	(54,630)
COLUMBIA MANOR	79,724	30,354	49,370
COMMERCIAL PARKING	697,969	46,468	651,501
REGIONAL PARKING LOTS	769,257	266,557	502,700
NICOLLET ISLAND	486,250	118,121	368,129
COMP ABS & POST EMP BENEFITS ADJ	-	1,353	(1,353)
<b>TOTAL SPECIAL FACILITIES</b>	<b><u>3,028,430</u></b>	<b><u>1,739,129</u></b>	<b><u>1,289,301</u></b>
<b><u>GOLF COURSES (INCL REFECTORIES)</u></b>			
COLUMBIA	955,217	1,132,095	(176,878)
COLUMBIA LEARNING CENTER	132,508	138,222	(5,714)
GROSS	1,243,393	1,250,767	(7,374)
HIAWATHA	416,933	1,155,601	(738,668)
HIAWATHA LEARNING CENTER	84,398	42,297	42,101
MEADOWBROOK	292,455	949,975	(657,520)
THEODORE WIRTH	852,370	970,782	(118,412)
THEO WIRTH PAR-3	93,536	96,195	(2,659)
FORT SNELLING	331,860	415,383	(83,523)
COMP ABS & POST EMP BENEFITS ADJ	-	4,756	(4,756)
<b>TOTAL GOLF COURSES</b>	<b><u>4,402,670</u></b>	<b><u>6,156,073</u></b>	<b><u>(1,753,403)</u></b>
<b><u>MISCELLANEOUS ACTIVITIES</u></b>			
BOATS	206,635	26,145	180,490
BIKE RENTALS	41,956	-	41,956
WINTER PROGRAMS	182,008	656,759	(474,751)
JUNIOR GOLF PROGRAMS	61,709	129,280	(67,571)
COMP ABS & POST EMP BENEFITS ADJ	-	186	(186)
<b>TOTAL MISCELLANEOUS ACTIVITIES</b>	<b><u>492,308</u></b>	<b><u>812,370</u></b>	<b><u>(320,062)</u></b>
<b>TOTAL</b>	<b><u>\$ 9,686,904</u></b>	<b><u>\$ 9,361,038</u></b>	
<b>NET OPERATING INCOME</b>			<b><u>\$ 325,866</u></b>

## **INTERNAL SERVICE FUNDS**

### Park Internal Services Fund

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

### Park Self-Insurance Fund

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

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING STATEMENT OF NET POSITION**  
**ALL INTERNAL SERVICE FUNDS**  
**December 31, 2014**

	Park Internal Services Fund	Park Self-Insurance Fund	Total Internal Service Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,225,584	\$ 3,099,803	\$ 6,325,387
Receivables -			
Capital Advances	-	3,599,100	3,599,100
Prepaid Expense	11,528	65,505	77,033
Total Current Assets	<u>3,237,112</u>	<u>6,764,408</u>	<u>10,001,520</u>
Non-Current Assets			
Net Capital Assets	<u>3,974,078</u>	<u>-</u>	<u>3,974,078</u>
<b>Total Assets</b>	<u><u>\$ 7,211,190</u></u>	<u><u>\$ 6,764,408</u></u>	<u><u>\$ 13,975,598</u></u>
<b>LIABILITIES AND NET POSITION</b>			
Current Liabilities :			
Payables -			
Salaries	\$ 52,600	\$ 4,662	\$ 57,262
Accounts	105,809	290,189	395,998
Compensated Absences Payable	36,794	2,357	39,151
Due to Other Funds	-	10,139	10,139
Total Current Liabilities	<u>195,203</u>	<u>307,347</u>	<u>502,550</u>
Long-Term Liabilities:			
Workers' Compensation Claims Pending	-	2,999,229	2,999,229
General Liability Claims Pending	-	1,115,199	1,115,199
Compensated Absences Payable	85,852	5,500	91,352
Post Employment Benefits Payable	191,278	-	191,278
Total Long-Term Liabilities	<u>277,130</u>	<u>4,119,928</u>	<u>4,397,058</u>
Total Liabilities	<u>472,333</u>	<u>4,427,275</u>	<u>4,899,608</u>
Net Position:			
Net Investment in Capital Assets	3,974,078	-	3,974,078
Unrestricted	2,764,779	2,337,133	5,101,912
Total Net Position	<u>6,738,857</u>	<u>2,337,133</u>	<u>9,075,990</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 7,211,190</u></u>	<u><u>\$ 6,764,408</u></u>	<u><u>\$ 13,975,598</u></u>

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**ALL INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2014**

	Park Internal Services Fund	Park Self - Insurance Fund	Total Internal Services Funds
<b>OPERATING REVENUES</b>			
Billings to Departments	\$ 5,946,125	\$ 2,009,492	\$ 7,955,617
<b>OPERATING EXPENSES</b>			
Personal Services	1,557,822	103,542	1,661,364
Contractual Services	610,877	2,437,468	3,048,345
Materials and Supplies	1,181,315	151,196	1,332,511
Depreciation on Acquired Property	1,106,101	-	1,106,101
Benefits	747,012	30,557	777,569
Total Operating Expenses	<u>5,203,127</u>	<u>2,722,763</u>	<u>7,925,890</u>
Operating Income (Loss)	<u>742,998</u>	<u>(713,271)</u>	<u>29,727</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Gain on Disposal of Capital Assets	54,952	-	54,952
Sale of Scrap	12,615	-	12,615
Damages/Losses Recovered	2,724	-	2,724
Other Non-Operating Revenues	3,458	97,865	101,323
Total Non-Operating Revenues (Expenses)	<u>73,749</u>	<u>97,865</u>	<u>171,614</u>
Income (Loss) before Contributions	816,747	(615,406)	201,341
Capital Contributions	<u>695,008</u>	<u>-</u>	<u>695,008</u>
<b>CHANGE IN NET POSITION</b>	1,511,755	(615,406)	896,349
<b>NET POSITION - JANUARY 1</b>	<u>5,227,102</u>	<u>2,952,539</u>	<u>8,179,641</u>
<b>NET POSITION - DECEMBER 31</b>	<u>\$ 6,738,857</u>	<u>\$ 2,337,133</u>	<u>\$ 9,075,990</u>

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ALL INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2014**

	Park Internal Services Fund	Park Self - Insurance Fund	Total Internal Service Funds
<b>Cash Flows from Operating Activities</b>			
Cash received from Interfund Services Provided	\$ 5,946,125	\$ 2,009,492	\$ 7,955,617
Cash paid to Suppliers for Goods and Services	(1,870,409)	(2,139,889)	(4,010,298)
Cash paid to Employees for Services	(2,299,439)	(127,982)	(2,427,421)
Other Non-Operating Revenues	-	121,143	121,143
Net Cash Provided by (Used for) Operating Activities	<u>1,776,277</u>	<u>(137,236)</u>	<u>1,639,041</u>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Other Payments Received	6,182	-	6,182
Repayment of Advances Made by Other Funds	-	130,000	130,000
Payment of Advances Made to Other Funds	-	(1,400,500)	(1,400,500)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>6,182</u>	<u>(1,270,500)</u>	<u>(1,264,318)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds from Sale of Capital Assets	54,952	-	54,952
Proceeds from Sale of Scrap	12,615	-	12,615
Acquisition of Property Plant and Equipment	(1,236,939)	-	(1,236,939)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,169,372)</u>	<u>-</u>	<u>(1,169,372)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	613,087	(1,407,736)	(794,649)
<b>Cash and Cash Equivalents - January 1</b>	<u>2,612,497</u>	<u>4,507,539</u>	<u>7,120,036</u>
<b>Cash and Cash Equivalents - December 31</b>	<u>\$ 3,225,584</u>	<u>\$ 3,099,803</u>	<u>\$ 6,325,387</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	\$ 742,998	\$ (713,271)	\$ 29,727
Adjustments to Reconcile Operating Income to net Cash Provided by Operating Activities:			
Depreciation on Acquired Property	1,106,101	-	1,106,101
(Increase) Decrease in Accounts Receivable	-	23,278	23,278
(Increase) Decrease in Prepaid Expense	(11,528)	13,883	2,355
Increase (Decrease) in Salaries Payable	3,238	2,590	5,828
Increase (Decrease) in Accounts Payable	(66,689)	(45,232)	(111,921)
Increase (Decrease) in Due to Other Funds	-	10,139	10,139
Increase (Decrease) in Workers' Compensation Claims Pending	-	180,725	180,725
Increase (Decrease) in General Liability Claims Pending	-	289,260	289,260
Increase (Decrease) in Post Employment Benefits Payable	5,565	-	5,565
Increase (Decrease) in Compensated Absences Payable	(3,408)	3,527	119
Other Non-Operating Revenue	-	97,865	97,865
Total Adjustments	<u>1,033,279</u>	<u>576,035</u>	<u>1,609,314</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,776,277</u>	<u>\$ (137,236)</u>	<u>\$ 1,639,041</u>
<b>Non-cash from capital financing activities:</b>			
Capital Contributions	\$ 695,008	\$ -	\$ 695,008
Carrying Value of Disposed Assets	68	-	68

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**ALL INTERNAL SERVICE FUNDS - BY MAJOR PROGRAM**  
**For the Year Ended December 31, 2014**

	<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	\$ -	\$ -	\$2,009,492	\$ 2,009,492
Information Technology Services	1,483,235	-	-	1,483,235
Total Charges For Services	<u>1,483,235</u>	<u>-</u>	<u>2,009,492</u>	<u>3,492,727</u>
Rents -				
Mobile Equipment	-	4,462,890	-	4,462,890
Total Operating Revenues	<u>1,483,235</u>	<u>4,462,890</u>	<u>2,009,492</u>	<u>7,955,617</u>
<b>OPERATING EXPENSES:</b>				
Information Technology Services	1,268,300	-	-	1,268,300
Mobile Equipment	-	3,934,827	-	3,934,827
Workers' Compensation	-	-	2,007,367	2,007,367
General Liability	-	-	715,396	715,396
Total Operating Expenses	<u>1,268,300</u>	<u>3,934,827</u>	<u>2,722,763</u>	<u>7,925,890</u>
Operating Income (Loss)	<u>214,935</u>	<u>528,063</u>	<u>(713,271)</u>	<u>29,727</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Gain on Disposal of Capital Assets	-	54,952	-	54,952
Sale of Scrap	-	12,615	-	12,615
Miscellaneous	-	6,182	97,865	104,047
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>73,749</u>	<u>97,865</u>	<u>171,614</u>
Income (Loss) before Contributions	214,935	601,812	(615,406)	201,341
Capital Contributions	<u>-</u>	<u>695,008</u>	<u>-</u>	<u>695,008</u>
<b>CHANGE IN NET POSITION</b>	214,935	1,296,820	(615,406)	896,349
<b>NET POSITION - JANUARY 1</b>	<u>164,664</u>	<u>5,062,438</u>	<u>2,952,539</u>	<u>8,179,641</u>
<b>NET POSITION - DECEMBER 31</b>	<u>\$ 379,599</u>	<u>\$ 6,359,258</u>	<u>\$ 2,337,133</u>	<u>\$ 9,075,990</u>

**MINNEAPOLIS PARK AND RECREATION BOARD**  
**SCHEDULE OF CHANGES IN NET POSITION**  
**RESERVED FOR SPECIFIC PURPOSES**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2014**

	<u>Purchase of Capital Assets</u>	<u>Information Technology Systems</u>
<b>OPERATING INCOME (LOSS)</b>	\$ 528,063	\$ 214,935
<b>ADDITIONS:</b>		
Depreciation	1,091,561	14,540
Non-Operating Revenues:		
Sale of Equipment	54,952	-
Sale of Scrap	12,615	-
Other Miscellaneous Revenues	6,182	-
Increase in Post Employment Benefits Payable	5,565	-
Decrease in Compensated Absences Payable	(3,408)	-
<b>DEDUCTIONS:</b>		
Purchase of Mobile Equipment	<u>(1,188,508)</u>	<u>(48,431)</u>
<b>TOTAL INCREASE (DECREASE)</b>	507,022	181,044
<b>BALANCE - JANUARY 1</b>	<u>1,789,598</u>	<u>249,966</u>
<b>BALANCE - DECEMBER 31</b>	<u><u>\$ 2,296,620</u></u>	<u><u>\$ 431,010</u></u>

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

### Schedule of Expenditures of Federal Awards

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

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2014**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of the Interior</b>		
Passed Through Twin Cities Clean Coalition Mississippi National River and Recreation Area State and Local Assistance	15.941	<u>\$ 17,520</u>
<b>U.S. Department of Justice</b>		
Passed Through City of Minneapolis National Forum on Youth Violence Prevention	16.819	<u>\$ 20,000</u>
<b>U.S. Department of Transportation</b>		
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	\$ 1,267,766
Passed Through Minnesota Department of Public Safety Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	<u>8,011</u>
<b>Total U.S. Department of Transportation</b>		<u>\$ 1,275,777</u>
<b>U.S. Department of Health and Human Services</b>		
Passed Through City of Minneapolis PPHF-Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by Prevention and Public Health Funds	93.531	<u>\$ 7,000</u>
<b>Total Federal Awards</b>		<u>\$ 1,320,297</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, 2014

1. Reporting Entity  
The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Minneapolis Park and Recreation Board, a discretely presented component unit of the City of Minneapolis. The Park Board's reporting entity is defined in Note 2 to the financial statements.
2. Basis of Presentation  
The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Minneapolis Park and Recreation Board under programs of the federal government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Minneapolis Park and Recreation Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Minneapolis Park and Recreation Board.
3. Summary of Significant Accounting Policies  
Expenditures reported on the schedule are reported on the basis of accounting used by the individual funds of the Minneapolis Park and Recreation Board. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.
4. Subrecipients  
The Park Board did not pass any federal awards through to subrecipients during the year ended December 31, 2014.

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# STATISTICAL SECTION





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

Last Ten Fiscal Years		December 31, 2014		
Fiscal Year	Culture and Recreation	Park Enterprise	Total	
2005	\$ 72,512,784	\$ 12,122,276	\$	84,635,060
2006	72,780,472	12,184,123		84,964,595
2007	77,214,055	13,017,350		90,231,405
2008	83,013,151	13,761,734		96,774,885
2009	81,151,165	13,003,277		94,154,442
2010	80,016,571	13,720,047		93,736,618
2011	74,348,197	13,974,931		88,323,128
2012	76,510,203	14,492,481		91,002,684
2013	83,823,212	9,791,103		93,614,315
2014	86,863,390	10,352,484		97,215,874

Source: Minneapolis Park and Recreation Board

(UNAUDITED)

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

Last Ten Fiscal Years December 31, 2014

Fiscal Year	Program Revenues			General Revenues				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Unrestricted Grants and Contributions	Taxes	Unrestricted Investment Earnings	Gain on Sale of Capital Asset	
2005	\$ 16,263,028	\$ 3,365,741	\$ 8,484,056	\$ 10,333,684	\$ 43,405,998	-	-	81,852,507
2006	16,507,698	3,712,669	6,221,178	11,884,844	45,406,887	-	-	83,733,276
2007	17,372,447	3,534,968	10,222,272	11,035,316	48,815,060	-	-	90,980,063
2008	17,840,962	4,032,306	9,464,419	9,154,701	50,722,119	-	-	91,214,507
2009	17,507,060	3,753,338	10,963,674	11,101,324	54,468,935	-	-	97,794,331
2010	18,862,149	2,710,838	9,707,410	8,494,370	56,552,350	-	-	96,327,117
2011	17,902,853	2,861,755	16,270,566	8,730,427	58,322,009	-	-	104,087,610
2012	18,640,514	2,613,351	9,434,268	7,797,820	58,188,781	-	-	96,674,734
2013	18,761,949	6,115,809	15,672,266	7,570,039	59,395,406	(378)	153,575	107,668,666
2014	18,818,871	4,528,978	10,326,767	8,977,319	60,433,180	1,534	54,952	103,141,601

Source: Minneapolis Park and Recreation Board

(UNAUDITED)

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

Last Ten Fiscal Years	December 31, 2014									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b><u>Revenue</u></b>										
Taxes	\$ 34,491,379	\$ 36,185,368	\$ 38,535,183	\$ 40,330,918	\$ 42,300,317	\$ 44,358,084	\$ 46,646,484	\$ 47,096,192	\$ 49,073,449	\$ 49,071,884
Intergovernmental	12,577,890	14,415,082	13,589,744	11,001,628	12,533,827	9,345,082	10,284,464	9,310,330	10,320,427	10,306,619
Charges for Services	1,254,454	941,836	933,902	1,001,845	1,069,636	2,130,780	1,680,916	1,718,922	6,634,917	7,006,509
Licenses and Permits	100,056	146,329	95,929	176,053	183,041	240,661	208,457	250,974	444,364	313,886
Fines and Forfeits	519,155	551,629	511,378	526,810	560,131	396,068	483,535	321,106	344,062	368,911
Miscellaneous	832,120	768,136	657,379	1,216,808	929,001	1,239,596	504,601	269,544	162,969	121,956
<b>Total Revenues</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>\$ 59,808,457</b>	<b>\$ 58,967,068</b>	<b>\$ 66,980,188</b>	<b>\$ 67,189,765</b>
<b><u>Expenditures</u></b>										
Current:										
Culture and Recreation	\$ 54,453,296	\$ 52,113,937	\$ 54,737,890	\$ 54,243,358	\$ 54,189,728	\$ 56,014,955	\$ 54,635,175	\$ 54,142,402	\$ 60,734,136	\$ 62,682,047
Capital Outlay	-	-	-	-	-	-	-	436,668	-	-
<b>Total Expenditures</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>	<b>\$ 54,635,175</b>	<b>\$ 54,579,070</b>	<b>\$ 60,734,136</b>	<b>\$ 62,682,047</b>

Source: Minneapolis Park and Recreation Board

(UNAUDITED)

**City of Minneapolis  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years  
(in thousands of dollars)  
December 31, 2014**

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
2005	\$ 4,646,615	\$ 3,199,757	\$ 21,504,339	\$ 1,347,262	\$ 392,195	\$ 10,351,037	\$ 31,090,168	8.19	\$ 35,289,521	88%
2006	5,282,718	3,393,675	24,309,842	1,392,094	413,521	8,426,487	34,791,850	7.75	39,067,565	89%
2007	6,141,186	3,341,167	25,883,768	1,305,858	424,587	8,465,785	37,096,566	7.55	39,943,095	93%
2008	6,869,181	3,448,334	26,571,451	1,341,775	415,390	9,549,066	38,646,131	7.52	43,857,249	88%
2009	7,295,669	3,499,200	25,461,784	1,459,942	401,699	9,025,112	38,118,294	7.68	43,473,340	88%
2010	7,020,347	3,556,811	24,611,900	1,474,662	393,785	8,777,609	37,057,504	7.81	39,746,514	93%
2011	6,304,914	3,287,604	23,533,625	1,426,447	529,962	10,550,339	35,082,552	9.23	41,079,647	85%
2012	5,987,868	3,266,162	22,638,806	1,301,688	404,729	10,340,495	33,599,253	10.33	39,412,937	85%
2013	5,982,739	3,363,752	21,512,948	1,281,968	426,840	9,927,053	32,568,247	9.56	34,459,013	95%
2014	6,166,615	3,690,983	21,634,886	1,313,800	430,582	10,482,230	33,236,865	8.82	45,164,553	74%

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

Notes:

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

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

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

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

(UNAUDITED)

City of Minneapolis  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
 December 31, 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>City Direct Rates</b>										
<i>Tax Capacity Based Rates</i>										
General	4.40	4.27	4.24	4.80	4.86	5.04	5.73	6.09	5.36	4.76
Estimate and Taxation	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Building Commission	0.16	0.14	0.13	0.13	0.13	0.13	0.14	0.15	0.16	0.14
Permanent Improvement	0.08	0.07	0.05	0.05	0.05	0.05	0.06	0.03	0.03	0.03
Bond Redemption	0.97	0.74	0.63	0.57	0.69	0.47	0.61	0.65	1.00	1.11
Firefighter's Relief Association	-	0.05	0.10	0.11	0.06	0.04	0.16	0.01	0.09	0.08
Police Relief Association	-	0.08	0.12	0.11	0.09	0.35	0.51	0.79	0.22	0.20
Minneapolis Employees Retirement Fund	0.13	0.11	0.08	0.09	0.07	0.07	0.09	0.60	0.62	0.56
Parks	1.55	1.42	1.34	1.29	1.35	1.33	1.56	1.63	1.69	1.56
Libraries	0.52	0.48	0.45	-	-	-	-	-	-	-
Public Housing	0.05	0.04	0.04	0.04	0.04	-	-	-	-	-
Teacher's Retirement Association	0.09	0.08	0.07	0.07	0.07	0.07	0.08	0.09	0.08	0.07
<i>Market Value Based Rates</i>										
Library Referendum	0.24	0.27	0.27	0.25	0.25	0.25	0.27	0.29	0.29	0.30
<b>Total City Direct Rates</b>	8.20	7.76	7.53	7.52	7.67	7.81	9.22	10.34	9.55	8.82
<b>Overlapping Rates</b>										
<i>Tax Capacity Based Rates</i>										
Watershed Districts	0.16	0.13	0.14	0.18	0.19	0.21	0.21	0.23	0.23	0.22
Hennepin County	4.94	4.59	4.40	4.38	5.09	5.38	5.76	6.24	6.33	5.92
Minneapolis Public Schools	3.39	3.23	3.06	2.78	3.15	2.57	2.95	3.47	3.29	2.85
Other Special Taxing Districts	0.59	0.52	0.54	0.54	0.49	0.52	0.59	0.70	0.73	0.71
<i>Market Value Based Rates</i>										
Minneapolis Public Schools Referendum	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.01	0.02
<b>Total Overlapping Rates</b>	9.09	8.48	8.15	7.89	8.94	8.70	9.53	10.66	10.59	9.72
<b>Grand Total</b>	17.29	16.24	15.68	15.41	16.61	16.51	18.75	21.00	20.14	18.54

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

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

Source: City of Minneapolis Finance and Property Services Department

(UNAUDITED)

**City of Minneapolis  
Principal Property Tax Payers  
Current Year and Nine Years Ago  
(in thousands of dollars)  
December 31, 2014**

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Northern States Power Co.	\$ 342,359	1	1.83%	\$ 303,472	1	2.35%
Target Corporation	223,933	2	1.20%	179,932	3	1.40%
BRI 1855 IDS Center LLC	193,000	3	1.03%	-	-	-
NWC Limited Partnership	178,900	4	0.96%	131,100	4	1.02%
Minneapolis 225 Holdings LLC	176,700	5	0.94%	-	-	-
SRI Ten City Center LLC	166,100	6	0.89%	-	-	-
Wells Operating Partnership LP	145,600	7	0.78%	108,200	7	0.84%
First Minneapolis-Hines Co.	138,100	8	0.74%	97,200	9	0.76%
CSDV MN LLP	131,734	9	0.70%	-	-	-
Diamondrock Minneapolis LLC	126,500	10	0.68%	-	-	-
City Center Associates	-	-	-	96,000	8	0.75%
American Express Financial Corp.	-	-	-	193,350	2	1.52%
Ryan Companies US, Inc.	-	-	-	109,960	6	0.85%
80 South Eighth LLC	-	-	-	109,000	5	0.85%
601 Second Avenue Ltd. Partnership	-	-	-	87,000	10	0.68%
<b>Total</b>	<b>\$ 1,822,926</b>		<b>9.75%</b>	<b>\$ 1,415,214</b>		<b>11.02%</b>

Source: Bond Issue Report 11/24/14 and 10/14/05

(UNAUDITED)

**Minneapolis Park and Recreation Board  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
December 31, 2014**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent Off Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections To Total Tax Levy</u>
2005	\$ 36,418,659	\$ 35,777,953	98.241%	\$ 265,669	\$ 36,043,622	98.970%
2006	38,064,605	37,359,038	98.146%	295,318	37,654,356	98.922%
2007	40,005,789	39,159,473	97.885%	602,350	39,761,823	99.390%
2008	41,778,021	40,743,493	97.524%	698,822	41,442,315	99.196%
2009	43,607,542	42,519,175	97.504%	903,552	43,422,727	99.576%
2010	45,488,623	43,503,795	95.637%	854,289	44,358,084	97.515%
2011	47,217,000	46,347,752	98.159%	298,732	46,646,484	98.792%
2012	47,217,000	46,651,826	98.803%	444,366	47,096,192	99.744%
2013	48,616,000	48,504,513	99.771%	568,936	49,073,449	100.941%
2014	49,627,000	48,649,827	98.031%	422,057	49,071,884	98.881%

Source: Minneapolis Finance and Property Services Department

(UNAUDITED)

**City of Minneapolis**  
**Outstanding Debt by Type and Per Capita**  
**Last Ten Fiscal Years**  
(in thousands of dollars, except per capita)  
December 31, 2014

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Per Capita (1)
	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable	Total Primary Government			
2005	\$ 865,011	\$ 67,085	\$ 41,252	\$ 410,263	\$ 61,631	\$ 1,056	\$ 1,446,298	\$ 3,730		
2006	817,771	65,756	26,709	396,019	57,985	950	1,365,190	3,521		
2007	777,385	56,306	22,735	368,335	63,695	837	1,289,293	3,323		
2008	755,946	45,647	22,291	338,188	60,730	718	1,223,520	3,153		
2009	772,936	35,980	19,040	310,607	57,365	591	1,196,519	3,067		
2010	673,926	26,700	15,585	308,383	95,925	455	1,120,974	2,930		
2011	586,500	25,990	15,276	296,857	91,985	311	1,016,919	2,658		
2012	495,545	25,210	14,695	272,790	85,255	157	893,652	2,304		
2013	491,517	24,385	14,385	254,971	94,100	41	879,399	2,243		
2014	508,015	23,500	14,055	234,613	90,100	-	870,283	2,171		

**Notes:**  
Details regarding the City of Minneapolis' outstanding debt can be found in the notes to the financial statements in the City's CAFR.  
(1) See Schedule 14 for population data.

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

(UNAUDITED)

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

(in thousands of dollars, except per capita)  
 December 31, 2014

Fiscal Year	Net General Bonded Debt Outstanding						Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
	Governmental General Obligation Bonds & Notes	Business-type General Obligation Bonds & Notes	Less Resources Restricted to Pay Debt Service	Total	Total	Total		
2005	\$ 865,011	\$ 410,263	\$ 27,704	\$ 1,247,570	4.01%	\$ 3,218		
2006	817,771	396,019	30,978	1,182,812	3.40%	3,051		
2007	777,385	368,335	36,559	1,109,161	2.99%	2,859		
2008	755,946	338,188	40,196	1,053,938	2.73%	2,701		
2009	772,936	310,607	108,567	974,976	2.56%	2,569		
2010	673,926	308,383	57,397	924,912	2.50%	2,418		
2011	586,500	296,857	30,839	852,518	2.43%	2,228		
2012	495,545	272,790	28,681	739,654	2.20%	1,907		
2013	491,517	254,971	29,302	717,186	2.20%	1,830		
2014	508,015	234,613	27,753	714,875	2.15%	1,783		

**Notes:**

Details regarding the City of Minneapolis' outstanding debt can be found in the notes to the financial statements in the City's CAFR.  
 (1) See Schedule 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: City of Minneapolis Finance and Property Services Department - Capital and Debt Management

(UNAUDITED)

**City of Minneapolis**  
**Direct and Overlapping Governmental Activities Debt**

(in thousands of dollars)  
 December 31, 2014

Governmental Unit	General Obligation Governmental Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
City of Minneapolis - Direct Debt	\$ 247,032 (3)	100.00%	\$ 247,032
<u>Overlapping Debt:</u>			
Special School District No. 1	270,415	100.00%	270,415
Hennepin County	753,267 (4)	26.63%	200,595
Hennepin County Regional Railroad Authority	35,200	26.63%	9,374
Metropolitan Council	129,162	13.67%	17,656
Subtotal, Overlapping Debt			\$ 498,040
Total Direct and Overlapping Debt			\$ 745,072

**Notes:**

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

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

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

(3) City of Minneapolis - Direct Debt is the total long-term debt, including premium, of the governmental activities reduced by debt that is not financed primarily by a property tax levy (\$211,770 of self supporting debt, \$49,213 of special assessment debt, and \$37,555 of revenue bonds and notes are not intended to be paid by property tax).

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

Sources:

City of Minneapolis Finance and Property Services Department - Capital and Debt Management  
 Minneapolis Public School District 1  
 Hennepin County  
 Metropolitan Council Report of Outstanding Indebtedness

(UNAUDITED)

**City of Minneapolis**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
(in thousands of dollars)  
December 31, 2014

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 1,182,794	\$ 1,159,728	\$ 1,253,051	\$ 1,306,194	\$ 1,282,797	\$ 1,254,206	\$ 1,173,628	\$ 1,131,060	\$ 1,102,298	\$ 1,117,046
Total net debt applicable to limit	369,842	339,712	313,129	302,772	270,629	246,979	213,714	154,317	155,494	146,506
Legal debt margin	<u>\$ 812,952</u>	<u>\$ 820,016</u>	<u>\$ 939,922</u>	<u>\$ 1,003,422</u>	<u>\$ 1,012,168</u>	<u>\$ 1,007,227</u>	<u>\$ 959,914</u>	<u>\$ 976,743</u>	<u>\$ 946,804</u>	<u>\$ 970,540</u>
Total net debt applicable to limit as a percentage of debt limit	31.27%	29.29%	24.99%	23.18%	21.10%	19.69%	18.21%	13.64%	14.11%	13.12%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Real Property (2014 Assessed Market Value)	\$ 32,825,057
Personal Property (2014 Assessed Market Value)	411,808
Adjustment for Exempt Personal Property (1966 Market Value)	298,030
Adjustment for Net Fiscal Disparities (Contribution)/Distribution	(23,502)
Total 2014 Assessed Market Value	<u>33,511,393</u>
Debt Limit (3-1/3% of Market Value Applicable to Debt Limit)	1,117,046
Debt applicable to limit:	
General Obligation Bonds Subject to Debt Limit	164,005
Less: Amount set aside to pay general obligation debt	(17,499)
Total Net Debt Applicable to Limit	<u>146,506</u>
Legal Debt Margin	<u>\$ 970,540</u>

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

(UNAUDITED)

**City of Minneapolis  
Demographic and Economic Statistics  
Last 10 Fiscal Years  
December 31, 2014**

Year	Population (1)	Per Capita Income (2)	Personal Income	Median Age (3)	Households (4)	Jobs (5)	Annual average Unemployment Rate (6)	Median Household Income (7)	School Enrollment (8)
2005	387,711	\$ 26,886	\$ 10,423,997,946	32.1	166,595	287,552	4.2%	\$ 41,829	38,755
2006	387,970	\$ 27,487	\$ 10,664,131,390	33.6	167,317	294,370	3.9%	\$ 43,369	36,428
2007	388,020	\$ 30,343	\$ 11,773,690,860	35.3	167,367	292,833	4.3%	\$ 44,423	34,570
2008	390,131	\$ 30,825	\$ 12,025,788,075	34.1	168,669	291,019	5.0%	\$ 48,724	33,958
2009	386,691	\$ 28,131	\$ 10,878,004,521	31.6	169,798	280,899	7.5%	\$ 45,538	33,424
2010	382,578	\$ 29,558	\$ 11,308,240,524	31.4	163,540	281,577	7.1%	\$ 46,508	33,418
2011	387,873	\$ 30,256	\$ 11,735,485,488	32.3	166,110	287,846	6.3%	\$ 46,682	33,476
2012	392,008	\$ 27,319	\$ 10,709,266,552	31.4	166,513	297,012	5.5%	\$ 47,604	34,423
2013	400,938	\$ 32,791	\$ 13,147,157,958	32.1	170,195	303,087	4.9%	\$ 50,563	35,356
2014	NA	NA	NA	NA	NA	NA	4.1%	NA	35,400

Sources:

- (1) Population 2004-2009 & 2011-13 - Metropolitan Council. 2010 figure from US Census
- (2) Per Capita Income - US Census Bureau - American Community Survey Table DP03- 2013 1 year estimate
- (3) Median age - US Census Bureau - American Community Survey Table S0101- 2013 1 year estimate
- (4) Households 2004-2009 & 2011-13 - Metropolitan Council. 2010 figure from US Census
- (5) Jobs data from MN DEED/QCEW tables
- (6) Annual average unemployment rate - from MN DEED/LAUS tables
- (7) Median HH Income - American Community Survey Table DP03 2013 1 year estimate
- (8) School enrollment - Minneapolis Public Schools/Student Accounting Office

NA - Data is not available presently

Notes: a) The Metropolitan Council uses the 2010 population and household figures from the decennial Census

(UNAUDITED)

City of Minneapolis  
Principal Employers  
Current Year and Eight Years Ago  
December 31, 2014

<u>Employer</u>	2014 (City only) (a)			2006 (metro-wide) (b)		
	Approximate Number of Employees (b)	Rank	Percentage of Total City Employment	Approximate Number of Employees	Rank	Percentage of Total Metro Employment
University of Minnesota	14,100	1	4.5%	30,200	1	1.9%
Target Corporation	12,300	2	3.9%	24,300	2	1.5%
Wells Fargo Bank	11,000	3	3.5%	19,100	4	1.2%
Fairview Health Services	9,900	4	3.2%	18,500	5	1.1%
Allina Health	8,700	5	2.8%	22,500	3	1.4%
Mpls Public Schools	7,000	6	2.2%	(c)	(c)	(c)
Hennepin Healthcare Systems Inc. (HCMC)	6,300	7	2.0%	(d)	(d)	(d)
Hennepin County	6,100	8	2.0%	12,500	6	0.8%
Ameriprise Financial Services	4,900	9	1.6%	6,500	8	0.4%
City of Minneapolis	4,900	9	1.6%	5,600	9	0.3%
U.S. Bancorp	4,100	10	1.3%	9,400	7	0.6%
Xcel Energy Inc.	2,800	-	0.9%	5,400	10	0.3%
<b>Total</b>	<u>92,100</u>		<u>29.5%</u>	<u>154,000</u>		<u>9.5%</u>

Notes:

- a) Figures reflect 2014 estimates of City of Minneapolis-based employees, both full- and part-time; numbers rounded to nearest 100
- Sources for City jobs: Reference USA, Minneapolis Downtown Council, direct communications with companies
- b) 2006 totals not available for City only, so metro totals were used; source was MN DEED <http://www.mnpro.com> as previously published in 2006 City CAFR
- c) Employer not part of top ten metro -wide employers in 2006 City CAFR
- d) Hennepin Healthcare was part of Hennepin County in 2006

(UNAUDITED)

**City of Minneapolis  
Full-time Equivalent City Government Employees by Function  
Last 10 Fiscal Years  
December 31, 2014**

	Full-time Equivalent Employees as of December 31, 2014									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function Program										
General Government										
Assessor	34.50	34.50	37.00	37.00	36.50	36.50	34.50	35.00	35.00	36.00
Attorney	101.00	106.50	108.00	108.00	105.50	102.00	105.00	101.00	102.00	107.00
City Clerk/Council	65.50	66.50	66.00	67.00	65.50	65.50	64.75	65.02	66.00	66.00
City Coordinator	929.08	911.03	917.00	941.00	919.10	949.80	546.60	691.40	677.40	696.40
Civil Rights	27.00	26.00	26.00	26.00	21.00	19.00	19.00	19.00	21.00	22.00
Community Planning and Economic Development	139.00	142.00	141.00	139.00	141.00	135.00	128.00	116.79	224.80	230.00
Fire	444.50	444.50	447.00	449.00	444.00	438.00	406.00	392.00	413.00	413.00
Minneapolis Health Department	69.00	66.30	66.00	66.00	67.00	60.00	61.70	50.25	91.00	92.30
Internal Audit	-	-	-	-	-	2.00	3.00	2.50	2.00	3.00
Mayor	11.00	11.00	12.00	12.00	12.00	10.00	11.00	11.00	11.00	11.00
Police	942.00	1,058.00	1,088.00	1,093.00	1,092.00	999.20	992.00	967.80	980.50	985.50
Public Works	1,206.39	1,206.59	1,197.00	1,203.00	1,189.20	1,024.50	1,000.35	917.67	907.08	897.88
Regulatory Services**	-	-	-	-	-	-	379.00	286.30	141.00	146.50
	<u>3,968.97</u>	<u>4,072.92</u>	<u>4,105.00</u>	<u>4,141.00</u>	<u>4,092.80</u>	<u>3,841.50</u>	<u>3,750.90</u>	<u>3,655.73</u>	<u>3,671.78</u>	<u>3,706.58</u>
Independent Boards										
Board of Estimate & Taxation	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00
Library	246.50	261.90	273.00	-	-	-	-	-	-	-
Park	907.91	909.55	902.00	886.00	859.00	827.00	811.18	802.40	814.72	819.24
Building Commission	61.00	61.00	62.00	62.00	62.00	62.00	60.00	54.00	55.00	55.00
Youth Coordinating Board	4.50	4.50	5.00	5.00	5.00	5.00	5.80	5.80	5.80	9.00
NRP	11.00	10.00	10.00	9.00	9.00	7.00	5.00	-	-	-
	<u>1,232.91</u>	<u>1,248.95</u>	<u>1,254.00</u>	<u>964.00</u>	<u>937.00</u>	<u>902.00</u>	<u>882.98</u>	<u>863.20</u>	<u>876.52</u>	<u>884.24</u>
Total	<u>5,201.88</u>	<u>5,321.87</u>	<u>5,359.00</u>	<u>5,105.00</u>	<u>5,029.80</u>	<u>4,743.50</u>	<u>4,633.88</u>	<u>4,518.93</u>	<u>4,548.30</u>	<u>4,590.82</u>

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

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

Source: City of Minneapolis Management and Budget

(UNAUDITED)